



TSE code : 9913

NIPPO LTD.

(TSE Code : 9913)

**March 2024 Period 3rd Quarter
Financial Results**

~Supplementary materials~

February 5, 2024

President

Yasuchika Iwasa

Consolidated Financial Results (1)

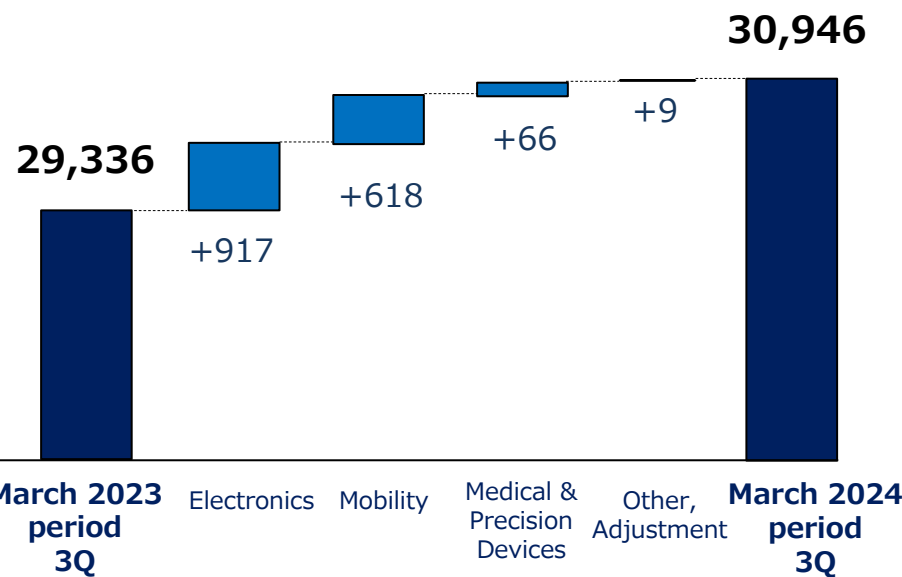
March 2024 Period 3Q



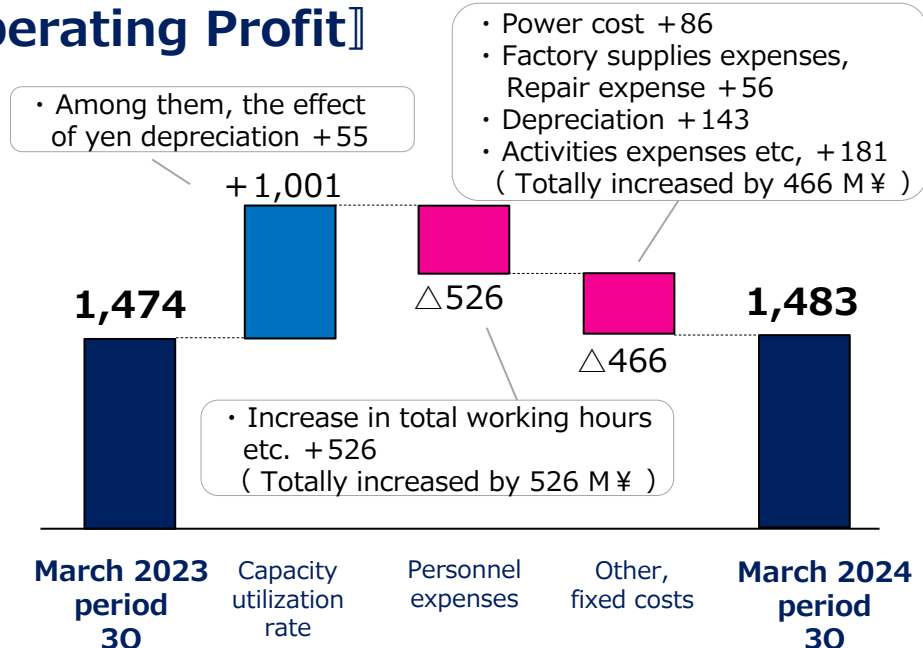
(Unit: Millions of JPY)

	March 2023 Period 3Q	March 2024 Period 3Q	YoY	Change
Net Sales	29,336	30,946	105%	+1,610
Operating Profit	1,474	1,483	101%	+9
Ordinary Profit	1,448	1,656	114%	+208
Profit	991	1,128	114%	+137

[[Net Sales]]



[[Operating Profit]]

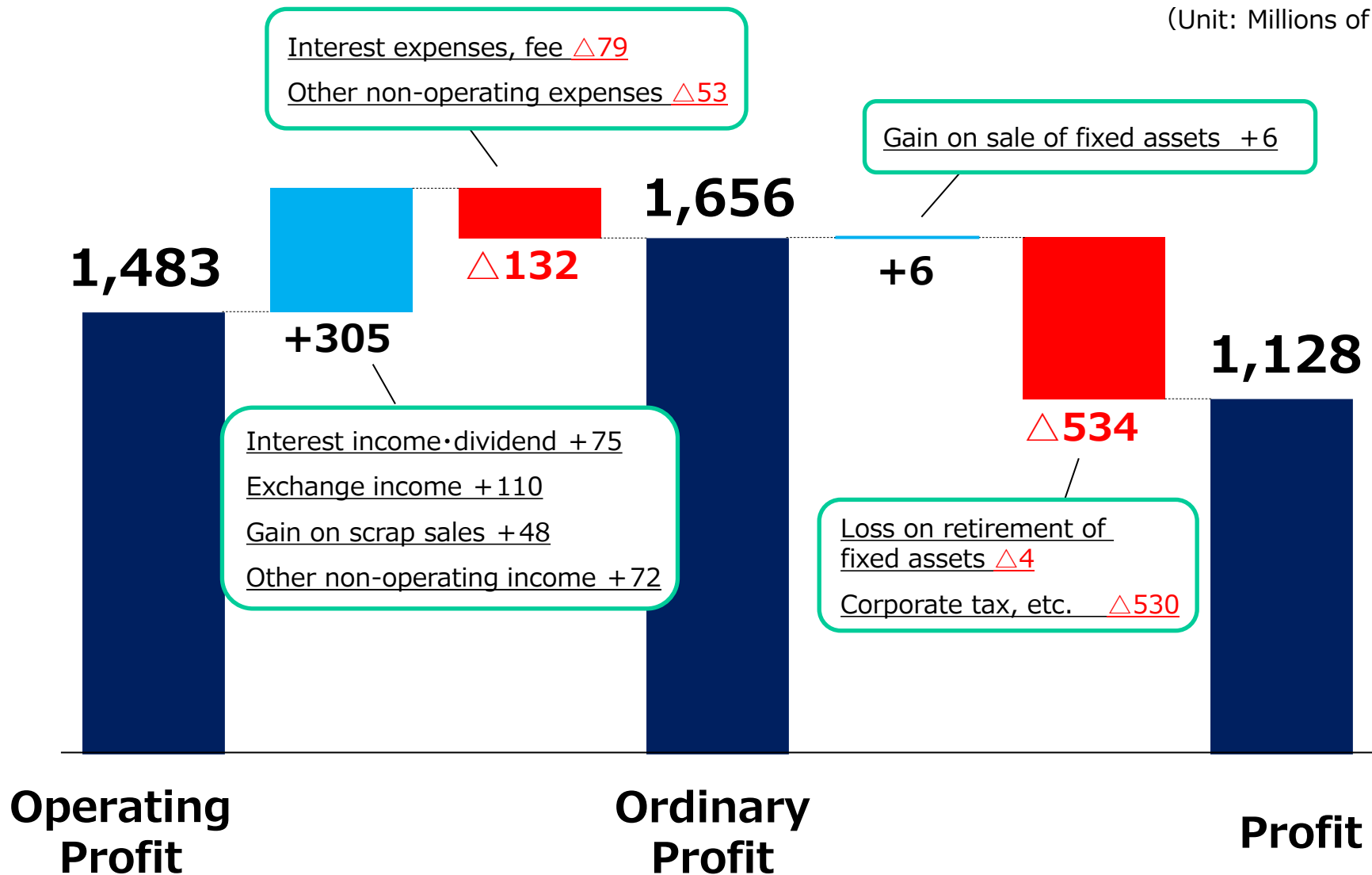


Consolidated Financial Results (2)

March 2024 Period 3Q



(Unit: Millions of JPY)



Full-year Forecast

March 2024 Period



~ Although the progress rate for 3Q was 81% (operating profit), it is difficult to predict the impact of continued production adjustments at major ASEAN customers and operation halts triggered by vehicle testing issues in 4Q. Therefore, we have left our full-year earnings forecast unchanged.~

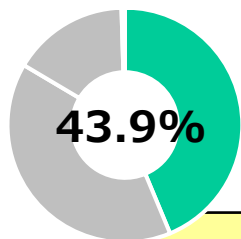
	March 2024 period 3Q (results)	March 2024 period (forecast)	Progress	Remarks (Unit: Millions of JPY)
Net sales	30,946	38,900	80.0%	<p>1. Full-Year Financial Results Forecasts</p> <p>In the third quarter, orders decreased due to production adjustments by major ASEAN customers. However, due to an increase in orders from domestic customers and the positive impact of currency translation due to the weaker yen, the progress rate of operating profit against the full-year forecast exceeded 80%.</p> <p>However, it is difficult to predict the impact of continued production adjustments at major ASEAN customers in the fourth quarter, as well as the impact of operation halts caused by the vehicle testing issues. Therefore, the full-year performance forecast remains unchanged from the forecast stated in the "Notice regarding revisions to Full-Year Financial Results Forecasts and Dividend Forecasts" announced on November 6, 2023.</p> <p>2. Annual Dividend Forecasts</p> <p>Since the full-year consolidated earnings forecast has remained unchanged, the annual dividend of ¥42 per share is also unchanged.</p>
Operating profit	1,483	1,830	81.0%	
Ordinary profit	1,656	1,950	84.9%	
Profit	1,128	1,340	84.2%	
Annual dividend	(March 2023 period) 33JPY Per share	42JPY Per share		

※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.

Results by Segments_ Electronics



Net Sales Ratio by Segments



Revenue ↑

Profit ↑

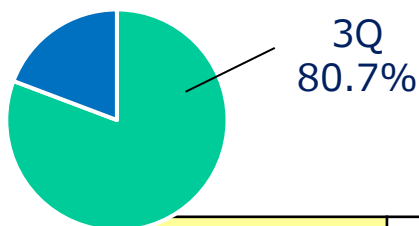
(Unit: Millions of JPY)

	Mar 2023 period 3Q	Mar 2024 period 3Q	YoY	Change
Net sales	12,729	13,646	107%	+917
Operating Profit	969	979	101%	+10

3Q Summary

- Continued to be affected by production adjustments for smartphone-related parts and the upfront costs associated with launch of the dry film business at the Thailand (Korat) factory.
- On the other hand, net sales and operating profits increased due to steady orders for wiring board materials for communications base stations, servers, and Generative AI, the dry film business at the Vietnam factory, and the wafer polishing carrier business at the Okinawa factory.

Quarterly Progress



	Mar 2023 period	Mar 2024 period (Forecast)	YoY	Change
Net sales	16,854	16,900	100%	+46
Operating Profit	1,245	1,245	100%	± 0

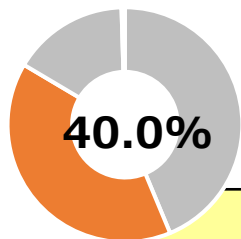
Full-year Forecast

- Orders for wiring board materials, the Vietnam factory's dry film business, and the Okinawa factory's wafer polishing carrier business are expected to remain strong.
- Although the recovery in orders for smartphone-related parts and the future of the semiconductor market are uncertain, full-year net sales and operating profit are expected to be roughly unchanged from the previous year.
- The dry film business at the Thailand (Korat) factory is expected to start mass production in the 4Q and expand the production volume gradually.

Results by Segments_Mobility



Net Sales Ratio by Segments



Revenue ↑

Profit ↑

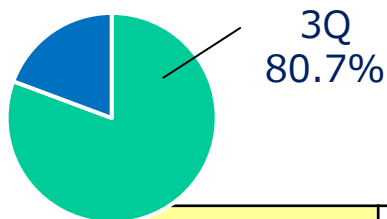
(Unit: Millions of JPY)

	Mar 2023 period 3Q	Mar 2024 period 3Q	YoY	Change
Net sales	11,807	12,425	105%	+ 618
Operating Profit	1,174	1,179	100%	+5

3Q Summary

- Among powertrain parts produced at the Thailand (Bangkok) factory; the main factory in ASEAN, shipments to China continue to decline.
- Domestic customers' production recovery progressed, and orders remained strong. In addition, orders for the Indonesia and Vietnam factories have been steady.
- Although the impact of soaring power costs continues, net sales and operating profits increased due to increased orders from domestic customers, etc.

Quarterly Progress



	Mar 2023 period	Mar 2024 period (Forecast)	YoY	Change
Net sales	15,337	15,400	100%	+ 63
Operating Profit	1,535	1,470	96%	△ 65

Full-year Forecast

- Full-year net sales are expected to be roughly the same as the previous year, as the decline in orders at the Thailand (Bangkok) factory will continue in the 4Q and beyond, and the recovery in production for domestic customers is expected to continue but slow down.
- Operating profit is expected to decrease due to increases in expenses for upfront growth investments (further horizontal expansion of automation, product development applying winding technology, etc.) and spring resource prices (including power costs) as set out in the "Mid-term Management Plan 2025".

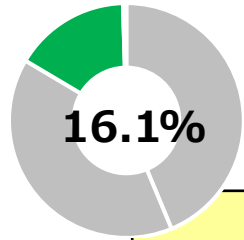
Results by Segment

_ Medical & Precision Devices



Net Sales Ratio by Segments

(Unit: Millions of JPY)



Revenue ↑

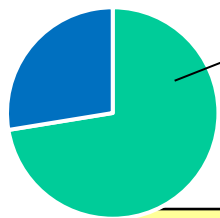
Profit ↑

	Mar 2023 period 3Q	Mar 2024 period 3Q	YoY	Change
Net sales	4,932	4,998	101%	+ 66
Operating Profit	24	104	433%	+ 80

3Q Summary

- Regarding medical device parts, orders for contract production at the Thailand (Korat) factory remained steady.
- In printer-related parts, orders at the Thailand (Korat) factory continued to decline due to production cuts because of the changes in customers' production plans, but orders at the Vietnam and Philippines factories remained strong, which resulting in higher sales and profits.

Quarterly Progress



	Mar 2023 period	Mar 2024 period (Forecast)	YoY	Change
Net sales	6,889	6,900	100%	+ 11
Operating Profit	126	100	79%	△ 26

Full-year Forecast

- Orders for medical device parts at the Thailand (Korat) factory are expected to remain strong.
- The order forecast for printer-related parts is uncertain as customers' production plans continue to fall short.
- The decline in orders for printer-related parts will be offset by orders for medical device parts, and full-year net sales are expected to be about the same as the previous year. On the other hand, operating profit is expected to decrease due to the impact of increased expenses for upfront growth investments (increasing domestic production capacity for medical device parts) set forth in the "Medium-term Management Plan 2025."

As our business performance improves, we are beginning to have surplus funds on hand. As stated in the "Medium-term Management Plan 2025," we plan to use this surplus funds to actively invest in "new businesses and functional enhancement" including growth investments aimed at "step-up" as part of the "Medium-term Management Plan 2028", intellectual property rights, creation of novel know-how, alliances with partners, and M&A.

A summary of the investments planned is shown in the table below. We are to narrow down the targets for the remaining amount (900 million yen \pm α) of the total funds of 3 billion yen \pm α planned in the "Medium-term Management Plan 2025" from among the "seed-sowing projects" currently activating.

Categories		FY2024~FY2025
1. Growth investment based on business portfolio management	Functional enhancement (automation, acquire new technology in-house)	Approx. 1.4 billion yen
	Business replacement	Approx. 100 million yen
	New business development (creation of new business fields and development of in-house planned products)	Approx. 600 million yen
Total		Approx. 2.10 billion yen

+

2. Shareholder return	Achieving dividend payout ratio of 35% (FY2025)
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【Reference】 Consolidated Balance Sheet



March 2024 Period 3Q

(Unit: Millions of JPY)

		March 2023 Period	March 2024 Period 3Q	Change
Assets	Current assets	16,582	18,524	+1,941
	Cash and deposits	4,910	6,245	+1,335
	Notes and accounts receivable-trade etc.	7,340	7,832	+491
	Inventories	3,523	3,515	△8
	Other	807	931	+123
	Non-current assets	12,091	12,819	+842
	Property, plant and equipment	8,230	8,722	+492
	Intangible assets	380	532	+151
	Investments and other assets	3,480	3,679	+198
	Total	28,674	31,458	+2,783

		March 2023 Period	March 2024 Period 3Q	Change
Liabilities	Current liabilities	12,713	13,185	+471
	Notes and accounts payable-trade	7,725	8,408	+683
	Short-term borrowing	2,481	2,307	△174
	Other	2,506	2,468	△37
	Non-current liabilities	3,430	3,689	+259
	Long-term borrowing	920	695	△225
	Other	2,510	2,994	+484
	Total	16,144	16,875	+730
Net assets	Share capital	3,137	3,137	-
	Capital surplus, Retained earnings, Treasury shares	7,465	8,328	+863
	Accumulated other comprehensive income	1,925	3,114	+1,189
	Non-controlling interests	1	1	+0
	Total	12,530	14,583	+2,053
Total	28,674	31,458	+2,783	

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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 = 140JPY, 1TB = 4.0JPY

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