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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]

May 12, 2025

Company name:	Nisshinbo Holdings Inc.	
Listing:	Tokyo Stock Exchange	
Securities code:	3105	
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Representative:	Yasuji Ishii	President and Representative Director
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Scheduled date to commence dividend payments:	-	
Preparation of supplementary material on financial results:	None	
Holding of financial results briefing:	None	

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	151,164	15.6	21,291	161.3	21,453	112.7	15,293	93.7
March 31, 2024	130,754	(9.2)	8,147	(36.1)	10,085	(31.4)	7,895	(32.5)

(Note) Comprehensive income: Three months ended March 31, 2025: ¥ 5,263 million [(72.2)%]
Three months ended March 31, 2024: ¥ 18,906 million [39.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	97.65	-
March 31, 2024	50.25	50.25

(Note) Diluted earnings per share for the three months ended March 31, 2025 is not stated because there are no dilutive potential shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	665,031	299,549	40.8
December 31, 2024	680,112	297,785	39.7

(Reference) Equity: As of March 31, 2025: ¥ 271,442 million
As of December 31, 2024: ¥ 269,788 million

(Note) As of March 31, 2025, we have finalized the provisional accounting treatment related to business combinations, and the figures for the fiscal year ending December 2024 reflect the details of the finalized provisional accounting treatment. In addition, effective from the beginning of the first quarter of the current fiscal year, we have adopted the “Accounting Standard for Income Taxes, Resident Taxes, and Business Taxes,” and other related accounting standards. Accordingly, the figures for the fiscal year ending December 31, 2024, have been restated to reflect the retrospective application of these changes in accounting policies.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	18.00	-	18.00	36.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		18.00	-	18.00	36.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025(January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	506,000	2.3	19,700	18.8	21,600	(11.5)	18,300	78.1	117.33

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None
 Newly included: - (Company name:)
 Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 2) Changes in accounting policies due to other reasons: None
 3) Changes in accounting estimates: None
 4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):
 March 31, 2025: 169,246,174 shares
 December 31, 2024: 169,246,174 shares

2) Number of treasury shares at the end of the period:
 March 31, 2025: 13,129,509 shares
 December 31, 2024: 12,079,169 shares

3) Average number of shares outstanding during the period:
 Three months ended March 31, 2025: 156,618,443 shares
 Three months ended March 31, 2024: 157,114,693 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The consolidated financial results forecasts contained in this document are based on information currently available to the Company. The Company does not make any guarantees regarding the achievement of these forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Overview of Operating Results

During the first quarter of the fiscal year ending March 31, 2025, Nisshinbo Group posted net sales of ¥151,164 million (up ¥20,409 million, or 15.6%, year on year), mainly due to higher sales in the Wireless and Communications business and the Real Estate business, despite a decrease in sales in the Micro Devices business.

Operating profit was ¥21,291 million (up ¥13,144 million, or 161.3%, year on year) due to increased profit in the Wireless and Communications business and the Real Estate business, despite an increase in losses in the Micro Devices business. Ordinary profit was ¥21,453 million (up ¥11,368 million, or 112.7%, year on year). Profit attributable to owners of parent was ¥15,293 million (up ¥7,398 million, or 93.7% year on year).

The results for the main business segments are as follows. Segment profit or segment loss is based on operating profit or operating loss.

(Wireless and Communications business)

In the Solutions and Specialized Equipment business, sales and profit increased due to an increase in orders for radar equipment and maintenance equipment for the Ministry of Defense based on the basic policy of the defense capability development plan based on national strategy, as well as an increase in orders for prefectural disaster prevention systems due to replacement demand and changes in product mix.

The Marine Systems business also saw increased sales and profits due to strong orders for equipment for new commercial ships, equipment for commercial ship retrofits, and equipment for workboats for the European river market.

The Mobility business saw a decline in sales and an increase in losses due to a decrease in orders for automotive ITS (advanced road traffic systems) and sluggish orders for repeaters (mobile phone relay equipment).

As a result, the Wireless and Communications business posted net sales of ¥81,089 million (up 10.1% year on year) and segment profit of ¥12,408 million (up 34.4% year on year).

(Micro Devices business)

In consumer equipment/devices, inventory adjustments by customers bottomed out, and there were signs of a market recovery and an upturn in orders for smartphones and amusement-related products. However, orders for automotive industry products declined significantly due to the sluggish EV market and inventory adjustments by customers in the sensor-related business. Orders for industrial equipment also declined due to prolonged inventory adjustments mainly by domestic customers in response to sluggish demand in China. As a result, the Electronic Devices business posted a decline in sales and an increase in losses.

In the Microwave business, although orders for sensor-related products for the domestic market were sluggish, orders for maintenance parts for electronic tubes remained strong, resulting in increased sales and profits.

As a result, the Micro Devices business posted net sales of ¥13,390 million (down 8.8% year on year) and a segment loss of ¥3,148 million (an increase of ¥2,123 million year on year).

(Material)

• Automobile Brakes

The Japanese base saw an increase in sales and profit due to the stabilization of production cuts caused by issues such as car manufacturer certification irregularities and the recovery of orders. The U.S. base maintained sales at the same level as the previous year, but achieved improved profitability due to price adjustments and changes in product mix. The Chinese base saw an increase in sales but a decrease in profit, while the Korean base saw a decrease in sales but reduced losses through profitability improvement activities. The Thai base experienced a decrease in both sales and profit due to a downturn in market conditions.

As a result, the Automobile Brakes business posted net sales of ¥14,236 million (up 0.2% year on year) and segment profit of ¥1,025 million (up 73.5% year on year).

- Precision Instruments

In the precision components business, sales increased due to factors such as the full-scale launch of mass production of automotive EBS components at our Indian base, but profit decreased due to factors such as a decline in orders for automotive EBS components at our Chinese base. In the molded products business, sales and profit increased due to factors such as an increase in orders for air conditioning-related products, in-vehicle products, and medical-related products.

As a result, the Precision Instruments business posted net sales of ¥14,027 million (up 12.1% year on year) and segment profit of ¥642 million (up 263.7% year on year).

- Chemicals

Sales of rigid urethane products decreased due to lower orders for liquid products and rigid blocks, as well as water treatment products. Sales of carbon separators for fuel cells increased and losses narrowed due to higher orders for automotive applications. Sales of specialty chemicals were at the same level as the previous fiscal year due to lower orders for biodegradable resins, but profit increased due to changes in product mix. Research and development expenses for the Chemicals business increased due to efforts to promote commercialization.

As a result, the Chemicals business posted net sales of ¥2,320 million (down 12.2% year on year) and a segment loss of ¥24 million (a deterioration of ¥106 million year on year).

- Textiles

The shirt business, including Tokyo Shirt saw a decrease in sales and an expansion of losses due to reduced orders for Apollocot shirts and summer dress shirt materials. The uniform business saw an increase in sales and a reduction in losses due to increased orders for custom-made products, while the development materials business saw an increase in sales and a reduction in losses due to increased orders from overseas markets.

As a result, the Textiles business posted net sales of ¥7,958 million (down 11.3% year on year) and a segment loss of ¥83 million (down ¥77 million year on year).

(Real Estate)

The Real Estate business saw a significant increase in sales and profit due to the sale of residential land in Okazaki City, Aichi Prefecture, the sale of the large-scale commercial facility Ario Nishiarai (Adachi-ku, Tokyo), and the sale of condominiums in Minato-ku, Tokyo.

As a result, the Real Estate business posted net sales of ¥14,930 million (up ¥13,630 million year on year) and segment profit of ¥11,558 million (up ¥10,852 million year on year).

(2) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

There are no changes to the consolidated earnings forecast for the fiscal year ending December 2025, which was announced on February 12, 2025.

2. Quarterly Consolidated Financial Statements and Notes

Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	50,411	48,922
Notes and accounts receivable - trade, and contract assets	129,992	145,498
Electronically recorded monetary claims - operating	16,140	15,785
Merchandise and finished goods	53,277	51,788
Work in process	64,181	54,922
Raw materials and supplies	45,369	43,438
Other	12,846	11,731
Allowance for doubtful accounts	(1,102)	(1,141)
Total current assets	371,117	370,945
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,374	59,877
Machinery, equipment and vehicles, net	49,375	47,785
Land	39,351	38,295
Other, net	28,389	26,379
Total property, plant and equipment	178,491	172,338
Intangible assets		
Goodwill	1,085	955
Other	12,280	11,815
Total intangible assets	13,366	12,770
Investments and other assets		
Investment securities	69,917	64,417
Other	47,578	44,910
Allowance for doubtful accounts	(359)	(349)
Total investments and other assets	117,137	108,977
Total non-current assets	308,994	294,086
Total assets	680,112	665,031

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,274	38,959
Electronically recorded obligations - operating	22,443	18,961
Short-term borrowings	47,311	35,015
Commercial papers	30,000	30,000
Current portion of long-term borrowings	9,714	12,214
Income taxes payable	2,736	5,509
Provision for bonuses	3,301	7,922
Other provisions	2,890	1,927
Other	42,210	36,958
Total current liabilities	198,881	187,468
Non-current liabilities		
Long-term borrowings	130,160	125,356
Provisions	85	87
Retirement benefit liability	38,168	37,694
Asset retirement obligations	808	802
Other	14,223	14,072
Total non-current liabilities	183,445	178,013
Total liabilities	382,327	365,482
Net assets		
Shareholders' equity		
Share capital	27,807	27,807
Capital surplus	18,948	18,948
Retained earnings	176,167	188,916
Treasury shares	(13,237)	(14,176)
Total shareholders' equity	209,685	221,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,436	21,704
Deferred gains or losses on hedges	31	0
Foreign currency translation adjustment	28,145	21,974
Remeasurements of defined benefit plans	6,488	6,267
Total accumulated other comprehensive income	60,103	49,947
Non-controlling interests	27,996	28,107
Total net assets	297,785	299,549
Total liabilities and net assets	680,112	665,031

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Net sales	130,754	151,164
Cost of sales	100,681	106,590
Gross profit	30,072	44,573
Selling, general and administrative expenses	21,925	23,282
Operating profit	8,147	21,291
Non-operating income		
Interest income	336	237
Dividend income	254	341
Share of profit of entities accounted for using equity method	408	1,216
Foreign exchange gains	1,303	-
Miscellaneous income	555	258
Total non-operating income	2,858	2,054
Non-operating expenses		
Interest expenses	489	751
Foreign exchange losses	-	661
Miscellaneous losses	430	479
Total non-operating expenses	920	1,892
Ordinary profit	10,085	21,453
Extraordinary income		
Gain on sale of non-current assets	64	376
Gain on sale of investment securities	892	1,025
Subsidy income	174	-
Total extraordinary income	1,131	1,402
Extraordinary losses		
Loss on sale of non-current assets	0	22
Loss on abandonment of non-current assets	8	218
Impairment losses	24	18
Loss on liquidation of business	-	53
Total extraordinary losses	33	313
Profit before income taxes	11,183	22,542
Income taxes - current	2,083	4,657
Income taxes - deferred	211	1,621
Total income taxes	2,295	6,279
Profit	8,888	16,263
Profit attributable to non-controlling interests	993	969
Profit attributable to owners of parent	7,895	15,293

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit	8,888	16,263
Other comprehensive income		
Valuation difference on available-for-sale securities	4,087	(3,738)
Deferred gains or losses on hedges	27	(31)
Foreign currency translation adjustment	5,505	(6,200)
Remeasurements of defined benefit plans, net of tax	(283)	(228)
Share of other comprehensive income of entities accounted for using equity method	680	(800)
Total other comprehensive income	10,017	(10,999)
Comprehensive income	18,906	5,263
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,291	5,137
Comprehensive income attributable to non-controlling interests	1,614	126

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of a Going Concern)

There are no applicable items.

(Notes in the Event of Significant Changes in Shareholders' Equity)

There are no applicable items.

(Change in Accounting Policy)

(Application of Accounting Standards for Corporate Income Tax, Resident Tax, Business Tax, etc.)

“Accounting Standards for Corporate Income Tax, Resident Tax, and Business Tax, etc.” (Corporate Accounting Standards No. 27, October 28, 2022; hereinafter referred to as the ‘2022 Revised Accounting Standards’) have been applied from the beginning of the first quarter of the current fiscal year.

Regarding amendments to the classification of corporate income tax and other taxes (taxation of other comprehensive income), the transitional treatment specified in the proviso of Article 20-3 of the 2022 Revised Accounting Standards and the transitional treatment specified in the proviso of Article 65-2(2) of the “Guidance on the Application of Accounting Standards for Tax Effects” (Corporate Accounting Standards Application Guidance No. 28, October 28, 2022) (hereinafter referred to as the “2022 Revised Application Guidelines”) shall apply. Hereinafter referred to as the “2022 Revised Application Guidelines.”) Section 65-2(2) proviso. This will have no impact on the quarterly consolidated financial statements.

In addition, regarding revisions related to the treatment in consolidated financial statements of deferred tax gains or losses arising from the sale of subsidiaries' shares between consolidated companies, we have applied the 2022 amendment application guidelines from the beginning of the first quarter of the current fiscal year.

The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year have been restated accordingly.

As a result, compared to before the retroactive application, other non-current liabilities in the consolidated balance sheet for the previous consolidated fiscal year decreased by ¥335 million.

In addition, as the cumulative effect amount was reflected in net assets at the beginning of the previous consolidated fiscal year, retained earnings at the beginning of the previous period increased by ¥335 million.

(Application of Guidelines on Accounting Treatment and Disclosure of Corporate Taxes, etc., Related to the Global Minimum Tax Regime)

We have applied the “Guidelines on Accounting Treatment and Disclosure of Corporate Taxes, etc., Related to the Global Minimum Tax Regime” (Practical Response Report No. 46, March 22, 2024) from the beginning of the first quarter of the current fiscal year.

Note that, due to the application of Item 7 of the aforementioned Practical Response Report, corporate taxes, etc., related to the Global Minimum Tax Regime have not been recognized in the consolidated financial statements for the first quarter of the current fiscal year.

(Segment Information)

I For the three months ended March 31, 2024 (January 1, 2024 through March 31, 2024)

1. Information on net sales and profit or loss by reportable segments

(Millions of yen)

	Reportable Segment								Others (Note)	Total
	Wireless and Communications	Micro device	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Total		
Net sales										
Net sales to external customers	73,662	14,686	14,203	12,515	2,643	8,970	1,299	127,982	2,772	130,754
Intersegment net sales and transfers	129	262	2	4	79	4	329	813	1,208	2,021
Total	73,792	14,948	14,206	12,519	2,723	8,974	1,629	128,795	3,980	132,775
Segment profit (loss)	9,233	(1,024)	591	176	81	(161)	706	9,603	176	9,780

(Note) "Others" includes trading company functions of food products, industrial materials, etc., which are not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statements of income, and main details of such difference

(Matters related to difference adjustment)

(Millions of yen)

Profit	Amounts
Total of reportable segments	9,603
Profit in the "Other" category	176
Elimination of intersegment transactions	13
Company-wide expenses (Note)	(1,646)
Operating profit in quarterly consolidated statements of income	8,147

(Note) Company-wide expenses mainly consist of group administrative expenses, depreciation and amortization, and research and development expenses for basic technology that do not belong to the reportable segments.

II For the three months ended March 31, 2025 (January 1, 2025 through March 31, 2025)

1. Information on net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable Segment								Others (Note)	Total amount
	Wireless and Communicat ions	Micro device	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Total		
Net sales										
Net sales to external customers	81,089	13,390	14,236	14,027	2,320	7,958	14,930	147,954	3,210	151,164
Intersegment net sales or transfers	88	123	2	114	122	4	372	826	249	1,075
Total	81,177	13,513	14,238	14,142	2,442	7,963	15,302	148,780	3,459	152,239
Segment profit (loss)	12,408	(3,148)	1,025	642	(24)	(83)	11,558	22,379	72	22,451

(Note) "Others" includes trading company functions of food products, industrial materials, etc., which are not included in the reportable segments.

2. Difference between the total amount of profit or loss of the reportable segments and the amount recorded in the quarterly consolidated statements of income, and main details of such difference

(Matters related to difference adjustment)

(Millions of yen)

Profit	Amounts
Total of reportable segments	22,379
Profit in the "Other" category	72
Elimination of intersegment transactions	51
Company-wide expenses (Note)	(1,211)
Operating profit in quarterly consolidated statements of income	21,291

(Note) Company-wide expenses mainly consist of group administrative expenses, depreciation and amortization, and research and development expenses for basic technology that do not belong to the reportable segments.

(Notes to Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the three months ended March 31, 2025. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months are as follows and amortization of goodwill for the three-month are as follows.

	(Millions of yen)	
	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation and amortization	6,459	6,459
Amortization of goodwill	125	118

(Business Combinations)

(Determination of provisional accounting treatment for business combinations)

Regarding the business combination with ARGONICS GMBH and its subsidiary ARGONAV GMBH acquired on November 28, 2024, we had previously applied provisional accounting treatment in the prior fiscal year. However, this treatment has been finalized in the first quarter of the current fiscal year.

As a result of the finalization of this provisional accounting treatment, the comparative information included in the consolidated financial statements for the first quarter of the current fiscal year reflects significant revisions to the initial allocation of the acquisition cost. Accordingly, the consolidated balance sheet as of the end of the previous fiscal year shows a decrease of ¥501 million in goodwill, an increase of ¥656 million in other intangible assets, and an increase of ¥155 million in other non-current liabilities. Additionally, as a result of the finalization of this accounting treatment, the amount of goodwill for ARGONICS GMBH, which was provisionally calculated as ¥1,031 million as of the end of the previous fiscal year, has been revised to ¥530 million.