

FY2023 Financial Results

May 20th, 2024

- 1 . FY2023 Summary of Consolidated Financial Results**
- 2 . FY2024 Full-Year Forecast**
- 3 . Mid-Term Management Plan (FY2024-FY2026)**

Summary

FY2023 Financial Results Summary

- Due to the recovery of production volume and foreign exchange impacts etc., **sales, operating profit, and recurring profit reached record high**
- Due to the extraordinary loss caused by the business divestiture of German subsidiaries, net income was declined

FY2024 Full-Year Forecast

- **Profit is expected to increase despite of the assumption of strong yen (143 yen to the dollar)**
- Aim for operating profit ratio of over 13%.
- Profitability is expected to be improved in part by the business divestiture of loss-making German subsidiaries as mentioned above

Mid-Term Management Plan

- **Aim for a stable growth through continuous improvement in installed value per vehicle, cost reduction, and fixed cost control**
 - FY2026 Target :
Sales - 375 billion yen, OP - 50 billion yen
ROE - 12%, ROIC - 17%
Total Payout Ratio - over 45%

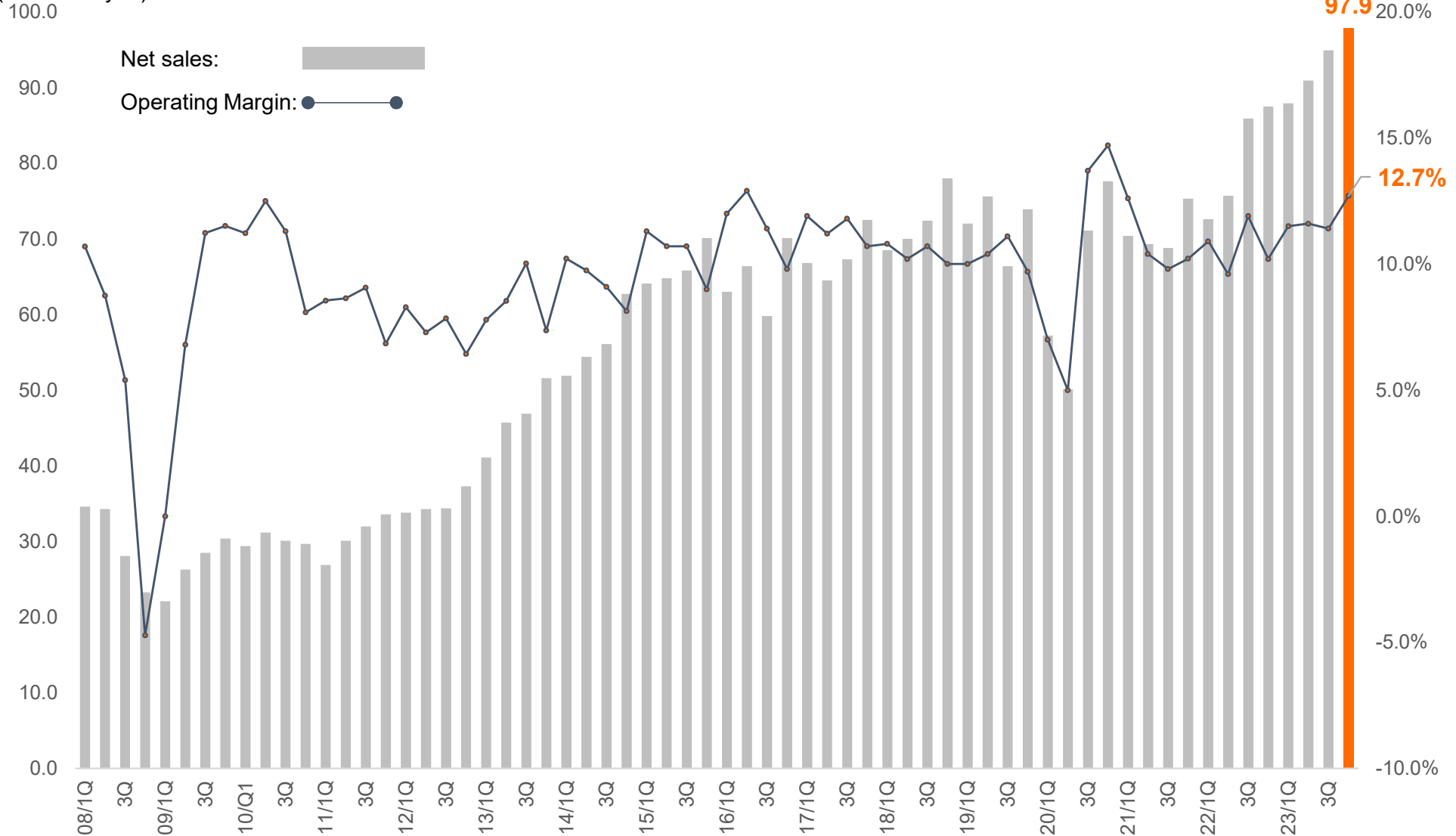
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1. Financial Highlights

Historical sales and Operating Profit (OP)

- Record-high sales were recorded in 4Q following 3Q.
- OPM remained steady with an upper 12% level.

(Billions of yen)



2. Overview of FY2023 4Q Consolidated

Highest level of sales, OP and OP Margin in the past year

- Both sales and OP increased QoQ, mainly due to yen depreciation and strong performance in Japan.
- Net income was negative due to the divestiture of the German business.

	FY2022			FY2023		
	4Q	1Q	2Q	3Q	4Q	QoQ
Net Sales	87.5bn	87.9bn	90.9bn	94.9bn	97.9bn	+11.8%
Operating profit	8.9bn	10.1bn	10.5bn	10.8bn	12.4bn	+38.4%
OP margin	10.2%	11.5%	11.6%	11.4%	12.7%	+2.5%pts
Net income¹⁾	2.6bn	9.7bn	7.6bn	6.1bn	-5.1bn	-295.3%
EPS	26.37yen	97.50yen	76.22yen	61.02yen	-51.91yen	-296.9%
FX rates	1USD=131.6yen 1EUR=138.1yen	1USD=132.4yen 1EUR=142.1yen	1USD=135.0yen 1EUR=145.9yen	1USD=138.2yen 1EUR=149.8yen	1USD=140.7yen 1EUR=152.1yen	1USD=+9.1yen 1EUR=+14.0yen

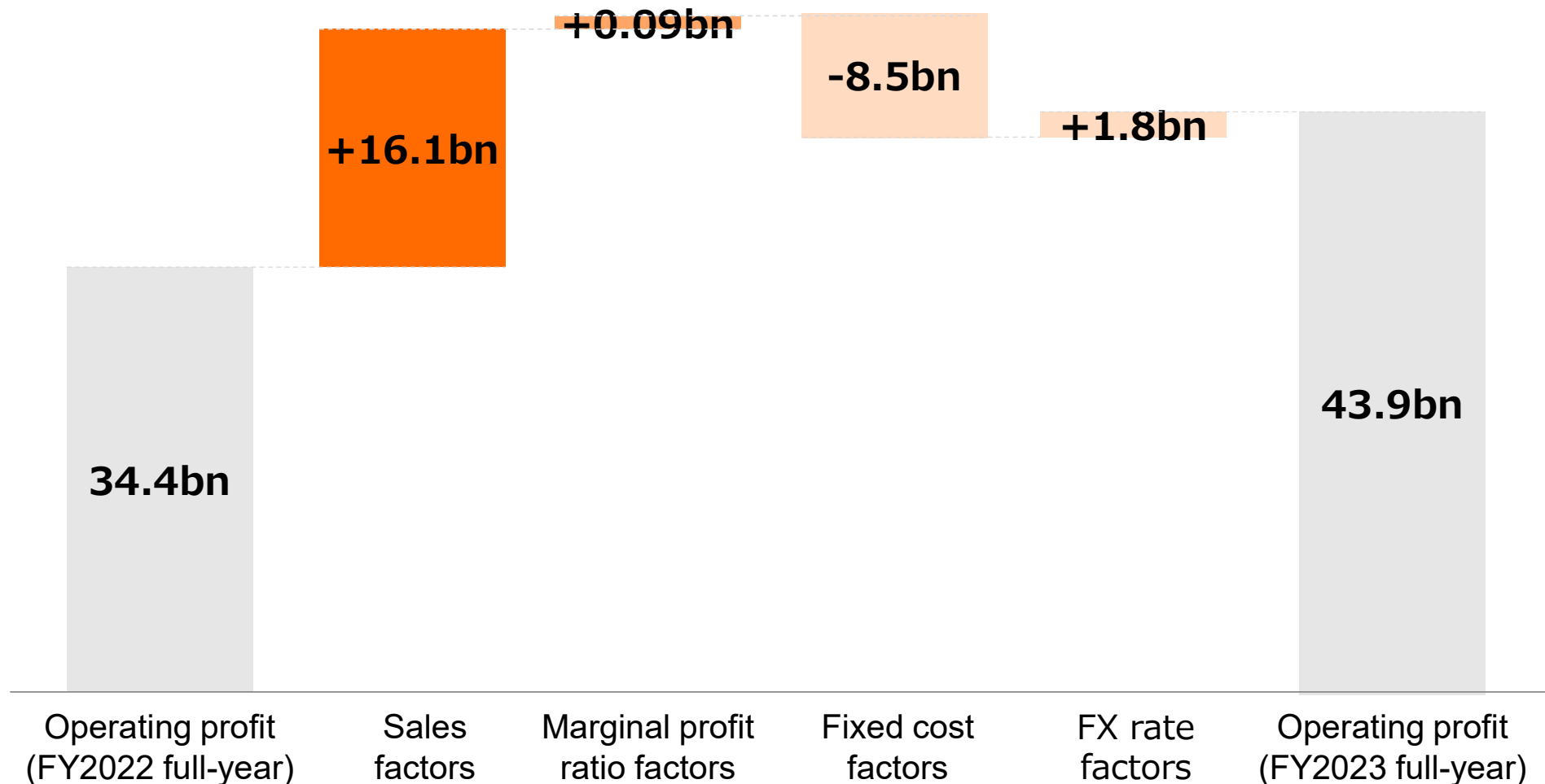
3. Overview of FY2023 4Q Consolidated Financials(Cumulative) Sales and OP increased YoY. OPM remained solid at 11.8%

- Both sales and OP increased YoY mainly due to yen depreciation and strong performance in Japan
- OPM remained steady at 11.8%

	FY2021	FY2022	FY2023	
	Full-Year	Full-Year	Full-Year	YoY
Net Sales	283.7bn	321.7bn	371.6bn	+15.5%
Operating profit	30.5bn	34.4bn	43.9bn	+27.5%
OP margin	10.7%	10.7%	11.8%	+1.1%pts
Net income ¹⁾	22.9bn	21.1bn	18.2bn	-13.8%
EPS	227.27yen	211.28yen	183.26yen	-13.3%
FX rates	1USD=109.9yen 1EUR=129.9yen	1USD=131.6yen 1EUR=138.1yen	1USD=140.7yen 1EUR=152.1yen	1USD=+9.1円 1EUR=+14.0円

Operating profit analysis (YoY)

- OP increased driven by sales increase due to recovery in production volume.
- Fixed costs increased due to inflation, but were controlled to a certain level, including variable costs.



5. FY2023 4Q Cumulative Net Sales by segment(Sales) ¹⁾

Achieved revenue growth in all regions and all segments except china

- Japan and the U.S., where recovery in production volume by JPN OEMs is remarkable, led the increase in sales
- Sluggish sales in China due to lower production volume caused by struggle of JPN OEMs

(JPN)	FY2022 (Full-Year)	FY2023 (Full-Year)	YoY	Note
Consolidated	321.7bn	371.6bn	+15.5%	
Plastics	288.7bn	334.7bn	+15.9%	
Japan	77.4bn	85.9bn	+11.0%	Automobile production recovery
North America	71.4bn	90.1bn	+26.2%	Automobile production recovery of Japanese OEMs
Europe	37.7bn	47.6bn	+26.3%	Automobile production recovery
Asia	102.2bn	111.1bn	+8.7%	Strong production of Korean OEMs
China	33.2bn	30.9bn	-6.9%	Decreased automobile production of Japanese OEMs
Bed	33.0bn	36.9bn	+11.8%	Sales to hotels recovery
Japan	17.1bn	18.9bn	+10.5%	
Asia	15.9bn	18.0bn	+13.2%	

6. FY2023 4Q by Segment (OP) ¹⁾

Managed on a consolidated, although the situation differs from region to region

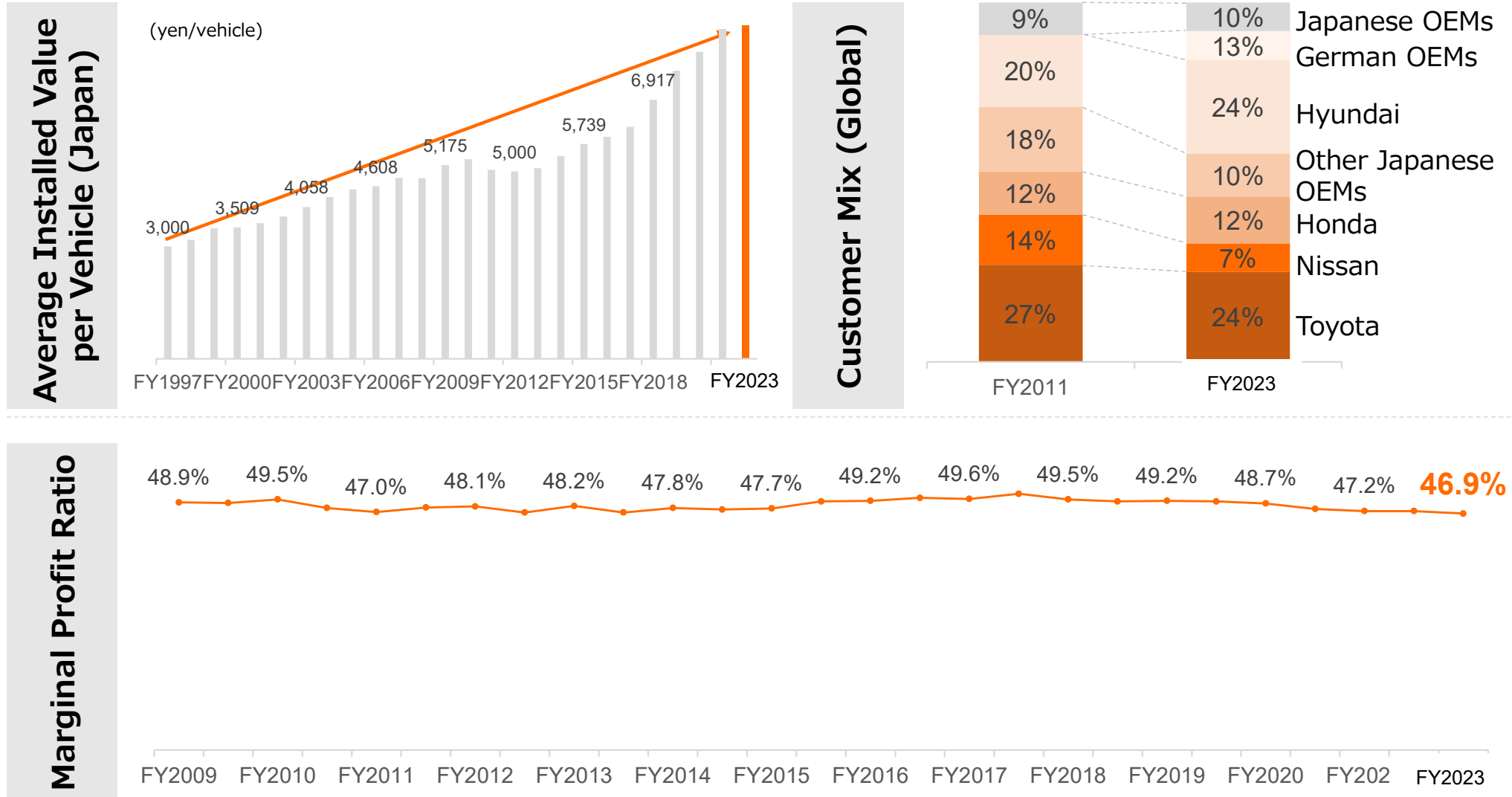
- Margin improvement in Europe and Japan, drove the rise in OPM
- Although China continues to face a difficult business environment due to the impact of declining sales but were controlled fixed cost and secured OPM.

	FY2022 (Full-Year)	FY2023 (Full-Year)	YoY	Note
(JPN)				
Consolidated	34.4bn (10.7%)	43.9bn (11.8%)	+27.6%	
Plastics	34.0bn (11.8%)	42.8bn (12.8%)	+25.9%	
Japan	12.4bn (16.1%)	17.7bn (20.6%)	+42.7%	Improvement due to increased sales and fixed cost management
North America	2.7bn (3.7%)	2.4bn (2.7%)	-11.1%	Improvement due to increased sales and fixed cost management
Europe	0.8bn (2.1%)	3.1bn (6.5%)	+287.5%	Improved utilization ratio due to increased production volume
Asia	18.2bn (17.8%)	19.5bn (17.5%)	+7.1%	Some drops, but remain strong
China	5.5bn (16.5%)	5.3bn (17.2%)	-3.6%	Despite decrease in profits, the profit rate was increased by controlling fixed costs.
Bed	5.9bn (17.8%)	6.5bn (17.7%)	+10.2%	
Japan	2.3bn (13.7%)	2.7bn (14.3%)	+17.4%	
Asia	3.6bn (22.2%)	3.8bn (21.2%)	+5.6%	

7. Customer Base (average installed value per vehicle and customer mix)

Increase in average installed value per vehicle and customer diversification

- Average installed value per vehicle continues to increase in this fiscal year with a wide range of customers including Japanese OEMs, Korean OEMs, and European OEMs etc.
- Marginal profit margin remains in the upper 40% range.



8. CAPEX and Depreciation

Focus on cashflow oriented management

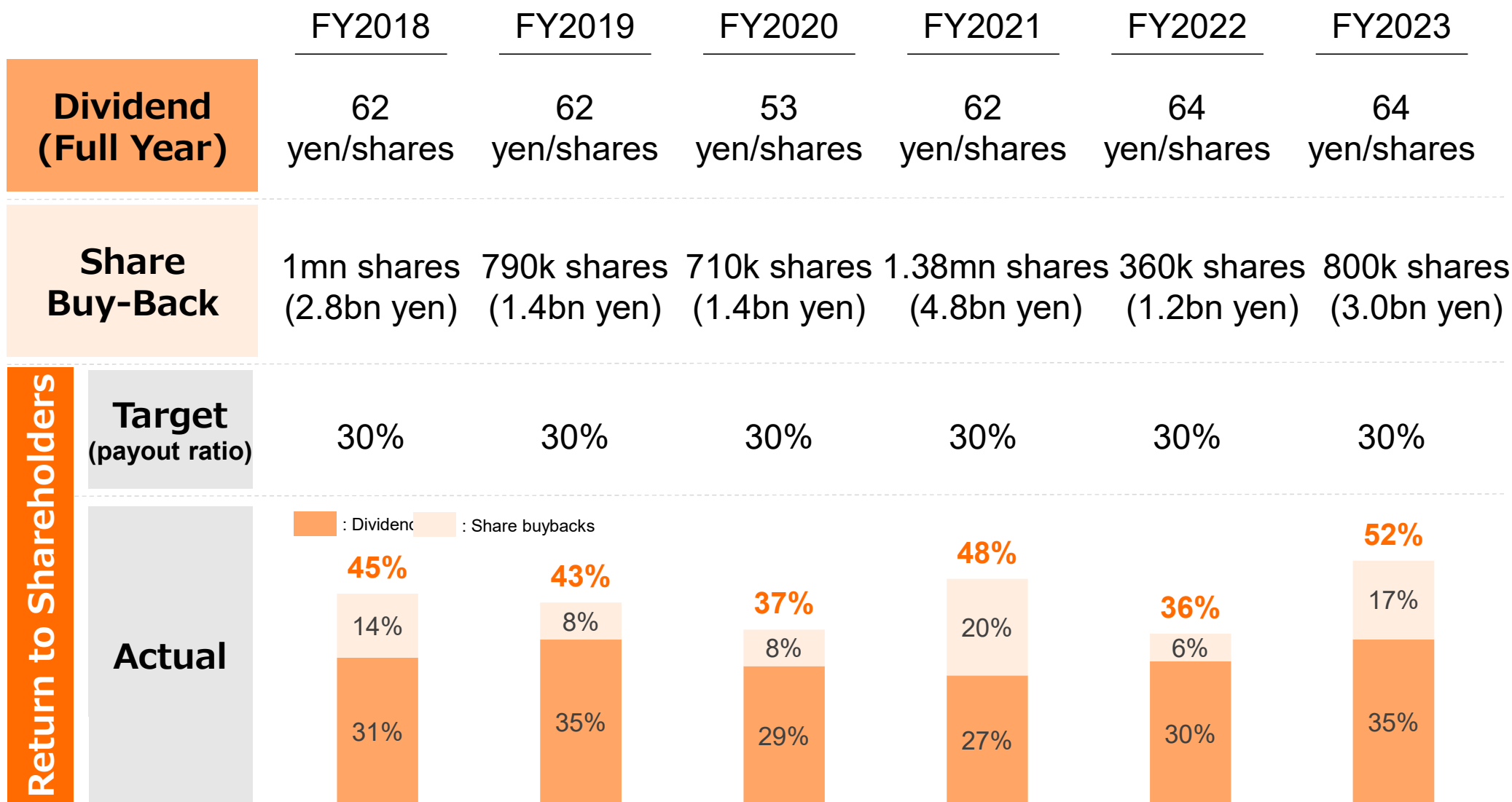
- Free cash flow exceeded the initial plan due to yen depreciation and strong performance in Japan.
- Cash and deposits at end of the fiscal year increased; plans to repay borrowings from cash and deposits on hand in FY2025/3

(JPN)	<u>FY2022(Full-Year)</u>	<u>FY2023(Full-Year)</u>	<u>Difference</u>	<u>Plan(YF2023)</u>
CAPEX	8.9bn	10.0bn	+1.1bn	13.3bn
Depreciation	13.7bn	14.2bn	+0.5bn	13.8bn
R&D	3.7bn	4.0bn	+0.3bn	3.6bn
Operating CF	37.2bn	47.2bn	+10.0bn	36.0bn
Investment CF	-11.5bn	-8.1bn	+3.4bn	-13.3bn
Free CF	25.7bn	39.1bn	+13.4bn	22.7bn
Financial CF	-17.4bn	-26.0bn	-8.6bn	-19.5bn
Cash equivalent balance	122.2bn	142.0bn	+19.8bn	124.2bn

9. Return to Shareholders

Dividend is planned at the same level as the previous fiscal year, cancellation of shares and share buybacks were implemented flexibly

- Executed a cancellation of shares of 7,251,901 share in the end of September
- Dividend is 64 yen which is the same level as the previous fiscal year (Dividend payout ratio 35%)
- Continue to consider share buyback flexibly for this fiscal year



Return to Shareholders

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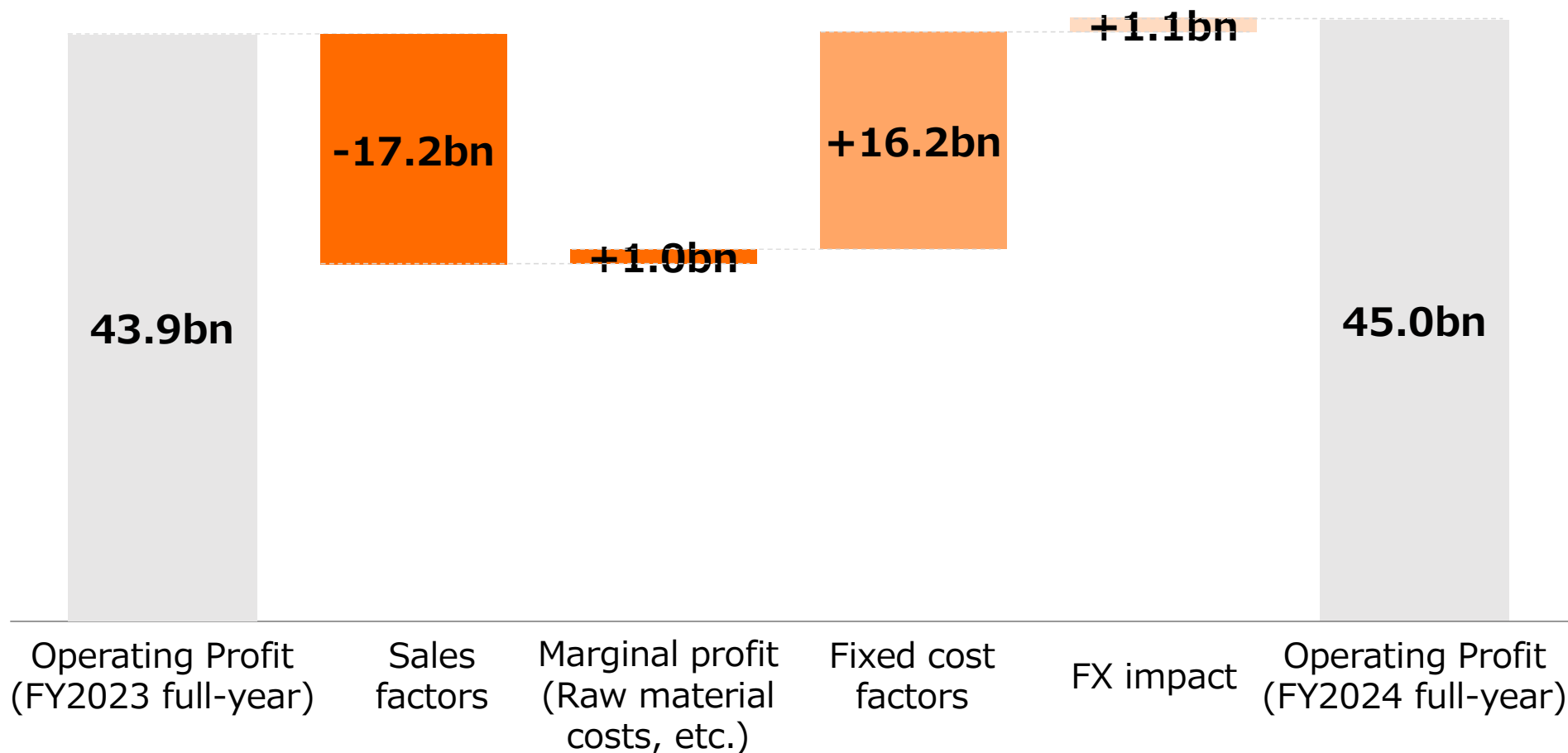
Aim for record-high OP and 13% OP ratio

- Though the foreign exchange assumption is set more towards appreciation of the yen (1USD = 143 yen), aim for an increase of OP by the improvement of installed value per vehicle, reorganization of loss-making subsidiaries, and thorough cost management.

	FY2022	FY2023	FY2024	
	Full-Year	Full-Year	Full-Year	YoY
Net sales	321.7bn	371.6bn	340.0bn	-8.5%
OP (OPM)	34.4bn (10.7%)	43.9bn (11.8%)	45.0bn (13.2%)	+2.5% (+1.4%pts)
Net income	21.1bn	18.2bn	26.1bn	+43.4%
EPS¹⁾	211.28yen	183.26yen	262yen	+43.0%
ROE	10%	7.8%	10.5%	+2.7%pts
ROIC	13.1%	17%	17%	±0%pts
FX rate	1USD=JPY131.6 1EUR=JPY138.1	1USD=JPY140.7 1EUR=JPY152.1	1USD=JPY143 1EUR=JPY155	1USD=JPY+2.3 1EUR=JPY+2.9

Aim for profit increase by covering sales decrease impact with others

- Aim for the same level as the previous year by covering the sales decrease impact with the control of variable and fixed costs.
- Reduction of fixed cost by business divestiture of subsidiaries has a huge impact



- Deal appropriately with labor market shortages by improving retention rate, automation, and others
- Aim to reduce the risk of whole Nifco Group by taking actions that are most appropriate for each region

	Risk factor	Situation / Response
Demand	<ul style="list-style-type: none"> • Change in OEMs' market share due to a shift to EVs etc. • Demand seems to be peaked out 	<ul style="list-style-type: none"> • Reduce the risks through diverse customer mix • Change actions in each region • Control fixed cost appropriate to the situation
Supply	<ul style="list-style-type: none"> • Avoid increase of cost by starting up new factories • Continuation of tough labor market (human resource shortage) 	<ul style="list-style-type: none"> • Thorough preparation by whole company • Improve retention rate • Implementation of automation
Cost	<ul style="list-style-type: none"> • Increase of labor costs • Increase of other costs (Logistics and electricity cost etc.) 	<ul style="list-style-type: none"> • Promote price optimization initiatives • Through reduction of expenses and fixed cost control

Allocate funds with emphasis on cashflow-oriented management

- Plan to make meaningful capital investments in a timely manner.
- Ending cash equivalent will be decreased due to capital investments and the impact of the divesting off German businesses.

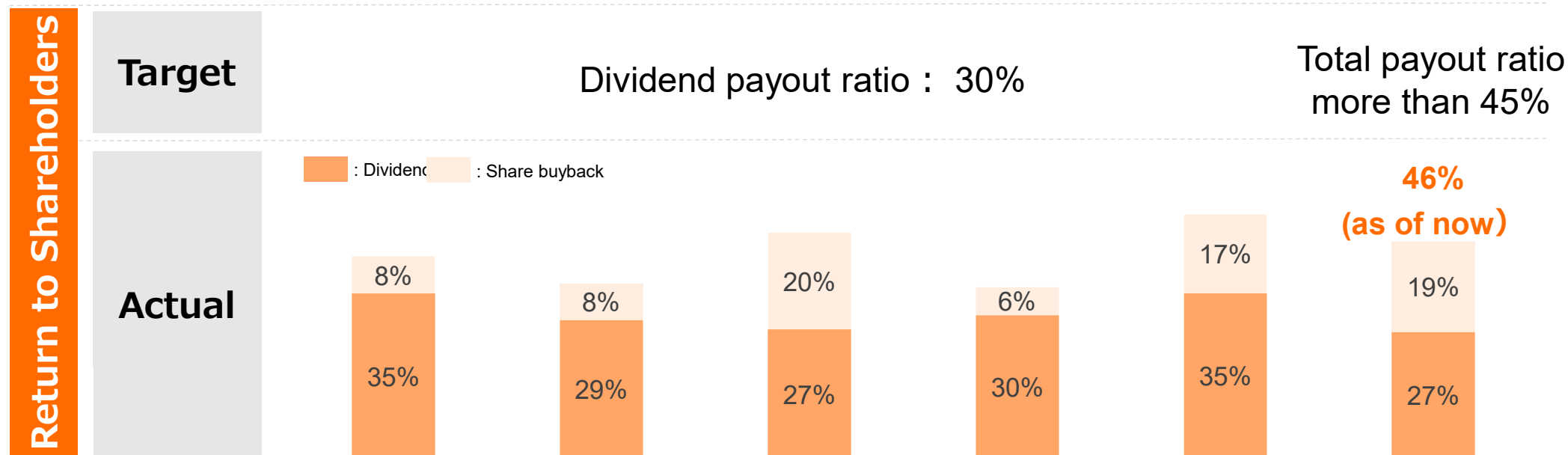
	<u>FY2023 (Actual)</u>	<u>FY2024 (Plan)</u>	<u>Difference</u>
CAPEX	10.0bn	23.2bn	+13.2bn
Depreciation	14.2bn	12.8bn	-1.4bn
R&D	4.0bn	4.0bn	±0bn
Operating CF	47.2bn	42.6bn	-4.6bn
Investment CF	-8.1bn	-23.0bn	-14.9bn
Free CF	39.1bn	19.6bn	-19.5bn
Financial CF	-26.0bn	-29.5bn	-3.5bn
Cash equivalent balance	142.0bn	121.4bn	-20.6bn

14.Return to Shareholders

Plan to increase dividend by 6 yen and actively consider share buyback

- Dividend is planned with 70 yen which is 6 yen increase from previous fiscal year
- Even after share buyback of 5 bn yen, continue to consider share buy back flexibly

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024e
Dividend (full-year)	62 yen/share	53 yen/share	62 yen/share	64 yen/share	64 yen/share	70 yen/share (plan)
Share Buy-back	790k shares (1.4bn yen)	710k shares (1.4bn yen)	1.38mn shares (4.8bn yen)	360k shares (1.2bn yen)	800k shares (3.0bn yen)	1.30mn shares (5.0bn yen)



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View “social issues” as opportunities to contribute to society by
Creating new business and Evolving existing business

Nifco makes “Ideas” a “Reality”

“ 価値共創 カンパニー ”
Co-Creation

16. Mid-Term Management Plan Reviews (Numerical Values)

(100 million JPY)

	FY2023 Mid-Term MP Target	FY2023 Actual	Judgement	Remarks
Net sales	3,100	3,716	○	Automobile production recovery after COVID-19 and recovery of SIMMONS Bed for hotels
OP	380	439	○	Sales increase impact
%	12.3%	11.8%	×	Improvement of loss-making subsidiary was not achieved
Net Income	265	183	×	Extraordinary loss due to business divestiture of subsidiary
ROE	13%	7.8%	×	Impact by divestiture of subsidiary
ROIC	15%	17%	○	Penetration of ROIC management

17. Numerical Targets of Mid-Term Management Plan

(100 million JPY)	FY2023	FY2024	FY2026	
	Actual	Budget	Target	Compare with FY2023
Net sales	3,716	3,400	3,750	+1%
OP	439	450	500	+13%
%	11.8%	13.2%	over 13%	+1.2%pts
Net Income	182	261	328	1.8 times
ROE	7.8%	10.5%	12%	+4.2%pts
ROIC	17%	17%	over 17%	±0%pts

FX

\$1=JPY140.7
€1=JPY152.1

\$1=JPY143
€1=JPY155

\$1=JPY143
€1=JPY155

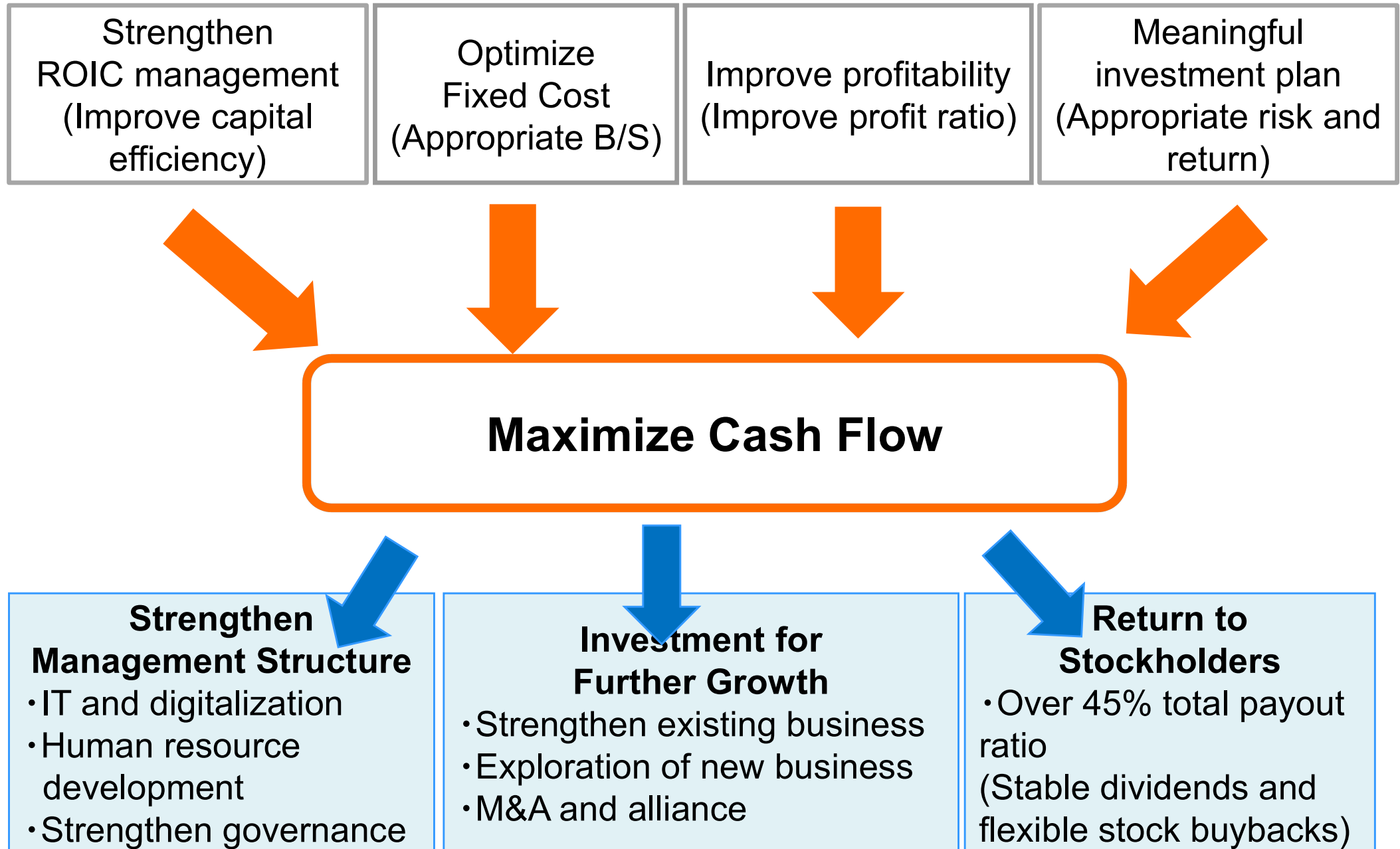
18. Priorities Measures of Mid-Term Management Plan (1)



19. Priorities Measures of Mid-Term Management Plan (2)



20. Thorough Management Focused on Cash Flow to Maximize Corporate Value





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.