



Consolidated Financial Results
for the Fiscal Year Ended December 31, 2022
[IFRS]

February 14, 2023

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 the Ordinary General Meeting of Shareholders: March 23, 2023
Scheduled date of commencing dividend payments: March 3, 2023
Scheduled date of filing annual securities report: March 23, 2023
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, 2022 (January 1, 2022 to December 31, 2022)

(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, 2022	193,963	2.5	9,520	(45.2)	12,373	(36.5)	10,119	(36.1)	10,140	(36.1)	15,928	(12.0)
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

	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, 2022	203.65	—	9.7	5.6	4.9
Fiscal year ended December 31, 2021	318.35	317.16	17.6	9.5	9.2

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

Fiscal year ended December 31, 2022: ¥(57) million

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

(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, 2022	230,212	111,518	111,553	48.5	2,257.47
As of December 31, 2021	209,274	98,264	98,278	47.0	1,972.89

(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, 2022	12,039	(4,385)	1,082	54,325
Fiscal year ended December 31, 2021	18,790	(6,871)	2,609	42,330

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, 2021	–	15.00	–	25.00	40.00	2,007	12.6	2.2
Fiscal year ended December 31, 2022	–	15.00	–	35.00	50.00	2,497	24.6	2.4
Fiscal year ending December 31, 2023 (Forecast)	–	25.00	–	25.00	50.00		39.9	

(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, 2023 (January 1, 2023 to December 31, 2023)

(% 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	90,700	2.8	3,200	(48.9)	3,000	(68.6)	2,200	(72.2)		44.52
Full year	192,000	(1.0)	9,000	(5.5)	8,500	(31.3)	6,200	(38.9)		125.47

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 December 31, 2022	50,855,638 shares
As of December 31, 2021	50,855,638 shares

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

As of December 31, 2022	1,440,336 shares
As of December 31, 2021	1,041,373 shares

3) Average number of shares during the period:

Fiscal year ended December 31, 2022	49,794,525 shares
Fiscal year ended December 31, 2021	49,817,993 shares

* This report on consolidated financial results is exempted from auditing 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 realizing them. Actual results, etc. may differ significantly 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. Overview of Consolidated Operating Results, etc. (4) Forecast for the fiscal year ending December 31, 2023" on page 5 of the appendix.

We are scheduled to hold a briefing session for institutional investors on Tuesday, February 14, 2023. Reference materials to be distributed at the briefing session are scheduled to be posted on our website on that day, as well.

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1. Overview of Consolidated Operating Results, etc.

From the fiscal year ended December 31, 2022, the Company has changed its business segments to be presented as reportable segments, and made comparisons and analysis for that fiscal year based on the categories reflecting the change. For details, please see “Segment information” under “(5) Notes to consolidated financial statements.”

(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, 2022, the global economic environment showed movements of recovery from the novel coronavirus disease (COVID-19) crisis. However, the surging inflation and the corresponding interest rate hikes in the United States and Europe, among other factors, slowed the pace of the recovery. While the U.S. economy continued to recover gradually, the European economy remained sluggish owing mainly to Russia’s invasion of Ukraine. Meanwhile, the recovery of China’s economy stagnated because of the Chinese government’s COVID-19 policies and other reasons. In Japan, the easing of constraints on supply drove a gradual pickup in the economy.

Under these conditions, in the Industrial Materials segment, price of sustainable materials were raised to reflect soaring costs, and product demand for decorations remained firm. On the other hand, in the Devices segment, product demand for smartphones declined from the previous fiscal year, but we saw strong product demand for contract design/development manufacturing services in the Medical Technologies segment. As these results, the net sales increased year on year. As for the profit, the decline in product demand for smartphones and higher energy and labor costs driven by the inflation put pressure on profitability. Furthermore, the Group recognized an impairment loss on goodwill for European subsidiaries, which manufacture and sell sustainable materials in the Industrial Materials segment, mainly due to rises in discount rates following the interest rate hikes, and profit declined year on year.

As a result, regarding the financial results for the fiscal year ended December 31, 2022, net sales were ¥193,963 million (an increase of 2.5% as compared to the previous year). Operating profit was ¥9,520 million (a decrease of 45.2% as compared to the previous year). Profit attributable to owners of parent was ¥10,140 million (a decrease of 36.1% 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, 2022, net sales increased year on year thanks to the price hike of sustainable materials and the firm product demand for decorations. Despite an improvement in profitability backed primarily by the price hike, operating profit decreased year on year. This was attributable to the recognition of an impairment loss on goodwill for European subsidiaries mainly due to rises in discount rates of sustainable materials and the higher energy and

labor costs driven by the inflation.

As a result, segment sales for the fiscal year ended December 31, 2022 were ¥73,558 million (an increase of 21.4% as compared to the previous year). Segment profit (operating profit) was ¥3,390 million (a decrease of 34.2% 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, 2022, product demand for industrial equipment, mobility components, gas sensors, etc. increased. Meanwhile, product demand for smartphones declined substantially, which resulted in year-on-year decreases in net sales and operating profit.

As a result, segment sales for the fiscal year ended December 31, 2022 were ¥79,951 million (a decrease of 17.5% as compared to the previous year). Segment profit (operating profit) was ¥8,389 million (a decrease of 41.4% 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 design/development manufacturing services for major medical device manufacturers, especially for those in the United States and Europe, 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, 2022, net sales grew year on year thanks to firm product demand under the active business environment of our main field of contract design/development manufacturing services. Meanwhile, soaring raw materials and labor costs put pressure on profitability. Consequently, operating profit decreased year on year despite an improvement in profitability in the latter half of the fiscal year.

As a result, segment sales for the fiscal year ended December 31, 2022 were ¥32,457 million (an increase of 34.3% as compared to the previous year). Segment profit (operating profit) was ¥490 million (a decrease of 36.9% 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, 2022 increased by ¥20,937 million from the end of the previous year (the fiscal year ended December 31, 2021) to ¥230,212 million.

Current assets increased by ¥21,856 million from the end of the previous fiscal year to ¥125,403 million. This was mainly because of an ¥11,995 million increase of cash and cash equivalents, a ¥2,991 million increase of trade and other receivables, and a ¥5,666 million increase of inventories.

Non-current assets decreased by ¥918 million from the end of the previous year to ¥104,809 million. This was mainly because a ¥3,672 million decrease of other financial assets mainly due to a change in fair value and sale of financial assets measured at fair value through other comprehensive income outweighed a ¥921 million increase of property, plant and equipment, a ¥1,223 million increase of goodwill and a ¥367 million increase of intangible assets. As for goodwill, while an impairment loss on goodwill was recognized, it resulted in increasing due to the impact of foreign exchange conversion. Total liabilities at the end of the fiscal year ended December 31, 2022 increased by ¥7,682 million from the end of the previous year to ¥118,693 million.

Current liabilities increased by ¥5,057 million from the end of the previous year to ¥57,631 million. This was mainly because of a ¥3,313 million increase of trade and other payables and a ¥2,879 million increase of borrowings.

Non-current liabilities increased by ¥2,625 million from the end of the previous fiscal year to ¥61,061 million. This was mainly because a ¥4,843 million increase of bonds and borrowings outweighed a ¥1,394 decrease of deferred tax liabilities.

Total equity at the end of the fiscal year ended December 31, 2022 increased by ¥13,254 million from the end of the previous year to ¥111,518 million. This was mainly because of a ¥10,212 million increase of retained earnings due to the recording of profit attributable to owners of parent and a ¥3,735 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, 2022 was ¥54,325 million, an increase of ¥11,995 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, 2022.

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

Funds provided by operating activities amounted to ¥12,039 million (a decrease of 35.9% as compared to the previous year). This was mainly because there were ¥12,373 million of profit before tax and ¥9,487 million of depreciation and amortization, while there were ¥3,775 million of increase in inventories and ¥5,001 million of income taxes paid.

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

Funds used in investing activities amounted to ¥4,385 million (a decrease of 36.2% as compared to the previous year). This was mainly because there was ¥5,454 million of purchase of property, plant and equipment, while there was ¥2,160 million of proceeds from sale of investment securities.

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

Funds provided by financing activities amounted to ¥1,082 million (a decrease of 58.5% as compared to the previous year). This was mainly because there were ¥5,000 million of proceeds from long-term borrowings, while there were ¥1,915 million of repayments of lease liabilities and ¥1,992 million of dividends paid to owners of parent.

(4) Forecast for the fiscal year ending December 31, 2023

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 our priority 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, 2023, the economic outlook, such as high inflation, policy interest rates, and foreign exchange market, is uncertain. We expect that the economy will continue to trend toward a gradual recovery backed by the further easing of constraints on supply and active corporate capital investment, among other factors. On the other hand, however, there is a concern about a slowdown in the pace of economic recovery, including sluggish demand.

Under these conditions, 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 Devices segment, we expect a decline in product demand for smartphones and tablets by factoring in the economic slowdown, while we foresee growth in product demand for mobility components and gas sensors, among others. In the Medical Technologies segment, product demand for contract design/development manufacturing services will rise against a backdrop of the active market trend. On the other hand, as efforts to improve profits, we will raise product prices in response to rising energy costs, raw material costs, and labor costs due to the inflation. Also, we aim to improve productivity and efficiency mainly by promoting factory automation and DX (Digital Transformation). As these results, for the consolidated financial results for the fiscal year ending December 31, 2023, we expect net sales of ¥192,000 million, operating profit of ¥9,000 million, profit before tax of ¥8,500 million and profit attributable to owners of parent of ¥6,200 million. These figures are based on an exchange rate of 1US\$ = ¥130 for the fiscal year ending December 31, 2023.

Consolidated net sales forecast by segment (January 1, 2023 to December 31, 2023)

Segment	Amount (Million yen)	Ratio (%)	YoY (%)
Industrial Materials	76,500	39.9	+4.0
Devices	72,000	37.5	(9.9)
Medical Technologies	35,000	18.2	+7.8
Other	8,500	4.4	+6.3
Total	192,000	100.0	(1.0)

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, 2021	As of December 31, 2022
<hr/>		
Assets		
Current assets		
Cash and cash equivalents	42,330	54,325
Trade and other receivables	30,233	33,225
Inventories	27,072	32,739
Other financial assets	145	381
Other current assets	3,764	4,731
Total current assets	<hr/> 103,546	<hr/> 125,403
Non-current assets		
Property, plant and equipment	42,799	43,720
Goodwill	20,186	21,410
Intangible assets	13,884	14,252
Right-of-use assets	8,820	8,840
Investments accounted for using equity method	533	763
Other financial assets	17,334	13,662
Retirement benefit asset	353	367
Deferred tax assets	1,496	1,515
Other non-current assets	318	276
Total non-current assets	<hr/> 105,728	<hr/> 104,809
Total assets	<hr/> <hr/> 209,274	<hr/> <hr/> 230,212

(Million yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	36,106	39,419
Borrowings	6,570	9,450
Other financial liabilities	1,009	1,198
Lease liabilities	1,629	1,740
Income taxes payable, etc.	2,250	1,173
Provisions	64	95
Other current liabilities	4,943	4,552
Total current liabilities	52,573	57,631
Non-current liabilities		
Bonds and borrowings	33,315	38,158
Other financial liabilities	1,007	690
Lease liabilities	8,435	8,206
Retirement benefit liability	6,646	6,290
Provisions	52	62
Deferred tax liabilities	8,611	7,216
Other non-current liabilities	367	436
Total non-current liabilities	58,436	61,061
Total liabilities	111,010	118,693
Equity		
Share capital	12,119	12,119
Capital surplus	14,810	14,841
Retained earnings	65,445	75,658
Treasury shares	(1,929)	(2,632)
Other components of equity	7,830	11,565
Total equity attributable to owners of parent	98,278	111,553
Non-controlling interests	(13)	(34)
Total equity	98,264	111,518
Total liabilities and equity	209,274	230,212

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

Consolidated statements of profit or loss

(Million yen)

	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022
Net sales	189,285	193,963
Cost of sales	(144,814)	(151,540)
Gross profit	44,470	42,422
Selling, general and administrative expenses	(27,161)	(31,147)
Other income	1,185	949
Other expenses	(1,086)	(2,646)
Share of profit (loss) of investments accounted for using equity method	(44)	(57)
Operating profit (loss)	17,363	9,520
Finance income	3,183	3,768
Finance costs	(1,047)	(916)
Profit (loss) before tax	19,499	12,373
Income tax expense	(3,658)	(2,253)
Profit (loss)	15,840	10,119
Profit (loss) attributable to:		
Owners of parent	15,859	10,140
Non-controlling interests	(18)	(21)
Profit (loss)	15,840	10,119
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	318.35	203.65
Diluted earnings (loss) per share (Yen)	317.16	-

Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022
Profit (loss)	15,840	10,119
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	(773)	(1,075)
Remeasurements of defined benefit plans	(467)	633
Total of items that will not be reclassified to profit or loss	(1,241)	(441)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	3,501	6,114
Share of other comprehensive income of investments accounted for using equity method	(9)	136
Total of items that may be reclassified to profit or loss	3,491	6,250
Total other comprehensive income	2,250	5,809
Comprehensive income	18,091	15,928
Comprehensive income attributable to:		
Owners of parent	18,102	15,949
Non-controlling interests	(11)	(21)
Comprehensive income	18,091	15,928

(3) Consolidated statements of changes in equity

(Million yen)

	Equity attributable to owners of parent										Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total equity attributable to owners of parent	Non-controlling interests	
					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			
Balance at January 1, 2021	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)
Loss of control of subsidiaries	–	–	–	–	–	–	–	–	–	–	–
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
Profit (loss)	–	–	10,140	–	–	–	–	–	10,140	(21)	10,119
Other comprehensive income	–	–	–	–	(1,075)	633	6,250	5,809	5,809	–	5,809
Total comprehensive income	–	–	10,140	–	(1,075)	633	6,250	5,809	15,949	(21)	15,928
Purchase of treasury shares	–	–	–	(837)	–	–	–	–	(837)	–	(837)
Disposal of treasury shares	–	(28)	–	133	–	–	–	–	105	–	105
Dividends of surplus	–	–	(1,993)	–	–	–	–	–	(1,993)	–	(1,993)
Share-based payment transactions	–	59	–	–	–	–	–	–	59	–	59
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	–	–	–	–	–
Loss of control of subsidiaries	–	–	(8)	–	–	–	–	–	(8)	–	(8)
Transfer from other components of equity to retained earnings	–	–	2,073	–	(1,440)	(633)	–	(2,073)	–	–	–
Total transactions with owners, etc.	–	30	71	(703)	(1,440)	(633)	–	(2,073)	(2,674)	–	(2,674)
Balance at December 31, 2022	12,119	14,841	75,658	(2,632)	5,388	–	6,177	11,565	111,553	(34)	111,518

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before tax	19,499	12,373
Depreciation and amortization	9,258	9,487
Impairment losses	114	1,461
Loss (gain) on subsidiaries liquidation	–	385
Loss (gain) on sale and retirement of fixed assets	(42)	102
Share of loss (profit) of investments accounted for using equity method	44	57
Finance income	(3,183)	(3,768)
Finance costs	1,047	916
Decrease (increase) in trade and other receivables	8,122	(819)
Decrease (increase) in inventories	(533)	(3,775)
Increase (decrease) in trade and other payables	(11,927)	1,274
Increase (decrease) in provisions	13	34
Increase (decrease) in retirement benefit asset or liability	115	198
Other	387	(562)
Subtotal	22,916	17,366
Interest received	35	69
Dividends received	379	409
Interest paid	(790)	(899)
Income taxes paid	(3,839)	(5,001)
Income taxes refund	89	95
Net cash provided by (used in) operating activities	18,790	12,039
Cash flows from investing activities		
Payments into time deposits	–	(136)
Proceeds from withdrawal of time deposits	123	–
Purchase of property, plant and equipment	(6,661)	(5,454)
Payments for retirement of property, plant and equipment	(63)	(53)
Proceeds from sale of property, plant and equipment	629	46
Purchase of intangible assets	(936)	(558)
Purchase of investment securities	(312)	(17)
Proceeds from sale of investment securities	426	2,160
Purchase of shares of subsidiaries and affiliates	–	(151)
Other	(77)	(219)
Net cash provided by (used in) investing activities	(6,871)	(4,385)

(Million yen)

	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	895	3,030
Repayments of short-term borrowings	(13,013)	(1,056)
Repayments of lease liabilities	(1,872)	(1,915)
Proceeds from long-term borrowings	24,854	5,000
Repayments of long-term borrowings	(13,565)	(1,252)
Proceeds from issuance of bonds	9,945	–
Redemption of bonds	(2,840)	–
Purchase of treasury shares	(420)	(837)
Proceeds from sale of treasury shares	120	106
Dividends paid to owners of parent	(1,495)	(1,992)
Other	1	(0)
Net cash provided by (used in) financing activities	2,609	1,082
Effect of exchange rate changes on cash and cash equivalents	2,735	3,257
Net increase (decrease) in cash and cash equivalents	17,263	11,995
Cash and cash equivalents at beginning of period	25,067	42,330
Cash and cash equivalents at end of period	42,330	54,325

(5) Notes to 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. 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 design/development manufacturing services for major medical device manufacturers.

(Note with regard to changes to reportable segment)

From the fiscal year ended December 31, 2022, in line with the partial revision of performance management structure within the Group, segment categories for certain consolidated subsidiaries previously recorded in the Devices segment and the Other category were changed to the Other category and the Industrial Materials segment, respectively.

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.

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

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	60,581	96,955	24,176	181,713	7,571	189,285	–	189,285
Inter-segment sales	712	14	0	726	1,314	2,041	(2,041)	–
Total	61,294	96,969	24,176	182,440	8,886	191,326	(2,041)	189,285
Segment profit (loss)	5,155	14,328	776	20,261	(1,147)	19,114	(1,751)	17,363
Finance income	–	–	–	–	–	–	–	3,183
Finance costs	–	–	–	–	–	–	–	(1,047)
Profit (loss) before tax	–	–	–	–	–	–	–	19,499
Segment assets	51,879	37,246	39,510	128,636	10,127	138,764	70,510	209,274
Other								
Depreciation and amortization	3,801	2,907	1,436	8,145	766	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	2,615	1,658	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 and foreign exchange loss or gain not attributable to any reportable segment.
- (2) The positive ¥70,510 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.

The fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(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	73,558	79,951	32,457	185,968	7,995	193,963	–	193,963
Inter-segment sales	237	9	0	247	1,078	1,326	(1,326)	–
Total	73,796	79,961	32,457	186,215	9,074	195,290	(1,326)	193,963
Segment profit (loss)	3,390	8,389	490	12,270	(757)	11,512	(1,992)	9,520
Finance income	–	–	–	–	–	–	–	3,768
Finance costs	–	–	–	–	–	–	–	(916)
Profit (loss) before tax	–	–	–	–	–	–	–	12,373
Segment assets	56,779	35,804	47,166	139,751	10,400	150,151	80,060	230,212
Other								
Depreciation and amortization	4,088	2,682	1,587	8,358	756	9,114	373	9,487
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	(57)	(57)	–	(57)
Impairment loss	1,461	–	–	1,461	–	1,461	–	1,461
Increase in property, plant and equipment, intangible assets and right-of-use assets	4,437	579	1,097	6,113	810	6,923	435	7,359
Investments accounted for using equity method	–	–	–	–	763	763	–	763

(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 ¥1,992 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, etc. Corporate expenses mainly consist of general and administrative expenses and foreign exchange loss or gain not attributable to any reportable segment.
- (2) The positive ¥80,060 million of reconciliations in segment assets consists of the positive ¥80,253 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 ¥192 million of inter-segment elimination of receivables and payables.
- (3) The positive ¥373 million of reconciliations in depreciation and amortization relates to corporate (R&D and administrative) property, plant and equipment, etc.
- (4) The positive ¥435 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.