



NIPPO LTD.

(TSE Code : 9913)

**March 2022 Period Second Quarter
Financial Results**

~Supplementary materials~

November 10th, 2021

President

Yasuchika Iwasa

Consolidated Financial Results (1)

March 2022 Period 2Q

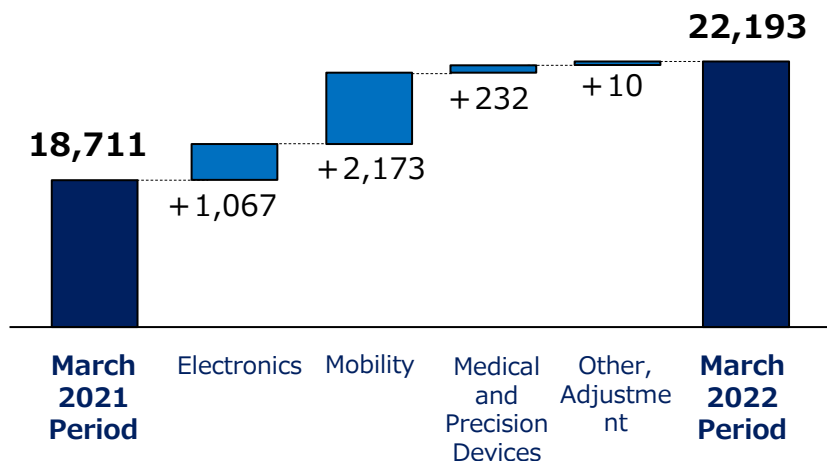


(Unit: Millions of JPY)

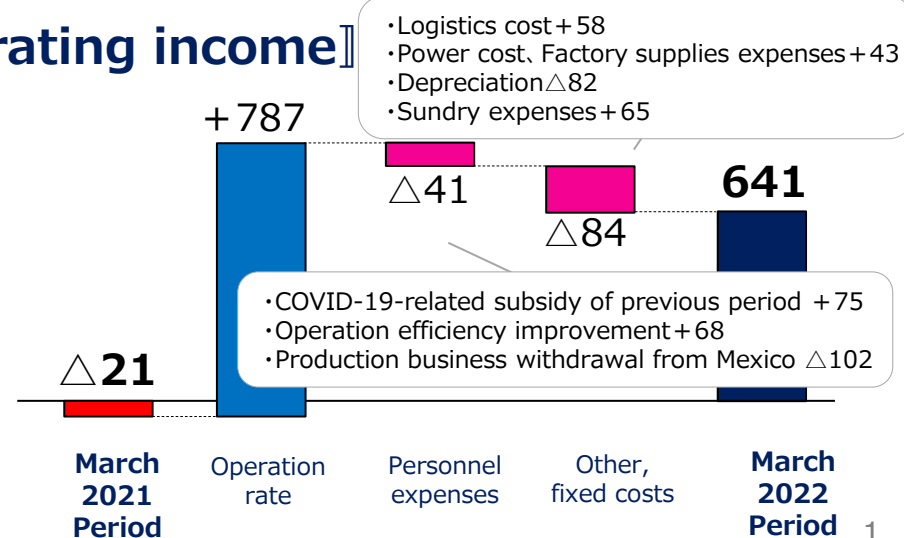
	March 2021 Period 2Q	March 2022 Period 2Q	YoY	Change
Net sales	18,711	※ 17,403 22,193	– 119%	– + 3,482
Operating income	△21	641	–	+ 662
Ordinary income	△163	651	–	+ 814
Quarterly net income	△901	467	–	+ 1,368

NIPPO has adopted the Accounting Standard for Revenue Recognition (the revenue recognition standard) since this fiscal year. For your reference, however, net sales on the following chart and graph are the value BEFORE the adaptation of new standards.

[[Net sales]]



[[Operating income]]



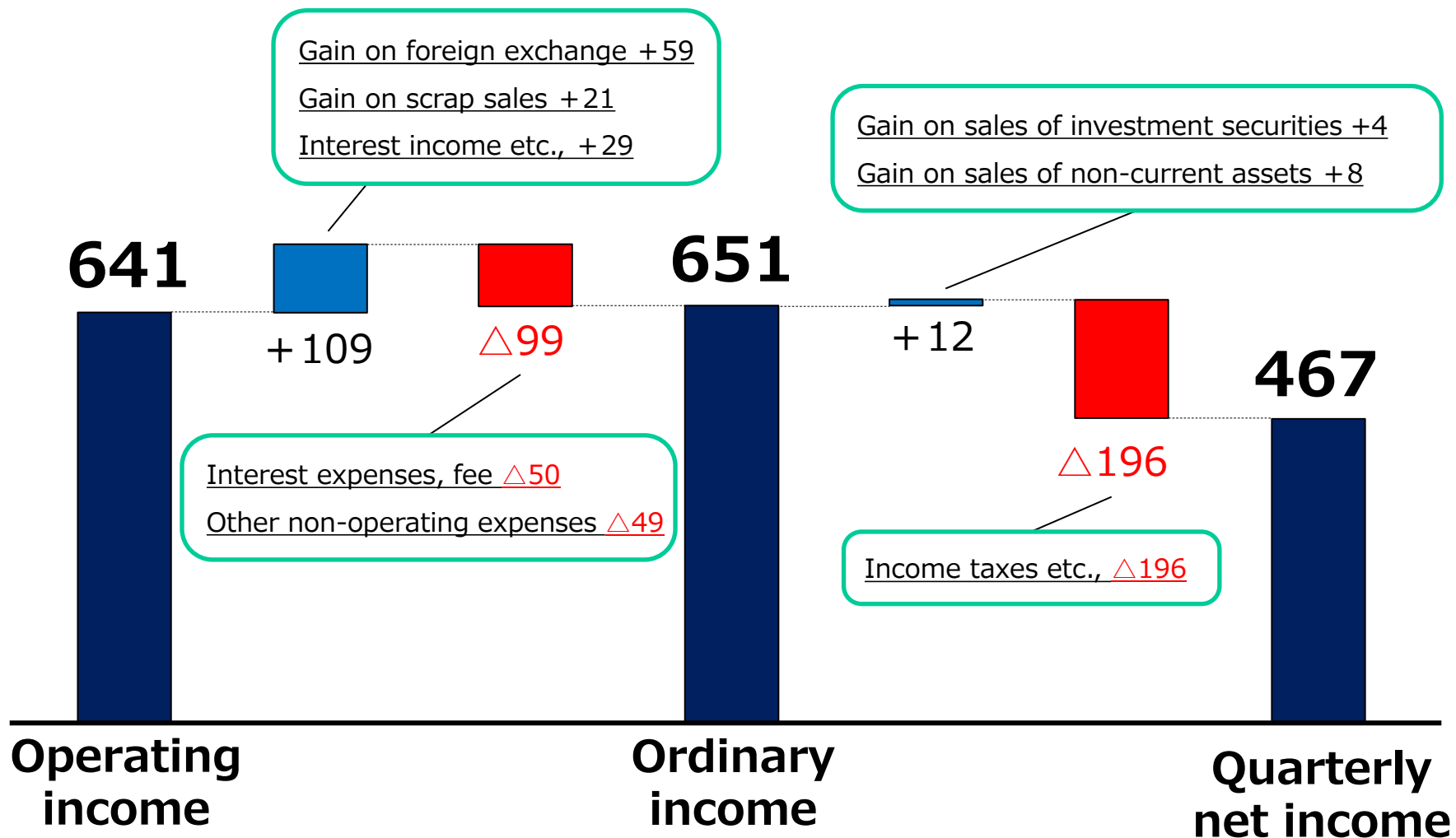
- COVID-19-related subsidy of previous period + 75
- Operation efficiency improvement + 68
- Production business withdrawal from Mexico △102

Consolidated Financial Results (2)

March 2022 Period 2Q



(Unit: Millions of JPY)



Full-year forecast

March 2022 Period

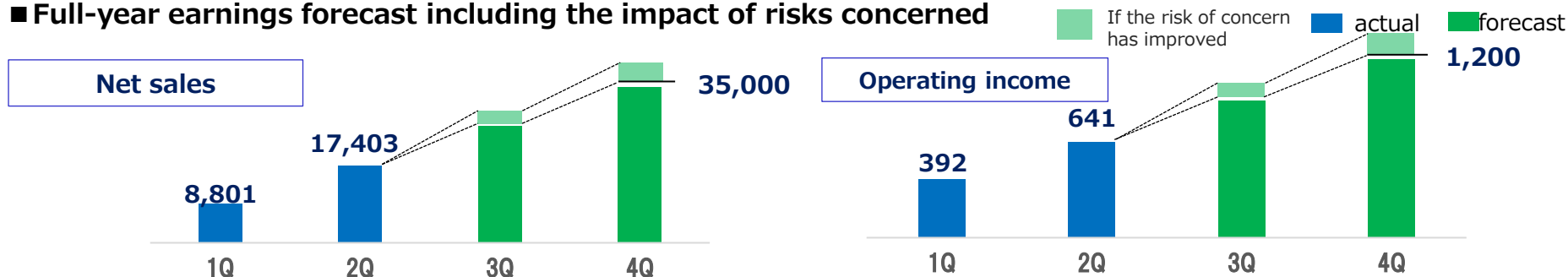


(Unit: Millions of JPY)

~The current semiconductor shortage issue remains as a concerned risk ; however, unless it gets worse, we will achieve the full year forecast.~

	March 2022 period 1-2Q	March 2022 period full-year (expectation)	March 2022 period 1-2Q progress	Full year estimation and annual dividend
Net sales	17,403	35,000	49.7%	1. Full year forecast In 2Q, customers reduced production due to the semiconductor shortage and widespread COVID-19, which put negative impact on every segment. Those events will remain as a risk in 3Q; however, the full year forecast announced on May 14, 2021 has been left unchanged on the basis of the 2Q results and customers' production forecasts. 2. Ordinary dividend Since the full year forecast remained unchanged, the ordinary dividend is 20 yen per common share as originally announced.
Operating income	641	1,200	53.4%	
Ordinary income	651	1,130	57.6%	
Net income	467	800	58.4%	
Annual dividend	—	20円		

■ Full-year earnings forecast including the impact of risks concerned



※This full-year forecast is based on information available as of the date of publication of this material, and actual value may differ from the forecast due to various factors in the future. If it is determined that the forecast needs to be revised, we will announce it again.

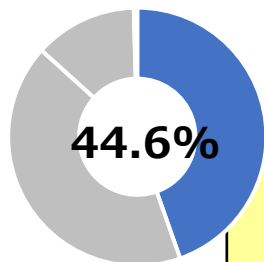
Results by Segments_ Electronics



※Net sales here are sales BEFORE the adoption of revenue recognition standard.

(Unit: Millions of JPY)

Net sales ratio by segments



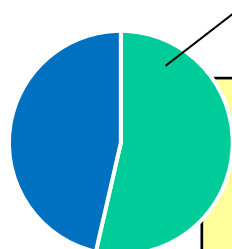
revenue ↑
profit ↑

2Q summary

	March 2021 Period 2Q	March 2022 Period 2Q	YoY	Change
Net sales	8,900	9,967	112%	+1,067
Operating income	504	651	129%	+147

- Electronic components manufacturers affected by the semiconductor shortage have increased production. As a result, order for smartphone-related component parts and polishing carriers remains firm.
- Order for dry films processed at the Vietnam Plant, on the other hand, is decreased because finished product manufacturers affected by the semiconductor shortage have delayed their production schedule.

Progress of net sales



2Q

Forecasts

	March 2021 Period	March 2022 Period (forecast)	YoY	Change
Net sales	18,268	18,600	102%	+332
Operating income	1,046	1,200	115%	+154

- After 3Q, orders for the smartphone-related component parts and semiconductor materials are expected to remain firm.
- Although order for general purpose printed circuit board (PCB) material will possibly be decreased, increasing order for high-end PCB material will back up.
- Recovery of the dry film processing business at the Vietnam Plant still depends on the customer's production schedule; however, the plant has completed extending the clean room in preparation for the expanding order.

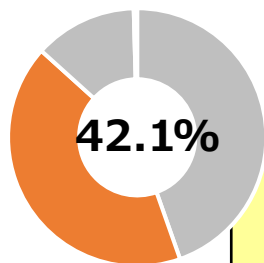
Results by Segments_Mobility



※Net sales here are sales BEFORE the adoption of revenue recognition standard.

(Unit: Millions of JPY)

Net sales ratio by segments



revenue ↑

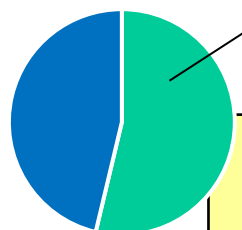
profit ↑

	March 2021 Period 2Q	March 2022 Period 2Q	YoY	Change
Net sales	7,229	9,402	130%	+2,173
Operating income	79	613	776%	+534

2Q summary

- Orders for the ASEAN sites; although there is a difference in recovery depending on the customers, have been improving significantly compared to the previous year affected by the spread of COVID-19.
- Order for coil parts manufactured at the Inazawa Plant also remains firm, as customers have recovered in production.
- General performance improved due to the withdrawal from manufacturing business in Mexico.

Progress of net sales



2Q
53.7%

	March 2021 Period	March 2022 Period (forecast)	YoY	Change
Net sales	15,963	17,500	110%	+1,537
Operating income	485	950	196%	+465

Forecasts

- In 2Q, customers' production reduction due to the semiconductor shortage put a marginal effect on the mechatronics business; however, the degree of the impact on 3Q has not been thoroughly read. Further, the shortage of shipping vessels and containers will rise the logistic costs.
- Although customer's production schedules include recovery production, the full-year forecasts are read conservatively because the risk impact remains uncertain.

※The value is BEFORE consolidation adjustment between segments.

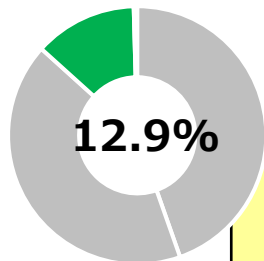
Results by Segments_ Medical



※Net sales here are sales BEFORE the adoption of revenue recognition standard.

(Unit: Millions of JPY)

Net sales ratio by segments



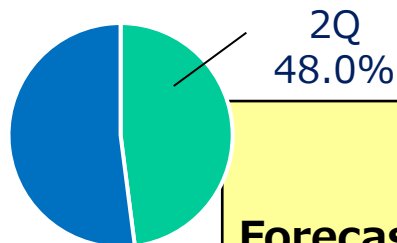
revenue ↑
profit ↑

	March 2021 Period 2Q	March 2022 Period 2Q	YoY	Change
Net sales	2,645	2,877	109%	+232
Operating income	△116	△93	—	+23

2Q summary

- Orders for printer-related parts fell sharply due to the semiconductor shortage as well as the production stoppages at major Vietnam-based customers because of the COVID-19.
- As for the medical equipment parts, contract production at the Thailand (Korat) Plant was firm.

Progress of net sales



	March 2021 Period	March 2022 Period (forecast)	YoY	Change
Net sales	5,877	6,000	102%	+123
Operating income	△43	+0	—	+43

Forecasts

- Order for the printer-related parts; although it still depends on the impact of semiconductor shortage, are expected to recover gradually after 3Q.
- Order for medical equipment components in Thailand (Korat) Plant are expected to remain firm.



References

Consolidated Balance sheet

March 2022 Period 2Q



(Unit: Millions of JPY)

		March 2021 Period	March 2022 Period	Change			March 2021 Period	March 2022 Period	Change	
Assets	Current assets	13,727	14,465	+738	Liabilities	Current liabilities	12,549	11,716	△832	
	Cash and deposits	2,940	3,674	+734		Notes and accounts payable-trade	7,596	7,553	△42	
	Notes and accounts receivable-trade etc.	7,810	7,084	△725		Short-term loans payable	2,258	2,025	△233	
	Inventories	2,460	2,924	+464		Others	2,695	2,138	△557	
	Others	517	783	+265		Non-current liabilities	3,159	3,247	+88	
	Fixed assets	10,977	10,243	△734		Long-term loans payable	515	561	+46	
	Tangible fix assets	8,239	7,409	△830		Others	2,644	2,686	+42	
	Intangible fix assets	121	115	△6		Total	15,708	14,964	△744	
	Investments and other assets	2,616	2,719	+102		Net assets	Capital stock	3,137	3,137	-
	Total	24,705	24,709	+4			Capital surplus, Retained earnings, Treasury stock	5,587	5,963	+376
				Accumulated other comprehensive income	270		642	+372		
				Non-controlling interests	1		1	△0		
				Total	8,996		9,744	+748		
				Total	24,705	24,709	+4			

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Cautionary Statement with Respect to the Forward-Looking Statements

This document aims to provide information only to investors and not to solicit transactions. The forward-looking statements in this document reflect our plans and expectations and are not guarantees of future performance. Be aware that our future performance may differ from the current forecasts. In addition, descriptions of business performance, etc. here are based on reliable data, but we cannot guarantee the accuracy and safety of such data. Finally, this document is provided on the assumption that investors will use it at their own discretion and responsibility for any purpose whatsoever, and we will not be responsible for it in any event.

To note; the exchange rate used in this forecasts are 1US\$ = 105JPY 1THB = 3.5JPY