

[Translation]

[NOTICE: Please note that the following is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.]

January 31, 2022

For immediate release

Company: Nisshinbo Holdings Inc.
Representative: Masahiro Murakami, President
Securities Code: 3105
TSE (First Section)

Notice Regarding Revisions to Operating Performance Forecast and Recording of Deferred Tax Assets (Consolidated and Non-Consolidated)

Nisshinbo Holdings Inc. announces the following revisions to its consolidated operating performance forecast for the fiscal year ended December 31, 2021, from the figures announced on November 11, 2021. In addition, deferred tax assets are expected to be recorded in the consolidated and non-consolidated financial statements for the year ended December 31, 2021.

1. Revisions to Operating Performance Forecast

Revisions to Consolidated Operating Performance Forecast for the Fiscal Year Ended December 31, 2021
(January 1, 2021 to December 31, 2021)

(Millions of yen, unless otherwise stated)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (JPY)
Previously announced forecast (A)	502,000	15,000	18,000	12,000	72.09
Revised forecast (B)	510,000	21,700	25,300	24,800	148.96
Change (B – A)	8,000	6,700	7,300	12,800	
Change (%)	1.6%	44.7%	40.6%	106.7%	
Reference: Results for the fiscal year ended December 31, 2020	457,051	1,248	3,466	13,540	81.38

Reasons for the Revisions

The Group's net sales are expected to exceed the previous forecast because Micro Devices business is expected to increase its sales, supported by strong demand for semiconductors, and the Automobile Brakes business and Precision Instrument business are also expected to increase their sales due to the stronger orders than anticipated.

Operating income and ordinary income are also expected to exceed the previous forecasts, as the Wireless and Communications business is expected to increase its income due to cost reductions, and Micro Devices, Automobile Brakes, and Precision Instrument businesses are also expected to increase its income due to increased sales.

Net income attributable to shareholders of the parent company is also expected to exceed the previous forecast due to an increase in ordinary income and a decrease in corporate tax, inhabitant tax, business tax and income tax adjustments. .

2. Recording of Deferred Tax Assets (Consolidated and Non-Consolidated)

As announced in the "Notice Regarding the Recording of Extraordinary Losses" disclosed on January 31, 2019 and the "Notice Regarding the Recording of Extraordinary Losses (Consolidated and Non-Consolidated) and Revisions to Earnings Forecasts" disclosed on January 30, 2020, due to the deterioration in the operating results and financial position of TMD, a consolidated subsidiary, the real value of TMD's shares held by the Company declined significantly. Accordingly, we recorded an extraordinary loss of ¥61.8 billion on the valuation of shares of subsidiaries and affiliates in the non-consolidated financial statements for the past fiscal year and made additional adjustments for tax purposes.

At the end of the period of December 2021, TMD's financial condition meets applicable laws and regulations, and the loss on the evaluation of affiliate shares will be deductible for tax purposes. As a result, corporate tax,

inhabitant tax and enterprise tax are expected to decrease by ¥2.9 billion in the consolidated financial statements and ¥4.4 billion in the non-consolidated financial statements.

In addition, after careful consideration of the recoverability of deferred tax assets related to tax loss carryforwards that arise as a result of the inclusion in such deductible expenses, we expect to record ¥8.7 billion of deferred tax assets (△¥8.7 billion of income tax adjustments) in the consolidated and non-consolidated financial statements for the portion that may be recoverable.

Note: Performance forecasts included in this document are based on information available as of the date of announcement of this document and certain assumptions deemed to be reasonable. Actual results may differ from the forecasts due to changes in various factors.