

Financial Results Fiscal Year 2023 (April 2023-March 2024)

NITTO KOHKI CO., LTD

Prime Market: 6151

CONTENTS

01 Summary of Financial Results for FY2023	P.05
02 Performance Plans for FY2024	P.19
APPENDIX Corporate Outline	

Performance in FY2023

Sales: 27.0-billion-yen (decreased 3.6% YoY)

Operating profit: 2.9-billion-yen (decreased 19.3% YoY)

- The main cause for the decline in sales has been the reduced demand in the Couplings Business for products for the semiconductor manufacturing industry and lithium-ion batteries manufacturing process. However, the demand for products for the semiconductor manufacturing industry is showing signs of recovery at the moment. Reduced profits due to reduced sales and increased SG&A.
- We shall work to balance growth investments with shareholder returns and acquire and cancel treasury stock to further return profits to shareholders.

Plans for FY2024

Sales: 28.2-billion-yen (increased 4.3% YoY)

Operating profit: 3.0-billion-yen (increased 3.4% YoY)

We expect increased revenues and increased profits.

- There is an increasing number of inquiries, and current business performance is showing signs of recovery. We also plan new product launches.

Shareholder return

Forecast annual dividend for FY2024 is 48 yen per share

Dividend policy: Consolidated dividend payout ratio of 40%.

CONTENTS

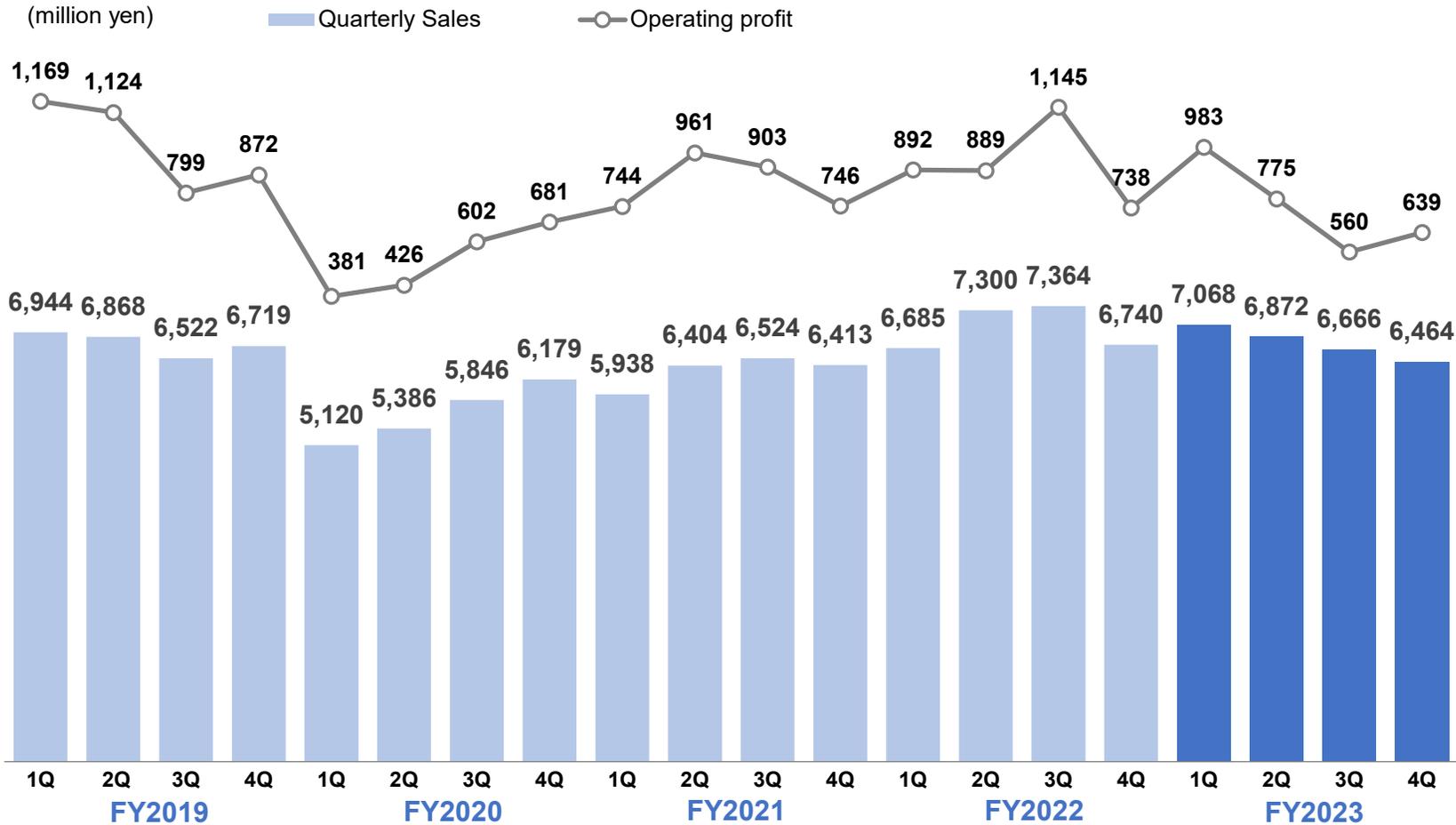
01 Summary of Financial Results for FY2023	P.05
02 Performance Plans for FY2024	P.19
APPENDIX Corporate Outline	

Performance in FY2023

- Sales have shown reduced profits YoY, heavily impacted by the decreased demand for products for the semiconductor manufacturing industry and the lithium-ion battery manufacturing process in our mainstay Couplings Business.
- Profits are impacted by the reduced revenue from our mainstay business and increased costs (personnel expenses).
- Extraordinary income was recorded due to a subsidy from Fukushima City for the acquisition of land for the new plant (147 million yen) and the sale of investment securities (280 million yen).
Extraordinary losses were recorded due to expenses related to the new enterprise system and an impairment loss for the Linear Pumps Business.

	FY2022		FY2023		Amount	%	<Ref.> (Announced date: May 10, 2023)	
	Amount	%	Amount	%			Initial plan	Achievement rate
Sales	28,091	-	27,072	-	-1,018	-3.6%	30,380	89.1%
COGS	15,212	54.2%	14,469	53.4%	-743	-4.9%	-	-
Gross profit	12,878	45.8%	12,602	46.6%	-275	-2.1%	-	-
SG&A	9,212	32.8%	9,643	35.6%	431	+4.7%	-	-
Operating profit	3,665	13.1%	2,958	10.9%	-706	-19.3%	4,120	71.8%
Ordinary profit	3,818	13.6%	3,100	11.5%	-718	-18.8%	4,230	73.3%
Extraordinary income	-	-	427	1.6%	427	-	-	-
Extraordinary loss	-	-	604	2.2%	604	-	-	-
Profit attributable to owners of parent	2,625	9.3%	2,050	7.6%	-574	-21.9%	2,950	69.5%

Quarterly Sales and Operating Profit

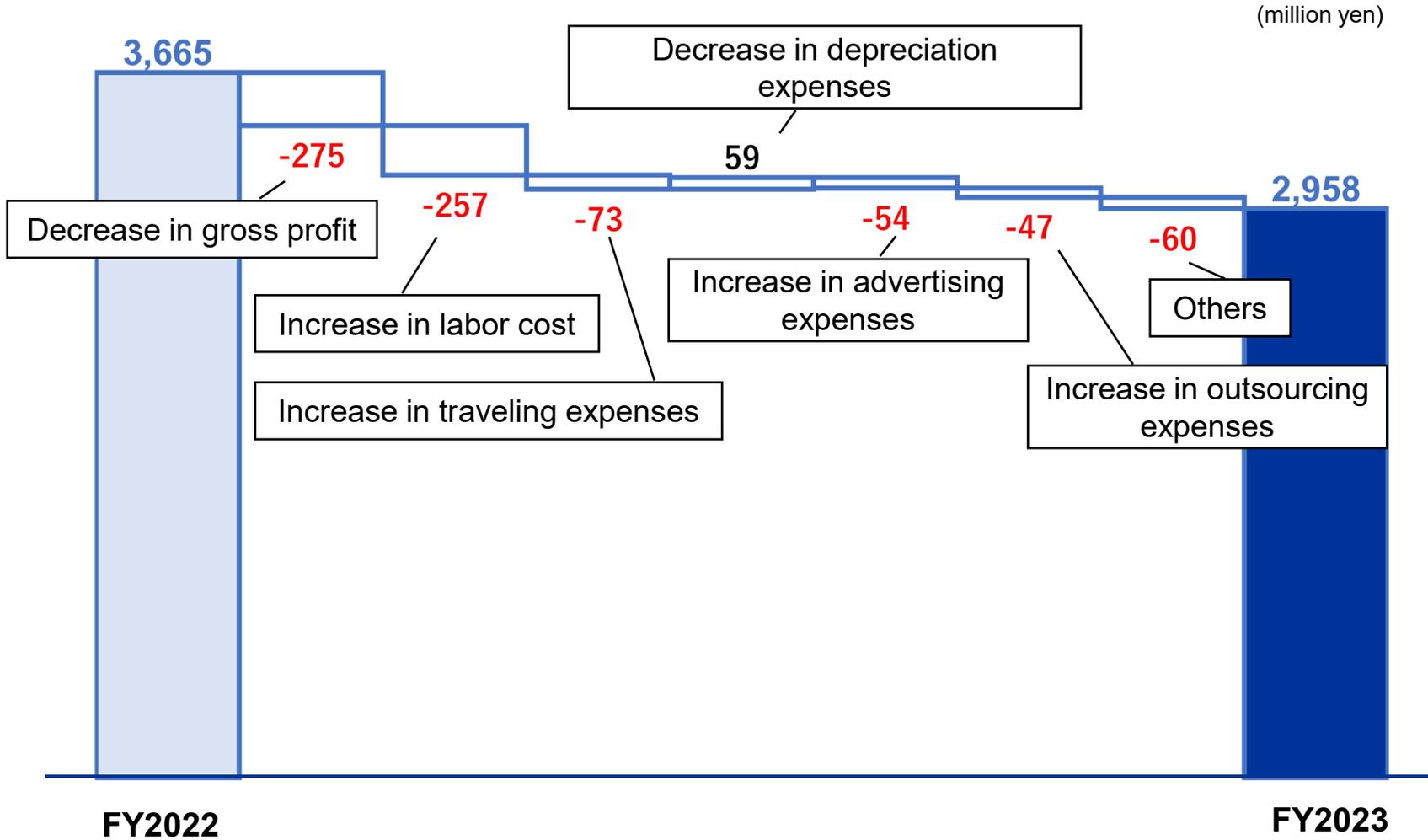


- Decrease in sales is mainly due to decreased demand for quick connect couplings CUPLA for the semiconductor manufacturing industry and lithium-ion batteries manufacturing process.

(million yen)

Sales	27,054	22,533	25,281	28,091	27,072
Operating profit	3,965	2,091	3,355	3,665	2,958
Operating profit ratio	14.7%	9.3%	13.3%	13.1%	10.9%

Factors Affecting Profit



Operating profit decreased due to decrease in sales and the increase in SG&A

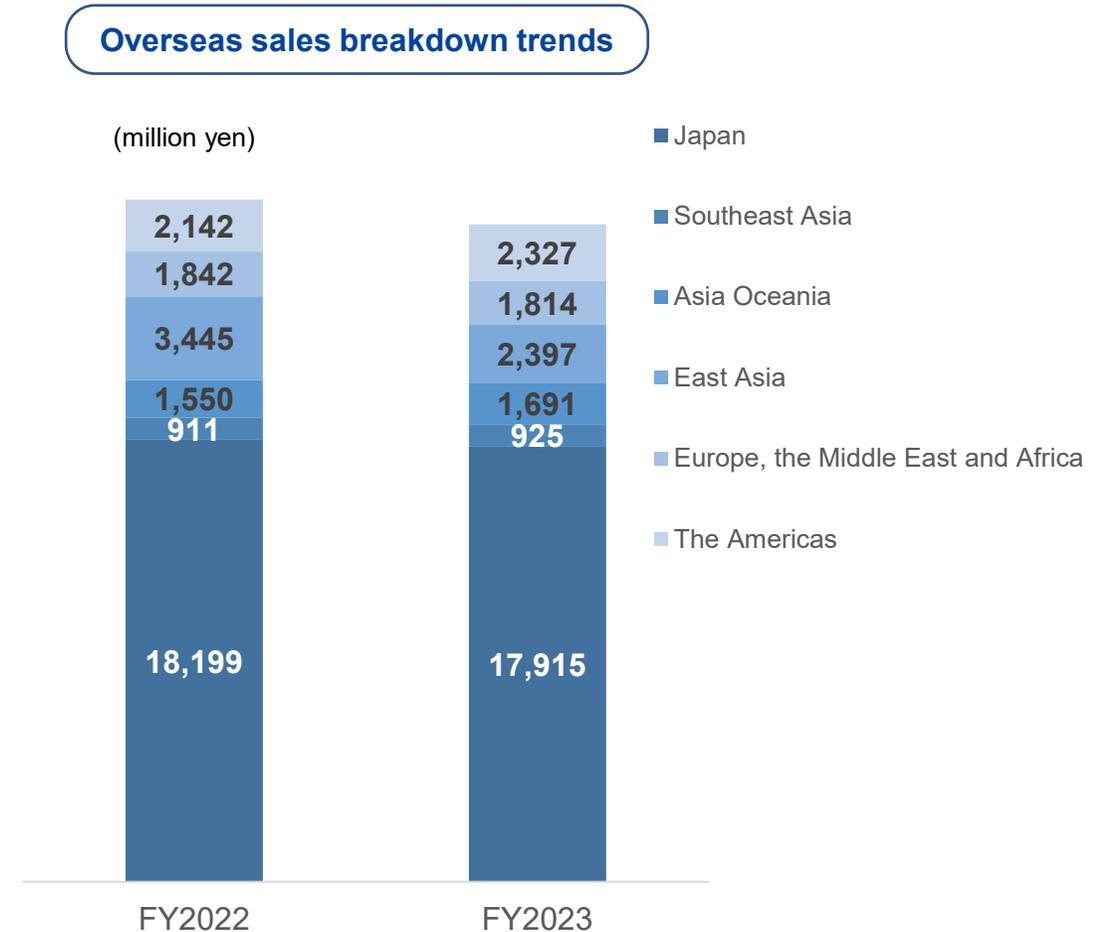
[Breakdown]

- Labor cost increased mainly due to base-pay increases
- Traveling expenses and advertising expenses increased due to increased sales activities

Sales by Region

- Domestically, the trend is almost flat YoY.
- Overseas, East Asia (mainly China) saw reduced sales for couplings, while the Americas, Asia, and Oceania saw slight rises YoY and Europe a slight decline in blower sales YoY.

(million yen)	FY2022	FY2023	%
Japan	18,199	17,915	-1.6%
Overseas	9,891	9,157	-7.4%
Overseas ratio	35.2%	33.8%	
The Americas	2,141	2,327	+8.7%
Europe, the Middle East and Africa	1,842	1,814	-1.5%
East Asia	3,445	2,397	-30.4%
Asia Oceania	1,550	1,691	+9.1%
Southeast Asia	911	925	+1.6%



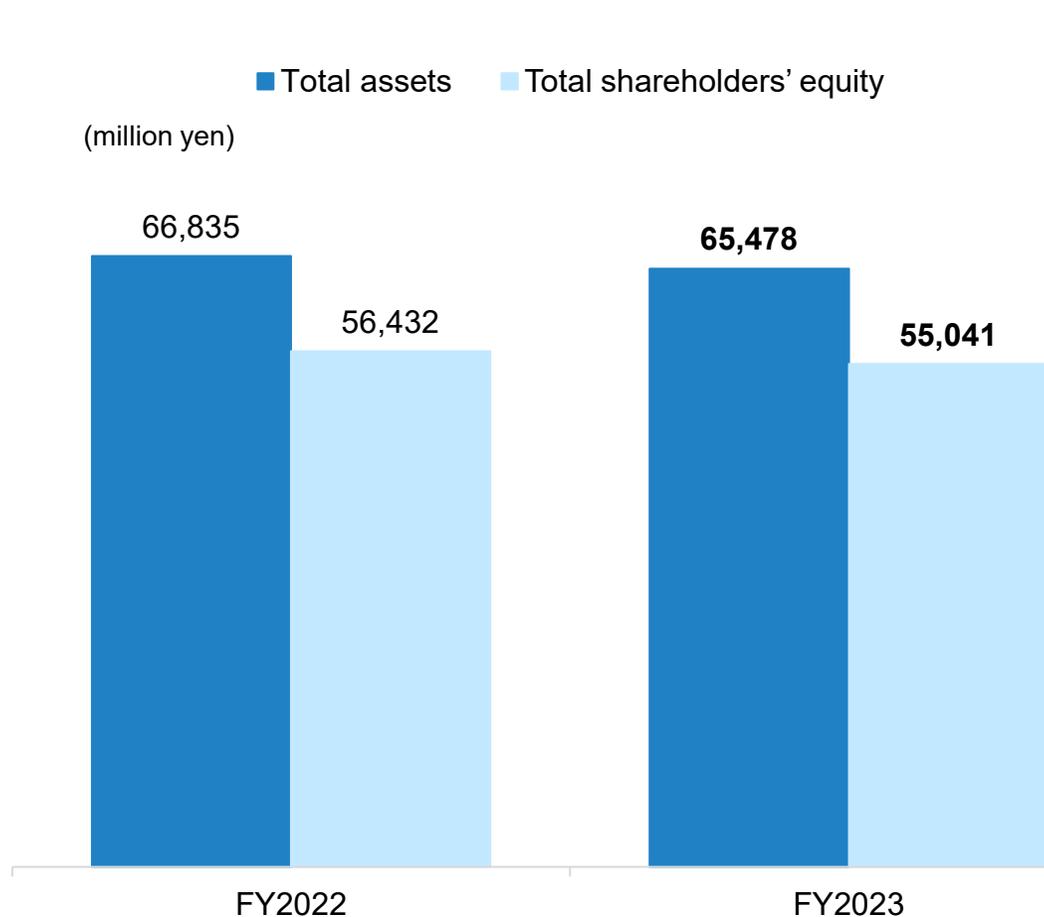
Effect of Currency Exchange on Profit

(yen)	FY2022	FY2023	FY2024 (plan)	Effect on profit by currency (million yen)	
US Dollar	132.70	141.83	150.00	US Dollar	109
Euro	141.47	157.12	160.00	Euro	54
UK Pound	160.00	180.68	185.00	UK Pound	15
AU Dollar	89.57	96.94	96.00	AU Dollar	6
Thai Baht	3.80	4.13	4.00	Thai Baht	-194
				Total	-8

- Mainly due to the exchange rate impact of Thai baht

Maintained financial soundness with an equity-to-asset ratio of 87.9%

- Total assets : Decreased by 1,400 million yen from the end of the previous fiscal year due to decreases in cash and deposits, securities, etc.
- Liabilities : Decreased by 900 million yen from the end of the previous fiscal year.



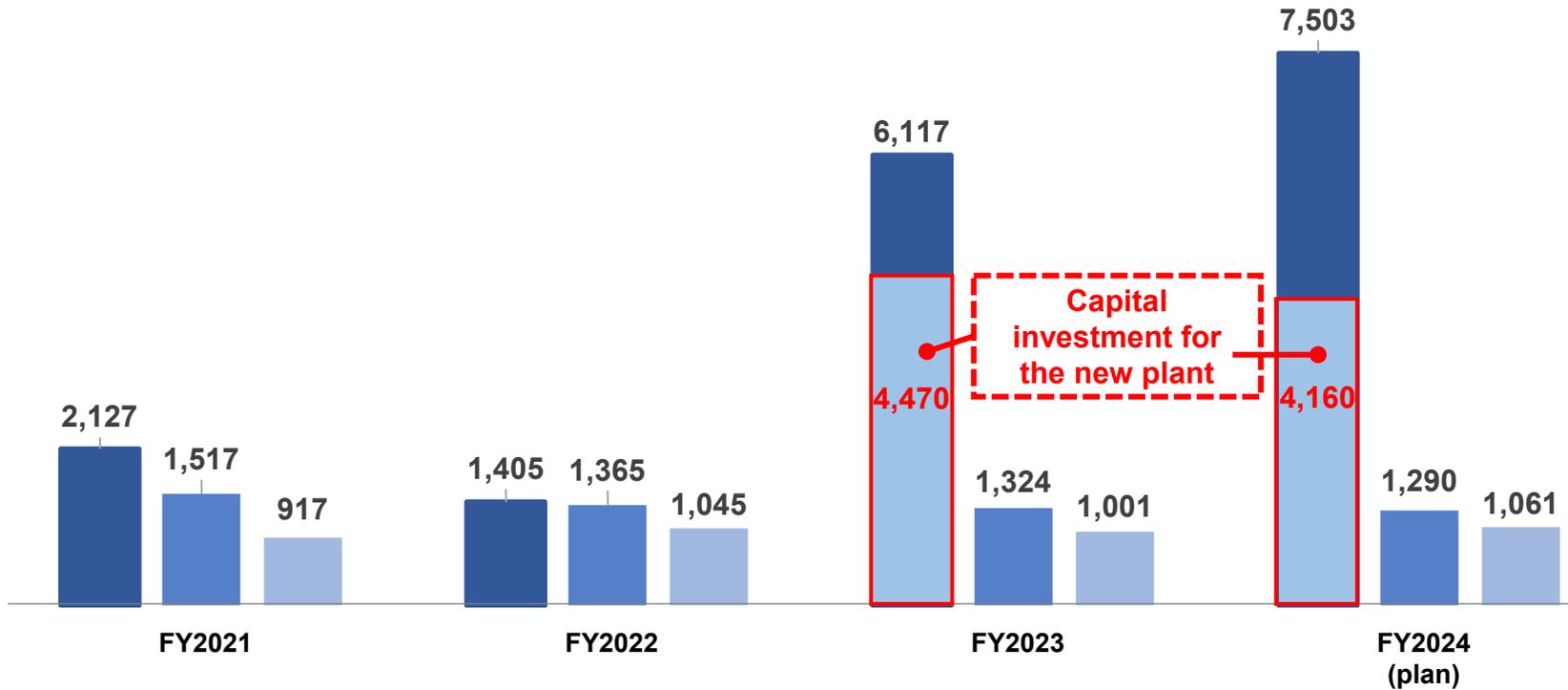
(million yen)	FY2022	FY2023	Amount
Current asset	48,933	43,087	-5,845
Cash and deposits	26,925	25,157	-1,768
Securities	4,899	-	-4,899
Inventories	9,153	10,114	961
Fixed asset	17,901	22,390	4,489
Total assets	66,835	65,478	-1,356
Current liabilities	4,403	3,570	-833
Long-term liabilities	4,460	4,321	-138
Total liabilities	8,863	7,891	-972
Total shareholders' equity	56,432	55,041	-1,391
Net assets	57,971	57,587	-384
Total Liabilities and net assets	66,835	65,478	-1,356

Investments for future growth

(million yen)	FY2022	FY2023	Amount
Cash flows from operating activities	2,299	2,307	8
Cash flows from investment activities	4,652	-333	-4,319
Cash flows from financing activities	-1,498	-3,740	-2,241
Cash and cash equivalents at end of period	20,403	18,805	-1,598

Capital Investment

■ Capital Investment (million yen)
■ R&D expenses
■ Depreciation expenses
■ Capital investment for the new plant



- Starting with the fiscal year ended March 2024, we have carried out growth investments such new plant investment and renewing the enterprise system.
- Investments in the new plant account for 4,400 million yen in the FY2023 period and 4,100 million yen (planned) in the FY2024 period.

**Continue investments to construct the new plant,
 improve production efficiency,
 promote factory automation, and develop new products**

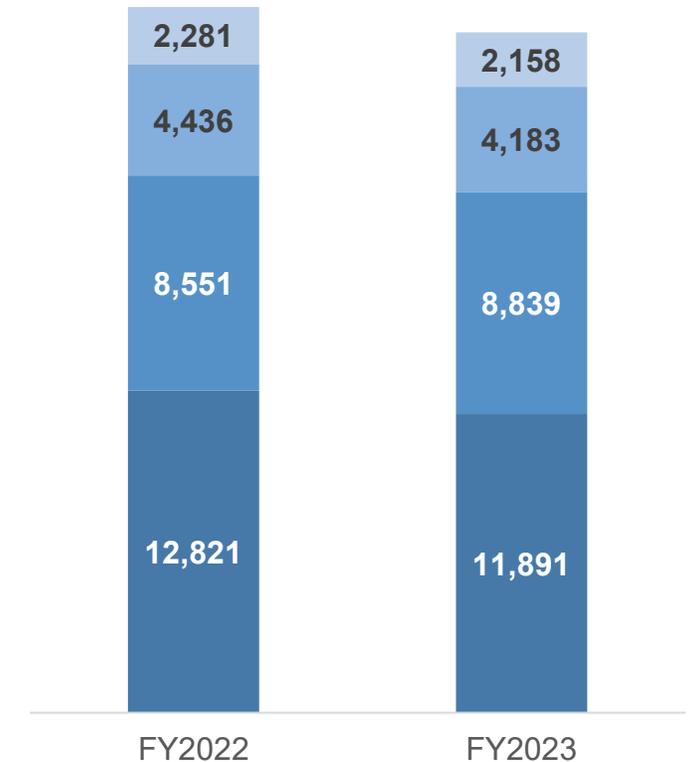
Performance by Segment

- Sales did not achieve the initial plan due to YoY declines in all but machine tools.
- Operating profit declined YoY in all businesses.

(million yen)	FY2022	FY2023	%	<Ref.> (Announced date: May 10, 2023)	
				Initial plan	Achievement rate
Sales	28,091	27,072	-3.6%	30,380	89.1%
Couplings	12,821	11,891	-7.3%	13,824	86.0%
Machine Tools	8,551	8,839	+3.4%	8,941	98.9%
Linear Pumps	4,436	4,183	-5.7%	5,121	81.7%
Door Closers	2,281	2,158	-5.4%	2,494	86.5%
Operating profit	3,665	2,958	-19.3%	4,120	71.8%
Couplings	3,215	2,640	-17.9%	—	—
Machine Tools	630	575	-8.8%	—	—
Linear Pumps	-200	-200	—	—	—
Door Closers	20	-56	—	—	—

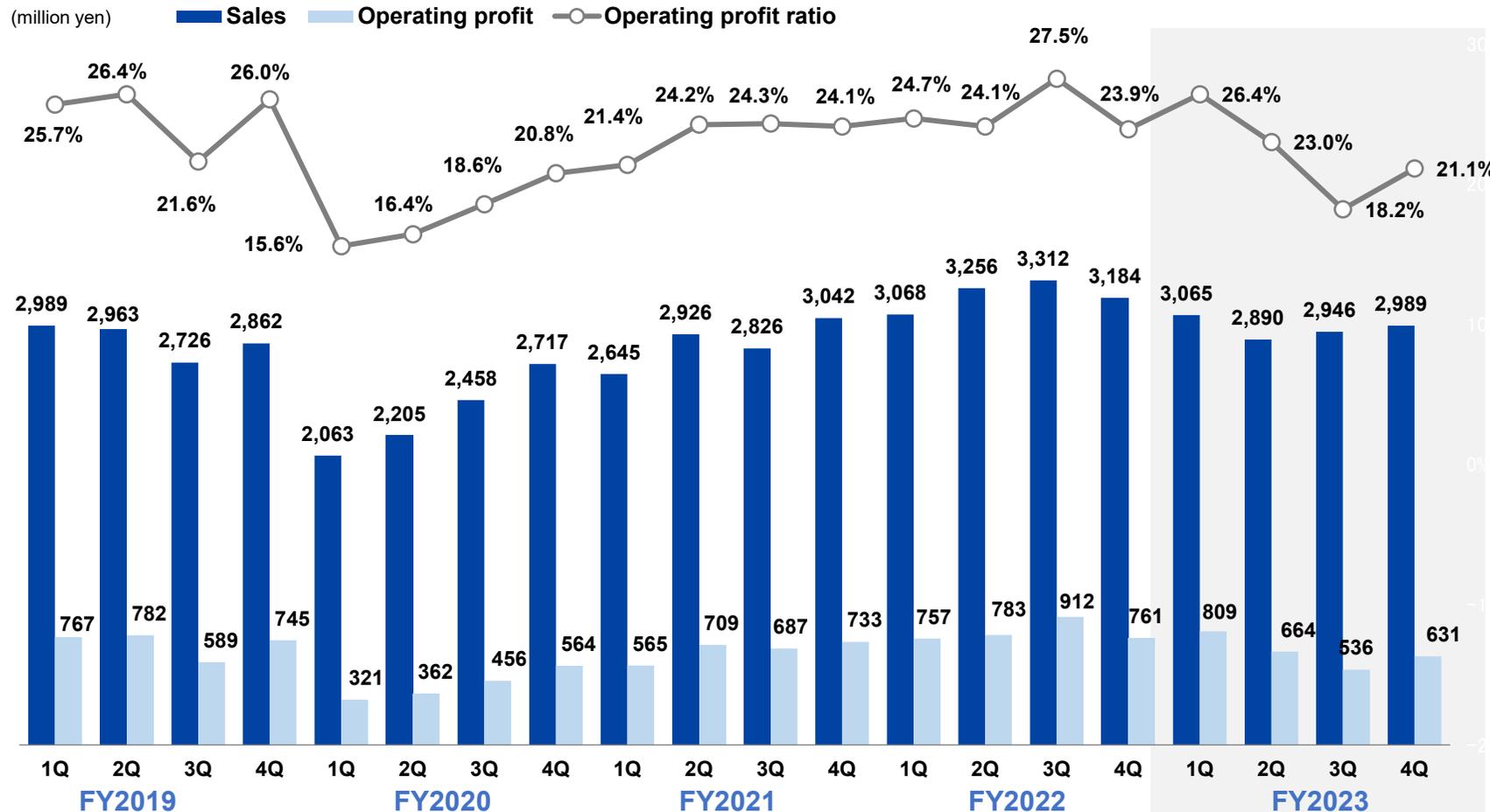
■ Couplings ■ Machine Tools
 ■ Linear Pumps ■ Door Closers

(million yen)



Couplings Business Quarterly

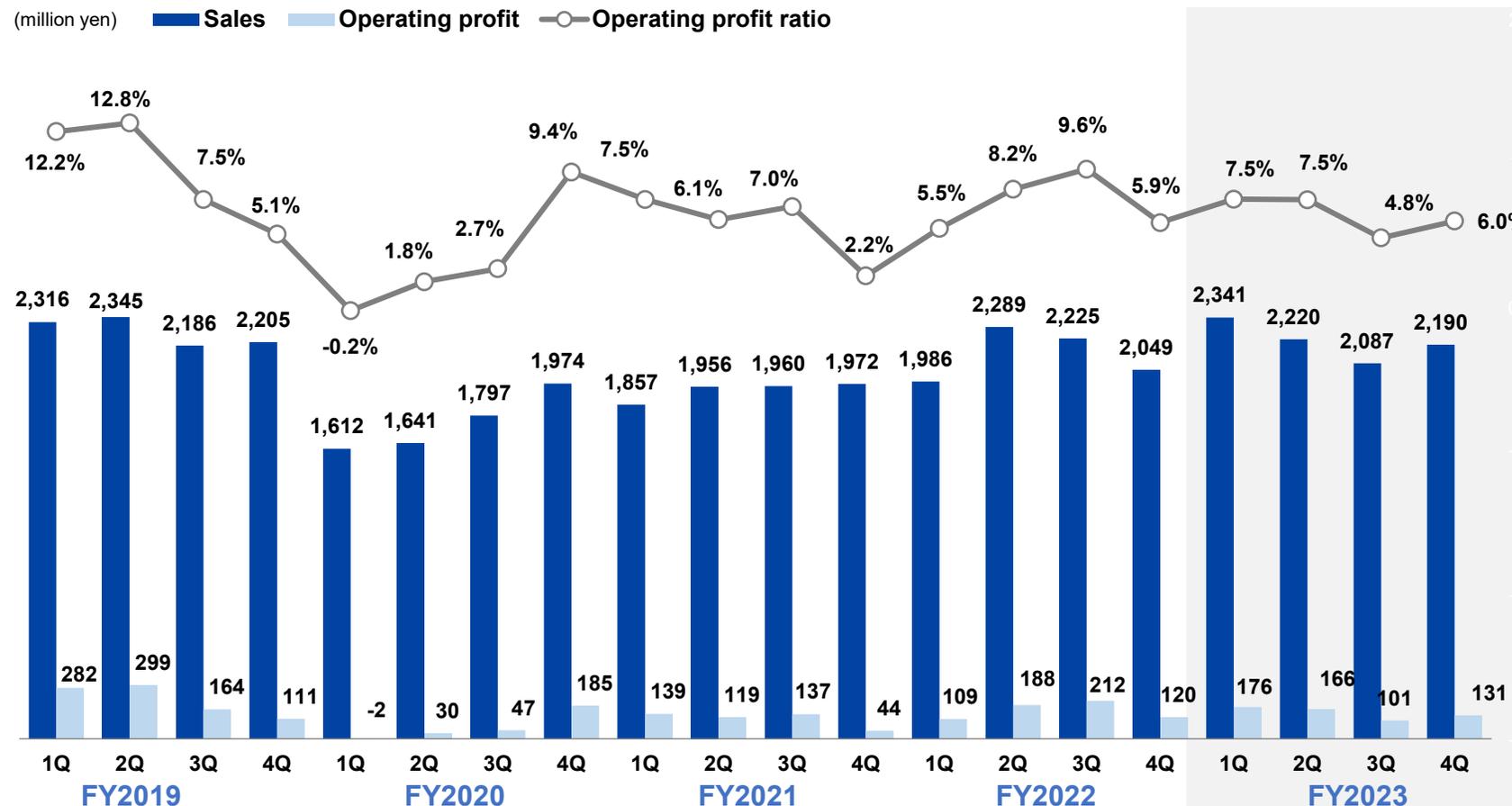
(million yen)	FY2022	FY2023	%
Sales	12,821	11,891	-7.3%
Operating profit	3,215	2,640	-17.9%
Operating profit ratio	25.1%	22.2%	-2.9pt



- Reduced demand for products for the semiconductor manufacturing industry and lithium-ion batteries manufacturing process has had a major impact on performance.
- Revenue and profits have declined YoY, but the operating profit ratio is holding steady throughout the fiscal year at over 20%.

Machine Tools Business Quarterly

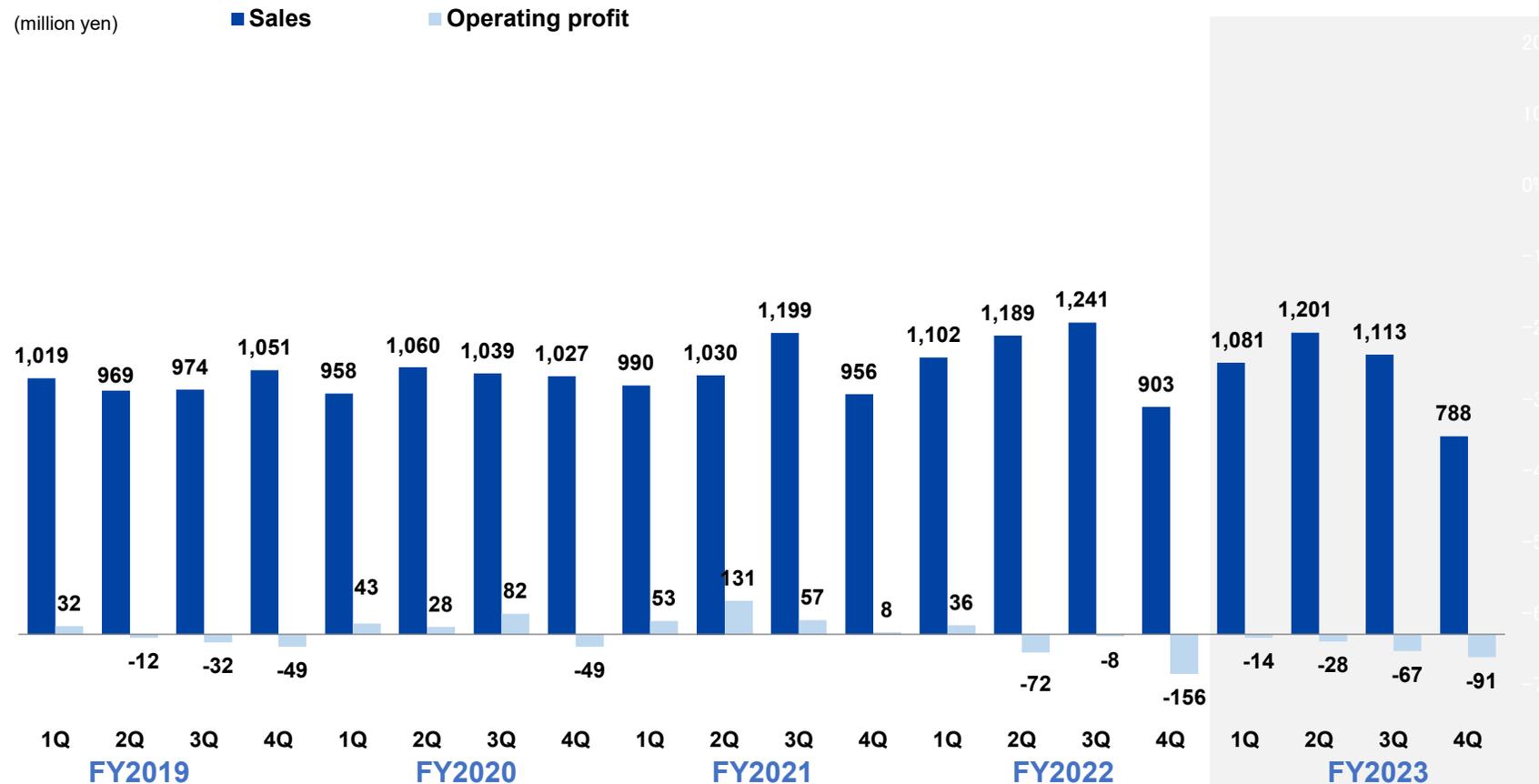
(million yen)	FY2022	FY2023	%
Sales	8,551	8,839	+3.4%
Operating profit	630	575	-8.8%
Operating profit ratio	7.4%	6.5%	-0.9pt



- The resumption of face-to-face sales has meant rising sales both domestically and overseas.
- Expenses increased due to the need to strengthen sales, but these costs could not be absorbed, so operating profit decreased YoY.

Linear Pumps Business Quarterly

(million yen)	FY2022	FY2023	%
Sales	4,436	4,183	-5.7%
Operating profit	-200	-200	—
Operating profit ratio	—	—	—

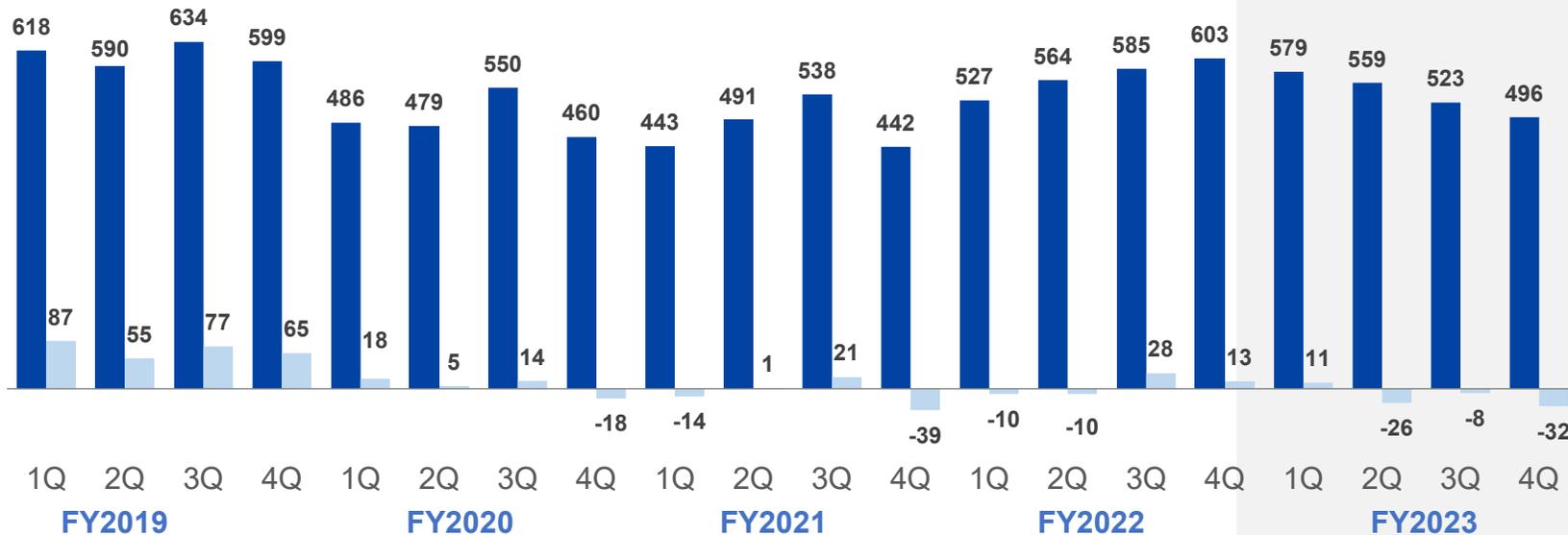


- Reduced orders both domestically and overseas due to the effects of last-minute demand before the FY2022 price revisions.
- Operating loss was reported due to decreased sales and the impact of foreign exchange rates caused by the appreciation of the Thai baht.

Door Closers Business Quarterly

(million yen)	FY2022	FY2023	%
Sales	2,281	2,158	-5.4%
Operating profit	20	-56	—
Operating profit ratio	0.9%	—	—

(million yen) ■ Sales ■ Operating profit



- Sharp rises in materials costs and personnel shortfalls in the construction industry led to stoppages or delays to major projects, impacting performance.
- Recorded an operating loss due to reduced revenue and spiking raw material costs.

CONTENTS

01 | Summary of Financial Results
for FY2023

P.05

02 | Performance Plans for FY2024

P.19

APPENDIX Corporate Outline

Performance Plans for FY2024

There is an increasing number of inquiries, and current business performance is showing signs of recovery.

New product launches also planned.

(million yen)	FY2023	FY2024(plan)	%
Sales	27,072	28,240	+4.3%
Couplings	11,891	12,480	+5.0%
Machine Tools	8,839	9,190	+4.0%
Linear Pumps	4,183	4,350	+4.0%
Door Closers	2,158	2,220	+2.9%
Operating profit	2,958	3,060	+3.4%
Operating profit ratio	10.9%	10.8%	-0.1pt
Ordinary profit	3,100	3,160	+1.9%
Profit attributable to owners of parent	2,050	2,220	+8.3%

Sales: YoY +4.3%

Operating profit: YoY +3.4 %

- **Couplings are showing signs of recovery in the semiconductor manufacturing industry, while steadily capturing demand for capital investment in new fields and the automobile industry.**
- **Machine tools look set to enjoy revitalized sales activities thanks to new products.**
- **Linear Pumps looks set to recover sales thanks to new products and built-in pumps.**
- **The Door Closers Business is opening up new demand outside construction.**

Dividend Plan

Total payout ratio

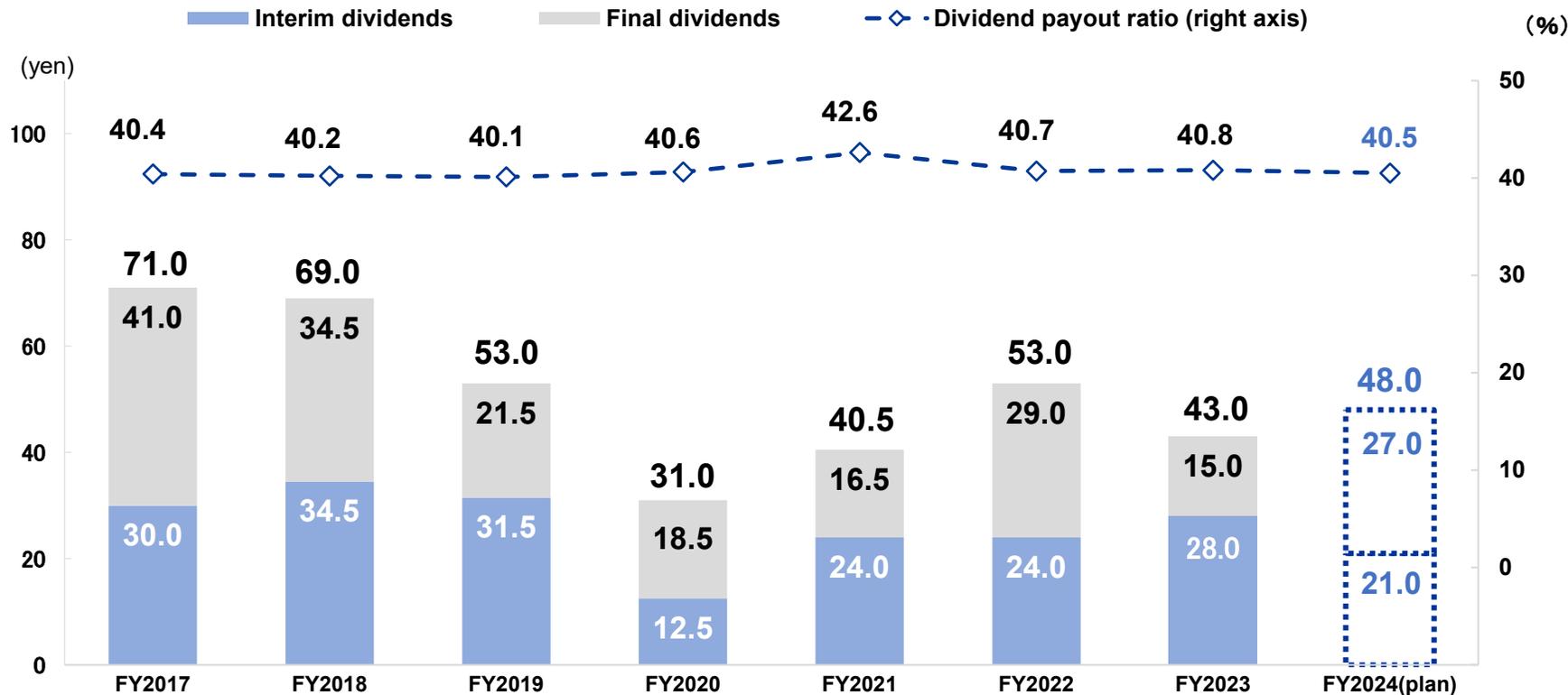
FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (plan)
40.4%	40.2%	87.3%	84.1%	42.6%	54.9%	153.2%	59.5% *

Share Repurchase

Share Repurchase

* Assumed figures as of May 9, 2024

Dividend trends



[Dividend policy]

Consolidated dividend payout ratio of 40%

- Based on a comprehensive assessment of the economic situation, share prices, etc., we implemented a share buyback starting from February 6, 2024.
- By April 19, we had acquired 1,040,000 shares for a total of 2,099 million yen.
- On May 21, 1,040,000 shares were canceled.



This document contains forward looking statements based on NITTO KOHKI's own projections and estimates. They are subject to a number of risks and uncertainties. Take note that actual results may differ from our expectations.

Contact : Corporate Planning Sec.

Tel : +81-3-3755-9970

Email : ir@nitto-kohki.co.jp

CONTENTS

01 Summary of Financial Results for FY2023	P.05
02 Performance Plans for FY2024	P.19
APPENDIX Corporate Outline	

CONTENTS

APPENDIX Corporate Outline



What we really care about, is you.

Your passionate involvement in the workplace.

NITTO KOHKI's "energy and labor-saving" technology focuses on you, to enable smooth operation.

Technology that gives time, energy and peace of mind, that will enhance growth of industry, enrich lives and contribute to society.

Dedicated to bettering your life.

Company Profile

Name	NITTO KOHKI CO., LTD.
Representative Director, President CEO	Akinobu Ogata
Founded	October 22, 1956
Capital	1.85 billion yen Tokyo Stock Exchange, Prime Market, Security Code:6151
Number of Employees	Consolidated 1014 (as of March 31,2024) Development, manufacture and sales of quick-connecting fluid couplings Development, manufacture and sales of labor-saving machine tools Development, manufacture and sales of linear motor driven free piston pumps and other pumps for various applications
Business	Development, manufacture and sales of door-closers
Sales	Consolidated 27.0 billion yen (as of March 31,2024)
Ordinary profit	Consolidated 31.0 billion yen (as of March 31,2024)
Headquarters	2-9-4, Nakaikegami, Ota-ku, Tokyo 146-8555, Japan TEL : +81-3-3755-1111



➤ **Development provides corporate insurance.**

The word "development" in the corporate motto carries four meanings.

- ➊ **Development of products that contribute to society**
- ➋ **Development of sales markets**
- ➌ **Development of human resources**
- ➍ **Development of a system for organization management**

Striving to realize these objectives energizes the company's management culture and ensures ongoing development of the business. In other words, such endeavors constitute "insurance".



Corporate
Motto

Action
Principles

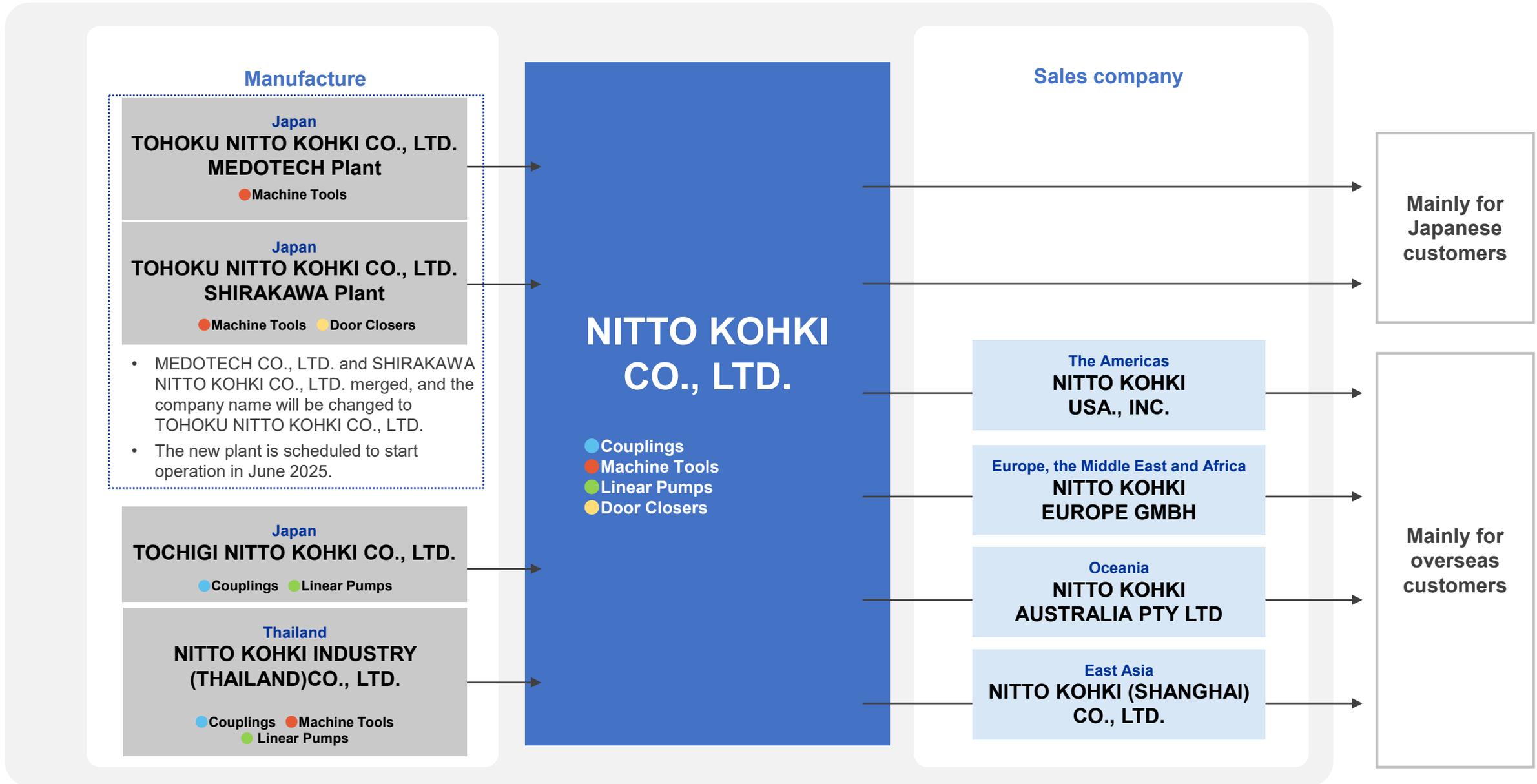
Management
Policy

- **Mobilize creativity and accumulate technology**
- **Cultivate morale and accumulate vitality**
- **Act with complete sincerity and accumulate people's confidence**

Our action principles reflect the company's desire that its employees should be equipped and stimulated to lead rewarding lives.

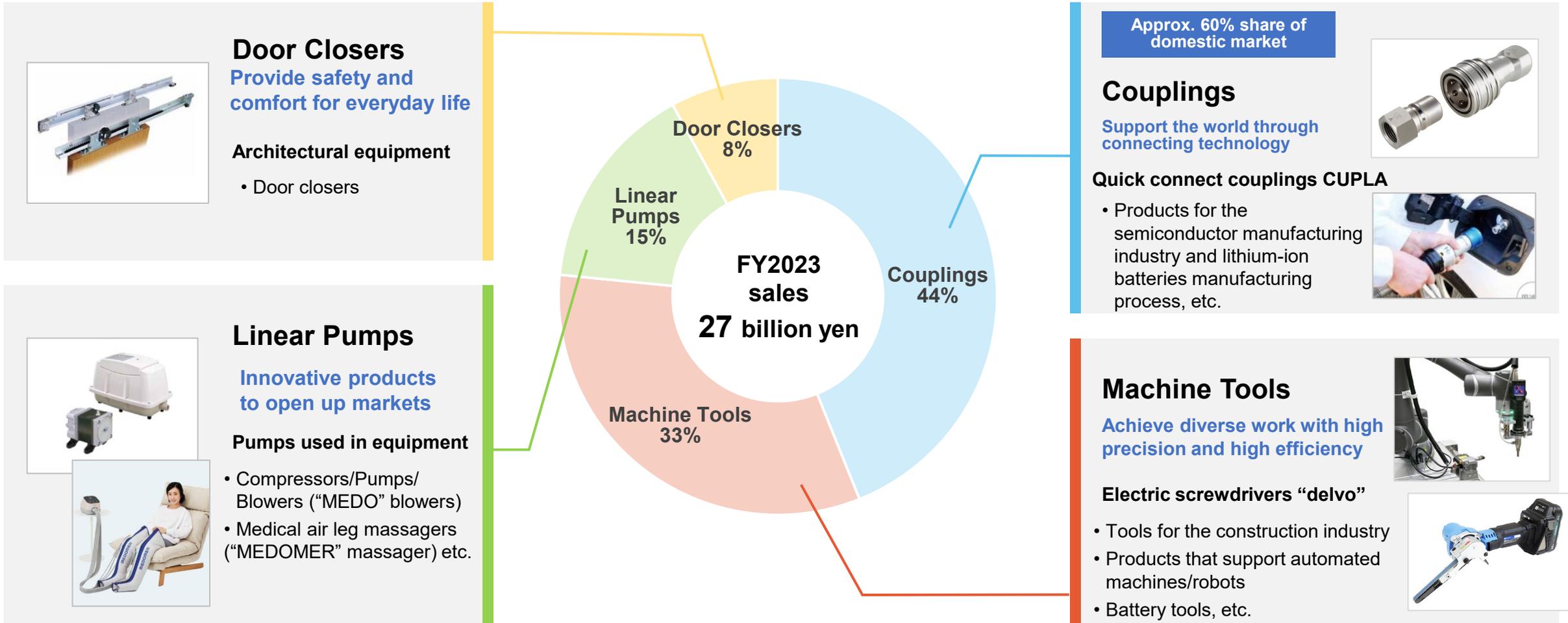
- **Contribution to society** NITTO KOHKI develops, manufactures, and sells useful and valuable products in an effort to contribute to society on a broad basis.
- **Employees' wellbeing** NITTO KOHKI is committed to enhancing the wellbeing of employees and their families through enlightened management policies and practices.
- **Corporate development** NITTO KOHKI pursues appropriate corporate profitability and aims at ongoing business development in order to realize a "contribution to society" and "the wellbeing of our people".

Operational Chart



Business Domains

For more than half a century, we have supported the world through connecting technology, technology that saves energy and labor.

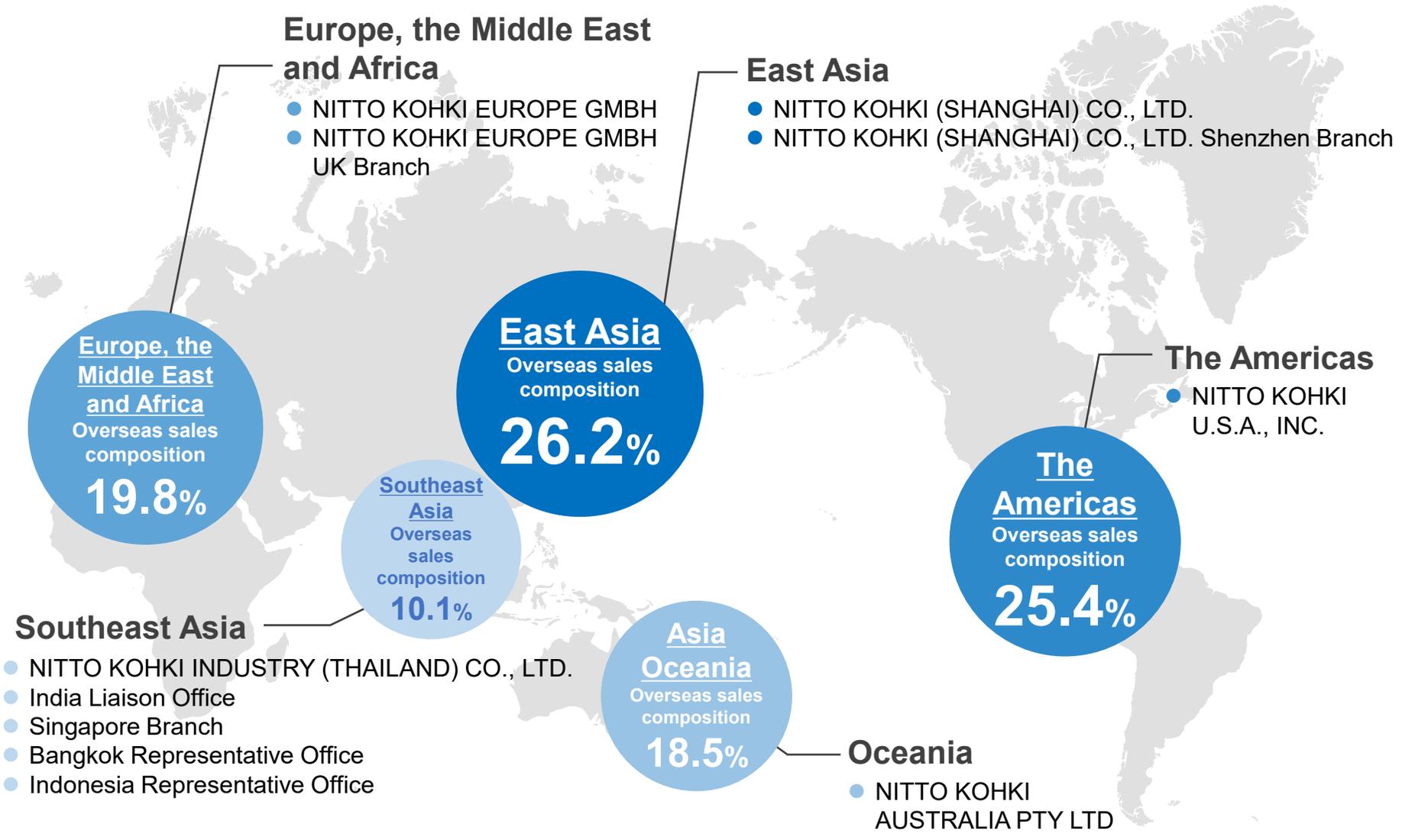
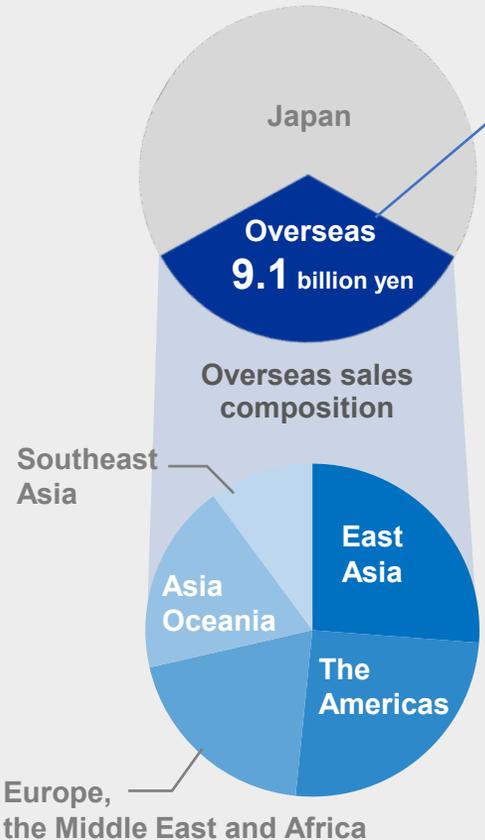


Please see our website for detailed [product information](#).

Overseas Expansion

Overseas sales account for approx. **34%** of total sales.

Sales composition for FY2023



Feature

To satisfy our customers around the world we have established an integrated system from research and development to production, sales, and marketing

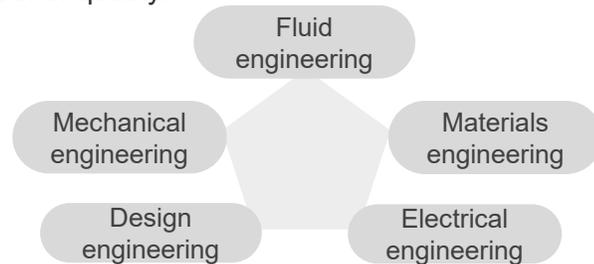
Research and Development

Accumulating diverse technologies throughout our corporate history

A number of our unique products are used in various environmental conditions around the globe from the bottom of the ocean to the outer space.

Creating high quality, our unique research facility

To offer safe and secured products to customers, we have our own research institute to conduct product development and research. Our engineers use measurement and analytical instruments and test equipment to ensure we offer products with superior quality.



Industrial property rights 1,922

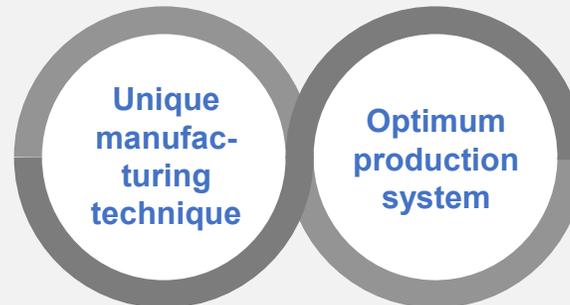
Registering patents, designs, and trademarks worldwide

Production and Quality Assurance

Unique production and quality control system to offer peace of mind and trust to customers around the world

We strive to further improve our production efficiency and reinforce technological development with the aim to overcome declining working population and maintain our superior quality. Additionally, the entire group works as one to create a system to practice optimum production.

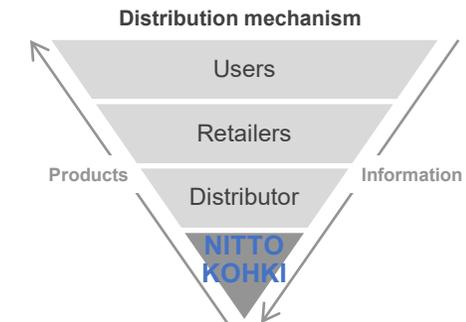
Maintain and improve quality
we received numerous awards and received various certifications including ISO



Marketing and Sales

- Distribution system and marketing activities closely integrated with the local customers
- Finely-tuned after-sales services

Our products are available in various parts of the world and come with after-sales services. There are regional headquarters, branches and offices in various areas around the world. Our distributors and dealers rooted in the area support customers.

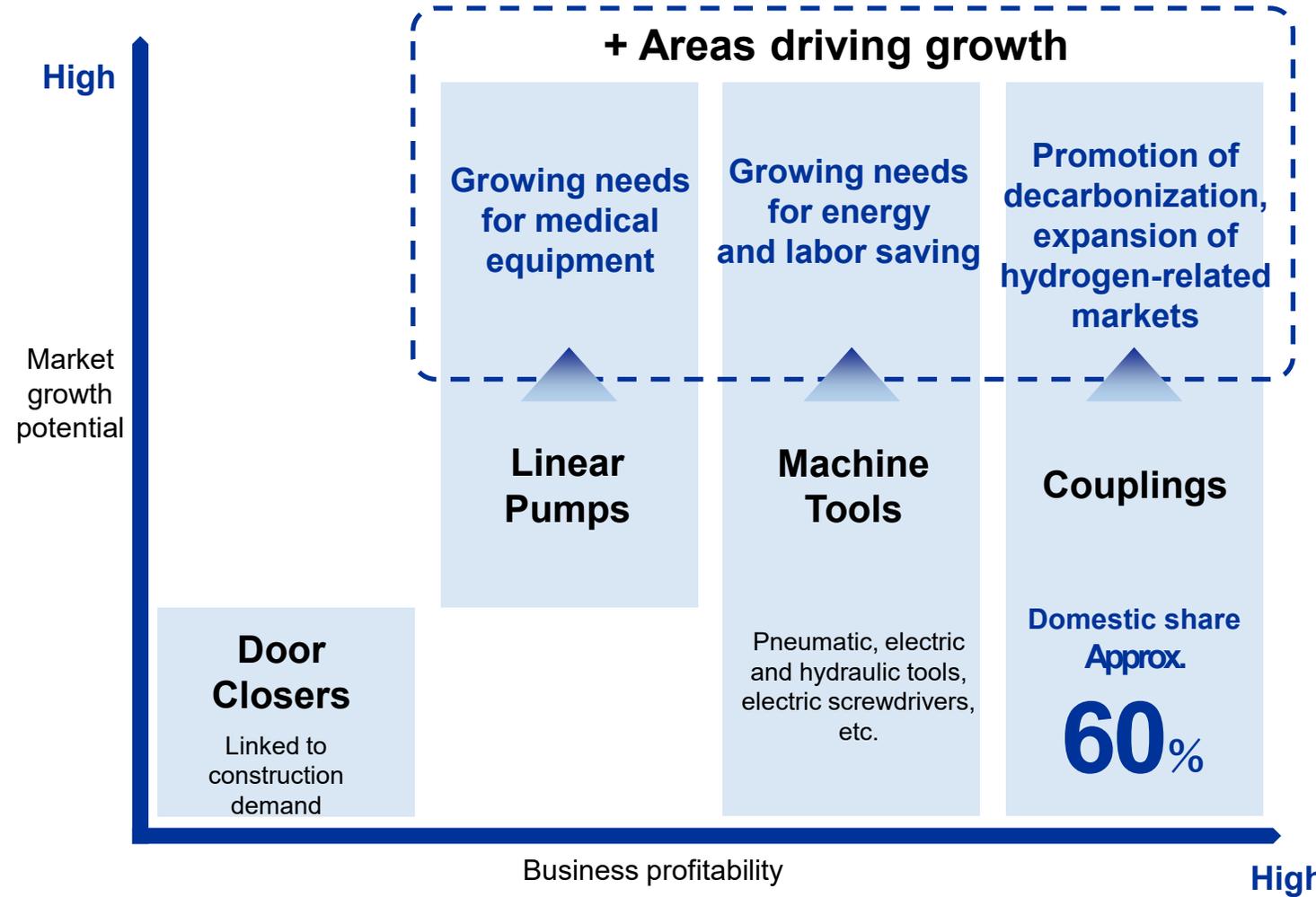


Number of registered distributors

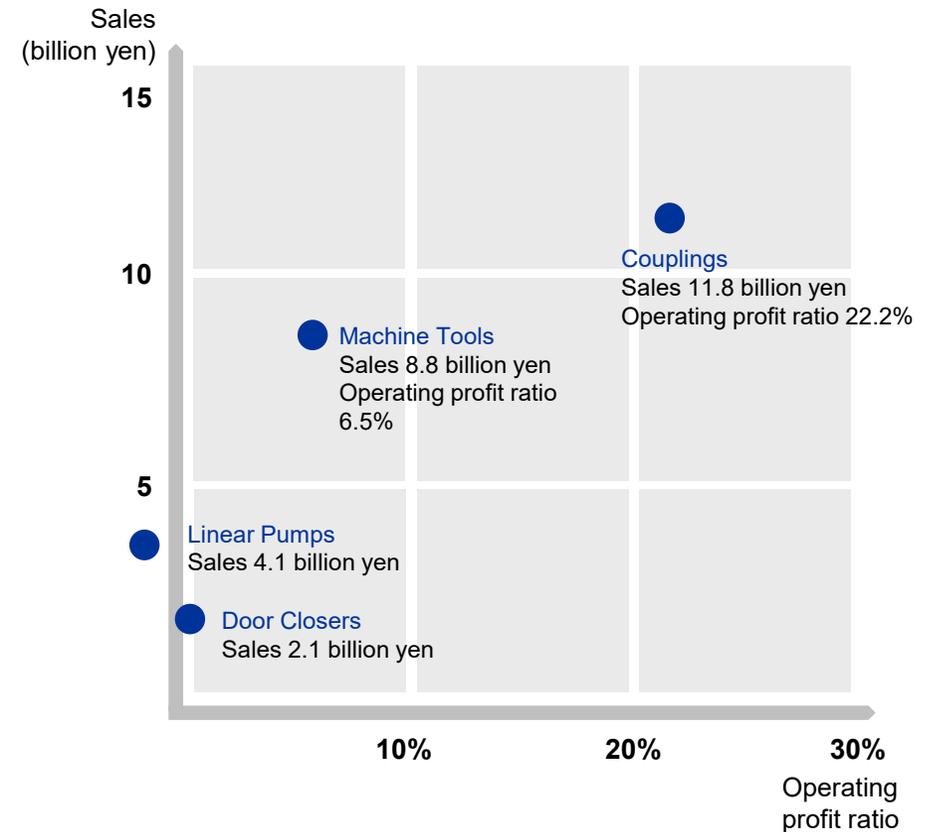
approx. 6,100

Established a network of numerous distributors and dealers who are well-acquainted with customers in each region

Aim to expand earnings by developing growth markets on the strength of a stable profitable business base, technological capabilities, and reliability



(Reference) Sales and profitability by segment (FY2023)



*According to the Company's research