



# **NIPPO LTD.**

**(TSE Code : 9913)**

**March 2022 Period (FY2021)  
Financial Results**

**May 13th, 2022  
Yasuchika Iwasa**

- 1. Summary of**
  - March 2022 Period Financial Results**
  - March 2023 Period Financial Forecasts**
  
- 2. Detail of**
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- 3. Medium-term Management Plan 2022**
  - Progress of the Financial Targets**
  
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  - Measure to create sustainable competitive advantages**

- 1. Summary of**
  - March 2022 Period Financial Results**
  - March 2023 Period Financial Forecasts**

# Consolidated Financial Results (1)

March 2022 Period



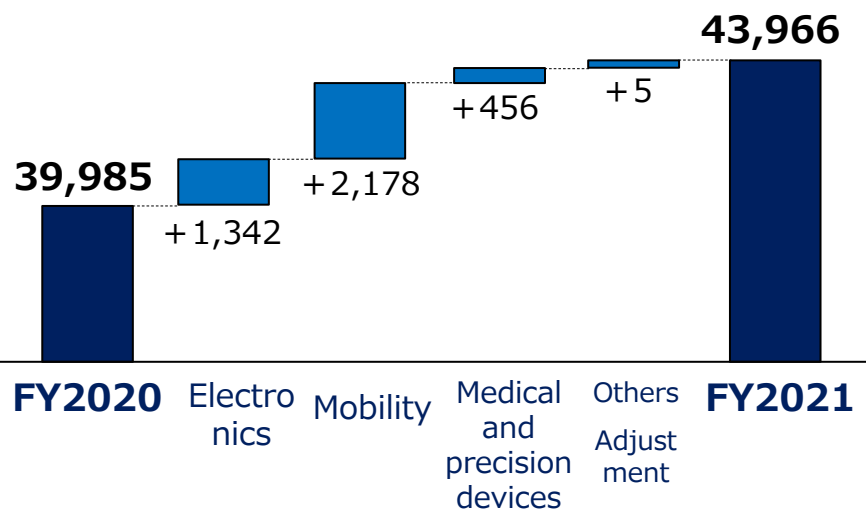
(Millions of Yen)

	FY2020 /Mar 2021 period	FY2021 /Mar 2022 period target	FY2021 /Mar 2022 period actual	YoY	Change
Net Sales	39,985	※35,000 42,000	※35,491 43,966	110%	3,981
Operating Profit	635	1,200	1,342	211%	707
Ordinary Profit	505	1,130	1,423	282%	918
Net Profit	12	800	1,031	8,592%	1,019

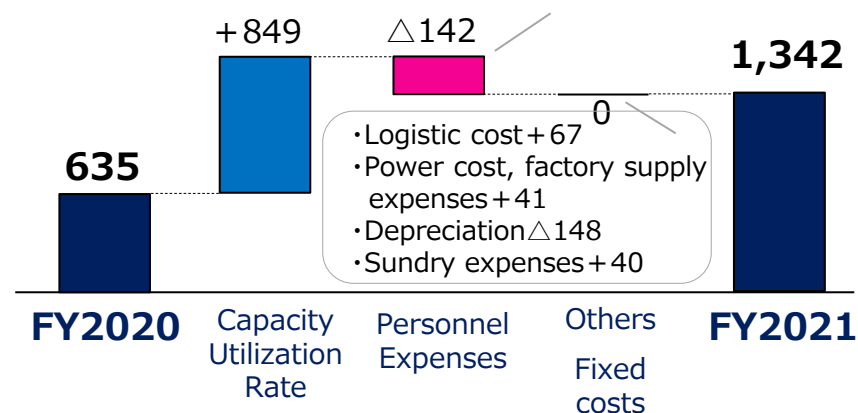
※ The new revenue standard has been adopted since this fiscal year.  
Values in the lower low of net sales are the ones before the adoption of new revenue standard.

- COVID-related subsidiaries + 75
- Improvement of capacity utilization rate + 92
- Employee returns + 174
- Manufacturing business withdrawal from Mexico -199
- (total: increased ¥ 142million)

## Net Sales



## Operating Profit



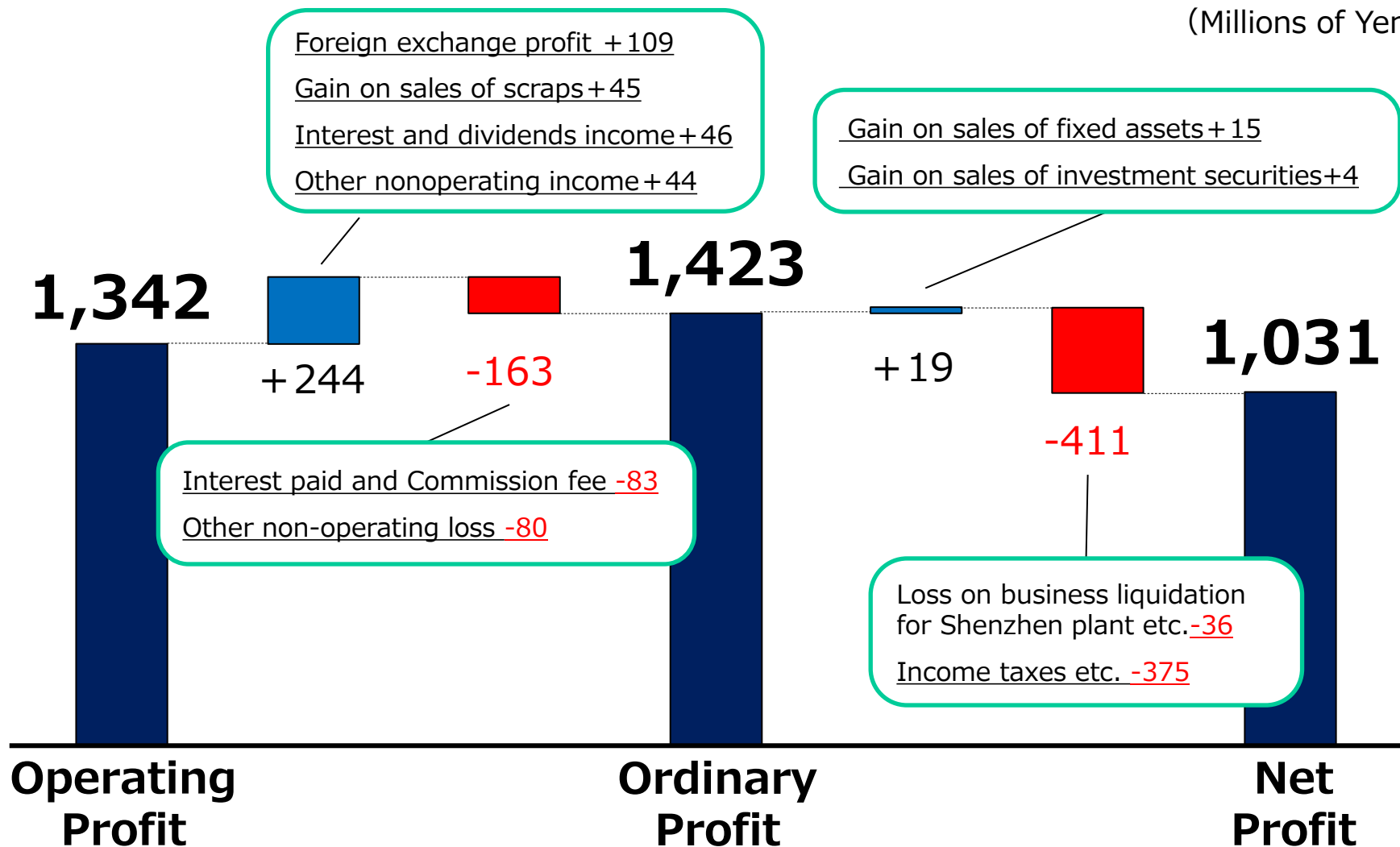
- Logistic cost + 67
- Power cost, factory supply expenses + 41
- Depreciation Δ148
- Sundry expenses + 40

# Consolidated Financial Results (2)

March 2022 Period



(Millions of Yen)



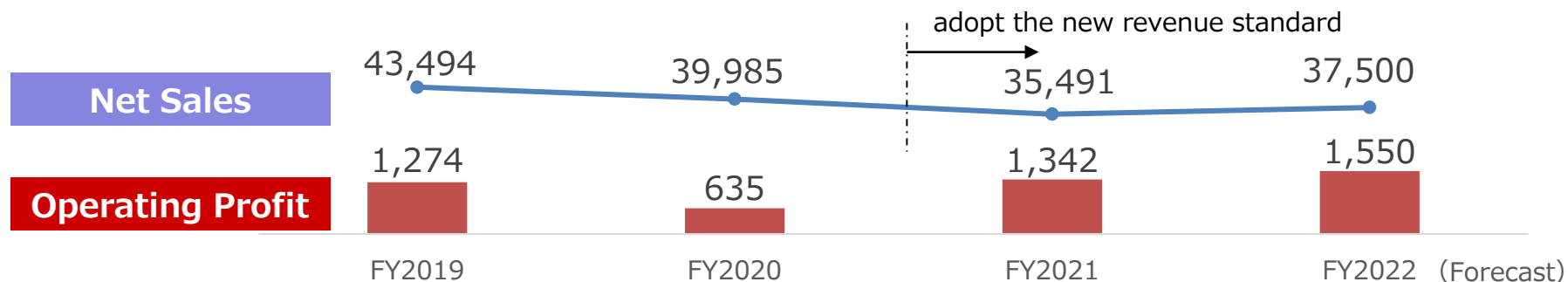
# Consolidated Financial Forecast

March 2023 Period



(Millions of Yen)

	FY2021 Actual	FY2022 Forecast	YoY	Supplementary Comments
Net Sales	35,491	<b>37,500</b>	106%	1. Net sales The forecasts are calculated based on the production plans of major business partners assuming that following risks of concern do not appear. ①Deterioration of semiconductor supply shortage ②Lock down due to the COVID19 ③Prolonged or worsening resource price soaring  2. Operating Profit It is a plan to mark <b>a record high profit</b> set in the "Medium-term Management Plan 2022" quantitative target.  3. Ordinary Profit · Net Profit The plan considers non-operating income, taxes, etc. that can be foreseen at this time.  4. Dividend per share We planned to increase dividends in line with the concept of sustainable profit growth, taking into consideration the outlook for the consolidated financial results for FY2022 and new capital investment plans.
Operating Profit	1,342	<b>1,550</b>	115%	
Ordinary Profit	1,423	<b>1,450</b>	102%	
Net Profit	1,031	<b>1,050</b>	102%	
Dividend Per Share (Forecast)	22 * yen	<b>28</b> * yen	—	



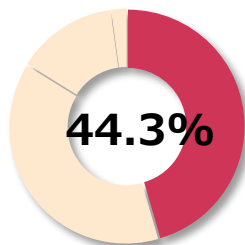


## **2. Detail of – March 2022 Period Financial Results**

# Business Performance by Segment (Electronics)



Sales composition



Revenue ↑

Profit ↑

## FY2021 results summary

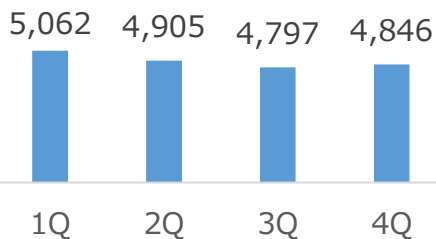
(Millions of Yen)

	FY2020	FY2021	YoY	Change
Net Sales	18,268	<b>19,610</b>	107%	+ 1,342
Operating Profit	1,046	<b>1,324</b>	127%	+ 278

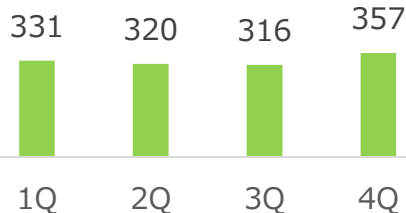
- With the expansion of the 5G-related market and strong demand for semiconductors and electronic components, orders for the related materials such as photosensitive materials and circuit board materials and orders for polishing carriers at the Okinawa factory were strong.
- In the film business at the Vietnam factory, the customer's production plan was delayed due to the shortage of semiconductor supply, but it recovered after 3Q.

## ■ FY2021 Quarterly trend

### < Net Sales >



### < Operating Profit >



※ Net sales in this document are the amounts before the adoption of the new revenue standard.

## FY2022 forecast

	FY2021	FY2022 (forecast)	YoY	Change
Net Sales	19,610	<b>19,800</b>	101%	+ 190
Operating Profit	1,324	<b>1,200</b>	91%	-124

### ■ cause of variation

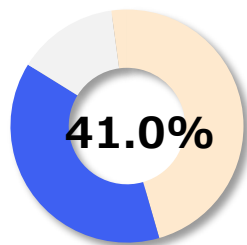
- Orders for smartphone-related electronic components, semiconductor-related components, and circuit board materials are expected to remain firm.
- Prior investment cost aiming at strengthen manufacturing function, including slit processing, polishing career and high functional adhesives, and activity cost for new business development, which has been stagnated due to COVID-19 are scheduled to be increased.



# Business Performance by Segment (Mobility)



Sales composition



Revenue ↑

Profit ↑

## FY2021 results summary

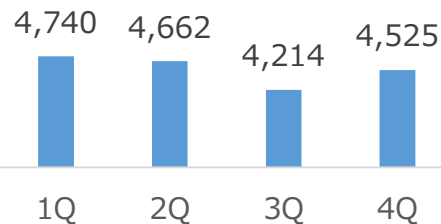
(Millions of Yen)

	FY2020	FY2021	YoY	Change
Net Sales	15,963	<b>18,141</b>	114%	+ 2,178
Operating Profit	485	<b>1,042</b>	215%	+ 557

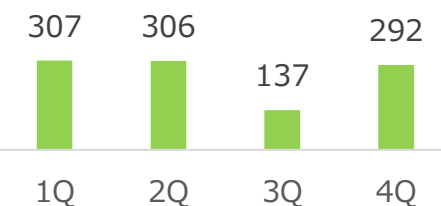
- Although “insufficient supply of semiconductors and electronic components” slowed the industry’s recovery pace, orders for powertrain parts at the Thailand (Bangkok) plant and Indonesia plant have recovered significantly.
- In addition, due to the improvement in business performance due to the withdrawal of the Mexican manufacturing business, the entire result was significantly improved compared to the previous year.

## ■ FY2021 Quarterly trend

### < Net Sales >



### < Operating Profit >



## FY2022 forecast

	FY2021	FY2022 (forecast)	YoY	Change
Net Sales	18,141	<b>20,000</b>	110%	+ 1,859
Operating Profit	1,042	<b>1,250</b>	120%	+ 208

### ■ cause of variation

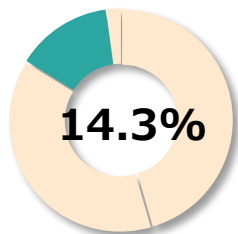
- Orders for the Thailand (Bangkok) plant and the Indonesian plant are expected to be strong continuously.
- On a full-year basis, orders for the coil parts at the Inazawa plant will be at the same level as the previous year, although they will be affected by the shortage of semiconductor and electronic parts supply.
- Continue “strengthen the cost competitiveness activities” for the profitability improvement.

※ Net sales in this document are the amounts before the adoption of the new revenue standard.

# Business Performance by Segment (Medical and Precision Devices)



Sales composition



Revenue ↑

Profit ↑

## FY2021 results summary

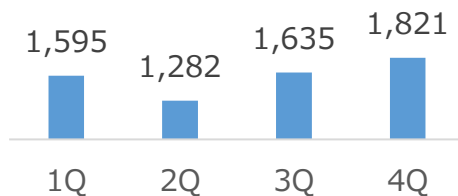
(Millions of Yen)

	FY2020	FY2021	YoY	Change
Net Sales	5,877	<b>6,333</b>	108%	+ 456
Operating Profit	-43	<b>-17</b>	—	+ 26

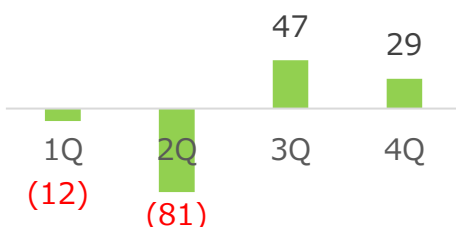
- As for orders for medical device parts, contract production at the Thai (Korat) factory remained firm.
- As for printer-related parts, customers' recovery production did not proceed as expected because of the "insufficient supply of semiconductors and electronic parts" and the negative impact of the COVID-triggered behavior restrictions (Vietnam factory, Philippine factory) up to 2Q.

## FY2021 Quarterly trend

### < Net Sales >



### < Operating Profit >



## FY2022 forecast

	FY2021	FY2022 (forecast)	YoY	Change
Net Sales	6,333	<b>6,500</b>	103%	+ 167
Operating Profit	-17	<b>100</b>	—	+ 117

### ■ cause of variation

- Orders for the medical device parts are expected to remain firm.
- Started prior investment and license acquisition activities to build a domestic production system for medical device parts. (Full-scale mass production is scheduled for 2025)
- Orders for printer-related parts are expected to improve slightly.

(On the premise that the shortage of semiconductor supply will not worsen and the behavioral restrictions due to the COVID will not occur)

※ Net sales in this document are the amounts before the adoption of the new revenue standard.



# **3. Medium-term Management Plan 2022 – Progress of the Financial Targets**

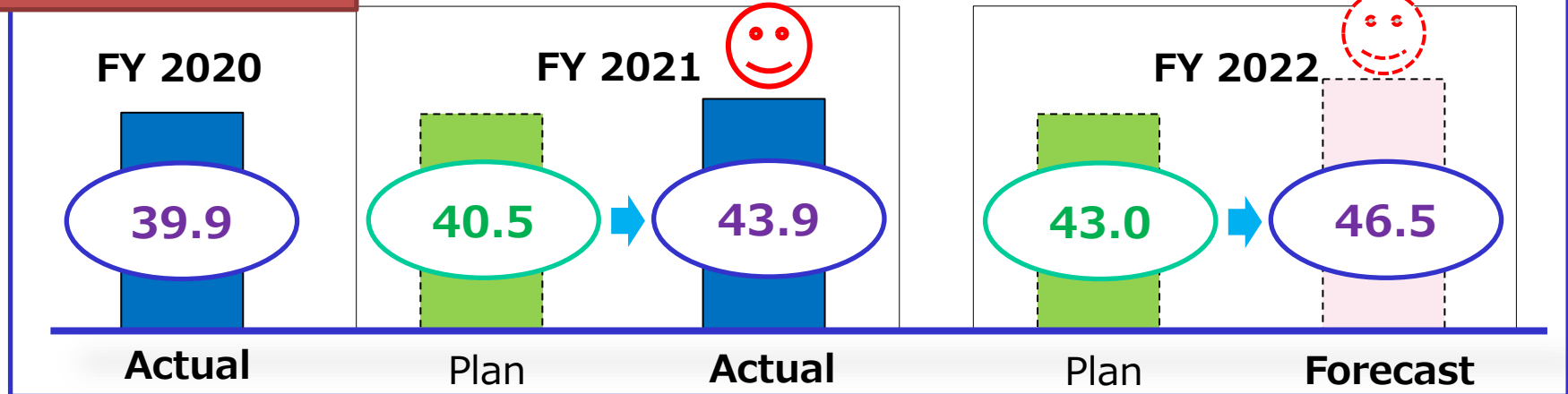
# Medium-term Management Plan 2022

– the Financial targets of net sales and operating profit



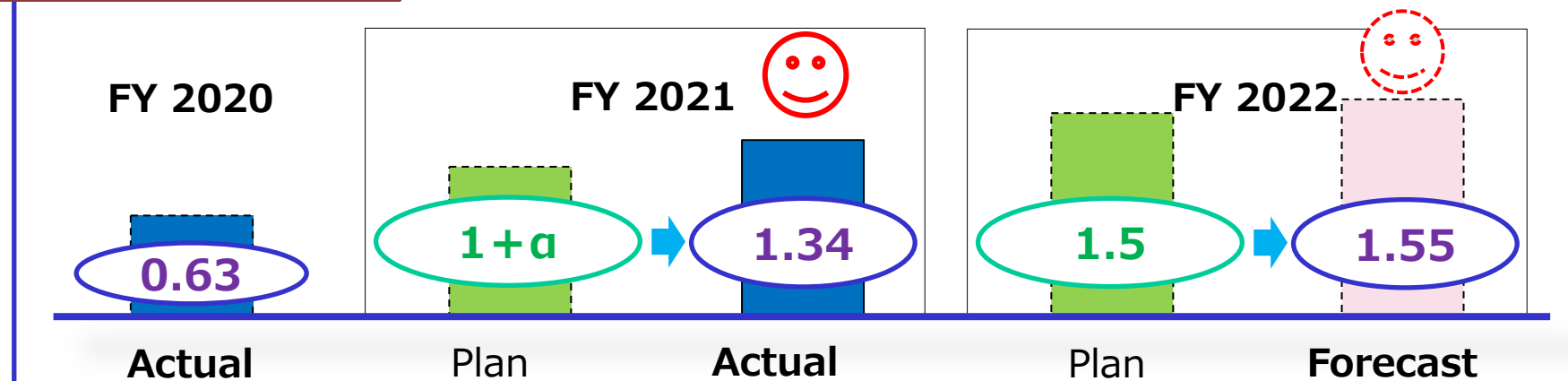
(Billions of Yen)

## Net Sales



※ Net sales in this document are the amounts before the adoption of the new revenue standard.

## Operating Profit



# Medium-term Management Plan 2022

– the Financial targets of ROE, DER and dividend per share



## Other Performance Indicators

	FY2020	FY2021	FY2022
ROE	<u>0.1%</u>	8.0% → <u>10.7%</u>	≥9.0%
DER	<u>50%</u>	60% → <u>46%</u>	≤60%
Dividend per Share	<u>¥ 10</u>	¥ 20 → <u>¥ 22</u>	¥ 20 + a → <u>¥ 28</u>

※ DER = Interest-bearing debt (long and short-term borrowings, lease and installment liabilities) / Equity

# Medium-term Management Plan 2022

– the Financial targets by segments



(Billions of Yen)

		FY2020		FY2021		FY2022	
		Plan	Actual (Versus the plan)	Plan	Actual (Versus the plan)	Plan	Actual (Versus the plan)
Electronics	Net sales	16.5 →	<b>18.2</b> (110%)	17.0 →	<b>19.6</b> (115%)	18.0 →	<b>19.8</b> (110%)
	Operating profit	1 →	<b>1.04</b> (104%)	1.1 →	<b>1.32</b> (120%)	1.2 →	<b>1.2</b> (100%)
Mobilities	Net sales	16 →	<b>15.9</b> (99%)	17.0 →	<b>18.1</b> (106%)	18.0 →	<b>20.0</b> (111%)
	Operating profit	0.4 →	<b>0.48</b> (120%)	0.9 →	<b>1.04</b> (116%)	1.15 →	<b>1.25</b> (109%)
Medical and Precision Device	Net sales	6 →	<b>5.9</b> (98%)	6.0 →	<b>6.3</b> (105%)	6.5 →	<b>6.5</b> (100%)
	Operating profit	-0.05 →	<b>-0.04</b> (-%)	±0 →	<b>-0.02</b> (-%)	0.1 →	<b>0.1</b> (100%)

※ Net sales in this document are the amounts before the adoption of the new revenue standard.

## 4. Topics




– Measure to create  
**sustainable competitive advantages**

~sow the seeds

**for the Medium-term Management Plan 2025 & 2028~**

# ① Alliance with partners

NIPPO are working on multiple collaborative themes selected with our business partners: MITACHI CO., LTD., VALQUA, LTD., and FUJIMI INCORPORATED. By combining the strengths of each company with our strengths in molding, business partner network, and problem-solving style of sales functions, we will strive to leverage the corporate value.

	Aim of the alliances		Progress
1	We aim to expand the business opportunities (to gain order for unitized components) by combining MITACHI's "mounting boards and electronic components' line-ups" and NIPPO's "molding technology".		Promote 5 themes of project.
2	We aim to improve the added value of each product through the product development by combining VALQUA 's R & D function and NIPPO's customer network and problem-solving style of sales function.		Promote 4 themes of project.
3	We aim to improve the functions of current products and develop new products by combining FUJIMI's wafer polishing slurry and its global network as well as the development function of polishing materials, and NIPPO's manufacturing technology for wafer polishing carriers, etc.,		Promote joint project.



## ② Company-wide projects

Thanks to your support, NIPPO celebrated its "70th anniversary" on March 6, this year, but in order for us to celebrate its 100th anniversary, it is necessary to create a sustainable competitive advantages. We must focus on our "strengths" to improve our corporate value. Therefore, 6 new company-wide projects are formed for the purpose of "brushing up existing strengths" and "acquiring new strengths" and started respective activities from this fiscal year.





		Role & Task
1	Resource mutual utilization project	To develop new products, new technologies, and new transactions and businesses by "mutually utilizing the resources" owned by our trading and manufacturing department.
2	CO2 reduction project	To formulate and implement effective concrete measures in order to prepare for social and customer demands of "GHG reduction".
3	Green development project	To develop high-value-added products and services as well as new businesses from the 14 titles of "carbon neutrality" themes that are being promoted at the nation level.
4	EC project	To build and release a unique "platform for prototyping, parts sales, etc." that contributes to the expansion of business profits.
5	Employee empowerment project	To formulate and implement effective concrete measures in order to create systems and operations that meet the NIPPO personnel vision -"reward employees who have taken on challenges.
6	70th anniversary business project	To formulate and implement "measures to foster a corporate culture that should be aimed at" by studying the corporate culture of companies that have long history and keep growing.

③

# FY2022 Capital investment

Capital investment related to the current business (Purpose: Maintaining business scale (including replacement), improving productivity, etc.) is kept within the range of depreciation expenses (about 1.26 billion JPY) . As for "Medium-term management plan 2025-2028", on the other hand, we will make growth investments in the multiple theme showed on the table below in order to expand profits continuously.

(Billions of Yen)

Purpose	Amount
<p><b>【Electronics】</b> Break into a new dry film market in ASEAN and increase manufacturing capacity of slit processing.</p> 	0.35
<p><b>【Electronics】</b> Increase manufacturing capacity and profitability of wafer polishing carriers.</p> 	0.25
<p><b>【Medical and Precision Device】</b> Establish domestic production framework for medical device parts.</p> 	0.15
<p><b>【Electronics】</b> Develop high functional adhesives and increase the prototyping capacity.</p> 	0.05
<b>Total</b>	<b>about 0.8</b>

NIPPO LTD.

Mizuguchi & Fujinami, Corporate Planning Division

Tel : 052-218-3161

E-mail : [ir@nip.co.jp](mailto:ir@nip.co.jp)

Website : <https://www.nip.co.jp/>

\*About forecast statements:

The purpose of this document is to provide information to investors only and not to solicit transactions. Forecast statements in this document are based on targets and forecasts as of the end of the fiscal year under review and do not give any guarantees. Please recognize that our future performance may differ from our current forecasts. Descriptions of business performance, etc. are also based on various types of data that we believe to be reliable, but we cannot guarantee the accuracy and safety. This material is provided on the assumption that you will use it at your own discretion and responsibility for any purpose whatsoever, and we will not be responsible for it in any case.

The exchange rates used in this document are as follows:

- March 2023 period Financial Forecasts : 1 USD = 110 JPY, 1 Thai baht = 3.3 JPY,.
- Medium-term Management Plan : 1 USD= 110 JPY, 1 TB= 3.5 JPE.