Energy and Industrial Plants Business

This business provides heat-retention, cold-retention, fire-resistant, and soundproofing work, as well as various sealing materials and insulation products. It has established a long-term relationship of trust with customers who belong to a wide variety of industries, such as construction and maintenance. Moving forward, we will enhance our organizational and on-site capabilities and expand our existing businesses, aiming to enter the next-generation energy market and achieve carbon neutrality. We will also develop new construction methods and products, continue supporting diverse industries, and contribute to societal development.



Mikio Torizuka
Division Director of Energy and Industrial Plants Division

Mainstay products, services



Installation constract of Industrial thermal insulation



Heat retention function recovering method

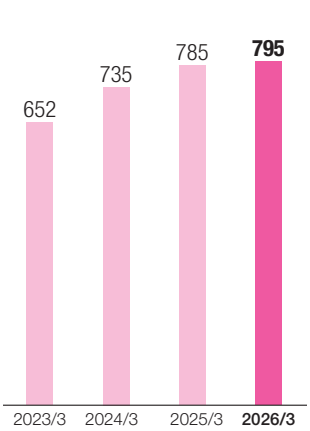


Mobile service truck for gasket processing

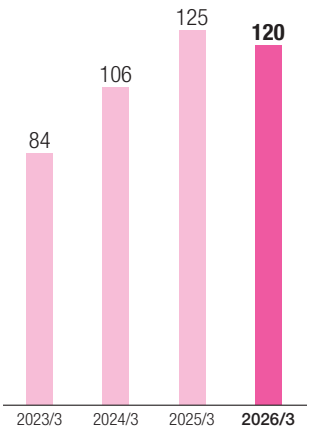
Looking back on FY2025

In fiscal year 2025, the safety improvement work required to restart nuclear power plants reached a milestone. As a result, we shifted our focus to routine periodic inspections. In the thermal power sector, periodic inspections were carried out as planned in response to increased electricity demand. In the oil refining sector, incidental work associated with inspections to extend the service life of existing facilities and ensure stable operations remained steady. Furthermore, within our group companies, increased construction volume in cold storage warehouses and steel manufacturing, along with sales of thermal insulation materials for nuclear power plants, contributed to our financial performance and helped us achieve record sales. Looking ahead, the plant engineering industry's market environment is expected to accelerate energy-structure reform to achieve carbon neutrality. At the same time, it faces uncertainty stemming from the global situation and facility consolidations or closures. However, with an eye toward the next surge in demand, we will move forward with initiatives such as strengthening our workforce, developing new construction methods, and promoting design-in activities.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)

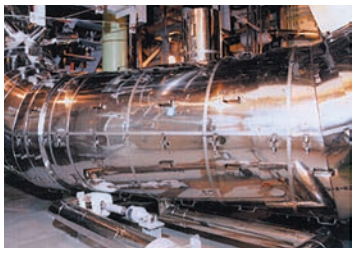


Segment strategy

- **Differentiation from competitors through our comprehensive support system covering product supply, construction, and diagnostic services**
- **Exploring the current maintenance market and developing a personnel structure for future construction projects**
- **Securing carbon-neutral projects and entering next-generation energy markets**
- **Developing insulation methods for the construction of next-generation innovative reactors and entering the fusion energy market**

Future initiatives

Although the plant engineering industry's market environment faces uncertainty due to business or facility consolidations driven by the global situation or sluggish market conditions, electricity demand is expected to continue growing because of new data center and semiconductor factory construction, fueled by investment in generative AI and the need for energy-saving measures to achieve carbon neutrality. In the short term, our business division will focus on design-in activities in anticipation of increased demand for safety improvement work, such as fire protection and the replacement of metal thermal insulation materials, ahead of the restart of nuclear power plants. At the same time, we will work to strengthen our production system and staffing structure for these materials. In the medium to long term, we will promote design-in activities for equipment-sealing materials in cryogenic applications as part of our efforts to realize a hydrogen society. We will also advance the development of piping insulation methods and materials using the newly established liquefied hydrogen testing facility at the Hamamatsu Research Laboratory. Leveraging our strength in providing comprehensive support, ranging from product supply to construction, we will build trust-based relationships with our customers and strive for sustainable growth, positioning ourselves as a key contributor to society's infrastructure.



Metal thermal insulation material used in nuclear power plants



New Liquefied Hydrogen Testing Facility at the Hamamatsu Research Laboratory

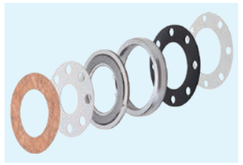
Industrial Products Business

The Industrial Products Business offers a wide range of products that include sealing materials, heat-insulation materials, fluoropolymer products, and filter products. We supply a variety of industrial sectors both in Japan and overseas. As are core company-wide business with the mission of creating new business ventures, we will contribute to the further development of industry by identifying market environment changes, technological innovation, and other trends from a global perspective, and by pursuing the creation of new value based on our TATSU-TAMOTSU (insulation and protection) technologies.



Shohei Fujii
Division Director of Industrial Products Division

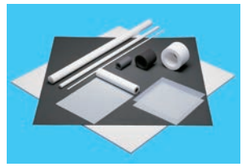
Mainstay products



Gasket



Rock wool MG products



Fluororesin Products

Looking back on FY2025

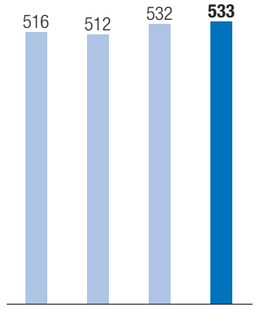
In fiscal year 2025, demand for fluoropolymer products for semiconductors recovered more slowly than expected. However, our sales matched the level seen in fiscal year 2024. Our rock wool products for overseas markets contributed to our sales growth.

Meanwhile, our operating profit declined due to a sluggish recovery in semiconductor demand and weaker demand for PAF lined pipes used in high-purity chemical manufacturing equipment.

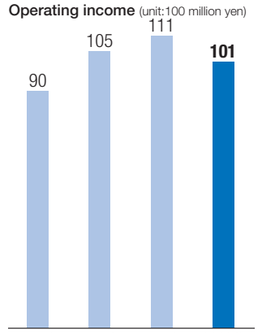
However, signs of a recovery in demand for fluoropolymer products in the semiconductor industry have emerged toward the end of fiscal year 2025.

In addition, demand for our filter products in the stationary battery storage market is expected to grow. We will strive to minimize lost opportunities by strengthening our stable supply system.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



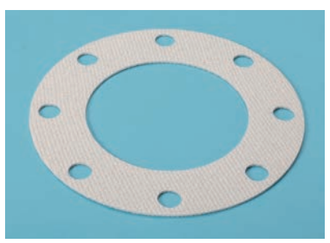
Segment strategy

- **Formulation of business strategies for each market and proactive investment in prospective growing markets**
- **Enhancing our marketing framework for new business development**
- **Improving our cost competitiveness by promoting activities to reduce costs**
- **Promoting environmentally conscious product development and manufacturing**
- **Ensuring a stable supply of products through diversification of raw material suppliers and manufacturing bases**

Future initiatives

Although we have been expanding our industrial products business primarily in Asia, we are accelerating our shift toward growth sectors and optimizing our global footprint. During the last fiscal year, we continued to build on the technology and expertise we have cultivated in the environmental sustainability sector, including the development of an eco-friendly manhole gasket. Looking ahead, we will focus our efforts on sectors where we expect demand to grow over the medium to long term, including next-generation batteries for electric vehicles and the semiconductor industry. We will continue to strengthen our supply system to respond quickly to customer needs, with an emphasis on filter and fluoropolymer products. We will also advance our strategic capital investments tailored to each market.

Additionally, given changes in market conditions and geopolitical risks, we will diversify our production bases and strengthen their capabilities. Our goal is to ensure consistent product quality and reliable supply. Through these efforts, we will deliver a strong response to growing markets and higher profitability, and strive to continuously enhance our corporate value and further strengthen our business foundation.



Eco-Friendly Manhole Gaskets



Dehumidification rotor for industrial dehumidifiers

Advanced Products Business

We will strive to maximize our business value. Specifically, we will focus on the growing semiconductor market as our primary target and offer differentiated products, technologies, and services for fluororesin, inorganic thermal insulation materials, and rubber. Our core strengths lie in our material development capabilities, proven evaluation techniques, and advanced processing technologies, all built over many years. Through close, on-site support, we will address our customers' issues and make it our top priority to provide optimal solutions that capture their needs. We will continue to strengthen our differentiation strategy and aim to achieve sustainable, steady growth by consistently delivering new value that exceeds our customers' expectations.



Akira Sasaki
Division Director of Advanced Products Division

Mainstay products



PFA for drug solution transportation



Piping heater



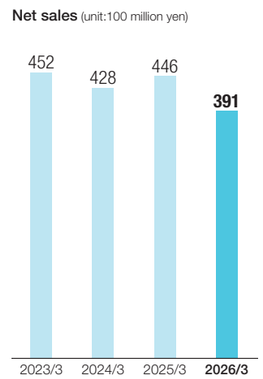
Chemical filter

Looking back on FY2025

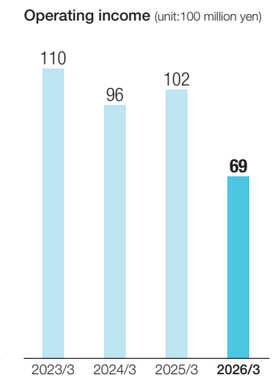
In fiscal year 2025, the semiconductor market remained generally sluggish across sectors, including smartphones, PCs, and automotive power devices, resulting in weak demand. Meanwhile, investment in AI-related sectors remained robust. However, demand recovery in non-AI sectors was slower than expected, and customer inventory adjustments were prolonged. As a result, consolidated net sales fell 12% year over year to 39.1 billion yen, and operating profit declined 30% to 6.9 billion yen.

In fiscal year 2026, AI-related investment is expected to expand rapidly, particularly in the memory sector, and the market is projected to enter a period of significant growth. We expect our sales and profits to increase substantially compared with the prior fiscal year.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- **Establish relationships of trust with customers realized by thorough sales activity in close relationships with customers**
- **Strengthening our development foundation to create differentiated products and to establish a rapid development framework.**
- **Avoiding lost opportunities by establishing a production system that can adapt to market fluctuations (through expansion and by promoting automation).**

Future initiatives

In the semiconductor market, which is expected to grow over the medium to long term, we will work to become an even more indispensable supplier for customers, focusing on the following five points:

①Building trust-based relationships with customers by providing comprehensive solutions;②Promoting the development of differentiated products and environmentally friendly technologies; ③Making forward-looking business investments and establishing a consistent production system through automation;
④Strengthening BCP by diversifying production bases and establishing a supply chain to ensure stable procurement;
⑤Promoting "Exploration" activities to acquire new customers and create new applications.



Tubes with excellent cleanliness and chemical resistance



Energy-efficient piping heater

Autoparts Business

The pillars of our autoparts business are sealing materials that protect against leakage from the likes of vapor and liquids around engines, thermal insulation parts that protect against heat from engines, and soundproofing and vibration-damping parts that protect against the sound and vibrations of the brakes and on-board parts. NICHIAS supplies these products to automobile manufacturers in Japan and overseas. By building a framework that runs from material development right through to design, assessment, manufacturing, and quality assurance, Nichias meets diverse needs and receives high praise and trust from its customers.

As the automotive industry shifts its focus from transportation to delivering valuable experiences, we will continue to develop new eco-friendly products. Through these efforts, we will help build a next-generation mobility society.

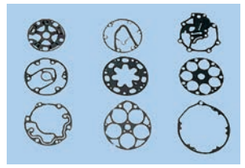


Hironobu Imanaka
Division Director of Autoparts Division

Mainstay products



Brake shims



Gasket for air-compressor



Resin parts for automobiles

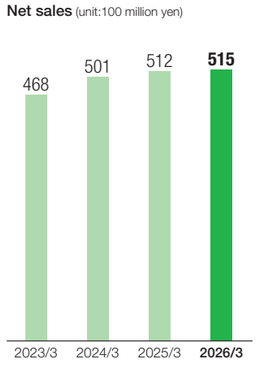
Looking back on FY2025

The view that the automotive industry will shift toward electrification and EVs in the long term remains unchanged. However, demand for hybrid vehicles is currently rising due to factors such as the rollback of environmental policies in some countries.

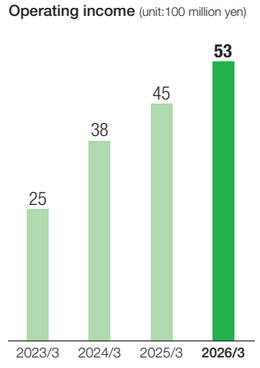
In FY2025, Japanese automobile manufacturers saw robust demand continue in North America, but demand remained sluggish in China, resulting in a decrease in global production volume compared to the previous year.

Despite market downturns and U.S. tariff measures, our autoparts business increased both revenue and profit. This was driven by the continued weakening of the yen and price pass-through for rising raw material and energy costs. Net sales increased 0.6% year over year to 51.5 billion yen, and operating profit rose 17% to 5.3 billion yen.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- **Creation of differentiated products that catch the needs of the expanding next-generation vehicle market in advance**
- **Establishment of production systems adapted to the change in business environment trends**
- **Promotion of initiatives for product development and production improvement that aim for carbon neutrality**

Future initiatives

Regarding the business of internal combustion engines, against the backdrop of the electrification trend, a demand decrease is expected. However, since the progress of electrification differs according to the energy situation of each region and country and the use of vehicles, we will try to optimize the production system to meet the demand.

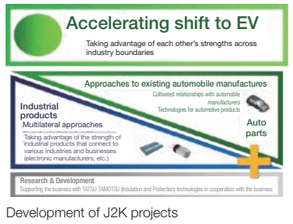
The Indian market is expected to continue growing as demand for internal combustion engine vehicles increases. We will establish a local design, prototyping, and evaluation system to expand our Indian plant and enhance our technical service capabilities.

Our next-generation automotive business is expanding into new markets by leveraging our TATSU-TAMOTSU™ (insulation and protection) technologies in activities centered on J2K (next-generation business development) projects.

Leveraging the core strengths of our TATSU-TAMOTSU technologies will allow us to further intensify our efforts to create new business ventures.



An expansion of our Indian plant under consideration



Development of J2K projects

Building Materials Business

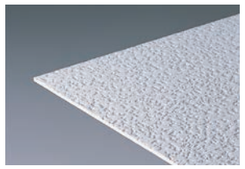
Our Building Materials Business has contributed to social infrastructure by providing products that help create safe, secure architectural spaces, built on the fire-resistant and thermal-insulation technologies we have developed over many years. At the same time, we have been building relationships with a range of customers across the construction industry.

Going forward, we will further accelerate the development of eco-friendly products while taking on the challenge of creating new value. Furthermore, to address issues such as labor shortages, we will focus on developing construction technologies that reduce labor needs.



Hiroyuki Tomimatsu
Division Director of Building Materials Division

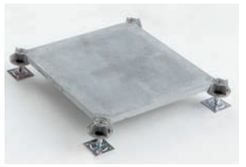
Mainstay products



Interior noncombustible materials



Wrap-Type Fire-proofing Covering Materials

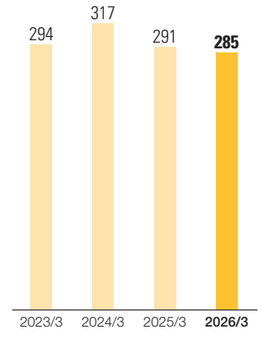


Raised-Access Floor Systems

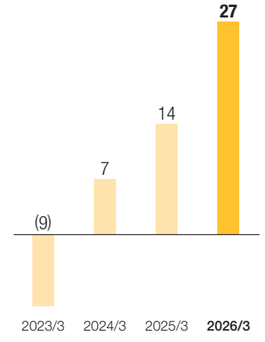
Looking back on FY2025

In fiscal year 2025, the domestic construction market maintained a steady supply of rental housing in the residential sector, while demand in the fire-resistant sector remained steady. Meanwhile, large-scale redevelopment projects in Tokyo have affected our business operations. This was due to construction delays that have become the norm because of labor shortages and work-style reforms. Furthermore, rising material and logistics costs, driven by the prolonged weak yen, have affected project operations. Despite this difficult business environment, we optimized staffing and reduced inventory, thereby improving our working capital. In addition, improved production efficiency for certain products boosted operating profit by 92% year over year to 2.7 billion yen, despite a decline in fiscal year 2025 revenue compared with the previous fiscal year.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- **Advancing expertise in fire-resistant and thermal-insulation areas and promoting process innovation across our core revenue businesses**
- **Strengthening our development capabilities for eco-friendly, high-value-added products**
- **Re-establishing our production system to adapt to changes in the business environment**
- **Developing highly innovative talent and building an organizational structure to drive sustainable growth**

Future initiatives

Tokyo is undergoing large-scale redevelopment. To meet demand, we have expanded our supply system to keep up with the demand for flooring materials. Furthermore, we are preparing for the Building Lifecycle Carbon Assessment Scheme, expected to take effect in 2028, and for SuMPO EPD System certification of our major products. We have established a material recycling program for selected products in collaboration with external companies, primarily our customers. These efforts are advancing our strategies in anticipation of future environmental regulations and market trends. As we implement these initiatives, we view changes in environmental regulations and market needs as opportunities for growth and are accelerating the development and launch of eco-friendly products.

The structural reforms we have implemented under the current medium-term plan have significantly improved our profitability. Moving forward, we will work to consistently maintain this favorable result. At the same time, by accurately identifying our customers' needs, we are promoting innovative environmental initiatives that enable us to implement value-proposition activities. We will strive to establish a system that delivers new value to the market.

30th Anniversary of the Launch of "Makibee™"





Continuing to Evolve
- Obtained an additional fire resistance certification
- The surface material's color has been renewed.

A dedicated website has been opened.