

Financial Results for FY2023 2Q

(Jan. 2023 – Jun. 2023)

Nisshinbo Holdings Inc.
Aug. 8, 2023

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The earnings forecasts contained in these materials are based on information currently available to the Company and are not promises of achievement.

1. FY2023 2Q Results Overview

1-1. Financial Highlights (y/y)

(mil. yen)

	FY2022	FY2023	Change	
	2Q	2Q		rate
Net sales	256,865	269,367	+12,502	+4.9%
Operating income	12,962	12,000	-962	▲7.4%
Ordinary income	17,682	15,771	-1,910	▲10.8%
Net income Attributable to Owners of Parent	13,196	11,627	-1,568	▲11.9%

■ **Net sales** : Increased mainly due to recovery in automobile production in the brake business

■ **Operating income**: Despite the contribution from the brake business turning profitable, consolidated income decreased due to lower income in the wireless and communications business and the micro devices business.

1-2. FY2023 2Q Results by segments (y/y)

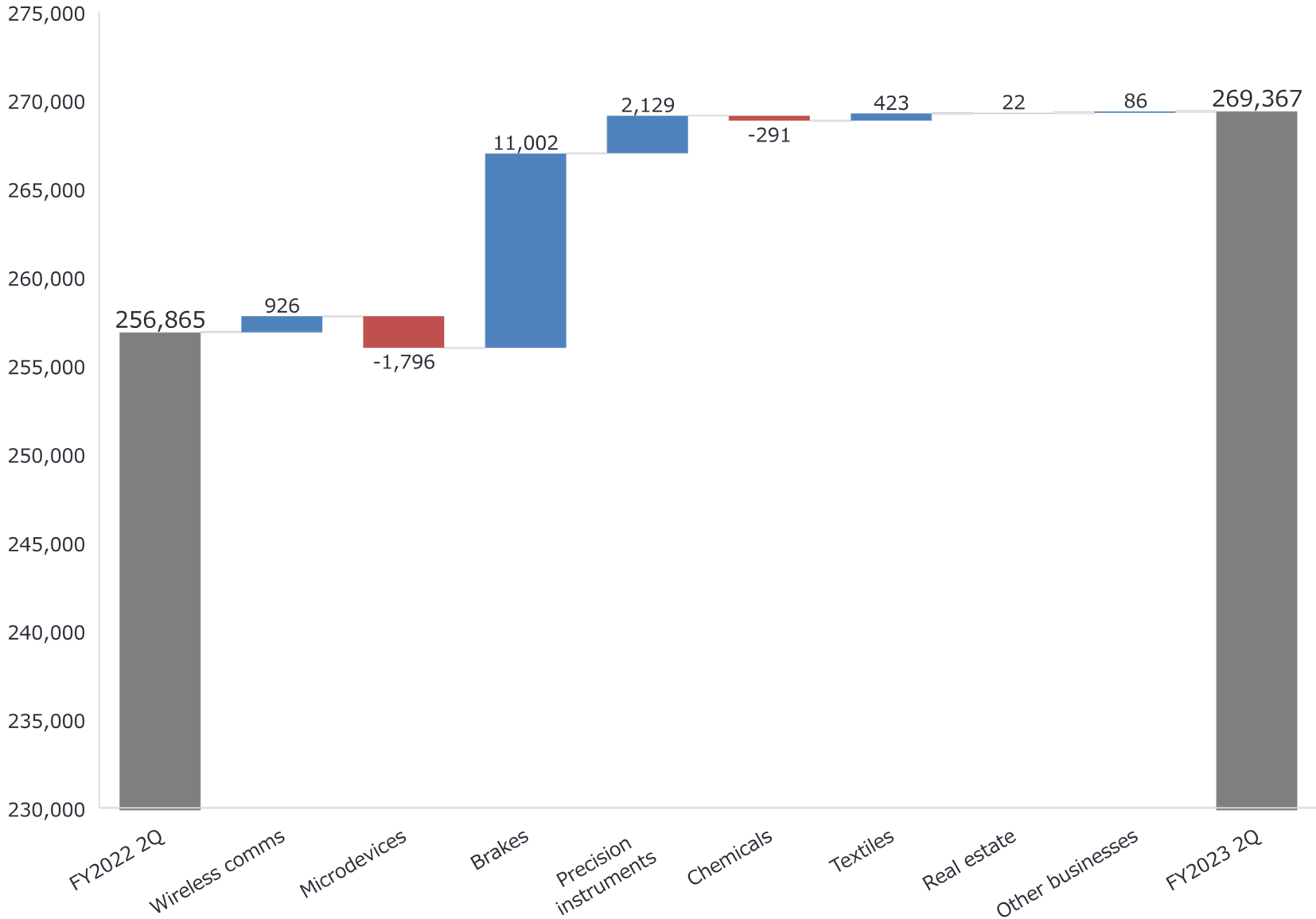
(mil. yen)

		FY2022	FY2023	Change	
		2Q	2Q		rate
Wireless comms	Net Sales	77,487	78,414	+926	+1.2%
	OP	5,021	3,753	-1,267	▲25.2%
Micro Devices	Net Sales	41,071	39,275	-1,796	▲4.4%
	OP	4,582	2,261	-2,321	▲50.7%
Brakes	Net Sales	75,525	86,527	+11,002	+14.6%
	OP	-2,165	1,605	+3,771	-
Precision instruments	Net Sales	24,457	26,586	+2,129	+8.7%
	OP	-76	423	+500	-
Chemicals	Net Sales	6,065	5,774	-291	▲4.8%
	OP	1,163	452	-710	▲61.0%
Textiles	Net Sales	18,150	18,574	+423	+2.3%
	OP	-307	-313	-5	-
Real estate	Net Sales	8,721	8,744	+22	+0.3%
	OP	7,277	7,089	-187	▲2.6%
Others	Net Sales	5,384	5,470	+85	+1.6%
	OP	-2,531	-3,273	-741	-
Total	Net Sales	256,865	269,367	+12,502	+4.9%
	OP	12,962	12,000	-962	▲7.4%

1-3. FY2023 2Q Net sales (y/y)

Millions of yen

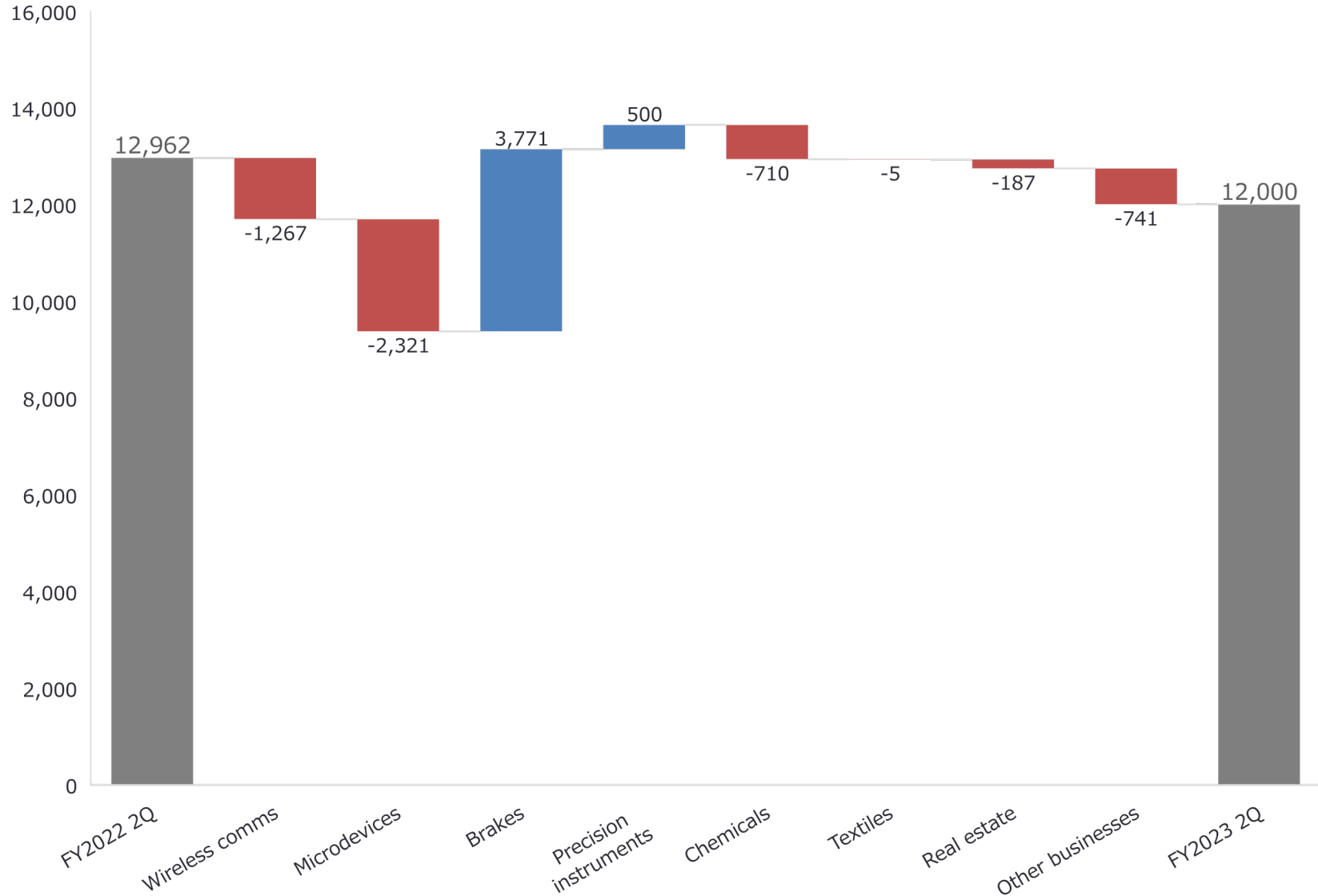
FY2023 2Q Net sales (y/y)



1-4. FY2023 2Q Operating profit (y/y)

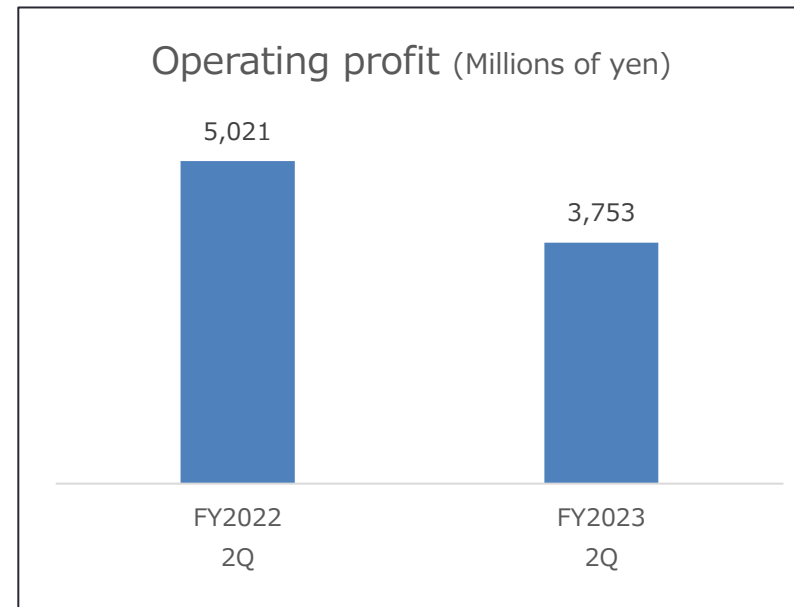
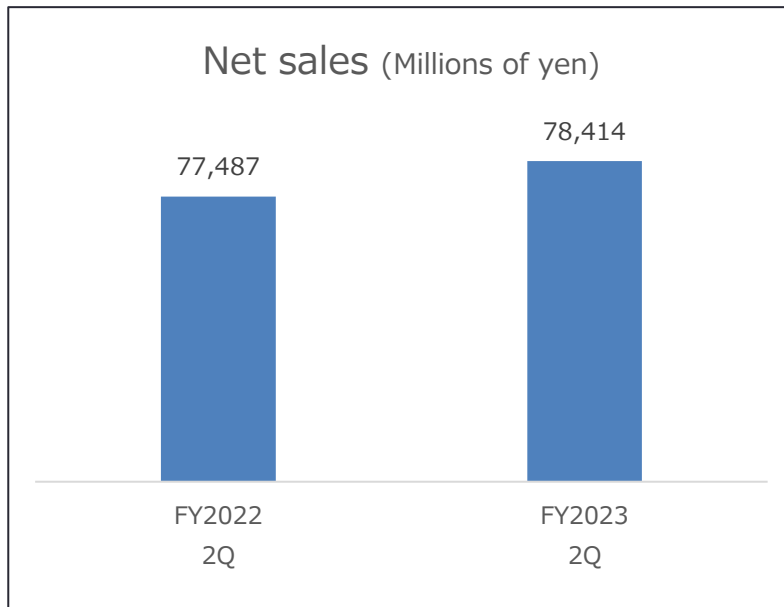
Millions of yen

FY2023 2Q OP (y/y)



1-5. FY2023 2Q Wireless & Comms

Wireless & Comms: Increase in sales and decrease in profits



■ Solutions and Specialized Equipment: **Increase in sales and profits**

Prefectural and municipal disaster prevention systems and aeronautical and meteorological systems, which had large projects in the same period of the previous year, saw declines. Budget shifted from the radio and telecommunications field to camera monitoring, and construction schedules were postponed for dam management equipment and water and river information systems that monitor water levels and rainfall in rivers, and demand for renewal has run its course.

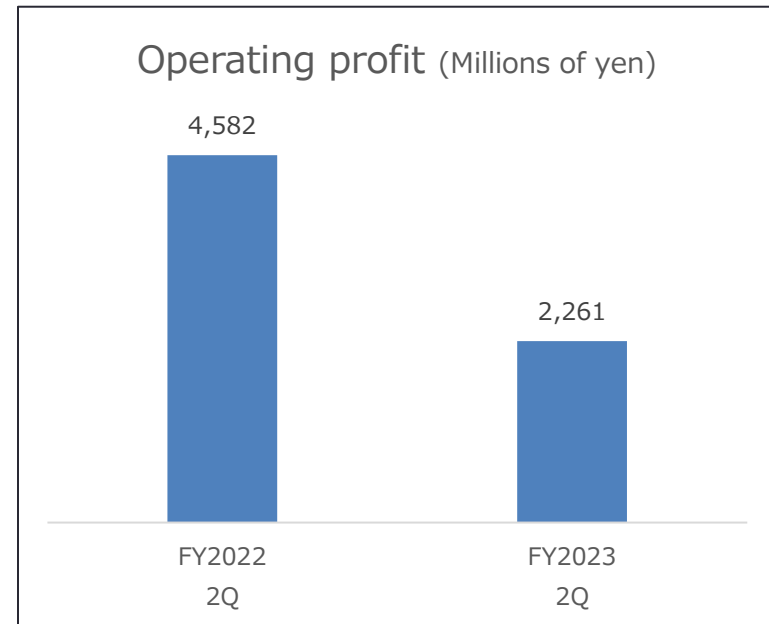
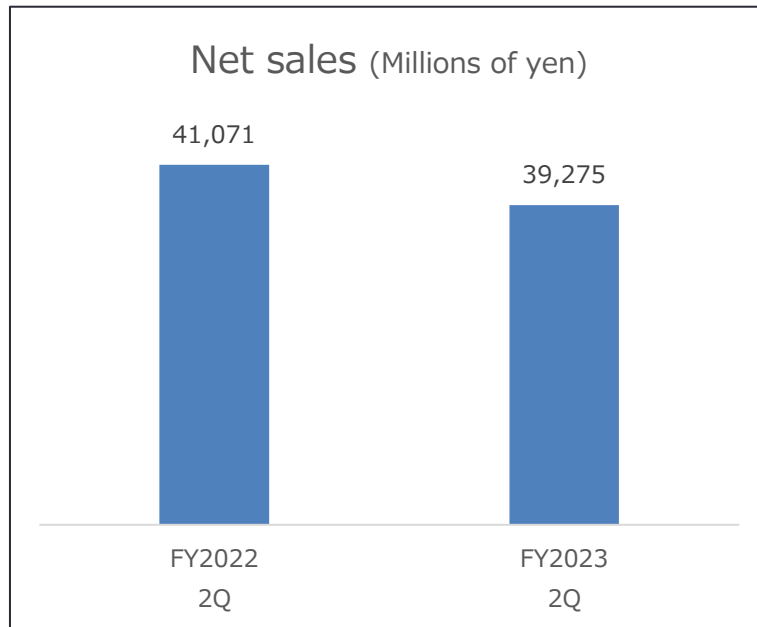
■ Marine Systems: **Increase in sales and profits**

Sales of equipment for newly built merchant vessels and workboats for the European river market were strong.

⇒ The change in the product mix of solutions and special devices, where there were high-margin projects in the previous fiscal year, resulted in higher sales and lower profits for the wireless and communications business as a whole.

1-6. FY2023 2Q Micro Devices

Micro Devices: **Decrease in sales and profits**



■ Electronic Devices Business: **Decrease in sales and profits**

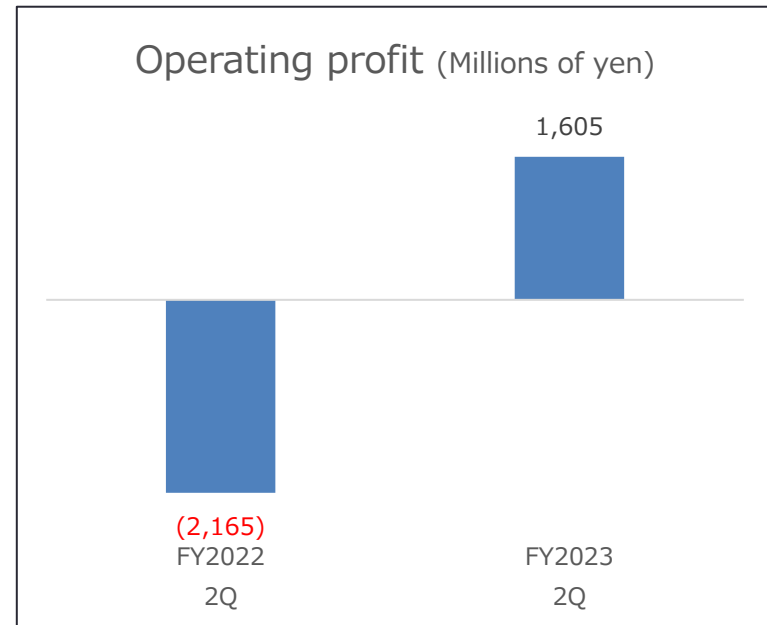
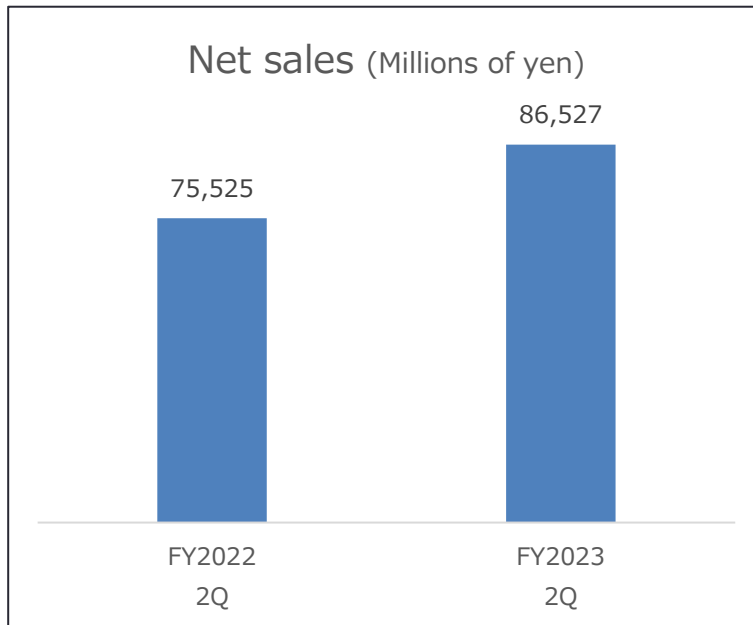
- Consumer (Smartphones and PC): Due to delayed market recovery, sales to China and other Asian markets slowed down significantly. The utilization ratio was lowered and unshipped inventories were eliminated.
- Industrial equipment: Sales for smartphone and semiconductor equipment were sluggish, but investment in robots and other products were increased.
- Automotive (power supplies for EV, sensors): Steady growth and price pass-through also contributed.

■ Microwave business: **Decrease in sales and profits**

Sensor-related products remained steady. Sales of radar component-related products such as OEMs for ships and replacement products were weak.

1-7. FY2023 2Q Brakes

Brakes: **Increase in sales and return to profit**



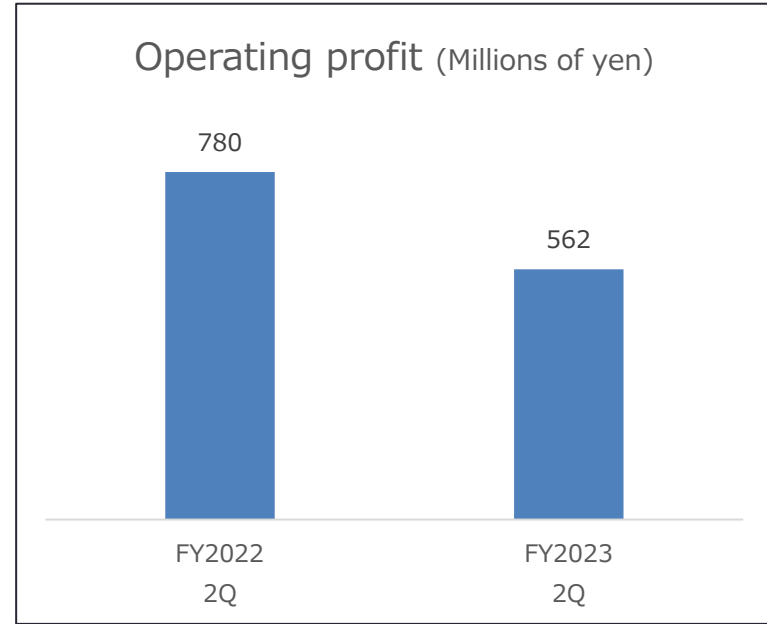
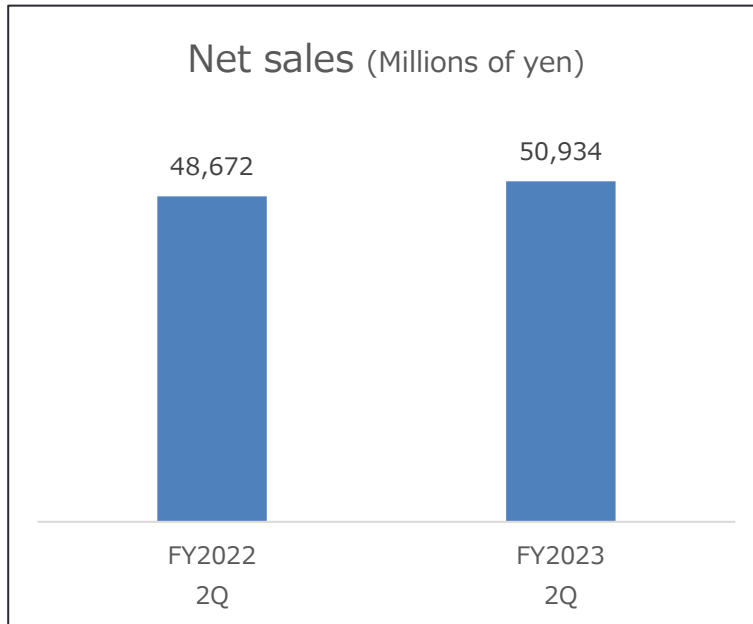
■ **Nisshinbo Brake: Increase in sales and decrease in profits**

Sales increased in Japan, the U.S., Korea, and China due to recovery of automobile production. Profit decreased due to higher raw material prices that exceeded price pass-through.

■ **TMD : Increase in sales and return to profit**

In addition to strong orders for aftermarket products, the weak yen also contributed.

Others (Precision & Instruments, Chemicals, Textiles)



■ **Precision & Instruments: Increase in sales and return to profit**

Orders for automotive EBS (electronic brake system) parts were strong in the precision parts business.

■ **Chemicals: Decrease in sales and profits**

Decrease in orders for fuel cell separators for stationary applications overseas and in orders for water-based cross-linking agents for functional chemicals (Carbodilite).

■ **Textiles: Increase in revenue, profit/loss on a par with the previous year**

Sales of super form-stable products such as APOLLOCOT were strong.

2. FY2023 2Q Topics

Acquisition of Hitachi Kokusai Electric shares

(Announced on May 31, 2023. Date of execution of the share acquisition has not yet been determined)

Purpose of Share Acquisition

1. Strengthen the earnings base of the solutions business
⇒ Accelerate growth strategy
2. Expand device lineup
⇒ Expand business areas, including for private companies

Growth Strategy

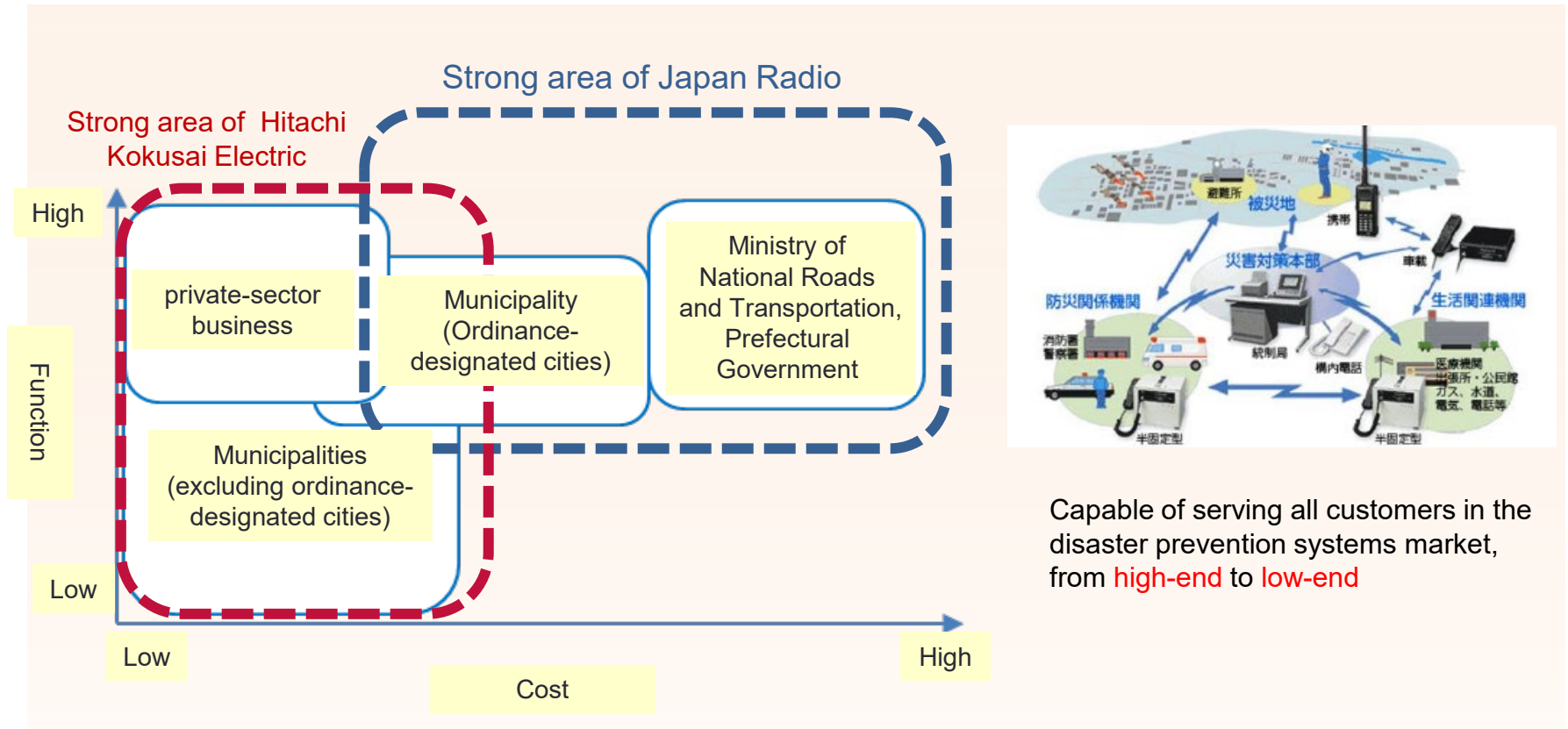
- (1) Social Solutions: Sophisticated Disaster Prevention Systems
 - (2) Industrial Solutions: Increasing Customer Value by Promoting DX
3. Leveraging Hitachi Kokusai Electric's technologies and resources to create synergies

Acquisition of Hitachi Kokusai Electric shares

Strengthening the competitiveness of the mainstay public sector demand business

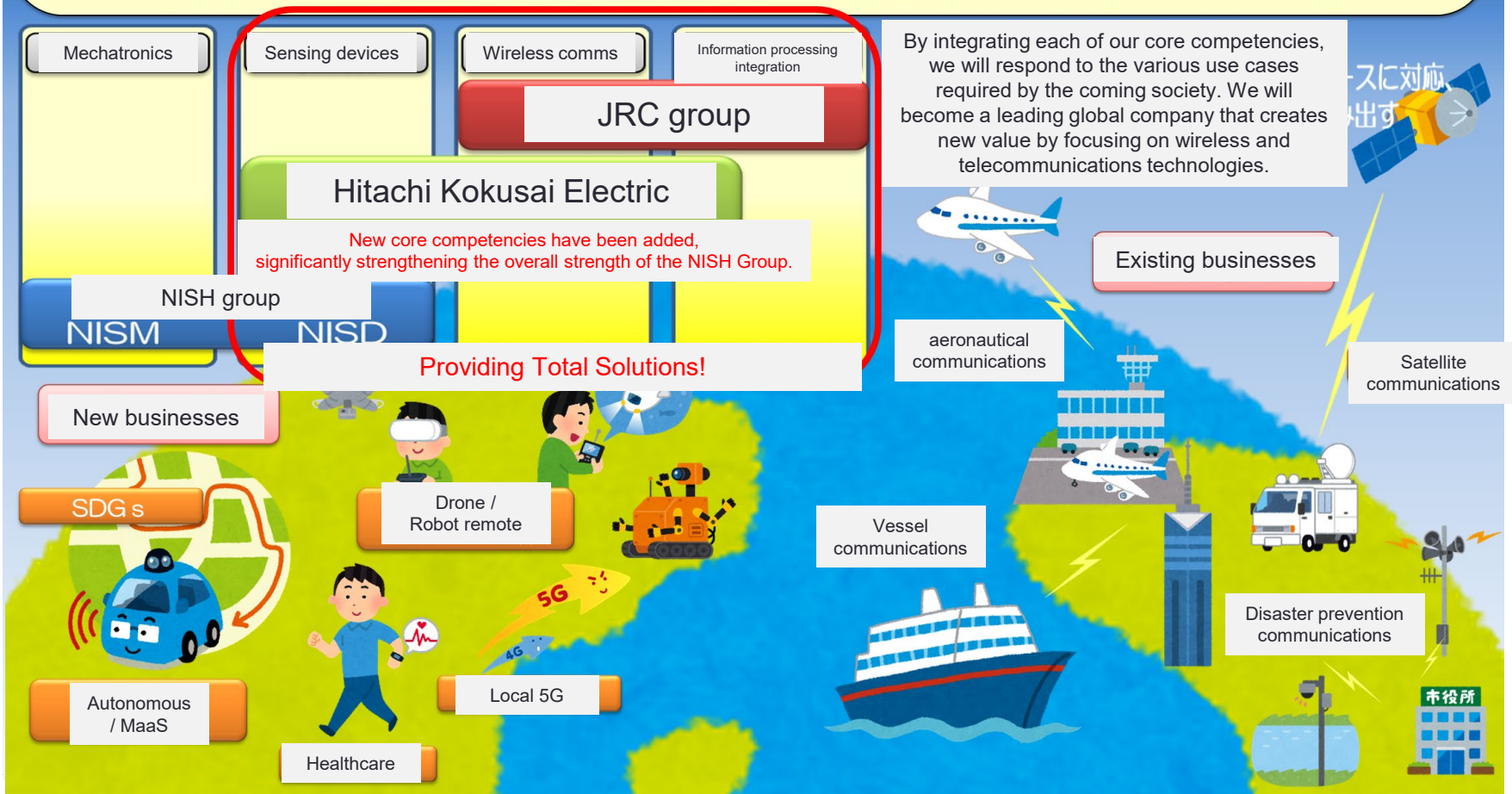


Market acquisition (expansion)



Acquisition of Hitachi Kokusai Electric shares

- The addition of Hitachi Kokusai Electric will improve the collective strength of the Nisshinbo Group
- Increase the value of solutions provided by our strengths in video technology + AI processing



Established JV in India for manufacturing and sales of major EBS components

Established a joint venture company in India in September 2022 to manufacture and sell key components of EBS (Electronic Brake System) for automobiles.

Plant completed in June 2023. Installation of production facilities completed.



A strategic move to expand business in the Indian market, where automobile and motorcycle production and EBS penetration are expected to rise.

EBS: A generic name for systems that have evolved in stages from ABS to control steering, braking, and engine output at each wheel, and to detect vehicle skidding.



Company Name: Nisshinbo Comprehensive Precision Machining (Gurgaon) Pvt. Ltd. (NCMG)

Location: Gurugram (formerly Gurgaon), Haryana State, India

Investment ratio: Nisshinbo Holdings 60.0% Continental 40.0%

Valve block, a key component of EBS

3. Financial results by segment

3-1. Financial results by segment (1)

Wireless and communications	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Marine systems	35,844	1,633	16,551	470	19,131	1,025	2,580	555	37,200	900
Solutions	68,989	3,227	39,617	4,689	36,441	2,970	-3,176	-1,719	73,100	3,500
ICT & Mechatronics	23,000	260	10,585	19	10,462	-187	-123	-206	25,600	600
Medical equipment	6,552	354	3,408	194	2,791	203	-617	9	7,600	400
Others	4,286	98	1,937	85	2,473	-267	536	-352	5,600	500
JRC Mobility	14,629	-593	6,776	-360	8,600	39	1,824	399	18,000	300
Eliminations	-2,908	-158	-1,389	-77	-1,486	-31	-97	46	-3,100	-200
Total	150,392	4,821	77,487	5,021	78,414	3,753	926	-1,267	164,000	6,000

Microdevices	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Total	85,329	8,947	41,071	4,582	39,275	2,261	-1,796	-2,321	95,000	8,600

Automobile Brakes	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
NISB	56,701	2,072	26,775	1,182	29,124	315	2,349	-867	66,400	2,500
TMD	104,058	-6,566	51,983	-3,160	60,033	986	8,050	4,146	108,600	0
Eliminations	-7,116	-170	-3,233	-187	-2,630	304	603	491	-6,000	0
Total	153,643	-4,664	75,525	-2,165	86,527	1,605	11,002	3,771	169,000	2,500

Precision Instruments	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Precision parts	16,259	158	7,013	-51	8,656	18	1,643	69	20,200	800
Molding products	41,871	1,465	19,809	406	19,914	439	105	33	40,200	1,400
Eliminations	-4,475	-847	-2,365	-431	-1,985	-33	380	398	-4,400	0
Total	53,655	776	24,457	-76	26,586	423	2,129	500	56,000	2,200

3-2. Financial results by segment (2)

Chemicals	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Environment and energy re	10,838	1,666	5,217	920	4,951	276	-266	-644	11,900	2,000
Others	2,138	515	1,000	243	942	175	-58	-68	2,400	600
Eliminations	-304	-1	-152	0	-122	0	30	0	-300	0
Total	12,673	2,181	6,065	1,163	5,774	452	-291	-710	14,000	2,600

Textiles	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Total	38,333	99	18,150	-307	18,574	-313	423	-5	39,000	900

Real Estate	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Total	11,178	8,719	8,721	7,277	8,744	7,089	22	-187	10,500	7,000

Other businesses, Corporate costs	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Total	10,879	-5,446	5,384	-2,531	5,470	-3,273	85	-741	9,500	-5,800

Segment Total	FY2022		FY2022 2Q		FY2023 2Q		Change		FY2023 FC	
	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.	Net sales	O. P.
Total	516,085	15,435	256,865	12,962	269,367	12,000	12,502	-962	557,000	24,000

NISH: Nisshinbo Holdings Inc.

Consolidated subsidiaries of NISH.

JRC: Japan Radio Co., Ltd.

NISD: Nisshinbo Micro Devices Inc.

NISB: Nisshinbo Brake Inc.

NISM: Nisshinbo Mechatronics Inc.

NISC: Nisshinbo Chemical Inc.

NIST: Nisshinbo Textile Inc.

(NJR: New Japan Radio Co., Ltd.)

(REDC: Ricoh Electronic Devices Co., Ltd.)

This document contains forecasts of performance and other projections based on information currently available and certain assumptions judged by Nisshinbo to be reasonable. Actual performance may materially differ from these projections as a result of changes in the economic environment and other risks and uncertainties.