

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025

<Japanese GAAP>

May 12, 2025

Company Name: **NICHIAS Corporation**
 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)
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 Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2025
 Scheduled date of filing annual securities report: June 25, 2025
 Supplementary materials for financial results: Available
 Organization of financial results briefing: Yes (for institutional investors and analysts)
 Scheduled date of commencement of dividend payment: June 30, 2025

(Fractional amounts of less than ¥1 million are discarded.)

1. Consolidated financial results for fiscal 2024 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	256,512	2.9	39,732	12.8	41,693	7.5	32,073	19.0
FY2023	249,391	4.7	35,208	17.5	38,787	—	26,961	26.0

Note: Comprehensive income FY2024 ¥30,596 million---(15.6) %; FY2023 ¥36,242 million---49.7 %

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on total assets	Operating margin
	Yen	Yen	%	%	%
FY2024	491.36	—	15.5	14.4	15.5
FY2023	406.60	—	14.5	13.9	14.1

(Reference) Share of profit or loss on investments using the equity method: FY2024 ¥63 million; FY2023 ¥80 million

*The presentation method has been changed as of the fiscal year ended March 31, 2025. For details of the change in indication method, please see "(5) Notes regarding consolidated financial statements (Changes in indication methods)" in "4. Consolidated financial statements and related notes." Ordinary income for the fiscal year ended March 31, 2024, is the amount after reclassification to reflect the change in presentation method. Change over the same period of the previous fiscal year is not stated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	289,044	216,434	74.5	3,348.75
As of March 31, 2024	290,788	200,918	68.7	3,039.26

(Reference) Shareholders' equity: FY2024 ¥215,421 million; FY2023 ¥199,681 million

(3) Consolidated Cash Flows

	Net cash from (used in) operating activities	Net cash from (used in) investing activities	Net cash from (used in) financing activities	Cash and cash equivalents at the end of fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2024	31,246	(913)	(27,404)	58,611
FY2023	19,167	(12,897)	(11,107)	55,574

2. Dividends

	Annual Dividends					Total Dividends	Dividend payout ratio	Ratio of dividends to net assets
	End of 1st quarter	End of 1st half	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2023	—	48.00	—	50.00	98.00	6,469	24.1	3.5
FY2024	—	52.00	—	56.00	108.00	7,019	22.0	3.4
FY2025 (Forecast)	—	76.00	—	76.00	152.00		38.2	

3. Forecast of consolidated financial results for fiscal 2025 (April 1, 2025 to March 31, 2026)

(Percentage figures represent changes from previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	123,000	(2.9)	16,500	(16.9)	16,500	(20.0)	11,500	(20.5)	176.18
Full year	257,000	0.2	37,000	(6.9)	37,000	(11.3)	26,000	(18.9)	398.32

*Notes

(1) Significant changes in the scope of consolidation during the period under review: None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to revision of accounting standards: None

2) Changes other than those in 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (ordinary shares)

1) Number of shares outstanding at the end of the year (including treasury stock)

FY2024 (As of March 31, 2025) 67,811,917 shares

FY2023 (As of March 31, 2024) 67,811,917 shares

2) Number of shares of treasury stock at the end of the year

FY2024 (As of March 31, 2025) 3,482,982 shares

FY2023 (As of March 31, 2024) 2,111,342 shares

3) Average number of shares outstanding during the year

FY2024 (As of March 31, 2025) 65,274,962 shares

FY2023 (As of March 31, 2024) 66,310,161 shares

*This summary of financial statements is not subject to audit by a certified public accountant or auditor.

*Information concerning proper use of financial forecasts and other special notes

Information concerning forward-looking statements

Forward-looking statements concerning financial forecasts contained in these materials are based on information available to the Company when the forecasts were made, and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors. Please refer to "(4) Earnings forecasts" in "1. Overview of operating results" on page 3 for information concerning financial forecasts such as the assumptions used and factors that could cause these assumptions to change.

Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

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1. Overview of operating results

(1) Overview of operating results in FY2024 (April 1, 2024 to March 31, 2025)

During FY2024, the Japanese economy experienced moderate recovery, although some sluggishness remained. In the manufacturing industry, capital investment and exports showed signs of improvement, but production was flat. Overseas, China experienced sluggishness, but growth was observed in the US, and emerging economies experienced a recovery.

In these conditions, the Group's net sales rose 2.9% year on year to ¥256,512 million. Sales increased mainly in the Energy and Industrial Plants Division, where demand remained strong for nuclear power, petroleum refining, and petrochemicals, as well as in the Advanced Products Division, where growth was driven by demand for semiconductors for AI applications.

In terms of profits, operating income rose 12.8% year on year to ¥39,732 million, ordinary income rose 7.5% year on year to ¥41,693 million, and profit attributable to owners of the parent company rose 19.0% year on year to ¥32,073 million.

Net sales by segment for FY2024 are as follows:

Sales in the **Energy and Industrial Plants Division** rose 6.7% year on year to ¥78,456 million due to strong demand for nuclear power, petroleum refining, and petrochemicals in particular.

Sales in the **Industrial Products Division** increased 3.9% year on year to ¥53,184 million. This was due to steady demand for sealing materials for infrastructure and fluoropolymer lining products in Japan, which offset sluggish demand for environmental products due to deterioration of economic conditions in China.

Sales in the **Advanced Products Division** rose 4.1% year on year to ¥44,584 million, driven by demand for semiconductors for AI applications.

Sales in the **Autoparts Division** rose 2.1% year on year to ¥51,196 million due to the continuing weak yen trend in the exchange market despite soft demand overseas.

Sales in the **Building Materials Division** fell 8.2% year on year to ¥29,090 million due to the termination of production and sales of some products and the consolidation of product types as a result of a review of the business structure and the impact of delays in the construction schedule of some large properties.

(2) Overview of financial position

Total assets at the end of FY2024 were ¥289,044 million, down ¥1,743 million compared with the end of the previous fiscal year. This was largely because investment securities fell by ¥8,542 million and construction in progress fell by ¥3,184 million, despite buildings and structures rising by ¥3,634 million, cash and deposits rising by ¥3,301 million, and raw materials and supplies rising by ¥2,497 million.

Liabilities at the end of FY2024 were ¥72,609 million, down ¥17,260 million compared with the end of the previous fiscal year. This was largely a result of decreases in short-term loans payable of ¥6,935 million, in current portion of bonds of ¥5,000 million, in notes and accounts payable – trade of ¥2,902 million, and in deferred tax liabilities of ¥2,224 million.

Net assets at the end of FY2024 were ¥216,434 million, up ¥15,516 million compared with the end of the previous fiscal year. This was largely because retained earnings rose by ¥25,371 million and foreign currency translation adjustment rose by ¥2,546 million, despite a decrease of ¥7,964 million as a result of purchase of treasury stock and a decrease of ¥5,561 million in valuation difference on available-for-sale securities.

(3) Cash flows

Cash and cash equivalents (hereinafter, "cash") at the end of FY2024 increased by ¥3,036 million year on year to ¥58,611 million. Cash flows and factors affecting cash flows are as follows:

(Net cash provided by [used in] operating activities)

Net cash provided by operating activities was ¥31,246 million (compared with receipts of ¥19,167 million in FY2023).

This was primarily because, although cash decreased due to ¥12,483 million in income taxes paid, a ¥5,085 million decrease in notes and accounts payable – trade, and ¥4,985 million in gains on sales of investment securities, cash increased due to ¥45,358 million in income before income taxes, ¥7,626 million in depreciation & amortization, and a ¥3,989 million decrease in notes and accounts receivable – trade.

(Net cash provided by [used in] investing activities)

Net cash used in investing activities was ¥913 million (compared with expenditures of ¥12,897 million in FY2023).

This was primarily because, although cash increased due to ¥5,883 million in proceeds from sales of investment securities, cash decreased due to ¥6,764 million in expenditures for the acquisition of property, plant and equipment.

(Net cash provided by [used in] financing activities)

Net cash used in financing activities was ¥27,404 million (compared with expenditures of ¥11,107 million in FY2023).

This was because of a decrease in cash due to a decrease in treasury stock of ¥8,006 million, a decrease in short-term loans payable of ¥6,935 million, ¥6,710 million in cash dividends paid, and ¥5,000 million in expenditures on redemption of bonds.

(4) Earnings forecasts

In FY2025, we expect solid performance in each segment, including the Energy and Industrial Plants segment, where demand is strong for maintenance, and the Industrial Products segment, where infrastructure-related demand is firm. On the other hand, construction costs related to the core system, which is scheduled to go live in October 2026, are expected to increase. Based on these conditions, our earnings forecasts for FY2025 are net sales of ¥257,000 million, operating income of ¥37,000 million, ordinary income of ¥37,000 million, and profit attributable to owners of the parent company of ¥26,000 million.

The Company has prepared these earnings forecasts based on the information available as of the day that these materials were released, and actual results could differ from forecasts depending on a variety of factors.

(5) Policies for distribution of profit and dividends for FY2024 and FY2025

In addition to strengthening the management base in order to enhance earnings power, the basic policy of the NICHIAS Group with respect to the distribution of profits is to strive for the long-term and appropriate return of profits to shareholders by expanding the level of such profits available as dividends and increasing shareholder value, while retaining sufficient reserves for reinvestment.

Guided by this basic policy, we will focus on continuing to pay stable dividends, taking into account a range of factors that include the profit levels and financial conditions of the relevant fiscal year, and the availability of funds needed for capital investment and R&D to support future business development. In addition, the Company has revised its policy to set the dividend on equity ratio (DOE) at 5.0% or higher, and will continue to pay progressive dividends during the current medium-term management plan period, and set the total return ratio, which includes dividends and purchase of treasury stock, at 50% or higher.

In FY2024, we paid a first-half dividend of ¥52 per share and will pay year-end dividends of ¥56 per share.

In FY2025, we plan to pay ¥76 per share in interim dividends and a year-end dividend of ¥76 per share, based on the above policy. However, the final decision on dividends will be made based on a comprehensive assessment of financial conditions and earnings in the next fiscal year.

(6) Risk factors

This section reviews matters that are believed likely to have a major impact on the decisions of investors. Note that matters related to future developments that are mentioned in this section are judgments of the Group that were made at the end of the fiscal year under review.

□ Business and economic fluctuation risk

The Group conducts manufacturing and sales of sealing materials such as gaskets and packing; manufacturing and sales of varieties of insulation materials using mainly rock wool and inorganic fibers; manufacturing and sales of corrosion-resistant materials and machine parts using high-performance resin polymer such as fluoropolymer; manufacturing and sales of automotive parts including sealing materials for engines and engine accessory parts with thermal insulation and soundproofing attributes; manufacturing and sales of non-combustible building materials centered on calcium silicate boards and insulation materials; and industrial thermal insulation and cryogenic insulation work for energy, gas, petroleum refining, and petrochemicals plants, and free-access floor work. The Group's customers comprise a wide range of industries, including petroleum, petrochemical, chemical, steel, electricity, gas, automotive, semiconductor, and construction. The Group is therefore reliant on industry-wide capital expenditure trends, anti-corrosion materials are reliant on semiconductor demand trends, automotive parts are reliant on production and unit sales trends in the automotive industry, and building materials are reliant on residential and building construction trends. Accordingly, the Group's earnings could ultimately be affected by business and economic fluctuations both overseas and in Japan.

□ Overseas business risk

The Group conducts business overseas, especially in the Asian region. In its overseas business, the Group is exposed to the risk of the occurrence of unfavorable economic factors and political turbulence, such as unpredictable changes in laws and regulations or drastic changes in financial conditions. If these types of risk were to materialize, it would interfere with the Group's business overseas, and this could affect the Group's earnings and financial status.

□ Raw materials procurement risk

The Group uses metals, coke, pulp, rubber, fluoropolymer resin, etc. as its main raw materials. The Group's earnings and financial condition could be impacted if changes in economic conditions or reduced supply capacity in the countries that supply these materials make it difficult for the Group to procure the necessary raw materials.

□ Receivables management risk

The Group holds receivables from its clients that include accounts and notes receivable. Although the Group always pays close attention to credit management, unexpected credit losses could impact the Group's earnings and financial condition.

□ Risks associated with accounting estimates

The Group estimates revenue recognition related to construction contracts, recoverable amounts related to impairment accounting of noncurrent assets, and the recoverability of deferred tax assets. These estimates are based on certain assumptions about the future, and the revision of such assumptions could impact the Group's business performance and financial position.

□ Retirement benefits obligation risk

The Group could incur losses if the market value of its pension assets dropped, investment returns on its pension assets fell, or if there were changes in the actuarial assumptions used to calculate the projected benefit obligations.

□ Product quality maintenance risk

Although the Group manufactures products based on the international quality assurance standard ISO 9001 at each of its manufacturing bases, there is no guarantee that all of its products will be free of defects and that there will be no complaints from customers in the future. Product defects could have an impact on the Group's reputation and as a result affect the Group's business performance and financial status.

□ Information security risk

The Group holds personal and confidential information about the Company and its customers and business partners. The Group takes measures to prevent this information leaking externally, including the maintenance of internal rules, thorough education, and strengthening of our security system. However, the Group's earnings and financial condition could be impacted due to compensation claims and other factors if such information is leaked.

□ Disaster risk

The Group has multiple production bases both overseas and in Japan. Should product supply be interrupted, we have measures in place that consider factors such as the degree of impact on customers, the importance in the market, and the possibility of switching to alternative products. However, the Group's earnings and financial condition could be impacted if a natural disaster such as an earthquake were to damage one of these production bases and cause problems with business operations.

□ Risk of compensation being payable to sufferers of health problems due to asbestos

The Company and some of its domestic subsidiaries have paid compensation in accordance with in-house regulations to employees and former employees who have died or received medical treatment in response to asbestos-related diseases caused by the Company. In addition, the Company and some of its domestic subsidiaries have paid financial compensation to neighboring citizens for cases in which certain standards have been fulfilled. It is possible that we could continue to be required to make compensation payments to sufferers of asbestos-related health problems in the future.

The Company has been sued for compensation for health problems caused by asbestos, and we will continue to respond appropriately.

2. Management policies

(1) The Group's basic management policy

The NICHIAS Group got its start in 1896 as a pioneer in Japan's heating and insulation industry and has achieved its growth by supplying products and services based on its insulation and protection technologies to a range of industrial sectors.

The Group established the NICHIAS Philosophy in 2011.

The NICHIAS Philosophy

NICHIAS contributes to the Earth's bright future through our Insulation and Protection technologies.

In April 2025, based on our orientation for the future, we established a new Sustainability Policy and revised "Our Promise," which outlines principles governing attitudes of mind and actions for NICHIAS Group employees.

Sustainability Policy

"The NICHIAS Group aims to achieve sustainable growth of the Group and a sustainable society through the implementation of our corporate philosophy."

Our Promise

- Together with our colleagues, we will provide value that is useful to society.
- We will act with responsibility, aware that we are members of society.
- We will build circles of trust, overflowing with gratitude and happiness.
- We shall grow, employees and company, alongside each other, by enhancing our skills and knowledge.

(2) Target management indicators

The Group's medium-term management plan "Shikumi 130" ending in FY2026 (FY2022–FY2026) was formulated based on the NICHIAS Philosophy with the aim of realizing a "Bright and friendly workplace." The numerical targets and expectations, as well as environmental targets, are as follows for the second stage.

1) Numerical targets and expectations

	FY2025 target	FY2026 expectations
Net sales (millions of yen)	257,000	275,000
Operating profit margin (%)	14.4	17.3
ROE (%)	—	15.0 (or higher)
ROIC (%)	—	14.0

2) Environmental targets

	FY2025 target	FY2026 target
CO2 emissions (10,000 t)	17.1	17.0
Industrial waste emissions (1,000 t)	17.7	17.1

* The medium-term management plan "Shikumi 130" comprises "shi," which stands for the Japanese word "shiwase" (happiness) and underlines our desire to create mechanisms for the happiness of our employees and their families; "ku," which stands for "kufu" (ingenuity) and our aim to resolve issues; and "mi," which stands for "mirai" (future) and signifies our aim of sustained growth toward a bright future. Under this plan we aim to build mechanisms ("shikumi") that can adapt to the rapid changes in the external environment and work on issues to achieve our targets for FY2026, which will be the 130th year since the Company was founded.

This plan is separated into a three-year first stage (FY2022–FY2024) and a two-year second stage (FY2025–FY2026). In light of changes in the environment, we will assess and verify progress on our targets as needed, and review issues to achieve the targets as needed.

3. Basic stance toward the selection of accounting standards

The NICHIAS Group prepares its consolidated financial statements based on J-GAAP to ensure that consolidated financial statements can be compared across time. In terms of the application of IFRS, an appropriate response will be made after fully considering circumstances in Japan and overseas.

4. Consolidated financial statements and related notes

(1) Consolidated balance sheets

(Millions of yen)

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	56,376	59,678
Notes and accounts receivable – trade	33,455	31,855
Electronically recorded monetary claims	18,000	16,277
Accounts receivable from completed construction contracts	23,999	23,885
Merchandise and finished goods	22,605	24,571
Work in process	3,687	3,848
Raw materials and supplies	22,115	24,612
Costs on uncompleted construction contracts	1,500	1,663
Other	3,381	3,661
Allowance for doubtful accounts	(7)	(7)
Total current assets	185,114	190,047
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	71,147	75,323
Accumulated depreciation and impairment loss	(40,412)	(40,953)
Buildings and structures, net	30,735	34,369
Machinery, equipment and vehicles	88,026	87,253
Accumulated depreciation and impairment loss	(75,126)	(75,180)
Machinery, equipment and vehicles, net	12,899	12,073
Land	15,254	15,255
Lease assets	475	445
Accumulated depreciation	(208)	(243)
Lease assets, net	266	202
Construction in progress	6,611	3,427
Other	13,623	13,927
Accumulated depreciation and impairment loss	(11,414)	(11,562)
Other, net	2,209	2,364
Total property, plant and equipment	67,976	67,692
Intangible assets		
Software	916	736
Other	660	775
Total intangible assets	1,577	1,511
Investments and other assets		
Investment securities	22,377	13,834
Long-term loans receivable	181	90
Net defined benefit asset	7,854	10,524
Deferred tax assets	1,422	1,381
Other	4,325	4,015
Allowance for doubtful accounts	(41)	(54)
Total investments and other assets	36,119	29,792
Total noncurrent assets	105,673	98,996
Total assets	290,788	289,044

(Millions of yen)

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	21,302	18,400
Electronically recorded monetary obligations	10,037	8,426
Current portion of bonds	5,000	-
Short-term loans payable	16,805	9,870
Lease obligations	262	317
Accounts payable – other	5,229	4,897
Income taxes payable	6,905	8,582
Advances received on uncompleted construction contracts	299	205
Provision for bonuses	3,389	3,516
Other	6,043	5,556
Total current liabilities	75,274	59,774
Noncurrent liabilities		
Lease obligations	700	854
Deferred tax liabilities	5,625	3,400
Net defined benefit liability	4,446	4,513
Reserves for litigation losses	443	532
Other	3,380	3,533
Total noncurrent liabilities	14,595	12,835
Total liabilities	89,870	72,609
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,892	13,852
Retained earnings	160,058	185,429
Treasury stock	(6,590)	(14,555)
Total shareholders' equity	179,488	196,855
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,540	6,978
Foreign currency translation adjustment	4,351	6,898
Remeasurement of defined benefit plans	3,301	4,689
Total accumulated other comprehensive income	20,192	18,566
Non-controlling interests	1,236	1,013
Total net assets	200,918	216,434
Total liabilities and net assets	290,788	289,044

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Net sales		
Net sales of merchandise and finished goods	183,774	187,858
Net sales of completed construction contracts	65,616	68,654
Total net sales	249,391	256,512
Cost of sales		
Cost of merchandise and finished goods sold	130,064	129,335
Cost of sales of completed construction contracts	54,561	56,403
Total cost of sales	184,626	185,739
Gross profit	64,764	70,773
Selling, general and administrative expenses		
Selling expenses	8,743	9,049
General and administrative expenses	20,812	21,991
Total selling, general and administrative expenses	29,555	31,041
Operating income	35,208	39,732
Non-operating income		
Interest income	160	222
Dividends income	574	660
Foreign exchange gain	1,853	-
Rent income	558	569
Equity in earnings of affiliates	80	63
Other	756	1,062
Total non-operating income	3,983	2,578
Non-operating expenses		
Interest expenses	160	232
Foreign exchange losses	-	86
Cost of lease revenue	34	32
Special contribution for asbestos	47	47
Other	162	218
Total non-operating expenses	405	617
Ordinary income	38,787	41,693
Extraordinary income		
Gain on sales of noncurrent assets	32	73
Subsidy income	2	-
Gain on liquidation of subsidiaries and associates	-	138
Gain on sale of investment securities	187	4,985
Total extraordinary income	222	5,198
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	143	232
Impairment losses	94	418
Loss on liquidation of business	223	-
Provision for litigation loss reserves	195	112
Loss due to disasters	-	163
Expenses related to factory reconstruction	-	605
Total extraordinary losses	656	1,533
Income before income taxes	38,352	45,358
Income taxes – current	11,488	13,964
Income taxes – deferred	(237)	(790)
Total income taxes	11,251	13,173
Net income	27,101	32,184
Net income attributable to non-controlling interests	139	111
Profit attributable to owners of the parent company	26,961	32,073

Consolidated comprehensive income statements

	(Millions of yen)	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Net income	27,101	32,184
Other comprehensive income		
Valuation difference on available-for-sale securities	3,339	(5,561)
Foreign currency translation adjustment	1,676	2,589
Remeasurement of defined benefit plans	4,124	1,383
Total other comprehensive income	9,141	(1,587)
Comprehensive income	36,242	30,596
Breakdown		
Comprehensive income attributable to owners of the parent company	36,051	30,446
Comprehensive income attributable to minority interests	191	150

(3) Consolidated statements of changes in shareholders' equity

Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	12,128	13,857	139,332	(4,061)	161,256
Changes of items during the period					
Changes in ownership interests in parent company related to transactions with non-controlling interests		33			33
Dividends from surplus			(6,235)		(6,235)
Profit attributable to owners of the parent company			26,961		26,961
Purchase of treasury stock				(2,568)	(2,568)
Disposal of treasury stock		1		39	41
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	34	20,725	(2,528)	18,231
Balance at the end of the period	12,128	13,892	160,058	(6,590)	179,488

	Total other cumulative comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total other cumulative comprehensive income		
Balance at the beginning of the period	9,200	2,730	(828)	11,103	1,382	173,742
Changes of items during the period						
Changes in ownership interests in parent company related to transactions with non-controlling interests						33
Dividends from surplus						(6,235)
Profit attributable to owners of the parent company						26,961
Purchase of treasury stock						(2,568)
Disposal of treasury stock						41
Net changes of items other than shareholders' equity	3,339	1,620	4,129	9,089	(145)	8,944
Total changes of items during the period	3,339	1,620	4,129	9,089	(145)	27,175
Balance at the end of the period	12,540	4,351	3,301	20,192	1,236	200,918

Fiscal Year 2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	12,128	13,892	160,058	(6,590)	179,488
Changes of items during the period					
Changes in ownership interests in parent company related to transactions with non-controlling interests		(61)			(61)
Dividends from surplus			(6,702)		(6,702)
Profit attributable to owners of the parent company			32,073		32,073
Purchase of treasury stock				(8,006)	(8,006)
Disposal of treasury stock		21		41	63
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(39)	25,371	(7,964)	17,367
Balance at the end of the period	12,128	13,852	185,429	(14,555)	196,855

	Total other cumulative comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurement of defined benefit plans	Total other cumulative comprehensive income		
Balance at the beginning of the period	12,540	4,351	3,301	20,192	1,236	200,918
Changes of items during the period						
Changes in ownership interests in parent company related to transactions with non-controlling interests						(61)
Dividends from surplus						(6,702)
Profit attributable to owners of the parent company						32,073
Purchase of treasury stock						(8,006)
Disposal of treasury stock						63
Net changes of items other than shareholders' equity	(5,561)	2,546	1,388	(1,626)	(223)	(1,850)
Total changes of items during the period	(5,561)	2,546	1,388	(1,626)	(223)	15,516
Balance at the end of the period	6,978	6,898	4,689	18,566	1,013	216,434

(4) Consolidated statements of cash flows

	(Millions of yen)	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Income before income taxes	38,352	45,358
Depreciation & amortization	7,593	7,626
Impairment losses	94	418
Loss on liquidation of business	223	-
Expenses related to factory reconstruction	-	605
Loss on disaster	-	163
Loss (gain) on sales of noncurrent assets	110	158
Loss (gain) on liquidation of subsidiaries and associates	-	(138)
Increase (decrease) in allowance for doubtful accounts	8	10
Decrease (increase) in net defined benefit assets	0	(577)
Increase (decrease) in net defined benefit liability	15	68
Loss (gain) on sales of investment securities	(187)	(4,985)
Increase (decrease) in provision for bonuses	56	118
Interest and dividends income received	(734)	(883)
Interest expenses	160	232
Foreign exchange losses (gains)	(1,262)	320
Decrease (increase) in notes and accounts receivable – trade	(5,359)	3,989
Decrease (increase) in inventories	(5,750)	(3,527)
Decrease (increase) in costs on uncompleted construction contracts	100	(191)
Increase (decrease) in notes and accounts payable – trade	(6,482)	(5,085)
Decrease (increase) in accounts receivable – other	240	(149)
Increase (decrease) in accounts payable – other	588	(17)
Increase (decrease) in advances received on uncompleted construction contracts	84	(94)
Increase (decrease) in provisions for litigation losses	143	89
Other	124	284
Subtotal	28,119	43,790
Interest and dividends income received	734	883
Interest expenses paid	(164)	(236)
Loss due to disaster paid	-	(42)
Loss on liquidation of business paid	(157)	(550)
Expenses related to factory reconstruction paid	-	(137)
Income taxes paid	(9,576)	(12,483)
Income taxes refund	211	22
Net cash provided by (used in) operating activities	19,167	31,246
Cash flows from investing activities		
Net decrease (increase) in time deposits	(322)	(224)
Expenditures for the acquisition of property, plant and equipment	(12,397)	(6,764)
Proceeds from sales of property, plant and equipment	107	161
Expenditures for the acquisition of intangible fixed assets	(443)	(263)
Purchase of investment securities	(7)	(8)
Proceeds from sales of investment securities	340	5,883
Payments of loans receivable	-	(15)
Collection of loans receivable	92	91
Purchase of investments in subsidiaries	(23)	-
Other	(242)	226
Net cash provided by (used in) investing activities	(12,897)	(913)

	(Millions of yen)	
	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,820	(6,935)
Repayment of long-term loans payable	(500)	-
Redemption of bonds	(8,000)	(5,000)
Repayments of lease obligations	(331)	(316)
Net decrease (increase) in treasury stock	(2,568)	(8,006)
Cash dividends paid	(6,224)	(6,710)
Dividends paid to non-controlling interests	(53)	(47)
Other	(250)	(388)
Net cash provided by (used in) financing activities	(11,107)	(27,404)
Effect of exchange rate change on cash and cash equivalents	1,449	107
Net increase (decrease) in cash and cash equivalents	(3,388)	3,036
Cash and cash equivalents at beginning of period	58,962	55,574
Cash and cash equivalents at end of period	55,574	58,611

(5) Notes regarding consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Unapplied accounting standards)

- "Accounting Standard for Leases, etc." (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)
- Other related amendments to ASBJ statements, ASBJ guidance, Practical Issues Task Force (PITF) reports, and transferred guidances

1. Overview

These establish the treatment of all leases by lessees, including the recognition of assets and liabilities for all leases by lessees, similar to international accounting standards.

2. Scheduled date of application

The Company will apply the new accounting standard from the beginning of FY2027.

3. Effect of application of the aforementioned accounting standards

The Company is currently evaluating the effect of applying the Accounting Standard for Leases, etc. and others on its consolidated financial statements.

(Changes in indication methods)

(Consolidated statements of income)

In FY2023, "Gains on sales of investment securities" was presented in the category of "Non-operating income," but due to its increased importance in terms of amount, it is indicated in the category of "Extraordinary income" from FY2024. The consolidated financial statements for FY2023 have been restated to reflect this change in the indication method.

As a result, "Gains on sales of investment securities" of ¥187 million, which was indicated in the category of "Non-operating income" in the consolidated statements of income for FY2023, has been reclassified as "Gains on sales of investment securities" of ¥187 million in "Extraordinary income," resulting in "Ordinary income" of ¥38,787 million.

(Notes regarding consolidated statements of cash flows)

"Subsidy income" and "Proceeds from subsidy income" indicated separately under "Net cash provided by (used in) operating activities" for the previous fiscal year are indicated within "Other" for the current fiscal year, since their monetary importance diminished. The consolidated financial statements for FY2023 have been restated to reflect this change in the indication method.

As a result, in the consolidated statements of cash flows for FY2023, the "Subsidy income" of -¥2 million, "Proceeds from subsidy income" of ¥30 million, and "Other" of ¥95 million under "Net cash provided by (used in) operating activities" were reclassified as "Other" of ¥124 million.

(Segment information)

(Segment information)

1. Overview of reporting segments

(1) Method of determining reporting segments

The Group's reporting segments are components of the Group for which separate financial information is available, and which are evaluated regularly by decision-making bodies such as the Board of Directors in order to determine the allocation of resources and in assessing performance.

The Group consists of multiple business divisions in different markets, with each division conducting business based on comprehensive strategies formulated for the products and services they handle both in Japan and overseas.

Accordingly, the Group is composed of segments based on these business divisions. The five reporting segments are Energy and Industrial Plants, Industrial Products, Advanced Products, Autoparts, and Building Materials.

(2) Types of products and services included in each reporting segment

The main businesses of each reporting segment are as follows:

Name of segment	Main businesses
Energy and Industrial Plants	Design, installation work, and maintenance of thermal insulation, cryogenic insulation, fireproofing, soundproofing, and disaster prevention work for plants in industries including power, petroleum refining, petrochemicals, etc.; sales of sealing materials (gaskets and packing), thermal insulation materials made of inorganic fiber, and fluoropolymer products for plant facilities in petroleum refining and petrochemicals industries
Industrial Products	Manufacturing and sales of sealing materials (gaskets and packing), inorganic fiber insulating materials, fluoropolymer molding materials and processed goods, anticorrosive lining materials, and honeycomb filters for a broad range of industries including power, gas, steel, environment, medical, and food
Advanced Products	Manufacturing and sales of fluoropolymer products, inorganic fiber insulating materials, honeycomb filters, and sealing materials for semiconductor and LCD manufacturing equipment
Autoparts	Manufacturing and sales of automotive parts including sealing materials for engines and engine accessories, and parts with thermal insulation, noise reduction, and vibration control attributes
Building Materials	Manufacturing and sales of non-combustible interior & decorative boards composed mainly of calcium silicate and non-combustible building materials; construction of fireproofing protection with non-combustible building materials for office buildings, etc.; and design and installation work of free-access floors with various flooring materials

2. Methods of calculating the amounts of net sales, income (loss), assets, liabilities, and other items by reporting segment

Methods of accounting procedures for reporting business segments are generally the same as those used in the preparation of consolidated financial statements. The income of each reporting segment is an amount based on operating income. Note that intersegment sales and transfers are recorded at internal transfer prices that are reasonably calculated based on prevailing market prices.

3. Information on net sales, profit (loss), assets, and other items by reporting segment

Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segments						Adjustments (Note)	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	73,518	51,209	42,830	50,133	31,699	249,391	—	249,391
Intersegment sales or transfers	—	10,256	—	—	—	10,256	(10,256)	—
Total	73,518	61,466	42,830	50,133	31,699	259,648	(10,256)	249,391
Segment profit	10,580	10,489	9,635	3,770	733	35,208	—	35,208
Segment assets	40,566	67,788	36,602	51,813	26,044	222,814	67,973	290,788
Other items								
Depreciation & amortization	336	3,004	1,445	2,092	714	7,593	—	7,593
Increase in property, plant and equipment and intangible assets	306	2,297	4,990	1,392	259	9,246	1,870	11,117

Notes: "Adjustments" are described below.

- (1) The ¥67,973 million adjustment in "Segment assets" consists of assets relating to Group assets that do not belong to specific reporting segments. Group assets mainly consist of the filing company's cash and deposits, assets attributable to the administrative and research divisions, deferred tax assets, etc.
- (2) The ¥1,870 million adjustment in "Increase in property, plant and equipment and intangible assets" consists of capital investments in assets attributable to the administrative and research divisions.

Fiscal Year 2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segments						Adjustments (Note)	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	78,456	53,184	44,584	51,196	29,090	256,512	—	256,512
Intersegment sales or transfers	—	11,134	—	—	—	11,134	(11,134)	—
Total	78,456	64,318	44,584	51,196	29,090	267,647	(11,134)	256,512
Segment profit	12,504	11,052	10,230	4,540	1,404	39,732	—	39,732
Segment assets	45,615	69,925	40,792	50,321	23,030	229,685	59,359	289,044
Other items								
Depreciation & amortization	420	2,881	1,800	1,933	590	7,626	—	7,626
Increase in property, plant and equipment and intangible assets	136	2,243	620	823	972	4,796	2,022	6,819

Notes: "Adjustments" are described below.

- (1) The ¥59,359 million adjustment in "Segment assets" consists of assets relating to Group assets that do not belong to specific reporting segments. Group assets mainly consist of the filing company's cash and deposits, assets attributable to the administrative and research divisions, deferred tax assets, etc.
- (2) The ¥2,022 million adjustment in "Increase in property, plant and equipment and intangible assets" consists of capital investments in assets attributable to the administrative and research divisions.

(Related information)

Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

Information by product and service is omitted, because similar information is provided in "Segment information."

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
202,610	36,120	10,659	249,391

Note: Net sales are based on the customer's location and are divided by country and region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Other	Total
53,749	12,282	1,945	67,976

3. Information on main customers

As there are no customers that account for over 10% of sales stated in the consolidated statements of income for sales to external customers, this information is omitted.

Fiscal Year 2024 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

Information by product and service is omitted, because similar information is provided in "Segment information."

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	Other	Total
203,462	40,543	12,506	256,512

Note: Net sales are based on the customer's location and are divided by country and region.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Other	Total
52,833	12,948	1,910	67,692

3. Information on main customers

As there are no customers that account for over 10% of sales stated in the consolidated statements of income for sales to external customers, this information is omitted.

(Information related to impairment losses on noncurrent assets by reporting segment)

Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segments						Adjust- ments	Total
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Impairment losses	—	—	—	—	94	94	—	94

Fiscal Year 2024 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segments						Adjust- ments	Total
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Impairment losses	—	—	—	—	418	418	—	418

(Per share information)

Net assets per share and the basis for calculation, and basic earnings per share and the basis for calculation are as follows:

Item	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Net assets per share	3,039.26 yen	3,348.75 yen
(Basis for calculation)		
Total net assets (millions of yen)	200,918	216,434
Amount to be deducted from total net assets (millions of yen)	1,236	1,013
(Of which, non-controlling interests)	(1,236)	(1,013)
Net assets attributable to common shares at the end of the fiscal year (millions of yen)	199,681	215,421
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	65,700	64,328

Item	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)
Basic earnings per share	406.60 yen	491.36 yen
(Basis for calculation)		
Net income attributable to owners of the parent company (millions of yen)	26,961	32,073
Amount not attributed to common shareholders (millions of yen)	—	—
Profit attributable to owners of the parent company related to common stock (millions of yen)	26,961	32,073
Average outstanding shares of common stock during the fiscal year (thousand shares)	66,310	65,274

Note: Diluted earnings per share is not noted because there are no potential shares.

(Important subsequent events)

(Purchase of treasury stock)

At a meeting held on May 12, 2025, the Board of Directors passed a resolution, as follows, concerning the purchase of treasury stock, pursuant to Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3, of the same act.

(1) Reason for the purchase of treasury stock

To improve shareholder returns and capital efficiency.

(2) Resolution details

- 1) Type of shares to be purchased: Common shares of the Company
- 2) Total number of shares that may be purchased: 1,000,000 shares (maximum)
- 3) Total share purchase price: 3,000 million yen (maximum)
- 4) Purchase period: May 13, 2025 to September 30, 2025
- 5) Method of purchase: Market purchase on the Tokyo Stock Exchange

5. Others

Status of production, orders, and sales

1. Production output by segment

(Millions of yen, %)

Name of segment	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	Change over the previous fiscal year (%)	FY2024 composition ratio (%)
Industrial Products	42,045	42,433	0.9	33.9
Advanced Products	29,719	31,883	7.3	25.5
Autoparts	43,525	43,708	0.4	35.0
Building Materials	10,746	6,972	(35.1)	5.6
Total	126,036	124,998	(0.8)	100.0

2. Orders by segment

(Millions of yen, %)

Name of segment	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	Change over the previous fiscal year (%)	FY2024 composition ratio (%)
Energy and Industrial Plants	71,864	83,061	15.6	31.6
Industrial Products	51,766	57,253	10.6	21.8
Advanced Products	39,510	40,700	3.0	15.5
Autoparts	50,281	51,006	1.4	19.4
Building Materials	33,287	30,888	(7.2)	11.7
Total	246,711	262,909	6.6	100.0

3. Net sales by segment

(Millions of yen, %)

Name of segment	FY2023 (From April 1, 2023 to March 31, 2024)	FY2024 (From April 1, 2024 to March 31, 2025)	Change over the previous fiscal year (%)	FY2024 composition ratio (%)
Energy and Industrial Plants	73,518	78,456	6.7	30.6
Industrial Products	51,209	53,184	3.9	20.7
Advanced Products	42,830	44,584	4.1	17.4
Autoparts	50,133	51,196	2.1	20.0
Building Materials	31,699	29,090	(8.2)	11.3
Total	249,391	256,512	2.9	100.0

6. Supplementary materials

Financial results supplementary materials

(Percentage figures represent changes from previous fiscal year)

(1) Key consolidated financial figures (Trends)

(Millions of yen)

	Full Year							
	FY2020	FY2021	FY2022	FY2023	FY2024		FY2025	
	Result	Result	Result	Result	Result	Change	Forecast	Change
Net sales	196,372	216,236	238,116	249,391	256,512	2.9%	257,000	0.2%
Operating income	19,616	26,264	29,954	35,208	39,732	12.8%	37,000	(6.9)%
Operating margin (%)	10.0%	12.1%	12.6%	14.1%	15.5%		14.4%	
Ordinary income	21,279	30,572	33,082	38,787	41,693	7.5%	37,000	(11.3)%
Ordinary income margin (%)	10.8%	14.1%	13.9%	15.6%	16.3%		14.4%	
Profit attributable to owners of the parent	10,715	22,034	21,398	26,961	32,073	19.0%	26,000	(18.9)%
Net income margin (%)	5.5%	10.2%	9.0%	10.8%	12.5%		10.1%	
Basic earnings per share (yen)	161.53	332.18	322.59	406.60	491.36	20.8%	398.32	(18.9)%
Total assets	219,602	246,924	266,907	290,788	289,044	(0.6)%	—	—
Net assets	136,450	155,522	173,742	200,918	216,434	7.7%	—	—
Shareholders' equity	135,429	154,286	172,359	199,681	215,421	7.9%	—	—
Equity ratio (%)	61.7%	62.5%	64.6%	68.7%	74.5%		—	
Interest-bearing debt	25,861	25,652	25,892	24,286	12,611	(48.1)%	—	—
Interest-bearing debt ratio (%)	11.8%	10.4%	9.7%	8.4%	4.4%		—	
Capital expenditures	7,703	11,355	10,069	11,117	6,819	(38.7)%	12,100	77.4%
Depreciation & amortization	6,536	6,616	7,454	7,593	7,626	0.4%	8,000	4.9%
R&D expenses	6,168	6,110	5,715	6,037	6,209	2.9%	6,500	4.7%

1. The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29; March 31, 2020), etc. has been applied from the beginning of FY2021, and major management indicators, etc. for FY2021 and thereafter reflect the application of these accounting standards.
2. The presentation method has been changed as of the fiscal year ended March 31, 2025. Ordinary income for the fiscal year ended March 31, 2024, is the amount after reclassification to reflect the change in presentation method.

(2) Quarterly consolidated operating results (Trends)

(Millions of yen)

	FY2023				FY2024				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Change
Net sales	59,178	60,857	65,061	64,294	63,256	63,394	66,283	63,579	(1.1)%
Operating income	7,640	8,049	9,806	9,712	10,546	9,307	11,109	8,768	(9.7)%
Operating margin (%)	12.9%	13.2%	15.1%	15.1%	16.7%	14.7%	16.8%	13.8%	
Ordinary income	9,115	9,362	9,615	10,693	12,060	8,572	12,639	8,420	(21.3)%
Ordinary income margin (%)	15.4%	15.4%	14.8%	16.6%	19.1%	13.5%	19.1%	13.2%	
Profit attributable to owners of the parent	6,353	6,625	6,703	7,279	8,547	5,910	8,594	9,021	23.9%
Net income margin (%)	10.7%	10.9%	10.3%	11.3%	13.5%	9.3%	13.0%	14.2%	

All forecasts and plans that are not historical facts in this document are future business results-related forecasts. These forecasts are based on information and data currently available to the Company, and various uncertain factors could cause actual results to differ.

