



Consolidated Financial Results
for the Fiscal Year Ended December 31, 2021
[IFRS]

February 14, 2022

Company name: Nissha Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 7915
URL: <https://www.nissha.com/english>
Representative: Junya Suzuki, Chairman of the Board, President and CEO
Contact: Hitoshi Koya, Senior Vice President, CFO, Corporate Officer
Phone: +81-75-811-8111
Scheduled date of the Ordinary General Meeting of Shareholders: March 23, 2022
Scheduled date of commencing dividend payments: March 3, 2022
Scheduled date of filing annual securities report: March 23, 2022
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Scheduled (for institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (% 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	%
Fiscal year ended December 31, 2021	189,285	5.2	17,363	138.5	19,499	177.0	15,840	124.3	15,859	124.6	18,091	107.5
Fiscal year ended December 31, 2020	180,006	3.4	7,278	—	7,039	—	7,062	—	7,061	—	8,717	—

	Basic earnings per share	Diluted earnings per share	Ratio of return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2021	318.35	317.16	17.6	9.5	9.2
Fiscal year ended December 31, 2020	141.34	137.78	9.0	3.6	4.0

(Reference) Share of profit (loss) of investments accounted for using equity method

Fiscal year ended December 31, 2021: ¥(44) million

Fiscal year ended December 31, 2020: ¥(42) million

(Notes) The Company finalized the provisional accounting treatment pertaining to business combinations and changed the accounting policy for configuration or customization costs in cloud computing agreements in the fiscal year ended December 31, 2021, and reflected the details of the finalization of the provisional accounting treatment and retrospective adjustments due to the change in the accounting policy on figures related to the fiscal year ended December 31, 2020.

(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	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
As of December 31, 2021	209,274	98,264	98,278	47.0	1,972.89
As of December 31, 2020	199,554	81,924	81,926	41.1	1,638.46

(Notes) The Company finalized the provisional accounting treatment pertaining to business combinations and changed the accounting policy for configuration or customization costs in cloud computing agreements in the fiscal year ended December 31, 2021, and reflected the details of the finalization of the provisional accounting treatment and retrospective adjustments due to the change in the accounting policy on figures related to the fiscal year ended December 31, 2020.

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2021	18,790	(6,871)	2,609	42,330
Fiscal year ended December 31, 2020	14,646	(1,357)	(5,997)	25,067

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2020	—	15.00	—	15.00	30.00	1,510	21.2	1.9
Fiscal year ended December 31, 2021	—	15.00	—	25.00	40.00	2,007	12.6	2.2
Fiscal year ending December 31, 2022 (Forecast)	—	15.00	—	15.00	30.00		—	

(Note) The year-end dividend for the fiscal year ended December 31, 2021 includes a special dividend of ¥10.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% 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
First half	83,500	(14.4)	4,400	(59.5)	4,200	(65.7)	3,000	(71.7)	60.22
Full year	175,500	(7.3)	11,500	(33.8)	11,000	(43.6)	7,800	(50.8)	156.58

Contents of Appendix

1. Overview of Consolidated Operating Results, etc.	2
(1) Overview of consolidated operating results for the term.....	2
(2) Overview of consolidated financial position for the term.....	4
(3) Overview of consolidated cash flows for the term	4
(4) Forecast for the fiscal year ending December 31, 2022.....	5
2. Basic Approach to the Selection of Accounting Standards.....	5
3. Consolidated Financial Statements and Principal Notes.....	6
(1) Consolidated statements of financial position	6
(2) Consolidated statements of profit or loss and comprehensive income	8
Consolidated statements of profit or loss.....	8
Consolidated statements of comprehensive income	9
(3) Consolidated statements of changes in equity	10
(4) Consolidated statements of cash flows	11
(5) Notes to consolidated financial statements	13
(Notes to going concern assumptions).....	13
(Changes in accounting policies).....	13
(Segment information).....	13

1. Overview of Consolidated Operating Results, etc.

The Company finalized the provisional accounting treatment pertaining to the business combination through the acquisition of Norwalk, Ohio medical manufacturing operation of Olympus Surgical Technologies America on November 2, 2020 and changed the accounting policy for the configuration or customization costs in cloud computing agreements in the fiscal year ended December 31, 2021. Accordingly, the comparison and analysis with the previous fiscal year are based on figures that reflect the retrospective accounting treatment.

(1) Overview of consolidated operating results for the term

The Group's Mission is to use the diverse capabilities of its people and core technologies as an engine for growth to create highly competitive feature-rich products and services that realize customer value and contribute to better lives for all. Guided by this Mission, we established our Sustainability Vision as our long-term vision for 2030, and reflecting backward, formulated a strategy as set forth in our 7th Medium-term Business Plan to achieve our medium-term vision for 2023. Under the 7th Medium-term Business Plan, we aim to construct a foundation for growth by fully utilizing the global business bases we have acquired and built so far and maximizing their synergies.

During the fiscal year ended December 31, 2021, the global economic environment was severe due to the remaining impact of the novel coronavirus disease (COVID-19). Nevertheless, economic activities resumed especially in the United States and European countries thanks to the progress in vaccinations and fiscal stimulus, resulting in an overall trend of economic recovery. Global production and trade recovered sharply in the first half of the year, but the pace of recovery slowed down in the second half of the year due to constraints on supply including the shortage of semiconductors and soaring raw materials prices. In Japan, trends toward economic recovery were steady owing to rising exports with improvements in overseas economy, but the pace of recovery was moderate due to recurrent cases of COVID-19 and constraints on supply due to the shortage of semiconductors, etc.

Under these conditions, with regard to financial results for the fiscal year ended December 31, 2021, net sales remained firm thanks to a continued demand in the Devices segment, an increased demand in the Industrial Materials segment, and a recovery in demand impacted by COVID-19 in the Medical Technologies segment. In the second half of the fiscal year, demand for products for smartphones declined in the Devices segment and demand in some areas fluctuated due to the shortage of semiconductors, etc. On the profit front, although raw materials and labor costs soared owing to constraints on supply, operating profit significantly improved year on year owing to the effects of production leveling and productivity improvement measures, in addition to the impact of a solid product demand.

As a result, regarding the financial results for the fiscal year ended December 31, 2021, net sales were ¥189,285 million (an increase of 5.2% as compared to the previous year). Operating profit was ¥17,363 million (an increase of 138.5% as compared to the previous year). Profit attributable to owners of parent was ¥15,859 million (an increase of 124.6% as compared to the previous year).

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 components and home appliances 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 materials for beverages and foods on a global basis.

During the fiscal year ended December 31, 2021, net sales increased year on year thanks to vigorous demand for mobility

components in the field of decoration and for metallized paper, sustainable material, despite product demand having been affected by constraints on supply due to the shortage of semiconductors, etc. In terms of profits, despite the impact of supply constraints such as soaring raw materials costs, operating profit increased substantially year on year due to improvements in the profit structure as well as strong product demand.

As a result, segment sales for the fiscal year ended December 31, 2021 were ¥60,543 million (an increase of 23.9% as compared to the previous year). Segment profit (operating profit) was ¥5,161 million (an increase of 501.4% as compared to the previous year).

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 tablets, smartphones, portable game players, industrial equipment (logistics related), mobility components, etc. in global markets. In addition, we offer gas sensors that can detect gas conditions, along with other products.

During the fiscal year ended December 31, 2021, while demand for products for smartphones was on a downturn trend in the second half of the fiscal year, product demand remained firm for tablets and industrial equipment. Production leveling due to sustained product demand and productivity improvement measures significantly expanded operating profit year on year.

As a result, segment sales for the fiscal year ended December 31, 2021 were ¥96,971 million (a decrease of 5.6% as compared to the previous year). Segment profit (operating profit) was ¥14,242 million (an increase of 40.6% as compared to 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 currently provides contract development manufacturing services 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 these, the segment manufactures and sells its own brand products to medical institutions.

During the fiscal year ended December 31, 2021, product demand continued to recover, which had decreased due to COVID-19, and net sales steadily improved year on year. Meanwhile, soaring raw materials and labor costs in the United States put pressure on profitability, and operating profit was roughly the same year on year.

As a result, segment sales for the fiscal year ended December 31, 2021 were ¥24,176 million (an increase of 17.5% as compared to the previous year). Segment profit (operating profit) was ¥776 million (a decrease of 21.8% as compared to the previous year).

(2) Overview of consolidated financial position for the term

Total assets at the end of the fiscal year ended December 31, 2021 increased by ¥9,720 million from the end of the previous year (the fiscal year ended December 31, 2020) to ¥209,274 million.

Current assets increased by ¥10,921 million from the end of the previous fiscal year to ¥103,546 million. This was mainly because a ¥17,263 million increase of cash and cash equivalents and a ¥1,637 million increase of inventories outweighed a ¥7,380 million decrease of trade and other receivables.

Non-current assets decreased by ¥1,201 million from the end of the previous year to ¥105,728 million. This was mainly because a ¥3,493 million decrease of property, plant and equipment outweighed a ¥1,631 million increase of goodwill due to the impact of foreign exchange conversion.

Total liabilities at the end of the fiscal year ended December 31, 2021 decreased by ¥6,620 million from the end of the previous year to ¥111,010 million.

Current liabilities decreased by ¥31,689 million from the end of the previous year to ¥52,573 million. This was mainly because of a ¥13,335 million decrease of trade and other payables, a ¥16,964 million decrease of bonds and borrowings.

Non-current liabilities increased by ¥25,069 million from the end of the previous fiscal year to ¥58,436 million. This was mainly because of a ¥24,438 million increase of bonds and borrowings.

Total equity at the end of the fiscal year ended December 31, 2021 increased by ¥16,340 million from the end of the previous year to ¥98,264 million. This was mainly because of a ¥13,634 million increase of retained earnings due to the recording of profit attributable to owners of parent and a ¥2,971 million increase of other components of equity due to the impact of foreign exchange conversion.

(3) Overview of consolidated cash flows for the term

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the fiscal year ended December 31, 2021 was ¥42,330 million, an increase of ¥17,263 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the fiscal year ended December 31, 2021.

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

Funds provided by operating activities amounted to ¥18,790 million (an increase of 28.3% as compared to the previous year). This was mainly because there were ¥19,499 million of profit before tax, ¥9,258 million of depreciation and amortization and ¥8,122 million of decrease in trade and other receivables, although there were ¥11,927 million of decrease in trade and other payables, and ¥3,839 million of income taxes paid.

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

Funds used in investing activities amounted to ¥6,871 million (an increase of 406.3% as compared to the previous year). This was mainly because there were ¥6,661 million of purchase of property, plant and equipment and ¥936 million of purchase of intangible assets.

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

Funds provided by financing activities amounted to ¥2,609 million (¥5,997 million used in the previous year). This was mainly because there were ¥24,854 million of proceeds from long-term borrowings and ¥9,945 million of proceeds from issuance of bonds, although there were ¥13,013 million of repayments of short-term borrowings, ¥1,872 million of repayments of lease liabilities, ¥13,565 million of repayments of long-term borrowings and ¥2,840 million of redemption of bonds.

(4) Forecast for the fiscal year ending December 31, 2022

The Group has been implementing the three-year 7th Medium-term Business Plan since January 2021. We aim to construct a foundation for growth by fully utilizing the global business bases we have acquired and built so far and maximizing their synergies. In the markets of medical devices, mobility, and sustainable materials, our goal is to achieve growth by expanding product and service lineups that will solve social issues. In the IT devices market, we will enhance profitability and efficiency in response to the downturn trend in the product demand.

Concerning the global economic environment in the fiscal year ending December 31, 2022, we expect that the economy will continue to recover with the easing of constraints on supply, such as the shortage of semiconductors, although there are uncertainties about the impact of resurgence of COVID-19 on economic activities as well as trends in raw materials prices and labor costs.

In the fiscal year ending December 31, 2022, we expect a rapid growth in product demand for touch sensors for mobility components in the Devices segment, while we foresee a slowdown in demand for smartphones. In the Industrial Materials segment, we expect that demand for mobility components in the field of decoration and for metallized paper, a sustainable material, will grow steadily. In the Medical Technologies segment, product demand for contract development and manufacturing services will rise owing to continued trends toward recovery from COVID-19 and the commencement of manufacturing new products. For the consolidated financial results for the fiscal year ending December 31, 2022, we expect net sales of ¥175,500 million, operating profit of ¥11,500 million, profit before tax of ¥11,000 million and profit attributable to owners of parent of ¥7,800 million. These figures are based on an exchange rate of 1US\$ = ¥113 for the fiscal year ending December 31, 2022.

Consolidated net sales forecast by segment (January 1, 2022 to December 31, 2022)

Segment	Amount (Million yen)	Ratio (%)	YoY (%)
Industrial Materials	62,500	35.6	+3.2
Devices	77,000	43.9	(20.6)
Medical Technologies	28,000	16.0	+15.8
Other	8,000	4.6	+5.4
Total	175,500	100.0	(7.3)

2. Basic Approach to the Selection of Accounting Standards

For the purposes of enhancing international comparability of financial information and strengthening global Group management control, beginning from the consolidated financial statements in the annual securities report for the fiscal year ended December 31, 2019, the Group has voluntarily adopted International Financial Reporting Standards (IFRS).

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated statements of financial position

(Million yen)

	As of December 31, 2020	As of December 31, 2021
<hr/>		
Assets		
Current assets		
Cash and cash equivalents	25,067	42,330
Trade and other receivables	37,614	30,233
Inventories	25,435	27,072
Other financial assets	222	145
Other current assets	4,194	3,764
Subtotal	<hr/> 92,534	<hr/> 103,546
Assets held for sale	90	—
Total current assets	<hr/> 92,625	<hr/> 103,546
Non-current assets		
Property, plant and equipment	46,293	42,799
Goodwill	18,555	20,186
Intangible assets	13,806	13,884
Right-of-use assets	8,161	8,820
Investments accounted for using equity method	567	533
Other financial assets	17,653	17,334
Retirement benefit asset	269	353
Deferred tax assets	1,371	1,496
Other non-current assets	250	318
Total non-current assets	<hr/> 106,929	<hr/> 105,728
Total assets	<hr/> <hr/> 199,554	<hr/> <hr/> 209,274

(Million yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	49,441	36,106
Bonds and borrowings	23,534	6,570
Other financial liabilities	789	1,009
Lease liabilities	1,589	1,629
Income taxes payable, etc.	2,218	2,250
Provisions	53	64
Other current liabilities	6,637	4,943
Total current liabilities	84,263	52,573
Non-current liabilities		
Bonds and borrowings	8,877	33,315
Other financial liabilities	1,191	1,007
Lease liabilities	8,311	8,435
Retirement benefit liability	5,884	6,646
Provisions	47	52
Deferred tax liabilities	8,725	8,611
Other non-current liabilities	329	367
Total non-current liabilities	33,367	58,436
Total liabilities	117,630	111,010
Equity		
Share capital	12,119	12,119
Capital surplus	14,856	14,810
Retained earnings	51,811	65,445
Treasury shares	(1,720)	(1,929)
Other components of equity	4,859	7,830
Total equity attributable to owners of parent	81,926	98,278
Non-controlling interests	(2)	(13)
Total equity	81,924	98,264
Total liabilities and equity	199,554	209,274

(2) Consolidated statements of profit or loss and comprehensive income

Consolidated statements of profit or loss

(Million yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Net sales	180,006	189,285
Cost of sales	(143,195)	(144,814)
Gross profit	36,810	44,470
Selling, general and administrative expenses	(25,999)	(27,161)
Other income	1,725	1,185
Other expenses	(5,214)	(1,086)
Share of profit (loss) of investments accounted for using equity method	(42)	(44)
Operating profit (loss)	7,278	17,363
Finance income	891	3,183
Finance costs	(1,130)	(1,047)
Profit (loss) before tax	7,039	19,499
Income tax expense	22	(3,658)
Profit (loss)	7,062	15,840
Profit attributable to:		
Owners of parent	7,061	15,859
Non-controlling interests	0	(18)
Profit (loss)	7,062	15,840
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	141.34	318.35
Diluted earnings (loss) per share (Yen)	137.78	317.16

Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Profit (loss)	7,062	15,840
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	2,706	(773)
Remeasurements of defined benefit plans	47	(467)
Total of items that will not be reclassified to profit or loss	2,754	(1,241)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,108)	3,501
Share of other comprehensive income of investments accounted for using equity method	9	(9)
Total of items that may be reclassified to profit or loss	(1,098)	3,491
Total other comprehensive income	1,655	2,250
Comprehensive income	8,717	18,091
Comprehensive income attributable to:		
Owners of parent	8,716	18,102
Non-controlling interests	1	(11)
Comprehensive income	8,717	18,091

(3) 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, 2020	12,119	14,931	42,359	(1,899)	9,955	—	(2,461)	7,494	75,006	(3)	75,002	
Cumulative effect of accounting change	—	—	(154)	—	—	—	2	2	(151)	—	(151)	
Restated balance	12,119	14,931	42,204	(1,899)	9,955	—	(2,458)	7,497	74,854	(3)	74,851	
Profit (loss)	—	—	7,061	—	—	—	—	—	7,061	0	7,062	
Other comprehensive income	—	—	—	—	2,706	47	(1,099)	1,655	1,655	0	1,655	
Total comprehensive income	—	—	7,061	—	2,706	47	(1,099)	1,655	8,716	1	8,717	
Purchase of treasury shares	—	—	—	(0)	—	—	—	—	(0)	—	(0)	
Disposal of treasury shares	—	(85)	—	178	—	—	—	—	93	—	93	
Dividends of surplus	—	—	(1,747)	—	—	—	—	—	(1,747)	—	(1,747)	
Share-based payment transactions	—	10	—	—	—	—	—	—	10	—	10	
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	4,293	—	(4,245)	(47)	—	(4,293)	—	—	—	
Total transactions with owners, etc.	—	(75)	2,546	178	(4,245)	(47)	—	(4,293)	(1,644)	—	(1,644)	
Balance at December 31, 2020	12,119	14,856	51,811	(1,720)	8,416	—	(3,557)	4,859	81,926	(2)	81,924	
Profit (loss)	—	—	15,859	—	—	—	—	—	15,859	(18)	15,840	
Other comprehensive income	—	—	—	—	(773)	(467)	3,484	2,243	2,243	7	2,250	
Total comprehensive income	—	—	15,859	—	(773)	(467)	3,484	2,243	18,102	(11)	18,091	
Purchase of treasury shares	—	—	—	(420)	—	—	—	—	(420)	—	(420)	
Disposal of treasury shares	—	(83)	—	211	—	—	—	—	128	—	128	
Dividends of surplus	—	—	(1,496)	—	—	—	—	—	(1,496)	—	(1,496)	
Share-based payment transactions	—	46	—	—	—	—	—	—	46	—	46	
Changes in ownership interest in subsidiaries	—	(9)	—	—	—	—	—	—	(9)	—	(9)	
Transfer from other components of equity to retained earnings	—	—	(728)	—	260	467	—	728	—	—	—	
Total transactions with owners, etc.	—	(45)	(2,225)	(208)	260	467	—	728	(1,750)	—	(1,750)	
Balance at December 31, 2021	12,119	14,810	65,445	(1,929)	7,903	—	(73)	7,830	98,278	(13)	98,264	

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before tax	7,039	19,499
Depreciation and amortization	8,401	9,258
Impairment losses	989	114
Gain on bargain purchase	(804)	—
Loss (gain) on sale and retirement of non-current assets	16	(42)
Business structure improvement expenses	2,051	—
Share of loss (profit) of investments accounted for using equity method	42	44
Finance income	(891)	(3,183)
Finance costs	1,130	1,047
Decrease (increase) in trade and other receivables	(2,444)	8,122
Decrease (increase) in inventories	(2,760)	(533)
Increase (decrease) in trade and other payables	2,129	(11,927)
Increase (decrease) in provisions	(20)	13
Increase (decrease) in retirement benefit asset or liability	333	115
Other	493	387
Subtotal	15,706	22,916
Interest received	50	35
Dividends received	437	379
Interest paid	(834)	(790)
Income taxes paid	(1,023)	(3,839)
Income taxes refund	309	89
Net cash provided by (used in) operating activities	14,646	18,790
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	123
Purchase of property, plant and equipment	(5,297)	(6,661)
Payments for retirement of property, plant and equipment	(48)	(63)
Proceeds from sale of property, plant and equipment	389	629
Purchase of intangible assets	(446)	(936)
Proceeds from advance payment for finance lease contract	1,500	—
Purchase of investment securities	(101)	(312)
Proceeds from sale of investment securities	6,110	426
Payments for acquisition of subsidiaries or other businesses	(3,152)	—
Purchase of shares of subsidiaries and affiliates	(213)	—
Other	(97)	(77)
Net cash provided by (used in) investing activities	(1,357)	(6,871)

(Million yen)

	Fiscal Year Ended December 31, 2020	Fiscal Year Ended December 31, 2021
Cash flows from financing activities		
Proceeds from short-term borrowings	11,864	895
Repayments of short-term borrowings	(15,190)	(13,013)
Repayments of lease liabilities	(1,734)	(1,872)
Proceeds from sale and leaseback transactions	1,294	—
Proceeds from long-term borrowings	1,831	24,854
Repayments of long-term borrowings	(2,410)	(13,565)
Proceeds from issuance of bonds	—	9,945
Redemption of bonds	—	(2,840)
Purchase of treasury shares	(0)	(420)
Proceeds from sale of treasury shares	93	120
Dividends paid to owners of parent	(1,746)	(1,495)
Other	(0)	1
Net cash provided by (used in) financing activities	(5,997)	2,609
Effect of exchange rate changes on cash and cash equivalents	276	2,735
Net increase (decrease) in cash and cash equivalents	7,567	17,263
Cash and cash equivalents at beginning of period	17,499	25,067
Cash and cash equivalents at end of period	25,067	42,330

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Changes in accounting policies)

The Group used to recognize configuration or customization costs in cloud computing agreements as intangible assets by applying IAS 38 *Intangible Assets*. Effective from the fiscal year ended December 31, 2021, however, the Group changed its accounting policy to recognize costs incurred as expenses when the Group receives a configuration or customization service, considering the discussions that led to the agenda decision published by the IFRS Interpretations Committee in April 2021.

The above-mentioned change in the accounting policy has been applied retrospectively, and therefore the consolidated financial statements for the previous fiscal year have been retrospectively restated.

Consequently, operating profit and profit before tax for the previous fiscal year each decreased by ¥15 million and profit and profit attributable to owners of parent decreased by ¥11 million yen compared with those before the retrospective application. In addition, the Group reflected the cumulative effect on net assets at the beginning of the previous fiscal year. As a result, deferred tax assets increased by ¥34 million while retained earnings decreased by ¥154 million, intangible assets by ¥197 million, and deferred tax liabilities by ¥ 11 million respectively at beginning of the previous fiscal year.

(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. The three reportable segments are the Industrial Materials segment, Devices segment, and Medical Technologies 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 development manufacturing services for major medical device manufacturers.

(Note with regard to changes to reportable segment)

From the fiscal year ended December 31, 2021, the Information and Communication segment is included in the Other category. Therefore, segment information for the previous fiscal year is stated according to the category following the change.

2. Methods of measurement for the amounts of sales, profit (loss), assets, and other items 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.

As stated in Changes in accounting policies, the Group changed its accounting policy from the fiscal year ended December 31, 2021. The accounting policy has been applied retrospectively and the consolidated financial statements for the previous fiscal year have been retrospectively restated. Therefore, compared with the previous method, segment profit and segment assets for the fiscal year ended December 31, 2020 decreased by ¥11 million and ¥169 million in the Industrial Material respectively.

3. Information about sales, profit (loss), assets, and other items by reportable segment

The fiscal year ended December 31, 2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologies	Sub-total				
Sales from external customers	48,858	102,708	20,568	172,135	7,870	180,006	—	180,006
Inter-segment sales	1,292	37	0	1,331	1,455	2,787	(2,787)	—
Total	50,151	102,746	20,568	173,466	9,326	182,793	(2,787)	180,006
Segment profit (loss)	858	10,131	993	11,983	(572)	11,410	(4,131)	7,278
Finance income	—	—	—	—	—	—	—	891
Finance costs	—	—	—	—	—	—	—	(1,130)
Profit (loss) before tax	—	—	—	—	—	—	—	7,039
Segment assets	48,877	51,647	34,420	134,945	9,910	144,855	54,698	199,554
Other								
Depreciation and amortization	3,463	2,953	1,029	7,446	585	8,031	369	8,401
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	(42)	(42)	—	(42)
Impairment loss	—	612	329	942	47	989	—	989
Increase in property, plant and equipment, intangible assets and right-of-use assets	2,477	2,117	889	5,484	1,595	7,080	774	7,855
Investments accounted for using equity method	—	0	—	0	567	567	—	567

(Notes) 1. The “Other” category consists of a business segment not included in the reportable segments and includes the Information and Communication, the prescription pharmaceutical manufacturing business, etc.

2. Reconciliations are as follows:

- (1) The negative ¥4,131 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.
- (2) The positive ¥54,698 million of reconciliations in segment assets consists of the positive ¥54,854 million in total of cash and cash equivalents, investment securities, corporate (R&D and administrative) property, plant and equipment, etc., not allocated to reportable segments and the negative ¥155 million of inter-segment elimination of receivables and payables.
- (3) The positive ¥369 million of reconciliations in depreciation and amortization relates to corporate (R&D and administrative) property, plant and equipment, etc.
- (4) The positive ¥774 million of reconciliations in increase in property, plant and equipment, intangible assets and right-of-use assets is the amount of corporate (R&D and administrative) capital investment.

3. Segment profit (loss) is reconciled with operating profit (loss) recorded in the consolidated statements of profit or loss.

The fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologies	Sub-total				
Sales from external customers	60,543	96,971	24,176	181,691	7,593	189,285	—	189,285
Inter-segment sales	678	13	0	692	1,324	2,016	(2,016)	—
Total	61,222	96,984	24,176	182,383	8,917	191,301	(2,016)	189,285
Segment profit (loss)	5,161	14,242	776	20,181	(1,067)	19,114	(1,751)	17,363
Finance income	—	—	—	—	—	—	—	3,183
Finance costs	—	—	—	—	—	—	—	(1,047)
Profit (loss) before tax	—	—	—	—	—	—	—	19,499
Segment assets	51,872	37,308	39,510	128,690	10,072	138,763	70,511	209,274
Other								
Depreciation and amortization	3,801	2,911	1,436	8,148	763	8,912	346	9,258
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	(44)	(44)	—	(44)
Impairment loss	55	—	—	55	—	55	58	114
Increase in property, plant and equipment, intangible assets and right-of-use assets	2,613	1,659	978	5,251	844	6,096	943	7,040
Investments accounted for using equity method	—	0	—	0	533	533	—	533

(Notes) 1. The “Other” category consists of a business segment not included in the reportable segments and includes the Information and Communication, the prescription pharmaceutical manufacturing business, etc.

2. Reconciliations are as follows:

(1) The negative ¥1,751 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.

(2) The positive ¥70,511 million of reconciliations in segment assets consists of the positive ¥70,728 million in total of cash and cash equivalents, investment securities, corporate (R&D and administrative) property, plant and equipment, etc., not allocated to reportable segments and the negative ¥217 million of inter-segment elimination of receivables and payables.

(3) The positive ¥346 million of reconciliations in depreciation and amortization relates to corporate (R&D and administrative) property, plant and equipment, etc.

(4) The positive ¥943 million of reconciliations in increase in property, plant and equipment, intangible assets and right-of-use assets is the amount of corporate (R&D and administrative) capital investment.

3. Segment profit (loss) is reconciled with operating profit (loss) recorded in the consolidated statements of profit or loss.

4. The Company finalized the provisional accounting treatment pertaining to business combinations and changed the accounting policy for configuration or customization costs in cloud computing agreements in the fiscal year ended December 31, 2021, and reflected the details of the finalization of the provisional accounting treatment and retrospective adjustments due to the change in the accounting policy on figures related to the previous fiscal year.