

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

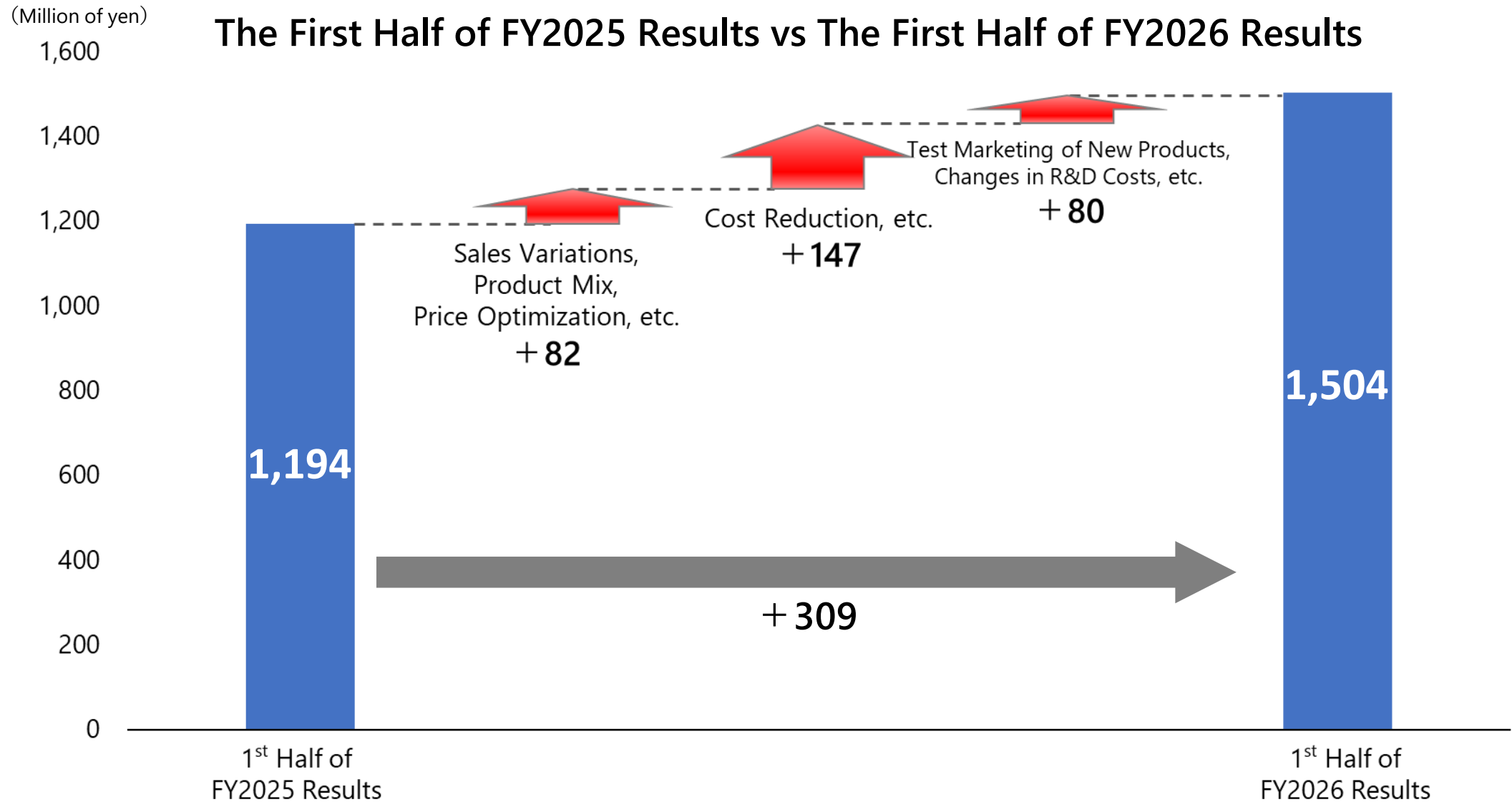
Financial Highlight for the First Half of FY2026

Consolidated Performance

(Million of yen)	1 st Half of FY2025 Results	1 st Half of FY2026 Results	Year of Year change	Rate of change
Net sales	18,045	17,763	▲281	▲1.6%
Direct cost of sales	13,668	13,304	▲363	▲2.7%
Distribution cost and administrative expense	3,182	2,954	▲227	▲7.2%
Operating profit	1,194	1,504	+309	+25.9%
Ordinary profit	1,382	1,657	+275	+19.9%
Net profit	951	1,149	+198	+20.8%
Dividend per share (Fiscal year end)	36 Yen	38 Yen	+2	+5.6%

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

Consolidated Performance Changes Breakdown



Consolidated Performance by Business Segments

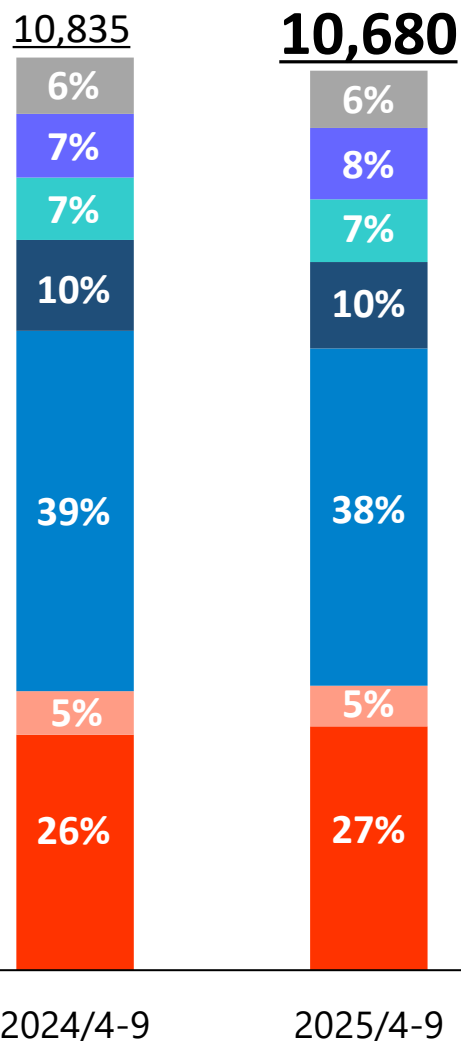
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	Net Sales			Operating Profit			
	(百万円)	1 st Half of FY2025 Results	1 st Half of FY2026 Results	Change	1 st Half of FY2025 Results	1 st Half of FY2026 Results	Change
Chemical products		10,835	10,680	▲155	664	865	+201
Bottling		2,272	2,125	▲147	6	▲73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

Chemical Products segment

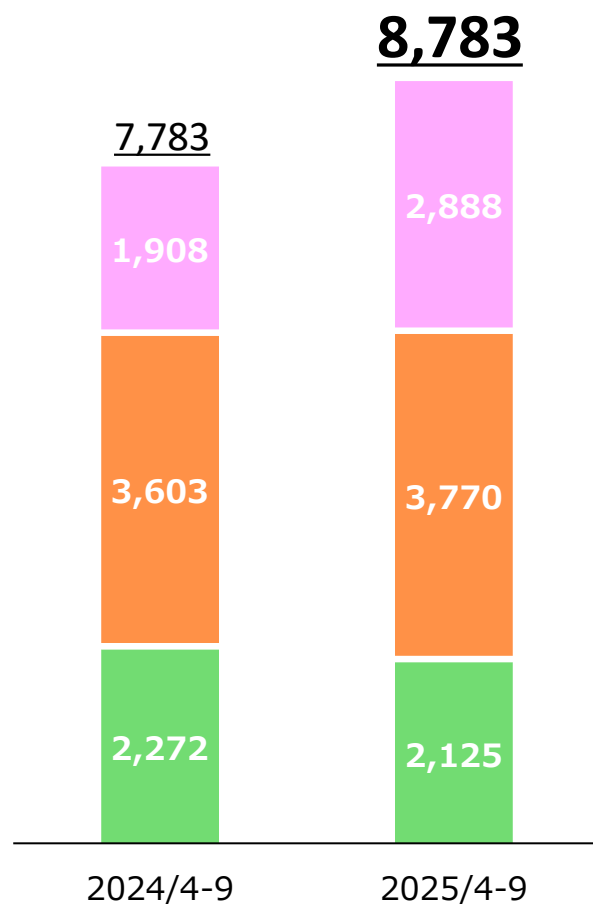
Net sales (Million of yen)



Sub-segments	Rate of change	Explanations by Sub-segment
Explosives	+ 4%	<ul style="list-style-type: none"> 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. 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. Signal flares for highway use saw an increase in sales and profits due to steady demand and the reflection of fair prices. 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.
Material assessment service	▲7%	<ul style="list-style-type: none"> 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. 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.
Chemicals	▲6%	<ul style="list-style-type: none"> Sodium chlorate sales and profit decreased due to a decline in demand for paper pulp bleaching, despite efforts to ensure stable supply. 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. Electrodes experienced an increase in sales and profit due to strong replacement demand for both oxygen generation and chlorine generation applications.
Electronic materials	▲5%	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.
Ceramic materials	+ 1%	In addition to maintaining fair prices and promoting sales, steady customer demand in metal working-related areas led to increased sales and profits.
Silicon wafers	+ 12%	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.

Base Area(Business Portfolio) segments

Net sales (Million of yen)



Segments	Rate of change	Explanations by Segment
■ 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.
■ Metal Working	+ 5%	<ul style="list-style-type: none"> • 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. • 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.
■ Engineering Services	+ 51%	<ul style="list-style-type: none"> • 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. • 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. • 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.

Full-Year Plan for FY2026

FY2026 Plan (Restated Financial Disclosure)

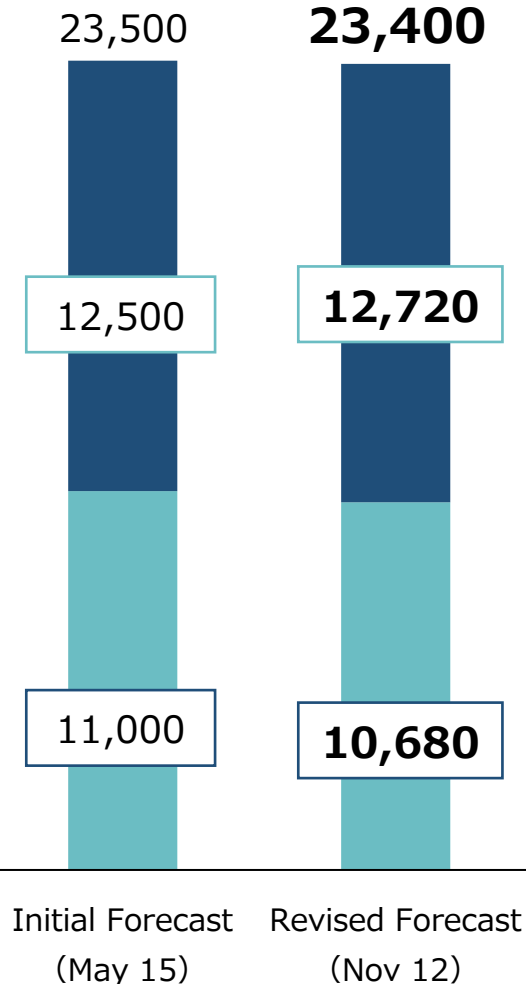
		(百万円)	FY2026 Initial Forecast (May 15)	FY2026 Revised Forecast (Nov 12)	Change	Rate of change
Net sales	1 st half		18,500	17,763	▲737	▲4.0%
	Full year		39,000	38,000	▲1,000	▲2.6%
Operating profit	1 st half		1,100	1,504	+404	+36.8%
	Full year		3,100	3,500	+400	+12.9%
Ordinary profit	1 st half		1,200	1,657	+457	+38.1%
	Full year		3,350	3,700	+350	+10.4%
Net profit	1 st half		800	1,149	+349	+43.7%
	Full year		2,700	2,850	+150	+5.6%
Dividend per share	Per share		36円	38円	+2	+5.6%

Plans by Business Segments

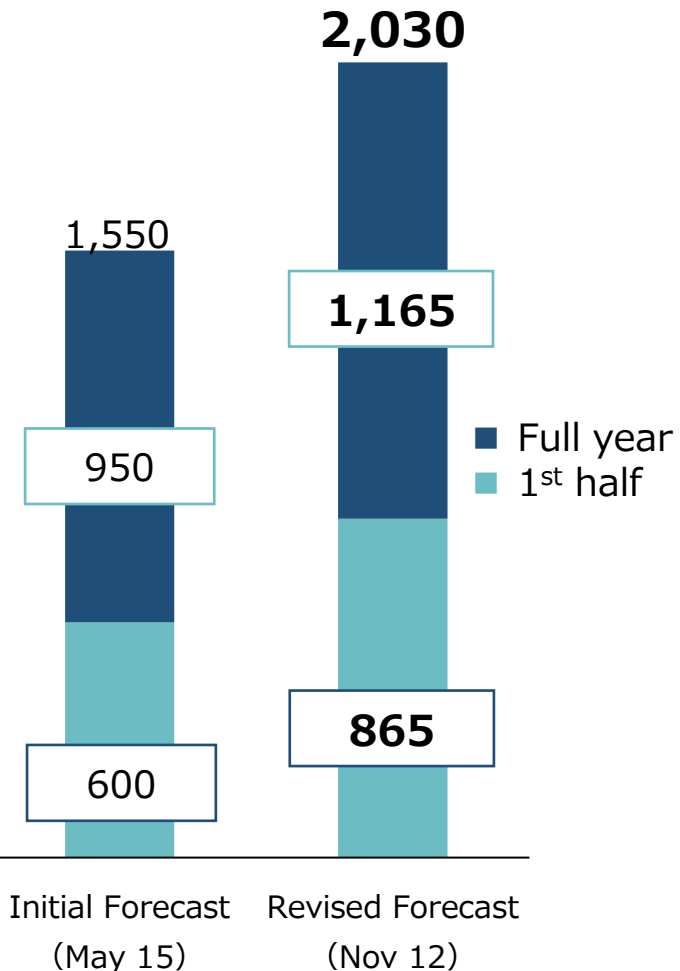
(Millions of yen)	Net Sales			Operating profit		
	FY2026 Initial Forecast (May 15)	FY2026 Revised Forecast (Nov 12)	Change	FY2026 Initial Forecast (May 15)	FY2026 Revised Forecast (Nov 12)	Change
Chemical Products	23,500	23,400	▲100	1,550	2,030	+480
Bottling	4,600	4,500	▲100	450	370	▲80
Metal working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

Chemical Products segment

【Net Sales】



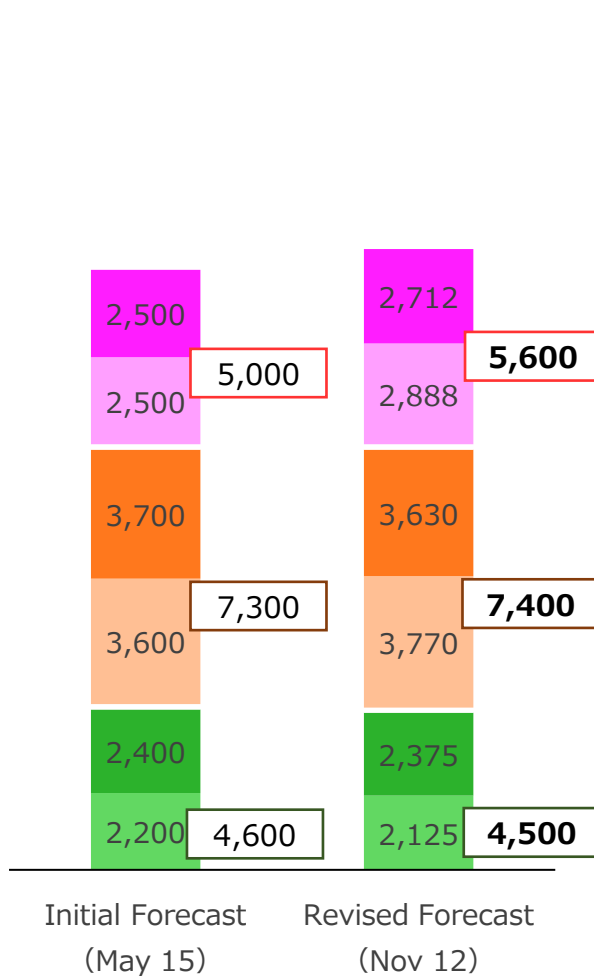
【Operating profit】 (Millions of yen)



- 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

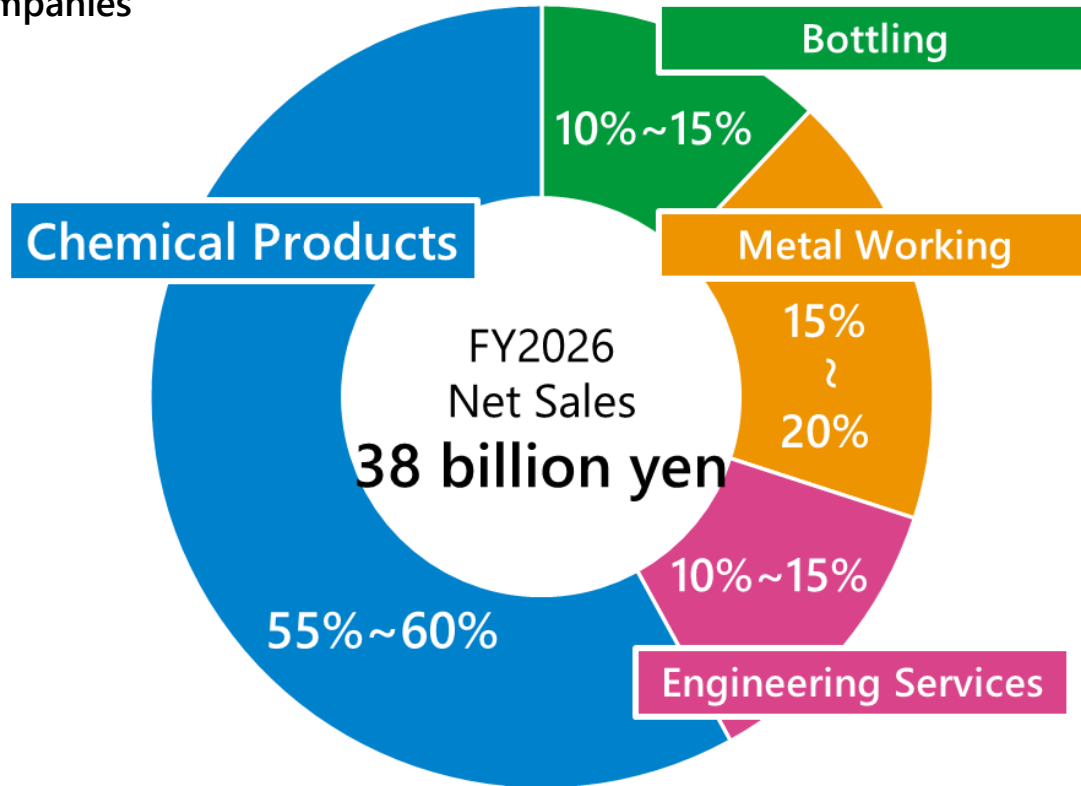
In the engineering and construction work sector, the competitive environment for acquiring external projects is quite tough. In the industrial paints and painting work sector, the situation is generally in line with initial plans. In the structural design sector, we aim to increase revenue and profits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

Business Overview and Strategy of Carlit Group

Business Segments & Business Portfolio

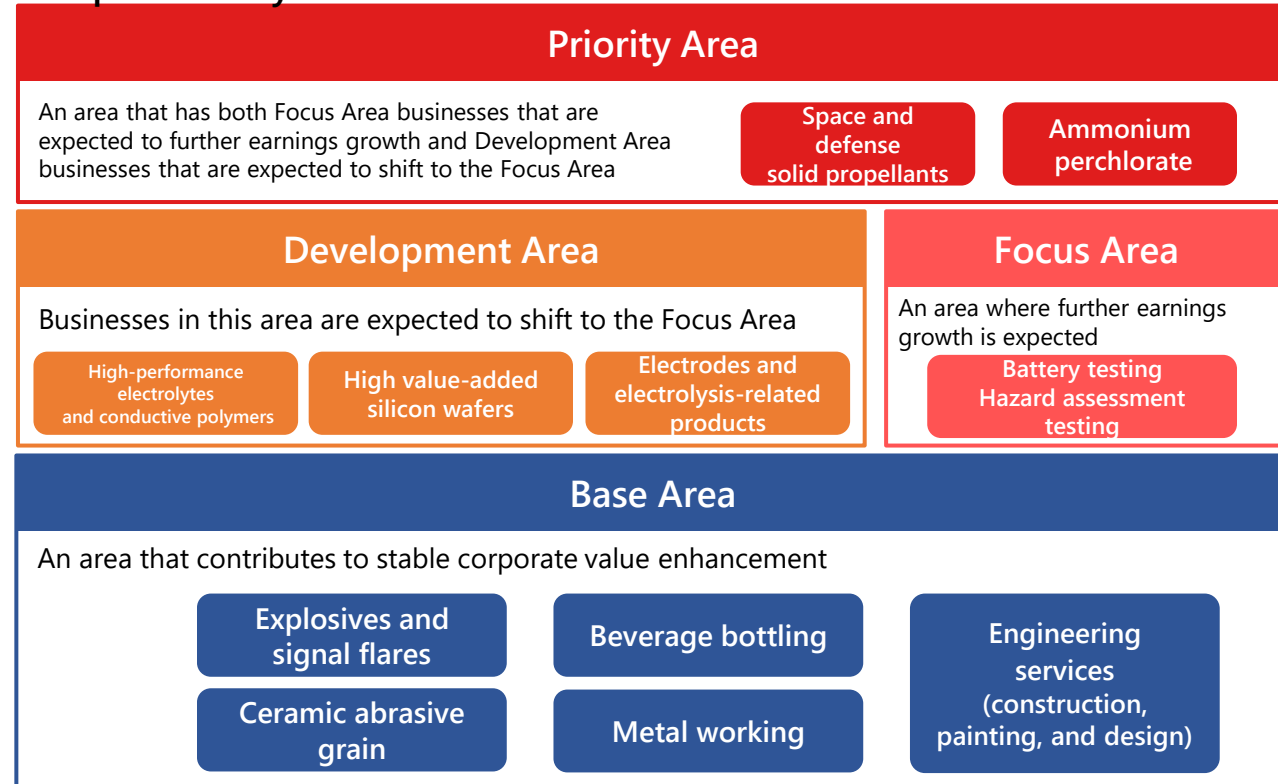
Business Segments

→ Segments categorized by business activities and companies



Business Portfolio

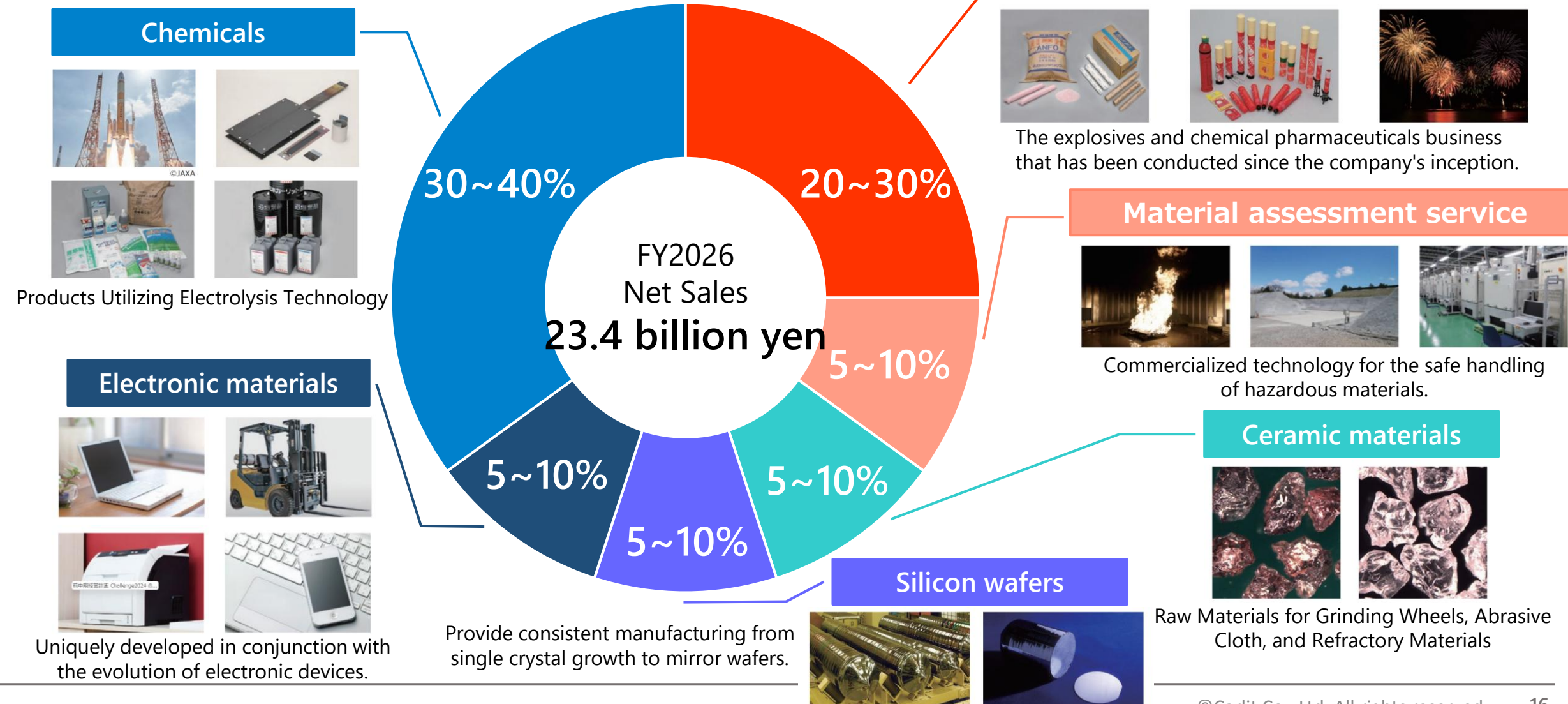
→ Segments for determining resource allocation based on growth potential and profitability



- ✗ 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.



Chemicals



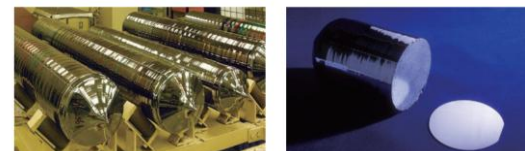
Products Utilizing Electrolysis Technology

Electronic materials



Uniquely developed in conjunction with the evolution of electronic devices.

Provide consistent manufacturing from single crystal growth to mirror wafers.



Silicon wafers

Explosives



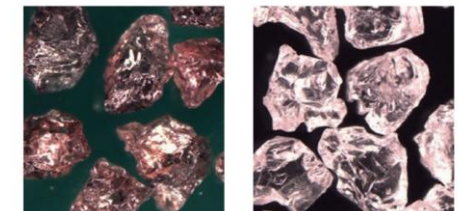
The explosives and chemical pharmaceuticals business that has been conducted since the company's inception.

Material assessment service



Commercialized technology for the safe handling of hazardous materials.

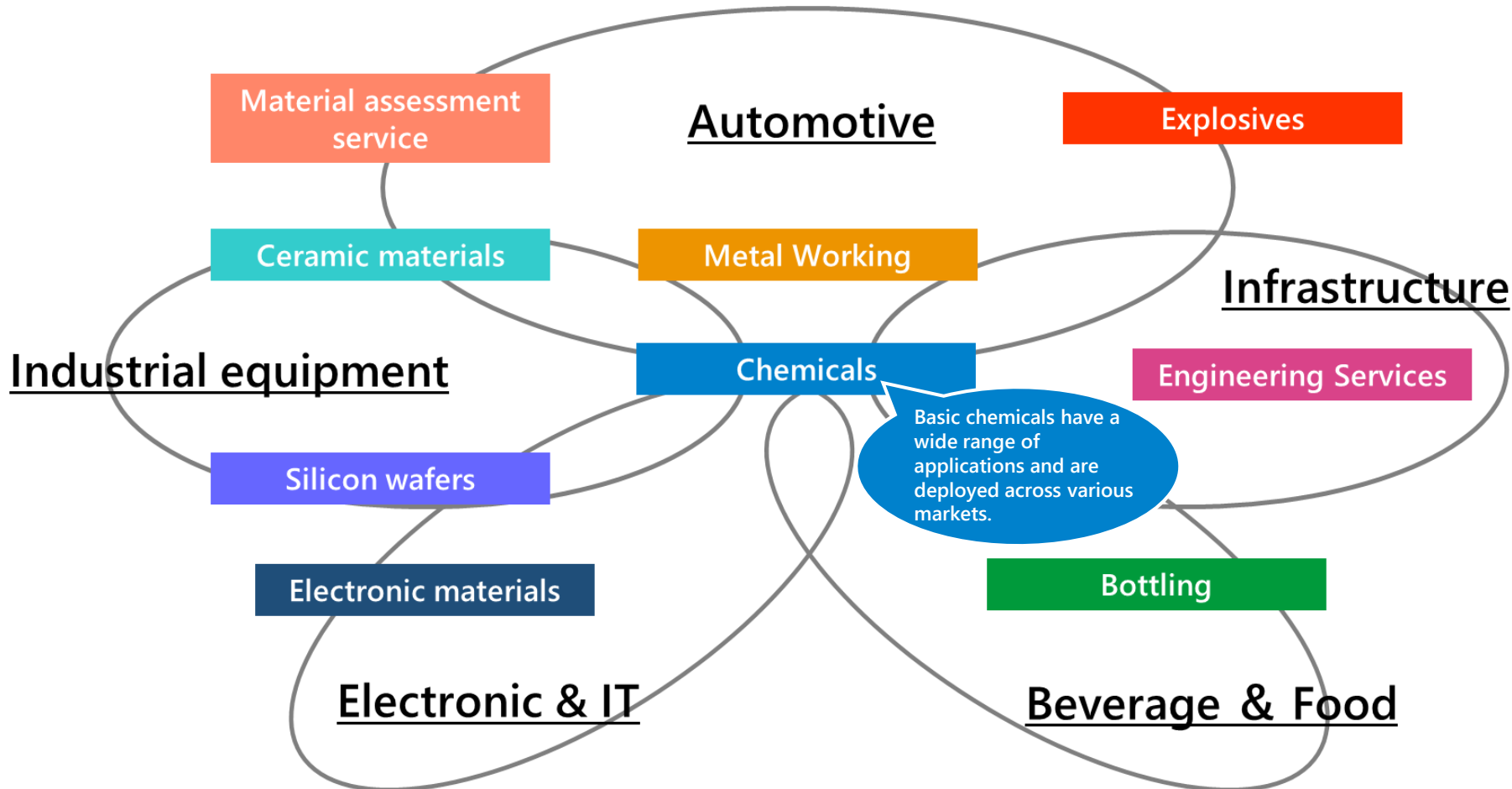
Ceramic materials



Raw Materials for Grinding Wheels, Abrasive Cloth, and Refractory Materials

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

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

For Confidence and Infinite Challenges



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).



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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.)