



# **NIPPO LTD.**

**(TSE Code : 9913)**

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

**~Supplementary materials~**

November 4, 2022

President

Yasuchika Iwasa

# Consolidated Financial Results (1)

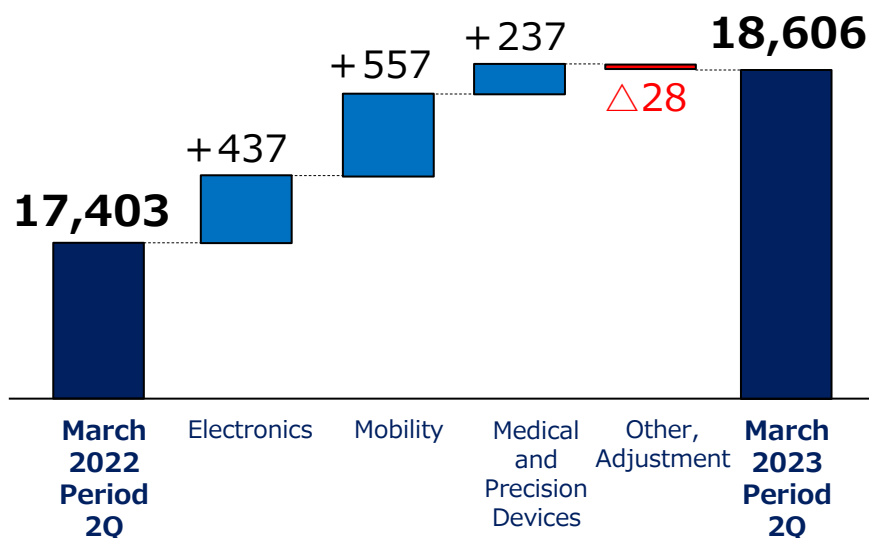
March 2023 Period 2Q



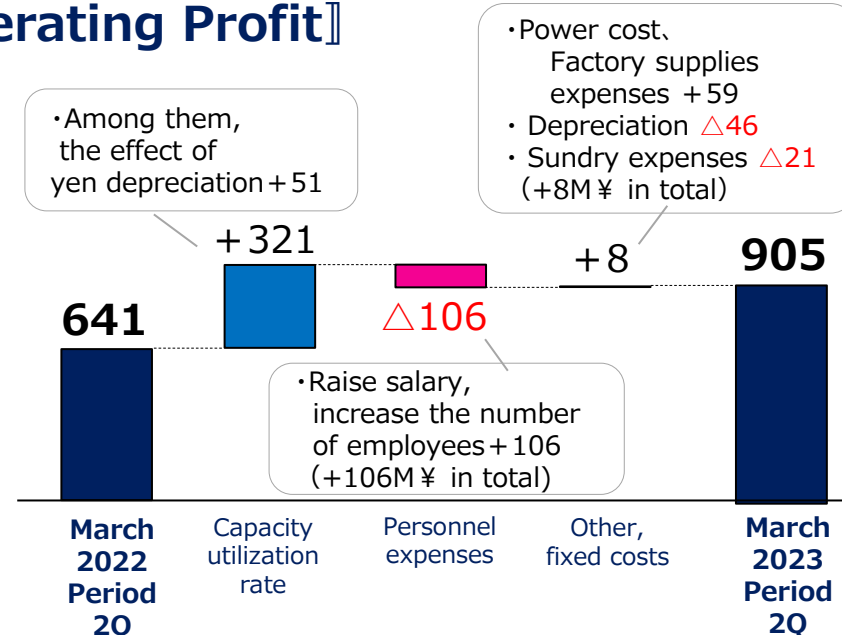
(Unit: Millions of JPY)

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

## [[Net sales]]



## [[Operating Profit]]

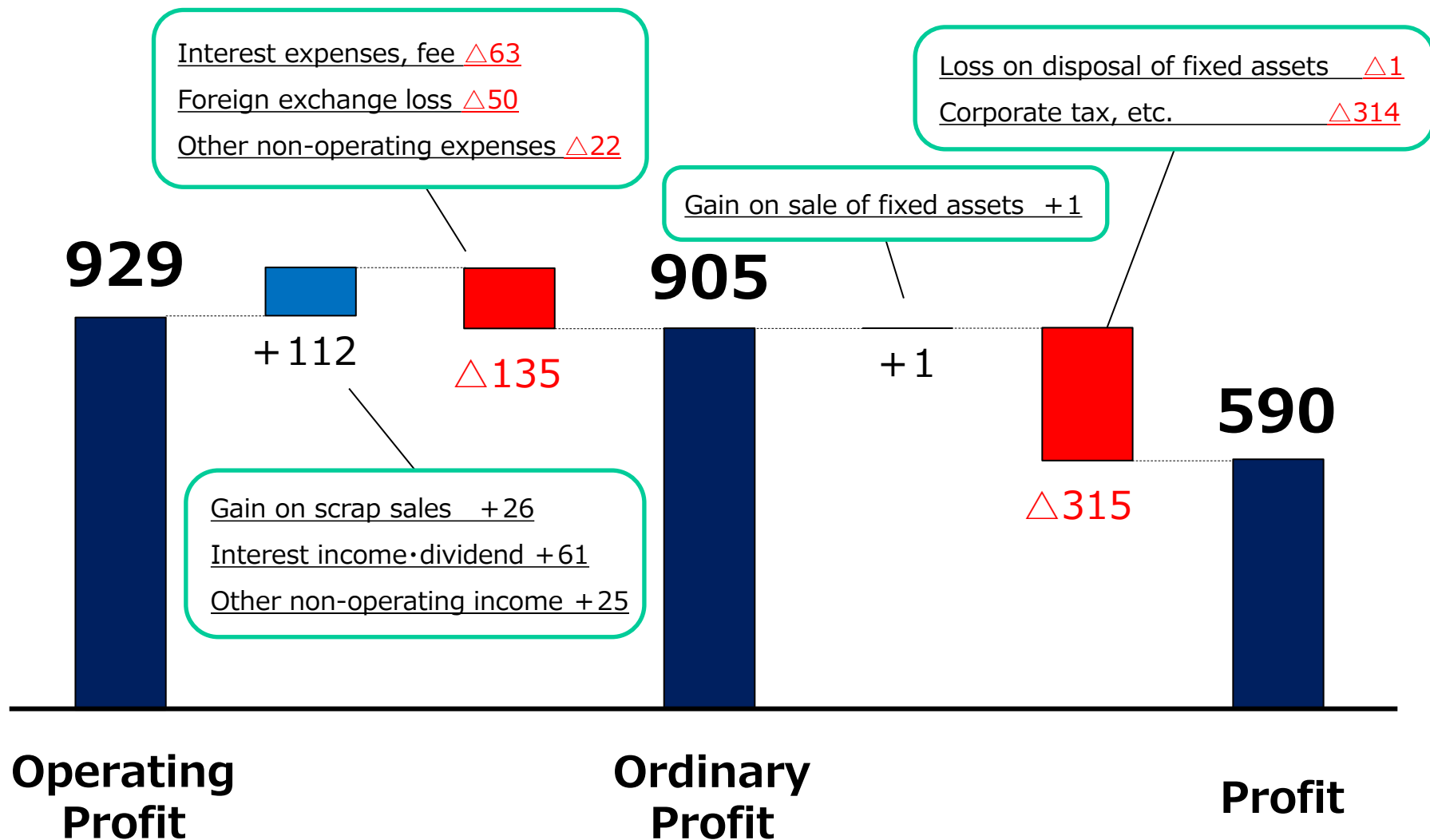


# Consolidated Financial Results (2)

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~

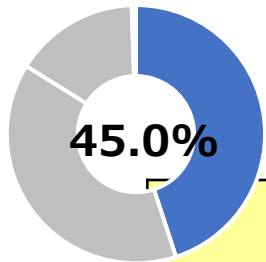
	March 2023 period 2Q	March 2023 period full-year (forecast)	March 2023 period 2Q progress	Full year estimation and annual dividend (Unit: Millions of JPY)
Net sales	18,606	<b>37,500</b>	49.6%	<p><b>1. Full-year consolidated earnings forecast</b> We have revised up our full-year consolidated earnings 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><b>2. Annual dividend forecast</b> 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 → <b>1,790</b> (+240)	51.9%	
Ordinary Profit	905	1,450 → <b>1,710</b> (+260)	52.9%	
Profit	590	1,050 → <b>1,170</b> (+120)	50.4%	
Annual dividend	—	28→ <b>30JPY</b> (+2JPY) Per share		

# Results by Segments\_ Electronics



(Unit: Millions of JPY)

## Net sales ratio by segments



revenue ↑

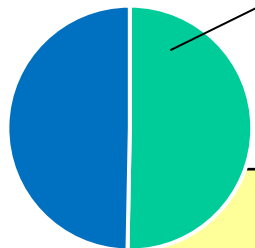
profit ↑

### 2Q summary

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

- 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.

## Progress of net sales



2Q  
50.3%

### Forecasts

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

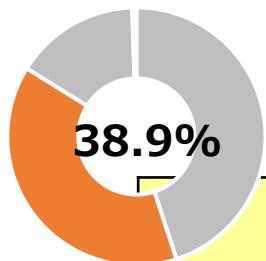
- Orders for wiring board materials, dry film at the Vietnam factory, and carriers for polishing semiconductor wafers are expected to remain firm. The outlook for smartphone-related components is uncertain, as the adjustment phase may drag on.
- We anticipate an increase in upfront investment to strengthen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

# Results by Segments\_Mobility



(Unit: Millions of JPY)

## Net sales ratio by segments



revenue ↑

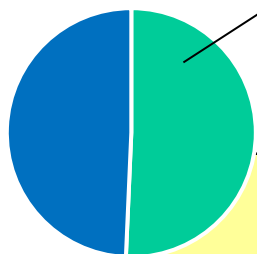
profit ↑

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	<b>7,300</b>	108%	+ 557
Operating Profit	613	<b>812</b>	132%	+ 199

## Progress of net sales



2Q  
50.7%

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	<b>14,400</b>	110%	+ 1,308
Operating Profit	1,042	1,250 → <b>1,490</b>	143%	+448

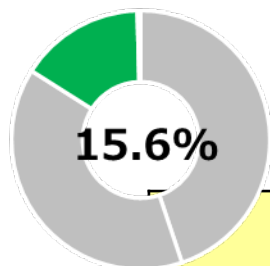
# Results by Segment

## \_ Medical & Precision Devices



### Net sales ratio by segments

(Unit: Millions of JPY)



revenue ↑

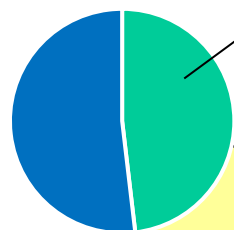
profit ↑

	March 2022 Period 2Q	March 2023 Period 2Q	YoY	Change
Net sales	2,699	<b>2,936</b>	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	<b>6,100</b>	103%	+159
Operating Profit	△17	<b>100</b>	—	+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

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To note; the exchange rate used in this forecasts are 、 1USD = 130JPY、 1TB = 3.6JPY

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**Q1. Was domestic sales of mobility segment declined?**

A1. Yes. Sales in Japan was decreased due to the semiconductor shortages. In consolidation basis; on the other hand, overseas (ASEAN) performed well enough to cover the domestic decline.

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**Q2. You mentioned that expenses were increased due to “raise salary and increase the number of employees.” Please explain this in detail.**

A2. The raise was due to promoting employee returns such as pay raises and bonuses, and investing in human capital for the new business development.

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**Q3. Did this 2Q mark the highest profit ever?**

A3. Yes. Operating profit and Profit in the 2Q (cumulative) were the highest ever

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**Q4. Do you have a plan to make an investment for the domestic medical segment this year?**

A4. Yes. In this fiscal year, the investment will be for infrastructure development including the preparation of clean room; the impact on business performance will be minor. From the next fiscal year onwards, we plan to proceed with capital investment in accordance with order forecasts.

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**Q5. Are the medical devices you are schedule to produce in Japan for the new customers?**

A5. Yes. Some domestic orders are possibly from existing customers, but we are also aiming to get orders from new customers. As a premise, we have been establishing a medical manufacturing system in Japan. Because the Japanese customers consider the past domestic production record important.