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Summary of Consolidated Financial Results for Nine Months of Fiscal Year Ending March 31, 2025



February 4, 2025

Corporate Name: Nifco Inc. (URL: <https://www.nifco.com/en/>)

Stock Exchange: Prime Market; Code Number: 7988

President & CEO: Masaharu Shibao

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Dividend disbursement to be started on: —

Preparation of supplementary reference materials for financial results: Yes

Holding financial results briefing: None

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

1. Consolidated Financial Results for Nine Months of FY2024 (April 1 to December 31, 2024)

(1) Consolidated financial results

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

	Net sales		Operating profit		Ordinary profit	
	Million yen	%	Million yen	%	Million yen	%
9 Months FY2024	264,020	(3.6)	37,862	20.1	40,403	16.6
9 Months FY2023	273,779	16.9	31,513	23.7	34,642	19.1

Note: Comprehensive income: 28,164million yen for 9 Months FY2024 [(26.6%)], 38,383 million yen for 9 Months FY2023 [9.5%]

	Profit attributable to owners of parent		Basic earning per share	Diluted earning per share
	Million yen	%	Yen	Yen
9 Months FY2024	27,919	19.3	286.66	—
9 Months FY2023	23,408	26.3	234.82	—

Note: Diluted profit attributable to owners of parent per share of 9 Months FY2024 and 9 Months FY2023 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
Third Qtr. FY2024	362,919	254,793	69.3	2,627.41
FY2023	380,405	247,052	64.1	2,455.97

Reference: Equity capital: 251,534million yen in Third Qtr. FY2024, 243,695million yen in FY2023

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
FY2023	—	32.00	—	32.00	64.00
FY2024	—	35.00	—		
FY2024 (forecast)				40.00	75.00

Note: Revision of the latest forecast of cash dividends: Yes

3. Forecasts for FY2024 (April 1, 2024 to March 31, 2025)

(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
FY2024	351,000	(5.6)	48,000	9.3	49,000	(1.3)	33,000	80.8	340.16

Note: Revision of the latest forecasts: Yes

4. Others

- (1) Changes in principal subsidiaries during the fiscal year (changes in specific subsidiaries, which involve changes in the scope of consolidation): Yes

New consolidation: – company (company name): – Exclusion: 2 companies (company name): Nifco Germany GmbH, Nifco KTW America Corporation

The company’s specific subsidiaries Nifco Germany GmbH and Nifco KTW America Corporation were omitted from specific subsidiaries due to the completion of business transfers in April 2024.

- (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)

3Q of FY2024	100,257,053	FY2023	100,257,053
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- 2) Number of treasury stocks at end of the period

3Q of FY2024	4,522,239	FY2023	1,031,017
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- 3) Average number of shares outstanding during the period

3Q of FY2024	97,396,294	3Q of FY2023	99,686,497
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*Quarterly review conducted by certificated public accountants or an audit corporation of the attached quarterly consolidated financial statements: None

* 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 “I. Quarterly Consolidated Financial Statements and Main Notes, (iii) Information regarding consolidated earnings forecasts and other forward-looking statements” on page 5 of the Attached Materials.

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I. Quarterly Consolidated Financial Statements and Main Notes

(i) Explanation of operating results

For the first nine months ended December 31, 2024, in Japan's manufacturing sector, corporate business sentiment was strong due to demand for semiconductors and decreased resource prices. On the other hand, in the automobile industry, despite facing difficult conditions due mainly to production decreased as a result of the impact of temporary inventory adjustments and other factors, business confidence remained at the high level. In the non-manufacturing sector, there was a firm move, driven by a recovery of inbound demand and other factors. Looking overseas, in the Chinese economy, exports increased, mainly due to a recovery in overseas demand, particularly for IT-related goods and EVs, and the delaying of punitive tariffs on Chinese goods by the U.S., so business conditions are currently on an upward trend. However, causes for concern still remain, including weak consumer spending, sluggish capital investment, and growing risk of deflation. The European economy was on a moderate recovery trend as a whole. On the other hand, in the European automobile industry, it looks like price competition will continue to grow more severe, particularly with Chinese automobiles. Additionally, movement in the German automobile industry, which has been strongly impacted by rising energy prices caused by Russia-Ukraine war, should be given careful attention going forward. In the U.S. economy, non-manufacturing industries continued to perform well and conditions improved in many areas. This was in sharp contrast with manufacturing industries, which were put under pressure by a downturn in demand for goods, driven by tightening financial conditions. This has produced adverse effects in areas such as production activities, and business sentiment is that the market is growing sluggish. Overall, despite a slowdown in the growth rate, the U.S. business environment remains resilient. Thus, though there was a standstill in certain regions, the global economy picked up. Going forward, the global economy is expected to continue on a recovery trend. However, the outlook remains uncertain and there is a need to watch how economic and foreign relations policies by the new U.S. administration affect the global economy, and how the global economy responds.

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 decreased year on year in the first nine months ended December 31, 2024. In overseas markets, production volume and sales volume slightly increased in China, while mostly decreased in each country's market including Europe and the U.S., both year on year in the first nine months ended December 31, 2024.

As a result, the Group's net sales for the first nine months ended December 31, 2024 amounted to 264,020 million yen, down 3.6% year on year.

In terms of profits, operating profit increased 20.1% year on year to 37,862 million yen, due to the transfer of the businesses of Nifco Germany GmbH and Nifco KTW America Corporation, which experienced increasing hardship in the German OEM business, as well as improvement in variable costs including raw material costs and initiatives to reduce controllable expenses. Ordinary profit increased 16.6% year on year to 40,403 million yen. In addition, 856 million yen was recorded as extraordinary losses, mainly due to the recording of provision for loss on litigation, but 1,688 million yen was recorded as extraordinary income, mainly due to gain on sale of investment securities associated with the sale of cross-shareholdings. As a result, profit attributable to owners of parent increased 19.3% year on year to 27,919 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 decreased due to a lull in automobile production activities. Overall net sales overseas decreased partly due to the transfer of the businesses of Nifco Germany GmbH and Nifco KTW America Corporation, which had conducted businesses for German customers, despite a recovery in automobile production activities in the U.S., China and India, among others, and foreign exchange effects of a weaker yen. As a result, net sales for industrial plastic parts & components decreased. In terms of profits, the transfer of the businesses of Nifco Germany GmbH and Nifco KTW America Corporation, which had conducted businesses for German customers, and reductions in selling, general and administrative expenses through initiatives to reduce controllable expenses led to increased profits.

As a result, net sales in the industrial plastic parts & components business for the first nine months ended December 31, 2024 decreased 4.4% year on year to 236,704 million yen. Segment profit increased 21.9% year on year to 37,839 million yen.

(2) Bedding & furniture

In the bedding & furniture business, despite rising cost for raw materials, etc. resulting from a weaker yen and an increase in sales promotion expenses in conjunction with the sales of commemorative products marking the 60th anniversary, both net sales and profits increased due to a steady growth in sales to retailers and hotels in Japan. On the other hand, overseas, despite a significant growth in sales to hotels in Hong Kong, both net sales and profits decreased due to a drop in wholesale and retail sales affected by a slowdown in the economy stemming from the real estate recession in China as well as effects of launching costs for the establishment of a factory in Thailand in January 2024.

As a result, net sales in the bedding & furniture business for the first nine months ended December 31, 2024 increased 4.4% year on year to 27,315 million yen. Segment profit decreased 3.2% year on year to 4,257 million yen..

(ii) Explanation of financial position

Assets as of December 31, 2024 stood at 362,919 million yen, a decrease of 17,486 million yen from the end of the previous fiscal year. The main factors for the decrease were a 7,227 million yen decrease in cash and deposits, as well as decreases of 4,480 million yen in accounts receivable - trade and 3,697 million yen in investment securities.

Liabilities as of December 31, 2024 stood at 108,126 million yen, a decrease of 25,227 million yen from the end of the previous fiscal year. The main factors for the decrease were decreases of 5,283 million yen in short-term borrowings and 3,015 million yen in current portion of long-term borrowings. In addition, notes and accounts payable - trade decreased by 2,125 million yen.

Net assets as of December 31, 2024 stood at 254,793 million yen, an increase of 7,740 million yen from the end of the previous fiscal year. The increase in net assets was mainly due to increases of 21,418 million yen in retained earnings and 1,231 million yen in foreign currency translation adjustment resulting from yen depreciation. As a result, equity ratio was 69.3% and net assets per share was 2,627.41 yen.

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

(1) Revised forecasts of consolidated financial results

- 1) Revised forecasts of consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025)

	Net sales	Operating income	Ordinary profit	Profit attributable to owners of parent	Basic earning per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A) (announced on May 13, 2024)	340,000	45,000	44,200	26,100	262.05
Revision (B)	351,000	48,000	49,000	33,000	340.16
Difference (B-A)	11,000	3,000	4,800	6,900	—
Change (%)	3.2	6.7	10.9	26.4	—
(Ref.) Results for the same period of previous fiscal year (At end March 31, 2024)	371,639	43,925	49,665	18,252	183.26

2) Reasons for revisions

For the fiscal year ending March 31, 2025, we have revised the financial forecast because net sales, operating income, ordinary profit, and profit are all expected to exceed our initial estimate. This is due to the strong performance of the

industrial plastic parts & components business, and the revision of the exchange rate, which is a prerequisite for the forecast, as the yen depreciated more than expected.

In addition, the foreign exchange rates assumed in this consolidated performance outlook are 1 USD = ¥151 and 1 EUR = ¥164.

(2) Revised dividend forecasts

1) Dividend details

	Annual dividends (yen)		
	At end of second quarter	At end of FY	Total
Previously announced forecast (Announced on May 13, 2024)	—	35.00 yen	35.00 yen
Revised forecast	—	40.00 yen	75.00 yen
Actual Results	35.00 yen	—	—
(Reference) Results for the previous fiscal year ended March 31, 2024	32.00 yen	32.00 yen	64.00 yen

2) Reasons for revisions

With consideration of revised forecasts of financial results for the fiscal year ending March 31, 2025, we have decided to increase by 5 yen and pay a year-end dividend of 40 yen per share from the previous forecast announced on May 13, 2024. As a result, combined with the interim dividend of 35 yen per share already paid, this a year-end dividend of 40 yen will bring the annual dividend per share to 75 yen for the current fiscal year. In addition, as for a year-end dividend, we plan to propose this to the ordinary general meeting of shareholders to be held in June 2025.

II. Quarterly Consolidated Financial Statements and Main Notes

(i) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	149,784	142,557
Notes receivable - trade	1,750	1,062
Electronically recorded monetary claims - operating	8,114	8,021
Accounts receivable - trade	57,410	52,929
Contract assets	1,171	531
Securities	1,144	912
Merchandise and finished goods	27,414	24,792
Work in process	3,173	2,686
Raw materials and supplies	10,289	9,431
Other	9,844	9,038
Allowance for doubtful accounts	(292)	(266)
Total current assets	269,806	251,698
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,618	44,387
Machinery, equipment and vehicles, net	17,675	17,151
Tools, furniture and fixtures, net	3,966	3,752
Molds, net	4,614	4,144
Land	18,973	20,238
Leased assets, net	46	34
Construction in progress	2,851	8,782
Other	3,207	2,276
Total property, plant and equipment	96,953	100,769
Intangible assets	1,407	1,755
Investments and other assets		
Investment securities	4,764	1,066
Deferred tax assets	1,847	2,101
Retirement benefit asset	2,829	2,852
Other	2,797	2,675
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	12,238	8,696
Total non-current assets	110,599	111,221
Total assets	380,405	362,919

(Millions of yen)

As of March 31, 2024

As of December 31, 2024

Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,601	24,476
Current portion of bonds payable	-	10,000
Short-term borrowings	5,529	245
Current portion of long-term borrowings	10,075	7,060
Accounts payable - other	6,543	5,759
Income taxes payable	5,523	4,239
Contract liabilities	4,899	5,077
Provision for bonuses	2,924	1,772
Allowance for losses on business transfer	10,068	1,147
Other	11,924	12,271
Total current liabilities	84,091	72,050
Non-current liabilities		
Bonds payable	35,000	25,000
Long-term borrowings	285	240
Deferred tax liabilities	6,344	5,986
Retirement benefit liability	1,886	1,840
Provision for loss on litigation	-	721
Other	5,746	2,287
Total non-current liabilities	49,262	36,075
Total liabilities	133,353	108,126
Net assets		
Shareholders' equity		
Share capital	7,290	7,290
Capital surplus	-	-
Retained earnings	215,302	236,720
Treasury shares	(3,608)	(16,595)
Total shareholders' equity	218,983	227,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,028	76
Deferred gains or losses on hedges	(21)	(8)
Revaluation reserve for land	6	6
Foreign currency translation adjustment	23,019	24,250
Remeasurements of defined benefit plans	(320)	(207)
Total accumulated other comprehensive income	24,712	24,118
Non-controlling interests	3,356	3,258
Total net assets	247,052	254,793
Total liabilities and net assets	380,405	362,919

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	273,779	264,020
Cost of sales	199,729	183,428
Gross profit	74,050	80,591
Selling, general and administrative expenses	42,537	42,729
Operating profit	31,513	37,862
Non-operating income		
Interest income	803	1,253
Gain on valuation of investment securities	55	132
Foreign exchange gains	2,318	908
Other	675	724
Total non-operating income	3,854	3,018
Non-operating expenses		
Interest expenses	491	194
Other	233	282
Total non-operating expenses	724	476
Ordinary profit	34,642	40,403
Extraordinary income		
Gain on sale of non-current assets	115	19
Gain on sale of investment securities	-	1,668
Total extraordinary income	115	1,688
Extraordinary losses		
Loss on sale and retirement of non-current assets	97	80
Loss on valuation of investment securities	-	10
Provision for loss on litigation	-	* 1 765
Total extraordinary losses	97	856
Profit before income taxes	34,660	41,236
Income taxes	10,552	12,573
Profit	24,108	28,662
Profit attributable to		
Profit attributable to owners of parent	23,408	27,919
Profit attributable to non-controlling interests	699	743
Other comprehensive income		
Valuation difference on available-for-sale securities	475	(1,951)
Deferred gains or losses on hedges	49	13
Foreign currency translation adjustment	13,756	1,326
Remeasurements of defined benefit plans, net of tax	(6)	113
Total other comprehensive income	14,275	(497)
Comprehensive income	38,383	28,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,574	27,325
Comprehensive income attributable to non-controlling interests	808	839

(iii) 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

Not applicable.

- 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 nine months ended December 31, 2024, 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 Provision for loss on litigation

As for a currently pending lawsuit, although we are preparing to appeal the interlocutory judgment in the first trial delivered on October 4, 2024, the estimated amount of losses based on the status of the progress, etc. was recorded as provision for loss on litigation.

- Notes in relation to the quarterly consolidated statement of cash flows

The Company has not prepared the quarterly consolidated statement of cash flows for the first nine months ended December 31, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first nine months ended December 31, 2024. are as follows.

(Unit: Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	10,546	9,750
Amortization of goodwill	262	–

- Segment Information, etc.

[Business segment information]

- For the Nine Months of FY2023 (April 1 to December 31, 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	247,622	26,157	273,779	-	273,779
(2) Intersegment sales or transfers	-	-	-	-	-
Total	247,622	26,157	273,779	-	273,779
Segment profit (loss)	31,046	4,399	35,445	(3,932)	31,513

(Notes) 1. Adjustment of segment profit (loss) of (3,932) million yen represents corporate expenses. Corporate expenses are 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 Nine Months of FY2024 (April 1 to December 31, 2024)

(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	236,704	27,315	264,020	-	264,020
(2) Intersegment sales or transfers	-	-	-	-	-
Total	236,704	27,315	264,020	-	264,020
Segment profit (loss)	37,839	4,257	42,097	(4,235)	37,862

(Notes) 1. Adjustment of segment profit (loss) of (4,235) million yen represents corporate expenses. Corporate expenses are 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.

- Notes Significant Events After Reporting Period Consolidated Financial Statements
(Purchase of treasury shares)

The Company acquired its own shares in accordance with the resolution at the meeting of its Board of Directors held on December 26, 2024. Treasury shares acquired after the financial closing date were as follows:

1. Reason for the acquisition of treasury shares

To enhance fund efficiency and enable a flexible financial policy in response to changes in the business environment.

2. Status of acquisition of treasury shares

(1) Class of shares for acquisition	Common stock of the Company
(2) Total number of shares purchased	288,500
(3) Total share acquisition price	1,082,733,700 yen
(4) Acquisition period	January 6, 2025, to January 31, 2025
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange

(Reference)

1. Contents of the resolution at the meeting of the Board of Directors held on December 26, 2024

- | | | |
|-----|---|---|
| (1) | Class of shares for acquisition | Common stock of the Company |
| (2) | Total number of shares authorized for acquisition | 580,000 (maximum)
[Percentage of total number of issued shares (excluding treasury shares):0.6%] |
| (3) | Total share acquisition price | 2,000,000,000 yen (maximum) |
| (4) | Acquisition period | January 6, 2025, to February 26, 2025 |
| (5) | Acquisition method | Market purchase on the Tokyo Stock Exchange |