"TATSU-TAMOTSU"
technologies
for a brighter future

Financial Results Summary
FY2021
From 1st April, 2021 to 31th March, 2022

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.

10th May, 2022

NICHIAS Corporation

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1. Overview of FY2021 and Previous Medium-term Management Plan 【Review】

(FY2016～FY2021 fiscal periods)

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Financial highlights FY2021 Results

(Unit : billion JPY)

		FY2020 Results	FY2021 Forecast	FY2021 Results	Change YoY	Change Forecast
Net Sales		196.4	215.5	216.2	10.1%	0.3%
Operating income		19.6 10.0%	26.0 12.1%	26.3 12.1%	33.9%	1.0%
Ordinary income		21.3 10.8%	28.0 13.0%	30.6 14.1%	43.7%	9.2%
Extra Ordinary	Profit	0.6	0.3	2.2	–	–
	Loss	4.3	2.6	2.1	–	–
Profit Attributable to owners of parent		10.7 5.5%	19.0 8.8%	22.0 10.2%	105.6%	16.0%

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Business results FY2021 Group segment

(Unit : billion JPY)

Segment		FY2020 Results	FY2021 Forecast	FY2021 Results	Change YoY	Change Forecast
Energy & Industrial plants	Net sales	63.5	58.0	59.0	▲7.2%	1.7%
	Operating income	8.0	5.8	6.2	▲22.9%	6.3%
		12.6%	10.0%	10.5%		
Industrial products	Net sales	42.9	48.0	47.9	11.6%	▲0.2%
	Operating income	5.9	8.2	8.0	36.1%	▲2.0%
		13.8%	17.1%	16.8%		
Advanced products	Net sales	24.9	35.5	36.0	44.9%	1.5%
	Operating income	3.6	7.5	7.9	120.2%	5.8%
		14.5%	21.1%	22.0%		
Auto parts	Net sales	38.2	45.0	44.7	16.8%	▲0.8%
	Operating income	1.9	4.1	4.0	112.9%	▲1.6%
		5.0%	9.1%	9.0%		
Building materials	Net sales	26.8	29.0	28.7	7.0%	▲1.1%
	Operating income	0.2	0.4	0.1	▲53.1%	▲74.4%
		0.8%	1.4%	0.4%		
Total	Net sales	196.4	215.5	216.2	10.1%	0.3%
	Operating income	19.6	26.0	26.3	33.9%	1.0%
		10.0%	12.1%	12.1%		

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Review of previous medium-term management plan

(Unit : billion JPY)

	Results in FY2015 fiscal period	Target for FY2020 fiscal period	One-year extension	Figures for FY2021 fiscal period released externally
Net sales (Billions of yen)	170.4	220.0		216.2
Operating income (Billions of yen, %)	15.1 8.9%	– 10% or more		26.3 12.1%
ROE (%)	8.2%	10% or more		15.2%
Capital investment (Billions of yen)	4.3	Total for five-year period 55.0		Total for six-year period 63.4 (FY2021 : 114)

(Extended for one year)

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2. Summary of business forecast for FY2022

(From 1st April, 2022 to 31st March, 2023)

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◇ Business outlook FY2022

Segment	FY2021 【Results】	FY2022 【Forecast】
Energy & Industrial plants		
Industrial products		
Advanced products		
Auto parts		
Building materials		

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Financial highlights for FY2022 Forecast

(Unit : billion JPY)

	FY2021 Results	FY2022 H1 Forecast	FY2022 H2 Forecast	FY2022 Full year Forecast	Change YoY
Net Sales	216.2	109.0	116.0	225.0	4.1%
Operating income	26.3 12.1%	12.0 11.0%	14.5 12.5%	26.5 11.8%	0.9%
Ordinary income	30.6 14.1%	12.0 11.0%	14.5 12.5%	26.5 11.8%	▲13.3%
Profit attributable to owners of parent	22.0 10.2%	8.0 7.3%	10.0 8.6%	18.0 8.0%	▲18.3%

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Financial highlights for FY2022 Forecast

(Unit : billion JPY)

Segment		FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Forecast	Change YoY
Energy & Industrial plants	Net sales	67.3	65.8	63.5	59.0	63.0	6.8%
	Operating income	6.2	7.2	8.0	6.2	6.8	10.3%
		9.2%	10.8%	12.6%	10.5%	10.8%	
Industrial products	Net sales	46.5	45.2	42.9	47.9	49.0	2.3%
	Operating income	7.5	6.0	5.9	8.0	8.0	▲0.4%
		16.0%	13.2%	13.8%	16.8%	16.3%	
Advanced products	Net sales	24.9	21.6	24.9	36.0	38.0	5.5%
	Operating income	4.2	2.8	3.6	7.9	7.1	▲10.5%
		16.9%	12.7%	14.5%	22.0%	18.7%	
Auto parts	Net sales	45.0	43.7	38.2	44.7	46.0	3.0%
	Operating income	3.9	3.0	1.9	4.0	4.3	6.6%
		8.7%	6.8%	5.0%	9.0%	9.3%	
Building materials	Net sales	31.8	32.5	26.8	28.7	29.0	1.1%
	Operating income	0.9	1.5	0.2	0.1	0.3	193.4%
		2.8%	4.7%	0.8%	0.4%	1.0%	
Total	Net sales	215.5	208.9	196.4	216.2	225.0	4.1%
	Operating income	22.6	20.4	19.6	26.3	26.5	0.9%
		10.5%	9.8%	10.0%	12.1%	11.8%	

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3. Long-term vision

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Trends in Environment ①

Environment affecting Company (Macro)

Political factors — Politics

- Intensifying conflict between different political systems
  (Democracies vs. non-democracies)
- New trade frameworks (TPP, RCEP, FTA)
- International taxation (environmental tax, BEPS, higher corporate taxes)

Social factors — Society

- Changes in labor resources
  (aging population and lack of workers in Japan, higher labor costs overseas)
- Changes in work styles
  (Work style, work-life balance)
- Diversity and society based on mutual assistance…SDGs

Economic factors — Economy

- Slower pace of economic growth
  (from focus on growth to focus on sustainability…ESG)
- Higher energy costs due to decrease in fossil fuels
- Lack of raw materials and spike in prices, higher distribution costs
- Expansion of e-commerce

Technical factors — Technology

- Spread and expansion of digital technology
  (IT, energy conservation, data linking and use)
- Faster shift from internal combustion engines to electric
- Energy tradition (hydrogen, ammonia)

Environmental factors — Environment

- Global warming = Increase in natural disasters; aberrant meteorological phenomena, rising sea levels, drought, increasingly serious natural disasters
  (faster pace of shift to carbon neutral)
- Increasingly severe environmental contamination: atmosphere, water quality, soil
  (Spread of restrictions on waste and chemical materials)

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◇ Trends in Environment ②

Environment by segment

Energy & Industrial plants

- Changes in makeup of power sources (Decrease in fossil fuels)
- Implementation of revised labor standards (from 2024)
- Faster pace of initiatives addressing carbon neutrality in the plant field (Growing demand for energy conservation, start of demonstrations of hydrogen, ammonia and CO_2 collection technology)

Industrial products

- Major manufacturers and customers in Japan speed up efforts to go carbon neutral
- China's environmental regulations remain in place (with a further spread to Southeast Asia and emerging economies)
- SDG association of products and technology will be considered more

Advanced products

- Further investments in data centers, and faster pace of digital shift in society (Logic for broad range of generations and increase in memory demand)
- Technological advancements in wake of miniaturization
- Reinforcement of environmental restrictions (decrease in CO_2 emissions, 3R, etc.)

Autoparts

- Spread and popularization of next-generation cars primarily in developed countries (regions) (at the same time, in the near term, demand for internal combustion engines is expected primarily in emerging economies)
- Demands for technology that lowers carbon at the parts and materials level will rise further

Building materials

- Housing starts are on the decline as Japan's population falls
- The spread of the e-commerce market will reduce stores but sustain demand for warehouses
- Requests for environment-friendly products will rise (low carbon, recycle)

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Linking and deepening six technologies and business models

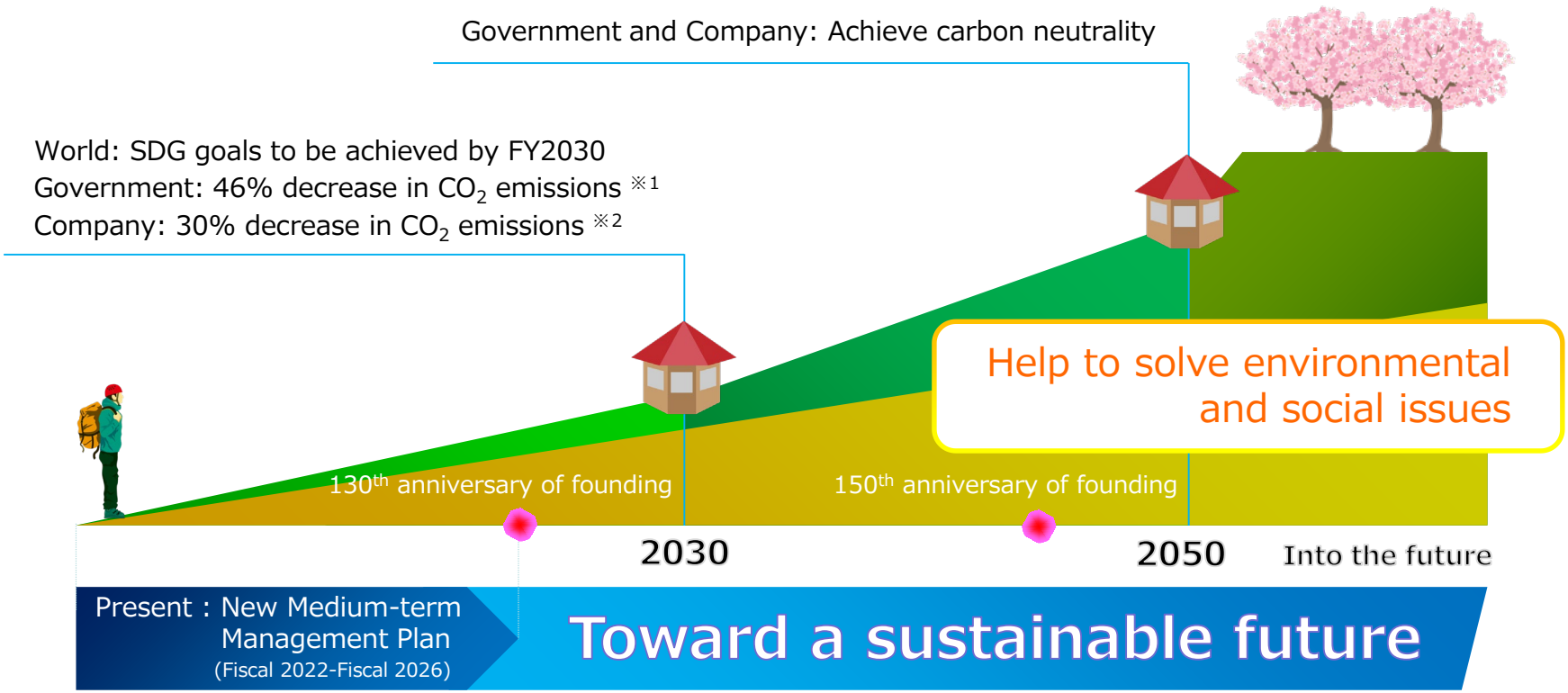


Linking two major cogs

Add speed and efficiency for greater sophistication

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Long-term Vision



''TATSU-TAMOTSU'' technologies for a brighter future

We will deepen our insulation and protection technologies and extend our unique business model built up thus far to help resolve environmental and social issues.

※1: Government's emission reduction goals = compared to fiscal 2013
※2: Company's own emission reduction goal = compared to fiscal 2019

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4. New Medium-term Management Plan

(Fiscal 2022-Fiscal 2026)

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"TATSU-TAMOTSU"
technologies
for a brighter future

New Medium-term Management Plan

(Fiscal 2022-Fiscal 2026)

SHI KU MI 130

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Purpose of Establishing Plan

Role of Medium-term Management Plan

World: SDG goals to be achieved by FY2030
Government: Reduce CO_2 emissions by 46%
Company: Reduce CO_2 emissions by 30%



- An era in which the world truly faces up to environmental issues.
- Social issues are missions that form a company's bedrock.
- Speed of technological innovation will accelerate further.
- Use of digital technology affects growth.

The strength to face up to environmental and social issues and adapt to change will be essential.

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Name of new medium-term management plan

SHI KU MI 130



FY2026 fiscal period, the final year, coincides with 130th anniversary of founding

With the rapid pace of change in the external environment, building structures that can adapt to the changes will serve as a bridge to the future. We will mobilize our strengths and build a new era.

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A bright company where it is pleasant to work

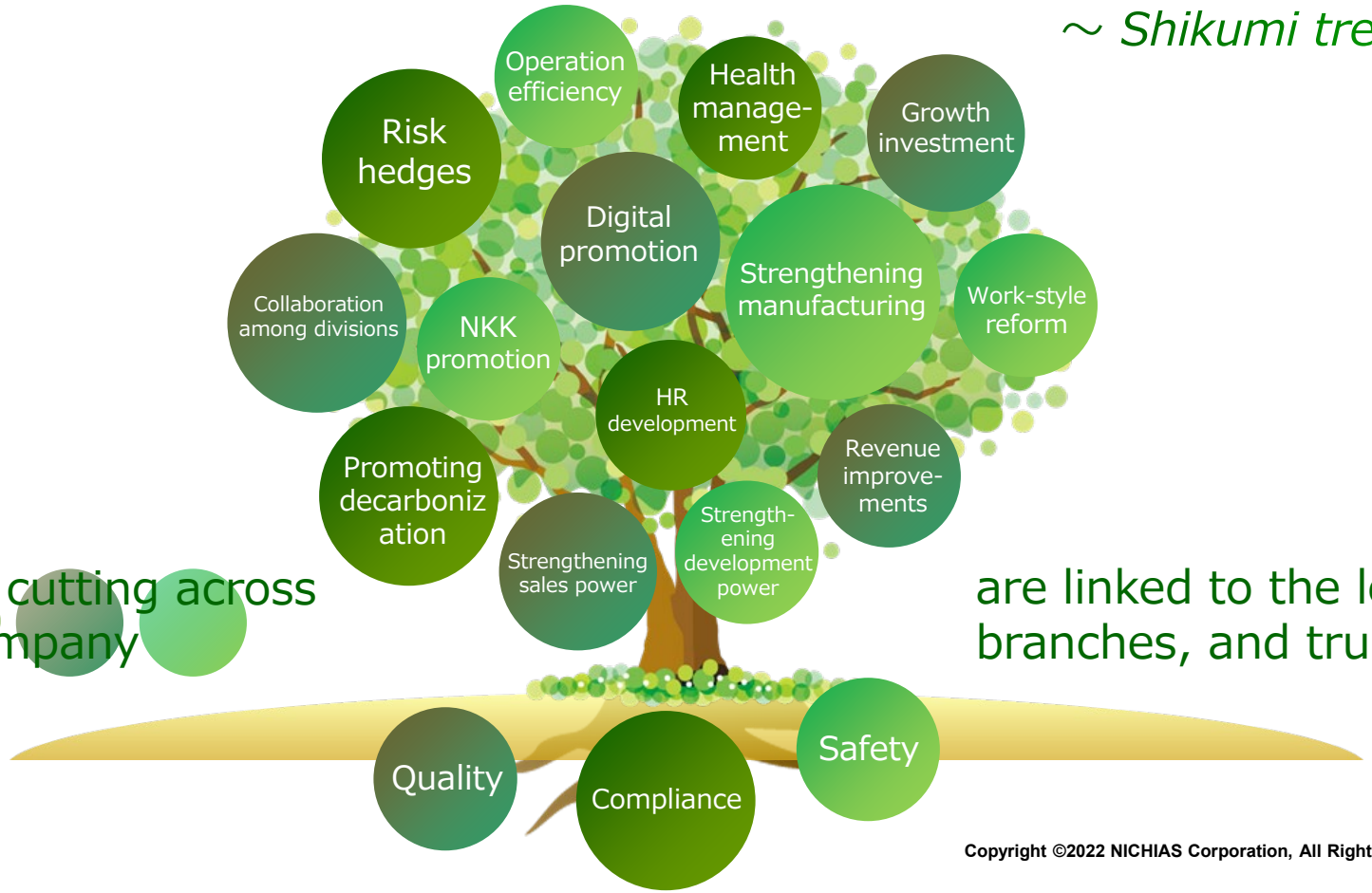


Only when we can realize a work environment in which employees can play an active role, can we hope for improved business performance and a sustainable future.

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Creating shikumi (structure)

～ *Shikumi tree* ～



Issues cutting across the company

are linked to the leaves, branches, and trunk

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◇ Creating shikumi (structure)

～ Defining shikumi development ～

Creating mechanisms that respond to change

Shi — **Shiawase** (happiness): Mechanisms for the happiness of our employees and the families that support them

「A bright and friendly company」

Ku — **Kufu** (ingenuity): Shikumi created with ingenuity across divisions to resolve issues, without being satisfied with current conditions

「Forward-looking thinking and forward-looking organization」

Mi — **Mirai** (future): Mechanisms aimed at achieving sustainable growth while adapting to social and environmental changes

「Creating a bright future」

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◇ Creating shikumi (structure)

Shiawase



(Happiness)

Shi-ku-mi loop

Kufu



(Ingenuity)

Mirai



(future)

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◇ Company-wide issues

～ Shikumi tree ～

A bright company where it is pleasant to work

Nichias happiness value index
Currently being set (NGI)

【Tree-ring management】
Sustainable growth







Improve profitability (raise ability to generate earnings)	Select business and focus resources	Efficient management	Environmental response	Strengthening foundation
Deepen business model	Business strategy focused on portfolio	Improved work efficiency and productivity	Promote carbon neutrality Reduce environmental load	Safety as top priority Improved quality
Focus on agility and profits	Efficient distribution of resources	Use and promotion of digital technology	Internal: Reduce own emissions External: Create and expand business opportunities Eco-friendly product development	Safety, security, stability
	Optimization of investments	Reduction in human resources		Expand system based on 3Ss Bottom-up
Operating profit margin of 15% or more	Capital investment 60 bn yen over five-year period	Total working time Rate of compliance with target 100% ※ Future target will be considered separately	[Internal] CO_2 emissions reduction -30% (compared to 2019) [External] Coming soon	Serious claims: Zero Rate of work accidents: (Japan) Less than 0.5 (Overseas) Less than 1.2
(NPI)	(NPI)	(NPI)	(NPI)	(NPI)

※NGI : NICHIAS「KGI」　※NPI : NICHIAS「KPI」

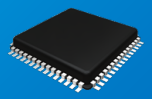
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Business strategy (Areas for focus)

Cutting-edge area

Such as semiconductor and electronic parts





Environmental area

Corporate mission that makes insulation and protection technologies its mainstay



Foundation for daily life

Supporting people's lives in society



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Business strategy (Segment)

Segment	Areas for focus	Business strategy
Energy & Industrial plants		☑ Capture energy conservation demand, study, and plan next-generation energy and infrastructure projects ☑ Improve profitability through sales and construction synergies
Industrial products		☑ Expand priority segments and select and focus resources on businesses based on profitability of each product ☑ Build optimal production and supply systems
Advanced products		☑ Build close relationships with important clients ☑ Build a production system that anticipates market conditions
Auto parts		☑ New product development for next-generation vehicles and product specification verification and approval ☑ Improve earnings for existing business and products
Building materials		☑ Improve earnings and overhaul the business structure ☑ Develop products and manufacturing methods that are eco-friendly

※ Categories of Focus Areas … ● : Cutting-edge area ● : Environmental area ● : Foundation for daily life

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Numerical targets

	Figures for FY2021 fiscal period released externally	FY2024 fiscal period Targets	FY2026 fiscal period Goals
Period	Last year of previous medium-term plan	Stage 1 (First 3 years)	Stage 2 (Last 2 years)
Net sales (Billions of yen)	216.2	240.0	250.0
Overseas sales (Billions of yen)	40.3	48.0	60.0
Operating profit margin (%)	12.1%	13.0%	15.0%
Capital investment (Billions of yen)	11.4	< Total for five-year period > Target of 60 billion yen Of which, 10bn yen in environment-related investment and 10bn yen in investments to boost efficiency and conserve energy	

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Management Indicators

	Figures for **FY2021** fiscal period released externally	**FY2024 fiscal period Targets**	**FY2026 fiscal period Goals**
Period	Last year of previous medium-term plan	Stage 1 (First 3 years)	Stage 2 (Last 2 years)
ROE (%)	15.2%	12.5%	13.0%
ROIC (%)	12.9%	11.0%	12.0%
EBITDA (Billions of yen)	32.9	40.0	45.0

(ROIC for each business will be disclosed in the second stage)

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Environmental goals

	FY2021 fiscal period Figures	FY2024 fiscal period Targets	FY2026 fiscal period Goals
Period	Last year of previous medium-term plan	Stage 1 (First 3 years)	Stage 2 (Last 2 years)
CO_2 emissions ※ (10,000t)	24.4	22.0	21.7
Industrial waste Generation (1,000t)	21.6	18.3	17.1
Reductions in customers' CO_2 emissions Contributions (10,000t)	–	Under consideration (coming soon)	

※ 18.2 million t (target value) in 2030 ... 30% reduction in 2019

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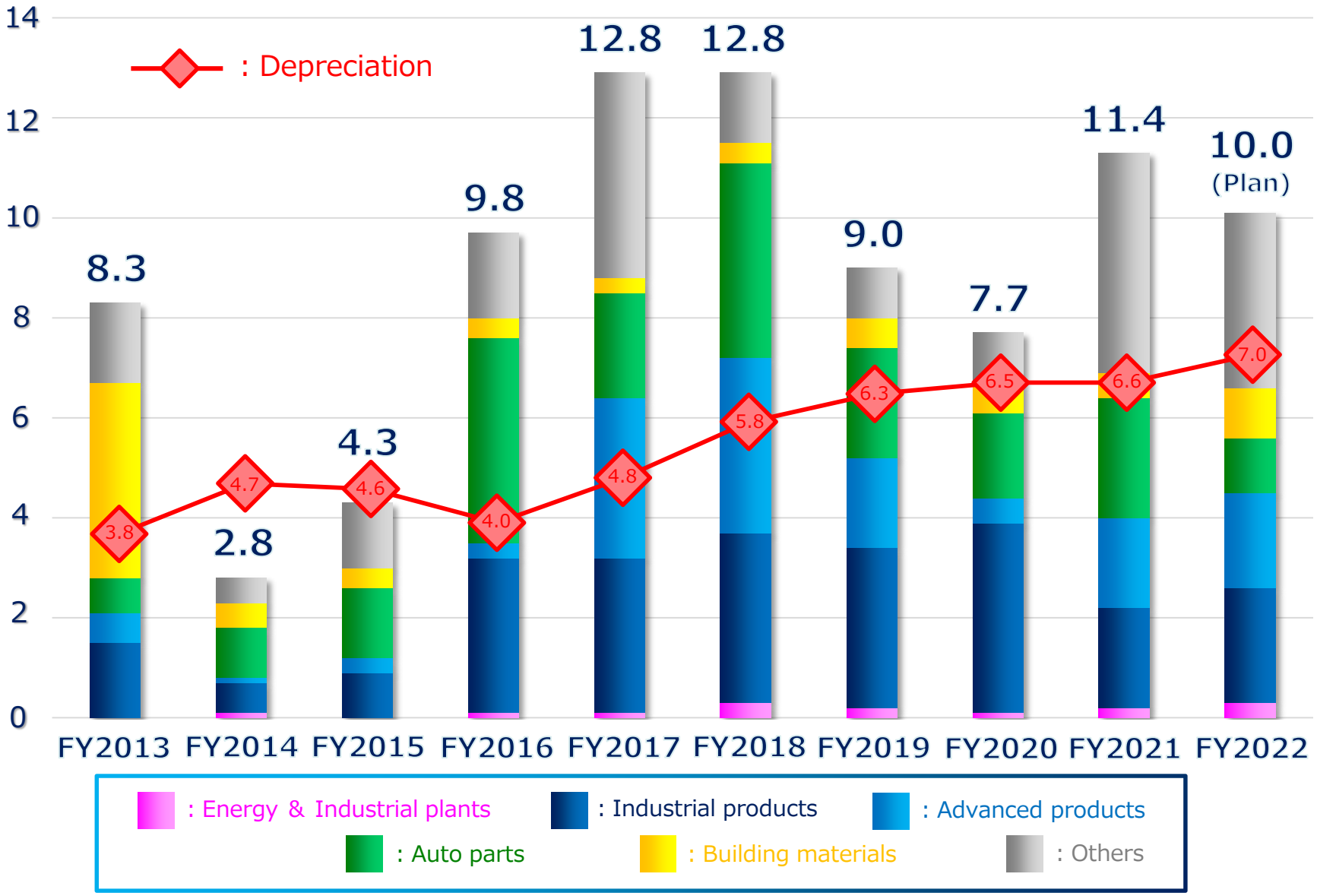
Policy on Financial Indicators

	Figures for **FY2021** fiscal period released externally	**FY2024** fiscal period Targets	**FY2026** fiscal period Goals
Period	Last year of previous medium-term plan	Stage 1 (First 3 years)	Stage 2 (Last 2 years)
Liquidity on hand (months)	3.0	**3.0months** A level at which the company will not immediately run short of working capital, even in a financial crisis.	
Favorable Sub Liabilities (Billions of yen)	25.7	10.0	10.0
Equity ratio (%)	62.5%	70%	75%

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Trends in Capital Investment and Depreciation Costs

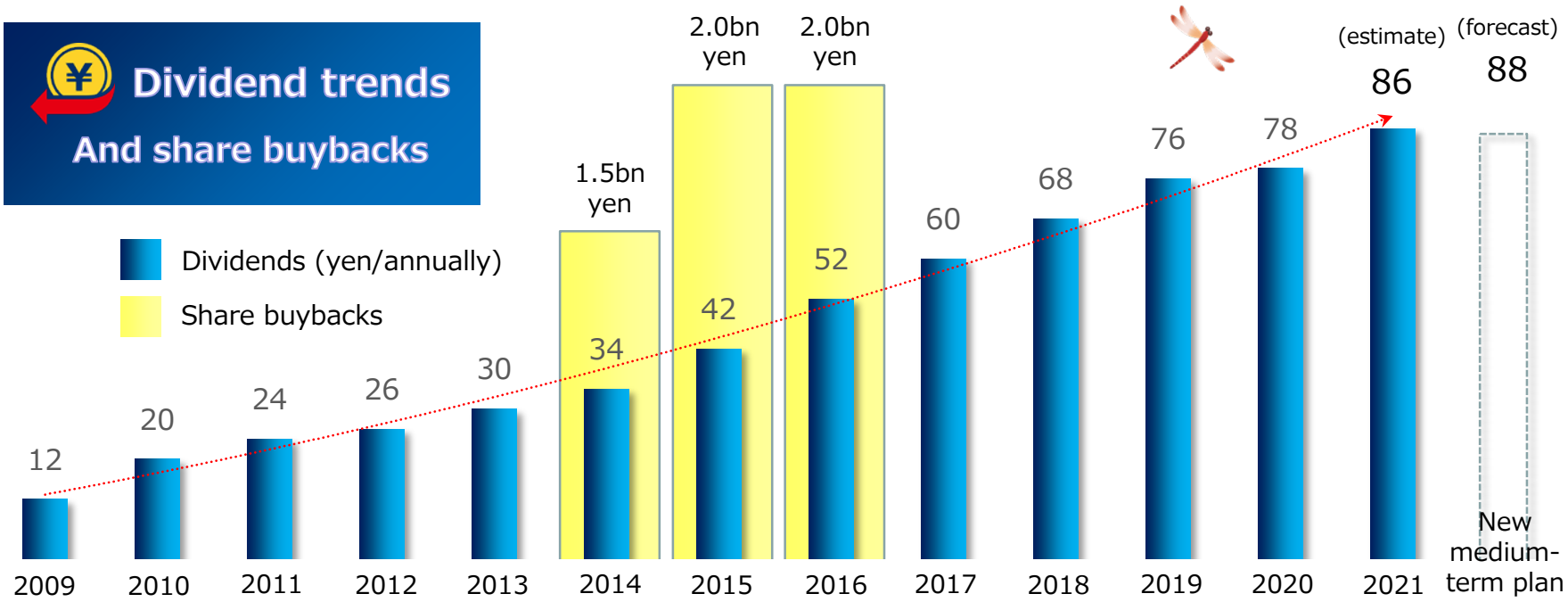
(Unit : billion JPY)



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Shareholder return policies

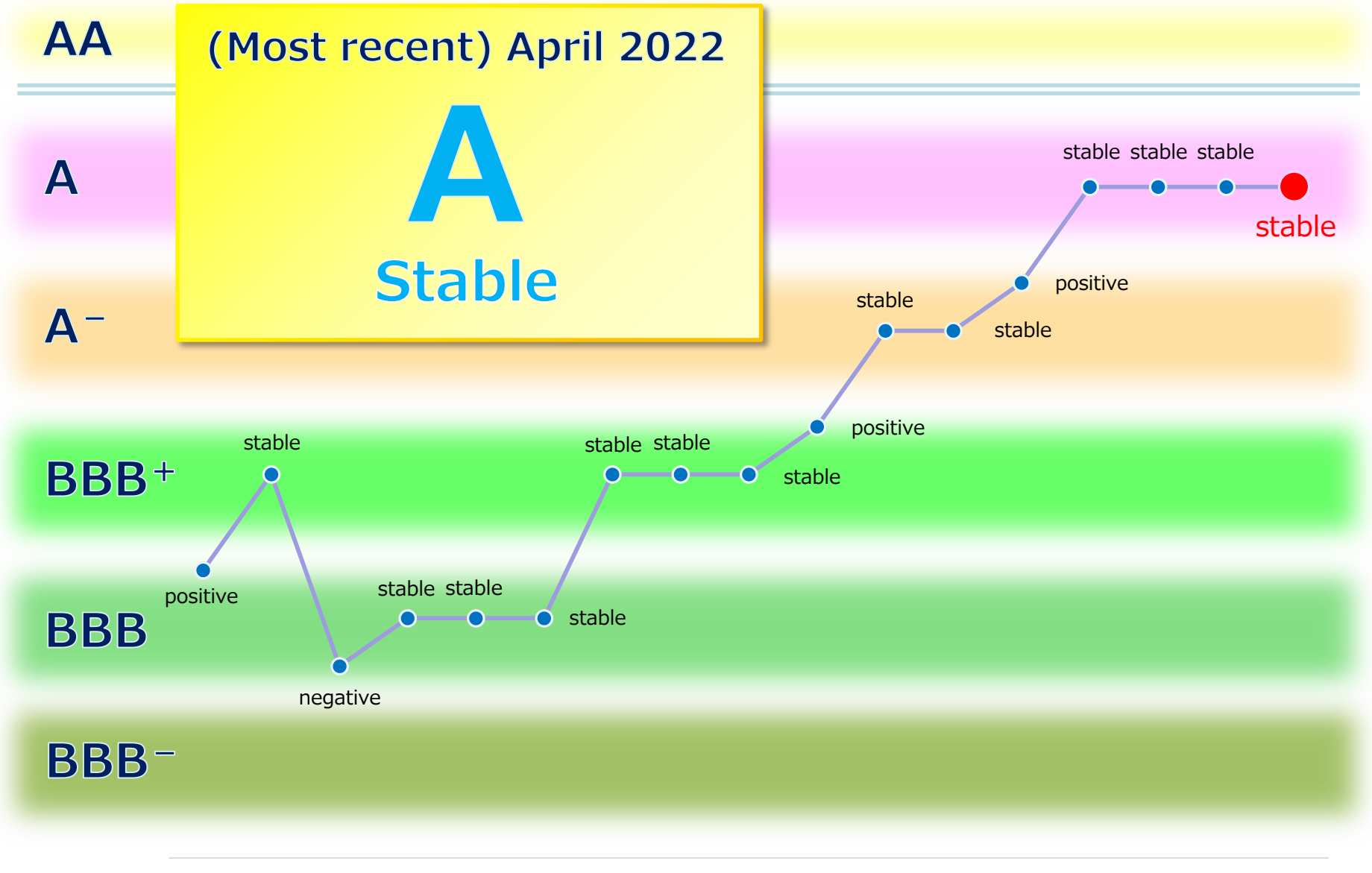
Dividend trends And share buybacks



Dividends	We will continue to pay stable dividends. We also aim for a 25–50% payout ratio.
Share buybacks	We will consider share buybacks in light of liquidity on hand and the balance with growth and environment investments.

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◇ Credit rating



※ Ratings by Japan Credit Rating Agency (JCR)

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ESG x SDGs

E
【Environment】

S
【Society】

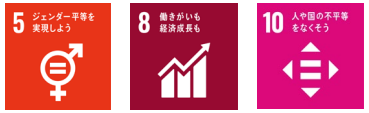
G
【Governance】



Helping to create a sustainable society with carbon neutrality, for example

Contributing to realization of cyclical society

Contributing to prevention of air pollution



Health and Wellness Corporation 2022 is accredited



Helping to protect human rights of stakeholders

Bright company in which people can live healthy lives and are motivated in their work



We plan to release the Integrated Report 2022 from this fiscal year.



Appropriate response to Corporate Governance Code

Strict compliance with laws

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◇ NKK (Nichias Kaizen Activities)



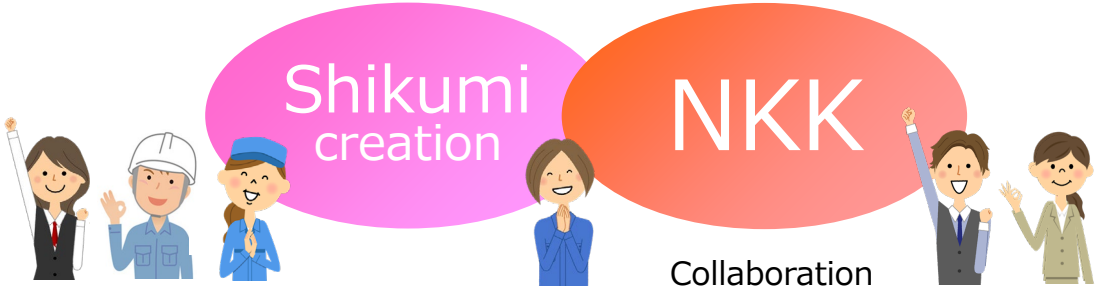












Making NKK a part of Nichias' own culture while changing and gaining motivation









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

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

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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.

NICHIAS

"TATSU-TAMOTSU" technologies for a brighter future



NICHIAS

*"TATSU-TAMOTSU" refers to NICHIAS's "Insulation and Protection" technologies.

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.

NICHIAS

Established April 6, 2001
Revised April 1, 2017

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