



NIPPO LTD.

(TSE Code : 9913)

**March 2023 Period 2nd Quarter
Financial Results**

~Supplementary materials~

November 4, 2022

President

Yasuchika Iwasa

Consolidated Financial Results (1)

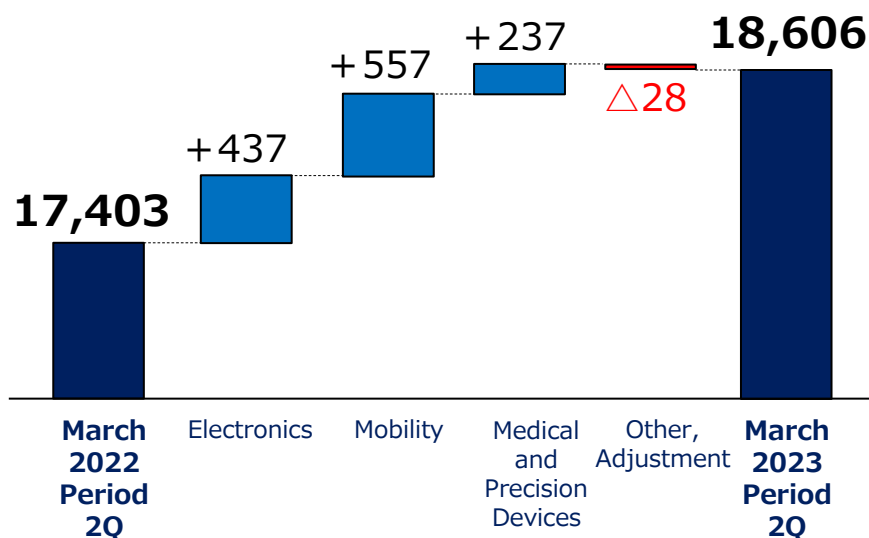
March 2023 Period 2Q



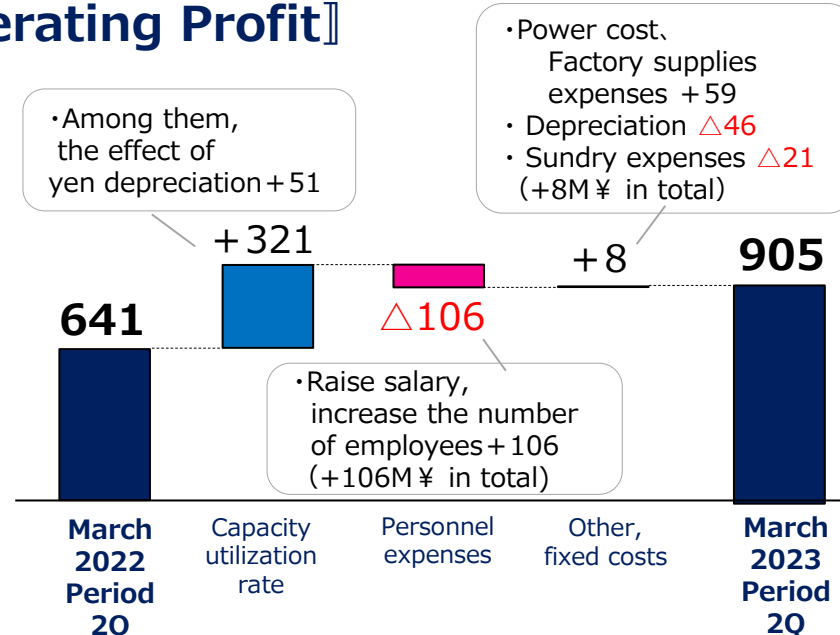
(Unit: Millions of JPY)

	March 2022 Period 2Q	March 2023 Period 2Q	YoY	Change
Net Sales	17,403	18,606	107%	+ 1,203
Operating Profit	641	929	145%	+ 288
Ordinary Profit	651	905	139%	+ 254
Profit	467	590	126%	+ 123

[[Net sales]]



[[Operating Profit]]

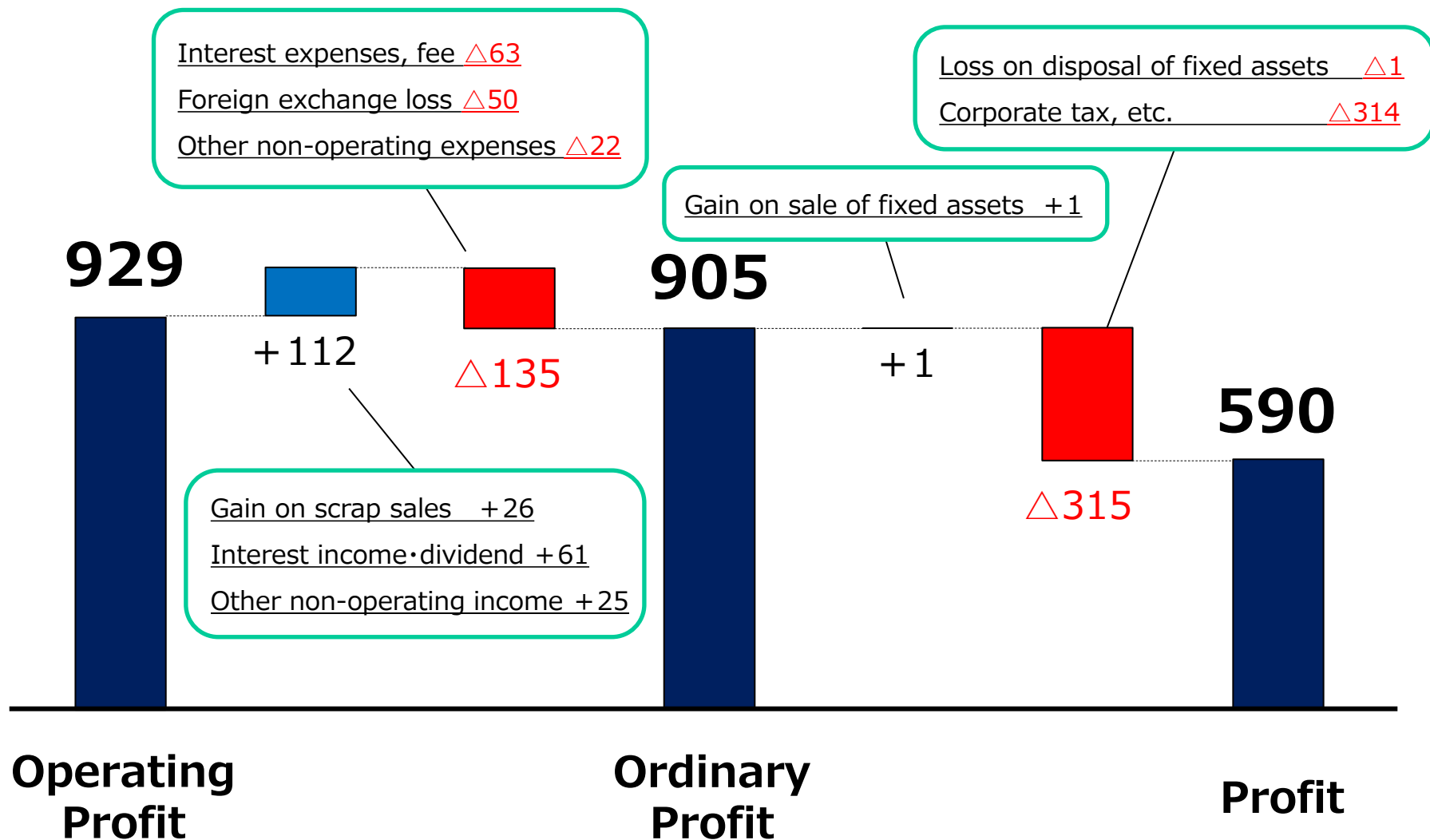


Consolidated Financial Results (2)

March 2023 Period 2Q



(Unit: Millions of JPY)



Full-year forecast

March 2023 Period



~Taking into consideration the impact of future internal and external trends on business performance full-year consolidated earnings forecast, and annual dividend forecast have been revised upwards~

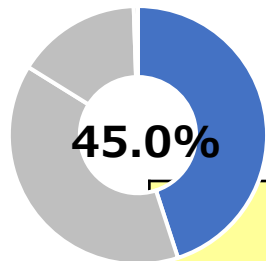
	March 2023 period 2Q	March 2023 period full-year (forecast)	March 2023 period 2Q progress	Full year estimation and annual dividend (Unit: Millions of JPY)
Net sales	18,606	37,500	49.6%	<p>1. Full-year consolidated earnings forecast We have revised up our full-year consolidated earnings forecast as in addition to better-than-expected improvement in the impact of the deterioration in the shortage of semiconductor supplies, we have taken account of the outlook for customer trends, the impact of internal measures to strengthen our earning base, and expectations for the ongoing surge in variable costs (including the amount which is likely to be difficult to pass on into sales prices during this fiscal year) and for yen depreciation, etc.</p> <p>2. Annual dividend forecast Since full-year earning forecast has been revised upwards, the annual dividend was also increased from 28JPY to 30JPY (+2JPY)</p> <p>※the exchange rate used in this forecasts are 1USD=130JPY、1TB=3.6JPY (average rate during the period) ※These consolidated forecasts are based on available data as of the date of this press release and performance may differ materially from these forecasts owing to a variety of factors.. ※In the event that it is deemed necessary to revise the outlook for full-year earnings forecasts, we will make another announcement.</p>
Operating Profit	929	1,550 → 1,790 (+240)	51.9%	
Ordinary Profit	905	1,450 → 1,710 (+260)	52.9%	
Profit	590	1,050 → 1,170 (+120)	50.4%	
Annual dividend	—	28→ 30JPY (+2JPY) Per share		

Results by Segments_ Electronics



(Unit: Millions of JPY)

Net sales ratio by segments



revenue ↑

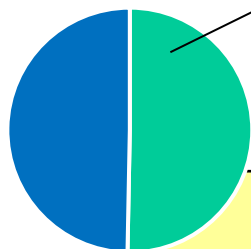
profit ↑

2Q summary

- Orders for wiring board materials for communication base stations and servers, and dry film business at the Vietnam factory are trending favorably. Orders for semiconductor wafer polishing carriers remained firm.
- Orders for water heater-related parts and care bed-related parts for which customer production has recovered are trending favorably.
- On the other hand, orders for smartphone-related components, which entered an adjustment phase, were sluggish, and the supply chain was disrupted due to the lockdown in China.

	March 2022 Period 2Q	March 2023 Period 2Q	YoY	Change
Net sales	8,014	8,451	105%	+437
Operating Profit	651	669	103%	+18

Progress of net sales



2Q
50.3%

Forecasts

- Orders for wiring board materials, dry film at the Vietnam factory, and carriers for polishing semiconductor wafers are expected to remain firm. The outlook for smartphone-related components is uncertain, as the adjustment phase may drag on.
- We anticipate an increase in upfront investment to strengthen manufacturing functions (slit processing, wafer polishing carriers, high-performance adhesives) and activity costs for new development.

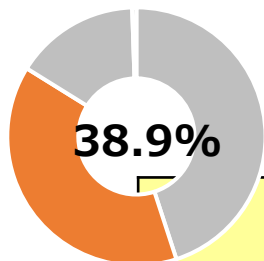
	March 2022 Period	March 2023 Period (forecast)	YoY	Change
Net sales	16,576	16,800	101%	+224
Operating Profit	1,324	1,200	91%	△124

Results by Segments_Mobility



(Unit: Millions of JPY)

Net sales ratio by segments



revenue ↑

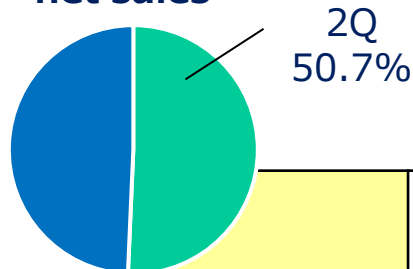
profit ↑

2Q summary

- In Japan, customers were affected by production cutbacks due to semiconductor shortages, but orders for powertrain components at main ASEAN factories such as the Thailand (Bangkok) and Indonesia factories were strong enough to make up for it.
- Profit increased due to the automation to improve productivity, and other measures to strengthen cost competitiveness including improving transportation costs and changing accounting policies to ensure thorough cost control (changed depreciation from the declining-balance method to the straight-line method).

	March 2022 Period 2Q	March 2023 Period 2Q	YoY	Change
Net sales	6,743	7,300	108%	+ 557
Operating Profit	613	812	132%	+ 199

Progress of net sales



Forecasts

- Orders for main ASEAN factories such as Thailand (Bangkok) and Indonesia are expected to remain firm.
- Orders for domestic factories remain uncertain but, on a full-year basis, they are expected to remain at the same level as the previous year.
- Continue measures to “strengthen cost competitiveness” in an aim to improve profitability.

	March 2022 Period	March 2023 Period (forecast)	YoY	Change
Net sales	13,092	14,400	110%	+ 1,308
Operating Profit	1,042	1,250 → 1,490	143%	+448

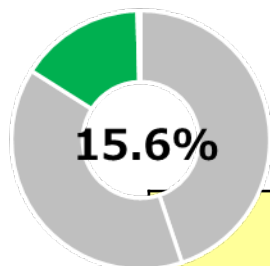
Results by Segment

_ Medical & Precision Devices



Net sales ratio by segments

(Unit: Millions of JPY)



revenue ↑

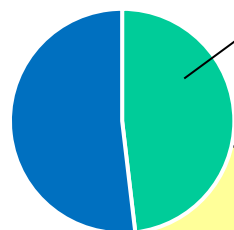
profit ↑

	March 2022 Period 2Q	March 2023 Period 2Q	YoY	Change
Net sales	2,699	2,936	109%	+237
Operating Profit	△93	△77	—	+16

2Q summary

- Orders for medical equipment parts produced at the Thailand (Korat) factory has been remained firm.
- Orders for printer-related parts continued to be in the red; affected by a significant decrease in forecast for the Thailand (Korat) and Vietnam factories, as customers' production plans continued to fall short due to supply shortages of semiconductors and electronic parts.

Progress of net sales



2Q
48.1%

	March 2022 Period	March 2023 Period (forecast)	YoY	Change
Net sales	5,941	6,100	103%	+159
Operating Profit	△17	100	—	+117

Forecasts

- Orders for medical equipment parts produced at the Thai (Korat) factory are expected to remain firm.
- Start upfront investment and approval acquisition process to establish a domestic production system for medical equipment parts. (full-scale mass production is scheduled for FY2025)
- The outlook for printer-related parts is uncertain, even though customers' production schedule are expected to improve from 3Q.



References

Consolidated Balance sheet

March 2023 Period 2Q



(Unit: Millions of JPY)

		March 2022 Period	March 2023 Period 2Q	Change			March 2022 Period	March 2023 Period 1Q	Change	
Assets	Current assets	15,582	16,465	+883	Liabilities	Current liabilities	12,586	12,765	+178	
	Cash and deposits	4,580	4,936	+355		Notes and accounts payable-trade	7,415	7,692	+277	
	Notes and accounts receivable-trade etc.	7,576	7,081	△495		Short-term borrowing	3,114	2,887	△227	
	Inventories	2,811	3,661	+850		Other	2,057	2,184	+127	
	Other	612	785	+173		Non-current liabilities	3,135	3,548	+412	
	Non-current assets	10,505	11,851	+1,346		Long-term borrowing	526	718	+191	
	Property, plant and equipment	7,452	8,284	+831		Other	2,609	2,830	+221	
	Intangible assets	115	230	+114		Total	15,722	16,313	+590	
	Total investments and other assets	2,937	3,337	+400		Net assets	Share capital	3,137	3,137	-
	Total	26,087	28,316	+2,229			Capital surplus, Retained earnings, Treasury shares	6,526	6,766	+240
				Accumulated other comprehensive income	699		2,097	+1,398		
				Non-controlling interests	1		1	+0		
				Total	10,364		12,003	+1,638		
				Total	26,087	28,316	+2,229			

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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 、 1USD = 130JPY、 1TB = 3.6JPY

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