



NIPPO LTD.

(TSE Code : 9913)

**March 2023 Period 3rd Quarter
Financial Results**

~Supplementary materials~

February 3, 2023

President

Yasuchika Iwasa

Consolidated Financial Results (1)

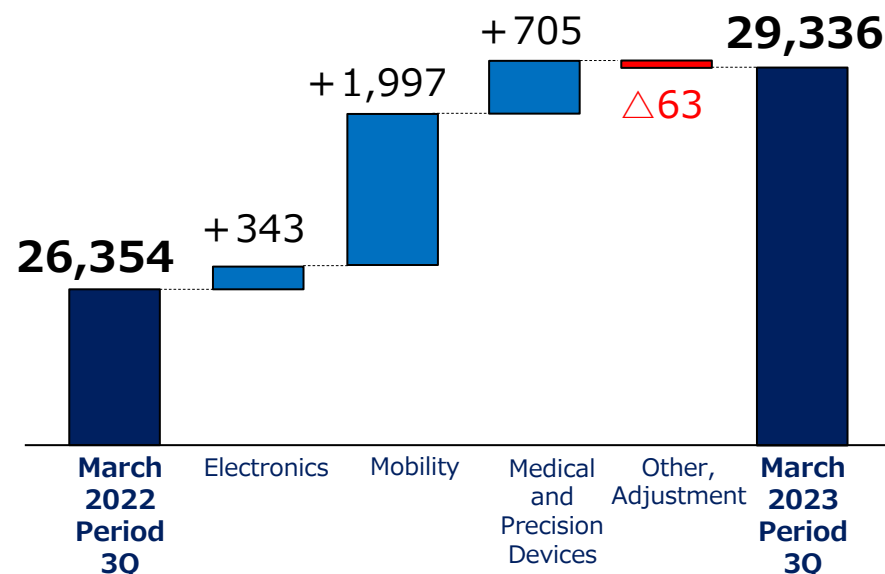
March 2023 Period 3Q



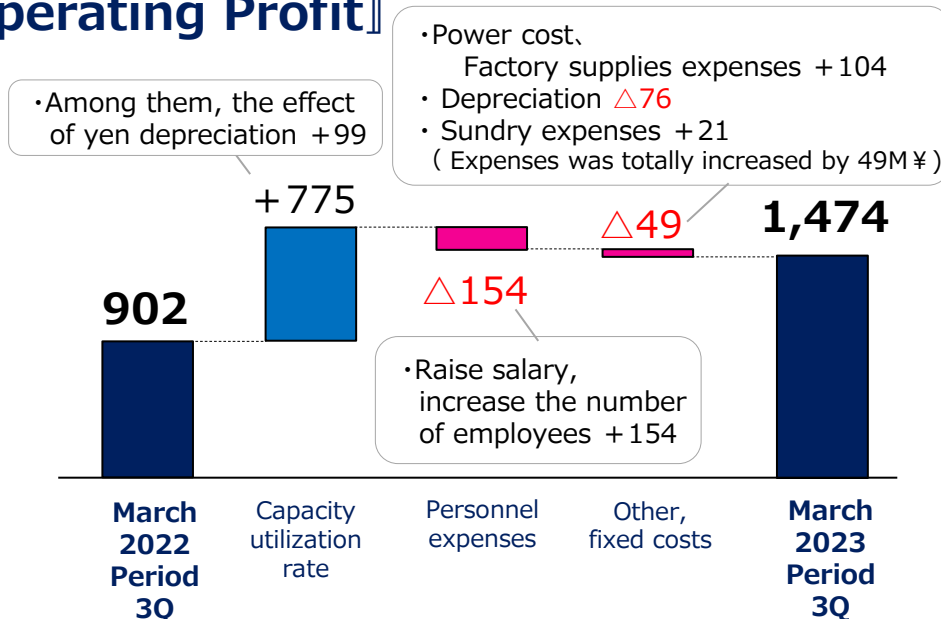
(Unit: Millions of JPY)

	March 2022 Period 3Q	March 2023 Period 3Q	YoY	Change
Net Sales	26,354	29,336	111%	+ 2,982
Operating Profit	902	1,474	163%	+ 572
Ordinary Profit	983	1,448	147%	+ 465
Profit	732	991	135%	+ 259

[[Net sales]]



[[Operating Profit]]

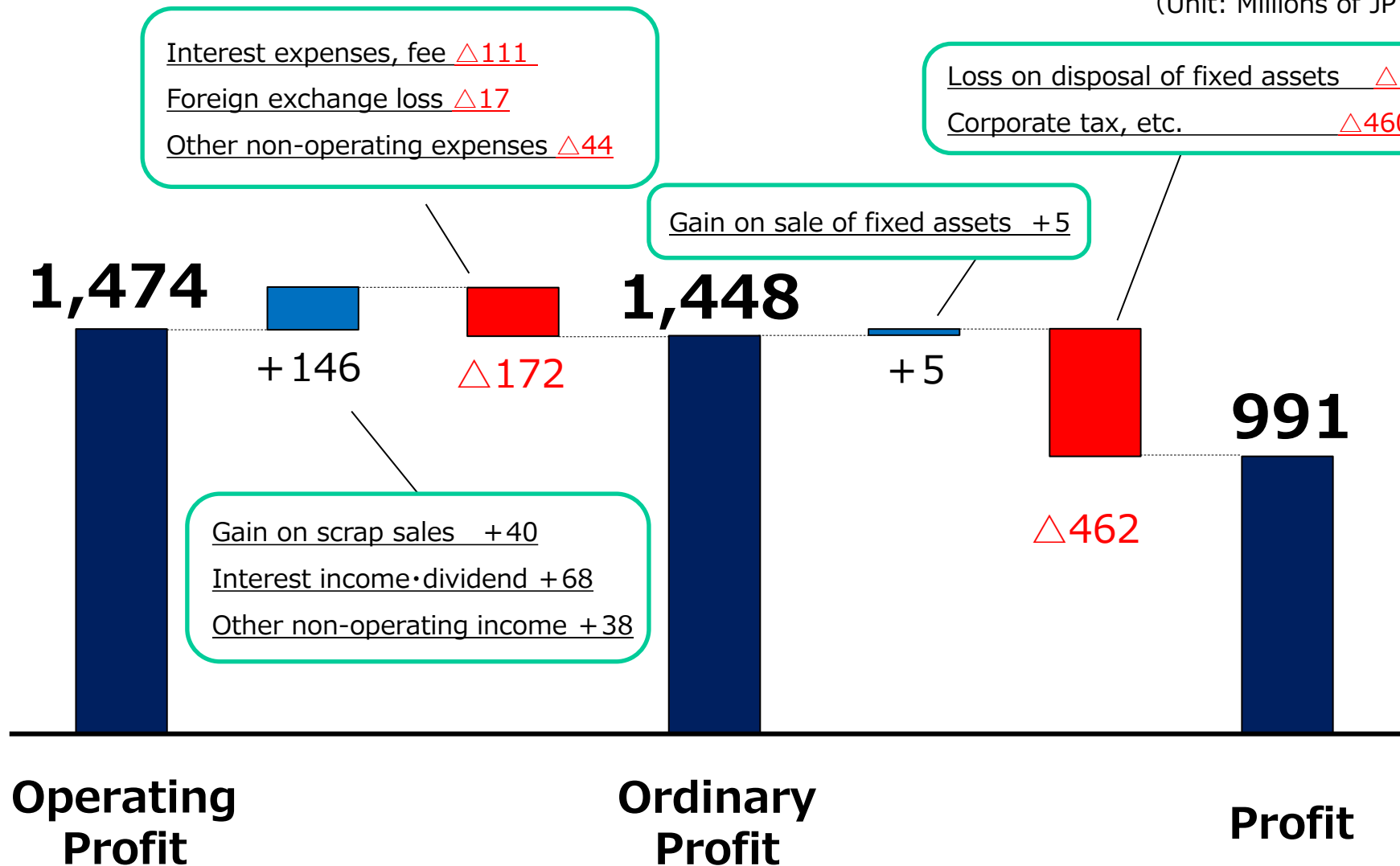


Consolidated Financial Results (2)

March 2023 Period 3Q



(Unit: Millions of JPY)



Full-year Forecast

March 2023 Period



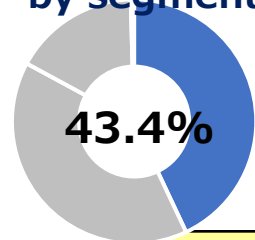
~ Since it is difficult to properly assess the risks of concern even at this stage, we have left the full-year consolidated earnings forecast unchanged.~

	March 2023 period 3Q	March 2023 period full-year (forecast)	March 2023 period 3Q progress	Full year estimation and annual dividend (Unit: Millions of JPY)
Net sales	29,336	37,500	78.2%	<p>1. Full-year consolidated earnings forecast Since it is difficult to properly assess the following three risks at this stage, we have left the full-year consolidated earnings forecast unchanged.</p> <ul style="list-style-type: none"> ① Delay in resolving industry and regional disparities related to the semiconductor supply shortages ② Prolonged or worsened surge in resource prices (including power costs) ③ Sudden fluctuations of exchange rate <p>2. Annual dividend forecast Since the full-year consolidated earnings forecast has remained unchanged, the annual dividend of ¥30 per share is also unchanged.</p> <p>※ the exchange rate used in this forecasts are 1USD = 130JPY, 1TB = 3.6JPY (average rate during the period)</p> <p>※ 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.</p> <p>※ 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	1,474	1,790	82.3%	
Ordinary Profit	1,448	1,710	84.7%	
Profit	991	1,170	84.7%	
Annual dividend	—	30JPY Per share		

Results by Segments_ Electronics



Net sales ratio by segments



revenue ↑

profit ↑

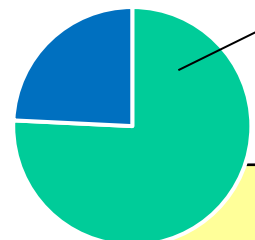
(Unit: Millions of JPY)

	March 2022 Period 3Q	March 2023 Period 3Q	YoY	Change
Net sales	12,386	12,729	103%	+ 343
Operating Profit	967	969	100%	+2

3Q summary

- Orders for wiring board materials for communication base stations and servers, the dry film business at the Vietnam factory and carriers for polishing semiconductor wafers at the Okinawa factory remained firm.
- On the other hand, sales were affected by sluggish orders for smartphone-related components that have been entered an adjustment phase and supply chain disruptions due to the lockdown in China.

Progress of net sales



3Q
75.8%

	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

Forecasts

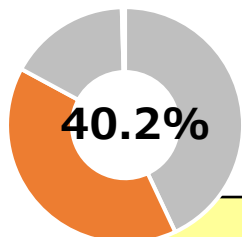
- Orders for printed circuit board materials, the dry film business at the Vietnam factory, and semiconductor wafer polishing carriers are expected to remain strong.
- The order outlook for smartphone-related components is uncertain, as the adjustment phase may drag on.
- We anticipate an increase in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

Results by Segments_Mobility



Net sales ratio by segments

(Unit: Millions of JPY)



revenue ↑

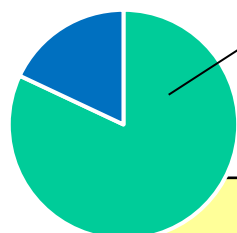
profit ↑

	March 2022 Period 3Q	March 2023 Period 3Q	YoY	Change
Net sales	9,810	11,807	120%	+ 1,997
Operating Profit	750	1,174	157%	+ 424

3Q summary

- Orders for powertrain system parts at main ASEAN factories such as Thailand (Bangkok) and Indonesia was strong.
- The production volume at domestic customers, which had been forced to be reduced due to the shortage of semiconductors, gradually recovered.
- Profit increased due to initiatives such as improving productivity through automation and other cost competitiveness enhancements, improving transportation costs, and changing accounting policies to ensure thorough cost control (changed depreciation from the declining-balance method to the straight-line method).

Progress of net sales



3Q
82.0%

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

Forecasts

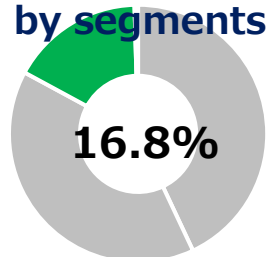
- Orders for main ASEAN factories such as Thailand (Bangkok) and Indonesia are expected to remain strong.
- Orders for domestic factories, which were affected by the semiconductor shortage, are on a recovery trend, although the outlook remains uncertain, and are expected to remain at the same level as the previous year on a full-year basis.
- Continue activities to “strengthen cost competitiveness” in an aim to improve profitability.

Results by Segment

_ Medical & Precision Devices



Net sales ratio by segments



revenue ↑
profit ↑

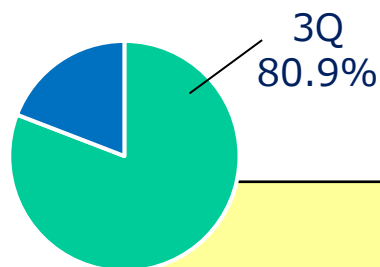
(Unit: Millions of JPY)

	March 2022 Period 3Q	March 2023 Period 3Q	YoY	Change
Net sales	4,227	4,932	117%	+ 705
Operating Profit	△46	24	—	+70

3Q summary

- As for orders for medical equipment parts, consignment production at the Thailand (Korat) factory has been steady.
- Orders for printer-related parts, which had been affected by production cutbacks due to supply shortages of semiconductors and electronic parts, recovered despite regional disparities and turned the business results into the black.

Progress of net sales



	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 at the Thai (Korat) factory are expected to remain strong.
- Started activities for upfront investment and approval acquisition to build a domestic production system for medical equipment parts. (Full-scale mass production is scheduled for FY2025)
- Orders for printer-related parts are expected to recover, although regional disparities and uncertainties remain.

(topic) NIPPO's ESG Initiatives



Based on our Sustainability Policy, NIPPO group established the Sustainability System on December 12, 2022, as a framework for promoting initiatives to improve medium- to long-term corporate value and create a sustainable society, and decided to promote specific ESG initiatives through our business activities.

For the most up-to-date information please visit our website.

https://www.nip.co.jp/english/esg/assets/esg_torikumi_en.pdf

Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives to Support Sustainable Growth

December 21, 2022
Yasuchika Iwasa
President
NIPPO LTD.

Sustainability Policy

The NIPPO Group's management philosophy expresses our mission to promote both prosperity for our company and happiness for our staff and associates by creating new value so as to enjoy society for its blessing.

We have established the following policies as sustainability policies based on our "Compliance Declaration and Code of Conduct," which we are bound to follow as a good corporate citizen, and conduct our business through our business activities to enhance our medium- to long-term corporate value and bring about a sustainable society in accordance with the SDGs.

- Social Policies**
 - We understand and respect the basic human rights of all stakeholders in international guidelines.
 - We respect every country's and region's culture and diverse stakeholders.
- Environmental Policies**
 - We promote business activities that help protect the environment.
 - We are proactive in dealing with the risks of climate change.
- Stakeholder Policies**
 - Customers**: With our new challenge of "cross-industry development and value creation," we aim to build relationships with our customers.
 - Suppliers**: We aim to build relationships with our suppliers.
 - Employees**: We adhere to the principle of merit. We are committed to creating a workplace where our employees can realize their dreams.
 - Shareholders/Investors**: We disclose information to our shareholders and investors to create long-term corporate value.
 - Local Community**: As a good corporate citizen, we aim to contribute to the local community.

Sustainability System

Based on our Sustainability Policy, the NIPPO Group has established the Sustainability Committee, which is chaired by the president, as a framework for promoting initiatives to improve medium- to long-term corporate value and create a sustainable society. To promote sustainability, we plan to identify and review materiality as well as review efforts to address identified materiality. Subcommittees will promote specific initiatives to maintain and improve each identified materiality, with the results of the activities being reported to the Sustainability Committee every six months. In addition, the Board of Directors will supervise the activities of this committee and subcommittees via the annual management review.

Sustainability System Chart

Materiality Identification and Review Process and Risk Management System

The Sustainability Committee is tasked with providing the NIPPO Group with an understanding of the company's social and environmental problems and other sustainability-related issues, identifying materiality following a primary evaluation of the impacts these issues have on NIPPO's stakeholders, on society, and on the company's management and business. A secondary evaluation of materiality that has been identified involves discussing the risks and opportunities for each issue and determining the specific efforts necessary to maintain and improve them. The aim is to create an efficient and effective management system by integrating each process for identifying, reviewing, maintaining and improving materiality with the Risk Management System, based on the Basic Risk Management Regulations separately established by the Group.

Risk Management System (Stipulated in the "Basic Risk Management Regulations")	Sustainability System
Risk Categories <ul style="list-style-type: none"> Strategic Change Human Capital (Diversity, etc.) Associated with Operations Associated with Stakeholders Associated with Information Security Associated with Tech, other risks 	Subcommittee <ul style="list-style-type: none"> Chief of Social Responsibility Chief of Environmental Responsibility Chief of Compliance Chief of Business

• The aim is to create an efficient and effective management system by integrating the Framework for Materiality Initiatives carried out by subcommittees under the Sustainability Committee with the risk management system stipulated in the Basic Risk Management Regulations.
 • Please refer to "Risk Management System" under "Basic Risk Management Regulations" on Page 27.

Consolidated Balance Sheet

March 2023 Period 3Q



(Unit: Millions of JPY)

		March 2022 Period	March 2023 Period 3Q	Change
Assets	Current assets	15,582	17,671	+2,089
	Cash and deposits	4,580	5,515	+934
	Notes and accounts receivable-trade etc.	7,576	7,631	+54
	Inventories	2,811	3,682	+870
	Other	612	842	+229
	Non-current assets	10,505	12,045	+1,539
	Property, plant and equipment	7,452	8,442	+989
	Intangible assets	115	367	+251
	Total investments and other assets	2,937	3,235	+298
	Total	26,087	29,716	+3,629

		March 2022 Period	March 2023 Period 3Q	Change
Liabilities	Current liabilities	12,586	13,174	+587
	Notes and accounts payable-trade	7,415	8,363	+948
	Short-term borrowing	3,114	2,534	△579
	Other	2,057	2,276	+218
	Non-current liabilities	3,135	3,849	+713
	Long-term borrowing	526	1,038	+511
	Other	2,609	2,810	+201
	Total	15,722	17,023	+1,300
Net assets	Share capital	3,137	3,137	-
	Capital surplus, Retained earnings, Treasury shares	6,526	7,168	+641
	Accumulated other comprehensive income	699	2,385	+1,686
	Non-controlling interests	1	1	+0
	Total	10,364	12,692	+2,328
Total	26,087	29,716	+3,629	

NIPPO LTD.

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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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