



**Consolidated Financial Results
for the Six Months Ended June 30, 2020
[IFRS]**

August 6, 2020

Company name: Nissha Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 7915

URL: <https://www.nissha.com/english>

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Scheduled date of filing quarterly securities report: August 7, 2020

Scheduled date of commencing dividend payments: September 1, 2020

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (conference call for institutional investors)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended June 30, 2020 (January 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results (cumulative)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2020	77,164	3.7	(1,242)	—	(1,151)	—	(243)	—	(245)	—	(1,435)	—
Six months ended June 30, 2019	74,408	—	(6,351)	—	(6,726)	—	(7,083)	—	(6,799)	—	(6,544)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2020	(4.91)	(4.91)
Six months ended June 30, 2019	(136.23)	(136.23)

(Notes)

- The Company has applied the International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2019. Therefore, figures indicating changes from the previous corresponding period for the six months ended June 30, 2019 are not provided.
- The account name that was shown as “Revenue” in the consolidated financial results for the fiscal year ended December 31, 2019 has been changed to “Net sales”. There is no change in the usage of the account title.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of June 30, 2020	183,420	72,619	72,621	39.6
As of December 31, 2019	186,762	75,002	75,006	40.2

(Note) The Company finalized the provisional accounting treatment pertaining to business combinations in the second quarter ended June 30, 2020, and reflected the details of the finalization of the provisional accounting treatment on figures related to the fiscal year ended December 31, 2019.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	—	15.00	—	20.00	35.00
Fiscal year ending December 31, 2020	—	15.00			
Fiscal year ending December 31, 2020 (Forecast)			—	15.00	30.00

(Notes)

1. Revision of cash dividend forecast: Yes
2. Breakdown of the year-end dividend for the fiscal year ended December 31, 2019: Ordinary dividend of ¥15 and commemorative dividend of ¥5 in recognition of the 90th anniversary of the Company's foundation

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	166,000	(4.6)	1,500	—	1,200	—	1,300	—	26.02

(Note) Revision of consolidated financial results forecast: Yes

Notes:

(1) Changes in significant subsidiaries during the period under review: No

(Changes in specified subsidiaries resulting in changes in scope of consolidation):

New: – (), Exclusion: – ()

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: No

2) Any changes other than 1) above: No

3) Changes in accounting estimates: No

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

As of June 30, 2020	50,855,638 shares
As of December 31, 2019	50,855,638 shares

2) Total number of treasury shares at the end of the period:

As of June 30, 2020	886,248 shares
As of December 31, 2019	942,657 shares

3) Average number of shares during the period (cumulative total):

Six months ended June 30, 2020	49,937,352 shares
Six months ended June 30, 2019	49,912,497 shares

* This report on consolidated financial results is exempted from quarterly review by certified public accountant or auditing corporation.

* Explanation of the proper use of financial results forecast and other notes

The performance forecasts and other forward-looking statements contained in this report are based on information available to the Company on the date of this report's release and certain premises that the Company deems to be reasonable. Therefore, the Company has not prepared these descriptions with intent to commit to realize them. Actual results, etc. may differ from the forecasts, however, as a consequence of various factors in the future. For details on the premises of the performance forecasts of the Company and the points to note when using the performance forecasts, please see "1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation of consolidated operating results forecast and other forecast information" on page 5 of the appendix.

We are scheduled to hold a conference call for institutional investors on Thursday, August 6, 2020. Reference materials to be distributed at the conference call are scheduled to be posted on our website on that day, as well.

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1. Qualitative Information on Consolidated Financial Results for the Period under Review

The Company has disclosed the consolidated financial statements based on IFRS from the fiscal year ended December 31, 2019 and the current consolidated results are compared and analyzed with the previous corresponding results that are modified based on IFRS.

(1) Explanation of operating results

During the six months ended June 30, 2020, the global economy slowed down because of the spread of novel coronavirus disease (COVID-19) but there was a sign of recovery. The United States and European economies faced extremely difficult conditions as their economic activities were reduced following the measures taken to suspend business operations and restrict movements and immigration, but the economic activities gradually started to resume. The Chinese economy started to recover after its economic activities significantly diminished. The Japanese economy saw difficult conditions because of downward pressure on its economy, and even after the declaration of the state of emergency was lifted, there is only limited recovery.

The Group is currently operating the Sixth Medium-term Business Plan (three-year plan), centering on growth by reorganizing and optimizing its business portfolio. We have set the markets of mobility (automotive and transport equipment), medical devices and sustainable packaging materials as our focus markets, in addition to the mainstay consumer electronics (IT), and aim to develop well-balanced business bases and enhance our corporate value by implementing the global-based growth strategy. During the six months ended June 30, 2020, demand for mobility components in the Industrial Materials segment and instruments used in elective surgery and business media in the Medical Technologies segment decreased due to COVID-19. However, demand for consumer electronics (IT), game players and industrial equipment (logistics related) in the Devices segment stayed robust. We posted much-lower-than-expected operating loss partially due to an increase in product demand in the Devices segment and benefits from the cost reduction, while temporary expenses were recorded in relation to measures to strengthen profitability, among others.

As a result, regarding the financial results for the six months ended June 30, 2020, net sales were ¥77,164 million (an increase of 3.7% as compared to the same period of the previous year). Operating loss of ¥1,242 million (operating loss of ¥6,351 million in the same period of the previous year) was recorded. Loss attributable to owners of parent of ¥245 million (loss attributable to owners of parent of ¥6,799 million in the same period of the previous year) was recorded.

Following is an overview by business segment.

Industrial Materials

In the Industrial Materials segment, we mainly offer proprietary technologies that enable to create added value on the surfaces of various materials. IMD, IML, and IME, which facilitate simultaneous in-mold decoration, design and function adding of plastic products, are extensively adopted in mobility (automotive and transport equipment) components, home appliances, and smartphones in global markets. Also, our metallized paper, which unites the properties of metallic luster and printing friendliness, has the largest market share in the industry as sustainable packaging materials for beverages and foods on a global basis.

During the six months ended June 30, 2020, demand for mobility components in the field of decoration decreased due to COVID-19. In addition, demand was stagnant for metallized paper for commercial use, etc. in North American market. We posted lower-than-expected operating loss as product mix and productivity at factories were enhanced, while temporary expenses were recorded for measures to strengthen profitability.

As a result, segment sales for the six months ended June 30, 2020 were ¥22,413 million (a decrease of 3.7% as compared to the same period of the previous year). Segment loss (operating loss) of ¥727 million (segment loss (operating loss) of ¥1,375 million in the same period of the previous year) was recorded.

Devices

In the Devices segment, we produce components and module products that pursue precision and functionality. Our main products, film-based Touch Sensors are widely adopted mainly in smartphones, tablets, portable game players, industrial equipment (logistics related), mobility (automotive and transport equipment) components, etc. in global markets. In addition, we offer gas sensors that can detect gas conditions, along with other products.

During the six months ended June 30, 2020, demand for game players and industrial equipment (logistics related) in addition to our mainstay products for smartphones and tablets remained robust due to COVID-19. Operating profit turned positive partially due to an increase in product demand and benefits from cost reduction, while temporary expenses were recorded mainly for measures to strengthen profitability.

As a result, segment sales for the six months ended June 30, 2020 were ¥40,590 million (an increase of 15.0% as compared to the same period of the previous year). Segment profit (operating profit) was ¥1,116 million (segment loss (operating loss) of ¥4,556 million in the same period of the previous year).

Medical Technologies

The Medical Technologies segment is a business segment that offers high-quality and value-added products in medical devices and other related markets to contribute to healthy and affluent life. The segment provides contract manufacturing services (a business handling a series of processes ranging from product design and development to manufacture) for major medical device manufacturers on a global basis with products such as surgical instruments for minimal invasive treatments and medical wearable sensors used for a wide range of conditions, primarily heart disease. In addition to this, the segment currently manufactures and sells its own brand products to medical institutions.

During the six months ended June 30, 2020, while demand for medical electrodes and face shields increased due to COVID-19, demand for instruments used in elective surgery decreased. In addition, demand decreased mainly for business media targeting commercial facilities.

As a result, segment sales for the six months ended June 30, 2020 were ¥10,286 million (a decrease of 16.3% as compared to the same period of the previous year). Segment profit (operating profit) was ¥360 million (a decrease of 46.4% as compared to the same period of the previous year).

Information and Communication

In the Information and Communication segment, we focus on the fields such as publication printing and art solution, where we can make the most of our high-definition and high-quality tone reproduction capabilities, and also offer commercial printing and services related to sales promotion.

During the six months ended June 30, 2020, demand for commercial printing decreased due to COVID-19.

As a result, segment sales for the six months ended June 30, 2020 were ¥3,148 million (a decrease of 6.3% as compared to the same period of the previous year). Segment loss (operating loss) of ¥98 million (segment profit (operating profit) of ¥515 million in the same period of the previous year) was recorded.

(2) Explanation of financial position

The provisional accounting treatment pertaining to the business combination with Zonnebodo Pharmaceutical Co., Ltd. on November 25, 2019 was finalized in the second quarter ended June 30, 2020. Accordingly, previous year-end amounts used for the comparison and analysis of 1) Assets, liabilities and equity reflect the adjustment for the finalization of provisional accounting treatment.

1) Assets, liabilities and equity

Total assets at the end of the second quarter ended June 30, 2020 decreased by ¥3,342 million from the end of the previous year (the fiscal year ended December 31, 2019) to ¥183,420 million.

Current assets increased by ¥5,930 million from the end of the previous year to ¥84,306 million. This was mainly because a ¥6,521 million increase of cash and cash equivalents and a ¥4,649 million increase of inventories outweighed a ¥3,811 million decrease of trade and other receivables.

Non-current assets decreased by ¥9,272 million from the end of the previous year to ¥99,114 million. This was mainly because other financial assets decreased by ¥6,936 million mainly due to a change in fair value and sale of financial assets measured at fair value through other comprehensive income.

Total liabilities at the end of the second quarter ended June 30, 2020 decreased by ¥959 million from the end of the previous year to ¥110,800 million.

Current liabilities increased by ¥7,877 million from the end of the previous year to ¥81,958 million. This was mainly because a ¥11,359 million increase of bonds and borrowings outweighed a ¥5,522 million decrease of trade and other payables.

Non-current liabilities decreased by ¥8,837 million from the end of the previous year to ¥28,842 million. This was mainly because bonds and borrowings decreased by ¥5,431 million and deferred tax liabilities decreased by ¥2,425 million.

Total equity at the end of the second quarter ended June 30, 2020 decreased by ¥2,383 million from the end of the previous year to ¥72,619 million. This was mainly because other components of equity decreased by ¥5,437 million mainly due to a decrease of net change in fair value of financial assets measured through other comprehensive income, although retained earnings increased by ¥3,002 million mainly due to sale of financial assets measured at fair value through other comprehensive income.

2) Cash flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the six months ended June 30, 2020 was ¥24,020 million, an increase of ¥6,521 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the six months ended June 30, 2020.

(Net Cash Provided by (Used in) Operating Activities)

Funds provided by operating activities amounted to ¥1,333 million (¥13,529 million used in the same period of the previous year). This was mainly because there were ¥1,151 million of loss before tax, ¥5,850 million of decrease in trade and other payables, but on the hand, there were ¥4,150 million of depreciation and amortization and ¥5,851 million of decrease in trade and other receivables..

(Net Cash Provided by (Used in) Investing Activities)

Funds provided by investing activities amounted to ¥972 million (¥3,958 million used in the same period of the previous year). This was mainly because ¥6,109 million of proceeds from sale of investment securities outweighed ¥3,414 million of purchase of property, plant and equipment and ¥1,118 million of payments for acquisition of subsidiaries.

(Net Cash Provided by (Used in) Financing Activities)

Funds provided by financing activities amounted to ¥4,102 million (a decrease of 67.6% as compared to the same period of the previous year). This was mainly because ¥11,777 million of proceeds from short-term borrowings outweighed ¥5,121 million of repayments of short-term borrowings and ¥995 million of dividends paid to owners of parent

(3) Explanation of consolidated operating results forecast and other forecast information

For the consolidated financial forecasts for the fiscal year ending December 31, 2020, as a result of reviewing the operating results for the six months ended June 30, 2020, the latest demand trends and other factors, the operating results forecast announced on February 14, 2020 have been revised.

For details, please see the “Notice of Difference between Business Forecast and Actual Results for the First Half of FY2020, Revision of the Business Forecast and Determination of Dividend (Interim Dividend) and Revision of Dividend Forecast (Year-End Dividend) for FY2020” announced on August 6, 2020.

2. Condensed Consolidated Financial Statements and Principal Notes
(1) Condensed consolidated statements of financial position

(Million yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	17,499	24,020
Trade and other receivables	34,177	30,366
Inventories	21,415	26,065
Other financial assets	564	192
Other current assets	4,713	3,661
Subtotal	78,371	84,306
Assets held for sale	4	—
Total current assets	78,375	84,306
Non-current assets		
Property, plant and equipment	45,325	44,363
Goodwill	18,499	18,263
Intangible assets	14,713	14,151
Right-of-use assets	8,041	6,972
Investments accounted for using equity method	0	604
Other financial assets	20,413	13,477
Retirement benefit asset	265	248
Deferred tax assets	879	790
Other non-current assets	247	241
Total non-current assets	108,386	99,114
Total assets	186,762	183,420

(Million yen)

	As of December 31, 2019	As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	44,538	39,016
Bonds and borrowings	22,167	33,526
Other financial liabilities	1,073	2,761
Lease liabilities	1,562	1,467
Income taxes payable, etc.	447	971
Provisions	53	84
Other current liabilities	4,237	4,130
Total current liabilities	74,080	81,958
Non-current liabilities		
Bonds and borrowings	14,244	8,813
Other financial liabilities	442	213
Lease liabilities	7,926	6,831
Retirement benefit liability	4,913	5,238
Provisions	47	47
Deferred tax liabilities	9,773	7,347
Other non-current liabilities	331	351
Total non-current liabilities	37,679	28,842
Total liabilities	111,759	110,800
Equity		
Share capital	12,119	12,119
Capital surplus	14,931	14,869
Retained earnings	42,359	45,361
Treasury shares	(1,899)	(1,786)
Other components of equity	7,494	2,056
Total equity attributable to owners of parent	75,006	72,621
Non-controlling interests	(3)	(2)
Total equity	75,002	72,619
Total liabilities and equity	186,762	183,420

(2) Condensed consolidated statements of profit or loss and comprehensive income

Condensed consolidated statements of profit or loss

(Million yen)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2020
Net sales	74,408	77,164
Cost of sales	(66,594)	(62,717)
Gross profit	7,813	14,447
Selling, general and administrative expenses	(13,623)	(12,566)
Other income	949	285
Other expenses	(1,491)	(3,398)
Share of profit (loss) of investments accounted for using equity method	—	(10)
Operating profit (loss)	(6,351)	(1,242)
Finance income	365	614
Finance costs	(740)	(523)
Profit (loss) before tax	(6,726)	(1,151)
Income tax expense	(357)	907
Profit (loss)	(7,083)	(243)
Profit (loss) attributable to:		
Owners of parent	(6,799)	(245)
Non-controlling interests	(284)	1
Profit (loss)	(7,083)	(243)
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	(136.23)	(4.91)
Diluted earnings (loss) per share (Yen)	(136.23)	(4.91)

Condensed consolidated statements of comprehensive income

(Million yen)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2020
Profit (loss)	(7,083)	(243)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	1,819	(289)
Remeasurements of defined benefit plans	(20)	—
Total of items that will not be reclassified to profit or loss	1,798	(289)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,259)	(909)
Share of other comprehensive income of investments accounted for using equity method	—	6
Total of items that may be reclassified to profit or loss	(1,259)	(902)
Total other comprehensive income	538	(1,192)
Total comprehensive income	(6,544)	(1,435)
Comprehensive income attributable to:		
Owners of parent	(6,263)	(1,437)
Non-controlling interests	(281)	1
Total comprehensive income	(6,544)	(1,435)

(3) Condensed consolidated statements of changes in equity

(Million yen)

	Equity attributable to owners of parent											
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity						Non-controlling interests	Total equity
					Net change in fair value of financial assets measured through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Total other components of equity	Total equity attributable to owners of parent			
Balance at January 1, 2019	12,119	15,071	60,931	(1,900)	6,961	—	(1,619)	5,341	91,564	(17)	91,546	
Profit (loss)	—	—	(6,799)	—	—	—	—	—	(6,799)	(284)	(7,083)	
Other comprehensive income	—	—	—	—	1,819	(20)	(1,262)	536	536	2	538	
Total comprehensive income	—	—	(6,799)	—	1,819	(20)	(1,262)	536	(6,263)	(281)	(6,544)	
Purchase of treasury shares	—	—	—	(0)	—	—	—	—	(0)	—	(0)	
Disposal of treasury shares	—	(0)	—	0	—	—	—	—	0	—	0	
Dividends of surplus	—	—	(748)	—	—	—	—	—	(748)	—	(748)	
Share-based payment transactions	—	8	—	—	—	—	—	—	8	—	8	
Changes in ownership interest in subsidiaries	—	(981)	—	—	—	15	—	15	(965)	19	(946)	
Loss of control of subsidiaries	—	—	(11)	—	—	—	—	—	(11)	—	(11)	
Put options granted to non-controlling interests	—	826	—	—	—	—	—	—	826	—	826	
Transfer from other components of equity to retained earnings	—	—	(4)	—	—	4	—	4	—	—	—	
Total transactions with owners, etc.	—	(147)	(764)	0	—	20	—	20	(890)	19	(871)	
Balance at June 30, 2019	12,119	14,924	53,367	(1,900)	8,780	—	(2,881)	5,898	84,410	(279)	84,130	
Balance at January 1, 2020	12,119	14,931	42,359	(1,899)	9,955	—	(2,461)	7,494	75,006	(3)	75,002	
Profit (loss)	—	—	(245)	—	—	—	—	—	(245)	1	(243)	
Other comprehensive income	—	—	—	—	(289)	—	(902)	(1,192)	(1,192)	(0)	(1,192)	
Total comprehensive income	—	—	(245)	—	(289)	—	(902)	(1,192)	(1,437)	1	(1,435)	
Purchase of treasury shares	—	—	—	(0)	—	—	—	—	(0)	—	(0)	
Disposal of treasury shares	—	(62)	—	113	—	—	—	—	51	—	51	
Dividends of surplus	—	—	(998)	—	—	—	—	—	(998)	—	(998)	
Share-based payment transactions	—	0	—	—	—	—	—	—	0	—	0	
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	
Loss of control of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	
Put options granted to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	4,245	—	(4,245)	—	—	(4,245)	—	—	—	
Total transactions with owners, etc.	—	(61)	3,247	112	(4,245)	—	—	(4,245)	(947)	—	(947)	
Balance at June 30, 2020	12,119	14,869	45,361	(1,786)	5,420	—	(3,363)	2,056	72,621	(2)	72,619	

(4) Condensed consolidated statements of cash flows

(Million yen)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2020
Cash flows from operating activities		
Profit (loss) before tax	(6,726)	(1,151)
Depreciation and amortization	5,065	4,150
Impairment losses	494	612
Loss (gain) on sale and retirement of non-current assets	315	86
Gain on sale of shares of subsidiaries and associates	(791)	—
Business restructuring expenses	47	2,042
Share of loss (profit) of investments accounted for using equity method	—	10
Finance income	(365)	(614)
Finance costs	740	523
Decrease (increase) in trade and other receivables	12,170	5,851
Decrease (increase) in inventories	3,776	(4,356)
Increase (decrease) in trade and other payables	(29,105)	(5,850)
Increase (decrease) in provisions	(212)	(6)
Increase (decrease) in retirement benefit asset or liability	45	(306)
Other	2,182	547
Subtotal	(12,362)	1,539
Interest received	30	17
Dividends received	242	282
Interest paid	(526)	(402)
Income taxes paid	(955)	(398)
Income taxes refund	42	296
Net cash provided by (used in) operating activities	(13,529)	1,333
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,706)	(3,414)
Payments for retirement of property, plant and equipment	(253)	(30)
Proceeds from sale of property, plant and equipment	965	51
Purchase of intangible assets	(520)	(257)
Purchase of investment securities	(974)	(86)
Proceeds from sale of investment securities	—	6,109
Payments for acquisition of subsidiaries	—	(1,118)
Proceeds from sale of subsidiaries	698	—
Payments for sale of subsidiaries	(1)	—
Purchase of shares of subsidiaries and associates	—	(213)
Other	(165)	(67)
Net cash provided by (used in) investing activities	(3,958)	972

(Million yen)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2020
Cash flows from financing activities		
Proceeds from short-term borrowings	15,250	11,777
Repayments of short-term borrowings	(94)	(5,121)
Repayments of lease liabilities	(925)	(870)
Proceeds from long-term borrowings	945	—
Repayments of long-term borrowings	(810)	(738)
Payments for acquisition of non-controlling interests	(950)	—
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	51
Dividends paid to owners of parent	(747)	(995)
Other	(0)	(0)
Net cash provided by (used in) financing activities	<u>12,665</u>	<u>4,102</u>
Effect of exchange rate changes on cash and cash equivalents	(190)	112
Net increase (decrease) in cash and cash equivalents	(5,013)	6,521
Cash and cash equivalents at beginning of period	<u>16,757</u>	<u>17,499</u>
Cash and cash equivalents at end of period	<u>11,743</u>	<u>24,020</u>

(5) Notes to condensed consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Segment information)

1. Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the board of directors is being performed in order to decide the allocation of management resources and to review business results.

The Group sets up divisions by product or service. Each division draws up a plan for comprehensive strategies in Japan and overseas for the products and services it handles, and thereupon develops its business activities.

Accordingly, the Group consists of segments by product and service based on divisions, and the reportable segments are the Industrial Materials segment, Devices segment, Medical Technologies segment, and Information and Communication segment.

The Industrial Materials segment manufactures and sells decorative films, molds, molded plastic products, and metallized papers. The Devices segment manufactures and sells film-based Touch Sensors, gas sensors and others. The Medical Technologies segment manufactures and sells consumable medical products such as medical electrodes, medical chart paper and others and also provides contract manufacturing services for major medical device manufacturers. The Information and Communication segment manufactures and sells products in the fields of publication printing and art solution, and provides services related to commercial printing and sales promotion.

2. Methods of measurement for the amounts of sales and profit (loss) for each reportable segment

The accounting methods for the reportable segments are generally the same as those used in preparing the consolidated financial statements. Segment profit is based on operating profit, and inter-segment sales is based on current market prices.

3. Information about sales and profit (loss) by reportable segment

The six months ended June 30, 2019 (January 1, 2019 to June 30, 2019)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technolog- ies	Information and Communi- cation	Sub-total				
Sales from external customers	23,286	35,285	12,285	3,358	74,216	191	74,408	—	74,408
Inter-segment sales	424	73	—	26	523	833	1,357	(1,357)	—
Total	23,710	35,358	12,285	3,385	74,740	1,025	75,765	(1,357)	74,408
Segment profit (loss)	(1,375)	(4,556)	672	515	(4,744)	(8)	(4,752)	(1,599)	(6,351)
Finance income	—	—	—	—	—	—	—	—	365
Finance costs	—	—	—	—	—	—	—	—	(740)
Profit (loss) before tax	—	—	—	—	—	—	—	—	(6,726)

- (Notes)
1. The "Other" category consists of a business segment not included in the reportable segments and includes the landscaping business, etc.
 2. The negative ¥1,599 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.
 3. Segment profit (loss) is reconciled with operating profit (loss) recorded in the condensed consolidated statements of profit or loss.

The six months ended June 30, 2020 (January 1, 2020 to June 30, 2020)

(Million yen)

	Reportable segment					Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologi es	Information and Communi- cation	Sub-total				
Sales from external customers	22,413	40,590	10,286	3,148	76,438	725	77,164	—	77,164
Inter-segment sales	712	29	—	25	767	749	1,516	(1,516)	—
Total	23,125	40,619	10,286	3,174	77,205	1,475	78,681	(1,516)	77,164
Segment profit (loss)	(727)	1,116	360	(98)	650	(69)	580	(1,822)	(1,242)
Finance income	—	—	—	—	—	—	—	—	614
Finance costs	—	—	—	—	—	—	—	—	(523)
Profit (loss) before tax	—	—	—	—	—	—	—	—	(1,151)

- (Notes)
1. The “Other” category consists of a business segment not included in the reportable segments and includes the prescription pharmaceutical manufacturing business, etc.
 2. The negative ¥1,822 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.
 3. Segment profit (loss) is reconciled with operating profit (loss) recorded in the condensed consolidated statements of profit or loss.