

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, and has earned high praise as a result. Moving forward, we will expand our existing business operations and develop new construction methods and products in order to participate in next-generation energy infrastructure projects aimed at achieving carbon neutrality, in our efforts to support a wide range of industries and contribute to society.

Mainstay products, services



Installation construct of Industrial thermal insulation



Heat retention function recovering method



Mobile service truck for gasket processing



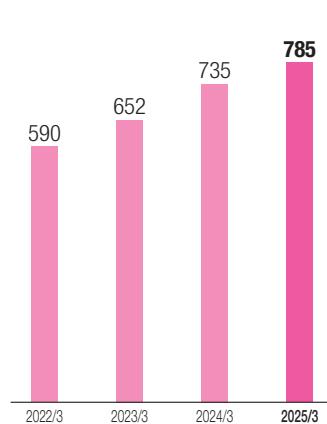
Mikio Torizuka

Division Director of Energy and Industrial Plants Division

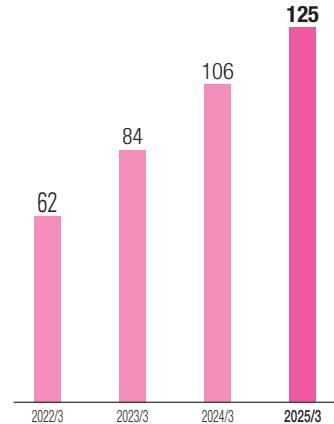
Looking back on FY2024

The shift in energy structures toward carbon neutrality was slower in FY2024 than we had expected. Amidst these circumstances, our maintenance activities in the petroleum refining and petrochemical sectors remained steady, as we focused on stable operations and extending the service life of existing facilities. Additionally, in the nuclear power sector, it was a year of intense safety measures construction work aimed at restarting idled reactors. While the situation regarding new approvals for restarting nuclear power plants remains unclear, nuclear power is essential for achieving carbon neutrality and ensuring that the need for more sources of power can be met in the future. We will continue in our efforts toward getting our products included in nuclear power specifications and winning construction contracts for newly approved restart projects. In summary, we saw steady growth in both sales and profits, which enabled us to achieve record-high performance.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- Differentiating ourselves from competitors by providing unique, comprehensive support services, from product supply to customers to construction work
- Participating in next-generation energy and infrastructure projects through technical collaboration with customers in order to achieve carbon neutrality
- Expanding sales of ThermoFit™ through the launch of Diagnosis Lite and capturing the demand for energy conservation through broader market access

Future initiatives

In the future, there will be an accelerated transformation of society's energy structures toward carbon neutrality, and we anticipate a variety of changes as a result. The number of data centers, semiconductor plants, and related facilities will increase by 2040, and the demand for power is expected to increase. In addition to adopting renewable energy sources, we need to restart nuclear power plants in order to meet the growing demand for power while achieving carbon neutrality. A variety of safety measures and construction tasks are required in order to safely restart operations. One example is fire protection measures, which involves wrapping equipment and electrical conduits with fire-resistant materials to prevent damage in the event of a fire occurring within the power plant. During seismic retrofitting work, new supports for ductwork will be installed, and this will require the installation of metal insulation material around these supports. Going forward, we will be involved in efforts toward getting our products included in nuclear power specifications so that we can receive orders for safety-related construction work as required for plant restarts. We will also differentiate ourselves from our competitors by offering more comprehensive support services ranging from component supply to construction work, and we will build trust relationships with our customers.



Pyrogel™ XTE is used as a refractory material.



This metal insulation material will be newly installed around supports.

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 a 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.

Mainstay products



Gasket



Rock wool MG products



Pipe lining

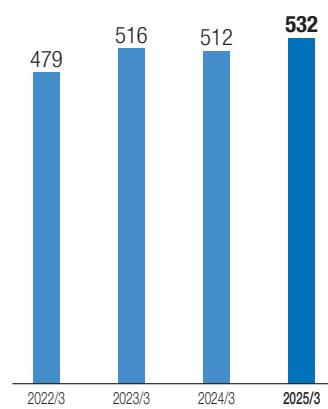


Shohei Fuji
Division Director of Industrial Products Division

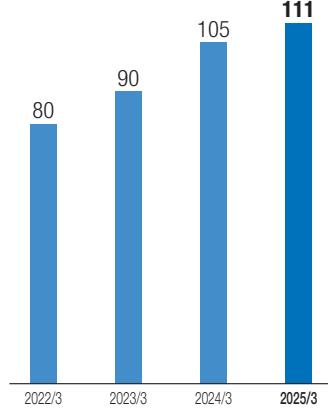
Looking back on FY2024

In FY2024, amidst continuing robust demand in Japan for sealing materials for infrastructure, medical devices, and food-related machinery, fluoropolymer ductwork materials for high-purity chemical manufacturing equipment and semiconductor facilities performed well, driven by AI-related investments. We also saw signs of renewed investment in some parts of the electronic components manufacturing sector, enabling our Industrial Products Business to achieve its best results ever. The slowdown in the shift to electric vehicles (hereinafter "EV") and sluggish demand for PCs and smartphones have created a challenging market environment for filter products and fluoropolymer materials. However, we still expect to see growth in both markets over the medium to long term. Accordingly, we are pushing forward with product development and securing production capacity in anticipation of the next surge in demand.

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

For a long time, the Industrial Products Business has been expanding its overseas operations — particularly in East Asia and Southeast Asia. In recent years, it has been working to diversify its manufacturing bases and establish a local production for local consumption model for products that target promising growth markets. Last year at Suzhou Nichias Industrial Products Co., Ltd. (China) Plant No. 3, we commenced production of the Blazer™ series of high-performance rubber O-rings.

Although global economic trends remain unclear due to factors like U.S.-China trade friction, we are considering capital investments in response to future demand and where demand will be located. These involve filter products for future-oriented next-generation EV battery-related investments as well as fluoropolymer products for the semiconductor manufacturing field, in which Japanese companies hold a technological advantage.

In the Industrial Products Business, we will continue to build an optimal global production and supply system that takes into consideration market growth potential and the competitive strengths of our products in terms of quality and price as well as geopolitical risks.



SUZHOU NICHIAS INDUSTRIAL PRODUCTS CO., LTD.
Plant No. 3 (completed in 2024)



Dehumidification rotor {j} for industrial dehumidifiers

Advanced Products Business

The Advanced Products Business will offer the semiconductor market differentiated products and technical services in the fluoropolymer, inorganic insulation material, and rubber fields. We prioritize providing optimal solutions by leveraging our strengths in material development, evaluation techniques, and advanced processing technologies in a variety of fields while maintaining close collaboration with customers to ensure that we thoroughly understand their needs. We will continue to pursue a differentiation strategy and provide new value to customers as we aim for sustainable growth.

Mainstay products



PFA for drug solution transportation



Piping heater



Chemical filter



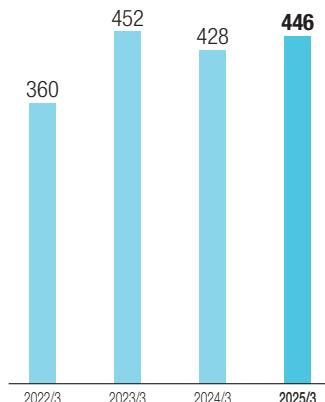
Yukinori Ryuko

Division Director of Advanced Products Division

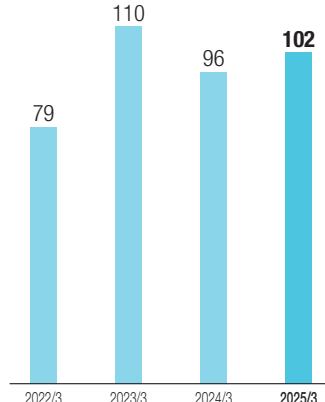
Looking back on FY2024

The semiconductor market in FY 2024 lost momentum due to sluggish demand for smartphones, PCs, and automotive power devices. Instead, the market was propelled by AI-focused semiconductor investments and data center investments that were driven by the proliferation of generative AI services. Amidst this market environment, consolidated net sales increased by 4% from the previous year to 44.6 billion yen, and operating profit rose by 5% to 10.2 billion yen. For the first half of FY2025, we expect demand outside of AI to remain sluggish, with a full-fledged recovery occurring only in the second half or later. Consequently, we project overall market growth for the full year to be slightly higher than that of the previous year. That said, due to inventory adjustments by some customers, we anticipate both sales and profits for this fiscal period to be on par with the previous 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
- Create differentiated products by technology development that catch the needs in advance
- Avoid opportunity loss by establishing a production system that keeps up with changes in the market trend

Future initiatives

With regard to the medium-to-long-term growth of the semiconductor market, we will focus our efforts on the following four key areas: (1) building trust with customers by offering comprehensive solutions, (2) developing differentiated and environmentally-friendly products, (3) establishing a stable production structure through proactive business investments and automation, and (4) strengthening our business continuity plan (BCP) measures by diversifying our production bases and building supply chains for stable procurement. Through these efforts, we aim to become an even more indispensable partner for our customers.



Tubes with excellent cleanliness and chemical resistance



Rubber products with cross-linked structures, designed and developed in-house

Autoparts Business

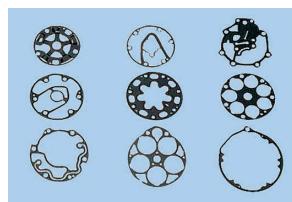
The pillars of our autoparts business are sealing materials that protect against leakage from the likes of vapor and liquids around engines, thermal insulation parts that protect against heat from engines, and soundproofing and vibration-damping parts that protect against the sound and vibrations of 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.

We will contribute to the advancement of the automotive industry through new product development that anticipates diversifying needs as well as environmentally conscious product offerings and technological initiatives.

Mainstay products



Brake shims



Gasket for air-compressor



Resin parts for automobiles



Hironobu Imanaka

Division Director of Autoparts Division

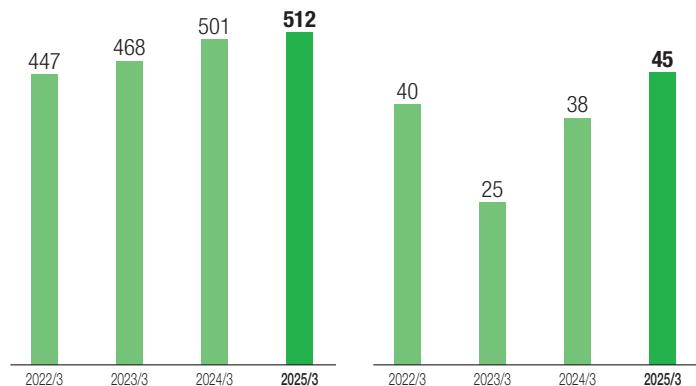
Looking back on FY2024

The automotive industry remains steadfast in its long-term outlook on electrification and the shift to EVs, but signs of a backlash against the rapid changes seen thus far are emerging in Europe, the United States, and other regions.

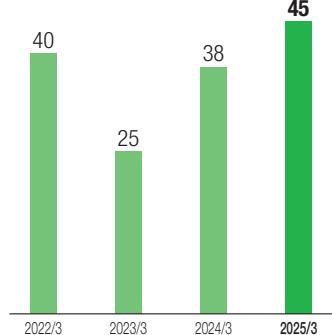
In FY2024, Japanese automobile manufacturers saw robust demand continue in North America, but demand remained sluggish in China and Southeast Asia, resulting in a decrease in global production volume compared to the previous year.

Despite the impact of market downturns, our autoparts business enjoyed an increase in both revenue and profit. Due to yen depreciation and our ability to pass on the higher costs of raw materials and energy, net sales increased by 2% from the previous year to 51.2 billion yen, and operating profit increased 20% to 4.5 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

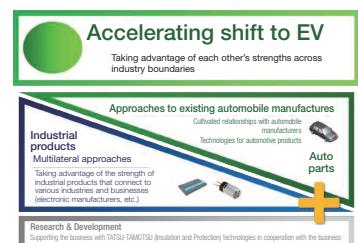
Regarding the business of internal combustion engines, against the backdrop of the electrification trend, a demand decrease is expected. However, since the progress of electrification differs according to the energy situation of each region and country and the use of vehicles, we will try to optimize the production system to meet the demand. In the Indian market, we anticipate continued growth driven by the expansion of internal combustion engine vehicles. Therefore, we intend to strengthen our development capabilities through the establishment of a design and evaluation system, and we will proceed with investment in plant expansions to increase production capacity.

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 is responsible for developing, manufacturing, and selling products with superior properties that include fire resistance, non-combustibility, thermal insulation functionality, and soundproofing properties, developed with the TATSU-TAMOTSU (insulation and protection) technologies cultivated over our long history, in order to enhance the daily living spaces of customers. We also provide installation services for some of our products. We are also focusing on expanding the usage applications of our existing products, and we are endeavoring to broaden these opportunities so that more customers can use our products with confidence.



Hiroyuki Tomimatsu

Division Director of Building Materials Division

Mainstay products



Interior noncombustible materials



Wrap-Type Fire-proofing Covering Materials

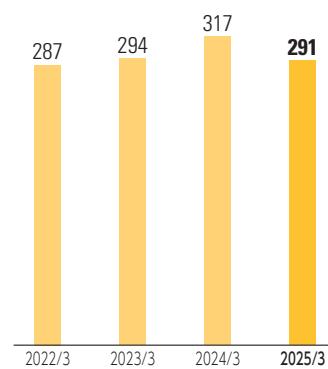


Raised-Access Floor Systems

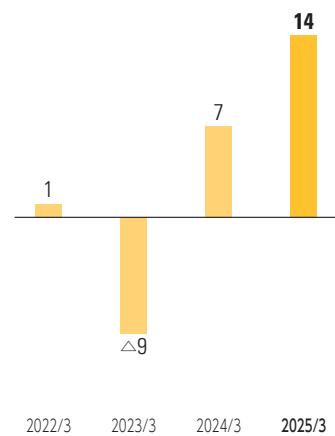
Looking back on FY2024

The construction market has seen rising costs due to the depreciation of the yen, wage increases, and soaring material prices that have continued since last year. Furthermore, delays in the construction schedules of major redevelopment projects in Tokyo have occurred due to supply shortages of some construction materials. While negative environmental factors hindered planned product deliveries, the effects of withdrawing from the unprofitable rock wool insulation business last year and the efficiency gains from consolidating the production of calcium silicate products have proven effective. Consequently, our financial results in FY2024 included a decrease in revenue but an increase in profit compared to the previous year.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- Establishing a production system capable of responding quickly to fluctuations in demand, and reforming our revenue model
- Developing products tailored to individual user needs and establishing a production system that will enable this
- We plan to expand into overseas markets with our primary focus being Southeast Asia.

Future initiatives

Makibee™, a wrap-type fireproofing coating material that is one of the core products of the Building Materials Business, has been widely adopted in numerous projects as a fireproof coating for office buildings, warehouses, and similar structures. We are currently pursuing development in several areas to expand the number places this product can be used in buildings going forward. Additionally, for NICHIAS Omega Floor™, a product with a high market share in the raised-access floor market, we are building an expanded production system in FY2025 to boost our supply capacity. We plan to actively pursue orders for major redevelopment projects that will serve as urban landmarks, while at the same time we review our sales network and operational structure to ensure consistent business results and the ability to respond quickly to project delays and other sudden demand fluctuations. We have also established a business development team at our headquarters that is primarily composed of young employees, in order to facilitate development-related activities. We will accelerate these activities and successfully create new businesses to form part of our next-generation portfolio.



Makibee™ acquired new 1.5-hour and 2.5-hour fireproof certifications on April 1, 2023 in conjunction with the partial revision of the Building Standards Act.