

## Summary of Consolidated Financial Results for First Half of Fiscal Year Ending March 31, 2024

(These figures are rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for First Half of FY2023 (April 1 to September 30, 2023)

#### (1) Consolidated financial results

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
First Half FY2023	178,835	20.5	20,682	35.9	25,027	23.0
First Half FY2022	148,350	6.2	15,217	-5.3	20,345	20.0

Note: Comprehensive income: 29,895 million yen in First Half FY2023 (1.9%), 29,335 million yen in First Half FY2022 (56.8%)

	Profit attributable to owners of parent		Basic earning per share	Diluted earning per share
	Million yen	%	Yen	Yen
First Half FY2023	17,335	25.3	173.71	—
First Half FY2022	13,840	16.4	138.10	—

Note: Diluted earning per share of First Half FY2023 and First Half FY2022 are not shown in the above table, as there are no potential common shares with dilution effect.

#### (2) Consolidated financial position

	Total assets	Net assets	Net assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
First Half FY2023	378,400	252,121	65.9	2,496.47
FY2022	359,150	226,127	62.2	2,237.06

Reference: Equity capital: 249,196 million yen in First Half FY2023, 223,551 million yen in FY2022

### 2. Dividends

	Dividend per share				
	At end of first quarter	At end of second quarter	At end of third quarter	At end of FY	FY
	Yen	Yen	Yen	Yen	Yen
FY2022	—	31.00	—	33.00	64.00
FY2023	—	32.00			
FY2023 (forecast)			—	32.00	64.00

Note: Revision of the latest forecasts: None

### 3. Forecasts for FY2023 (April 1, 2023 to March 31, 2024)

(The percentages denote year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earning per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2023	343,000	6.6	38,000	10.3	38,300	1.1	23,500	11.0	235.59

Note: Revision of the latest forecasts: None

#### 4. Others

(1) Changes in principal subsidiaries during the fiscal year (changes in specific subsidiaries, which involve changes in the scope of consolidation): None

New consolidation: – company (company name): – Exclusion: - company (company name): –

(2) Adoption of specific accounting policies for quarterly consolidated financial statement: Yes

(3) Changes in the principles and procedures of accounting concerning the preparation of consolidated financial statements and in the methods of presentation, etc. (stated in “Changes in Significant Accounting Policies for Preparing Consolidated Financial Statements”)

1) Changes following the revision of accounting standards, etc.: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of shares outstanding (common stocks)

1) Number of shares outstanding at end of the period (including treasury stocks)

2Q of FY2023	100,257,053	FY2022	107,508,954
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2) Number of treasury stocks at end of the period

2Q of FY2023	437,549	FY2022	7,577,913
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3) Average number of shares outstanding during the period

2Q of FY2023	99,797,364	2Q of FY2022	100,215,758
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\*Quarterly financial results reports are exempt from quarterly review conducted by certificated public accountants or an audit corporation.

#### \* Proper use of forecasts and other special instructions

Forward-looking statements or projections included in this document, including earnings projections, are based on currently available information and certain premises that are judged to be rational at the time of this writing. Actual results may differ greatly from the forecast figures depending on various factors.

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## I. Quarterly Consolidated Financial Statements and Main Notes

### (i) Explanation of operating results

For the first six months ended September 30, 2023, in Japan's manufacturing sector, business confidence in general machinery deteriorated due to sluggish overseas demand, while business confidence in transportation equipment such as automobiles improved due to easing semiconductor supply constraints. In the non-manufacturing sector, business confidence improved due to a recovery in accommodation and food services on the back of a rebound in inbound demand and the spread of passing on price hikes to consumers. Looking overseas, in the Chinese economy, although the recovery trend in service consumption continued due to the lifting of the zero-COVID-19 policy, the manufacturing sector suffered from a slump in new orders and sluggish exports of IT-related products due to the end of stay-at-home demand, which is one of the reasons of putting downward pressure on the economy. In the European economy, while service exports continued to recover, goods exports lacked strength in consumer and capital goods, and exports of intermediate goods, which account for about half of all goods exports, remained sluggish, putting downward pressure on the economy. In the U.S. economy as well, though the non-manufacturing sector saw an expansion of business activities and an increase in new orders putting upward pressure on the whole economy amid easing supply constraints, such as improved lead times for goods, the manufacturing sector saw production activities shrink and new orders decline, reflecting the end of stay-at-home demand and sluggish demand for goods due to monetary tightening, etc., putting downward pressure on the economy. Thus, for the global economy, business confidence in the service sector is beginning to improve due to liquidation of assets accumulated at the time of the spread of COVID-19. On the other hand, in the manufacturing sector, the outlook remained uncertain as business confidence remained stagnant due to the end of stay-at-home demand under the COVID-19 pandemic and sluggish exports, while production related to transportation equipment increased due to the ending of semiconductor supply constraints.

With regard to automobile manufacturers, which are the main customers of Nifco Inc. (the "Company") and its consolidated subsidiaries (collectively, the "Group"), in the Japanese market, both production volume and sales volume increased year on year in the first six months ended September 30, 2023. In overseas markets as well, due to the easing of semiconductor supply constraints, etc., both production and sales volumes in China, Europe, the U.S., and other markets increased year on year in the first six months ended September 30, 2023.

As a result, the Group's net sales for the first six months ended September 30, 2023 amounted to 178,835 million yen, up 20.5% year on year.

In terms of profits, operating profit increased 35.9% year on year to 20,682 million yen, due to controlling increases in fixed costs such as depreciation and personnel expenses, despite the soaring prices of raw materials and electricity. Ordinary profit increased 23.0% year on year to 25,027 million yen due to foreign exchange gains resulting from the depreciation yen, and profit attributable to owners of parent increased 25.3% year on year to 17,335 million yen.

The operating results of each segment are as follows.

Net sales in each segment are to external customers.

#### (1) Industrial plastic parts & components

In the industrial plastic parts & components business, net sales in Japan increased due to a recovery in automobile production activities. Overall net sales overseas also increased due to an increase in sales resulting from a recovery in automobile production activities in Europe, the U.S., and South Korea, among others, as well as from the easing semiconductors supply constraints, and the depreciation of the yen. Profits increased as a result of controlling increases in fixed costs such as depreciation, personnel expenses, among others, despite the soaring prices of raw materials and electricity.

As a result, net sales in the industrial plastic parts & components business for the first six months ended September 30, 2023 increased 21.4% year on year to 161,820 million yen, and segment profit increased 33.9% year on year to 20,277 million yen.

#### (2) Bedding & furniture

In the bedding & furniture business, both net sales and profits increased in Japan due to steady growth in sales to retailers,

exports, and hotels. Overseas, both net sales and profits increased due to higher demand from hotels, in addition to growth in wholesale and retail sales, mainly in China, and the foreign exchange effects of a depreciation yen.

As a result, net sales in the bedding & furniture business for the first six months ended September 30, 2023 increased 12.7% year on year to 17,015 million yen. Segment profit increased 14.9% year on year to 2,845 million yen.

## (ii) Explanation of financial position

### (1) Assets, liabilities and net assets

Assets as of September 30, 2023 stood at 378.4 billion yen, an increase of 19,249 million yen from the end of the previous fiscal year. The main factors for the increase were a 6,530 million yen increase in accounts receivable–trade and 3,011 million yen increase in property, plant and equipment. In addition, cash and deposits increased by 6,330 million yen.

Liabilities as of September 30, 2023 stood at 126,278 million yen, a decrease of 6,744 million yen from the end of the previous fiscal year. The main factors for the decrease were decreases of 7,149 million yen in the current portion of long-term borrowings and 2,624 million yen in short-term borrowings, respectively, despite an increase of 3,378 million yen in notes and accounts payable–trade.

Net assets as of September 30, 2023 stood at 252,121 million yen, an increase of 25,993 million yen from the end of the previous fiscal year. Treasury shares decreased by 18,361 million yen, mainly due to the cancellation of treasury shares, and capital surplus decreased by 13,908 million yen. In addition, retained earnings increased by 9,133 million yen and foreign currency translation adjustment increased by 11,445 million yen due to yen depreciation. As a result, equity ratio was 65.9% and net assets per share was 2,496.47 yen.

### (2) Cash flows

#### Cash flows from operating activities

Net cash provided by operating activities in the first six months ended September 30, 2023 was 20,588 million yen, an increase of 4,982 million yen from 15,606 million yen provided in the same period of the previous fiscal year. This was mainly due to an increase in profit before income taxes and a increase in reduction of inventories.

#### Cash flows from investing activities

Net cash used in investing activities in the first six months ended September 30, 2023 was 1,953 million yen, an increase of 5,478 million yen from the 7,431 million yen used in the same period of the previous fiscal year. This was mainly due to payments into time deposits recorded in the same period of the previous fiscal year.

#### Cash flows from financing activities

Net cash used in financing activities in the first six months ended September 30, 2023 was 18,823 million yen, a decrease of 13,847 million yen from 4,976 million yen used in the same period of the previous fiscal year. This was mainly due to the repayments of long-term borrowings.

In addition to the above, the effect of exchange rate change on cash and cash equivalents resulted in cash and cash equivalents at the end of the first six months ended September 30, 2023 increasing 7,128 million yen from the end of the previous fiscal year to 129,362 million yen.

## (iii) Information regarding consolidated earnings forecasts and other forward-looking statements

No revisions have been made to the consolidated financial forecasts announced on July 31, 2023.

## II. Quarterly Consolidated Financial Statements and Main Notes

### (i) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	129,793	136,123
Notes receivable-trade	1,668	1,432
Electronically recorded monetary claims-operating	7,771	8,579
Accounts receivable-trade	52,262	58,792
Contract assets	786	797
Securities	691	516
Merchandise and finished goods	27,966	26,691
Work in process	3,226	3,161
Raw materials and supplies	10,020	11,479
Other	9,742	11,665
Allowance for doubtful accounts	-261	-304
Total current assets	243,668	258,936
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,118	49,304
Machinery, equipment and vehicles, net	19,780	19,979
Tools, furniture and fixtures, net	4,426	4,411
Molds, net	4,458	4,532
Land	18,502	19,018
Leased assets, net	44	38
Construction in progress	2,913	3,922
Other	6,676	6,725
Total property, plant and equipment	104,921	107,932
Intangible assets		
Goodwill	467	337
Other	1,419	1,508
Total intangible assets	1,887	1,845
Investments and other assets		
Investment securities	3,317	3,877
Deferred tax assets	963	1,226
Retirement benefit assets	1,664	1,804
Other	2,728	2,778
Allowance for doubtful accounts	-0	-0
Total investments and other assets	8,673	9,685
Total non-current assets	115,482	119,463
Total assets	359,150	378,400

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	25,076	28,454
Short-term borrowings	8,903	6,279
Current portion of long-term borrowings	10,209	3,060
Accounts payable-other	5,190	6,105
Income taxes payable	5,329	4,551
Contract liabilities	4,240	4,982
Provision for bonuses	2,517	2,447
Other	10,277	11,373
Total current liabilities	71,744	67,254
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	10,345	7,315
Deferred tax liabilities	7,175	8,354
Retirement benefit liability	1,818	1,853
Other	6,938	6,500
Total non-current liabilities	61,278	59,024
Total liabilities	133,023	126,278
Net assets		
Shareholders' equity		
Share capital	7,290	7,290
Capital surplus	13,908	—
Retained earnings	208,459	217,593
Treasury shares	-19,691	-1,330
Total shareholders' equity	209,966	223,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737	1,358
Deferred gains or losses on hedges	-63	-26
Revaluation reserve for land	6	6
Foreign currency translation adjustment	13,002	24,447
Remeasurements of defined benefit plans	-96	-141
Total accumulated other comprehensive income	13,585	25,644
Non-controlling interests	2,576	2,924
Total net assets	226,127	252,121
Total liabilities and net assets	359,150	378,400

## (ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	148,350	178,835
Cost of sales	109,091	130,347
Gross profit	39,258	48,487
Selling, general and administrative expenses	24,041	27,804
Operating profit	15,217	20,682
Non-operating income		
Interest income	189	574
Gain on valuation of investment securities	153	56
Foreign exchange gains	4,527	3,847
Other	753	339
Total non-operating income	5,624	4,817
Non-operating expenses		
Interest expenses	219	337
Loss on valuation of derivatives	38	13
Compensation expenses	114	—
Other	124	122
Total non-operating expenses	496	473
Ordinary profit	20,345	25,027
Extraordinary income		
Gain on sale of non-current assets	7	110
Insurance claim income	※ 1 98	—
Total extraordinary income	106	110
Extraordinary losses		
Impairment losses	※ 2 292	—
Loss on sale and retirement of non-current assets	75	82
Business restructuring expenses	※ 3 210	—
Loss on shutdowns due to COVID-19	※ 4 30	—
Total extraordinary losses	608	82
Profit before income taxes	19,843	25,055
Total income taxes	5,605	7,282
Profit	14,237	17,772
Profit attributable to		
Profit attributable to owners of parent	13,840	17,335
Profit attributable to non-controlling interests	397	436
Other comprehensive income		
Valuation difference on available-for-sale securities	-227	621
Deferred gains or losses on hedges	-30	37
Foreign currency translation adjustment	15,304	11,508
Remeasurements of defined benefit plans, net of tax	51	-45
Total other comprehensive income	15,097	12,122
Comprehensive income	29,335	29,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,770	29,394
Comprehensive income attributable to non-controlling interests	565	500



## (iii) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	19,843	25,055
Depreciation	6,629	6,871
Impairment losses	292	—
Amortization of goodwill	156	170
Insurance claim income	-98	—
Increase (decrease) in allowance for doubtful accounts	-47	23
Increase (decrease) in provision for bonuses	-159	-108
Increase (decrease) in retirement benefit liability	155	-29
Decrease (increase) in retirement benefit asset	-238	-114
Interest and dividend income	-225	-616
Interest expenses	219	337
Foreign exchange losses (gains)	-3,748	-3,607
Loss (gain) on sale of non-current assets	24	-96
Loss (gain) on disposal of non-current assets	43	68
Loss (gain) on valuation of investment securities	-153	-56
Decrease (increase) in trade receivables	1,601	-3,629
Decrease (increase) in inventories	-875	2,655
Decrease (increase) in other assets	-504	-1,353
Increase (decrease) in trade payables	-1,167	1,522
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	-1,200	433
Increase (decrease) in other liabilities	80	729
Other	13	-553
Subtotal	20,638	27,701
Interest and dividends received	262	674
Interest paid	-232	-397
Proceeds from insurance income	98	—
Income taxes refund (paid)	-5,161	-7,388
Cash flows from operating activities	15,606	20,588
Cash flows from investing activities		
Payments into time deposits	-5,193	-84
Proceeds from withdrawal of time deposits	1,231	1,654
Purchase of securities	-10	-286
Proceeds from sale and redemption of securities	183	12
Purchase of non-current assets	-3,967	-3,775
Proceeds from sale of non-current assets	6	109
Purchase of investment securities	-6	-7
Proceeds from sale of investment securities	275	487
Other	50	-62
Cash flows from investing activities	-7,431	-1,953

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	14,132	19
Repayments of short-term borrowings	-14,686	-3,308
Repayments of lease liabilities	-844	-1,032
Repayments of long-term borrowings	-266	-10,182
Proceeds from sale of treasury shares	300	323
Purchase of treasury shares	-0	-759
Dividends paid	-3,118	-3,312
Dividends paid to non-controlling interests	-492	-570
Cash flows from financing activities	-4,976	-18,823
Effect of exchange rate change on cash and cash equivalents	7,386	7,316
Net increase (decrease) in cash and cash equivalents	10,585	7,128
Cash and cash equivalents at beginning of period	109,992	122,233
Cash and cash equivalents at end of period	120,578	129,362

(iv) Notes in Relation to the Consolidated Financial Statements

- Notes regarding the going concern assumption

Not applicable.

- Notes on significant changes in the amount of shareholders' equity

The Company cancelled treasury shares on September 29, 2023 in accordance with the resolution of the Board of Directors meeting held on September 4, 2023. As a result, capital surplus and treasury shares decreased by 18,864 million yen and 18,864 million yen, respectively.

Accordingly, a negative value of 4,889 million yen accrued in capital surplus was transferred from retained earnings at the end of the first six months ended September 30, 2023. Since this is a transfer between accounts in shareholders' equity, there is no change in the amount of the Group's total shareholders' equity.

- Adoption of specific accounting policies for quarterly consolidated financial statement

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current fiscal year, including the first six months ended September 30, 2023, and multiplying profit before income taxes by the estimated effective tax rate.

- Consolidated statements of balance sheet

Contingent liability

On-site investigation by Korea Fair Trade Commission

Our Korean consolidated subsidiary was subject to an on-site investigation by the Korea Fair Trade Commission (South Korea) on July 5, 2023 (local time), on suspicion of violating the Monopoly Regulation and Fair Trade Act in relation to trade in industrial plastic parts & components products.

Although the investigation is still ongoing, the results may have an impact on the Group's business results and financial position.

- Consolidated statements of income and comprehensive income

※ 1 Insurance claim income

It is proceeds from insurance income for the fire accident that occurred in February 2020 at Nifco Germany GmbH, an overseas consolidated subsidiary.

※ 2 Impairment losses

Since the business assets of Nifco (Chongqing) Limited Liability Company, an overseas consolidated subsidiary, were scheduled to be sold due to the restructuring of the production system in the plastic business for Korean automobiles in China, their book values were reduced to recoverable amounts, and the reduction was recorded as an impairment loss (292 million yen) in extraordinary losses. It consists of buildings and structures of 250 million yen, and other in investments and other assets, etc. of 42 million yen.

The recoverable amount is measured at net realizable value and is calculated based on the estimated sales amount under the contract.

※ 3 Business restructuring expenses

Expenses related to the implementation of business restructuring measures at some of the sites of the overseas consolidated subsidiaries in the plastic business in China for Korean automobiles are recorded as extraordinary losses.

※ 4 Loss on shutdowns due to COVID-19

At the Group's overseas consolidated subsidiaries, personnel expenses, depreciation and others for a period in which operations were suspended at some production bases in response to requests from local governments to prevent the spread of COVID-19 were recorded as extraordinary losses.

- Segment Information, etc.

[Business segment information]

- For the First Half of FY2022 (April 1 to September 30, 2022)

(Unit: Millions of yen)

	Reportable segments			Adjustment	Amount reported in consolidated financial statements
	Industrial plastic parts & components	Bedding & furniture	Total		
Net sales and segment profit (loss)					
Net sales					
(1) Net sales to external customers	133,258	15,091	148,350	-	148,350
(2) Intersegment sales or transfers	-	0	0	-0	-
Total	133,258	15,091	148,350	-0	148,350
Segment profit (loss)	15,144	2,476	17,620	-2,402	15,217

- (Notes) 1. Adjustment of segment profit (loss) of (-2,402) million yen represents corporate expenses. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.
2. Segment profit (loss) is adjusted for operating profit in the consolidated statement of income and statement of comprehensive income.

- For the First Half of FY2023 (April 1 to September 30, 2023)

(Unit: Millions of yen)

	Reportable segments			Adjustment	Amount reported in consolidated financial statements
	Industrial plastic parts & components	Bedding & furniture	Total		
Net sales and segment profit (loss)					
Net sales					
(1) Net sales to external customers	161,820	17,015	178,835	-	178,835
(2) Intersegment sales or transfers	-	-	-	-	-
Total	161,820	17,015	178,835	-	178,835
Segment profit (loss)	20,277	2,845	23,122	-2,440	20,682

- (Notes) 1. Adjustment of segment profit (loss) of (-2,440) million yen represents corporate expenses. Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.
2. Segment profit (loss) is adjusted for operating profit in the consolidated statement of income and statement of comprehensive income.