



Consolidated Financial Results
for the Nine Months Ended September 30, 2020
[IFRS]

November 11, 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: November 13, 2020

Scheduled date of commencing dividend payments: —

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 Nine Months Ended September 30, 2020 (January 1, 2020 to September 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	%
Nine months ended September 30, 2020	128,785	1.9	3,258	644.0	3,265	—	3,361	—	3,361	—	3,679	—
Nine months ended September 30, 2019	126,355	—	437	—	(127)	—	(1,101)	—	(1,057)	—	(886)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2020	67.30	65.60
Nine months ended September 30, 2019	(21.20)	(21.20)

(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 nine months ended September 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 September 30, 2020	189,537	77,007	77,010	40.6
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: No
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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	178,000	2.3	5,500	—	5,300	—	4,600	—	92.03

(Note) Revision of consolidated financial results forecast: Yes

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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 nine months ended September 30, 2020, in terms of the global economy, after economic activities were significantly restricted due to the impact of COVID-19 pandemic, there was a sign of recovery; however, it still has been in a severe condition as the outlook remains uncertain. In the United States and European countries, their economic activities were significantly reduced following the measures taken to suspend business operations and restrict movements and immigration. After that, the economic activities gradually resumed; however, the economic recovery has been sluggish as new cases of COVID-19 are rising again. In China, economic activities significantly diminished, but afterward, the economic recovery trends continued. The Japanese economy saw difficult conditions because of downward pressure on it; however, after the state of emergency was lifted, economic activities resumed and demand, mainly from overseas, recovered, and accordingly the economy showed signs of picking up.

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 nine months ended September 30, 2020, demand for some products decreased due to the impact of COVID-19; however, sales remained steady as consumer electronics (IT) in the Devices segment entered the demand period in the second half of the fiscal year, and demand for mobility components (automotive and transport equipment) in the Industrial Materials segment has started to recover. Operating profit turned into the black due to the effects of the cost structure improvement through the measures to strengthen profitability implemented in the first half and an increase in product demand.

As a result, regarding the financial results for the nine months ended September 30, 2020, net sales were ¥128,785 million (an increase of 1.9% as compared to the same period of the previous year). Operating profit of ¥3,258 million (an increase of 644.0% as compared to the same period of the previous year) was recorded. Profit attributable to owners of parent of ¥3,361 million (loss attributable to owners of parent of ¥1,057 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 nine months ended September 30, 2020, demand for mobility components in the field of decoration began to recover after a significant decline due to the impact of COVID-19. The operating loss was reduced due to the measures to strengthen profitability and an increase in product demand.

As a result, segment sales for the nine months ended September 30, 2020 were ¥35,155 million (an increase of 1.0% as

compared to the same period of the previous year). Segment loss (operating loss) of ¥204 million (segment loss (operating loss) of ¥1,841 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 nine months ended September 30, 2020, demand for our mainstay products for smartphones and tablets remained robust in the first half of the fiscal year, and these products then entered the demand period in the second half of the fiscal year. In addition, demand for game players and industrial equipment (logistics related) remained robust. Operating profit increased due to the effects of an increase in product demand adding to the effects of measures to strengthen profitability.

As a result, segment sales for the nine months ended September 30, 2020 were ¥72,743 million (an increase of 6.8% as compared to the same period of the previous year). Segment profit (operating profit) was ¥6,047 million (segment loss (operating loss) of ¥1,798 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 nine months ended September 30, 2020, demand for own brand medical electrodes and face shields increased due to COVID-19, which made up for the decline in demand for instruments used in elective surgery of contract manufacturing services. In addition, demand mainly for business media targeting commercial facilities decreased once and then gradually recovered.

As a result, segment sales for the nine months ended September 30, 2020 were ¥15,354 million (a decrease of 15.7% as compared to the same period of the previous year). Segment profit (operating profit) was ¥678 million (a decrease of 14.0% 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 nine months ended September 30, 2020, demand for commercial printing decreased due to COVID-19.

As a result, segment sales for the nine months ended September 30, 2020 were ¥4,382 million (a decrease of 10.6% as compared to the same period of the previous year). Segment loss (operating loss) of ¥275 million (segment profit (operating profit) of ¥5,429 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 third quarter ended September 30, 2020 increased by ¥2,774 million from the end of the previous year (the fiscal year ended December 31, 2019) to ¥189,537 million.

Current assets increased by ¥9,571 million from the end of the previous year to ¥87,946 million. This was mainly because of a ¥3,626 million increase of cash and cash equivalents, a ¥2,795 million increase of trade and other receivables and a ¥3,738 million increase of inventories.

Non-current assets decreased by ¥6,796 million from the end of the previous year to ¥101,590 million. This was mainly because other financial assets decreased by ¥4,544 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 third quarter ended September 30, 2020 increased by ¥770 million from the end of the previous year to ¥112,530 million.

Current liabilities increased by ¥8,765 million from the end of the previous year to ¥82,846 million. This was mainly because of a ¥6,589 million increase of bonds and borrowings and a ¥2,228 million increase of other current liabilities.

Non-current liabilities decreased by ¥7,995 million from the end of the previous year to ¥29,683 million. This was mainly because bonds and borrowings decreased by ¥5,654 million and deferred tax liabilities decreased by ¥1,798 million.

Total equity at the end of the third quarter ended September 30, 2020 increased by ¥2,004 million from the end of the previous year to ¥77,007 million. This was mainly because retained earnings increased by ¥5,859 million mainly due to sale of financial assets measured at fair value through other comprehensive income and the recording of profit attributable to owners of parent, despite the fact that other components of equity decreased by ¥3,928 million mainly due to a decrease of net change in fair value of financial assets measured 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 nine months ended September 30, 2020 was ¥21,125 million, an increase of ¥3,626 million compared to the end of the previous year.

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

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

Funds provided by operating activities amounted to ¥3,636 million (¥9,338 million used in the same period of the previous year). This was mainly because there were ¥3,265 million of profit before tax and ¥6,212 million of depreciation and amortization, although there were ¥2,198 million of increase in trade and other receivables and ¥3,397 million of increase in inventories.

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

Funds provided by investing activities amounted to ¥1,835 million (¥1,364 million used in the same period of the previous year). This was mainly because ¥6,110 million of proceeds from sale of investment securities outweighed ¥3,971 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 used in financing activities amounted to ¥2,026 million (¥16,419 million provided in the same period of the previous year). This was mainly because there were ¥10,121 million of repayments of short-term borrowings, ¥1,297 million of repayments of lease liabilities and ¥1,740 million of dividends paid to owners of parent, although there was ¥11,777 million of proceeds from short-term borrowings.

(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 nine months ended September 30, 2020, the latest demand trends and other factors, the operating results forecast announced on August 6, 2020 have been revised.

For details, please see the “Notice of Revision to Business Forecast for FY2020” announced on November 11, 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 September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	17,499	21,125
Trade and other receivables	34,177	36,973
Inventories	21,415	25,153
Other financial assets	564	209
Other current assets	4,713	4,393
Subtotal	78,371	87,856
Assets held for sale	4	90
Total current assets	78,375	87,946
Non-current assets		
Property, plant and equipment	45,325	44,423
Goodwill	18,499	18,102
Intangible assets	14,713	14,031
Right-of-use assets	8,041	7,309
Investments accounted for using equity method	0	591
Other financial assets	20,413	15,868
Retirement benefit asset	265	242
Deferred tax assets	879	785
Other non-current assets	247	235
Total non-current assets	108,386	101,590
Total assets	186,762	189,537

(Million yen)

	As of December 31, 2019	As of September 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	44,538	44,029
Bonds and borrowings	22,167	28,757
Other financial liabilities	1,073	761
Lease liabilities	1,562	1,465
Income taxes payable, etc.	447	1,292
Provisions	53	74
Other current liabilities	4,237	6,466
Total current liabilities	74,080	82,846
Non-current liabilities		
Bonds and borrowings	14,244	8,589
Other financial liabilities	442	218
Lease liabilities	7,926	7,117
Retirement benefit liability	4,913	5,366
Provisions	47	47
Deferred tax liabilities	9,773	7,974
Other non-current liabilities	331	369
Total non-current liabilities	37,679	29,683
Total liabilities	111,759	112,530
Equity		
Share capital	12,119	12,119
Capital surplus	14,931	14,862
Retained earnings	42,359	48,218
Treasury shares	(1,899)	(1,756)
Other components of equity	7,494	3,566
Total equity attributable to owners of parent	75,006	77,010
Non-controlling interests	(3)	(3)
Total equity	75,002	77,007
Total liabilities and equity	186,762	189,537

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

Condensed consolidated statements of profit or loss

(Million yen)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2020
Net sales	126,355	128,785
Cost of sales	(109,783)	(103,067)
Gross profit	16,572	25,717
Selling, general and administrative expenses	(20,391)	(19,012)
Other income	6,027	380
Other expenses	(1,769)	(3,806)
Share of profit (loss) of investments accounted for using equity method	—	(20)
Operating profit (loss)	437	3,258
Finance income	493	730
Finance costs	(1,059)	(723)
Profit (loss) before tax	(127)	3,265
Income tax expense	(973)	96
Profit (loss)	(1,101)	3,361
Profit (loss) attributable to:		
Owners of parent	(1,057)	3,361
Non-controlling interests	(43)	(0)
Profit (loss)	(1,101)	3,361
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	(21.20)	67.30
Diluted earnings (loss) per share (Yen)	(21.20)	65.60

Condensed consolidated statements of comprehensive income

(Million yen)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2020
Profit (loss)	(1,101)	3,361
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	2,090	1,339
Remeasurements of defined benefit plans	(21)	—
Total of items that will not be reclassified to profit or loss	2,069	1,339
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,854)	(1,028)
Share of other comprehensive income of investments accounted for using equity method	—	6
Total of items that may be reclassified to profit or loss	(1,854)	(1,021)
Total other comprehensive income	214	317
Total comprehensive income	(886)	3,679
Comprehensive income attributable to:		
Owners of parent	(845)	3,679
Non-controlling interests	(40)	0
Total comprehensive income	(886)	3,679

(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)	—	—	(1,057)	—	—	—	—	—	(1,057)	(43)	(1,101)	
Other comprehensive income	—	—	—	—	2,090	(21)	(1,856)	212	212	2	214	
Total comprehensive income	—	—	(1,057)	—	2,090	(21)	(1,856)	212	(845)	(40)	(886)	
Purchase of treasury shares	—	—	—	(0)	—	—	—	—	(0)	—	(0)	
Disposal of treasury shares	—	(1)	—	2	—	—	—	—	1	—	1	
Dividends of surplus	—	—	(1,497)	—	—	—	—	—	(1,497)	—	(1,497)	
Share-based payment transactions	—	12	—	—	—	—	—	—	12	—	12	
Changes in ownership interest in subsidiaries	—	(981)	—	—	—	15	—	15	(965)	16	(949)	
Loss of control of subsidiaries	—	—	(11)	—	—	—	—	—	(11)	35	24	
Put options granted to non-controlling interests	—	826	—	—	—	—	—	—	826	—	826	
Transfer from other components of equity to retained earnings	—	—	(2)	—	(2)	5	—	2	—	—	—	
Total transactions with owners, etc.	—	(144)	(1,511)	1	(2)	21	—	18	(1,634)	51	(1,582)	
Balance at September 30, 2019	12,119	14,927	58,362	(1,898)	9,049	—	(3,476)	5,572	89,084	(6)	89,077	
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)	—	—	3,361	—	—	—	—	—	3,361	(0)	3,361	
Other comprehensive income	—	—	—	—	1,339	—	(1,021)	317	317	0	317	
Total comprehensive income	—	—	3,361	—	1,339	—	(1,021)	317	3,679	0	3,679	
Purchase of treasury shares	—	—	—	(0)	—	—	—	—	(0)	—	(0)	
Disposal of treasury shares	—	(73)	—	142	—	—	—	—	68	—	68	
Dividends of surplus	—	—	(1,747)	—	—	—	—	—	(1,747)	—	(1,747)	
Share-based payment transactions	—	5	—	—	—	—	—	—	5	—	5	
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.	—	(68)	2,498	142	(4,245)	—	—	(4,245)	(1,674)	—	(1,674)	
Balance at September 30, 2020	12,119	14,862	48,218	(1,756)	7,049	—	(3,482)	3,566	77,010	(3)	77,007	

(4) Condensed consolidated statements of cash flows

(Million yen)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before tax	(127)	3,265
Depreciation and amortization	7,556	6,212
Impairment losses	494	612
Loss (gain) on sale and retirement of non-current assets	(4,504)	94
Gain on sale of shares of subsidiaries and associates	(878)	—
Business restructuring expenses	47	2,051
Share of loss (profit) of investments accounted for using equity method	—	20
Finance income	(493)	(730)
Finance costs	1,059	723
Decrease (increase) in trade and other receivables	1,955	(2,198)
Decrease (increase) in inventories	5,968	(3,397)
Increase (decrease) in trade and other payables	(19,719)	(2,051)
Increase (decrease) in provisions	(225)	(18)
Increase (decrease) in retirement benefit asset or liability	131	(188)
Other	1,663	66
Subtotal	(7,073)	4,463
Interest received	35	36
Dividends received	253	289
Interest paid	(823)	(601)
Income taxes paid	(1,786)	(857)
Income taxes refund	55	306
Net cash provided by (used in) operating activities	(9,338)	3,636
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,788)	(3,971)
Payments for retirement of property, plant and equipment	(474)	(30)
Proceeds from sale of property, plant and equipment	6,010	165
Purchase of intangible assets	(554)	(366)
Proceeds from advance payment for finance lease contract	—	1,500
Purchase of investment securities	(995)	(95)
Proceeds from sale of investment securities	8	6,110
Payments for acquisition of subsidiaries	—	(1,118)
Proceeds from sale of subsidiaries	698	—
Payments for sale of subsidiaries	(81)	—
Purchase of shares of subsidiaries and associates	—	(213)
Other	(187)	(142)
Net cash provided by (used in) investing activities	(1,364)	1,835

(Million yen)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2020
Cash flows from financing activities		
Proceeds from short-term borrowings	20,480	11,777
Repayments of short-term borrowings	(255)	(10,121)
Repayments of lease liabilities	(1,349)	(1,297)
Proceeds from long-term borrowings	1,026	159
Repayments of long-term borrowings	(1,037)	(871)
Payments for acquisition of non-controlling interests	(950)	—
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	0	68
Dividends paid to owners of parent	(1,493)	(1,740)
Other	(1)	(0)
Net cash provided by (used in) financing activities	16,419	(2,026)
Effect of exchange rate changes on cash and cash equivalents	(210)	180
Net increase (decrease) in cash and cash equivalents	5,505	3,626
Cash and cash equivalents at beginning of period	16,757	17,499
Cash and cash equivalents at end of period	22,263	21,125

(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 nine months ended September 30, 2019 (January 1, 2019 to September 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	34,806	68,133	18,215	4,903	126,058	297	126,355	—	126,355
Inter-segment sales	757	107	—	39	905	1,257	2,162	(2,162)	—
Total	35,564	68,240	18,215	4,943	126,963	1,554	128,517	(2,162)	126,355
Segment profit (loss)	(1,841)	(1,798)	789	5,429	2,578	(13)	2,565	(2,127)	437
Finance income	—	—	—	—	—	—	—	—	493
Finance costs	—	—	—	—	—	—	—	—	(1,059)
Profit (loss) before tax	—	—	—	—	—	—	—	—	(127)

- (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 ¥2,127 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 nine months ended September 30, 2020 (January 1, 2020 to September 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	35,155	72,743	15,354	4,382	127,635	1,149	128,785	—	128,785
Inter-segment sales	1,002	35	0	37	1,075	1,072	2,148	(2,148)	—
Total	36,157	72,778	15,355	4,420	128,711	2,222	130,933	(2,148)	128,785
Segment profit (loss)	(204)	6,047	678	(275)	6,245	(93)	6,151	(2,893)	3,258
Finance income	—	—	—	—	—	—	—	—	730
Finance costs	—	—	—	—	—	—	—	—	(723)
Profit (loss) before tax	—	—	—	—	—	—	—	—	3,265

- (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 ¥2,893 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.

(Material subsequent events)

Business combinations by Acquisition

Acquisition of Olympus Surgical Technologies America’s Norwalk factory

The Company acquired Olympus Surgical Technologies America’s Norwalk factory through the Company’s consolidated subsidiary in Medical Technologies segment, Nissha Medical Technologies (Ohio), Inc. as of November 2, 2020. Although the provisions of IFRS 3 “Business Combination” are applied, this accounting treatment at the time of business combination has not been completed at the moment.

(1) Overview of the business combination

1. Name of the counterparty and details of the acquired business

Name of the counterparty	Olympus Surgical Technologies America
Details of the acquired business	Manufacturing rigid scopes for urology and gynecology and components of therapeutic devices

2. Major reason for the business combination

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.

Medical Technologies segment serves the medical device sector of the Group through three unique divisions; “Design & Manufacturing” for medical device contract manufacturing and development, “Healthcare Solutions” for distributing patient monitoring supplies and surgical consumables direct to hospital, and “Custom Labeled Products” for providing large volume private labeling opportunities. Design & Manufacturing division has an ability to manufacture single use medical devices with a streamlined process and it has been engaged in contract manufacturing of high-quality medical devices for decades as a globally trusted partner of major medical device. Also, it utilizes unique capabilities of its global business base to efficiently meet its customer’s demanding specifications and timelines.

This strategic acquisition provides value to the Group’s all customers through increased vertical integration for global contract manufacturing services in the Medical Technologies segment. This agreement further enhances design services and manufacturing capabilities related to machined components and increases production capacity in North America to support global growth and operations in Medical Technologies segment.

3. Acquisition date

November 2, 2020

4. Method by which the acquiring company obtained control

Transfer of business for cash consideration

5. Name of the company after the combination

Nissha Medical Technologies (Ohio), Inc.

(2) Consideration transferred

(Million US dollar)

Cash (including payables)	30.0
<hr/>	
Total consideration transferred	30.0

(Note) The Consideration transferred is provisionally calculated and would be adjusted in the future.

Acquisition-related costs, amount of goodwill, amounts recognized of assets acquired and liabilities assumed and proforma information are currently being calculated and are omitted here.