

# Financial Results Summary FY2023

From 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024

All forecasts and plan that are not historical facts in this document are future business result related forecast. These are showed by based on information and data currently available to the company. Various uncertain factors could cause actual results to differ.

8<sup>th</sup> May, 2024

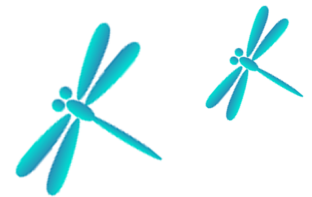


**NICHIAS Corporation**


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# Summary of business results for FY2023

(From 1st April, 2023 to 31st March, 2024)



(Unit : billion JPY)

	FY2022 Results	FY2023		Change	
		Forecast 8th February	Results	YoY	Forecast
 Net Sales	238.1	248.0	249.4	4.7%	0.6%
Operating income	30.0 12.6%	34.0 13.7%	35.2 14.1%	17.5%	3.6%
Ordinary income	33.1 13.9%	36.5 14.7%	39.0 15.6%	17.8%	6.8%
Extra Ordinary	Profit	0.0	0.0	1.3%	—
	Loss	2.3	0.7	71.4%	—
Profit Attributable to owners of parent	21.4 9.0%	25.5 10.3%	27.0 10.8%	26.0%	5.7%

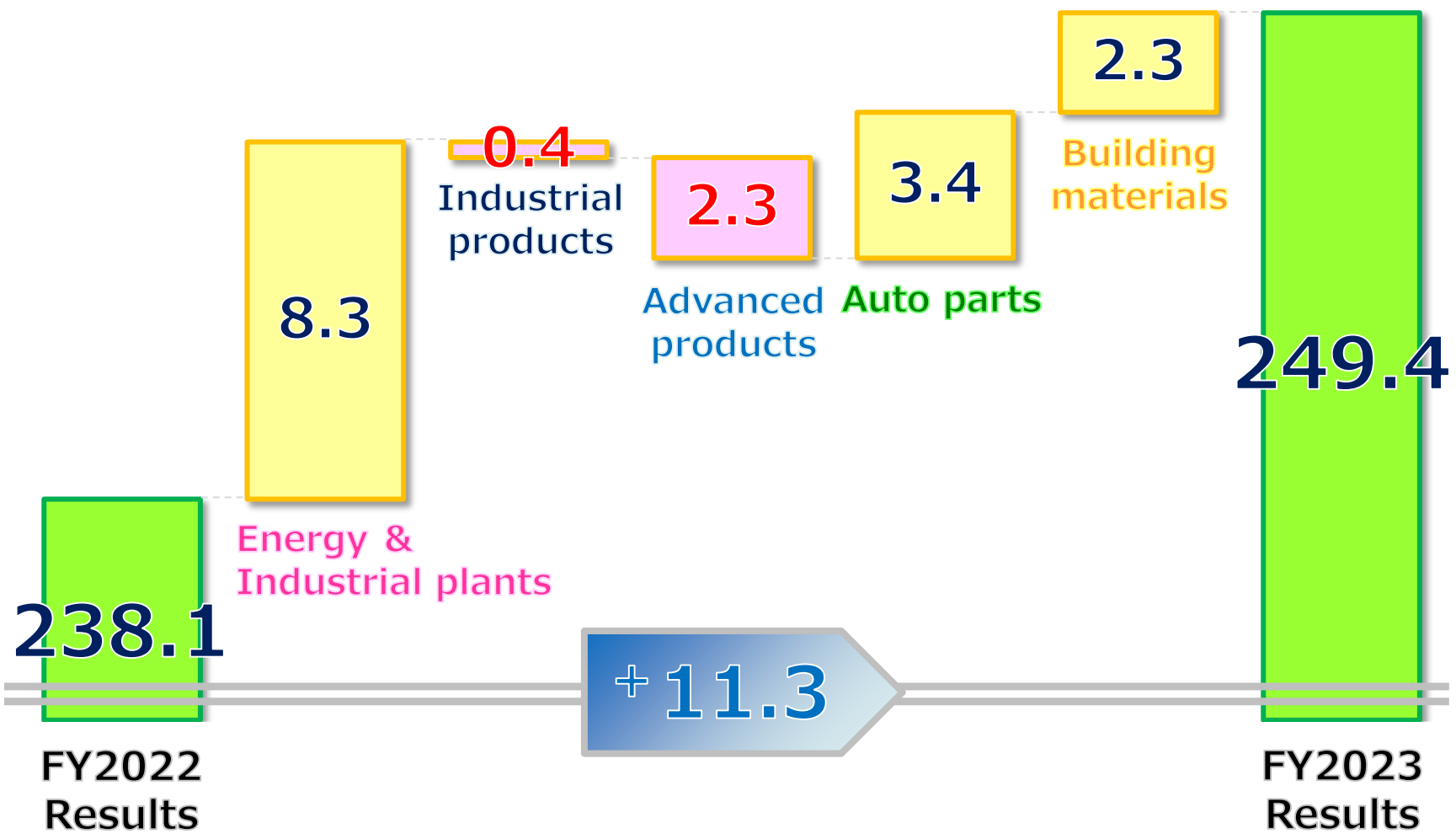


**Energy & Industrial Plants and  
Automotive Components Drive  
Companywide Performance**

**Record-high results for three  
consecutive fiscal years**



Unit : billion JPY

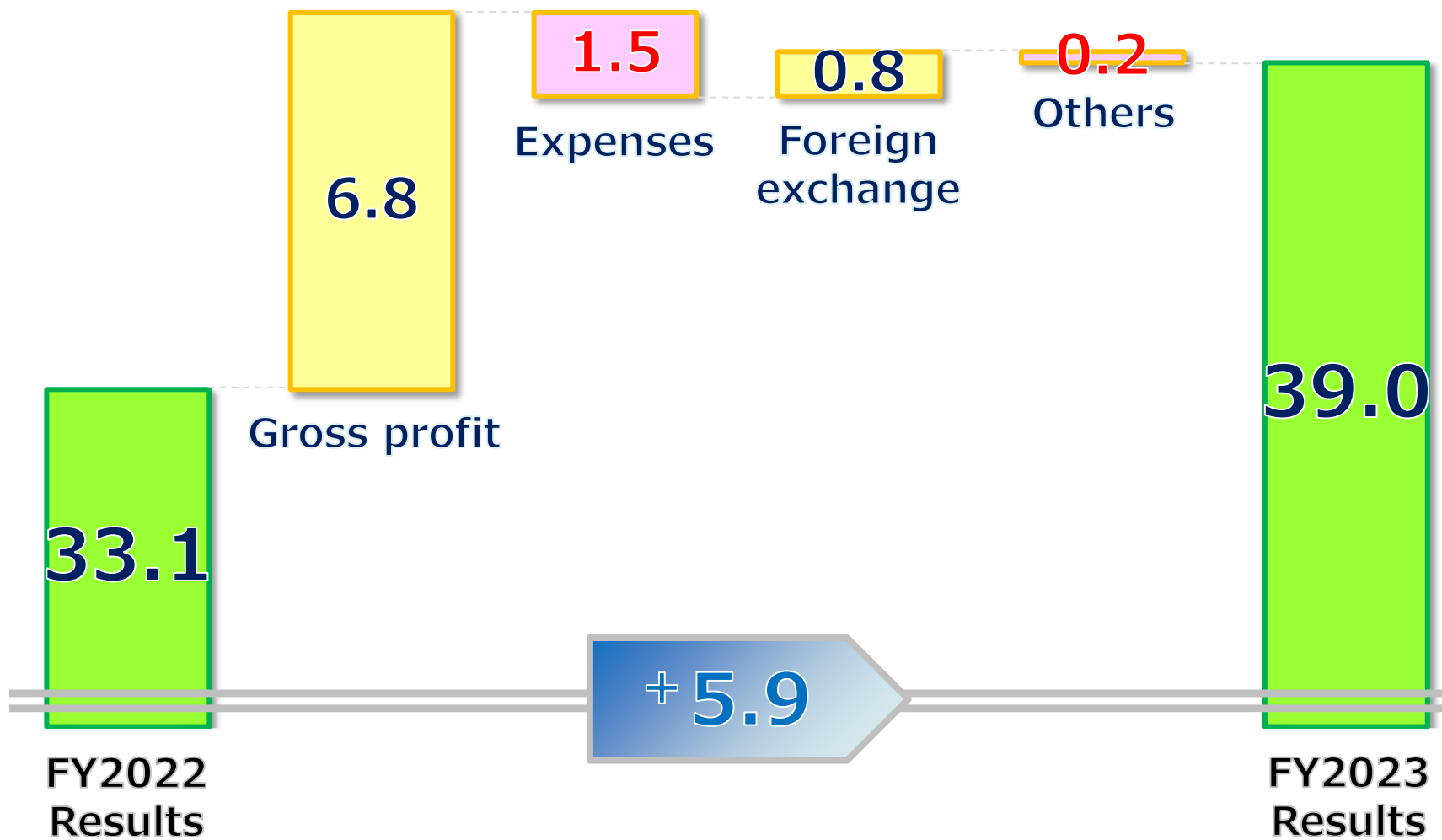




# Change analysis FY2023 Ordinary income



Unit : billion JPY







# Business results FY2023 Group segment


**NICHIAS**

(Unit : billion JPY)

Segment		FY2022 Results	FY2023		Change	
			Forecast	Results	YoY	Forecast
Energy & Industrial plants	Net sales	65.2	72.5	73.5	12.7%	1.4%
	Operating income	8.4 12.9%	9.8 13.5%	10.6 14.4%	25.6%	8.0%
Industrial products	Net sales	51.6	51.7	51.2	▲ 0.7%	▲ 0.9%
	Operating income	9.0 17.4%	10.8 20.9%	10.5 20.5%	16.8%	▲ 2.9%
Advanced products	Net sales	45.2	42.2	42.8	▲ 5.2%	1.5%
	Operating income	11.0 24.3%	9.3 22.0%	9.6 22.5%	▲ 12.1%	3.6%
Auto parts	Net sales	46.8	50.0	50.1	7.2%	0.3%
	Operating income	2.5 5.3%	4.0 8.0%	3.8 7.5%	52.8%	▲ 5.7%
Building materials	Net sales	29.4	31.6	31.7	7.8%	0.3%
	Operating income	▲ 0.9 ▲ 3.0%	0.1 0.3%	0.7 2.3%	—	633.7%
Total	Net sales	238.1	248.0	249.4	4.7%	0.6%
	Operating income	30.0 12.6%	34.0 13.7%	35.2 14.1%	17.5%	3.6%

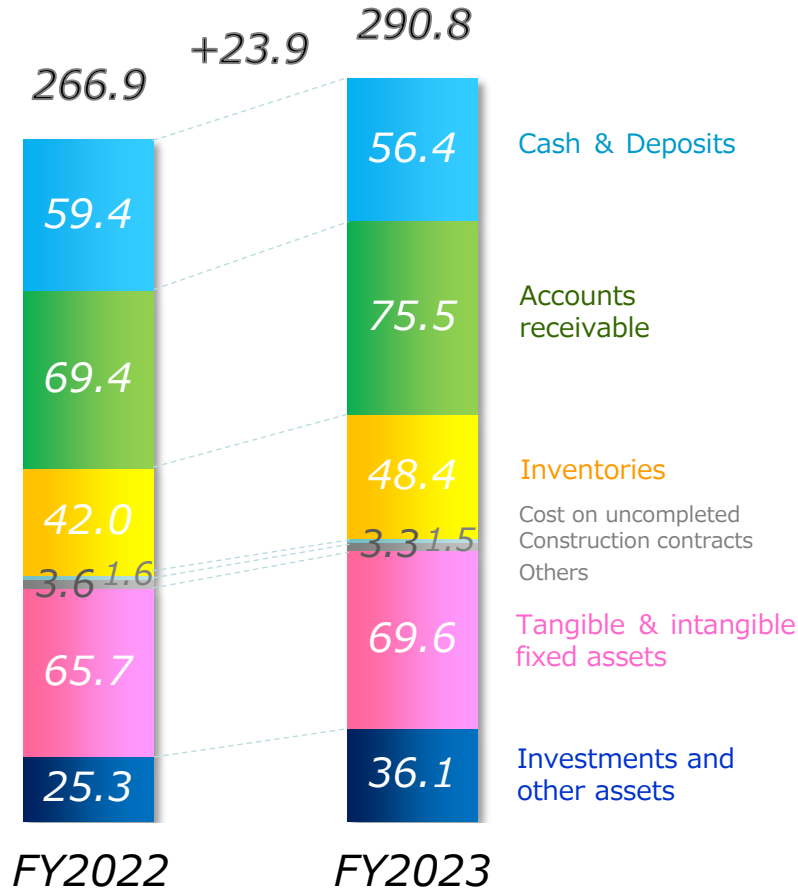


# Balance sheet highlights FY2023

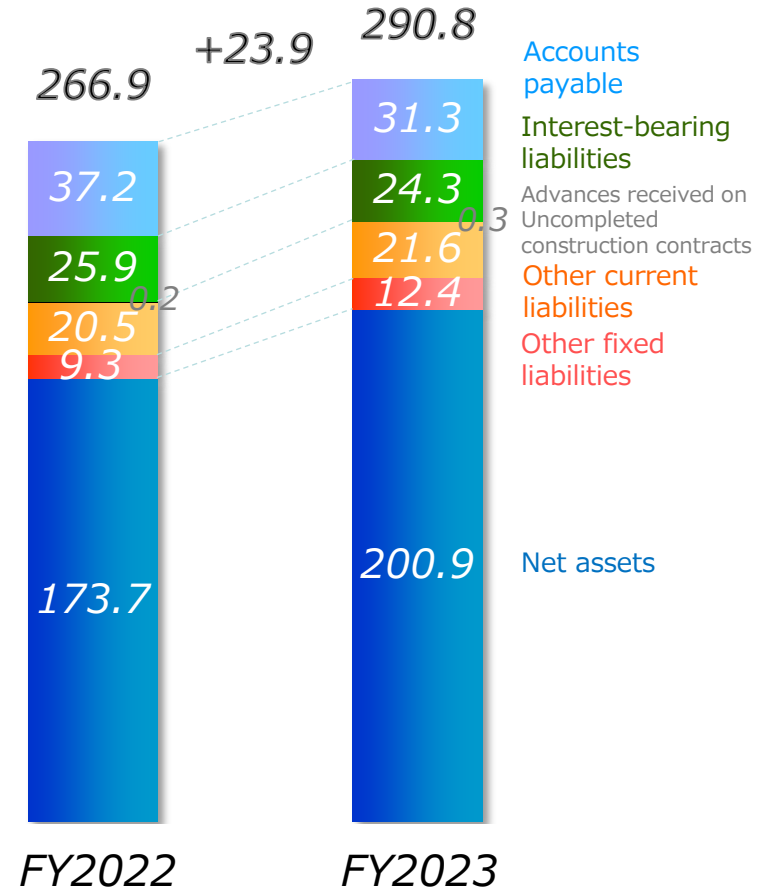


(Unit : billion JPY)

## Assets



## Liabilities & Net assets

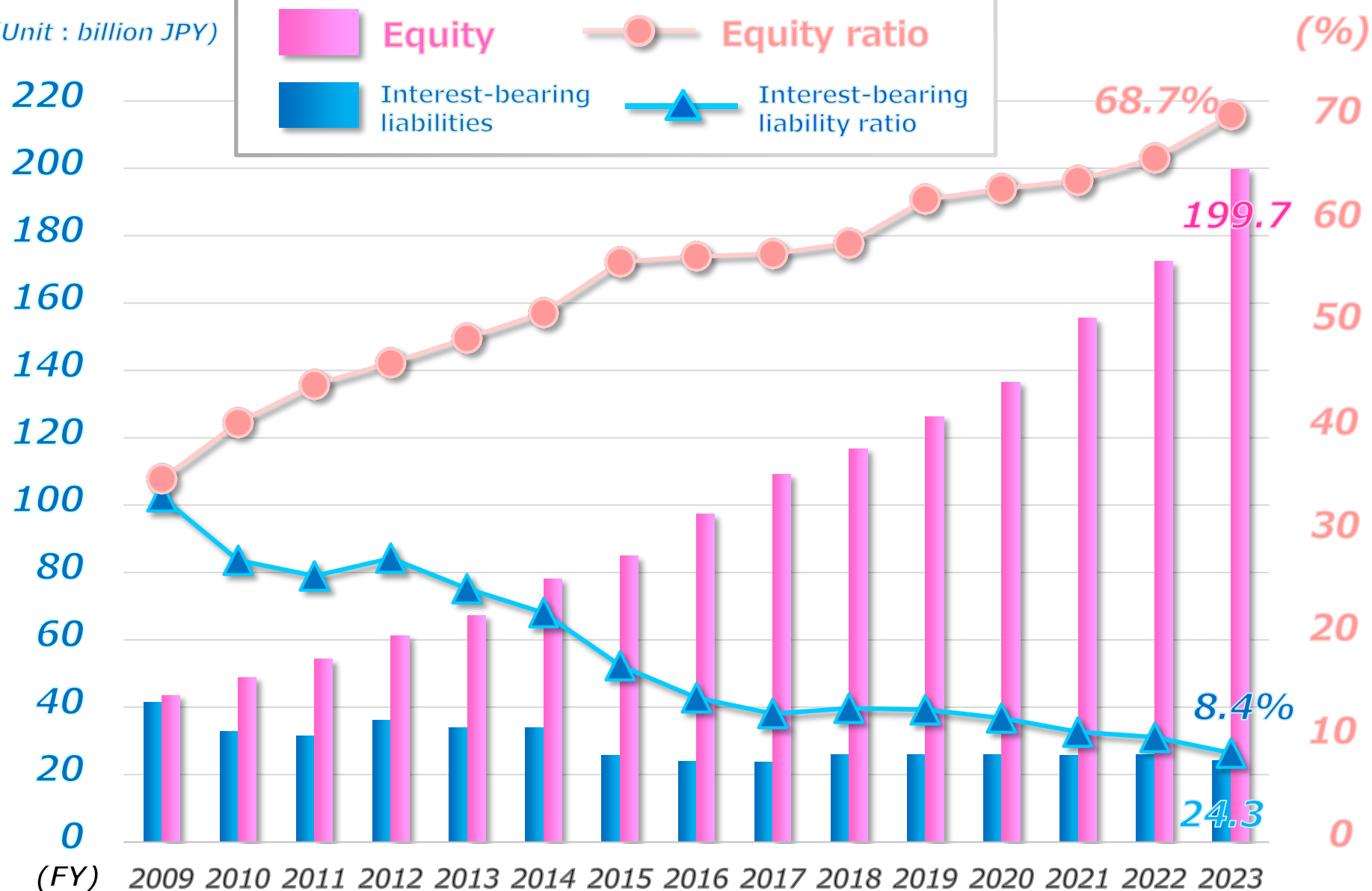


Equity ratio 64.6% ➤ 68.7%

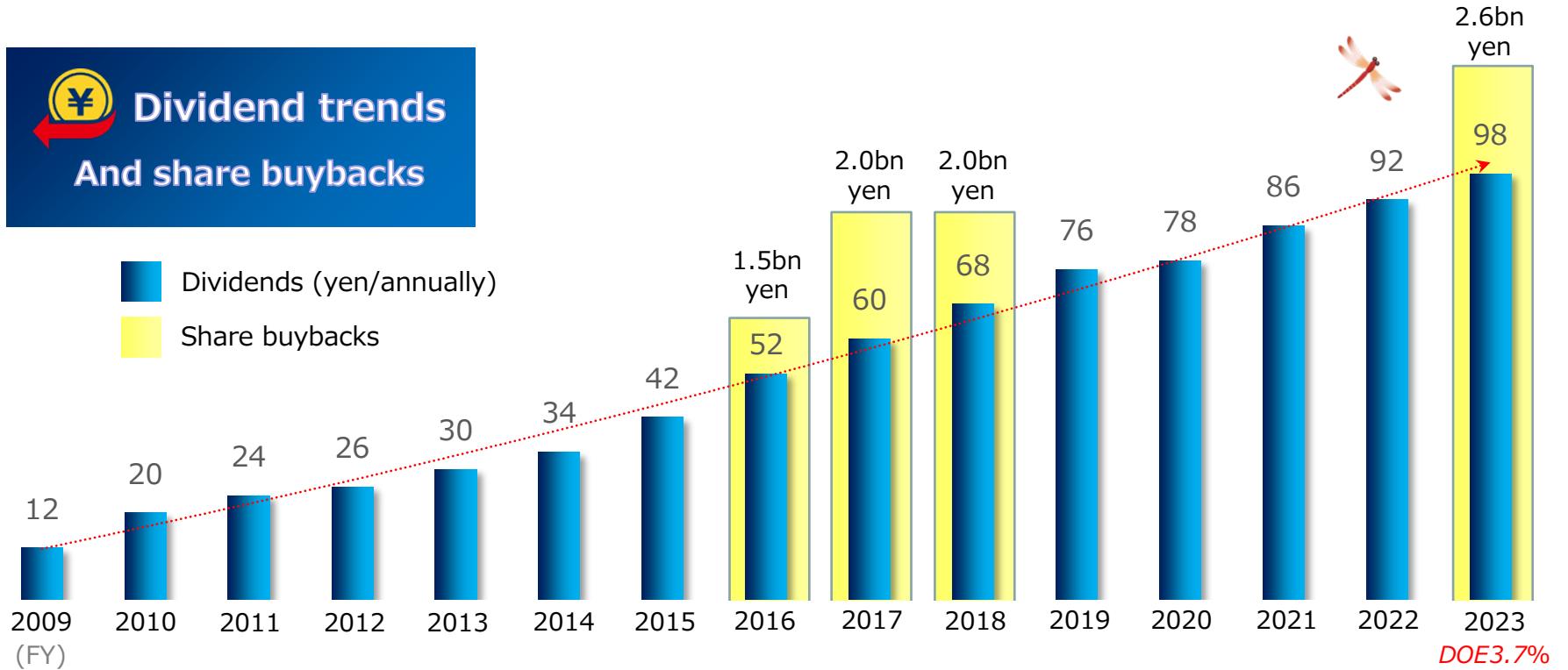


# ◇ Interest-bearing liabilities & Equity Trends

(Unit : billion JPY)



**¥ Dividend trends  
And share buybacks**



<b>Dividends</b>	We will continue to pay stable dividends. We aim to achieve a DOE of 3.5% or more and progressive dividends.
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<b>Share buybacks</b>	We will consider share buybacks in light of liquidity on hand and the balance with growth and environment investments.
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AA

(Most recent) March 2024

A

**A**

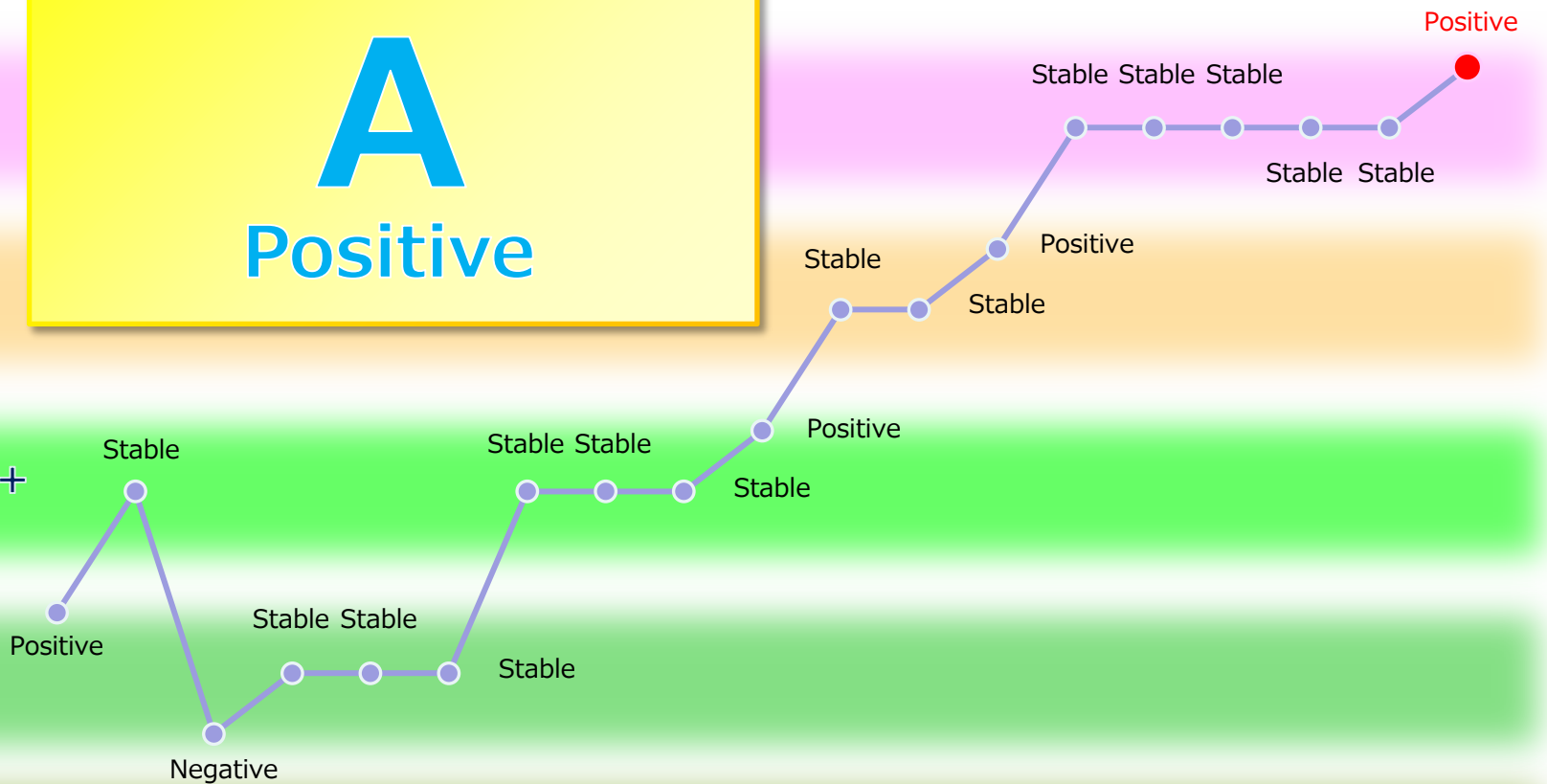
**Positive**

A<sup>-</sup>

BBB<sup>+</sup>

BBB

BBB<sup>-</sup>



(FY) 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024

※ Rating by JCR (Japan Credit Rating Agency, Ltd.)

AAA

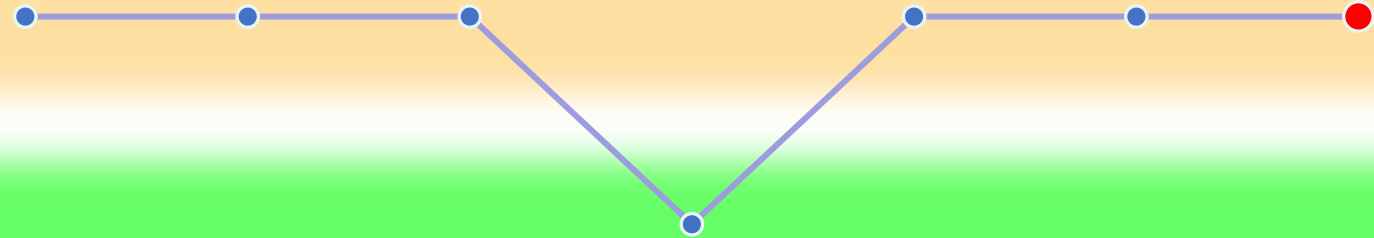
AA

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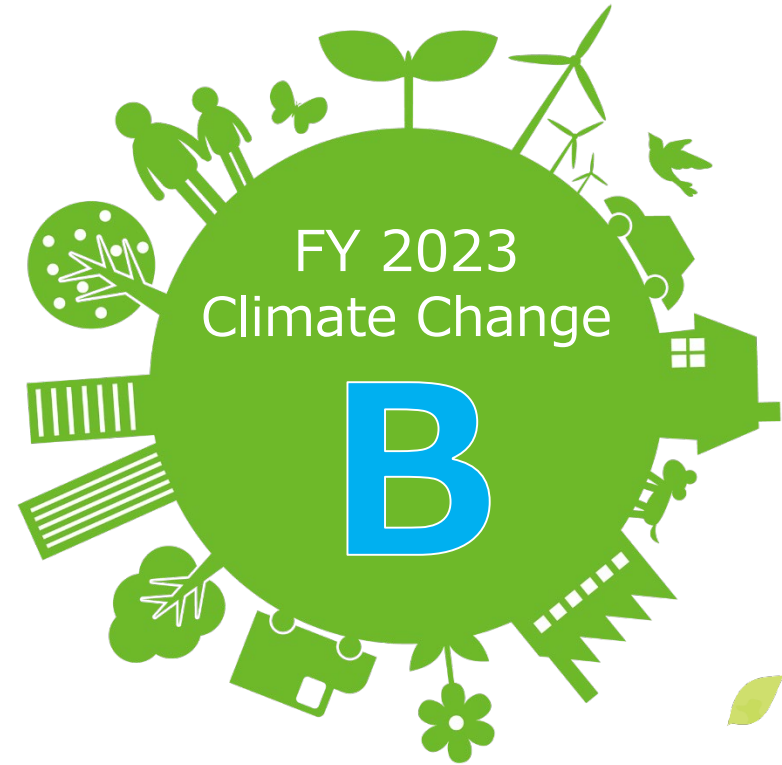
(Most recent) April 2024  
**A**

(FY) 2018 2019 2020 2021 2022 2023 2024

※ Evaluation in the category "Building Products,,



2023.  
Received a “B”  
in the first evaluation.

















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# Summary of business forecast for FY2024

(From 1st April, 2024 to 31st March, 2025)




Segment	FY2023 【Results】	FY2024 【Forecast】
Energy & Industrial plants		
Industrial products		
Advanced products		
Auto parts		
Building materials		



# Financial highlights for FY2024 Forecast



(Unit : billion JPY)

	FY2022 Results	FY2023 Results	FY2024			Change YoY
			H1 Forecast	H2 Forecast	Full year Forecast	
<b>Net Sales</b>	238.1	249.4	120.0	132.0	252.0	1.0%
<b>Operating income</b>	30.0 12.6%	35.2 14.1%	17.0 14.2%	20.0 15.2%	37.0 14.7%	5.1%
<b>Ordinary income</b>	33.1 13.9%	39.0 15.6%	17.0 14.2%	20.0 15.2%	37.0 14.7%	▲5.1%
<b>Profit</b> attributable to owners of parent	21.4 9.0%	27.0 10.8%	11.7 9.8%	13.8 10.5%	25.5 10.1%	▲5.4%



**Expecting a recovery in  
semiconductor market conditions**  
**Forecasting net sales  
exceeding 250 billion yen**

*(Aiming for record-high operating profit as well)*



# Financial highlights for FY2024 Forecast

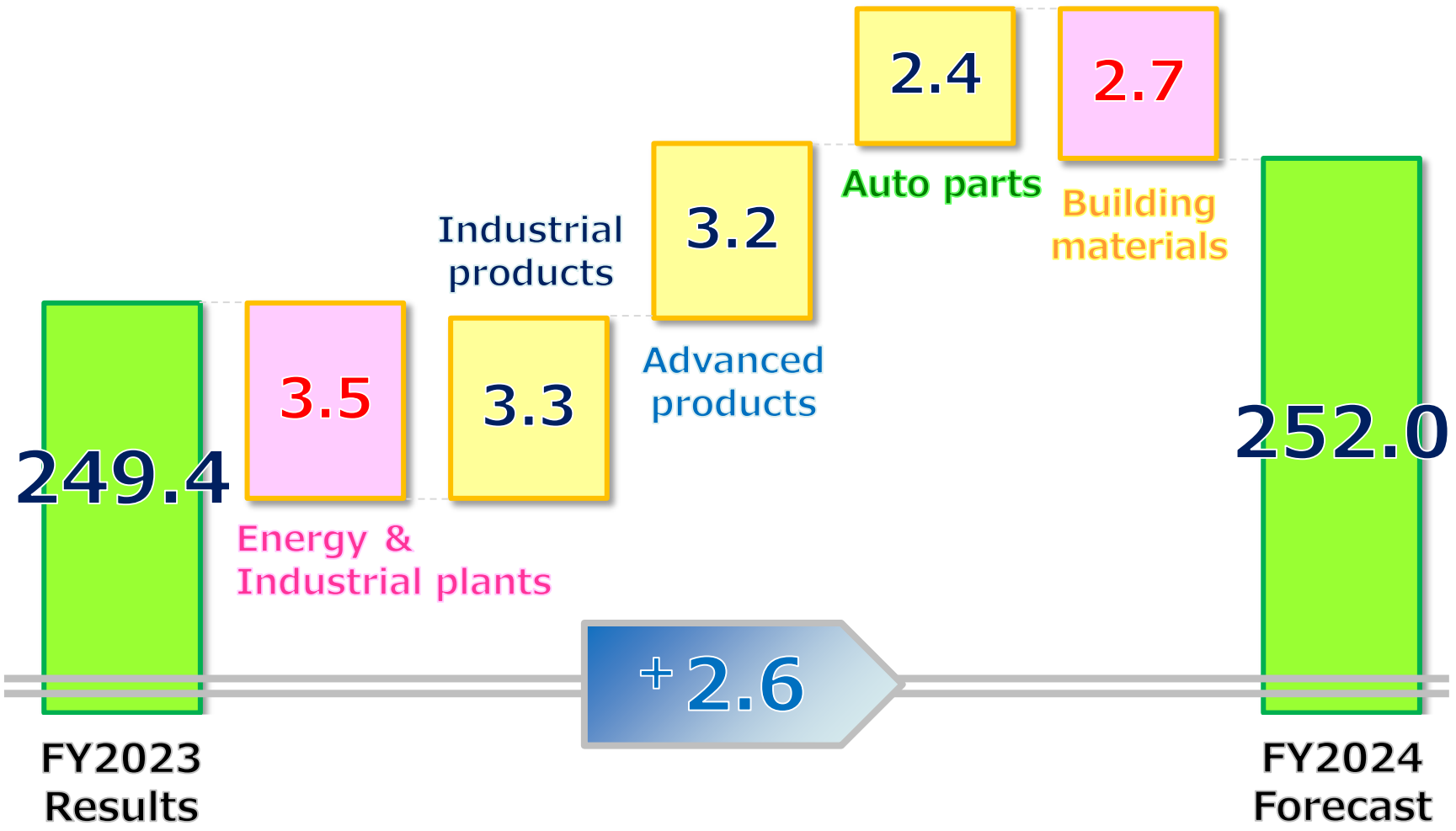


(Unit : billion JPY)

Segment		FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast	Change YoY
Energy & Industrial plants	Net sales	63.5	59.0	65.2	73.5	70.0	▲4.8%
	Operating income	8.0 12.6%	6.2 10.5%	8.4 12.9%	10.6 14.4%	9.0 12.9%	▲14.9%
Industrial products	Net sales	42.9	47.9	51.6	51.2	54.5	6.4%
	Operating income	5.9 13.8%	8.0 16.8%	9.0 17.4%	10.5 20.5%	11.5 21.1%	9.6%
Advanced products	Net sales	24.9	36.0	45.2	42.8	46.0	7.4%
	Operating income	3.6 14.5%	7.9 22.0%	11.0 24.3%	9.6 22.5%	10.0 21.7%	3.8%
Auto parts	Net sales	38.2	44.7	46.8	50.1	52.5	4.7%
	Operating income	1.9 5.0%	4.0 9.0%	2.5 5.3%	3.8 7.5%	5.0 9.5%	32.6%
Building materials	Net sales	26.8	28.7	29.4	31.7	29.0	▲8.5%
	Operating income	0.2 0.8%	0.1 0.4%	▲0.9 ▲3.0%	0.7 2.3%	1.5 5.2%	104.4%
Total	Net sales	196.4	216.2	238.1	249.4	252.0	1.0%
	Operating income	19.6 10.0%	26.3 12.1%	30.0 12.6%	35.2 14.1%	37.0 14.7%	5.1%



Unit : billion JPY





FY2024  
**Annual Dividend**  
**104** yen  
(forecast)

※ *The annual dividend for FY2023  
was 98 yen per share.*



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# Medium-term business plan

(FY2022 - FY2026)

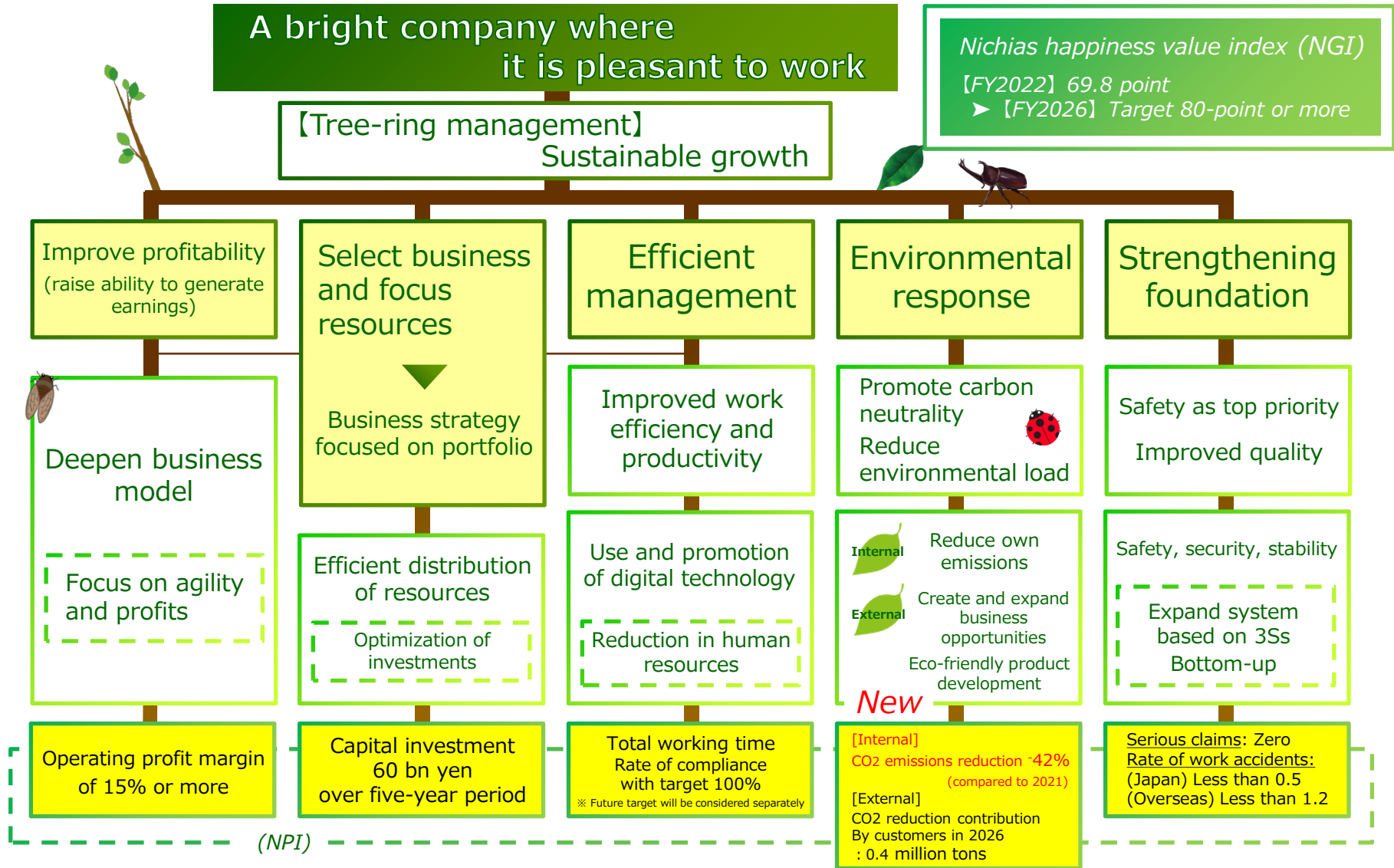


# A bright company where it is pleasant to work




Only when we can realize a work environment in which employees can play an active role, can we hope for improved business performance and a sustainable future.

~ Shikumi tree ~



※ NGI : NICHIAS [KGI]    ※ NPI : NICHIAS [KPI]

<i>Five important issues (NPI)</i> <i>Assessment categories</i> 		Previous medium-term averages (6 years)	FY2022 Results	FY2023 Results	FY2026 Targets
Improve profitability	Operating profit margin %	10.7	12.6	14.1	15 or more
Select businesses and focus resources	Capital investment <small>100 million yen</small>	<small>(annual average)</small> 106	101	111	<small>(5-year total)</small> 600
	ROIC %	10.8	11.3	11.6	12 or more
Efficient anagement	Total work time (compliance rate) %	95.1	99.9	99.3	100
	Total work time (company-wide average) hr	1,993	1,924	1,925	–
Environmental response	CO <sub>2</sub> emissions <small>10,000 tons</small>	–	22.6	21.9	New 18.3
	Contribution to reducing customers' CO <sub>2</sub> emissions <small>10,000 tons</small>	–	26.0	24.0	40.0
Strengthening foundation	Work accident incidence rate (manufacturing in Japan)	0.61	0.45	0.55	0.5 or less
	Work accident incidence rate (overseas manufacturing)	2.01	1.70	1.49	1.2 or less
	Zero major claims <small>Number of claims</small>	0.33	1	1	0

Improve  
profitability  
(increase earning power)

**Roll out the J2K Project**



Business selection  
and focus

**Roll out the Rockwool Business  
Restructuring Project**



**Injection Molding Business  
Promotion Office**



Efficient  
management

**New Core System  
Implementation Project**



Environmentally  
friendliness

**Carbon Neutrality  
Promotion Office**



► Developing organizations and projects to adapt to change



## Change

- ▶ Business decisions considering profitability, growth potential, and the environment  
(business downsizing and withdrawal)

## Evolve

- ▶ Toward an operating profit margin of 10%  
(expansion of MAKIBEE and OMEGA)

### Business Withdrawal



Sigma Floor

Production ended  
in FY2021



MG Building Pack

Production ended  
in FY2022



Home Mat

Production ended  
in FY2023



RW Granulated Cotton



Calcium Silicate Board

Consolidated in FY2023

Breaking away from unprofitable and low-profit businesses & reducing CO2 emissions

(Net sales down 3–4 billion yen/year, Operating profit up 1 billion yen/year, CO2 emissions down 300,000 t/year)

## NICHIAS Group “Carbon-Neutral Declaration” Revision



(Previous)

*FY2030 GHG Emissions*  
*30% reduction vs. FY2019*

(FY2019) 268,000 t-CO<sub>2</sub>eq  
▶  
(FY2030) 186,000 t-CO<sub>2</sub>eq

*New*

- ① *Direct emissions (Scope 1, 2)* (FY2021) 256,000 t-CO<sub>2</sub>eq ▶ (FY2030) 148,000 t-CO<sub>2</sub>eq  
*42% reduction in GHG emissions by 2030 vs. FY2021*
- ② *Supply chain emissions (Scope 3)*  
*25% reduction in GHG emissions by 2030 vs. FY2021*

**Aiming for net-zero greenhouse gas emissions by 2050**



3GeV Synchrotron Radiation Facility

At Tohoku University's  
new Aobayama Campus

3GeV Synchrotron Radiation Facility “NanoTerasu”

… A world-class advanced large-scale research facility  
capable of observing the nanoscale world

## Industry–Government–Academia Collaboration Utilizing NanoTerasu

NICHIAS also participates in the coalition

Expected to be utilized for elucidating product performance  
and degradation mechanisms and developing performance improvement measures

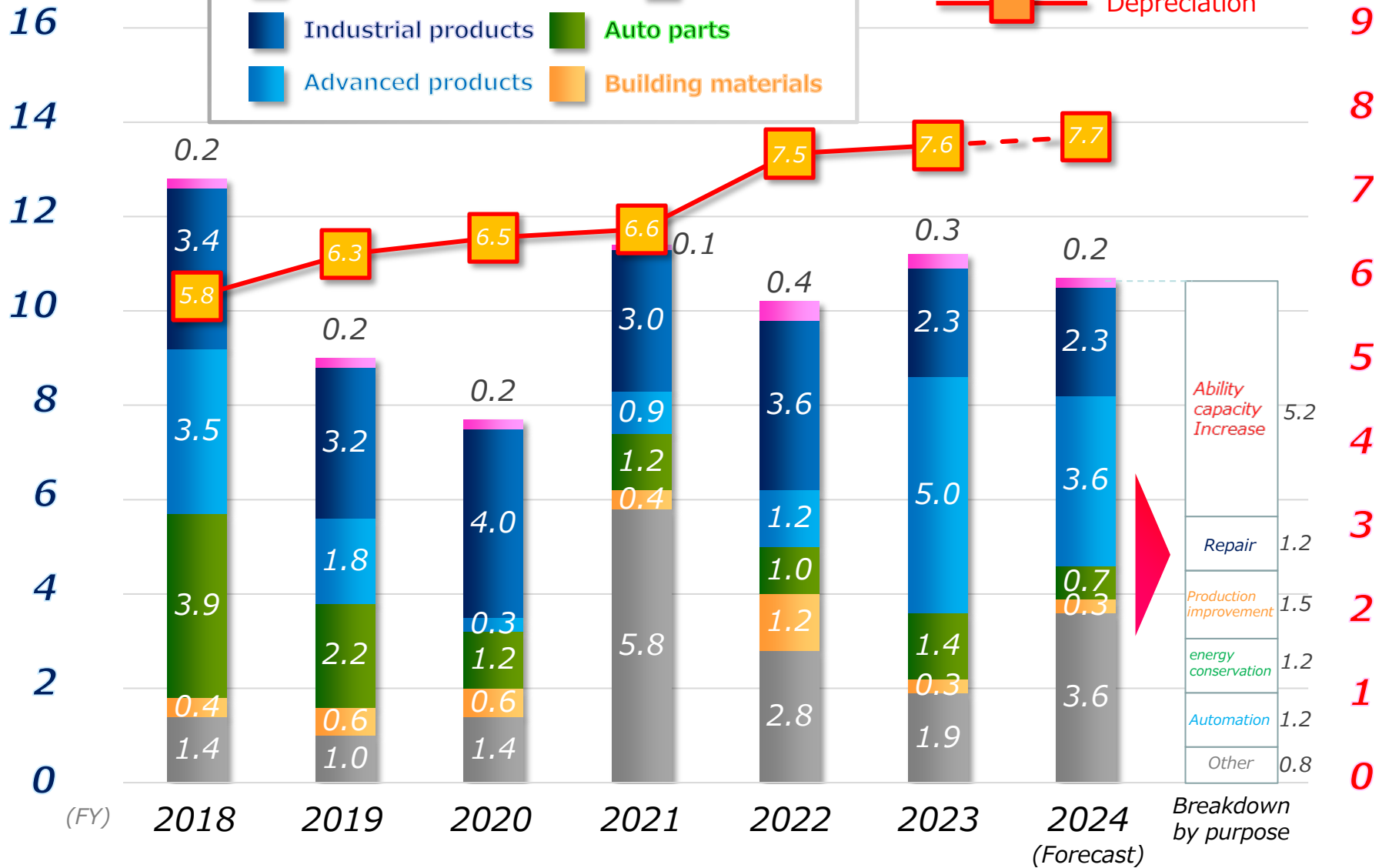
\* 1 nano = 1 billionth of a meter



# Trends in Capital Investment and Depreciation Costs

(Unit : billion JPY)

(Unit : billion JPY)







# Completed Building and facilities



 *Oji Factory New No.3 Building*

- ▶ Consolidation of production in the Auto parts
- ▶ Capacity expansion of Advanced products



 *Fukushima NICHIAS Plant No. 8*

- ▶ Capacity expansion of Advanced products



 *NAX factory extension*

- ▶ Consolidation of production in North America
- ▶ in the Auto parts



 *SNI Plant No. 3*

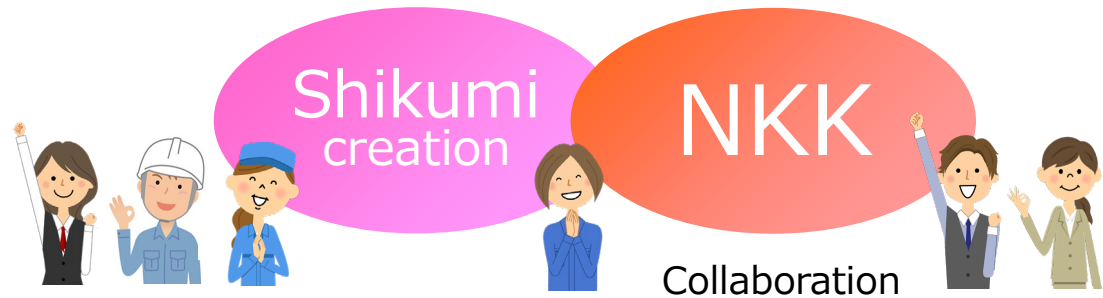
- ▶ Capacity expansion of Industrial products



*Building-related plans also in the works for the Hashima Factory and Nichias Ceratech. Additionally, investments in smart factories, such as automation, are underway at each location.*



# ◇ NKK (Nichias Kaizen Activities)



Making NKK a part of Nichias' own culture while changing and gaining motivation



Improvement promotes people's growth and creates a greater sense of openness and belonging.

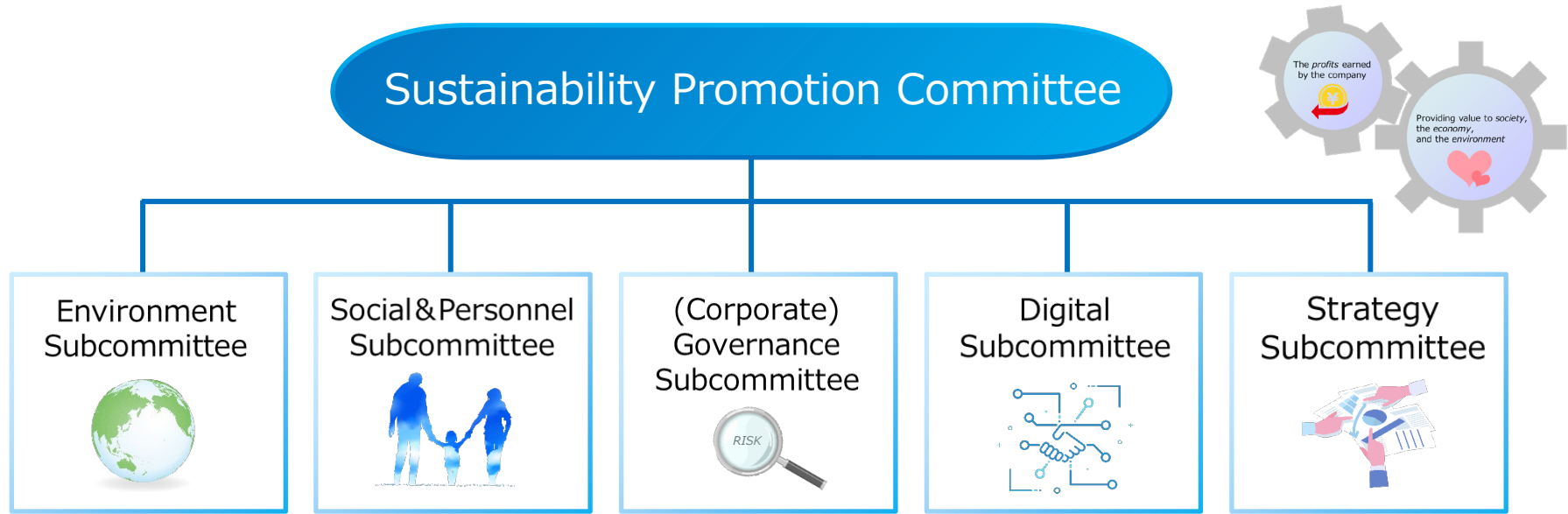
## NKK 10<sup>th</sup> Anniversary

Thank you to all our colleagues



*10th anniversary of NKK (NICHIAS Kaizen Activities) marked  
... Offering a decade's worth of "Thank you" and encouragement for the next 10 years*





*Policy and strategy (measures) formulation*

*Implementation at the workplace*

- ▶ Establishing collegial, cross-departmental “structures” to ensure the company’s long-term continuity
- ▶ Responding to the current situation (compliance with laws, social demands, and trends)
- ▶ Pursuing substance and originality, not just superficial measures

Launched in January 2024 after a preparation phase since last fall





Toward the revision of  
the medium-term management plan Shikumi 130  
*Quantitative targets and policies & system development  
for the next growth phase*

Financial Strategy



Sustainability  
※ Policy and system development

Well-balanced business operations  
※ Selection and concentration  
(what to expand, what to stop)  
※ Optimal allocation of production systems and personnel



Investment Strategy  
※ Creation of new pillars



Governance Response  
※ Development of an effective structure

Let's make it together  
for a bright company  
where it is pleasant to work

*SHI KU MI*



## The NICHIAS Philosophy

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

### Our Promise

- We will abide by community standards and work together with the communities we serve.
- We will strive for customer satisfaction while never forgetting a sense of gratitude.
- We will believe in mutual trust and continue to grow together.

## "TATSU-TAMOTSU" technologies for a brighter future



## NICHIAS Environmental Charter

NICHIAS contributes to the realization of a society centered on sustainable development by utilizing our "Insulation and Protection" technology solutions in the reduction of a variety of negative environmental impacts including the mitigation of global warming.

### Environmental Action Guidelines

In keeping with the NICHIAS Environmental Charter, NICHIAS continually engages in and endeavors to improve upon the following activities.

#### 1. Thorough compliance

Fulfill social responsibilities by not only observing legal requirements, but also establishing and implementing our own voluntary standards.

#### 2. Development of products with lower environmental impact

Strive to develop and promote products and services effective in reducing environmental impact.

#### 3. Enhancement of environmental performance

Establish and make progress toward environmental goals in such areas as energy and natural resources conservation, and chemicals management, etc.

#### 4. Coexistence with society

Coexist with the local community, and value the rich natural environment.