



December 4, 2025

To whom it may concern:

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(<https://www.carlithd.co.jp/>)

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### Notice of Results Briefing Video Distribution for the First Half of FY2026

We are pleased to announce that the Results Briefing for the First Half of FY2026 video is now available, as detailed below.

The Results Briefing for the First Half of FY2026 was held via live streaming for institutional investors and securities analysts on November 27. In consideration of fair disclosure, the recording of the briefing is now available as an on-demand video on YouTube.

The briefing topics and presenters are as follows.

- |  |        |  |
|--|--------|--|
| 1. Financial Highlights for the First Half of FY2026 | pp.4–  | Hideo Okamoto, CFO   |
| 2. Full-Year Plan for FY2026                         | pp.10– | Hideo Okamoto, CFO   |
| 3. Business Overview and Strategy of Carlit Group    | pp.15– | Hirofumi Kaneko,<br>Director and President & CEO   |
| 4. Q&A Session                                       | pp.21– | • Hirofumi Kaneko,<br>Director and President & CEO<br>• Hideo Okamoto, CFO<br>• Shigenobu Takahashi, CPO<br>• Ryuichi Nakatsu, CSMO<br>• Yoji Yamaguchi, Executive Officer & CTO<br>• Tomonori Hikichi, Executive Officer, In<br>charge of Administration Division |

Please view the video at the URL below.

<https://youtu.be/58iSsjd8wy8>

- END -

# **Result Briefing for the First Half of FY2026**

## **Business Overview and Strategy of Carlit Group**



- **Financial Highlight for the First Half of FY2026**

- **Full-Year Plan for FY2026**

Director and Executive Officer in charge of the Finance Department     Hideo Okamoto

- **Business Overview and Strategy of Carlit Group**

Representative Director and President & CEO     Hirofumi Kaneko

- **Q&A Session**

# Financial Highlight for the First Half of FY2026

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# Consolidated Performance

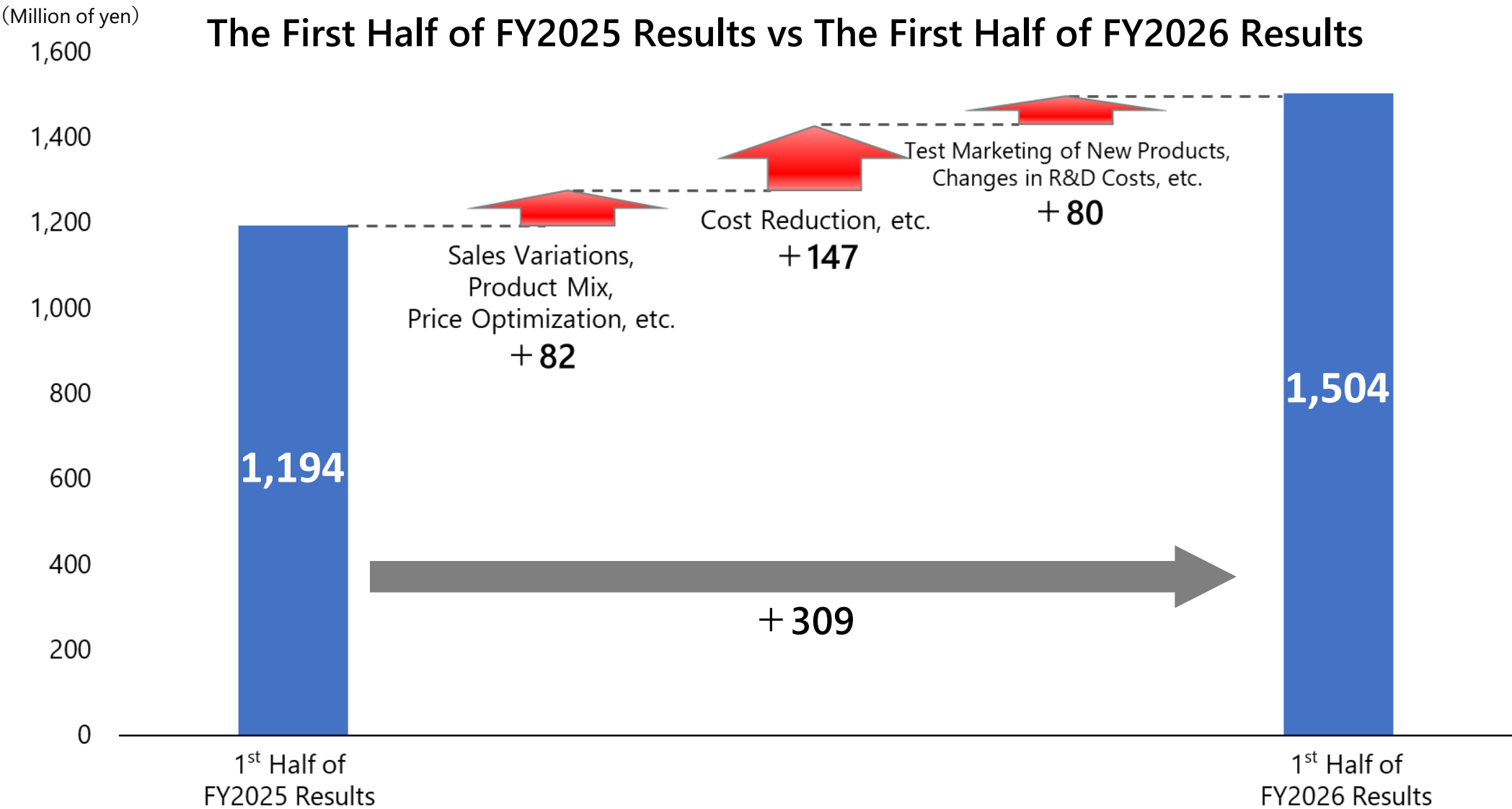
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(Million of yen)	1 <sup>st</sup> Half of FY2025 Results	1 <sup>st</sup> Half of FY2026 Results	Year of Year change	Rate of change
<b>Net sales</b>	<b>18,045</b>	<b>17,763</b>	<b>▲281</b>	<b>▲1.6%</b>
Direct cost of sales	13,668	13,304	▲363	▲2.7%
Distribution cost and administrative expense	3,182	2,954	▲227	▲7.2%
<b>Operating profit</b>	<b>1,194</b>	<b>1,504</b>	<b>+309</b>	<b>+25.9%</b>
<b>Ordinary profit</b>	<b>1,382</b>	<b>1,657</b>	<b>+275</b>	<b>+19.9%</b>
<b>Net profit</b>	<b>951</b>	<b>1,149</b>	<b>+198</b>	<b>+20.8%</b>

Extraordinary income : gain on the sale of investment securities 285  
Extraordinary losses : Impairment losses 121

# Consolidated Performance Changes Breakdown



# Consolidated Performance by Business Segments

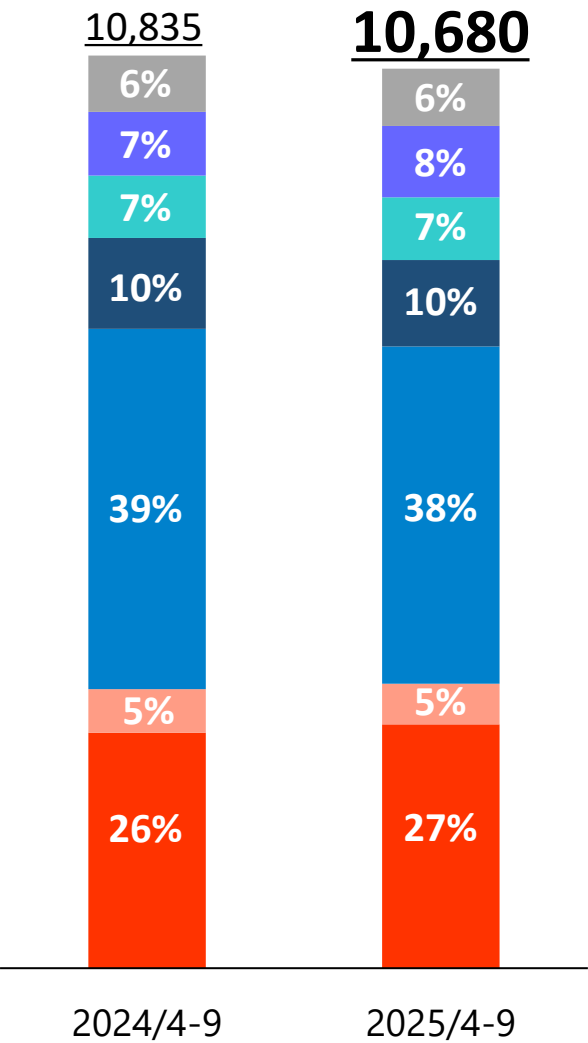
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(百万円)	Net Sales			Operating Profit		
	1 <sup>st</sup> Half of FY2025 Results	1 <sup>st</sup> Half of FY2026 Results	Change	1 <sup>st</sup> Half of FY2025 Results	1 <sup>st</sup> Half of FY2026 Results	Change
Chemical products	10,835	<b>10,680</b>	▲155	664	<b>865</b>	+201
Bottling	2,272	<b>2,125</b>	▲147	6	<b>▲73</b>	▲79
Metal working	3,603	<b>3,770</b>	+166	219	<b>373</b>	+154
Engineering service	1,908	<b>2,556</b>	+648	285	<b>459</b>	+173
Subtotal	18,621	<b>19,132</b>	+511	1,176	<b>1,626</b>	+449
Total	18,045	<b>17,763</b>	▲281	1,194	<b>1,504</b>	+309

# Chemical Products segment

Net sales (Million of yen)

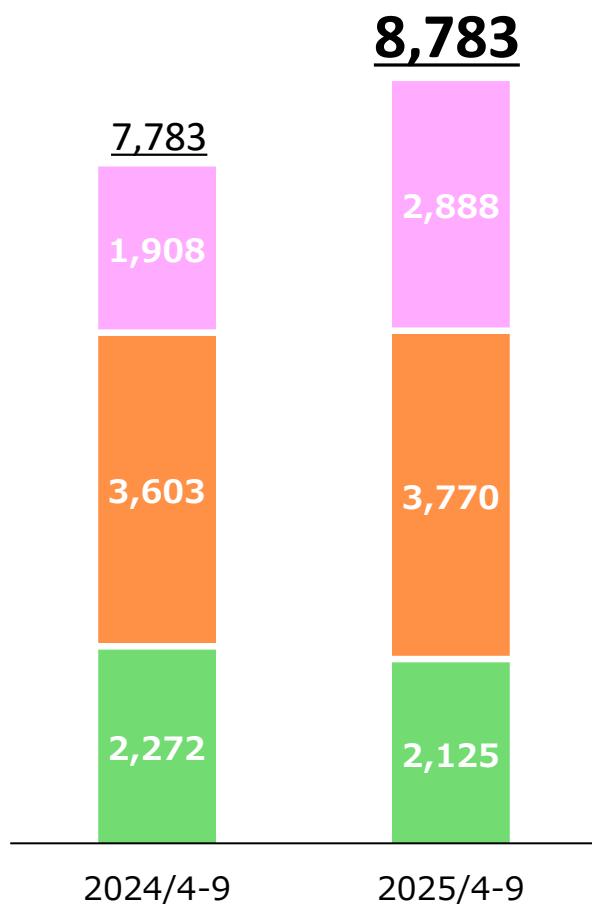


Sub-segments	Rate of change	Explanations by Sub-segment
<div>Explosives</div>	+ 4%	<div>•Industrial explosives experienced a decrease in sales volume due to reduced demand for crushing limestone, but sales and profits increased due to the reflection of fair prices to sales companies.</div> <div>•Automotive emergency flares saw an increase in demand from automobile factories, while demand for vehicle inspection replacements decreased, resulting in flat sales. A decrease in profits was due to increased production costs.</div> <div>•Signal flares for highway use saw an increase in sales and profits due to steady demand and the reflection of fair prices.</div> <div>•Raw materials for fireworks saw a decline in sales due to the stalling growth in sales of metal powder materials. A decrease in profits was due to increased manufacturing costs of potassium perchlorate.</div>
<div>Material assessment service</div>	▲7%	<div>•Despite being impacted by an adjustment period for some demand, net sales of safety evaluation testing remained flat due to orders for high-value-added testing. At the same time, profits decreased due to an increase in depreciation for new equipment.</div> <div>•Secondary batteries testing was likewise impacted by an adjustment period for some demand, and the number of high-unit-price and high-value-added tests was low, resulting in decreased sales and profit.</div>
<div>Chemicals</div>	▲6%	<div>•Sodium chlorate sales and profit decreased due to a decline in demand for paper pulp bleaching, despite efforts to ensure stable supply.</div> <div>•For ammonium perchlorate (the raw material in propellants for rockets and defense missiles), net sales remained flat as demand followed sales plans. Profit increased due to the impact of sales price optimization.</div> <div>•Electrodes experienced an increase in sales and profit due to strong replacement demand for both oxygen generation and chlorine generation applications.</div>
<div>Electronic materials</div>	▲5%	<div>Sales declined due to lower demand for capacitor electrolytes caused by a slowdown in demand for EVs and ongoing inventory adjustments for liquid crystal materials. Meanwhile, strong demand for electronic components for high-end servers resulted in increased sales of high-value-added products, leading to higher profits.</div>
<div>Ceramic materials</div>	+ 1%	<div>In addition to maintaining fair prices and promoting sales, steady customer demand in metal working-related areas led to increased sales and profits.</div>
<div>Silicon wafers</div>	+ 12%	<div>Although uncertainty remains due to excessive customer inventories and production adjustments, some demand is recovering, resulting in increased sales. On the other hand, profit declined due to the impact of factors such as the sluggish growth in sales of high-value-added products and lower factory operating rates.</div>



# Base Area(Business Portfolio) segments

Net sales (Million of yen)



Segments	Rate of change	Explanations by Segment
<span style="color: green;">■</span> Bottling	▲6%	The first quarter is typically in the red due to regular maintenance conducted every April. Despite the assumption of a return to profitability during the interim period, the Company fell short of this target, with the expectation to post a profit from the third quarter. For PET, due to the preferences of customers who prioritize environmental considerations, the hot-temperature filling production line has seen a decrease in orders, resulting in decreased sales and profits.
<span style="color: orange;">■</span> Metal Working	+ 5%	<ul style="list-style-type: none"> <li>• Anchors for use inside heat-resistant furnaces have seen strong demand due to regular maintenance at steel mills, cement factories, and waste treatment facilities. Although the replacement demand for retainers for dust collectors showed a slight downward trend, overall, there was an increase in sales and profits.</li> <li>• Various metal springs and pressed products saw a decline in demand from major clients (construction machinery and automobiles), but efforts to maintain appropriate prices and improve productivity led to increased sales and profits.</li> </ul>
<span style="color: pink;">■</span> Engineering Services	+ 51%	<ul style="list-style-type: none"> <li>• For engineering and construction work, despite intensifying competition for external engineering work projects, sales and profit increased due to increases in internal engineering work projects and construction work.</li> <li>• Sales of industrial paints and painting work remained solid. However, sluggish demand for construction machinery led to a reduction in the number of painting jobs handled, resulting in lower sales and profits.</li> <li>• Structural design saw an increase in sales due to the strong acquisition in seismic reinforcement design and seismic diagnosis. However, profits remained flat due to stagnant growth in profits from detailed design projects.</li> </ul>

# Full-Year Plan for FY2026

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# FY2026 Plan (Restated Financial Disclosure)

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(Million of yen)		FY2026 Initial Forecast (May 15)	FY2026 Revised Forecast (Nov 12)	Change	Rate of change
Net sales	1 <sup>st</sup> half	18,500	17,763 <sup>※</sup>	▲737	▲4.0%
	Full year	39,000	<b>38,000</b>	▲1,000	▲2.6%
Operating profit	1 <sup>st</sup> half	1,100	1,504 <sup>※</sup>	+404	+36.8%
	Full year	3,100	<b>3,500</b>	+400	+12.9%
Ordinary profit	1 <sup>st</sup> half	1,200	1,657 <sup>※</sup>	+457	+38.1%
	Full year	3,350	<b>3,700</b>	+350	+10.4%
Net profit	1 <sup>st</sup> half	800	1,149 <sup>※</sup>	+349	+43.7%
	Full year	2,700	<b>2,850</b>	+150	+5.6%
Dividend per share	Per share	36円	<b>38円</b>	+2	+5.6%

※Results

# Plans by Business Segments

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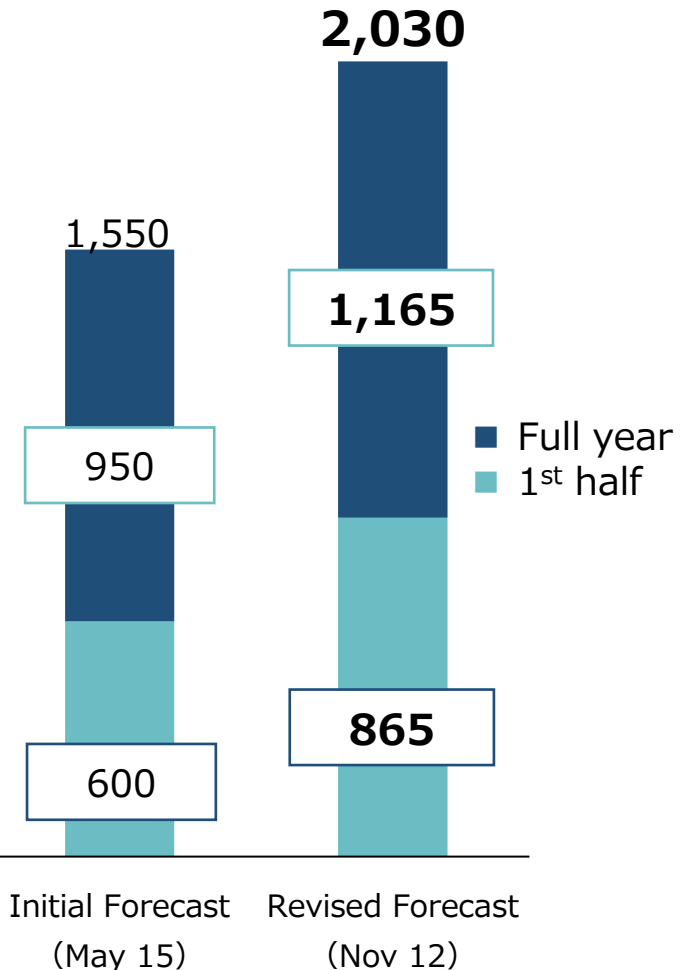
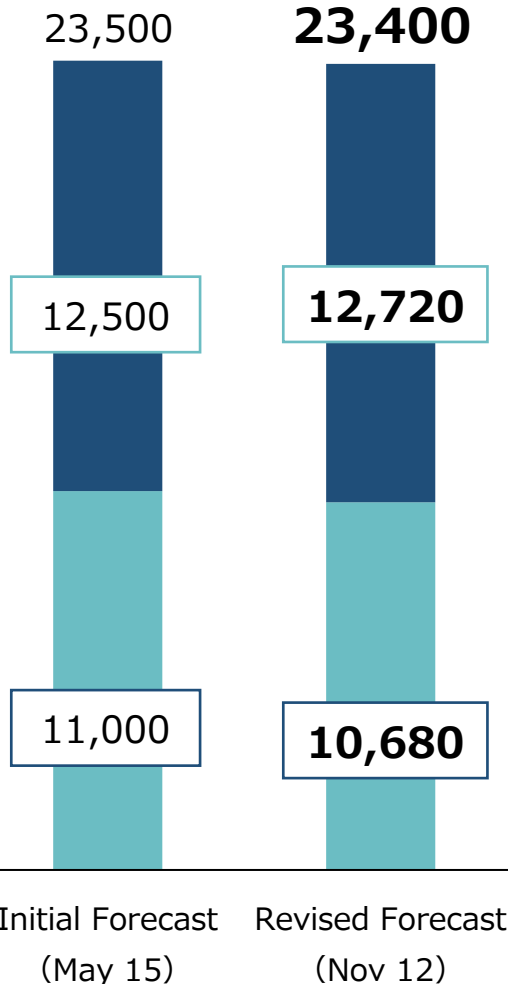


(Millions of yen)	Net Sales			Operating profit		
	FY2026 Initial Forecast (May 15)	FY2026 Revised Forecast (Nov 12)	Change	FY2026 Initial Forecast (May 15)	FY2026 Revised Forecast (Nov 12)	Change
Chemical Products	23,500	<b>23,400</b>	▲100	1,550	<b>2,030</b>	+480
Bottling	4,600	<b>4,500</b>	▲100	450	<b>370</b>	▲80
Metal working	7,300	<b>7,400</b>	+100	550	<b>560</b>	+10
Engineering Services	5,000	<b>5,600</b>	+100	650	<b>710</b>	+60
Subtotal	40,400	<b>40,400</b>	±0	3,200	<b>3,670</b>	+470
Total	39,000	<b>38,000</b>	▲1,000	3,100	<b>3,500</b>	+400

# Chemical Products segment

## 【Net Sales】

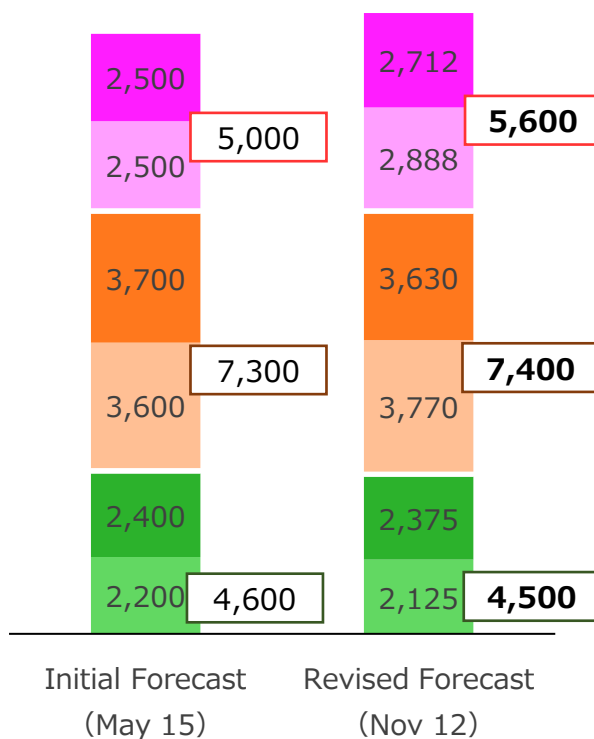
## 【Operating profit】 (Millions of yen)



- Explosives** : Demand is anticipated to remain strong, similar to the first half of the year. *We will continue efforts to reflect increased production costs in pricing.*
- Material assessment service** : *The new testing facility at the secondary battery testing laboratory will begin operations in November.* Through various exhibitions and seminars, we aim not only to secure repeat orders and horizontal expansion from existing customers but also to attract new projects.
- Chemicals** : The demand for sodium chlorate (a raw material for paper pulp bleaching) remains uncertain. *However, we plan to increase sales of ammonium persulfate (a raw material for solid propellant) in line with demand forecasts.*
- Electronic materials** : *Continuing from the first half of the year, we are focusing on demand for electronic components for high-end servers and strengthening sales of high value-added products.*
- Ceramic materials** : The demand environment remains stable and unchanged from the first half of the year.
- Silicon wafers** : While there was some recovery in demand in the first half of the year, the inventory depletion of small-diameter silicon wafers by customers continues to be sluggish. We will cover this with demand from other sectors.

# Base Area(Business Portfolio) segments

## 【Net Sales】



## 【Operating profit】



### ■ Bottling

Focusing on securing orders for 350ml to 600ml products and heated PET products. Our goal is to maintain stable operations and improve production efficiency.

### ■ Metal Working

In the Anchors for use inside heat-resistant furnaces sector, the number of regular maintenance projects at steel mills and waste processing facilities is not expected to be as high as in the first half of the year, and we will proceed with supply according to demand. In the Various metal springs and pressed products sector, the demand situation is in line with initial plans, and we anticipate increased profits due to improvements in profitability.

### ■ Engineering Services

In the engineering and construction work sector, the competitive environment for acquiring external projects is quite tough. In the industrial paints and painting work sector, the situation is generally in line with initial plans. In the structural design sector, we aim to increase revenue and profits by expanding private sector projects.

# Business Overview and Strategy of Carlit Group

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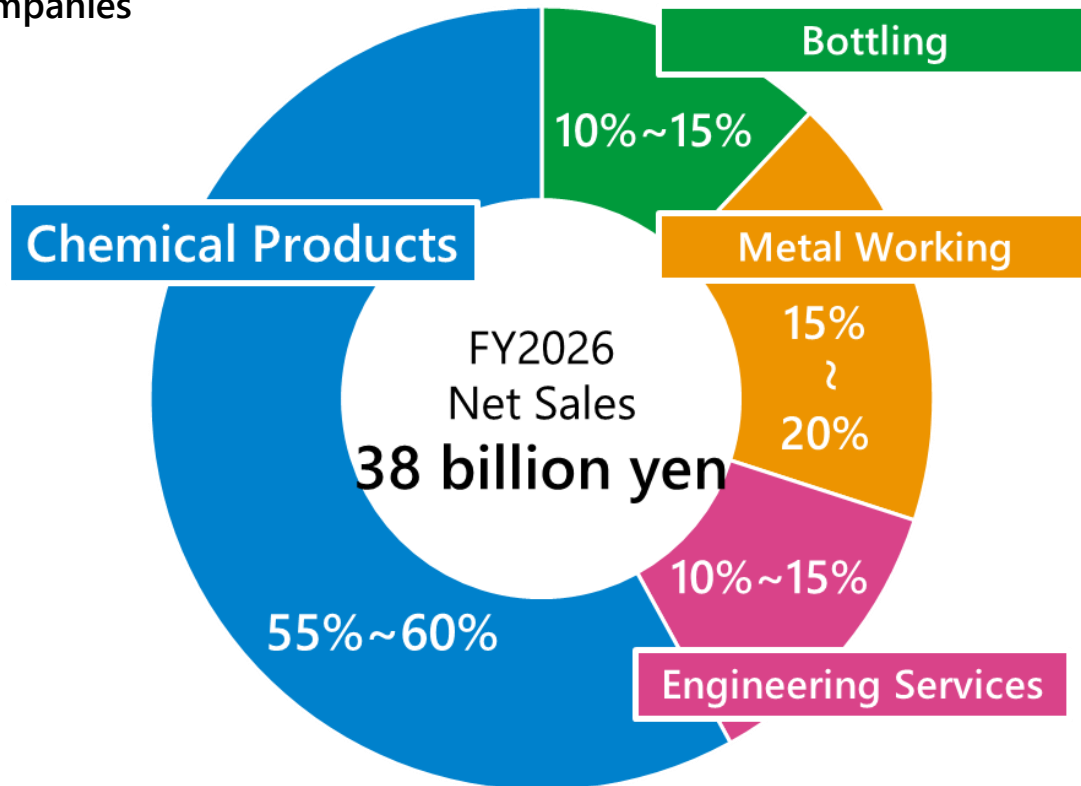
# Business Segments & Business Portfolio

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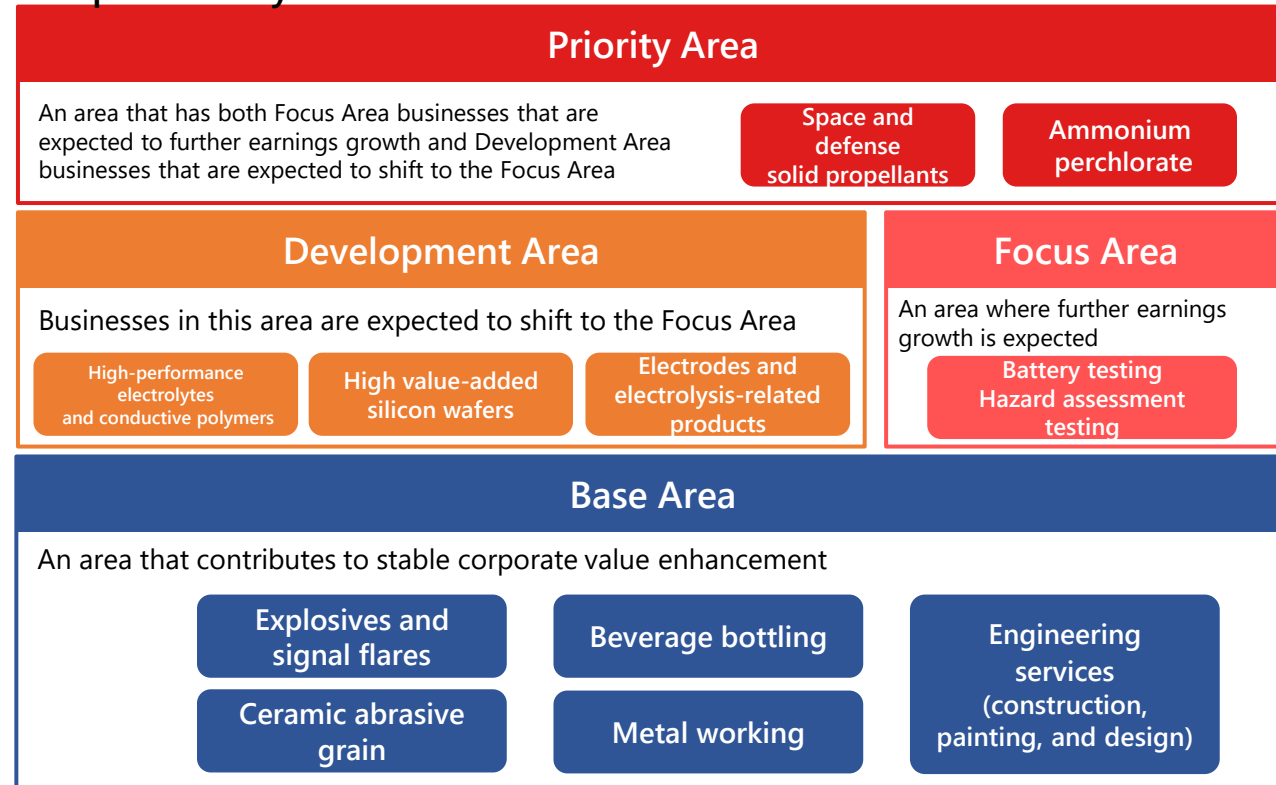
## Business Segments

→ Segments categorized by business activities and companies



## Business Portfolio

→ Segments for determining resource allocation based on growth potential and profitability

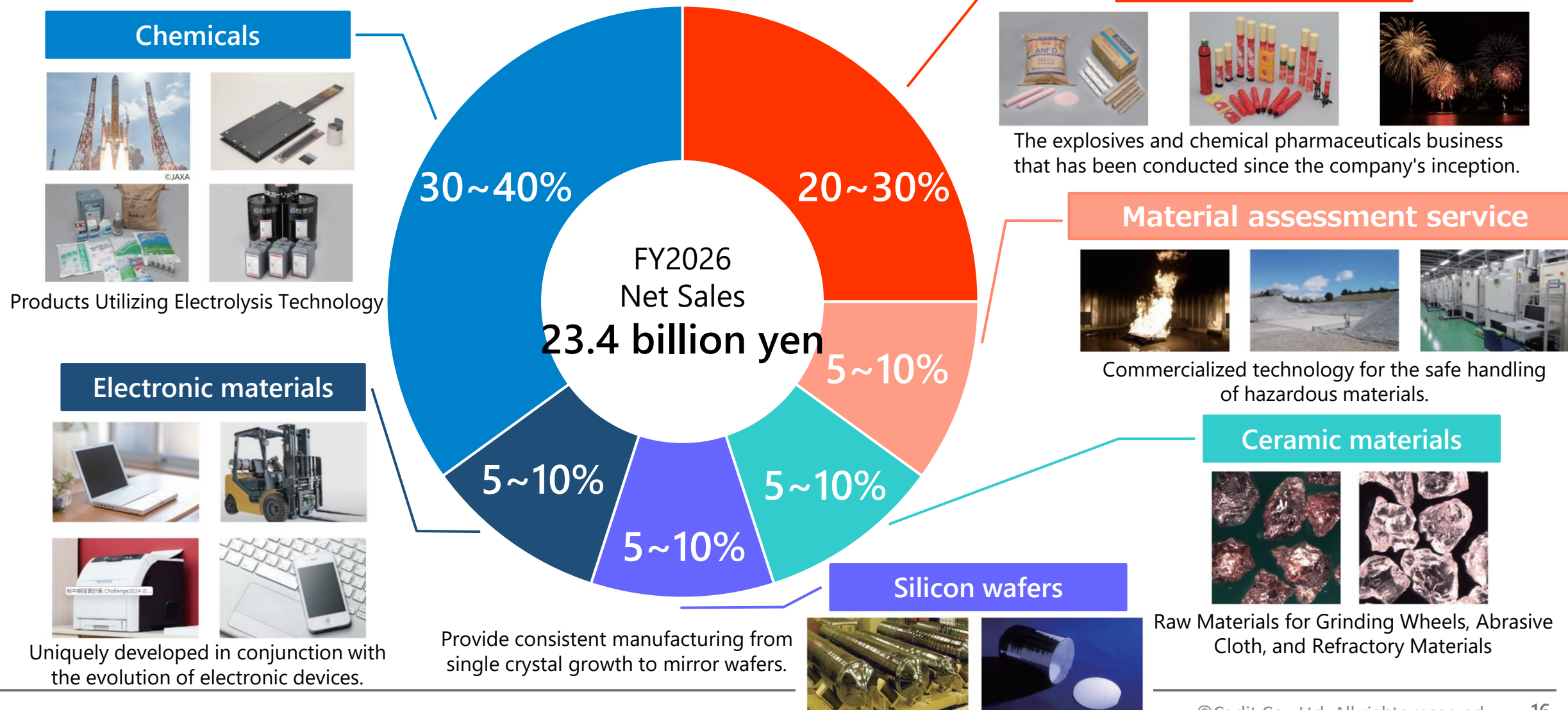


- × The relationship between the reporting segments and the business portfolio is unclear!
- × The composition ratios by field within the chemicals segment and the key businesses are difficult to understand!
- × As a conglomerate, it is unclear how to evaluate Carlit in relation to which industries or external environments!



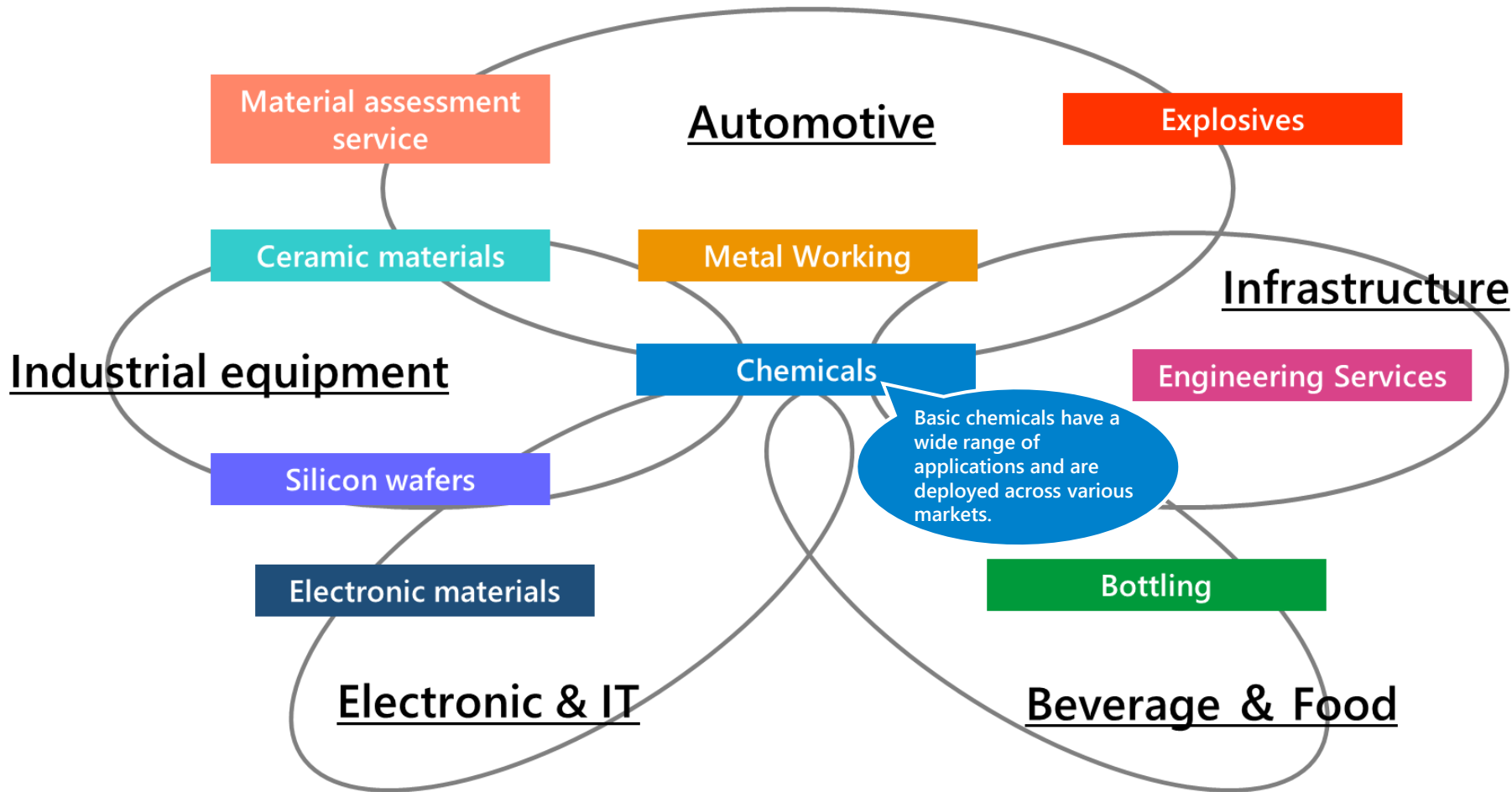
# Chemical Products segment

- ◆ 1 segment includes 6 sub-segments.



# The Business environments for each segments and sub-segments.

- ◆ introduce the representative industries and markets related to Carlit Group's segments and sub-segments.



## 【Features】

1. The five markets shown on the left are representative ones. In reality, the business expands across a broader range of markets and industries.
2. Diversification of revenue sources reduces market fluctuation risk.
3. Although affected by overseas trends, domestic sales remain the mainstream.

## 【Issues】

- × The expansion of multiple businesses complicates management.
- × Synergy effects are not realized.
- Based on market and product trends and growth potential, establish a business portfolio and implement management practices.

# Business Portfolio & Business Segments

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Portfolios		Segments (Sub-segments)		Revenue ratio	Markets・Industries
Priority Area	Space and defense solid propellants	Chemical Products	Explosives	55~60%	Space development market Defense industry market.
	Ammonium perchlorate		Chemicals		
Focus Area	Battery testing Hazard assessment testing		Material assessment service		Secondary batteries R&D market EV & HV R&D market
Development Area	High-performance electrolytes and conductive polymers		Electronic materials		Electronic devices (such as capacitors and liquid crystal products)
	High value-added silicon wafers		Silicon wafers		Electronic devices (discrete field of semiconductors)
	Electrodes and electrolysis-related products		Chemicals		Maintenance market for chemical and steel plants (such as electrolytic plants)
Base Area	Explosives and signal flares		Explosives		Automotive-related market Infrastructure-related market (safety equipment market)
	Ceramic abrasive grain		Ceramic materials		The metal processing, machining, and industrial equipment markets, among others
	Beverage bottling	Bottling		10~15%	PET bottle beverage market (280 to 600 ml) canned beverage market
	Metal working	Metal Working		15~20%	Maintenance market for chemical and waste treatment plants (such as high-temperature furnaces) Automotive, construction machinery, and industrial equipment markets.
	Engineering services (construction, painting, and design)	Engineering services		10~15%	Construction machinery market Industrial equipment-related market Design and seismic assessment market for water treatment facilities and private facilities

# Finally

## Integrated Report “Carlit Report 2025”

- Core Technologies of Carlit
- Value Creation Process
- Strategy by Business Segment  
(SWOT、Mid-Term Management Plan)

➡ Website (<https://www.carlithd.co.jp/sustainability/report.html>)



## “Space and defense solid propellants” Business briefing

➡ The briefing materials are planned to be disclosed around 1:00 PM on December 16 (Tuesday).

# Q&A Session

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Q. • On November 12 you announced a revision to the full-year consolidated earnings forecast. Could you explain why revenue is lower yet profit is higher compared with the initial forecast?

A. • The decline in sales is mainly attributable to industry demand fluctuations for pulp-and-paper bleaching agents in the chemical products sector, which account for relatively large volumes. In addition, a significant impact came from lower shipments in the bottling segment during the first quarter.

• The increase in profit was driven by successful price negotiations in the chemicals segment for products such as pyrotechnic flares and ammonium perchlorate, and by strong sales of higher-value electronic materials. As a result, we expect operating profit of ¥2.0 billion in the chemicals segment. In addition, profit structure reforms in the metal processing and engineering services segments have contributed to the profit improvement.

- Q. • Compared with other defense-related companies, your share price still appears undervalued. Are you considering any bold shareholder return measures?
- Will you consider further dividend increases?

- A.
- On November 12 we announced a ¥2 per-share dividend increase and a ¥500 million share buyback, and the Nikkei average has risen; while our share price has therefore moved closer to a PBR of 1.0, we aim to improve it further.
  - We reviewed our shareholder return policy for fiscal 2025, raising total shareholder return to 30%–40% and setting the dividend payout ratio at 30%. At present we have no plan to revise that policy, but we will continue to consider appropriate shareholder returns in light of growth investments and our financial position.
  - In addition to our financial strategy, we will step up PR around our future business strategy — including ammonium perchlorate — to help build market expectations.



# Q&A Session

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- Q. • We understand your ammonium perchlorate is used in the defense sector. If the ruling party's proposed removal of the five-category restrictions under the Three Principles on Transfer of Defense Equipment and Technology is implemented, would that affect your medium-term plans to ramp up production or expand capacity?
- Also, is there likely to be subsidy support to help cover the cost of capital expenditure?
- A. • As you are aware, it is also used in the defense sector. For purchasers or business partners of ammonium perchlorate, if they consider exporting products as a result of the abolition of the "five categories," they may be affected. Note: "the 'five categories'" refers to the five categories of the Three Principles on Transfer of Defense Equipment and Technology in Japan.
- Regarding capital expenditure for defense-industry facilities and the availability of initial-cost subsidies, we are not in a position to comment at this time. We expect to address this topic at the business briefing scheduled for December 16.



- Q. • On page 6 you explained that test sales of development products contributed to the profit increase. What specific development products were sold?
- Will sales of development products continue going forward?

- A. • We had several prototype sales projects, and the largest this fiscal year was a development product of solid propellant for space launch vehicles. These were trial sales of propellant intended for upcoming launches.
- Because these are development products, sales occur on a spot basis in line with customers' development timetables and needs, rather than on a continuous, predictable schedule.

- Q. • Operating profit in the Metal Working Segment was strong in the first half, but appears to have been substantially revised downward for the second half. Is there any specific factor behind this?
- 
- A. • Sales volumes of anchor metal parts used in blast furnaces for the steel industry and in municipal waste-incineration plants increased in the first half, driven mainly by replacement demand, which led to strong first-half revenue and profit.
- However, some sales that had been expected in the second half were brought forward to the first half, which is why we revised down the second-half forecast.
  - Sales of other product lines, including Various metal springs and pressed products, are proceeding in line with the initial plan, and we will continue sales promotion efforts to try to exceed the current profit forecast.

Q. • The Silicon wafers business appears to have been underperforming for an extended period. Can you tell us about any market recovery or fundamental improvement measures underway?

A. • Inventory adjustments at some customers progressed, producing higher sales in the second quarter. However, we do not expect that trend to continue into the third quarter and the outlook remains challenging.

• We are taking measures such as optimizing plant utilization, reducing in-house inventory and rebalancing personnel, and are examining structures that are less susceptible to market fluctuations. We aim to deliver results between this fiscal year and the next.

• At our Nagano Research Center we continue R&D on higher-value development products for the Silicon wafers business. With strong demand for AI applications, we are also exploring development for small-diameter wafers for AI and related uses, and expect these initiatives to contribute to future performance.

# Q&A Session

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- Q.
- You stated that solid propellants for space and defense are included in the Chemicals (chemical products) subcategory of the Chemicals segment. For example, how much will they contribute to sales this fiscal year?
  - Also, the division into two subsegments — solid propellants (priority area) and ammonium perchlorate — is confusing. Will you consider reorganizing the reportable segments?
- A.
- Solid propellants for space and defense are still at the stage of trial sales of development products. Therefore, they are not yet included in reported net sales.
  - Under our medium-term management plan "Challenge2027", production of defense-grade propellants is scheduled to start in FY2028, at which time sales will be recorded in the chemical-products subcategory.
  - We distinguish between product types: solid propellants are classified under the chemical-products subcategory, while ammonium perchlorate is classified under the chemical-manufactured-products subcategory. We may consider revising our reportable segments in the future in line with commercialization and mass production of development products, but at present we do not plan to change the reportable segments.

Q. • Rather than figures, could you tell us the profitability ranking within the subsegments of the Chemicals segment (e.g., in order of operating profit)?

A. • We cannot disclose specific operating-profit figures for the most recent period (interim period ended March 2026), but the ranking by operating-profitability is as follows:

- ①Explosives
- ②Electronic materials
- ③Ceramic materials
- ④Chemicals
- ⑤Material assessment service
- ⑥Silicon wafers

Q. • The decline in sales and profit in the Bottling segment is attributed to reduced volume on the hot-pack filling line. Is this a temporary effect or a structural issue? If it is structural, what countermeasures are you considering?

A. • The reduced sales on the hot-pack filling line are due to our customers' environmental measures.

• We have decided to invest in fiscal 2026 to convert the hot-pack filling line into an aseptic line. Once the conversion work is completed and we can manufacture products on the aseptic line, we expect this structural issue to be resolved.

- Q.
- Could you provide further details on the commercialization status of products for high-end servers in the Electronic Materials business?
  - Is the strong product in this field conductive polymers? By “high-end servers,” do you mean servers for generative AI?

- A.
- High-end servers—particularly AI servers—are characterized by very high power consumption, so customers increasingly demand components and materials that minimize power use. To reduce power consumption and heat generation, there is growing demand for electronic materials with properties such as low resistance and low loss.
  - Our customers are manufacturers of electronic components used in high-end servers (including AI servers), and our products — including conductive polymers — are being used in those components.

Q. • When do you expect demand for high-performance electrolytes to recover? Which end-product recoveries would lead to a recovery in Carlit's high-performance electrolyte sales?

A. • The current decline in electrolyte sales mainly affects two applications: aluminum electrolytic capacitors and electric double-layer capacitors (EDLCs).

- Aluminum electrolytic capacitors are widely used in the automotive sector, so we expect sales to recover as the automotive market—including EVs and hybrid vehicles—recovers and grows.
- EDLC demand depends on systems that avoid using the main power source, such as energy-regeneration systems and auxiliary power supplies; sales are therefore influenced by demand trends for those systems and devices.



- Q.
- Will shipments of ammonium perchlorate increase in the second half? If so, can we assume this is due in part to an increase in H3 rocket launches?
  - With cost-reduction measures being considered for the H3 rocket, would a reduction in the number of solid rocket boosters carried affect Carlit?

- A.
- We expect shipment volumes to increase in the second half. We plan to make sales that include next-fiscal-year launch allocations around February and March.
  - The H3 rocket has a launch scheduled in December, and we believe that an increase in the number of launches going forward will contribute positively to our performance.
  - At the same time, as you noted, if cost-reduction measures for the H3 lead to fewer solid rocket boosters being fitted, that would likely have an impact on our results. However, factors such as the operational advantages of liquid propellants are also in play, and at this time we are not particularly concerned.

- Q. • What caused the decline in revenue from battery testing in the Material assessment service in the first half? With the new testing facility coming online, are orders for battery testing increasing?
- 
- A. • As reported in the media, development in the electric-vehicle market—particularly in China—has been delayed. From this fiscal year, the slowdown in the Chinese market has begun to affect Japanese automakers as well, pushing back development projects and causing a decline in revenue.
- We have installed different testing equipment in the new test facility compared with the existing facility, and we expect to be able to secure orders accordingly.

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## **Giving Shape to Infinite Possibilities**

**(This document is prepared in reference to the Japanese disclosure. In the event of any discrepancies or inconsistencies between this English version and the original Japanese document, the Japanese version shall prevail.)**