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Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the
Financial Instruments and Exchange Act)

The 73rd Fiscal Year From April 1, 2024
to March 31, 2025

株式会社ニフコ

Nifco Inc.

E02386

Table of Contents

PART I	Information on the Company	- 1 -
I.	Company Overview	- 1 -
1.	Trends in Key Management Indicators, etc.....	- 1 -
2.	History	- 3 -
3.	Description of Business	- 5 -
4.	Status of Subsidiaries and Associates	- 8 -
5.	Status of Employees.....	- 11 -
II.	Business Overview	- 13 -
1.	Management Policies, Management Environment and Issues to Be Addressed	- 13 -
2.	Sustainability Concept and Initiatives.....	- 14 -
3.	Business Risks	- 30 -
4.	Management’s Analysis of Financial Position, Operating Results and Cash Flows	- 33 -
5.	Important Contracts, etc.....	- 39 -
6.	Research and Development Activities	- 40 -
III.	Status of Facilities.....	- 42 -
1.	Overview of Capital Investment, etc.....	- 42 -
2.	Status of Major Facilities.....	- 43 -
3.	Plans for Construction and Retirement, etc. of Facilities	- 44 -
IV.	Status of the Company	- 45 -
1.	Status of Shares, etc.....	- 45 -
(1)	Total number of shares, etc.	- 45 -
(2)	Status of share acquisition rights, etc.	- 45 -
(3)	Exercise status, etc. of moving strike convertible bonds with share acquisition rights, etc.....	- 47 -
(4)	Trends in total number of issued shares and share capital, etc.	- 47 -
(5)	Shareholding status	- 47 -
(6)	Status of major shareholders	- 48 -
(7)	Status of voting rights	- 50 -
(8)	Details of executive and Employee Stock Ownership Plan	- 50 -
2.	Status of Acquisition, etc. of Treasury Shares	- 54 -
3.	Dividend Policy	- 56 -
4.	Status of Corporate Governance, etc.....	- 57 -
V.	Financial Information	- 87 -
1.	Consolidated Financial Statements, etc.....	- 88 -
(1)	Consolidated Financial Statements.....	- 88 -
(2)	Others.....	- 131 -
2.	Financial Statements, etc.	- 132 -
(1)	Financial Statements	- 132 -
(2)	Details of major assets and liabilities	- 142 -
(3)	Others.....	- 142 -
VI.	Stock-Related Administration for the Company	- 143 -
VII.	Reference Information on the Company	- 144 -
1.	Information on the Parent Company, etc. of the Company	- 144 -
2.	Other Reference Information	- 144 -
Part II.	Information on the Guarantee Companies, etc. of the Company	- 145 -
	[Audit Report]	
	[Internal Control Report]	

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PART I Information on the Company

I. Company Overview

1. Trends in Key Management Indicators, etc.

(1) Consolidated management indicators, etc.

Term		69th	70th	71st	72nd	73rd
Fiscal years ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales	(millions of yen)	256,078	283,777	321,771	371,639	353,038
Ordinary profit	(millions of yen)	29,535	33,602	37,876	49,665	52,147
Profit attributable to owners of parent	(millions of yen)	18,402	22,959	21,170	18,252	44,767
Comprehensive income	(millions of yen)	17,511	33,180	33,527	30,491	54,199
Net assets	(millions of yen)	178,649	200,875	226,127	247,052	278,725
Total assets	(millions of yen)	307,127	333,068	359,150	380,405	379,816
Net assets per share	(yen)	1,737.80	1,978.36	2,237.06	2,455.97	2,888.37
Basic earnings per share	(yen)	181.09	227.27	211.28	183.26	461.95
Diluted earnings per share	(yen)	-	-	-	-	-
Equity ratio	(%)	57.5	59.5	62.2	64.1	72.4
Return on equity	(%)	10.7	12.3	10.0	7.8	17.3
Price-earnings ratio	(Times)	22.3	12.3	17.8	21.1	7.8
Cash flows from operating activities	(millions of yen)	39,922	31,743	37,261	47,257	54,217
Cash flows from investing activities	(millions of yen)	(12,570)	(9,479)	(11,530)	(8,135)	(23,891)
Cash flows from financing activities	(millions of yen)	(20,273)	(13,516)	(17,418)	(26,024)	(35,154)
Cash and cash equivalents at end of period	(millions of yen)	95,744	109,992	122,233	142,024	141,097
Number of employees	(persons)	10,745	10,193	10,169	10,226	9,041
[Average number of temporary employees]		(3,359)	(3,004)	(3,100)	(3,259)	(3,165)

- (Notes)
1. Diluted earnings per share is not stated because there are no dilutive shares.
 2. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the 70th term, and the principle management indicators, etc. for the 70th term and subsequent terms are those after the application of the accounting standard, etc.

(2) Non-consolidated management indicators

Term	69th	70th	71st	72nd	73rd
Fiscal years ended	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Net sales (millions of yen)	79,584	83,365	86,391	98,691	96,197
Ordinary profit (millions of yen)	19,201	18,617	22,389	31,013	24,069
Profit (millions of yen)	15,931	16,629	18,674	2,633	28,395
Share capital (millions of yen)	7,290	7,290	7,290	7,290	7,290
Total number of issued shares (Thousand shares)	107,508	107,508	107,508	100,257	100,257
Net assets (millions of yen)	109,266	115,575	126,926	121,612	126,409
Total assets (millions of yen)	185,203	191,152	202,483	187,605	187,209
Net assets per share (yen)	1,075.97	1,153.75	1,270.14	1,225.62	1,327.86
Dividends per share (yen)	53.00	62.00	64.00	64.00	75.00
(Interim dividends per share)	(25.00)	(31.00)	(31.00)	(32.00)	(35.00)
Basic earnings per share (yen)	156.78	164.62	186.37	26.44	293.01
Diluted earnings per share (yen)	-	-	-	-	-
Equity ratio (%)	59.0	60.5	62.7	64.8	67.5
Return on equity (%)	15.2	14.8	15.4	2.1	22.9
Price-earnings ratio (Times)	25.7	17.0	20.1	146.0	12.2
Dividend payout ratio (%)	33.8	37.7	34.3	242.1	25.6
Number of employees (persons)	1,388	1,375	1,361	1,363	1,383
[Average number of temporary employees]	(468)	(411)	(383)	(354)	(347)
Total shareholder return (%)	210.7	149.7	202.5	211.5	201.0
[Benchmark: TOPIX including dividends] (%)	(142.1)	(145.0)	(153.4)	(216.8)	(213.4)
Highest share price (yen)	4,210	4,370	3,775	4,442	3,997
Lowest share price (yen)	1,737	2,608	2,484	3,382	2,930

- (Notes)
1. Diluted earnings per share is not stated because there are no dilutive shares.
 2. The highest and lowest share prices are those recorded on the Prime Market of the Tokyo Stock Exchange on or after April 4, 2022, or on the first section of the Tokyo Stock Exchange before that date.
 3. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the 70th term, and the principle management indicators, etc. for the 70th term and subsequent terms are those after the application of the accounting standard, etc.
 4. As announced on May 12, 2025, the year-end dividend for the fiscal year ended March 31, 2025 is expected to be 40 yen per share. This proposal will be submitted at the Annual General Meeting of Shareholders scheduled for June 24, 2025.

2. History

Substantial surviving company

Upon the merger of Nifco Inc. (par value of shares: 500 yen) (founded in February 1967, and has been engaged in the manufacture and sales of industrial fasteners) and Nichiei Bussan Co., Ltd. (founded in May 1953, and has been engaged in the import and export of leaf tobacco and miscellaneous beans, as well as the import and export of industrial fasteners) in October 1977, the Company (founded in October 1946, former Koto Kigyo Co., Ltd; par value of shares: 50 yen) became the formal surviving company and absorbed both companies to change the par value of their shares to 50 yen from 500 yen.

Therefore, among the absorbed companies, Nifco Inc. (par value of shares: 500 yen), which has superior size in terms of net sales and total assets, is listed as the substantial surviving company.

The Company was founded on February 13, 1967, as a joint venture between Nichiei Bussan Co., Ltd. and Illinois Tool Works Inc. (a manufacturer of industrial fasteners with subsidiaries, affiliates and business partners worldwide).

February 1967	Nippon Industrial Fastener Corporation (renamed to Nifco Inc. in December 1970) was co-founded by Nichiei Bussan Co., Ltd. and Illinois Tool Works Inc. with a starting capital of 48,000 thousand yen, and entered into a technical assistance contract with Illinois Tool Works Inc. [As they were absorbed by Nifco Inc. (formal surviving company whose par value of shares is 50 yen and whose trade name was changed from Koto Kogyo Co., Ltd., a dormant company, to Nifco Inc. on May 26, 1977, on the premise of the merger) in October 1977 for the purpose of changing the par value of shares, the registered date of incorporation was October 8, 1946.]
July 1969	Established Osaka Sales Department in Nishi-ku, Osaka-shi.
December 1976	Newly established Nagoya Plant in Toyota-shi, Aichi.
October 1977	Absorbed Nichiei Bussan Co., Ltd. (changed the par value of the shares to 50 yen from 500 yen).
May 1978	Established Kitakyushu Sales Department in Miyako-gun, Fukuoka.
July 1979	Listed on the second section of the Tokyo Stock Exchange.
September 1980	Newly constructed Sagamihara Plant in Sagamihara-shi, Kanagawa.
April 1982	Newly constructed Utsunomiya Office in Kawachi-gun, Tochigi.
January 1983	Relocated Osaka Sales Office to Suita-shi, Osaka.
May 1983	Co-founded Nifco Taiwan Corporation in Taipei, Taiwan.
March 1984	Listed on the first section of the Tokyo Stock Exchange.
April 1984	Established Hamamatsu Branch Office (current Hamamatsu Sales Office) in Hamamatsu-shi, Shizuoka.
January 1985	Co-founded Korea Industrial Fastener Corporation (current Nifco Korea Inc.) in Gumi, Korea.
November 1986	Co-founded ITW-Nifco Inc. in Ohio, U.S.A.
July 1987	Founded Nifco (HK) Ltd., a subsidiary, in Hong Kong, China.
August 1987	Newly constructed Hiroshima Office (current Hiroshima Sales Office) in Asaminami-ku, Hiroshima-shi.
November 1988	Co-founded Union Nifco Co., Ltd. in Bangkok, Thailand.
February 1990	Co-founded JT Nifco Inc. (current Nifco Yamagata Inc.) in Yamagata-shi, Yamagata.
March 1990	Established Tokyo Headquarters in Minato-ku, Tokyo.
July 1990	Acquired Elta Plastics Ltd. (current Nifco U.K. Ltd.) in Cleveland, England.
October 1990	Co-founded Nifco (Malaysia) Sdn. Bhd. (current Nifco Manufacturing (Malaysia) Sdn. Bhd.) in Selangor, Malaysia.
December 1991	Co-founded Kyushu JT Nifco Inc. (current Nifco Kumamoto Inc.) in Kikuchi-gun, Kumamoto.
July 1995	Founded Nifco (Singapore) Pte., Ltd. a subsidiary in Singapore.
March 1996	Founded Shanghai Nifco Plastic Manufacturer Co., Ltd., a subsidiary, in Shanghai, China.
April 1996	Founded Nifco U.S. Corporation (current Nifco America Corporation), a subsidiary, in Ohio, U.S.A.
July 1996	Acquired stocks of The Japan Times, Ltd., Simmons Co., Ltd. and Simmons Bedding & Furniture (HK) Limited, and made them subsidiaries.
December 1997	Acquired stocks of ITW-Nifco Inc., a joint venture, in Ohio, U.S.A. and merged it into Nifco U.S. Corporation (current Nifco America Corporation) as the surviving company.

May 1999	Relocated Kyushu Sales Office to Kokurakita-ku, Kitakyushu-shi.
April 2001	Acquired four companies under the Acriplas Group (current Nifco Products Espana, S.L.U.) in Spain.
November 2001	Founded Tifco (Dongguan) Co., Ltd., a fifty-fifty joint venture with Nifco Taiwan Corporation, in Changan Town, Dongguan, Guangdong, China.
February 2002	Founded Dongguan Nifco Co., Ltd., a subsidiary, in Shilong Zhen, Dongguan, Guangdong, China.
June 2002	Acquired additional stocks of Nifco Taiwan Corporation, a joint venture in Taiwan, and made it a subsidiary.
July 2002	Founded Nifco (Thailand) Co., Ltd., a subsidiary, in Chonburi, Thailand.
November 2004	Founded Beijing Nifco Co., Ltd., a subsidiary, in Tongzhou District, Beijing, China.
January 2005	Founded Kifco Vietnam Ltd. (current Nifco Vietnam Ltd.), a subsidiary, in Tainin, Vietnam.
March 2005	Acquired additional stocks of JT Nifco Inc. (current Nifco Yamagata Inc.) and Kyushu JT Nifco Inc. (current Nifco Kumamoto Inc.), which are joint ventures, and made them subsidiaries.
February 2006	Founded Nifco Poland Sp. z o.o., a subsidiary, in Swidnica, Poland.
March 2007	Founded Nifco North America Inc., a subsidiary, in Kentucky, U.S.A.
June 2007	Founded Nifco Deutschland GmbH (Nifco KTS GmbH), a subsidiary, in Eschborn, Germany.
September 2008	Acquired additional stocks of Union Nifco Co., Ltd., a joint venture in Thailand, and made it a subsidiary.
October 2008	Founded Nifco Korea USA Inc. in Alabama, U.S.A.
April 2009	Nifco America Corporation, a subsidiary, absorbed Nifco North America Inc., a subsidiary.
May 2009	Simmons Co., Ltd. newly constructed Fuji-Oyama Plant in Sunto-gun, Shizuoka.
January 2010	Founded Nifco (Tianjin) Co., Ltd., a subsidiary, in Tianjin, China.
April 2010	Founded Nifco Enterprise Management (Shanghai) Co., Ltd., a subsidiary, in Shanghai, China.
June 2010	Founded Nifco India Private Ltd., a subsidiary, in Gurgaon, India.
July 2010	Founded Nifco South India Manufacturing Private Ltd., a subsidiary, in Chennai, India.
November 2010	Founded Nifco (Hubei) Co., Ltd., a subsidiary, in Ezhou, Hubei, China.
December 2010	Founded Nifco Korea Poland Sp. z o.o., a subsidiary, in Zory, Poland.
January 2011	Founded Nifco (Jiang Su) Co., Ltd., a subsidiary, in Zhangjiagang, Jiangsu, China.
May 2011	Founded PT. Nifco Indonesia, a subsidiary, in Jakarta, Indonesia.
June 2011	Founded Nifco Yancheng Co., Ltd., a subsidiary, in Yancheng, Jiangsu, China.
July 2012	Founded Nifco Central Mexico S. de R.L. de C.V., a subsidiary, in Irapuato, Mexico.
March 2013	Newly constructed Nifco Technology Development Centre in Yokosuka-shi, Kanagawa.
April 2013	Acquired KTS and its group companies in Germany.
May 2014	Acquired KTW and its group companies in Germany.
January 2015	Relocated the head office to Yokosuka-shi, Kanagawa.
April 2015	Founded Nifco KTW America Corporation, a subsidiary, in Georgia, U.S.A.
September 2015	Founded Nifco (Chongqing) Limited Liability Company, a subsidiary, in Chongqing, China.
August 2016	Constructed an explosion-proof tower and laboratory tower in Yokosuka-shi, Kanagawa.
April 2018	Newly established and put into practice the corporate philosophy, logo and slogan.
November 2018	Relocated Tokyo Headquarters within Minato-ku, Tokyo.
December 2018	Founded Nifco Kitakanto Inc., a subsidiary, in Minato-ku, Tokyo.
May 2019	Nifco Kumamoto Inc., a subsidiary, relocated its head office to Kikuchi-shi, Kumamoto.
July 2019	Carried out an absorption-type merger with Nifco KTW GmbH, a subsidiary, as the surviving company and Nifco KTS GmbH, a subsidiary, as the absorbed company, and changed the name of the surviving company to Nifco Germany GmbH.
December 2019	Nifco Kitakanto Inc., a subsidiary, relocated its head office to Ashikaga-shi, Tochigi.
June 2021	Transitioned to a company with an Audit & Supervisory Committee.
April 2022	Transitioned to the Prime Market of the Tokyo Stock Exchange.
December 2022	Founded Nifco Europe GmbH, a subsidiary, in Solingen, Germany.

3. Description of Business

The Group is comprised of the Company and 46 consolidated subsidiaries. Their main business areas, their position in these businesses and their relationships with each segment are as follows.

The following two divisions are the same as the segments described in “(1) Notes to Consolidated Financial Statements” in “1. Consolidated Financial Statements, etc.” in “V. Financial Information.”

(Industrial plastic parts & components)

Industrial plastic fasteners and plastic precision molded parts and molds : The Company manufactures and sells plastic molded products and molds, and Nifco Yamagata Inc., Nifco Kumamoto Inc., Nifco Kitakanto Inc. and others manufacture and sell plastic molded products and molds.

In addition, Nifco America Corporation, Nifco U.K. Ltd., Nifco Korea Inc., Dongguan Nifco Co., Ltd., Nifco Taiwan Corporation, Nifco (Thailand) Co., Ltd. and others manufacture and sell molded plastic products and molds overseas.

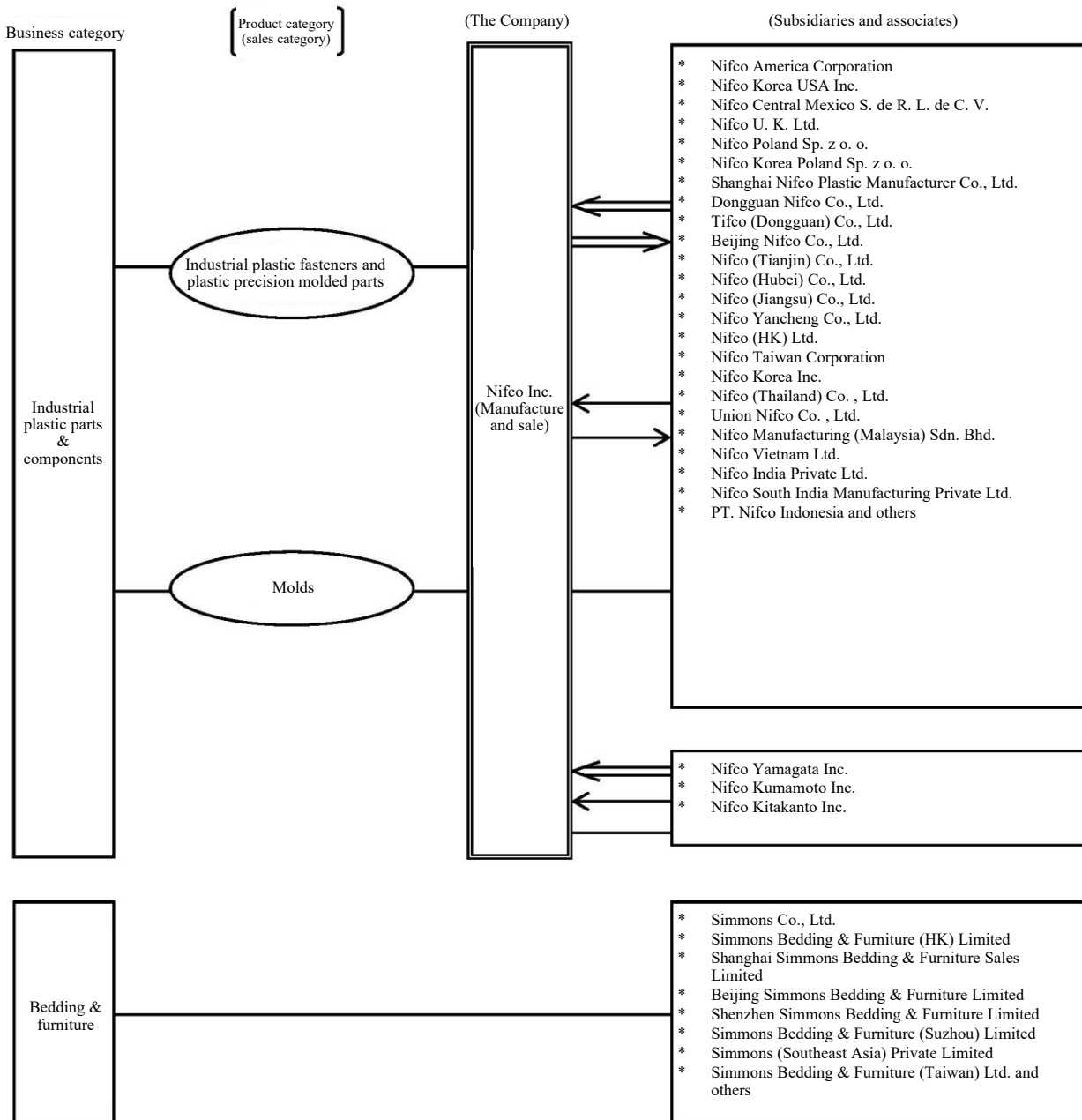
Some of these products are purchased and sold between the Company and its subsidiaries.

(Bedding & furniture)

: Simmons Co., Ltd. manufactures and sells beds and imports and sells furniture. In addition, Simmons Bedding & Furniture (HK) Limited and others are engaged in the Bedding & furniture business overseas.

A diagram of the business is as follows.

Consolidated subsidiaries are as follows.



(Note) *Consolidated subsidiaries

⇒ Products → Molds

Consolidated subsidiaries

(1) Nifco America Corporation	Manufacture and sale of plastic molded products
(2) Nifco Korea USA Inc.	Manufacture and sale of plastic molded products
(3) Nifco Central Mexico S.de R.L.de C.V.	Manufacture and sale of plastic molded products
(4) Guadalupe Property & Assets, S.de R.L.de C.V.	Industrial plastic parts & components
(5) Nifco Europe GmbH	Industrial plastic parts & components
(6) Nifco U.K. Ltd.	Manufacture and sale of plastic molded products
(7) Nifco Poland Sp. z o.o.	Manufacture and sale of plastic molded products
(8) Nifco Korea Poland Sp. z o.o.	Manufacture and sale of plastic molded products
(9) Shanghai Nifco Plastic Manufacturer Co., Ltd.	Sale of plastic molded products
(10) Dongguan Nifco Co., Ltd.	Manufacture and sale of plastic molded products
(11) Tifco (Dongguan) Co., Ltd.	Manufacture and sale of plastic molded products
(12) Beijing Nifco Co., Ltd.	Sale of plastic molded products
(13) Nifco (Tianjin) Co., Ltd.	Manufacture and sale of plastic molded products
(14) Nifco (Hubei) Co., Ltd.	Manufacture and sale of plastic molded products
(15) Nifco (Jiangsu) Co., Ltd.	Manufacture and sale of plastic molded products
(16) Nifco Yancheng Co., Ltd.	Manufacture and sale of plastic molded products
(17) Nifco (HK) Ltd.	Industrial plastic parts & components
(18) Nifco Taiwan Corporation	Manufacture and sale of plastic molded products
(19) Nifco Korea Inc.	Manufacture and sale of plastic molded products
(20) Nifco (Thailand) Co.,Ltd.	Manufacture and sale of plastic molded products
(21) Union Nifco Co., Ltd.	Manufacture and sale of plastic molded products
(22) Nifco Manufacturing (Malaysia) Sdn. Bhd.	Manufacture and sale of plastic molded products
(23) Nifco Vietnam Ltd.	Manufacture and sale of plastic molded products
(24) Nifco India Private Ltd.	Manufacture and sale of plastic molded products
(25) Nifco South India Manufacturing Private Ltd.	Manufacture and sale of plastic molded products
(26) PT.Nifco Indonesia	Manufacture and sale of plastic molded products
(27) Nifco Yamagata Inc.	Manufacture and sale of plastic molded products
(28) Nifco Kumamoto Inc.	Manufacture and sale of plastic molded products
(29) Nifco Kitakanto Inc.	Manufacture and sale of plastic molded products
(30) Simmons Co., Ltd.	Manufacture and sale of beds, import and sale of furniture
(31) Simmons Bedding & Furniture (HK) Limited	Bedding & furniture
(32) Shanghai Simmons Bedding & Furniture Sales Limited	Sale of beds and furniture
(33) Beijing Simmons Bedding & Furniture Limited	Sale of beds and furniture
(34) Shenzhen Simmons Bedding & Furniture Limited	Sale of beds and furniture
(35) Simmons Bedding & Furniture (Suzhou) Limited	Manufacture and sale of beds
(36) Simmons (Southeast Asia)Private Limited	Sale of beds and furniture
(37) Simmons Bedding & Furniture (Taiwan) Ltd.	Sale of beds and furniture
9 other companies	

4. Status of Subsidiaries and Associates

(Consolidated subsidiaries)

Name	Location	Share capital	Main businesses	Holding rate of voting rights (%)	Description of relationship
Nifco America Corporation (Notes) 1, 4	Ohio, U.S.A.	Million U.S. dollars 3.5	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Nifco Korea USA Inc. (Note) 3	Alabama, U.S.A.	Million U.S. dollars 5.5	Manufacture and sale of plastic molded products	100 (75)	Concurrent officers: Yes
Nifco Central Mexico S.de R.L.de C.V. (Notes) 1, 3	Guanajuato, Mexico	Million Mexican pesos 325.2	Manufacture and sale of plastic molded products	100 (52.51)	Concurrent officers: Yes
Guadalupe Property & Assets, S. de R.L. de C.V. (Notes) 1, 3	Guadalupe, Mexico	Million Mexican pesos 268.2	Industrial plastic parts & components	100 (75)	Concurrent officers: Yes
Nifco Europe GmbH (Note) 1	Solingen, Germany	Thousand euros 30.0	Industrial plastic parts & components	100	Concurrent officers: Yes
Nifco U.K. Ltd. (Note) 1	Stockton-on-Tees, United Kingdom	Million British pounds 14.5	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Nifco Poland Sp. z o.o. (Notes) 1, 3	Swidnica, Poland	Million zloty 9.0	Manufacture and sale of plastic molded products	100 (100)	The Company lends working capital, etc. Concurrent officers: Yes
Nifco Korea Poland Sp. z o.o. (Notes) 1, 3	Zory, Poland	Million zloty 6.0	Manufacture and sale of plastic molded products	100 (100)	Concurrent officers: Yes
Shanghai Nifco Plastic Manufacturer Co., Ltd. (Note) 3	Shanghai, China	Million U.S. dollars 3.0	Sale of plastic molded products	100 (100)	Concurrent officers: Yes
Dongguan Nifco Co., Ltd. (Notes) 1, 3	Guangdong, China	Million HK dollars 75.0	Manufacture and sale of plastic molded products	90 (90)	Concurrent officers: Yes
Tifco (Dongguan) Co., Ltd. (Note) 3	Guangdong, China	Million U.S. dollars 1.9	Manufacture and sale of plastic molded products	100 (100)	Concurrent officers: Yes
Beijing Nifco Co., Ltd. (Notes) 1, 3	Beijing, China	Million U.S. dollars 14.5	Sale of plastic molded products	100 (100)	Concurrent officers: Yes
Nifco (Tianjin) Co., Ltd. (Notes) 1, 3	Tianjin, China	Million U.S. dollars 18.5	Manufacture and sale of plastic molded products	100 (100)	Concurrent officers: Yes
Nifco (Hubei) Co., Ltd. (Notes) 1, 3	Hubei, China	Million U.S. dollars 10.0	Manufacture and sale of plastic molded products	100 (100)	Concurrent officers: Yes
Nifco (Jiangsu) Co., Ltd. (Notes) 1, 3	Jiangsu, China	Million U.S. dollars 15.6	Manufacture and sale of plastic molded products	100 (100)	Concurrent officers: Yes
Nifco Yancheng Co., Ltd. (Notes) 1, 3	Jiangsu, China	Million U.S. dollars 30.5	Manufacture and sale of plastic molded products	100 (100)	Concurrent officers: Yes
Nifco (HK) Ltd. (Note) 1	Hong Kong	Million HK dollars 200.0	Industrial plastic parts & components	100	Interlocking directorate: No
Nifco Taiwan Corporation	Taoyuan, Taiwan	Million Taiwan dollars 150.0	Manufacture and sale of plastic molded products	92	Concurrent officers: Yes
Nifco Korea Inc. (Notes) 1, 4	Asan-si, Korea	Million won 34,400.0	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Nifco (Thailand) Co., Ltd. (Note) 1	Chonburi, Thailand	Million baht 320.0	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Union Nifco Co., Ltd.	Bangpakong, Thailand	Million baht 100.0	Manufacture and sale of plastic molded products	50	Concurrent officers: Yes

Name	Location	Share capital	Main businesses	Holding rate of voting rights (%)	Description of relationship
Nifco Manufacturing (Malaysia) Sdn. Bhd.	Selangor, Malaysia	Million Malaysian ringgit 7.5	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Nifco Vietnam Ltd. (Note) 3	Tay Ninh, Vietnam	Million U.S. dollars 2.4	Manufacture and sale of plastic molded products	100 (75)	Concurrent officers: Yes
Nifco India Private Ltd. (Note) 1	Haryana, India	Million Indian rupees 1,130.0	Manufacture and sale of plastic molded products	100	The Company lends working capital, etc. Concurrent officers: Yes
Nifco South India Manufacturing Private Ltd. (Notes) 1, 3	Tamilnadu, India	Million Indian rupees 1,294.3	Manufacture and sale of plastic molded products	100 (75)	Concurrent officers: Yes
PT.Nifco Indonesia (Note) 1	Jawa Barat, Indonesia	Million U.S. dollars 18.8	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Nifco Yamagata Inc. (Note) 1	Yamagata-shi, Yamagata	Millions of yen 300.0	Manufacture and sale of plastic molded products	100	Concurrent officers: Yes
Nifco Kumamoto Inc. (Note) 1	Kikuchi-shi, Kumamoto	Millions of yen 800.0	Manufacture and sale of plastic molded products	100	The Company lends working capital, etc. Concurrent officers: Yes
Nifco Kitakanto Inc.	Ashikaga-shi, Tochigi	Millions of yen 100.0	Manufacture and sale of plastic molded products	100	The Company lends working capital, etc. Concurrent officers: Yes
Simmons Co., Ltd.	Minato-ku, Tokyo	Millions of yen 259.1	Manufacture and sale of beds, import and sale of furniture	99.9	Concurrent officers: Yes
Simmons Bedding & Furniture (HK) Limited (Note) 3	Hong Kong	Million HK dollars 10.0	Bedding & furniture	100 (100)	Interlocking directorate: No
Shanghai Simmons Bedding & Furniture Sales Limited (Note) 3	Shanghai, China	Million U.S. dollars 0.4	Sale of beds and furniture	100 (100)	Concurrent officers: Yes
Simmons Bedding & Furniture (Suzhou) Limited (Notes) 1, 3	Jiangsu, China	Million U.S. dollars 25	Manufacture and sale of beds	100 (100)	Concurrent officers: Yes
Simmons (Southeast Asia) Private Limited (Note) 3	Beach Road, Singapore	Million Singapore dollars 0.3	Sale of beds and furniture	100 (100)	Interlocking directorate: No
Simmons Bedding & Furniture (Taiwan) Ltd. (Note) 3	Taipei, Taiwan	Million Taiwan dollars 1.0	Sale of beds and furniture	100 (100)	Concurrent officers: Yes

11 other companies

- (Notes)
1. They fall under specified subsidiaries.
 2. None of the above consolidated subsidiaries has filed securities registration statements or securities reports.
 3. The figures in parentheses () in the “Holding rate of voting rights” column indicate indirect holding rates included in the figures outside the parentheses.
 4. Net sales of Nifco America Corporation and Nifco Korea Inc. (excluding intercompany sales between consolidated companies) accounted for more than 10% of consolidated net sales.

Nifco America Corporation

Major profit/loss information	(1) Net sales	59,209	Millions of yen
	(2) Ordinary profit	4,191	Millions of yen
	(3) Profit	2,928	Millions of yen
	(4) Net assets	26,737	Millions of yen
	(5) Total assets	33,709	Millions of yen

Nifco Korea Inc.

Major profit/loss information	(1) Net sales	56,804	Millions of yen
	(2) Ordinary profit	9,211	Millions of yen
	(3) Profit	7,428	Millions of yen
	(4) Net assets	46,193	Millions of yen
	(5) Total assets	53,700	Millions of yen

5. Status of Employees

(1) Consolidated level

As of March 31, 2025

Segment name	Number of employees (persons)	
Industrial plastic parts & components	7,886	(2,891)
Bedding & furniture	999	(274)
Corporate (common)	156	(-)
Total	9,041	(3,165)

(Notes) 1. The number of employees is the number of full-time employees (excluding those seconded from the Group to outside the Group, but including those seconded from outside the Group to the Group and regular part-time workers). The figures in parentheses () indicate the annual average number of temporary employees (including part-time workers and temporary workers dispatched from staffing agencies, but excluding regular part-time workers), and this is excluded from the figures outside the parentheses.

In addition to the above, there are 15 employees seconded to an associate and others.

- The number of employees described as corporate (common) refers to those belonging to the Administrative Division.
- The number of employees decreased by 1,252 from the end of the previous fiscal year, which is primarily due to the transfer of Nifco Germany GmbH, which had been our consolidated subsidiary, and its subsidiary Nifco KTW America Corporation.

(2) Non-consolidated level

As of March 31, 2025

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)
1,383 (347)	41.7	16.7	7,095,341

Segment name	Number of employees (persons)	
Industrial plastic parts & components	1,227	(347)
Bedding & furniture	-	(-)
Corporate (common)	156	(-)
Total	1,383	(347)

(Notes) 1. The number of employees is the number of full-time employees (excluding those seconded from the Company to outside the Company, but including those seconded from outside the Company to the Company and regular part-time workers). The figures in parentheses () indicate the annual average number of temporary employees (including part-time workers and temporary workers dispatched from staffing agencies, but excluding regular part-time workers), and this is excluded from the figures outside the parentheses.

In addition to the above, there are 15 employees seconded to an associate and others.

- Average annual salary includes bonuses and non-standard wages.
- The number of employees described as corporate (common) refers to those belonging to the Administrative Division.

(3) Status of labor unions

Labor unions are not formed.

(4) Percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and wage differences between male and female workers

(i) The Company

Fiscal year ended March 31, 2025					Supplementary explanation
Percentage of female workers in managerial positions (%) (Notes) 1.	Percentage of male workers taking childcare leave (%) (Notes) 2.	Wage differences between male and female workers (%) (Notes) 3.			
		All workers	Regular workers	Part-timers and fixed-term workers	
5.8	54.8	58.5	61.4	53.3	(Notes) 4.

(Notes) 1. The percentage of female workers in managerial positions (%) was calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015). However, the definition of managerial positions used to calculate the Company standards includes professional positions at the managerial level. In addition, the figures have been changed to reflect actual results, excluding the

quasi-management level, whose preparation for promotion to managerial roles has been finalized under the new personnel system implemented in April 2024.

2. The percentage of male workers taking childcare leave (%) shows the percentage of male workers taking leave for childcare, etc., stipulated in Article 71-6, Paragraph 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of “Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” (Act No. 76 of 1991).
3. The gender wage gap for workers was calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Law No. 64 of 2015) (standards of the Ministry of Health, Labour and Welfare).

While there is a disparity in wages per employee between genders influenced by factors such as the gender ratio among managers, it’s important to note that there are no differences in treatment based on gender when it comes to systems such as personnel structure, compensation, evaluation, and human resource development.

4. The standard for disparity in annual income is based on the standards provided by the Ministry of Health, Labour and Welfare, and full-time permanent support staff are included in regular workers.

< Supplementary explanation on wage differences between men and women >

The gender pay gap at Nifco Inc. stands at 58.5% among all workers and 61.4% among regular workers. These figures take into account full-time permanent support staff among regular workers and non-regular workers on re-employment contracts, who skew towards a higher proportion of men among fixed-term workers and part-timers. This distribution affects the overall figures, and to provide a clearer picture, we will present the gender pay gap below for the monthly basic salaries of regular employees in non-career track (non-management) positions. The company establishes wage levels for each job grade. As shown in the table below, the basic salary for the same grade is nearly equal for men and women.

Non-career track	Average Base Salary for Women/Average Base Salary for Men
G05	100.1%
G04	96.4%
G03	100.0%
G02	100.9%
G01	96.4%

* There are five grades (G01 to G05) for general employees.

(ii) Consolidated subsidiaries

Fiscal year ended March 31, 2025						Supplementary explanation
Name	Percentage of female workers in managerial positions (%) (Notes) 1.	Percentage of male workers taking childcare leave (%) (Notes) 2.	Wage differences between male and female workers (%) (Notes) 3.			
			All workers	Of which, regular workers	Of which, part-timers and fixed-term workers	
Nifco Yamagata Inc.	0.0	67.0	44.0	81.7	60.4	(Notes) 4.
Nifco Kumamoto Inc.	0.0	86.7	42.9	76.9	55.9	(Notes) 4.
Simmons Co., Ltd.	7.5	0.0	81.8	82.1	36.2	(Notes) 4.

- (Notes) 1. The percentage of female workers in managerial positions (%) was calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. The percentage of male workers taking childcare leave (%) shows the percentage of male workers taking leave for childcare, etc., stipulated in Article 71-6, Paragraph 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of “Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave” (Act No. 76 of 1991).
 3. The gender wage gap for workers was calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Law No. 64 of 2015) (standards of the Ministry of Health, Labour and Welfare).
 4. The standard for disparity in annual income is based on the standards provided by the Ministry of Health, Labour and Welfare, and full-time permanent support staff are included in regular workers.

II. Business Overview

1. Management Policies, Management Environment and Issues to Be Addressed

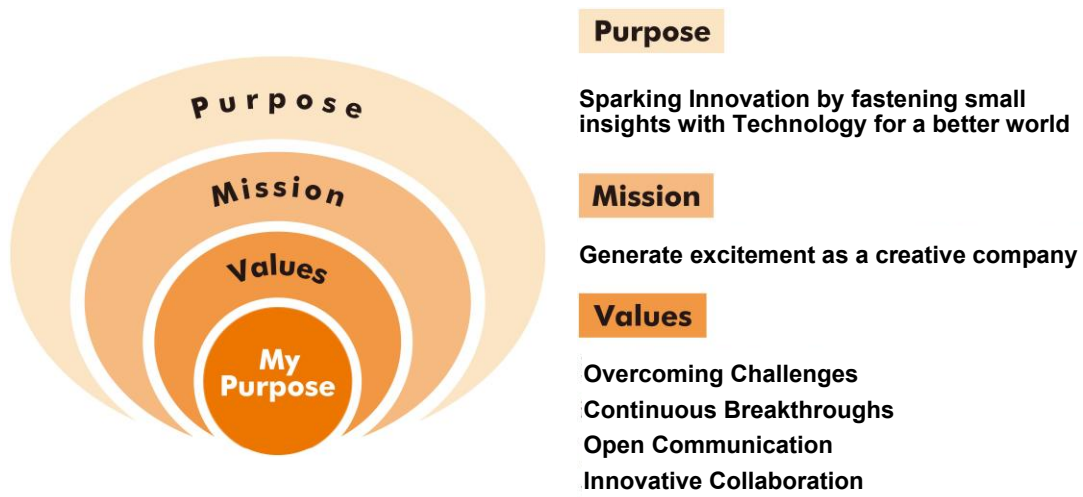
The Group's management policies, management environment and issues to be addressed are as follows.

Forward-looking statements herein are based on the Group's judgments at the end of the fiscal year under review (as of March 31, 2025).

(1) The Company's basic management policy

Our company has continued to grow based on the Nifco Spirit, which has been cultivated since its founding in 1967 and has a "challenge spirit" and "creativity" at its core. Based on this history, and with the determination to move forward to a further stage of growth, we have once again established our company's Purpose/Mission/Values as follows.

Starting from the "My Purpose" that each employee has, by fulfilling our Mission through our company's Values and realizing our company's Purpose, we will grow sustainably while maintaining the uniqueness of Nifco and we aim to become a company that continues to be trusted by all stakeholders, including employees, customers, shareholders, investors, users, partner companies, and local communities.



We consider it necessary to respond to the drastically changing social and economic environment flexibly and appropriately by strictly enforcing compliance and implementing appropriate risk management. At the same time, we believe it is important to thoroughly disseminate and practice basic management policies on a global scale.

Based on the above fundamental policy, the Company regards thorough corporate governance as a priority issue of management, and has been promoting enhancement of the group management.

(2) Objective indicators, etc. to judge the achievement status of management goals such as management strategies

The Company has adopted a rolling medium-term management plan for its three-year plan since FY2021. This is to achieve targets by including the results of each fiscal year and changes in the surrounding environment as appropriate and presenting the most appropriate target values.

The Company aims to maximize its social and corporate value by providing its customers with proposals to create a better society and solve their needs.

	FY2024 results	FY2027	
		Targets	Changes from FY2024
Net sales	353.0 billion yen	369.0 billion yen	+4.5%
Operating profit	49.2 billion yen	53.4 billion yen	+8.5%
Operating profit margin	13.9%	14.0% or higher	+0.1%pts or higher
Profit	44.7 billion yen	35.0 billion yen	-21.7%
ROE	17.3%	12 to 14%	-5.3 to -3.3%pts
ROIC	18.8%	18 to 20%	-0.8 to +1.2%pts
Operating cash flows (Three-year total)	138.7 billion yen	144.0 billion yen	+3.8%
Exchange rate assumptions	1 dollar = 151.7 yen	1 dollar = 145 yen	

(Note) Profit refers to profit attributable to owners of parent.

(3) Management environment

The Group develops its business focusing on engineering plastic products, mainly industrial fasteners, and manufactures and sells products mainly related to automobiles and the living environment on a global basis. Engineering plastic products are lightweight, rustproof, easy to handle, and excellent in workability. It reduces the workload on production sites, especially in industries such as automotive, contributes to weight reduction and cost reduction, and enhances environmental performance, safety, and comfort. We also supply products in a wide range of fields, from interior and exterior to advanced driver assistance systems (ADAS) and electric vehicles (xEV).

As the automobile industry is expected to undergo significant changes due to advances in technologies such as autonomous driving and the Internet of Things (IoT), the Group will respond flexibly to these changes with its technological and development capabilities.

(4) Business and financial issues to be preferentially addressed

While the automobile industry, a major market for the Group, is expected to continue to grow on a global basis, various geopolitical changes and turmoil are occurring, and customer demands are becoming more diverse and complex.

Therefore, in order for the Group to achieve further progress and growth, it is important to respond appropriately and promptly to these issues and needs and improve customer satisfaction on a global basis.

In order to achieve this goal, we are focusing on constructing products that can accurately and promptly respond to the needs of each user and technologies related to the production process, promoting sustainability management through our business, developing human resources, revitalizing our organization, and securing the next generation of human resources through increased diversity and improved engagement, and building and utilizing information systems that ensure security and advance coordination of operations. At the same time, we are actively taking initiatives such as strengthening the predictive management of each of our global companies, establishing a system of cooperation among regional offices through the introduction of an overseas regional headquarters system, and promoting rapid decision-making in the field.

In addition, the Company respects the intellectual property rights of other companies and conducts patent investigations, etc. from the development stage to ensure that its products do not infringe the intellectual property rights of other companies, thereby striving to avoid infringement of other companies' intellectual property rights and reducing the litigation risk related to intellectual property. During the fiscal year under review, there were no lawsuits filed by third parties concerning intellectual property rights.

2. Sustainability Concept and Initiatives

(1) Sustainability concept

The Group is a company which has the Purpose of "Sparking Innovation by fastening small insights with Technology for a better world." It creates unique and high-value-added products based on the strengths of its "ability to propose solutions," "global expansion capabilities," and "quality responsiveness," viewing social challenges and customers' needs as opportunities. Providing value for stakeholders by anticipating and responding to environmental and social challenges leads to the mitigation and solution of social challenges and customers' problems. By turning this cycle, we will realize our Long-term Vision of "Nifco makes Ideas a Reality." Furthermore, our goal is to contribute to society through new business creation and the evolution of existing business, viewing social challenges as opportunities. Sustainability management of the Company is promoted through a structure in which financial and ESG strategies affect each other while our business strategies serve as the starting point. Those strategies that work together are implemented in an integrated manner through committees that manage risks and opportunities appropriately.

Forward-looking statements herein are based on the Company's judgments as of the filing date.

(i) Governance regarding sustainability

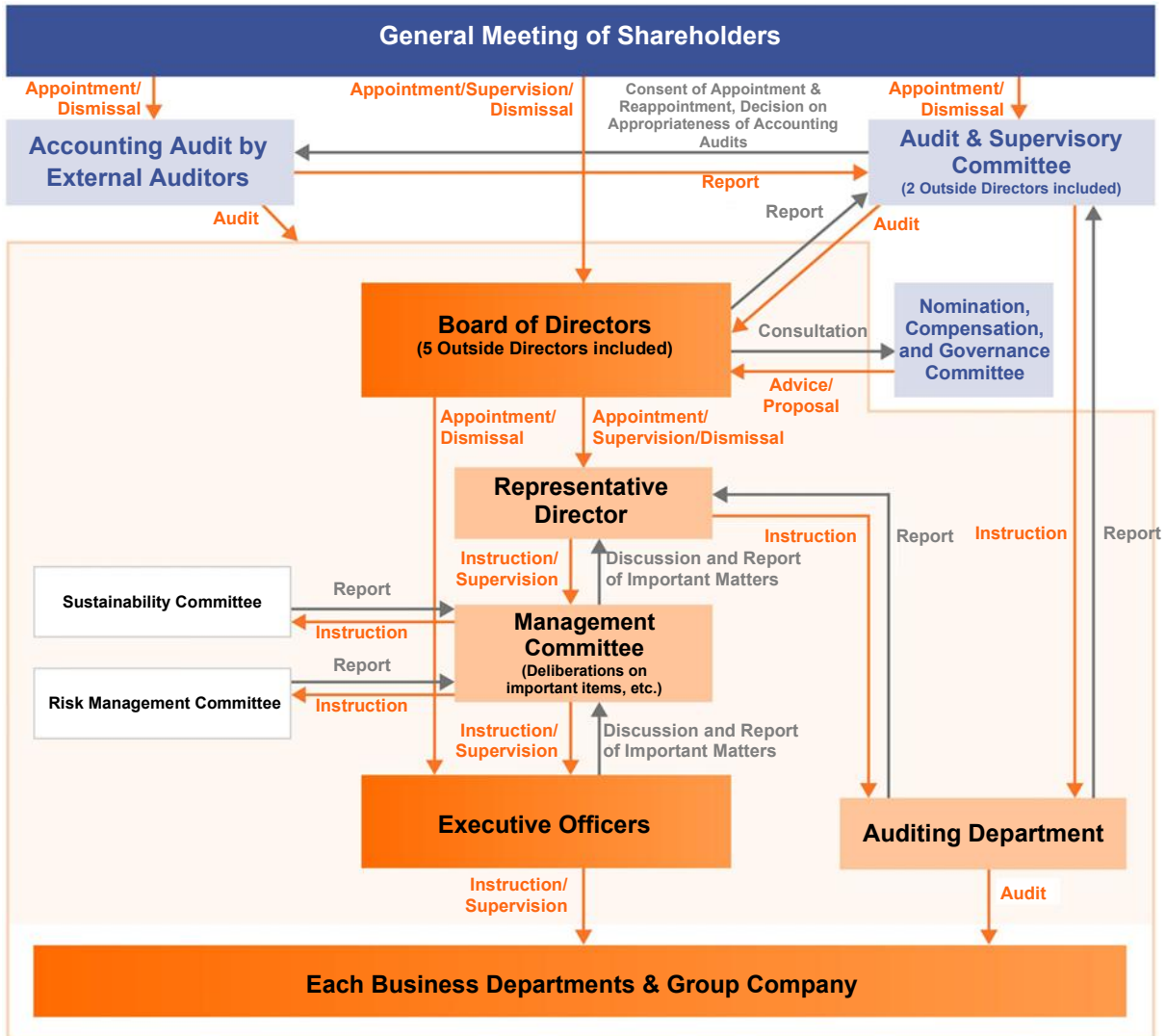
In fiscal 2024, the Group's sustainability initiatives for risks were mainly managed by the Risk Management Committee. The ESG Promotion Office collaborated with the organizations in charge of responses for climate change-related initiatives, while human capital-related initiatives were managed by the Diversity Promotion Project Office, Administration, and the Human Resources Department, Administration. The status of those initiatives was reported to the Board of Directors by Executive Officers of the organizations in charge of responses to share the progress and achievements related to sustainability at the meetings of the Board of Directors for its monitoring and supervision. Details of discussions by the Board of Directors were communicated directly or through the Management Committee to organizations in charge of responses and were reflected in their respective management plans and business operations. For details on the FY2024 Sustainability Committee meetings, please refer to "4. Status of Corporate Governance, etc., (1) Overview of corporate governance, etc., (ii) Outline of the corporate governance system and reasons for adopting the system, a. Basic explanation of the organizations within the company" in "IV. Status of the Company."

Partly in the consideration that initiatives undertaken by the executive side and supervision by the Board of Directors were functioning well as described above, the Sustainability Committee, which had been in place as an advisory body to the Board of Directors, was transferred to the executive side in fiscal 2025. After the transition, the committee discusses opportunities related to sustainability in general, control key issues, manage initiatives, and make proposals based on the results to the Management Committee. With regard to risks, the Risk Management Committee conducts a comprehensive risk assessment and reports and makes proposals to the Management Committee on the status of initiatives by each

organization in charge. Overall sustainability opportunities and risks discussed by the Management Committee are reflected in the management plans of the Company's business departments and Group companies through the Sustainability Committee and the Risk Management Committee.

The members of the Sustainability Committee in fiscal 2025 are Inside Directors, full-time Audit & Supervisory Committee Members, Heads of Headquarters, Heads of Business Departments, Company Presidents, General Manager of Human Resources Department, General Manager of Legal Affairs Office, and General Manager of Information Systems & Technology Department. The Sustainability Committee is chaired by the General Manager of the ESG Promotion Office.

New corporate governance system in fiscal 2025



(ii) Managing risks and opportunities

The Group's risks are managed by the Risk Management Committee with the aim of reducing risks. The Basic Regulations of Risk Management define the categories of risks to be addressed. Organizations in charge of responses analyze those risks, perform scoring for the frequency of their occurrence and the amount of impacts, and formulate countermeasures therefor. Based on those analyses, the Risk Management Committee conducts a comprehensive risk assessment to determine and manage countermeasures. Starting from fiscal 2025, progress on risk management is reported by the Risk Management Committee to the Management Committee, and countermeasures for risks are implemented and run by each organization in charge under the direction of the Risk Management Committee.

The Group's sustainability-related opportunities are governed by the Sustainability Committee, starting in fiscal 2025. We identify opportunities for climate change, human capital and other sustainability issues in general, set targets and manage countermeasures. Progresses on opportunities management are reported by the Sustainability Committee to the Management Committee, and measures for opportunities are implemented and run by each organization in charge under the direction of the Sustainability Committee.

(iii) Strategies, targets and initiatives for respective important issues

[Materiality identification]

The Group identified materiality (key issues) in 2020 to strengthen the foundation of its sustainability management. In identifying materiality, we first conducted a value chain analysis to summarize and understand the impacts the Group's business has on society and the environment. Based on the results of this analysis, we identified key themes, assessed environmental and social impacts, and analyzed risks and opportunities that affect our finances. Subsequently, they were reviewed by the organizations in charge of responses many times, the results of which were compiled by the ESG Promotion Office and approved by the Board of Directors, resulting in the determination of the following materiality. It aims to balance the implementation of our Medium-term Management Plan and the realization of our Long-term Vision and the purpose, with sustainable growth and the creation of social value.

In fiscal 2025, we have a new system under which risks and opportunities related to these materiality issues are primarily handled through the Risk Management Committee and the Sustainability Committee, respectively, to get cascaded down to each organization in charge of responses, with the two committees monitoring the progress. The details of initiatives for each materiality issue are periodically reported to the Management Committee by the two committees. The Management Committee makes decisions on improvements and new initiatives, with instructions issued again to each organization and each Group company through the two committees. While implementing such cycle and reviewing materiality as needed, we will appropriately respond to risks and opportunities and achieve our medium to long-term goals.

Nifco's materiality for fiscal 2024

	Materiality	Issues	Medium- and long-term goals	Related SDGs
G (Governance)	Strengthening sustainability management	Strengthening governance	Manage with awareness of the corporate governance code	
		Compliance	Ensuring compliance	
	Ensuring information security	Ensuring information security	Maintenance and improvement of information security measures	—
E (Environment)	Responding to climate change	Reduction of CO ₂ emissions in the entire business	1. CO ₂ emissions reduction Process targets: 2. Energy conservation promotion 3. Introduction of renewable energy	
		Research and development, manufacturing, and the sale of products that contribute to the reduction of CO ₂ emissions	Product development to improve environmental performance	
	Zero waste (circular economy) initiatives	Zero waste (circular economy) initiatives	Waste reduction	
S (Society)	Improving worker safety and job satisfaction	Improvement of human resource system, employment conditions, etc.	Workstyle reform	
		Promotion of occupational health and safety	Promotion of occupational health and safety	
	Promotion of human resource development	Promotion of human resource development	Promotion of human resource development	
	Prevention of human rights violations and promotion of equal opportunities	Improve understanding of human rights and prevent violations	Human rights-oriented management	
		Ensuring diversity and promoting equal opportunities	Respect for diversity 1. Promotion of women's activities 2. Promotion of global human resources 3. Promotion of the activities of persons with disabilities 4. Understanding and responding to LGBTQ people 5. Promotion of mid-career employment	
Ensuring product safety and quality	Ensuring product safety and quality	Ensuring product safety and quality		

[Strengthening sustainability management]

- Initiative for management with awareness of the Corporate Governance Code
One of the strategies for “strengthening sustainability management” in pursuit of sustainable management is “management with awareness of the Corporate Governance Code (hereinafter, the “CG Code”)”. Any deficiency in the governance system for implementing sustainability management will lead to a delay in responding to emerging risks surrounding constantly changing companies and groups. In order also to minimize such risk, we review our management with the CG Code in mind twice a year, report to the Board of Directors, and update the Corporate Governance Report. The Company has implemented all principles of the CG Code as of the filing date.
- Improving the effectiveness of the Board of Directors
The Company evaluates the effectiveness of the Board of Directors once a year with the aim to improve its effectiveness. In fiscal 2024, we conducted a questionnaire survey on the effectiveness of the Board of Directors for the period up to February 2025, and analyzed and assessed the result. Overall, more than 80% of respondents indicated that the Company’s governance system had been expanded compared with the previous year. Securing an appropriate size, composition and diversity, and conducting free and open discussions were highlighted as the strengths of Board of Directors of the Company, in particular. At the same time, we received opinions on deepening discussions on management strategies, growth strategies and sustainability from a long-term perspective, following up on matters resolved, strengthening relationships with stock markets, and strengthening the risk management system. We recognize them as future challenges. Based on the results, the Board of Directors had a meeting to discuss for improving its effectiveness and decided on future actions.
- Development of next-generation director-level managers
The Nomination, Compensation and Governance Committee, an advisory committee to the Board of Directors, met 8 times in fiscal 2024. In addition to discussions on the nomination and compensation of Directors and Executive Officers, the committee also actively engaged in the formulation of succession plans for director-level managers as well as the selection and development of the next-generation management officers, recognizing them as key issues. For human resource development for employees, please refer to “(3) Initiatives related to human capital.”
- Ensuring compliance
We also work on “ensuring compliance” as another strategy. We provide compliance training on a periodic basis in order to prevent risks such as a loss in our corporate value, a decline in sales and the cost of measures to be incurred, and damage to our reputation in society as a result of misconduct due to non-compliance. In fiscal 2024, compliance training was provided at the Company and its domestic subsidiaries. We will provide similar training at overseas subsidiaries in the future.

Realizing “Strengthening sustainability management” and clearly indicating the Group’s efforts will contribute to the enhancement of corporate value and lead to the development of a solid partnership with business partners. To this end, we will strengthen sustainability management by maintaining a governance system that enables appropriate response to risks and opportunities and ensuring compliance.

[Ensuring information security]

Our strategy for realizing “Ensuring information security” is “Maintenance and improvement of information security measures.” In the event of malfunctioning, etc., of information security systems due to a cyber-attack or malware infection, it may result in suspension of business operations, suspension of supply to customers, loss of trust from business partners, and compensation for damages to be paid. In order to prevent such risks, the Company and its domestic subsidiaries re-developed a common security system and conducted targeted email attack drills and security incident drills with the aim to confirm the effectiveness of the action plans in the event of an incident. We also provide employees with information security education to raise their security awareness. Our overseas subsidiaries have also established security systems and provided information security education for employees. By continuing the development of and training on information security systems and enlightenment activities for employees, we make it possible to respond promptly in accordance with the action plan and respond smoothly to customers. Through those initiatives, we will continue to maintain strong defenses against external attacks and internal vulnerabilities, and ensure robust information security.

[Ensuring product safety and quality]

For the Group, “Ensuring product safety and quality” is an important issue and a strategy that must be realized. The occurrence of defective products not only results in a loss in the trust of customers and the loss of orders, but also weakens the brand image. Furthermore, if a product is found to contain prohibited substances, it is not limited to the collection and replacement of the product, but also leads to the risk including compensation for damages. In order to fully address those risks, in addition to developing expert personnel, we introduced a SOC management system and ensure product safety

through thorough verification during the development process and change management. More detailed countermeasures implemented by respective responsible organizations go beyond this. In fiscal 2024, we rolled out this SOC management system horizontally, starting with our bases in China. We will develop it in other areas sequentially. We will make full use of those systems in the use of recycled materials, which we plan to expand in the near future, and conduct thorough verification from the development process. We also reviewed and enhanced recall insurance by product to prepare for possible risks.

Providing highly reliable and superior products is an essential requirement for the Company, which aims to pursue a universal product strategy of the “environment,” “safety” and “comfort,” in order to establish long-term business relationships with customers and differentiate itself from competitors. We will continue to ensure the safety and high quality of our products to enhance corporate value.

[Zero waste (circular economy) initiatives]

The Company recognizes that it is essential to use limited resources effectively and minimize waste generation in order to realize a sustainable society. Based on this recognition, the Company has identified “Zero waste (circular economy) initiatives” as one of its materiality issues, and is striving to increase corporate value by responding to risks such as fluctuations in raw material prices, rising waste disposal costs, and tighter regulations, as well as fulfilling its responsibility as a company that provides environmental value. Major initiatives include reducing waste by improving manufacturing and quality processes, and converting waste to valuables by strengthening waste separation. At present, however, we do not disclose any clear indicators because of an issue in certification in utilizing recycled materials within the circular economy. Other than that, in fiscal 2024, we were selected for the “XtoCar Project,” a project sponsored by J-FAR.* In fiscal 2025, we started working on an initiative that is a collaboration between manufacturing and other industries (the artery industry) and industries (the vein industry) that recycle and properly dispose of waste to establish a new recycling system to recycle waste plastic from sources other than automobiles into automobile parts. We aim to mass-produce products for automobiles that use recycled materials in the future. For fiscal 2025, we use the type of waste plastic that can be applied to automobiles as an indicator, targeting to select at least one type of waste plastic through research and analysis.

* J-FAR: Japan Foundation for Advanced Auto Recycling

Term		69th	70th	71st	72nd
Fiscal years ended		March 2021	March 2022	March 2023	March 2024
Total emissions	(t)	1,434.4	1,265.4	1,478.3	1,295.5
Weight of valuables	(t)	349.7	487.9	942.5	1,020.6
Total amount of waste	(t)	1,784.1	1,753.3	2,420.8	2,316.1

* The results for fiscal 2024 will be published on the Company’s website “Sustainability” in the fall of fiscal 2025.
<https://www.nifco.com/en/csr/environment/>

Other initiatives related to climate change and human capital, which are important parts of our materiality, are described in (2) and subsequent sections along those strategies.

(2) Initiatives related to climate change

The Group sets out “Responding to climate change” as one of its materiality issues and, as its secondary issues, “Reduction of CO₂ emissions in the entire business” and “Research and development, manufacturing, and the sale of products that contribute to reduction of CO₂ emissions.” Accordingly, we have conducted a scenario analysis based on internationally recommended guidance. As a result, we recognize the importance of promoting initiatives to realize carbon neutrality as the Group’s medium to long-term strategy to risks and opportunities related to climate change, and have declared “Carbon Neutrality by 2050,” which represents our aim to realize carbon neutrality in 2050, with CO₂ emissions of Scope 1 (emissions directly emitted by the Company itself) and Scope 2 (indirect emissions from energy sources such as electricity, heat, and steam purchased and used by the Company) as an indicator.

(i) Governance on climate change

With regards to governance on climate change, the ESG Promotion Office, serving as the secretariat, coordinates with organizations in charge to conduct scenario analysis, identify risks and opportunities, and discuss initiatives to realize carbon neutrality. With the ESG Promotion Office serving as the secretariat and in accordance with the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures, the Environmental Promotion Committee, as an organization to ensure compliance with laws and

regulations, meets once every six months to manage progress according to the plan. In fiscal 2024, the ESG Promotion Office reported to the Board of Directors on those environment-related activities, including CO₂ reduction. Starting from fiscal 2025, the Sustainability Committee discusses risks and opportunities related to climate change, manage initiatives, and make proposals based on the results to the Management Committee. Proposals related to climate change discussed by the Management Committee are reflected in the management plans of the Company's business departments and Group companies through the Sustainability Committee.

(ii) Strategy for achieving carbon neutrality

We have conducted an analytical assessment of the business risks and opportunities arising from climate change against projecting changes in the environment from 2021, to 2040 using a scenario analysis approach based on internationally recommended guidelines. As a result, we recognize promoting initiatives to realize carbon neutrality as a key issue, as the Group's medium to long-term strategy to risks related to climate change, and have declared "Carbon Neutrality by 2050," which represents our aim to realize carbon neutrality in 2050, with Scope 1 and Scope 2 CO₂ emissions as an indicator. An overview of scenario analysis is provided below.

Scenario analysis overview

Scope of coverage	Group consolidated companies (excluding the Bedding & furniture business)
Time line	Present - 2040
Scenario development	<p>1. Scenario in which an increase in average global temperature is kept within 1.5°C of pre-industrial levels (the 1.5°C scenario) Reference information</p> <ul style="list-style-type: none"> • IEA *1 WEO2021 NZE and SDS scenarios • IPCC *2 Sixth Assessment Report, Working Group I Report SSP1-1.9,2.6 • Other <p>2. Scenario in which average global temperature rises by about 4°C above pre-industrial levels (the 4°C scenario) Reference information</p> <ul style="list-style-type: none"> • IEA WEO2021 STEPS scenario • From IPCC Sixth Assessment Report, Working Group I Report SSP2-4.5, SSP3-7.9, SSP5-8.5 • A-PLAT S8 Climate RCP8.5 • Other <p>*1 IEA The International Energy Agency (IEA) was established in November 1974 after the first oil crisis. It operates within the framework of the Organization for Economic Cooperation and Development (OECD) for the purpose of achieving energy security centered on oil. Currently, it is working on climate change analysis, energy efficiency and conservation policies, and clean energy promotion policies with the aim of achieving a sustainable energy supply.</p> <p>*2 IPCC The Intergovernmental Panel on Climate Change (IPCC) is an intergovernmental organization that was established by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) in August 1988 to provide a scientific basis for governments' climate change policies. It publishes reports summarizing the latest scientific findings on climate change.</p>

[Assumed changes in the business environment related to climate change]

- a Assumed changes in the business environment in the 1.5°C scenario (mitigation against climate change)
- The 1.5°C scenario assumes that, in around 2040, average temperatures may rise about 1°C above the current level, typhoons and cyclones may intensify, and floods may occur about twice as frequently. It is assumed that government investment will increase in response to the intensifying wind and flood damage and companies will be forced to meet more stringent standards for reducing CO₂ emissions. There is a possibility that the use of internal combustion engines may decline and there is a shift to electric vehicles, as well as the entry of new companies into the automotive industry, as the global response to climate change progresses. In that case, customers are likely to place fewer orders for products for internal combustion engines that use fossil resources and more orders for parts required for vehicles that use electricity as well as for products designed and manufactured on the premise of reducing environmental impacts. In addition, there is a possibility that the growing environmental awareness of automobile end-users may lead to a shift from car ownership to car sharing, which will contribute to lower global automobile production. There is a possibility that, in procurement and manufacturing, the introduction of a carbon tax may increase the procurement price of raw materials, and manufacturers may increasingly switch to raw materials such as recycled plastic and biomass plastic in response to customer demand. The possibility of damage to supply chains and manufacturing facilities due to severe wind and flood damage may increase, resulting in irregular responses and shutdowns.
- b Changes in the business environment expected under the 4°C scenario (adaptation to climate change)
- The 4°C scenario assumes that, in around 2040, average temperatures may rise about 2°C above the current level, typhoons and cyclones may intensify, and floods may occur about four times more frequently. It is believed there is a possibility that government measures may be strengthened in response to increasingly severe wind and flood damage and that the number of people suffering from heat stroke may double due to rising temperatures, in addition to increasing numbers of mosquito-borne and other infectious diseases. There is a possibility that fossil fuel prices and energy rates will rise and that the frequency of damage to supply chains and manufacturing facilities due to severe wind and flood damage may increase, resulting in an increasing number of irregular responses and shutdowns.

Based on the scenario analysis as above, estimated market risks, market/technology risks and acute risks as well as market/product/service opportunities that may have impacts on the Group's operations were identified. As a strategy to realize carbon neutrality, initiatives corresponding to those risks and opportunities are implemented in a variety of ways in the ordinary course of business by respective organizations that are in charge of responses. Of those, information on important ones are provided in "(iv) Initiatives, indicators and targets for risks and opportunities" below.

- (iii) Managing risks and opportunities related to climate change
- ESG Promotion Office collaborated with organizations in charge, serving as the secretariat, to identify business risks and opportunities that may arise from changes in the environment under the 1.5°C and 4°C scenarios and examine their estimated degree of financial impact. As a result, estimated market risks, market/technology risks and acute risks that may have impacts on the Group's operations were identified. Meanwhile, under the direction of the Risk Management Committee, which is responsible for managing the Group's risk of losses, other organizations also perform scoring of the frequency of climate change-related risks' occurring and the amount of their impacts, as well as analysis and review on the formulation of countermeasures. The Risk Management Committee comprehensively evaluates and manages risks related to climate change that are reported by the organizations in charge. At the same time, opportunities for climate change are also identified through scenario analysis, with the ESG Promotion Office collaborating with the organizations in charge, serving as the secretariat, to identify opportunities for markets, products and services, and the organizations in charge of responses taking action. Starting from fiscal 2025, the Sustainability Committee identifies sustainability opportunities, manages initiatives, and makes proposals based on the results to the Management Committee. Sustainability opportunities discussed by the Management Committee are reflected in the management plans of the Company's business departments and Group companies through the Sustainability Committee.

(iv) Initiatives, indicators and targets for risks and opportunities for climate change

a Important initiatives, indicators and targets for risks and opportunities related to climate change

For the business risks and opportunities arising from climate change against projecting changes in the environment from 2021 to 2040, using a scenario analysis approach based on internationally recommended guidelines, we have narrowed down and reviewed risk items for climate change that have a large degree of impact from both financial and non-financial aspects. For market risks, over the medium to long-term, there is a possibility that as electric vehicles become more widespread, functional parts that are unique to gasoline-powered vehicles, such as parts for conventional engines and oil supply ports, may gradually decrease, and there is a possibility that as more and more companies from other industries enter the automotive industry, mega-suppliers that used to supply other industries may become new competitors. In terms of market risks / technology risks, there is a possibility that the Group's business with existing and emerging automakers decreases due to the emergence of alternative products with lower CO₂ emissions. As for acute risks, there is a possibility that the likelihood of supply chain disruptions due to severe weather events, such as storms, snow, and freezing temperatures, has increased. This could increase the cost of purchases of expensive materials and transportation to avoid supply risks to customers caused by shortages of materials. On the other hand, as opportunities in markets / products / services, we consider there is a possibility that CO₂ emission reductions may lead to a rapid expansion of lighter vehicles, non-ICE vehicles, and opportunities for renewable energy use, which could increase demand for specific functional components, such as motors, batteries (including all-solid-state batteries), and braking systems. Major initiatives for those risks and opportunities are implemented in a variety of ways in the ordinary course of business by respective organizations that are in charge of responses. Products developed that were announced in 2024 include biodegradable plastic brush clips that emit less CO₂ during production process than brush clips made from other materials, and after use they are decomposed into water and carbon dioxide, returning to nature. All indicators for those transition and physical risks, as well as opportunities associated with climate change, have been set internally and are being implemented. Given their importance to our business strategies, they are currently kept undisclosed. In the future, we will carefully consider the possibility of disclosing such information. Other important initiatives in fiscal 2024 include the promotion of the use of non-fossil resource materials, recycled plastic materials, and materials using natural resources (biomass) to address the market risk that a failure to respond in a timely and appropriate manner to market regulations and customer demands for the use of recycled raw materials could result in a decrease in sales and an increase in procurement costs, and the development of product shapes and manufacturing methods that meet the specifications of products using recycled materials (including biomass plastics). Those important initiatives are also linked to materiality of "Zero waste (circular economy)." In fiscal 2024, under the name of "XtoCar Project," we launched an initiative that is a collaboration between manufacturing and other industries (the artery industry) and industries (the vein industry) that recycle and properly dispose of waste to establish a new recycling system to recycle waste plastic from non-automobiles into automotive parts. We aim to mass-produce products for automobiles that use recycled materials in the future. For fiscal 2025, we use the type of waste plastic that can be applied to automobiles as an indicator, targeting to select at least one type of waste plastic through research and analysis.

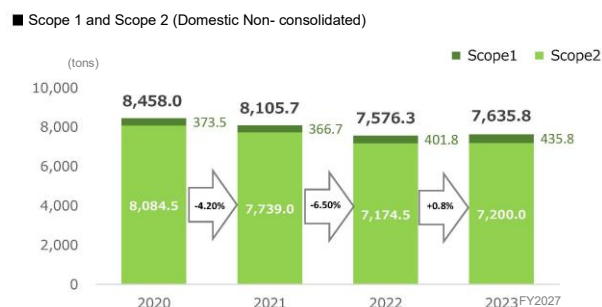
b Indicator and targets for realizing "Carbon Neutrality by 2050"

The Company has declared "Carbon Neutrality by 2050" as its medium to long-term strategy to combat climate change. As general guidelines for reducing CO₂ emissions, we are working to achieve a 33% reduction from the 2020 level for the Company and the Group companies in Japan by 2030 and realize carbon neutrality by 2050 for Scope 1 and Scope 2. It is planned to start on-site PPA and off-site self-transportation in fiscal 2025 at the Nagoya Plant, with the aim of increasing the ratio of renewable energy year by year and making it a model plant for achieving carbon neutrality at an earlier date. In addition, it is planned to reflect subordinate indicators and targets in the next medium-term management plan for fiscal 2027.

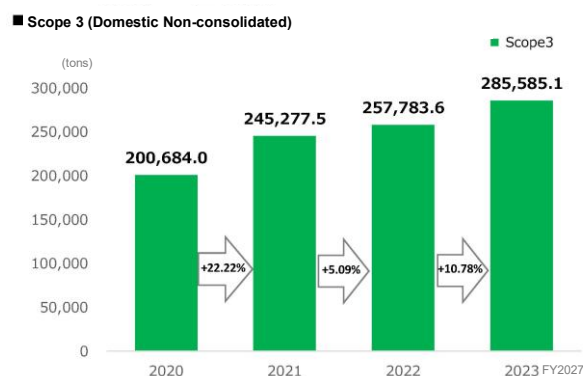
The latest CO₂ emissions for the Company and the Group companies in Japan which have been aggregated are as follows. CO₂ emissions have been aggregated using the GHG protocol which has become a global standard method of calculation. Although we continued to promote energy conservation activities, Scope 1 and Scope 2 increased slightly as a result that an increase in energy consumption associated with an increase in production volume exceeded a reduction due to energy conservation, etc., in fiscal 2023. That said, as mentioned above, we aim to implement measures to increase the ratio of renewable energy as much as possible, starting with the Nagoya Plant. In addition, Scope 3 that is calculated based on the amount of orders, increased due to fluctuations in exchange rates and soaring materials and transportation costs. Figures for fiscal 2024 will be published on the Company's website "Sustainability" in the fall of fiscal 2025.

<https://www.nifco.com/en/csr/environment/>

Scope 1 and Scope 2 (the Company)



Scope 3 (the Company)



We currently disclose CO₂ emissions for the Company and the Group companies in Japan only for Scope 1 and Scope 2. The understanding and disclosure of this information lead to the formulation of action guidelines to maintain competitive advantages by identifying areas and processes that have a significant impact on the Company and within the Group companies in Japan and taking measures in advance to address rising business costs due to tighter regulations on CO₂ emissions and the introduction of a carbon tax, as well as rising expectations from customers and business partners for decarbonization, and by concretely identifying the need for the introduction of renewable energy, efficient capital investment, and the development of new technologies. It will strengthen the foundation for sustainable growth and, even within a limited scope of Japan, proactive data disclosure will serve as a means of gaining the trust of customers and investors who place importance on consideration to the environment and help to expand business opportunities. We believe it will therefore contribute to the future expansion of the Company on a consolidated basis. At present, data from overseas sites are collected using Excel spreadsheets. We have not yet gone as far as official disclosure from the viewpoint of data accuracy; however, we plan to disclose this as reference values for Scope 1 and Scope 2, starting from fiscal 2025. In the future, we will consider introducing a system with a view to improving data accuracy on a global basis and establishing a management system that can withstand third-party assurance. In addition, with regard to the calculation of Scope 3 (greenhouse gas emissions in the entire supply chain), it is difficult at present to capture and calculate in a uniform manner due to differences in data retention and management methods across the entire supply chain. For this reason, we disclose CO₂ emissions only for the Company and the Group companies in Japan. In the future, we will strengthen coordination with important affiliated companies and consider the preparation and disclosure of Scope 3 data in stages.

While risks and opportunities for climate change have different degrees of potential impact, the Company will continue to appropriately implement initiatives through those measures for governance and management of risks and opportunities in order to maximize corporate value.

(3) Initiatives related to human capital

(i) Strategy related to human capital

We consider human capital an important management resource to realize the Nifco Group’s Purpose and Mid-Term Management Plan and, based on our long-term vision of the Company’s Mid-Term Management Plan “NIFCO GLOBAL STRATEGY,” we set the creation of human resources who “make Ideas a Reality” as the goal of the human resource strategy of the Company and its group companies.

It is necessary to “create a workplace with high engagement in which a diverse range of human resources can maximize their abilities” in order to create human resources who “make Ideas a Reality.” Therefore, with three important pillars of “human resources development,” “diversity,” and “employee engagement” based on the foundations of the organization and human resources in which the Group’s philosophy is instilled, we implement action plans in each of these areas.

The foundation of our human resources is built on our philosophy, which encompasses Purpose, Mission, and Values. The starting point of the Company’s philosophy framework is “My Purpose” held by each employee individually, that is, the overlap between his or her own values and view of life and the Company’s Purpose (purpose of existence). Believing that establishing this helps employees to be conscious of the connection between individual employees and the company (Purpose-facilitated activities), independently identify a career that makes the most of their own view of life and values, and learn and grow proactively and independently while increasing engagement, we have been holding workshops for employees to develop My Purpose throughout the company since fiscal 2024.

Our Philosophy Framework



“Human resource development” is one of the most important issues (materiality) underpinning the Group’s sustainable growth, and we regard it as the source of our competitiveness. The Group clearly sets out the requirements and action guidelines for human resources able to excel at a global level as the grade definition and action guidelines for each grade, together with the keywords “challenge,” “innovation,” “communication,” and “collaboration,” in accordance with the Company’s Values. To develop such human resources, we have established and operate an employee training system that is organized into four categories: by level, self-development, selection-based training, and company-wide. Also, in order to encourage employees to proactively develop their own careers, we have established a system that facilitates self-development through a qualification acquisition incentive program and a subsidy program for external e-learning course fees. In addition to in-house training, we also offer opportunities for cross-border experience, such as the Overseas Trainee Program, Cross-border Program and Parallel Work Program. Moreover, in developing the next-generation management officers, we select and train candidates in light of consistency with succession plans for General Manager-level managers formulated on a periodic basis.

We believe that, in order to further enhance Nifco’s global competitiveness, it is one of the important management strategies to realize creative collaboration by fastening small insights generated by individuals with different attributes and values through the assignment of diverse human resources in the right positions, with innovation and the development of new products and technologies, which are Nifco’s strengths. Accordingly, we are committed to securing and promoting diversity of human resources. Specifically, we conduct various training programs with the aim to “create a comfortable and psychologically safe work environment,” have a dedicated unit for the promotion of diversity to plan and implement various measures to create a comfortable workplace environment for employees of all attributes, and assign human resources with diverse experience and skills to the right positions in each organization through internal transfers through self-assessment and internal recruitment. At the same time, we conduct company-wide human rights training based on the Nifco Group Charter of Corporate Behavior and the Nifco Group Human Rights Policy to reduce human rights risks that hinder the activities of diverse human resources.

We consider “employee engagement” an important factor in increasing the retention rate of human resources and maximizing productivity and added value. First, with the aforementioned Purpose-facilitated activities, we strengthen the

connection between individual employees and the Company, and in order to create a work environment in which each employee can work energetically, we review our personnel system and working styles as needed. We introduced the “Nifco-style Job-Based Personnel System” (for the Company) to review grade, evaluation and compensation systems with the aim to strengthen market competitiveness in fiscal 2024. In addition, with regard to working styles, we are promoting the creation of workplaces that can contribute to the sustainable development of our business while maintaining high levels of engagement by expanding working style options and enhancing our leave system, such as the expansion of flextime and leave systems that enable you to be released from time management and offer a larger degree of freedom as well as the introduction of a telework system that allows you to choose where to work. In addition, the effectiveness of those various measures to improve employee engagement is checked periodically in the Global Employee Engagement Survey conducted every other year.

(ii) Governance on human capital

A dedicated unit (Diversity Promotion Project Office, Administration) and Human Resources Department, Administration serve as an organization in charge of initiatives related to diversity and other human capital-related initiatives such as human resource development and engagement, respectively, to formulate and implement action plans. Action plans are developed and operated based on the recognition of opportunities in each field. Important matters related to human capital are reported to and discussed at the “HR Meeting,” which is held periodically and attended by all Executive Officers including President and Heads of Business Headquarters. In addition, risks in human capital are managed as part of company-wide risk management by the Risk Management Committee, which consists of Directors who are Audit and Supervisory Committee Members and all Heads of Headquarters. As a complementary mechanism, an internal reporting system has been in place to receive direct reports from employees and external parties at internal (Directors who are Audit and Supervisory Committee Members) and external (corporate counsel) contact points. Those initiatives related to human capital by the executive side are periodically reported to and discussed by the Board of Directors.

Succession plans for Director-level managers and the development of the next generation are managed by the Nomination, Compensation and Governance Committee, which is an advisory committee of the Board of Directors, establishing a system in which the committee is actively involved in the selection and development of the next-generation management officers.

(iii) Managing risks and opportunities related to human capital

With regards to risks related to human capital, for risks related to human resources included in the list of risks that is controlled and comprehensively assessed by the Risk Management Committee, which centrally manages company-wide risks, Administration compiles and reports to the committee the causes of occurrence, assumed events, scoring of the degree of impact and frequency of occurrence, medium- and long-term countermeasures formulated, and action plans in the event of an emergency. Countermeasures and improvement measures for each measure discussed by the Risk Management Committee and the Management Committee, which has jurisdiction over the former, are reflected in action plans of organizations in charge in Administration and are operated based on them. Meanwhile, opportunities in human capital are identified and reviewed at the beginning of each fiscal year by organizations in charge of Administration, based on which annual action plans are formulated and implemented.

Starting from fiscal 2025, this information will be reported to the Sustainability Committee, which will manage opportunities for the entire company.

(iv) Initiatives, indicators and targets related to human capital

a Initiatives aimed at reducing the risk of human rights violations

In order to utilize diverse human resources, it is important to first develop a workplace that is free from the risk of human rights violations. Nifco Group formulated the Nifco Group Human Rights Policy in 2021 to adhere to relevant laws and regulations, comply strictly with the letter and spirit of international rules, and act in accordance with common-sense societal norms. In fiscal 2024, we conducted human rights training and surveys throughout the company in Japan, thereby visualizing human rights risks within the company, with the aim to further promote our initiatives for respect for human rights and eliminate the risk of human rights violations existing within the Company. Going forward, we will formulate and implement measures to reduce the risks visualized and promote similar activities globally to develop a workplace where all employees can work with enthusiasm.

b Initiatives for human resource development

Based on the recognition that a top priority issue is to get a diverse range of human resources to maximize their abilities and to “create human resources who “make Ideas a Reality,” in order to develop global human resources who meet the requirements and action guidelines, which are clearly set out with the keywords “challenge,” “innovation,” “communication,” and “collaboration,” the Company establishes an employee training system chart at the beginning of each fiscal year that is organized into four categories: by level, self-development, selection-based training, and

company-wide, and conducts and operates each training in accordance with the training system chart throughout the year. Based on the idea that working experience overseas or outside the company will broaden the scope of and raise perspectives, we also offer opportunities for cross-border experience, such as the Overseas Trainee Program, Cross-border Program and Parallel Work Program. Under the Overseas Trainee Program, we send and receive trainees from Japan to overseas and from overseas to Japan every year. In addition, for the development of the next-generation management officers, we make use of external resources to train members at the levels of General Manager and Manager as well as prospective managers who are selected based on succession plans for managers, with the aim of broadening the scope of and raising their perspectives. As one of the indicators for human resource development, the Company manages the amount of investment in human resource development. In addition, similar human resource development programs are formulated and operated at respective subsidiaries and sites according to their individual needs, and the status of those programs is shared at the Global HR Conference and other forums.

Training system chart for fiscal 2024

Job level	By level	Carrier	Self-development	Language study	Selection-based training	Required e-Learning						
Management G10 G09 G08 G07 G06A G06	Mid-career training Evaluator training (group / e-Learning) Unconscious Bias Training Management training for senior subordinates Management Training for Newly Appointed Managers (D&I harassment prevention training)	[Optional] Career design training (30s) [Optional] Career design training (40s) [Required] Career design training (50s), Life plan seminar Cross-border Program, Parallel work Program Pro bono	Proactive Problem Solving Beginner-level training in accounting Intermediate Accounting Training Coaching Anger Management Training Resilience Training Anger Management Training	e-Learning (Business Skills) English e-Learning Online English Conversation Japanese Language Training	Training for Members of the Harassment Consultation Desk (held every other year) OJT Trainer Training Pre-assignment Training (Crisis Management Seminar and Cross-cultural Understanding) Overseas Trainee Global Management Development Training	Diversity & Inclusion e-Learning (new graduates and mid-career) Harassment Prevention Course (new graduates and mid-career) LGBTQ training e-Learning (new graduates and mid-career)						
							Prospective managers G05 G04 G03 G02 G01	General staff New employee training Evaluator Training e-Learning Logical thinking & Communication Training	Facilitation Training	Resilience Training Anger Management Training	OJT Trainer Training	Global Management Development Training

Human resource development indicator	Fiscal 2023 result The Company	Fiscal 2024 result The Company	Global
Amount of investment in human resource development	109 million yen	134 million yen	We will work to manage the indicator on a global basis.

The Group does not disclose its human resource development targets because they are determined based on various needs rather than on the amount of investment in human resource development.

- c Initiatives aimed at ensuring diversity of personnel
- As a secondary issue of materiality, in order to secure human resources with diverse attributes and values and to create a comfortable working environment for employees of all attributes, the Company has a dedicated unit for the promotion of diversity to plan and implement various diversity promotion plans and implements various measures every year, in addition to conducting a variety of diversity and inclusion training programs, with the aim to “create a comfortable and psychologically safe work environment.” In fiscal 2024, in addition to Unconscious Bias Training held for all managers, we invited external experts to hold “Balancing Work and Nursing Care Seminar.” Assigning diverse human resources to the right positions and promoting opportunities for them to play an active role leads to the creation of new ideas and creative collaboration by human resources with diverse perspectives and experience. As indicators for the diversity of the Company’s personnel, we monitor the ratios of female, non-Japanese, and mid-career employees. Figures as of the end of March 2025 are as follows.

Status of diversity As of 3/31/2025		The Company		Global	
		Number of persons	Percentage	Number of persons	Percentage
Female	Director	-	-	2	25.0%
	Managers	14	5.8%	233	21.8%
	Full-time employees	222	16.4%	3,809	41.8%
Non-Japanese	Director	-	-	0	0.0%
	Managers	11	4.6%	-	
	Full-time employees	56	4.1%		
Mid-career hire	Directors (inside)	-	-	0	0.0%
	Managers	77	32.0%	-	
	Full-time employees	519	38.3%		

In light of the situation shown in the above table, we recognize that securing and promoting diversity in the Company is the most important point for the sustainable growth of the Company, and have set three indicators that the Company should monitor on an ongoing basis: “Percentage of female workers in managerial positions,” “Percentage of male workers taking childcare leave,” and “Wage differences between male and female workers.” Fiscal 2024 results, future targets, and future initiatives for those indicators are shown in the table below. Indicators and definitions regarding diversity in our domestic consolidated subsidiaries is provided in “(4) Percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and wage differences between male and female workers” in “5. Status of Employees” in “I. Company Overview.”

Indicators for diversity The Company	FY2024 results	Initiatives and targets
Percentage of female workers in managerial positions	5.8% (14 persons) * Including those in professional positions	We identify high-potential human resources in each organization, and formulate and follow up on development plans on a periodic basis. Further, in fiscal 2024, we conducted “Unconscious Bias Training” for managers to raise their awareness. We will continue these initiatives, aiming to achieve 10% in fiscal 2030.
Percentage of male workers taking childcare leave	54.8%	We held a roundtable discussion among employees who had taken childcare leave and managers in fiscal 2023, and will continue to improve the working environment at the workplace with the goal of achieving 90% in fiscal 2030.
Wage differences between male and female workers	58.5%	There is no difference due to gender in the compensation table by grade. Please refer to “(4) Percentage of female workers in managerial positions, percentage of male workers taking childcare leave, and wage differences between male and female workers” in “5. Status of Employees” in “I. Company Overview” for details. We will continue to focus on activities that would reduce differences, such as improving the ratio of female managers and reducing overtime across the company.

d Initiatives aimed at improving the internal environment

With the aim of creating a workplace in which a diverse range of human resources can maximize their abilities, the Company reviews its personnel system and working styles as needed. We introduced the “Nifco-style Job-Based Personnel System” (for the Company) in fiscal 2024, thereby clarifying the role of each managerial position and revising the system so as to promote a person who is able to fulfill the role appropriately, regardless of age or experience, and treat according to the role. At the same time, we reviewed the compensation system and levels to strengthen market competitiveness, control the outflow of talented personnel, and promote hiring from the outside. Also globally, the Company periodically revises compensation in each country and region to maintain sufficient market competitiveness. With regard to working styles, we continue to engage in efforts aimed at reducing total working hours, and promote the expansion of working style options and enhancement of our leave system globally, such as the introduction of a flextime system that enables you to be released from time management and offers a larger degree of freedom and the introduction of a telework system that allows you to choose where to work to employees except for line workers, in order to promote the creation of workplaces that can contribute to the sustainable development of our business while maintaining high levels of engagement. Respective subsidiaries and sites have also been working to improve the internal environment according to their respective needs, and information is shared for mutual understanding at the Global HR Committee and other forums.

Indicators for improving the internal environment The Company	FY2024 results
Introduction of the “Nifco-style Job-Based Personnel System”	Introduction completed
Initiatives aimed at reducing total working hours	Annual prescribed working hours: 1,898.75 hours (target: 1,900 hours or less) Overtime: 24.78 hours/month on average (target: 30 hours or less, excluding support employees)

*There is no globally common indicator set because no effective indicators have been identified.

e Initiatives aimed at improving employee engagement

We consider employee engagement an important factor in increasing the retention rate of human resources and maximizing the Company’s productivity and added value. The Group has been conducting the Global Employee Engagement Survey every other year since 2020. Each organization formulates, implements, and manages measures to improve employee engagement based on the quantitative and objective assessment of its own strengths and weaknesses.

Indicators for employee engagement	“Sustainable engagement”* score (percentage of positive responses)		
	Fiscal 2022 result	Fiscal 2024 result	Initiatives and targets
The Company	65%	68%	Each organization formulates and implements measures aimed at improving engagement. We will continue to work toward the target of 70% for fiscal 2026.
Global	81%	84%	Each subsidiary in and outside Japan formulates and implements measures aimed at improving engagement. We will continue to work toward the target of 86% for fiscal 2026.

* “Sustainable engagement” is the framework of WTW Towers Watson and is measured by responses to multiple questions about support for the Company’s management goals, pride as an employee, and motivation, satisfaction and vitality to work.

3. Business Risks

Among the matters related to Business Overview, Financial Information and others stated in the Annual Securities Report, major risks recognized by the management as having the potential to have a material impact on consolidated financial position, operating results and cash flows are as follows.

Forward-looking statements herein are based on the Group's judgments as of the end of the fiscal year under review, and the following does not provide an exhaustive list of risks of the Group.

(1) Risk management system

The Group implements risk management to ensure the continuous and stable development of its business, and sincerely work to eliminate and mitigate factors that may cause damage or loss to stakeholders and employees, giving a top priority to ensuring the quality and safety of its products. Furthermore, we are cognizant of our responsibility as a supplier of products that are widely used by society as a whole, and we comply with various laws and regulations with the social mission of providing stable products.

The Group has established the Risk Management Committee. In order to promote the Group's risk management, the committee conducts comprehensive risk assessment, discusses and approves issues to be addressed by the organizations in charge of responses and countermeasures therefor, and reports to the Board of Directors.

In fiscal 2025, we have a new system under which initiatives, etc., by respective organizations in charge are reported to the Management Committee. If there are any objections or opinions regarding the details of risk management, the Management Committee issues instructions to the Risk Management Committee, which then reviews countermeasures again and rolls them out to each organization in charge.

(2) Major risks

The Group's risks are evaluated based on the degree of impact calculated by the formula: (impact on customers: 1 - 4 points + impact on the Group internally: 1 - 4 points) x (frequency of occurrence: 1 - 4 points), based on damage or loss to the Group that would occur should a risk be left unaddressed according to its risk category, such as natural disasters and the market environment, assumed by one or more organizations in charge. The following are major risks whose risk scores are 12 or higher out of 32, thus recognized as having the potential to have a significant impact.

During the fiscal year under review, there occurred no risks requiring emergency responses.

Risk of human resource outflow	
Description of the risk	<ul style="list-style-type: none"> Decline in corporate value due to failures in personnel and labor management, such as delays in responding to the diversification of employment patterns and employee complaints Delay in development, deterioration in quality and lower customer satisfaction due to intensifying flow of human resources, resulting in a shortage or outflow of human resources with high expertise and knowledge Difficulty in responding to new businesses due to avoidance of so-called "3K" (kitanai, kitsui, kiken: dirty, demanding, and dangerous) jobs by young people and the aging of skilled workers Increased workload per employee, resulting in higher turnover, increased outsourcing and quality costs, and reduced earnings
Countermeasures and initiatives	<ul style="list-style-type: none"> We formulate and implement action plans based on our human resource strategy revolving around human resources development, diversity, and employee engagement. Please refer to "Sustainability initiatives related to human capital" for details. Details are provided in "II. Business Overview, 2. Sustainability Concept and Initiatives, (3) Initiatives related to human capital."

Risk arising from a delay in responding to the latest IT technologies (AI, IoT)	
Description of the risk	<ul style="list-style-type: none"> Deterioration in sales capability and competitiveness due to a delay in responding to the latest IT technologies Lack of skills for effective system development and to utilize the latest technology tools High cost structure due to reduced ability for business improvement and to respond
Countermeasures and initiatives	<ul style="list-style-type: none"> We redeveloped our domestic security system. We promoted the development of digital human resources and trained 26 employees. We built a data lake and switched from outsourcing to external vendors to in-house operation.

Malfunctioning of information security systems (both software and hardware) including cyber-attacks	
Description of the risk	<ul style="list-style-type: none"> Loss of trust from stakeholders due to business disruptions, supply disruptions, etc., resulting from system disruptions including external cyber-attacks
Countermeasures and initiatives	<ul style="list-style-type: none"> In Japan we redeveloped our security system. We built backup systems for our core systems on the cloud in fiscal 2023. In December 2024, we also moved peripheral systems to the cloud to improve system continuity. We confirm the effectiveness of our security systems developed through incident drills once a year. We conduct information security education and targeted email attack training for employees once a year.

Risk related to the procurement of raw materials	
Description of the risk	<ul style="list-style-type: none"> Suspension of customers' production activities due to delays or inability in material procurement and production activities caused by global climate change and disasters, various social circumstances, failures or accidents of equipment related to material production, quality problems, etc. Decline in profit due to soaring raw material prices caused by global climate change and political instability Violation of laws and regulations due to the inclusion of substances of concern in raw materials and purchased parts
Countermeasures and initiatives	<ul style="list-style-type: none"> We procure raw materials and parts from a diverse group of suppliers. In addition, after selecting several alternative materials, we created usage records and conducted product evaluation analysis to establish an emergency production process. We set thresholds for raw material prices and negotiate prices when submitting estimates to customers, on an ongoing basis. We have established substances of concern (SOC) management using IT systems in Japan, and are rolling it out to major overseas sites.

Risk associated with expanding orders to be received for products in new domains	
Description of the risk	<ul style="list-style-type: none"> Decline in profit due to increased quality costs resulting from the adoption of new technologies, new methods and new materials associated with the expansion of product domains Decline in customer satisfaction and loss of trust caused by leakage of quality-defective products due to insufficient preparation for mass production of products in new domains and insufficient prediction of risks in new domains
Countermeasures and initiatives	<ul style="list-style-type: none"> Ongoing quality cost monitoring and improvement activities are implemented from the start of mass production. In implementing product realization activities in accordance with the international standard IATF 16949, we are working to eliminate insufficient preparation and improve product quality through milestone management activities.

Risk due to an increased number of competitors	
Description of the risk	<ul style="list-style-type: none"> Decline in order prices and an increase in the number of orders lost due to an increase in competitors as a result of entry into the automotive market from other industries Decline in order prices and an increase in the number of orders lost due to a failure to differentiate from other companies by sticking to conventional business styles in a market environment where changes in customer and industry trends are accelerating
Countermeasures and initiatives	<ul style="list-style-type: none"> We clarified the direction of our technology strategy, secured personnel with expertise, and created an organizational structure that is aligned with the direction. As part of our efforts to strengthen price competitiveness, we implemented consolidated production to create a more efficient production system.

Foreign exchange fluctuation risks	
Description of the risk	<ul style="list-style-type: none"> • The Group's overseas sales ratio has been increasing year by year due to more global transactions and customers' demand for the supply of locally produced products. This entails an impact on consolidated financial condition due to changes in foreign exchange rates as the values in the financial statements of overseas subsidiaries denominated in local currencies are translated into Japanese currency • Increase in manufacturing costs when raw material prices, electricity costs, fuel costs, etc., are affected by exchange rates
Countermeasures and initiatives	<ul style="list-style-type: none"> • Although exports by overseas subsidiaries are small, we develop sites so that they are not concentrated only in specific regions or countries to minimize their impact. • As for raw materials, we adopt alternative materials to control the increase in manufacturing costs and negotiate with customers to pass on price increases.

Country risks	
Description of the risk	<ul style="list-style-type: none"> • Difficulty in conducting business in countries and regions where the Group's overseas sites are located due to sudden and drastic changes in government policies, laws and tax systems, unpredictable political and economic instability, terrorism, war and conflict, and social disorder such as the spread of infectious diseases • Deterioration in the Group's business performance and financial condition and supply chain disruptions due to difficulties in our business execution
Countermeasures and initiatives	<ul style="list-style-type: none"> • We develop sites so that they are not concentrated only in specific regions or countries to minimize the impact on our business performance and financial condition. • We manage product information on a global basis and promote a management system that enables the production and delivery of alternative products.

In addition to these risks, natural disasters such as earthquakes are expected to occur. Accordingly, as part of our Business Continuity Plan (BCP), we are making our facilities quake-resistant to minimize damage in the event of an earthquake. We have introduced a system to confirm the safety of all employees and conduct drills. We are also engaged in activities including the selection of alternative raw materials and the production of alternative products so as not to disrupt the supply chain.

4. Management's Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of Operating Results, etc.

The following is an overview of the financial position, operating results and cash flows of the Group (the Company, consolidated subsidiaries and an associate accounted for by the equity method) (hereinafter referred to as "Operating Results, etc.") for the fiscal year under review.

(i) Financial position and operating results

During the fiscal year under review (hereinafter "the period"), the Japanese economy continued its moderate recovery, backed by solid corporate performance and improvements in real house income toward overcoming deflation. In the manufacturing sector, although the economy experienced a downturn following the suspension of production and shipment by some automobile manufacturers due to the certification test irregularities, it has been steadily recovering as those constraints have been gradually lifted. Looking overseas, in the Chinese economy, the government has implemented economic stimulus measures in response to the economic slowdown, but their effects have not been fully realized. Moreover, the economic impact of the ongoing conflict with the U.S. remains a significant concern. Going forward, it is important to pay attention to the impact of the policies to be outlined at the National People's Congress on the Chinese economy. In the European economy, the Eurozone and the UK have experienced a moderate recovery, with increasing personal consumption following the easing of inflationary pressure. Along with this, business conditions in the service sector have also recovered, thereby driving the economy. On the other hand, in the manufacturing sector, the European manufacturing industry has been in a prolonged stall, worsened by rising resource prices and the economic slowdown in China, a major export destination, deepening the slump in German manufacturing production. The U.S. economy remained solid, supported by strong domestic demand, against a backdrop of growth in consumer spending driven by favorable employment and income conditions, as well as increased investment in manufacturing industries of high-tech products, including AI. However, in the manufacturing sector of the automobile and other industries, stagnation has persisted due to factors such as high interest rates. In this way, the global economy has been recovering recently, thanks to improvement in consumer spending driven by the easing of inflationary pressures and progress in digitalization, leading to strong performance in the service sector worldwide. Meanwhile, the manufacturing sector has become polarized, with struggling advanced economies experiencing production cuts and growing emerging economies continuing to expand production. In addition, the outlook remains uncertain, as concerns have emerged about the future global impact of the new U.S. administration's policies in the future.

Under these circumstances, consolidated net sales for the period decreased 5.0% year on year to 353,038 million yen. Operating profit increased 12.0% year on year to 49,200 million yen. Ordinary profit increased 5.0% year on year to 52,147 million yen, and profit attributable to owners of parent increased 145.3% year on year to 44,767 million yen.

Total assets decreased 589 million yen year on year to 379,816 million yen. Total liabilities decreased 32,263 million yen year on year to 101,090 million yen. Total net assets increased 31,673 million yen year on year to 278,725 million yen. As a result, the equity ratio was 72.4% and net assets per share were 2,888.37 yen.

The operating results of each segment are as follows.

Net sales in each segment are to external customers.

Industrial plastic parts & components

Net sales in the Industrial plastic parts & components segment were down 5.6% year on year to 315,942 million yen. Segment profit increased 14.4% year on year to 49,016 million yen.

Bedding & furniture

Net sales in Bedding & furniture rose 0.5% year on year to 37,096 million yen. Segment profit decreased 8.8% year on year to 5,967 million yen.

(ii) Cash Flows

(Cash flows from operating activities)

Net cash provided by operating activities was 54,217 million yen, an increase of 6,960 million yen compared with 47,257 million yen provided in the previous fiscal year. This was mainly due to an increase in profit before income taxes and an increase in trade receivables changing from a decrease to an increase.

(Cash flows from investing activities)

Net cash used in investing activities was 23,891 million yen, a decrease of 15,756 million yen compared with 8,135 million yen used in the previous fiscal year. This was mainly due to payments for sale of shares of subsidiaries resulting in the changes in the scope of consolidation.

(Cash flows from financing activities)

Net cash used in financing activities was 35,154 million yen, a decrease of 9,130 million yen compared with 26,024 million

yen used in the previous fiscal year. This was mainly due to purchase of treasury shares.

Due to the factors mentioned, cash and cash equivalents at the end of the fiscal year under review decreased 926 million yen from the end of the previous period to 141,097 million yen.

(iii) Results of production, orders received and sales

a Production results

A breakdown of production results by segment for the fiscal year under review is given below.

Segment name	Fiscal year ended March 31, 2025	Year-on-year change (%)
Industrial plastic parts & components (millions of yen)	212,119	92.5
Bedding & furniture (millions of yen)	13,645	103.4
Total (millions of yen)	225,764	93.1

(Note) Intersegment transactions are eliminated.

b Product purchase results

A breakdown of production purchase results by segment for the fiscal year under review is given below.

Segment name	Fiscal year ended March 31, 2025	Year-on-year change (%)
Industrial plastic parts & components (millions of yen)	16,748	78.5
Bedding & furniture (millions of yen)	3,194	96.3
Total (millions of yen)	19,943	80.9

(Note) Intersegment transactions are eliminated.

c Results of orders received

As the period between the receipt of orders and shipment is extremely short, the production activity of the Company and its consolidated subsidiaries is based on the estimated demand in reference to certain firm orders and past production results, etc.

d Sales results

A breakdown of sales results by segment for the fiscal year under review is given below.

Segment name	Fiscal year ended March 31, 2025	Year-on-year change (%)
Industrial plastic parts & components (millions of yen)	315,942	94.4
Bedding & furniture (millions of yen)	37,096	100.5
Total (millions of yen)	353,038	95.0

(Note) Intersegment transactions are eliminated.

(2) Analysis and discussion regarding Operating Results, etc. from a management viewpoint

Recognition, analysis and discussion regarding the Group's Operating Results, etc. from a management viewpoint are provided below.

Forward-looking statements herein are based on judgments as of the end of the fiscal year under review.

(i) Significant accounting estimates and assumptions used in such estimates

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan. The preparation of the consolidated financial statements requires estimates and assumptions that affect the assets, liabilities, contingent assets and contingent liabilities at the closing date and the income and expenses for the accounting period. As a result, these estimates may differ from actual results due to their inherent uncertainties. The Company believes that its estimates and assumptions in the application of significant accounting policies have a material impact on its consolidated financial statements.

a Inventories

The Group records a write-down for deterioration in profitability based on estimated future demand for inventories and market conditions. If actual future demand or market conditions become worse than estimated, additional write-downs may be required.

b Impairment of investments

The Group holds stocks of certain customers to develop and maintain long-term business relationships and stocks as investment of surplus funds and others. These stocks, etc. include those with highly volatile market prices and those of private companies whose market prices are difficult to determine. The Group recognizes impairment losses in principle on those with market prices if the decline in investment cost is 50% or more and those with no market prices if the net assets decrease by 50% or more due to a deterioration in the financial position of the company. If the decline is roughly between 30% and 50%, the Group recognizes impairment losses with respect to the amount deemed to be necessary in consideration of the financial significance and recoverability and other factors. If losses not reflected in the current carrying amount occur or the carrying amount becomes unrecoverable due to future market deterioration or poor performance of the investee, it may be necessary to record valuation losses.

c Retirement benefit expenses

Employee retirement benefit expenses and obligations are calculated based on actuarial assumptions. These assumptions include discount rates, future salary levels, retirement rates, mortality rates and rates of return on plan assets. In the pension plans of the parent company and certain domestic subsidiaries, the discount rates are calculated based on the market yield of Japanese government bonds using a single weighted-average discount rate that reflects the expected payment period and the amount for each expected payment period. The expected rates of return are calculated based on a weighted average of the long-term expected rates of return for each type of asset in which plan assets are invested. If actual results differ from or change from the assumptions, the effects will be cumulative and recognized on a regular basis into the future and will generally affect expenses and obligations recognized in future periods. Declines in discount rates and rates of return on plan assets in recent years have a negative impact on the Group's pension costs. Amortization of unrecognized actuarial gains and losses and prior service costs resulting from changes in plans, etc., forms part of pension costs, and the effects of changes in assumptions and differences from actual results are recognized as expenses on a regular basis.

d Impairment of property, plant and equipment

The Group classifies business assets for internal use into groups for each office or consolidated subsidiary, and real estate for rent, idle assets and assets to be sold into groups for each individual property. On this basis, the Company evaluates each asset group to identify any signs of impairment. If such signs are found, it assesses whether an impairment loss should be recognized based on projected future cash flows. If the performance of the subject asset or asset group falls below the initial plan and the recoverable amount decreases to less than the carrying amount, an impairment loss may be incurred. This loss could significantly impact the Group's business performance.

- (ii) Recognition, analysis and discussion regarding Operating Results, etc. for the fiscal year under review
- (1) Operating Results, etc. for the fiscal year under review

In the Japanese market, major automobile manufacturers, who are the Group's primary customers, experienced a decline in production volume year on year. In contrast, sales volume increased in the fiscal year under review. In overseas markets, both production volume and sales volume slightly increased year on year in China and India, while in Europe, sales volume increased, but production volume decreased. In the U.S. and other global markets, both production and sales volume decreased.

Under these circumstances, consolidated net sales for the period decreased 5.0% year on year to 353,038 million yen. In terms of profits, operating profit increased 12.0% year on year to 49,200 million yen due to the transfer of the businesses of Nifco Germany GmbH, which experienced growing hardship in the German OEM business, and Nifco KTW America Corporation, as well as improvement in variable costs including raw material costs and initiatives to reduce controllable expenses. Ordinary profit increased 5.0% year on year to 52,147 million yen. In addition, 955 million yen was recorded as extraordinary losses, mainly due to the recording of settlement payment related to the lawsuit, but 3,133 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 145.3% year on year to 44,767 million yen.

Total assets decreased 589 million yen year on year to 379,816 million yen. This was mainly due to a 4,079 million yen decrease in investment securities, a 5,195 million yen decrease in accounts receivable - trade, and a 3,552 million yen decrease in cash and deposits, despite a 10,731 million yen increase in property, plant and equipment.

Total liabilities decreased 32,263 million yen year on year to 101,090 million yen. This decline was mainly due to a decrease of 15,405 million yen in borrowings, a decrease of 10,068 million yen in allowance for losses on business transfer, and a decrease of 2,675 million yen in deferred tax liabilities.

Total net assets increased 31,673 million yen year on year to 278,725 million yen. This was mainly due to an increase of 38,164 million yen in retained earnings and an increase of 9,866 million yen in foreign currency translation adjustment resulting from the depreciation of the yen.

Due to the factors mentioned, the equity ratio rose by 8.3 percentage points year on year to 72.4%, and net assets per share were 2,888.37 yen.

- (2) Factors that have a significant impact on operating results
- a Economic conditions

In the Group, the ratio of sales to automobile manufacturers, particularly major Japanese automobile manufacturers, is at a high level and demand for products for these Japanese automobile manufacturers may be affected by trends in the global economy, particularly the economic conditions in Japan, the United States and China, which are major markets, and may have a significant impact on the Group's operating results. Further, it is difficult to provide an accurate estimate of the impact of U.S. tariff policies at present. We will continue to monitor the business conditions closely.

During the fiscal year under review, Japan experienced a series of production cuts due to the discovery of certification test irregularities by some automobile manufacturers and supply chain disruptions caused by natural disasters and accidents. These events resulted in a year on year decrease in production volume.

- b Steep rise in crude oil and naphtha prices

If the price of crude oil and petroleum products such as naphtha rises and the rise persists over time, the rise in raw material prices may affect the Group's operating results.

During the fiscal year under review, the Company actively engaged in negotiations to expand the application of market fluctuations in raw material prices and realized price pass-through to offset the sharp rise in raw material costs.

- c Price reduction requests from business partners

The Group is making efforts to reduce production costs in response to requests for price reductions from business partners. However, if requests for price reductions are stronger than expected, its operating results may be significantly affected. During the fiscal year under review, the Company addressed requests for price reductions while charging customers for costs related to reduced production, alongside rising energy and labor expenses. The Company implemented various measures to pass on price increases.

- (3) Capital resources and funding liquidity

The Group's working capital is primarily for the purchase of raw materials and components used in the manufacturing process, as well as manufacturing expenses, selling, general and administrative expenses, and other operating expenses. The main operating expenses are personnel expenses, logistics costs, and research and development expenses. These necessary funds are covered by internal funds generated from profits.

Capital investments are made with an emphasis on profitability and cash flows. The Group makes it a rule that these capital expenditures are in principle funded by allocating depreciation and part of the internal funds generated from profits and that active capital investments in Japan and overseas are procured through the issuance of bonds and external

borrowing depending on the situation.

The Group procures working capital and ordinary capital investment funds through its sound financial position and ability to generate cash flows from operating activities, and procures funds for investments for future growth and M&As at low interest rates and over a long term.

This enables the Group to diversify its procurement methods and procure long-term stable funds at low cost. Further, in combination with the effects of capital cost reductions and capital investment, we expect our financial position to remain stable.

(4) Operating Results, etc. by segment

a Industrial plastic parts & components

[For domestic automobile industry]

For automotive production in Japan, the Company's sales declined, affected by a series of production cuts due in part to newly discovered certification test irregularities by some automobile manufacturers and a shift to a quality-oriented production system as a countermeasure, along with supply chain disruptions caused by natural disasters and accidents. However, the full-year sales total exceeded the initial plan due to factors such as contributions from mold sales associated with the launch of new vehicles, compensation for electric power charges, and price pass-through on material and labor cost increases.

[For overseas automobile industry]

Overseas, business for Korean OEMs remained strong due to factors such as increased production by customers, and both net sales and profits exceeded the plan and increased year on year in North America. 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 by 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 year on year, while securing net sales and profit exceeded the plan through the execution of optimization. Furthermore, in Europe, the sale of the German OEM business was completed and the loss-making businesses were purged. As a result, net sales declined while profit increased overall. Going forward, we aim to further boost profitability by improving our business portfolio through the strengthening of 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, despite a continued decline in the number of new housing starts in Japan, net sales increased year on year due to new orders for housing equipment components. In the sports and outdoor sector, net sales and profit substantially exceeded the plan and increased year on year, due to aggressive sales activities to foreign brands made in Europe, the U.S., China, and other countries.

Due to the factors mentioned, net sales in the Industrial plastic parts & components segment decreased 5.6% year on year to 315,942 million yen. Segment profit increased 14.4% year on year to 49,016 million yen.

b Bedding & furniture

In the Bedding & furniture business, even with the rising costs of raw materials due to yen depreciation and higher sales promotion expenses related to the 60th-anniversary commemorative product sales, both net sales and profits saw an increase, because of a steady rise in sales to retailers and hotels in Japan. On the other hand, overseas, despite growth in sales to the retail and hotel sectors in Hong Kong and Taiwan, wholesale and retail sales dropped in China. This downturn was affected by an economic slowdown caused by the real estate recession and the limited impact of the consumption stimulation measures implemented by the central government in August 2024. Along with this, the effects of launching costs for establishing a factory in Thailand in January 2024 also led to a decline in sales and profit. As a result, net sales in the Bedding & furniture business increased 0.5% year on year to 37,096 million yen. Segment profit decreased 8.8% year on year to 5,967 million yen.

- (5) Objective indicators, etc. to judge the achievement status of management goals such as management strategies
 The Company has adopted a rolling medium-term management plan for its three-year plan since FY2021. This is to achieve targets by including the results of each fiscal year and changes in the surrounding environment as appropriate and presenting the most appropriate target values.
 The Company aims to maximize its social and corporate value by providing its customers with proposals to create a better society and solve their needs.

	FY2024 results	FY2027	
		Targets	Changes from FY2024
Net sales	353.0 billion yen	369.0 billion yen	+4.5%
Operating profit	49.2 billion yen	53.4 billion yen	+8.5%
Operating profit margin	13.9%	14.0% or higher	+0.1%pts or higher
Profit	44.7 billion yen	35.0 billion yen	-21.7%
ROE	17.3%	12 to 14%	-5.3 to -3.3%pts
ROIC	18.8%	18 to 20%	-0.8 to +1.2%pts
Operating cash flows (Three-year total)	138.7 billion yen	144.0 billion yen	+3.8%
Exchange rate assumptions	1 dollar = 151.7 yen	1 dollar = 145 yen	

(Note) Profit refers to profit attributable to owners of parent.

5. Important Contracts, etc.

(1) Important technical contracts

(i) Technology licensing

The Company

Original contract date	Counterparty	Country	Contract details	Contract period
November 24, 1982	Nifco Taiwan Corporation	Taiwan	Manufacturing technology of plastic buckles and industrial fasteners	Until December 31, 2025
November 23, 1988	Union Nifco Co., Ltd.	Thailand	Manufacturing technology of plastic buckles and fastener assemblies composed of plastic and metal	Until December 31, 2027
March 31, 2003	Shanghai Nifco Plastic Manufacturer Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until June 30, 2025
August 25, 2003	Dongguan Nifco Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until June 30, 2025
August 26, 2004	Tifco (Dongguan) Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until June 30, 2027
November 18, 2005	Beijing Nifco Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until December 31, 2026
November 1, 2008	Nifco Vietnam Ltd.	Vietnam	Manufacturing technology of industrial plastic parts, assemblies containing parts and materials other than plastic as well as molds, etc. for these parts and finished products, etc.	Until December 31, 2027
January 20, 2010	Nifco (Tianjin) Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until June 30, 2025
October 1, 2010	Nifco (Hubei) Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until June 30, 2025
January 1, 2011	Nifco Korea USA Inc.	U.S.A.	Manufacturing technology of buckles, industrial plastic parts, assemblies containing parts and materials other than plastic as well as molds, etc. for these parts and finished products, etc.	Until December 31, 2025
March 1, 2011	Nifco (Jiangsu) Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until June 30, 2025
October 1, 2012	Nifco South India Manufacturing Private Ltd.	India	Manufacturing technology of buckles, industrial plastic parts, assemblies containing parts and materials other than plastic as well as molds, etc. for these parts and finished products, etc.	Until December 31, 2027
October 1, 2012	Nifco Yancheng Co., Ltd.	China	Manufacturing technology of plastic and metal parts and finished products having a fixing function, composite parts of resin parts and metal parts, buckles as well as molds, etc. for these parts and finished products, etc.	Until December 31, 2026
January 1, 2013	Nifco Korea Poland Sp.z o.o.	Poland	Manufacturing technology of industrial plastic parts and assemblies containing parts and materials other than plastic	Until December 31, 2027

(2) Important management contract

(i) The Company

Original contract date	Counterparty	Country	Contract details	Contract period
August 23, 2001	Nifco Taiwan Corporation	Taiwan	Joint venture agreement for the manufacture and sale of plastic buckles and industrial fasteners (for automobiles and home appliances) in China	During the lifetime of the joint venture (Tifco (Dongguan) Co., Ltd.)

(ii) Consolidated subsidiaries

Simmons Co., Ltd.

Original contract date	Counterparty	Country	Contract details	Contract period
June 30, 1987	Dreamwell Limited (formerly Simmons USA Corporation)	U.S.A.	Right for the manufacture and sale, etc. of technology, licensed trademarks, patents and licensed products in the licensed territories as well as exclusive license for the use of sales information on the marketing and import, etc. of licensed products in the licensed territories	During the lifetime of the company

6. Research and Development Activities

The total amount of research and development expenses for the fiscal year under review was 4,415 million yen, the majority of which was 4,395 million yen in Industrial plastic parts & components.

The Group is promoting the development of new products for each major market and aggressively entering related markets. To swiftly promote specialized development activities, we have established product development divisions for each product group and area along with a fundamental technology division that performs digital analysis and evaluation analysis, which are essential for front-loading development, enhancing product value, and improving quality. By fostering collaboration between these divisions, we have built a framework that supports logical development processes. In other fields, we are also developing not only products but also combinations of products and services.

In manufacturing, we are working on development to improve the quality of start-ups and respond to chronic labor shortages by strengthening the Production Engineering Division, which is responsible for optimizing the entire process from material input to customer line input.

Nifco's R&D efforts are aligned globally to solve customers' problems and social issues. We will continue to enhance the trust of our customers and solidify our position as a global supplier. We will also enhance our corporate value further through development focused on achieving a sustainable society.

(1) Industrial plastic parts & components

(i) Automobile field : We are concentrating our resources on development related to “environment,” “safety” and “comfort,” which are universal elements in the industry. In the area of the "environment," we are developing and mass-producing a number of components, including lightweight products/aerodynamic-related products that help improve fuel efficiency and powertrain-related components used in advanced environmentally friendly vehicles. In the area of "safety," we are advancing development to enhance and expand mass-produced goods related to obstacle-detection sensors and development of impact safety-related components. In the area of "comfort," we are developing sound-insulating and absorbing components that enhance the comfort of the cabins. The installation of these components in vehicles is on the rise.

In this once-in-a-century period of transformative change, the Group sees a change as an opportunity and is working to provide products with universal value to customers around the world by evolving the strengths it has cultivated.

(ii) Other : An ICT solution using an environmentally friendly “battery-free sensor device” has been introduced at a high school in Hiroshima, following its introduction at a high school in Yokosuka-shi. In addition to classrooms, a trial implementation of a “heatstroke prevention system” will be introduced at 24 schools in Yokosuka-shi to help prevent heatstroke during the summer months in gymnasiums and schoolyards. As heatstroke countermeasures become mandatory for companies starting in June 2025, we will promote expanding our business products to support companies. We

remain committed to creating and delivering value that addresses pressing social issues, including "aging," "labor shortages," and "environmental challenges."

(2) Bedding & furniture

To provide our customers with a healthy, comfortable sleep experience, we work with research institutions and other experts to conduct scientific analyses and develop products that prioritize sensitivity and sensibility. We also focus on developing multifunctional beds that can control various functions and movements, expanding our offerings of bedding and living space products, and proposing fulfilling living spaces that utilize AI and digital technologies.

III. Status of Facilities

1. Overview of Capital Investment, etc.

The Company and its consolidated subsidiaries made capital investments of 19,734 million yen in the fiscal year under review. In Industrial plastic parts & components, we invested a total of 4,111 million yen in mold facilities and others in Japan to meet new orders from domestic automobile manufacturers.

In North America, we invested 7,867 million yen, primarily in constructing a new plant for a subsidiary involved in the Korean OEM business, as well as in introducing new machinery and equipment. Overall, we invested 8,992 million yen in this region.

In the Asian region excluding Japan, we invested a total of 5,233 million yen in capital expenditures, including a total of 1,705 million yen for the construction of a new factory and the introduction of new machinery and equipment at Nifco South India Manufacturing Private Ltd. We established a system to produce and sell high-value-added products globally to customers of Japanese and non-Japanese automobile manufacturers and home appliances, OA equipment and apparel manufacturers.

2. Status of Major Facilities

The major facilities of the Company and its consolidated subsidiaries are as follows.

(1) The Company

As of March 31, 2025

Facility name (Location)	Segment name	Facility description	Book value						Number of employees (persons)	
			Buildings and structures (millions of yen)	Machinery, equipment and vehicles (millions of yen)	Land (millions of yen) (m ²)	Molds (millions of yen)	Software (millions of yen)	Other (millions of yen)		Total (millions of yen)
Nifco Technology Development Centre (Yokosuka-shi, Kanagawa)	Industrial plastic parts & components	Research and development facility	2,848	144	1,269 (13,721)	13	91	130	4,498	233 (33)
Head Office (Yokosuka-shi, Kanagawa)	Industrial plastic parts & components	Facility for technology development and management for industrial plastic fasteners	1,214	108	2,185 (29,413)	4	260	59	3,832	257 (46)
Nagoya Plant (Toyota-shi, Aichi)	Industrial plastic parts & components	Facility for production of industrial plastic fasteners	4,074	1,351	1,140 (33,297)	172	37	175	6,951	514 (153)
Sagamihara Plant (Chuo-ku, Sagamihara-shi, Kanagawa)	Industrial plastic parts & components	Facility for production of industrial plastic fasteners	2,018	1,304	2,062 (33,671)	86	46	155	5,672	222 (97)

- (Notes) 1. “Other” in the book value is tools, furniture and fixtures, and leased assets, and does not include construction in progress.
2. The figures in parentheses () in the “Number of employees” column indicate the average number of temporary employees excluded from the figures outside the parentheses.
3. There are no major facilities currently not in operation.

(2) Domestic subsidiaries

As of March 31, 2025

Company name	Facility name (Location)	Segment name	Facility description	Book value					Number of employees (persons)
				Buildings and structures (millions of yen)	Machinery, equipment and vehicles (millions of yen)	Land (millions of yen) (m ²)	Other (millions of yen)	Total (millions of yen)	
Simmons Co., Ltd.	Fuji-Oyama Plant(Oyama- cho, Sunto-gun, Shizuoka)	Bedding & furniture	Furniture manufacturing equipment and distribution center	2,216	154	1,663 (56,442)	32	4,066	223 (1)
Nifco Yamagata Inc.	Yamagata-shi, Yamagata	Industrial plastic parts & components	Facility for production of industrial plastic fasteners	873 [849]	573 [-]	1,405 (56,384) [1,405] ([56,384])	122 [92]	2,974 [2,347]	122 (245)
Nifco Kumamoto Inc.	Kikuchi-shi, Kumamoto and others	Industrial plastic parts & components	Facility for production of industrial plastic fasteners	3,156	484	693 (86,176)	65	4,401	162 (186)

- (Notes) 1. “Other” in the book value is tools, furniture and fixtures, molds, leased assets and software, and does not include construction in progress.
2. The figures in parentheses () in the “Number of employees” column indicate the average number of temporary employees excluded from the figures outside the parentheses.
3. There are no major facilities currently not in operation.
4. The figures in square brackets [] indicate those leased from the Company included in the figures outside the brackets.

(3) Overseas subsidiaries

As of March 31, 2025

Company name	Facility name (Location)	Segment name	Facility description	Book value						Number of employees (persons)
				Buildings and structures (millions of yen)	Machinery, equipment and vehicles (millions of yen)	Land (millions of yen) (m ²)	Molds (millions of yen)	Other (millions of yen)	Total (millions of yen)	
Nifco Korea Inc.	Asan Plant (Head Office) and other (Asan-si, South Korea, etc.)	Industrial plastic parts & components	Facility for production and management for industrial plastic fasteners	3,469	679	3,239 (123,178)	1,603	429	9,420	568 (200)
Nifco America Corporation	Head Office, Ohio Plant, etc. (Ohio, U.S.A., etc.)	Industrial plastic parts & components	Facility for production and management for industrial plastic fasteners	4,077	2,353	408 (311,819)	37	561	7,438	1,104 (-)
Nifco Korea Poland sp. z o.o.	Head Office, Plant and others (Zory, Poland)	Industrial plastic parts & components	Facility for production and management for industrial plastic fasteners	3,172	2,028	365 (41,937)	96	30	5,693	603 (316)

- (Notes)
1. “Other” in the book value is tools, furniture and fixtures, etc., and does not include construction in progress.
 2. The figures in parentheses () in the “Number of employees” column indicate the average number of temporary employees excluded from the figures outside the parentheses.
 3. There are no major facilities currently not in operation.
 4. Book value includes the amount of right-of-use assets.

3. Plans for Construction and Retirement, etc. of Facilities

(1) Construction, etc. of major facilities

Company name Facility name	(Location)	Segment name	Facility description	Scheduled investment amount		Financing method	Date of start and completion	
				Total (millions of yen)	Amount already paid (millions of yen)		Start	Completion
Nifco Korea USA Inc.	Nuevo Leon, Mexico	Industrial plastic parts & components	Construction of a new plant	6,119	5,656	Own funds and borrowings	Dec. 2023	Jun. 2025
Nifco India Private Ltd.	Haryana, India	Industrial plastic parts & components	Construction of a new plant	3,900	-	Issuance of new shares and borrowings	May 2025	May 2027

(2) Retirement, etc. of major facilities

Not applicable.

IV. Status of the Company

1. Status of Shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares (shares)
Common stock	233,000,000
Total	233,000,000

(ii) Issued shares

Class	Number of issued shares as of the end of the fiscal year (shares) (March 31, 2025)	Number of issued shares as of the filing date (shares) (June 23, 2025)	Name of financial instruments exchange on which the Company's stock is listed or name of authorized financial instruments firms association where the Company is registered	Description
Common stock	100,257,053	100,257,053	Tokyo Stock Exchange Prime Market	Number of shares consisting one unit 100 shares
Total	100,257,053	100,257,053	-	-

(2) Status of share acquisition rights, etc.

(i) Description of the stock option plan Not applicable.

(ii) Description of the rights plan Not applicable.

(iii) Status of other share acquisition rights, etc.

(Acquisition and cancellation of convertible-bond-type bonds with share acquisition rights)

(i) Status of the share acquisition rights held by the Company's officers which were delivered as consideration for the execution of duties (as of March 31, 2025) Not applicable.

(ii) Status of the share acquisition rights which were delivered to employees, etc. as consideration for execution of duties during the fiscal year under review Not applicable.

(iii) Status of other share acquisition rights, etc.

Based on a resolution of the Board of Directors held on May 17, 2024, the Company has issued the 8th series of stock acquisition rights via third-party allotment, based on the results of the purchase (repurchase of treasury shares through fully committed share repurchase (FCSR)) conducted by the Company via the Tokyo Stock Exchange's off-auction own-share repurchase trading (ToSTNeT-3) on May 20, 2024.

The stock acquisition rights were not exercised and had expired, and 27,900 shares of treasury shares were acquired without compensation on August 5, 2024 after adjustment.

Resolution date	May 17, 2024
Number of share acquisition rights (units)	1
Of which, the number of treasury share acquisition rights (units)	-
Class, description and number of shares subject to share acquisition rights (shares)	Common stock 0
Amount to be paid upon exercise of share acquisition rights (yen)	No payment of money shall be required in exchange for the share acquisition rights
Exercise period of share acquisition rights	From June 20, 2024, to September 10, 2024
Issue price and capitalization amount when shares are issued upon exercise of share acquisition rights (yen)	Issue price (Note) 1 Capitalization amount (Note) 2
Conditions for exercising share acquisition rights	(Note) 3
Matters concerning the transfer of share acquisition rights	(Note) 4
Matters concerning the issuance of share acquisition rights in connection with the act of reorganization	(Note) 5

- (Note) 1. The property to be contributed upon the exercise of the Share Acquisition Rights shall be money, and the value of the property to be contributed upon the exercise of one Share Acquisition Right shall be 1 yen.
- (Note) 2. The amount of share capital to be increased when shares are issued upon the exercise of the Share Acquisition Rights shall be the amount obtained by multiplying the maximum amount of increase in share capital, etc. calculated in accordance with the provisions of Article 17 of the Regulations on Corporate Accounting by 0.5, and any fraction of less than 1 yen resulting from the calculation shall be rounded up. The amount of legal capital surplus to be increased shall be the amount obtained by subtracting the amount of share capital to be increased from the maximum amount of increase in share capital, etc.
- (Note) 3. Conditions for exercising share acquisition rights
- (1) The Share Acquisition Rights may not be partially exercised.
 - (2) If the Company decides not to exercise the Share Acquisition Rights, the holders of share acquisition rights pertaining to the Share Acquisition Rights shall promptly notify the issuing company to that effect. The Share Acquisition Rights may not be exercised after the date on which such notice is given.
 - (3) The share acquisition rights may not be exercised if the Average Share Price is equivalent to or below the transaction price of the purchase transaction the Company executed through the TSE's off-auction share repurchase trading (ToSTNeT-3) system on May 20, 2024.
- (Note) 4. Matters concerning the transfer of share acquisition rights
When the scheduled allottee is to transfer the Share Acquisition Rights to a third party, prior written approval of the Company is required.
- (Note) 5. Matters concerning the issuance of share acquisition rights in connection with the act of reorganization
If the Company executes an absorption-type merger in which it becomes the absorbed company of the absorption-type merger, a consolidation-type merger in which it becomes the absorbed company of the consolidation-type merger, an absorption-type company split in which it becomes the splitting company of the absorption-type company split, an incorporation-type company split in which it becomes the splitting company of the incorporation-type company split, a share exchange in which it becomes a wholly owned subsidiary of the share exchange, or a share transfer in which it becomes a wholly owned subsidiary of the share transfer (hereinafter referred to as "Organizational Restructuring"), the surviving company in the absorption-type merger, the company incorporated in the consolidation-type merger, the succeeding company in the absorption-type split, the company incorporated in the incorporation-type company split, the wholly owning parent company resulting from the share exchange, or the wholly owning parent company in the share transfer (hereinafter referred to as the "Restructuring Company"), respectively, shall deliver new share acquisition rights of the Restructuring Company to the holders of share acquisition rights pertaining to the Share Acquisition Rights, in place of the Share Acquisition Rights outstanding immediately before the effective date of the Organizational Restructuring, based on the following conditions:
- (1) Number of share acquisition rights to be newly delivered
One (1)
 - (2) Class of shares subject to the share acquisition rights to be newly delivered
Common shares of the Restructuring Company
 - (3) Method of calculating the number of shares subject to the share acquisition rights to be newly delivered
Determined, taking into consideration the conditions of the Organizational Restructuring.
 - (4) Value of property to be contributed upon exercise of the new share acquisition rights to be delivered
The property to be contributed upon the exercise of the share acquisition rights to be newly delivered shall be money, and the value of the property to be contributed upon the exercise of one (1) such share acquisition right shall be 1 yen.
 - (5) Exercisable period for share acquisition rights to be newly delivered
The first day of the exercisable period (from June 20, 2024, to September 10, 2024) or the effective date of the Organizational Restructuring, whichever is later, until the last day of the exercisable period specified in that paragraph.
 - (6) Share capital and legal capital surplus to be increased when shares are issued upon the exercise of share acquisition rights, whether or not there is a clause for the acquisition of share acquisition rights, the conditions for the exercise of share acquisition rights, and the delivery of share acquisition rights in the case of Organizational Restructuring
Determined at the time of the Organizational Restructuring in accordance with the contents of the Share Acquisition Rights.
 - (7) Other conditions shall be determined in accordance with the conditions of the Restructuring Company.

- (3) Exercise status, etc. of moving strike convertible bonds with share acquisition rights, etc.
Not applicable.

(4) Trends in total number of issued shares and share capital, etc.

Date	Changes in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Changes in share capital (millions of yen)	Balance of share capital (millions of yen)	Changes in legal capital surplus (millions of yen)	Balance of legal capital surplus (millions of yen)
September 22, 2022 (Note) 1	-	107,508,954	-	7,290	(11,500)	151
September 29, 2023 (Note) 2	(7,251,901)	100,257,053	-	7,290	-	151

(Note) 1. In accordance with the provisions of Article 448, Paragraph 1 of the Companies Act, legal capital surplus was reduced and transferred to other capital surplus.

(Note) 2. Decrease due to cancellation of treasury shares.

(5) Shareholding status

As of March 31, 2025

Category	Status of shares (number of shares consisting one unit: 100)							Shares less than one unit (shares)	
	Government and municipalities	Financial instruments	Financial institutions business operators	Other corporations	Foreign investors, etc.		Individuals, etc.		Total
					Non-individuals	Individuals			
Number of shareholders (persons)	-	25	23	76	309	9	3,255	3,697	-
Number of shares held (unit)	-	357,311	8,940	120,162	409,425	119	106,366	1,002,323	24,753
Holding rate of shares (%)	-	35.648	0.891	11.988	40.847	0.011	10.611	100.000	-

(Note) As of the end of the fiscal year under review, the number of treasury shares stands at 4,704,718 shares. This includes 47,047 units categorized under “Individuals, etc.” and 18 shares classified as “Shares less than one unit.” The treasury shares do not include 304,393 shares of the Company held by the executive compensation Board Incentive Plan (BIP) trust established under the “performance-linked stock compensation plan” introduced by the resolution of the Annual General Meeting of Shareholders held on June 24, 2016, and 49,739 shares of the Company held by the stock grant Employee Stock Ownership Plan (ESOP) trust established under the “performance-linked monetary compensation plan” introduced by the resolution of the Board of Directors meeting held on May 11, 2018.

(6) Status of major shareholders

As of March 31, 2025

Name	Location	Number of shares held (thousands of shares)	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	16,472	17.23
Ogasawara Toshiaki Memorial Foundation	5-27-6 Shiba, Minato-ku, Tokyo	10,343	10.82
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	8,291	8.67
GOLDMAN, SACHS & CO. REG (Standing proxy: Goldman Sachs Japan Co., Ltd.)	200 WEST STREET NEW YORK, NY, USA 2-6-1 Toranomon, Minato-ku, Tokyo	5,981	6.25
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	2,915	3.05
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	2,065	2.16
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO 6-27-30 Shinjuku, Shinjuku-ku, Tokyo	1,920	2.00
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	1,788	1.87
THE BANK OF NEW YORK MELLON 140042 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,713	1.79
JP MORGAN CHASE BANK 385632 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	1,421	1.48
Total	-	52,911	55.37

- (Notes)
1. The number of shares held and the ratio of the number of shares held to the total number of issued shares are rounded down to the nearest unit.
 2. All shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), Custody Bank of Japan, Ltd. (Trust Account), and Custody Bank of Japan, Ltd. (Trust Account 4) are shares related to the trust business.
 3. Although the Change Report for the Large Shareholding Report, etc. was filed as follows, the Company cannot confirm the actual number of shares held as of March 31, 2025, and therefore the details are not included in the above status of major shareholders.

Name	Location	Number of shares held (Thousand shares)	Ratio of the number of shares held to the total number of issued shares (excluding treasury shares) (%)	Change date	Filing date of report
* Nomura Securities Co., Ltd.	1-13-1 Nihonbashi, Chuo-ku, Tokyo	6,155	6.14	June 28, 2024	July 5, 2024
* Invesco Asset Management (Japan) Limited	6-10-1 Roppongi, Minato-ku, Tokyo	4,881	4.87	July 31, 2024	August 6, 2024

(Note) Shareholders with an asterisk in the “Name” column of the above table are joint shareholders. The name and location of these joint shareholders represent those of the submitter of the report.

(7) Status of voting rights

(i) Issued shares

As of March 31, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common stock 4,704,700	-	-
Shares with full voting rights (other)	Common stock 95,527,600	955,276	-
Shares less than one unit	Common stock 24,753	-	-
Total number of issued shares	100,257,053	-	-
Total number of voting rights	-	955,276	-

(Notes) 1. “Shares with full voting rights (other)” include 304,300 shares (3,043 voting rights) of the Company held by the executive compensation BIP trust and 49,700 shares (497 voting rights) of the Company held by the stock grant ESOP trust.

2. The common stock column of “Shares less than one unit” includes 18 treasury shares, 93 shares of the Company held by the executive compensation BIP trust and 39 shares of the Company held by the stock grant ESOP trust.

(ii) Treasury shares, etc.

As of March 31, 2025

Shareholders' name	Shareholders' address	Number of shares held under own name (shares)	Number of shares held under another name (shares)	Total number of shares held (shares)	Ratio of the number of shares held to the total number of issued shares (%)
Nifco Inc.	5-3 Hikarinooka, Yokosuka-shi, Kanagawa	4,704,700	-	4,704,700	4.69
Total	-	4,704,700	-	4,704,700	4.69

(8) Details of executive and Employee Stock Ownership Plan

(i) Performance-linked stock compensation plan

The Company's Board of Directors resolved at the meeting held on May 23, 2016 to submit a proposal for the introduction of a new stock compensation plan (hereinafter referred to as the “Plan”) for the Company's Directors and Executive Officers (excluding External Directors and overseas residents; hereinafter referred to as “Directors, etc.”) to the 64th Annual General Meeting of Shareholders held on June 24, 2016, and the proposal was approved at the same Annual General Meeting of Shareholders. The number of Directors and Executive Officers covered by the Plan at the time of the resolution was 4 and 12, respectively.

The Company introduced the Plan for Directors, etc. for the purpose of clarifying the link between the compensation of Directors, etc. and the value of the Company's shares, and thereby raising awareness of the need to help improve business performance and enhance corporate value in the medium to long term. As the Plan was valid until August 31, 2019, the Company resolved at the Board of Directors meeting held on May 20, 2019, to submit a proposal for the continuation and partial revision of the Plan to the 67th Annual General Meeting of Shareholders held on June 21, 2019, and the proposal was approved at the same Annual General Meeting of Shareholders. The number of Directors and Executive Officers covered by the Plan at the time of the resolution was 4 and 9, respectively.

Along with the transition to a company with an Audit & Supervisory Committee, the Company resolved at the Board of Directors meeting held on May 20, 2021 to submit a proposal for the continuation and partial revision of the Plan after abolishing the compensation limits at that time for Directors and Executive Officers and setting the compensation limits based on the Plan for Directors and Executive Officers who are not Audit & Supervisory Committee Members (excluding External Directors and overseas residents; hereinafter collectively referred to as “Directors, etc., Who Are Not Audit & Supervisory Committee Members”) to the 69th Annual General Meeting of Shareholders held on June 24, 2021, and the proposal was approved at the same Annual General Meeting of Shareholders. The number of Directors and Executive Officers covered by the Plan at the time of the resolution was 3 and 9, respectively.

The Company reviewed the performance-linked indicators of the Plan and the timing of the issuance of shares, etc. with the aim of promoting greater value-sharing between Directors, etc. Who Are Not Audit & Supervisory Committee Members and shareholders. The Company's Board of Directors resolved at the meeting held on May 17, 2024, to submit a proposal for the continuation and partial revision of the Plan to the 72nd Annual General Meeting of Shareholders held on June 20, 2024, and the proposal was approved at the same Annual General Meeting of Shareholders. The number of Directors and Executive Officers covered by the Plan at the time of the resolution was 2 and 10, respectively.

Outline of performance-linked stock compensation plan approved at the Annual General Meeting of Shareholders held on June 20, 2024

(1) Trust period of the Plan

The Plan is a stock-based compensation system in which the Company's shares are acquired through a trust (hereinafter referred to as the "Trust") using the amount of compensation for Directors, etc. Who Are Not Audit & Supervisory Committee Members contributed by the Company as funds, and the Company's shares are delivered to Directors, etc. Who Are Not Audit & Supervisory Committee Members. The Company will grant its shares as officers' compensation to Directors, etc. Who Are Not Audit & Supervisory Committee Members, in accordance with their positions and the degree of achievement relative to the targets of performance indicators set forth in a medium-term management plan for the same number of fiscal years as the medium-term management plan (hereinafter referred to as the "Target Period"). The initial Target Period after the revision of the Plan will be three fiscal years from the fiscal year ending March 2025 to the fiscal year ending March 2027.

(2) Eligible persons under the Plan

Eligible persons under the Plan shall be Directors and Executive Officers who are not Audit & Supervisory Committee Members (excluding External Directors and overseas residents; hereinafter referred to as the "Eligible Persons under the Plan").

(3) Maximum amount of trust money to be contributed to the Trust

For each Target Period, the Company will contribute cash up to an amount equivalent to the maximum amount of trust money per fiscal year (400 million yen) multiplied by the number of years corresponding to the medium-term management plan effective at the time as compensation to the Eligible Persons under the Plan. The upper limit of the money is the sum of the funds for share acquisition by the Trust, trust fees and trust expenses during the trust period. In the initial Target Period after the revision of the Plan, up to 1,200 million yen will be contributed as compensation to the Eligible Persons under the Plan for three fiscal years.

The Trust will acquire the Company's shares from the stock market or the Company (disposal of treasury shares) using the money entrusted to the Trust in accordance with the instructions of the trust administrator. The Company grants points (as described in (4) below) to the Eligible Persons under the Plan during the trust period, and the Trust delivers the Company's shares when the Eligible Persons under the Plan satisfy the beneficiary requirements.

At the expiration of the trust period of the Trust, the Trust may be continued by changing the trust agreement or making additional contribution to the Trust. In such a case, the trust period of the Trust will be extended by the same number of years as the number of years corresponding to the Company's medium-term management plan effective at the time as the new Target Period of the Plan. For each extended trust period, the Company will make an additional contribution of money to the extent approved by the General Meeting of Shareholders, and will continue to grant points to Eligible Persons under the Plan during the extended trust period, and the Trust will continue to deliver the Company's shares during the extended trust period. However, in the case of such additional contribution, if there are shares of the Company (excluding the Company's shares that are equivalent to the points granted to Eligible Persons under the Plan for which delivery has not yet been completed) and money remaining in the trust property on the last day of the trust period before the extension (hereinafter referred to as the "Remaining Shares, etc."), the sum of the Remaining Shares, etc. and the trust money to be additionally contributed shall be within the range of the amount corresponding to the maximum amount of trust money per fiscal year multiplied by the number of years in the Target Period.

In addition, if the trust agreement is not changed and additional contribution to the trust is not made at the expiration of the trust period, no points shall be granted thereafter. However, if there are any Eligible Persons under the Plan to whom delivery of the Company's shares has yet to be completed at the time, the trust period of the Trust may be extended up to about two years until the delivery of the Company's shares is completed.

(4) Method of calculating the number of shares to be acquired by Eligible Persons under the Plan and the upper limit

The number of the Company's shares to be delivered to the Eligible Persons under the Plan shall be determined according to the number of points granted to the Eligible Persons under the Plan each year.

In June, in principle, each year during the trust period, the Eligible Persons under the Plan shall be granted "fixed points" according to their executive ranks and "performance-based points" varying according to the performance.

In June, in principle, immediately after the end of the medium-term management plan effective at the time the performance-based points have been granted, "performance-linked points" shall be calculated by multiplying the "performance-based points" by the performance-linked coefficient corresponding to the achievement level of performance targets set forth in the relevant medium-term management plan. The performance-linked coefficient

shall be determined according to the achievement level relative to the targets of performance indicators set forth in the relevant medium-term management plan (such as operating profit, ROIC and TSR) for the relevant period and shall vary from 0% to 200%.

One (1) point shall equal one (1) share of the Company. However, if an event arises during the trust period where it is deemed fair to adjust the points of the Company's shares such as a stock split or share consolidation, the number of the Company's shares per point will be adjusted in accordance with the split ratio, consolidation ratio, etc.

The upper limit of points to be granted to the Eligible Persons under the Plan for each fiscal year shall be 160,000. This upper limit of points has been set based on historical stock prices, etc., in light of the maximum amount of trust money stated above. The number of the Company's shares to be acquired by the Trust (hereinafter referred to as the "Number of Shares to Be Acquired") shall be limited to the number of shares equivalent to the upper limit of the total number of points per fiscal year multiplied by the number of years of the Target Period. The maximum Number of Shares to Be Acquired during the initial Target Period after the revision of the Plan is 480,000.

(5) Method and timing of delivery of the Company's shares to Eligible Persons under the Plan

(i) Fixed-point portion

Eligible Persons under the Plan who meet the beneficiary requirements shall receive delivery of the Company's shares corresponding to the fixed points, in principle, at a certain time after being granted the fixed points by carrying out the prescribed beneficiary determination procedure.

(ii) Performance-based point portion

Eligible Persons under the Plan who meet the beneficiary requirements shall receive delivery of the Company's shares corresponding to the performance-linked points, in principle, at a certain time after the performance-linked points are calculated following the end of the medium-term management plan effective at the time of being granted the performance-based points by carrying out the prescribed beneficiary determination procedure.

(iii) Conclusion of transfer restriction agreement

In principle, the Company shall enter into a transfer restriction agreement with the Eligible Persons under the Plan for the delivery of the Company's shares set forth in (i) and (ii) above, which specifies the transfer restriction period being up to the time of the retirement of the Eligible Persons under the Plan and includes the following contents:

- (a) Eligible Persons under the Plan shall not transfer, create a security interest, or otherwise dispose of the Company's shares during the period from the day on which he/she received the delivery of the Company's shares until the day on which he/she retires.
- (b) Transfer restriction shall be lifted upon the retirement of Eligible Persons under the Plan.
- (c) In the event of a serious violation of duties and internal rules or certain illegal acts such as voluntary resignation against the intent of the Company during the transfer restriction period, the Company shall not lift the restriction on transfer of the Company's shares delivered to such Eligible Persons under the Plan and shall acquire the shares at no cost.

The Company's shares subject to the transfer restriction are managed in a dedicated account opened at a securities company by the Eligible Persons under the Plan during the transfer restriction period so that they cannot transfer, create a security interest or otherwise dispose of them during the transfer restriction period.

(iv) Transitional measure for the Plan before the revision

There is a transitional measure from the Plan before the revision to the revised Plan, with regard to the points already granted to the Eligible Persons under the Plan based on the Plan before the revision (which are points scheduled to be granted to provide the Company's shares and money equivalent to the Company's shares converted into cash to the Eligible Persons under the Plan upon their retirement). The Company's shares corresponding to fixed points and performance-linked points shall be delivered at a certain time after the end of the Annual General Meeting of Shareholders held on June 20, 2024, and performance-based points shall be promptly converted into performance-linked points to deliver the corresponding shares of the Company. Subsequently, by applying the details described in (iii), the Company enters into a transfer restriction agreement with the Eligible Persons under the Plan, with a transfer restriction period being until their retirement.

(ii) Employee stock compensation plan

The Company carries out transactions to deliver its shares to its employees through a trust for the purpose of fostering a sense of belonging and a sense of participation in management among employees, enhancing awareness and morale of employees regarding the need to improve business performance and increase share price in the long term, and enhance corporate value in the medium to long term.

(1) Overview of transactions

The Company introduced a stock compensation plan for employees (hereinafter referred to as the “Plan”) on August 27, 2018, for the purpose of raising awareness of the need to help improve business performance and enhance corporate value of the Company in the medium to long term.

The Plan adopts a scheme called the stock grant Employee Stock Ownership Plan (ESOP) Trust (hereinafter referred to as “ESOP Trust”). The ESOP Trust is an employee incentive plan based on the ESOP system in the United States, and the Company’s shares acquired by the ESOP Trust are granted to executive-level employees who meet certain requirements and employees who contribute significantly to the Company’s business performance pursuant to the prescribed Share Grant Rules. The maximum amount of the Company’s shares acquired by the Trust is 150 million yen (including trust fees and expenses), and no burden is imposed on employees since the funds for the acquisition of the Company’s shares to be acquired by the Trust are entirely contributed by the Company.

The Company expects that introducing the ESOP Trust will facilitate business operations with the awareness of the share price and increase work motivation since employees can receive economic benefits from the increased share price of the Company’s shares. In addition, the exercise of voting rights pertaining to the Company’s shares belonging to the trust property of the ESOP Trust reflects the intention of employees who are potential beneficiaries, and the Plan is effective as a plan to enhance corporate value and to encourage employees’ participation in management.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares in the net assets section at the carrying amount in the trust (excluding the amount of ancillary expenses).

2. Status of Acquisition, etc. of Treasury Shares

Class, etc. of shares Acquisitions of common stock falling under Article 155, item 3 of the Companies Act and acquisitions of common stock falling under Article 155, item 7 of the Companies Act

(1) Stock acquisition by resolution of the Annual General Meeting of Shareholders
Not applicable.

(2) Stock acquisition by resolution of the Board of Directors

Category	Number of shares (shares)	Total value (yen)
Resolution of the Board of Directors (March 12, 2024) (Period of acquisition: From March 14, 2024 to April 30, 2024)	550,000	2,000,000,000
Treasury shares acquired before the fiscal year under review	123,400	478,868,100
Treasury shares acquired during the fiscal year under review	399,400	1,520,961,200
Total number and total value of remaining resolved shares	27,200	170,700
Unexercised ratio as of the end of the fiscal year under review (%)	4.94	0.00
Treasury shares acquired during the relevant period	-	-
Unexercised ratio as of the filing date (%)	4.94	0.00

Category	Number of shares (shares)	Total value (yen)
Resolution of the Board of Directors (May 17, 2024) (Period of acquisition: From May 20, 2024, to May 20, 2024)	1,400,000	5,000,000,000
Treasury shares acquired before the fiscal year under review	-	-
Treasury shares acquired during the fiscal year under review	1,327,900	4,999,800,000
Total number and total value of remaining resolved shares	72,100	200,000
Unexercised ratio as of the end of the fiscal year under review (%)	5.15	0.00
Treasury shares acquired during the relevant period	-	-
Unexercised ratio as of the filing date (%)	5.15	0.00

(Note) This is acquisition through the Tokyo Stock Exchange's off-auction own-share repurchase trading (ToSTNeT-3) system. The number of treasury shares acquired includes 27,900 shares acquired without consideration for post adjustment on August 5, 2024.

Category	Number of shares (shares)	Total value (yen)
Resolution of the Board of Directors (August 21, 2024) (Period of acquisition: From August 22, 2024 to October 31, 2024)	850,000	3,000,000,000
Treasury shares acquired before the fiscal year under review	-	-
Treasury shares acquired during the fiscal year under review	837,200	2,999,779,400
Total number and total value of remaining resolved shares	12,800	220,600
Unexercised ratio as of the end of the fiscal year under review (%)	1.50	0.00
Treasury shares acquired during the relevant period	-	-
Unexercised ratio as of the filing date (%)	1.50	0.00

Category	Number of shares (shares)	Total value (yen)
Resolution of the Board of Directors (October 31, 2024) (Period of acquisition: From November 1, 2024 to November 27, 2024)	1,300,000	4,500,000,000
Treasury shares acquired before the fiscal year under review	-	-
Treasury shares acquired during the fiscal year under review	1,243,600	4,499,951,891
Total number and total value of remaining resolved shares	56,400	48,109
Unexercised ratio as of the end of the fiscal year under review (%)	4.33	0.00
Treasury shares acquired during the relevant period	-	-
Unexercised ratio as of the filing date (%)	4.33	0.00

Category	Number of shares (shares)	Total value (yen)
Resolution of the Board of Directors (December 26, 2024) (Period of acquisition: From January 6, 2025 to February 26, 2025)	580,000	2,000,000,000
Treasury shares acquired before the fiscal year under review	-	-
Treasury shares acquired during the fiscal year under review	538,600	1,999,918,600
Total number and total value of remaining resolved shares	41,400	81,400
Unexercised ratio as of the end of the fiscal year under review (%)	7.13	0.00
Treasury shares acquired during the relevant period	-	-
Unexercised ratio as of the filing date (%)	7.13	0.00

(3) Details of stock acquisitions not based on resolution of the Annual General Meeting of Shareholders or the Board of Directors

Category	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the fiscal year under review	370	1,381,030
Treasury shares acquired during the relevant period	50	166,150

- (Notes)
- Treasury shares acquired during the relevant period do not include shares acquired by the purchase of shares less than one unit from June 1, 2025 to the filing date of this Annual Securities Report.
 - The number of treasury shares acquired does not include the number of shares acquired by the executive compensation BIP trust.

(4) Status of disposal and holding of acquired treasury shares

Category	Fiscal year ended March 31, 2025		Relevant period	
	Number of shares (shares)	Total disposal value (yen)	Number of shares (shares)	Total disposal value (yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares which were cancelled	-	-	-	-
Acquired treasury shares which were transferred for merger, share exchange, share delivery or company split	-	-	-	-
Other (disposal of treasury shares via third-party allotment for continuation of the executive compensation BIP trust)	168,500	610,307,000	-	-
Other (disposal of treasury shares via third- party allotment for special incentive grants)	77,320	298,609,840	-	-
Other (demand for sale of shares less than one unit)	-	-	-	-
Number of treasury shares held	4,704,718	-	4,704,768	-

- (Notes)
- Treasury shares disposed of during the relevant period do not include shares disposed of by the sale of shares less than one unit from June 1, 2025 to the filing date of this Annual Securities Report.
 - Treasury shares held during the relevant period do not include shares subject to the purchase and sale of shares less than one unit from June 1, 2025 to the filing date of this Annual Securities Report.
 - The number of shares of treasury shares described below in “V. Financial Information” is 5,058,850. This is because, based on the accounting treatment in which the Company and the Nifco Employee Stock Ownership Plan trust account are integrated, 304,393 shares of the Company held by the executive compensation BIP trust account and 49,739 shares of the Company held by the stock grant ESOP trust account are included in treasury shares.

3. Dividend Policy

The Company had adopted a policy of paying dividends of approximately 30% of consolidated net profit. To further enhance shareholder returns, the Company has decided to adopt a basic policy of targeting a total return ratio (consolidated) of 45% or higher for shareholder returns. Based on the total return concept, which combines dividends and the purchase of treasury shares, the Company will pay stable and continuous dividends while flexibly purchasing treasury shares, taking into account the Company's overall business performance, investment plans, and the business environment.

The Company's basic policy is to pay dividends of surplus twice a year as interim and year-end dividends.

In accordance with the approval of the "Partial changes of the Articles of Incorporation" at the Annual General Meeting of Shareholders held on June 24, 2021, the Articles of Incorporation newly stipulate that "The Company may, except as otherwise provided in laws and regulations, determine the matters prescribed in each item of Article 459, Paragraph 1 of the Companies Act, including dividends of surplus, by resolution of the Board of Directors." However, interim dividends shall be determined by a resolution of the Board of Directors and year-end dividends shall be determined by resolution of the Annual General Meeting of Shareholders.

As announced on May 12, 2025, the Company plans to pay a year-end dividend of 40 yen per share for the fiscal year ended March 31, 2025. This decision is based on the aforementioned basic policy while taking into consideration the business environment and the performance of the Company. As a result, the annual dividend per share is 75 yen, including the interim dividend of 35 yen already paid.

Internal reserves are to be used for investments and other purposes to achieve the goals set in the medium-term management plan.

Dividends of surplus for the fiscal year under review are as follows.

Resolution date	Total amount of dividends (millions of yen)	Dividends per share (yen)
October 31, 2024 Resolution of the Board of Directors on	3,410	35
June 24, 2025 Resolution of the Annual General Meeting of Shareholders (Scheduled)	3,822	40

- (Notes)
1. The total amount of dividends resolved at the meeting of the Board of Directors held on October 31, 2024 includes dividends of 4 million yen to the executive compensation BIP trust account, and the total amount of dividends to be resolved at the Annual General Meeting of Shareholders held on June 24, 2025 includes dividends of 12 million yen to the executive compensation BIP trust account.
 2. The total amount of dividends resolved at the meeting of the Board of Directors held on October 31, 2024 includes dividends of 1 million yen to the stock grant ESOP trust account, and the total amount of dividends to be resolved at the Annual General Meeting of Shareholders held on June 24, 2025 includes dividends of 1 million yen to the stock grant ESOP trust account.

4. Status of Corporate Governance, etc.

(1) Overview of corporate governance, etc.

(i) **Basic philosophy regarding Corporate Governance**

Our company has continued to grow based on the Nifco Spirit, which has been cultivated since its founding in 1967 and has a “challenge spirit” and “creativity” at its core. Based on this history, and with the determination to move forward to a further stage of growth, we have once again established our company’s Purpose/Mission/Values as follows.

Starting from the “My Purpose” that each employee has, by fulfilling our Mission through our company’s Values and realizing our company’s Purpose, we will grow sustainably while maintaining the uniqueness of Nifco and we aim to become a company that continues to be trusted by all stakeholders, including employees, customers, shareholders, investors, users, partner companies, and local communities.

Purpose Sparking Innovation by fastening small insights with Technology for a better world

Mission Generate excitement as a creative company

Values Overcoming Challenges
Continuous Breakthroughs
Open Communication
Innovative Collaboration

We consider it necessary to respond to the drastically changing social and economic environment flexibly and appropriately by strictly enforcing compliance and implementing appropriate risk management. At the same time, we believe it is important to thoroughly disseminate and practice basic management policies on a global scale.

Based on the above fundamental policy, the Company regards thorough corporate governance as a priority issue of management, and has been promoting enhancement of the group management.

(ii) **Outline of the corporate governance system and reasons for adopting the system**

The Company’s corporate governance system is as follows.

a. **Basic explanation of the organizations within the company**

The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee as of June 24, 2021. This is to enhance the audit and supervisory functions of the Board of Directors and further strengthen corporate governance by making members of the Audit & Supervisory Committee, who are responsible for auditing the execution of duties by Directors, members of the Board of Directors and granting them voting rights at the Board of Directors meetings.

As of the filing date of the Annual Securities Report (June 23, 2025), there were eight Directors (including five External Directors).

The Board of Directors makes decisions on or approves the Company’s basic management policy and important matters for management and business execution, and supervises business execution by Directors. In addition, the Board of Directors formulates management strategies for subsidiaries so as for the Group to improve and grow its business performance and to strengthen corporate governance.

The Board of Directors holds regular meetings once a month in principle and extraordinary meetings as necessary, and held 12 meetings in FY2024. In fiscal 2024, the Audit & Supervisory Committee met 14 times.

The Board of Directors as of the filing date of the Annual Securities Report (June 23, 2025) consists of eight Directors: Masaharu Shibao, President & Representative Director; Toshiki Yauchi, Director & Senior Executive Managing Officer; Yoshiko Nonogaki, External Director; Masayuki Abe, External Director; Yoshio Kometani, External Director; Junji Honda, Director, Audit & Supervisory Committee Member; Mitsuhiro Matsumoto, External Director, Audit & Supervisory Committee Member; and Izumi Hayashi, External Director, Audit & Supervisory Committee Member. The Board of Directors is chaired by Masaharu Shibao, President & Representative Director, in accordance with the Board of Directors’ Rules of the Company.

The Audit & Supervisory Committee at the filing date of the Annual Securities Report (June 23, 2025) consisted of three members: Junji Honda, Director, Full-time Audit & Supervisory Committee Member; Mitsuhiro Matsumoto, External Director, Audit & Supervisory Committee Member; and Izumi Hayashi, External Director, Audit & Supervisory Committee Member.

On the other hand, relatively important matters not discussed at the Board of Directors meetings are deliberated and reported at the Management Committee (which consists of Inside Directors, Executive Officers and other executive

members) meetings held once a month in principle.

The Management Committee at the filing date of the Annual Securities Report (June 23, 2025) consists of three Directors and eleven Executive Officers: Masaharu Shibao, President & Representative Director; Toshiki Yauchi, Director & Senior Executive Managing Officer; Junji Honda, Director, Audit & Supervisory Committee Member; Masashi Koizumi, Executive Officer; Masaya Nagaoka, Executive Officer; Norihiko Murata, Executive Officer; Joan Oliveras, Executive Officer; Kumi Sano, Executive Officer, Ken Yokota; Executive Officer; Kazuomi Sakata, Executive Officer; Akihiko Hirose, Executive Officer; Tamotsu Sugiyama, Executive Officer; Michihiro Fukuo, Executive Officer and Takahide Ichimaru, Executive Officer. Executive Officers at overseas sites also attend depending on the agenda. The Management Committee is chaired by Masaharu Shibao, President & Representative Director, in accordance with the Management Committee's Rules of the Company.

* The Company proposes the following items as agenda items (matters to be resolved) for the Annual General Meeting of Shareholders, which is scheduled for June 24, 2025: "Election of five (5) Directors who are not Audit & Supervisory Committee Members" and "Election of three (3) Directors who are Audit & Supervisory Committee Members." If these agenda items are approved, the composition of the Board of Directors will be as stated in "(2) Status of Officers (i) 2." In addition, the following items are scheduled to be submitted for resolution at the Board of Directors meeting to be held immediately after the aforementioned Annual General Meeting of Shareholders: "Selection of Representative Director", "Confirmation of Directors' Concurrent Executive Positions and Assignment of Duties", and "Confirmation of Principal Duties of Executive Officers Not Concurrently Serving as Directors." The Management Committee, if these are approved, will consist of three Directors and ten Executive Officers: Masaharu Shibao, President & Representative Director; Michihiro Fukuo, Director; Toshiki Yauchi, Director, Audit & Supervisory Committee Member; Masashi Koizumi, Executive Officer; Masaya Nagaoka, Executive Officer; Norihiko Murata, Executive Officer; Joan Oliveras, Executive Officer; Kumi Sano, Executive Officer; Ken Yokota, Executive Officer; Kazuomi Sakata, Executive Officer; Akihiko Hirose, Executive Officer; Tamotsu Sugiyama, Executive Officer and Takahide Ichimaru, Executive Officer. As in FY2024, Executive Officers at overseas sites will also attend depending on the agenda, and Masaharu Shibao, President & Representative Director will chair the Management Committee.

The Company has an executive officer system to ensure prompt and smooth execution of business. The Board of Directors not only supervises the Representative Director and Directors, but also supervises the execution of business by Executive Officers.

Furthermore, in order to materialize the "System to ensure that the execution of duties by Directors complies with laws, regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of operations of the Company" (details will be described later), the Company established the Risk Management Committee, Compliance Committee and Information Security Committee under the Board of Directors and has operated them since FY2007. In FY2022, the Sustainability Committee was established as an advisory committee to the Board of Directors. The Company is improving corporate governance through discussions at these committees. The number of meetings held in FY2024 was as follows.

Risk Management Committee (three meetings)

Compliance Committee (three meetings)

Information Security Committee (three meetings)

Sustainability Committee (no meeting)

In FY2024, the Sustainability Committee did not receive any requests for consultation and did not hold any meetings, as the sustainability initiatives from executive management and the oversight from the Board of Directors were working effectively. In FY2025, the three committees, namely the Risk Management Committee, merged with the Compliance Committee and the Information Security Committee, creating a consolidated Risk Management Committee, and the Sustainability Committee, which was established as an advisory body to the Board of Directors, was transferred to the executive management. Following the transition, the Risk Management Committee and the Sustainability Committee will manage the status of initiatives and report the outcomes to the Management Committee. Proposals discussed by the Management Committee are reflected in the management plans of the Company's business departments and Group companies through these two committees. These changes to the committees have been reflected in the "system to ensure that the execution of the duties of Directors complies with laws and regulations, the Articles of Incorporation, and a system to ensure the appropriateness of the operations of the Company," and the resolution was approved at the Board of Directors meeting held on May 19, 2025.

b. Status of the internal control system

A system to ensure that the execution of the duties of Directors complies with laws and regulations and the Articles of Incorporation, and a system to ensure the appropriateness of the operations of the Company are resolved by the Board of Directors as follows.

1. System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
Under the Nifco Group Corporate Action Charter, while complying with laws and regulations, etc., the Nifco Group will establish an internal system to execute the duties by Directors and employees with a high sense of ethics. The Group has established “contact points” in line with the Nifco Group Internal Whistleblowing Regulations. These “contact points” allow for the reporting and consultation of any suspected compliance violations, breaches of internal rules, or unethical behavior, from both inside and outside the Company.
2. System for Storage and Management of Information Concerning the Execution of Duties of Directors
Based on the Document Management Rules, we will develop a robust storage and management system for said information, so that the decision-making process concerning the execution of duties of Directors and the detailed status of the execution of duties can be reviewed at any time.
3. Rules and Other Systems for Risk Management of Loss
Based on the Basic Regulations of Risk Management, the main risks of the Nifco Group will be extracted and analyzed, and preventive measures against each risk will be examined and implemented led by the Risk Management Committee. Moreover, we will establish a post-response system in order to minimize loss, even if any risk is actualized.
4. System to Ensure that the Duties of Directors Are Executed Efficiently
The Director shall efficiently execute their duties by discussing and deciding on important management matters at the Management Committee meeting held monthly in addition to board of directors' meetings, and by giving appropriate instructions.
Directors shall establish a system to convey the decisions made, policies, and instructions by them throughout the organization so that integrated and efficient duties can also be executed by management, including the Executive Officers.
5. System to Ensure the Appropriateness of the Operations in the Nifco Group
Based on the regulations of authority for related companies in Japan and overseas, the Company will accurately understand the status of the subsidiary companies belonging to the Nifco Group for proper management.
We receive not only the monthly report on the business performance figures but also qualitative reports on customers and products, etc. Moreover, management as well as the Directors of the Company shall visit the subsidiary companies including overseas as required, in order to understand and solve issues.
6. System Concerning Directors and Employees Who Must Assist the Duties of the Audit & Supervisory Committee, Matters Concerning Independency of Employees from Directors, and Matters Concerning Effectiveness of Instructions Given to Employees
When staff are requested by the Audit & Supervisory Committee, the Board of Directors shall pay careful attention to the request from the Audit & Supervisory Committee and make adjustments in the execution of business operations. Employees who are appointed as staff shall give priority to the work directly received from the Audit & Supervisory Committee, and shall not accept direct orders from Directors (except for the Directors who are Audit & Supervisory Committee Members) for said work ordered directly.
Moreover, prior consent of the Audit & Supervisory Committee shall be obtained for staff reassignment and personal evaluation of employees who are appointed as staff.
7. System for Directors (except for the Directors who are Audit & Supervisory Committee Members) and Employees to Provide Reports to the Audit & Supervisory Committee
The Board of Directors shall ensure that Directors and employees are fully aware of their obligation to provide reports on important matters to the Audit & Supervisory Committee. Additionally, any matters received by the "contact points" established in accordance with the Nifco Group Internal Whistleblowing Regulations will be reported to the Audit & Supervisory Committee.
The full-time Audit & Supervisory Committee members not only attend the Board of Directors meeting but also attend meetings held by the executive departments, such as the Management Committee meeting, in order to receive reports on the execution status of the duties of Directors and management. In addition, full-time Audit & Supervisory Committee members shall establish a system so that the requests for approval are reviewed before approval, and ask questions to and obtain reports from the Director or employee in charge of the contents of said requests for approval.
8. System to Ensure that Audits by the Audit & Supervisory Committee are Conducted Effectively
Directors including Representative Directors shall periodically exchange opinions with the Audit & Supervisory Committee, and the Audit & Supervisory Committee shall hold periodic discussions with the Internal Audit Department. The Audit & Supervisory Committee and the Internal Audit Department shall hold deliberations and discussions with the accounting auditors, as well as hold deliberations and exchange opinions with the Auditing Divisions of subsidiary companies in Japan and overseas as required.

If any expense is incurred in order to execute the duties of the Audit & Supervisory Committee, the expense shall be handled appropriately and promptly.

c. Reasons for adopting the current corporate governance system

The Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee as of June 24, 2021. This is to enhance the audit and supervisory functions of the Board of Directors and further strengthen corporate governance by making members of the Audit & Supervisory Committee, who are responsible for auditing the execution of duties by Directors, members of the Board of Directors and granting them voting rights at the Board of Directors meetings.

In addition, the Company considers management strategy, finance/capital policy, global business, legal/risk management, IT/DX, and sustainability as important areas for its sustainable growth. It has established a system where External Directors, who possess extensive experience and skills in each field, supervise management policies and business execution from a fair and impartial standpoint. Moreover, two External Directors who are Audit and Audit & Supervisory Committee Members with specialized knowledge and experience as certified public accountants and lawyers, as well as full-time Inside Directors who are Audit and Audit & Supervisory Committee Members with knowledge of internal affairs, conduct audits in cooperation with the Accounting Auditor and the Audit Department.

(iii) Other matters related to corporate governance

a. Resolutions of the Annual General Meeting of Shareholders that can be resolved by the Board of Directors

The Company's Articles of Incorporation provide that matters stipulated under each item of Article 459, Paragraph 1 of the Companies Act, such as dividends of surplus, shall be determined by resolution of the Board of Directors instead of resolution of the Annual General Meeting of Shareholders, unless otherwise provided by laws and regulations.

This is intended to enable flexible capital policy and dividend policy by authorizing the Board of Directors to determine matters such as dividends of surplus. However, it is the Company's policy that interim dividends shall be determined by resolution of the Board of Directors and year-end dividends shall be determined by resolution of the Annual General Meeting of Shareholders.

b. Number of Directors

The Company's Articles of Incorporation provide that the number of Directors who are not Audit & Supervisory Committee Members shall be no more than eight and the number of Directors who are Audit & Supervisory Committee Members shall be no more than three.

c. Requirements for resolutions of Directors election

The Company's Articles of Incorporation provide that a resolution to elect a Director shall be made by a majority of the votes of shareholders present at the meeting who hold at least one-third of the voting rights of shareholders entitled to exercise their voting rights.

The Articles of Incorporation also provide that cumulative voting shall not be used for the election of Directors.

d. Requirements for special resolutions at the Annual General Meeting of Shareholders

The Company's Articles of Incorporation provide that the resolution stipulated in Article 309, Paragraph 2 of the Companies Act shall be made by at least two-thirds of the votes of shareholders present at the meeting who hold at least one-third of the voting rights of shareholders entitled to exercise their voting rights. This is intended to ensure smooth management of the Annual General Meeting of Shareholders by relaxing the quorum for special resolutions at the Annual General Meeting of Shareholders.

e. Overview of limited liability agreements

The Company provides in its Articles of Incorporation that it may enter into agreements with Directors (excluding those who are Executive Directors, etc.) to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act if such agreements satisfy the requirements set forth in laws and regulations. The maximum amount of liability under such agreements shall be the higher of the predetermined amount of no less than 20 million yen or the minimum liability amount stipulated by laws and regulations. Pursuant to these provisions of the Articles of Incorporation, the Company has entered into agreements with Directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under such agreements shall be the higher of 20 million yen or the minimum liability amount stipulated by laws and regulations.

f. Exemption from liability of Directors

Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company provides in its Articles of Incorporation that if Directors (including former Directors) have acted in good faith and without gross negligence, they may be exempted from liability under Article 423, Paragraph 1 of the Companies Act by resolution of the Board of Directors to the extent permitted by laws and regulations. This is to ensure that Directors are able to fulfill their expected roles in the execution of their duties.

g. Overview of contents of directors and officers liability insurance

The Company has entered into a directors and officers liability insurance (D&O insurance) policy as provided in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured under such insurance policy is the Company's Directors, Executive Officers and employees in managerial positions as well as officers of the Company's subsidiaries, etc., and the Company and its aforementioned subsidiaries bear the entire cost of the insurance premiums. It is stipulated that such insurance policy covers damages that may arise when the insured assumes liability for the execution of his/her duties or is subject to a claim for the pursuit of such liability.

However, there are certain conditions of exemption; for example, damages arising from acts committed with the knowledge that they violate laws and regulations or damages arising from illegally obtaining profits or benefits are not covered.

h. Activities of the Board of Directors

During the fiscal year under review, the Company held meetings of the Board of Directors basically once a month for a total of 12 times. The attendance of individual Directors is as follows.

Name	Number of attendances
Masaharu Shibao	Attended all 12 meetings
Toshiki Yauchi	Attended all 12 meetings
Yoshiko Nonogaki	Attended all 12 meetings
Masayuki Abe	Attended all 12 meetings
Yoshio Kometani	Attended all 9 meetings
Junji Honda	Attended all 12 meetings
Mitsuhiro Matsumoto	Attended all 12 meetings
Izumi Hayashi	Attended all 12 meetings
Toshiyuki Yamamoto	Attended all 3 meetings
Brian K. Heywood	Attended all 3 meetings

(Note) Toshiyuki Yamamoto and Brian K. Heywood have resigned from their positions, effective immediately following the Annual General Meeting of Shareholders held on June 20, 2024, and Yoshio Kometani assumed the position of Director at the Annual General Meeting of Shareholders on the same day. The difference in the total number of meetings held arises from differences in the timing of appointments and retirements.

The Board of Directors discusses a wide range of issues, including medium- to long-term growth strategies, including new business development, business strategies for the entire organization and for each business segment and region, financial strategies including capital policy, human resource strategies that support sustainable growth, and sustainability policies such as environmental initiatives, as well as other matters to be resolved based on the Board of Directors' Rules.

The Board of Directors holds 12 meetings annually, with two at the Technology Development Center and domestic plants to offer opportunities for discussions with on-site management. Additionally, plans are in place for overseas visits (once in fiscal 2024), allowing board members to gain insight into the business environment and current conditions by visiting key locations. This experience enriches the discussions during the Board of Directors meetings.

i. Overview and activities of the Nomination, Compensation and Governance Committee

In order to enhance the independence, objectivity and transparency of the details of the Officers' compensation plan, the Company established the Nomination, Compensation and Governance Committee on October 28, 2020, as an advisory body to the Board of Directors, and it is chaired by and a majority of its members are Independent External Directors. The committee, in principle, convenes no fewer than four times a year, and deliberates on the Directors' appointment and dismissal criteria and the CEO succession plan as well as the design for and levels of executive compensation and individual evaluation and compensation amounts, and provides advice and recommendations to the Board of Directors. The Board of Directors makes resolutions based on the committee's recommendations. In order to introduce objective perspectives and specialized knowledge on the executive compensation system from outside the Company, the Nomination, Compensation and Governance Committee shall consider compensation levels and compensation systems, etc., taking into account external data, the economic environment, industry trends, management conditions and other factors, upon the advice of an external consultant appointed by the committee.

In fiscal 2024, the Nomination, Compensation and Governance Committee met eight times to discuss the executive structure, design for executive compensation, succession plans, and the individual compensation of Directors. The membership and attendance of the Nomination, Compensation and Governance Committee are as follows.

Name	Number of attendances
Masaharu Shibao	Attended all 8 meetings
Yoshiko Nonogaki	Attended all 8 meetings
Yoshio Kometani	Attended all 6 meetings
Brian K. Heywood	Attended all 2 meetings

(Note) The difference in the total number of meetings held arises from differences in the timing of appointments and retirements.

After deliberation by the Nomination, Compensation and Governance Committee, the Company resolved at the meeting of the Board of Directors held on May 17, 2024, to adopt the officer nomination policies for FY2024 and beyond. The details are as follows.

[Officer Nomination Policies]

Basic philosophy regarding Corporate Governance

Our company has continued to grow based on the Nifco Spirit, which has been cultivated since its founding in 1967 and has a "challenge spirit" and "creativity" at its core. Based on this history, and with the determination to move forward to a further stage of growth, we have once again established our company's Purpose/Mission/Values as follows.

Starting from the "My Purpose" that each employee has, by fulfilling our Mission through our company's Values and realizing our company's Purpose, we will grow sustainably while maintaining the uniqueness of Nifco and we aim to become a company that continues to be trusted by all stakeholders, including employees, customers, shareholders, investors, users, partner companies, and local communities.

Purpose Sparking Innovation by fastening small insights with Technology for a better world

Mission Generate excitement as a creative company

Values Overcoming Challenges
 Continuous Breakthroughs
 Open Communication
 Innovative Collaboration

We consider it necessary to respond to the drastically changing social and economic environment flexibly and appropriately by strictly enforcing compliance and implementing appropriate risk management. At the same time, we believe it is important to thoroughly disseminate and practice basic management policies on a global scale.

Based on the above fundamental policy, the Company regards thorough corporate governance as a priority issue of management, and has been promoting enhancement of the group management.

1. Required elements for Chief Executive Officer (CEO)

The anticipated candidate profile of CEO of the Company is an individual who can realize and embody Nifco's corporate philosophy (Purpose, Mission, Values). Based on the philosophy of corporate governance described above, the Company has defined the required elements (Philosophy, Values and Competency) for the CEO. The details of the competency and mindset are as follows.

Required elements		Description
Philosophy • Values	Realization of the corporate philosophy	Has a deep understanding of Nifco's corporate philosophy and corporate culture and embodies them with his/her own judgment and words and actions.
	Ethical standards	Makes decisions that not only lead to gaining benefits for Nifco but also contribute to society based on corporate social responsibility
Competency	Establishment of vision and strategy	Gains insight into the future image of the market and users, develops business models and strategies that generate competitive advantages, and determines key indicators and order of priority.
	Promotion of Diversities	Understands and respects people with different cultures and ways of thinking and encourages diverse human resources to work together in the organization to create new ideas and technologies
	Transformational leadership	Informs and motivates related persons of the need for change and reform, proactively takes the lead in creating and driving change, and promotes sustainable growth of the company through new business creation.
	Breakthrough	Learns from the history of Nifco, which has continued to provide new surprises to the world and is persistent in thinking outside the box and beyond frameworks and overcoming difficulties to create new surprises and joy.
	Response to changes	Ascertains the latest information about the business, identifies risks and opportunities sensitively, makes timely decisions on adjustments, discontinuance or withdrawal and implements them.
	Construction and reinforcement of the organization	Constructs an organization and mechanisms suitable for strategies and develops human resources through allocation of management resources and delegation of authority.
	Personality and virtue	Is well trusted by related persons inside and outside the Company who are willing to follow his/her footsteps because of his/her profound broadmindedness underpinned by sincerity, integrity and humanity.
	Learning ability and curiosity	Respects and listens to diverse opinions and information, has an attitude to consider various ways of thinking and ideas, and creates new perspectives
	Passion and commitment	Has always a passion for and commitment to growth and achievement of goals rather than being satisfied with the status quo and takes various measures to thoroughly get things done

2. Appointment and dismissal criteria

The Company shall appoint and dismiss senior management officers with an emphasis on their understanding of the business environment and management conditions that are necessary for formulating management strategies and ability to demonstrate strong leadership in promptly and properly executing the management strategies set forth by the Board of Directors as well as their experience, particularly in global business. The Company shall appoint the CEO in consideration of the advice and recommendations of the Nomination, Compensation, and Governance Committee based on the required elements for a CEO described above.

The Company shall dismiss the CEO based on discussions held promptly by the Committee and the Board of Directors, should any act that raises suspicion of meeting the following criteria for dismissal arise.

- (1) When there has been an act suspected of being wrongful, unjust or a breach of trust.
- (2) When he/she is found to be ineligible as the CEO due to misconduct, such as a violation of the Companies Act or related laws and regulations.
- (3) When the qualities of the CEO are in doubt in light of the business environment related to the required elements for a CEO described above.
- (4) When the process of performing his/her duties or the results thereof are insufficient, and it has been judged that it would be inappropriate to keep him/her in the position of CEO.

Each year, the Nomination, Compensation and Governance Committee shall evaluate the CEO based on the required elements for a CEO described above, his/her performance, as well as other factors, and advise the Board of Directors on his/her reappointment for the following year after confirming the CEO's plans for the coming years and his/her willingness to continue serving as CEO.

3. Successor plan

The CEO successor plan shall be discussed by the Nomination, Compensation and Governance Committee based on the required elements for a CEO described above. Specifically, based on a selection process developed through the discussions at the Committee, periodic cycle of creating and updating a candidate pool, conducting assessments by external experts, and developing individuals is done before narrowing down the candidates. The Board of Directors shall monitor whether the successor plan is appropriately carried out based on the report on the deliberation by the Committee.

4. Term of office

The term of office of Directors who are not Audit & Supervisory Committee Members (including Independent External Directors) shall be one (1) year. The appropriateness of their reappointment shall be determined annually. The term of office of Directors who are Audit & Supervisory Committee Members shall be two (2) years. The appropriateness of their reappointment shall be determined every two years.

5. Decision-making process

In order to enhance the independence, objectivity and transparency of the details of the appointment and dismissal criteria for Directors and the decision-making process for nominations, the Company established the Nomination and Compensation Committee on December 10, 2018, as an advisory body of the Board of Directors, and it is chaired by and a majority of its members are Independent External Directors. The Committee was then renamed the Nomination, Compensation, and Governance Committee on October 28, 2020, in order to further strengthen the Company's actions on corporate governance. The Nomination, Compensation, and Governance Committee, in principle, convenes no fewer than four (4) times a year, and deliberates mainly on the Directors' appointment and dismissal criteria and the CEO succession plan and provides advice and recommendations to the Board of Directors.

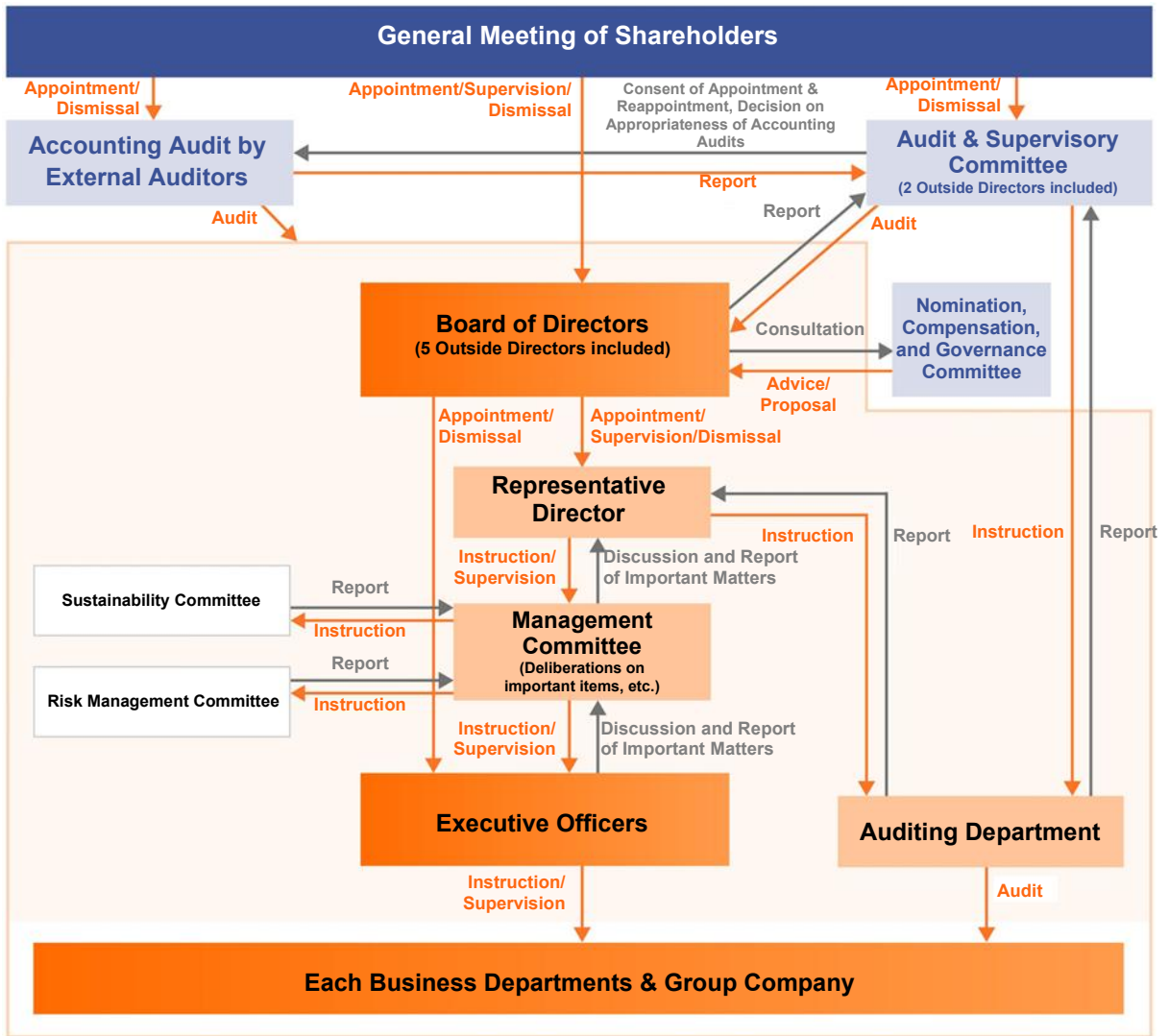
In order to adopt an objective viewpoint and specialized knowledge from outside the Company, the Nomination, Compensation, and Governance Committee may seek advice from an external consultant or other experts on the details of the Directors' appointment and dismissal criteria, the CEO succession plan, etc., taking into consideration factors such as external data, the economic environment, industry trends, and management conditions.

6. Engagement policy

The Company shall promptly disclose the details of the Directors' appointment and dismissal criteria, the CEO succession plan, etc. to its shareholders through the Annual Securities Report, Business Report, Corporate Governance Report or the corporate website, etc. that will be prepared and disclosed in accordance with various laws and regulations. In addition, the Company will actively promote engagement with institutional investors.

j. The Company's corporate governance system

The Company's corporate governance system for fiscal 2025 is as follows.



(2) Status of Officers

(i) List of Officers

1. The status of officers of the Company as of the filing date of the Annual Securities Report (June 23, 2025) is as follows:

Six men and two women (ratio of women officers among all officers: 25%)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (shares)
President & Representative Director, Chief Executive Officer (CEO)	Masaharu Shibao	December 14, 1961	<p>April 1985 Joined the Company</p> <p>April 2010 President of Nifco Deutschland GmbH</p> <p>June 2015 Executive Officer of the Company, President of Nifco America Corp.</p> <p>June 2016 Director & Executive Managing Officer, Chief Marketing Officer, Head of Sales of the Company</p> <p>June 2019 Director & Senior Managing Director, Chief Marketing Officer, Head of Sales, in charge of Technology & Platform Business Division of the Company</p> <p>June 2020 Vice President & Representative Director, Head of Sales, Chief Operating Officer (COO) of the Company</p> <p>April 2021 President & Representative Director, Chief Operating Officer (COO) of the Company</p> <p>June 2023 President & Representative Director, Chief Executive Officer (CEO) of the Company (to present)</p>	(Note) 5	61,999 (11,680)
Director & Senior Executive Managing Officer, Chief Financial Officer (CFO) & Chief Strategy Officer (CSO)	Toshiki Yauchi	July 16, 1961	<p>April 1985 Joined the Company</p> <p>July 2007 General Manager of Corporate Strategy Division, of the Company</p> <p>June 2015 Executive Officer, General Manager of Corporate Strategy Division of the Company</p> <p>June 2018 Director & Executive Managing Officer, General Manager of Corporate Strategy Division, in charge of Administration & Finance Department of the Company</p> <p>June 2019 Director & Senior Executive Managing Officer, General Manager of Corporate Strategy Division, in charge of Administration & Finance Department of the Company</p> <p>June 2020 Director & Senior Executive Managing Officer, General Manager of Corporate Strategy Division, Head of Administration, Chief Strategy Officer (CSO), Chief Information Officer (CIO), in charge of Finance Department of the Company</p> <p>June 2021 Director & Senior Executive Managing Officer, Chief Financial Officer (CFO) & Chief Strategy Officer (CSO) of the Company (to present)</p>	(Note) 5	41,857 (12,021)
External Director	Yoshiko Nonogaki	July 31, 1957	<p>April 1980 Joined Sony Corporation (current Sony Group Corporation)</p> <p>September 1992 President & Representative Director of Sony Poland</p> <p>April 2009 Manager of Planning Marketing Department, Business & Professional Enterprise HQ, Sony Corporation (current Sony Group Corporation)</p> <p>April 2013 Director of Global Diversity, Personnel HQ, Sony Corporation (current Sony Group Corporation)</p> <p>June 2015 External Director of Jolly Pasta Co., Ltd.</p> <p>June 2019 External Director of the Company (to present)</p> <p>June 2020 External Director of GS Yuasa Corporation (to present)</p> <p>June 2021 External Director of Sato Holdings Corporation (currently SATO CORPORATION) (to present)</p>	(Note) 5	100 (-)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (shares)
External Director	Masayuki Abe	October 5, 1956	<p>April 1980 Joined Kao Soap Co., Ltd. (current Kao Corporation)</p> <p>March 2003 General Manager of Information Technology Group of Kao Corporation</p> <p>May 2010 General Manager of Strategic Planning Department of Kao Corporation</p> <p>December 2013 General Manager of Information Systems Division of Kao Corporation</p> <p>March 2015 Executive Officer of Kao Corporation</p> <p>April 2018 Advisor of Digital Business Division (current IT Division) of Toppan Forms Co., Ltd. (current TOPPAN Edge Inc.)</p> <p>June 2021 External Director of the Company (to present)</p>	(Note) 5	600 (-)
External Director	Yoshio Kometani	April 11, 1962	<p>April 1985 Joined Mitsui & Co., Ltd.</p> <p>March 2010 General Manager of Project Operations of Mitsui & Co., Ltd.</p> <p>April 2015 Managing Officer, Deputy COO (Chief Operating Officer), Asia Pacific Business Unit of Mitsui & Co., Ltd.</p> <p>June 2019 Representative Director, Executive Managing Officer of Mitsui & Co., Ltd.</p> <p>April 2020 Representative Director, Senior Executive Managing Officer, CDIO of Mitsui & Co., Ltd.</p> <p>April 2022 Representative Director, Executive Vice President, CDIO of Mitsui & Co., Ltd.</p> <p>April 2023 Director of Mitsui & Co., Ltd.</p> <p>June 2023 Corporate Advisor of Mitsui & Co., Ltd.</p> <p>June 2024 External Director of the Company (to present)</p> <p>September 2024 Outside Director, SENSYN ROBOTICS, Inc. (to present)</p>	(Note) 5	100 (-)
Director (Full-time Audit & Supervisory Committee Member)	Junji Honda	November 10, 1952	<p>April 1988 Joined the Company</p> <p>June 2002 General Manager of Accounting Department of the Company</p> <p>June 2004 Executive Officer and General Manager of Accounting Department of the Company</p> <p>April 2013 Executive Officer and Head of Global Management of the Company</p> <p>June 2014 Executive Managing Officer, Deputy Head of Administration and General Manager of Finance & Accounting Department of the Company</p> <p>June 2015 Executive Managing Officer, Chief Financial Officer, Deputy Head of Administration and General Manager of Finance & Accounting Department of the Company</p> <p>April 2017 Executive Managing Officer, Chief Financial Officer and Head of Finance of the Company</p> <p>April 2021 Executive Managing Officer, Head of Management Control and Chief Financial Officer (CFO) of the Company</p> <p>June 2021 Director (Full-time Audit & Supervisory Committee Member) of the Company (to present)</p>	(Note) 6	26,289 (-)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (shares)
External Director (Audit & Supervisory Committee Member)	Mitsuhiro Matsumoto	May 7, 1969	<p>October 1992 April 1996 October 1999 September 2008 August 2014 June 2019 June 2021</p> <p>Joined Aoyama Audit Corporation Registered as a Certified Public Accountant (to present) Director and Representative of Matsumoto CPA Office (currently Finport Financial Group) (to present) Outside Corporate Auditor (currently Outside Director (Audit and Supervisory Committee Member)), Suzuki Co., Ltd. (to present) External Corporate Auditor (external Director (Audit and Supervisory Committee Member)), HODEN SEIMITSU KAKO KENKYUSHO CO., LTD. External Audit & Supervisory Board Member of the Company External Director (Audit & Supervisory Committee Member) of the Company (to present)</p>	(Note) 6	2,000 (-)
External Director (Audit & Supervisory Committee Member)	Izumi Hayashi	August 20, 1958	<p>April 1986 March 1987 January 2015 August 2019 October 2019 April 2020 June 2020 June 2023</p> <p>Prosecutor, Nagoya District Public Prosecutors Office Registered as an attorney (belonging to the Tokyo Bar Association) Founding Partner, Sakurazaka Law Offices (to present) External Audit & Supervisory Board Member (currently External Director) of Weathernews Inc. (to present) Tokyo District Court IP Mediator (to present) External Board Member, Hitotsubashi University (to present) Outside Audit & Supervisory Board Member, NOF Corporation (currently Outside Director) (to present) External Director (Audit & Supervisory Committee Member) of the Company (to present)</p>	(Note) 6	- (-)
Total					132,945 (23,701)

2. The following items are submitted as agenda items (matters to be resolved) for the Annual General Meeting of Shareholders, which is scheduled for June 24, 2025: “Election of five (5) Directors who are not Audit & Supervisory Committee Members” and “Election of three (3) Directors who are Audit & Supervisory Committee Members.” If these resolutions are approved, the composition of the Board of Directors will be as follows. Please note that the officer positions are listed, along with the resolutions (positions, etc.) to be adopted at the Board of Directors meeting, which is scheduled to be held immediately after the relevant Annual General Meeting of Shareholders.

Six men and two women (ratio of women officers among all officers: 25%)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (shares)
President & Representative Director, Chief Executive Officer (CEO)	Masaharu Shibao	December 14, 1961	<p>April 1985 Joined the Company</p> <p>April 2010 President of Nifco Deutschland GmbH</p> <p>June 2015 Executive Officer of the Company, President of Nifco America Corp.</p> <p>June 2016 Director & Executive Managing Officer, Chief Marketing Officer, Head of Sales of the Company</p> <p>June 2019 Director & Senior Managing Director, Chief Marketing Officer, Head of Sales, in charge of Technology & Platform Business Division of the Company</p> <p>June 2020 Vice President & Representative Director, Head of Sales, Chief Operating Officer (COO) of the Company</p> <p>April 2021 President & Representative Director, Chief Operating Officer (COO) of the Company</p> <p>June 2023 President & Representative Director, Chief Executive Officer (CEO) of the Company (to present)</p>	(Note) 7	61,999 (11,680)
Director, Head of R&D, CTO (Chief Technology Officer), Head of Manufacturing, CPO (Chief Production Officer)	Michihiro Fukuo	September 24, 1971	<p>April 1994 Joined the Company</p> <p>April 2015 General Manager, Advanced Technology R&D Division, Technology Development Center of the Company</p> <p>January 2018 Head of Technology Development Center of the Company</p> <p>April 2022 Deputy Head of Technology of the Company</p> <p>April 2024 Executive Officer, Head of R&D, CTO (Chief Technology Officer) of the Company</p> <p>April 2025 Executive Officer, Head of R&D, CTO (Chief Technology Officer), Head of Manufacturing, CPO (Chief Production Officer) of the Company (to present)</p> <p>June 2025 Director, Head of R&D, CTO (Chief Technology Officer), Head of Manufacturing, CPO (Chief Production Officer) of the Company (subject to approval)</p>	(Note) 7	6,045 (1,357)
External Director	Yoshiko Nonogaki	July 31, 1957	<p>April 1980 Joined Sony Corporation (current Sony Group Corporation)</p> <p>September 1992 President & Representative Director of Sony Poland</p> <p>April 2009 Manager of Planning Marketing Department, Business & Professional Enterprise HQ, Sony Corporation (current Sony Group Corporation)</p> <p>April 2013 Director of Global Diversity, Personnel HQ, Sony Corporation (current Sony Group Corporation)</p> <p>June 2015 External Director of Jolly Pasta Co., Ltd.</p> <p>June 2019 External Director of the Company (to present)</p> <p>June 2020 External Director of GS Yuasa Corporation (to present)</p> <p>June 2021 External Director of Sato Holdings Corporation (currently SATO CORPORATION) (to present)</p>	(Note) 7	100 (-)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (shares)
External Director	Yoshio Kometani	April 11, 1962	<p>April 1985 March 2010 April 2015 June 2019 April 2020 April 2022 April 2023 June 2023 June 2024 September 2024</p> <p>Joined Mitsui & Co., Ltd. General Manager of Project Operations of Mitsui & Co., Ltd. Managing Officer, Deputy COO (Chief Operating Officer), Asia Pacific Business Unit of Mitsui & Co., Ltd. Representative Director, Executive Managing Officer of Mitsui & Co., Ltd. Representative Director, Senior Executive Managing Officer, CDIO of Mitsui & Co., Ltd. Representative Director, Executive Vice President, CDIO of Mitsui & Co., Ltd. Director of Mitsui & Co., Ltd. Corporate Advisor of Mitsui & Co., Ltd. External Director of the Company (to present) Outside Director, SENSYN ROBOTICS, Inc. (to present)</p>	(Note) 7	100 (-)
External Director	Satoshi Yamahata	December 3, 1960	<p>April 1984 January 1988 August 2009 June 2013 June 2015 June 2017 June 2024 April 2025 June 2025 June 2025</p> <p>Joined IINO KAIUN KAISHA, LTD. Joined Yamaha Corporation General Manager of Accounting and Finance Department of Yamaha Corporation Executive Officer, General Manager of Corporate Planning Department of Yamaha Corporation Director, Senior Executive Officer, Head of Operations of Yamaha Corporation Director, Managing Executive Officer, Head of Management and Operations of Yamaha Corporation Managing Executive Officer, Head of Corporate Functions of Yamaha Corporation Corporate Advisor of Yamaha Corporation (to present) NS Solutions Corporation (to present) External Director of the Company (subject to approval)</p>	(Note) 7	- (-)
Director (Full-time Audit & Supervisory Committee Member)	Toshiki Yauchi	July 16, 1961	<p>April 1985 July 2007 June 2015 June 2018 June 2019 June 2020 June 2021 June 2025</p> <p>Joined the Company General Manager of Corporate Strategy Division, of the Company Executive Officer, General Manager of Corporate Strategy Division of the Company Director & Executive Managing Officer, General Manager of Corporate Strategy Division, in charge of Administration & Finance Department of the Company Director & Senior Executive Managing Officer, General Manager of Corporate Strategy Division, in charge of Administration & Finance Department of the Company Director & Senior Executive Managing Officer, General Manager of Corporate Strategy Division, Head of Administration, Chief Strategy Officer (CSO), Chief Information Officer (CIO), in charge of Finance Department of the Company Director & Senior Executive Managing Officer, Chief Financial Officer (CFO) & Chief Strategy Officer (CSO) of the Company Director (Full-time Audit & Supervisory Committee Member) of the Company (subject to approval)</p>	(Note) 8	41,857 (12,021)

Title	Name	Date of birth	Career summary	Term of office	Number of shares held (shares)
External Director (Audit & Supervisory Committee Member)	Mitsuhiro Matsumoto	May 7, 1969	<p>October 1992 April 1996 October 1999 September 2008 August 2014 June 2019 June 2021</p> <p>Joined Aoyama Audit Corporation Registered as a Certified Public Accountant (to present) Director and Representative of Matsumoto CPA Office (currently Finport Financial Group) (to present) Outside Corporate Auditor (currently Outside Director (Audit and Supervisory Committee Member)), Suzuki Co., Ltd. (to present) External Corporate Auditor (external Director (Audit and Supervisory Committee Member)), HODEN SEIMITSU KAKO KENKYUSHO CO., LTD. External Audit & Supervisory Board Member of the Company External Director (Audit & Supervisory Committee Member) of the Company (to present)</p>	(Note) 8	2,000 (-)
External Director (Audit & Supervisory Committee Member)	Izumi Hayashi	August 20, 1958	<p>April 1986 March 1987 January 2015 August 2019 October 2019 April 2020 June 2020 June 2023</p> <p>Prosecutor, Nagoya District Public Prosecutors Office Registered as an attorney (belonging to the Tokyo Bar Association) Founding Partner, Sakurazaka Law Offices (to present) External Audit & Supervisory Board Member (currently External Director) of Weathernews Inc. (to present) Tokyo District Court IP Mediator (to present) External Board Member, Hitotsubashi University (to present) Outside Audit & Supervisory Board Member, NOF Corporation (currently Outside Director) (to present) External Director (Audit & Supervisory Committee Member) of the Company (to present)</p>	(Note) 8	- (-)
Total					112,101 (25,058)

- (Notes) 1. The figures in parentheses () in the “Number of shares held” in the table indicate the shares to be received by the eligible persons under the stock compensation plan (as of June 1, 2025).
[Explanation of the shares to be received under the stock compensation plan]
The Company introduced a stock compensation plan for its Directors (excluding External Directors and overseas residents; hereinafter the same shall apply), etc. (hereinafter referred to as the “Plan”) in FY2016. While the shares to be received by candidates under the Plan consist of (a) non-performance-linked portions, which are not linked to performance, and (b) performance-linked portions, which are linked to performance after a certain period of time, the number of shares to be received by each candidate under the Plan indicates the total points that have been determined and awarded for (a) the non-performance-linked portions and (b) the performance-linked portions as of June 1, 2025 (calculated by a share per point). The voting rights for the shares to be received under the Plan will not be exercised until they are delivered to each candidate.
2. External Directors Yoshiko Nonogaki, Masayuki Abe and Yoshio Kometani are External Directors who are not Audit & Supervisory Committee Members. External Directors Mitsuhiro Matsumoto and Izumi Hayashi are External Directors who are Audit & Supervisory Committee Members. If the “Election of five (5) Directors who are not Audit & Supervisory Committee Members” is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025, Satoshi Yamahata will become an External Director who is not an Audit & Supervisory Committee Member.
3. External Director Izumi Hayashi’s registered name on the family registration is Izumi Sakamoto.
4. As of the filing date of the Annual Securities Report (June 23, 2025), the Executive Officers consist of the following 14 individuals: Masashi Koizumi, Life Solutions Company Company President; Masaya Nagaoka, in charge of Group Strategic Projects; Choi Hyun-don, Nifco Korea Group Control Officer, President & CEO of Nifco Korea Inc.; Norihiko Murata, General Manager of ESG Promotion Office; Jin Jing-Jun, China 5 Plant Control Officer, President & CEO of Dongguan Nifco Co., Ltd.; Joan Oliveras, Head of Management Control, Europe Business Control Officer; Kumi Sano, Head of Administration; Michael Rodenberg, North America Business Control Officer, CEO of Nifco

America Corporation, CEO of Nifco Central Mexico; Ken Yokota, ASEAN Business Control Officer, Co-CEO Nifco Thailand; Kazuomi Sakata, Head of Production Engineering; Akihiko Hirose, Head of Quality Assurance & CQO (Chief Quality Officer); Tamotsu Sugiyama, Head of Sales; Michihiro Fukuo, Head of R&D & CTO (Chief Technology Officer), Head of Manufacturing & CPO; and Takahide Ichimaru, Head of Platform Business.

As of June 24, 2025 and later, the Executive Officers will consist of the following 13 individuals: Masashi Koizumi, Life Solutions Company Company President; Masaya Nagaoka, in charge of Group Strategic Projects; Norihiko Murata, General Manager of ESG Promotion Office; Jin Jing-Jun, China 5 Plant Control Officer, President & CEO of Dongguan Nifco Co., Ltd.; Joan Oliveras, Head of Management Control, CFO (Chief Financial Officer) & CSO (Chief Strategy Officer), Europe Business Control Officer; Kumi Sano, Head of Administration; Michael Rodenberg, North America Business Control Officer, CEO of Nifco America Corporation, CEO of Nifco Central Mexico; Ken Yokota, ASEAN Business Control Officer, Co-CEO Nifco Thailand; Kazuomi Sakata, Head of Production Engineering; Akihiko Hirose, Head of Quality Assurance & CQO (Chief Quality Officer); Tamotsu Sugiyama, Head of Sales; Takahide Ichimaru, Head of Platform Business; and Han Sagong, Nifco Korea Group Control Officer, President & CEO Nifco Korea Inc.

5. One year from the conclusion of the Annual General Meeting of Shareholders held on June 20, 2024
6. Two years from the conclusion of the Annual General Meeting of Shareholders held on June 22, 2023
7. One year from the conclusion of the Annual General Meeting of Shareholders held on June 24, 2025
8. Two years from the conclusion of the Annual General Meeting of Shareholders held on June 24, 2025
9. In case the number of Directors who are Audit & Supervisory Committee Members falls short of the requirement by laws and regulations, assuming that the “Election of one (1) Director who is a substitute Audit & Supervisory Committee Member” is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025, one Director who is a substitute Audit & Supervisory Committee Member as prescribed in Article 329, Paragraph 3 of the Companies Act will be elected. The career summary of the substitute Audit & Supervisory Committee Member is as follows.

Name	Date of birth	Career summary	Number of shares held (shares)
Masakazu Wakabayashi	January 30, 1963	October 1988 Joined Century Audit Corporation December 1997 Partner, Century Audit Corporation April 2007 Joined Yasumori Accounting Office (currently Yasumori Audit Corporation) May 2008 Senior Partner, Yasumori Accounting Office (currently Yasumori Audit Corporation) August 2023 Joined Crea Audit Corporation, Partner (to present)	

(ii) Status of external officers

As of the filing date of the Annual Securities Report (June 23, 2025), the Company has three External Directors (excluding Directors who are Audit & Supervisory Committee Members) and two External Directors who are Audit & Supervisory Committee Members. The same will apply to the number of External Directors who will take office if the “Election of Five (5) Directors who are not Audit and Supervisory Committee Members” and the if the “Election of Three (3) Directors who are Audit and Supervisory Committee Members” are approved at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025.

The Company has no personal, capital, business or other interests with Yoshiko Nonogaki, Masayuki Abe, Yoshio Kometani, Mitsuhiro Matsumoto, or Izumi Hayashi. In addition, there are no personal relationships, capital relationships, business relationships, or other Interest with Satoshi Yamahata, who will be appointed as External Director if the “Election of Five (5) Directors who are not Audit & Supervisory Committee Members” is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025.

With regard to the independence from the Company of the External Directors to be appointed if the “Election of Five (5) Directors who are not Audit & Supervisory Committee Members” is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025, the Company has referred to the independence criteria of the Tokyo Stock Exchange and has considered the individual circumstances of each officer. As a result, the Company has determined that all five External Directors are independent, and has submitted a notification to the Tokyo Stock Exchange to that effect.

All External Directors as of the filing date of the Annual Securities Report (June 23, 2025) express their respective views and judgments at the Board of Directors meetings with the interests of general shareholders in mind. In addition to so expressing views with the interests of general shareholders in mind, the functions and roles to be fulfilled by Yoshiko Nonogaki, an External Director who is not an Audit & Supervisory Committee Member as of the filing date of the Annual Securities Report (June 23, 2025) and will take office if the “Election of Five (5) Directors who are not Audit and Supervisory Committee Members” is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025, are to improve the quality of corporate governance at the Company by utilizing her abundant experience and insight, as she has broad insight for supervising overall management based on her business experience in the business divisions of a major company, management experience of overseas subsidiaries and experience as an external director at other listed companies.

The functions and roles to be fulfilled by Masayuki Abe, an External Director (excluding Directors who are Audit & Supervisory Committee Members) as of the filing date of the Annual Securities Report (June 23, 2025), are to utilize his abundant experience and insight cultivated in the IT field at a major company and to promote the management of the Company in the fields related to IT and DX.

In addition, the functions and roles to be fulfilled by Yoshio Kometani, an External Director who is not an Audit & Supervisory Committee Member as of the filing date of the Annual Securities Report (June 23, 2025) and will take office if the “Election of Five (5) Directors who are not Audit and Supervisory Committee Members” is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025, are to contribute to the sustainable growth and enhancement of corporate value of the Company by utilizing his abundant experience and insight including his broad insight for supervising overall management from a long-term perspective, based on his experience in domestic and overseas operations, management and incubation in a leading trading company.

In addition, the function and role to be fulfilled by Satoshi Yamahata, who will take office as an External Director if the “Election of Five (5) Directors Who Are Not Audit Committee Members” is approved at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, will be to contribute to the sustainable growth and enhancement of corporate value of the Company mainly in the areas of financial and capital policies and sustainability, by utilizing his abundant experience and insights cultivated in the accounting and finance departments and the corporate departments of leading companies.

The functions and roles to be fulfilled by Mitsuhiro Matsumoto, an External Director who is an Audit & Supervisory Committee Member as of the filing date of the Annual Securities Report (June 23, 2025) and will take office if the “Election of Three (3) Directors who are Audit and Supervisory Committee Members” is approved at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, are to express his views with general shareholders in mind by conducting audits with a particular focus on accounting, because he has abundant knowledge and experience in auditing corporate management that he has cultivated as a certified public accountant.

The functions and roles to be fulfilled by Izumi Hayashi, an External Director who is an Audit & Supervisory Committee Member as of the filing date of the Annual Securities Report (June 23, 2025) and will take office if the "Election of Three (3) Directors who are Audit and Supervisory Committee Members" is approved at the Annual General Meeting of Shareholders, scheduled for June 24, 2025, are to improve the quality of corporate governance at the Company from a global perspective by conducting audits with a particular focus on compliance because she is well versed in domestic and foreign laws as an attorney and has various kinds of experience as an External Director.

- (iii) Interaction among supervision or audits by External Directors, internal audits, audits by the Audit & Supervisory Committee and accounting audits, as well as relationship with the internal control department

The status of supervision and audits by External Directors as of the filing date of the Annual Securities Report (June 23, 2025) is as follows.

External Directors (excluding Directors who are Audit & Supervisory Committee Members) not only supervise Directors through deliberations at the Board of Directors, but also share their own information and exchange opinions with External Directors who are Audit & Supervisory Committee Members, hear opinions from the Internal Audit Department, and cooperate with the Accounting Auditor as necessary.

Meanwhile, External Directors who are Audit & Supervisory Committee Members not only audit Directors through deliberations at the Board of Directors, but also examine the status of business execution of each Director separately from the Board of Directors and regularly consult with the Internal Audit Department. Further, External Directors who are Audit & Supervisory Committee Members consult and discuss with the Accounting Auditors as necessary, and have opportunities to consult and exchange opinions with the audit divisions of domestic and overseas subsidiaries.

If the Annual General Meeting of Shareholders scheduled to be held on June 24, 2025, approves the “Election of Five (5) Directors who are not Audit and Supervisory Committee Members” and the “Election of Three (3) Directors who are Audit and Supervisory Committee Members”, the Company plans to cooperate in the same way.

(3) Status of audits

(i) Status of audits by the Audit & Supervisory Committee

- a. Organization, personnel and procedures of audits by the Audit & Supervisory Committee
- The Audit & Supervisory Committee consists of three members: one Director who is a full-time Audit & Supervisory Committee Member from within the Company and two External Directors who are part-time Audit & Supervisory Committee Members.
 - Junji Honda, a full-time Audit & Supervisory Committee Member, has experience in the Company's finance and accounting. Having served as the Company's Chief Financial Officer from 2015 to 2021, this individual has been involved in financial operations including capital policy, leading to considerable knowledge in the field of finance and accounting.
 - Mitsuhiro Matsumoto, an External Director who is an Audit & Supervisory Committee Member, is qualified as a certified public accountant and provides a wide range of advice and recommendations on finance and accounting based on his expertise in finance and accounting.
 - Izumi Hayashi, an External Director who is an Audit & Supervisory Committee Member, is qualified as an attorney and has been providing a wide range of advice and recommendations on legal and risk management matters based on her expertise in legal affairs.
 - If the "Election of Three (3) Directors Who Are Audit and Supervisory Committee Members" is approved at the Annual General Meeting of Shareholders to be held on June 24, 2025, the Company will continue to have three (3) Audit & Supervisory Committee Members (two of whom will continue to be External Audit & Supervisory Committee Members, Mitsuhiro Matsumoto and Izumi Hayashi). Among them, Toshiki Yauchi, who is set to be appointed as a Full-time Audit & Supervisory Committee Member, has mainly been involved in the Corporate Strategy Division of the Company, and has diverse experience, knowledge, and expertise including formulation of corporate strategy as the General Manager of Corporate Strategy Division and overall oversight of financial strategy and IR activities of the Company as CFO (Chief Financial Officer).
 - As for the assistant system of the Audit & Supervisory Committee, two staff members of the Internal Audit Department (as of the filing date of the Annual Securities Report) assist Audit & Supervisory Committee Members in performing their duties.
 - In order to establish sound and sustainable growth of the Company and a high-quality corporate governance system that lives up to social trust, the Audit & Supervisory Committee develops audit policies and audit plans in accordance with the Audit & Supervisory Committee Audit Standards established by the Audit & Supervisory Committee, and conducts audit activities in accordance with the division of duties, etc.
 - Full-time Audit & Supervisory Committee Members attend important meetings including those of the Board of Directors and Management Committee. They engage in discussions with top management on all aspects of business operations, inspect important approval documents, conduct audits of key subsidiaries and associates, participate in the Compliance Committee, Risk Management Committee, and Information Security Committee. They also collaborate with Accounting Auditor, and conduct monthly information exchange meetings with the Internal Audit Department, among other activities, to collect information and perform daily audit duties.
 - External Directors who are Audit & Supervisory Committee Members express their opinions to the Board of Directors, Audit & Supervisory Committee, etc., from an independent standpoint based on their abundant experience and deep insight into various fields, such as legal affairs, finance, and accounting. They also engage in audit activities, such as discussing general management issues with top management, conducting audits of key subsidiaries and affiliates, receiving reports from Accounting Auditors, and receiving monthly reports from the Internal Audit Department.
- b. Status of activities of the Audit & Supervisory Committee
- (a) Frequency of the Audit & Supervisory Committee; attendance at the Audit & Supervisory Committee meetings by each member
- The Audit & Supervisory Committee meets once a month, as a general rule, and holds additional meetings as needed. During the fiscal year under review, the Audit & Supervisory Committee met 14 times. The attendance of each Audit & Supervisory Committee Member is as follows (the 73rd fiscal year: from April 1, 2024 to March 31, 2025.)

Category	Name	Attendance at the Audit & Supervisory Committee meetings
Full-time Audit & Supervisory Committee Member	Junji Honda	Attended all 14 meetings (100%)
External Audit & Supervisory Committee Member	Mitsuhiro Matsumoto	Attended all 14 meetings (100%)
External Audit & Supervisory Committee Member	Izumi Hayashi	Attended all 14 meetings (100%)

- (b) Details of the Audit & Supervisory Committee's discussions
- a. Audit plan decision by the Audit & Supervisory Committee
 - b. Election of Accounting Auditor, formation of opinions on election of Directors (excluding Audit & Supervisory Committee Members), election and compensation of Audit & Supervisory Committee Members
 - c. Review of business reports and audit reports
 - d. Confirmation of the internal control structure and operational status
 - e. Verification of the appropriateness of the disposal price of treasury shares by third-party allotment
 - f. Assessment of the adequacy of the audit by the Accounting Auditors
 - Appropriateness of audit plans and audit fees and quality control system
 - Method of audit and audit results
 - Discussion on key audit matters (KAM)
 - g. Debate on sustainability-related efforts to address global warming

(c) Status of activities of the full-time Audit & Supervisory Committee Members

As full-time Audit & Supervisory Committee Members, they conduct audit activities together with the part-time Audit & Supervisory Committee Member based on the audit policies and plans established by the Audit & Supervisory Committee. The main activities are as follows:

- Attend important meetings (Board of Directors, Management Committee, etc.) and state their opinions
- Inspect important documents (minutes from various meetings, major approval documents, etc.)
- Conduct hearings on the audit plans, interim review results reports, audit results reports, etc., of the Accounting Auditors
- Exchange opinions with Representative Directors (including External Audit & Supervisory Committee Members)
- Hold meetings with Accounting Auditors (including External Audit & Supervisory Committee Members)
- Conduct hearings on internal audit plans and results of the Internal Audit Division (Audit Department)
- Conduct audits of the operations and financial condition of key subsidiaries and affiliates (including External Audit & Supervisory Committee Members) and report to the Board of Directors
- Participate in various committees (Compliance Committee, Risk Management Committee, Information Security Committee)
- Join the Nomination, Compensation and Governance Committee as an observer
- Report and share information deemed important as part of daily auditing operations to External Audit & Supervisory Committee Members

(ii) Status of internal audits

The Company has established the Auditing Department (one General Manager and six members of the Auditing Department) as an independent organization which is directly under the Representative Director. In accordance with the annual audit plan approved by the Board of Directors, the Audit Division conduct audits to determine whether the Company's overall operations are being executed appropriately and efficiently. The Auditing Department reports on results of audits to the Board of Directors and the Audit & Supervisory Committee, in addition to Representative Directors, to ensure the effectiveness of audits by sharing information and cooperating.

(Status of cooperation between Audit & Supervisory Committee and Accounting Auditor)

The Audit & Supervisory Committee receives reports from the Accounting Auditor on the outline of the procedures and results of accounting audits and internal control audits at the end of the fiscal year and exchanges opinions with the Accounting Auditor. In addition, during the fiscal year, it receives reports on the Accounting Auditor's audit plans and the status of audits, and exchanges opinions on risk recognition, internal control, etc., and discusses the implementation of efficient accounting audits and internal control audits. It also shares information and exchanges opinions with the Accounting Auditor regarding key audit matters (KAM).

(Status of cooperation between Audit & Supervisory Committee and Internal Audit Division)

Full-time Audit & Supervisory Committee Members cooperate closely with the Auditing Department to exchange information in order to conduct audits efficiently, and receive monthly reports from the Auditing Department. In addition, the General Manager of the Auditing Department reports to the Representative Director and the Audit & Supervisory Committee on the status of implementation of internal audits and risk recognition as appropriate.

(Status of cooperation between Internal Audit Division and Accounting Auditor)

The Auditing Department exchanges opinions with the Accounting Auditor on the implementation status of audits, the status of internal controls, and risk assessment, and maintains close cooperation.

(Cooperation among Audit & Supervisory Committee, Internal Audit Division and Accounting Auditor)

We strive to maintain an efficient auditing system by sharing information and exchanging opinions on the audit plans of the Audit & Supervisory Committee, the internal Auditing Department and the Accounting Auditor each year.

(iii) Status of accounting audits

a. Name of the audit firm
KPMG AZSA LLC

b. Continuous audit period
1985 and later

c. Certified public accountants who executed the business
Tomoyasu Sugisaki
Michiko Muramatsu

d. Composition of assistants for audits
The assistants for the accounting audits of the Company consist of 8 certified public accountants and 30 other persons.

e. Policy and reasons for selecting the audit firm
Pursuant to the provisions of the Companies Act, the Audit & Supervisory Committee makes decisions regarding the reappointment or non-reappointment of the Accounting Auditor. The Company has established the “Operational Rules for the Appointment and Dismissal of the Accounting Auditor,” conducts procedures for reappointment and non-reappointment every year in accordance with the practical procedures, and comprehensively determines the appropriateness of the reappointment/non-reappointment based on evaluation criteria.
Specifically, the Audit & Supervisory Committee interviewed and evaluated the Accounting Auditor from the viewpoints of independence, quality control system, audit quality, audit system, communication, audit fees and others. The Audit and Supervisory Committee also held an interview with the Finance and Accounting Department and the Internal Audit Department regarding the evaluation and reappointment of the Accounting Auditor.

f. Evaluation of the audit firm by Audit & Supervisory Committee Members and the Audit & Supervisory Committee
The Audit & Supervisory Committee evaluated the Accounting Auditor based on criteria such as independence, expertise, audit quality, the status of audit activities, audit fee levels, and the appropriateness of audit reports. As a result, the Committee determined that KPMG AZSA LLC is appropriate and suitable as the Accounting Auditor for the fiscal year 2024 (the 73rd fiscal year).

(iv) Details of compensation for auditors

a. Compensation for certified public accountants, etc. involved in the audit

Category	Previous fiscal year		Fiscal year under review	
	Compensation for audit services (millions of yen)	Compensation for non-audit services (millions of yen)	Compensation for audit services (millions of yen)	Compensation for non-audit services (millions of yen)
The Company	100	-	99	-
Consolidated subsidiaries	18	-	18	-
Total	119	-	118	-

- b. Compensation for the same network firms as certified public accountants, etc. involved in the audit (KPMG network firms) (excluding a.)

Category	Previous fiscal year		Fiscal year under review	
	Compensation for audit services (millions of yen)	Compensation for non-audit services (millions of yen)	Compensation for audit services (millions of yen)	Compensation for non-audit services (millions of yen)
The Company	-	40	-	8
Consolidated subsidiaries	208	36	159	21
Total	208	76	159	29

Compensation for non-audit services paid by the Company and its consolidated subsidiaries to KPMG, an entity in the same network as the Company's certified public accountants, etc. involved in the audit, is mainly for tax return preparation and advisory services.

- c. Details of compensation for other important audit services

Not applicable.

- d. Policy for determining compensation for auditors

It is determined after taking into consideration various conditions such as the number of audit days.

- e. Reason why the Audit & Supervisory Committee gave consent to the compensation, etc. of the Accounting Auditor

The Audit & Supervisory Committee gave consent to the amount presented by the Company, as it decided that such amount was reasonable, after reviewing the appropriateness of the audit plan and the estimated audit time, and the status of the execution of duties by the Accounting Auditor, based on changes in the compensation amount in the past and a comparison of the compensation levels of other companies in the same industry.

(4) Compensation, etc. for Officers

(i) **Matters pertaining to the policy for determination of the amount of compensation, etc. for officers or the calculation method thereof**

The Company resolved at the meeting of the Board of Directors held on May 17, 2024, to adopt the Officers' Compensation Policies for FY2024 and beyond. The details are as follows.

[Officers' Compensation Policies]

1. Basic philosophy regarding Corporate Governance

Our company has continued to grow based on the Nifco Spirit, which has been cultivated since its founding in 1967 and has a "challenge spirit" and "creativity" at its core. Based on this history, and with the determination to move forward to a further stage of growth, we have once again established our company's Purpose/Mission/Values as follows.

Starting from the "My Purpose" that each employee has, by fulfilling our Mission through our company's Values and realizing our company's Purpose, we will grow sustainably while maintaining the uniqueness of Nifco and we aim to become a company that continues to be trusted by all stakeholders, including employees, customers, shareholders, investors, users, partner companies, and local communities.

Purpose Sparking Innovation by fastening small insights with Technology for a better world

Mission Generate excitement as a creative company

Values Overcoming Challenges
Continuous Breakthroughs
Open Communication
Innovative Collaboration

We consider it necessary to respond to the drastically changing social and economic environment flexibly and appropriately by strictly enforcing compliance and implementing appropriate risk management. At the same time, we believe it is important to thoroughly disseminate and practice basic management policies on a global scale.

Based on the above fundamental policy, the Company regards thorough corporate governance as a priority issue of management, and has been promoting enhancement of the group management.

2. Basic policy for Officers compensation

The Company shall set the following basic policy for compensation for Directors and Executive Officers (hereinafter, referred to as “Officers’ compensation”) based on the basic policy for corporate governance.

- (1) Officer compensation shall be designed to contribute to the realization of our Purpose: “Sparking Innovation by fastening small insights with Technology for a better world.”
- (2) Officers’ compensation shall be designed as an independent, objective, and transparent compensation plan that is held accountable to our stakeholders, including employees, customers, and shareholders.
- (3) Officers’ compensation shall be designed to be attractive to our employees.

3. Compensation level

The Company determines the level of Officer compensation based on the abovementioned basic policy, taking into account the Company’s management environment and after examining and analyzing periodically the compensation levels of major companies of the same and of the same size using an external database, etc.

4. Structure of compensation

(1) Compensation composition ratio

The compensation composition ratio for the Representative Director, President & CEO is 47% for base salary, 20% for bonuses and 33% for stock compensation. It is designed so that bonuses and stock compensation account for a majority of the total compensation.

Compensation for Directors who are not Audit & Supervisory Committee Members, and Executive Officers consists of “Base Salary,” “Bonus” and “Stock compensation.” As for Independent External Directors and Directors who are Audit & Supervisory Committee Members, their compensation is “Base Salary” only.

The compensation of the Chairman and Director shall be based on the response to important management issues designated by CEO and the Board of Directors and the results thereof.

(2) Overview of each compensation item

(i) Base Salary

Base salary is determined based on positions according to the job responsibility involved and is paid as a monthly fixed compensation to secure excellent human resources.

(ii) Bonus (annual incentive)

Bonus is paid to provide an incentive for the contribution to improve company performance for each single fiscal year, as an incentive for the Group’s consolidated business performance. Consolidated sales and operating profit are used as KPI for bonus assessment to strengthen the earnings capabilities, and qualitative evaluation is also incorporated. The amount of bonus shall vary in principle from 0% to 200% of the base amount.

The evaluation ratio of each indicator is as follows.

Indicator	President	Director	Executive Officers
Consolidated Sales	20%	20%	15%
Consolidated Operating Profit	70%	60%	55%
Qualitative Evaluation	10%	20%	30%

* The Target values are the consolidated financial indicators to be announced at the beginning of each fiscal year after a resolution of the Board of Directors.

* Qualitative evaluation for the President & Representative Director CEO will be conducted by the Nomination, Compensation, and Governance Committee, which is composed mainly of Independent External Directors.

* The evaluation of overseas executive officers also includes the performance of their respective regions.

The target values and coefficients for each indicator are as follows:

	Target Values	Coefficients
Consolidated Sales	Consolidated financial indicators to be announced at the beginning of each fiscal year after a resolution of the Board of Directors	Varies in the range of 0 to 2.0
Consolidated Operating Profit	Same as above	Varies in the range of 0 to 2.0
Qualitative Evaluation	To be fixed individually according to each officer’s responsibility, and the Nomination, Compensation, and Governance Committee shall decide after consultation	Varies in the range of 0 to 2.0

(iii) Stock compensation (medium- to long-term incentive)

The Company's shares will be granted to the officers with the aim of further enhancing their motivation to contribute to improve the Company's business performance and corporate value from a mid-to-long term viewpoint and increase value-sharing with shareholders. The Stock compensation consists of performance-linked compensation (PS 50%) and non-performance-linked compensation (RS 50%).

Since FY2016, the stock compensation system had been adopted in which the Company's shares were delivered to each eligible person using a trust mechanism. Under the system, points were awarded during the term of office, and the Company's shares equivalent to the number of cumulative points were delivered upon retirement (BIP Trust System). In FY2024, the system changed to a method of granting restricted shares through a trust mechanism during each officer's term of office (the "RS Trust System"), creating a system that allows its officers to share value with our shareholders even more than before. In addition, in order to respond more flexibly to changes in the social environment, the Company has implemented a rolling Mid-Term Management Plan, in which the Plan is reviewed every year to further strengthen incentives for mid-to-long term goals in light of the perspective of shareholders and investors.

Formula

[Points to be granted on June 1 each year]

(Cases where the fiscal year subject to the evaluation is the final fiscal year of the medium-term management plan)

Fixed points determined by a. below + performance-linked points determined by b. below

(Cases where the fiscal year subject to the evaluation is not the final fiscal year of the medium-term management plan)

Fixed points determined by a. below

a. Fixed points (non-performance-linked portion)

Fixed points^{*1} = Base amount of stock compensation^{*2} × 50% ÷ Average acquisition unit price of the Company's shares in the trust^{*3}

b. Performance-linked points (performance-linked portion)

Performance-based point^{*1} = Base amount of stock compensation^{*2} × 50% ÷ Average acquisition unit price of the Company's shares in the trust^{*3}

Performance-linked points^{*1} = Cumulative value of Performance-based point × Performance-linked coefficient^{*4}

*1 Amounts less than one point shall be rounded up.

*2 The base amount of share compensation shall be as shown in the table below.

The executive rank of each Eligible Person under the Plan shall be based on the executive rank as of March 31 of the year to which the base date belongs, and in the case of concurrent holding of positions, the higher executive rank points shall apply.

Executive rank	Base amount of stock compensation (yen)
President & CEO	35,000,000
Director	14,000,000 ^{*5}

*3 The average acquisition unit price of the Company's shares in the trust shall be the average acquisition unit price of the Company's shares acquired by the Trust after the extension of the trust period in the case where the trust period is extended by changing the trust agreement and making additional contribution to the trust. The average acquisition unit price shall be 3,354 yen, rounded to the nearest yen.

*4 The performance-linked coefficient shall be set forth in Exhibit 1-2. Note that if the conditions for issuing shares specified in Exhibit 3 are met during the period of the medium-term management plan or at any other time prior to calculating the performance-linked coefficient, the coefficient shall not be calculated. Instead, the Company shall issue shares or pay proceeds from selling such shares equivalent to the cumulative value of Performance-based point.

*5 The Nomination, Compensation and Governance Committee, which is chaired by an Independent External Director and comprises a majority of Independent External Directors, shall set the amount at the beginning of the period according to the role and shall be resolved by the Board of Directors.

(Exhibit 1-2) Performance-linked coefficient and related coefficients

Performance-linked coefficient = Coefficient (operating profit, cumulative 3 years) × 50% + Coefficient (ROIC) × 40% + Coefficient (TSR) × 10%

Performance-linked coefficient and related coefficients are as follows.

All coefficients are rounded down to the fourth decimal place.

- Coefficient (Operating profit cumulative 3 years)
It shall be determined according to the achievement rate against the target under the medium- to long-term management plan as follows.

Achievement rate against target	Coefficient (Operating profit cumulative 3 years)
Achievement rate < 50%	0.0
50% ≤ Achievement rate < 100%	Equal to the achievement rate
100% ≤ Achievement rate	1.00 + 1.5 × (Achievement rate - 1.0)*

* Capped at 2.0

- Coefficient (ROIC)
1.00 + 0.15 × (Actual value (%) in the final year of the medium- to long-term management plan - Initial target value (%) of the medium- to long-term management plan)
(Upper limit: 2.0, Lower limit: 0.0)

- Coefficient (TSR)

Coefficient (TSR) shall be determined in accordance with the result of comparison with TOPIX.

Ratio to TOPIX *1	Coefficient (TSR)
Ratio to TOPIX < 50%	0.0
50% ≤ Ratio to TOPIX < 100%	(Ratio to TOPIX - 0.5) × 2.0
100% ≤ Ratio to TOPIX	1.00 + 2.5 × (Ratio to TOPIX - 1.0) *2

*1 The ratio of TSR to TOPIX (including dividends) shall be calculated by comparing the closing price on the business day immediately preceding the first fiscal year of the medium-term management plan (the last day of March) with the closing price on the last day of the final fiscal year of the medium-term management plan (the last day of March). For the TSR of TOPIX, an index value including dividends shall be used.

(Example) For the period of the medium-term management plan from FY2024 to FY2026, the judgment shall be made based on the TSR at the end of March 2024 and the end of March 2026.

*2 Capped at 2.0

The targets for FY2027 are as follows.

FY2027	Target Values
Net sales	369.0 billion yen
Operating profit	53.4 billion yen
Operating profit margin	14.0% or higher
Profit	35.0 billion yen
ROE	12 to 14%
ROIC	18 to 20%
Operating cash flows (Three-year total)	144.0 billion yen
Exchange rate assumptions	1 dollar = 145 yen

(Exhibit 2)

One point shall correspond to one share.

However, in the event of a share split or share consolidation with respect to the Company's shares, the number of the Company's shares corresponding to one point shall be adjusted according to the split ratio or consolidation ratio of the Company's shares.

(Exhibit 3)

The conditions for issuing shares under the Plan shall be in any of the following:

- (i) When fixed points are granted or when performance-based point is converted to performance-linked points, and (ii) to (v) below do not apply;
- (ii) When an Eligible Persons under the Plan retires from the position of Director, etc., and is expected to leave the Company;
- (iii) When an Eligible Persons under the Plan becomes an overseas resident, thereby ceasing to be an Eligible Persons under the Plan;
- (iv) When an Eligible Persons under the Plan dies during his/her term of office; and
- (v) When the Plan is abolished

However, in the case of (i), only the relevant fixed points or the relevant performance-linked points shall satisfy the conditions for issuing shares, and in the cases of (ii) through (v), all points held by the Eligible Persons under the Plan shall satisfy the conditions for issuing shares.

(3) **Forfeiture of compensation (Malus and clawback provision)**

In the event that the Board of Directors resolves to implement a correction of financial results due to a serious accounting error or misconduct or determines that there were serious, inappropriate acts during their terms of office, the Board of Directors may restrict the payment or claim the return of bonuses and Stock compensation after going through deliberation by the Nomination, Compensation, and Governance Committee.

5. Guidelines for holding own shares

The Company will promote holding of its own shares by Directors and Executive Officers in order to further raise their motivation to improve the Company's business performance and increase its share price from the viewpoint of shareholders.

6. Decision-making process

In order to enhance the independence, objectivity, and transparency of the details of the Officers' compensation plan, the Company established the Nomination and Compensation Committee on December 10, 2018 as an advisory body of the Board of Directors, and it is chaired by and a majority of its members are Independent External Directors. The Committee was then renamed the Nomination, Compensation, and Governance Committee on October 28, 2020, in order to further strengthen the Company's actions on corporate governance. The Nomination, Compensation, and Governance Committee, in principle, convenes no fewer than four (4) times a year, and deliberates on individual compensation amounts and qualitative assessments to provide advice and recommendations to the Board of Directors. The amount of compensation for individual Directors is determined by the Board of Directors after receiving a report from the Nomination, Compensation and Governance Committee.

In order to adopt an objective viewpoint and specialized knowledge about nomination from outside the Company, the Nomination, Compensation, and Governance Committee may seek advice from an external consultant or other experts on the details of compensation levels and systems, taking into consideration factors such as external data, the economic environment, industry trends, and management conditions. For the details on the activities of the Board of Directors and the Nomination, Compensation and Governance Committee during the fiscal year under review, please refer to "4. Status of Corporate Governance, etc., (1) Overview of Corporate Governance, etc. (iii) Other matters related to corporate governance, i. Overview and activities of the Nomination, Compensation and Governance Committee."

7. Engagement policy

The Company shall promptly disclose the details of the Officer compensation plan to its shareholders through the Annual Securities Report, Business Report, Corporate Governance Report or the corporate website, etc. that will be prepared and disclosed in accordance with various laws and regulations. In addition, the Company will actively promote engagement with institutional investors.

(ii) Total amount of compensation, etc. by officer category, total amount of compensation, etc. by type and number of eligible officers

Officer category	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type (millions of yen)				Number of eligible officers (persons)
		Fixed compensation	Performance-linked compensation	Retirement benefits	Of the compensation, etc. in the left column, non-monetary compensation, etc.	
Directors (excluding Audit & Supervisory Committee Members and External Directors)	298	94	203	-	99	3
Directors (Audit & Supervisory Committee Members) (excluding External Directors)	33	24	8	-	-	1
External Officers	66	66	-	-	-	5
Total	397	186	211	-	99	9

- (Notes) 1. As of the end of the fiscal year under review, there were eight Directors (including five External Directors) and three Audit & Supervisory Committee Members (including two External Audit & Supervisory Committee Members).
2. The maximum amount of compensation for Directors who are not Audit & Supervisory Committee Members was resolved at the 69th Annual General Meeting of Shareholders held on June 24, 2021, to be 460 million yen per year (including 60 million yen for External Directors). The number of Directors who are not Audit & Supervisory Committee Members at the conclusion of the said Annual General Meeting of Shareholders was six (including three External Directors). Separately from monetary compensation, the maximum amount of performance-linked stock compensation for Directors and Executive Officers (excluding External Directors and overseas residents) through a trust was resolved at the 72nd Annual General Meeting of Shareholders held on June 20, 2024, to be 400 million yen per fiscal year. The number of eligible Directors and Executive Officers under the plan immediately after the conclusion of the said Annual General Meeting of Shareholders was two and ten, respectively.
3. The maximum amount of compensation for Directors who are Audit & Supervisory Committee Members was resolved at the 69th Annual General Meeting of Shareholders held on June 24, 2021, to be 90 million yen per year. The number of Directors who are Audit & Supervisory Committee Members at the conclusion of the said Annual General Meeting of Shareholders was three.
4. The performance indicators for performance-linked compensation are consolidated sales and operating profit. The results are described in "II. Business Overview: 4. Management's Analysis of Financial Position, Operating Results, and Cash Flows." The reason for selecting these indicators is to strengthen the earning capabilities of the core business. For details, please refer to the "Announcement of Officer Nomination Policies and Compensation Policies" for fiscal 2024 on the Company's website.
(<https://www.nifco.com/en/csr/governance/pdf/2024NominationPolicies.pdf>)

(iii) Total amount of consolidated compensation, etc. of persons whose total consolidated compensation, etc. is 100 million yen or more

Name	Total amount of consolidated compensation, etc. (millions of yen)	Officer category	Company category	Total amount of compensation, etc. by type (millions of yen)			
				Fixed compensation	Performance-linked compensation	Retirement benefits	Of the compensation, etc. in the left column, non-monetary compensation, etc.
Masaharu Shibao	110	Director	The Company	50	60	-	34
Toshiyuki Yamamoto	120	Director	The Company	15	105	-	45

(5) Status of shareholding

(i) Criteria and approach for classification of investment stocks

In principle, the Company shall not hold investment stocks for pure investment purposes.

The Company shall hold investment stocks for purposes other than pure investment only when it judges that such shareholdings will enhance the Company's corporate value such as by maintaining and strengthening business relationships, developing new fields and deepening corporate alliances.

(ii) Investment stocks for purposes other than pure investment

a. Policy of shareholdings, methods for verifying the reasonableness of shareholdings and details of the verification by the Board of Directors, etc. concerning the appropriateness of holding individual issues

As described in the preceding paragraph, the Company shall hold such stocks only when it judges that such shareholdings will enhance the Company's corporate value such as by maintaining and strengthening business relationships, developing new fields and deepening corporate alliances.

In accordance with the "Basic Views on Corporate Governance," the Company verifies the appropriateness of its holdings and sells shares that are not reasonably held, taking into account the returns and risks of holding at the Board of Directors meetings. While we had 22 stocks worth 6.1 billion yen as of the end of March 2015, we reduced the amount to 1 stock (less than one unit) by the end of March 2025. We plan to sell the remaining 1 stock by the end of fiscal year 2025.

b. Number of issues and book value on the balance sheet

	Number of issues (Issuer)	Total book value on the balance sheet (millions of yen)
Unlisted stocks	14	286
Stocks other than unlisted stocks	1	0

(Issues for which the number of shares increased in the fiscal year under review)

	Number of issues (Issuer)	Total acquisition price for the increase in the number of shares (millions of yen)	Reason for the increase in the number of shares
Unlisted stocks	1	149	Increase due to investments in building and strengthening cooperative relationships, etc.
Stocks other than unlisted stocks	1	20	Periodic purchase by client shareholding associations

(Issues for which the number of shares decreased in the fiscal year under review)

	Number of issues (Issuer)	Total sale price for the decrease in the number of shares (millions of yen)
Unlisted stocks	-	-
Stocks other than unlisted stocks	5	1,172

- c. Information on the number of shares, the book value on the balance sheet, etc. for each issuer of specified investment stocks and deemed holdings of stocks

Specified investment stocks

Issuer	Fiscal year ended March 31, 2025	Previous fiscal year	Purpose of holding, overview of business alliance, quantitative holding effect and reason for the increase in the number of shares	Whether the issuer holds the Company's shares
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
Honda Motor Co., Ltd.	0	604	In principle, all of these shares were sold during the fiscal year under review. However, due to procedural reasons, shares of less than one unit remained at the end of the fiscal year.	No
	0	1,142		
Toyota Motor Corporation	-	724	-	No
	-	2,745		
Nissan Motor Co., Ltd.	-	137	-	No
	-	83		
Mazda Motor Corporation	-	20	-	No
	-	36		
Subaru Corporation	-	11	-	No
	-	38		

Not applicable for deemed holdings of stocks. Quantitative holding effects can be challenging to articulate. A hyphen (-) indicates that the Company does not possess the relevant stock.

- d. Total book value on the balance sheet for the previous fiscal year and the fiscal year under review of investment stocks for the purpose of pure investment, as well as total dividend income, gains/losses on sales and gains/losses on valuation for the fiscal year under review

Not applicable.

V. Financial Information

1. Preparation methods of consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared in conformity with the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976).

(2) The Company's financial statements are prepared in conformity with the "Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the "Regulation on Financial Statements").

The Company falls under a special company submitting financial statements and prepares financial statements pursuant to the provisions of Article 127 of the Regulation on Financial Statements.

2. Audit certification

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company was audited by KPMG AZSA LLC for the consolidated and non-consolidated financial statements for the fiscal year (April 1, 2024 to March 31, 2025).

3. Particular efforts to ensure the appropriateness of consolidated financial statements, etc.

The Company makes particular efforts to ensure the appropriateness of consolidated financial statements, etc. Specifically, in order to establish a system to properly understand the accounting standards, etc. and to appropriately respond to changes in the accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation (FASB) to obtain appropriate information.

While the Group adopts the Japanese GAAP in consideration of the comparability of consolidated financial statements among companies, it is considering the establishment of a system to prepare for the application of IFRS in the future, accounting policies and the timing of its application.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	*1 149,784	146,232
Notes receivable–trade	*1 1,750	1,129
Electronically recorded monetary claims–operating	8,114	6,807
Accounts receivable–trade	57,410	52,214
Contract assets	1,171	477
Securities	1,144	1,349
Merchandise and finished goods	27,414	26,204
Work in process	3,173	2,983
Raw materials and supplies	10,289	10,039
Other	9,844	12,405
Allowance for doubtful accounts	(292)	(279)
Total current assets	269,806	259,565
Non-current assets		
Property, plant and equipment		
Buildings and structures	80,570	80,447
Accumulated depreciation	*2 (34,952)	*2 (35,278)
Buildings and structures, net	45,618	45,169
Machinery, equipment and vehicles	85,901	80,835
Accumulated depreciation	*2 (68,225)	*2 (62,707)
Machinery, equipment and vehicles, net	17,675	18,128
Tools, furniture and fixtures	29,422	28,267
Accumulated depreciation	*2 (25,456)	*2 (24,406)
Tools, furniture and fixtures, net	3,966	3,860
Molds	86,835	89,700
Accumulated depreciation	*2 (82,221)	*2 (85,231)
Molds, net	4,614	4,468
Land	18,973	20,808
Leased assets	98	93
Accumulated depreciation	*2 (51)	*2 (55)
Leased assets, net	46	38
Construction in progress	2,851	11,766
Other	3,207	3,445
Total property, plant and equipment	96,953	107,685
Intangible assets	1,407	2,194
Investments and other assets		
Investment securities	*3 4,764	*3 684
Deferred tax assets	1,847	3,332
Retirement benefit assets	2,829	3,470
Other	2,797	2,883
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	12,238	10,370
Total non-current assets	110,599	120,250
Total assets	380,405	379,816

(millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable–trade	*1 26,601	26,284
Current portion of bonds payable	-	10,000
Short-term borrowings	5,529	199
Current portion of long-term borrowings	10,075	60
Accounts payable–other	6,543	6,053
Income taxes payable	5,523	3,439
Contract liabilities	4,899	5,035
Provision for bonuses	2,924	3,531
Allowance for losses on business transfer	10,068	-
Other	11,924	12,620
Total current liabilities	84,091	67,223
Non-current liabilities		
Bonds payable	35,000	25,000
Long-term borrowings	285	225
Deferred tax liabilities	6,344	3,669
Retirement benefit liability	1,886	1,760
Other	5,746	3,211
Total non-current liabilities	49,262	33,867
Total liabilities	133,353	101,090
Net assets		
Shareholders' equity		
Share capital	7,290	7,290
Capital surplus	-	-
Retained earnings	215,302	253,466
Treasury shares	(3,608)	(18,588)
Total shareholders' equity	218,983	242,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,028	6
Deferred gains or losses on hedges	(21)	(7)
Revaluation reserve for land	6	-
Foreign currency translation adjustment	23,019	32,886
Remeasurements of defined benefit plans	(320)	(85)
Total accumulated other comprehensive income	24,712	32,799
Non- controlling interests	3,356	3,757
Total net assets	247,052	278,725
Total liabilities and net assets	380,405	379,816

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

(millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	371,639	353,038
Cost of sales	*1 269,936	*1 245,838
Gross profit	101,703	107,200
Selling, general and administrative expenses		
Packing and transportation costs	11,131	10,127
Advertising expenses	1,721	1,696
Remuneration, salaries and allowances	15,123	15,681
Employees' bonuses	1,804	2,793
Provision for bonuses	2,288	1,633
Retirement benefit expenses	1,007	1,020
Other personnel expenses	5,114	5,643
Rent expenses	2,356	2,209
Travel and transportation expenses	1,190	1,192
Depreciation	3,017	3,012
Research and development expenses	*1 1,930	*1 2,008
Amortization of goodwill	354	-
Other	10,737	10,981
Total selling, general and administrative expenses	57,777	58,000
Operating profit	43,925	49,200
Non-operating income		
Interest income	1,369	1,900
Gain on valuation of investment securities	61	116
Foreign exchange gains	4,383	745
Other	1,023	879
Total non-operating income	6,838	3,642
Non-operating expenses		
Interest expenses	720	262
Prior period customs duty	-	103
Business restructuring expenses	-	92
Other	378	237
Total non-operating expenses	1,098	695
Ordinary profit	49,665	52,147

(millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sale of non-current assets	*2 76	*2 26
Gain on sale of investment securities	-	*3 1,729
Insurance claim income	-	*4 878
Reversal of allowance for losses on business transfer	-	*5 498
Total extraordinary income	76	3,133
Extraordinary losses		
Impairment losses	*6 8,531	-
Loss on sale and retirement of non-current assets	*7 165	*7 159
Loss on valuation of investment securities	-	*8 10
Allowance for losses on business transfer	*9 10,068	-
Settlement payments	-	*10 621
Loss on reversal of foreign currency translation adjustment	-	*11 164
Total extraordinary losses	18,765	955
Profit before income taxes	30,975	54,324
Income taxes—current	13,901	11,834
Income taxes—deferred	(2,212)	(3,318)
Total income taxes	11,689	8,516
Profit	19,286	45,808
Profit attributable to		
Profit attributable to owners of parent	18,252	44,767
Profit attributable to non-controlling interests	1,033	1,040
Other comprehensive income		
Valuation difference on available-for-sale securities	1,291	(2,022)
Deferred gains or losses on hedges	42	14
Foreign currency translation adjustment	10,096	10,167
Remeasurements of defined benefit plans, net of tax	(224)	231
Total other comprehensive income	*12 11,205	*12 8,391
Comprehensive income	30,491	54,199
Profit attributable to		
Comprehensive income attributable to owners of parent	29,379	52,861
Comprehensive income attributable to non-controlling interests	1,112	1,338

(iii) Consolidated Statement of Changes in Equity

Fiscal year ended 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
Reversal of revaluation reserve for land					-
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
Reversal of revaluation reserve for land								-
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

Fiscal year ended March 31, 2025

(millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,290	-	215,302	(3,608)	218,983
Changes during period					
Dividends of surplus			(6,598)		(6,598)
Profit attributable to owners of parent			44,767		44,767
Reversal of revaluation reserve for land			6		6
Purchase of treasury shares				(16,632)	(16,632)
Disposal of treasury shares		(10)		1,652	1,641
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus		10	(10)		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	38,164	(14,979)	23,184
Balance at end of period	7,290	-	253,466	(18,588)	242,168

	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	2,028	(21)	6	23,019	(320)	24,712	3,356	247,052
Changes during period								
Dividends of surplus								(6,598)
Profit attributable to owners of parent								44,767
Reversal of revaluation reserve for land			(6)			(6)		-
Purchase of treasury shares								(16,632)
Disposal of treasury shares								1,641
Cancellation of treasury shares								-
Transfer from retained earnings to capital surplus								-
Net changes in items other than shareholders' equity	(2,022)	14		9,866	234	8,093	401	8,494
Total changes during period	(2,022)	14	(6)	9,866	234	8,087	401	31,673
Balance at end of period	6	(7)	-	32,886	(85)	32,799	3,757	278,725

(iv) Consolidated statement of cash flows

(millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	30,975	54,324
Impairment losses	8,531	-
Depreciation	14,256	13,007
Amortization of goodwill	354	-
Insurance claim income	-	(878)
Settlement payments	-	621
Increase (decrease) in allowance for doubtful accounts	14	(21)
Increase (decrease) in provision for bonuses	371	562
Increase (decrease) in retirement benefit liability	(106)	189
Decrease (increase) in retirement benefit asset	(1,126)	(654)
Increase (decrease) in allowance for losses on business transfer	10,068	(498)
Interest and dividend income	(1,453)	(2,014)
Interest expenses	720	262
Foreign exchange losses (gains)	(3,662)	49
Loss (gain) on sale and retirement of non-current assets	89	133
Loss (gain) on sale of investment securities	-	(1,729)
Loss (gain) on valuation of investment securities	(61)	(106)
Loss on reversal of foreign currency translation adjustment	-	164
Decrease (increase) in trade receivables	(2,608)	6,569
Decrease (increase) in inventories	2,688	(1,999)
Decrease (increase) in other assets	(1)	784
Increase (decrease) in trade payables	14	(117)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	927	(2,300)
Increase (decrease) in other liabilities	1,226	(176)
Other, net	(519)	757
Subtotal	60,700	66,927
Interest and dividends received	1,468	2,060
Interest paid	(799)	(271)
Proceeds from insurance income	-	878
Income taxes refund (paid)	(14,112)	(15,376)
Net cash provided by (used in) operating activities	47,257	54,217
Cash flows from investing activities		
Payments into time deposits	(17,063)	(13,403)
Proceeds from withdrawal of time deposits	16,834	15,748
Proceeds from sale and redemption of securities	12	0
Purchase of non-current assets	(8,799)	(18,185)
Proceeds from sale of non-current assets	345	76
Purchase of investment securities	(13)	(159)
Proceeds from sale of investment securities	581	3,239
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(11,128)
Other, net	(32)	(78)
Net cash provided by (used in) investing activities	(8,135)	(23,891)

(millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from financing activities		
Proceeds from short-term borrowings	0	-
Repayments of short-term borrowings	(4,106)	(281)
Repayments of lease liabilities	(2,199)	(1,841)
Repayments of long-term borrowings	(10,203)	(10,075)
Proceeds from sale of treasury shares	323	1,026
Purchase of treasury shares	(3,037)	(16,632)
Dividends paid	(6,519)	(6,597)
Dividends paid to non-controlling interests	(280)	(754)
Net cash provided by (used in) financing activities	(26,024)	(35,154)
Effect of exchange rate change on cash and cash equivalents	6,692	3,902
Net increase (decrease) in cash and cash equivalents	19,790	(926)
Cash and cash equivalents at beginning of period	122,233	142,024
Cash and cash equivalents at end of period	*1 142,024	*1 141,097

[Notes to Consolidated Financial Statements]

(Significant matters serving as the basis for preparing consolidated financial statements)

1. Matters related to scope of consolidation

(1) Number of consolidated subsidiaries: 46

The names of major consolidated subsidiaries are omitted here because they are stated in “4. Status of Subsidiaries and Associates” in “I. Company Overview.”

- Companies included in the scope of consolidation due to their establishment during the fiscal year under review
Simmons Bedding Manufacturing (Thailand) Co., Ltd.
- Companies excluded from the scope of consolidation due to transfer of shares during the fiscal year under review
Nifco Germany GmbH
Nifco KTW America Corporation
Nifco Germany doo Subotica
1 other company
- Companies excluded from the scope of consolidation due to company liquidation in the fiscal year under review
Nifco de Mexico, S. De R.L. de C.V

(2) Names of non-consolidated subsidiaries and reasons for exclusion from the scope of consolidation

Breezeway Capital Inc.

The non-consolidated subsidiary is excluded from the scope of consolidation because it is small in size, and its total assets, net sales, profit (amount corresponding to equity) and retained earnings (amount corresponding to equity) have only a minor impact on the consolidated financial statements and it is not significant as a whole.

2. Matters related to application of the equity method

(1) Change in scope of application of equity method

Companies excluded from the scope of application of the equity method due to company liquidation in the fiscal year under review

Nichiei Seiki Co., Ltd.

- (2) The non-consolidated subsidiary not accounted for by the equity method (Breezeway Capital Inc.) is excluded from the scope of application of the equity method because, even if it is excluded from the scope of application of the equity method, its impact on the consolidated financial statements is minimal and it is not significant as a whole in terms of profit (amount corresponding to equity) and retained earnings (amount corresponding to equity).

3. Matters related to fiscal years, etc. of consolidated subsidiaries

Subsidiaries whose closing date differs from the consolidated closing date (March 31) are as follows.

Companies whose closing date is December 31

Nifco America Corporation
Nifco Korea USA Inc.
Nifco U.K. Ltd.
Nifco Poland Sp. z o.o.
Shanghai Nifco Plastic Manufacturer Co., Ltd.
Dongguan Nifco Co., Ltd.
Tifco (Dongguan) Co., Ltd.
Beijing Nifco Co., Ltd.
Nifco (HK) Ltd.
Nifco Taiwan Corporation
Nifco Korea Inc.
Nifco (Thailand) Co., Ltd.
Union Nifco Co., Ltd.
Nifco Manufacturing (Malaysia) Sdn. Bhd.
Nifco Vietnam Ltd.
Simmons Bedding & Furniture (HK) Limited.
24 other companies

The financial statements as of the closing date are used in preparing consolidated financial statements. However, significant transactions that occurred during the period from January 1, 2025 to the consolidated closing date of March 31, 2025, have been adjusted as necessary for consolidation.

4. Matters related to accounting policies
- (1) Valuation standards and methods for significant assets
- (i) Securities
- a. Held-to-maturity bonds
Stated at amortized cost (straight-line method).
- b. Available-for-sale securities
Those other than stocks, etc. with no market prices
Stated at fair value (with any unrealized gains or losses being reported directly to net assets and the cost of any securities sold being calculated mainly by the moving average method).
Stocks, etc. with no market prices
Stated at cost determined mainly by the moving average method.
- (ii) Derivatives
Stated at fair value.
- (iii) Inventories
- a. Merchandise, finished goods, work in process, raw materials and supplies (excluding inventories related to molds)
Mainly stated at cost determined by the periodic average method (with balance sheet values reflecting write-downs for decreased profitability).
- b. Inventories related to molds
Stated at cost determined by the specific identification method (with balance sheet values reflecting write-downs for decreased profitability).
- (2) Depreciation method for significant depreciable assets
- (i) Property, plant and equipment (excluding leased assets)
The straight-line method is used for the Company and its subsidiaries in Japan, and the straight-line method is mainly used for overseas subsidiaries.
The principal useful lives are as follows.
- | | |
|-----------------------------------|---------------|
| Buildings and structures | 2 to 50 years |
| Machinery, equipment and vehicles | 2 to 20 years |
| Tools, furniture and fixtures | 1 to 20 years |
| Molds | 1 to 11 ears |
- (ii) Intangible assets (excluding leased assets)
Amortized over the estimated economic useful lives.
Software for internal use is amortized by the straight-line method over its internal useful life (five years).
- (iii) Leased assets
The straight-line method is applied with estimated useful lives equal to lease terms and zero residual values.
- (3) Basis for significant provisions
- (i) Allowance for doubtful accounts
To prepare for possible credit losses on trade receivables and loans receivable, an estimated uncollectible amount is provided based on the historical bad debt ratio for general receivables and in consideration of the individual collectibility for specific receivables such as doubtful receivables.
- (ii) Provision for bonuses
The Company and some of its consolidated subsidiaries make a provision for bonuses payable to employees based on the estimated payments.

(4) Method of accounting for retirement benefits

In calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review is mainly based on the benefit formula standard.

Prior service costs are amortized on a straight-line basis over a certain number of years within the average remaining service period of employees from the fiscal year in which they are incurred. For certain consolidated subsidiaries, they are immediately expensed as incurred.

Actuarial gains and losses are amortized on a straight-line basis over a certain number of years (10 years) within the average remaining service period of employees from the fiscal year in which they are incurred. For certain consolidated subsidiaries, they are immediately expensed as incurred or amortized on a straight-line basis over a period of 5 to 10 years from the following fiscal year in which they are incurred.

Unrecognized actuarial gains and losses and unrecognized prior service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets after adjusting for tax effects.

In calculating retirement benefit liabilities and retirement benefit expenses, certain consolidated subsidiaries apply the simplified method whereby the benefits payable upon the voluntary retirement of all employees at the end of the period are regarded as retirement benefit obligations.

(5) Basis for recognition of significant revenues and expenses

The main performance obligations of the Company and its consolidated subsidiaries relating to revenue from contracts with customers in their principal businesses and the normal point in time at which such obligations are fulfilled (the normal point in time at which revenue is recognized) are as follows.

(i) Industrial plastic parts & components

In the Industrial plastic parts & components business, the Company mainly manufactures and sells industrial plastic fasteners, plastic precision molded parts, etc., and provides customers with parts used in the automobile and home appliance industries.

For the sale of these products, based on sales contracts with customers, the Company identifies the delivery of the products as performance obligations, and determines that customers acquire control of the products at the time of delivery in principle and that the performance obligations are fulfilled at a point in time. Therefore, revenue is recognized at the time of delivery of the products. Performance obligations for which transaction prices are allocated are sold independently.

In calculating transaction prices, revenue is recognized in the amount of the consideration promised in contracts with customers after deducting discounts, etc.

The amount of the consideration does not include a significant financing component and has not been adjusted. Consideration for performance obligations is generally received within one year based on the point in time at which the performance obligations to customers are fulfilled and the customers' payment terms.

In the case of pay-for-value transactions that fall under a repurchase agreement, inventories are recognized for the payables remaining in the payee as financial transactions, and "other current liabilities" are recognized in the amount equivalent to the value of inventories at the end of the period for the payables remaining in the payee. For pay-for-value transactions, only the amount equivalent to processing charges is recognized as revenue.

(ii) Bedding & furniture

In the Bedding & furniture business, the Company manufactures and sells beds as well as purchases and sells bedding products and furniture, and supplies them to mass retailers, specialty stores, department stores and hotels, etc.

For the sale of these products and/or merchandise, based on sales contracts with customers, the Company identifies the delivery of the products and/or merchandise as performance obligations, and determines that customers acquire control of the products and/or merchandise at the time of delivery in principle and that the performance obligations are fulfilled at a point in time. Therefore, revenue is recognized at the time of delivery of the products and/or merchandise. Performance obligations of transaction prices are usually sold independently.

In calculating transaction prices, revenue is recognized in the amount of the consideration promised in contracts with certain customers after deducting promotion expenses, etc.

The amount of the consideration does not include a significant financing component and has not been adjusted. Consideration for performance obligations is generally received within one year based on the point in time at which the performance obligations to customers are fulfilled and the customers' payment terms.

In the case of certain pay-for-value transactions, inventories are recognized for the payables remaining in the payee as financial transactions, and "other current liabilities" are continuously recognized for the amount equivalent to the value of inventories at the end of the period for the payables remaining in the payee.

(6) Basis for translation of significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot

exchange rates prevailing at the closing date, and any translation differences are recognized as gains or losses. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate at the closing date, income and expenses are translated at the average exchange rate during the period, and any translation differences are included in non-controlling interests and foreign currency translation adjustment under net assets.

(7) Significant hedge accounting method

(i) Hedge accounting method

Deferred hedge accounting is applied. In addition, the appropriation treatment is applied for hedges of foreign exchange fluctuation risks if the requirements for the treatment are met, and the special treatment is applied for interest rate swaps if the requirements for the treatment are met.

(ii) Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting was applied in the fiscal year under review are as follows.

Hedging instruments: Currency swaps and interest rate swaps

Hedged items: Loans receivable

(iii) Hedging policy

The Company hedges foreign exchange fluctuation risks and interest rate fluctuation risks mainly in accordance with its internal rules, the “Rules on Handling Derivatives.” Consolidated subsidiaries obtain approval from the Company in accordance with the Rules on the Authority of Domestic Subsidiaries and Associates and the Rules on the Authority of Overseas Subsidiaries and Associates.

(iv) Evaluation method of hedge effectiveness

The effectiveness is evaluated based on the provisions of the “Practical Guidelines on Accounting Standards for Financial Instruments” (Japanese Institute of Certified Public Accountants).

However, the evaluation of hedge effectiveness is omitted for transactions for which the special treatment or the appropriation treatment prescribed in Accounting Standards for Financial Instruments, etc. is applied as hedge accounting treatment.

(8) Amortization method and amortization period of goodwill

Goodwill is amortized on a straight-line basis over the estimated benefit period.

(9) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand, readily available deposits and readily marketable short-term investments bearing an insignificant risk of price fluctuation with original maturities not exceeding three months.

(Significant accounting estimates)

(Estimates of impairment losses on non-current assets)

Fiscal year ended March 31, 2024

(1) Amount recorded in the consolidated financial statements for the previous fiscal year

Nifco Germany GmbH	Book value of non-current assets	32 million yen	Impairment losses	5,368 million yen
Nifco KTW America Corporation	Book value of non-current assets	10 million yen	Impairment losses	3,162 million yen

(2) Information on significant accounting estimates for identified items

As described in “Notes to Consolidated Financial Statements (Consolidated statement of income and statement of comprehensive income)” under “*6 impairment loss,” due to the conclusion of a business transfer agreement on Nifco Germany GmbH and Nifco KTW America Corporation, etc., which are consolidated subsidiaries engaging in the German automobile business and included in the Industrial plastic parts & components segment, in the event of sale, the business subject to sale is grouped as a single cash-generating unit with respect to the assets related to the business subject to the sale. In the transfer, Nifco Inc. provided additional capital increases and loans to the German automobile business directly or indirectly under the business transfer agreement.

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.” If the fair value less costs to sell falls below the book value, any difference between the book value and the fair value less costs to sell is recognized as an impairment loss. Since as a result of measurement, it was found that the fair value less costs to sell fell below the book value, the book value has been reduced to the fair value less costs to sell, and the amount of reduction is recognized as an impairment loss (8,531 million yen). The estimated fair value less costs to sell for the measurement of impairment loss is calculated based on the business transfer agreement, etc. Any development in the status of future business transfers may incur additional impairment losses in the consolidated financial statements for the following fiscal year and beyond.

(Estimates of impairment losses on non-current assets)

Fiscal year ended March 31, 2025

Not applicable.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes, etc.)

"Accounting Standard for Current Income Taxes, etc" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") and other guidelines have been applied since the beginning of the fiscal year under review.

Revisions to the categories used to record current income taxes (taxation on other comprehensive income) align with the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). This change in accounting policies has no impact on the consolidated financial statements.

Additionally, the Revised Guidance 2022 has been applied to changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc., among consolidated companies is deferred for tax purposes. It has been applied since the beginning of the fiscal year under review. This change in accounting policies has been applied retroactively and is reflected in the consolidated financial statements after retrospective application for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules")

The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ Practical Solution No. 46, March 22, 2024) since the beginning of the fiscal year under review.

(Unapplied accounting standards, etc.)

Not applicable.

(Changes in presentation)

Not applicable.

(Additional Information)

(Executive stock compensation plan)

The Company introduced a stock compensation plan for Directors, etc. (hereinafter referred to as the "Plan") on August 22, 2016, for the purpose of raising awareness of the need to help improve business performance and enhance corporate value of the Company in the medium to long term. As the Plan was valid until August 31, 2019, the Company resolved at the Board of Directors meeting held on May 20, 2019, to submit a proposal for the continuation and partial revision of the Plan to the 67th Annual General Meeting of Shareholders held on June 21, 2019, and the proposal was approved at the same Annual General Meeting of Shareholders.

Along with the transition to a company with an Audit & Supervisory Committee, the Company resolved at the Board of Directors meeting held on May 20, 2021 to submit a proposal for the continuation and partial revision of the Plan after abolishing the compensation limits at that time for Directors and Executive Officers and setting the compensation limits based on the Plan for Directors and Executive Officers who are not Audit & Supervisory Committee Members (excluding External Directors and overseas residents) to the 69th Annual General Meeting of Shareholders held on June 24, 2021, and the proposal was approved at the same Annual General Meeting of Shareholders.

With regard to stock compensation, since fiscal year 2016, the Company has adopted a system that grants points to eligible individuals during their terms of office and upon retirement, delivering shares equivalent to the number of points held, using a trust mechanism. However, at the Board of Directors meeting held on May 17, 2024, it was resolved to propose at the 72nd Annual General Meeting of Shareholders scheduled for June 20, 2024, a change in the method of delivering shares to be transferred to each eligible person during their term of office, using a trust mechanism, in accordance with the number of points granted to each eligible person during their term of office, effective from fiscal year 2024. This proposal was approved at the aforementioned shareholders' meeting.

(1) Overview of transactions

The Plan adopts a scheme called a Board Incentive Plan (BIP) Trust (hereinafter referred to as “BIP Trust”). The BIP Trust is an incentive plan for officers based on the performance-linked stock compensation (Performance Share) plan and the restricted stock compensation (Restricted Stock) plan in the United States. Before the partial revision of this system implemented in fiscal year 2024, the Company’s shares acquired by the BIP Trust and the money equivalent to the Company’s shares converted into cash were granted and paid to Directors, etc., in principle at the time of their retirement according to their executive ranks, the achievement level of performance targets and others. However, following the revision of this system, the Company’s shares acquired by the BIP Trust will be delivered to Directors, etc., during their terms of office according to their executive ranks, the achievement level of performance targets, and others, but with a restriction on transferring their shares until they retire.

Voting rights of the Company Shares held within the Trust shall not be exercised throughout the trust period in order to ensure neutrality to management.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares in the net assets section at the carrying amount in the trust (excluding the amount of ancillary expenses). The carrying amount and number of shares of treasury stock were 1,143 million yen and 377,810 shares in the previous fiscal year, and 1,020 million yen and 304,393 shares in the fiscal year under review.

(Employee stock compensation plan)

The Company introduced a stock compensation plan for employees (hereinafter referred to as the “Plan”) on August 27, 2018, for the purpose of raising awareness of the need to help improve business performance and enhance corporate value of the Company in the medium to long term.

(1) Overview of transactions

The Plan adopts a scheme called the stock grant Employee Stock Ownership Plan (ESOP) Trust (hereinafter referred to as “ESOP Trust”). The ESOP Trust is an employee incentive plan based on the ESOP system in the United States, and the Company’s shares acquired by the ESOP Trust are granted to executive-level employees who meet certain requirements and employees who contribute significantly to the Company’s business performance pursuant to the prescribed Share Grant Rules.

No burden is imposed on employees since the funds for the acquisition of the Company’s shares to be acquired by the trust are entirely contributed by the Company.

The Company expects that introducing the ESOP Trust will facilitate business operations with the awareness of the share price and increase work motivation since employees can receive economic benefits from the increased share price of the Company’s shares. In addition, the exercise of voting rights pertaining to the Company’s shares belonging to the trust property of the ESOP Trust reflects the intention of employees who are potential beneficiaries, and the Plan is effective as a plan to enhance corporate value and to encourage employees’ participation in management.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares in the net assets section at the carrying amount in the trust (excluding the amount of ancillary expenses). The carrying amount and number of shares of treasury stock were 161 million yen and 49,739 shares in the previous fiscal year, and 161 million yen and 49,739 shares in the fiscal year under review.

(Consolidated balance sheet)

*1 Assets pledged as collateral are as follows.

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	56 Millions of yen	-
Notes receivable-trade	175	-
Total	232	-

Collateralized debts are as follows.

	As of March 31, 2024	As of March 31, 2025
Notes payable-trade	185 Millions of yen	-

*2 Accumulated depreciation of property, plant and equipment includes accumulated impairment.

*3 Those related to associates are as follows.

	As of March 31, 2024	As of March 31, 2025
Investment securities (shares)	54 million yen	54 million yen

4 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 statement of income and statement of comprehensive income)

*1 Research and development expenses included in manufacturing expenses for the period and general and administrative expenses are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Manufacturing expenses for the period	2,116 million yen	2,407 million yen
General and administrative expenses	1,930	2,008
Total	4,046	4,415

*2 Gain on sale of non-current assets

Fiscal year ended March 31, 2024

It is mainly due to the sale of buildings and structures.

Fiscal year ended March 31, 2025

It is mainly due to the sale of buildings and structures.

*3 Gain on sale of investment securities

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

These shares were sold in accordance with the policy for holding cross-shareholdings.

*4 Insurance claim income

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

It is the proceeds from insurance income for the fire accident that occurred in September 2014 at Nifco Korea Poland Sp. z o.o., an overseas consolidated subsidiary.

*5 Reversal of allowance for losses on business transfer

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

The business transfer of the Company's consolidated subsidiaries, including Nifco Germany GmbH and Nifco KTW America Corporation, was completed on April 15, 2024.

The anticipated costs related to this business transfer were estimated and recorded as allowances for losses on business transfer. Upon finalization of the actual costs, the difference was recorded as a reversal of allowance for losses on business transfer.

*6 Impairment losses

Fiscal year ended March 31, 2024

The Group recorded impairment losses on the following assets and asset groups.

Location	Application	Class	Impairment loss amount
Nifco Germany GmbH	Industrial plastic parts & components	Machinery, equipment and vehicles, tools, furniture and fixtures, other tangible 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

The Group classifies business assets for internal use into groups for each office or consolidated subsidiary, and real estate for rent, idle assets and assets to be sold into groups for each individual property.

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 was 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.” Since, as a result of measurement, it was found that the fair value less costs to sell fell below the book value, the book value has been reduced to the fair value less costs to sell, and the amount of reduction was recorded as an impairment loss (8,531 million yen).

The main items in the breakdown are as follows: Nifco Germany GmbH (machinery, equipment and vehicles, 1,522 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).

Fiscal year ended March 31, 2025

Not applicable.

*7 Loss on sale and retirement of non-current assets

Fiscal year ended March 31, 2024

It is mainly due to the disposal of buildings, structures, molds, etc.

Fiscal year ended March 31, 2025

It is mainly due to the disposal of buildings, structures, molds, etc.

*8 Loss on valuation of investment securities

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Due to a significant decline in the valuation of specific investment securities held by the Company relative to their acquisition cost, the Company recorded a 10 million yen loss on valuation of investment securities due to impairment.

*9 Allowance for losses on business transfer

Fiscal year ended March 31, 2024

The agreement on the transfer of our consolidated subsidiary Nifco Germany GmbH and its subsidiary Nifco KTW America Corporation contractually stipulated that the Company shall waive all loans to both companies upon the completion of the transfer agreement.

Accordingly, the amount of loss expected to be incurred due to the forgiveness of claims on loans to Nifco KTW America Corporation at the completion of the transfer agreement was recorded as allowance for losses on business transfer.

Fiscal year ended March 31, 2025

Not applicable.

*10 Settlement payments

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

During the second quarter of the fiscal year under review, the Company recorded a provision for loss on litigation related to a lawsuit involving a consolidated subsidiary and a customer as defendants. This decision was based on the estimated amount of losses and the progress of the case, among others, following the interlocutory judgment in the first trial delivered on October 4, 2024.

On February 26, 2025, a settlement was reached with the plaintiff, finalizing the loss amount and recording it as a settlement payment.

*11 Loss on reversal of foreign currency translation adjustment

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

This was the result of reversing the foreign currency translation adjustment due to the completion of the liquidation of a consolidated subsidiary in Mexico.

*12 Reclassification adjustments, income taxes, and tax effects of other comprehensive income

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities:		
Amount accrued during the period	1,861 million yen	(1,181 million yen)
Reclassification adjustments	-	(1,729)
Before income taxes and tax effect adjustments	1,861	(2,911)
Income taxes and tax effects	(570)	889
Valuation difference on available-for-sale securities	1,291	(2,022)
Deferred gains or losses on hedges:		
Amount accrued during the period	14 million yen	72 million yen
Reclassification adjustments	40	(54)
Before income taxes and tax effect adjustments	55	18
Income taxes and tax effects	(13)	(4)
Deferred gains or losses on hedges	42	14
Foreign currency translation adjustment:		
Amount accrued during the period	9,937 million yen	12,571 million yen
Reclassification adjustments	151	(2,402)
Before income taxes and tax effect adjustments	10,089	10,169
Income taxes and tax effects	7	(2)
Foreign currency translation adjustment	10,096	10,167
Remeasurements of defined benefit plans, net of tax:		
Amount accrued during the period	(410 million yen)	151 million yen
Reclassification adjustments	202	214
Before income taxes and tax effect adjustments	(207)	366
Income taxes and tax effects	(17)	(134)
Remeasurements of defined benefit plans, net of tax	(224)	231
Total other comprehensive income	11,205	8,391

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2024

1. Matters related to the class and total number of issued shares and the class and number of treasury shares

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in number of shares during the fiscal year under review (shares)	Decrease in number of shares during the fiscal year under review (shares)	Number of shares at the end of the fiscal year under review (shares)
Issued shares				
Common stock (Note) 1	107,508,954	-	7,251,901	100,257,053
Total	107,508,954	-	7,251,901	100,257,053
Treasury shares				
Common stock (Notes) 1, 2, 3, 4	7,577,913	797,638	7,344,534	1,031,017
Total	7,577,913	797,638	7,344,534	1,031,017

- (Notes) 1. The number of shares at the beginning of the fiscal year under review includes 413,221 shares of the Company held by the executive compensation BIP trust account and 49,739 shares of the Company held by the stock grant ESOP trust account.
2. The increase in the number of treasury shares of common stock of 797,638 shares was an increase of 797,300 shares through the market purchase of treasury shares based on the resolution of the Board of Directors and an increase of 338 shares through the purchase of shares less than one unit.
3. The decrease in the number of treasury shares of common stock of 7,344,534 shares was a decrease of 7,251,901 shares through the market purchase of treasury shares based on the resolution of the Board of Directors, a decrease of 57,222 shares through the disposal of the Company's shares to the Nifco Employee Stock Ownership Association, and a decrease of 35,411 shares due to the stock grant from the executive compensation BIP trust account.
4. The number of shares at the end of the fiscal year under review includes 377,810 shares of the Company held by the executive compensation BIP trust account and 49,739 shares of the Company held by the stock grant ESOP trust account.

2. Matters related to dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 22, 2023	Common stock	3,313	33	March 31, 2023	June 23, 2023
Board of Directors meeting held on October 31, 2023	Common stock	3,207	32	September 30, 2023	November 27, 2023

- (Notes) 1. The total amount of dividends resolved at the Annual General Meeting of Shareholders held on June 22, 2023, includes dividends of 13 million yen to the executive compensation BIP trust account and 1 million yen to the stock grant ESOP trust account.
2. The total amount of dividends resolved by the Board of Directors meeting held on October 31, 2023, includes 12 million yen to the executive compensation BIP trust account and 1 million yen to the stock grant ESOP trust account.

(2) Dividends whose record date belongs to the fiscal year under review and whose effective date belongs to the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 20, 2024	Common stock	3,188	Retained earnings	32	March 31, 2024	June 21, 2024

- (Note) The total amount of dividends includes 12 million yen to the executive compensation BIP trust account and 1 million yen to the stock grant ESOP trust account.

Fiscal year ended March 31, 2025

1. Matters related to the class and total number of issued shares and the class and number of treasury shares

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in number of shares during the fiscal year under review (shares)	Decrease in number of shares during the fiscal year under review (shares)	Number of shares at the end of the fiscal year under review (shares)
Issued shares				
Common stock (Note) 1	100,257,053	-	-	100,257,053
Total	100,257,053	-	-	100,257,053
Treasury shares				
Common stock (Notes) 1, 2, 3, 4	1,031,017	4,515,570	487,737	5,058,850
Total	1,031,017	4,515,570	487,737	5,058,850

- (Notes) 1. The number of shares at the beginning of the fiscal year under review includes 377,810 shares of the Company held by the executive compensation BIP trust account and 49,739 shares of the Company held by the stock grant ESOP trust account.
2. The increase in the number of treasury shares of common stock of 4,515,570 shares was due to an increase of 4,346,700 shares through the market purchase of treasury shares based on the resolution of the Board of Directors, an increase of 168,500 shares through the acquisition of the Company's shares by the executive compensation BIP trust account and an increase of 370 shares through the purchase of shares less than one unit.
3. The decrease in the number of treasury shares of common stock of 487,737 shares was due to a decrease of 77,320 shares through the disposal of treasury shares to the Nifco Employee Stock Ownership Association based on the resolution of the Board of Directors, a decrease of 168,500 shares due to the transfer of the Company's shares to the executive compensation BIP trust account, and a decrease of 241,917 shares due to the stock grant from the executive compensation BIP trust account.
4. The number of shares at the end of the fiscal year under review includes 304,393 shares of the Company held by the executive compensation BIP trust account and 49,739 shares of the Company held by the stock grant ESOP trust account.

2. Matters related to dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 20, 2024	Common stock	3,188	32	March 31, 2024	June 21, 2024
Board of Directors meeting held on October 31, 2024	Common stock	3,410	35	September 30, 2024	November 25, 2024

- (Notes) 1. The total amount of dividends resolved at the Annual General Meeting of Shareholders held on June 20, 2024, includes dividends of 12 million yen to the executive compensation BIP trust account and 1 million yen to the stock grant ESOP trust account.
2. The total amount of dividends resolved by the Board of Directors meeting held on October 31, 2024 includes 4 million yen to the executive compensation BIP trust account and 1 million yen to the stock grant ESOP trust account.

(2) Dividends whose record date belongs to the fiscal year under review and whose effective date belongs to the following fiscal year

At the Annual General Meeting of Shareholders to be held on June 24, 2025, the Company proposes the following items.

(Resolution)	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 24, 2025	Common stock	3,822	Retained earnings	40	March 31, 2025	June 25, 2025

(Note) The total amount of dividends includes 12 million yen to the executive compensation BIP trust account and 1 million yen to the stock grant ESOP trust account.

(Consolidated statement of cash flows)

*1 Relationship between the ending balance of cash and cash equivalents and the amounts of items stated in the consolidated balance sheet

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	149,784 millions of yen	146,232 millions of yen
Time deposits with original maturities of more than three months	(8,883)	(6,476)
Securities that are short-term investments within three months	1,122	1,340
Cash and cash equivalents	142,024	141,097

*2. The following is a detailed breakdown of the assets and liabilities of the companies that were deconsolidated after shares were sold during the fiscal year under review.

Nifco Germany GmbH

Current assets 14,986 million yen

Non-current assets 33 million yen

Current liabilities (5,169 million yen)

Non-current liabilities (2,325 million yen)

Nifco KTW America Corporation

Current assets 7,133 million yen

Non-current assets 11 million yen

Current liabilities (15,428 million yen)

Non-current liabilities (787 million yen)

The amount of 11,128 million yen is presented as “payments for sale of shares of subsidiaries resulting in change in scope of consolidation,” taking into account the increase or decrease in cash and cash equivalents related to the sale of shares from cash and cash equivalents included in the above current assets.

(Lease transactions)

(Borrower Side)

Operating lease transactions

Future lease payments on non-cancelable operating lease transactions

(millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within 1 year	4	24
After 1 year	7	27
Total	11	52

(Financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

The Group procures part of the funds necessary mainly for capital investment by borrowing from banks and issuing bonds. Funds requiring liquidity are invested mainly in checkable deposits, and funds that can be invested in the medium to long term are invested in bonds and time deposits. The Group uses derivatives to avoid the risks described below, and will not engage in speculative transactions.

(2) Details of financial instruments and associated risks

Trade receivables, including notes receivable–trade, electronically recorded monetary claims–operating and accounts receivable–trade, are exposed to customers’ credit risks. Trade receivables denominated in foreign currencies that arise when conducting business overseas are exposed to foreign exchange fluctuation risks.

Securities and investment securities are mainly held-to-maturity bonds, government bonds, stocks of companies with business relationships and investments in investment partnerships, etc., and bonds and listed stocks are exposed to market price fluctuation risks.

Trade payables, including notes and accounts payable–trade, and accounts payable–other, are mostly due within one year. Certain trade payables denominated in foreign currencies are exposed to foreign exchange fluctuation risks.

Borrowings and bonds are mainly for the purpose of raising funds for capital investment, and the redemption date is up to four years after the financial closing date. Some of them are exposed to interest rate fluctuation risks, which are hedged using derivatives (currency swaps and interest rate swaps).

Derivatives include currency options, currency swaps and forward exchange contracts that aim to hedge the risks of fluctuations in exchange rates associated with foreign currency-denominated receivables and payables, and interest rate swaps that aim to hedge the risks of fluctuations in interest rates payable associated with borrowings. For hedging instruments and hedged items, hedging policy, and evaluation method of hedge effectiveness, etc. concerning hedge accounting, please refer to “(7) Significant hedge accounting method” in “4. Matters related to accounting policies” above.

(3) Risk management system for financial instruments

(i) Management of credit risks (risks associated with business partners’ non-performance)

With regard to trade receivables and others, the Company has the sales management personnel at each business division periodically monitor the status of major business partners and manage due dates and balances by individual business partner in order to detect early and mitigate concerns about collection due to a deterioration in financial conditions and other factors. Consolidated subsidiaries also have similar management systems in place.

The Company limits counterparties of derivatives to financial institutions with high credit ratings to reduce credit risks.

(ii) Management of market risks (risks of fluctuations in foreign exchange rates and interest rates, etc.)

To hedge risks of future exchange rates associated with foreign currency-denominated receivables and payables, the Company mainly uses currency swaps and forward exchange contracts within the balance of the foreign currency-denominated receivables and payables. Interest rate swaps are also used to reduce the risks of fluctuations in interest rates payable associated with borrowings.

For securities and investment securities, the Company periodically monitors fair values and the financial conditions of issuers (business partners). In addition, for securities other than held-to-maturity bonds, the Company continuously reviews the status of holdings in consideration of market conditions and relationships with business partners.

Derivatives are executed and managed by the funding department with the approval of the responsible person in accordance with the “Rules for Handling Derivatives.”

Consolidated subsidiaries also have similar management systems in place.

(iii) Management of liquidity risks associated with funding (risks of inability to make payments on due dates)

The Company manages liquidity risks by having the department in charge prepare and update the funding plan in a timely manner based on reports from respective departments, and by maintaining liquidity on hand. Consolidated subsidiaries also have similar management systems in place.

(4) Supplementary explanations on matters concerning the fair value, etc. of financial instruments

Since the fair value of financial instruments is measured by incorporating variable factors, the value may vary depending on the assumptions used. In addition, the contract amount, etc. related to derivatives in the notes to “Derivatives” does not indicate the market risk associated with derivatives.

2. Matters concerning the fair value, etc. of financial instruments

The book value on the consolidated balance sheet and fair value of financial instruments as well as differences between them are as follows. The description of cash and financial instruments settled in a short period of time is omitted since their fair value equals or approximates to their book value.

As of March 31, 2024

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Accounts receivable–trade	57,410	57,399	(10)
(2) Securities and investment securities (*1)			
(i) Held-to-maturity bonds	1,124	1,124	(0)
(ii) Available-for-sale securities	4,658	4,658	-
Total assets	63,193	63,182	(11)
(1) Bonds payable	35,000	34,091	(908)
(2) Long-term borrowings (including current portion)	10,360	10,353	(6)
Total liabilities	45,360	44,444	(915)
Derivatives (*2)	99	99	-

As of March 31, 2025

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
(1) Accounts receivable–trade	52,214	52,207	(7)
(2) Securities and investment securities (*1)			
(i) Held-to-maturity bonds	1,343	1,343	0
(ii) Available-for-sale securities	575	575	-
Total assets	54,134	54,126	(7)
(1) Bonds payable	35,000	33,721	(1,278)
(2) Long-term borrowings (including current portion)	285	275	(9)
Total liabilities	35,285	33,997	(1,287)
Derivatives (*2)	86	86	-

(*1) Stocks, etc. with no market prices are not included in “(2) Securities and investment securities.” The book value on the consolidated balance sheet of such financial instruments is as follows.

Category	Previous fiscal year (millions of yen)	Fiscal year under review (millions of yen)
Unlisted stocks	124	114
Investments in investment partnerships, etc.	0	0
Total	124	114

(*2) Receivables and payables arising from derivatives are presented in net amounts.

(Note) 1. Scheduled redemption amount of monetary receivables and securities with maturities after the consolidated closing date

As of March 31, 2024

	Due within 1 year (millions of yen)	Due after 1 year through 5 years (millions of yen)	Due after 5 years through 10 years (millions of yen)	Due after 10 years (millions of yen)
Cash and deposits	149,784	-	-	-
Notes receivable–trade	1,750	-	-	-
Electronically recorded monetary claims–operating	8,114	-	-	-
Accounts receivable–trade	56,030	1,379	-	-
Securities and investment securities				
Held-to-maturity bonds				
(1) Government and municipal bonds	1,122	2	-	-
(2) Other	-	-	-	-
Available-for-sale securities with maturities				
(1) Government and municipal bonds	-	-	-	-
(2) Bonds	-	-	-	-
(3) Other	-	-	-	-
Total	216,804	1,381	-	-

As of March 31, 2025

	Due within 1 year (millions of yen)	Due after 1 year through 5 years (millions of yen)	Due after 5 years through 10 years (millions of yen)	Due after 10 years (millions of yen)
Cash and deposits	146,232	-	-	-
Notes receivable–trade	1,129	-	-	-
Electronically recorded monetary claims–operating	6,807	-	-	-
Accounts receivable–trade	51,700	514	-	-
Securities and investment securities				
Held-to-maturity bonds				
(1) Government and municipal bonds	1,340	2	-	-
(2) Other	-	-	-	-
Available-for-sale securities with maturities				
(1) Government and municipal bonds	-	-	-	-
(2) Bonds	-	-	-	-
(3) Other	-	-	-	-
Total	207,211	517	-	-

(Note) 2. Scheduled repayment amount of short-term borrowings, bonds payable and long-term borrowings after the consolidated closing date

As of March 31, 2024

	Due within 1 year (millions of yen)	Due after 1 year through 2 years (millions of yen)	Due after 2 years through 3 years (millions of yen)	Due after 3 years through 4 years (millions of yen)	Due after 4 years through 5 years (millions of yen)	Due after 5 years (millions of yen)
Short-term borrowings	5,529	-	-	-	-	-
Bonds payable	-	10,000	-	-	10,000	15,000
Long-term borrowings	10,075	60	60	60	60	45
Total	15,604	10,060	60	60	10,060	15,045

As of March 31, 2025

	Due within 1 year (millions of yen)	Due after 1 year through 2 years (millions of yen)	Due after 2 years through 3 years (millions of yen)	Due after 3 years through 4 years (millions of yen)	Due after 4 years through 5 years (millions of yen)	Due after 5 years (millions of yen)
Short-term borrowings	199	-	-	-	-	-
Bonds payable	10,000	-	-	10,000	15,000	-
Long-term borrowings	60	60	60	60	45	-
Total	10,259	60	60	10,060	15,045	-

3. Matters related to the breakdown, etc. of fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of the inputs for the fair value measurement.

Level 1 fair value: Fair value measured using, among observable inputs for the fair value measurement, the quoted prices formed in active markets for the assets or liabilities subject to the fair value measurement

Level 2 fair value: Fair value measured using observable inputs for the fair value measurement other than Level 1 inputs

Level 3 fair value: Fair value measured using unobservable inputs for the fair value measurement

If multiple inputs that have a significant impact on the fair value measurement are used, the fair value is classified into the lowest level of priority in the fair value measurement among the levels to which each input belongs.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

As of March 31, 2024

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	4,135	-	-	4,135
Other	-	499	24	523
Derivatives				
Currency-related derivatives	-	99	-	99
Interest-related derivatives	-	-	-	-
Total assets	4,135	598	24	4,757
Derivatives				
Currency-related derivatives	-	-	-	-
Interest-related derivatives	-	-	-	-
Total liabilities	-	-	-	-

As of March 31, 2025

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Stocks	72	-	-	72
Other	-	328	173	502
Derivatives				
Currency-related derivatives	-	86	-	86
Interest-related derivatives	-	-	-	-
Total assets	72	415	173	661
Derivatives				
Currency-related derivatives	-	-	-	-
Interest-related derivatives	-	-	-	-
Total liabilities	-	-	-	-

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

As of March 31, 2024

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable–trade	-	57,399	-	57,399
Securities and investment securities				
Held-to-maturity bonds				
Government and municipal bonds	-	1,124	-	1,124
Total assets	-	58,524	-	58,524
Bonds payable	-	34,091	-	34,091
Long-term borrowings	-	10,353	-	10,353
Total liabilities	-	44,444	-	44,444

As of March 31, 2025

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Accounts receivable–trade	-	52,207	-	52,207
Securities and investment securities				
Held-to-maturity bonds				
Government and municipal bonds	-	1,343	-	1,343
Total assets	-	53,551	-	53,551
Bonds payable	-	33,721	-	33,721
Long-term borrowings	-	275	-	275
Total liabilities	-	33,997	-	33,997

(Note) Explanation of valuation techniques used in and inputs for the fair value measurement

Accounts receivable–trade

The fair value of accounts receivable–trade is measured based on the present value of each receivable categorized by a certain period discounted by the interest rate that takes into account the amount of the receivable, the period to maturity and the credit risk, and their fair value is classified as Level 2.

Securities and investment securities

Available-for-sale securities

Since listed stocks are valued using quoted prices and are traded in active markets, their fair value is classified as Level 1. On the other hand, other classified as Level 2 are not traded actively in markets and they are not deemed to have quoted prices in active markets, and their fair value is classified as Level 2.

Held-to-maturity bonds

Government and municipal bonds held by the Company are not traded actively in markets and they are not deemed to have quoted prices in active markets, and their fair value is classified as Level 2.

Derivatives

The fair value of currency swaps is calculated with the discounted present value method using observable inputs such as interest rates and exchange rates, and their fair value is classified as Level 2.

Bonds payable

The fair value of bonds issued by the Company is measured based on the present value of the total principal and interest discounted by the interest rate that takes into account the remaining term of the bonds and the credit risk, and their fair value is classified as Level 2.

Long-term borrowings

The fair value of long-term borrowings is measured based on the present value of the total principal and interest discounted by the interest rate that takes into account the remaining term of the borrowings and the credit risk, and their fair value is classified as Level 2.

(Securities)

1. Held-to-maturity bonds

As of March 31, 2024

	Class	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Those whose fair value exceeds the book value on the consolidated balance sheet	(1) Government and municipal bonds	-	-	-
	(2) Bonds payable	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Those whose fair value does not exceed the book value on the consolidated balance sheet	(1) Government and municipal bonds	1,124	1,124	(0)
	(2) Bonds payable	-	-	-
	(3) Other	-	-	-
	Subtotal	1,124	1,124	(0)
Total		1,124	1,124	(0)

As of March 31, 2025

	Class	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
Those whose fair value exceeds the book value on the consolidated balance sheet	(1) Government and municipal bonds	-	-	-
	(2) Bonds payable	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Those whose fair value does not exceed the book value on the consolidated balance sheet	(1) Government and municipal bonds	1,343	1,343	-
	(2) Bonds payable	-	-	-
	(3) Other	-	-	-
	Subtotal	1,343	1,343	-
Total		1,343	1,343	-

2. Available-for-sale securities

As of March 31, 2024

	Class	Book value on the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Those whose book value on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	4,113	1,163	2,950
	(2) Bonds			
	(i) Government and municipal bonds	-	-	-
	(ii) Bonds payable	-	-	-
	(iii) Other	-	-	-
	(3) Other	499	-	499
	Subtotal	4,613	1,163	3,499
Those whose book value on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	21	21	-
	(2) Bonds			
	(i) Government and municipal bonds	-	-	-
	(ii) Bonds payable	-	-	-
	(iii) Other	-	-	-
	(3) Other	24	24	-
	Subtotal	45	45	-
Total		4,658	1,209	3,449

(Note) Unlisted stocks such as stocks with no market prices (book value on the consolidated balance sheet: 124 million yen) and investments in investment partnerships, etc. (book value on the consolidated balance sheet: 0 million yen) are not included in “2. Available-for-sale securities” in the above table.

As of March 31, 2025

	Class	Book value on the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Difference (millions of yen)
Those whose book value on the consolidated balance sheet exceeds the acquisition cost	(1) Stocks	63	13	50
	(2) Bonds			
	(i) Government and municipal bonds	-	-	-
	(ii) Bonds payable	-	-	-
	(iii) Other	-	-	-
	(3) Other	328	-	328
	Subtotal	392	13	378
Those whose book value on the consolidated balance sheet does not exceed the acquisition cost	(1) Stocks	9	9	-
	(2) Bonds			
	(i) Government and municipal bonds	-	-	-
	(ii) Bonds payable	-	-	-
	(iii) Other	-	-	-
	(3) Other	173	173	-
	Subtotal	183	183	-
Total		575	196	378

(Note) Unlisted stocks such as stocks with no market prices (book value on the consolidated balance sheet: 114 million yen) and investments in investment partnerships, etc. (book value on the consolidated balance sheet: 0 million yen) are not included in “2. Available-for-sale securities” in the above table.

3. Available-for-sale securities sold

Fiscal year ended March 31, 2024

Class	Amount of proceeds (millions of yen)	Total gains on sale (millions of yen)	Total losses on sale (millions of yen)
Stocks	-	-	-
Total	-	-	-

Fiscal year ended March 31, 2025

Class	Amount of proceeds (millions of yen)	Total gains on sale (millions of yen)	Total losses on sale (millions of yen)
Stocks	2,901	1,729	-
Total	2,901	1,729	-

4. Impairment of securities

As of March 31, 2024

During the fiscal year, no impairment loss is recognized for securities.

As of March 31, 2025

During the fiscal year, an impairment loss of 10 million yen was recorded for investment securities.

When impairment is identified, and the fair value at fiscal year-end has decreased by 50% or more from the acquisition cost, the full impairment amount is recognized. For decreases of 30% to 50%, impairment is recorded for the amount deemed necessary, based on an evaluation of the potential for recovery.

(Derivatives)

1. Derivatives for which hedge accounting is not applied

(1) Currency-related derivatives

As of March 31, 2024

Not applicable.

As of March 31, 2025

Not applicable.

(2) Interest-related derivatives

As of March 31, 2024

Not applicable.

As of March 31, 2025

Not applicable.

2. Derivatives for which hedge accounting is applied

(1) Currency-related derivatives

As of March 31, 2024

Hedge accounting method	Type of derivative	Major hedged items	Contract amount, etc. (millions of yen)	Contract amount, etc. due after 1-year period (millions of yen)	Fair value (millions of yen)
Principle accounting method	Currency swaps Receipt of Korean won and payment of Chinese yuan	Loans receivable	779	389	99
Total			779	389	99

(Note) Method of fair value measurement

The fair value is calculated with the discounted present value method using observable inputs such as interest rates and exchange rates.

As of March 31, 2025

Hedge accounting method	Type of derivative	Major hedged items	Contract amount, etc. (millions of yen)	Contract amount, etc. due after 1-year period (millions of yen)	Fair value (millions of yen)
Principle accounting method	Currency swaps Receipt of Korean won and payment of Chinese yuan	Loans receivable	422	-	86
Total			422	-	86

(Note) Method of fair value measurement

The fair value is calculated with the discounted present value method using observable inputs such as interest rates and exchange rates.

(2) Interest-related derivatives

As of March 31, 2024

Not applicable.

As of March 31, 2025

Not applicable.

(Retirement benefits)

1. Overview of the retirement benefit plan adopted

The Company and its consolidated subsidiaries adopt funded and unfunded types of defined benefit plans and defined contribution plans to provide for retirement benefits to employees.

Certain consolidated subsidiaries calculate retirement benefit liabilities and retirement benefit expenses by the simplified method whereby the benefits payable upon the voluntary retirement of all employees at the end of the period are regarded as retirement benefit obligations.

2. Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method is applied)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Beginning balance of retirement benefit obligations	16,557 million yen	17,948 million yen
Service cost	954	1,047
Interest cost	359	438
Actuarial gains and losses incurred	494	(954)
Retirement benefits paid	(980)	(864)
Prior service costs incurred	(4)	-
Foreign currency translation adjustments	567	168
Other	-	(82)
Ending balance of retirement benefit obligations	17,948	17,702

(2) Reconciliation of beginning and ending balances of plan assets (excluding plans to which the simplified method is applied)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Beginning balance of plan assets	16,833 million yen	19,330 million yen
Expected return	610	683
Actuarial gains and losses incurred	228	(798)
Contributions from employer	2,123	1,497
Retirement benefits paid	(935)	(849)
Foreign currency translation adjustments	469	117
Other	-	(80)
Ending balance of plan assets	19,330	19,900

(3) Reconciliation of the beginning and ending balances of retirement benefit liabilities for plans to which the simplified method is applied

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Beginning balance of retirement benefit liabilities	430 million yen	438 million yen
Retirement benefit expenses	94	98
Retirement benefits paid	(92)	(53)
Other	6	-
Ending balance of retirement benefit liabilities	438	483

(4) Reconciliation of the ending balances of retirement benefit obligations and plan assets and the retirement benefit liabilities and retirement benefit assets reported on the consolidated balance sheet

	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations for funded-type plans	17,466 million yen	17,183 million yen
Plan assets	(19,330)	(19,900)
	(1,863)	(2,717)
Retirement benefit obligations for unfunded-type plans	920	1,007
Net liabilities and assets reported on the consolidated balance sheet	(943)	(1,710)
Retirement benefit liability	1,886	1,760
Retirement benefit assets	(2,829)	(3,470)
Net liabilities and assets reported on the consolidated balance sheet	(943)	(1,710)

(Note) Plans to which the simplified method is applied are included.

(5) Amounts of retirement benefit expenses and their components

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Service cost	954 million yen	1,047 million yen
Interest cost	359	438
Expected return	(610)	(683)
Actuarial gains and losses expensed	207	214
Prior service cost expensed	(4)	-
Retirement benefit expenses calculated by the simplified method	94	98
Other	26	92
Retirement benefit expenses related to defined benefit plans	1,026	1,208

(6) Remeasurements of defined benefit plans, net of tax

Remeasurements of defined benefit plans, net of tax (before income taxes and tax effect) consist of the following.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Actuarial gains and losses	207 million yen	(366 million yen)
Total	207	(366)

(7) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before income taxes and tax effect) consist of the following.

	As of March 31, 2024	As of March 31, 2025
Unrecognized actuarial gains and losses	275 million yen	(71 million yen)
Total	275	(71)

(8) Matters related to plan assets

(i) Major components of plan assets

The ratio of each major category to total plan assets is as follows.

	As of March 31, 2024	As of March 31, 2025
Bonds	41%	43%
Stocks	19	18
General accounts	25	25
Alternative investments	8	7
Other	7	7
Total	100	100

(Note) Alternative investments are primarily investments in hedge funds.

(ii) Method for determining the long-term expected rates of return

To determine the long-term expected rates of return on plan assets, the current and expected allocation of the plan assets as well as the current and future long-term expected rates of return from various assets comprising the plan assets, are considered.

(9) Matters concerning the actuarial calculation bases

Principal actuarial bases (on a weighted average basis)

	As of March 31, 2024	As of March 31, 2025
Discount rates	2.8%	2.9%
Long-term expected rates of return	3.6%	3.5%

3. Defined contribution plans

The required amounts of contribution to the defined contribution plans of the Company and its consolidated subsidiaries were 922 million yen in the previous fiscal year and 1,002 million yen in the fiscal year under review.

(Tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
(Deferred tax assets)		
Accrued enterprise tax	234 million yen	50 million yen
Provision for bonuses	708	856
Loss on valuation of inventories	138	232
Allowance for doubtful accounts	20	19
Allowance for losses on business transfer	3,079	-
Retirement benefit liability	761	761
Impairment losses	4,184	708
Tax loss carryforwards	3,153	1,556
Depreciation	415	489
Unrealized gains on inventories	617	694
Loss on valuation of shares of subsidiaries and associates	-	7,107
Other	3,992	4,539
Subtotal	17,305	17,013
Offset with deferred tax liabilities for the same taxpaying entity	(6,980)	(11,374)
Subtotal deferred tax assets	10,325	5,638
Subtotal valuation allowance (Note)	(8,477)	(2,306)
Total deferred tax assets	1,847	3,332
(Deferred tax liabilities)		
Valuation difference on available-for-sale securities	(926)	(41)
Reserve for tax-purpose reduction entry of non-current assets	(1,279)	(1,284)
Reserve for special depreciation	(135)	(79)
Retirement benefit trust securities	(232)	-
Tax effect on undistributed earnings of overseas subsidiaries	(9,012)	(10,987)
Depreciation	(1,015)	(1,109)
Other	(722)	(1,541)
Subtotal	(13,325)	(15,044)
Offset with deferred tax assets for the same taxpaying entity	6,980	11,374
Total deferred tax liabilities	(6,344)	(3,669)
Net deferred tax assets (liabilities)	(4,497)	(337)

(Note) There have been significant changes in the amount deducted from deferred tax assets (valuation allowance). The change is mainly due to a decrease in the valuation allowance amount resulting from a decrease in impairment losses during the fiscal year under review.

2. Breakdown of major items that caused significant differences between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Entertainment expenses and other items permanently not deductible for tax purposes	1.3	1.9
Dividend income and other items permanently excluded from taxable income	(3.1)	(3.9)
Differences in tax rates for overseas subsidiaries	(12.0)	(8.1)
Tax effect on undistributed earnings of overseas subsidiaries	13.9	8.2
Experimentation and research expenses and other tax credits	(1.2)	(1.3)
Effect of changes in valuation allowance	10.4	(9.1)
Other	(2.2)	(2.6)
Actual effective tax rate after the application of tax effect accounting	37.7	15.7

3. Adjustments to deferred tax assets and liabilities due to changes in income tax rates

Following the enactment of the “Act Amending Part of the Income Tax Act, etc.” (Act No. 13, 2025) on March 31, 2025, the “Special Corporation Tax for Defense” will be imposed starting from the fiscal year beginning on or after April 1, 2026. As a result, for the deferred tax assets and liabilities related to temporary differences expected to be resolved in fiscal years beginning April 1, 2026 or after, the statutory effective tax rate has been revised from 30.6% to 31.5% for calculation purposes.

As a result of this change, the amount of deferred tax liabilities (after deducting the amount of deferred tax assets) for the fiscal year under review increased by 54 million yen, and income taxes-deferred and remeasurements of defined benefit plans increased by 43 million yen and 10 million yen, respectively.

(Revenue recognition)

1. Information on the breakdown of revenue from contracts with customers
Information on the breakdown of revenue from contracts with customers is as described in “Notes to segment information, etc.”
2. Information that forms a basis for understanding revenue from contracts with customers
It is as described in “(5) Basis for recognition of significant revenues and expenses” in “4. Matters related to accounting policies,” in “Significant matters serving as the basis for preparing consolidated financial statements.”
3. Information on the relationship between fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts as well as the amount and timing of revenue from contracts with customers existing at the end of the fiscal year under review which is expected to be recognized in the following fiscal year and thereafter

1. Balance of contract assets and contract liabilities

(millions of yen)

	Previous fiscal year	Fiscal year under review
Receivables arising from contracts with customers (beginning balance)	61,702	67,275
Receivables arising from contracts with customers (ending balance)	67,275	60,152
Contract assets (beginning balance)	786	1,171
Contract assets (ending balance)	1,171	477
Contract liabilities (beginning balance)	4,240	4,899
Contract liabilities (ending balance)	4,899	5,035

Contract assets relate to the rights of the Company and its consolidated subsidiaries to the consideration for the sales contract under which the delivery of products to a customer has been completed but the customer has not yet been billed as of the end of the fiscal year. Contract assets are transferred to receivables arising from contracts with customers when the rights of the Company and its consolidated subsidiaries become unconditional. Contract liabilities primarily relate to advances received from customers in sales contracts. Contract liabilities are amortized mainly as a result of revenue recognition.

Of the amount of revenue recognized in the fiscal year under review, the amount included in the beginning balance of contract liabilities was 4,286 million yen.

The main reason for the decrease of 693 million yen in contract assets in the fiscal year under review was that the increase due to new contracts was insufficient to offset the decrease due to transfer to receivables arising from contracts with customers. The main reason for the increase of 136 million yen in contract liabilities in the fiscal year under review was that the increase of advances received was greater than the decrease due to revenue recognition.

2. Transaction price allocated to the remaining performance obligations
Unfulfilled performance obligations amounted to 13,364 million yen as of March 31, 2025. The performance obligations relate to the manufacture and sale of products in the Industrial plastic parts & components business, and approximately 83% of them are expected to be recognized as revenue within one year after the end of the fiscal year, and almost all of them within two years.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The Company's reportable segments are its constituent units for which separate financial information is available and are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

Depending on the type and nature of the products, the Company has two reportable segments: the Industrial plastic parts & components business and the Bedding & furniture business.

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

(1) Industrial plastic parts & components: Industrial plastic fasteners, plastic precision molded parts, etc.

(2) Bedding & furniture: Various types of beds, reclining chairs, etc.

2. Calculation method of the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segments

The method of accounting for the reported business segments is generally the same as that described in "Significant matters serving as the basis for preparing consolidated financial statements."

The profit or loss of reportable segments is operating profit or operating loss.

Intersegment sales are based on prevailing market prices.

3. Information on the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2024

(millions of yen)

	Reportable segment			(Adjustment) (Note) 1 (Note) 3 (Note) 4	Amount reported in consolidated financial statements (Note) 2
	Industrial plastic parts & components	Bedding & furniture	Total		
Net sales					
Revenue from contracts with customers	334,729	36,910	371,639	-	371,639
Other revenue	-	-	-	-	-
Net sales to external customers	334,729	36,910	371,639	-	371,639
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. Adjustment of 72,314 million yen for segment assets includes corporate assets not allocated to each reportable segment of 72,427 million yen and elimination of intersegment transactions of (112) million yen.

4. Adjustment of 60 million yen for increase in property, plant and equipment and intangible assets represents capital expenditures for corporate assets not allocated to each reportable segment.

Fiscal year ended March 31, 2025

(millions of yen)

	Reportable segment			(Adjustment) (Note) 1 (Note) 3 (Note) 4	Amount reported in consolidated financial statements (Note) 2
	Industrial plastic parts & components	Bedding & furniture	Total		
Net sales					
Revenue from contracts with customers	315,942	37,096	353,038	-	353,038
Other revenue	-	-	-	-	-
Net sales to external customers	315,942	37,096	353,038	-	353,038
Intersegment sales or transfers	-	-	-	-	-
Total	315,942	37,096	353,038	-	353,038
Segment profit (loss)	49,016	5,967	54,984	(5,783)	49,200
Segment assets	260,920	46,705	307,626	72,189	379,816
Other items					
Depreciation	11,068	1,872	12,940	66	13,007
Increase in property, plant and equipment and intangible assets	18,811	706	19,517	216	19,734

- (Notes)
1. Adjustment of segment profit (loss) of (5,783) 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. Adjustment of 72,189 million yen for segment assets includes corporate assets not allocated to each reportable segment of 72,271 million yen and elimination of intersegment transactions of (81) million yen.
 4. Adjustment of 216 million yen for increase in property, plant and equipment and intangible assets represents capital expenditures for corporate assets not allocated to each reportable segment.

[Related Information]

Fiscal year ended March 31, 2024

1. Information by product and service

A description is omitted since the same information is disclosed in the segment information.

2. Information by geographical area

(1) Net sales

(millions of yen)

Japan	China	South Korea	Asia (Note) 2	U. S.A.	North America (Note) 3	Europe	Other	Total
104,672	42,550	46,777	38,169	72,957	16,669	46,562	3,280	371,639

- (Notes) 1. Net sales are categorized by country or region based on the location of customers.
 2. Figures for Asia do not include net sales in China and South Korea.
 3. Figures for North America do not include net sales in the U.S.A.

(2) Property, plant and equipment

(millions of yen)

Japan	China	South Korea	Asia (Note) 1	U. S.A.	North America (Note) 2	Europe	Total
39,698	10,471	9,628	12,552	9,612	3,799	11,190	96,953

- (Notes) 1. Figures for Asia do not include property, plant and equipment in China and South Korea.
 2. Figures for North America do not include property, plant and equipment in the U.S.A.

3. Information about major customers

The information is not shown because no single external customer accounts for 10% or more of net sales.

Fiscal year ended March 31, 2025

1. Information by product and service

A description is omitted since the same information is disclosed in the segment information.

2. Information by geographical area

(1) Net sales

(millions of yen)

Japan	China	South Korea	Asia (Note) 2	U. S.A.	North America (Note) 3	Europe	Other	Total
104,747	41,308	44,827	39,833	71,719	19,956	28,908	1,737	353,038

- (Notes) 1. Net sales are categorized by country or region based on the location of customers.
 2. Figures for Asia do not include net sales in China and South Korea.
 3. Figures for North America do not include net sales in the U.S.A.

(2) Property, plant and equipment

(millions of yen)

Japan	China	South Korea	Asia (Note) 1	U. S.A.	North America (Note) 2	Europe	Total
39,611	11,226	9,448	14,512	11,579	9,819	11,487	107,685

- (Notes) 1. Figures for Asia do not include property, plant and equipment in China and South Korea.
 2. Figures for North America do not include property, plant and equipment in the U.S.A.

3. Information about major customers

The information is not shown because no single external customer accounts for 10% or more of net sales.

[Information about impairment losses on non-current assets by each reportable segment]

Fiscal year ended March 31, 2024

(millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Elimination/Corporate	Total
Impairment losses	8,531	-	-	8,531

Fiscal year ended March 31, 2025

Not applicable.

[Information about amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended March 31, 2024

Goodwill

(millions of yen)

	Industrial plastic parts & components	Bedding & furniture	Elimination/Corporate	Total
Amortization during period	354	-	-	354
Balance at end of period	-	-	-	-

Fiscal year ended March 31, 2025

Not applicable.

[Information about gain on negative goodwill by reportable segment]

Not applicable.

[Related Party Information]

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

(Per share information)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	2,455.97 yen	2,888.37 yen
Basic earnings per share	183.26 yen	461.95 yen

(Notes) 1. Diluted earnings per share is not stated because there are no dilutive shares.

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

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	18,252	44,767
Profit not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent in relation to common stock (millions of yen)	18,252	44,767
Average number of shares during the period (thousands of shares)	99,599	96,910

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

Average number of shares of treasury stock during the period deducted for calculating basic earnings per share

As of March 31, 2024: 437,621 shares; as of March 31, 2025: 331,817 shares

Number of treasury shares at the end of the period deducted for calculating net assets per share

As of March 31, 2024: 427,549 shares; as of March 31, 2025: 354,132 shares

(Significant subsequent events)

Not applicable.

(v) Consolidated Supplementary Schedules

[Schedule of bonds]

Company name	Issuer	Date of issuance	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Interest rate (%)	Collateral	Maturity
Nifco Inc.	4th issuance of unsecured bonds	May 18, 2018	10,000	10,000 [10,000]	0.25	None	May 8, 2025
Nifco Inc.	5th issuance of unsecured bonds	May 18, 2018	10,000	10,000	0.385	None	May 8, 2028
Nifco Inc.	6th issuance of unsecured bonds	September 11, 2019	15,000	15,000	0.28	None	September 11, 2029
Total	-	-	35,000 [-]	35,000 [10,000]	-	-	-

- (Notes) 1. The figures in square brackets [] in the columns of “Balance at beginning of period” and “Balance at end of period” indicate the current portions included in the figures outside the brackets.
2. The scheduled redemption amount of bonds for the five years after the consolidated closing date is as follows.

Due within 1 year (millions of yen)	Due after 1 year through 2 years (millions of yen)	Due after 2 years through 3 years (millions of yen)	Due after 3 years through 4 years (millions of yen)	Due after 4 years through 5 years (millions of yen)
10,000	-	-	10,000	15,000

[Schedule of borrowings, etc.]

Category	Balance at beginning of period (millions of yen)	Balance at end of period (millions of yen)	Average interest rate (%)	Maturity
Short-term borrowings	5,529	199	5.54	-
Current portion of long-term borrowings	10,075	60	1.10	-
Current portion of lease obligations	2,065	1,642	3.00	-
Long-term borrowings (excluding current portion)	285	225	1.10	From 2026 to 2030
Lease obligations (excluding current portion)	3,774	1,681	3.01	From 2026 to 2030
Total	21,729	3,807	-	-

- (Notes) 1. Average interest rate indicates the weighted average interest rate for the ending balance of borrowings, etc.
2. The average interest rate of lease obligations is calculated excluding the lease obligations recorded in the consolidated balance sheet in the amount before deducting the amount equivalent to interest included in the total lease payments.
3. The scheduled redemption amount of long-term borrowings and lease obligations (excluding current portion) for the five years after the consolidated closing date is as follows.

Category	Due after 1 year through 2 years (millions of yen)	Due after 2 years through 3 years (millions of yen)	Due after 3 years through 4 years (millions of yen)	Due after 4 years through 5 years (millions of yen)
Long-term borrowings	60	60	60	45
Lease obligations	960	596	83	23

[Schedule of asset retirement obligations]

The amount of asset retirement obligations at the beginning and the end of the fiscal year under review is not more than 1/100 of the total liabilities and net assets at the beginning and the end of the fiscal year under review, and a description is omitted pursuant to the provisions of Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) Others

Quarterly information, etc. for the fiscal year under review

(Cumulative period from the start of the fiscal year)	For the three months ended June 30, 2024	For the six months ended September 30, 2024	For the nine months ended December 31, 2024	Fiscal year under review
Net sales (millions of yen)	86,139	176,198	264,020	353,038
Profit before income taxes (millions of yen)	14,136	24,353	41,236	54,324
Profit attributable to owners of parent (millions of yen)	8,842	15,396	27,919	44,767
Basic earnings per share (yen)	89.97	157.22	286.66	461.95

(Three-month period)	For the three months ended June 30, 2024	For the three months ended September 30, 2024	For the three months ended December 31, 2024	For the three months ended March 31, 2025
Basic earnings per share (yen)	89.97	67.23	129.87	176.61

(Note) The Company prepares quarterly financial information for the first and third quarters in accordance with the regulations of the financial instruments exchange; however, they are not subject to interim review of financial information for the relevant three months.

2. Financial Statements, etc.

(1) Financial Statements

(i) Balance Sheet

(millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	69,407	59,196
Notes receivable–trade	243	102
Accounts receivable–trade	*1 20,093	*1 17,977
Electronically recorded monetary claims–operating	5,085	4,111
Merchandise and finished goods	4,804	7,012
Work in process	438	635
Raw materials and supplies	440	454
Short-term loans receivable from subsidiaries and associates	11,037	350
Accounts receivable–other	*1 2,716	*1 2,696
Other	2,075	3,013
Allowance for doubtful accounts	(10,068)	(18)
Total current assets	106,273	95,531
Non-current assets		
Property, plant and equipment		
Buildings	14,945	14,118
Structures	495	692
Machinery and equipment	3,003	2,957
Vehicles	4	6
Tools, furniture and fixtures	636	634
Molds	513	479
Land	8,718	8,731
Construction in progress	1,169	2,246
Other	18	1
Total property, plant and equipment	29,505	29,868
Intangible assets		
Software	168	448
Other	213	174
Total intangible assets	381	622
Investments and other assets		
Investment securities	4,193	286
Shares of subsidiaries and associates	39,589	48,312
Long-term loans receivable from subsidiaries and associates	4,014	3,957
Long-term accounts receivable–other	96	76
Deferred tax assets	2,467	6,962
Other	1,594	2,057
Allowance for doubtful accounts	(510)	(466)
Total investments and other assets	51,445	61,186
Total non-current assets	81,332	91,678
Total assets	187,605	187,209

(millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable–trade	*1 6,275	*1 6,929
Electronically recorded obligations	3,845	4,248
Accounts payable–other	*1 2,785	*1 2,109
Accrued expenses	422	445
Income taxes payable	2,926	13
Deposits received	*1 143	*1 80
Provision for bonuses	1,852	2,287
Electronically recorded obligations–facilities	156	309
Accounts payable–facilities	*1 745	*1 645
Current portion of long-term borrowings	10,000	-
Current portion of bonds payable	-	10,000
Other	*1 26	*1 250
Total current liabilities	29,181	27,319
Non-current liabilities		
Bonds payable	35,000	25,000
Long-term borrowings from subsidiaries and associates	757	747
Long-term accounts payable–other	-	7,074
Retirement benefits for directors (and other officers)	6	1
Asset retirement obligations	75	75
Provision for share awards	68	102
Provision for share awards for directors (and other officers)	768	343
Other	136	136
Total non-current liabilities	36,811	33,481
Total liabilities	65,992	60,800
Net assets		
Shareholders' equity		
Share capital	7,290	7,290
Capital surplus		
Legal capital surplus	151	151
Total capital surplus	151	151
Retained earnings		
Legal retained earnings	1,793	1,793
Other retained earnings		
Reserve for special account for tax-purpose reduction entry of non-current assets	2,025	1,929
General reserve	44,700	44,700
Retained earnings brought forward	67,252	89,133
Total retained earnings	115,770	137,556
Treasury shares	(3,608)	(18,588)
Total shareholders' equity	119,603	126,409
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,009	0
Total valuation and translation adjustments	2,009	0
Total net assets	121,612	126,409
Total liabilities and net assets	187,605	187,209

(ii) Statement of Income

(millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	*1 98,691	*1 96,197
Cost of sales	69,322	67,712
Gross profit	29,369	28,484
Selling, general and administrative expenses	*2 17,504	*2 18,517
Operating profit	11,864	9,967
Non-operating income		
Interest and dividend income	14,582	14,414
Foreign exchange gains	4,696	-
Reversal of allowance for doubtful accounts	102	44
Other	446	495
Total non-operating income	19,828	14,954
Non-operating expenses		
Interest expenses	161	161
Foreign exchange losses	-	161
Rental costs on real estate	459	468
Other	58	60
Total non-operating expenses	679	852
Ordinary profit	31,013	24,069
Extraordinary income		
Gain on sale of non-current assets	*3 46	*3 -
Gain on sale of investment securities	*4 -	*4 1,729
Gain on liquidation of subsidiaries and associates	*5 325	*5 -
Total extraordinary income	371	1,729
Extraordinary losses		
Loss on sale and retirement of non-current assets	*6 94	*6 77
Loss on valuation of investment securities	-	10
Loss on valuation of shares of subsidiaries and associates	*7 19,039	*7 -
Provision of allowance for doubtful accounts	*8 7,308	*8 -
Total extraordinary losses	26,442	87
Profit before income taxes	4,942	25,710
Income taxes—current	5,160	925
Income taxes—deferred	(2,850)	(3,610)
Total income taxes	2,309	(2,684)
Profit	2,633	28,395

(iii) Statement of Changes in Equity

Fiscal year ended March 31, 2024

(millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for special account for tax-purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	7,290	151	14,052	14,204	1,793	2,095	44,700	75,814	124,402
Changes during period									
Dividends of surplus								(6,520)	(6,520)
Profit								2,633	2,633
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets						(70)		70	-
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets due to tax rate change									
Purchase of treasury shares									
Disposal of treasury shares			67	67					
Cancellation of treasury shares			(18,864)	(18,864)					
Transfer from retained earnings to capital surplus			4,745	4,745				(4,745)	(4,745)
Net changes in items other than shareholders' equity									
Total changes during period	-	-	(14,052)	(14,052)	-	(70)	-	(8,562)	(8,632)
Balance at end of period	7,290	151	-	151	1,793	2,025	44,700	67,252	115,770

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(19,691)	126,205	720	720	126,926
Changes during period					
Dividends of surplus		(6,520)			(6,520)
Profit		2,633			2,633
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets		-			-
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets due to tax rate change					
Purchase of treasury shares	(3,037)	(3,037)			(3,037)
Disposal of treasury shares	256	323			323
Cancellation of treasury shares	18,864	-			-
Transfer from retained earnings to capital surplus		-			-
Net changes in items other than shareholders' equity			1,288	1,288	1,288
Total changes during period	16,083	(6,601)	1,288	1,288	(5,313)
Balance at end of period	(3,608)	119,603	2,009	2,009	121,612

Fiscal year ended March 31, 2025

(millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserve for special account for tax-purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	7,290	151	-	151	1,793	2,025	44,700	67,252	115,770
Changes during period									
Dividends of surplus								(6,598)	(6,598)
Profit								28,395	28,395
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets						(70)		70	-
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets due to tax rate change						(25)		25	-
Purchase of treasury shares									
Disposal of treasury shares			(10)	(10)					
Cancellation of treasury shares									
Transfer from retained earnings to capital surplus			10	10				(10)	(10)
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	-	-	(95)	-	21,881	21,786
Balance at end of period	7,290	151	-	151	1,793	1,929	44,700	89,133	137,556

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(3,608)	119,603	2,009	2,009	121,612
Changes during period					
Dividends of surplus		(6,598)			(6,598)
Profit		28,395			28,395
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets		-			-
Reversal of reserve for special account for tax-purpose reduction entry of non-current assets due to tax rate change		-			-
Purchase of treasury shares	(16,632)	(16,632)			(16,632)
Disposal of treasury shares	1,652	1,641			1,641
Cancellation of treasury shares		-			-
Transfer from retained earnings to capital surplus		-			-
Net changes in items other than shareholders' equity		-	(2,009)	(2,009)	(2,009)
Total changes during period	(14,979)	6,806	(2,009)	(2,009)	4,796
Balance at end of period	(18,588)	126,409	0	0	126,409

Adjustments to amounts due to changes in the income tax rate

Following the enactment of the "Act Amending Part of the Income Tax Act, etc." (Act No. 13, 2025) on March 31, 2025, the "Special Corporation Tax for Defense" will be imposed starting from the fiscal year beginning on or after April 1, 2026. As a result, for the reserve for special account for tax-purpose reduction entry of non-current assets related to temporary differences expected to be resolved in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been revised from 30.6% to 31.5% for calculation purposes. Due to this tax rate change, the amount of reserve for special account for tax-purpose reduction entry of non-current assets in the fiscal year under review decreased by 25 million yen, and the amount of retained earnings brought forward increased by 25 million yen.

[Notes to Consolidated Financial Statements]

(Significant accounting policies)

1. Valuation standards and methods for assets

(1) Valuation standards and methods for securities

- (i) Held-to-maturity bonds Stated at amortized cost (straight-line method).
- (ii) Shares of subsidiaries and associates Stated at cost determined by the moving average method.
- (iii) Available-for-sale securities
 - Those other than stocks, etc. with no market prices
Stated at fair value based on market prices, etc. at the end of the fiscal year (with any unrealized gains or losses being reported directly to net assets and the cost of any securities sold being calculated by the moving average method).
 - Stocks, etc. with no market prices
Stated at cost determined by the moving average method.

(2) Valuation standards and methods for derivatives, etc.

Derivatives Stated at fair value.

(3) Valuation standards and methods for inventories

- (i) Merchandise, finished goods, work in process, raw materials and supplies (excluding inventories related to molds)
Stated at cost determined by the periodic average method (with balance sheet values reflecting write-downs for decreased profitability).
- (ii) Inventories related to molds
Stated at cost determined by the specific identification method (with balance sheet values reflecting write-downs for decreased profitability).

2. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated by the straight-line method.

The principal useful lives are as follows.

Buildings	38 to 50 years
Machinery and equipment	5 to 10 years
Tools, furniture and fixtures	2 to 15 years
Molds	2 years

(2) Intangible assets

- (i) Software for internal use
Amortized by the straight-line method over its internal useful life (five years).
- (ii) Other intangible assets
Depreciated by the straight-line method.

(3) Leased assets

The straight-line method is applied with estimated useful lives equal to lease terms and zero residual values.

3. Basis for provisions

(1) Allowance for doubtful accounts

To prepare for possible credit losses on trade receivables and loans receivable, an estimated uncollectible amount is provided based on the historical bad debt ratio for general receivables and in consideration of the individual collectibility for specific receivables such as doubtful receivables.

(2) Provision for bonuses

The Company makes provision for bonuses payable to employees based on the estimated payments.

(3) Provision for retirement benefits

The Company makes provision for retirement benefits payable to employees based on the retirement benefit obligations and the estimated pension assets as of the end of the fiscal year under review.

In calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review is based on the benefit formula standard.

Actuarial gains and losses are amortized on a straight-line basis over a certain number of years (10 years) within the average remaining service period of employees from the fiscal year in which they are incurred.

(4) Provision for share awards

The Company makes provision for granting the shares of the Company to employees based on the estimated amount of provision necessary as of the end of the fiscal year under review.

(5) Provision for share awards for directors (and other officers)

The Company makes provision for stock compensation payable to Directors and other officers based on the estimated amount of provision necessary as of the end of the fiscal year under review according to the internal rules.

4. Basis for recognition of revenues and expenses

The Company mainly manufactures and sells industrial plastic fasteners, plastic precision molded parts, etc., and provides customers with parts used in the automobile and home appliance industries.

For the sale of these products, based on sales contracts with customers, the Company identifies the delivery of the products as performance obligations, and determines that customers acquire control of the products at the time of delivery in principle and that the performance obligations are fulfilled at a point in time. Therefore, revenue is recognized at the time of delivery of the products. Performance obligations for which transaction prices are allocated are sold independently.

In calculating transaction prices, revenue is recognized in the amount of the consideration promised in contracts with customers after deducting discounts, etc.

The amount of the consideration does not include a significant financing component and has not been adjusted.

Consideration for performance obligations is generally received within one year based on the point in time at which the performance obligations to customers are fulfilled and the customers' payment terms.

5. Other matters serving as the basis for preparing financial statements

(1) Hedge accounting method

(i) Hedge accounting method

Deferred hedge accounting is applied. In addition, the appropriation treatment is applied for hedges of foreign exchange fluctuation risks if the requirements for the treatment are met, and the special treatment is applied for interest rate swaps if the requirements for the treatment are met.

(ii) Hedging instruments and hedged items

There are no hedged items to which hedge accounting has been applied in the fiscal year under review.

(iii) Hedging policy

The Company hedges foreign exchange fluctuation risks and interest rate fluctuation risks mainly in accordance with its internal rules, the "Rules on Handling Derivatives."

(iv) Evaluation method of hedge effectiveness

The effectiveness is evaluated based on the provisions of the "Practical Guidelines on Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan).

However, the evaluation of hedge effectiveness is omitted for transactions for which the special treatment or the appropriation treatment prescribed in Accounting Standards for Financial Instruments, etc. is applied as hedge accounting treatment.

(2) Method of accounting for retirement benefits

In the financial statements, unrecognized actuarial gains and losses are accounted for differently in the balance sheet from in the consolidated financial statements. In the non-consolidated balance sheet, the amount obtained by deducting pension assets from the amount obtained by adjusting retirement benefit obligations by unrecognized actuarial gains and losses is recorded in the provision for retirement benefits.

(Significant accounting estimates)

There were no changes in significant accounting estimates.

(Changes in accounting policies)

(Application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules")

The Company has applied the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ Practical Solution No. 46, March 22, 2024) since the beginning of the fiscal year under review.

(Changes in presentation)

Not applicable.

(Additional Information)

1. Executive stock compensation plan

Notes are omitted because they are included in “Additional information, Notes to (Executive stock compensation plan)” in the consolidated financial statements.

2. Employee stock compensation plan

Notes are omitted because they are included in “Additional information, Notes to (Employee stock compensation plan)” in the consolidated financial statements.

(Balance sheet)

- * Monetary receivables and payables (excluding those presented separately) to subsidiaries and associates are as follows.

	As of March 31, 2024	As of March 31, 2025
Short-term monetary receivables	3,879 million yen	3,153 million yen
Short-term monetary payables	1,125	1,507
Long-term monetary payables	-	7,074

(Statement of income)

- *1 The volume of transactions with subsidiaries and associates is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Volume of operating transactions	32,005 million yen	30,856 million yen
Volume of those other than operating transactions	14,273	14,079

- *2 The approximate percentage of selling expenses for the previous fiscal year and the fiscal year under review were 28% and 27%, respectively. The approximate percentage of general and administrative expenses for the previous fiscal year and the fiscal year under review were 72% and 73%, respectively.

Major items and amounts of selling, general and administrative expenses are as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Packing and transportation costs	4,893 million yen	4,971 million yen
Remuneration, salaries and allowances	2,917	3,170
Provision for bonuses	829	1,028
Depreciation	473	449
Commission expenses	1,547	1,797

- *3 Gain on sale of non-current assets

Fiscal year ended March 31, 2024

Gain on sale of non-current assets signifies gain on sale of buildings, land, etc. of recreational facilities owned by the Company.

Fiscal year ended March 31, 2025

Not applicable.

- *4 Gain on sale of investment securities

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

The gain on sale of investment securities of 1,729 million yen was mainly related to the sale of shares of Toyota Motor Corporation.

- *5 Gain on liquidation of subsidiaries and associates
Fiscal year ended March 31, 2024
This is in connection with the liquidation of Nifco Trading Co., Ltd., which was a consolidated subsidiary of the Company. Fiscal year ended March 31, 2025
Not applicable.
- *6 Loss on sale and retirement of non-current assets
Fiscal year ended March 31, 2024
It is mainly due to the sale of molds, etc.

Fiscal year ended March 31, 2025
It is mainly due to the sale of molds, etc.
- *7 Loss on valuation of shares of subsidiaries and associates
Fiscal year ended March 31, 2024
The Company resolved, at the meeting of its Board of Directors held on March 12, 2024, to enter into an agreement with AEQUITA SE & Co. KGaA, headquartered in Munich, Germany, to transfer the consolidated subsidiary Nifco Germany GmbH engaged in business for German customers and its subsidiary Nifco KTW America Corporation. A formal agreement was entered into on March 22, 2024, and the transfer was completed on April 15, 2024. The conclusion of the transfer agreement on the consolidated subsidiary Nifco Germany GmbH caused a decline in the fair value of the shares of Nifco Germany GmbH held by Nifco Europe GmbH, the parent company of Nifco Germany GmbH and our consolidated subsidiary, resulting in worsening the financial conditions of Nifco Europe GmbH. In addition, the substantial value of the shares of Nifco Europe GmbH held by the Company decreased significantly. As a result, the Company wrote down the shares of Nifco Europe GmbH in its holding and recognized a valuation loss of 19,039 million yen.

Fiscal year ended March 31, 2025
Not applicable.
- *8 Provision of allowance for doubtful accounts
Fiscal year ended March 31, 2024
Based on the resolution of its Board of Directors on March 12, 2024, the Company entered into a transfer agreement on Nifco KTW America Corporation, a consolidated subsidiary engaged in the business for our German clients, which contractually stipulates that the Company shall waive all loans to the said firm at the completion of the transfer. Judging that the waiving of such loans would be highly likely, the Company recorded a provision of allowance for doubtful accounts of 7,308 million yen.

Fiscal year ended March 31, 2025
Not applicable.

(Securities)

As of March 31, 2024

Stocks of subsidiaries and associates (book value of stocks of subsidiaries and associates on the consolidated balance sheet: 39,589 million yen and 0 million yen, respectively) are not stated because they are stocks with no market prices.

As of March 31, 2025

Stocks of subsidiaries (book value on the balance sheet: 48,312 million yen) are not stated because they are stocks with no market prices.

(Tax effect accounting)

1. Breakdown of major factors that resulted in deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
(Deferred tax assets)		
Accrued enterprise tax	182 million yen	- million yen
Loss on valuation of molds	3	8
Provision for bonuses	566	699
Loss on valuation of shares of subsidiaries and associates	7,129	7,336
Allowance for doubtful accounts	3,234	152
Other	556	537
Subtotal deferred tax assets	11,673	8,734
Valuation allowance pertaining to total deductible temporary difference	(7,173)	(250)
Total deferred tax assets	4,499	8,484
(Deferred tax liabilities)		
Retirement benefit trust securities	(232)	-
Reserve for special account for tax-purpose reduction entry of non-current assets	(892)	(886)
Valuation difference on available-for-sale securities	(885)	(0)
Prepaid pension expenses	-	(549)
Other	(22)	(85)
Total deferred tax liabilities	(2,032)	(1,521)
Net deferred tax assets (liabilities)	2,467	6,962

2. Breakdown of major items that caused differences between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Dividend income and other items permanently excluded from taxable income	(82.6)	(15.7)
Taxable amount pertaining to specified foreign subsidiaries, etc.	0.2	0.2
Per capita rate of resident tax	0.5	0.1
Experimentation and research expenses and other special tax credits	(3.2)	(1.0)
Withholding tax relating to dividends from foreign subsidiaries	10.9	2.0
Changes in valuation allowance	100.5	(26.9)
Deductible foreign corporation tax amount deemed to have been paid	(1.8)	(0.1)
Loss carryforward of liquidated subsidiaries	(0.3)	-
Upward adjustment in deferred tax assets due to tax rate change	-	(0.7)
Other	(8.1)	1.1
Actual effective tax rate after the application of tax effect accounting	46.7	(10.4)

3. Adjustments to deferred tax assets and liabilities due to changes in income tax rates

Following the enactment of the “Act Amending Part of the Income Tax Act, etc.” (Act No. 13, 2025) on March 31, 2025, the “Special Corporation Tax for Defense” will be imposed starting from the fiscal year beginning on or after April 1, 2026. As a result, for the deferred tax assets related to temporary differences expected to be resolved in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate has been revised from 30.6% to 31.5% for calculation purposes. As a result of this tax rate change, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) for the fiscal year under review increased by 171 million yen, and income taxes-deferred decreased by 171 million yen.

(Revenue recognition)

The information that forms a basis for understanding revenue from contracts with customers is included in “Notes to revenue recognition” in the consolidated financial statements, and therefore notes are omitted.

(Significant subsequent events)

Not applicable.

(iv) Supplementary Schedules

[Schedule of property, plant and equipment, etc.]

(millions of yen)

Category	Type of asset	Balance at beginning of period	Increase during period	Decrease during period	Amortization during period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	14,945	126	36	916	14,118	10,799
	Structures	495	273	12	64	692	727
	Machinery and equipment	3,003	814	77	783	2,957	9,025
	Vehicles	4	4	1	2	6	23
	Tools, furniture and fixtures	636	327	23	305	634	8,874
	Molds	513	728	11	751	479	60,344
	Land	8,718	12	-	-	8,731	-
	Construction in progress	1,169	3,010	1,933	-	2,246	-
	Other	18	-	13	2	1	19
	Total	29,505	5,298	2,108	2,826	29,868	89,812
Intangible assets	Software	168	371	4	86	448	-
	Other	213	471	509	0	174	-
	Total	381	842	514	86	622	-

- (Notes) 1. "Increase during period" is mainly due to the following.
Construction in progress : Construction and purchase of structures 794 Millions of yen
2. "Decrease during period" is mainly due to the following.
Construction in progress : Machinery and equipment used for business 814 Millions of yen

[Schedule of provisions]

(millions of yen)

Item	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	10,579	18	10,112	484
Provision for bonuses	1,852	2,287	1,852	2,287
Provision for share awards	68	33	-	102
Provision for share awards for directors (and other officers)	768	254	678	343

- (2) Details of major assets and liabilities
A description is omitted because the Company prepares consolidated financial statements.
- (3) Others
Not applicable.

VI. Stock-Related Administration for the Company

The Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	In June
Record date	March 31
Record date for dividends of surplus	September 30 March 31
Number of shares consisting one unit	100 shares
Purchase of shares of less than one unit	
Handling office	(Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd., Head Office Stock Transfer Agency Department
Shareholder register administrator	(Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Agency	_____
Purchasing fee	Free of charge
Method of public notice	The Company's method of public notice shall be electronic public notice. However, in cases where electronic public notice cannot be given due to accidents or other unavoidable circumstances, such public notice shall be given by publication in The Nihon Keizai Shimbun. Publication URL: https://www.nifco.com/
Privileges for shareholders	Not applicable.

VII. Reference Information on the Company

1. Information on the Parent Company, etc. of the Company

The Company does not have a parent company, etc.

2. Other Reference Information

The following documents were filed between the beginning of the fiscal year under review and the filing date of the Annual Securities Report.

- (1) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof
The 72nd fiscal year (from April 1, 2023, to March 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on June 20, 2024
- (2) Internal Control Report and documents attached thereto
Filed with the Director-General of the Kanto Local Finance Bureau on June 20, 2024
- (3) Semiannual Securities Report and Confirmation Letter thereof
(The 73rd fiscal year) (from April 1, 2024 to September 30, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on November 12, 2024
- (4) Extraordinary Report
Filed with the Director-General of the Kanto Local Finance Bureau on April 16, 2024
This is an Extraordinary Report according to Article 19, Paragraph 2, Item (iii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Change to a Specified Subsidiary Company).
Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2024
This is an Extraordinary Report according to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Results of exercise of voting rights at Annual General Meetings of Shareholders).
Filed with the Director-General of the Kanto Local Finance Bureau on May 8, 2025
This is an Extraordinary Report according to Article 19, Paragraph 2, Item 9-4 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Change to an Accounting Auditor).
- (5) Securities Registration Statement (reference method) and documents attached thereto
Filed with the Director-General of the Kanto Local Finance Bureau on May 17, 2024
Filed with the Director-General of the Kanto Local Finance Bureau on November 29, 2024
Filed with the Director-General of the Kanto Local Finance Bureau on May 19, 2025
- (6) Amended Securities Registration Statement
Filed with the Director-General of the Kanto Local Finance Bureau on May 20, 2024
Filed with the Director-General of the Kanto Local Finance Bureau on June 20, 2024
Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2024
This is an amendment to the Securities Registration Statement submitted on May 17, 2024.
- (7) Status Report of Repurchase of Treasury Shares
Reporting period (from August 1, 2024 to August 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on September 5, 2024
Reporting period (from September 1, 2024 to September 30, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on October 3, 2024
Reporting period (from October 1, 2024 to October 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on November 7, 2024
Reporting period (from November 1, 2024 to November 29, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on November 29, 2024
Reporting period (from December 1, 2024 to December 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on January 16, 2025
Reporting period (from January 1, 2025 to January 31, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on February 6, 2025
Reporting period (from February 1, 2025 to February 28, 2025) Filed with the Director-General of the Kanto Local Finance Bureau on March 6, 2025

Part II. Information on the Guarantee Companies, etc. of the Company

Not applicable.

Independent Auditor's Report and Internal Control Report

June 23, 2025

Nifco Inc.
To the Board of Directors

KPMG AZSA LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	certified public accountant	Tomoyasu Sugisaki
Designated Limited Liability Partner Engagement Partner	certified public accountant	Michiko Muramatsu

<Report on the Audit of the Consolidated Financial Statements>

Opinion

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of Nifco Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which are comprised of the consolidated balance sheet as at March 31, 2025, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and significant matters serving as the basis for preparing consolidated financial statements, other notes and consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of attributing net sales to the period	
The key audit matter	How the matter was addressed in our audit
<p>For the fiscal year under review, Nifco Inc. reported net sales of 353,038 million yen. A substantial portion of these sales is accounted for by Nifco Inc., the parent company, and its consolidated subsidiaries, including Nifco America Corporation, Nifco Korea Inc., and Simmons Co., Ltd (hereinafter referred to as the “Subsidiaries”).</p> <p>As described in “4. Matters related to accounting policies, (5) Basis of Recognition of Significant Revenues and Expenses” of the Notes “(Significant matters serving as the basis for preparing consolidated financial statements),” Nifco Inc. and its consolidated subsidiaries have established performance obligations to deliver products, etc., to customers primarily based on sales contracts with customers. In general, control of the products, etc., is transferred to customers and performance obligations are fulfilled upon delivery, which is the point at which revenue is recognized.</p> <p>Concerning net sales, the announcement of earnings forecasts to external investors generally creates pressure to meet those expectations. This pressure leads to the risk of recording net sales in inappropriate accounting periods.</p> <p>Based on the above, we have determined that the appropriateness of attributing net sales of Nifco Inc. and the Subsidiaries to the period is most significant in our audit of the consolidated financial statements for the fiscal year under review and constitutes a key audit matter.</p>	<p>In order to examine the appropriateness of the net sales attribution period for Nifco Inc. and the Subsidiaries, we performed the following audit procedures. This includes directing, supervising, and reviewing the work of the auditors of the constituent units, as well as performing the following audit procedures:</p> <p>(1) Assessment of internal control</p> <p>We evaluated the effectiveness of the development and operation of internal controls for the sales recognition process. Focusing specifically on how sales are recorded, the assessment of internal control involved reconciling sales data with purchase orders, shipping vouchers, delivery notes, and acceptance certificates, all of which serve as evidence for sales recording.</p> <p>(2) Examination of the appropriateness of attributing net sales to the period</p> <p>Procedures were performed to examine whether net sales were attributed to the appropriate accounting period, including the following.</p> <ul style="list-style-type: none"> ● For transactions extracted from sales recorded before the end of the accounting period, which carry a high risk of violating the appropriateness of attributing sales to the period, we verified that these transactions were recorded in the appropriate accounting period by cross-referencing the sales recording dates with the dates on shipping vouchers, delivery notes, acceptance certificates, and other relevant documents. ● We examined the goods returned after the close of the period to identify any significant transactions returned that should be classified as sales cancellations for the fiscal year under review.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for preparing Consolidated Financial Statements in accordance with generally accepted accounting principles in Japan and ensuring that they are presented fairly. This includes establishing and operating internal control that management determines is necessary to enable the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement due to fraud or error. In addition, we design and perform audit procedures responsive to those risks. The selection and application of audit procedures shall be at the discretion of the auditor. The selection and application of audit procedures are at the discretion of the auditor.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, and whether the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform an audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, which provides a basis for an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Report on the Audit of the Internal Control Report>

Opinion

Pursuant to the provisions of Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act, we also have audited the accompanying internal control report of Nifco Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) as at March 31, 2025.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Internal Control Report section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor’s Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor’s report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor’s judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform an audit of internal control to obtain sufficient and appropriate audit evidence about the results of the assessment of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

<Compensation-related Information>

The amount of compensation for audit certification services and that for non-audit services of KPMG and other parties in the same network to the Company and its subsidiaries are stated in “Status of Corporate Governance, etc. (3) Status of audits” under “Status of the Company.”

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the certified public accountants.

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- 1) The original copy of the above audit report is kept separately by the Company (filing company of the Annual Securities Report).
 - 2) XBRL data is not audited.

Independent Auditor's Report

June 23, 2025

Nifco Inc.

To the Board of Directors

KPMG AZSA LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	certified public accountant	Tomoyasu Sugisaki
Designated Limited Liability Partner Engagement Partner	certified public accountant	Michiko Muramatsu

<Report on the Audit of the Non-consolidated Financial Statements>

Opinion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Nifco Inc. ("the Company"), which are comprised of the balance sheet as at March 31, 2025, the statements of income, the statement of changes in net assets for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the fiscal year under review. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of attributing net sales to the period	
The key audit matter	How the matter was addressed in our audit
<p>For the fiscal year under review, Nifco Inc. reported net sales of 96,197 million yen.</p> <p>As described in Note “4. Basis for recognition of revenues and expenses” of the "(Significant accounting policies)," Nifco Inc. has performance obligations to deliver products, etc., to customers primarily based on sales contracts with customers, and because, in principle, control is transferred to customers and performance obligations are fulfilled when the products, etc., are delivered, revenue is recognized at the time of delivery.</p> <p>Concerning net sales, the announcement of earnings forecasts to external investors generally creates pressure to meet those expectations. This pressure leads to the risk of recording net sales in inappropriate accounting periods.</p> <p>Based on the above, we have determined that the appropriateness of attributing net sales of Nifco Inc. to the period is most significant in our audit of the financial statements for the fiscal year under review and constitutes a key audit matter.</p>	<p>In order to examine the appropriateness of attributing net sales of Nifco Inc. to the period, we conducted the following audit procedures.</p> <p>(1) Assessment of internal control</p> <p>We evaluated the effectiveness of the development and operation of internal controls for the sales recognition process. Focusing specifically on how sales are recorded, the assessment of internal control involved reconciling sales data with purchase orders, shipping vouchers, delivery notes, and acceptance certificates, all of which serve as evidence for sales recording.</p> <p>(2) Examination of the appropriateness of attributing net sales to the period</p> <p>Procedures were performed to examine whether net sales were attributed to the appropriate accounting period, including the following.</p> <ul style="list-style-type: none"> ● For transactions extracted from sales recorded before the end of the accounting period, which carry a high risk of violating the appropriateness of attributing sales to the period, we verified that these transactions were recorded in the appropriate accounting period by cross-referencing the sales recording dates with the dates on shipping vouchers, delivery notes, acceptance certificates, and other relevant documents. ● We examined the goods returned after the close of the period to identify any significant transactions returned that should be classified as sales cancellations for the fiscal year under review.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements

The responsibility of management is to prepare and properly present the financial statements in conformity with accounting principles generally accepted in our country. This includes establishing and operating internal control that management determines is necessary to enable the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement due to fraud or error. In addition, we design and perform audit procedures responsive to those risks. The selection and application of audit procedures shall be at the discretion of the auditor. The selection and application of audit procedures are at the discretion of the auditor.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, and whether the overall presentation, structure and content of the financial statements, including the disclosures, and financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Compensation-related Information>

Compensation-related information is stated in the audit report of the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the certified public accountants

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- 1) The original copy of the above audit report is kept separately by the Company (filing company of the Annual Securities Report).
 - 2) XBRL data is not audited.

[Cover]

[Document filed]	Confirmation Letter
[Applicable law]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General, Kanto Local Finance Bureau
[Filing date]	June 23, 2025
[Company name]	Nifco Inc.
[Company name (English)]	NIFCO INC.
[Title and name of representative]	Masaharu Shibao, President & Representative Director
[Title and name of Chief Financial Officer]	Toshiki Yauchi, Director & Senior Executive Managing Officer, CFO
[Address of head office]	5-3 Hikarinooka, Yokosuka-shi, Kanagawa
[Place where available for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

- 1 Matters Related to Adequacy of Statements Contained in the Annual Securities Report
Masaharu Shibao, President & Representative Director, and Toshiki Yauchi, Director & Senior Executive Managing Officer, CFO, confirmed that statements contained in the Annual Securities Report for the 73rd fiscal year (from April 1, 2024 to March 31, 2025) were adequate under the Financial Instruments and Exchange Act.

- 2 Special Notes
None.

[Cover]

[Document filed]	Internal Control Report
[Applicable law]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General, Kanto Local Finance Bureau
[Filing date]	June 23, 2025
[Company name]	Nifco Inc.
[Company name (English)]	NIFCO INC.
[Title and name of representative]	Masaharu Shibao, President & Representative Director
[Title and name of Chief Financial Officer]	Toshiki Yauchi, Director & Senior Executive Managing Officer, CFO
[Address of head office]	5-3 Hikarinooka, Yokosuka-shi, Kanagawa
[Place where available for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

1 Matters Relating to the Basic Framework for Internal Control over Financial Reporting

Masaharu Shibao, President & Representative Director, and Toshiki Yauchi, Director & Senior Executive Managing Officer, CFO, are responsible for designing and operating internal control over financial reporting of the Company and its consolidated subsidiaries (hereinafter referred to as the “Group”), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in the “On the Revision of Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” to ensure adequacy and reliability of statements contained in the Group’s financial reporting.

Internal control over financial reporting may not function effectively due to errors in judgment, carelessness or collusion by multiple persons in charge, or may not necessarily respond to changes in the internal and external environment or atypical transactions that were not initially anticipated. Because of its inherent limitations, it is not certain to achieve its objective and may not be able to completely prevent or detect misstatements in financial reporting.

2 Matters Relating to Scope of Assessment, Assessment Date and Assessment Procedures

The assessment of internal control over financial reporting was performed on the assessment date as of March 31, 2025, the end of the fiscal year under review. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting on a consolidation basis (“company-level controls”) and based on the result of this assessment, we appropriately selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of our internal control.

We determined the required scope of assessment of internal controls over financial reporting for the Company and its consolidated subsidiaries from the perspective of materiality of impacts on the reliability of financial reporting. This materiality of impacts on the reliability of financial reporting is determined by taking into account the materiality of quantitative and qualitative impacts as well as the likelihood of them occurring. We reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company and 23 consolidated subsidiaries. We judged that the other 23 consolidated subsidiaries are immaterial from the perspectives of the materiality of quantitative or qualitative impacts and the likelihood of them occurring, and thus excluded from the scope of assessment of company-level controls.

Regarding the scope of assessment of internal controls over business processes, the Company has determined that net sales are important given that it is a consolidated group engaged in general manufacturing. Accordingly, net sales are used as an indicator to determine the materiality of a business unit, and nine business units whose combined net sales reached approximately two-thirds of total consolidated net sales (after elimination of intercompany transactions) were selected as “significant business units.” At the selected significant business units, we included, in the scope of assessment, those business processes leading to net sales, accounts receivable—trade and inventories as significant accounts that may have a material impact on the business objectives of the Company. Further, not only for selected significant business units, but also for all the business units, we added to the scope of assessment as business processes having greater materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts and those business processes relating to businesses or operations dealing with high-risk transactions.

3 Matters Related to the Results of the Assessment

As a result of the assessments above, we concluded that our internal control over financial reporting was effective as of March 31, 2025.

4 Supplementary Matters

Not applicable.

5 Special Notes

Not applicable.