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May 13, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: Nifco Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 7988
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 Representative: Masaharu Shibao, President & CEO
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 Scheduled date of ordinary general meeting of shareholders: June 20, 2024
 Scheduled date to commence dividend payments: June 21, 2024
 Scheduled date to file annual securities report: June 20, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended March 31, 2024	371,639	15.5	43,925	27.5	49,665	31.1	18,252	(13.8)
March 31, 2023	321,771	13.4	34,439	12.8	37,876	12.7	21,170	(7.8)

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥30,491 million [(9.1)%]
 For the fiscal year ended March 31, 2023: ¥33,527 million [1.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	183.26	–	7.8	13.4	11.8
March 31, 2023	211.28	–	10.0	10.9	10.7

Note: Diluted profit attributable to owners of parent per share of the fiscal years ended March 31, 2024 and March 31, 2023 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	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	380,405	247,052	64.1	2,455.97
March 31, 2023	359,150	226,127	62.2	2,237.06

Reference: Equity
 As of March 31, 2024: ¥243,695 million
 As of March 31, 2023: ¥223,551 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	47,257	(8,135)	(26,024)	142,024
March 31, 2023	37,261	(11,530)	(17,418)	122,233

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	31.00	–	33.00	64.00	6,406	30.3	3.0
Fiscal year ended March 31, 2024	–	32.00	–	32.00	64.00	6,388	34.9	2.7
Fiscal year ending March 31, 2025 (Forecast)	–	35.00	–	35.00	70.00		25.9	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 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
Fiscal year ending March 31, 2025	340,000	(8.5)	45,000	2.4	44,200	(11.0)	26,100	43.0	262.05

Note: As the Company practices performance management on an annual basis, we have omitted the consolidated earnings forecasts for the second quarter (cumulative).

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: – company

Excluded: 1 company (company name): Nifco (Chongqing) Limited Liability Company

The Company's specific subsidiary Nifco (Chongqing) Limited Liability Company was omitted from specific subsidiaries due to the completion of liquidation proceedings in September 2023.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations:

None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	100,257,053 shares
As of March 31, 2023	107,508,954 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2024	1,031,017 shares
As of March 31, 2023	7,577,913 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	99,599,221 shares
Fiscal year ended March 31, 2023	100,198,315 shares

- * Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

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. For assumptions used for earnings forecasts and notes on the use of earnings forecasts, etc., please refer to "1. Overview of Operating Results, etc., (4) Future Outlook." on page 4 of the Attached Materials.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results During the Period

During the fiscal year under review (hereinafter “the period”), the Japanese economy experienced production cuts in the automobile industry and weak exports of goods in the manufacturing sector due to the suspension of shipments by some automobile manufacturers and other factors. On the other hand, in the non-manufacturing sector, business confidence improved significantly due to factors such as a recovery in inbound demand, increased margins from price pass-through, and progress in digitalization. Looking overseas, in the Chinese economy, although business conditions made a rapid recovery going into 2023 on the lifting of the zero-COVID-19 policy, they have slowed since spring because of factors such as the end of stay-at-home demand, a slowdown in exports of IT-related products, and a stagnant real estate market. The European economy also experienced a slowdown due to global sluggishness in demand for goods, as well as pent-up demand and inbound demand running their course post-COVID-19 pandemic in the service sector. In the U.S. economy, the manufacturing sector continued to increase production of automobiles and high-tech-related goods in industrial production, while a trend of production decline continued in other manufacturing sectors. Meanwhile, in the non-manufacturing sector, business conditions improved in areas such as agriculture, forestry, and fisheries, accommodation and food services, and health care, boosting the economy overall. As a result, the global economy was generally on a recovery trend despite some regional weaknesses. However, the outlook remains uncertain due to factors such as the stagnant real estate market within the Chinese economy, continuing situation of tensions in the Middle East, and anticipated changes in the international political balance as a result of elections in various countries around the world.

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 for the period, despite the impact from factors such as suspended shipments by some automobile manufacturers. 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.

As a result, the Group’s consolidated earnings were as follows. Net sales for the period amounted to 371,639 million yen, up 15.5% year on year. In terms of profits, operating profit increased 27.5% year on year to 43,925 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 31.1% year on year to 49,665 million yen due to foreign exchange gains resulting from the depreciating yen. Profit attributable to owners of parent decreased 13.8% year on year to 18,252 million yen, mainly due to the posting of 18,765 million yen in extraordinary losses, including a allowance for losses on business transfer related to the transfer of the German business and an impairment loss.

Recognition, analysis and discussion of operating results by segment are as follows.

Net sales in each segment are to external customers.

(i) Industrial plastic parts & components

[For the domestic automobile industry]

For automotive production in Japan, sales exceeded the initial plan and the previous year's results from the first to the third quarter due to increased production in response to the elimination of the shortage of semiconductors. However, the fourth quarter sales did not exceed the plan due to a series of production cuts in connection with the certification test irregularities by a number of automobile manufacturers since December 2023 and the Noto Peninsula Earthquake. However, the full-year sales total exceeded the plan due to factors such as contributions from mold sales associated with the launch of new vehicles, compensation for electric power charges, compensation for production cutbacks, and price revision negotiations.

[For the overseas automobile industry]

Overseas, both net sales and profits exceeded the plan and increased year on year thanks to support from generally strong automobile demand. In particular, business for Korean OEMs remained strong due to factors such as increased production by customers, and both net sales and profits substantially exceeded the plan and increased year on year, especially in Korea, North America, and Europe. For Japanese OEMs, net sales and profits increased overall supported by strong sales by customers in the U.S., where sales and profits increased, and also firm performance mainly in India and Indonesia. However, in China, Japanese OEMs struggled due to sluggish sales, resulting in an overall decrease in net sales and profit. Furthermore, in Europe, the German OEM business faced a difficult time in terms of profits. In particular, the U.S. subsidiary that conducts business for German customers suffered losses due to operational problems. In the current fiscal year, we aim to further boost profitability by improving our business portfolio through the sale of the German OEM business to purge loss-making businesses, while strengthening capital investment in the strong Korean OEM business and the Japanese OEM business in North America and India.

[For other industries]

In the housing and living sector, the number of new housing starts was sluggish due to soaring construction costs and real estate prices, leading to a decline in production related to household equipment, where the Group has major customers, and this resulted in performance falling short of the initial plan. In the sports and outdoor sector, sites in China delivered higher profits due to aggressive sales activities to brands made in China, but performance fell short of the initial plan due to continued significant production cutbacks at major customers in Europe and the U.S. caused by a drop in consumption due to global inflation.

As a result of the above, net sales in the industrial plastic parts & components business increased 15.9% from the previous fiscal year to 334,729 million yen. Segment profit increased 25.8% year on year to 42,840 million yen.

(ii) Bedding & furniture

In the bedding & furniture business, both net sales and profits increased due to steady sales to retailers and exports, as well as strong demand from hotels, partly reflecting inbound demand recovery, although the market in Japan was affected by factors such as soaring raw material prices and cost increases due to the yen's depreciation. Meanwhile, demand overseas from hotels increased at all sites, as it did in Japan, and wholesale and retail sales grew steadily, especially in China, resulting in higher net sales and profits. As a result, net sales in the bedding & furniture business increased 11.7% year on year to 36,910 million yen. Segment profit increased 11.2% year on year to 6,544 million yen.

(2) Overview of Financial Position During the Period

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024	Change
Total assets	359,150	380,405	21,255
Equity capital	223,551	243,695	20,144
Equity-to-asset ratio	62.2%	64.1%	1.8p

Assets as of March 31, 2024 stood at 380,405 million yen, an increase of 21,255 million yen from the end of the previous fiscal year. The main factors for the increase were a 5,148 million yen increase in accounts receivable-trade, a 1,446 million yen increase in investment securities and a 1,164 million yen increase in retirement benefit asset, despite a 7,967 million yen decrease in property, plant and equipment. In addition, cash and deposits increased by 19,991 million yen.

Liabilities as of March 31, 2024 stood at 133,353 million yen, an increase of 330 million yen from the end of the previous fiscal year. The main factors for the increase were an increase of 10,068 million yen in allowance for losses on business transfer, an increase of 1,525 million yen in notes and accounts payable—trade and an increase of 1,353 million yen in accounts payable—other, despite a decrease of 13,568 million yen in borrowings.

Net assets as of March 31, 2024 stood at 247,052 million yen, an increase of 20,924 million yen from the end of the previous fiscal year. The main factors for the increase were increases of 6,842 million yen in retained earnings and 10,017 million yen in foreign currency translation adjustment due to yen depreciation. As a result, equity ratio was 64.1% and net assets per share was 2,455.97 yen.

(3) Overview of Cash Flows During the Period

(Cash flows from operating activities)

Net cash provided by operating activities during the period totaled 47,257 million yen, an increase of 9,995 million yen from 37,261 million yen provided in the previous year. This was mainly due to an increase in other liabilities and accrued consumption taxes changing from a decrease to an increase.

(Cash flows from investing activities)

Net cash used in investing activities totaled 8,135 million yen, an increase of 3,395 million yen from 11,530 million yen used in the previous year. This was mainly due to payments into time deposits exceeding proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities totaled 26,024 million yen, a decrease of 8,606 million yen from 17,418 million yen used in the previous year. This was mainly due to an increase in repayments of long-term borrowings.

As a result, cash and cash equivalents as of March 31, 2024 increased 19,790 million yen from the end of the previous period to 142,024 million yen.

	FY2019	FY2020	FY2021	FY2022	FY2023
Equity ratio (%)	54.8	57.5	59.5	62.2	64.1
Equity ratio on market value basis (%)	65.2	133.4	83.9	104.3	100.7
Ratio of interest-bearing debt to cash flows (years)	2.3	1.8	2.2	1.7	1.1
Interest coverage ratio (times)	55.1	72.6	66.9	75.2	59.1

Notes: Equity ratio: Equity capital / Total assets

Equity ratio on market value basis: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest payments

* All indicators are calculated based on consolidated financial figures.

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of issued shares (less treasury shares) at the end of the period.

* Cash flows from operating activities in the consolidated statements of cash flows are used for cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. For interest payments, interest paid in the consolidated statements of cash flows is used.

(4) Future Outlook

Although automobile production is on a gradual recovery trend, the outlook is uncertain due to factors such as the geopolitical risks, high raw material and logistics costs, inflation, rising wage costs, and other factors that put pressure on earnings, as well as the impact of currency exchange rates due to an appreciating yen.

Despite this challenging environment, we expect actions to sell unprofitable bases, rigorous management of fixed costs and production improvement activities to result in net sales of 340.0 billion yen, operating profit of 45.0 billion yen, ordinary profit of 44.2 billion yen, and profit attributable to owners of parent of 26.1 billion yen for the fiscal year ending March 31, 2025.

The foreign exchange rates assumed in this performance outlook are 1 USD = ¥143 and 1 EUR = ¥155.

*Notes regarding the use of earnings forecasts

Forward-looking statements are based on assumptions and beliefs by the Company's management in light of the information currently available to it and involve potential risks and uncertainties. Actual results may differ greatly from these forward-looking statements due to changes in various factors.

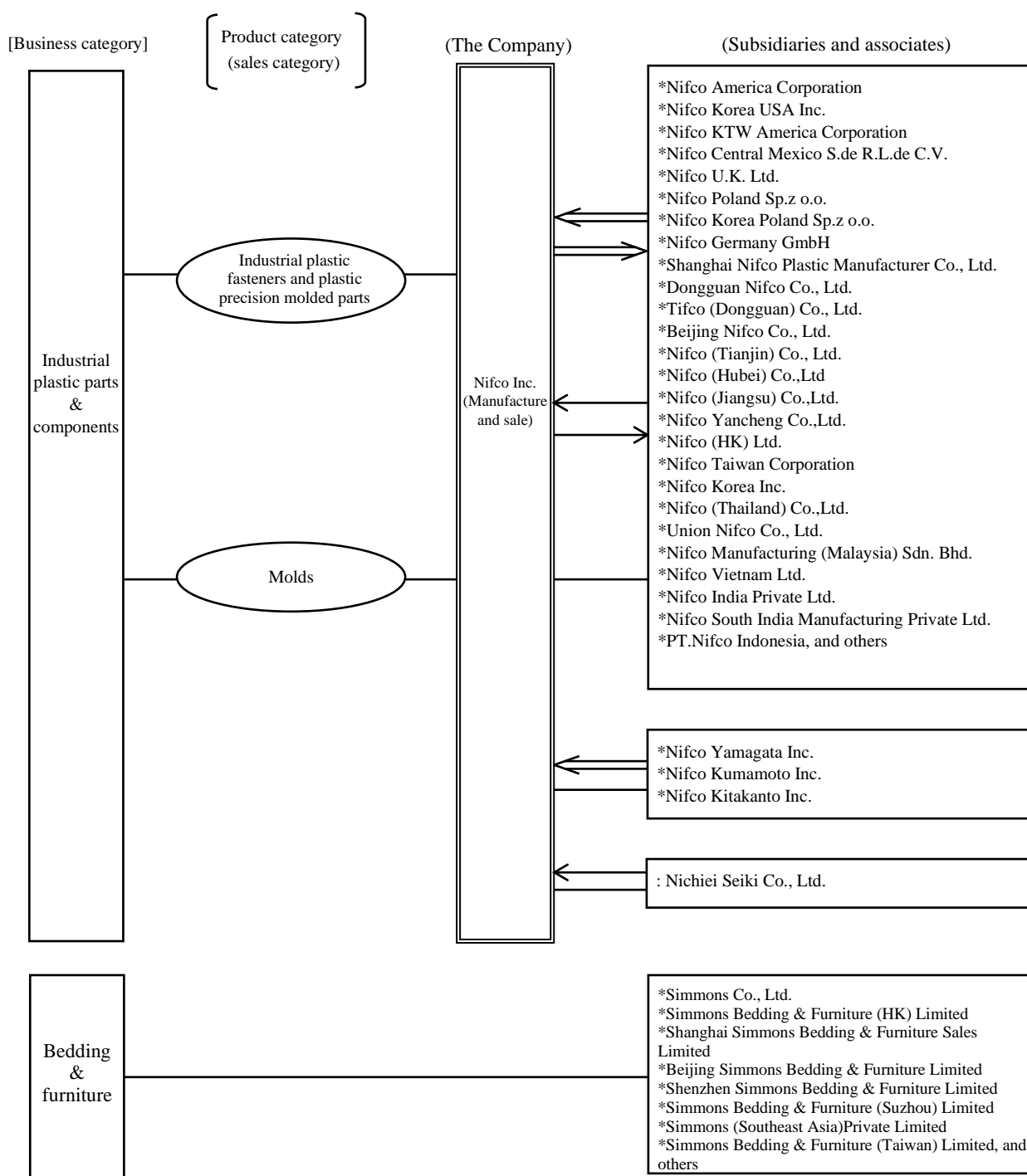
(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Periods

The Company strives to promote a dividend policy linked to business performance while maintaining a basic policy of continuous stable dividends.

The Company plans to maintain the original dividend of 32 yen per share at the end of the current fiscal year. As a result, together with the interim dividend of 32 yen per share paid on November 27, 2023, the annual dividend per share will be 64 yen per share. For the fiscal year ending March 31, 2025, based on the current earnings forecast, we plan to pay an annual dividend of 70 yen per share, an increase of 6 yen per share.

2. Corporate Group

The following is a schematic diagram of the Company's businesses.
Consolidated subsidiaries and equity method affiliates are as follows.



Note: * = consolidated subsidiaries, : = associates

⇒ Product → Molds

3. Basic Stance Toward the Selection of Accounting Standards

The Group has adopted Japanese generally accepted accounting principles (GAAP) for the purpose of comparability of consolidated financial statements among enterprises. However, the Group is currently studying the establishment of a system to prepare for the future application of IFRS, as well as the accounting policy and timing of its application.

4. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	129,793	149,784
Notes receivable - trade	1,668	1,750
Electronically recorded monetary claims - operating	7,771	8,114
Accounts receivable - trade	52,262	57,410
Contract assets	786	1,171
Securities	691	1,144
Merchandise and finished goods	27,966	27,414
Work in process	3,226	3,173
Raw materials and supplies	10,020	10,289
Other	9,742	9,844
Allowance for doubtful accounts	(261)	(292)
Total current assets	243,668	269,806
Non-current assets		
Property, plant and equipment		
Buildings and structures	76,796	80,570
Accumulated depreciation	(28,677)	(34,952)
Buildings and structures, net	48,118	45,618
Machinery, equipment and vehicles	77,490	85,901
Accumulated depreciation	(57,710)	(68,225)
Machinery, equipment and vehicles, net	19,780	17,675
Tools, furniture and fixtures	27,307	29,422
Accumulated depreciation	(22,880)	(25,456)
Tools, furniture and fixtures, net	4,426	3,966
Molds	86,232	86,835
Accumulated depreciation	(81,774)	(82,221)
Molds, net	4,458	4,614
Land	18,502	18,973
Leased assets	99	98
Accumulated depreciation	(54)	(51)
Leased assets, net	44	46
Construction in progress	2,913	2,851
Other	6,676	3,207
Total property, plant and equipment	104,921	96,953
Intangible assets		
Goodwill	467	-
Other	1,419	1,407
Total intangible assets	1,887	1,407
Investments and other assets		
Investment securities	3,317	4,764
Deferred tax assets	963	1,847
Retirement benefit asset	1,664	2,829
Other	2,728	2,797

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,673	12,238
Total non-current assets	115,482	110,599
Total assets	359,150	380,405
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,076	26,601
Short-term borrowings	8,903	5,529
Current portion of long-term borrowings	10,209	10,075
Accounts payable - other	5,190	6,543
Income taxes payable	5,329	5,523
Contract liabilities	4,240	4,899
Provision for bonuses	2,517	2,924
Allowance for losses on business transfer	–	10,068
Other	10,277	11,924
Total current liabilities	71,744	84,091
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	10,345	285
Deferred tax liabilities	7,175	6,344
Retirement benefit liability	1,818	1,886
Other	6,938	5,746
Total non-current liabilities	61,278	49,262
Total liabilities	133,023	133,353
Net assets		
Shareholders' equity		
Share capital	7,290	7,290
Capital surplus	13,908	–
Retained earnings	208,459	215,302
Treasury shares	(19,691)	(3,608)
Total shareholders' equity	209,966	218,983
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	737	2,028
Deferred gains or losses on hedges	(63)	(21)
Revaluation reserve for land	6	6
Foreign currency translation adjustment	13,002	23,019
Remeasurements of defined benefit plans	(96)	(320)
Total accumulated other comprehensive income	13,585	24,712
Non-controlling interests	2,576	3,356
Total net assets	226,127	247,052
Total liabilities and net assets	359,150	380,405

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	321,771	371,639
Cost of sales	235,927	269,936
Gross profit	85,843	101,703
Selling, general and administrative expenses		
Packing and transportation costs	9,614	11,131
Advertising expenses	1,560	1,721
Remuneration, salaries and allowances	13,533	15,123
Employees' bonuses	2,199	1,804
Provision for bonuses	1,326	2,288
Retirement benefit expenses	917	1,007
Other personnel expenses	4,528	5,114
Rent expenses	2,359	2,356
Travel and transportation expenses	901	1,190
Depreciation	2,672	3,017
Research and development expenses	1,960	1,930
Amortization of goodwill	322	354
Other	9,506	10,737
Total selling, general and administrative expenses	51,403	57,777
Operating profit	34,439	43,925
Non-operating income		
Interest income	527	1,369
Gain on valuation of investment securities	413	61
Foreign exchange gains	2,315	4,383
Other	1,282	1,023
Total non-operating income	4,538	6,838
Non-operating expenses		
Interest expenses	520	720
Other	581	378
Total non-operating expenses	1,101	1,098
Ordinary profit	37,876	49,665

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Extraordinary income		
Gain on sale of non-current assets	42	76
Insurance claim income	*1 116	–
Total extraordinary income	158	76
Extraordinary losses		
Impairment losses	1,903	*2 8,531
Loss on sale and retirement of non-current assets	128	165
Business restructuring expenses	317	–
Loss on COVID-19	28	–
Allowance for losses on business transfer	–	*3 10,068
Total extraordinary losses	2,378	18,765
Profit before income taxes	35,657	30,975
Income taxes - current	12,670	13,901
Income taxes - deferred	855	(2,212)
Total income taxes	13,526	11,689
Profit	22,130	19,286
Profit attributable to		
Profit attributable to owners of parent	21,170	18,252
Profit attributable to non-controlling interests	960	1,033
Other comprehensive income		
Valuation difference on available-for-sale securities	(161)	1,291
Deferred gains or losses on hedges	(27)	42
Foreign currency translation adjustment	10,976	10,096
Remeasurements of defined benefit plans, net of tax	608	(224)
Total other comprehensive income	11,396	11,205
Comprehensive income	33,527	30,491
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,526	29,379
Comprehensive income attributable to non-controlling interests	1,000	1,112

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,290	13,863	193,531	(18,737)	195,946
Changes during period					
Dividends of surplus			(6,241)		(6,241)
Profit attributable to owners of parent			21,170		21,170
Purchase of treasury shares				(1,328)	(1,328)
Disposal of treasury shares		45		373	419
Cancellation of treasury shares					
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during period	-	45	14,928	(954)	14,019
Balance at end of period	7,290	13,908	208,459	(19,691)	209,966

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	898	(36)	6	2,062	(701)	2,228	2,700	200,875
Changes during period								
Dividends of surplus								(6,241)
Profit attributable to owners of parent								21,170
Purchase of treasury shares								(1,328)
Disposal of treasury shares								419
Cancellation of treasury shares								
Transfer from retained earnings to capital surplus								
Net changes in items other than shareholders' equity	(161)	(27)	-	10,940	604	11,356	(124)	11,232
Total changes during period	(161)	(27)	-	10,940	604	11,356	(124)	25,252
Balance at end of period	737	(63)	6	13,002	(96)	13,585	2,576	226,127

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,290	13,908	208,459	(19,691)	209,966
Changes during period					
Dividends of surplus			(6,520)		(6,520)
Profit attributable to owners of parent			18,252		18,252
Purchase of treasury shares				(3,037)	(3,037)
Disposal of treasury shares		67		256	323
Cancellation of treasury shares		(18,864)		18,864	–
Transfer from retained earnings to capital surplus		4,889	(4,889)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(13,908)	6,842	16,083	9,017
Balance at end of period	7,290	–	215,302	(3,608)	218,983

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	737	(63)	6	13,002	(96)	13,585	2,576	226,127
Changes during period								
Dividends of surplus								(6,520)
Profit attributable to owners of parent								18,252
Purchase of treasury shares								(3,037)
Disposal of treasury shares								323
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Net changes in items other than shareholders' equity	1,291	42	–	10,017	(223)	11,127	780	11,907
Total changes during period	1,291	42	–	10,017	(223)	11,127	780	20,924
Balance at end of period	2,028	(21)	6	23,019	(320)	24,712	3,356	247,052

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	35,657	30,975
Impairment losses	1,903	8,531
Depreciation	13,768	14,256
Amortization of goodwill	322	354
Insurance claim income	(116)	–
Increase (decrease) in allowance for doubtful accounts	(38)	14
Increase (decrease) in provision for bonuses	248	371
Increase (decrease) in retirement benefit liability	61	(106)
Decrease (increase) in retirement benefit asset	(1,234)	(1,126)
Increase (decrease) in allowance for losses on business transfer	–	10,068
Interest and dividend income	(595)	(1,453)
Interest expenses	520	720
Foreign exchange losses (gains)	(1,645)	(3,662)
Loss (gain) on sale and retirement of non-current assets	86	89
Loss (gain) on valuation of investment securities	(413)	(61)
Decrease (increase) in trade receivables	(39)	(2,608)
Decrease (increase) in inventories	1,010	2,688
Decrease (increase) in other assets	(1,368)	(1)
Increase (decrease) in trade payables	965	14
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(1,295)	927
Increase (decrease) in other liabilities	(637)	1,226
Other, net	251	(519)
Subtotal	47,413	60,700
Interest and dividends received	584	1,468
Interest paid	(495)	(799)
Proceeds from insurance income	116	–
Income taxes refund (paid)	(10,357)	(14,112)
Net cash provided by (used in) operating activities	37,261	47,257
Cash flows from investing activities		
Payments into time deposits	(13,988)	(17,063)
Proceeds from withdrawal of time deposits	9,777	16,834
Purchase of securities	(11)	–
Proceeds from sale and redemption of securities	188	12
Purchase of non-current assets	(8,607)	(8,799)
Proceeds from sale of non-current assets	650	345
Purchase of investment securities	(12)	(13)
Proceeds from sale of investment securities	362	581
Other, net	110	(32)
Net cash provided by (used in) investing activities	(11,530)	(8,135)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	3,830	0
Repayments of short-term borrowings	(7,525)	(4,106)
Repayments of lease liabilities	(1,771)	(2,199)
Repayments of long-term borrowings	(3,513)	(10,203)
Proceeds from sale of treasury shares	387	323
Purchase of treasury shares	(1,328)	(3,037)
Dividends paid	(6,241)	(6,519)
Dividends paid to non-controlling interests	(1,255)	(280)
Net cash provided by (used in) financing activities	(17,418)	(26,024)
Effect of exchange rate change on cash and cash equivalents	3,928	6,692
Net increase (decrease) in cash and cash equivalents	12,241	19,790
Cash and cash equivalents at beginning of period	109,992	122,233
Cash and cash equivalents at end of period	122,233	142,024

(5) 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 fiscal year ended March 31, 2024. Since this is a transfer between accounts in shareholders' equity, there is no change in the amount of the Group's total shareholders' equity.

- Changes in accounting policies

Not applicable.

- Changes in presentation*- Consolidated statements of income and comprehensive income*

"Gain on valuation of derivatives" and "Subsidy income" under "Non-operating income" and "Compensation expenses" and "Loss on valuation of derivatives" under "Non-operating expenses," which were presented independently in the previous fiscal year, are included in "Other" under "Non-operating income" and "Other" under "Non-operating expenses," respectively, from the current fiscal year due to monetary insignificance.

As a result, "Gain on valuation of derivatives" of 88 million yen and "Subsidy income" of 545 million yen, which were presented under "Non-operating income" in the consolidated statements of income and comprehensive income for the previous fiscal year, have been reclassified under "Other" of 1,282 million yen. In addition, "Compensation expenses" of 117 million yen presented under "Non-operating expenses" has been reclassified under "Other" of 581 million yen.

In the consolidated statements of income and comprehensive income for the current fiscal year, "Loss on valuation of derivatives" of 13 million yen has been reclassified and presented under "Other" of 378 million yen.

- Consolidated balance sheet**1. 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

Location	Purpose of use	Type	Amount of impairment loss
Nifco Germany GmbH	Industrial plastic parts & components	Machinery, equipment and vehicles, tools, furniture and fixtures, other tangible fixed assets, etc.	5,368 million yen
Nifco KTW America Corporation	Industrial plastic parts & components	Buildings and structures, machinery, equipment and vehicles, etc.	3,162 million yen

On March 12, 2024, the Company concluded an agreement with AEQUITA SE & Co. KGaA, headquartered in Munich, Germany, to transfer Nifco Germany GmbH, a consolidated subsidiary, and its subsidiary Nifco KTW America Corporation. In the event of sale, the business subject to sale is grouped as a single cash-generating unit. The assets related to the business subject to this sale were classified and measured as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations.” As a result, the fair value less costs to sell was less than the carrying amount. Consequently, the carrying amount was reduced to the fair value less costs to sell and the reduction was recognized as an impairment loss (8,531 million yen).

The main items in the breakdown of these are as follows: Nifco Germany GmbH (Machinery, equipment and vehicles, 1,552 million yen; Tools, furniture and fixtures, 517 million yen, Other tangible fixed assets, 2,048 million yen;) and Nifco KTW America Corporation (Buildings and structures, 1,896 million yen; Machinery, equipment and vehicles, 1,173 million yen).

*3 Allowance for losses on business transfer

On March 12, 2024, the Company concluded an agreement with AEQUITA SE & Co. KGaA, headquartered in Munich, Germany, to transfer Nifco Germany GmbH, a consolidated subsidiary, and its subsidiary Nifco KTW America Corporation. The amount of loss expected to be incurred as a result of this transfer is recorded as an allowance for losses on business transfer (10,068 million yen).

- Segment Information, etc.

[Business segment information]

1. Description of Reportable Segments

The Company's reportable segments are those components of the Company for which separate financial information is available and are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate their performance.

The Company has two reportable segments based on the type and nature of its products: the industrial plastic parts & components segment and the bedding & furniture segment.

Major products and services in each reportable segment are as follows.

(1) Industrial plastic parts & components: Industrial plastic fasteners and precision molded plastic products

(2) Bedding & furniture: Various beds, reclining chairs

2. Explanation of Measurements of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

Accounting methods for reported business segments are generally the same as those described in "Notes - Significant accounting policies for preparation of consolidated financial statements."

The profit or loss of each reportable segment is its operating profit or loss.

Intersegment revenues are based on prevailing market prices.

3. Disclosure of Sales, Profit (Loss), Assets, Liabilities, and Other Items for Each Reportable Segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

	Reportable segments			Adjustment (Note 1) (Note 3) (Note 4)	Amount reported in consolidated financial statements (Note 2)
	Industrial plastic parts & components	Bedding & furniture	Total		
Net sales					
(1) Net sales to external customers	288,734	33,037	321,771	–	321,771
(2) Intersegment sales or transfers	–	0	0	(0)	–
Total	288,734	33,037	321,771	(0)	321,771
Segment profit (loss)	34,050	5,885	39,936	(5,496)	34,439
Segment assets	244,700	40,252	284,952	74,197	359,150
Other items					
Depreciation	11,922	1,712	13,634	134	13,768
Increase in property, plant and equipment and intangible assets	8,424	393	8,817	54	8,872

- Notes: 1. Adjustment of segment profit (loss) of (5,496) 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.
3. The adjustment of 74,197 million yen for segment assets includes 74,324 million yen in corporate assets not allocated to each reportable segment and (127) million yen in eliminated intersegment transactions.
4. The adjustment of 54 million yen for increase in property, plant and equipment and intangible assets represents capital investment in corporate assets that are not allocated to each reportable segment.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

	Reportable segments			Adjustment (Note 1) (Note 3) (Note 4)	Amount reported in consolidated financial statements (Note 2)
	Industrial plastic parts & components	Bedding & furniture	Total		
Net sales					
(1) Net sales to external customers	334,729	36,910	371,639	–	371,639
(2) Intersegment sales or transfers	–	0	0	(0)	–
Total	334,729	36,910	371,639	(0)	371,639
Segment profit (loss)	42,840	6,544	49,385	(5,459)	43,925
Segment assets	263,565	44,525	308,091	72,314	380,405
Other items					
Depreciation	12,264	1,877	14,142	113	14,256
Increase in property, plant and equipment and intangible assets	9,706	251	9,957	60	10,018

- Notes: 1. Adjustment of segment profit (loss) of (5,459) 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.
3. The adjustment of 72,314 million yen for segment assets includes 72,427 million yen in corporate assets not allocated to each reportable segment and (112) million yen in eliminated intersegment transactions.
4. The adjustment of 60 million yen for increase in property, plant and equipment and intangible assets represents capital investment in corporate assets that are not allocated to each reportable segment.

4. Disclosure of Impairment Losses on Non-current Assets for Each Reportable Segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Elimination or corporate	Total
Impairment losses	1,903	–	–	1,903

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Elimination or corporate	Total
Impairment losses	8,531	–	–	8,531

- Per-share information

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	2,237.06 yen	2,455.97 yen
Basic earnings per share	211.28 yen	183.26 yen

Notes: 1. Diluted earnings per share is not noted because there are no potential shares.

2. The basis for calculation of basic earnings per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	21,170	18,252
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent available to common shares (millions of yen)	21,170	18,252
Average number of shares during the period (thousand shares)	100,198	99,599

Notes: 3. The Company's shares remaining in trust, which are recorded as treasury shares in shareholders' equity, are included in the treasury shares deducted from the average number of shares during the period for the calculation of basic earnings per share, and are also included in the number of treasury shares deducted from the total number of issued shares at the end of the period for the calculation of net assets per share.

Average number of shares of treasury stock during the period deducted in the calculation of basic earnings per share

Fiscal year ended March 31, 2023: 454,460 shares;

Fiscal year ended March 31, 2024: 437,621 shares

Number of said shares of treasury stock at the end of the period deducted in the calculation of net assets per share

Fiscal year ended March 31, 2023: 462,960 shares;

Fiscal year ended March 31, 2024: 427,549 shares

- Significant events after reporting period*(Purchase of treasury shares)*

The Company purchased treasury shares in accordance with the resolution of the meeting of the Board of Directors held on March 12, 2024. The treasury shares purchased after the balance sheet date are as follows.

Status of treasury share purchase

(1) Class of shares for purchase	Common shares of the Company
(2) Total number of shares purchased	399,400 shares
(3) Total share acquisition price	1,520,961,200 yen
(4) Acquisition period	April 1, 2024 to April 25, 2024
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange

(Reference)

1. Contents of the resolution by the meeting of the Board of Directors held March 12, 2024

(1)	Class of shares for purchase	Common shares of the Company
(2)	Total number of shares authorized for purchase	550,000 shares (maximum) (Share of total number of issued shares [excluding treasury shares]: 0.55%)
(3)	Total share acquisition price	2,000,000,000 yen (maximum)
(4)	Acquisition period	March 14, 2024 to April 30, 2024
(5)	Acquisition method	Market purchase on the Tokyo Stock Exchange

2. Cumulative total of treasury shares acquired based on the above resolution (as of April 26, 2024)

(1)	Total number of shares purchased	522,800 shares
(2)	Total share acquisition price	1,999,829,300 yen

- Omission of disclosure

Disclosure of notes other than the above has been omitted because the necessity of disclosure in the summary of financial statements is not considered significant.