

**Nisshinbo Holdings Inc.**

**Summary of Q&A Session at Financial Results Briefing for the Fiscal Year Ended December 31, 2022**

Summary by category of the main questions and answers from the financial results presentation for institutional investors held on February 10, 2023.

**Wireless and Communications Business**

Q1 With regard to the FY2010 results, you mentioned that some of the orders were carried over to FY2011; what is the amount of the impact? A Around 7 billion yen. The largest impact is from procurement of electronic components. However, it is unclear if all of this will be carried over to the current fiscal year, and some of it may disappear.

Q2 What is your view on the willingness of the Japanese government and large corporations to invest? Operating income for solutions and special machinery does not seem to be improving in spite of the increase in sales, but is this due to upfront investment? A The government is preparing a five-year roadmap for disaster prevention and mitigation and national land resilience. The results will not be available for a little while longer due to the costs involved in introducing new technologies. Also, at this time when a new core system is being introduced, we can see what will contribute to profits, albeit a little further down the road, by streamlining operations through digitalization and providing digitalization to customers.

Q3 Marine Systems is planning to increase sales and decrease profit, but for the same reason? A The sales mix is affected. While profit margins may not be high for large merchant vessels, high profitability can be expected for workboats and other items that increase the value of the work.

Q4 Since mobility is a consumer product, should we imagine that the increase in sales will be reflected in operating income? A That's right. Since we deal in mass-produced goods, profits will follow as the scale of the business expands.

**Micro Devices Business**

Q5 What is the status of your sales and profit plan for FY2023? A While consumer products were toned down in 2022, the company plans to increase sales in 2023 with a recovery in the second half of the year.

Q6 On a semi-annual basis, what is the pattern between last year and this year? A Last year, sales increased more in the second half of the year than in the first half due to price hikes and other factors, while profits increased less in the second half of the year than in the first half due to the impact of material costs. This trend will continue, which means that in the first half of this year, sales will increase but profits will not increase. In the second half of the year, there will be a recovery in the consumer market, especially for Chinese smartphones, and we expect an increase in both sales and profits. Last year, there was a slight shortage of production capacity in the back-end process, and the backlog of orders for late deliveries also ballooned a bit. This year, we will make allowances for this, so we expect an increase in volume compared to last year.

- Q7 What is the situation for automotive applications? A We expect the boom to continue as it did last year as the shift to EVs continues, but the production volume will not change significantly. Sales of automotive applications, which accounted for less than 30% of total sales last year, are expected to exceed 30% of total sales this year.

#### Automobile brakes

- Q8 Regarding the results for FY2022, you mentioned that some of the effects of the price pass-through were carried over to FY2023; what is the amount of the impact? A The cost of raw materials and fuel has increased by about 11 billion yen in TMD, and we were able to pass on about 8 billion yen in the last fiscal year, with the remaining 3 billion yen being passed on to the current fiscal year. Due to agreements with customers, some of the effects will not be seen immediately, but will become apparent in the current fiscal year. The effects have already been seen, and TMD became profitable in January.

- Q9 You mentioned that you proceeded with the restructuring of TMD, but how much of this occurred in FY22? A The company has been closing its French plant and consolidating its bases in Germany, but most of the losses have already been recorded, amounting to about 1 billion yen for the last fiscal year. The above-mentioned untransferred price of 3 billion yen, restructuring costs of 1 billion yen, and the loss of business in Russia amounted to 2 billion yen, for a total of 6 billion yen in losses.

- Q10 Is it correct to understand that TMD has recorded an extraordinary loss on provision of allowance for doubtful accounts for affiliates on a non-consolidated basis, but that there is no impact on business continuity at all? A The company's deficit in FY2022 has deepened its insolvency, and an additional allowance for doubtful accounts was recorded. Holdings is providing financial support, so TMD's operations have not been affected. TMD's insolvency will not be a problem in the short term, but the starting point for mid- to long-term improvement is to first rebuild operations and secure a surplus.

#### Chemicals Business

- Q11 What are the demand trends for fuel cell bipolar plates and Carbodillite? A Demand for fuel cell bipolar plates is rising steadily, and we are now in the phase of building a new plant. We need to determine whether the new plant, which will be completed at the end of 2024, will reach full capacity in 2025 or 2026, and make an investment decision for the next leap forward in the next year or so. Demand for Carbodillite has been increasing, but last year, orders to Europe dropped a little due to deteriorating market conditions. We are getting orders again to replace them, so we expect a stable increase.

#### Others

- Q12 There has been some discussion regarding stocks in the prime market with P/B ratios below 1x, what are your thoughts? A P/B ratio below 1x is a problem. We will continue our steady activities of properly reporting business results, drawing up strategies, and appealing to the public through solid IR activities.