

1Q-FY2024 Financial Results (Apr. 2024- Jun. 2024)



**(Stock Code: 6863)
August 9, 2024**

Cautionary Statement

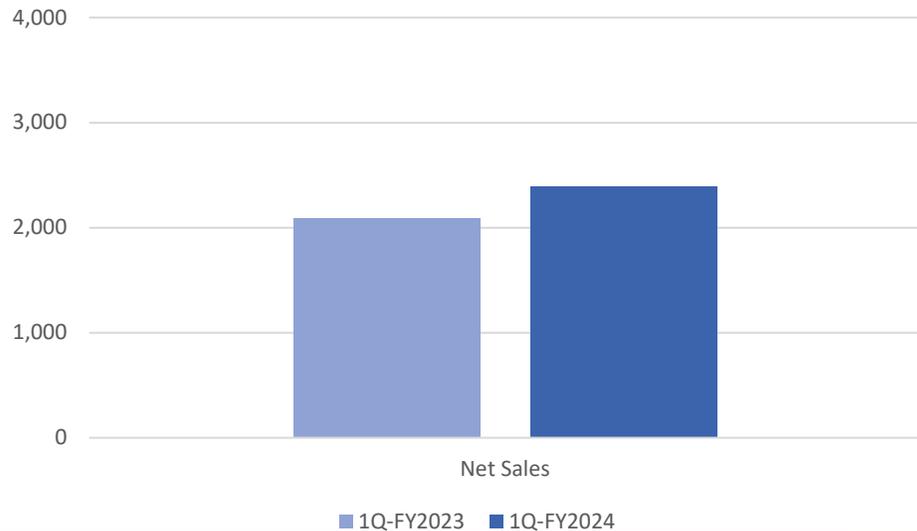
This document includes forward-looking statements that reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. Actual results may differ materially, for a wide range of possible reasons, including general industry and market conditions and general international economic conditions.

1Q-FY2024 Consolidated P&L

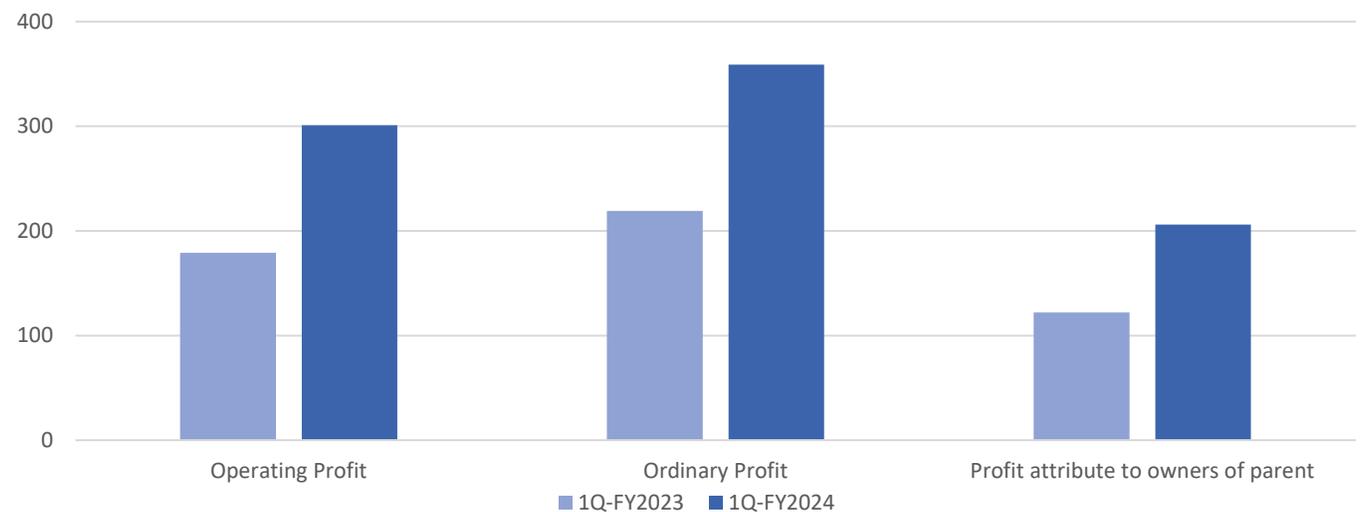
(Unit: Million JPY)

	1Q-FY2023 (Apr.2023-Jun.2023)	1Q-FY2024 (Apr.2024-Jun.2024)	YoY
Net Sales	2,088	2,389	14.4%
Operating Profit	179	301	68.4%
Ordinary Profit	219	359	63.6%
Profit attribute to owners of parent	122	206	68.4%

(Unit: Million JPY)



(Unit: Million JPY)



Earnings forecast revision for FY2024

Earnings forecast revision for 1H-FY2024
(Apr. 1, 2024- Sep. 30, 2024)

Earnings forecast revision for FY2024
(Apr. 1, 2024-Mar.31, 2025)

	Sales	Operating Profit	Ordinary Profit	Profit attribute to owners of parent	Earnings per Share(JPY)
	Million JPY	Million JPY	Million JPY	Million JPY	JPY
Previous Forecast (A)	4,700	420	470	320	43.38
Revised Forecast (B)	5,000	620	680	470	63.59
Increase/Decrease (B - A)	300	200	210	150	-
Increase/Decrease (%)	6.4	47.6	44.7	46.9	-
(For Reference) 1H-FY2023 Actual	4,531	536	589	370	50.43

	Sales	Operating Profit	Ordinary Profit	Profit attribute to owners of parent	Earnings per Share(JPY)
	Million JPY	Million JPY	Million JPY	Million JPY	JPY
Previous Forecast (A)	10,000	1,200	1,270	870	117.94
Revised Forecast (B)	10,000	1,280	1,350	935	126.32
Increase/Decrease (B - A)	-	80	80	65	-
Increase/Decrease (%)	-	6.7	6.3	7.5	-
(For Reference) FY2023 Actual	9,861	1,386	1,470	1,011	137.36

Overview: Earnings forecast revision for FY2024

- In the control equipment business, sales of highly profitable products in the steel and non-ferrous metals industries were strong. In the web control domain, sales to low-margin sectors have settled down, and efforts to improve profits have been successful.
- In the Optics Business, both sales and profits increased mainly in the optical components field due to the recovery of the semiconductor production equipment market. Laser systems also contributed to earnings from the current term.
- Based on the current status of the order backlog and other factors, the company assumes that business performance will continue to be strong in the second quarter and beyond.

Dividend forecast revision for FY2024

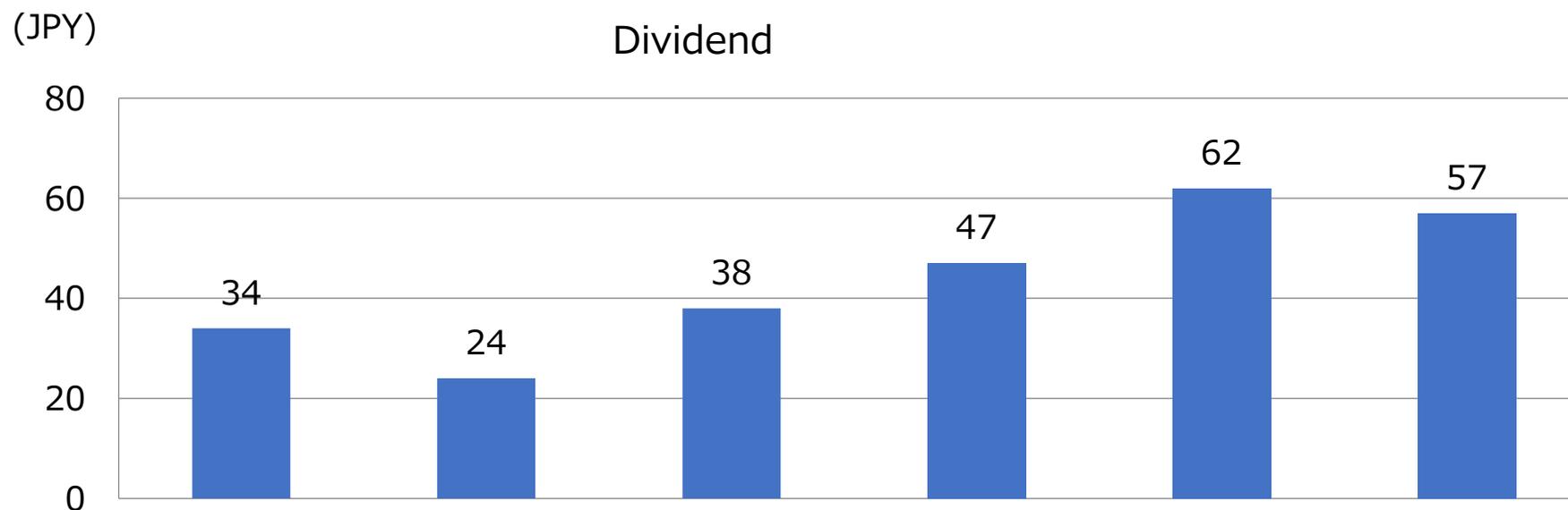
Based on 1Q results, the company revised earnings forecast and dividend forecast for FY2024

Dividend per share			
	Sep.30, 2024	Mar.31, 2025	Total
Previous forecast (Announced May.14, 2024)	JPY 24.00	JPY 30.00	JPY 54.00
Revised dividend forecast (Announced Aug.9, 2024)	JPY 24.00	JPY 33.00	JPY 57.00
(For Reference) FY2023 Actual	JPY 20.00	JPY 42.00	JPY 62.00

Shareholders' Return

Basic Policy : Consolidated dividend payout ratio of 45% or more and consolidated Dividend On Equity (DOE) capital ratio of 2.5% or more.

Plans to pay second largest dividend since IPO



	FY19	FY20	FY21	FY22	FY23	FY24(Plan)
Net profit per share (JPY)	106.58	59.06	55.41	117.40	137.36	126.32
Interim dividend (JPY)	14	24	14	18	20	24
Dividends (JPY)	34	24	38	47	62	57
Dividend Payout Ratio (%)	31.9	40.6	68.6	40.0	45.1	45.0
DOE	2.0%	1.3%	2.0%	2.4%	3.0%	2.7%

Balance Sheet

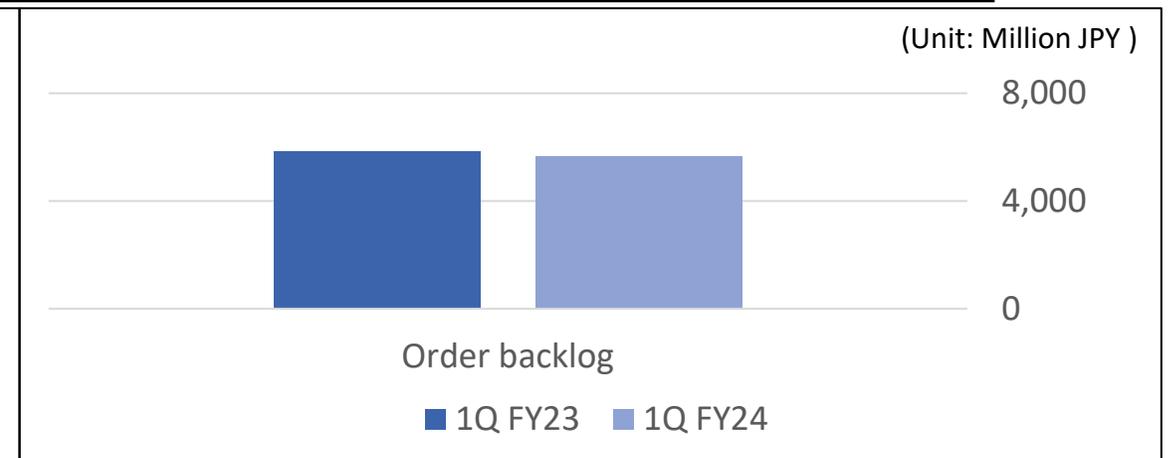
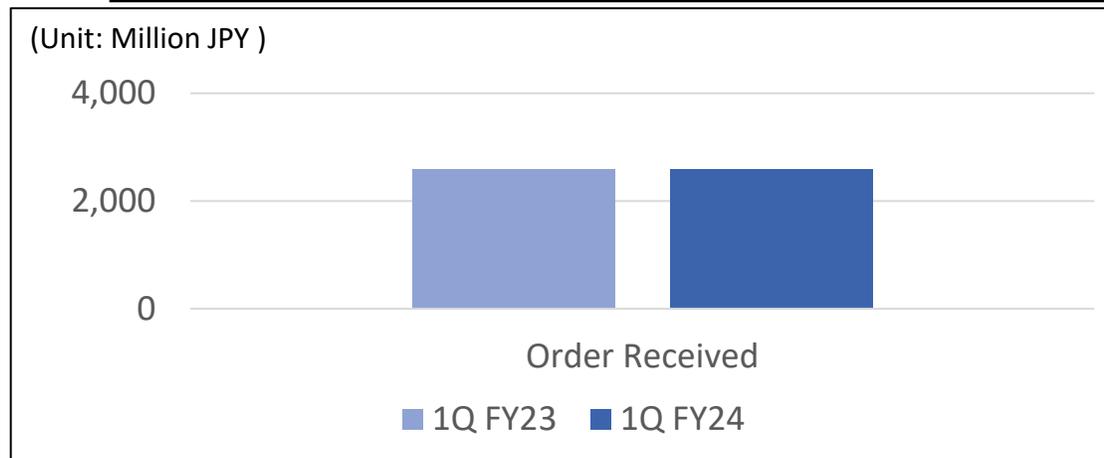
(Unit: Million JPY)

	End of FY23 (Mar. 31, 2024)		End of 1Q-FY24 (Jun. 30, 2024)		Change
Cash and deposits	4,354	23.4%	4,207	23.1%	- 147
Trade receivables	4,176	22.5%	3,975	21.9%	- 201
Inventories	3,544	19.1%	3,775	20.8%	+ 231
Other current assets	272	1.5%	237	1.3%	- 35
Current assets	12,347	66.5%	12,195	67.1%	- 152
Property, plant and equipment	3,627	19.5%	3,635	20.0%	+ 8
Intangible assets	176	0.9%	155	0.8%	- 21
Investments and other assets	2,422	13.0%	2,196	12.1%	- 226
Non-current assets	6,226	33.5%	5,987	32.9%	- 239
Total assets	18,573	100.0%	18,183	100.0%	- 390
Accounts payable - trade	576	3.1%	479	2.6%	- 97
Other current liabilities	1,422	7.7%	1,420	7.8%	- 2
Current liabilities	1,998	10.8%	1,899	10.4%	- 99
Non-current liabilities	749	4.0%	663	3.6%	- 86
Total liabilities	2,748	14.8%	2,563	14.1%	- 185
Total net assets	15,825	85.2%	15,619	85.9%	- 206
Total liabilities and net assets	18,573	100.0%	18,183	100.0%	- 390

1Q-FY2024 Order received/ Order backlog

(Unit: Million JPY)

	1Q-FY2023 (Apr.2023- Jun.2023)	1Q-FY2024 (Apr.2024- Jun.2024)	YoY	(For Reference) FY2023 Actual
Order received	2,586	2,592	+0.2%	9,970
Order backlog	5,843	5,657	-3.2%	5,454



1Q-FY2024 Segment Results

(Unit: Million JPY)

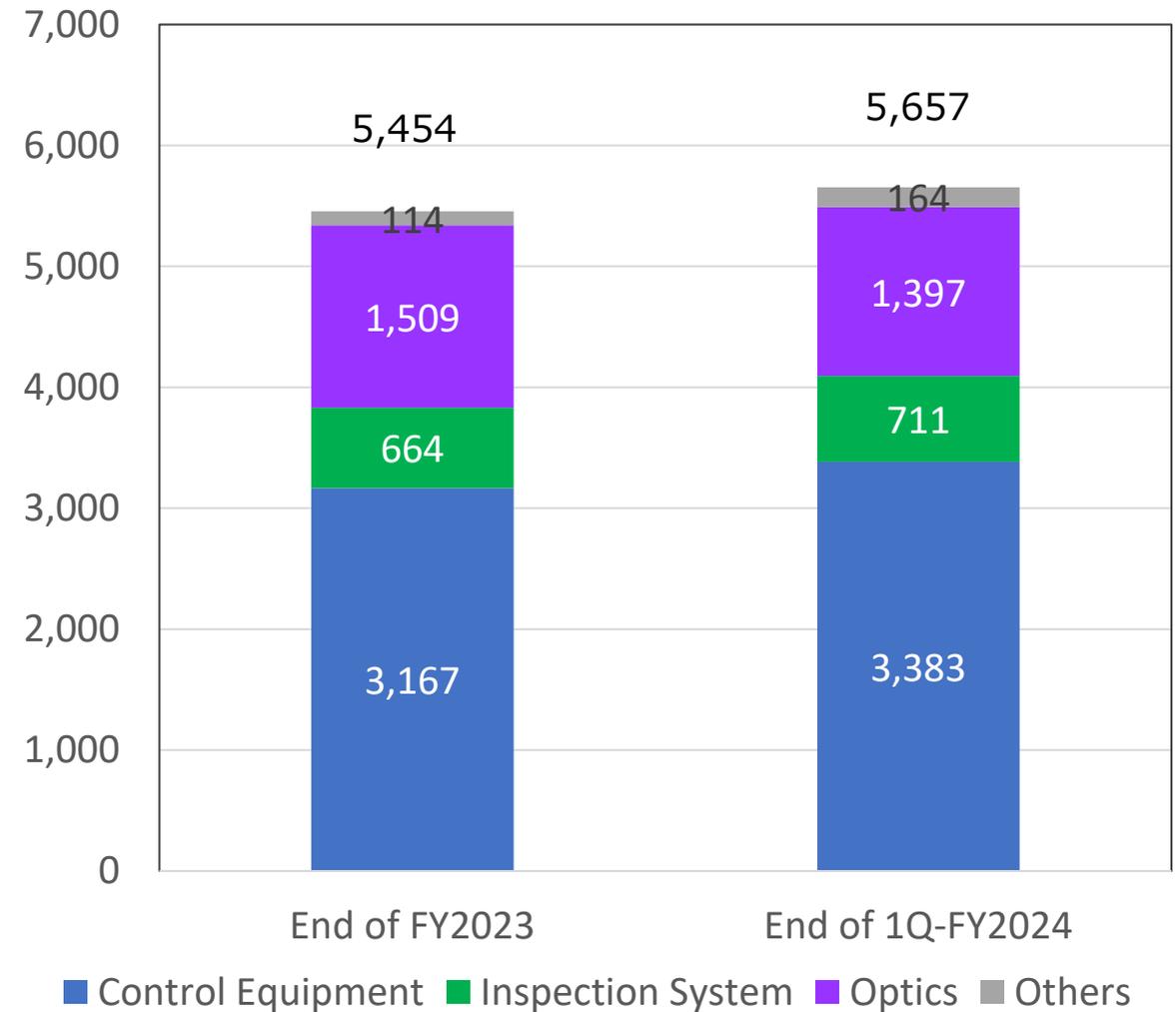
	Sales 1Q-FY2023 (Apr.2023-Jun.2023)	Segment profit 1Q-FY2023 (Apr.2023-Jun.2023)	Sales 1Q-FY2024 (Apr.2024-Jun.2024)	Segment profit 1Q-FY2024 (Apr.2024-Jun.2024)
Control Equipment Business	1,237	182	1,195	251
Inspection System Business	211	▲ 49	372	▲ 41
Optics Business	492	190	717	266
Others	147	19	104	▲ 8
Adjustment	-	▲ 162	-	▲ 165
Total	2,088	179	2,389	301

1Q-FY2024 Order backlog by segments

(Unit: Million JPY)

	End of FY2023 (Mar. 31, 2024)	End of 1Q-FY2024 (Jun. 30, 2024)
Control Equipment Business	3,167	3,383
Inspection System Business	664	711
Optics Business	1,509	1,397
Others	114	164
Total	5,454	5,657

(Unit: Million JPY)



FY2024 Earnings forecast by segments

(Unit: Million JPY)

	Previous sales forecast (At May, 2024)	Previous segment profit forecast (At May, 2024)	Revised sales forecast (At Aug. 2024)	Revised segment profit forecast (At Aug. 2024)
Control Equipment Business	5,500	720	5,300	820
Inspection System Business	1,750	230	1,700	90
Optics Business	2,250	780	2,450	900
Others	500	70	550	70
Adjustment	-	▲ 600	-	▲ 600
Total	10,000	1,200	10,000	1,280

NIRECO

Reference Data

Company Profile

Company name	NIRECO Corporation
President & CEO	Shinichi Nakasugi
Head office	2951-4 Ishikawa-machi, Hachioji, Tokyo, Japan
Established	November 1950
Stock exchange listing	TSE Standard
Paid-in capital	3,084 million Japanese yen*
Number of employees	450*
Net sales (Consolidated)	9,861 million Japanese yen (FY2023)

*As of March 31, 2024

History

- 1950 Nihon Regulator Co., Ltd. established in Chuo-ku, Tokyo
- 1979 Head office relocated to Hachioji, Tokyo
- 1984 Company name changed to NIRECO Corporation
- 1989 Registered on the OTC share market with the Japan Securities Dealers Association
- 1990 Acquired Miyota Seimitsu Co., Ltd.
- 1998 Acquired Nireco Taiwan Corporation following application for capital increase
- 2003 Nireco Automatic Controller (Shanghai) Co., Ltd. established in Shanghai, China
- 2004 Listed stocks on the JASDAQ Securities Exchange
- 2013 Transfer listed market to the Tokyo Stock Exchange JASDAQ (standard)
- 2014 Nireco Process Korea Co., Ltd. (NPK) established in Korea
- 2018 NPK acquired the land and buildings to establish a production system
- 2019 Acquired Kogakugiken Corp.
- 2021 Acquired SEIBU Electric Corp.
- 2022 Transfer to TSE Standard market due to restructuring of market tiers in the Tokyo Stock Exchange
- 2023 Nireco Process Korea Co., Ltd. changed the corporate name to Nireco Korea Corporation
- 2024 Merged Miyota Seimitsu Co.

Management philosophy

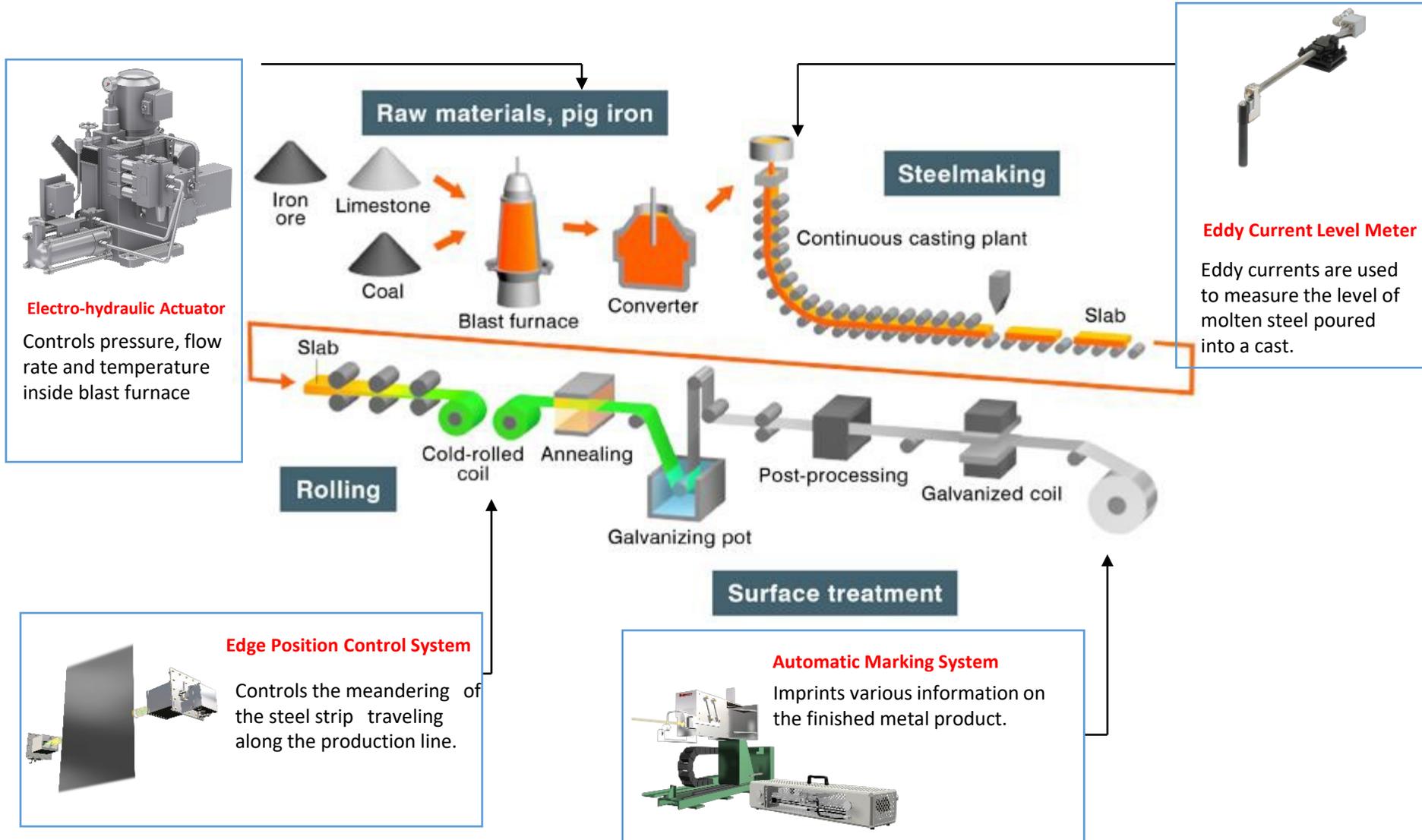
‘TECHNOLOGY & TRUST’

We provide products that utilize our advanced control, measurement and inspection technology and services that precisely match the needs of our customers. NIRECO grows together with its customers as a reliable partner and as a company that wins trust.

Furthermore, we will contribute to the realization of an affluent and sustainable society by widely applying the value created through our partnerships with society.

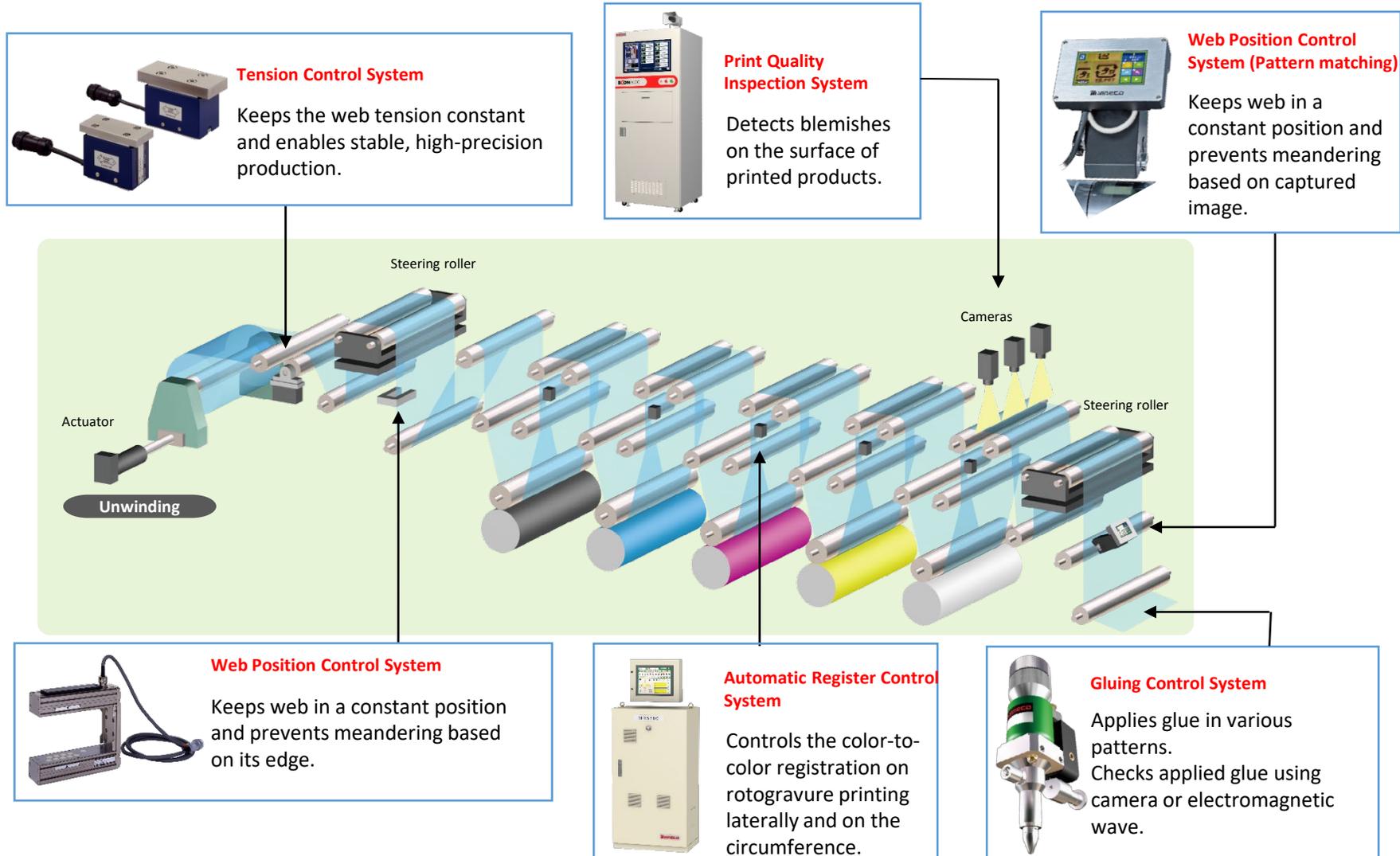
Control Equipment Business: For steel and non-ferrous metals industries

Markets automatic control equipment in several industries such as steel, metal, gas, chemical etc.



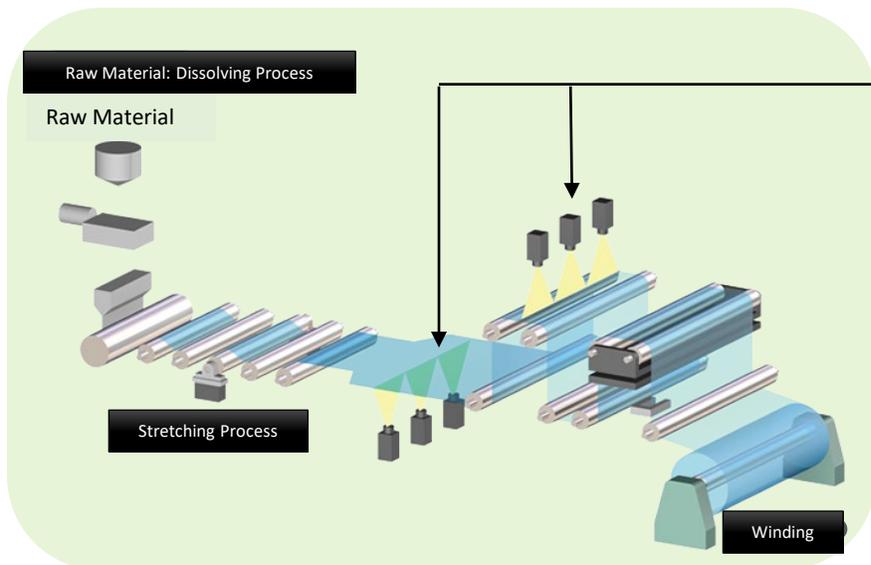
Control Equipment Business: For Web Control Domain

Markets position control equipment etc. for thin-sheet materials so-called 'Web', such as paper, film and foil



Inspection System Business

Sales of quality inspection systems for a wide range of products from agriproducts to electronic components and custom developed using image processing technology refined over many years.



Defect Inspection System for Plain Surfaces

Able to detect multiple kinds of defects even on high-speed production lines.

Fruit/Vegetable Sorting System

Performs instantaneous non-destructive quality tests for agricultural products externally (scratches, decay, and sizes) and internally (sugar content and acidity).



Optics Business

The Optics business engages in the R&D, manufacture and sale of advanced laser devices meticulously developed over many years and highly specialized optical components.

- Main applications:
 - Semiconductor Inspection Equipment
 - Optical Equipment
 - Medical Equipment

Optical Components

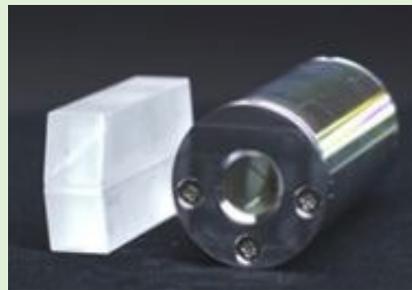


Nonlinear optical crystal

CLBO elements suitable for wavelength conversion to deep-ultraviolet light are provided and used in advanced semiconductor inspection equipment, etc. Our unique processing technology has been highly evaluated by several semiconductor inspection equipment manufacturers around the world.

Polarizers

Offer polarizers to extract specific lights. Our polarizers have high transmittance and high extinction ratio for DUV.



Lasers



Deep UV fiber laser

Generate 199nm deep ultraviolet fiber laser that suitable for mask inspection. With regular maintenance once a year, the performance of the system is stable.

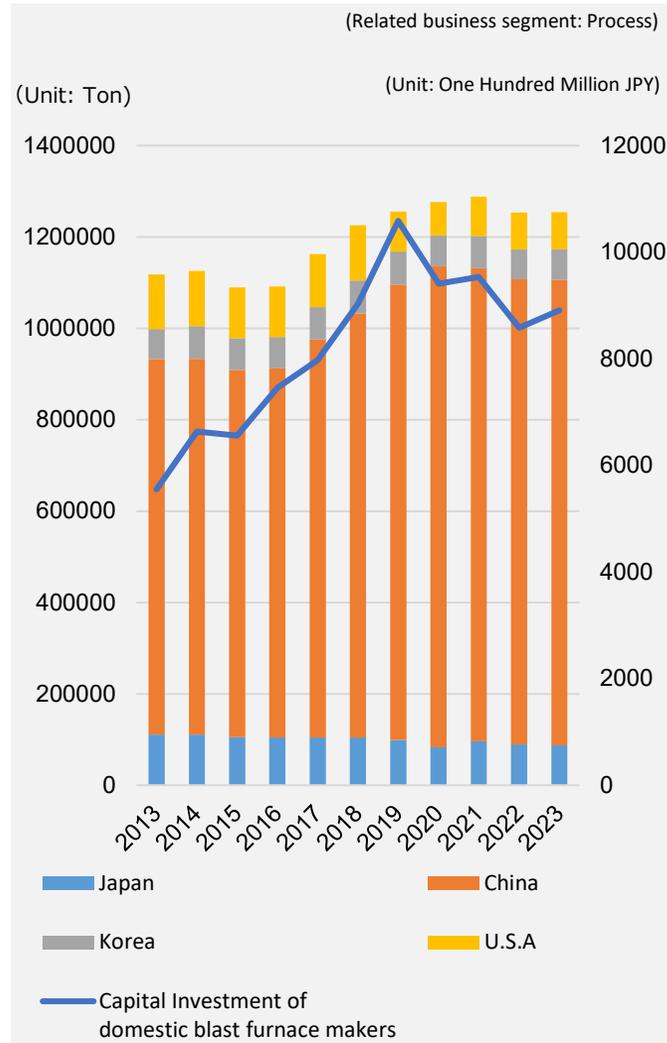


Green Laser device

Generate high output green laser for various purposes such as processing of silicon wafer, metal marking and so on.

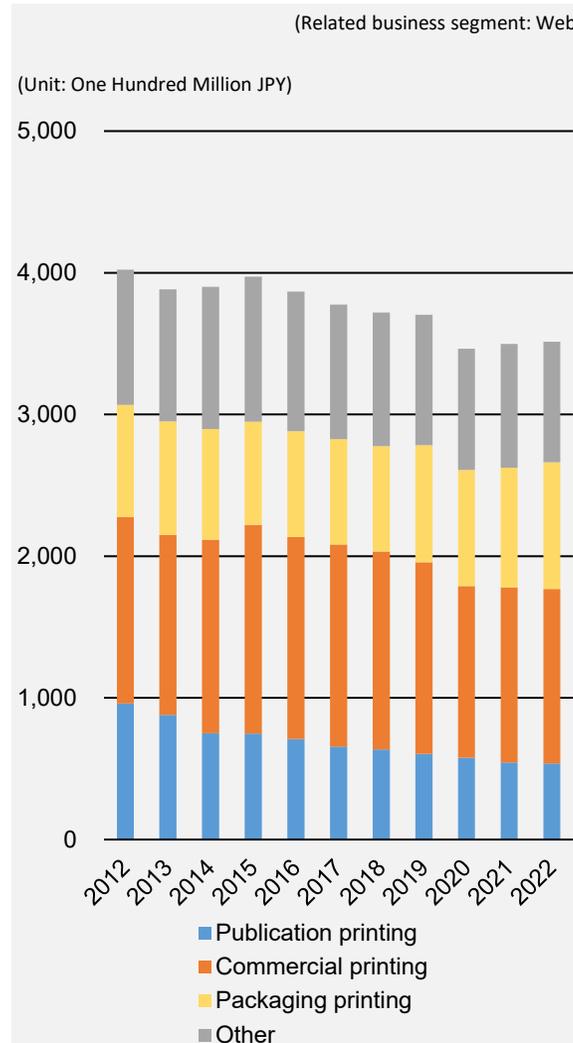
Market environment

Regional Crude Steel Production & Capital Investment by Major Domestic Blast Furnace Makers



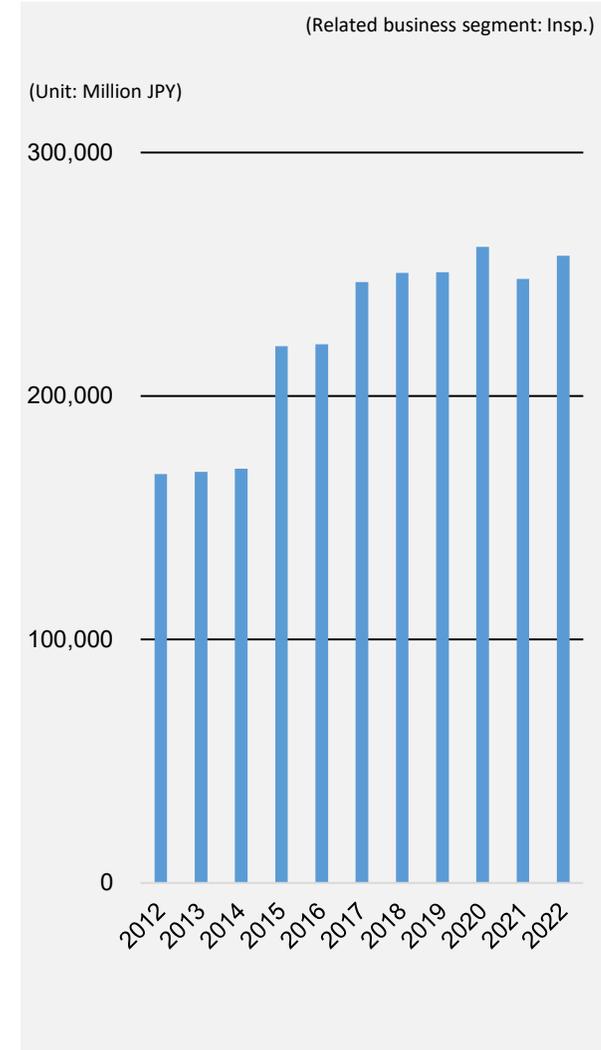
Source: world steel, Financial information of major Japanese manufacturers

Scale of Japan's Printing Market



Source: Based on industrial & production dynamics statistics

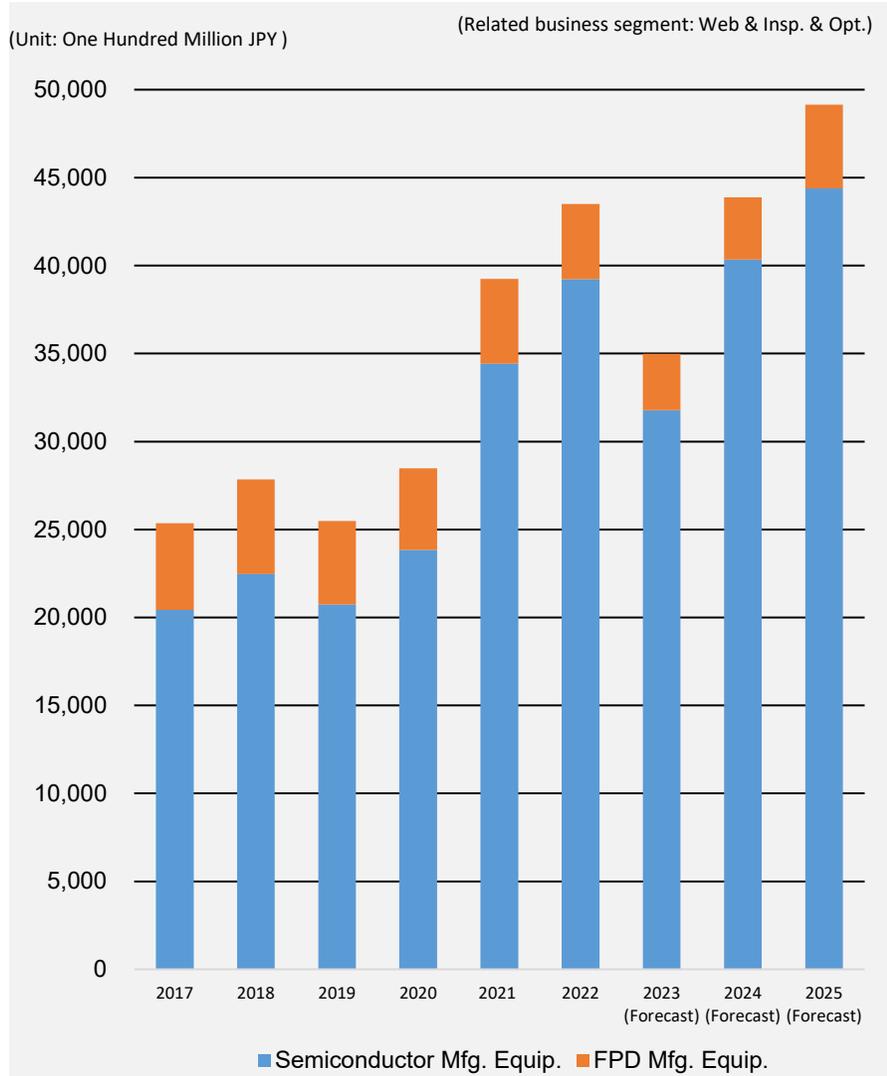
Japan Food Machinery Sales
(excluding processing machinery)



Source: The Japan Food Machinery Manufacturers' Association

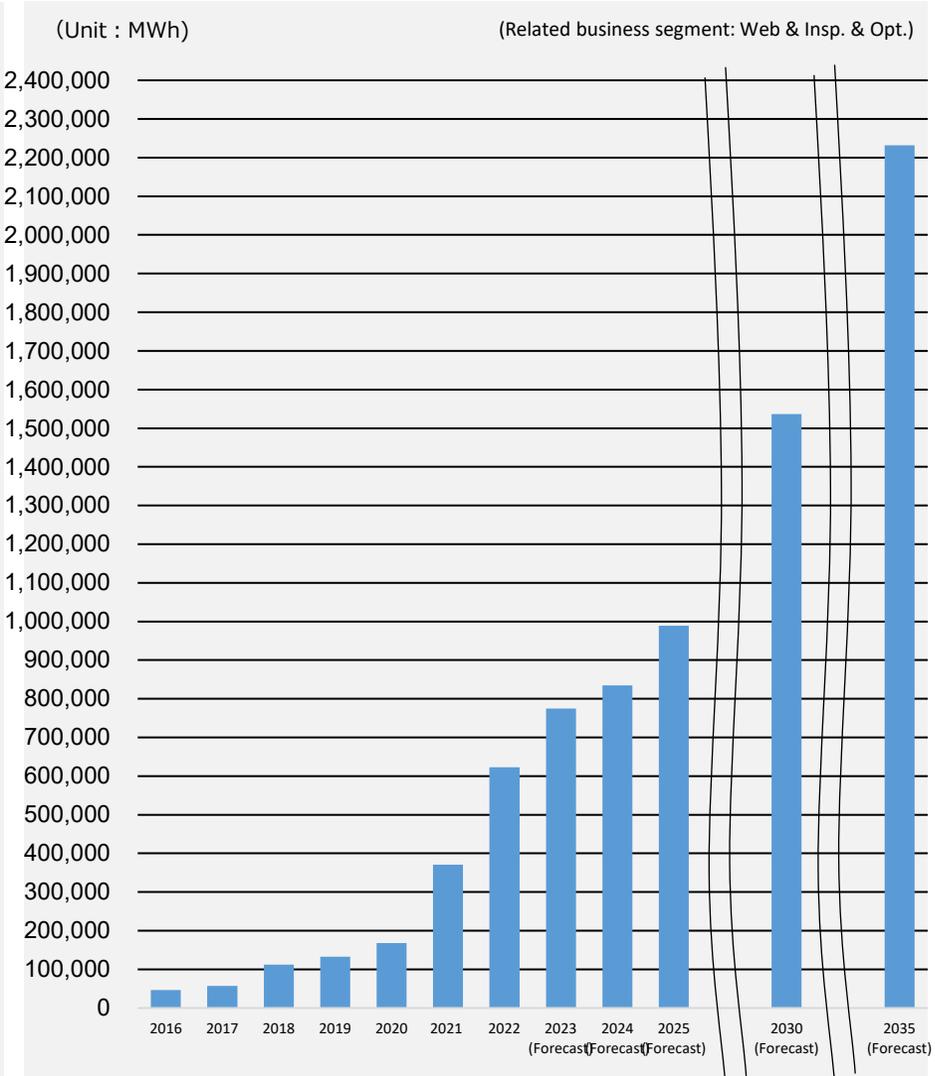
Market environment

Forecast of Demand for Semiconductor & FPD Mfg. Equip.



Source: Semiconductor Equipment Association of Japan

Automotive LiB World Market Forecast



Source: Yano Research Institute Ltd.

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