

# Explanation of Financial Results for the Year Ended 31 March 2025

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May 13, 2025



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



# Summary of Financial Results for the Year Ended 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 films and sheetings products business, shipments of products for motorcycles and license plates increased.
- In the construction materials related business, profitability declined due to rising raw material prices, primarily driven by soaring aluminum prices.
- 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.

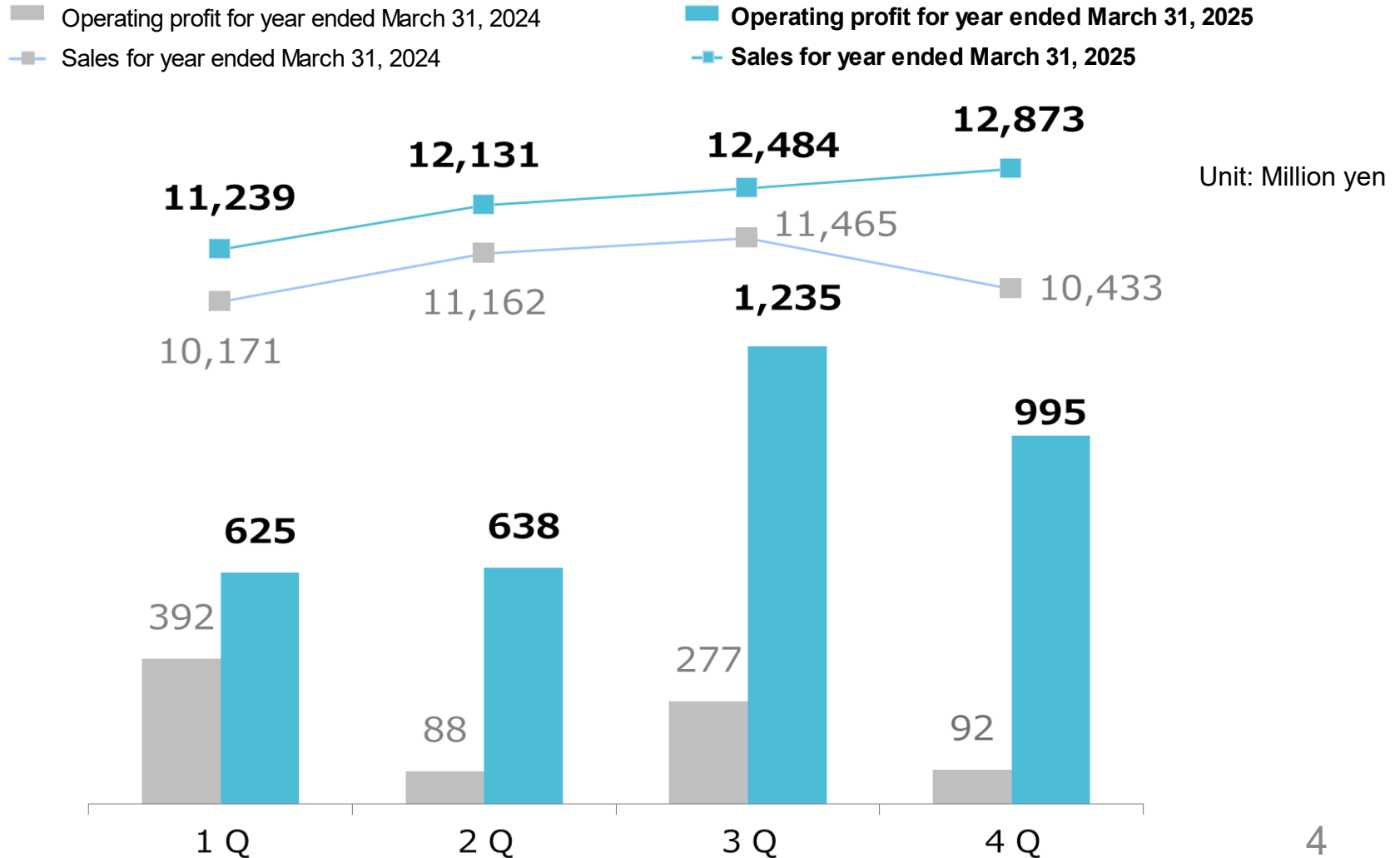
Unit: Million yen

	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
<b>Net sales</b>	43,231	<b>48,727</b>	5,495	+12.7%
<b>Operating profit</b>	849	<b>3,493</b>	2,644	+311.4%
<b>Operating profit/     net sales</b>	2.0%	<b>7.2%</b>	—	+5.2 point
<b>Ordinary profit</b>	1,573	<b>3,761</b>	2,188	+139.1%
<b>Current net profit</b>	999	<b>2,211</b>	1,211	+121.2%

# Quarterly performance trends



- Both incomes and profits increased YOY in each quarter.
- Profits decreased in 4Q compared to 3Q due to year-end accounting adjustments.

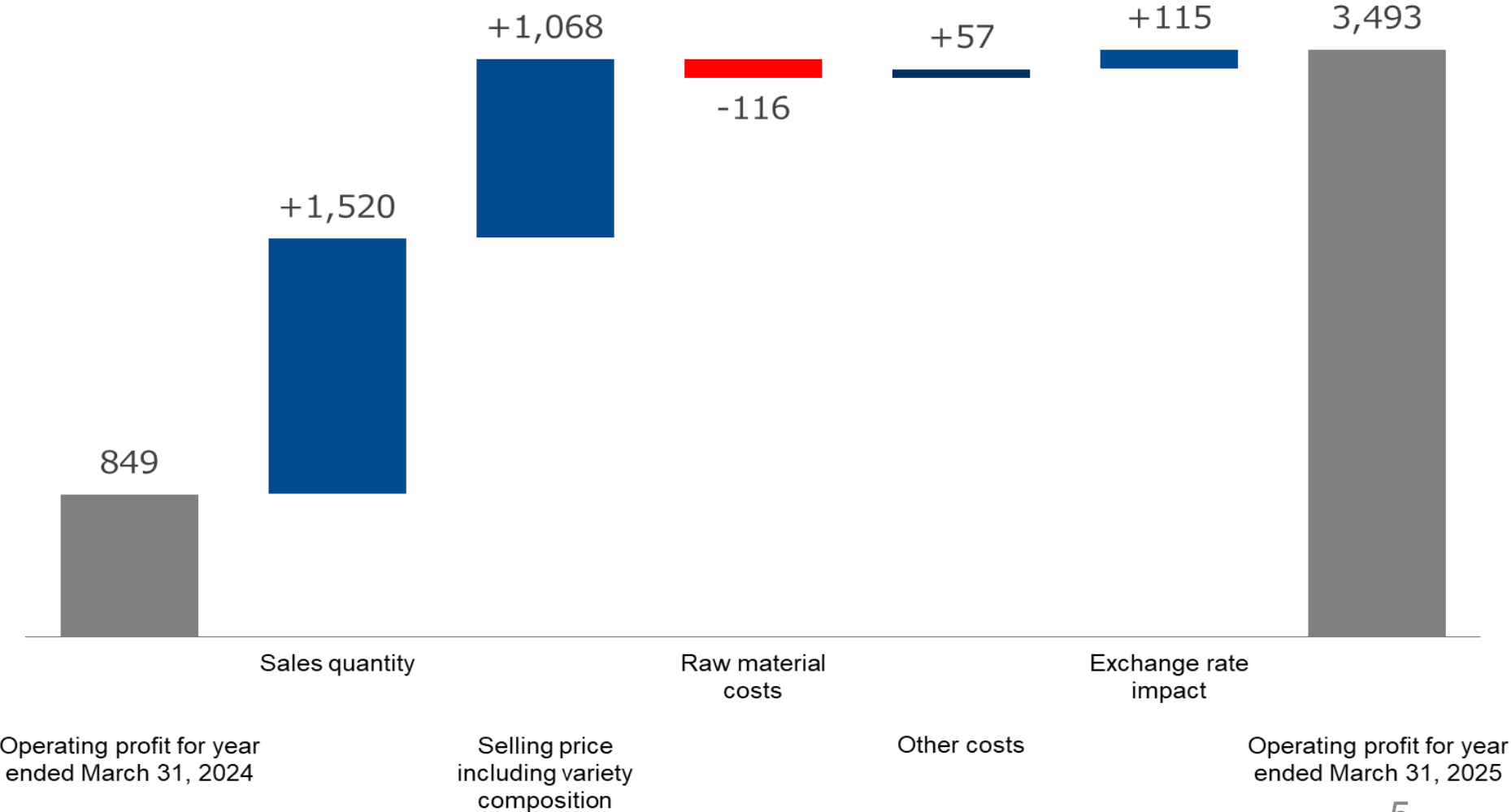


# Analysis of factors leading to changes in operating profit FY2024 vs FY2025



**Increase in profit** of 2,644 million yen  
compared to the previous year

Unit: Million yen



# Performance by segment



Unit: Million yen

		Year ended March 31, 2024	Year ended 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	16,545	<b>17,414</b>	868	+5.3%
	Operating profit	643	<b>936</b>	292	+45.5%
Films and Sheetings Products	Net sales	17,498	<b>20,955</b>	3,456	+19.8%
	Operating profit	655	<b>2,568</b>	1,912	+291.6%
Construction Materials Related	Net sales	7,112	<b>7,004</b>	-108	-1.5%
	Operating profit	272	<b>75</b>	-197	-72.5%
Engineering	Net sales	2,491	<b>3,598</b>	1,107	+44.5%
	Operating profit	-136	<b>433</b>	569	-
Consolidated adjustment amount	Net sales	-416	<b>-245</b>	171	-
	Operating profit	-586	<b>-518</b>	68	-
Consolidated total amount	Net sales	43,231	<b>48,727</b>	5,495	+12.7%
	Operating profit	849	<b>3,493</b>	2,644	+311.4%

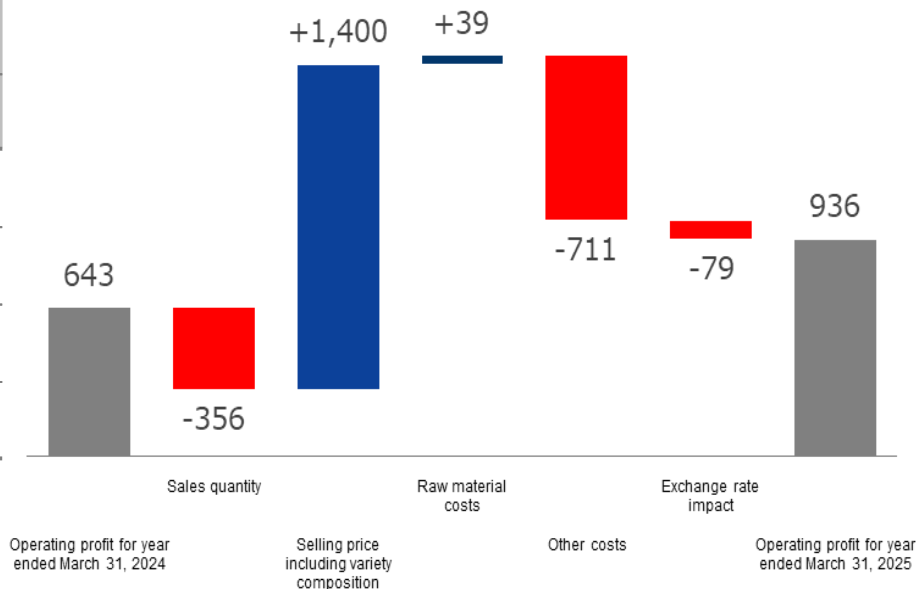
# Situation by segment

## Electronics & Functional Products Business



Unit: Million yen

	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	16,545	<b>17,414</b>	868	+5.3%
Functional chemicals	2,913	<b>4,225</b>	1,312	+45.0%
Functional polymers	8,290	<b>7,562</b>	-727	-8.8%
Electric materials	5,341	<b>5,625</b>	284	+5.3%
Operating profit	643	<b>936</b>	292	+45.5%



### Functional Chemicals Increased incomes and profits

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

### 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 optical-related fields due to delays in switching to next-generation products for the Chinese and domestic markets

### Electric Materials Increased incomes and decreased profits

- + Increase in shipments of products for semiconductors and electronic components with the gradual recovery of the electronics market
- Negative impact on profit/loss due to inventory reductions

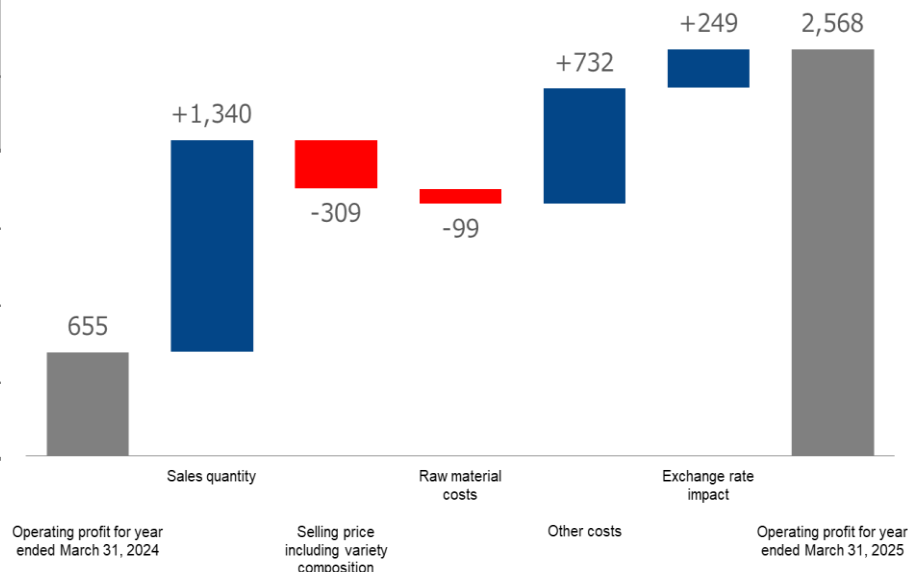
# Situation by segment

## Films & Sheetings Products Business



Unit: Million yen

	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	17,498	<b>20,955</b>	3,456	+19.8%
Films	1,330	<b>1,488</b>	158	+11.9%
Stickers	6,515	<b>7,247</b>	731	+11.2%
Retroreflective sheetings	9,652	<b>12,219</b>	2,567	+26.6%
Operating profit	655	<b>2,568</b>	1,912	+291.6%



### Films Increased incomes and profits

- + Increase in shipments of laser markable labels due to expansion of sales in China

### Stickers Increased incomes and profits

- + Increase in shipments of products for motorcycles due to higher motorcycle production in Vietnam, Indonesia, and Brazil

### Retroreflective Sheetings Increased incomes and profits

- + Increase in shipments of products for license plates due to expansion of market share in Europe

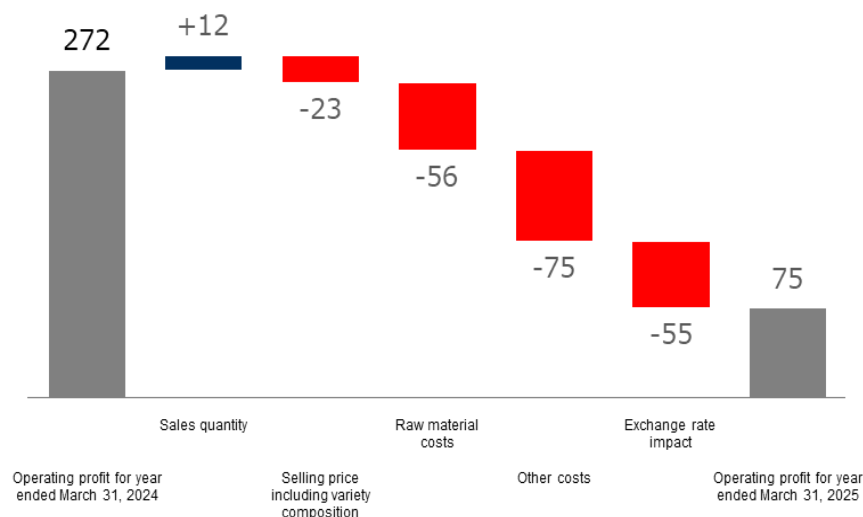


# Situation by segment

## Construction Materials Related Business



	Unit: Million yen			
	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	7,112	<b>7,004</b>	-108	-1.5%
Operating profit	272	<b>75</b>	-197	-72.5%



### Decreased incomes and 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
- Sales of aluminum building materials declined due to a decrease in the number of housing construction project
- Increase in raw material prices due to the rise in the price of aluminum ingots

# Situation by segment Engineering Business



Unit: Million yen

	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	2,491	3,598	1,107	+44.5%
Operating profit	-136	433	569	-

## 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	Year ended March 31, 2025	End-to-end ratio
Cash and deposits	13,442	14,538	1,096
Notes and accounts receivable - trade	12,526	13,928	1,401
Inventory	9,368	9,671	304
Tangible fixed assets/intangible fixed assets	24,004	23,712	-292
Other	1,680	1,511	-169
<b>Total assets</b>	<b>61,020</b>	<b>63,360</b>	<b>2,340</b>
Interest-bearing liabilities	11,491	9,902	-1,589
Notes and accounts payable - trade	5,537	5,890	353
Other	9,368	9,662	295
<b>Total liabilities</b>	<b>26,396</b>	<b>25,454</b>	<b>-941</b>
Shareholders' equity	23,996	25,388	1,391
Accumulated other comprehensive income	8,634	10,333	1,698
Non-controlling interests	1,992	2,184	192
<b>Total net assets</b>	<b>34,623</b>	<b>37,906</b>	<b>3,282</b>
<b>Total liabilities and net assets</b>	<b>61,020</b>	<b>63,360</b>	<b>2,340</b>
D/E ratio	0.35	0.28	-0.07
Equity capital	32,630	35,721	3,091
Equity ratio	53.5%	56.4%	2.9 points

# Consolidated statements of cash flows



Free cash flow was 2,893 million yen.

Unit: Million yen

	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison
Profit before income taxes	1,797	<b>3,460</b>	1,663
Depreciation	2,014	<b>1,921</b>	-92
Net cash provided by (used in) operating activities	422	<b>-717</b>	-1,139
Other	1,140	<b>-559</b>	-1,699
Cash flows from operating activities	5,373	<b>4,105</b>	-1,267
Cash flows from investing activities	-2,437	<b>-1,212</b>	1,225
Free cash flows	2,935	<b>2,893</b>	-42
Net increase (decrease) in borrowings	-303	<b>-1,551</b>	-1,248
Dividends paid	-611	<b>-837</b>	-226
Other	-350	<b>-155</b>	196
Cash flows from financing activities	-1,264	<b>-2,543</b>	-1,278
Effect of exchange rate change on cash and cash equivalents	564	<b>656</b>	92
Net increase (decrease) in cash and cash equivalents	2,235	<b>1,006</b>	-1,229
Cash and cash equivalents at end of period	12,057	<b>13,063</b>	1,006



# Capital investment, depreciation and R&D

As a result of a review of the capital investment plan in line with changes in the business environment, particularly in the electronics strategic market, capital investment decreased by 116 million yen compared to the previous year.

Unit: Million yen			
	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparison
Capital investment	1,324	<b>1,208</b>	-116
Electronics and functional products	320	<b>501</b>	181
Films and sheetings products	755	<b>290</b>	-465
Construction materials related	40	<b>65</b>	25
Engineering	30	<b>47</b>	17
Common/adjustment	177	<b>303</b>	126
Depreciation	2,014	<b>1,921</b>	-93
Electronics and functional products	718	<b>713</b>	-4
Films and sheetings products	692	<b>627</b>	-65
Construction materials related	112	<b>93</b>	-19
Engineering	56	<b>60</b>	4
Common/adjustment	434	<b>426</b>	-8
R&D expenditure	2,113	<b>2,020</b>	-93

## Major capital investment projects

- Introduction of core systems to promote DX for affiliated companies
- Renewal of equipment to reduce environmental impact for the electronics and functional products business

\* Capital expenditure is the amount capitalized as of the time when equipment, etc. is inspected and received. The amount of expenditure on the acquisition of tangible fixed assets in the cash flows from investing activities is the amount as of the time when the funds for equipment, etc. inspected and received were actually paid, which causes a difference.



# Forecast of full-year results for the year ending 31 March 2026

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# Forecast of consolidated results for the year ending 31 March 2026



As a direct impact of the additional U.S. tariffs, we expect additional tariff rates of 24% to 46% to the US, 30% from China to the US.

The full-year earnings forecast, which includes measures such as partial price pass-through, is for higher net sales than the previous year, lower operating profit than the previous year, and higher current net profit than the previous year.

Sales to the US account for approximately 6% of the Group's total sales, of which approximately 5% are for products manufactured in China.

Unit: Million yen

	Year ended March 31, 2025		Forecast for the year ending March 2026		Reference: Forecast for the year ending March 2026 excluding the impact of additional US tariffs		
	(1) Results	(2) Performance forecasts	Year-on-year changes (amount) (2) – (1)	Year-on-year changes (percentage) (2) – (1)	(3) Performance forecasts	Year-on-year changes (amount) (3) – (1)	Year-on-year changes (percentage) (3) – (1)
Net sales	48,727	49,000	273	+0.6%	49,000	273	+0.6%
Operating profit	3,493	3,300	-193	-5.5%	3,600	107	+3.1%
Profit margin	7.2%	6.7%	–	-0.5 points	7.3%	–	+0.1 points
Ordinary profit	3,761	3,400	-361	-9.6%	3,700	-61	-1.6%
Profit margin	7.7%	6.9%	–	-0.8 points	7.6%	–	-0.1 points
Current net profit	2,211	2,300	89	+4.0%	2,500	289	+13.1%
Profit margin	4.5%	4.7%	–	+0.2 points	5.1%	–	+0.6 points
Dividend per share	Interim	40yen	41yen	2yen	41yen	2yen	+2.5%
	Year end	40yen	41yen		41yen		

Annual ordinary dividend of 82 yen per share is planned for the FY ending March 31, 2026, aiming for enhanced shareholder returns.

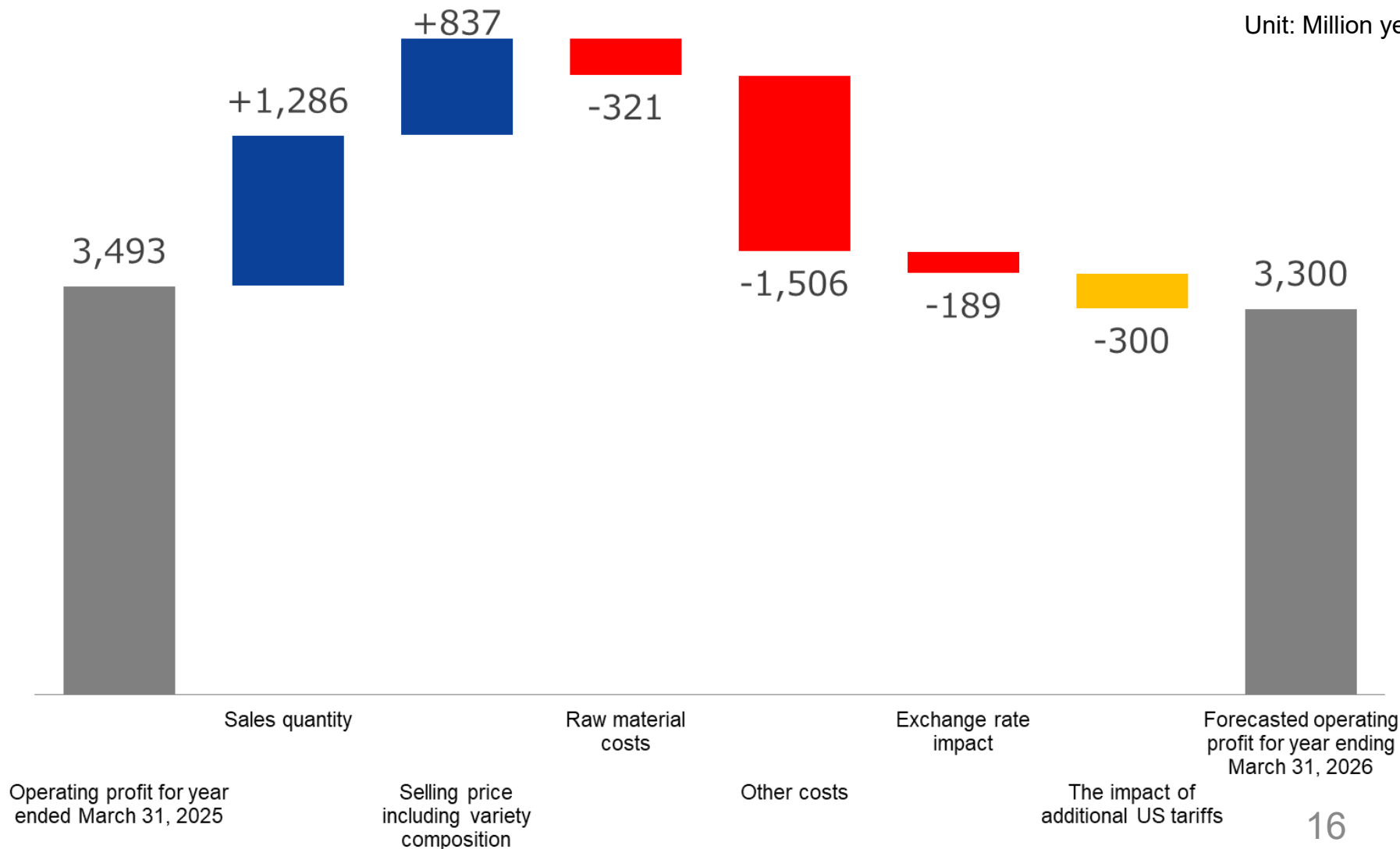
The shareholder return policy aims to maintain a stable dividend with a payout ratio of at least 30%. 15

# Analysis of factors leading to changes in operating profit FY2025 vs FY2026



**Decrease in profits** by 193 million yen compared to the previous period

Unit: Million yen







# Business outlook by segment

Electronics and Functional Products	Functional chemicals	+ Increase in shipments due to recovery in semiconductor markets and adoption for new applications
	Functional polymers	+ Increase in shipments of adhesives for optical-related fields due to expanded sales in the Chinese and domestic market
	Electric materials	+ Increase in shipments due to recovery in semiconductor and electronic component market
Films and Sheetings Products	Films	+ Increase in shipments of next-generation high-functional films due to expansion of sales in Japan and China markets
	Stickers	+ Increase in shipments of products for motorcycles due to higher motorcycle production in Vietnam, Indonesia, and South America - Negative impact on profit/loss due to increased personnel expenses - Negative impact on profit/loss due to additional US tariffs - Negative impact on profits/losses due to exchange rates
	Retroreflective sheetings	+ Increase in shipments of products for license plates due to expanded sales in the Middle East market - Decrease in shipments of products for license plates due to decline in automobile sales in Europe - Negative impact on profit/loss due to additional US tariffs - Negative impact on profits/losses due to exchange rates
Construction Materials Related	+ Increased sales of high-strength, high-performance handrails due to the growing number of completed high-rise apartment buildings	
Engineering	+ Increase in sales due to the expansion of the EPC business (a business that undertakes all three stages of engineering, procurement, and construction) Large-scale construction projects for the carbon neutral transition business were completed in the previous year, resulting in a decrease in sales for the current year -	

# Forecasts by segment



Unit: Million yen

		Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year changes	
		Results	Performance forecasts	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronics and Functional Products	Net sales	17,414	<b>17,800</b>	386	+2.2%
	Operating profit	936	<b>1,840</b>	904	+96.6%
Films and Sheetings Products	Net sales	20,955	<b>20,300</b>	-655	-3.1%
	Operating profit	2,568	<b>1,940</b>	-628	-24.5%
Construction Materials Related	Net sales	7,004	<b>7,400</b>	396	+5.7%
	Operating profit	75	<b>140</b>	65	+86.7%
Engineering	Net sales	3,598	<b>4,000</b>	402	+11.2%
	Operating profit	433	<b>300</b>	-133	-30.7%
Consolidated adjustment amount	Net sales	-245	<b>-500</b>	-255	-
	Operating profit	-518	<b>-920</b>	-402	-
Consolidated total amount	Net sales	48,727	<b>49,000</b>	273	+0.6%
	Operating profit	3,493	<b>3,300</b>	-193	-5.5%



# State of Progress of Medium-term Management Plan “NCI KIRARI 2025”

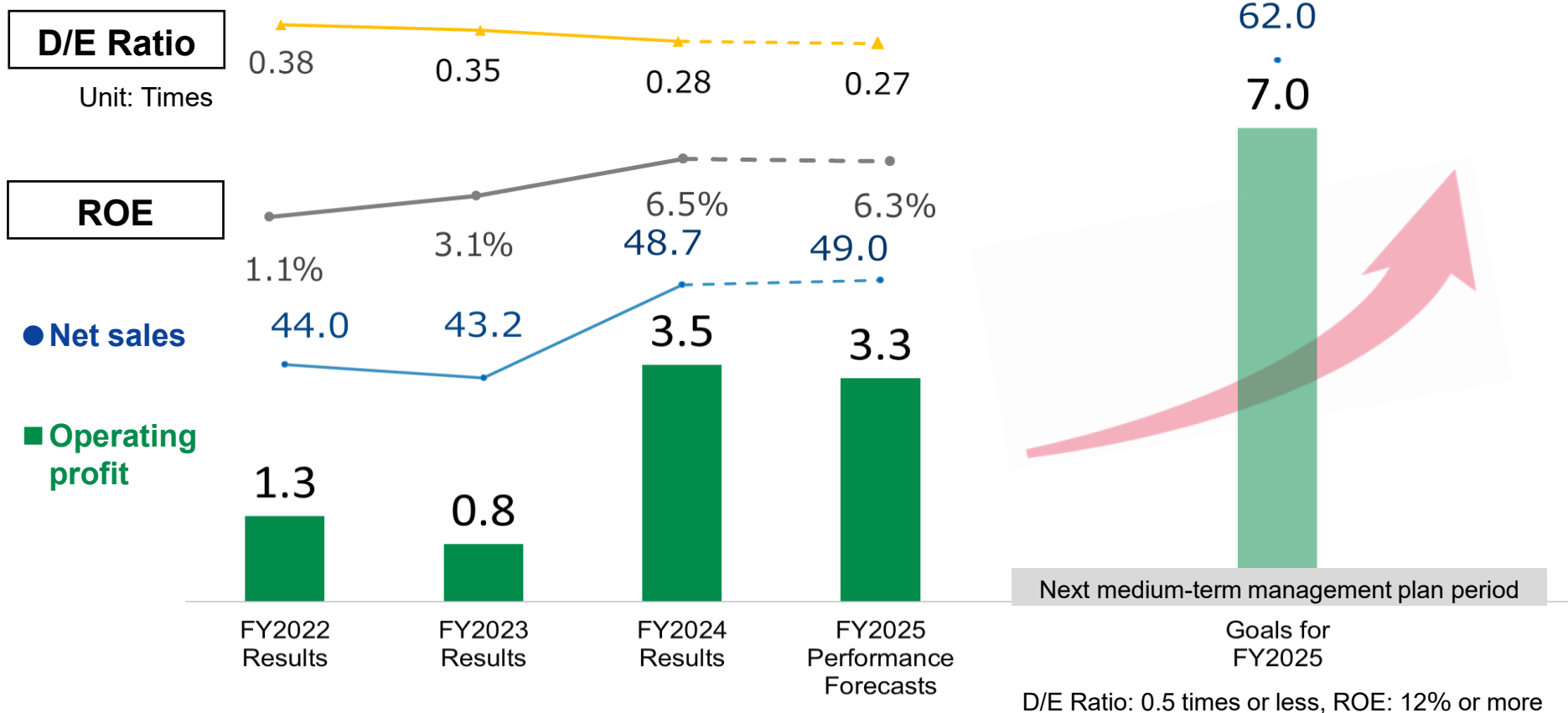
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# State of Progress    Financial Targets



We aim to achieve our financial targets for FY 2025 within the next medium-term management period after assessing the impact of additional U.S. tariffs.

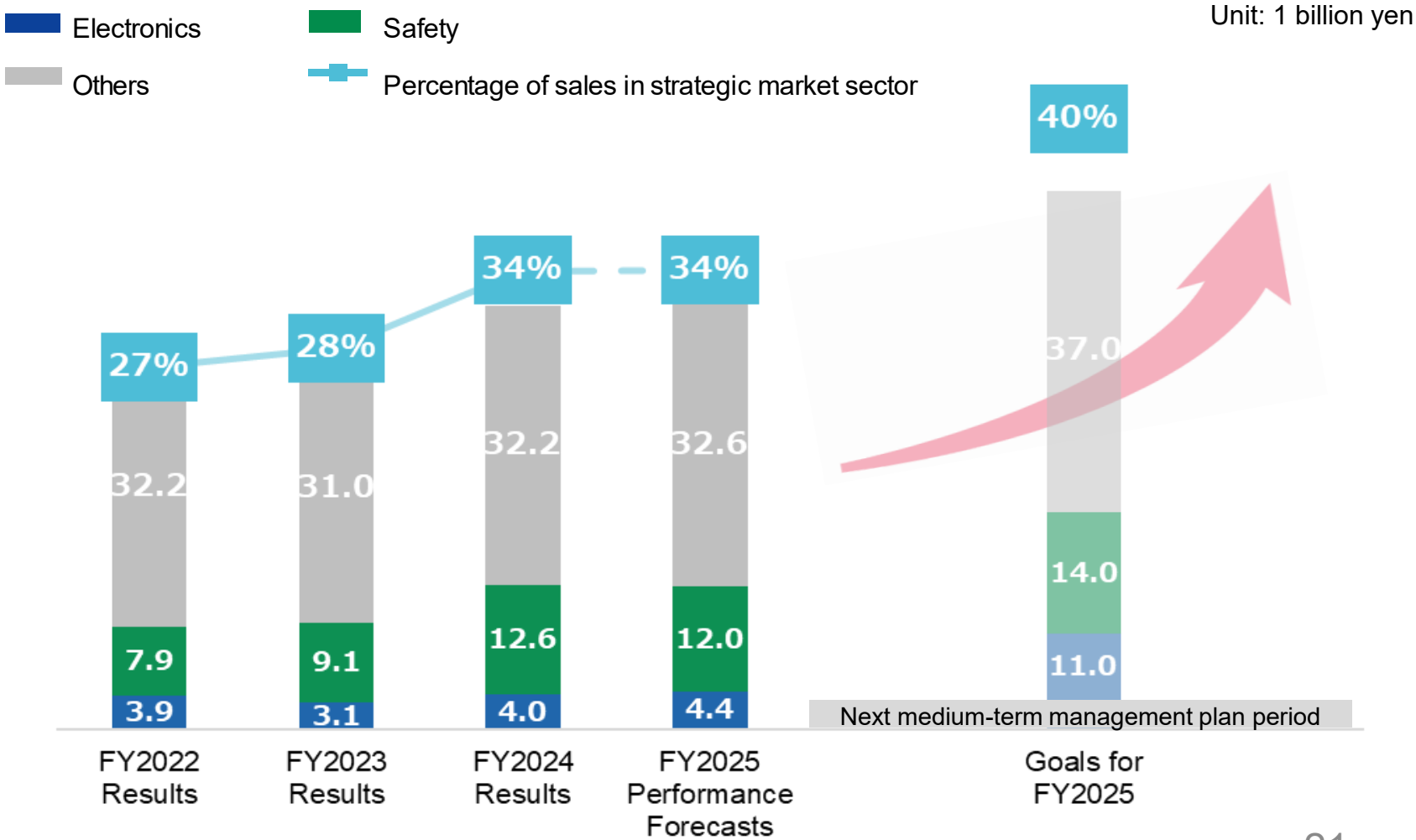
Unit: 1 billion yen



# State of Progress      Strategic market sector Sales



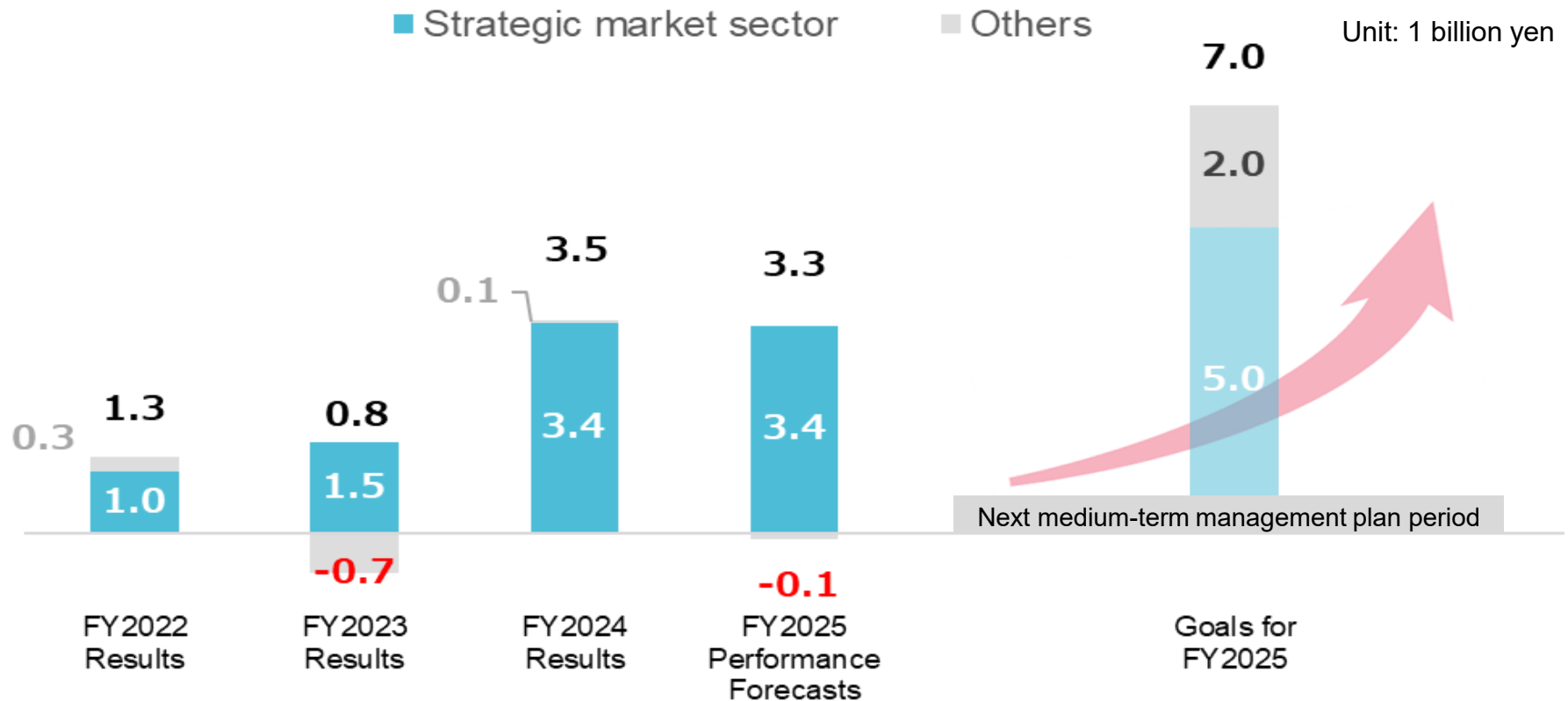
We aim to achieve our targets for both electronics and safety within the next medium-term management plan period.



# State of Progress    Strategic market sector Operating profit



Operating profit in strategic market segments is on an upward trend, and we aim to achieve our targets within the next medium-term management plan period.





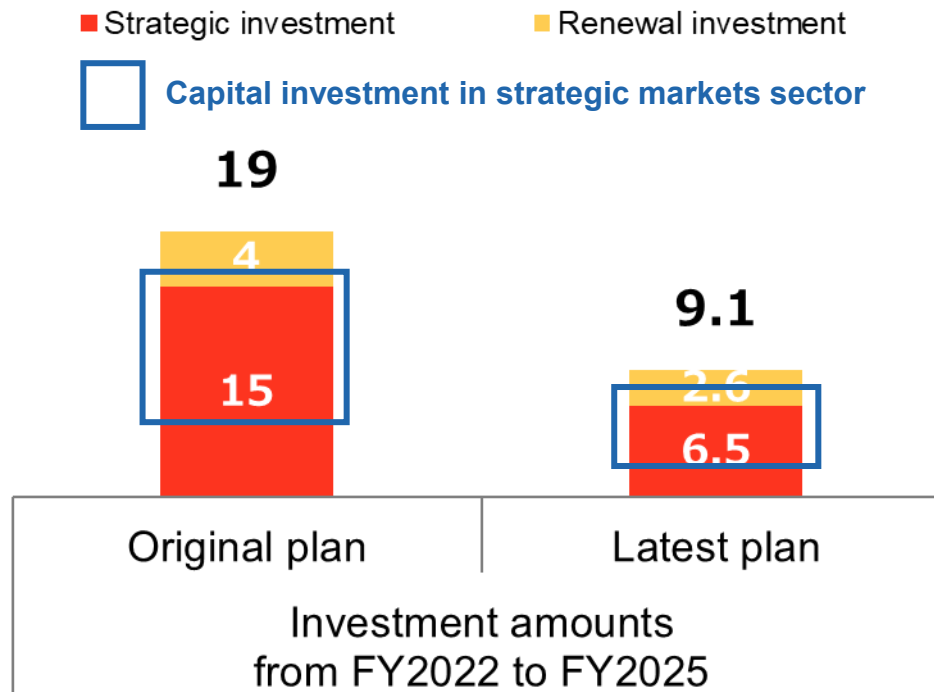
# Major challenges and measures

Segment	Sector	Major challenges	Key measures implemented in 2025
Electronics and Functional Products	Strategic market Sector	<ul style="list-style-type: none"> <li>Expanding sales of high value-added products, mainly products for semiconductor materials and electronic devices</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of product development with customers in the electronic device and advanced semiconductor fields</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Expanding sales of optical adhesives and other products in the Chinese market</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the R&amp;D back-up system in Japan and technical services in China</li> </ul>
Films and Sheetings Products	Strategic market Sector	<ul style="list-style-type: none"> <li>Expanding new business with next-generation high performance films and environmentally friendly decorative molded products</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of high-performance label products developed for automotive applications into the electronics market and other markets, and further enhancement of added value</li> <li>Strengthening the new entry of environmentally friendly 3D emblems developed for motorcycle into the automotive market</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Expanding sales of reflective sheetings for the graphics market in the USA</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening ties with major distributors</li> <li>Application to a wide variety of substrates through improved adhesive performance</li> </ul>
Construction Materials Related	Strategic market Sector	<ul style="list-style-type: none"> <li>Expanding sales of high-strength, high-performance handrails for high-rise buildings</li> </ul>	<ul style="list-style-type: none"> <li>Differentiation using product designs with high safety features on high-rise floors</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Expanding sales of carport products for EV</li> <li>Expanding sales of LED lighting products (handrails and copings) to shops and commercial facilities</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of product development tailored to regional characteristics such as snowfall areas</li> </ul>
Engineering	Strategic market Sector	<ul style="list-style-type: none"> <li>Expanding business by capturing business opportunities in carbon neutral transition</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of response to customer needs by utilizing the powder conveying technology developed over many years</li> </ul>
	Others	<ul style="list-style-type: none"> <li>Expanding EPC business (a business that undertakes all three stages of engineering, procurement, and construction)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening co-operation with customers by having engineers present on site at the facilities</li> </ul>

# Capital investment



Review capital investment plans in line with changes in the business environment, particularly in relation to the electronics strategic markets.



## Major capital investment reduction projects

- Capital investment in products for semiconductors and electronic components
- Capital investment in reflective sheetings-related products

Unit: 1 billion yen

Capital investment  
in strategic  
markets sector

11 billion yen

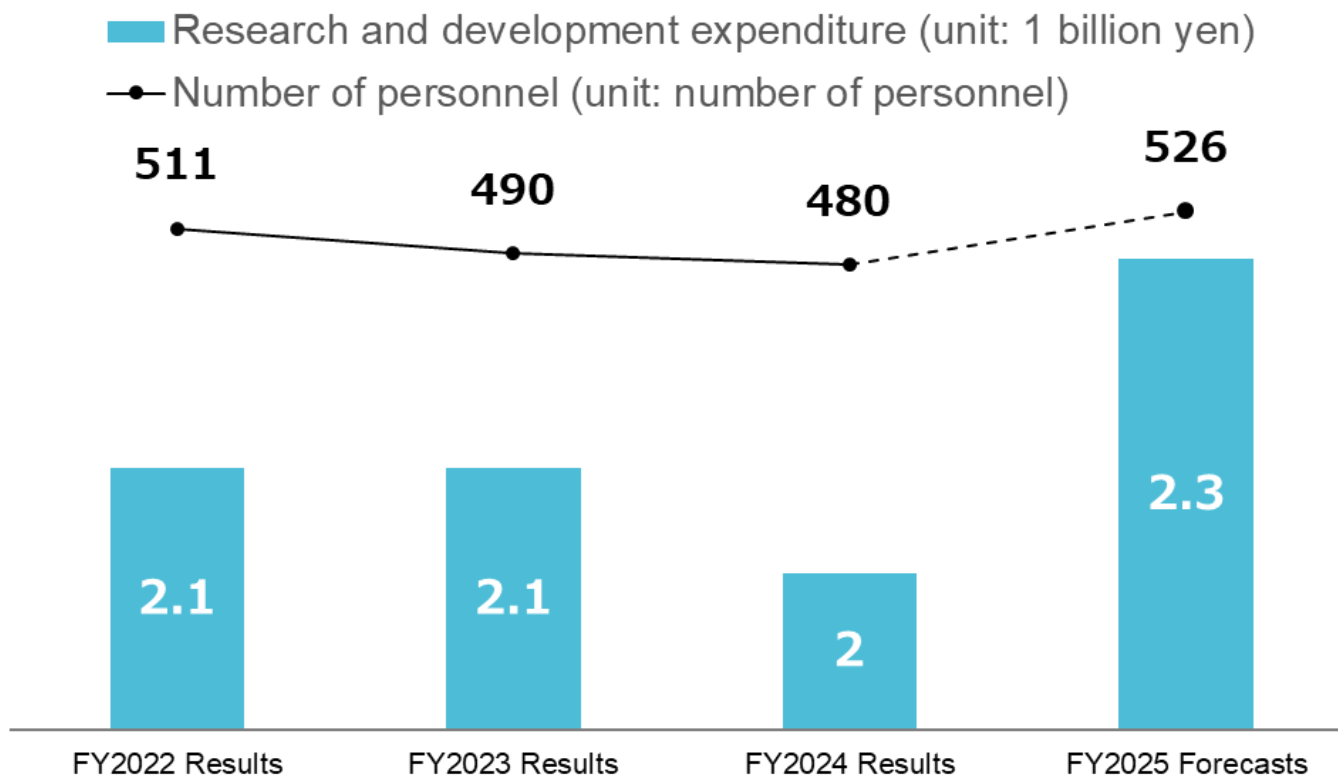
6.3 billion yen



# Research and development



Plans for increasing both R&D expenditure and number of R&D personnel.

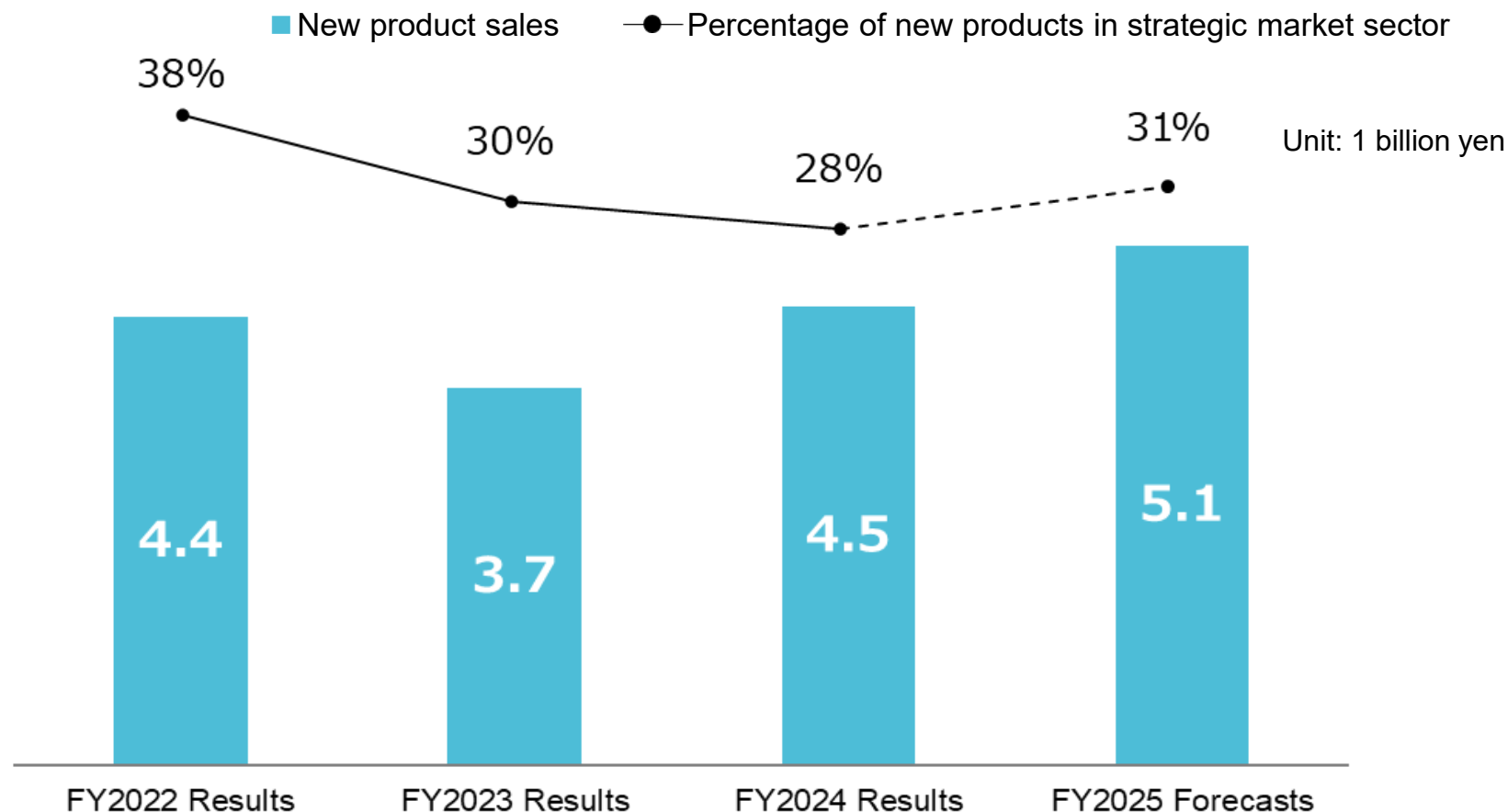




# Percentage of new product sales

Percentage of new product sales in strategic market sector was 28% in FY2024 (4.5 billion yen).

For FY2025, the target is 31% (5.1 billion yen), compared to the initial target of 35%.





Initiatives to achieve management with  
an awareness of cost of capital and share price

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# Efforts to improve PBR

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

PBR improved from 0.40 in the FY ended March 2023 to 0.47 in the FY ended March 2025.

PBR		=	ROE	×	PER
ROE	Business strategy	Strategic market	Business growth through expansion of existing growth drivers and creation of new growth drivers ⇒Strategy restructuring for the next medium-term management plan due to delayed market recovery		
		Core business	Strengthening the structure of the core businesses with low profitability. ⇒Strengthening business management, including break-even point management, and identifying low-profit businesses		
		Shareholder returns	Continuing to pay stable dividends with a target payout ratio of 30% or more ⇒80 yen dividend for FY2023, 80 yen dividend and 200 million yen share buyback for FY 2024, <b>82 yen dividend for FY2025</b>		
	Capital strategy Financial strategy	Interest-bearing debt	Considering using interest-bearing debt as needed while maintaining a sound financial structure. ⇒Considering using interest-bearing debt in strategic investments, etc.		
		Funding efficiency	Sales of cross-shareholdings and other assets, and utilization of funds including those of group companies ⇒Sale of cross-shareholdings nearly complete; <b>funds, including those from group companies, to be used for strategic investments, etc.</b>		
PER	Improved PER	Sustainability	Promotion of sustainability management ⇒ Formulation and <b>implementation</b> of a 2030 roadmap for GHG emissions, formulation of a human rights policy, etc.		

**Bold text indicates measures currently being implemented.**



# TOPICS

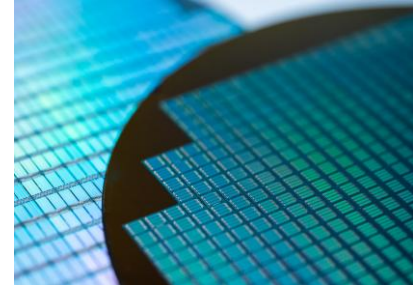
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## Increased demand for resist crosslinking agents in the semiconductor market

We have a proven track record in the production of melamine using calcium cyanamide as a raw material, and we manufacture and sell thermosetting melamine-based and urea-based crosslinking agents. By managing metal ion components, which is one of the important management standards in the semiconductor industry, we have developed One&Only cross-linking agents with a unique purification method that achieves a level of low metal content that cannot be replicated by other companies. Through stable quality control, we have earned the trust of our customers as a supplier of crosslinking agents for photosensitive resins used in “photoresists,” “underlayers,” and “buffer coat films (for protecting semiconductor devices)” in the front-end process of semiconductor manufacturing, as well as for crosslinking agents for photosensitive resins used in “RDL (redistribution layers)” in the back-end process.

With the growing demand for cutting-edge products such as generative AI and HBM (high-bandwidth memory), inquiries for cross-linking agents have been increasing. By combining our long-established technical expertise in melamine and urea with our advanced cross-linking agent development capabilities, we are committed to meeting our customers' needs.





### Expansion of sales of stickers with retroreflective properties

Retroreflectivity is a phenomenon in which light is reflected back in the direction from which it came. Stickers with retroreflective properties are one of our Group's original products. Currently used mainly in automobiles, we are focusing on expanding their use to two-wheeled vehicles and beyond mobility applications

#### ● Retroreflective stickers

When light is not shone on it



When light hits the sticker, it bounces back in the same direction (retroreflection), making the image visible. The technology that allows black stickers to reflect various colors is unique to our company.





### Expansion of sales of environmentally friendly decorative molded products

The 3D-emblem with a metallic sheen is one of our environmentally friendly decorative molded products. We have developed two new products: “internally-illuminated 3D soft emblem” and “retroreflective 3D soft emblem.” Both products have been highly evaluated by our customers for their design, and we are striving to further improve them by exploring customer needs and utilizing our overseas network to expand sales.

- **Internally illuminated 3D soft emblem**

Before lighting. The metallic exterior gives a more luxurious appearance.



When lit in the dark, it emits light from within.



- **Retroreflective 3D soft emblem**

Before reflecting.



When light is shone on it, the incident light returns in the direction of incidence (retroreflection), increasing visibility.



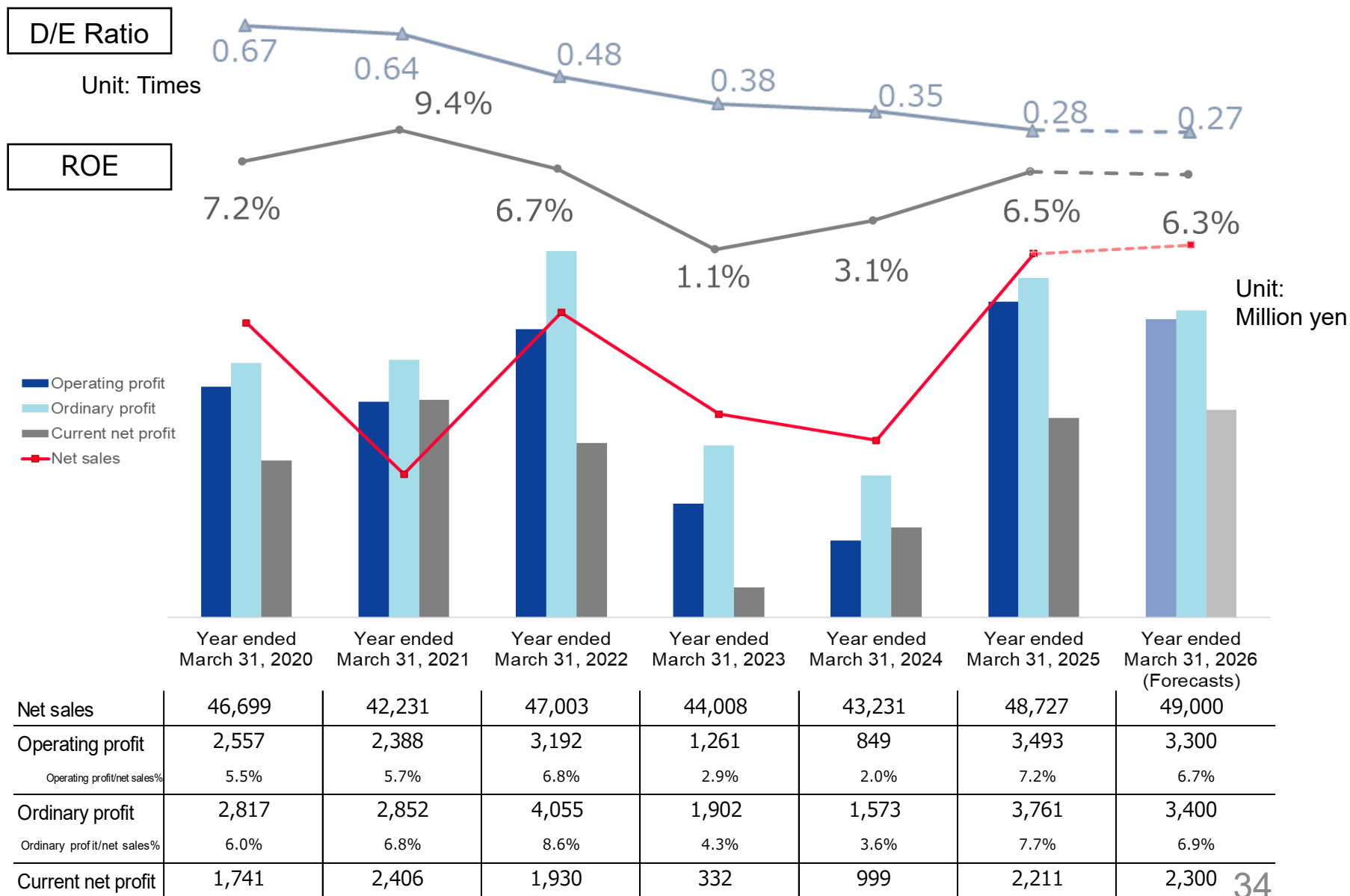




## Annexed Materials

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# Transition of consolidated results

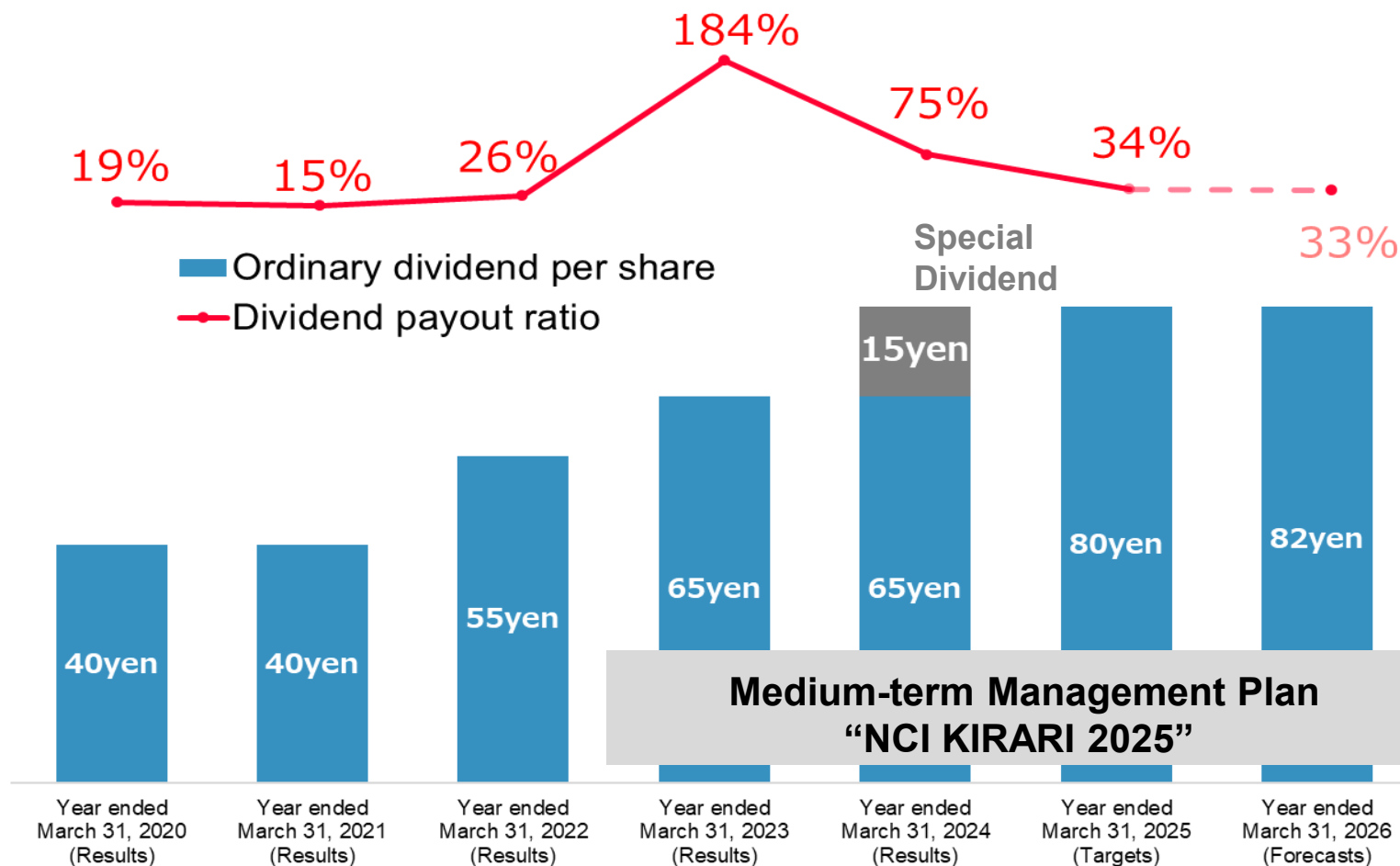


# Shareholder Return Policy



Aims to maintain a stable dividend with a payout ratio of at least 30%.

Annual ordinary dividend of 82 yen per share is planned for the FY ending March 31, 2026.



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



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

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