



Consolidated Financial Results
for the Three Months Ended March 31, 2023
[IFRS]

May 11, 2023

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

Phone: +81-75-811-8111

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Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on quarterly financial results: Available

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

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2023 (January 1, 2023 to March 31, 2023)

(1) Consolidated Operating Results (cumulative)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended March 31, 2023	42,430	2.5	(671)	–	(791)	–	(792)	–	(784)	–	(19)	–
Three months ended March 31, 2022	41,412	(12.1)	2,494	(53.1)	3,565	(42.6)	3,277	(39.6)	3,280	(39.6)	6,496	(14.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	(15.97)	–
Three months ended March 31, 2022	65.85	–

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of March 31, 2023	223,848	108,660	108,703	48.6
As of December 31, 2022	230,212	111,518	111,553	48.5

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	–	15.00	–	35.00	50.00
Fiscal year ending December 31, 2023	–				
Fiscal year ending December 31, 2023 (Forecast)		25.00	–	25.00	50.00

(Note) Revision of consolidated financial results forecast: No

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	83,000	(5.9)	(800)	–	(900)	–	(1,100)	–	(22.54)
Full year	174,500	(10.0)	2,500	(73.7)	2,000	(83.8)	1,000	(90.1)	20.49

(Note) Revision of consolidated financial results forecast: Yes

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

From this first quarter ended March 31, 2023, the Company has changed some of its classification of business segments, and made comparisons and analysis based on the categories reflecting the change.

(1) Explanation of operating results

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 three months ended March 31, 2023, the global economic environment showed a slowdown in the pace of recovery due to the impact of inflation and global monetary tightening. Although the U.S. economy continued to trend toward recovery, production activities in the manufacturing sector and housing investment were sluggish. Inflation weighed on Europe, caused its economy to stagnate. China's economy showed signs of recovery as domestic demand recovered, although exports were sluggish due to a decline in overseas demand. In Japan, although the economy gradually recovered, business confidence in the manufacturing sector deteriorated, mainly affected by the downturn in overseas demand.

Under these conditions, product demands weakened for home appliances in the Industrial Materials segment and for tablets and industrial equipment (logistics related) in the Devices segment due to such factors as a settling down of demand from staying at home. Product demands remained firm for contract design/development and manufacturing services in the Medical Technologies segment in an active market environment. In addition to these demand trends, factors such as the effect of exchange rate changes resulted in an increase in net sales compared to the same period of the previous year. Operating profit decreased compared to the same period of the previous year due to the trend of product demand as well as the impact of cost increases caused by inflation, and unfavorable change in product mix. In the Medical Technologies segment, profitability improved as a result of efforts to improve productivity and efficiency to cope with inflation.

As a result, for the three months ended March 31, 2023, net sales were ¥42,430 million (an increase of 2.5% as compared to the same period of the previous year). Operating loss was ¥671 million (operating profit of ¥2,494 million in the same period of the previous year). Loss attributable to owners of parent was ¥784 million (profit attributable to owners of parent of ¥3,280 million in the same period of 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, 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 three months ended March 31, 2023, although demand for mobility components in the field of decorations remained firm, demand for home appliances weakened due to the impact of a settling of the stay-at-home demand. On the other hand, net sales grew compared to the same period of the previous year thanks to the effect of price hike for metallized paper implemented in the previous year and the impact of exchange rate changes. Operating profit decreased from the same period of the previous year due to demand trends as well as the impact of higher costs caused by inflation.

As a result, segment sales for the three months ended March 31, 2023 were ¥17,073 million (an increase of 1.7% as compared to the same period of the previous year). Segment profit (operating profit) was ¥519 million (a decrease of 66.0% as compared to the same period of 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, industrial equipment (logistics related), mobility components, portable game players, etc. in global markets. In addition, we offer gas sensors that can detect gas conditions, along with other products.

During the three months ended March 31, 2023, product demand for tablets and industrial equipment, etc. were sluggish due to the impact of saturated demand from staying at home, which resulted in year-on-year decrease in net sales. Operating profit decreased from the same period of the previous year, due to unfavorable change in product mix, in addition to the decrease in demand.

As a result, segment sales for the three months ended March 31, 2023 were ¥14,807 million (a decrease of 7.2% as compared to the same period of the previous year). Segment loss (operating loss) was ¥868 million (segment profit (operating profit) of ¥1,422 million in the same period of the previous year).

Medical Technologies

The Medical Technologies segment is a business segment that offers high-quality and value-added products in medical devices and other related markets to contribute to healthy and affluent life. The segment currently 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 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 three months ended March 31, 2023, net sales grew compared to the same period of the previous year thanks to firm product demand under the active business environment of our main field of contract design/development manufacturing services. Operating income increased year-on-year as a result of efforts to improve productivity and efficiency to cope with higher labor and raw material costs led by inflation.

As a result, segment sales for the three months ended March 31, 2023 were ¥8,525 million (an increase of 27.5% as compared to the same period of the previous year). Segment profit (operating profit) was ¥496 million (an increase of 6,627.5% as compared to the same period of the previous year).

(2) Explanation of financial position

1) Assets, liabilities and equity

Total assets at the end of the first quarter ended March 31, 2023 decreased by ¥6,363 million from the end of the previous year (the fiscal year ended December 31, 2022) to ¥223,848 million.

Current assets decreased by ¥6,348 million from the end of the previous year to ¥119,054 million. This was mainly because an ¥8,250 million decrease of cash and cash equivalents and a ¥903 million decrease of trade and other receivables outweighed a ¥1,035 million increase of inventories and a ¥2,142 million increase of other financial assets.

Non-current assets decreased by ¥14 million from the end of the previous year to ¥104,794 million. This was mainly because a ¥538 million decrease of property, plant and equipment and a ¥508 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 ¥519 million increase of right-of-use assets and a ¥406 million increase of investments accounted for using equity primarily due to additional acquisition.

Total liabilities at the end of the first quarter ended March 31, 2023 decreased by ¥3,505 million from the end of the previous year to ¥115,188 million.

Current liabilities decreased by ¥3,958 million from the end of the previous year to ¥53,672 million. This was mainly because a ¥5,215 million decrease of trade and other payables and a ¥582 million decrease of income taxes payable, etc. outweighed a ¥1,108 million increase of other current liabilities.

Non-current liabilities increased by ¥453 million from the end of the previous year to ¥61,515 million. This was mainly because a ¥168 million increase of bonds and borrowings due to the impact of foreign exchange conversion and a ¥344 million increase of lease liabilities and a ¥177 million increase of retirement benefit liability outweighed a ¥150 million decrease of deferred tax liabilities.

Total equity at the end of the first quarter ended March 31, 2023 decreased by ¥2,858 million from the end of the previous year to ¥108,660 million. This was mainly because of a ¥2,280 million decrease of retained earnings and a ¥1,122 million increase of treasury shares resulting primarily from the purchase of treasury shares.

2) Cash flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the three months ended March 31, 2023 was ¥46,075 million, a decrease of ¥8,250 million compared to the end of the previous year.

The following describes the conditions of each cash flow and the underlying causes for the three months ended March 31, 2023.

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

Funds used in operating activities amounted to ¥2,386 million (a decrease of 1.4% as compared to the same period of the previous year). This was mainly because there were ¥791 million of loss before tax, a ¥5,160 million of decrease in trade and other payables, and ¥972 million of income taxes paid, while there were ¥2,250 million of depreciation and amortization and ¥1,159 million of decrease in trade and other receivables.

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

Funds used in investing activities amounted to ¥3,048 million (an increase of 186.6% as compared to the same period of the previous year). This was mainly because of ¥1,060 million of purchase of property, plant and equipment and ¥2,197 million paid for advance payments for purchase of investments in associates.

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

Funds used in financing activities amounted to ¥3,140 million (an increase of 115.8% as compared to the same period of the previous year). This was mainly because there were ¥1,169 million of payments for purchase of treasury shares, and ¥1,718 million of dividends paid to owners of parent.

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

For the consolidated financial forecasts for the six months ending June 30, 2023 and the fiscal year ending December 31, 2023, as a result of reviewing the operating results for the three months ended March 31, 2023 and the latest demand trends and other factors, the operating results forecast announced on February 14, 2023 have been revised. For details, please see the “Notice of Revision to Business Forecast for the First Half of FY2023 (January 1, 2023 to June 30, 2023) and FY2023 (January 1, 2023 to December 31, 2023)” announced today (May 11, 2023).

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

(Million yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	54,325	46,075
Trade and other receivables	33,225	32,322
Inventories	32,739	33,774
Other financial assets	381	2,524
Other current assets	4,731	4,358
Total current assets	125,403	119,054
Non-current assets		
Property, plant and equipment	43,720	43,182
Goodwill	21,410	21,607
Intangible assets	14,252	14,165
Right-of-use assets	8,840	9,360
Investments accounted for using equity method	763	1,169
Other financial assets	13,662	13,153
Retirement benefit asset	367	364
Deferred tax assets	1,515	1,531
Other non-current assets	276	260
Total non-current assets	104,809	104,794
Total assets	230,212	223,848

(Million yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	39,419	34,204
Borrowings	9,450	9,729
Other financial liabilities	1,198	1,105
Lease liabilities	1,740	1,863
Income taxes payable, etc.	1,173	591
Provisions	95	516
Other current liabilities	4,552	5,661
Total current liabilities	57,631	53,672
Non-current liabilities		
Bonds and borrowings	38,158	38,327
Other financial liabilities	690	696
Lease liabilities	8,206	8,551
Retirement benefit liability	6,290	6,467
Provisions	62	55
Deferred tax liabilities	7,216	7,066
Other non-current liabilities	436	350
Total non-current liabilities	61,061	61,515
Total liabilities	118,693	115,188
Equity		
Share capital	12,119	12,119
Capital surplus	14,841	14,855
Retained earnings	75,658	73,377
Treasury shares	(2,632)	(3,755)
Other components of equity	11,565	12,106
Total equity attributable to owners of parent	111,553	108,703
Non-controlling interests	(34)	(43)
Total equity	111,518	108,660
Total liabilities and equity	230,212	223,848

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

Condensed consolidated statements of profit or loss

(Million yen)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Net sales	41,412	42,430
Cost of sales	(32,183)	(35,256)
Gross profit	9,229	7,174
Selling, general and administrative expenses	(7,078)	(7,844)
Other income	589	187
Other expenses	(232)	(172)
Share of profit (loss) of investments accounted for using equity method	(13)	(15)
Operating profit (loss)	2,494	(671)
Finance income	1,239	318
Finance costs	(168)	(439)
Profit (loss) before tax	3,565	(791)
Income tax expense	(288)	(1)
Profit (loss)	3,277	(792)
Profit (loss) attributable to:		
Owners of parent	3,280	(784)
Non-controlling interests	(3)	(8)
Profit (loss)	3,277	(792)
Earnings (loss) per share attributable to owners of parent		
Basic earnings (loss) per share (Yen)	65.85	(15.97)
Diluted earnings (loss) per share (Yen)	—	—

Condensed consolidated statements of comprehensive income

(Million yen)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Profit (loss)	3,277	(792)
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	171	81
Total of items that will not be reclassified to profit or loss	171	81
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,976	684
Share of other comprehensive income of investments accounted for using equity method	71	8
Total of items that may be reclassified to profit or loss	3,047	692
Total other comprehensive income	3,219	773
Total comprehensive income	6,496	(19)
Comprehensive income attributable to:		
Owners of parent	6,500	(10)
Non-controlling interests	(3)	(8)
Total comprehensive income	6,496	(19)

(3) Condensed consolidated statements of changes in equity

(Million yen)

	Equity attributable to owners of parent									
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
					Net change in fair value of financial assets measured through other comprehensive income	Exchange differences on translation of foreign operations	Total other components of equity			
Balance at January 1, 2022	12,119	14,810	65,445	(1,929)	7,903	(73)	7,830	98,278	(13)	98,264
Profit (loss)	–	–	3,280	–	–	–	–	3,280	(3)	3,277
Other comprehensive income	–	–	–	–	171	3,047	3,219	3,219	–	3,219
Total comprehensive income	–	–	3,280	–	171	3,047	3,219	6,500	(3)	6,496
Purchase of treasury shares	–	–	–	(0)	–	–	–	(0)	–	(0)
Disposal of treasury shares	–	(10)	–	32	–	–	–	21	–	21
Dividends of surplus	–	–	(1,245)	–	–	–	–	(1,245)	–	(1,245)
Share-based payment transactions	–	17	–	–	–	–	–	17	–	17
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	–	–	–	–
Total transactions with owners, etc.	–	6	(1,245)	32	–	–	–	(1,206)	–	(1,206)
Balance at March 31, 2022	12,119	14,817	67,481	(1,896)	8,075	2,974	11,049	103,571	(17)	103,554
Balance at January 1, 2023	12,119	14,841	75,658	(2,632)	5,388	6,177	11,565	111,553	(34)	111,518
Profit (loss)	–	–	(784)	–	–	–	–	(784)	(8)	(792)
Other comprehensive income	–	–	–	–	81	692	773	773	–	773
Total comprehensive income	–	–	(784)	–	81	692	773	(10)	(8)	(19)
Purchase of treasury shares	–	–	–	(1,169)	–	–	–	(1,169)	–	(1,169)
Disposal of treasury shares	–	(7)	–	46	–	–	–	38	–	38
Dividends of surplus	–	–	(1,729)	–	–	–	–	(1,729)	–	(1,729)
Share-based payment transactions	–	20	–	–	–	–	–	20	–	20
Transfer from other components of equity to retained earnings	–	–	232	–	(232)	–	(232)	–	–	–
Total transactions with owners, etc.	–	13	(1,496)	(1,122)	(232)	–	(232)	(2,839)	–	(2,839)
Balance at March 31, 2023	12,119	14,855	73,377	(3,755)	5,236	6,869	12,106	108,703	(43)	108,660

(4) Condensed consolidated statements of cash flows

(Million yen)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	3,565	(791)
Depreciation and amortization	2,280	2,250
Loss (gain) on sale and retirement of fixed assets	58	(16)
Share of loss (profit) of investments accounted for using equity method	13	15
Finance income	(1,239)	(318)
Finance costs	168	439
Decrease (increase) in trade and other receivables	914	1,159
Decrease (increase) in inventories	(2,083)	(715)
Increase (decrease) in trade and other payables	(3,583)	(5,160)
Increase (decrease) in provisions	414	411
Increase (decrease) in retirement benefit asset or liability	100	156
Other	(419)	1,155
Subtotal	191	(1,415)
Interest received	17	68
Dividends received	15	25
Interest paid	(145)	(297)
Income taxes paid	(2,503)	(972)
Income taxes refund	4	204
Net cash provided by (used in) operating activities	(2,419)	(2,386)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	–	130
Purchase of property, plant and equipment	(858)	(1,060)
Payments for retirement of property, plant and equipment	(25)	(19)
Proceeds from sale of property, plant and equipment	1	35
Purchase of intangible assets	(224)	(121)
Proceeds from sale of investment securities	–	578
Purchase of shares of subsidiaries and affiliates	–	(413)
Advance payments for purchase of investments in associates	–	(2,197)
Other	43	19
Net cash provided by (used in) investing activities	(1,063)	(3,048)
Cash flows from financing activities		
Proceeds from short-term borrowings	465	213
Repayments of lease liabilities	(467)	(476)
Proceeds from long-term borrowings	–	286
Repayments of long-term borrowings	(238)	(309)
Purchase of treasury shares	(0)	(1,169)
Proceeds from sale of treasury shares	21	40
Dividends paid to owners of parent	(1,235)	(1,718)
Other	–	(5)
Net cash provided by (used in) financing activities	(1,455)	(3,140)
Effect of exchange rate changes on cash and cash equivalents	1,271	325
Net increase (decrease) in cash and cash equivalents	(3,667)	(8,250)
Cash and cash equivalents at beginning of period	42,330	54,325
Cash and cash equivalents at end of period	38,663	46,075

(5) Notes to condensed consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Notes to material changes in equity attributable to owners of parent)

The Company acquired 634,500 shares of treasury shares for the three months ended March 31, 2023, based on a resolution by its Board of Directors meeting held on November 10, 2022. Mainly due to this acquisition of treasury shares, treasury shares increased by ¥1,169 million for the three months ended March 31, 2023.

(Changes in accounting policies)

The Company 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 Condensed Consolidated Statements of Financial Position.

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

(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.

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 and profit (loss) by reportable segment

Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologies	Subtotal				
Sales from external customers	16,785	15,957	6,685	39,429	1,983	41,412	–	41,412
Inter-segment sales	107	3	–	111	240	351	(351)	–
Total	16,893	15,961	6,685	39,540	2,223	41,764	(351)	41,412
Segment profit (loss)	1,528	1,422	7	2,958	(216)	2,742	(248)	2,494
Finance income	–	–	–	–	–	–	–	1,239
Finance costs	–	–	–	–	–	–	–	(168)
Profit (loss) before tax	–	–	–	–	–	–	–	3,565

- (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. The negative ¥248 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, foreign exchange gain (loss), etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.
 3. Segment profit (loss) is reconciled with operating profit (loss) recorded in the condensed consolidated statements of profit or loss.

Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Reconcili- ations (Note 2)	Consolidated (Note 3)
	Industrial Materials	Devices	Medical Technologies	Subtotal				
Sales from external customers	17,073	14,807	8,525	40,406	2,024	42,430	–	42,430
Inter-segment sales	53	2	–	55	303	358	(358)	–
Total	17,126	14,809	8,525	40,461	2,327	42,789	(358)	42,430
Segment profit (loss)	519	(868)	496	147	(208)	(60)	(610)	(671)
Finance income	–	–	–	–	–	–	–	318
Finance costs	–	–	–	–	–	–	–	(439)
Profit (loss) before tax	–	–	–	–	–	–	–	(791)

- (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. The negative ¥610 million of reconciliations in segment profit (loss) includes unallocated corporate expenses, foreign exchange gain (loss), etc. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.
 3. Segment profit (loss) is reconciled with operating profit (loss) recorded in the condensed consolidated statements of profit or loss.

4. Note with regard to changes to reportable segment

From this first quarter ended March 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. Segment information for the three months ended March 31, 2022 is stated according to the category following the change.