



## Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [IFRS]

February 14, 2024

Company name: Nissha Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 7915  
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 Scheduled date of the Ordinary General Meeting of Shareholders: March 22, 2024  
 Scheduled date of commencing dividend payments: March 4, 2024  
 Scheduled date of filing annual securities report: March 22, 2024  
 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, 2023 (January 1, 2023 to December 31, 2023)

(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, 2023	167,726	(13.5)	(3,817)	–	(2,762)	–	(3,014)	–	(2,988)	–	3,647	(77.1)
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)

	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, 2023	(61.13)	–	(2.7)	(1.2)	(2.3)
Fiscal year ended December 31, 2022	203.65	–	9.7	5.6	4.9

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

Fiscal year ended December 31, 2023: ¥(243) million

Fiscal year ended December 31, 2022: ¥(57) 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, 2023	217,853	110,852	110,913	50.9	2,281.64
As of December 31, 2022	230,212	111,518	111,553	48.5	2,257.47

**(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, 2023	1,486	(8,019)	(12,629)	37,854
Fiscal year ended December 31, 2022	12,039	(4,385)	1,082	54,325

**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, 2022	–	15.00	–	35.00	50.00	2,497	24.6	2.4
Fiscal year ended December 31, 2023	–	25.00	–	25.00	50.00	2,460	–	2.2
Fiscal year ending December 31, 2024 (Forecast)	–	25.00	–	25.00	50.00		65.7	

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)**

(% 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	91,500	10.2	2,500	–	2,400	120.7	1,500	87.3	30.86
Full year	186,500	11.2	5,800	–	5,400	–	3,700	–	76.11

(Note) The percentage change in operating profit from the previous corresponding first half is written as "-" because it is 1,000% or more.



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## **1. Overview of Consolidated Operating Results, etc.**

From the fiscal year ended December 31, 2023, the Company has changed some of its classification of 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 aim to create social and economic value by contributing to solving global social issues in the priority markets of Medical, Mobility, and Sustainable Materials, with the integration and orchestration of the diverse talents of our people and our technologies. Correspondingly, we have formulated the 7th Medium-term Business Plan that sets forth the medium-term vision to be achieved in the three years from fiscal 2021 to 2023 and a strategy to get there, reflecting backwards the Sustainability Vision. We have been operating the plan in a bid to establish a foundation for growth by fully utilizing the global business bases to maximize their synergies.

During the fiscal year ended December 31, 2023, the final year of the 7th Medium-term Business Plan, while the global economy picked up, manufacturing industries faced a severe business environment with weak product demand mainly due to the high inflation and the settling down of special demand caused by COVID-19, except for some industries such as mobility components. Although the U.S. economy recovered with a backdrop of firm consumer spending and employment situation, the European economy stagnated, weighed on by, among other factors, the high inflation, monetary tightening, and sluggish domestic and foreign demand. The recovery of China’s economy slowed down, affected by a decrease in domestic and foreign demand, as well as trade friction. Meanwhile, the Japanese economy recovered moderately as production activities in the electronic components sector weakened due to sluggish foreign demand.

Under these conditions, as for the Company’s operating results for the fiscal year ended December 31, 2023, product demand for mobility components remained firm in the Industrial Materials segment with easing of supply restraint, and demand increased for contract design/development and manufacturing services in the Medical Technologies segment in an active market environment. On the other hand, product demand for tablets significantly slowed down in the Devices segment due to the saturation of special demand caused by COVID-19, and product demand for metallized paper remained sluggish in the Industrial Materials segment due to prolonged inventory adjustment in the supply chain. In addition to these demand trends, profits were decreased by an impairment loss on goodwill mainly due to rises in discount rates at European subsidiaries that produce and sell sustainable materials.

As a result, regarding the consolidated financial results for the fiscal year ended December 31, 2023, net sales were ¥167,726 million (a decrease of 13.5% as compared to the previous year). Operating loss was ¥3,817 million (operating profit of ¥9,520 million in the previous year). Loss attributable to owners of parent was ¥2,988 million (profit attributable to owners of parent of ¥10,140 million in 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 used in mobility components and home appliances in global markets. Also, the 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, 2023, although demand for mobility components in the field of decorations remained firm backed by the easing of constraints on supply, product demand for metallized paper was sluggish due to the impact of prolonged inventory adjustment in the supply chain, which resulted in a year-on-year decrease in net sales. Operating profit also decreased year-on-year, attributing to trends in demand as well as to the recognition of an impairment loss on goodwill mainly due to rises in discount rates at European subsidiaries that produce and sell sustainable materials. As a result, segment sales for the fiscal year ended December 31, 2023 were ¥68,762 million (a decrease of 6.5% as compared to the previous year). Segment profit (operating profit) was ¥93 million (a decrease of 97.2% 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, handheld terminals (logistics related), mobility components, and gaming devices 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, 2023, product demand for tablets, handheld terminals, etc. declined significantly due to the saturation of special demand caused by COVID-19, 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, 2023 were ¥54,862 million (a decrease of 31.4% as compared to the previous year). Segment loss (operating loss) was ¥1,580 million (segment profit (operating profit) of ¥8,286 million in 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 North America and Europe, with products such as surgical instruments for minimal invasive medical treatments and medical wearable sensors used for a wide range of therapeutic areas. In addition to these, the segment manufactures and sells its own brand products to medical institutions.

During the fiscal year ended December 31, 2023, thanks to firm product demand of our main field of contract design/development manufacturing services in the active market environment, net sales grew compared to the previous year. Operating profit increased year-on-year due to trends in demand as well as to improvements in productivity and efficiency to cope with cost increases caused by inflation and other factors.

As a result, segment sales for the fiscal year ended December 31, 2023 were ¥36,011 million (an increase of 10.9% as compared to the previous year). Segment profit (operating profit) was ¥1,493 million (an increase of 204.6% 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, 2023 decreased by ¥12,359 million from the end of the previous year (the fiscal year ended December 31, 2022) to ¥217,853 million.

Current assets decreased by ¥18,001 million from the end of the previous year to ¥107,401 million. This was mainly because of a ¥16,471 million decrease of cash and cash equivalents and a ¥1,957 million decrease of trade and other receivables.

Non-current assets increased by ¥5,642 million from the end of the previous year to ¥110,451 million. This was mainly because a ¥3,775 million increase of investments accounted for using equity method primarily due to new and additional acquisition, as well as a ¥2,651 million increase of other financial assets mainly due to a change in fair value of financial assets measured at fair value through other comprehensive income outweighed a ¥551 million decrease of property, plant and equipment and a ¥1,172 million decrease of goodwill.

Total liabilities at the end of the fiscal year ended December 31, 2023 decreased by ¥11,692 million from the end of the previous year to ¥107,000 million.

Current liabilities decreased by ¥11,038 million from the end of the previous year to ¥46,592 million. This was mainly because of a ¥10,809 million decrease of trade and other payables.

Non-current liabilities decreased by ¥653 million from the end of the previous year to ¥60,407 million. This was mainly because a ¥933 million decrease of bonds and borrowings and a ¥666 million decrease of other financial liabilities outweighed a ¥656 million increase of lease liabilities.

Total equity at the end of the fiscal year ended December 31, 2023 decreased by ¥666 million from the end of the previous year to ¥110,852 million. This was mainly because a ¥5,724 million decrease of retained earnings mainly due to the recording of loss attributable to owners of parent and a ¥1,387 million increase of treasury shares resulting primarily from the purchase of treasury shares outweighed a ¥6,447 million increase of other components of equity due to the impact of foreign exchange conversion, etc.

## **(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, 2023 was ¥37,854 million, a decrease of ¥16,471 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, 2023.

(Net cash provided by (used in) operating activities)

The funds provided by operating activities amounted to ¥1,486 million (a decrease of 87.7% as compared to the previous year). This was mainly because there were ¥2,762 million of loss before tax, ¥9,137 million of depreciation and amortization, ¥3,925 million of decrease in trade and other receivables, and ¥3,146 million of decrease in inventories, while there was ¥11,405 million of decrease in trade and other payables.

(Net cash provided by (used in) investing activities)

The funds used in investing activities amounted to ¥8,019 million (an increase of 82.9% as compared to the previous year). This was mainly because of ¥4,430 million of purchase of property, plant and equipment and ¥3,752 million of purchase of shares of subsidiaries and affiliates, while there was ¥891 million of proceeds from sale of investment securities.

(cash provided by (used in) financing activities)

The funds used in financing activities amounted to ¥12,629 million (¥1,082 million provided for the previous year). This was mainly because there were ¥8,939 million of repayments of short-term borrowings, ¥2,006 million of repayments of lease liabilities, ¥2,012 million of repayments of long-term borrowings, and ¥2,948 million of dividends paid to owners of parent, while there was ¥5,453 million of proceeds from short-term borrowings.

#### **(4) Forecast for the fiscal year ending December 31, 2024**

Concerning the global economic environment in the fiscal year ending December 31, 2024, we expect that the economy will trend toward a recovery backed by the easing of inflation and monetary tightening and a cyclical recovery in demand, among other factors. On the other hand, however, the economic outlook is uncertain due primarily to sluggish economic trends in China and Europe, foreign exchange fluctuations, and geopolitical risks.

Under these conditions, as for the operating results for the fiscal year ending December 31, 2024, demand for tablets in the Devices segment and for metallized paper in the Industrial Materials segment, which remained weak during the fiscal year ended December 31, 2023, is expected to gradually pick up. In the Industrial Materials segment, we expect that demand for decorative products will grow steadily, especially those for mobility components. Additionally, in the Medical Technologies segment, we project a steady rise in demand for our main field of contract design/development manufacturing services and contributions to our financial results from companies we decided to acquire in the fiscal year ended December 31, 2023.

As these results, for the consolidated financial results for the fiscal year ending December 31, 2024, we expect net sales of ¥186,500 million, operating profit of ¥5,800 million, profit before tax of ¥5,400 million and profit attributable to owners of parent of ¥3,700 million. These figures are based on an exchange rate of 1US\$ = ¥135 for the fiscal year ending December 31, 2024.

Consolidated net sales forecast by segment (January 1, 2024 to December 31, 2024)

Segment	Amount (Million yen)	Ratio (%)	YoY (%)
Industrial Materials	72,000	38.6	+4.7
Devices	64,200	34.4	+17.0
Medical Technologies	42,000	22.5	+16.6
Other	8,300	4.5	+2.6
Total	186,500	100.0	+11.2

## **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, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	54,325	37,854
Trade and other receivables	33,225	31,267
Inventories	32,739	31,260
Other financial assets	381	868
Other current assets	4,731	6,149
Total current assets	125,403	107,401
Non-current assets		
Property, plant and equipment	43,720	43,169
Goodwill	21,410	20,238
Intangible assets	14,252	14,644
Right-of-use assets	8,840	9,693
Investments accounted for using equity method	763	4,539
Other financial assets	13,662	16,313
Retirement benefit asset	367	371
Deferred tax assets	1,515	1,211
Other non-current assets	276	270
Total non-current assets	104,809	110,451
Total assets	230,212	217,853

(Million yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	39,419	28,609
Borrowings	9,450	7,823
Other financial liabilities	1,198	1,535
Lease liabilities	1,740	1,857
Income taxes payable, etc.	1,173	636
Provisions	95	74
Other current liabilities	4,552	6,055
<b>Total current liabilities</b>	<b>57,631</b>	<b>46,592</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	38,158	37,225
Other financial liabilities	690	23
Lease liabilities	8,206	8,862
Retirement benefit liability	6,290	6,395
Provisions	62	52
Deferred tax liabilities	7,216	7,576
Other non-current liabilities	436	271
<b>Total non-current liabilities</b>	<b>61,061</b>	<b>60,407</b>
<b>Total liabilities</b>	<b>118,693</b>	<b>107,000</b>
<b>Equity</b>		
Share capital	12,119	12,119
Capital surplus	14,841	14,865
Retained earnings	75,658	69,934
Treasury shares	(2,632)	(4,019)
Other components of equity	11,565	18,013
<b>Total equity attributable to owners of parent</b>	<b>111,553</b>	<b>110,913</b>
Non-controlling interests	(34)	(60)
<b>Total equity</b>	<b>111,518</b>	<b>110,852</b>
<b>Total liabilities and equity</b>	<b>230,212</b>	<b>217,853</b>

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

### Consolidated statements of profit or loss

(Million yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Net sales	193,963	167,726
Cost of sales	(151,540)	(135,103)
Gross profit	42,422	32,622
Selling, general and administrative expenses	(31,147)	(33,000)
Other income	949	698
Other expenses	(2,646)	(3,894)
Share of profit (loss) of investments accounted for using equity method	(57)	(243)
Operating profit (loss)	9,520	(3,817)
Finance income	3,768	2,897
Finance costs	(916)	(1,842)
Profit (loss) before tax	12,373	(2,762)
Income tax expense	(2,253)	(252)
Profit (loss)	10,119	(3,014)
Profit (loss) attributable to:		
Owners of parent	10,140	(2,988)
Non-controlling interests	(21)	(25)
Profit (loss)	10,119	(3,014)
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	203.65	(61.13)
Diluted earnings (loss) per share (Yen)	—	—

## Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Profit (loss)	10,119	(3,014)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	(1,075)	2,539
Remeasurements of defined benefit plans	633	(27)
Total of items that will not be reclassified to profit or loss	(441)	2,511
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,114	3,883
Share of other comprehensive income of investments accounted for using equity method	136	267
Total of items that may be reclassified to profit or loss	6,250	4,151
Total other comprehensive income	5,809	6,662
Total comprehensive income	15,928	3,647
Comprehensive income attributable to:		
Owners of parent	15,949	3,673
Non-controlling interests	(21)	(25)
Total comprehensive income	15,928	3,647

### (3) Consolidated statements of changes in equity

(Million yen)

	Equity attributable to owners of parent										
	Other components of equity										Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	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	Non-controlling interests	
Balance at January 1, 2022	12,119	14,810	65,445	(1,929)	7,903	–	(73)	7,830	98,278	(13)	
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
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
Profit (loss)	–	–	(2,988)	–	–	–	–	–	(2,988)	(25)	(3,014)
Other comprehensive income	–	–	–	–	2,539	(27)	4,151	6,662	6,662	–	6,662
Total comprehensive income	–	–	(2,988)	–	2,539	(27)	4,151	6,662	3,673	(25)	3,647
Purchase of treasury shares	–	–	–	(1,539)	–	–	–	–	(1,539)	–	(1,539)
Disposal of treasury shares	–	(24)	–	151	–	–	–	–	127	–	127
Dividends of surplus	–	–	(2,950)	–	–	–	–	–	(2,950)	–	(2,950)
Share-based payment transactions	–	47	–	–	–	–	–	–	47	–	47
Loss of control of subsidiaries	–	–	–	–	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	214	–	(242)	27	–	(214)	–	–	–
Total transactions with owners, etc.	–	23	(2,735)	(1,387)	(242)	27	–	(214)	(4,314)	–	(4,314)
Balance at December 31, 2023	12,119	14,865	69,934	(4,019)	7,684	–	10,329	18,013	110,913	(60)	110,852

**(4) Consolidated statements of cash flows**

(Million yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	12,373	(2,762)
Depreciation and amortization	9,487	9,137
Impairment losses	1,461	2,722
Loss (gain) on subsidiaries liquidation	385	–
Loss (gain) on sale and retirement of fixed assets	102	8
Share of loss (profit) of investments accounted for using equity method	57	243
Finance income	(3,768)	(2,897)
Finance costs	916	1,842
Decrease (increase) in trade and other receivables	(819)	3,925
Decrease (increase) in inventories	(3,775)	3,146
Increase (decrease) in trade and other payables	1,274	(11,405)
Increase (decrease) in provisions	34	(39)
Increase (decrease) in retirement benefit asset or liability	198	239
Other	(562)	618
Subtotal	17,366	4,780
Interest received	69	455
Dividends received	409	352
Interest paid	(899)	(1,512)
Income taxes paid	(5,001)	(2,979)
Income taxes refund	95	390
Net cash provided by (used in) operating activities	12,039	1,486
Cash flows from investing activities		
Payments into time deposits	(136)	(0)
Proceeds from withdrawal of time deposits	–	130
Purchase of property, plant and equipment	(5,454)	(4,430)
Payments for retirement of property, plant and equipment	(53)	(10)
Proceeds from sale of property, plant and equipment	46	102
Purchase of intangible assets	(558)	(1,037)
Purchase of investment securities	(17)	(12)
Proceeds from sale of investment securities	2,160	891
Purchase of shares of subsidiaries and affiliates	(151)	(3,752)
Other	(219)	97
Net cash provided by (used in) investing activities	(4,385)	(8,019)

(Million yen)

	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	3,030	5,453
Repayments of short-term borrowings	(1,056)	(8,939)
Repayments of lease liabilities	(1,915)	(2,006)
Proceeds from long-term borrowings	5,000	306
Repayments of long-term borrowings	(1,252)	(2,012)
Purchase of treasury shares	(837)	(1,539)
Proceeds from sale of treasury shares	106	126
Decrease (increase) in deposit paid for repurchase of treasury stock	–	(639)
Dividends paid to owners of parent	(1,992)	(2,948)
Other	(0)	(428)
Net cash provided by (used in) financing activities	1,082	(12,629)
Effect of exchange rate changes on cash and cash equivalents	3,257	2,690
Net increase (decrease) in cash and cash equivalents	11,995	(16,471)
Cash and cash equivalents at beginning of period	42,330	54,325
Cash and cash equivalents at end of period	54,325	37,854

## **(5) Notes to consolidated financial statements**

(Notes to going concern assumptions)

Not applicable

(Changes in accounting policies)

*Clarification of the accounting for deferred tax related to assets and liabilities arising from a single transaction*

The Group had not recognized deferred tax liabilities and deferred tax assets for temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), but the application of IAS 12 Income Taxes (amended in May 2021) clarifies the accounting treatment upon initial recognition for transactions that result in taxable temporary differences and deductible temporary differences of the same amount at the time of the transaction, which resulted in a change in the method of accounting treatment to the one by which taxable temporary differences and deductible temporary differences are recognized as deferred tax liabilities and deferred tax assets, respectively, in the Company's consolidated statements of financial position.

The application of the guideline did not have a significant impact on the consolidated financial statements.

*A temporary exception to the recognition and disclosure of deferred tax assets and liabilities related to the International Tax Reform—Pillar Two Model Rules*

The Group has applied the International Tax Reform—Pillar Two Model Rules (amendments to IAS 12 Income Taxes) from the fiscal year ended December 31, 2023. The amendments have clarified that IAS 12 applies to income taxes arising from tax law enacted or substantially enacted to implement the BEPS Pillar Two Model Rules (the global minimum taxation rules) published by the OECD. On the other hand, the amendments provide a mandatory temporary exception from recognizing and disclosing deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules.

The Group has adopted the exceptional measure as provided in IAS 12 and thus does not recognize and disclose deferred tax assets and liabilities related to income taxes arising from the global minimum taxation rules.

(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, decorative molded parts, metallized papers, sustainable molded products and others. The Devices segment manufactures and sells film-based Touch Sensors, gas sensors and others. The Medical Technologies segment provides contract design/development and manufacturing services for major medical device manufacturers especially for those in North America and Europe, along with products such as surgical instruments for minimally invasive treatments, medical wearable sensors and disposable electrocardiogram (ECG) electrodes. In addition to these, the segment manufactures and sells its own brand products to medical institutions.

(Note with regard to changes to reportable segment)

From the fiscal year ended December 31, 2023, in line with the partial revision of performance management structure within the Group, segment categories for certain consolidated subsidiaries previously recorded in the Other category were changed to the Devices 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 and profit (loss) for each reportable segment  
The accounting methods for the reportable segments are 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, 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	79,968	32,457	185,984	7,978	193,963	–	193,963
Inter-segment sales	237	9	0	248	1,061	1,309	(1,309)	–
Total	73,796	79,978	32,457	186,233	9,040	195,273	(1,309)	193,963
Segment profit (loss)	3,390	8,286	490	12,167	(759)	11,407	(1,886)	9,520
Finance income	–	–	–	–	–	–	–	3,768
Finance costs	–	–	–	–	–	–	–	(916)
Profit (loss) before tax	–	–	–	–	–	–	–	12,373
Segment assets	56,779	35,870	47,166	139,817	10,334	150,151	80,060	230,212
Other								
Depreciation and amortization	4,088	2,686	1,587	8,362	751	9,114	373	9,487
Share of profit (loss) of investments accounted for using equity method	–	–	–	–	(57)	(57)	–	(57)
Impairment losses	1,461	–	–	1,461	–	1,461	–	1,461
Increase in property, plant and equipment, intangible assets and right-of-use assets	4,437	604	1,097	6,138	785	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 ¥1,886 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, and corporate (R&D and administrative) property, plant and equipment, not allocated to reportable segments and the negative ¥193 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.

The fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(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	68,762	54,862	36,011	159,637	8,088	167,726	–	167,726
Inter-segment sales	196	8	–	205	1,001	1,206	(1,206)	–
Total	68,959	54,871	36,011	159,842	9,090	168,933	(1,206)	167,726
Segment profit (loss)	93	(1,580)	1,493	6	(860)	(853)	(2,963)	(3,817)
Finance income	–	–	–	–	–	–	–	2,897
Finance costs	–	–	–	–	–	–	–	(1,842)
Profit (loss) before tax	–	–	–	–	–	–	–	(2,762)
Segment assets	54,725	34,369	50,341	139,437	10,633	150,071	67,782	217,853
Other								
Depreciation and amortization	4,023	2,325	1,651	8,000	758	8,758	378	9,137
Share of profit (loss) of investments accounted for using equity method	(139)	–	(0)	(140)	(103)	(243)	–	(243)
Impairment losses	2,722	–	–	2,722	–	2,722	–	2,722
Increase in property, plant and equipment, intangible assets and right-of-use assets	3,217	2,132	1,487	6,837	419	7,256	303	7,559
Investments accounted for using equity method	2,334	–	697	3,032	1,507	4,539	–	4,539

(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 ¥2,963 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 ¥67,782 million of reconciliations in segment assets consists of the positive ¥67,889 million in total of cash and cash equivalents, investment securities, and corporate (R&D and administrative) property, plant and equipment, not allocated to reportable segments and the negative ¥107 million of inter-segment elimination of receivables and payables.
- (3) The positive ¥378 million of reconciliations in depreciation and amortization relates to corporate (R&D and administrative) property, plant and equipment, etc.
- (4) The positive ¥303 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.