

# BUSINESS REPORT 2024

From December 1, 2023 to November 30, 2024



**NACHI**  
NACHI-FUJIKOSHI CORP.

Securities Code: 6474

# TO OUR SHAREHOLDERS

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

We hereby report the results for the NACHI-FUJIKOSHI Group for the period from December 1, 2023 to November 30, 2024.

## Business Environment

The Group continues to face an uncertain business environment. While signs of economic recovery have appeared in Japan and the Americas, China and Europe are stagnant. In addition, factors such as the prolonged situation in Ukraine, greater tensions in the Middle East, and protectionist policies in the U.S. mean more adverse impacts on our business.

## 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 the optimization of equipment and personnel, the consolidation of standard bearings production, the streamlining of operations across all departments, and the expansion of in-sourcing of manufacturing, aiming to improve profitability.

As a result of the above, despite strong demand in the industrial machinery and retail sectors in the Americas, net sales for this fiscal year were 239.8 billion yen (a decrease of 9.6% 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 117.4 billion yen (a decrease of 6.3% YoY) and overseas sales of 122.4 billion yen (a decrease of 12.6% 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 major impact seen from decreased operating rates of robots, hydraulic equipment, and other products, this fiscal year's operating profit and ordinary profit were 6.6 billion yen (a decrease of 44.1% YoY) and 4.2 billion yen (a decrease of 61.6% YoY) respectively. In addition, the number of cross-shareholding stocks held was reduced to improve capital efficiency, leading to extraordinary income of 3.6 billion yen recorded as gain on sale of investment securities. By contrast, promoting the optimization of personnel and surplus equipment led to extraordinary losses of 4.2 billion yen recorded as structural reform costs. Profit attributable to owners of parent

was therefore 3.3 billion yen (a decrease of 48.2% YoY).

## Dividends

With regard to the year-end dividends, considering the profit status and future business developments, we have decided to allocate 100 yen per share, a decrease of 10 yen compared to the previous fiscal year.

## Future Initiatives

Regarding the future business environment, the outlook is generally difficult to forecast. The emergence of new EV manufacturers and reorganization of existing automobile manufacturers is advancing in the automotive sector, the Group's key field of business. On the other hand, the prolonged economic stagnation and consequent delayed demand recovery in China and Europe – as well as raw materials prices remaining high – continue to affect the industrial machinery, construction machinery, and retail sectors.

Given such a business environment, the Group intends to significantly raise productivity and become a business which is highly resilient to change through fundamental structural reform such as consolidating production at the Bearings Department. In terms of business expansion, we plan to expand our orders and enhance our business performance by strengthening our sales force in the growing markets of the U.S. and India, as well as developing and launching uniquely-NACHI-FUJIKOSHI products. Furthermore, with the goal of achieving sustainable business growth, we will commit to challenges, including environmental, social and governance 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.

February 2025



Director,  
Chairman

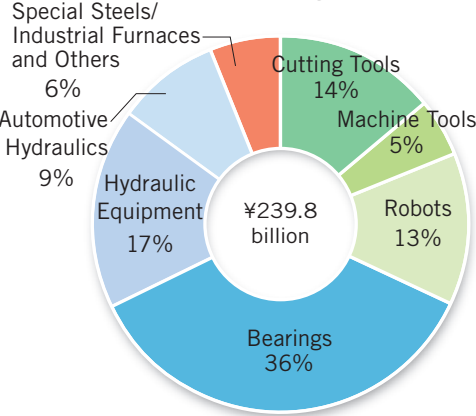


Representative Director,  
President

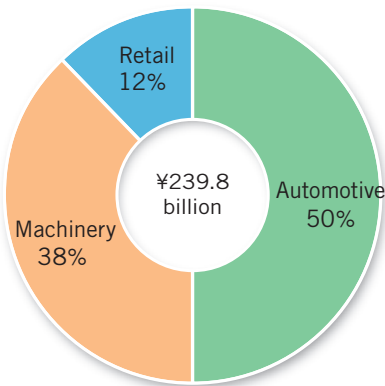
# RESULTS OF OPERATIONS (Consolidated)

## Composition of Sales

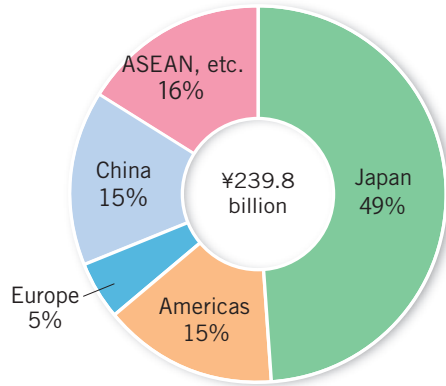
Business Segment



Market

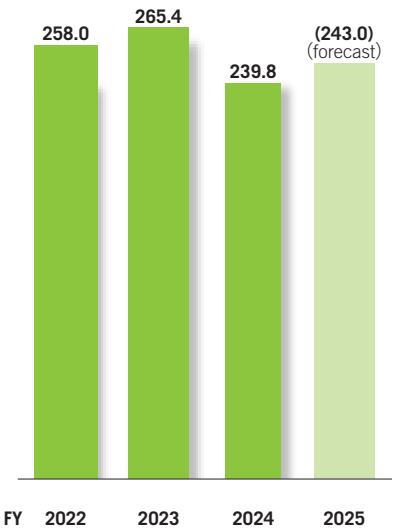


Region

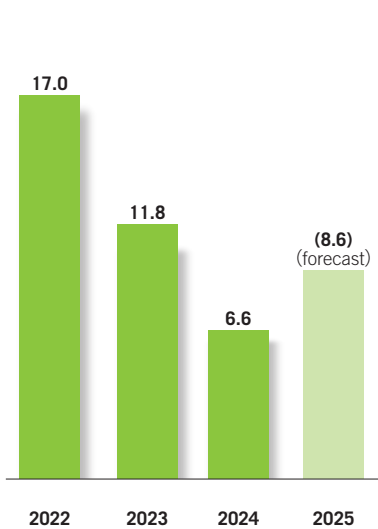


## Trend in Business Results

Net Sales (billions of yen)

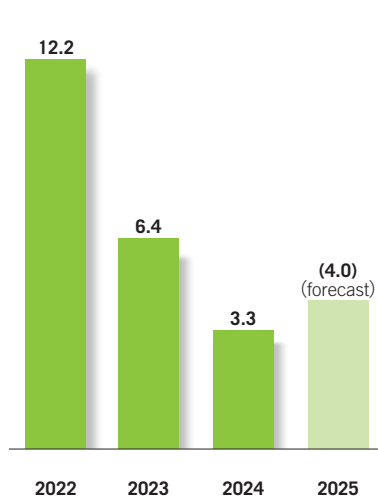


Operating Profit (billions of yen)



Profit Attributable to Owners of Parent

(billions of yen)



# TOPICS

## Initiatives to Improve Business Results

Treating the dramatic changes in our business environment as opportunities, our goal is to achieve sustainable business growth by working on initiatives in three key areas to improve business results: structural reform, order expansion, and product development.

### <Changes in Business Environment>

- The transition to electric vehicles and reorganization of automobile manufacturers
- Chinese manufacturers catching up
- Bringing production back home under the America First approach
- The economic rise of India, which now has the world's largest population



### <Management Approach to Improving Business Results>

Structural Reform

Order Expansion

Product Development

## 1. Structural Reform

Maximizing profit by promoting the consolidation of production based on the idea of production in optimal locations, particularly at the Bearings Department.

### ○ Consolidating production in Thailand

Production of standard radial bearings was consolidated from various locations to Thailand from 2021, and an integrated manufacturing line, which starts with forging without changeover, has been built. From 2024, production transfer aimed at greater manufacturing scale is being promoted in pursuit of further streamlining.



Thailand plant  
(integrated manufacturing plant from the forging process)



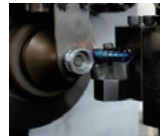
Forging

Turning

Heating

Grinding

Assembling



### ○ Japanese factories to be “mother plants”

Special bearings for automotive and industrial machinery applications will be consolidated to Japan, with Japanese factories positioned as “mother plants” oriented towards high-performance and high-quality requirements.



Toyama plant



Double Row 4point  
Contact Ball Bearings



Plastic Insert Bearings



## 2. Order Expansion

The U.S. and India will be positioned as the key growth markets, where we will strengthen our sales force to expand sales of all products, particularly robots.

### ○ The United States

Responding to growing high-precision and high-efficiency requirements



Carbide drills



Skiving machine



NACHI AMERICA INC.

### <Focused Around Robots>



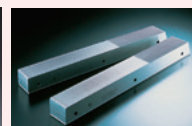
Responding to growing manufacturing automation and quality requirements

### ○ India

Responding to demand for internal-combustion engines



Specialty bearings for automotive use



Forming rack



NACHI TECHNOLOGY INDIA PVT. LTD.

## 3. Product Development

Leveraging our unique technology and know-how to develop and launch products which go beyond the conventional wisdom to create new demand.



“Burrless Series,” which takes on the challenge of minimizing burrs

In addition to steel, in 2024 we added models for non-ferrous metals to the lineup



Collision-free collaborative robots “MZS05”

Captures requirements for automation by creating collaborative robots which make a step change in safety performance



Gear grinding machine “GSGT260”

Responds to requirements for high-precision gear parts which are growing due to the transition to electric vehicles



Robot FSW (Friction stir welding)

Delivers three-dimensional welding of aluminum and dissimilar materials. Responds to requirements for weight-saving in vehicle bodies and battery cases.

# SUMMARY OF FINANCIAL STATEMENTS

## Consolidated Balance Sheets

(millions of yen)

Item	November 30, 2023 (for your reference)	November 30, 2024
<b>ASSETS:</b>		
<b>Current assets</b>	<b>189,406</b>	<b>170,438</b>
Cash and deposits	34,619	34,263
Notes and accounts receivable, and contract assets	58,805	54,049
Electronically recorded monetary claims - operating	8,337	8,700
Inventories	80,130	67,162
Other	7,513	6,262
<b>Fixed assets</b>	<b>180,917</b>	<b>164,319</b>
<b>Property, plant and equipment</b>	<b>127,620</b>	<b>115,563</b>
Buildings and structures	33,457	32,189
Machinery, equipment and vehicles	72,573	64,602
Land	10,228	10,218
Other	11,361	8,553
<b>Intangible fixed assets</b>	<b>3,672</b>	<b>4,282</b>
<b>Investments and other assets</b>	<b>49,625</b>	<b>44,473</b>
<b>Total assets</b>	<b>370,324</b>	<b>334,757</b>

(millions of yen)

Item	November 30, 2023 (for your reference)	November 30, 2024
<b>LIABILITIES:</b>		
<b>Current liabilities</b>	<b>119,569</b>	<b>93,848</b>
Notes and accounts payable	19,094	15,396
Electronically recorded obligations-operating	26,021	23,305
Short-term borrowings	45,190	28,210
Other	29,263	26,936
<b>Long-term liabilities</b>	<b>81,234</b>	<b>76,243</b>
Long-term borrowings	54,578	52,853
Provision for retirement benefits	9,317	8,662
Other	17,338	14,726
<b>Total liabilities</b>	<b>200,804</b>	<b>170,091</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity</b>	<b>131,395</b>	<b>130,628</b>
Share capital	16,074	16,074
Capital surplus	11,408	11,543
Retained earnings	110,593	111,352
Treasury stock	-6,681	-8,343
Accumulated other comprehensive income	31,319	28,205
<b>Non-controlling interests</b>	<b>6,804</b>	<b>5,831</b>
<b>Total net assets</b>	<b>169,520</b>	<b>164,665</b>
<b>Total liabilities and net assets</b>	<b>370,324</b>	<b>334,757</b>

## Consolidated Statements of Profit

(millions of yen)

Item	Year Ended November 30, 2023 (for your reference)	Year Ended November 30, 2024
<b>Net sales</b>	<b>265,464</b>	<b>239,892</b>
<b>Operating profit</b>	<b>11,873</b>	<b>6,636</b>
<b>Ordinary profit</b>	<b>11,028</b>	<b>4,236</b>
Extraordinary income	46	4,877
Extraordinary losses	75	4,384
Profit before income taxes and minority interests	10,999	4,729
<b>Profit attributable to owners of parent</b>	<b>6,469</b>	<b>3,351</b>

## Consolidated Statements of Cash Flows

(millions of yen)

Item	Year Ended November 30, 2023 (for your reference)	Year Ended November 30, 2024
<b>Cash flows from operating activities</b>	<b>12,030</b>	<b>31,458</b>
<b>Cash flows from investing activities</b>	<b>- 17,774</b>	<b>- 7,631</b>
<b>Cash flows from financing activities</b>	<b>3,125</b>	<b>- 24,359</b>
<b>Net decrease in cash and cash equivalents</b>	<b>- 1,929</b>	<b>- 1,066</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>34,754</b>	<b>32,824</b>
<b>Cash and cash equivalents at end of the year</b>	<b>32,824</b>	<b>31,758</b>

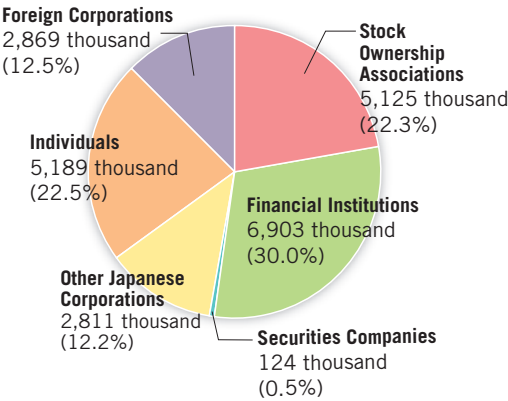
# SHAREHOLDER INFORMATION (As of November 30, 2024)

**Number of Shares Issued:** 24,919,343  
**Number of Shareholders:** 18,370  
**Major Shareholders (top five):**

Note: Shareholding ratios are calculated after subtracting treasury stock (1,896 thousand shares).

Shareholders	Number of shares held (thousand)	Shareholding ratio (%)
NACHI WANEI Stockholding	2,686	11.67
The Master Trust Bank of Japan, Ltd. (trust accounts)	1,747	7.59
Employees' Stock Ownership Plan	1,416	6.15
Nachi Distributor Stock Ownership Association	1,019	4.43
The Hokuriku Bank, Ltd.	865	3.76

## Breakdown of Shareholders



# DIRECTORS (As of February 26, 2025)

Director, Chairman Hiroo Honma	Representative Director, Senior Managing Corporate Officer Hideaki Hara	Director, Managing Corporate Officer Yuichi Sawasaki	Director, Corporate Officer Akira Kunisaki	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 Noritsugu Sasaki	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 November 30, 2024)

<b>Foundation:</b>	December 21, 1928		
<b>Capital:</b>	¥16 billion		
<b>Number of Employees:</b>	3,077 (Group employees 6,943)		
<b>Major Products:</b>			
Machinery and tools business	Cutting Tools, Forming Tools, Cutting Saws, Machine Tools, Machining Systems, Robots, Robotics Systems		
Components business	Bearings, Hydraulic Equipment, Automotive Hydraulics		
Other business	Special Steels, Coating, Industrial Furnaces		
<b>Major Domestic Offices and Plants:</b>			
Head Office	Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan	Tel:+81-3-5568-5111	
Toyama Plant	1-1-1, Fujikoshi-Honmachi, Toyama 930-8511, Japan (Cutting Tools / Machine Tools / Bearings / Robots)	Tel:+81-76-423-5111	
Eastern Japan Main Branch	Shiodome Sumitomo Bldg. 17F, 1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo 105-0021, Japan		
Central Japan Main Branch	Nachi Nagoya Bldg. 2-120-3, Takayashiro, Meitou-ku, Nagoya 465-0095, Japan		
Western Japan Main Branch	Sumitomo Nakanoshima Bldg. 5F, 3-2-18, Nakanoshima, Kita-ku, Osaka 530-0005, Japan		
Higashi-Toyama Plant	3-1-1, Yoneda-machi, Toyama 931-8511, Japan (Special Steels) / 3-2-1, Nakada, Toyama 931-8453, Japan (Hydraulic Equipment)		
Namerikawa Plant	176, Ogake, Namerikawa 936-0802, Japan (Cutting Tools / Hydraulic Equipment / Automotive Hydraulics / Coating / Industrial Furnaces)		
<b>Major Overseas Offices and Plants:</b>	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

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

**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

The “DLC-REVO Drills Burrless” expands the range of work materials of the Burrless Series beyond structural steel and alloyed steel, minimizing burrs while cutting and processing non-ferrous metals such as aluminum alloys. This product contributes to a dramatic increase in the productivity of cutting and processing aluminum alloys, for which there is growing demand due to the transition to electric vehicles.