

FY2024 Financial Results (Apr. 2024- Mar. 2025)



(Stock Code: 6863)
May 14, 2025

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.

Business Performance

(Million JPY)

Financial Results & Plan

	FY23	FY24	FY25(Plan)
Orders Received:	9,970 (-3% YoY)	10,465 (+5% YoY)	10,700 (+2% YoY)
Net Sales:	9,861 (+8% YoY)	10,756 (+9% YoY)	11,000 (+2% YoY)
Operating Profit:	1,386 (+17% YoY)	1,907 (+38% YoY)	1,850 (-3% YoY)

Main objectives

- ◆ Expansion of markets
- ◆ Technological advances
- ◆ Shareholder returns

Achieve sustainable growth in any environment

- ◆ Expand & enhance business foundations
- ◆ Increase our competitive advantage

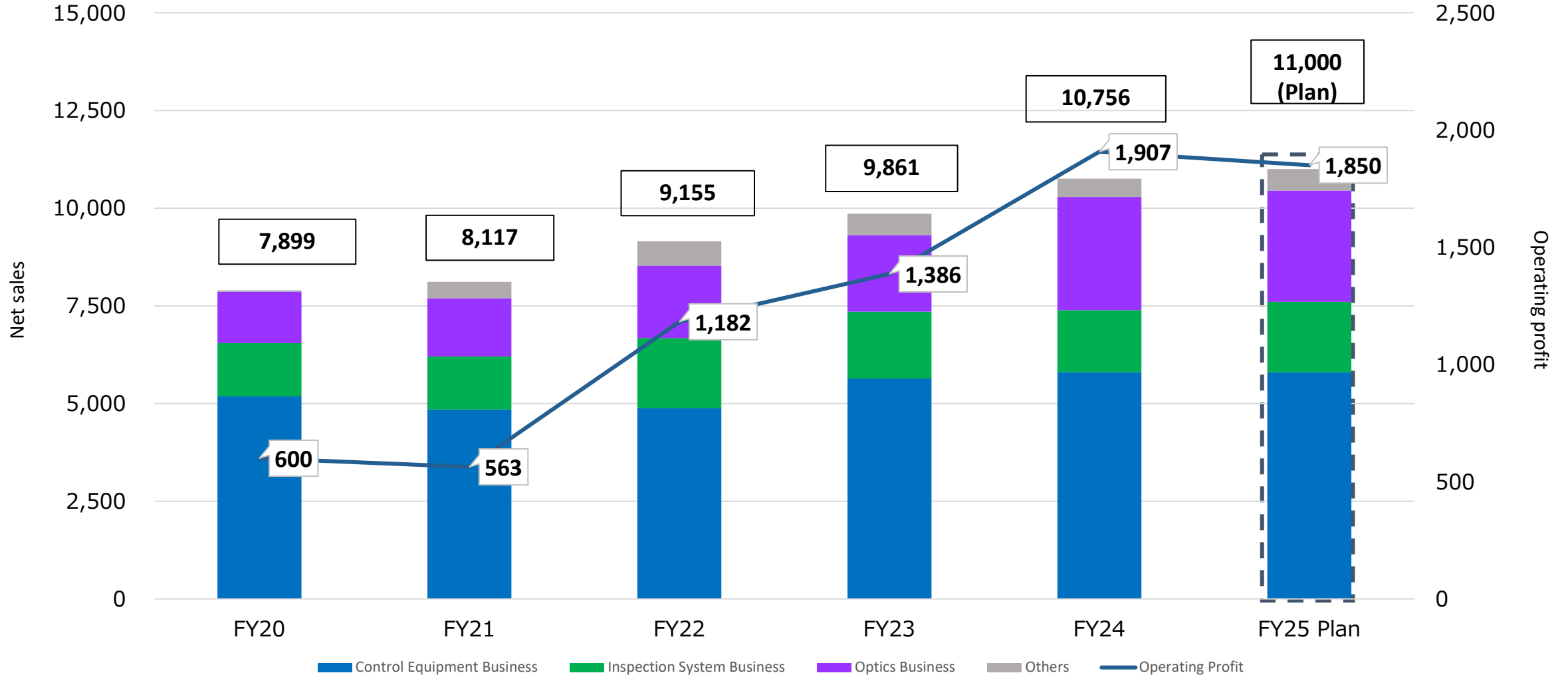
Main efforts in FY2024

- Reorganization, including integration of subsidiaries
- Mergers and acquisitions with a vision for future growth
- Various activities to enhance profitability

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

Net sales and operating profit

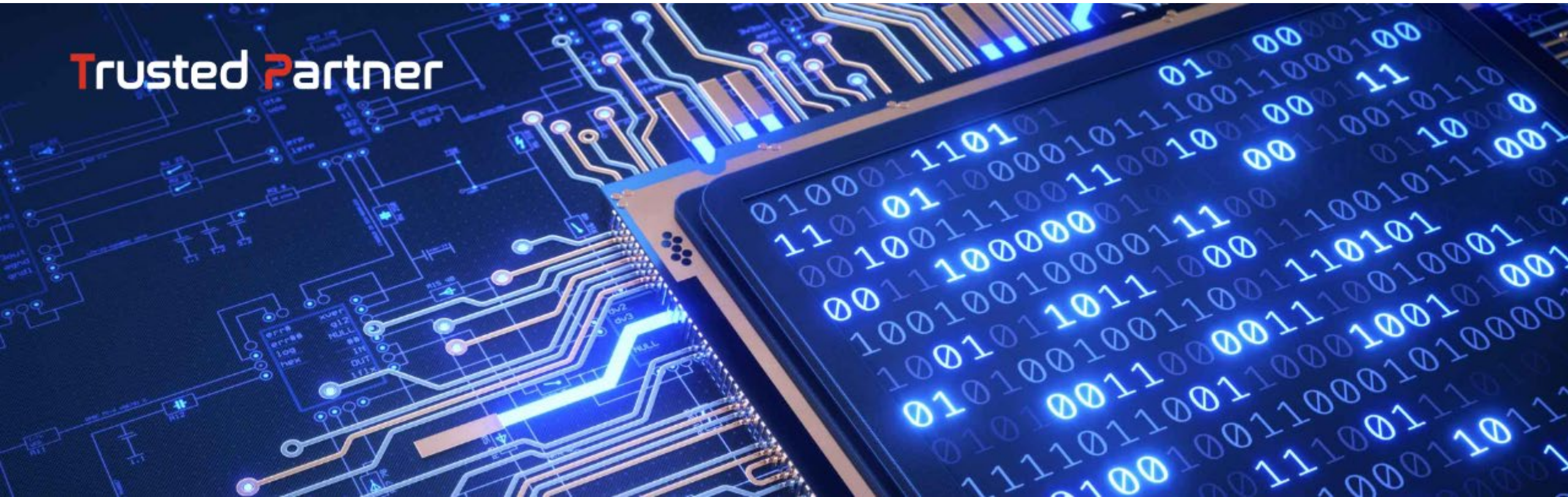
(Million JPY)



*Segment figures have been reclassified to reflect the merger of the former process and web control businesses into the control equipment business effective from the start of FY2024, therefore, the chart shows past segments have been reclassified as well.

1. FY2024 Financial Results
2. Plans for FY2025
3. Towards Sustainable Growth

1. FY2024 Financial Results (April 2024 - March 2025)



Trusted Partner

NIRECO

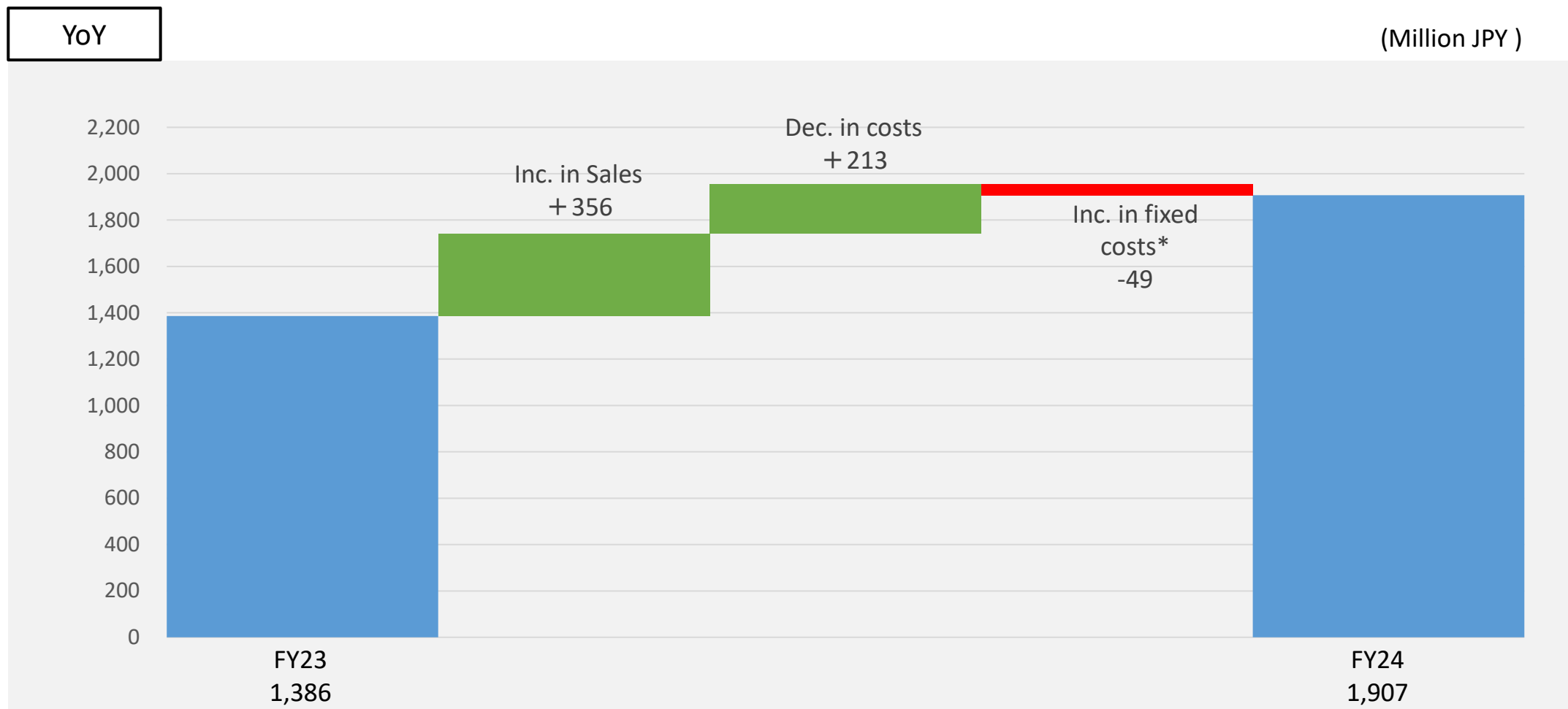
Consolidated Statement

- Significant increase in profit due to strong demand for the optics business and efforts to improve profitability.
- Orders received remained strong, although segment trends were mixed
- The highest sales, Ordinary profit and Profit attribute to owner of parent since the company went IPO in 1989

(Million JPY)

	FY23	FY24		Rate of change	
		Initial Plan	Result	YoY	Vs. Plan
Orders received	9,970	10,600	10,465	+5%	-1%
Net sales	9,861	10,000	10,756	+9%	+8%
Operating profit	1,386	1,200	1,907	+38%	+59%
Operating profit margin	14.1%	12.0%	17.7%	-	-
Ordinary profit	1,470	1,270	2,028	+38%	+60%
Ordinary profit margin	14.9%	12.7%	18.9%	-	-
Profit attributable to owners of parent	1,011	870	1,562	+54%	+80%
Profit attributable to owners of parent margin	10.3%	8.7%	14.5%	-	-
Earnings per share (JPY)	137.36	117.94	211.11	+54%	+79%
Order backlog	5,454	6,054	5,163	-5%	-15%

Increase/ Decrease Factors in Operating Profit



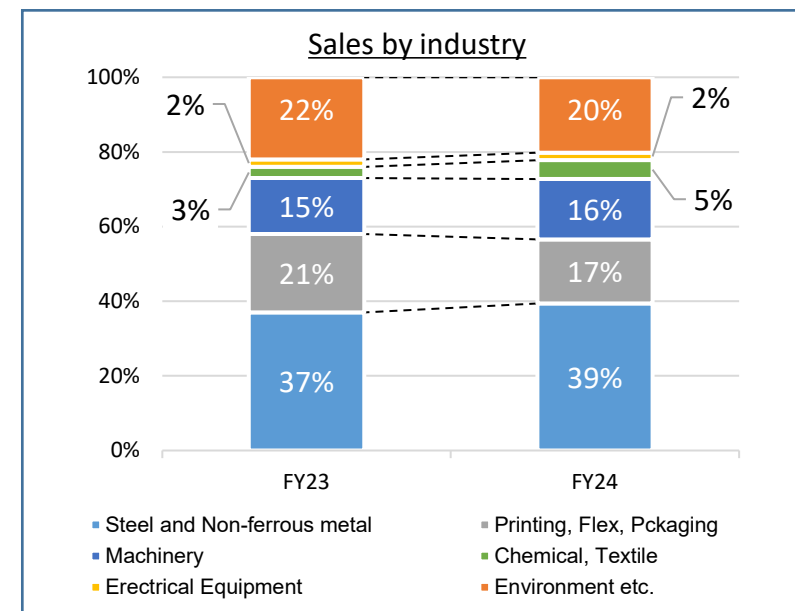
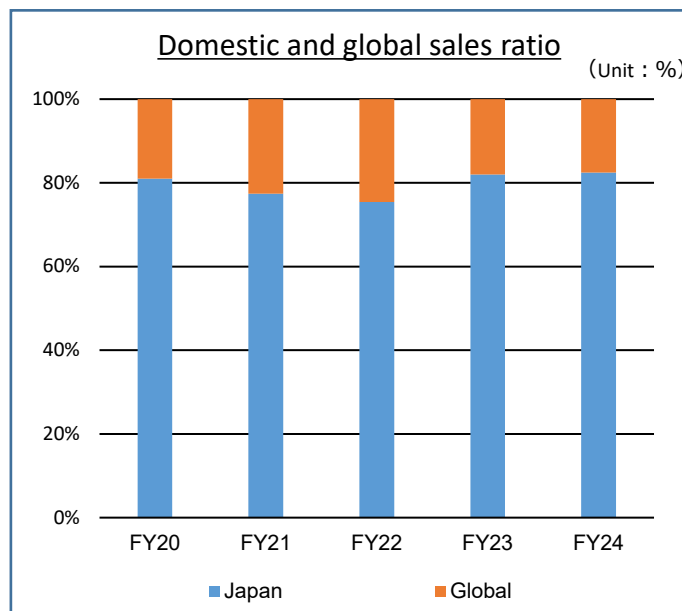
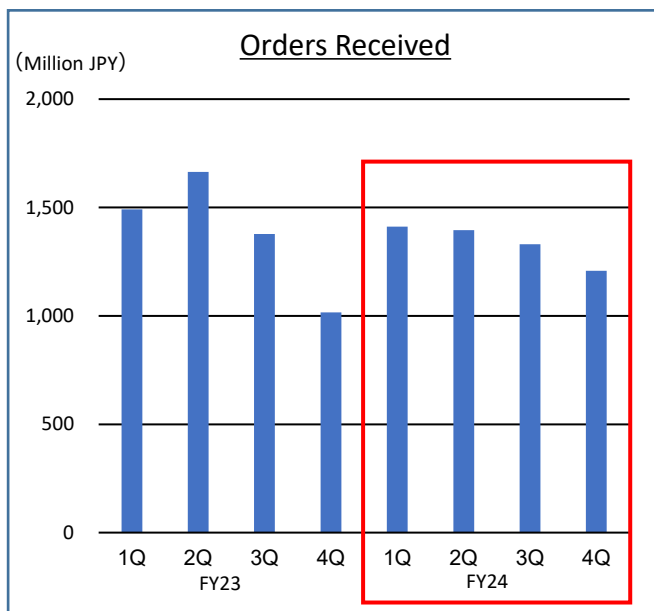
*Fixed costs = SG&A expenses

Control Equipment Business

- Both sales and income increased YoY due to renewal demand in the steel industry with a high level of backlog of orders
- In the functional film, soft packaging material field, sales declined mainly for LIB area. Profitability improved significantly due to successful efforts to improve profits.

(Million JPY)

	FY23 Actual	FY24		Rate of change	
		Initial Plan	Actual	YoY	Actual / Plan
Orders received	5,513	6,250	5,343	-3%	-15%
Net sales	5,643	5,500	5,806	+3%	+6%
Segment profit	1,031	720	1,556	+51%	+116%
Segment profit margin	18.3%	13.1%	26.8%	-	-
Order backlog	3,167	3,917	2,705	-15%	-31%

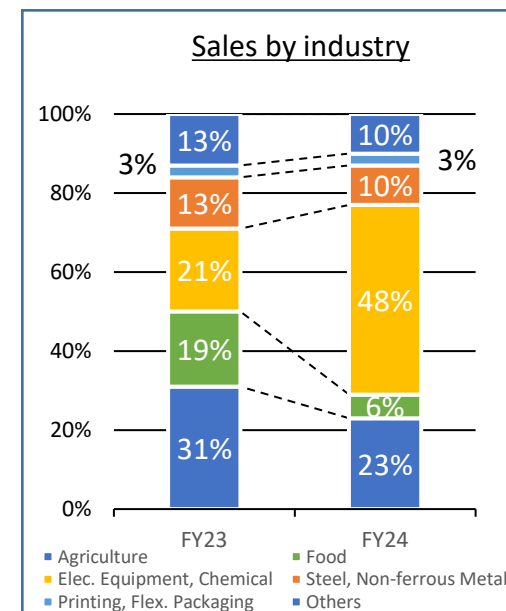
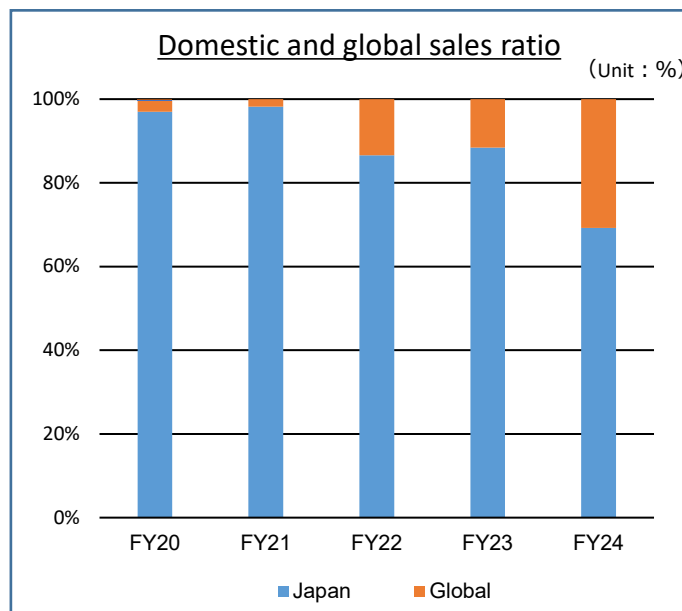
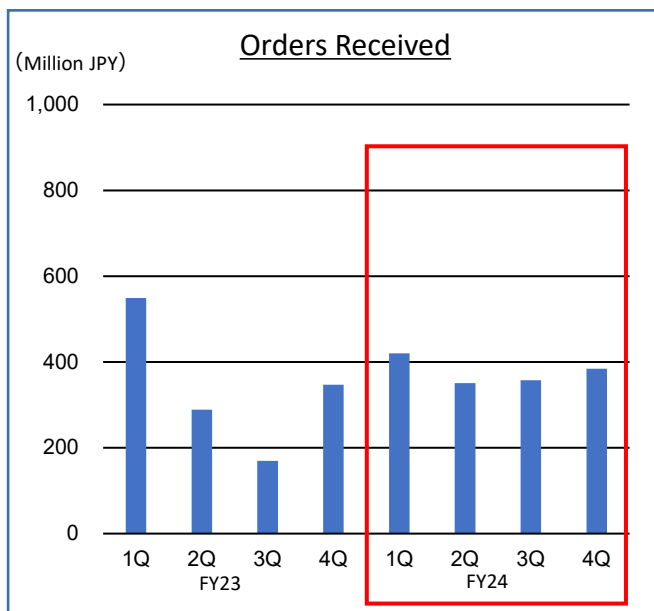


Inspection System Business

- Decrease in orders for surface inspection system due to stagnant capital investment in the LIB industry, etc.
- Food Inspection Systems sales were affected by the small number of large orders received in the FY2023. However, there are signs of recovery in this market

(Million JPY)

	FY23 Actual	FY24		Rate of change	
		Initial Plan	Actual	YoY	Actual / Plan
Orders received	1,353	1,650	1,512	+12%	-8%
Net sales	1,711	1,750	1,582	-8%	-10%
Segment profit	87	230	-89	-	-
Segment profit margin	5.1%	13.1%	-	-	-
Order backlog	664	564	594	-11%	+5%

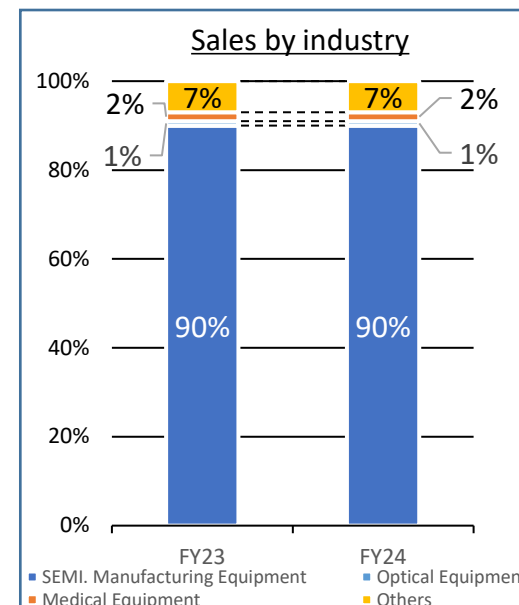
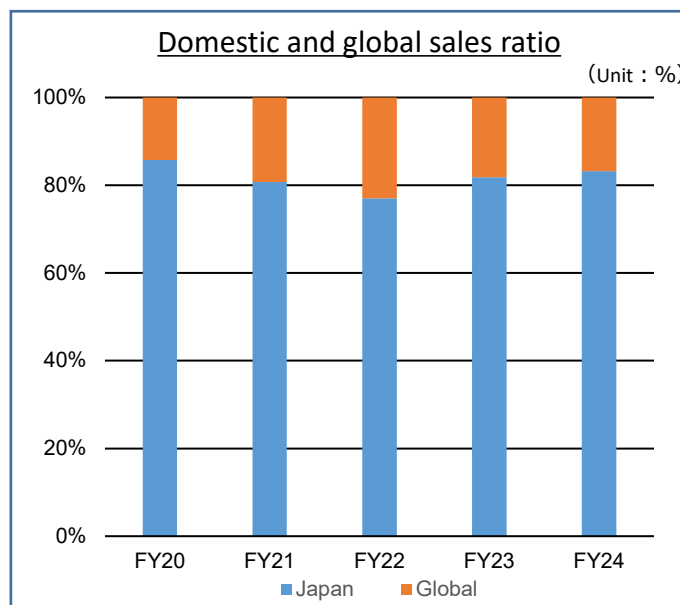
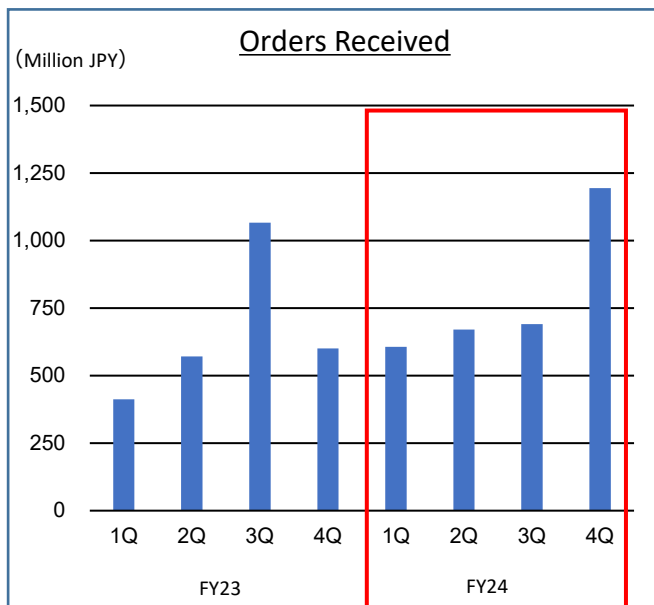


Optics Business

- Demands for optical components such as waveplates and prisms from the semiconductor equipment industry is strong, and orders received, sales, and profit items increased significantly compared to the previous year.
- Keihin Coat Co., Ltd., which designs, develops, and manufactures optical coats, participates in the group companies. Started personnel exchanges between group companies

(Million JPY)

	FY23	FY24		Rate of change	
	Actual	Initial Plan	Actual	YoY	Actual / Plan
Orders received	2,649	2,100	3,160	+19%	+50%
Net sales	1,954	2,250	2,900	+48%	+29%
Segment profit	807	780	1,068	+32%	+37%
Segment profit margin	41.3%	34.7%	36.8%	-	-
Order backlog	1,509	1,359	1,769	+17%	+30%

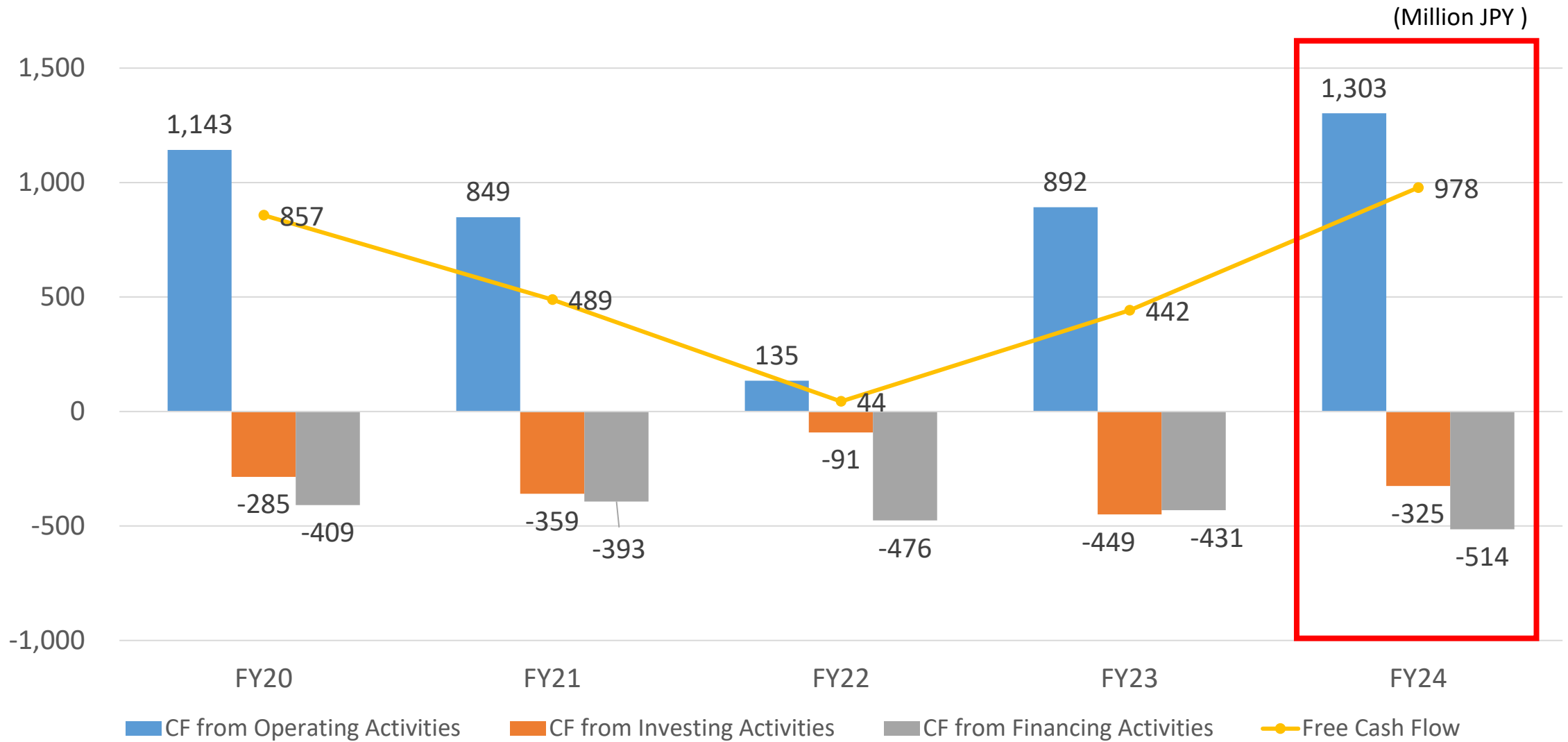


Balance Sheet

(Million JPY)

	End of FY23 (Mar. 31, 2024)		End of FY24 (Mar. 31, 2025)		Change
Cash and deposits	4,354	23.4%	4,815	24.9%	+ 461
Trade receivables	4,176	22.5%	4,411	22.8%	+ 235
Inventories	3,544	19.1%	3,915	20.2%	+ 371
Other current assets	272	1.5%	125	0.6%	- 147
Current assets	12,347	66.5%	13,267	68.6%	+ 920
Property, plant and equipment	3,627	19.5%	3,970	20.5%	+ 343
Intangible assets	176	0.9%	100	0.5%	- 76
Investments and other assets	2,422	13.0%	2,014	10.4%	- 408
Non-current assets	6,226	33.5%	6,084	31.4%	- 142
Total assets	18,573	100.0%	19,352	100.0%	+ 779
Accounts payable - trade	576	3.1%	506	2.6%	- 70
Other current liabilities	1,422	7.7%	1,446	7.5%	+ 24
Current liabilities	1,998	10.8%	1,953	10.1%	- 45
Non-current liabilities	749	4.0%	726	3.8%	- 23
Total liabilities	2,748	14.8%	2,679	13.8%	- 68
Total net assets	15,825	85.2%	16,673	86.2%	+ 847
Total liabilities and net assets	18,573	100.0%	19,352	100.0%	+ 779

Cash Flows



Overview of FY24

Cash flows from operating activities: Income before income taxes (2,074 million yen)

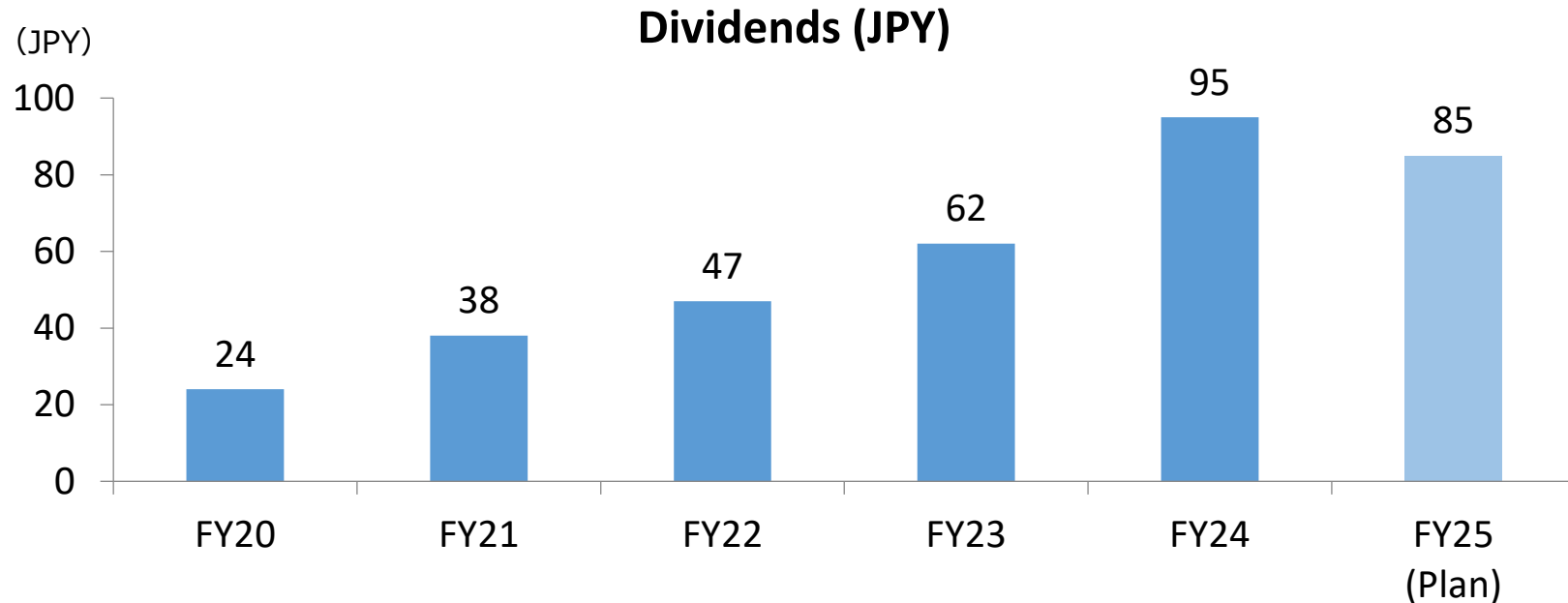
Cash flows from investing activities: Decrease in acquisition of subsidiary shares (-390 million yen)

Cash flows from financing activities: Decrease in cash dividends paid (-487 million yen)

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.

Highest dividend since IPO for Four consecutive years in FY2024



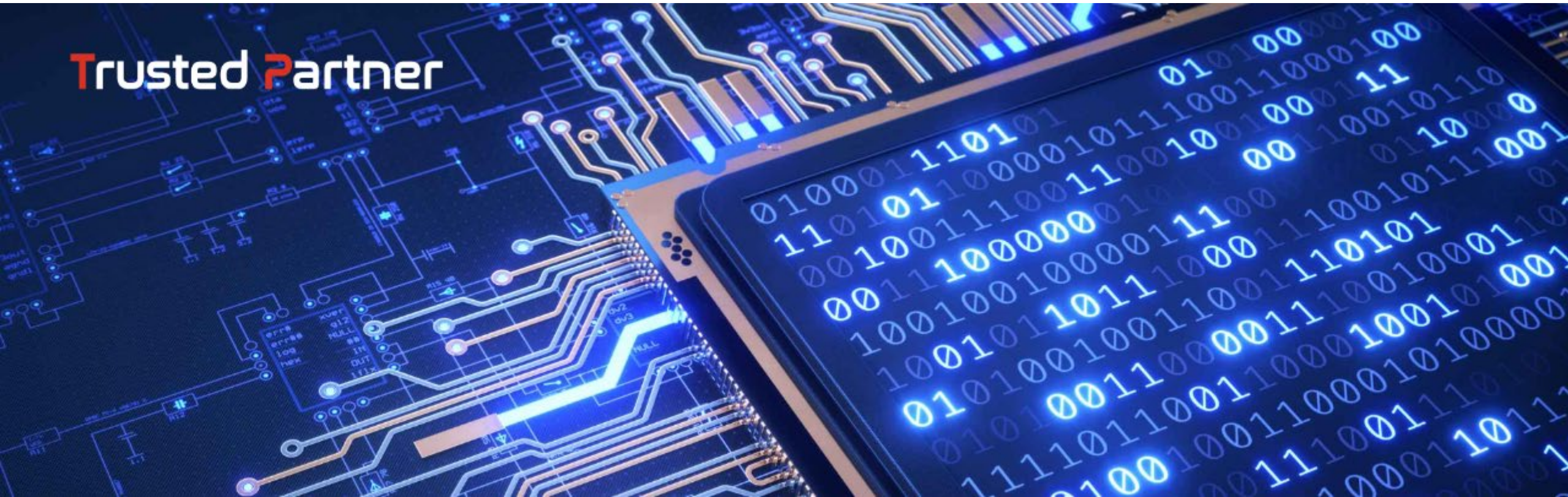
Net profit per share (JPY)	59.06	55.41	117.40	137.36	211.11	187.52
Dividends (JPY)	24	38	47	62	95	85
Dividend Payout Ratio (%)	40.6	68.6	40.0	45.1	45.0	45.3
DOE	1.3%	2.0%	2.4%	3.0%	4.3%	3.7%

Shareholders' Return: Acquisition of own shares

As part of its efforts to improve capital efficiency and shareholder return measures, the company decided to acquisition its own shares on May 14, 2025

(1)	Class of shares to be acquired	Common Shares of the company
(2)	Total number of shares to be acquired	300,000 (Maximum) (4.0% of the total number of issued shares (excluding treasury shares))
(3)	Total cost of acquisition	500,000,000 JPY (Maximum)
(4)	acquisition period	From May 15, 2025 to October 31, 2025
(5)	Acquisition method	Open market purchase on the Tokyo Stock Exchange including Off-Auction Own Share Repurchase Trading (ToSTNeT-3)
(6)	Others	Decisions on all other matters necessary for the share repurchase shall be left to the President and Representative Director of the Company or a person designated by the President

2. Plans for FY2025 (April 2025 - March 2026)



Business Plan

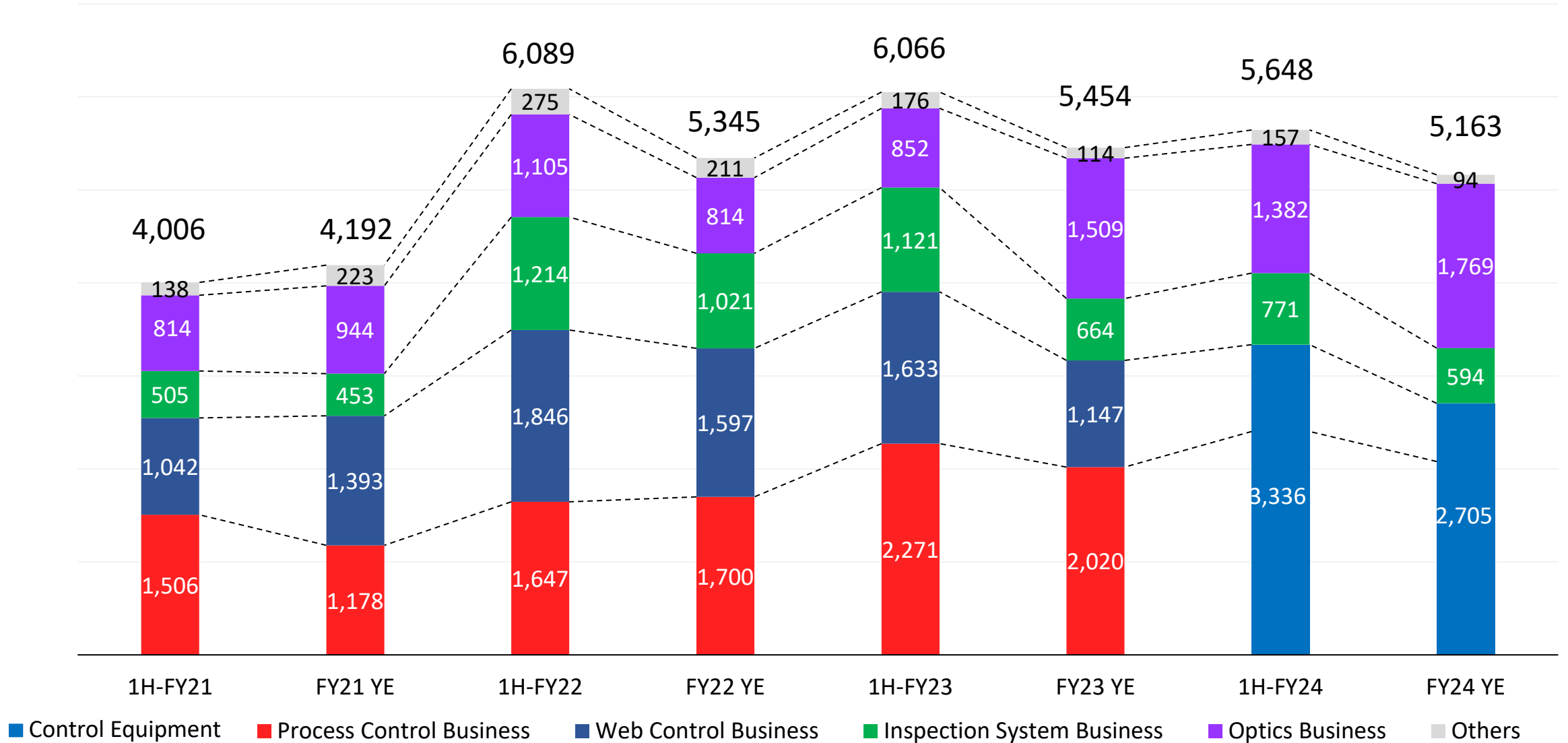
- Sales are expected to increase due to steady demand. Operating income was high, but a decrease from the high profit margin of FY24
- Ordinary profit and net income are expected to decline due to the impact of Extraordinary income items and increased tax burdens
- The assumption does not include the impact of U.S. tariff policy

(Million JPY)

	FY24	FY25 Plan	YoY
Orders received	10,465	10,700	+2%
Net sales	10,756	11,000	+2%
Operating profit	1,907	1,850	-3%
Operating profit margin	17.7%	16.8%	-
Ordinary profit	2,028	1,950	-4%
Ordinary profit margin	18.9%	17.7%	-
Profit attributable to owners of parent	1,562	1,390	-11%
Profit attributable to owners of parent margin	14.5%	12.6%	-
Earnings per share (JPY)	211.11	187.52	-11%
Order backlog	5,163	4,863	-6%

Order Backlog

(Million JPY)



Market Conditions & Measures: Control Equipment Business

Steel and Non-ferrous metal field

Market Conditions:

Steelmakers focus on capital investment for high-grade steel production and environmental impact reduction with capacity adjustments

Measures of the Group:

- Focusing on Sales Activities of Thickness Measuring Systems, for which needs are strong for high-grade steel
- Global expansion through collaboration with IMS Group of Germany, with which the company have a partnership

	(Million JPY)	
	FY24	FY25 Plan
Orders received	5,343	5,600
Net sales	5,806	5,800
Segment profit	1,556	1,210
Segment profit margin	26.8%	20.9%

Functional Films, Soft Packaging field

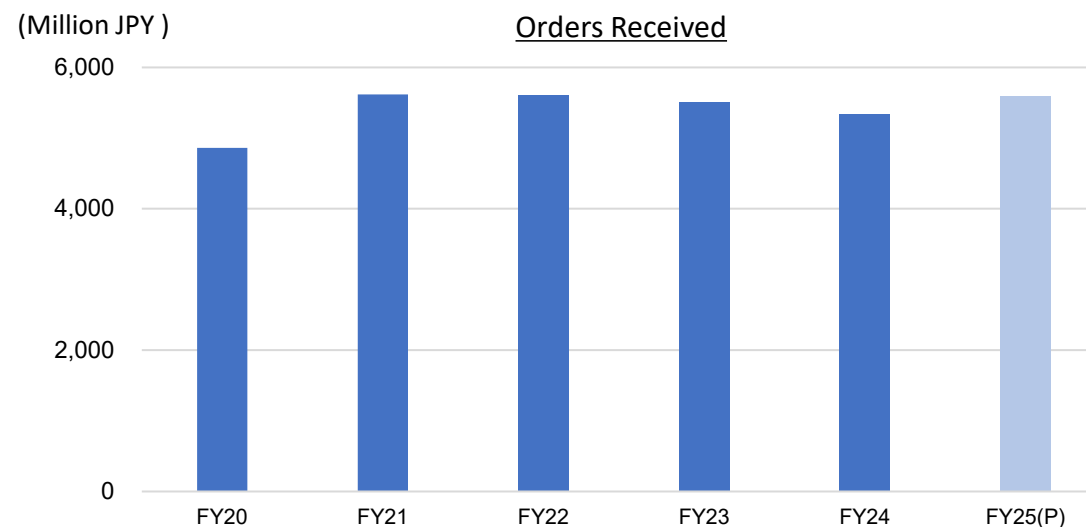
Market Conditions:

Decrease in capital investment in the film industry due to stagnation in the LIB market

Soft packaging field was strong due to individual packaging needs, etc.

Measures of the Group:

- Enhancement of Inspection Equipment in the Soft Packaging Field
- Reduce manufacturing costs and strengthen sales activities
- Expansion of products for manufacturing equipment used in new power generation methods



Market Conditions & Measures: Inspection System Business

Electronic parts/ High Functional Film Market

Market Conditions:

Decrease in capital investment in the film industry due to stagnation in the rechargeable battery market

Competitive environment in the market for battery inspection equipment is tough, but there are some positive changes for the Company

Measures of the Group:

- Accelerate development of inspection systems for expansion of new types of power generating systems and new types of battery production lines
- Strengthening technology, developing products, and expanding sales and marketing to enhance competitiveness

	(Million JPY)	
	FY24	FY25 Plan
Orders received	1,512	1,700
Net sales	1,582	1,800
Segment profit	-89	170
Segment profit margin	-	9.4%

Food Related Market

Market Conditions:

Firm demand for mechanization as a measure to alleviate labor shortages

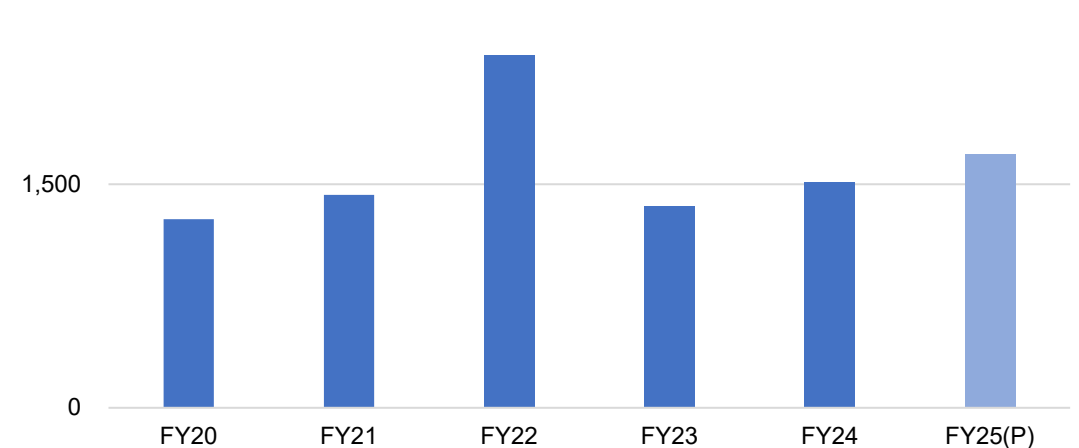
Expanding demand for imaging inspection for various processed food products in addition to agricultural products

Measures of the Group:

- Accelerate development of AI sensing function for food inspection equipment and new inspection methods
- Improvement of profit margin through sales of value-added products and review of cost structure

(Million JPY)

Orders Received



Market Conditions & Measures: Optics Business

Optical Component Market

Market Conditions:

Demand for Optical Components for Semiconductor Inspection Equipment Still Strong

Demand for optical components from overseas is also expanding

Measures of the Group:

- Productivity improvement and facility expansion to meet demand
- Strengthen human resource training to increase production capacity
- Strengthen collaboration within the group in the field of optical coatings

(Million JPY)

	FY24	FY25 Plan
Orders received	3,160	2,900
Net sales	2,900	2,850
Segment profit	1,068	1,100
Segment profit margin	36.8%	38.6%

Laser-related products

Market Conditions:

Demand for Lasers for Semiconductor Inspection Equipment Slows Due to Geopolitical Factors

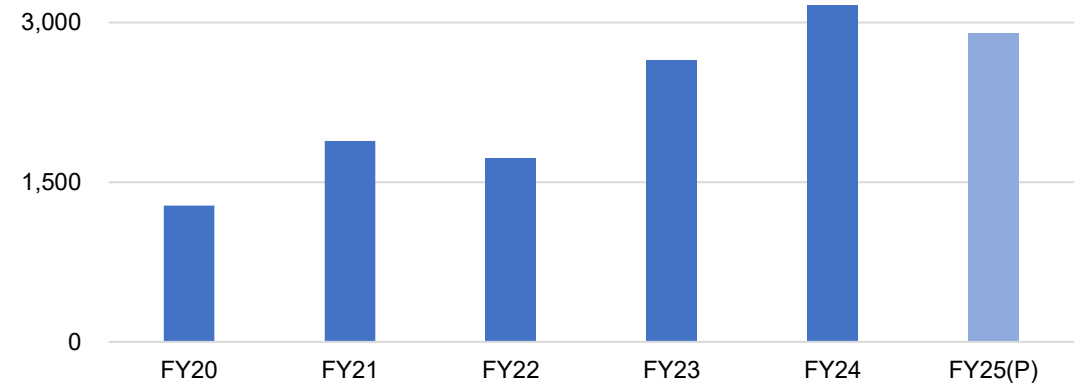
There are a wide range of applications for laser systems, and demand exists in new fields

Measures of the Group:

- Design revision of laser equipment to improve performance and reduce costs
- Product development for new fields

(Million JPY)

Orders Received



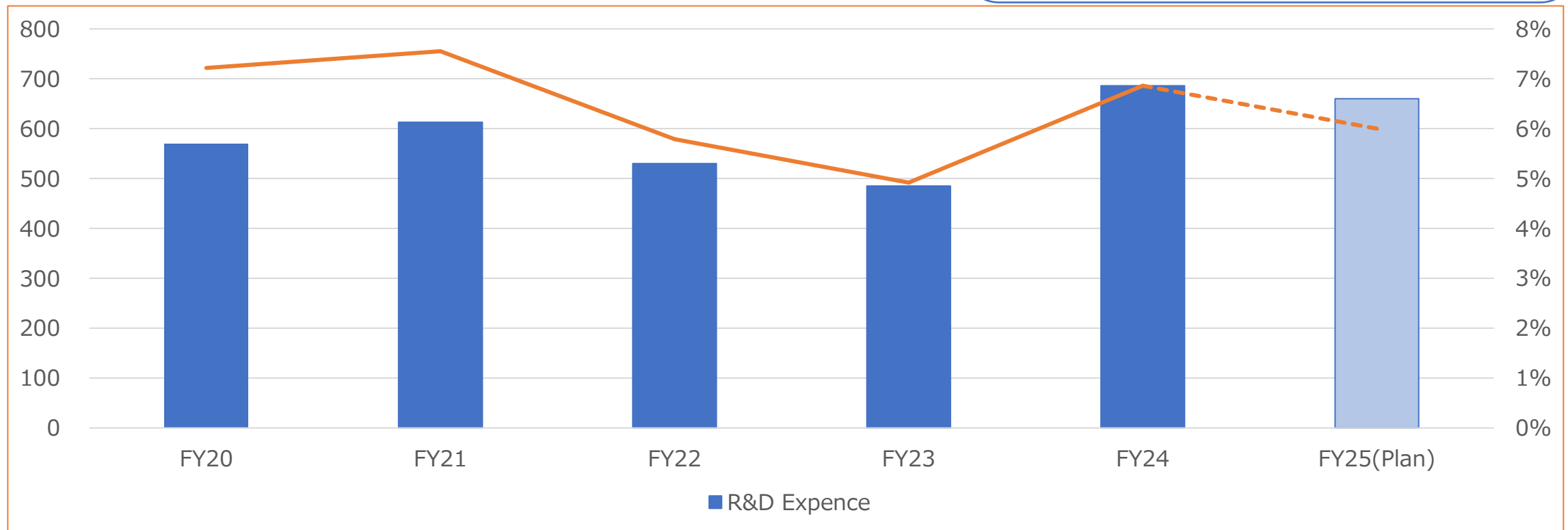
R&D

- Aiming to create a new revenue streams & accelerate development projects using our technology strengths.

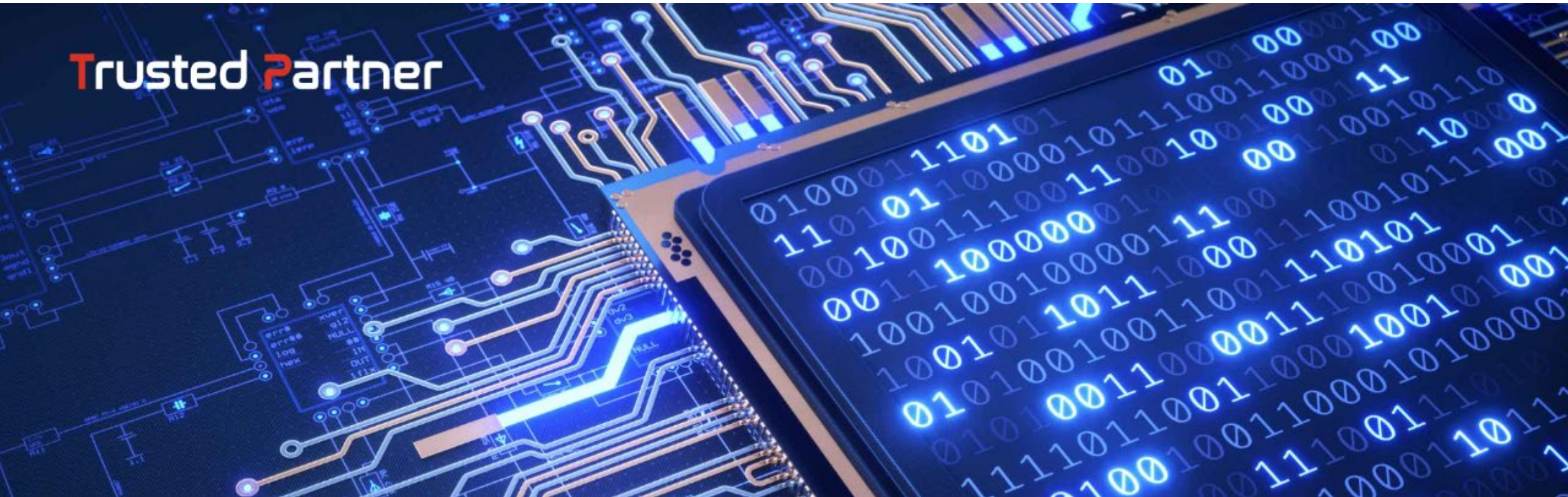
Main development themes

- Development of next-generation image inspection systems
- Development of new products using laser technology
- Development of inspection and measurement equipment applying optic technologies
- Development through technical exchange with partners

(Million JPY)



3. Towards sustainable growth



Trusted Partner

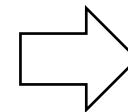
NIRECO

Main objectives for sustainable growth

Strengthen our group to enable growth in any environment

Expand our market presence

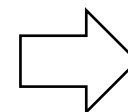
- Drive overseas expansion
- Strengthen Inspection system business and Optics business
- Exploit new fields of business through new-product development



**Expand & enhance
business foundations**

Technological advances

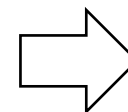
- Enhance image analysis technology for new product development
- Develop new products based on optical applications technology



**Enhance
competitive advantage**

Enhance organizational capabilities

- Improve profitability of existing businesses
- Maximize synergies by strengthening cooperation with the Group and outside partners
- Invest in human resources and infrastructure to strengthen competitiveness

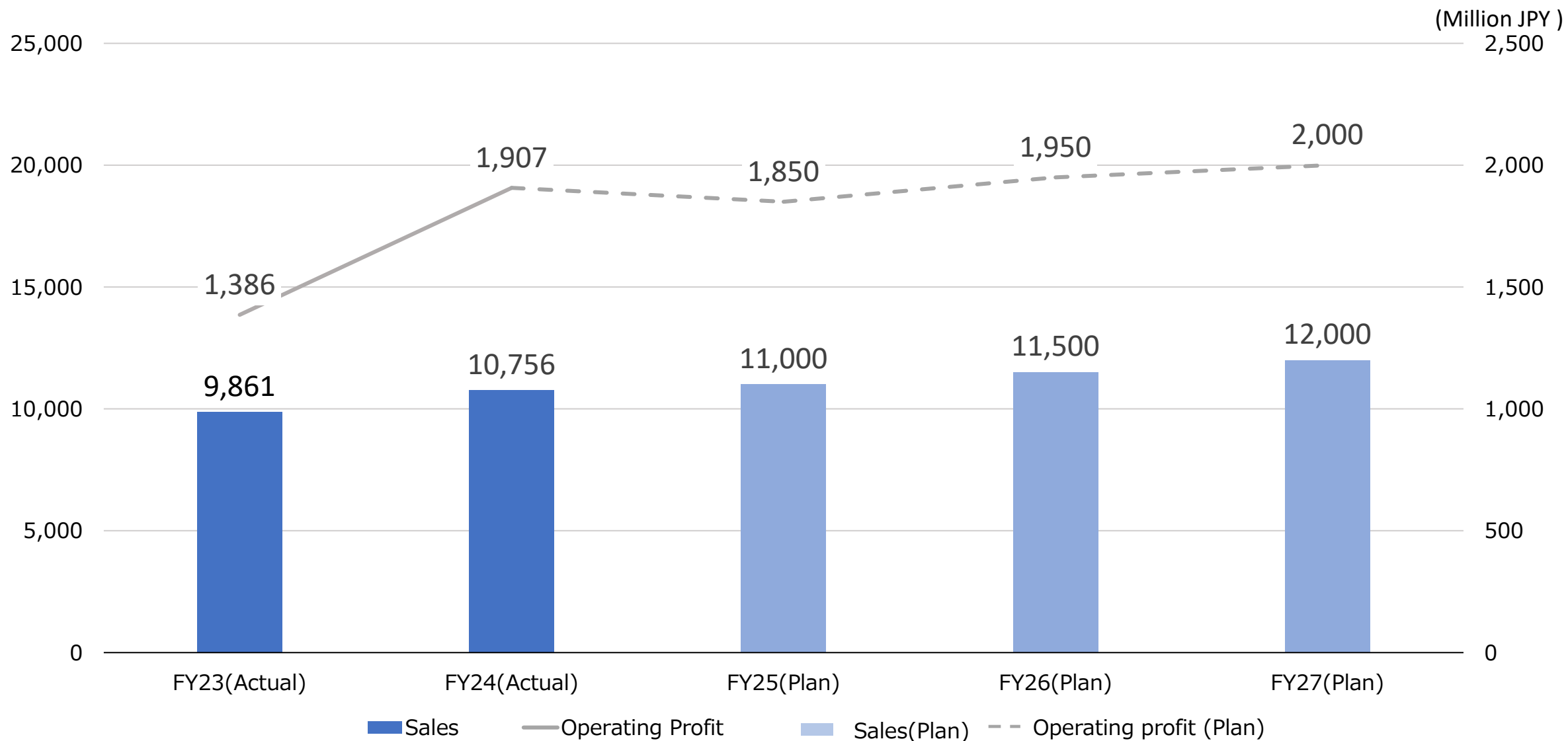


**Reinforce
organizational base**

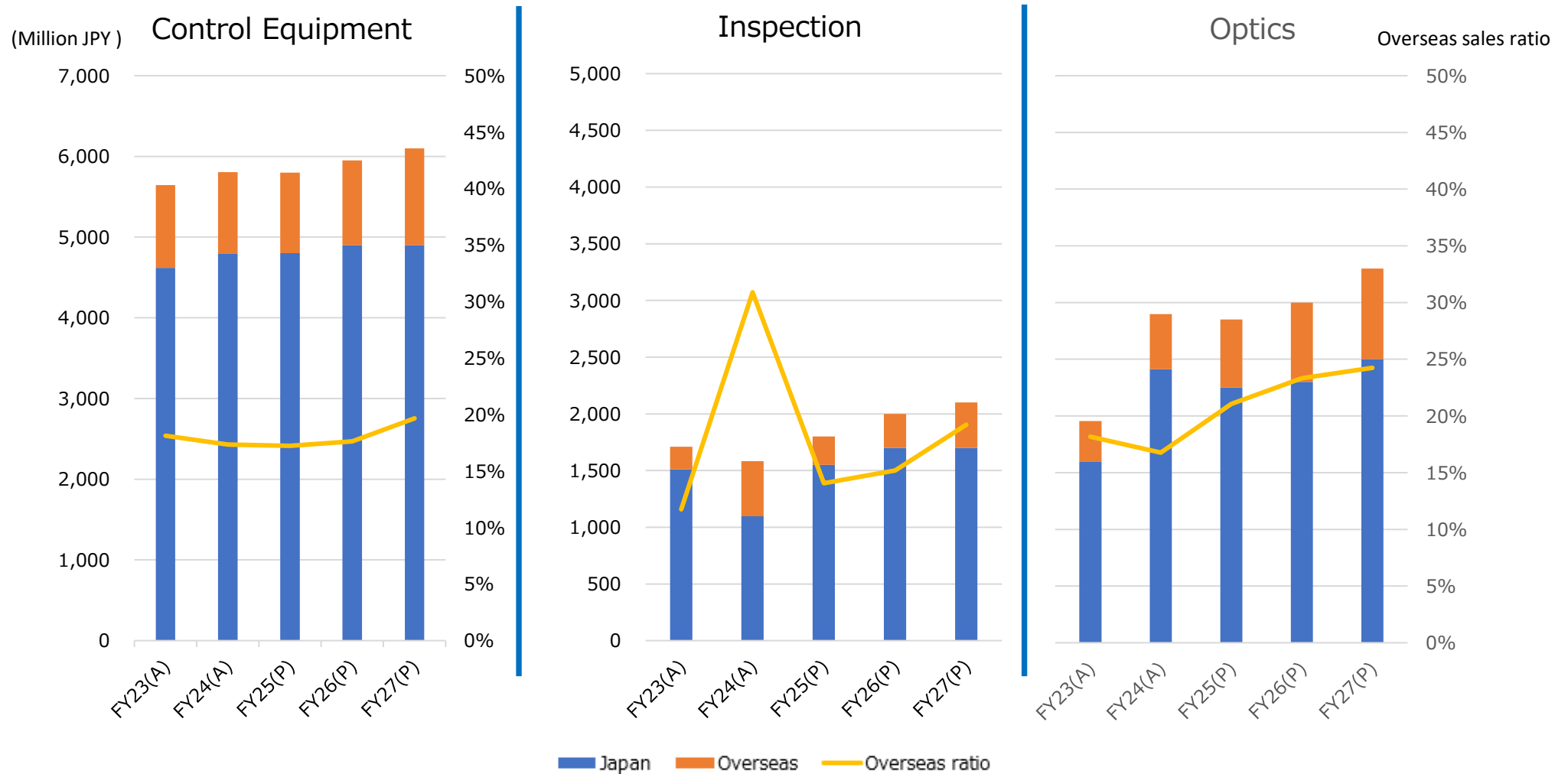
Mid-term Basic Policy

- Focus on profit-oriented approach.
- Improve business efficiency and strengthen profitability of the Control Equipment Business Division, which has a stable business foundation
- Promote growth of Inspection System business and Optics business
- Improving the business environment and strengthening investment in people for future growth
- Pursue opportunities for further growth, including M&A

Mid-term plan



Mid-term targets (Combined Japan/overseas sales by business segment)



Action on Cost of Capital-Conscious Management

Nireco aims to improve its reputation in the stock market through the following measures, etc., with an awareness of its cost of capital and stock price.

(1) Strengthen profitability by restructuring the business portfolio

- Further promotion of growth in the inspection system business and optics businesses, which are positioned as growth businesses
- Improve business efficiency through organizational changes, etc.
- Further reinforcement of synergies among business units and groups
- Continuation of measures to enhance profitability through cost reduction, reduction of defects, appropriate selling prices, etc.
- Promote efficient online sales activities
- Strengthen overseas sales by strengthening alliances with external companies

(2) Revision of Earnings Distribution Policy

- Revision of Earnings Distribution policy in February 2024
 - Consolidated dividend payout ratio of 40% or more and consolidated dividend on equity (DOE) of 2% or more
 - ⇒ Consolidated dividend payout ratio of 45% or more and DOE of 2.5% or more
- Decided to improve capital efficiency and shareholder returns through share buyback in May 2025.

(3) Investment and Capital Policy

- Strengthen investment in growth businesses and new product development
- Strengthen digital investments to improve efficiency
- Continue to promote M&A => Keihin Coat Co., Ltd. joined the group in Oct. 2024. The company will continue to consider another M&A opportunities

(4) Strengthen IR and PR activities

- Strengthen appeal to the stock market through more proactive IR and PR activities
- Provide easy-to-understand explanations of business activities and growth stories to individual investors
- Enhance opportunities for communication with shareholders and investors, including non-financial information

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	3,094 million Japanese yen*
Number of employees	466*
Net sales (Consolidated)	10,756 million Japanese yen (FY2024)

*As of March 31, 2025

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., a Japanese company
- 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.
Acquired KEIHIN COAT Co., Ltd.

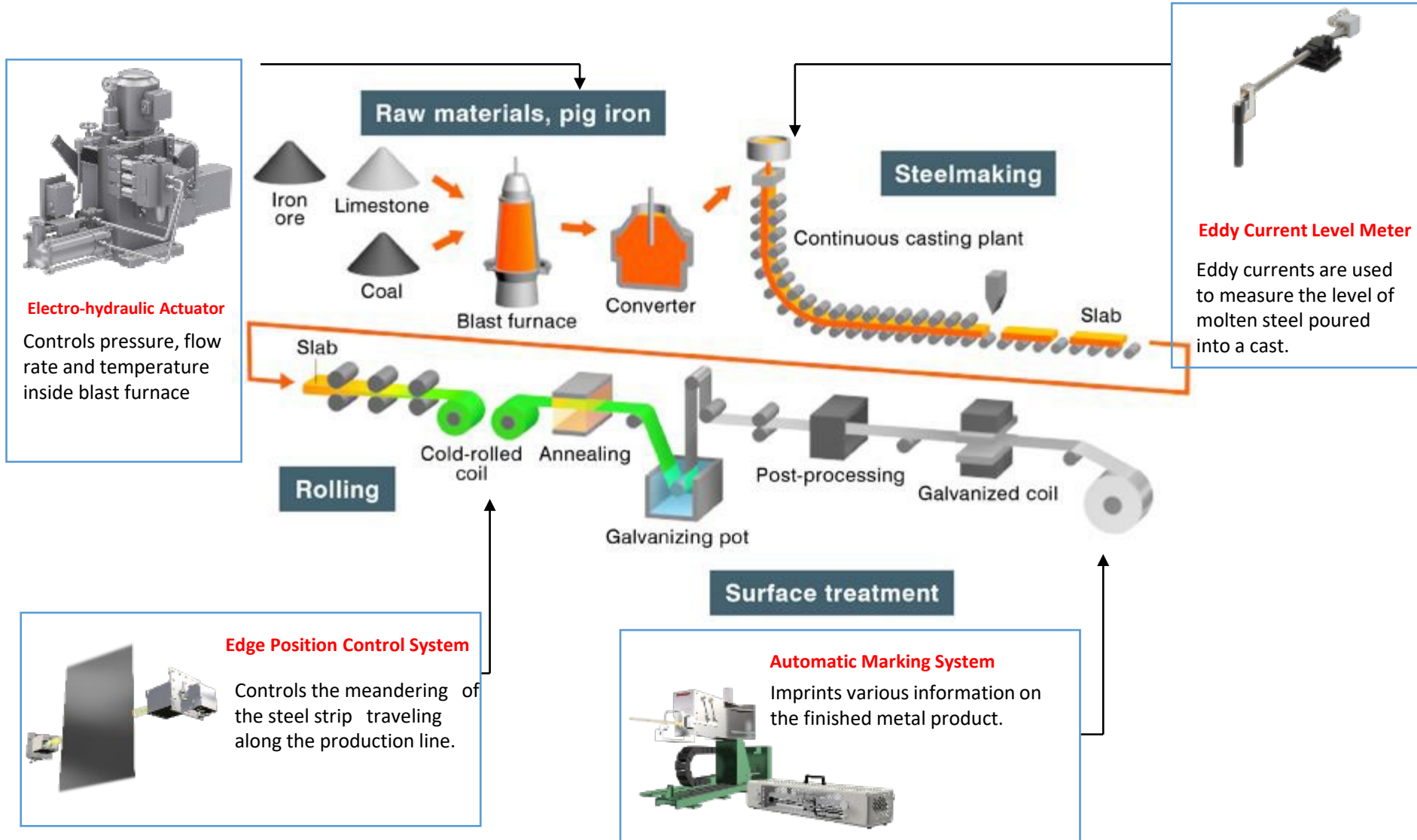
‘TECHNOLOGY & TRUST’

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.

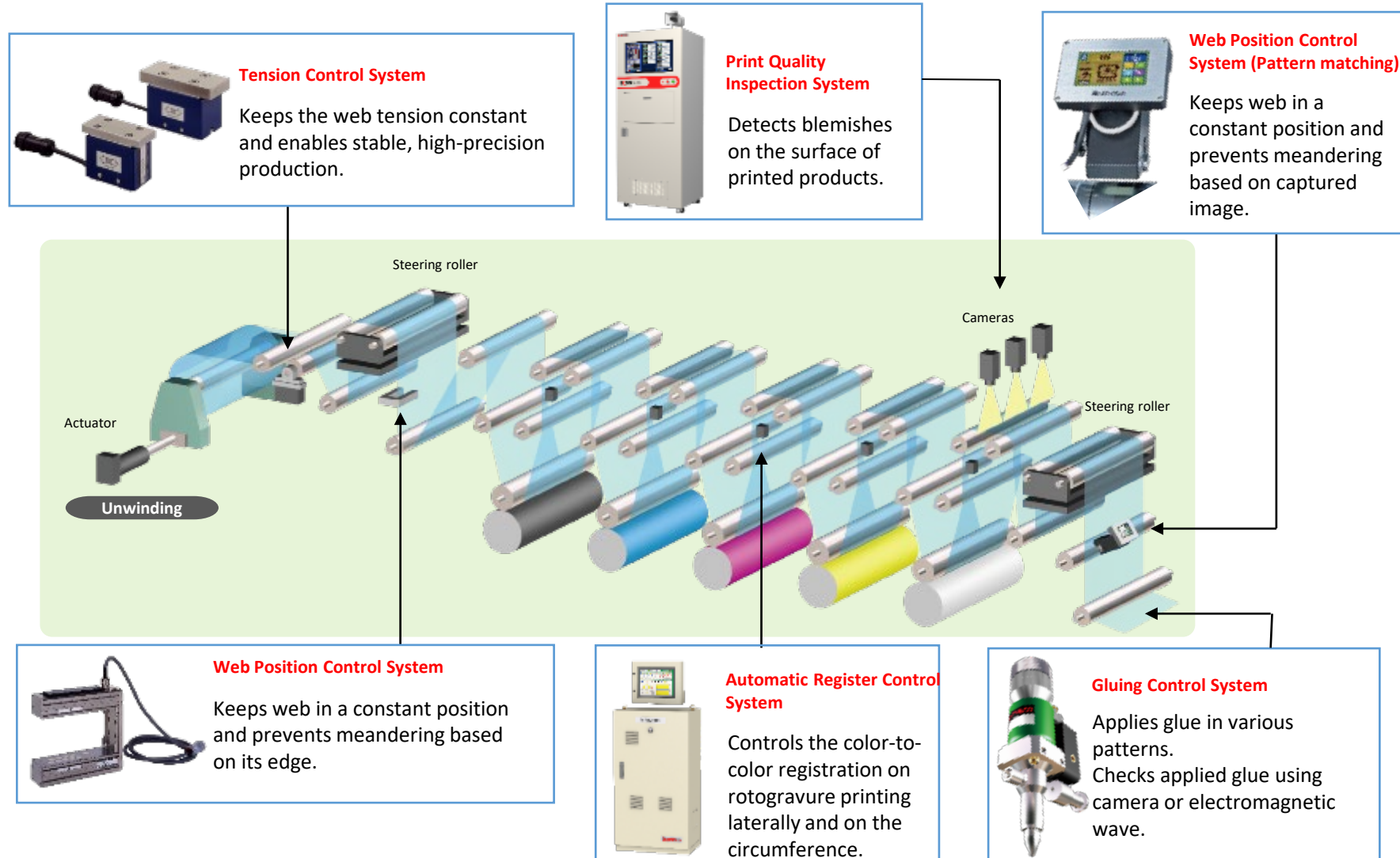
Control Equipment Business: Metals & Nonferrous Metals field

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



Control Equipment Business: Functional Film, Soft Packaging field

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



Tension Control System
Keeps the web tension constant and enables stable, high-precision production.

Print Quality Inspection System
Detects blemishes on the surface of printed products.

Web Position Control System (Pattern matching)
Keeps web in a constant position and prevents meandering based on captured image.

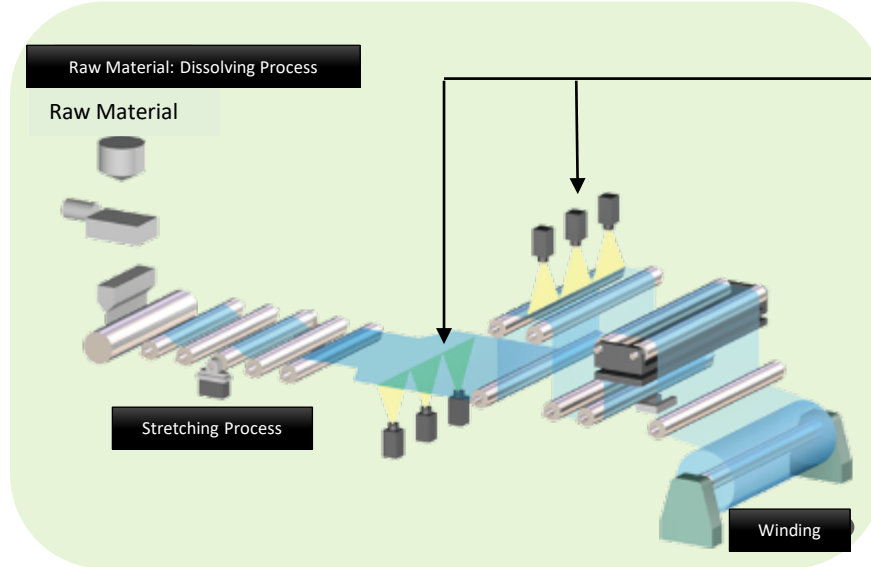
Web Position Control System
Keeps web in a constant position and prevents meandering based on its edge.

Automatic Register Control System
Controls the color-to-color registration on rotogravure printing laterally and on the circumference.

Gluing Control System
Applies glue in various patterns. Checks applied glue using camera or electromagnetic wave.

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.

The image shows a tall, white industrial machine with a control panel at the top and a conveyor belt at the bottom. The machine is labeled 'MultiView EXPLORE'.

Fruit/Vegetable Sorting System

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

The image shows a white and red industrial machine with a conveyor belt. It is designed for sorting and inspecting agricultural products.



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.



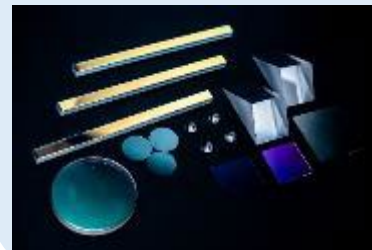
Lasers



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.

Optical coating



Optical filters, mirrors, AR, multilayer films

Provide high-quality products for a variety of cutting-edge fields, including medical equipment, laser equipment, and optical communication equipment, and also undertake prototype development.

Optics Business

Kogakugiken Corp.



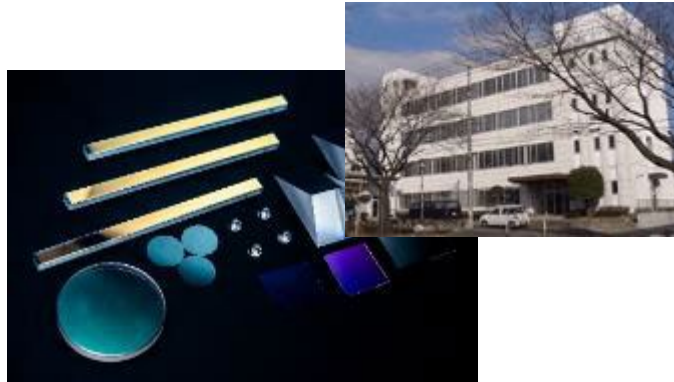
Developing, manufacturing and selling various optical products as waveplates and prisms. Kogakugiken has top-class technological capabilities that enable us to process CLBO crystals, which are used for wavelength conversion in DUV laser devices for commercial level.



KEIHIN COAT Co., Ltd.



Developing, manufacturing and selling filters and mirrors by using optical coating technology. KEIHIN COAT provides products to various fields and also undertakes prototype development.

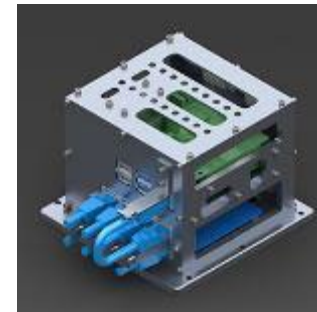


Others

SEIBU ELECTRIC CORPORATION



Developing and manufacturing electronic devices, information devices, and various other devices. SEIBU ELECTRIC undertakes various engineering design from board design to implementation and testing. The company has the technical capabilities to participate in the space industry of JAXA.



Nireco Group in Asia



尼利可自动控制机器（上海）有限公司 (NIRECO Automatic Controller (Shanghai) Co.,Ltd)

A Nireco group company in Shanghai, China.
The company manufacturing, selling and providing maintenance services for Chinese customers.



仁力克股份有限公司 (NIRECO Taiwan Corporation)

A Nireco group company in New Taipei City, Taiwan.
The company sells Nireco's products in the Asian region, mainly film and printing fields products and inspection systems.

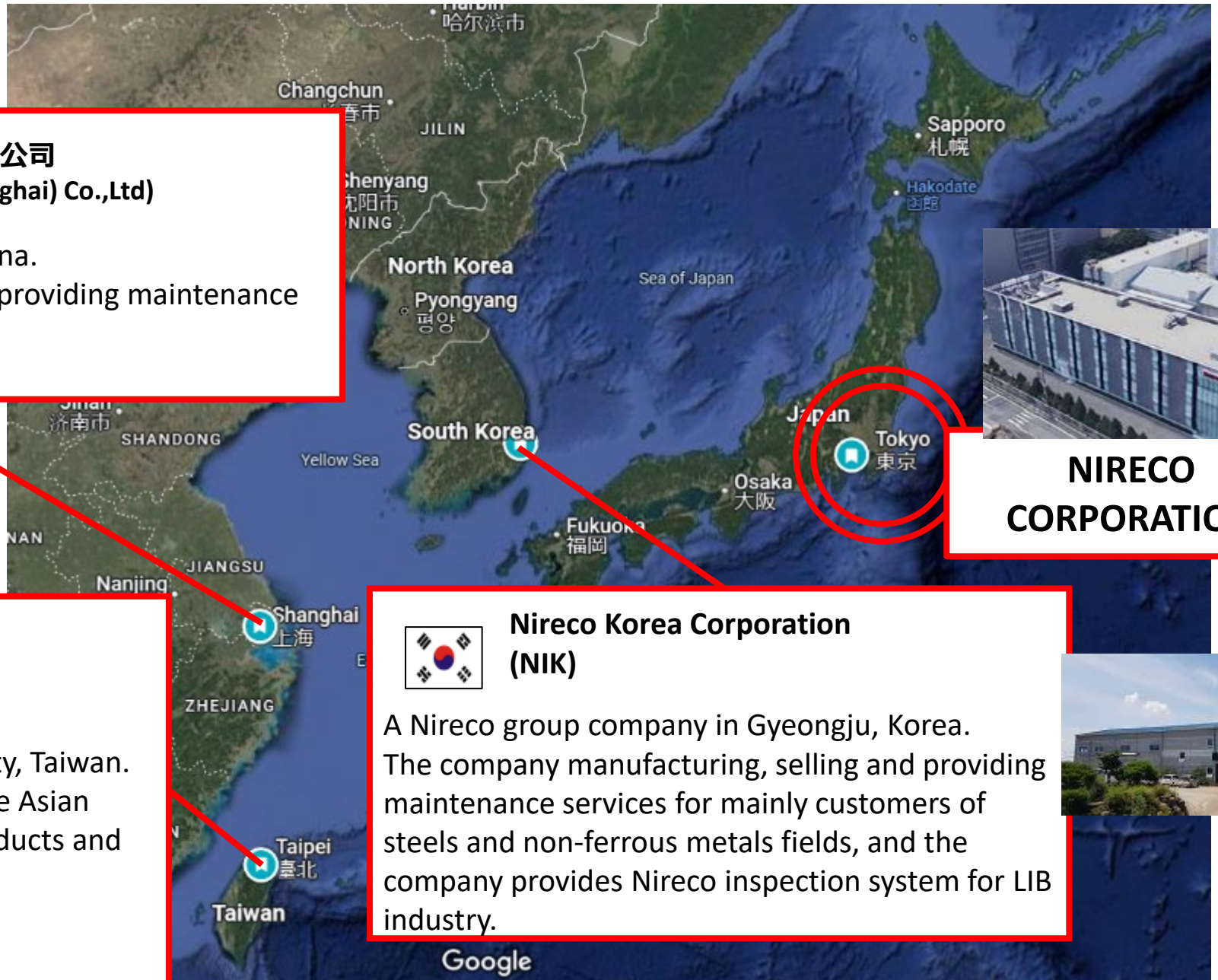


Nireco Korea Corporation (NIK)

A Nireco group company in Gyeongju, Korea.
The company manufacturing, selling and providing maintenance services for mainly customers of steels and non-ferrous metals fields, and the company provides Nireco inspection system for LIB industry.

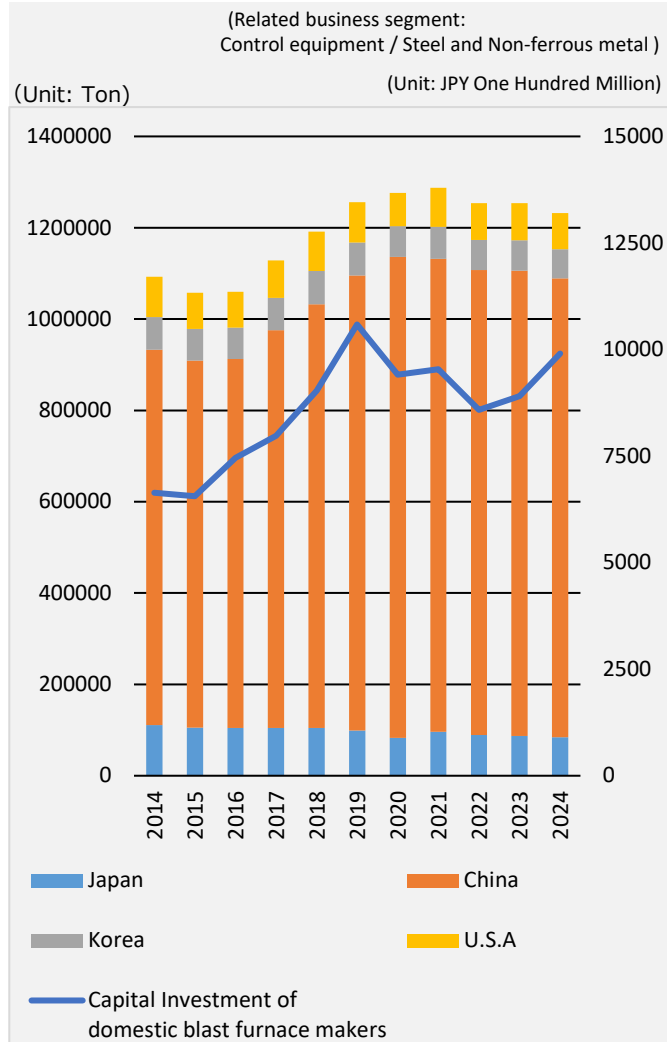


NIRECO CORPORATION



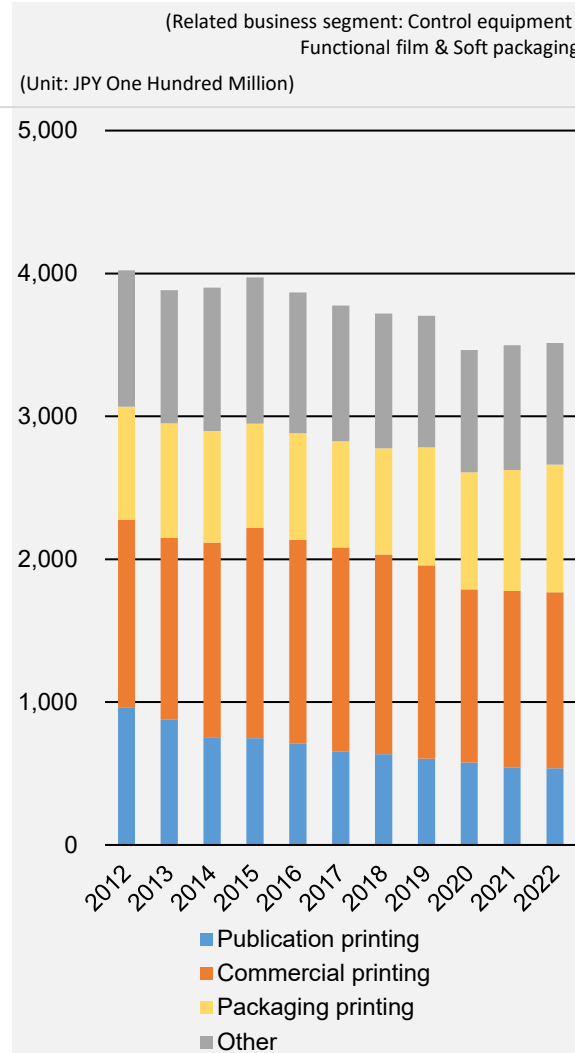
Market environment

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



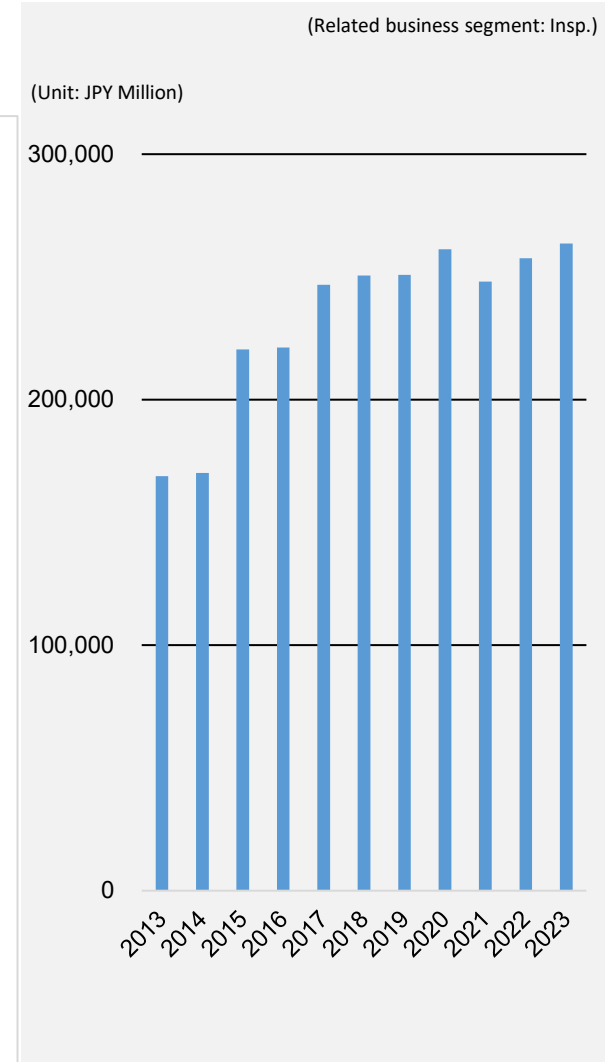
Source: world steel, Financial information of major Japanese manufacturers

Scale of Japan's Printing Market



Source: Based on industrial & production dynamics statistics

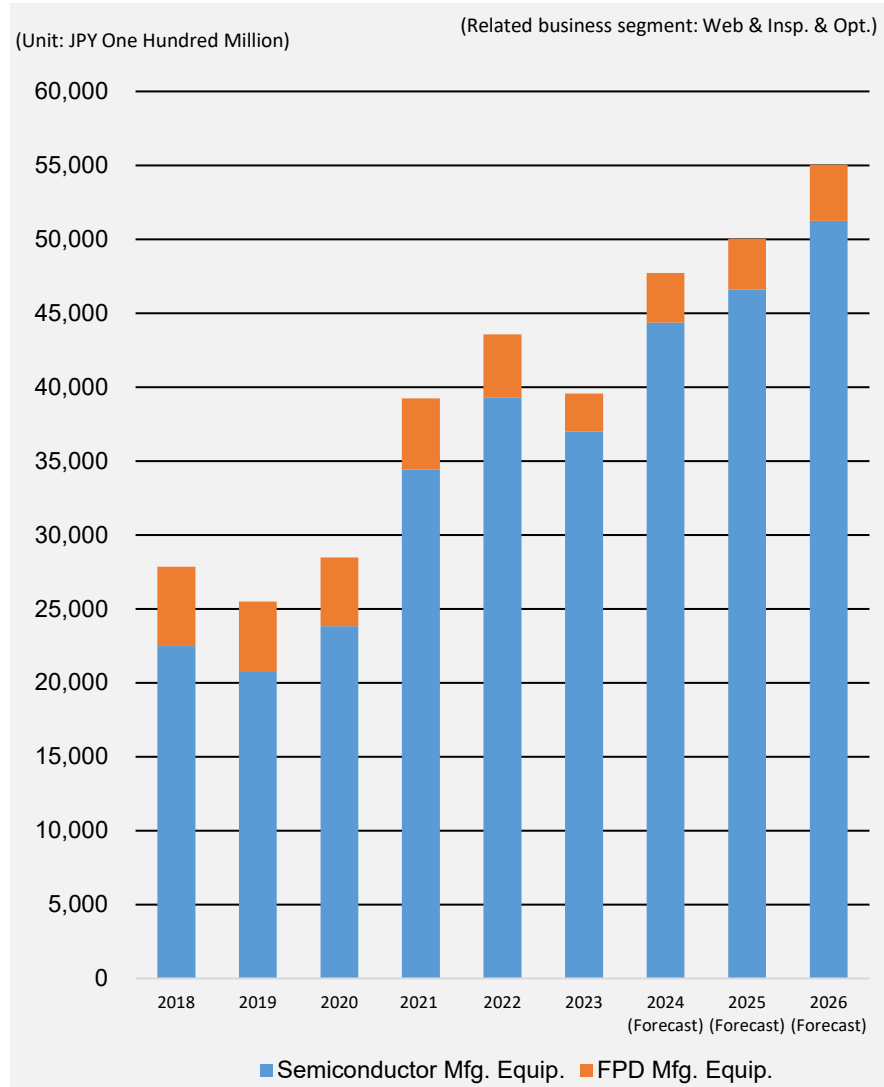
Japan Food Machinery Sales
(excluding processing machinery)



Source: The Japan Food Machinery Manufacturers' Association

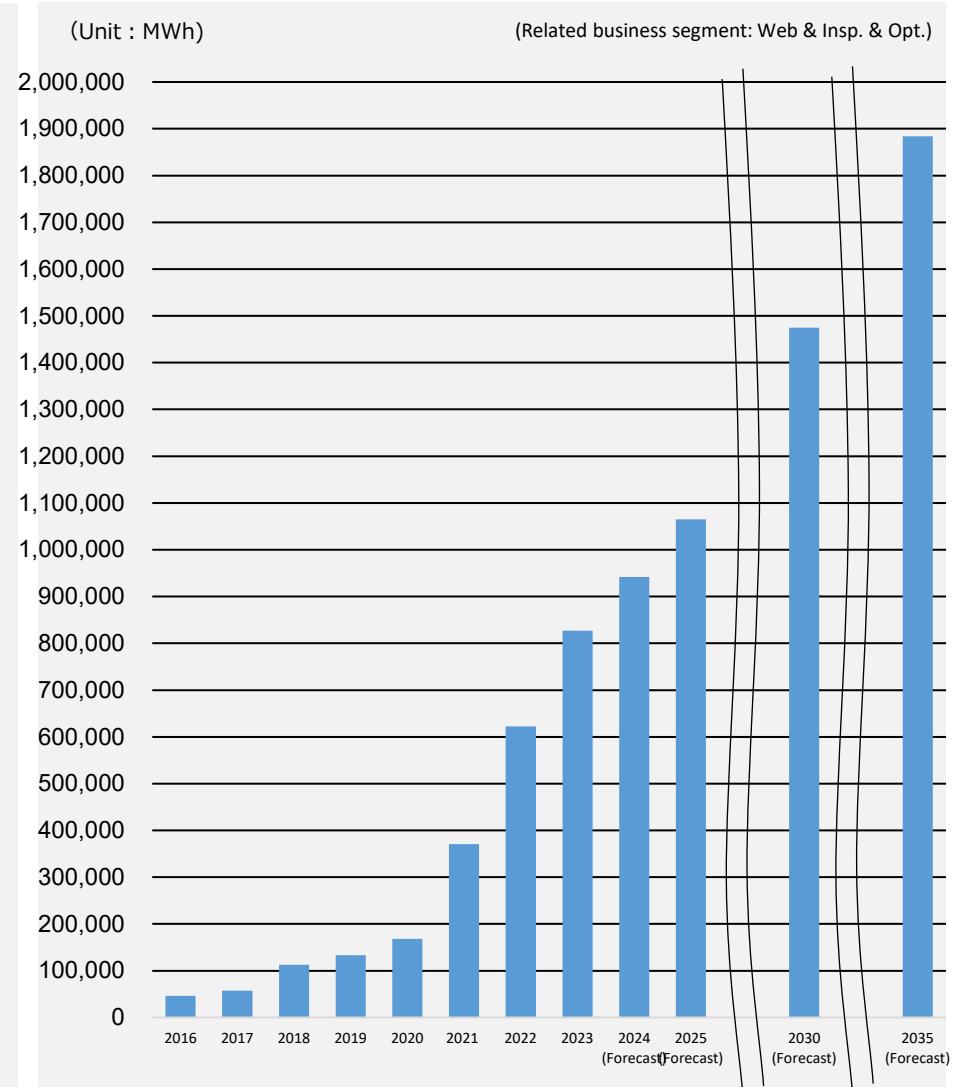
Market environment

Forecast of Demand for Semiconductor & FPD Mfg. Equip.



Source: Semiconductor Equipment Association of Japan

Automotive LiB World Market Forecast



Source: Yano Research Institute Ltd.

NIRECO