

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

<Japanese GAAP>

May 8, 2023

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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, 2023

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

1. Consolidated financial results for fiscal 2022 (April 1, 2022 to March 31, 2023)

(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	%
FY2022	238,116	10.1	29,954	14.0	33,082	8.2	21,398	(2.9)
FY2021	216,236	10.1	26,264	33.9	30,572	43.7	22,034	105.6

Note: Comprehensive income FY2022 ¥24,208 million---0.5%; FY2021 ¥24,095 million---68.9%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on total assets	Operating Margin
	Yen	Yen	%	%	%
FY2022	322.59	—	13.1	12.9	12.6
FY2021	332.18	—	15.2	13.1	12.1

(Reference) Share of profit or loss on investments for using the equity method: FY2022 ¥59 million
 FY2021 ¥82 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, 2023	266,907	173,742	64.6	2,598.45
As of March 31, 2022	246,924	155,522	62.5	2,325.95

(Reference) Shareholders' equity: FY2022 ¥172,359 million; FY2021 ¥154,286 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
FY2022	18,650	(8,651)	(6,368)	58,962
FY2021	25,073	(5,523)	(5,881)	54,414

2. Dividends

	Annual Dividends					Total Dividends	Dividend payout ratio	Ratio of dividends to net assets
	End of 1st quarter	End of first half	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2021	—	42.00	—	44.00	86.00	5,704	25.9	3.9
FY2022	—	46.00	—	46.00	92.00	6,102	28.5	3.7
FY2023 (Forecast)	—	48.00	—	48.00	96.00		31.2	

3. Forecast of consolidated financial results for fiscal 2023 (April 1, 2023 to March 31, 2024)

(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	112,800	(0.6)	12,700	(2.0)	12,700	(22.3)	8,800	(22.2)	132.67
Full year	238,000	(0.0)	29,500	(1.5)	29,500	(10.8)	20,400	(4.7)	307.54

*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)

FY2022 (As of March 31, 2023)	67,811,917 shares
FY2021 (As of March 31, 2022)	67,811,917 shares
 - 2) Number of shares of treasury stock at the end of the year

FY2022 (As of March 31, 2023)	1,480,118 shares
FY2021 (As of March 31, 2022)	1,479,228 shares
 - 3) Average number of shares outstanding during the year

FY2022 (As of March 31, 2023)	66,332,215 shares
FY2021 (As of March 31, 2022)	66,333,210 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.

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1. Overview of operating results

(1) Overview of operating results in FY2022 (April 1, 2022 to March 31, 2023)

During FY2022, the Japanese economy experienced a moderate recovery, although some weakness was observed. In the manufacturing industry, although capital investment and production were on a recovery trend, exports were weakening. Overseas, economic activity was slowly recovering despite some remaining weakness in China due to the re-spread of COVID-19, and there was an improvement in the U.S. and emerging countries.

In these conditions, the Group's net sales rose 10.1% year on year to ¥238,116 million. This was due to high demand for products for semiconductor production equipment, despite the impact of adjustments to automotive production.

In terms of profits, operating income rose 14.0% year on year to ¥29,954 million and ordinary income rose 8.2% year on year to ¥33,082 million. In addition, profit attributable to owners of the parent company decreased 2.9% year on year to ¥21,398 million as a result of extraordinary losses booked. These extraordinary losses include a loss on liquidation of business of ¥1,176 million from reorganization of domestic rock wool insulation material manufacturing bases and an impairment loss of ¥679 million on noncurrent assets at domestic auto parts manufacturing bases.

Net sales by segment for FY2022 are as follows:

Sales in the **Energy and Industrial Plants Division** rose 10.6% year on year to ¥65,242 million due to strong demand for petroleum refining and petrochemicals in particular.

Sales in the **Industrial Products Division** increased 7.6% year on year to ¥51,566 million. This was due to steady demand for electronic components, sealing materials for infrastructure, and inorganic thermal insulation materials in Japan, which offset a decrease in demand for environmental products due to deterioration of economic conditions in China.

Sales in the **Advanced Products Division** rose 25.4% year on year to ¥45,159 million. This was due to high levels of demand for products for semiconductor production equipment, although investment declined, mainly in semiconductor memory, and the situation for the future still remains uncertain.

Sales in the **Autoparts Division** rose 4.7% year on year to ¥46,750 million due to the continuing weak yen trend in the exchange market despite lockdowns in Chinese cities due to the spread of COVID-19 and continued adjustments to automotive production due to supply chain turmoil.

Sales in the **Building Materials Division** rose 2.5% year on year to ¥29,396 million, owing to strong demand for fireproof coating.

(2) Overview of financial position

Total assets at the end of FY2022 were ¥266,907 million, up ¥19,982 million compared with the end of the previous fiscal year. This was largely because raw materials and supplies rose by ¥4,982 million, cash and deposits rose by ¥4,835 million, electronically recorded monetary claims rose by ¥3,101 million, buildings and structures rose by ¥2,393 million, merchandise and finished goods rose by ¥1,104 million, and notes and accounts receivable – trade rose by ¥1,090 million.

Liabilities at the end of FY2022 were ¥93,165 million, up ¥1,762 million compared with the end of the previous fiscal year. This was largely because asset retirement obligations included in other noncurrent liabilities rose by ¥860 million, notes and accounts payable – trade rose by ¥859 million, and deferred tax liabilities rose by ¥668 million, while income taxes payable decreased by ¥1,237 million.

Net assets at the end of FY2022 were ¥173,742 million, up ¥18,220 million compared with the end of the previous fiscal year. This was largely because retained earnings rose ¥15,428 million, foreign currency translation adjustment rose ¥1,840 million, and remeasurement of defined benefit plans rose ¥517 million.

(3) Cash flows

Cash and cash equivalents (hereinafter, "cash") at the end of FY2022 increased by ¥4,548 million year on year to ¥58,962 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 ¥18,650 million (compared with receipts of ¥25,073 million in FY2021).

This was primarily because although cash decreased due to ¥10,286 million in income taxes paid, a ¥5,227 million increase in inventories, and a ¥4,460 million increase in notes and accounts receivable – trade, cash

increased due to ¥30,822 million in income before income taxes and ¥7,454 million in depreciation & amortization.

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

Net cash used in investing activities was ¥8,651 million (compared with expenditures of ¥5,523 million in FY2021).

This mainly reflected a decrease in cash due to ¥8,190 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 ¥6,368 million (compared with expenditures of ¥5,881 million in FY2021).

This was because of a decrease in cash due to ¥5,967 million in cash dividends paid.

(4) Earnings forecasts

In FY2023, we expect solid performance in the Energy and Industrial Plants and Industrial Products segments. Based on these conditions, our earnings forecasts for FY2023 are as follows:

Net sales of ¥238,000 million, operating income of ¥29,500 million, ordinary income of ¥29,500 million, and profit attributable to owners of the parent company of ¥20,400 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 FY2022 and FY2023

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 FY2022, we paid a first-half dividend of ¥46 per share and will pay year-end dividends of ¥46 per share.

In FY2023, we plan to pay ¥48 per share in interim dividends and a year-end dividend of ¥48 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, 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
CO ₂ 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)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	54,597	59,433
Notes and accounts receivable – trade	32,031	33,122
Electronically recorded monetary claims	10,860	13,961
Accounts receivable from completed construction contracts	21,488	22,292
Merchandise and finished goods	18,727	19,832
Work in process	3,618	3,808
Raw materials and supplies	13,364	18,346
Costs on uncompleted construction contracts	1,010	1,605
Other	3,742	3,567
Allowance for doubtful accounts	(19)	(8)
Total current assets	159,422	175,963
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,657	67,106
Accumulated depreciation and impairment loss	(36,221)	(38,276)
Buildings and structures, net	26,436	28,829
Machinery, equipment and vehicles	80,968	85,900
Accumulated depreciation and impairment loss	(67,651)	(72,127)
Machinery, equipment and vehicles, net	13,317	13,773
Land	14,821	14,962
Lease assets	239	443
Accumulated depreciation	(153)	(132)
Lease assets, net	86	311
Construction in progress	4,983	4,008
Other	11,875	12,707
Accumulated depreciation and impairment loss	(9,669)	(10,439)
Other, net	2,206	2,267
Total property, plant and equipment	61,851	64,152
Intangible assets		
Software	772	857
Other	635	668
Total intangible assets	1,407	1,525
Investments and other assets		
Investment securities	17,151	17,601
Long-term loans receivable	364	364
Net defined benefit asset	1,463	1,972
Deferred tax assets	1,355	1,442
Other	3,936	3,918
Allowance for doubtful accounts	(28)	(32)
Total investments and other assets	24,242	25,266
Total noncurrent assets	87,502	90,944
Total assets	246,924	266,907

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	22,542	23,401
Electronically recorded monetary obligations	14,421	13,812
Current portion of bonds	-	8,000
Short-term loans payable	10,145	10,485
Lease obligations	144	260
Accounts payable – other	6,047	6,453
Income taxes payable	6,087	4,850
Advances received on uncompleted construction contracts	190	211
Provision for bonuses	3,268	3,324
Other	4,876	5,873
Total current liabilities	67,725	76,671
Noncurrent liabilities		
Bonds payable	13,000	5,000
Long-term loans payable	625	-
Lease obligations	617	763
Deferred tax liabilities	1,921	2,589
Net defined benefit liability	4,467	4,395
Reserves for litigation losses	460	300
Other	2,584	3,445
Total noncurrent liabilities	23,677	16,493
Total liabilities	91,402	93,165
Net assets		
Shareholders' equity		
Capital stock	12,128	12,128
Capital surplus	13,857	13,857
Retained earnings	123,904	139,332
Treasury stock	(4,059)	(4,061)
Total shareholders' equity	145,830	161,256
Total other cumulative comprehensive income		
Valuation difference on available-for-sale securities	8,911	9,200
Foreign currency translation adjustment	890	2,730
Remeasurement of defined benefit plans	(1,346)	(828)
Total other cumulative comprehensive income	8,455	11,103
Non-controlling interests	1,235	1,382
Total net assets	155,522	173,742
Total liabilities and net assets	246,924	266,907

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

Consolidated statements of income

(Millions of yen)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net sales		
Net sales of merchandise and finished goods	159,545	180,043
Net sales of completed construction contracts	56,691	58,073
Total net sales	216,236	238,116
Cost of sales		
Cost of merchandise and finished goods sold	115,257	131,068
Cost of sales of completed construction contracts	47,599	49,038
Total cost of sales	162,856	180,107
Gross profit	53,380	58,009
Selling, general and administrative expenses		
Selling expenses	8,226	8,887
General and administrative expenses	18,888	19,167
Total selling, general and administrative expenses	27,115	28,055
Operating income	26,264	29,954
Non-operating income		
Interest income	81	90
Dividends income	432	504
Foreign exchange gain	1,793	1,048
Rent income	559	564
Equity in earnings of affiliates	82	59
Subsidies for employment adjustment	131	155
Gains on sales of investment securities	1,121	382
Other	478	685
Total non-operating income	4,679	3,490
Non-operating expenses		
Interest expenses	146	163
Cost of lease revenue	38	43
Special contribution for asbestos	45	46
Other	140	109
Total non-operating expenses	371	362
Ordinary income	30,572	33,082
Extraordinary income		
Gain on sales of noncurrent assets	1,665	27
Subsidy income	21	7
Gain on liquidation of affiliates	311	-
Reversal amount of reserves for litigation losses	181	-
Total extraordinary income	2,179	34
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	314	306
Loss on reduction of noncurrent assets	1,351	-
Impairment losses	246	679
Loss on liquidation of business	-	1,176
Provision for litigation loss reserves	-	84
Loss related to COVID-19 pandemic	39	-
Loss due to disasters	119	46
Total extraordinary losses	2,072	2,293
Income before income taxes	30,679	30,822
Income taxes – current	9,128	9,091
Income taxes – deferred	(614)	190
Total income taxes	8,513	9,281
Net income	22,166	21,541
Net income attributable to non-controlling interests	131	142
Profit attributable to owners of the parent company	22,034	21,398

Consolidated comprehensive income statements

	(Millions of yen)	
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net income	22,166	21,541
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	289
Foreign currency translation adjustment	2,008	1,859
Remeasurement of defined benefit plans	(69)	519
Total other comprehensive income	1,928	2,667
Comprehensive income	24,095	24,208
Breakdown		
Comprehensive income attributable to owners of the parent company	23,871	24,045
Comprehensive income attributable to minority interests	223	163

(3) Consolidated statements of changes in shareholders' equity

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	Remeasurement 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

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
Cumulative impact of changes in accounting policies					-
Balance at beginning of the period reflecting changes in accounting policies	12,128	13,857	123,904	(4,059)	145,830
Changes of items during the period					
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
Cumulative impact of changes in accounting policies						-
Balance at beginning of the period reflecting changes in accounting policies	8,911	890	(1,346)	8,455	1,235	155,522
Changes of items during the period						
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

(4) Consolidated statements of cash flows

	(Millions of yen)	
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes	30,679	30,822
Depreciation & amortization	6,616	7,454
Impairment losses	246	679
Loss on liquidation of business	-	1,176
Loss (gain) on sales of noncurrent assets	(1,351)	279
Loss (gain) on liquidation of affiliates	(311)	-
Increase (decrease) in allowance for doubtful accounts	(2)	(7)
Decrease (increase) in net defined benefit assets	171	(508)
Increase (decrease) in net defined benefit liability	115	(72)
Loss (gain) on sales of investment securities	(1,121)	(382)
Increase (decrease) in provision for bonuses	83	45
Interest and dividends income received	(514)	(594)
Interest expenses	146	163
Foreign exchange losses (gains)	(1,270)	(884)
Decrease (increase) in notes and accounts receivable – trade	251	(4,460)
Decrease (increase) in inventories	(6,716)	(5,227)
Decrease (increase) in costs on uncompleted construction contracts	170	(597)
Increase (decrease) in notes and accounts payable – trade	3,742	951
Decrease (increase) in accounts receivable – other	(151)	63
Increase (decrease) in accounts payable – other	376	(1,088)
Increase (decrease) in advances received on uncompleted construction contracts	(86)	(3)
Increase (decrease) in provisions for litigation losses	(376)	(160)
Loss on reduction of noncurrent assets	1,351	-
Subsidy income	(21)	(7)
Subsidies for employment adjustment	(131)	(155)
Loss related to COVID-19 pandemic	39	-
Loss due to disasters	119	46
Other	(134)	978
Subtotal	31,924	28,508
Interest and dividends income received	514	594
Interest expenses paid	(149)	(164)
Proceeds from subsidy income	29	38
Subsidies for employment adjustment received	27	8
Loss related to COVID-19 pandemic paid	(39)	-
Loss due to disaster paid	(73)	(79)
Income taxes paid	(7,172)	(10,286)
Income taxes refund	13	29
Net cash provided by (used in) operating activities	25,073	18,650
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	25	(275)
Expenditures for the acquisition of property, plant and equipment	(9,262)	(8,190)
Proceeds from sales of property, plant and equipment	1,857	92
Expenditures for the acquisition of intangible fixed assets	(339)	(439)
Purchase of investment securities	(6)	(8)
Proceeds from sales of investment securities	1,212	401
Payments of loans receivable	(394)	(4)
Collection of loans receivable	4	33
Proceeds from liquidation of affiliated companies	1,547	-
Other	(167)	(260)
Net cash provided by (used in) investing activities	(5,523)	(8,651)

(Millions of yen)

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	40	3,140
Proceeds from long-term borrowings	120	-
Repayment of long-term loans payable	-	(3,300)
Redemption of bonds	(400)	-
Repayments of lease obligations	(194)	(222)
Net decrease (increase) in treasury stock	(3)	(2)
Cash dividends paid	(5,434)	(5,967)
Dividends paid to non-controlling interests	(9)	(16)
Cash flows from financing activities	(5,881)	(6,368)
Effect of exchange rate change on cash and cash equivalents	1,155	918
Net increase (decrease) in cash and cash equivalents	14,824	4,548
Cash and cash equivalents at beginning of period	39,589	54,414
Cash and cash equivalents at end of period	54,414	58,962

(5) Notes regarding Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable

(Changes in indication methods)

(Notes regarding consolidated statements of cash flows)

“Loss (gain) on sales of property, plant and equipment,” and “loss on abandonment of property, plant and equipment,” which were included in “net cash provided by (used in) operating activities” and listed independently in FY2021, are shown as “loss (gain) on sales of noncurrent assets” from FY2022 on the basis of the judgment that it is appropriate to display them as a profit or loss associated with the sale of noncurrent assets. The consolidated financial statements for FY2021 have been restated to reflect this change in the indication method.

As a result, in the consolidated statements of cash flows for FY2021, the “loss (gain) on sales of property, plant and equipment” of ¥(1,632) million and “loss on abandonment of property, plant and equipment” of ¥280 million under “net cash provided by (used in) operating activities” were replaced with “loss (gain) on sales of non-current assets” of ¥(1,351) 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, 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. 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 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.

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

(Millions of yen)

	Reporting segments						Adjustments (Note)	Amount stated in consolidated financial statements
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Net sales								
Net sales to external customers	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.

(Related information)

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

1. Information by product and service

Information by product and service is omitted, as 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

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 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.

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

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

(Millions of yen)

	Reporting segments						Adjustments	Total
	Energy and Industrial Plants	Industrial Products	Advanced Products	Autoparts	Building Materials	Total		
Impairment losses	—	246	—	—	—	246	—	246

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

(Millions of yen)

	Reporting segments						Adjustments	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."

(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	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Net assets per share	2,325.95 yen	2,598.45 yen
(Basis for calculation)		
Total net assets (millions of yen)	155,522	173,742
Amount to be deducted from total net assets (millions of yen)	1,235	1,382
(Of which, non-controlling interests)	(1,235)	(1,382)
Net assets attributable to common shares at the end of the fiscal year (millions of yen)	154,286	172,359
Number of common shares at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	66,332	66,331

Item	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Basic earnings per share	332.18 yen	322.59 yen
(Basis for calculation)		
Net income attributable to owners of the parent company (millions of yen)	22,034	21,398
Amount not attributed to common shareholders (millions of yen)	—	—
Profit attributable to owners of the parent company related to common stock (millions of yen)	22,034	21,398
Average outstanding shares of common stock during the fiscal year (thousand shares)	66,333	66,332

Notes: 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 2021 (from April 1, 2021 to March 31, 2022)	Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)	Change over the previous fiscal year (%)	FY2022 composition ratio (%)
Industrial Products	37,759	42,773	13.3	35.7
Advanced Products	24,648	29,830	21.0	24.9
Autoparts	38,263	38,417	0.4	32.0
Building Materials	8,615	8,831	2.5	7.4
Total	109,286	119,853	9.7	100.0

2. Orders by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)	Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)	Change over the previous fiscal year (%)	FY2022 composition ratio (%)
Energy and Industrial Plants	59,916	68,514	14.4	28.5
Industrial Products	50,979	52,289	2.6	21.8
Advanced Products	44,591	44,916	0.7	18.7
Autoparts	46,514	45,617	(1.9)	19.0
Building Materials	29,242	29,033	(0.7)	12.0
Total	231,243	240,372	3.9	100.0

3. Net sales by segment

(Millions of yen, %)

Name of segment	Fiscal Year 2021 (from April 1, 2021 to March 31, 2022)	Fiscal Year 2022 (from April 1, 2022 to March 31, 2023)	Change over the previous fiscal year (%)	FY2022 composition ratio (%)
Energy and Industrial Plants	58,969	65,242	10.6	27.4
Industrial Products	47,903	51,566	7.6	21.7
Advanced Products	36,019	45,159	25.4	19.0
Autoparts	44,662	46,750	4.7	19.6
Building Materials	28,681	29,396	2.5	12.3
Total	216,236	238,116	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							
	FY2018	FY2019	FY2020	FY2021	FY2022		FY2023	
	Result	Result	Result	Result	Result	Change	Forecast	Change
Net sales	215,495	208,876	196,372	216,236	238,116	10.1%	238,000	(0.0)%
Operating income	22,629	20,427	19,616	26,264	29,954	14.0%	29,500	(1.5)%
Operating margin (%)	10.5%	9.8%	10.0%	12.1%	12.6%		12.4%	
Ordinary income	23,171	21,633	21,279	30,572	33,082	8.2%	29,500	(10.8)%
Ordinary income margin (%)	10.8%	10.4%	10.8%	14.1%	13.9%		12.4%	
Profit attributable to owners of the parent	15,861	14,674	10,715	22,034	21,398	(2.9)%	20,400	(4.7)%
Net income margin (%)	7.4%	7.0%	5.5%	10.2%	9.0%		8.6%	
Basic earnings per share (yen)	238.70	221.21	161.53	332.18	322.59	(2.9)%	307.54	(4.7)%
Total assets	206,426	208,076	219,602	246,924	266,907	8.1%	—	—
Net assets	117,774	127,233	136,450	155,522	173,742	11.7%	—	—
Shareholders' equity	116,786	126,297	135,429	154,286	172,359	11.7%	—	—
Equity ratio (%)	56.6%	60.7%	61.7%	62.5%	64.6%		—	
Interest-bearing debt	26,065	26,077	25,861	25,652	25,892	0.9%	—	—
Interest-bearing debt ratio (%)	12.6%	12.5%	11.8%	10.4%	9.7%		—	
Capital expenditures	12,816	8,978	7,703	11,355	10,069	(11.3)%	12,100	20.2%
Depreciation & amortization	5,760	6,274	6,536	6,616	7,454	12.7%	7,800	4.6%
R&D expenses	5,976	6,132	6,168	6,110	5,715	(6.5)%	6,000	5.0%

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)

	FY2021				FY2022				Change
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net sales	52,272	51,253	56,294	56,416	54,617	58,889	62,808	61,801	9.5%
Operating income	6,600	6,071	7,399	6,193	6,589	6,364	8,751	8,249	33.2%
Operating margin (%)	12.6%	11.8%	13.1%	11.0%	12.1%	10.8%	13.9%	13.3%	
Ordinary income	7,208	6,686	8,184	8,492	8,263	8,088	8,566	8,164	(3.9)%
Ordinary income margin (%)	13.8%	13.0%	14.5%	15.1%	15.1%	13.7%	13.6%	13.2%	
Profit attributable to owners of the parent	5,416	4,832	5,728	6,056	5,617	5,691	6,088	4,000	(33.9)%
Net income margin (%)	10.4%	9.4%	10.2%	10.7%	10.3%	9.7%	9.7%	6.5%	

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.