

Explanation of Financial Results for the Year Ended March 31, 2026

May 13, 2026

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



Summary of Financial Results for the Year Ended March 31, 2026



Summary [Consolidated Statements of Income]

- In the Electronics and Functional Products Business, shipments of products for pharmaceuticals and agricultural chemicals increased. In contrast, shipments of Adhesives for Optical Related Fields decreased due to intensified competition in the Chinese market.
- In the Films and Sheetings Products Business, there was a negative impact on profit/loss due to the additional U.S. tariffs, while shipments of 3D Emblems for automobiles and shipments of products for motorcycles in Brazil increased.
- In the Construction Materials Related Business, shipments of High Strength, High Functional Handrails increased.
- In the Engineering Business, sales increased due to the expansion of the EPC business (*).
- The impact of U.S. tariff measures caused a deterioration in operating profit of approximately 110 million yen.
- As a result of the above, although there was an impairment loss on fixed assets, the current net profit **increased**.

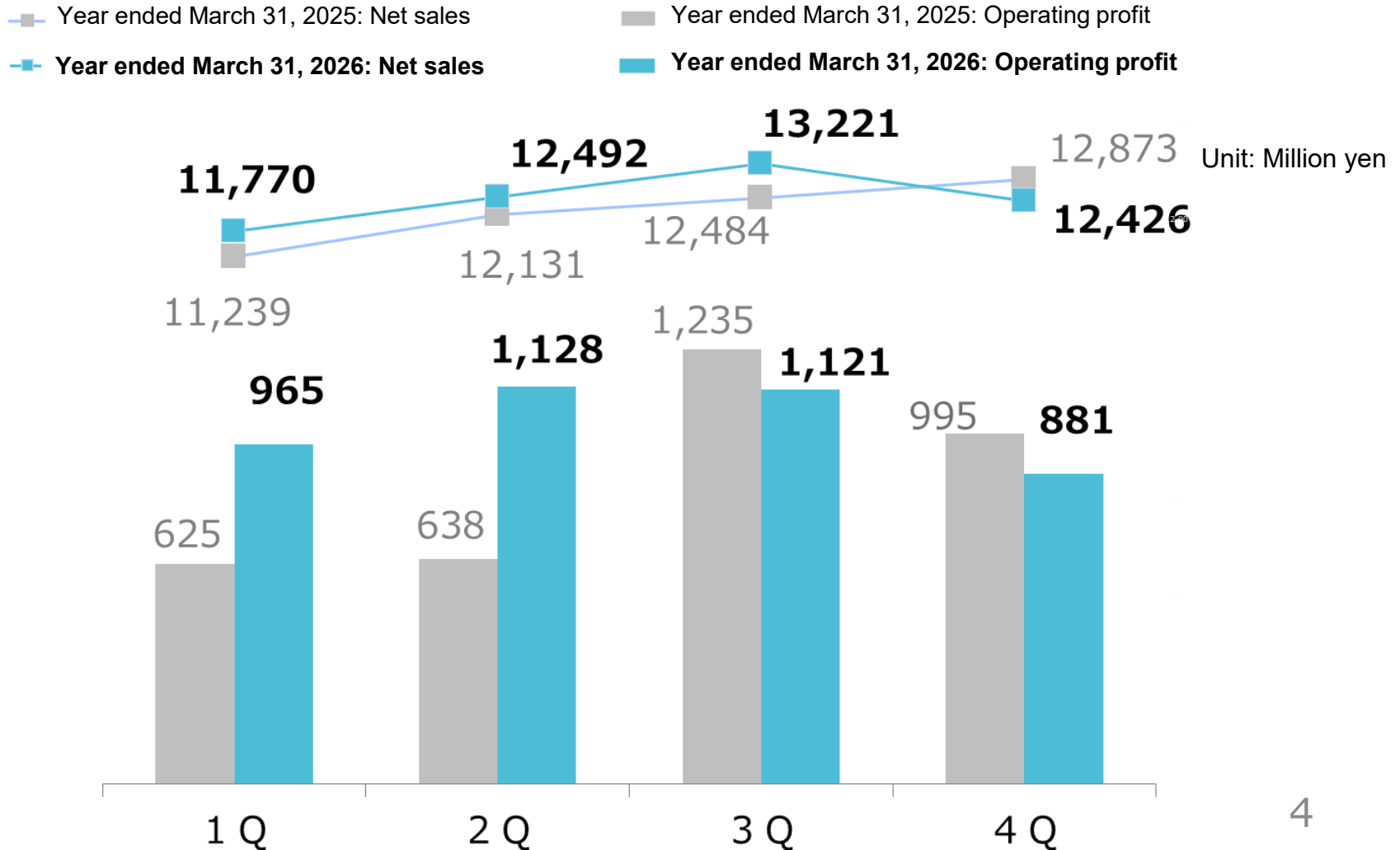
Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	48,727	49,909	1,182	+2.4%
Operating profit	3,493	4,095	601	+17.2%
Operating profit/ net sales	7.2%	8.2%	—	+1.0point
Ordinary profit	3,761	4,583	821	+21.9%
Quarterly net profit	2,211	2,607	396	+17.9%

Quarterly performance trends



- Net sales increased YoY in 1Q, 2Q, and 3Q, but decreased in 4Q.
- Operating profit in 4Q decreased compared with 3Q due to a decrease in net sales and year-end accounting adjustments, etc.



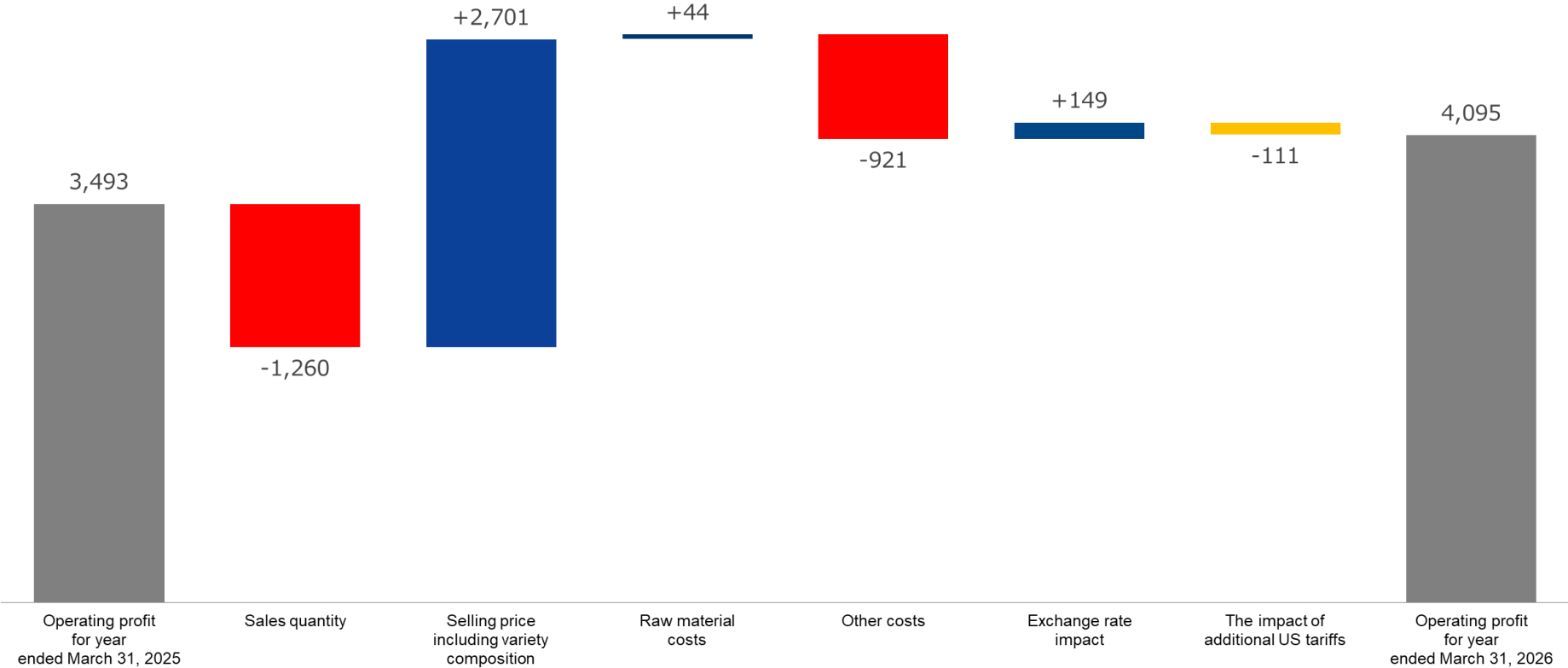
Analysis of factors leading to changes in operating profit

FY2025 vs FY2026



Increase in profits by 601 million yen compared to the previous fiscal year

Unit: Million yen



Performance by segment



Unit: Million yen

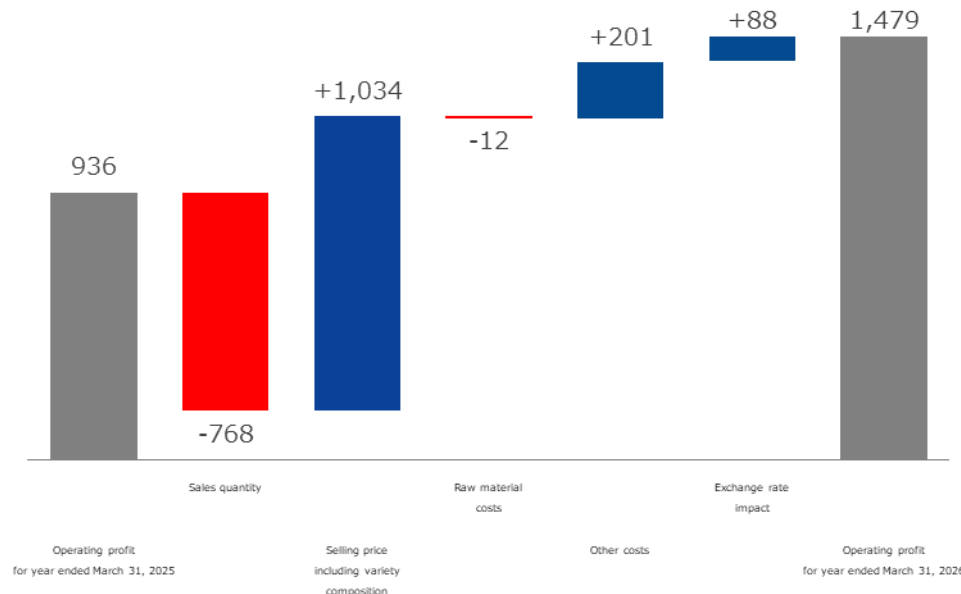
		Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison	
		Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronics and Functional Products	Net sales	17,414	16,837	-577	-3.3%
	Operating profit	936	1,479	543	+58.0%
Films and Sheetings Products	Net sales	20,955	22,395	1,440	+6.9%
	Operating profit	2,568	2,945	377	+14.7%
Construction Materials Related	Net sales	7,004	7,109	105	+1.5%
	Operating profit	75	90	15	+20.0%
Engineering	Net sales	3,598	4,041	443	+12.3%
	Operating profit	433	233	-199	-46.0%
Consolidated adjustment amount	Net sales	-245	-474	-229	-
	Operating profit	-518	-655	-137	-
Consolidated total amount	Net sales	48,727	49,909	1,182	+2.4%
	Operating profit	3,493	4,095	601	+17.2%

Situation by segment Electronics & Functional Products Business



Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	17,414	16,837	- 577	-3.3%
Functional Chemicals	4,225	4,763	538	+12.7%
Functional Polymers	7,562	5,648	- 1,914	-25.3%
Electronic Materials	5,625	6,425	799	+14.2%
Operating profit	936	1,479	543	+58.0%



Functional Chemicals Increased incomes and profits

- + Increase in shipments of products for pharmaceuticals and agricultural chemicals
- + Increase in shipments of products for semiconductors with the gradual recovery of the electronics market
- + Positive impact on profit/loss due to revisions to product prices

Functional Polymers Decreased incomes and profits

- Decrease in shipments of Adhesives for Optical Related Fields due to intensified competition in the Chinese market

Electronic Materials Increased incomes and profits

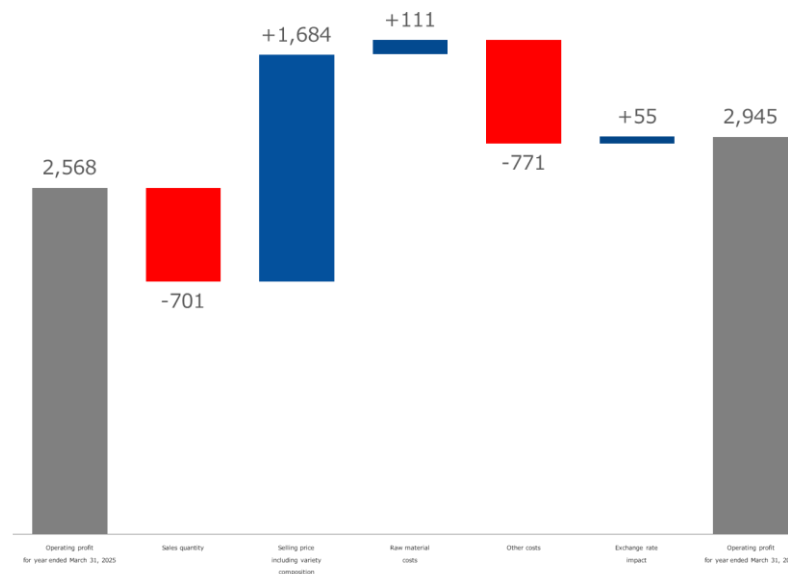
- + Increase in shipments of products for electronic components
- + Positive impact on profit/loss due to revisions to product prices
- + Positive impact on profit/loss due to exchange rates

Situation by segment Films & Sheetings Products Business



Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	20,955	22,395	1,440	+6.9%
Films	1,488	1,524	36	+2.4%
Stickers	7,247	8,013	766	+10.6%
Retroreflective Sheetings	12,219	12,857	639	+5.2%
Operating profit	2,568	2,945	377	+14.7%



Films Increased incomes and profits

- + Increase in shipments of Laser Markable Labels due to the expansion of sales in China

Stickers Increased incomes and profits

- + Increase in shipments of 3D Emblems for automobiles due to the expansion of sales in the United States
- + Increase in shipments of products for motorcycles due to higher motorcycle production in Brazil
- + Positive impact on profit/loss due to exchange rates

Retroreflective Sheetings Increased incomes and profits

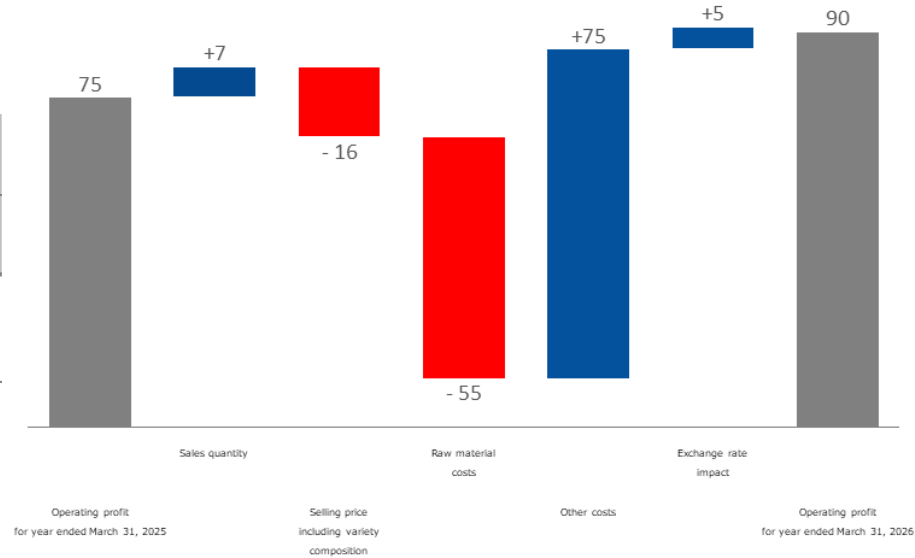
- + Increase in shipments of products for license plates
- + Positive impact on profit/loss due to exchange rates
- Negative impact on profit/loss due to the additional U.S. tariffs

Situation by segment Construction Materials Related Business



Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	7,004	7,109	105	+1.5%
Operating profit	75	90	15	+20.0%



Increased incomes and profits

- + Increase in shipments of High Strength, High Functional Handrails for apartment buildings
- Negative impact on profit/loss due to rising raw material prices caused by soaring aluminum ingot prices



Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison	
	Results	Results	Year-on-year changes (amount)	Year-on-year changes (percentage)
Net sales	3,598	4,041	443	+12.3%
Operating profit	433	233	- 199	-46.0%

Increased incomes and decreased profits

- + Increase in sales due to the expansion of the EPC business (a business that undertakes all three stages of engineering, procurement, and construction)
- Profitability declined due to soaring materials prices and other factors

[Summary] Consolidated balance sheets



Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	End-to-end ratio
Cash and deposits	14,538	15,552	1,014
Notes and accounts receivable - trade	13,928	12,840	-1,089
Inventory	9,671	10,019	349
Tangible fixed assets/intangible fixed assets	23,712	22,404	-1,308
Other	1,511	1,950	439
Total assets	63,360	62,765	-594
Interest-bearing liabilities	9,902	7,107	-2,794
Notes and accounts payable - trade	5,890	5,182	-708
Other	9,662	9,528	-133
Total liabilities	25,454	21,817	-3,636
Shareholders' equity	25,388	27,262	1,874
Accumulated other comprehensive income	10,333	11,196	862
Non-controlling interests	2,184	2,489	305
Total net assets	37,906	40,948	3,042
Total liabilities and net assets	63,360	62,765	-594
D/E ratio	0.28	0.18	-0.10
Equity capital	35,721	38,458	2,737
Equity ratio	56.4%	61.3%	4.9point

Consolidated statements of cash flows



Free cash flow was 4,253 million yen

Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison
Profit before income taxes	3,460	3,975	514
Depreciation	1,921	1,860	-61
Net cash provided by (used in) operating activities	-717	411	1,128
Other	-559	-679	-120
Cash flows from operating activities	4,105	5,567	1,462
Cash flows from investing activities	-1,212	-1,313	-101
Free cash flows	2,893	4,253	1,360
Net increase (decrease) in borrowings	-1,551	-2,751	-1,200
Dividends paid	-837	-754	82
Other	-155	-191	-35
Cash flows from financing activities	-2,543	-3,696	-1,153
Effect of exchange rate change on cash and cash equivalents	656	220	-435
Net increase (decrease) in cash and cash equivalents	1,006	778	-228
Cash and cash equivalents at end of period	13,063	13,842	778

Capital investment, depreciation and R&D



As a result of a review of the capital investment plan in light of changes in the business environment in strategic market segments and other factors, capital investment decreased by 271 million yen compared to the previous year.

Unit: Million yen

	Year ended March 31, 2025	Year ended March 31, 2026	Year-on-year comparison
Capital investment	1,208	937	- 271
Electronics and functional products	501	472	- 29
Films and sheetings products	290	312	22
Construction materials related	65	51	- 14
Engineering	47	21	- 26
Common/adjustment	303	79	- 224
Depreciation	1,921	1,860	- 61
Electronics and functional products	713	732	19
Films and sheetings products	627	617	- 10
Construction materials related	93	92	- 1
Engineering	60	41	- 19
Common/adjustment	426	375	- 51
R&D expenditure	2,020	2,075	55

Major capital investment projects

- Renewal of equipment to reduce environmental impact for the Electronics and Functional Products Business
- Renewal of equipment to ensure stable quality and safety measures for the Electronics and Functional Products Business

*Capital investment 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 2027

Forecast of consolidated results for the year ending March 31, 2027



- Net sales are forecast to increase by 4.2% YoY to 52,000 million yen,
- Operating profit is forecast to increase by 9.9% YoY to 4,500 million yen
- Regarding the impact of instability in the Middle East, although there are no major obstacles to procurement for the time being, increases in raw material prices and other costs have been incorporated to the extent currently understood, including price pass-through.

Unit: Million yen

	Year ended March 31, 2026		Year ending March 31, 2027		Year-on-year comparison		
	Results	Profit margin	Forecast	Profit margin	Year-on-year changes (amount)	Year-on-year changes (percentage)	
Net sales	49,909	—	52,000	—	2,091	+4.2%	
Operating profit	4,095	8.2%	4,500	8.7%	405	+9.9%	
Ordinary profit	4,583	9.2%	4,700	9.0%	117	+2.5%	
Current net profit	2,607	5.2%	3,100	6.0%	493	+18.9%	
Dividend per share	Interim	41yen	—	67yen	—	42yen	+45.7%
	Year end	51yen	—	67yen	—		

The Company regards the distribution of profits to its shareholders as an important responsibility, and its shareholder return policy for the period of the new medium-term management plan announced today is to continue stable dividends, with a target of the higher of a dividend payout ratio of 40% or DOE (dividend on equity) of 3.0%. For the fiscal year ending March 2027, the Company plans to pay an annual ordinary dividend of 134 yen per share.

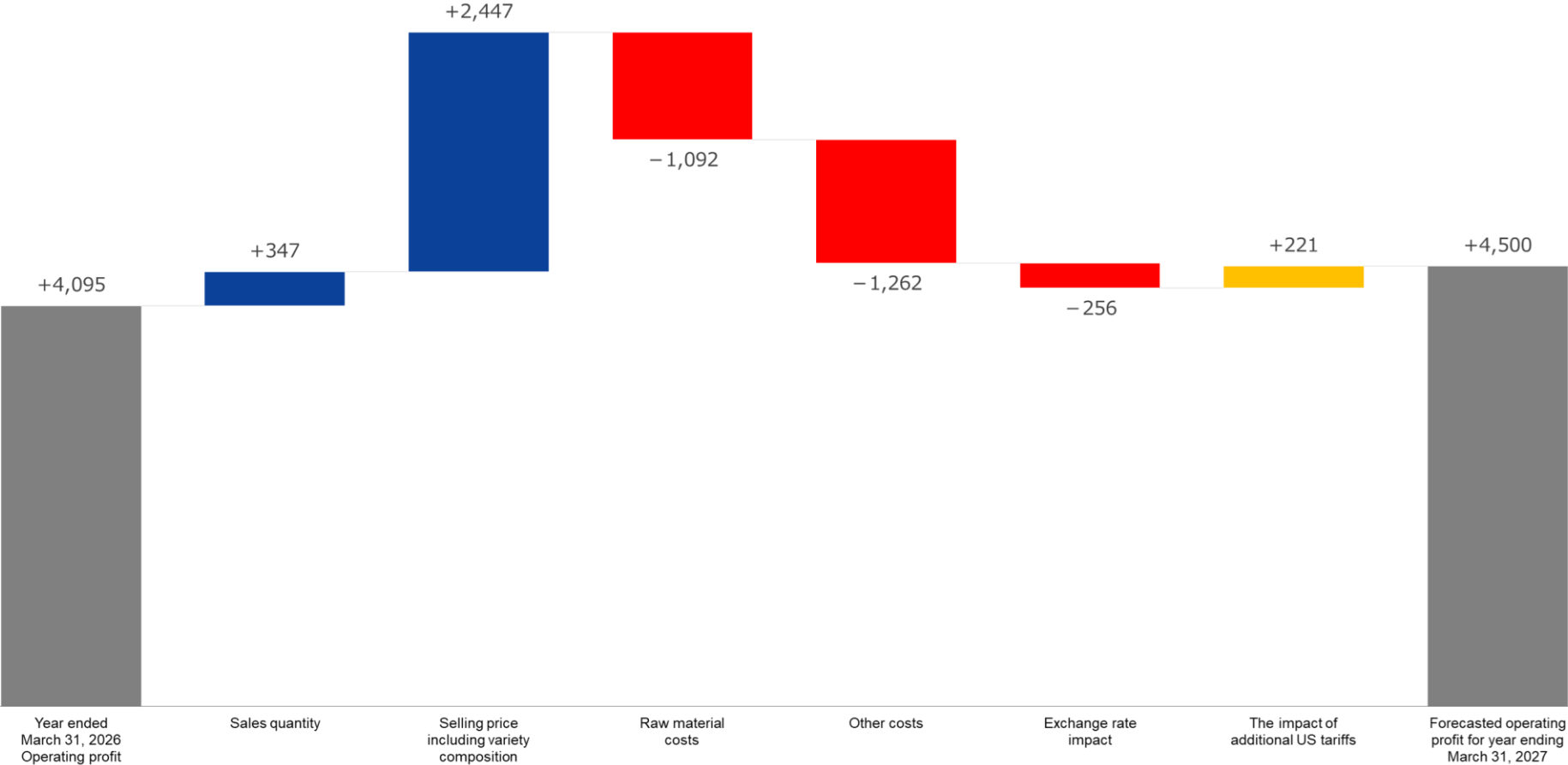
Analysis of factors leading to changes in operating profit

FY2026 vs FY2027



Increase in profits by 405 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 market conditions and expansion of AI demand
	Functional Polymers	-	Negative impact on profit/loss due to increases in raw material costs associated with instability in the Middle East
	Electronic Materials	+	Increase in shipments due to the recovery in the semiconductor and electronic component market conditions
Films and Sheetings Products	Advanced Decorative Films	-	Negative impact on profit/loss due to increases in raw material costs associated with instability in the Middle East
		+	Increase in shipments of Next Generation High Functional Films due to the expansion of sales in the Japanese and Chinese markets
	Optical Functional Films	+	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 increases in raw material costs associated with instability in the Middle East
Construction Materials Related	+	Increase in shipments of Retroreflective Sheetings for Graphics due to the expansion of sales in the U.S. market	
	-	Positive impact on profit/loss due to refunds associated with the ruling that the additional U.S. tariffs were illegal	
Engineering	+	Increase in shipments of Retroreflective Sheetings for License Plates due to a decline in automobile sales in Europe	
	-	Negative impact on profit/loss due to increases in raw material costs associated with instability in the Middle East	
	+	Increase in sales due to an increase in orders for Carbon Neutral Transition Facilities	

*The category classification of the Films and Sheetings Products Business will be changed from the fiscal year ending March 2027.
(The main products are Films and Stickers for Advanced Decorative Films, and Retroreflective Sheetings for Optical Functional Films.)

Forecast by segment



Unit: Million yen

		Year ended March 31, 2026	Year ended March 31, 2027	Year-on-year changes	
		Results	Forecasts at present	Year-on-year changes (amount)	Year-on-year changes (percentage)
Electronics and Functional Products	Net sales	16,837	17,600	763	+4.5%
	Operating profit	1,479	1,640	161	+10.9%
Films and Sheetings Products	Net sales	22,395	23,000	605	+2.7%
	Operating profit	2,945	3,350	405	+13.8%
Construction Materials Related	Net sales	7,109	7,400	291	+4.1%
	Operating profit	90	80	-10	-11.1%
Engineering	Net sales	4,041	4,500	459	+11.4%
	Operating profit	233	330	97	+41.6%
Consolidated adjustment amount	Net sales	-474	-500	-26	-
	Operating profit	-655	-900	-245	-
Consolidated total amount	Net sales	49,909	52,000	2,091	+4.2%
	Operating profit	4,095	4,500	405	+9.9%



TOPICS

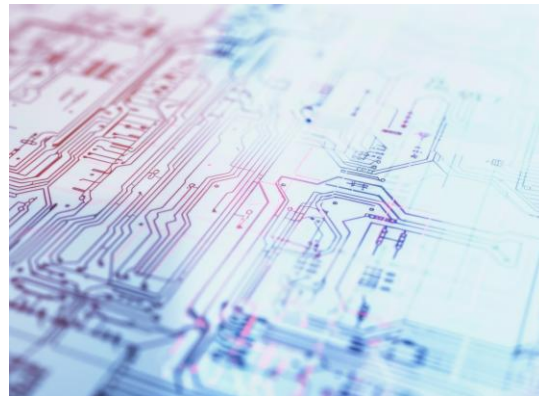
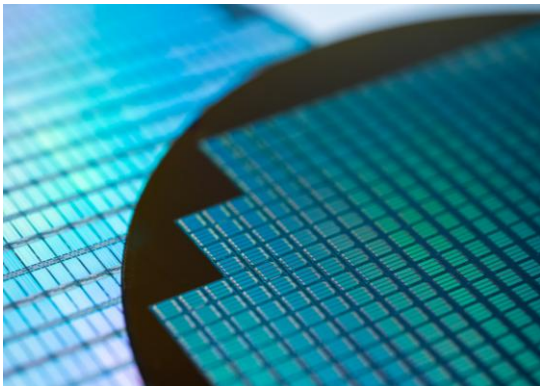


Inquiries for the back-end process of semiconductor manufacturing are increasing, promoting the development of high-functional new products

The Company provides One & Only products in chemical products for semiconductor materials.

Backed by its track record in semiconductor encapsulation materials and other products, inquiries have increased for materials for “RDL (redistribution layers)” used in the back-end process, etc.

With the growing demand for semiconductors for generative AI, the Company will promote the development of new products to meet the needs for higher functionality, such as film-forming properties and high heat resistance.





TOPICS (2)

Expansion of the adoption of Laser Markable Labels in the Chinese market

The Company's Laser Markable Labels are Next Generation High Functional Films that combine tamper-prevention properties and workability. They have excellent printability, heat resistance, and durability, and can be used in various industrial product applications, including automobiles.

In the fiscal year ended March 2026, sales increased due to sales expansion activities in the Chinese market.

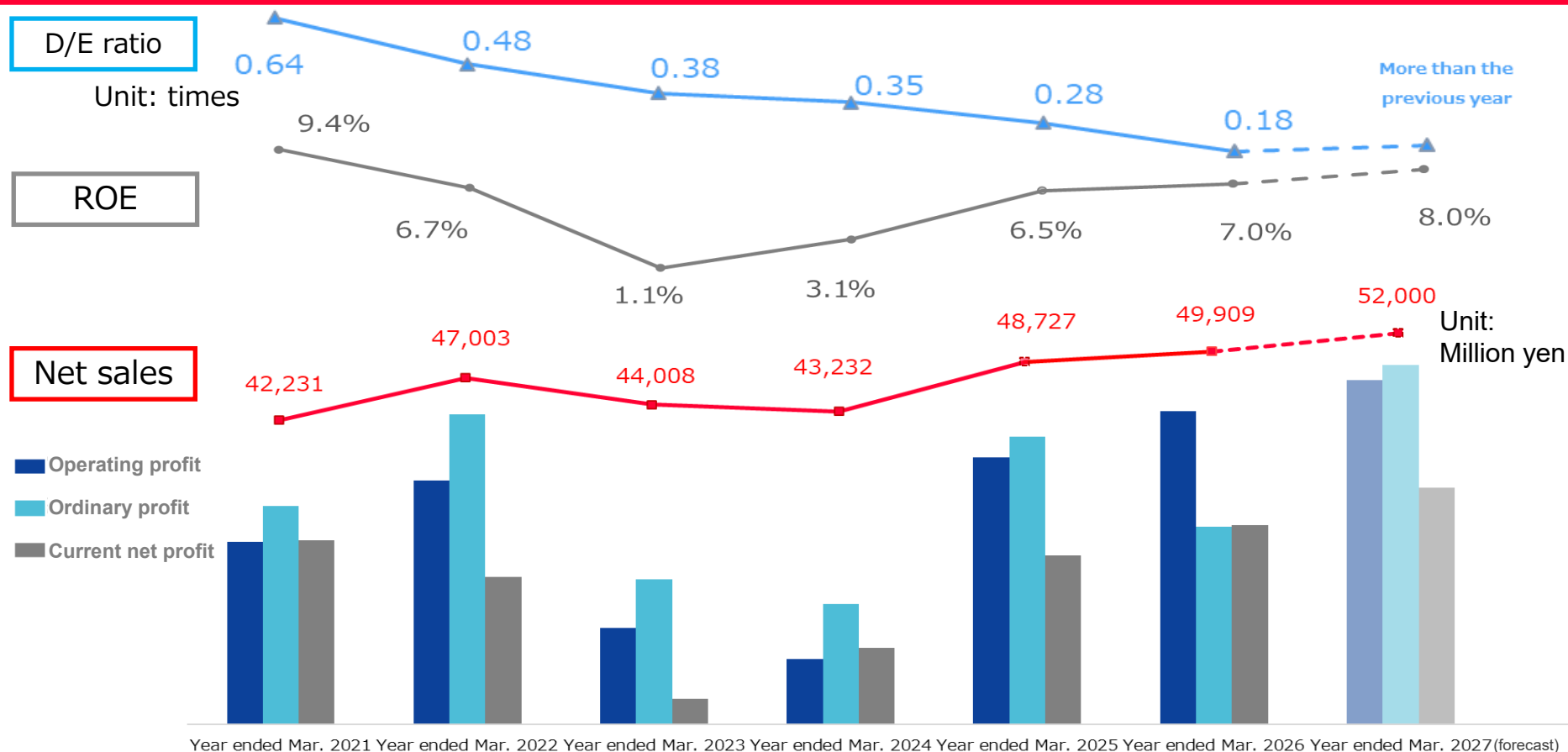
In the fiscal year ending March 2027, the Company aims to further expand adoption by leveraging its strengths in excellent tamper-prevention properties (brittleness) and handling properties that make the products easy to handle under various environments.





Annexed Materials

Transition of consolidated results



	Year ended Mar. 2021	Year ended Mar. 2022	Year ended Mar. 2023	Year ended Mar. 2024	Year ended Mar. 2025	Year ended Mar. 2026	Year ended Mar. 2027
Net sales	42,231	47,003	44,008	43,231	48,727	49,909	52,000
Operating profit	2,388	3,192	1,261	849	3,493	4,095	4,500
Operating profit%	5.7%	6.8%	2.9%	2.0%	7.2%	8.2%	8.7%
Ordinary profit	2,852	4,055	1,902	1,573	3,761	4,583	4,700
Ordinary profit%	6.8%	8.6%	4.3%	3.6%	7.7%	9.2%	9.0%
Current net profit	2,406	1,930	332	999	2,211	2,607	3,100

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



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