

# Explanation of Financial Results for the 2nd Quarter of the Year ending March 31, 2025

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November 8, 2024

 **NIPPON CARBIDE INDUSTRIES CO.,INC.**



# Summary of Financial Results for the 2nd Quarter of the Year ending 31 March 2025

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# Summary [Consolidated Statements of Income]



- In the electronics and functional products business, shipments of products for semiconductors and electronic components increased with the gradual recovery of the electronics market.
- In the film and sheetings products business, in addition to an increase in shipments of products for license plates due to an increase in the number of automobiles sold in Europe, the United States and China, there was a positive impact on profits/losses due to exchange rates.
- In the construction materials related business, profitability declined due to factors such as rising raw material prices and inventory reductions.
- In the engineering business, sales increased due to an increase in orders for carbon neutral transition facilities for the steelmaking sector.
- As a result of the above, **both incomes and profits increased** compared to the same period of the previous year.

Unit: Million yen

	2nd Quarter of year ended March 31, 2024	2nd Quarter of year ending March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	21,333	<b>23,370</b>	2,037	+9.5%
<b>Operating profit</b>	480	<b>1,263</b>	782	+162.7%
<b>Operating profit/ net sales</b>	2.3%	<b>5.4%</b>	—	+3.1 points
<b>Ordinary profit</b>	1,027	<b>1,381</b>	354	+34.5%
<b>Quarterly net profit</b>	787	<b>847</b>	60	+7.7%

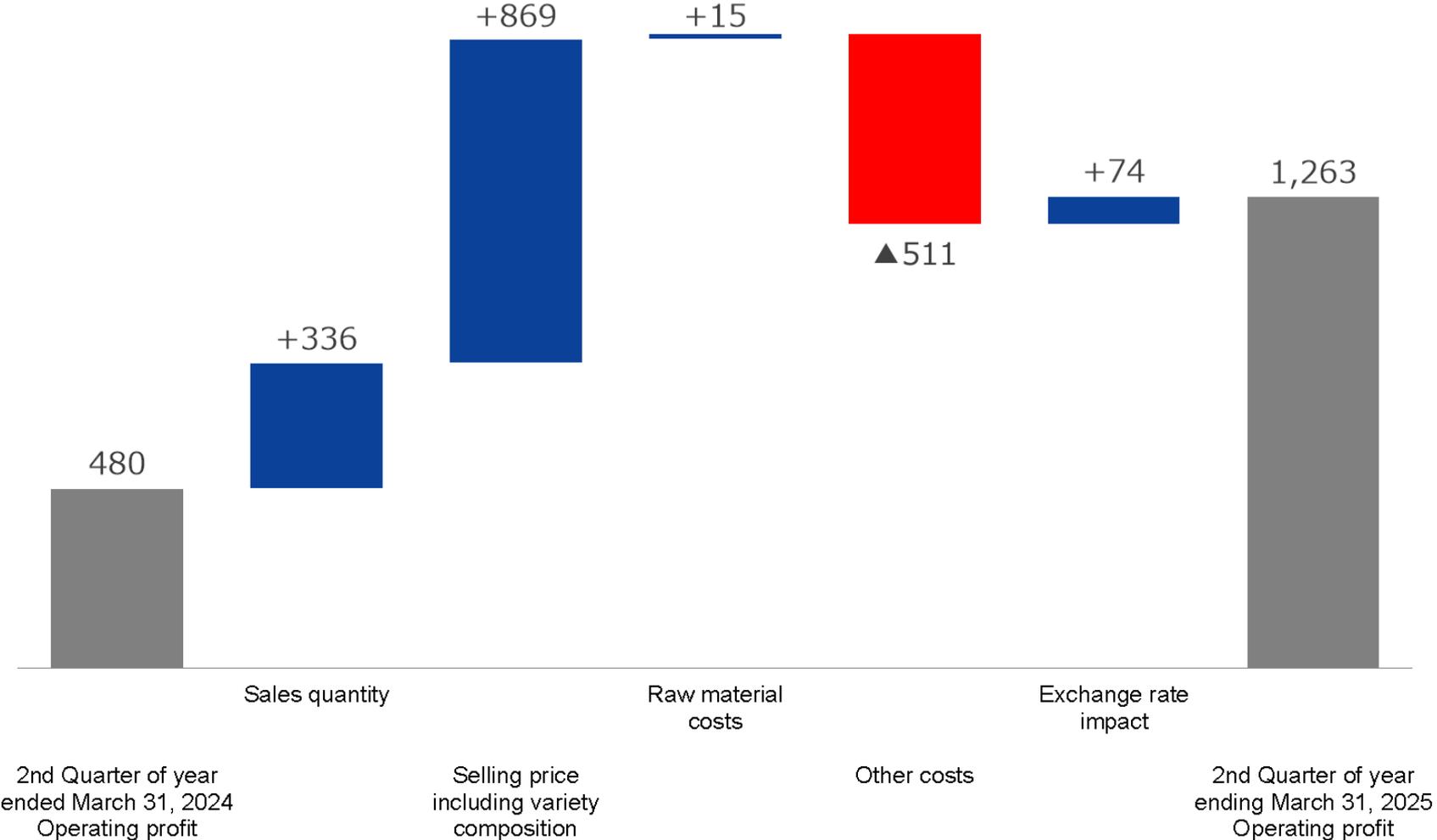
# Analysis of factors leading to changes in operating profit

2nd Quarter of year ended March 31, 2024 v.s. 2nd Quarter of year ending March 31, 2025



**Increase in profits** by 782 million yen compared to the same period of the previous year

Unit: Million yen



# Performance by segment



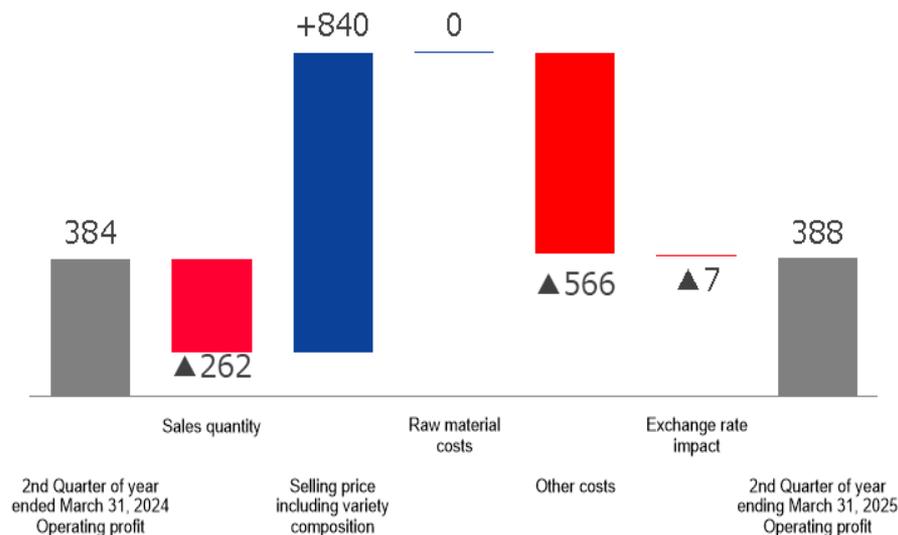
Unit: Million yen

		2nd Quarter of year ended March 31, 2024	2nd Quarter of year ending March 31, 2025	Year-on-year comparison	
		Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronics and Functional Products	Net sales	8,323	<b>8,621</b>	298	+3.6%
	Operating profit	384	<b>388</b>	3	+1.0%
Films and Sheetings Products	Net sales	8,601	<b>9,963</b>	1,361	+15.8%
	Operating profit	341	<b>966</b>	625	+183.5%
Construction Materials Related	Net sales	3,499	<b>3,501</b>	1	+0.1%
	Operating profit	147	<b>11</b>	▲ 135	▲92.0%
Engineering	Net sales	1,075	<b>1,422</b>	347	+32.3%
	Operating profit	▲ 127	<b>91</b>	218	-
Consolidated adjustment amount	Net sales	▲ 166	▲ 138	28	-
	Operating profit	▲ 265	▲ 194	71	-
Consolidated total amount	Net sales	21,333	<b>23,370</b>	2,037	+9.5%
	Operating profit	480	<b>1,263</b>	782	+162.7%



Unit: Million yen

	2nd Quarter of Year ended March 31, 2024	2nd Quarter of Year ending March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	8,323	<b>8,621</b>	298	+3.6%
<b>Functional chemicals</b>	1,522	<b>1,889</b>	367	+24.1%
<b>Functional polymers</b>	4,345	<b>3,907</b>	▲ 438	▲ 10.1%
<b>Electric materials</b>	2,455	<b>2,825</b>	370	+15.1%
<b>Operating profit</b>	384	<b>388</b>	3	+1.0%



## Functional Chemicals    Increased incomes and profits

- + Increase in shipments of products for semiconductors and electronic components with the gradual recovery of the electronics market.
- Decrease in shipments of products for agricultural chemicals due to inventory adjustments made at the customer's request.

## Functional Polymers    Decreased incomes and profits

- + Positive impact on profit/loss due to revisions to product prices in line with rising raw material prices.
- Decrease in shipments of adhesives for domestic optical-related fields.

## Electric Materials    Increased incomes and profits

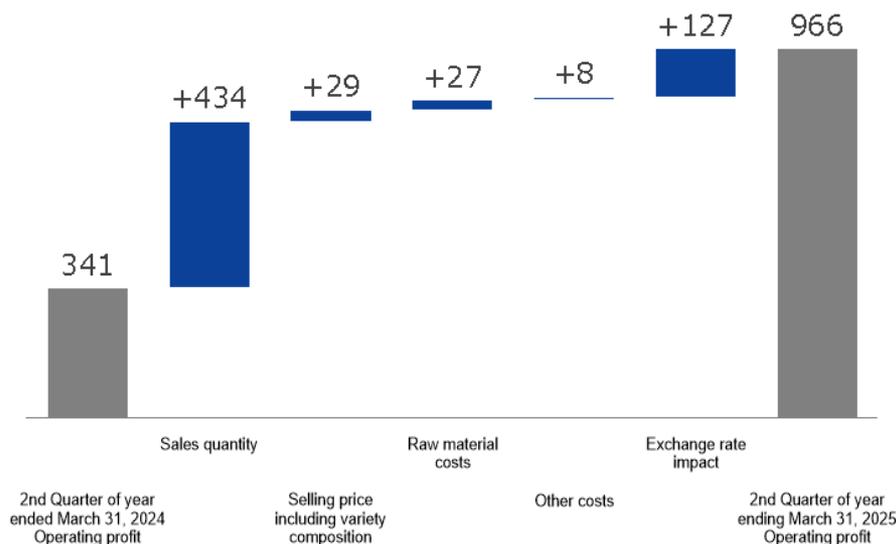
- + Increase in shipments of products for semiconductors and electronic components with the gradual recovery of the electronics market.

# Situation by segment    Films & Sheetings Products Business



Unit: Million yen

	2nd Quarter of Year ended March 31, 2024	2nd Quarter of Year ending March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	8,601	<b>9,963</b>	1,361	+15.8%
<b>Films</b>	620	<b>708</b>	88	+14.2%
<b>Stickers</b>	3,319	<b>3,588</b>	269	+8.1%
<b>Retroreflective sheetings</b>	4,662	<b>5,665</b>	1,003	+21.5%
<b>Operating profit</b>	341	<b>966</b>	625	+183.5%



## Films **Increased incomes** and **decreased profits**

- + Increase in shipments of products for outdoor signs in Japan
- Negative impact on profit/loss due to the delay in passing on the increased cost of raw materials to product prices

## Stickers **Increased incomes** and **profits**

- + Increase in shipments of high-value-added products such as 3D emblems for motorcycles in Thailand
- + Increase in shipments of products for motorcycles applications due to higher motorcycle production in Indonesia.

## Retroreflective Sheetings **Increased incomes** and **profits**

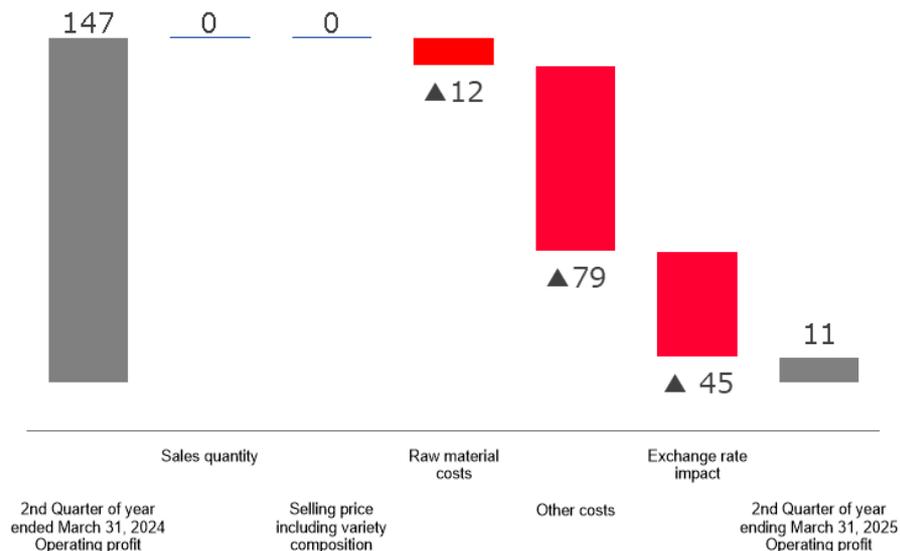
- + Increase in shipments of products for license plates due to an increase in the number of automobiles sold in Europe, the United States and China
- + Positive impact on profit/loss due to exchange rates

# Situation by segment Construction Materials Related Business



Unit: Million yen

	2nd Quarter of Year ended March 31, 2024	2nd Quarter of Year ending March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	3,499	<b>3,501</b>	1	+0.1%
Operating profit	147	<b>11</b>	▲ 135	▲92.0%



## Increased incomes and decreased profits

- + Increase in shipments of resin extrusion molded products for housing due to an increase in demand for home renovations under the energy conservation subsidy program
- Increase in raw material prices due to the rise in the price of aluminum ingots
- Negative impact on profit/loss due to inventory reduction

# Situation by segment Engineering Business



Unit: Million yen

	2nd Quarter of Year ended March 31, 2024	2nd Quarter of Year ending March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	1,075	<b>1,422</b>	347	+32.3%
<b>Operating proffit</b>	▲ 127	<b>91</b>	218	-

## Increased incomes and profits

- + Increase in sales due to an increase in orders for carbon neutral transition facilities for the steelmaking sector
- + Positive impact on profit/loss due to cost reduction through procurement efficiency improvements and other measures

# [Summary] Consolidated balance sheets



Unit: Million yen

	Year ended March 31, 2024	2nd Quarter of year ending March 31, 2025	End-to-end ratio
Cash and deposits	13,442	13,632	189
Notes and accounts receivable - trade	12,526	13,145	618
Inventory	9,368	10,054	685
Tangible fixed assets/intangible fixed assets	24,004	23,999	▲ 4
Other	1,680	1,718	38
<b>Total assets</b>	<b>61,020</b>	<b>62,548</b>	1,528
Interest-bearing liabilities	11,491	10,028	▲ 1,463
Notes and accounts payable - trade	5,537	6,184	646
Other	9,368	9,530	162
<b>Total liabilities</b>	<b>26,396</b>	<b>25,742</b>	▲ 653
Shareholders' equity	23,996	24,397	401
Accumulated other comprehensive income	8,634	10,264	1,629
Non-controlling interests	1,992	2,143	150
<b>Total net assets</b>	<b>34,623</b>	<b>36,805</b>	2,181
<b>Total liabilities and net assets</b>	<b>61,020</b>	<b>62,548</b>	1,528
D/E ratio	0.35	0.29	▲ 0.06
Equity capital	32,630	34,661	2,031
Equity ratio	53.5%	55.4%	1.9 points

# Consolidated statements of cash flows



## Free cash flow was 1,822 million yen

Unit: Million yen

	2nd Quarter of Year ended March 31, 2024	2nd Quarter of Year ending March 31, 2025	Year-on-year comparison
Profit before income taxes	1,233	<b>1,381</b>	148
Depreciation	969	<b>940</b>	▲ 28
Net cash provided by (used in) operating activities	▲ 101	▲ <b>36</b>	65
Other	▲ 625	▲ <b>563</b>	62
Cash flows from operating activities	1,476	<b>1,722</b>	246
Cash flows from investing activities	▲ 2,108	<b>99</b>	2,207
Free cash flows	▲ 631	<b>1,822</b>	2,454
Net increase (decrease) in borrowings	825	▲ <b>1,455</b>	▲ 2,280
Dividends paid	▲ 328	▲ <b>465</b>	▲ 136
Other	▲ 79	▲ <b>122</b>	▲ 43
Cash flows from financing activities	415	▲ <b>2,042</b>	▲ 2,458
Effect of exchange rate change on cash and cash equivalents	627	<b>927</b>	299
Net increase (decrease) in cash and cash equivalents	411	<b>706</b>	295
Final balance of cash and cash equivalents	10,232	<b>12,764</b>	2,531



# Forecast of full-year results for the year ending 31 March 2025

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# Forecast of consolidated results for the year ending 31 March 2025



Net sales are expected to be in line with the previous forecast.

Operating profit has been revised upwards, based on expectations that the gradual recovery in the electronics market that began in the first half of the year will continue.

Ordinary profit and current net profit have been revised upwards, due to the recording of foreign exchange gains.

Unit: Million yen

	Year ended March 31, 2024		Year ended March 31, 2025		Year ended March 31, 2025		Year-on-year changes		
	Results	Profit margin	Forecasts announced on 5/13	Profit margin	Forecasts at present	Profit margin	Year-on-year changes (amount)	Year-on-year changes (percentage)	
Net sales	43,231	-	50,000	—	<b>50,000</b>	—	6,769	+15.7%	
Operating profit	849	2.0%	2,100	4.2%	<b>2,300</b>	<b>4.6%</b>	1,451	+170.8%	
Ordinary profit	1,573	3.6%	2,200	4.4%	<b>2,600</b>	<b>5.2%</b>	1,027	+65.3%	
Current net profit	999	2.3%	1,000	2.0%	<b>1,400</b>	<b>2.8%</b>	401	+40.0%	
Dividend per share	Interim	30 yen	—	40 yen	—	<b>40 yen</b>	—	0 yen	+0.0%
	Year end	50 yen	—	40 yen	—	<b>40 yen</b>	—		

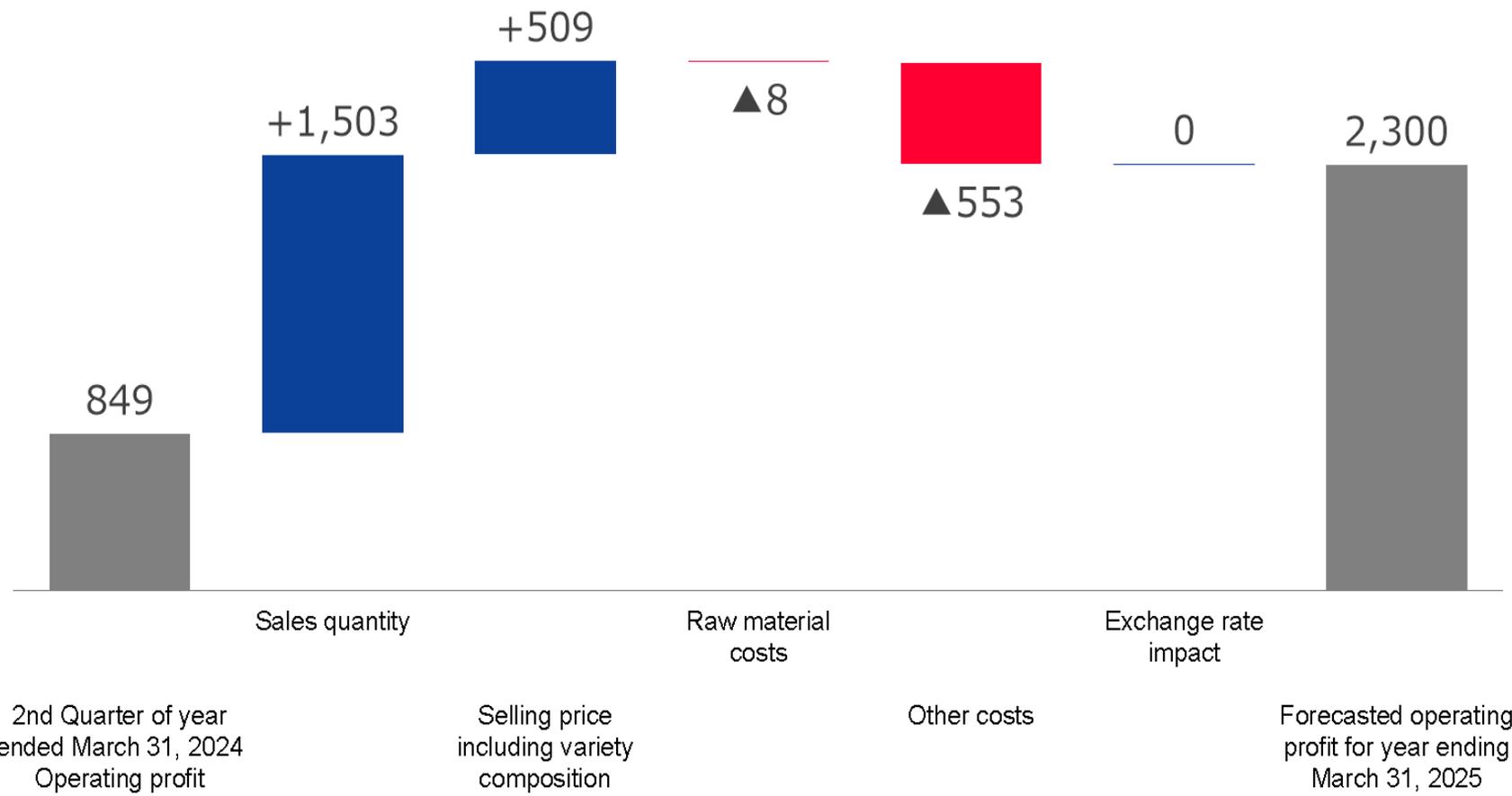
The annual dividend for the Year ending March 31, 2025 is expected to be 80 JPY, the same amount as in the previous year. The shareholder return policy aims to maintain a stable dividend with a payout ratio of at least 30%.

# Analysis of factors leading to changes in operating profit FY2024 vs FY2025



**Increase in profits** by 1,451 million yen compared to the previous period

Unit: Million yen



# Business outlook by segment



Unit: Million yen

		Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2025	Year-on-year changes	
		Results	Forecasts announced on 5/13	Forecasts at present	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronics and Functional Products	Net sales	16,545	19,000	<b>18,200</b>	1,655	+10.0%
	Operating profit	643	1,100	<b>800</b>	157	+24.4%
Films and Sheetings Products	Net sales	17,498	20,000	<b>20,800</b>	3,302	+18.9%
	Operating profit	655	1,400	<b>1,800</b>	1,145	+174.8%
Construction Materials Related	Net sales	7,112	7,400	<b>7,400</b>	288	+4.0%
	Operating profit	272	50	<b>40</b>	▲ 232	▲ 85.3%
Engineering	Net sales	2,491	4,000	<b>3,700</b>	1,209	+48.5%
	Operating profit	▲ 136	280	<b>300</b>	436	-
Consolidated adjustment	Net sales	▲ 416	▲ 500	▲ 100	316	-
	Operating profit	▲ 586	▲ 730	▲ 640	▲ 54	-
Consolidated total	Net sales	43,231	50,000	<b>50,000</b>	6,769	+15.7%
	Operating profit	849	2,100	<b>2,300</b>	1,451	+170.8%

# Business outlook for second half of the fiscal year by segment (First Half Comparison)



Electronics and Functional Products	Functional chemicals	<ul style="list-style-type: none"> <li>+ Shipments of products for semiconductors and electronic components increased with the recovery of the electronics market.</li> <li>+ With the completion of inventory adjustments due to customer circumstances, shipments of products for agricultural chemicals increased.</li> </ul>
	Functional polymers	<ul style="list-style-type: none"> <li>+ Shipments of adhesives for optical-related fields increased due to increased sales in the Chinese market.</li> <li>- Domestic shipments of adhesives for paints decreased.</li> </ul>
	Electric materials	<ul style="list-style-type: none"> <li>+ Shipments of products for semiconductors and electronic components increased with the recovery of the electronics market.</li> <li>- Negative impact on profit/loss due to inventory reductions.</li> </ul>
Films and Sheetings Products	Films	<ul style="list-style-type: none"> <li>+ Shipments of laser markable labels for tamper prevention increased due to increased sales in the Chinese market</li> </ul>
	Stickers	<ul style="list-style-type: none"> <li>+ Shipments of products for motorcycles applications increased due to higher motorcycle production in Brazil</li> <li>- Negative impact on profits/losses due to exchange rates.</li> </ul>
	Retroreflective sheetings	<ul style="list-style-type: none"> <li>+ Shipments of reflective sheetings products for graphics increased.</li> <li>- Negative impact on profit/loss due to inventory reductions.</li> </ul>
Construction Materials Related	<ul style="list-style-type: none"> <li>+ Sales increased due to an increase in the number of condominiums completed.</li> </ul>	
Engineering	<ul style="list-style-type: none"> <li>+ Sales increased due to an increase in orders for carbon neutral transition facilities for the steelmaking sector.</li> </ul>	



Actions to achieve management conscious of  
cost of capital and stock price

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# Initiatives for improved PBR

Recognizing that improving PBR is an important management issue, the company will promote measures from both ROE and PER perspectives.

**PBR**

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**ROE**

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**PER**

## ROE

- Growing business by expanding sales of growth drivers and creating new growth drivers in strategic market areas.
- Strengthening the structure of the core businesses with low profitability.
- Considering using interest-bearing debt as needed while maintaining a sound financial structure.
- Shareholder returns: Continuing to pay stable dividends with a target payout ratio of 30% or more.  
⇒The annual dividend for the Year ending March 31, 2025 is expected to be 80 JPY.

## PER

- Growing business by expanding sales of growth drivers and creating new growth drivers in strategic market areas.
- Strengthening the structure of the core businesses with low profitability.
- Promotion of sustainability management:
  - Promoting renewable energy use through solar power generation and renewable energy purchase, etc.
  - Contributing to carbon neutrality through engineering business.
  - Investing in human capital with an awareness of diversity equity and inclusion.



# TOPICS

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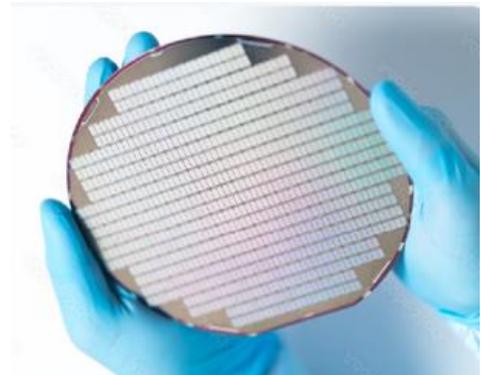


## Inquiries about vinyl ether for semiconductor applications are increasing

There are only a few manufacturers in the world that produce vinyl ether, which is synthesized using acetylene derived from carbide as a raw material. Furthermore, the wide range of vinyl ether products that our Group manufactures is one of our strengths. Vinyl ether is used in a variety of applications, and recently, we have been receiving more inquiries about its use in semiconductor-related applications, such as its use as a blocking agent for photoresist and a modifier for photosensitive resin. Acetylene, the raw material for vinyl ether, is highly flammable and poses a risk when handling. Our Group has achieved safe operations and a stable supply of products through the inheritance of the technology and management that we have cultivated since our founding.

### Examples of vinyl ether applications

- High weather-resistant and high anticorrosive paints used for bridges, towers, etc.
- Raw materials for UV ink
- Improving the flexibility of soft contact lenses
- Raw materials for cancer treatment drugs





### Azole compounds are contributing to the field of next-generation semiconductors

Cyanamide and cyanamide derivatives, which are manufactured from carbide, have long been used as raw materials and intermediates for pharmaceuticals and agricultural chemicals. In addition, azole compounds, which are one type of cyanamide derivative, are also used as surface treatment agents in semiconductor manufacturing processes and as additives to improve the adhesion in electronic devices.



In conventional semiconductor manufacturing, the adhesion of resin to metal surfaces was physically improved by roughening the metal surface. In recent years, due to the need for high-speed communication, it has been necessary to avoid roughening the surface of metals in order to reduce transmission loss. Azole compounds produced by the Group have the ability to chemically bond metal surfaces without the need for roughening the surfaces, which leads to further improvements in reliability and is attracting attention for its contribution to the evolution of next-generation and advanced semiconductors.

**For questions and inquiries from analysts/institutional investors,  
please contact**



**NIPPON CARBIDE INDUSTRIES CO.,INC.**

Public Relations & Investor Relations Group  
Corporate Planning Department

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