Consolidated Financial Results for the Fiscal Year Ended March 31, 2024
<Japanese GAAP>

May 7, 2024

Company Name: **NICHIAS Corporation**
Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)
URL: https://www.nichias.co.jp/nichias-E/
Representative: Katsumi Kametsu, President and Chief Executive Officer
Inquiries: Tsukasa Yamamoto, Representative Director and Senior Managing Executive Officer
Phone: +81-3-4413-1111

Scheduled date of Ordinary General Meeting of Shareholders: June 27, 2024
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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 28, 2024

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

1. Consolidated financial results for fiscal 2023 (April 1, 2023 to March 31, 2024)

(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	%
FY2023	249,391	4.7	35,208	17.5	38,974	17.8	26,961	26.0
FY2022	238,116	10.1	29,954	14.0	33,082	8.2	21,398	(2.9)

Note: Comprehensive income FY2023 ¥36,242 million---49.7%; FY2022 ¥24,208 million---0.5%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on total assets	Operating Margin
	Yen	Yen	%	%	%
FY2023	406.60	—	14.5	14.0	14.1
FY2022	322.59	—	13.1	12.9	12.6

(Reference) Share of profit or loss on investments using the equity method: FY2023 ¥80 million
FY2022 ¥59 million

(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, 2024	290,788	200,918	68.7	3,039.26
As of March 31, 2023	266,907	173,742	64.6	2,598.45

(Reference) Shareholders' equity: FY2023 ¥199,681 million; FY2022 ¥172,359 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
FY2023	19,167	(12,897)	(11,107)	55,574
FY2022	18,650	(8,651)	(6,368)	58,962

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	%	%
FY2022	—	46.00	—	46.00	92.00	6,102	28.5	3.7
FY2023	—	48.00	—	50.00	98.00	6,469	24.1	3.5
FY2024 (Forecast)	—	52.00	—	52.00	104.00		27.0	

3. Forecast of consolidated financial results for fiscal 2024 (April 1, 2024 to March 31, 2025)

(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	120,000	(0.0)	17,000	8.3	17,000	(8.0)	11,700	(9.9)	176.44
Full year	252,000	1.0	37,000	5.1	37,000	(5.1)	25,500	(5.4)	384.56

*Notes

(1) Changes in significant subsidiaries during the period under review (Changes in specific subsidiaries accompanying changes in the scope of consolidation): 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)
FY2023 (As of March 31, 2024) 67,811,917 shares
FY2022 (As of March 31, 2023) 67,811,917 shares
2) Number of shares of treasury stock at the end of the year
FY2023 (As of March 31, 2024) 2,111,342 shares
FY2022 (As of March 31, 2023) 1,480,118 shares
3) Average number of shares outstanding during the year
FY2023 (As of March 31, 2024) 66,310,161 shares
FY2022 (As of March 31, 2023) 66,332,215 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 "1. Overview of operating results (4) Earnings forecasts" 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.

○ Attachment index

1. Overview of operating results 2

(1) Overview of operating results in FY2023 (April 1, 2023 to March 31, 2024) 2

(2) Overview of financial position 2

(3) Cash flows 2

(4) Earnings forecasts 3

(5) Policies for distribution of profit and dividends for FY2023 and FY2024 3

(6) Risk factors 3

2. Management policies 5

(1) The Group's basic management policy 5

(2) Target management indicators 5

3. Basic stance toward the selection of accounting standards 5

4. Consolidated financial statements and related notes 6

(1) Consolidated balance sheets 6

(2) Consolidated statements of income and consolidated statements of comprehensive income 8

(3) Consolidated statements of changes in shareholders' equity 10

(4) Consolidated statements of cash flows 12

(5) Notes regarding consolidated financial statements 14

(Notes regarding going concern assumption) 14

(Changes in indication methods) 14

(Segment information) 15

(Per share information) 19

(Important subsequent events) 19

5. Others 20

Status of production, orders, and sales 20

6. Supplementary materials 21

1. Overview of operating results

(1) Overview of operating results in FY2023 (April 1, 2023 to March 31, 2024)

During FY2023, the Japanese economy experienced a moderate recovery, although there has been some sluggishness. In the manufacturing sector, capital investment has shown a recovery, but exports have shown weakness in recovery as production activity declines due to the impact of production and shipment suspensions by some auto manufacturers. Overseas, signs of a curbed economic rebound appeared in China, but growth was observed in the US, and emerging economies experienced a recovery.

In these conditions, the Group's net sales rose 4.7% year on year to ¥249,391 million. Sales increased mainly in the Energy and Industrial Plants Division, where demand remained strong mainly for nuclear power, petroleum refining, petrochemicals, and refrigerated warehouses, as well as in the Autoparts Division, where demand remained strong with the elimination of shortages for automotive semiconductors, which had been ongoing until the previous year.

In terms of profits, operating income rose 17.5% year on year to ¥35,208 million, ordinary income rose 17.8% year on year to ¥38,974 million, and profit attributable to owners of the parent company rose 26.0% year on year to ¥26,961 million.

Net sales by segment for FY2023 are as follows:

Sales in the **Energy and Industrial Plants Division** rose 12.7% year on year to ¥73,518 million due to strong demand for nuclear power, petroleum refining, and petrochemicals in particular.

Sales in the **Industrial Products Division** decreased 0.7% year on year to ¥51,209 million. This was due to sluggish demand for environmental products due to deterioration of economic conditions in China, despite steady demand for sealing materials for infrastructure and fluoropolymer lining products in Japan.

Sales in the **Advanced Products Division** fell 5.2% year on year to ¥42,830 million. This was due to falling demand for products for semiconductor production equipment with declining investment, mainly in semiconductors.

Sales in the **Autoparts Division** rose 7.2% year on year to ¥50,133 million. This was due to a recovery trend in production volume at several automobile manufacturers amid signs of demand improvement, particularly in Japan.

Sales in the **Building Materials Division** rose 7.8% year on year to ¥31,699 million, owing to strong demand for fireproof coating.

(2) Overview of financial position

Total assets at the end of FY2023 were ¥290,788 million, up ¥23,881 million compared with the end of the previous fiscal year. This was largely because net defined benefit asset rose by ¥5,881 million, investment securities rose by ¥4,775 million, electronically recorded monetary claims rose by ¥4,038 million, raw materials and supplies rose by ¥3,768 million, and merchandise and finished goods rose by ¥2,773 million.

Total liabilities at the end of FY2023 were ¥89,870 million, down ¥3,295 million compared with the end of the previous fiscal year. This was largely a result of a decrease in bonds payable (including the current portion of bonds) of ¥8,000 million and a decrease in electronically recorded monetary obligations of ¥3,774 million, despite an increase in short-term loans payable of ¥6,320 million.

Net assets at the end of FY2023 were ¥200,918 million, up ¥27,176 million compared with the end of the previous fiscal year. This was largely because retained earnings rose ¥20,725 million, and remeasurement of defined benefit plans rose ¥4,129 million.

(3) Cash flows

Cash and cash equivalents (hereinafter, "cash") at the end of FY2023 decreased by ¥3,388 million year on year to ¥55,574 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 ¥19,167 million (compared with receipts of ¥18,650 million in FY2022).

This was primarily because although cash decreased due to ¥9,576 million in income taxes paid, a ¥6,482 million decrease in notes and accounts payable – trade, a ¥5,750 million increase in inventories, and a ¥5,359 million increase in notes and accounts receivable – trade, cash increased due to ¥38,352 million in income before income taxes and ¥7,593 million in depreciation & amortization.

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

Net cash used in investing activities was ¥12,897 million (compared with expenditures of ¥8,651 million in FY2022). This mainly reflected a decrease in cash due to ¥12,397 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 ¥11,107 million (compared with expenditures of ¥6,368 million in FY2022). This was largely a result of redemption of bonds of ¥8,000 million and cash dividends paid of ¥6,224 million, despite an increase in short-term loans payable of ¥6,820 million.

(4) Earnings forecasts

In FY2024, we expect solid performance in each segment, including the Advanced Products segment, where demand is expected to recover for semiconductor-related applications. Based on these conditions, our earnings forecasts for FY2024 are as follows:

Net sales of ¥252,000 million, operating income of ¥37,000 million, ordinary income of ¥37,000 million, and profit attributable to owners of the parent company of ¥25,500 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 FY2023 and FY2024

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 the "Notice of Change to Dividend Policy" announced November 2022, the NICHIAS Group sets a dividend on equity ratio (DOE) of at least 3.5% as its target to return profits to shareholders and stipulates that its basic policy is to maintain progressive dividends during the period of the current medium-term management plan.

In FY2023, we paid a first-half dividend of ¥48 per share and will pay year-end dividends of ¥50 per share.

In FY2024, we plan to pay ¥52 per share in interim dividends and a year-end dividend of ¥52 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 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

NICHIAS Corporation 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 Group. In addition, NICHIAS Corporation 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 the Group could continue to be required to make compensation payments to sufferers of asbestos-related health problems in the future.

NICHIAS Corporation has been sued for compensation for health problems caused by asbestos, and the Company 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.

Under the specific action guidelines of "improving communications within the organization," "working more cooperatively with other employees," and "thinking about what is best for the entire organization," the Group manages its business based on the following three "Our Promises."

□ 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.

(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 and environmental targets of the plan are as follows.

1) Numerical targets

	FY2026
Net sales (millions of yen)	250,000
Operating profit margin (%)	15.0
ROE (%)	13.0
ROIC (%)	12.0

2) Environmental targets

	FY2024	FY2026
CO_2 emissions (10,000 t)	18.6	18.3
Industrial waste emissions (1,000 t)	18.3	17.1

* The medium-term management plan "Shikumi 130" comprises "shi," which stands for the Japanese word "shiawase" (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 to FY2024) and a two-year second stage (FY2025 to 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. Since our outlook suggests early achievement of our environmental targets, we have set new targets. We will also review our numerical targets looking ahead to the second stage.

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)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	59,433	56,376
Notes and accounts receivable – trade	33,122	33,455
Electronically recorded monetary claims	13,961	18,000
Accounts receivable from completed construction contracts	22,292	23,999
Merchandise and finished goods	19,832	22,605
Work in process	3,808	3,687
Raw materials and supplies	18,346	22,115
Costs on uncompleted construction contracts	1,605	1,500
Other	3,567	3,381
Allowance for doubtful accounts	(8)	(7)
Total current assets	175,963	185,114
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	67,106	71,147
Accumulated depreciation and impairment loss	(38,276)	(40,412)
Buildings and structures, net	28,829	30,735
Machinery, equipment and vehicles	85,900	88,026
Accumulated depreciation and impairment loss	(72,127)	(75,126)
Machinery, equipment and vehicles, net	13,773	12,899
Land	14,962	15,254
Lease assets	443	475
Accumulated depreciation	(132)	(208)
Lease assets, net	311	266
Construction in progress	4,008	6,611
Other	12,707	13,623
Accumulated depreciation and impairment loss	(10,439)	(11,414)
Other, net	2,267	2,209
Total property, plant and equipment	64,152	67,976
Intangible assets		
Software	857	916
Other	668	660
Total intangible assets	1,525	1,577
Investments and other assets		
Investment securities	17,601	22,377
Long-term loans receivable	364	181
Net defined benefit asset	1,972	7,854
Deferred tax assets	1,442	1,422
Other	3,918	4,325
Allowance for doubtful accounts	(32)	(41)
Total investments and other assets	25,266	36,119
Total noncurrent assets	90,944	105,673
Total assets	266,907	290,788

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	23,401	21,302
Electronically recorded monetary obligations	13,812	10,037
Current portion of bonds	8,000	5,000
Short-term loans payable	10,485	16,805
Lease obligations	260	262
Accounts payable – other	6,453	5,229
Income taxes payable	4,850	6,905
Advances received on uncompleted construction contracts	211	299
Provision for bonuses	3,324	3,389
Other	5,873	6,043
Total current liabilities	76,671	75,274
Noncurrent liabilities		
Bonds payable	5,000	-
Lease obligations	763	700
Deferred tax liabilities	2,589	5,625
Net defined benefit liability	4,395	4,446
Reserves for litigation losses	300	443
Other	3,445	3,380
Total noncurrent liabilities	16,493	14,595
Total liabilities	93,165	89,870
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,892
Retained earnings	139,332	160,058
Treasury stock	(4,061)	(6,590)
Total shareholders' equity	161,256	179,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,200	12,540
Foreign currency translation adjustment	2,730	4,351
Remeasurement of defined benefit plans	(828)	3,301
Total accumulated other comprehensive income	11,103	20,192
Non-controlling interests	1,382	1,236
Total net assets	173,742	200,918
Total liabilities and net assets	266,907	290,788

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

Consolidated statements of income

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net sales		
Net sales of merchandise and finished goods	180,043	183,774
Net sales of completed construction contracts	58,073	65,616
Total net sales	238,116	249,391
Cost of sales		
Cost of merchandise and finished goods sold	131,068	130,064
Cost of sales of completed construction contracts	49,038	54,561
Total cost of sales	180,107	184,626
Gross profit	58,009	64,764
Selling, general and administrative expenses		
Selling expenses	8,887	8,743
General and administrative expenses	19,167	20,812
Total selling, general and administrative expenses	28,055	29,555
Operating income	29,954	35,208
Non-operating income		
Interest income	90	160
Dividends income	504	574
Foreign exchange gain	1,048	1,853
Rent income	564	558
Equity in earnings of affiliates	59	80
Gains on sales of investment securities	382	187
Other	841	756
Total non-operating income	3,490	4,171
Non-operating expenses		
Interest expenses	163	160
Cost of lease revenue	43	34
Special contribution for asbestos	46	47
Other	109	162
Total non-operating expenses	362	405
Ordinary income	33,082	38,974
Extraordinary income		
Gain on sales of noncurrent assets	27	32
Subsidy income	7	2
Total extraordinary income	34	34
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	306	143
Impairment losses	679	94
Loss on liquidation of business	1,176	223
Provision for litigation loss reserves	84	195
Loss due to disasters	46	-
Total extraordinary losses	2,293	656
Income before income taxes	30,822	38,352
Income taxes – current	9,091	11,488
Income taxes – deferred	190	(237)
Total income taxes	9,281	11,251
Net income	21,541	27,101
Net income attributable to non-controlling interests	142	139
Profit attributable to owners of the parent company	21,398	26,961

Consolidated comprehensive income statements

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net income	21,541	27,101
Other comprehensive income		
Valuation difference on available-for-sale securities	289	3,339
Foreign currency translation adjustment	1,859	1,676
Remeasurement of defined benefit plans	519	4,124
Total other comprehensive income	2,667	9,141
Comprehensive income	24,208	36,242
Breakdown		
Comprehensive income attributable to owners of the parent company	24,045	36,051
Comprehensive income attributable to minority interests	163	191

(3) Consolidated statements of changes in shareholders' equity

Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)

(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	123,904	(4,059)	145,830
Changes of items during the period					
Changes in ownership interests in parent company related to transactions with non- controlling interests					-
Dividends from surplus			(5,969)		(5,969)
Profit attributable to owners of the parent company			21,398		21,398
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	15,428	(2)	15,426
Balance at the end of the period	12,128	13,857	139,332	(4,061)	161,256

	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	8,911	890	(1,346)	8,455	1,235	155,522
Changes of items during the period						
Changes in ownership interests in parent company related to transactions with non- controlling interests						-
Dividends from surplus						(5,969)
Profit attributable to owners of the parent company						21,398
Purchase of treasury stock						(2)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	289	1,840	517	2,647	146	2,793
Total changes of items during the period	289	1,840	517	2,647	146	18,220
Balance at the end of the period	9,200	2,730	(828)	11,103	1,382	173,742

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

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) operating activities		
Income before income taxes	30,822	38,352
Depreciation & amortization	7,454	7,593
Impairment losses	679	94
Loss on liquidation of business	1,176	223
Loss (gain) on sales of noncurrent assets	279	110
Increase (decrease) in allowance for doubtful accounts	(7)	8
Decrease (increase) in net defined benefit assets	(508)	0
Increase (decrease) in net defined benefit liability	(72)	15
Loss (gain) on sales of investment securities	(382)	(187)
Increase (decrease) in provision for bonuses	45	56
Interest and dividends income received	(594)	(734)
Interest expenses	163	160
Foreign exchange losses (gains)	(884)	(1,262)
Decrease (increase) in notes and accounts receivable – trade	(4,460)	(5,359)
Decrease (increase) in inventories	(5,227)	(5,750)
Decrease (increase) in costs on uncompleted construction contracts	(597)	100
Increase (decrease) in notes and accounts payable – trade	951	(6,482)
Decrease (increase) in accounts receivable – other	63	240
Increase (decrease) in accounts payable – other	(1,088)	588
Increase (decrease) in advances received on uncompleted construction contracts	(3)	84
Increase (decrease) in provisions for litigation losses	(160)	143
Subsidy income	(7)	(2)
Loss due to disasters	46	-
Other	831	95
Subtotal	28,517	28,089
Interest and dividends income received	594	734
Interest expenses paid	(164)	(164)
Proceeds from subsidy income	38	30
Loss due to disaster paid	(79)	-
Loss on liquidation of business paid	-	(157)
Income taxes paid	(10,286)	(9,576)
Income taxes refund	29	211
Net cash provided by (used in) operating activities	18,650	19,167
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(275)	(322)
Expenditures for the acquisition of property, plant and equipment	(8,190)	(12,397)
Proceeds from sales of property, plant and equipment	92	107
Expenditures for the acquisition of intangible fixed assets	(439)	(443)
Purchase of investment securities	(8)	(7)
Proceeds from sales of investment securities	401	340
Payments of loans receivable	(4)	-
Collection of loans receivable	33	92
Purchase of investments in subsidiaries	-	(23)
Other	(260)	(242)
Net cash provided by (used in) investing activities	(8,651)	(12,897)

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,140	6,820
Repayment of long-term loans payable	(3,300)	(500)
Redemption of bonds	-	(8,000)
Repayments of lease obligations	(222)	(331)
Net decrease (increase) in treasury stock	(2)	(2,568)
Cash dividends paid	(5,967)	(6,224)
Dividends paid to non-controlling interests	(16)	(53)
Other	-	(250)
Net cash provided by (used in) financing activities	(6,368)	(11,107)
Effect of exchange rate change on cash and cash equivalents	918	1,449
Net increase (decrease) in cash and cash equivalents	4,548	(3,388)
Cash and cash equivalents at beginning of period	54,414	58,962
Cash and cash equivalents at end of period	58,962	55,574

(5) Notes regarding consolidated financial statements

(Notes regarding going concern assumption)

Not applicable

(Changes in indication methods)

Consolidated statements of income

"Subsidies for employment adjustment" indicated separately under "Non-operating income" for the previous fiscal year is indicated within "Other" for the current fiscal year, since its monetary importance diminished. The consolidated financial statements for FY2022 have been restated to reflect this change in the indication method.

As a result, in the consolidated statements of income for FY2022, the "Subsidies for employment adjustment" of ¥155 million under "Non-operating income" and "Other" of ¥685 million were reclassified as "Other" of ¥841 million.

(Notes regarding consolidated statements of cash flows)

"Subsidies for employment adjustment" and "Subsidies for employment adjustment received" 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 FY2022 have been restated to reflect this change in the indication method.

As a result, in the consolidated statements of cash flows for FY2022, the "Subsidies for employment adjustment" of -¥155 million, "Subsidies for employment adjustment received" of ¥8 million, and "Other" of ¥978 million under "Net cash provided by (used in) operating activities" were reclassified as "Other" of ¥831 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, liabilities, and other items by reporting segment

Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segments						Adjust-ments (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	65,242	51,566	45,159	46,750	29,396	238,116	—	238,116
Intersegment sales or transfers	—	10,181	—	—	—	10,181	(10,181)	—
Total	65,242	61,748	45,159	46,750	29,396	248,298	(10,181)	238,116
Segment profit (loss)	8,426	8,984	10,957	2,467	(880)	29,954	—	29,954
Segment assets	37,089	64,914	29,175	46,230	24,180	201,588	65,318	266,907
Other items								
Depreciation & amortization	311	3,021	1,179	2,319	621	7,454	—	7,454
Increase in property, plant and equipment and intangible assets	366	3,586	1,165	960	1,231	7,311	2,758	10,069

Notes: "Adjustments" are described below.

(1) The ¥65,318 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 ¥2,758 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 2023 (from April 1, 2023 to March 31, 2024)

	Reporting segments						Adjust-ments (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.

(Related information)

Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)

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) Sales

(Millions of yen)

Japan	Asia	Other	Total
192,971	34,979	10,165	238,116

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
50,352	11,980	1,819	64,152

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 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) 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.

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

Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segments						Adjust-ments	Total
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials (Note)	Total		
Impairment losses	—	—	—	679	1,038	1,718	—	1,718

Note: Recorded as “loss on liquidation of business.”

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

(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	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Net assets per share	2,598.45 yen	3,039.26 yen
(Basis for calculation)		
Total net assets (millions of yen)	173,742	200,918
Amount to be deducted from total net assets (millions of yen)	1,382	1,236
(Of which, non-controlling interests)	(1,382)	(1,236)
Net assets attributable to common shares at the end of the fiscal year (millions of yen)	172,359	199,681
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	66,331	65,700

Item	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Basic earnings per share	322.59 yen	406.60 yen
(Basis for calculation)		
Net income attributable to owners of the parent company (millions of yen)	21,398	26,961
Amount not attributed to common shareholders (millions of yen)	—	—
Profit attributable to owners of the parent company related to common stock (millions of yen)	21,398	26,961
Average outstanding shares of common stock during the fiscal year (thousand shares)	66,332	66,310

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

(Important subsequent events)

Not applicable

5. Others

Status of production, orders, and sales

1. Production output by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)	Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)	Change over the previous fiscal year (%)	FY2023 composition ratio (%)
Industrial Products	42,773	42,045	(1.7)	33.4
Advanced Products	29,830	29,719	(0.4)	23.6
Autoparts	38,417	43,525	13.3	34.5
Building Materials	8,831	10,746	21.7	8.5
Total	119,853	126,036	5.2	100.0

2. Orders by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)	Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)	Change over the previous fiscal year (%)	FY2023 composition ratio (%)
Energy and Industrial Plants	68,514	71,864	4.9	29.1
Industrial Products	52,289	51,766	(1.0)	21.0
Advanced Products	44,916	39,510	(12.0)	16.0
Autoparts	45,617	50,281	10.2	20.4
Building Materials	29,033	33,287	14.7	13.5
Total	240,372	246,711	2.6	100.0

3. Net sales by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)	Fiscal Year 2023 (from April 1, 2023 to March 31, 2024)	Change over the previous fiscal year (%)	FY2023 composition ratio (%)
Energy and Industrial Plants	65,242	73,518	12.7	29.5
Industrial Products	51,566	51,209	(0.7)	20.5
Advanced Products	45,159	42,830	(5.2)	17.2
Autoparts	46,750	50,133	7.2	20.1
Building Materials	29,396	31,699	7.8	12.7
Total	238,116	249,391	4.7	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							
	FY2019	FY2020	FY2021	FY2022	FY2023		FY2024	
	Result	Result	Result	Result	Result	Change	Forecast	Change
Net sales	208,876	196,372	216,236	238,116	249,391	4.7%	252,000	1.0%
Operating income	20,427	19,616	26,264	29,954	35,208	17.5%	37,000	5.1%
Operating margin (%)	9.8%	10.0%	12.1%	12.6%	14.1%		14.7%	
Ordinary income	21,633	21,279	30,572	33,082	38,974	17.8%	37,000	(5.1)%
Ordinary income margin (%)	10.4%	10.8%	14.1%	13.9%	15.6%		14.7%	
Profit attributable to owners of the parent	14,674	10,715	22,034	21,398	26,961	26.0%	25,500	(5.4)%
Net income margin (%)	7.0%	5.5%	10.2%	9.0%	10.8%		10.1%	
Basic earnings per share (yen)	221.21	161.53	332.18	322.59	406.60	26.0%	384.56	(5.4)%
Total assets	208,076	219,602	246,924	266,907	290,788	8.9%	—	—
Net assets	127,233	136,450	155,522	173,742	200,918	15.6%	—	—
Shareholders' equity	126,297	135,429	154,286	172,359	199,681	15.9%	—	—
Equity ratio (%)	60.7%	61.7%	62.5%	64.6%	68.7%		—	
Interest-bearing debt	26,077	25,861	25,652	25,892	24,286	(6.2)%	—	—
Interest-bearing debt ratio (%)	12.5%	11.8%	10.4%	9.7%	8.4%		—	
Capital expenditures	8,978	7,703	11,355	10,069	11,117	10.4%	10,700	(3.8)%
Depreciation & amortization	6,274	6,536	6,616	7,454	7,593	1.9%	7,700	1.4%
R&D expenses	6,132	6,168	6,110	5,715	6,037	5.6%	6,000	(0.6)%

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) Quarterly consolidated operating results (Trends) (Millions of yen)

	FY2022				FY2023				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Change
Net sales	54,617	58,889	62,808	61,801	59,178	60,857	65,061	64,294	4.0%
Operating income	6,589	6,364	8,751	8,249	7,640	8,049	9,806	9,712	17.7%
Operating margin (%)	12.1%	10.8%	13.9%	13.3%	12.9%	13.2%	15.1%	15.1%	
Ordinary income	8,263	8,088	8,566	8,164	9,115	9,362	9,730	10,765	31.9%
Ordinary income margin (%)	15.1%	13.7%	13.6%	13.2%	15.4%	15.4%	15.0%	16.7%	
Profit attributable to owners of the parent	5,617	5,691	6,088	4,000	6,353	6,625	6,703	7,279	82.0%
Net income margin (%)	10.3%	9.7%	9.7%	6.5%	10.7%	10.9%	10.3%	11.3%	

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.