NISSHINBO

Nisshinbo Holdings Inc.
Q&A Summary of the FY2026 Second-Quarter Financial Results Briefing

The following is a summary of the main questions and answers from the financial results briefing for institutional investors held on August 6, 2026.

Q1	[Consolidated Financial Results] Why did the Company maintain its full-year financial forecasts despite first-half results exceeding expectations? Do the forecasts incorporate any additional factors, such as business restructuring costs?	**A**	Although first-half results exceeded our expectations, the business restructuring initiatives are still underway, making it difficult at this stage to fully factor in future measures and their potential impact. Uncertainties also remain regarding the business environment, component procurement and foreign exchange rates. We have therefore maintained our full-year financial forecasts at this time.
Q2	[Consolidated Financial Results] If any carve-outs or business reorganizations are implemented going forward, how will their impact be reflected in the Company's financial results?	**A**	The impact of any future business reorganization will be appropriately reflected in our financial results once the relevant details have been finalized. At present, we do not anticipate retrospectively revising figures back to the beginning of the fiscal year; however, the treatment will be determined based on the progress of each transaction and the applicable accounting treatment.
Q3	[Wireless and Communications Business] The Solutions and Specialized Equipment and Marine Systems businesses are performing strongly. Is this attributable to favorable external conditions or to the benefits of business restructuring?	**A**	In addition to steadily capturing opportunities arising from favorable external conditions, we are beginning to see the benefits of business restructuring. Fixed-cost reductions from the early retirement incentive program have materialized largely as planned, while other efficiency measures and organizational reforms are also contributing to improved profitability.
Q4	[Research and Development] Under the Future Innovation Headquarters' new policy, how far has the Group progressed in deploying its common platform across Group companies? Can the platform also be applied to businesses outside wireless communications?	**A**	Japan Radio Co., Ltd. and KOKUSAI DENKI Electric Inc. have already begun sharing resources and collaborating, including the launch of joint commercialization initiatives. Deployment will initially focus on wireless communications, while application to other business domains is also being considered as part of a common Group-wide platform. We expect the outcomes to become progressively visible in the form of products and services from next year onward.
Q5	[Business Restructuring] Does the Company intend to provide quantitative disclosure on the benefits of business portfolio reform and initiatives to strengthen its underlying business structure?	**A**	We intend to provide clearer explanations, including quantitative disclosure, to the extent possible. However, because some matters involve confidential business strategy information, timely disclosure of every detail may not always be feasible. We will continue working to communicate the direction and progress of the reforms in a manner that is easy for investors and employees to understand.
Q6	[Business Risks] What impact are component procurement issues currently having? Is there a risk of higher procurement costs or shipment delays going forward?	**A**	We continue to face procurement challenges involving rare-earth-related components, naphtha-derived materials, memory devices and printed circuit boards. We are taking measures such as redesigning products to use alternative components and securing necessary materials, and have so far been able to avoid any critical impact. Nevertheless, shipment delays remain a risk for certain components that are difficult to procure, and we will continue taking action to minimize the impact.
Q7	[Micro Devices Business] What is the current order situation in the Micro Devices business? Is the recovery trend continuing beyond the second quarter?	**A**	In the first quarter, sales increased in consumer applications, particularly smartphone-related products. Since the second quarter, orders for automotive and industrial equipment applications have also increased steadily, with monthly orders generally running approximately 20% above the prior-year level. In the second half, we aim to achieve our plan by steadily translating this order volume into production.
Q8	[Real Estate Business] Operating profit in the Real Estate business appears to be ahead of the full-year plan. What factors drove this result?	**A**	The primary factor was a timing shift, as purchase and sale agreements were concluded earlier than initially anticipated. As a result, approximately ¥7.0 billion in profit was recognized ahead of schedule in the second quarter. Although we expect full-year results to be slightly above the initial plan, the principal factor is this timing shift.
Q9	[Business Restructuring] What was the rationale for deciding to carve out the Molded Products business? Why did the Company choose to start with a relatively profitable business?	**A**	Although the Molded Products business is relatively profitable, competition in the plastic injection molding market is intense both in Japan and overseas, and there is no assurance that the current level of profitability can be sustained over the long term. In light of an attractive transaction opportunity, we made a comprehensive assessment of our future business portfolio and capital efficiency and decided to proceed with the carve-out.
Q10	[Foreign Exchange Impact] What was the impact of foreign exchange movements on operating profit, and which businesses were primarily affected?	**A**	Our initial assumption was ¥145 to the U.S. dollar, whereas the yen was weaker during the first half. This had a positive impact of just under ¥1.5 billion on first-half operating profit, primarily in the Marine Systems and Micro Devices businesses.

Q11	[Consolidated Financial Results] By how much did cumulative second-quarter operating profit exceed the internal plan? How does the Company distinguish between temporary factors and improvement in underlying earnings power?	**A**	Cumulative second-quarter operating profit exceeded our internal plan by approximately ¥20.0 billion. Of this amount, approximately ¥ 7.0 billion was attributable to the timing shift in the Real Estate business, resulting in underlying outperformance of approximately ¥ 13.0 billion. Foreign exchange movements and the temporary deferral of certain expenses also contributed, while the underlying earnings power of the businesses has improved to some extent.
Q12	[Consolidated Financial Results] When does the Company expect to consider revising its full-year financial forecasts?	**A**	We do not expect the current outperformance trend to reverse abruptly; however, we need to assess the progress of business restructuring and the business environment. We will review our full-year forecast and, if necessary, disclose any revisions at the time of our third-quarter financial results.
Q13	[Micro Devices Business] Sales in the Micro Devices business increased from the first to the second quarter, but operating profit appears to have turned negative again. What were the main factors behind this?	**A**	The main factor was a change in product mix. Although sales increased, a shift in the composition of products with differing profitability resulted in fluctuations in profit.
Q14	[Business Restructuring] What direction is the Company currently considering for the fundamental redesign of the Micro Devices business?	**A**	Although we are unable to disclose details at this time, we recognize that simply extending the current product portfolio will make it difficult to achieve the level of growth we are targeting and an operating margin of 10%. While maintaining a focus on analog semiconductors, we will pursue a fundamental redesign in light of the competitive environment and business structure, with the aim of developing a blueprint by the end of the year.
Q15	[Business Restructuring] How does the Company assess the progress of its current business restructuring initiatives, and what are the key challenges going forward?	**A**	The business restructuring initiatives are beginning to deliver tangible results, but they remain a work in progress; we believe the overall program is approximately 30% complete. Challenges remain in existing businesses, including the Materials business, and we will continue to reorganize and evaluate these operations. Reviewing our financial framework—including capital efficiency and the optimal balance sheet—is another key priority.