

**Nisshinbo Holdings Inc.**

**Summary of Q&A Session at 2Q Financial Results Briefing for the Fiscal Year Ended December 31, 2023**

Summary by category of the main questions and answers from the financial results presentation for institutional investors held on August 8, 2023.

**Wireless and Communications Business**

**Q1** The execution date for the acquisition of Hitachi Kokusai Electric shares has not yet been determined, but since it was not factored into the earnings forecast in the first place, can we understand that it is not a factor in the downward revision?

**A** The impact on Hitachi Kokusai Electric's PL, etc. was not originally considered for this fiscal year. If the closing were to take place at the end of July, we would have been able to start taking in the new shares from the 3Q, but the antitrust examination is taking time, and if the closing is delayed to August, we would have to start taking in the new shares from the 4Q, which would not have a significant impact.

**Q2** Progress in wireless and telecommunications has been quite slow, but how do you plan to regain it?

**A** Marine is doing well and has a large backlog of orders. If we can secure electronic components, we will ship them and make a profit, so we will work hard for the next six months.  
We will also promote general cost reductions, such as reducing outsourcing costs by bringing design and R&D in-house.

**Micro Devices Business**

**Q3** Comparing the 1Q and 2Q of this fiscal year, what were the reasons for the increase in sales and significant decrease in profit? What is your outlook for the second half of the fiscal year?

**A** The factors are soaring component prices and a weak outlook for the end of the year, which has led to a reduction in factory operations. The impact of the sharp rise in component prices is not so great in the electronic devices business, but it is having an effect in the microwave business.  
Regarding the outlook for the future, the major uncertainty is that we cannot see clearly what is going on in China, but there has been a slight recovery, mainly in the smartphone-related sector, and we expect it.

**Q4** Are production cuts still continuing or can we expect a rapid return when demand returns?

**A** Production cuts are still continuing.  
We have three fields of business: automotive, industrial, and consumer. The consumer sector, which has the largest volume, will have the greatest impact on our production. We are still trying to find the right timing to start increasing production, as the economy, mainly in China, has not recovered significantly. We have increased our production capacity, so we have a system in place that can withstand a rapid increase in production.

**Q5** Explain the situation for automotive and industrial equipment with a higher resolution.

**A** Sales for automotive parts are generally firm and the numbers are close to the plan. Since China has reintroduced its preferential policies, which were suspended at the end of last year, we expect the number of orders to increase toward the end of the year. However, since automotive orders are for the medium- to long-term, such as shipments two years after receiving an order, we do not expect this to have a significant impact on production.  
As for industrial machinery, we expect semiconductor equipment and other sectors to continue weakening, but FA and robot-related sectors are very strong in some areas, so the market is speckled, and we expect this to continue for a while longer.

**Q6** In the semiconductor industry, interest in back-end processing is growing. How do you see this as a business opportunity?

**A** As you pointed out, our future competitiveness lies in back-end processes, so we are preparing to respond to new mounting technologies and composite packages.

### Automobile brakes

- Q7 You mentioned that price pass-on has been delayed in regions other than Europe, but how do you expect Nisshinbo Brake to progress in the future?  
Since TMD is focused on the after-market, I think it has been relatively easy to pass on prices. How do you see the second half of the year and beyond?
- A Price negotiations have been ongoing since last year in Japan and the U.S., our main markets, and we will continue to make efforts. Especially in the U.S., production volume has not returned to the planned level and has remained at a negative level of about 20% for a long time. We are still waiting for 2-3 years for the best-selling cars, and we expect that it will take until next year for the volume to recover.  
TMD is making steady progress in price shift not only in the aftermarket but also in OEM products.
- Q8 What about Nisshinbo Brake? If the price pass-through progresses only gradually, we will have to make severe forecasts for the second half of the year and the next fiscal year.
- A In addition to high raw material and fuel prices, labor costs are high, especially in the US. We need to devise ways to negotiate. However, we do not believe that we can have such high expectations as TMD.

### Chemicals Business

- Q9 I understand that the bipolar plates for fuel cells and carbodilite have been delayed due to customer circumstances. I would appreciate a more detailed explanation,
- A Market conditions in Europe are poor and delivery dates have been postponed. Orders have not stopped.  
We have been asked to wait a little longer for the installation of bipolar plates for stationary use, as the installation has not progressed.  
The customer's inventory of Carbodilite has not been cleared, and new orders that were scheduled for the first half of the year have been pushed back to the second half of the year because the customer is unable to arrange other parts and materials in time.