

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

<Japanese GAAP>

May 9, 2022

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 Stock Exchange Listing: Tokyo Stock Exchange (Code number 5393)
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 Organization of financial results briefing: Yes (for institutional investors and analysts)
 Scheduled date of commencement of dividend payment: June 30, 2022

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

1. Consolidated financial results for Fiscal Year 2021 (April 1, 2021 to March 31, 2022)

(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	%
FY2021	216,236	10.1	26,264	33.9	30,572	43.7	22,034	105.6
FY2020	196,372	(6.0)	19,616	(4.0)	21,279	(1.6)	10,715	(27.0)

Note: Comprehensive income FY2021 ¥24,095 million---68.9%; FY2020 ¥14,269 million---(0.8)%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on total assets	Operating Margin
	Yen	Yen	%	%	%
FY2021	332.18	—	15.2	13.1	12.1
FY2020	161.53	—	8.2	10.0	10.0

(Reference) Share of profit or loss on investments for using the equity method: FY2021 ¥82 million
 FY2020 ¥46 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, 2022	246,924	155,522	62.5	2,325.95
As of March 31, 2021	219,602	136,450	61.7	2,041.63

(Reference) Shareholders' equity: FY2021 ¥154,286 million; FY2020 ¥135,429 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
FY2021	25,073	(5,523)	(5,881)	54,414
FY2020	18,683	(6,799)	(5,469)	39,589

2. Dividends

	Annual Dividends					Total Dividends	Dividend pay-out ratio	Ratio of dividends to net assets
	End of 1 st quarter	End of first half	End of 3 rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2020	—	38.00	—	40.00	78.00	5,174	48.3	4.0
FY2021	—	42.00	—	44.00	86.00	5,704	25.9	3.9
FY2022 (Forecast)	—	44.00	—	44.00	88.00		32.4	

3. Forecast of consolidated financial results for Fiscal Year 2022 (April 1, 2022 to March 31, 2023)

(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	109,000	5.3	12,000	(5.3)	12,000	(13.6)	8,000	(21.9)	120.60
Full year	225,000	4.1	26,500	0.9	26,500	(13.3)	18,000	(18.3)	271.36

*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: Yes
 - 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)

FY2021 (As of March 31, 2022)	67,811,917 shares
FY2020 (As of March 31, 2021)	67,811,917 shares
 - 2) Number of shares of treasury stock at the end of the year

FY2021 (As of March 31, 2022)	1,479,228 shares
FY2020 (As of March 31, 2021)	1,477,947 shares
 - 3) Average number of shares outstanding during the year

FY2021 (As of March 31, 2022)	66,333,210 shares
FY2020 (As of March 31, 2021)	66,334,673 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 for financial forecasts 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 FY2021 (April 1, 2021 to March 31, 2022)	2
(2) Overview of financial position	2
(3) Cash flows	2
(4) Earnings forecasts	3
(5) Policies for distribution of profit and dividends for FY2021 and FY2022	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 accounting policies)	14
(Segment information)	15
(Per share information)	20
(Important subsequent events)	20
5. Others	21
Status of production, orders, and sales	21
6. Supplementary Materials	22

1. Overview of operating results

(1) Overview of operating results in FY2021 (April 1, 2021 to March 31, 2022)

During FY2021, the recovery in the Japanese economy was soft in some areas despite a gradual easing of the severe conditions caused by the COVID-19 pandemic. In the manufacturing industry, the recovery in capital investment and production came to a standstill, and exports remained broadly flat. Overseas, the US economy recovered and emerging countries showed signs of improvement, but the pace of recovery in China slowed.

In these conditions, the Group's net sales rose 10.1% year on year to ¥216,236 million, due to high demand for products for semiconductor production equipment and a recovery in demand for auto parts to pre-COVID-19 levels.

In terms of profits, operating income rose 33.9% year on year to ¥26,264 million, ordinary income rose 43.7% year on year to ¥30,572 million, and profit attributable to owners of the parent rose 105.6% year on year to ¥22,034 million.

The Company adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; hereinafter the "Accounting Standard for Revenue Recognition"), etc. from the start of FY2021. As a result, compared with before the application of the standard, net sales in FY2021 fell ¥799 million and operating income and ordinary income both increased by ¥114 million. For details, refer to "4. Consolidated financial statements and related notes (5) Notes regarding consolidated financial statements (Changes in accounting policies)," and "4. Consolidated financial statements and related notes (5) (Segment information) Segment information 4. Matters related to changes in reporting segments, etc."

Net sales by segment for FY2021 are as follows:

Sales in the **Energy and Industrial Plants Division** fell 7.2% year on year to ¥58,969 million, due to changes in the method of revenue recognition related to construction contracts due to application of the Accounting Standard for Revenue Recognition, etc., as well as a year-on-year decline in maintenance demand from petroleum refining, petrochemical, and electricity companies.

Sales in the **Industrial Products Division** increased 11.6% year on year to ¥47,903 million owing to solid demand for fluororesin products and inorganic thermal insulation products driven by a recovery in the electronic components and semiconductor-related markets, and high demand for environmental products in the Chinese market.

Sales in the **Advanced Products Division** rose 44.9% year on year to ¥36,019 million due to strong demand for semiconductors.

Sales in the **Autoparts Division** rose 16.8% year on year to ¥44,662 million, as demand has been recovering in Japan and overseas since the third quarter of the previous fiscal year following a worldwide decline in demand in FY2020 with the spread of COVID-19.

Sales in the **Building Materials Division** rose 7.0% year on year to ¥28,681 million due to an easing of the impact of the delay and postponement of construction projects due to the spread of the pandemic, and a recovery in demand for flooring business.

(2) Overview of financial position

Total assets at the end of FY2021 were ¥246,924 million, up ¥27,321 million compared with the end of the previous fiscal year. This was largely because cash and deposits rose by ¥14,798 million, raw materials and supplies rose by ¥3,773 million, merchandise and finished goods rose by ¥3,326 million, accounts receivable from completed construction contracts rose by ¥2,619 million, and notes and accounts receivable – trade rose by ¥2,441 million.

Liabilities at the end of FY2021 were ¥91,402 million, up ¥8,250 million compared with the end of the previous fiscal year. This was largely because notes and accounts payable – trade rose ¥3,358 million, income taxes payable rose ¥2,336 million, and electronically recorded monetary obligations rose ¥2,180 million.

Net assets at the end of FY2021 were ¥155,522 million, up ¥19,071 million compared with the end of the previous fiscal year. This was largely because retained earnings rose ¥17,023 million and foreign currency translation adjustment rose ¥1,918 million.

(3) Cash flows

Cash and cash equivalents at the end of FY2021 (hereinafter, "cash") increased by ¥14,824 million year on year to ¥54,414 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 ¥25,073 million (compared with receipts of ¥18,683 million in

FY2020).

This was primarily because although cash decreased due to ¥7,172 million in income taxes paid and a ¥6,716 million increase in inventories, cash increased due to ¥30,679 million in income before income taxes, ¥6,616 million in depreciation & amortization, and a ¥3,742 million increase in notes and accounts payable – trade.

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

Net cash used in investing activities was ¥5,523 million (compared with expenditures of ¥6,799 million in FY2020).

This mainly reflected an increase in cash due to ¥1,857 million in proceeds from sales of property, plant and equipment, ¥1,547 million in proceeds from liquidation of affiliated companies, and a decrease in cash due to ¥9,262 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 ¥5,881 million (compared with expenditures of ¥5,469 million in FY2020).

This was because of a decrease in cash due to ¥5,434 million in cash dividends paid.

(4) Earnings forecasts

In FY2022, we expect solid performance in the Energy and Industrial Plants, Industrial Products, and Advanced Products segments. Based on these conditions, our earnings forecasts for FY2022 are as follows:

Net sales of ¥225,000 million, operating income of ¥26,500 million, ordinary income of ¥26,500 million, and profit attributable to owners of the parent company of ¥18,000 million.

The Company 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 FY2021 and FY2022

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 “Medium-term Management Plan” announced today, the NICHIAS Group sets a dividend payout ratio of about 25%–50% as its target to return profits to shareholders.

In FY2021, we paid a first-half dividend of ¥42 per share and will pay year-end dividends of ¥44 per share.

In FY2022, we plan to pay ¥44 per share in interim dividends and a year-end dividend of ¥44 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 manifest themselves, 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, and 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. In the case that product supply is 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 to realize a "Bright and friendly workplace." The numerical and environmental targets of the plan are as follows.

1) Numerical targets

	FY2024	FY2026
Net sales (millions of yen)	240,000	250,000
Operating profit margin %	13.0	15.0
ROE (%)	12.5	13.0
ROIC (%)	11.0	12.0

2) Environmental targets

	FY2024	FY2026
CO2 emissions (10,000t)	22.0	21.7
Industrial waste emissions (1,000t)	18.3	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.

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)	
	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets		
Current Assets		
Cash and deposits	39,799	54,597
Notes and accounts receivable – trade	29,589	32,031
Electronically recorded monetary claims	10,508	10,860
Accounts receivable from completed construction contracts	18,869	21,488
Merchandise and finished goods	15,401	18,727
Work in process	2,823	3,618
Raw materials and supplies	9,591	13,364
Costs on uncompleted construction contracts	5,851	1,010
Other	3,229	3,742
Allowance for doubtful accounts	(18)	(19)
Total current assets	135,645	159,422
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	59,520	62,657
Accumulated depreciation and impairment loss	(34,880)	(36,221)
Buildings and structures, net	24,640	26,436
Machinery, equipment and vehicles	78,226	80,968
Accumulated depreciation and impairment loss	(66,161)	(67,651)
Machinery, equipment and vehicles, net	12,064	13,317
Land	14,118	14,821
Lease assets	372	239
Accumulated depreciation	(251)	(153)
Lease assets, net	120	86
Construction in progress	4,885	4,983
Other	10,500	11,875
Accumulated depreciation and impairment loss	(8,940)	(9,669)
Other, net	1,560	2,206
Total property, plant and equipment	57,391	61,851
Intangible assets		
Software	761	772
Other	574	635
Total intangible assets	1,335	1,407
Investments and other assets		
Investment securities	18,379	17,151
Long-term loans receivable	4	364
Net defined benefit asset	1,635	1,463
Deferred tax assets	1,301	1,355
Other	3,941	3,936
Allowance for doubtful accounts	(30)	(28)
Total investments and other assets	25,230	24,242
Total noncurrent assets	83,957	87,502
Total assets	219,602	246,924

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	19,184	22,542
Electronically recorded monetary obligations	12,240	14,421
Current portion of bonds	400	-
Short-term loans payable	6,805	10,145
Lease obligations	170	144
Accounts payable – other	4,887	6,047
Income taxes payable	3,750	6,087
Advances received on uncompleted construction contracts	1,188	190
Provision for bonuses	3,175	3,268
Other	4,053	4,876
Total current liabilities	55,857	67,725
Noncurrent liabilities		
Bonds payable	13,000	13,000
Long-term loans payable	3,912	625
Lease obligations	511	617
Deferred tax liabilities	2,264	1,921
Net defined benefit liability	4,352	4,467
Reserves for litigation losses	837	460
Other	2,416	2,584
Total noncurrent liabilities	27,294	23,677
Total liabilities	83,151	91,402
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,857
Retained earnings	106,880	123,904
Treasury stock	(4,056)	(4,059)
Total shareholders' equity	128,810	145,830
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	8,922	8,911
Foreign currency translation adjustment	(1,027)	890
Remeasurements of defined benefit plans	(1,275)	(1,346)
Total other cumulative comprehensive income	6,618	8,455
Non-controlling interests	1,021	1,235
Total net assets	136,450	155,522
Total liabilities and net assets	219,602	246,924

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

	(Millions of yen)	
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net sales		
Net sales of merchandise and finished goods	136,677	159,545
Net sales of completed construction contracts	59,694	56,691
Total net sales	196,372	216,236
Cost of sales		
Cost of merchandise and finished goods sold	100,672	115,257
Cost of sales of completed construction contracts	49,635	47,599
Total cost of sales	150,307	162,856
Gross profit	46,064	53,380
Selling, general and administrative expenses		
Selling expenses	8,194	8,226
General and administrative expenses	18,253	18,888
Total selling, general and administrative expenses	26,448	27,115
Operating income	19,616	26,264
Non-operating income		
Interest income	84	81
Dividends income	404	432
Foreign exchange gain	36	1,793
Rent income	522	559
Equity in earnings of affiliates	46	82
Subsidies for employment adjustment	314	131
Gains on sales of investment securities	208	1,121
Other	539	478
Total non-operating income	2,158	4,679
Non-operating expenses		
Interest expenses	170	146
Cost of lease revenue	27	38
Special contribution for asbestos	46	45
Other	249	140
Total non-operating expenses	494	371
Ordinary income	21,279	30,572
Extraordinary income		
Gain on sales of noncurrent assets	396	1,665
Subsidy income	206	21
Gain on liquidation of affiliates	-	311
Reversal amount of reserves for litigation losses	-	181
Total extraordinary income	602	2,179
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	134	314
Loss on reduction of noncurrent assets	116	1,351
Impairment losses	3,515	246
Provision for litigation loss reserves	479	-
Loss related to COVID-19 pandemic	103	39
Loss due to disasters	-	119
Total extraordinary losses	4,349	2,072
Income before income taxes	17,532	30,679
Income taxes – current	6,643	9,128
Income taxes – deferred	102	(614)
Total income taxes	6,745	8,513
Net income	10,787	22,166
Net income attributable to non-controlling interests	71	131
Profit attributable to owners of the parent company	10,715	22,034

Consolidated comprehensive income statements

(Millions of yen)

	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net income	10,787	22,166
Other comprehensive income		
Valuation difference on available-for-sale securities	3,317	(10)
Foreign currency translation adjustment	(380)	2,008
Remeasurements of defined benefit plans	545	(69)
Total other comprehensive income	3,482	1,928
Comprehensive income	14,269	24,095
Breakdown		
Comprehensive income attributable to owners of the parent company	14,176	23,871
Comprehensive income attributable to minority interests	93	223

(3) Consolidated statements of changes in shareholders' equity

Fiscal Year 2020 (from April 1, 2020 to March 31, 2021)

(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	101,206	(4,053)	123,139
Cumulative impact of changes in accounting policies					-
Balance at beginning of the period reflecting changes in accounting policies	12,128	13,857	101,206	(4,053)	123,139
Changes of items during the period					
Dividends from surplus			(5,041)		(5,041)
Profit attributable to owners of the parent company			10,715		10,715
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	5,673	(2)	5,671
Balance at the end of the period	12,128	13,857	106,880	(4,056)	128,810

	Total other cumulative comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other cumulative comprehensive income		
Balance at the beginning of the period	5,604	(624)	(1,821)	3,158	936	127,233
Cumulative impact of changes in accounting policies						-
Balance at beginning of the period reflecting changes in accounting policies	5,604	(624)	(1,821)	3,158	936	127,233
Changes of items during the period						
Dividends from surplus						(5,041)
Profit attributable to owners of the parent company						10,715
Purchase of treasury stock						(3)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	3,317	(402)	546	3,460	85	3,546
Total changes of items during the period	3,317	(402)	546	3,460	85	9,217
Balance at the end of the period	8,922	(1,027)	(1,275)	6,618	1,021	136,450

Fiscal Year 2021 (from April 1, 2021 to March 31,2022)

(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	106,880	(4,056)	128,810
Cumulative impact of changes in accounting policies			428		428
Balance at beginning of the period reflecting changes in accounting policies	12,128	13,857	107,308	(4,056)	129,238
Changes of items during the period					
Dividends from surplus			(5,439)		(5,439)
Profit attributable to owners of the parent company			22,034		22,034
Purchase of treasury stock				(3)	(3)
Disposal of treasury stock		(0)		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	16,595	(3)	16,591
Balance at the end of the period	12,128	13,857	123,904	(4,059)	145,830

	Total other cumulative comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other cumulative comprehensive income		
Balance at the beginning of the period	8,922	(1,027)	(1,275)	6,618	1,021	136,450
Cumulative impact of changes in accounting policies						428
Balance at beginning of the period reflecting changes in accounting policies	8,922	(1,027)	(1,275)	6,618	1,021	136,879
Changes of items during the period						
Dividends from surplus						(5,439)
Profit attributable to owners of the parent company						22,034
Purchase of treasury stock						(3)
Disposal of treasury stock						0
Net changes of items other than shareholders' equity	(10)	1,918	(70)	1,836	214	2,051
Total changes of items during the period	(10)	1,918	(70)	1,836	214	18,643
Balance at the end of the period	8,911	890	(1,346)	8,455	1,235	155,522

(4) Consolidated statements of cash flows

	(Millions of yen)	
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	17,532	30,679
Depreciation & amortization	6,536	6,616
Impairment losses	3,515	246
Loss (gain) on sales of property, plant and equipment	(396)	(1,632)
Loss on abandonment of property, plant and equipment	133	280
Loss (gain) on liquidation of affiliates	-	(311)
Increase (decrease) in allowance for doubtful accounts	0	(2)
Decrease (increase) in net defined benefit asset	(460)	171
Increase (decrease) in net defined benefit liability	87	115
Loss (gain) on sales of investment securities	(208)	(1,121)
Increase (decrease) in provision for bonuses	41	83
Interest and dividends income received	(488)	(514)
Interest expenses	170	146
Foreign exchange losses (gains)	73	(1,270)
Decrease (increase) in notes and accounts receivable – trade	(3,156)	251
Decrease (increase) in inventories	(654)	(6,716)
Decrease (increase) in costs on uncompleted construction contracts	(248)	170
Increase (decrease) in notes and accounts payable – trade	885	3,742
Decrease (increase) in accounts receivable – other	331	(151)
Increase (decrease) in accounts payable – other	(426)	376
Increase (decrease) in advances received on uncompleted construction contracts	(98)	(86)
Increase (decrease) in provisions for litigation losses	420	(376)
Loss on reduction of noncurrent assets	116	1,351
Subsidy income	(206)	(21)
Subsidies for employment adjustment	(314)	(131)
Loss related to COVID-19 pandemic	103	39
Loss due to disasters	-	119
Other	558	(134)
Subtotal	23,850	31,924
Interest and dividends income received	488	514
Interest expenses paid	(170)	(149)
Proceeds from subsidy income	135	29
Subsidies for employment adjustment received	296	27
Loss related to COVID-19 pandemic paid	(55)	(39)
Loss due to disaster paid	-	(73)
Income taxes paid	(6,076)	(7,172)
Income taxes refund	214	13
Net cash provided by (used in) operating activities	18,683	25,073
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	1,007	25
Expenditures for the acquisition of property, plant and equipment	(8,068)	(9,262)
Proceeds from sales of property, plant and equipment	434	1,857
Expenditures for the acquisition of intangible fixed assets	(230)	(339)
Purchase of investment securities	(4)	(6)
Proceeds from sales of investment securities	216	1,212
Payments of loans receivable	(3)	(394)
Collection of loans receivable	4	4
Proceeds from liquidation of affiliated companies	-	1,547
Other	(155)	(167)
Net cash provided by (used in) investing activities	(6,799)	(5,523)

	(Millions of yen)	
	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	80	40
Proceeds from long-term borrowings	615	120
Repayment of long-term loans payable	(500)	-
Redemption of bonds	(400)	(400)
Repayments of lease obligations	(214)	(194)
Net decrease (increase) in treasury stock	(2)	(3)
Cash dividends paid	(5,040)	(5,434)
Dividends paid to non-controlling interests	(8)	(9)
Cash flows from financing activities	(5,469)	(5,881)
Effect of exchange rate change on cash and cash equivalents	67	1,155
Net increase (decrease) in cash and cash equivalents	6,481	14,824
Cash and cash equivalents at beginning of period	33,108	39,589
Cash and cash equivalents at end of period	39,589	54,414

(5) Notes regarding Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; hereinafter the "Accounting Standard for Revenue Recognition"), etc. was applied from the start of FY2021. Under this standard, revenue is recognized as the amount expected to be received in exchange for goods or services when control of the promised goods or services are transferred to the customer. The main changes due to the adoption of this standard are as follows:

- Revenue recognition related to construction contracts

The Company had previously used the percentage of completion method for construction when the results of work in progress could be recognized, and the completed-contract method for other construction. However, excluding construction that involves small amounts of money or will be completed in a very short period of time, we have adopted a method of recognizing revenue over a certain period of time as we meet our performance obligations.

Regarding application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment stipulated in the provision of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative impact of retroactive application of new accounting policies prior to the start of FY2021 is added to or subtracted from retained earnings at the beginning of FY2021, and the new accounting policy has been applied from the balance at the beginning of the fiscal year.

As a result, in FY2021, sales fell ¥799 million, cost of sales fell ¥395 million, selling, general and administrative expenses declined ¥519 million, and operating income, ordinary income, and income before income taxes each increased by ¥114 million. In addition, the balance of retained earnings on the consolidated statements of changes in shareholders' equity at the beginning of the period increased by ¥428 million due to the cumulative impact reflected in net assets at the start of FY2021.

In FY2021, net assets per share increased by 1.21 yen and basic earnings per share increased by 1.20 yen.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan Statement No. 30, July 4, 2019; hereinafter the "Accounting Standard for Fair Value Measurement"), etc. has been applied from the beginning of FY2021. In accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and the Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10, July 4, 2019) paragraph 44-2, the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. will be applied in the future. This will not have an impact on consolidated financial statements.

(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 that 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, non-combustible building materials such as residential insulation with rock wool as the base material, and insulating 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. The 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 2020 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segments						Adjustments Notes	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	63,530	42,925	24,855	38,245	26,814	196,372	—	196,372
Intersegment sales or transfers	—	8,296	—	—	—	8,296	(8,296)	—
Total	63,530	51,222	24,855	38,245	26,814	204,668	(8,296)	196,372
Segment profit	7,998	5,904	3,601	1,894	218	19,616	—	19,616
Segment assets	35,690	53,211	21,915	41,150	21,481	173,449	46,152	219,602
Other items								
Depreciation & amortization	300	2,312	1,119	2,122	680	6,536	—	6,536
Increase in property, plant and equipment and intangible assets	193	3,971	325	1,221	632	6,344	1,358	7,703

Notes: "Adjustments" are described below.

- (1) The ¥46,152 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 ¥1,358 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 2021 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reporting segments						Adjustments Notes	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	58,969	47,903	36,019	44,662	28,681	216,236	—	216,236
Intersegment sales or transfers	—	8,319	—	—	—	8,319	(8,319)	—
Total	58,969	56,223	36,019	44,662	28,681	224,556	(8,319)	216,236
Segment profit	6,164	8,033	7,931	4,032	102	26,264	—	26,264
Segment assets	34,286	60,104	24,468	45,779	23,282	187,922	59,001	246,924
Other items								
Depreciation & amortization	327	2,465	1,072	2,184	567	6,616	—	6,616
Increase in property, plant and equipment and intangible assets	40	2,956	925	1,181	406	5,508	5,846	11,355

Notes: "Adjustments" are described below.

- (1) The ¥59,001 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 ¥5,846 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.

4. Matters related to changes in reporting segments, etc.

As noted in the changes in accounting policies, we have applied the Accounting Standard for Revenue Recognition, etc. from the start of FY2021, and due to the change in the accounting method for revenue recognition, the method for calculating profit or loss for business segments has been changed in the same manner.

As a result, compared with under the previous accounting method, in FY2021, Energy and Industrial Plants sales decreased by ¥347 million and segment profit rose by ¥99 million, Industrial Products sales decreased by ¥189 million, and segment profit decreased by ¥0, Advanced Products sales decreased by ¥121 million, and segment profit decreased by ¥1 million, Autoparts segment profit rose by ¥1 million, Building Materials sales decreased by ¥141 million, and segment profit rose by ¥15 million.

(Related information)

Fiscal Year 2020 (from April 1, 2020 to March 31, 2021)

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
162,797	26,216	7,358	196,372

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
45,354	10,469	1,566	57,391

3. Information on main customers

Because 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 2021 (from April 1, 2021 to March 31, 2022)

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
175,932	31,813	8,491	216,236

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
48,907	11,278	1,665	61,851

3. Information on main customers

Because 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 2020 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segments						Adjustments	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products Industrial Products	Autoparts	Building Materials	Total		
Impairment losses	—	2,998	431	—	84	3,515	—	3,515

Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reporting segments						Adjustments	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products Industrial Products	Autoparts	Building Materials	Total		
Impairment losses	—	246	—	—	—	246	—	246

(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	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Net assets per share	2,041.63	2,325.95
(Basis for calculation)		
Total net assets (millions of yen)	136,450	155,522
Amount to be deducted from total net assets (millions of yen)	1,021	1,235
(Of which, non-controlling interests)	(1,021)	(1,235)
Net assets attributable to common shares at the end of the fiscal year (millions of yen)	135,429	154,286
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	66,333	66,332

Item	FY2020 (From April 1, 2020 to March 31, 2021)	FY2021 (From April 1, 2021 to March 31, 2022)
Basic earnings per share	161.53	332.18
(Basis for calculation)		
Net income attributable to owners of the parent company (millions of yen)	10,715	22,034
Amount not attributed to common shareholders (millions of yen)	—	—
Profit attributable to owners of the parent company related to common stock (millions of yen)	10,715	22,034
Average outstanding shares of common stock during the fiscal year (thousand shares)	66,334	66,333

Notes: Diluted earnings per share is not noted because there is no potential share.

(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 2020 (from April 1, 2020 to March 31, 2021)	Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)	Change over the previous fiscal year (%)	FY2021 Composition ratio (%)
Industrial Products	33,176	37,759	13.8	34.6
Advanced Products	16,701	24,648	47.6	22.6
Autoparts	32,017	38,263	19.5	35.0
Building Materials	8,401	8,615	2.5	7.9
Total	90,296	109,286	21.0	100.0

2. Orders by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2020 (from April 1, 2020 to March 31, 2021)	Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)	Change over the previous fiscal year (%)	FY2021 Composition ratio (%)
Energy and Industrial Plants	61,014	59,916	(1.8)	25.9
Industrial Products	43,638	50,979	16.8	22.0
Advanced Products	27,089	44,591	64.6	19.3
Autoparts	38,867	46,514	19.7	20.1
Building Materials	28,864	29,242	1.3	12.6
Total	199,473	231,243	15.9	100.0

3. Net sales by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2020 (from April 1, 2020 to March 31, 2021)	Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)	Change over the previous fiscal year (%)	FY2021 Composition ratio (%)
Energy and Industrial Plants	63,530	58,969	(7.2)	27.3
Industrial Products	42,925	47,903	11.6	22.2
Advanced Products	24,855	36,019	44.9	16.7
Autoparts	38,245	44,662	16.8	20.7
Building Materials	26,814	28,681	7.0	13.3
Total	196,372	216,236	10.1	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							
	FY2017	FY2018	FY2019	FY2020	FY2021		FY2022	
	Result	Result	Result	Result	Result	Change	Forecast	Change
Net sales	197,495	215,495	208,876	196,372	216,236	10.1%	225,000	4.1%
Operating income	21,357	22,629	20,427	19,616	26,264	33.9%	26,500	0.9%
Operating margin (%)	10.8%	10.5%	9.8%	10.0%	12.1%		11.8%	
Ordinary income	21,804	23,171	21,633	21,279	30,572	43.7%	26,500	(13.3)%
Ordinary income margin (%)	11.0%	10.8%	10.4%	10.8%	14.1%		11.8%	
Profit attributable to owners of the parent	14,956	15,861	14,674	10,715	22,034	105.6%	18,000	(18.3)%
Net income margin (%)	7.6%	7.4%	7.0%	5.5%	10.2%		8.0%	
Basic earnings per share (yen)	222.73	238.70	221.21	161.53	332.18	105.6%	271.36	(18.3)%
Total assets	196,459	206,426	208,076	219,602	246,924	12.4%	—	—
Net assets	109,705	117,774	127,233	136,450	155,522	14.0%	—	—
Shareholders' equity	109,195	116,786	126,297	135,429	154,286	13.9%	—	—
Equity ratio (%)	55.6%	56.6%	60.7%	61.7%	62.5%		—	
Interest-bearing debt	23,818	26,065	26,077	25,861	25,652	(0.8)%	—	—
Interest-bearing debt ratio (%)	12.1%	12.6%	12.5%	11.8%	10.4%		—	
Capital expenditures	12,772	12,816	8,978	7,703	11,355	47.4%	10,000	(11.9)%
Depreciation & amortization	4,800	5,760	6,274	6,536	6,616	1.2%	7,000	5.8%
R&D expenses	5,692	5,976	6,132	6,168	6,110	(0.9)%	6,000	(1.8)%

¹ The Company has applied the "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'" (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) beginning in FY2018. These accounting standards have been retroactively applied to the figures for major management indicators for FY2017.

² The Company carried out a reverse stock split on a one-for-two basis on October 1, 2018. Basic earnings per share are calculated based on the assumption that the reverse stock split was carried out at the beginning of FY2017.

³ 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 reflect the application of these accounting standards.

(2) Quarterly consolidated operating results (Trends)

(Millions of yen)

	FY2020				FY2021				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Change
Net sales	43,048	46,322	49,300	57,700	52,272	51,253	56,294	56,416	(2.2)%
Operating income	3,803	3,333	5,208	7,270	6,600	6,071	7,399	6,193	(14.8)%
Operating margin (%)	8.8%	7.2%	10.6%	12.6%	12.6%	11.8%	13.1%	11.0%	
Ordinary income	3,320	4,380	5,412	8,166	7,208	6,686	8,184	8,492	4.0%
Ordinary income margin (%)	7.7%	9.5%	11.0%	14.2%	13.8%	13.0%	14.5%	15.1%	
Profit attributable to owners of the parent	1,829	2,836	3,792	2,257	5,416	4,832	5,728	6,056	168.3%
Net income margin (%)	4.3%	6.1%	7.7%	3.9%	10.4%	9.4%	10.2%	10.7%	

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