

NACHI
NACHI-FUJIKOSHI CORP.

Securities Code: 6474



INTERIM REPORT 2024

From December 1, 2023 to May 31, 2024

TO OUR SHAREHOLDERS

We would like to express our sincere gratitude to our shareholders for your continued support and cooperation.

We report the interim results for the NACHI-FUJIKOSHI Group for the period from December 1, 2023 to May 31, 2024.

Business Environment

The environment surrounding the Group during the interim period experienced a gradual recovery centered around automobile production and economic recovery in developed nations. On the other hand, the outlook remains uncertain due to several factors, including the continued high prices of raw materials resulting from the prolonged situation in Ukraine, escalating tensions in the Middle East, the impact of financial tightening in Europe and the United States, and the slowdown of the Chinese economy.

Business Progress and Results

Under these circumstances, the Group has been making full use of its strength as a comprehensive machinery manufacturer while taking into account major industrial structural changes in the medium to long term, such as the shift toward decarbonization and increased adoption of EVs. The Group is leveraging its strengths in the cutting tools, machine tools, robots, bearings, hydraulic equipment, and special steel businesses to realize the expansion of orders and sales by developing new products and offering technical proposals that contribute to users' manufacturing. We have also been proceeding with structural reform across our overall business, including reorganization and streamlining of our plants around the world, and the expansion of in-sourcing of manufacturing so as to respond to changes in demand, aiming to improve profitability.

As a result of the above, despite a recovery in automobile production mainly in Japan and strong demand in the industrial machinery and retail sectors in the United States, consolidated net sales in the interim period were 118.7 billion yen (a decrease of 12.2% YoY), due to factors such as reduced demand in the construction machinery and manufacturing sectors in China and Europe, and production adjustments among some domestic automobile manufacturers. This includes domestic sales of 58.3 billion yen (a decrease of 4.7% YoY) and overseas sales of 60.3 billion yen (a decrease of 18.4% YoY).

In terms of profitability, we have worked on transferring raw material price increases onto sales prices, automating and streamlining the operations of production lines, and reducing procurement costs, and the yen exchange rate is also weakening. However, due to the impact of soaring raw material prices that have continued from the previous fiscal year and the major impact seen from decreased operating rates of robots, hydraulic equipment, and other products, this period's operating profit, ordinary profit, and quarterly net profit attributable to the shareholders of NACHI-FUJIKOSHI CORP. were 2.3 billion yen (a decrease of 69.2% YoY), 1.4 billion yen (a decrease of 79.4% YoY), and 0.7 billion yen (a decrease of

83.5% YoY) respectively. We wish to defer the payment of interim dividends for this interim period.

Future Initiatives

Regarding the future business environment, the outlook is generally difficult to forecast. In the automotive sector, production is recovering among some domestic automobile manufacturers. However, economic stagnation in China continues to affect the industrial machinery and retail sectors.

On the other hand, the transition to EVs in the automotive sector is expected to continue in the medium to long term, and we expect to see major industrial structural changes surrounding the Group and the industrial machinery sector, such as further utilization of AI and DX technologies.

In response to these major changes, the NACHI-FUJIKOSHI Group will collaborate and bring together the diverse business, technology, and production know-how we have accumulated as a comprehensive machinery manufacturer to develop new groundbreaking products and services. At the same time, we will focus on improving productivity through automation and streamlining to further enhance business performance. Furthermore, with the goal of achieving sustainable business growth, we will commit to challenges, including social and environmental issues through our business activities.

We would like to express our sincerest appreciation to all of our shareholders and other stakeholders for their continued support.

August 2024



Director,
Chairman

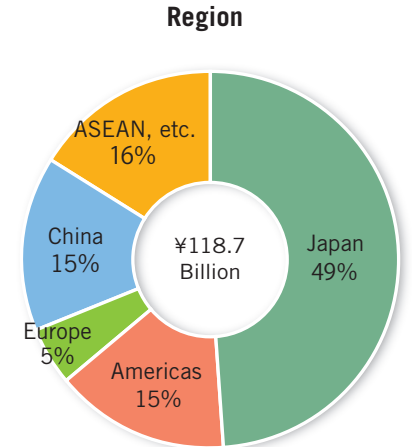
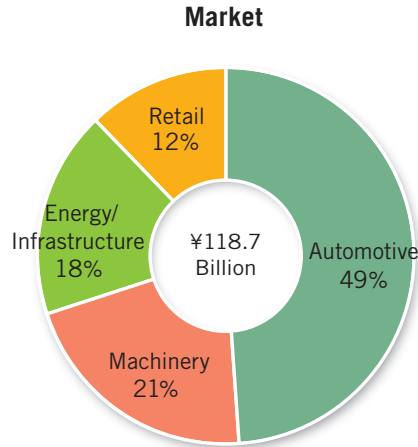
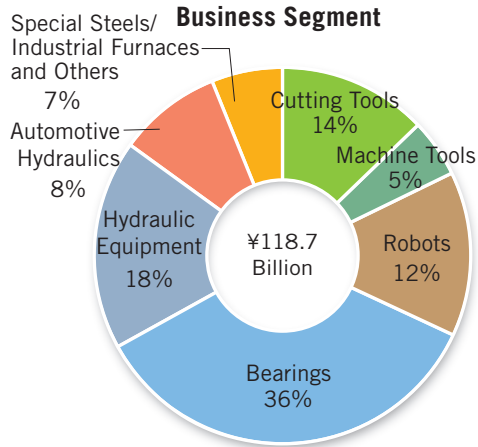


Representative Director,
President

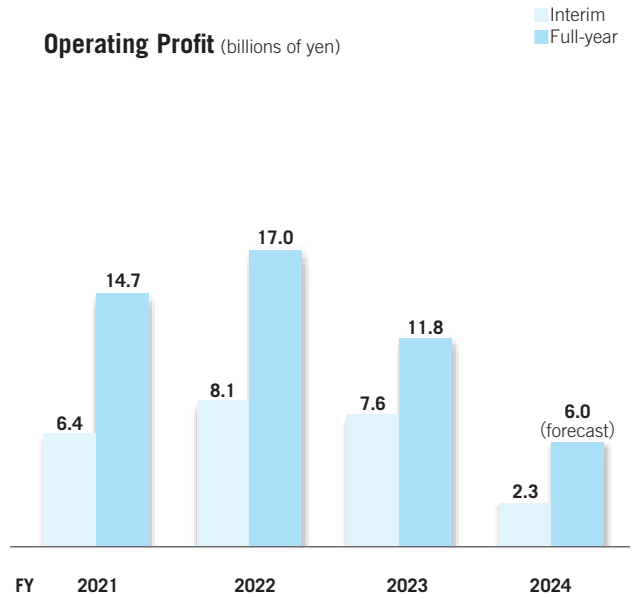
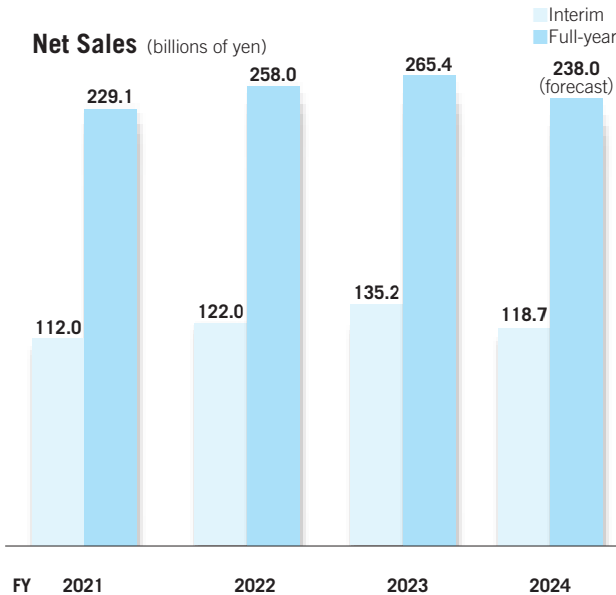


RESULTS OF OPERATIONS (Consolidated)

Composition of Sales



Trend in Business Results



TOPICS

As a comprehensive machinery manufacturer, we will utilize our unique technology and know-how to develop groundbreaking new products and establish an optimal production system, aiming to further improve our business performance and achieve sustainable growth.

1. Develop the potential demand of the industrial machinery sector

We are working to capture the expanding demand in the industrial machinery sector with a wide range of products that meet our customers' needs for energy conservation, automation, and improved productivity.



New Energy Saving Hydraulic Unit

Reduces power consumption by up to 74% compared to conventional hydraulic units. Our proprietary cooling system also improves machining accuracy, meeting customer demands for energy saving and high efficiency.



Compact Collaborative Robot
"CMZ Series (CMZ05, CMZ12)"

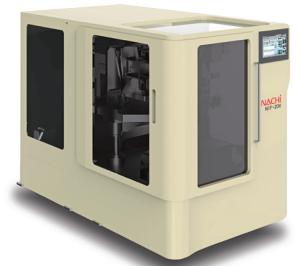
Offering the same high speed, high precision and superior safety as the CMZ05, but with a longer reach and larger payload capacity of 12kg, the CMZ12 has been newly added to the lineup. We will continue to expand the CMZ series lineup to contribute to greater manufacturing efficiency of our customer.



PCBs Transfer Robot "MZ12W"
(Compact wall-mounted robot suitable for transferring printed circuit boards)



"Burrless Series (drills, end mills, and taps)"
(Minimize burrs to reduce deburring post-processing)



Compact injection molding machine for fluoropolymers "NIF-20V"
(Enhance manufacturing productivity of small molded fluoropolymer products)

2. Capturing demand of EV market

Motor and speed reducer parts, machine tools, and robots used for the manufacturing of car body production are increasing.

We offer a wide range of solutions, including actuators and other products, to support the adoption of EVs.



Plastic insert bearings to reduce electrical corrosion
(Propose plastic inserts for the outer or inner ring based on usage)



Precision roll forming machines
(Respond to demand for high precision of motor shafts)



Spot welding robots
(Reduce cycle time in car body welding)



Lock actuators
(Proprietary design achieves zero electrical consumption in the locked state)

3. Strengthening our manufacturing system

We will increase carbide drill manufacturing capacity in North America to capture growing demand.

We will also enhance cost competitiveness by centralizing the manufacturing of radial bearings in Thailand.



NACHI TOOL AMERICA INC.



Carbide drills



NACHI TECHNOLOGY (THAILAND) CO., LTD.



Radial bearings

○ General Meeting of Shareholders Held at the Toyama Plant



Scene from the shareholders meeting

The 141st Annual General Meeting of Shareholders was held at the Toyama Plant for the first time in 24 years. Shareholders in attendance were free to explore the showroom and ROBOT FA Exhibition Hall to deepen their understanding of the Company's business operations and technologies.

○ Initiatives to Achieve Carbon Neutrality



No. 2 Robot Factory

We have been introducing solar power generation systems since 2022. In February 2024 a solar power generation system was installed at the Toyama Plant No. 2 Robot Factory. We will continue to expand adoption to other plants.

SUMMARY OF FINANCIAL STATEMENTS

Consolidated Balance Sheets

(millions of yen)

Item	November 30, 2023 (for your reference)	May 31, 2024
ASSETS:		
Current assets	189,406	179,882
Cash and deposits	34,619	34,468
Notes and accounts receivable, and contract assets	58,805	52,503
Electronically recorded monetary claims-operating	8,337	7,501
Inventories	80,130	79,139
Other	7,513	6,269
Fixed assets	180,917	186,252
Property, plant and equipment	127,620	126,917
Buildings and structures	33,457	33,322
Machinery, equipment and vehicles	72,573	73,432
Other	21,589	20,162
Intangible fixed assets	3,672	4,062
Investments and other assets	49,625	55,273
Total assets	370,324	366,135

(millions of yen)

Item	November 30, 2023 (for your reference)	May 31, 2024
LIABILITIES:		
Current liabilities	119,569	107,131
Notes and accounts payable	19,094	15,350
Electronically recorded obligations-operating	26,021	21,603
Short-term borrowings	45,190	37,472
Other	29,263	32,704
Long-term liabilities	81,234	83,310
Long-term borrowings	54,578	55,316
Provision for retirement benefits	9,317	9,082
Other	17,338	18,911
Total liabilities	200,804	190,441
NET ASSETS:		
Shareholders' equity	131,395	129,473
Share capital	16,074	16,074
Capital surplus	11,408	11,408
Retained earnings	110,593	108,780
Treasury stock	-6,681	-6,790
Accumulated other Comprehensive income	31,319	39,297
Non-controlling interests	6,804	6,922
Total net assets	169,520	175,693
Total liabilities and net assets	370,324	366,135

Consolidated Statements of Profit

(millions of yen)

Item	Six Months Ended May 31, 2023	Six Months Ended May 31, 2024
Net sales	135,264	118,712
Operating Profit	7,612	2,342
Ordinary Profit	7,047	1,452
Extraordinary income	41	584
Extraordinary losses	42	112
Quarterly profit before income taxes and minority interests	7,046	1,924
Quarterly net Profit attributable to owners of the parent	4,727	779

Consolidated Statements of Cash Flows

(millions of yen)

Item	Six Months Ended May 31, 2023	Six Months Ended May 31, 2024
Cash flows from operating activities	902	13,265
Cash flows from investing activities	-8,278	-8,178
Cash flows from financing activities	5,521	-6,180
Net decrease in cash and cash equivalents	-1,412	-702
Cash and cash equivalents at beginning of period	34,754	32,824
Cash and cash equivalents at end of period	33,342	32,122

SHAREHOLDER INFORMATION (As of May 31, 2024)

Number of Shares Issued: 24,919,343

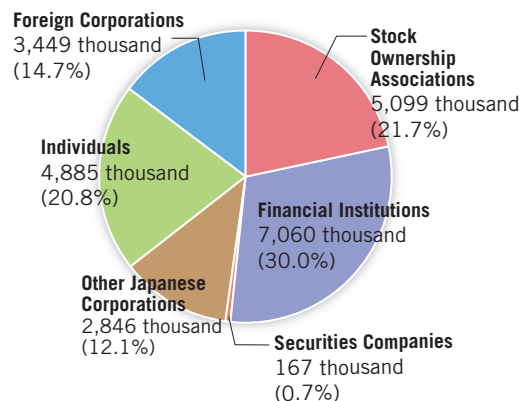
Number of Shareholders: 18,324

Major Shareholders (top five):

Note: Shareholding ratios are calculated after subtracting treasury stock (1,410 thousand shares).

Shareholders	Number of shares held (thousand)	Shareholding ratio (%)
NACHI WANEI Stockholding	2,677	11.39
The Master Trust Bank of Japan, Ltd. (trust accounts)	1,581	6.73
Employees' Stock Ownership Plan	1,423	6.05
Nachi Distributor Stock Ownership Association	996	4.24
MUFG Bank, Ltd.	925	3.94

Breakdown of Shareholders



DIRECTORS (As of August 2024)

Director,
Chairman
Hiroo Honma

Representative Director,
Senior Managing Corporate Officer
Hideaki Hara

Director,
Managing Corporate Officer
Yuichi Sawasaki

Director,
Corporate Officer
Naozumi Yoshida

Director (Full-time Member of the
Audit & Supervisory Committee)
Masayuki Kobayashi

Director (Member of the Audit &
Supervisory Committee)
Yasuaki Sawachika*

Representative Director,
President
Tsutomu Kurosawa

Director,
Managing Corporate Officer
Tetsu Furusawa

Director,
Corporate Officer
Shirou Hatasaki

Director
Yo Okabe*

Director (Member of the Audit &
Supervisory Committee)
Masakazu Yamazaki*

Director (Member of the Audit &
Supervisory Committee)
Emi Goto*

*Outside director.

CORPORATE INFORMATION (As of May 31, 2024)

Foundation: December 21, 1928

Capital: ¥16 billion

Number of Employees: 3,189 (Group employees 7,179)

Major Products:

Machinery and tools business

Components business

Other business

Cutting Tools, Forming Tools, Cutting Saws, Machine Tools, Machining Systems, Robots, Robotics Systems

Bearings, Hydraulic Equipment, Automotive Hydraulics

Special Steels, Coating, Industrial Furnaces

Major Domestic Offices and Plants:

Head Office

Toyama Plant

Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan

1-1-1, Fujikoshi-Honmachi, Toyama 930-8511, Japan

(Cutting Tools / Machine Tools / Bearings / Robots)

Tel:+81-3-5568-5111

Tel:+81-76-423-5111

Eastern Japan Main Branch

Central Japan Main Branch

Western Japan Main Branch

Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan

Nachi Nagoya Bldg. 2-120-3, Takayashiro, Meitou-ku, Nagoya 465-0095, Japan

Sumitomo Nakanoshima Bldg. 5F, 3-2-18, Nakanoshima, Kita-ku, Osaka 530-0005, Japan

Higashi-Toyama Plant

Namerikawa Plant

3-1-1, Yoneda-machi, Toyama 931-8511, Japan (Special Steels) / 3-2-1, Nakada, Toyama 931-8453, Japan (Hydraulic Equipment)

176, Ogake, Namerikawa 936-0802, Japan (Cutting Tools / Hydraulic Equipment / Automotive Hydraulics / Coating / Industrial Furnaces)

Major Overseas Offices and Plants:

NACHI AMERICA INC. (U.S.A.) NACHI EUROPE GmbH (Germany) NACHI-FUJIKOSHI (CHINA) CO., LTD.

NACHI (JIANGSU) INDUSTRIES CO., LTD. (China) NACHI TECHNOLOGY (THAILAND) CO., LTD. (Thailand)

INVESTOR INFORMATION

Securities Code:	6474
Fiscal Year:	From Dec. 1 of each year to Nov. 30 of the following year
Timing of Ordinary General Meeting of Shareholders:	February
Record Date:	Annual General Meeting of Shareholders on November 30 Year-end dividend on November 30 Interim dividend on May 31
Unit:	100 shares
Shareholder registry administrator/ Administrator for Special Accounts:	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, 100-8233, Japan
Administrative Office/ Mailing Address:	Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department
Inquiry contact:	Toll-free: 0120-782-031 (Toll-free in Japan)
URL:	https://www.nachi-fujikoshi.co.jp/eng/

Notice regarding the Transfer of Dividends to the Shareholder's Account **We recommend transfer to the shareholder's account as a safe, secure, and convenient way to receive dividends.**

Please choose from the following three methods for receiving dividends through transfer to the shareholder's account.

Allocation by Proportion of Shares: Receiving dividends through accounts that the shareholder has with securities firms. (A shareholder who does not have an account at a securities firm may not use this method.)

Registration of a Single Account for Receiving Dividends: Receiving dividends for all categories of stock that the shareholder owns through a single account that the shareholder has with banks, etc. (An account with the Japan Post Bank may not be designated for this purpose.)

Designation by Specific Stock: Assigning an account that the shareholder has with banks, etc. for each category of stock and receiving dividends through such accounts.

Procedures regarding Shares

1. Notification regarding Designation of the Method for Receiving Dividends; the Purchase of Additional Shares or Buyback of Holdings Less Than the Minimum Trading Unit; Change of Address, Name, etc.; and Request for Stock Transfers between Accounts

Please notify the securities company with which you have your account. For those shareholders who do not have an account with a securities company and who have set up a special account instead, please notify Sumitomo Mitsui Trust Bank, Limited which is the account administrator for special accounts.

2. Questions regarding Payments of Accrued Dividends and Other General Administrative Matters regarding Shares

Please contact Sumitomo Mitsui Trust Bank, Limited which administers the shareholders registry.

The Cover Photograph

Utilizing our design expertise built up through a long history of development, the compact collaborative robot CMZ05 combines best-in-class high-speed and high-precision operation with superior safety.

With performance that far exceeds that of conventional collaborative robots, the CMZ05 can contribute to automation and increased productivity at a wide variety of production sites.