

Summary of Financial Results: First Half of FY2022

November 8, 2022

1. FY2022 Q2 Financial Overview

2. FY2022 Full-year Forecast

3. Mid-term plan forecast

Q2 Overview

- Although there was an impact of reduced automobile production and increased expenses in 1H, **Nifco achieved OP Margin of 10.3%** thanks to **an increase in installed value per vehicle** and thorough control of fixed cost

FY2022 Full-year Forecast

- Exchange rate assumptions have been revised, but full-year results remain unchanged
- **Increased expenses and delayed recovery of automobile production are expected,** but focus on unit price review
- Dividend forecast for this fiscal year **remains unchanged (62 yen/share)**

Mid-term Plan

- Maintain quantitative MTP target (FY2024)

1. FY2022 Q2 Financial Overview

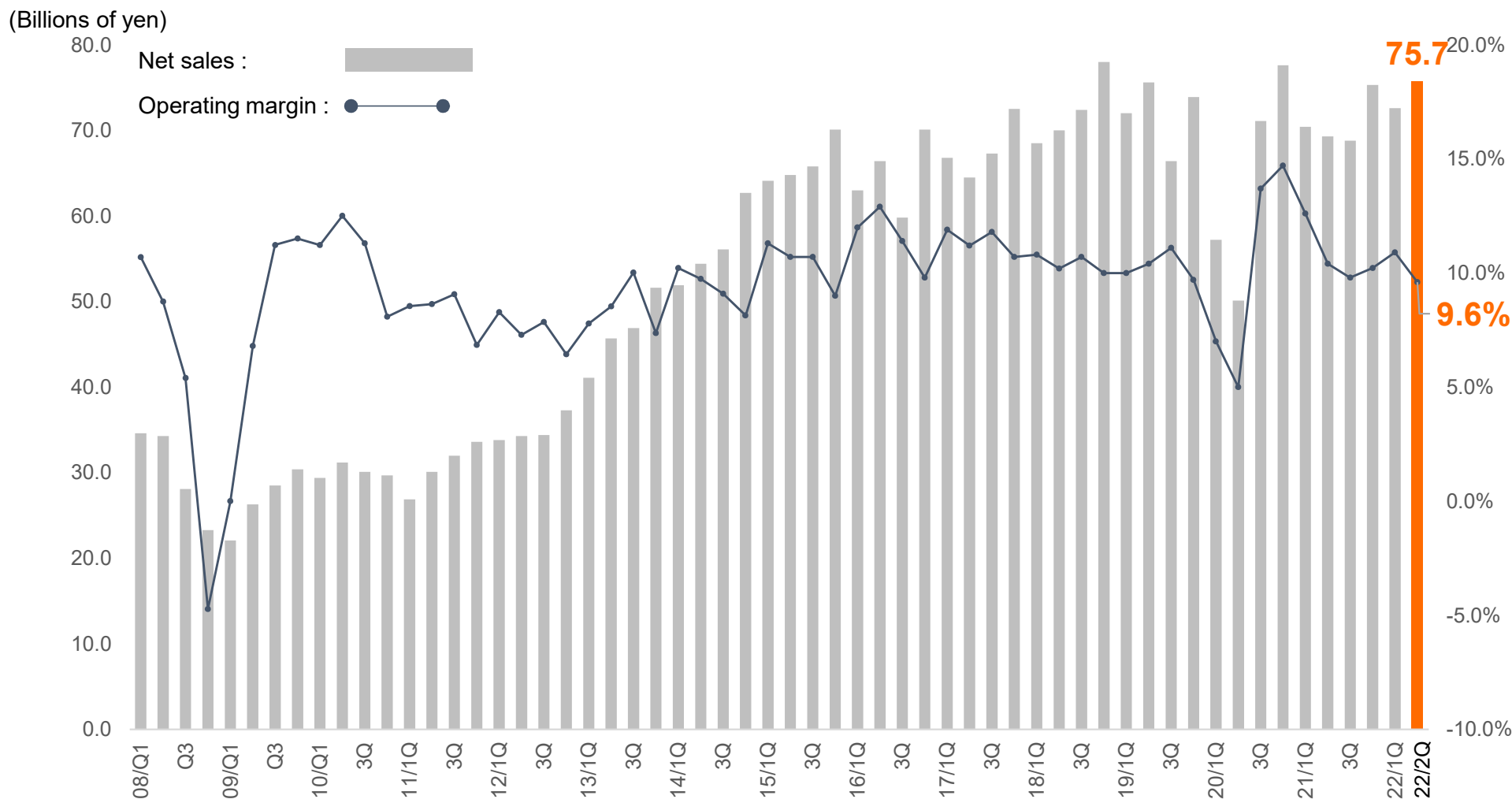
2. FY2022 Full-year Forecast

3. Mid-term Plan Forecast

1. Financial Highlights

Secured almost double-digit OP margin despite the severe business environment

- Net sales remained at high level partly due to yen depreciation
- Secured almost double-digit OP margin despite inflation, delayed production recovery, etc. Remained profitability



2. Overview of FY2022 Q2 Consolidated

Achieved year-on-year increase in revenue and profit

- Increase in net sales (yoy +9.3%) and OP (yoy +1.5%) due to yen depreciation, strong performance of Korean business, etc.
- QoQ, net sales increased (+4.2%), but OP decreased (-7.5%) due to overall cost increase

(JPY)	FY2021	FY2022		
	Q2	Q1	Q2	YoY
Net Sales	69.3bn	72.6bn	75.7bn	+9.3%
Operating profit	7.2bn	7.9bn	7.3bn	+1.5%
OP margin	10.4%	10.9%	9.6%	-0.8%pts
Net income ¹⁾	5.8bn	8bn	5.8bn	+0.3%
EPS	57.07yen	80.22yen	57.90yen	+1.4%
FX rates	1USD=JPY107.8 1EUR=JPY129.9	1USD=JPY116.3 1EUR=JPY130.4	1USD=JPY123.1 1EUR=JPY134.4	1USD=JPY+15.3 1EUR=JPY+4.5

3. Overview of FY2022 1H Consolidated

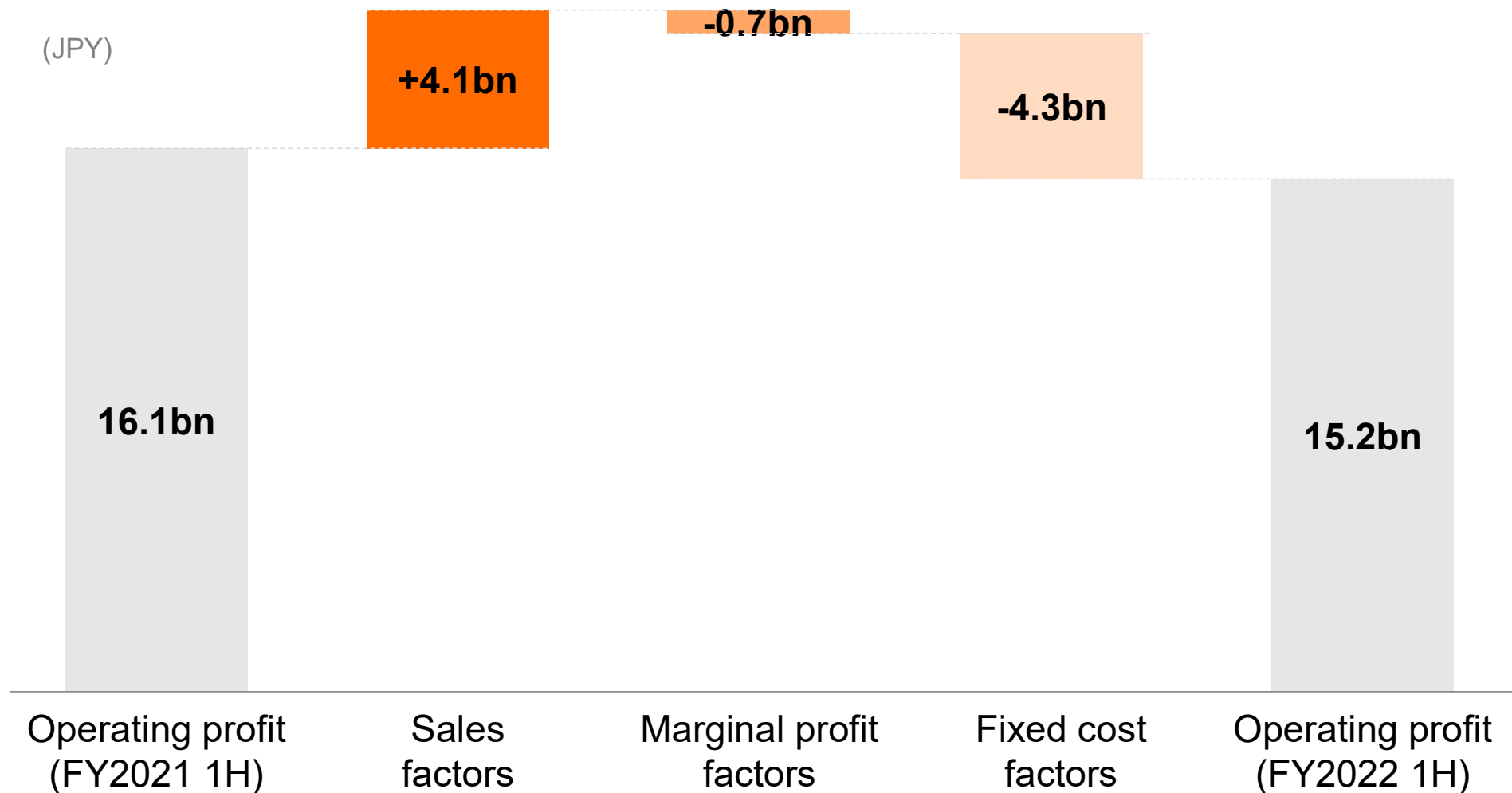
Sales and OP increased yoy. OP margin is solid at 10.3%

- Although net sales increased YoY due to yen depreciation and strong business in Korea, OP decreased due to higher costs caused by inflation (raw material and labor costs, etc.)
- However, profit margin remained in double digits

(JPY)	FY2020	FY2021	FY2022	
	1H	1H	1H	YoY
Net Sales	107.5bn	139.7bn	148.4bn	+6.2%
Operating profit	6.5bn	16.1bn	15.2bn	-5.3%
OP margin	6.0%	11.5%	10.3%	-1.2%pts
Net income ¹⁾	3.1bn	11.9bn	13.8bn	+16.4%
EPS	30.85yen	117.19yen	138.10yen	+17.8%
FX rates	1USD=JPY108.2 1EUR=JPY119.3	1USD=JPY107.8 1EUR=JPY129.9	1USD=JPY123.1 1EUR=JPY134.4	1USD=-JPY+15.3 1EUR=JPY+4.5

Operating Profit Analysis

- Increase in net sales due to yen depreciation, strong performance in Korea, and increase in installed value per a vehicle led to increase in operating profit
- Fixed costs such as labor costs increased due to production recovery, but are appropriately controlled within the budget



5. FY2022 1H by Segment (Net Sales)¹⁾

Achieved increase in net sales in all regions except Europe

- China was impacted by lockdown, but the subsequent recovery was strong, resulting in a YoY sales increase
- European market is uncertain and sales declined slightly YoY.

(JPY)	FY2021 (1H)	FY2022 (1H)	YoY	Note
Consolidated	139.7bn	148.4bn	+6.2%	
Plastics	126.1bn	133.3bn	+5.6%	
Japan	35.2bn	35.7bn	+1.4%	
North America	30.1bn	32.7bn	+8.8%	Solid demand
Europe	18.7bn	18.4bn	-1.4%	Uncertainty in terms of demand
Asia	42.2bn	46.4bn	+10.1%	Remained strong in Korea business
China	13.6bn	14.9bn	+9.6%	Strong recovery in demand after lockdown
Bed	13.5bn	15.1bn	+11.6%	Remained strong in bed business
Japan	7.5bn	8.3bn	+10.7%	
Asia	6bn	6.8bn	+12.6%	

6. FY2022 1H by Segment (Operating Profit)¹⁾

Strong in Asia and bed, but OP decreased YoY due to slow recovery in Europe and US

- Despite cost hikes, Asia and bed are well-managed, resulting higher OP with high profitability
- Profitability in Europe and US declined YoY due to a slow recovery, and profitability remained low.

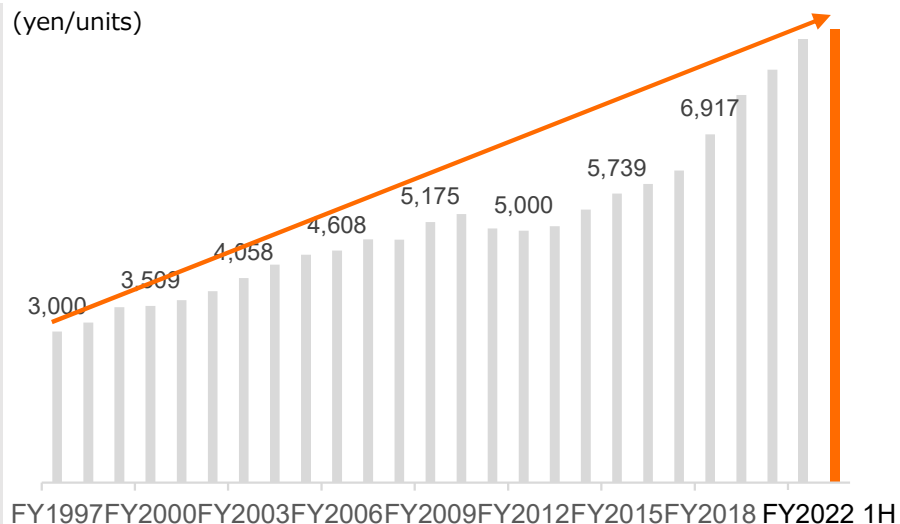
(JPY)	FY2021 (1H)	FY2022 (1H)	YoY	Note
Consolidated	16.1bn (11.5%)	15.2bn (10.3%)	-5.3%	
Plastics	16.2bn (12.9%)	15.1bn (11.4%)	-6.7%	
Japan	5.7bn (16.3%)	5.3bn (14.8%)	-7.6%	
North America	1.2bn (4.0%)	0.9bn (2.8%)	-22.0%	Quality issues at a plant
Europe	1.4bn (7.7%)	0.6bn (3.4%)	-56.0%	Increase in electricity and other energy costs
Asia	7.9bn (18.7%)	8.3bn (17.9%)	+5.4%	
China	2.2bn (16.5%)	2.5bn (16.6%)	+9.9%	Strong recovery after lockdown and OP margin maintained
Bed	2.4bn (17.6%)	2.5bn (16.4%)	+4.3%	Maintained high profitability despite the impact of cost increases
Japan	1.1bn (14.1%)	1.1bn (13.6%)	+6.5%	
Asia	1.3bn (21.8%)	1.3bn (19.9%)	+2.4%	

7. Customer base (average installed value per vehicle and customer mix)

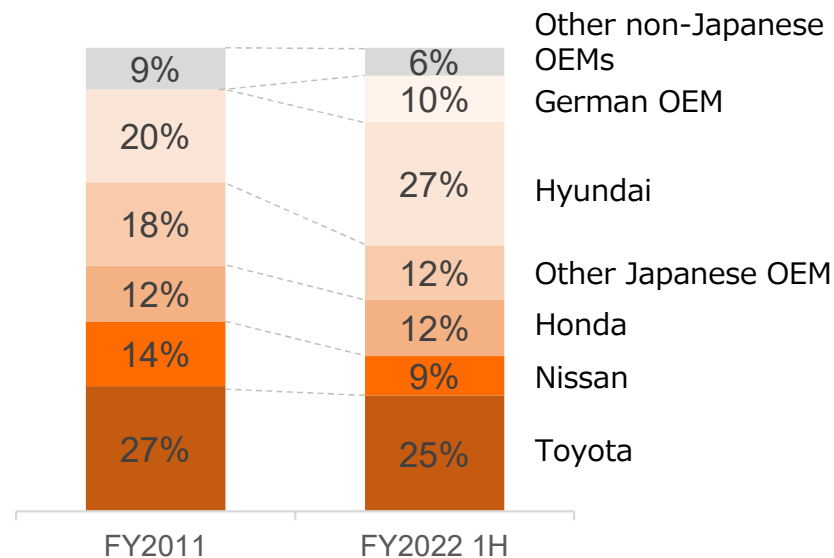
Installed value per vehicle increased and customer diversification progressed

- Nifco has a wide range of customers including Japanese, Korean and European OEMs, and the average installed value keeps increasing in FY2022 1H
- MP margin is in the upper 40% range, but recently decreased due to material cost increase

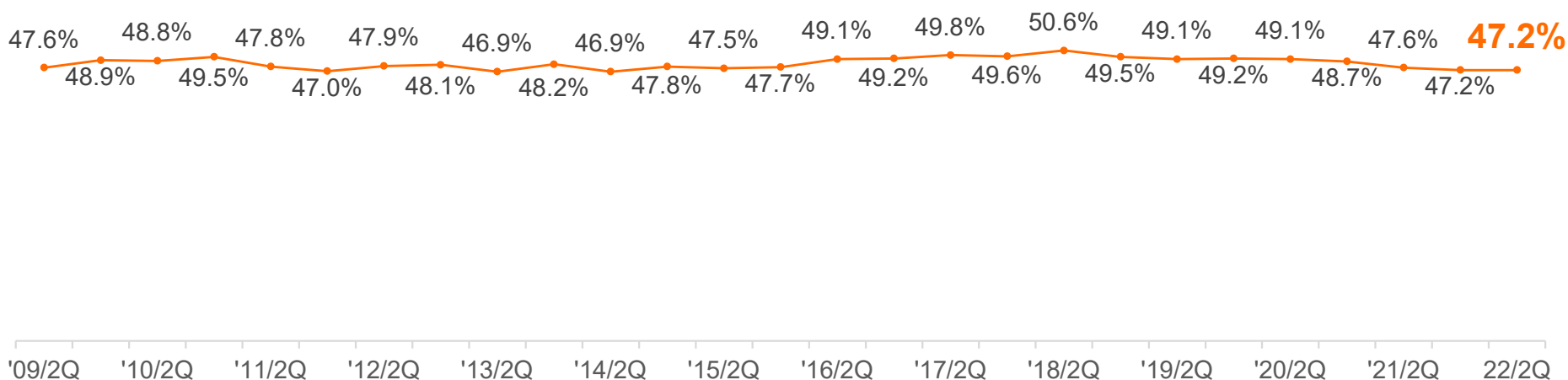
Average installed value per vehicle (Japan)



Customer mix (global)



Marginal profit ratio



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Revised Foreign Exchange Rate Assumptions

- Revised FY2022 foreign exchange rate considering exchange rate trends (128yen/USD, 136 yen/EUR)
- Trends in production recovery and progress in price negotiations are considered

		Previous (August)		Current		
		Period covered	Assumptions	Period covered	Assumptions	
Japan	Demand	2022/7 ~2023/3		2022/10 ~2023/3		• Watch for impact of supply chain issues on production recovery
	Supply					• Inflation is expected to continue
Over-seas	Demand	2022/4 ~2022/12		2022/7 ~2022/12		• Watch for impact of supply chain issues on production recovery
	Supply					• Inflation is expected to continue
FX Rate			123 yen/USD 134 yen/EUR		128yen/USD 136yen/EUR	• +5yen/USD • +2yen/EUR

9. FY2022 Forecast

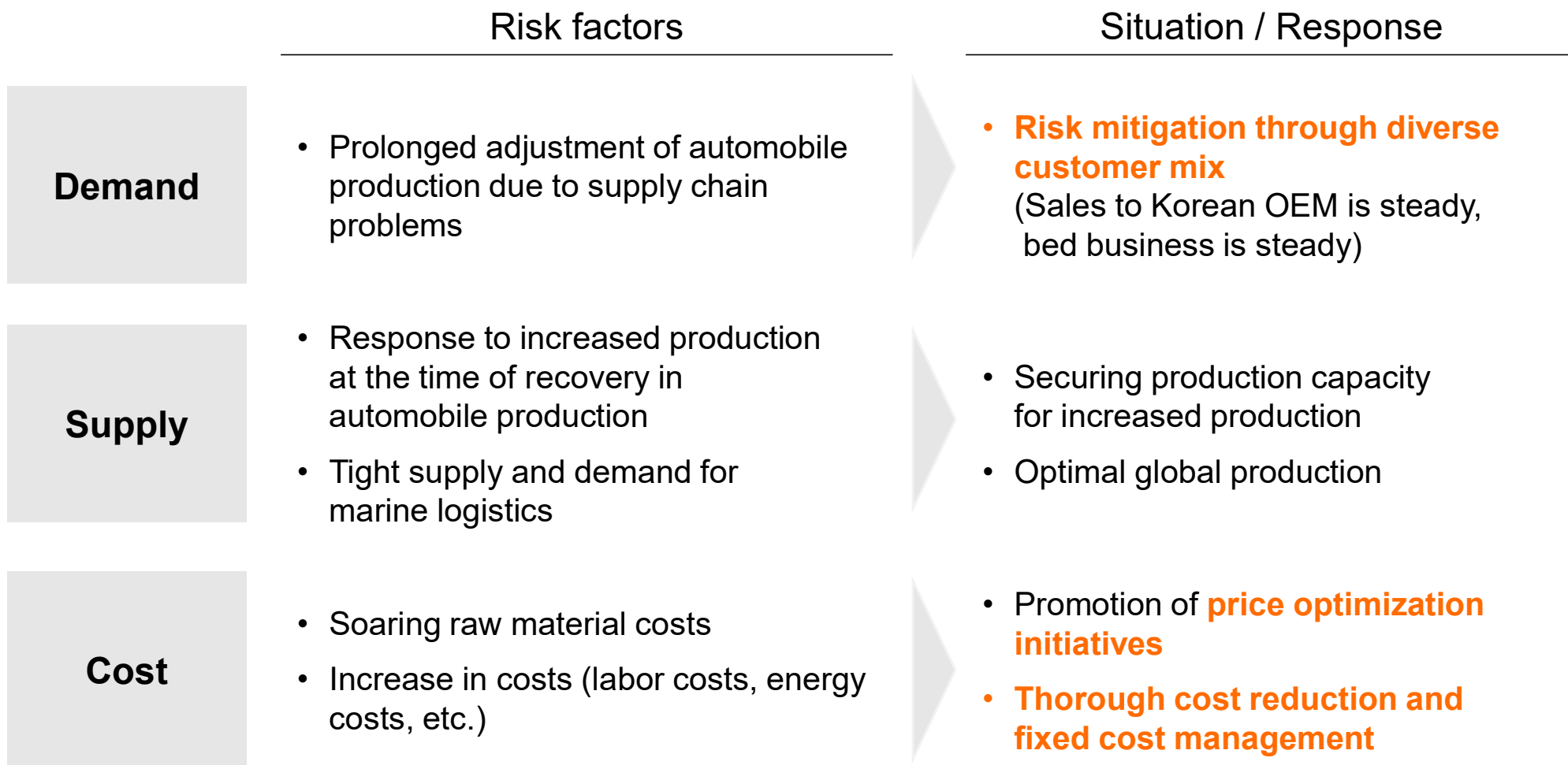
No change in forecasts for FY2022

- Although FY2022 foreign exchange assumptions have been revised, full-year forecasts remain unchanged (1USD=JPY128, 1EUR=JPY136)

(JPY)	FY2021	FY2022		
	1H	1H	Full-Year Forecasts	Achievement rate
Net Sales	139.7bn	148.4bn	305bn	48.7%
Operating profit	16.1bn	15.2bn	31.5bn	48.3%
OP Margin	11.5%	10.2%	10.3%	–
Recurring Profit	17bn	20.3bn	30.5bn	66.7%
Net Income¹⁾	11.9bn	13.8bn	20bn	69.2%
EPS²⁾	117.19yen	138.10yen	199.66yen	69.1%

Solid customer base and prompt response to supply issues and cost increases

- Thoroughly implement measures such as fixed cost management to deal with uncertainties in the business environment, including automobile production trends and raw material costs.
- Risk mitigation in consolidated group through strong bed business



11. CAPEX and Depreciation

CAPEX was restrained vs the plan, but remained at the same level as FY2021 1H

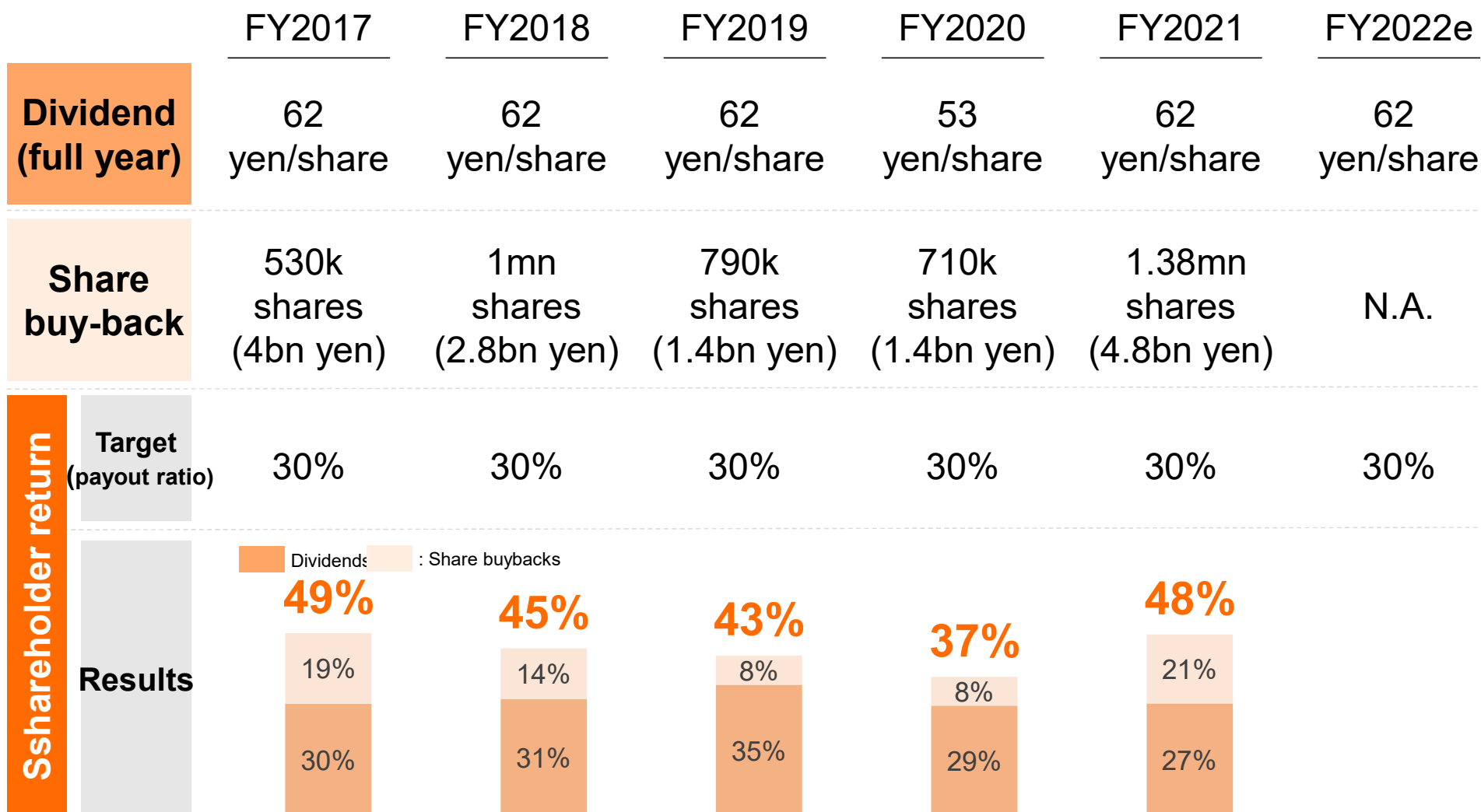
- Due to sluggish performance in Europe and US, operating CF and free CF decreased yoy
- Continued emphasis on cashflow-oriented management

(JPY)	FY2021(1H)	FY2022(1H)	Change	Plan (FY2022)
CAPEX	4.1bn	4bn	-0.1bn	13.1bn
Depreciation	6.2bn	6.6bn	+0.4bn	13bn
R&D	1.3bn	1.8bn	+0.5bn	2.8bn
Operating CF	18.9bn	15.6bn	-3.3bn	38.4bn
Investment CF	-5.4bn	-7.4bn	-2bn	-13.1bn
Free CF	13.5bn	8.2bn	-5.3bn	25.3bn
Financial CF	-7.3bn	-5bn	-2.3bn	-14.7bn
Cash equivalent balance	104.2bn	120.5bn	+16.3bn	119.9bn

12. Shareholder returns

Total payout ratio exceeding 30% through dividends and share buybacks

- We commit dividend payout ratio of 30% and pays stable dividends.
- In addition, in recent years, we have achieved continuous total payout ratio which is over dividend payout ratio by flexible share buybacks



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Maintain quantitative mid-term plan targets in FY2023




- Sales activities of automotive parts for FY2023 models progressed as expected
- In the bed business, strong demand for high quality mattresses in China and Southeast Asia

Outlook for FY2022 and beyond

Mid-term targets (FY2024)

(JPY)

Automobile

-  **Normalization of automobile production**
-  Continued increase in demand for lightweight, safety-related plastic products
-  Supply chain problems caused by Covid, etc.

Bed

-  **Strong demand in China and Southeast Asia**
-  Increased demand for high quality mattresses
-  Trend of consumption from staying at home due to Covid, trends for hotel demand

Sales

330bn

Operating profit

38bn

OP margin

11.5%

Net income

26.5bn



Forward - looking statements or projections included in this document, including earnings projections, are based on currently available information and certain premises that are judged to be rational at the time of this writing. Actual results may differ greatly from the forecast figures depending on various factors.