



NISSHA

Financial Results for FY2020.12 and the 7th Medium- term Business Plan

February 12, 2021

Junya Suzuki

President and CEO

Nissha Co., Ltd.

Today's Presentation

- Financial Results for FY2020.12
- Sustainability Vision (2030)
- The 7th Medium-term Business Plan (2021-2023)

Financial results highlights

EMPOWERING YOUR VISION

FY2020 Results

- Increase in sales and profits compared the previous fiscal year (1USD=JPY106)
 - Net sales 180.0 billion yen, Operating profit 7.2 billion yen, Profit before tax 7.0 billion yen, Profit attributable to owners of parent 7.0 billion yen
 - Lowered break-even point through the Measures to Strengthen Profitability and equalized production volumes for Devices
 - Devices: Product demand for IT devices substantially exceeded the initial forecast at the beginning of the year; product demand for portable game players and industrial equipment (logistics related) remained firm
 - Industrial Materials: Significant negative impact by COVID-19 for mobility components in the first half; rapid recovery in the second half
 - Medical Technologies: Significant negative impact by COVID-19 for contract development and manufacturing (CDMO) and business media in the first half; recovery in the second half

The 7th Medium-term Business Plan (2021 to 2023)

- Qualitative vision
 - Complete business portfolio reorganization strategy
 - Establish a foundation for growth through global synergies acceleration (businesses, assets, and human resources)
- Quantitative vision
 - Net sales of 195.0 billion yen, Operating profit of 12.0 billion yen, ROE of 9% or higher, Operating cash flows of 43.5 billion yen (cumulative three-year total)

Forecast for FY2021

- Expecting increase in operating profit, despite decrease in product demand for smartphones
 - Net sales 169.0 billion yen, Operating profit 7.5 billion yen, Profit before tax 7.0 billion yen, Profit attributable to owners of parent 5.2 billion yen (1USD=JPY105)
 - Forecast for decrease in product demand for smartphones, but steadiness for tablet devices
 - Product demand for CDMO in medical technology and for mobility expected to recover from the impact of COVID-19
 - Respond to demand trends and control costs

FY2020 Results (Full-Year)

EMPOWERING YOUR VISION

Year-on-year increase in sales and profits

Product demand for Devices drove sales growth; production volume equalized, and operating profit recovered to a significant degree. Industrial Materials experienced a turnaround in demand during the second half and profit increased.

(Millions of JPY)

	FY2019 Results	FY2020 Results	YoY
Net Sales	174,035	180,006	+3.4%
Industrial Materials	46,279	48,858	+5.6%
Devices	96,196	102,708	+6.8%
Medical Technologies	24,077	20,568	-14.6%
Information and Communication	6,950	6,233	-10.3%
Others	532	1,636	+207.5%
Operating profit	-16,253	7,290	Turn positive
Operating profit margin	-9.3%	4.0%	+13.3pt
Profit before tax	-16,634	7,051	Turn positive
Profit attributable to owners of parent	-17,183	7,069	Turn positive
Forex	¥108/\$	¥106/\$	

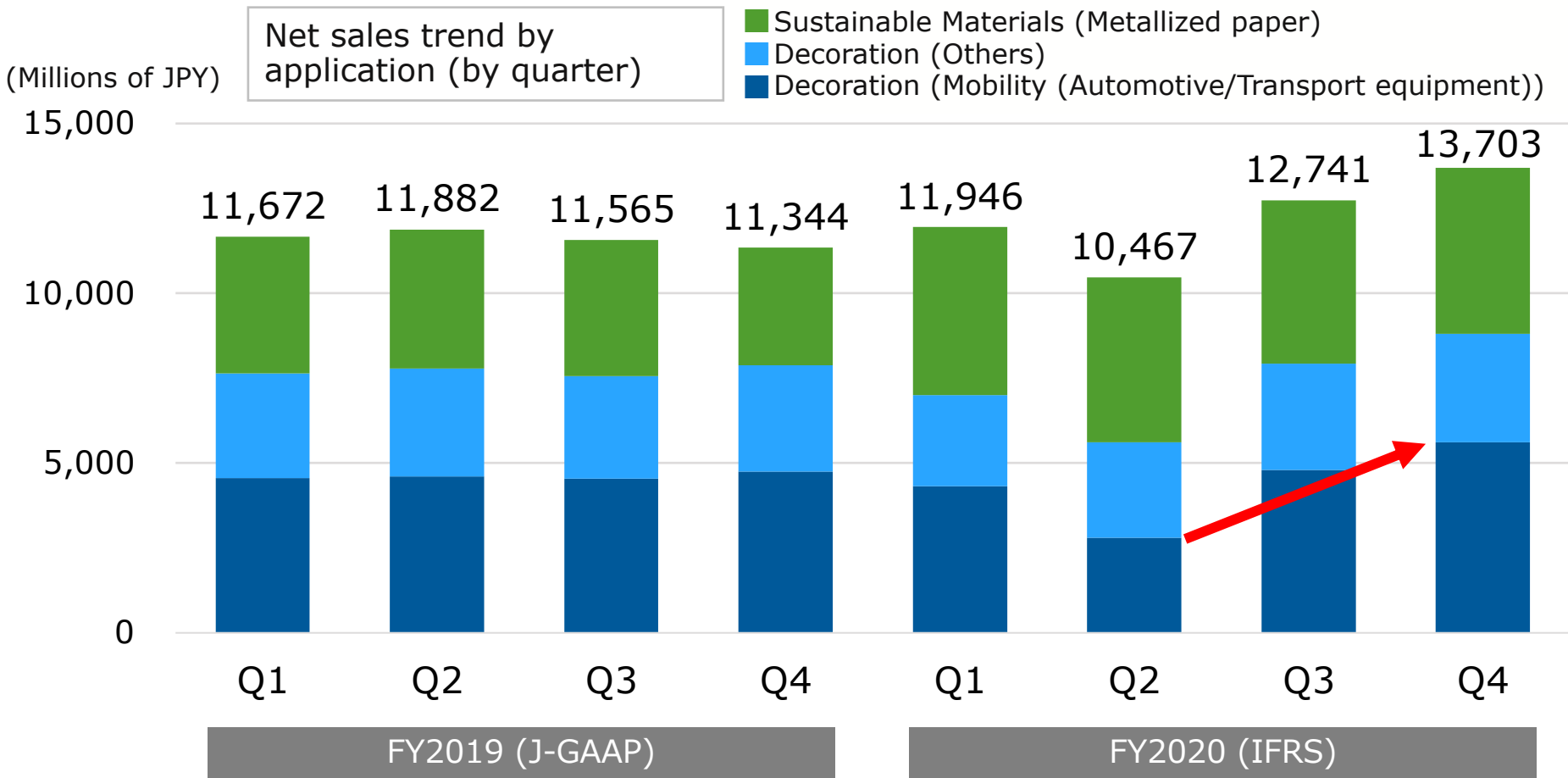
FY2020 Q4 (3 months) Results

(Millions of JPY)

	FY2019 Q4 Results	FY2020 Q3 Results	FY2020 Q4 Results	YoY
Net Sales	47,679	51,620	51,221	+7.4%
Industrial Materials	11,472	12,741	13,703	+19.4%
Devices	28,062	32,153	29,965	+6.8%
Medical Technologies	5,862	5,068	5,213	-11.1%
Information and Communication	2,046	1,233	1,851	-9.6%
Others	235	423	487	+107.2%
Operating profit	-16,691	4,500	4,032	Turn positive
Operating profit margin	-35.0%	8.7%	7.9%	+42.9pt
Profit before tax	-16,506	4,416	3,786	Turn positive
Profit attributable to owners of parent	-16,125	3,606	3,708	Turn positive
Forex	¥107/\$	¥106/\$	¥104/\$	

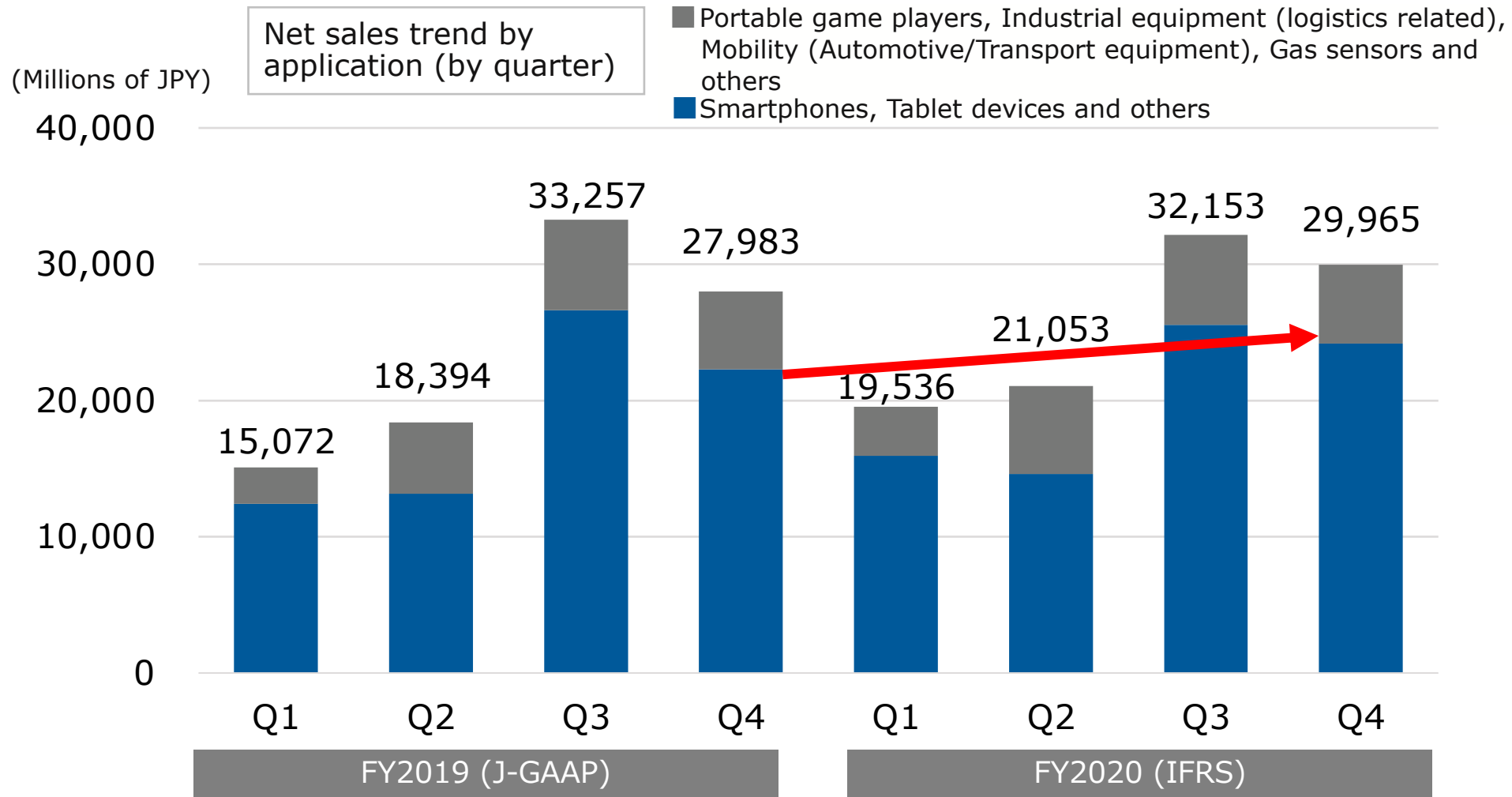
Industrial Materials

- Product demand for mobility components recovered rapidly in the second half



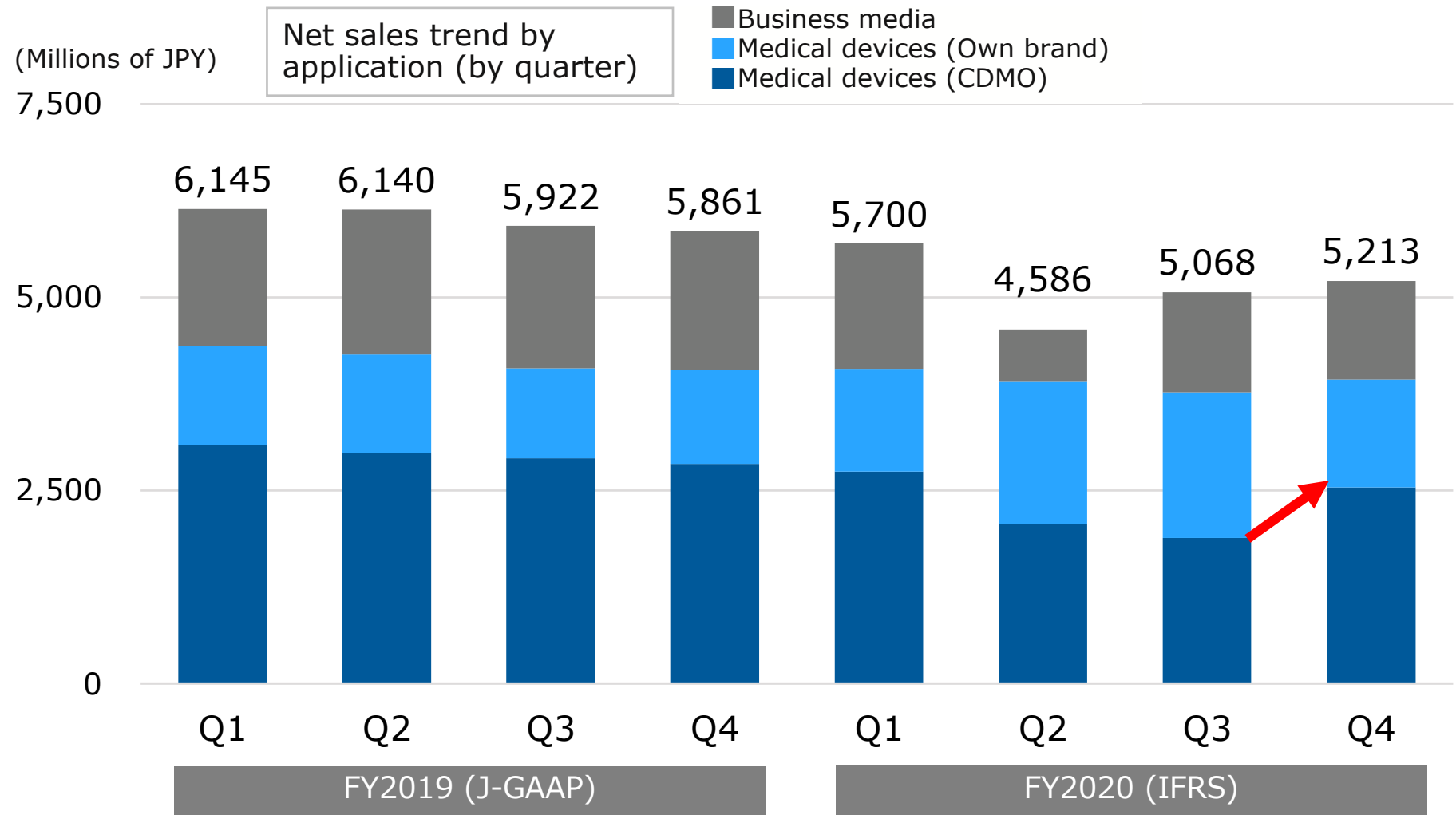
Devices

- Q4 product demand for IT devices increased year on year

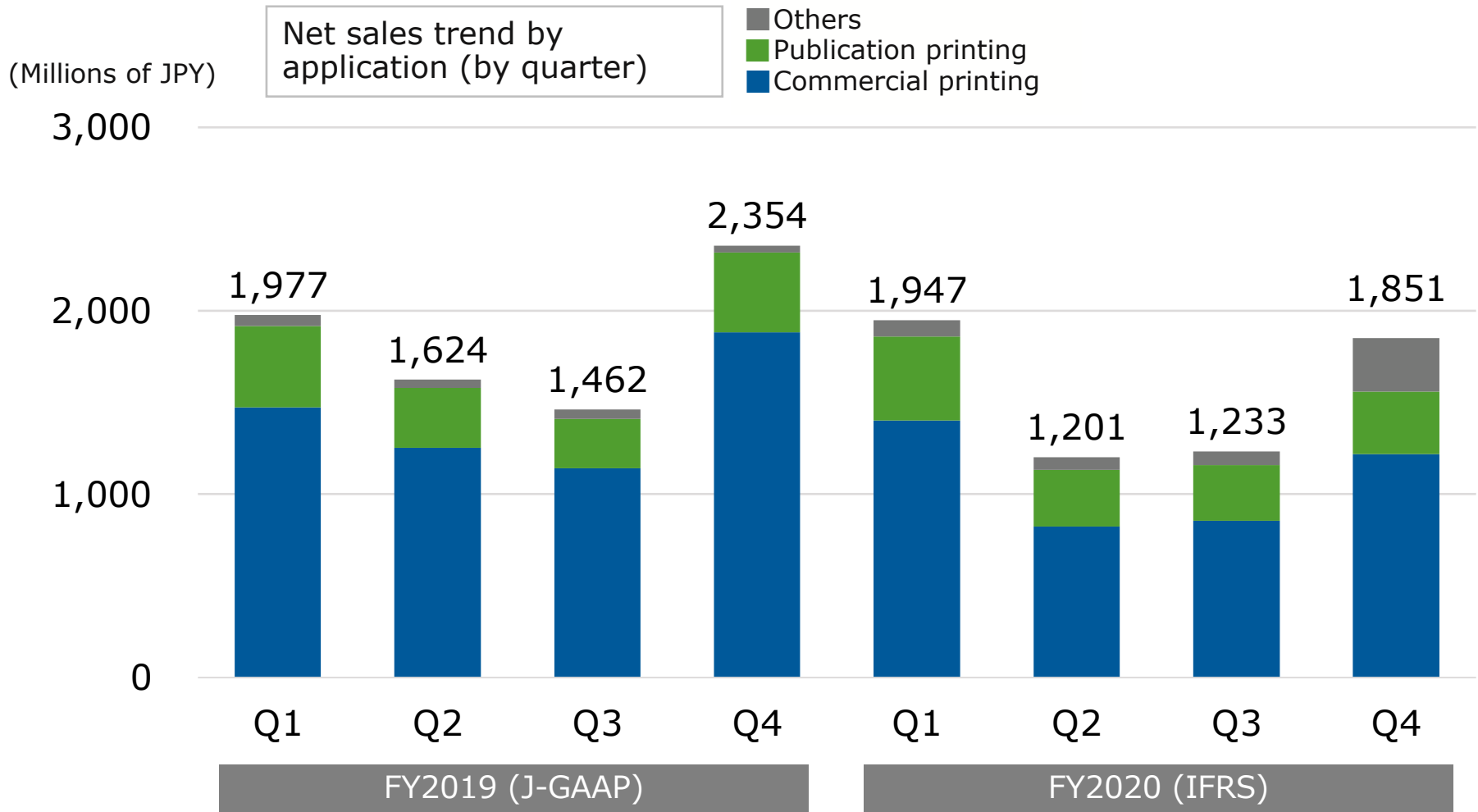


Medical Technologies

- Product demand for contract development and manufacturing (CDMO) recovered from the down trend caused by COVID-19



Information and Communication





NISSHA

Sustainability Vision (2023)

The 7th Medium-term Business Plan (2021-2023)

Sustainability Vision (2030)

Growth history through transformation (2001-2020)

Reorganized target markets and enhanced business foundation

- Decoration products for IT devices
- Film touch sensors for IT devices
- New markets ■ Traditional fields and other

Growth in new markets

- Market entry for Medical Devices, Mobility, and Sustainable Materials
- Leverage active use of M&A; diversify human resources capabilities

Net sales
(100 millions of JPY)

2,000

Growth in global markets

- Introduced decoration products for IT devices overseas
- Expanded overseas sales bases (expand customer base)

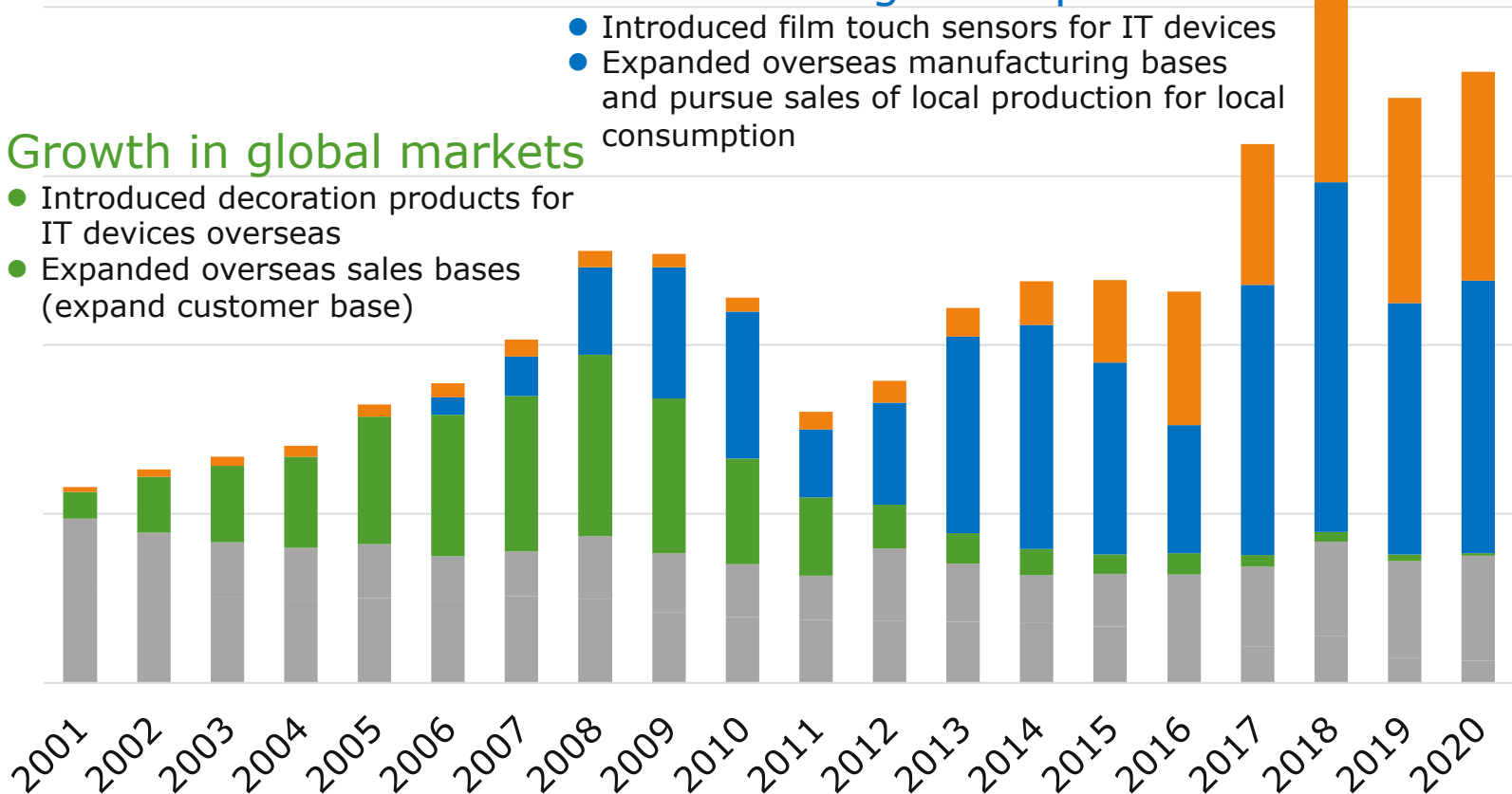
1,500

500

0

Growth through new products

- Introduced film touch sensors for IT devices
- Expanded overseas manufacturing bases and pursue sales of local production for local consumption



Transformation on growth stages

2000~

Focus on IT devices
(High volatility)

Focus on Single Products
2000~: IMD
2010~: Film touch sensors

Export-oriented
Expansion of overseas sales
offices

Expansion of Core
Technologies



Mid-2010s to Mid-2020s

Multiple markets
Medical Devices, Mobility, Sustainable
Materials, IT devices
(Stable growth)

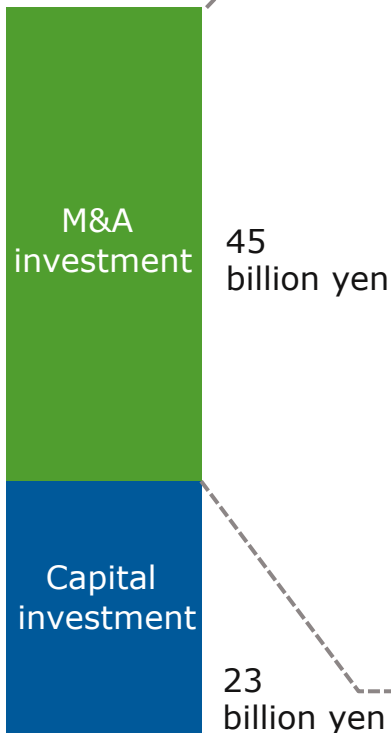
Varied product lineups
Modular products

Local production for
local consumption
Marketing, development and
production in each region

Expansion of Core and
peripheral Technologies

Business foundations supporting the next stage of growth

5th (2015-2017)
6th (2018-2020)
Medium-term
Business Plans



Medical Devices



- Market entry through M&A
- Strengthened business foundations globally (North and Central America, Europe, Japan)
- Acquired design and development capabilities to become a CDMO from a CM
- Expanded customer bases: Access to major medical device manufacturers and GPOs
- Product lineups used in a wide range of fields, primarily for cardiovascular diseases

Mobility



- Local production for local consumption across the globe (North America, Europe, Asia)
- Enhanced customer bases: cover major OEMs
- From interior decoration products to functional modules and sensor components

Sustainable Materials



- Market entry through M&A; leveraged de-plastic movement as a market opportunity
- Expanded applications for metallized paper and molded pulp products

IT devices



- Stable quality and mass production capacity
- Solid cost structure

Global business expansion

Progressed in marketing, development, and manufacturing capabilities for priority markets in each region (15 in Japan, 40 overseas)



North America NICA

Nissha Innovation Center
America



America: Michigan

Europe NICE

Nissha Innovation Center
Europe



Germany

Asia NICC

(7th Medium-term Business Plan)
Nissha Innovation Center
China



China

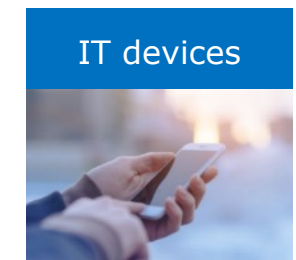
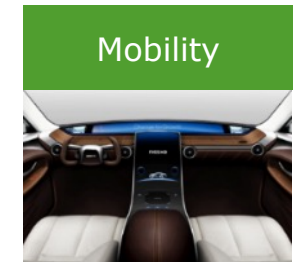
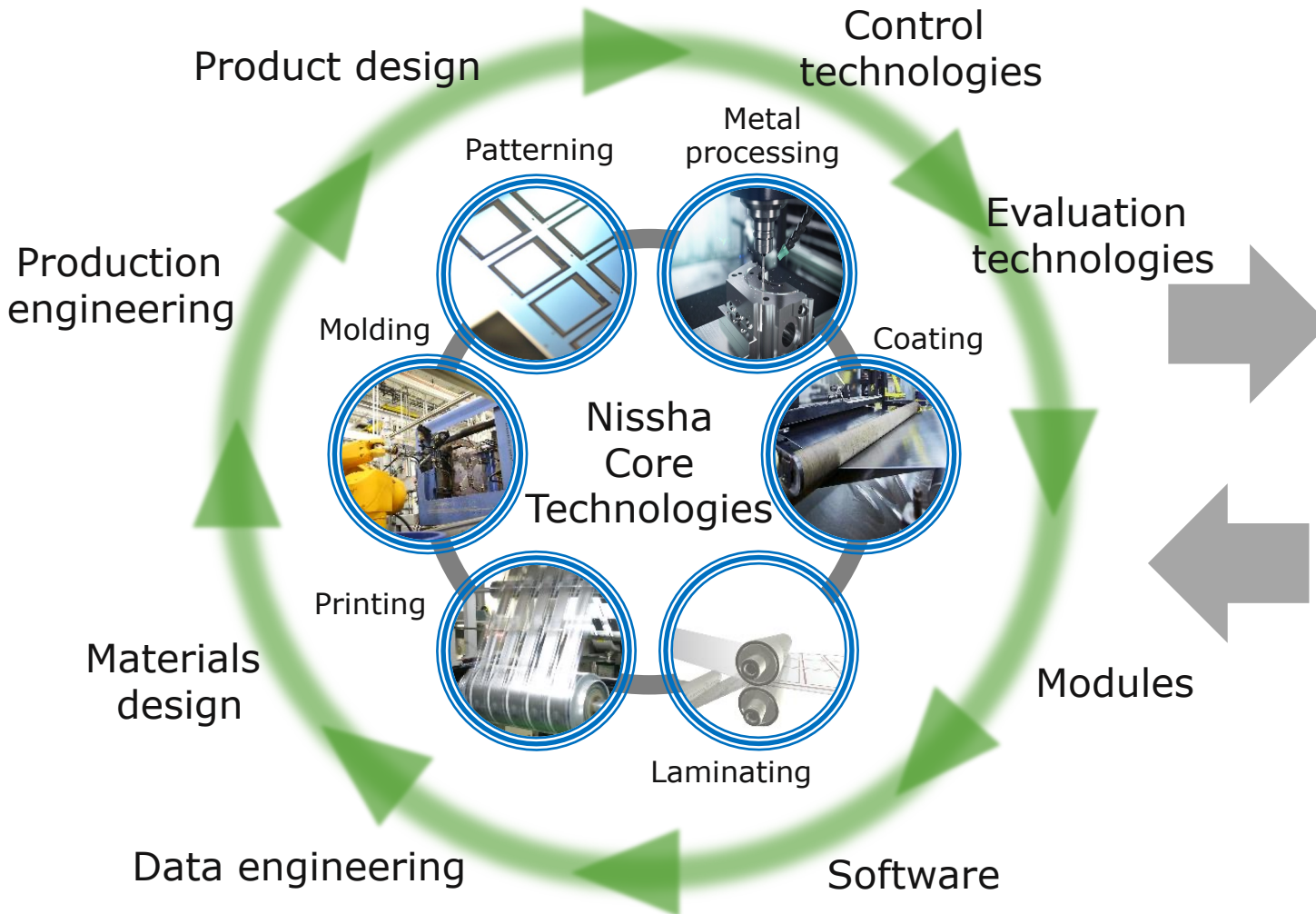
Japan NICK

Nissha Innovation Center
Kyoto



Japan: Kyoto

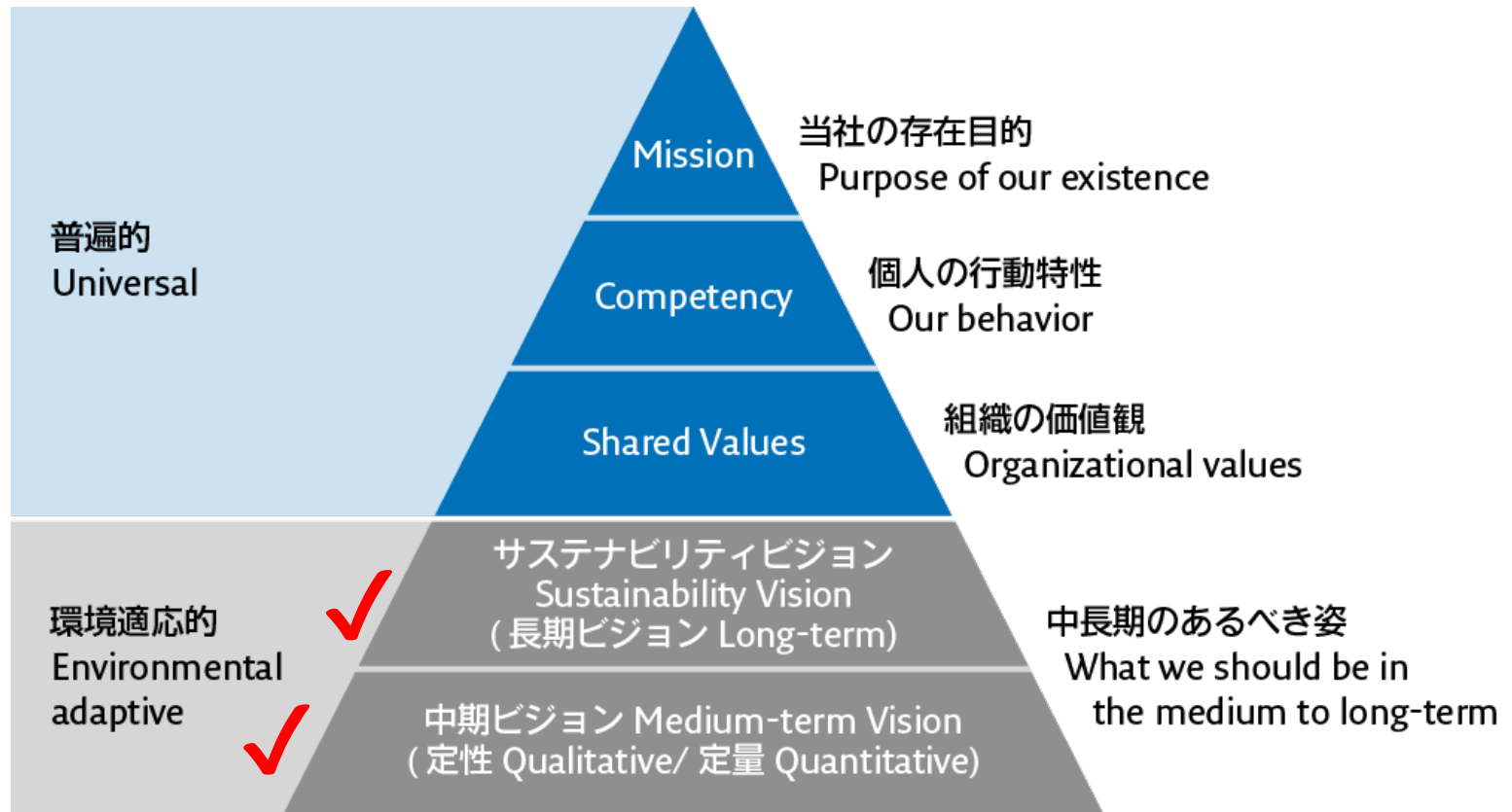
Satisfy market needs by combining Core Technologies and peripheral technologies



Mission

(Renewed January 2018)

We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.

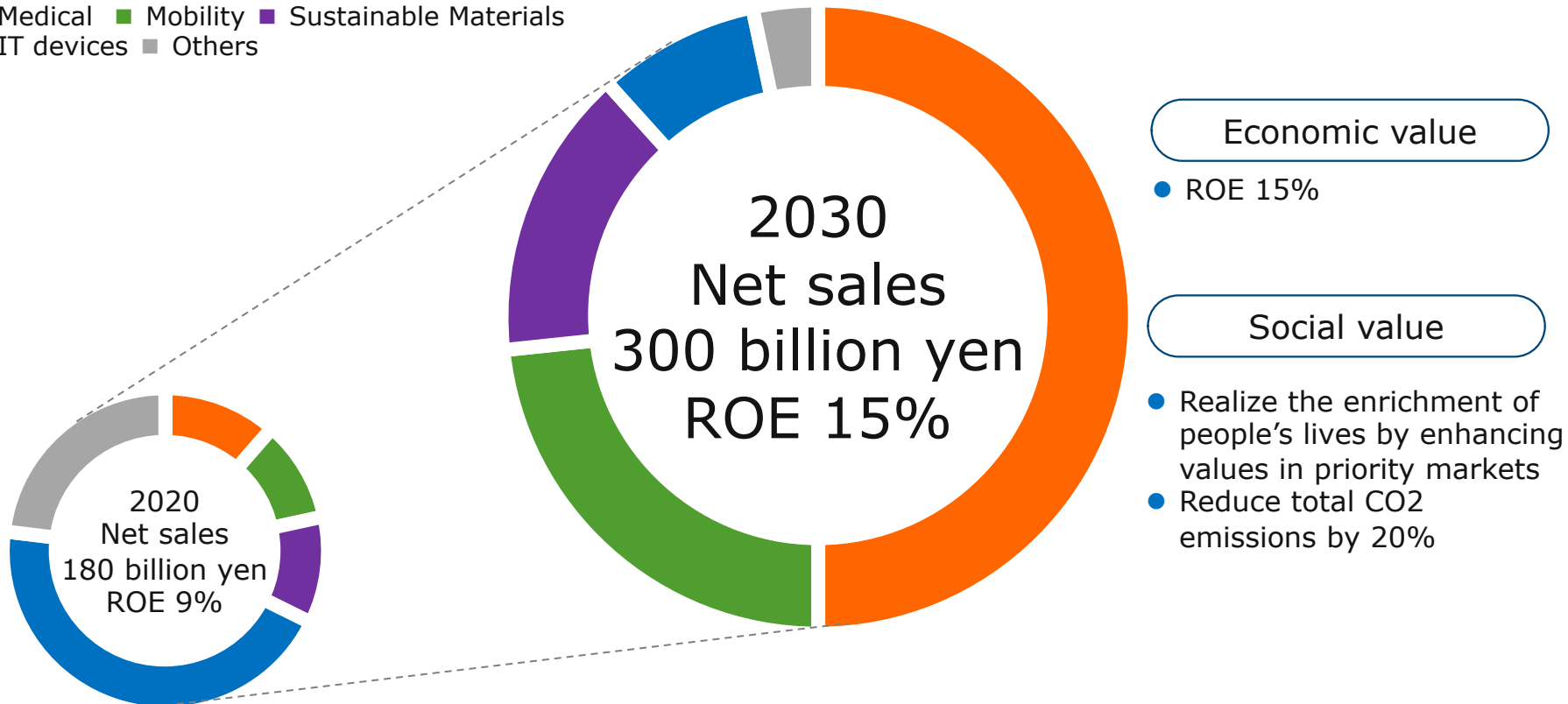


Nissha Philosophy

Sustainability Vision (Where we want to be in 2030)

Aiming for 150 billion yen of net sales in medical business

Medical Mobility Sustainable Materials
IT devices Others



Secured business foundation
in priority markets

*Vision describes where we want to be in ten years; this vision should not be construed as an earnings forecast.

Where we want to be in 2030: Medical Medical Devices: Where we will contribute

Changing environment

- Aging society
- Increase in acute, chronic, and complex diseases
- Shortage of medical personnel
- Response to COVID-19
- Financial sustainability of medical system



Changing in medical systems

- Medical care perspectives
Focus on diagnosis and treatment → **Care cycle**
- Where medical services are performed
Hospital → **Hospital + In-Home**
- Eligibility for medical care compensation
Inputs → **Outcomes**

Care Cycle	Needs	Where We Will Contribute
Prevention	Health maintenance	Home and remote monitoring of health status
Diagnosis	Early disease detection	Biometric monitoring in hospitals
Treatment	Savings in treatment Reduction of patient burden (QOL improvement)	Improved function of therapeutic devices Minimally invasive
Prognosis	Reduction of patient burden (QOL improvement)	Home and remote monitoring of health status

Where we want to be in 2030: Medical Sophisticated product lineups for priority fields

Nissha product areas (CDMO)

- Home and remote monitoring of health status
 - Wearable sensors
- Biometric monitoring in hospitals
 - Medical electrodes
- Improving performance of therapeutic devices
 - Mapping electrodes
 - Medical surgical devices
 - Smart devices
 - Surgical robots
- Minimally invasive treatment
 - Energy devices
 - Endoscopes
 - Guidewires
 - Delivery systems



Priority fields

Heart diseases

*Market size: approx. 4 trillion yen
*CAGR 7.8%

Medical surgical devices

*Market size: approx. 4.5 trillion yen
*CAGR 6.9%

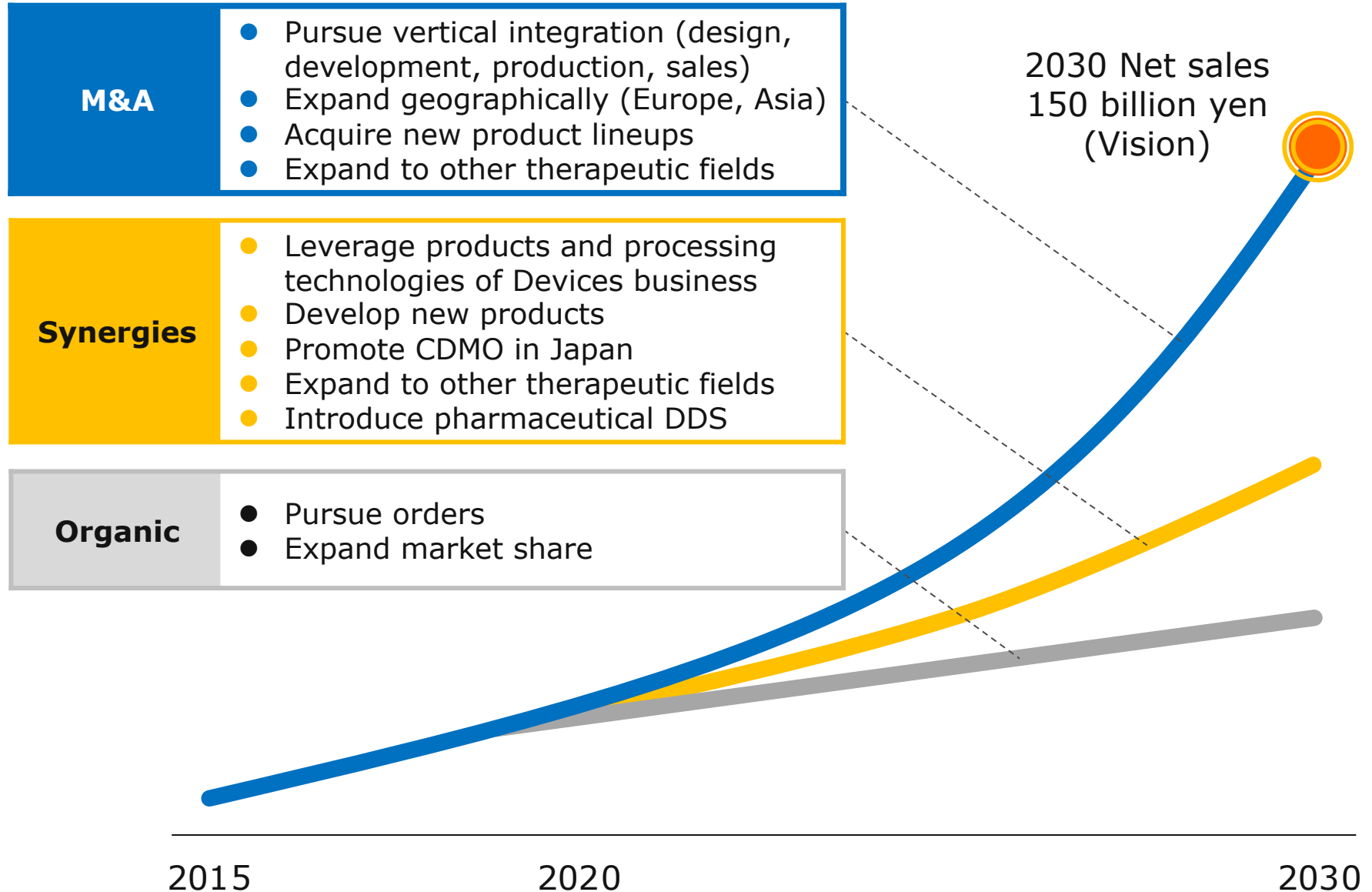
Peripheral equipments

*Market size: approx. 12 trillion yen
*CAGR 8.6%

* Source: Alira Health research and analysis

Improve medical devices' value and performance through our processing and digital technologies (ICT, IoT, AI, etc.)

Where we want to be in 2030: Medical growth strategies



Where we want to be in 2030: Mobility

Emphasis on in-vehicle comfort

CASE, Sustainability as new business opportunities

Social issues → Business opportunities → Value provided

Comfort

Interior space of the future

Freedom from driving operations via self-driving
A new way of spending time that is not defined as transportation
Comfortable, living room-like space

Design

Various content services

Cabin management

Light, sound, smell, heat, and air quality management



Comfortable HMI* for humans

Decorative + functional modules
Various input devices (touch, non-contact)

Comfortable cabin space

Various gas sensing technologies
Antibacterial and antiviral processes

*Human Machine Interface

Safety

Safe and secure movement of people and goods

Human error prevention
Advanced accident prediction

Occupant monitoring

Health status monitoring
Drowsiness and drunk driving prevention

Variety of sensors installed to improve accident prediction

Driver monitoring

Biometric sensing
Utilization of sensing data

Sensor function improvements

Functional films

Sustainability

Reduce environmental impact

Achieve a carbon-zero society

Reduce vehicle weight

(Reduce emissions, improve fuel economy)

Avoid use of paints/coatings
Hydrogen fuel cell mobility

Weight reduction and eco-friendly construction methods

Reduce weight by using film for parts/components

Exterior film
Hydrogen detectors

Where we want to be in 2030: Sustainable Materials

Providing products that contribute to the formation of a recycling-oriented society

Social issues

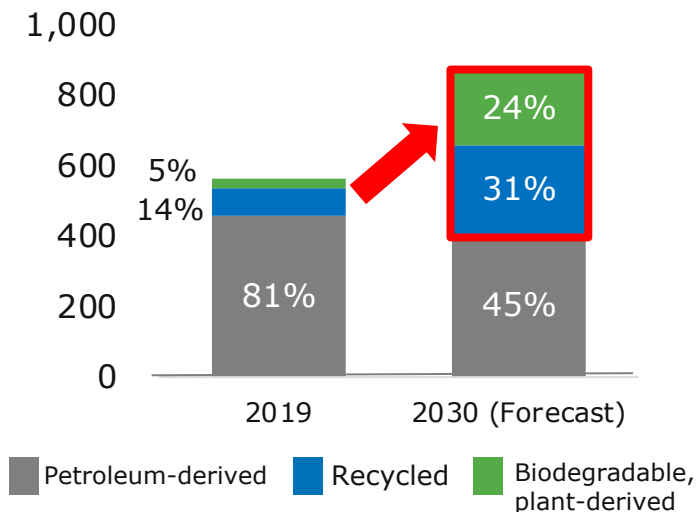
- Decarbonization
- Protection of the natural environment

Business opportunities

Petroleum-based plastics are being replaced

- Packaging applications are leading the way
- Acceleration of trends toward substitution in areas other than packaging

(Billions of dollars) Plastics market size



Created by Nissha based on various materials.

Our value proposition

Metalized paper to replace plastics

- Expand applications for food packages

Qmetallizing
A Nissha Company



Provide biodegradable materials to various markets

Bio-based

Environmentally friendly resins

Molded pulp products



New material technologies

Non-biodegradable

Biodegradable

Petroleum-based

High-volume

Plastic Use

No plastics

The 7th Medium-term Business Plan (2021-2023)

The 7th Medium-term Business Plan [Target markets]

Non-IT on mainstream toward 2030

The 6th Medium-term Business Plan
Acquired business bases in priority markets

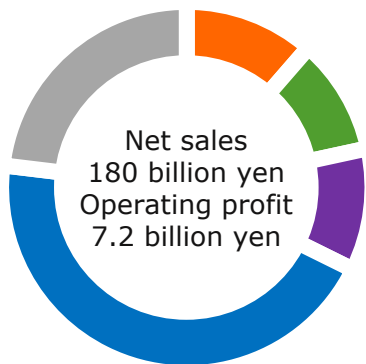
- Entered the Medical Devices market
- Acquired a global value chain for Mobility
- Entered the Sustainable Materials market

The 7th Medium-term Business Plan
Establish a foundation for growth through global synergies acceleration

- Declining phase for smartphones (stable profitability)
- Growth in non-IT such as Medical Devices and Mobility
- Achieve improvement in profitability

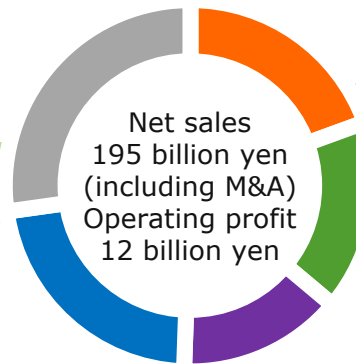
Net sales
300 billion yen

2030
(Vision)



The 6th Medium-term Business Plan
2020

NISSHA



The 7th Medium-term Business Plan
2023 (Vision)

■ Medical ■ Mobility ■ Sustainable Materials
■ IT devices ■ Other

*Vision describes where we want to be in three and ten years; this vision should not be construed as an earnings forecast.

Medium-term Vision (1)

Establish a foundation for growth through global synergies acceleration

Growth areas

Mobility



Medical Devices

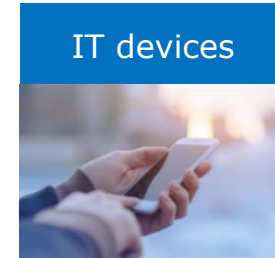


Sustainable Materials



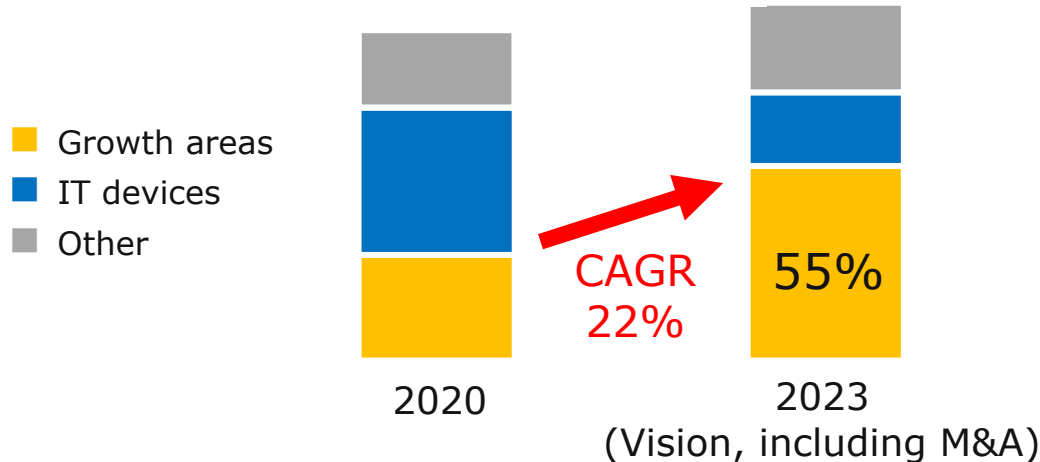
- Demonstrate synergies in business, assets, and human resources capabilities; grow top line sales and operating profit

IT devices

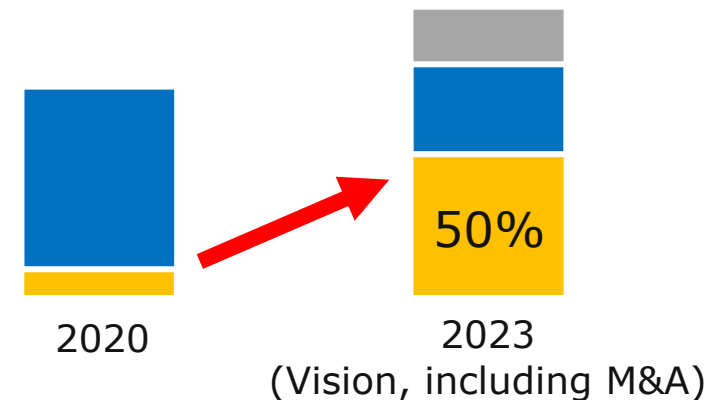


- Pursue profitability and efficiency, even during a phase of decline

Net sales



Operating profit



Medium-term Vision (2)

Aiming for ROE of 9%+, Operating cash flows of 43.5 billion yen (3-year cumulative, including M&A)

	6 th Medium-term Business Plan 2020 Results	7 th Medium-term Business Plan 2023 Vision*
ROE	9.0%	9%+
Operating cash flows, three-year cumulative (Millions of JPY)	22,057	✓ 43,500
Net sales (Millions of JPY)	180,006	195,000
Operating profit (Millions of JPY) (OPM)	7,290 (4.0%)	12,000 (6.2%)
Forex	¥ 106/\$	¥ 105/\$

*This vision should not be construed as an earnings forecast.

ROE: 9% or higher

Total asset turnover ratio:
1.0 or higher

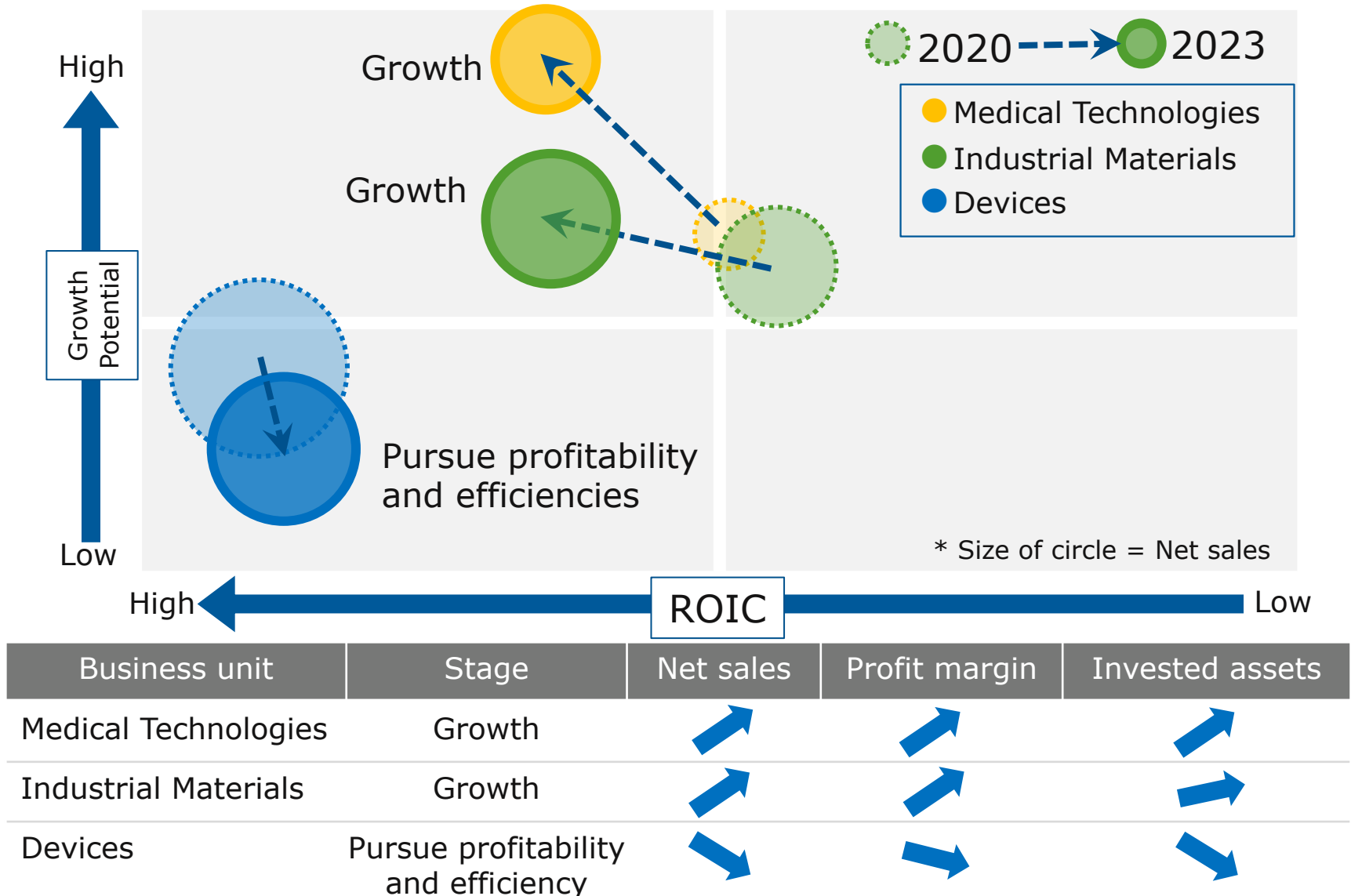
Operating profit ratio:
6% or higher

Equity ratio: 45% or higher

- Top line growth (creation of synergies, expansion of product lineups)
- Careful selection of investments
- Cost reduction (productivity improvement through automation and AI, etc.)
- Reduction of SGA through synergies
- Reduction of interest-bearing debt
- Maintain and improve credit ratings

[Business portfolio]

Reallocate cash and resources generated by Devices to drive growth in Medical Technologies and Industrial Materials

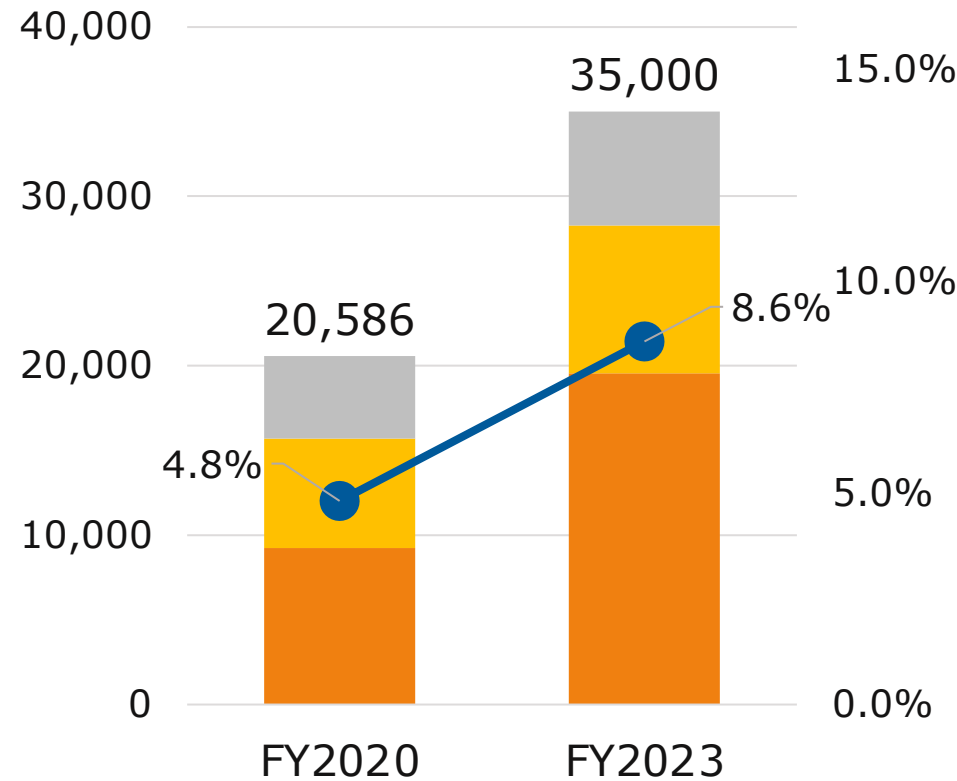


Medical Technologies

Expand the scope of medical therapeutic fields as a CDMO and strengthen development in Japan

- Business Media Net sales
- Medical Devices (Own brand) Net sales
- Medical Devices (CDMO) Net sales
- Operating profit margin

(Millions of JPY)



(Vision, not including M&A)

Net sales
CAGR 19%

ROIC
2%→6%

Medical Devices (CDMO)

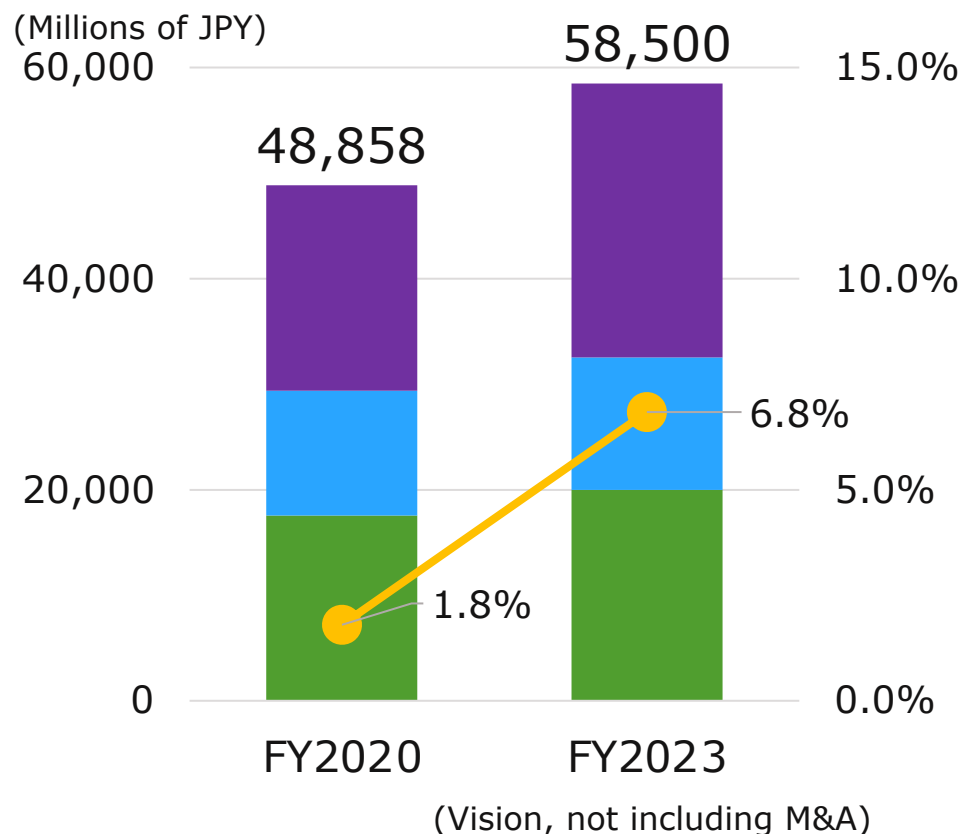


- Recover from the down trend caused by COVID-19
- Expand design and development capabilities to provide high value-added products and services
 - Leverage of Sequel/RSS acquisition
- Expand product lineups through expansion of therapeutic areas
 - Leverage of Norwalk acquisition
- Accelerate business development in Japan and Asia
- Accelerate new product development through synergies with Devices business
- Continue to pursue M&A opportunities

Industrial Materials

Grow top line sales with new products

- Sustainable Materials Net sales
- Decoration (Other fields) Net sales
- Decoration (Mobility) Net sales
- Operating profit margin



Net sales
CAGR 6%

ROIC
1%→6%

Mobility



- Launch of new products
 - Expand product lineups with decoration + functions (synergies with Devices)
- Leverage global strategic assets
 - Local production for local consumption, connected through synergies

Sustainable Materials



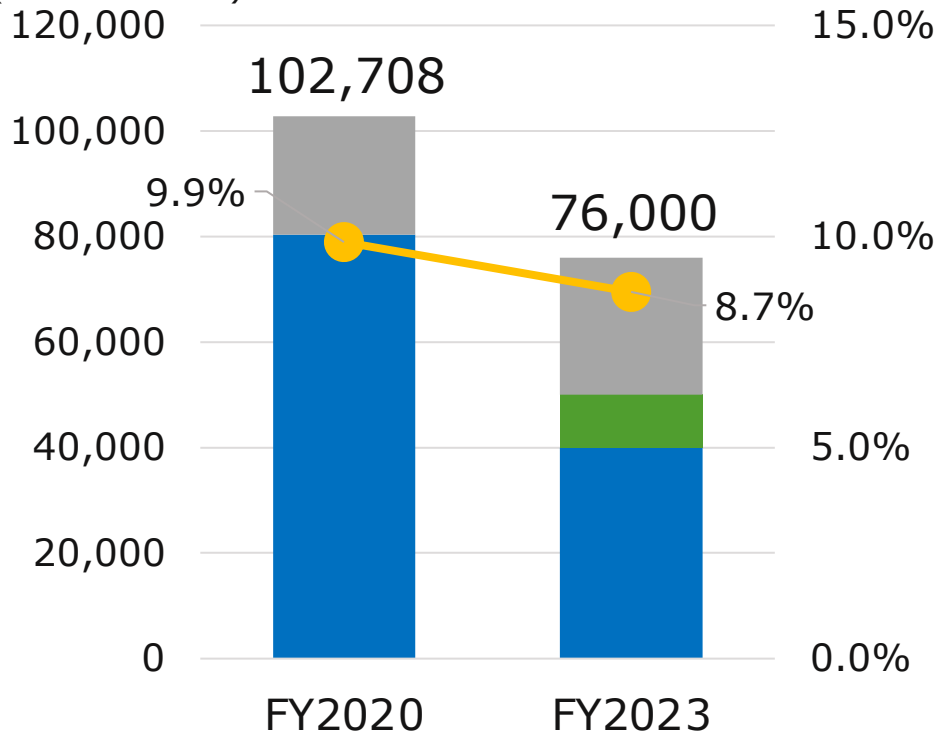
- Expand applications: Expand metallized paper for food packages
- New products: Increase orders for environmentally friendly materials and pulp molded parts

Devices

Pursuing profitability and efficiency, sales for mobility are growing

- Smartphones and tablet devices, etc. Net sales
- Mobility Net sales
- Portable game players, industrial terminals (logistics related), etc. Net sales
- Operating profit margin

(Millions of JPY)



(Vision, not including M&A)

Net sales
CAGR -

ROIC
28%→23%

IT devices



- Declining phase in sales of IT devices
- Equalization in production, pursuit of lean operations
 - Improve efficiency and enhance automation with AI and IT

Mobility



- Expand sales of film touch sensors for automotive displays
- Create synergies with Industrial Materials
- Sensing products for CASE demand

Create synergies with Medical Technologies

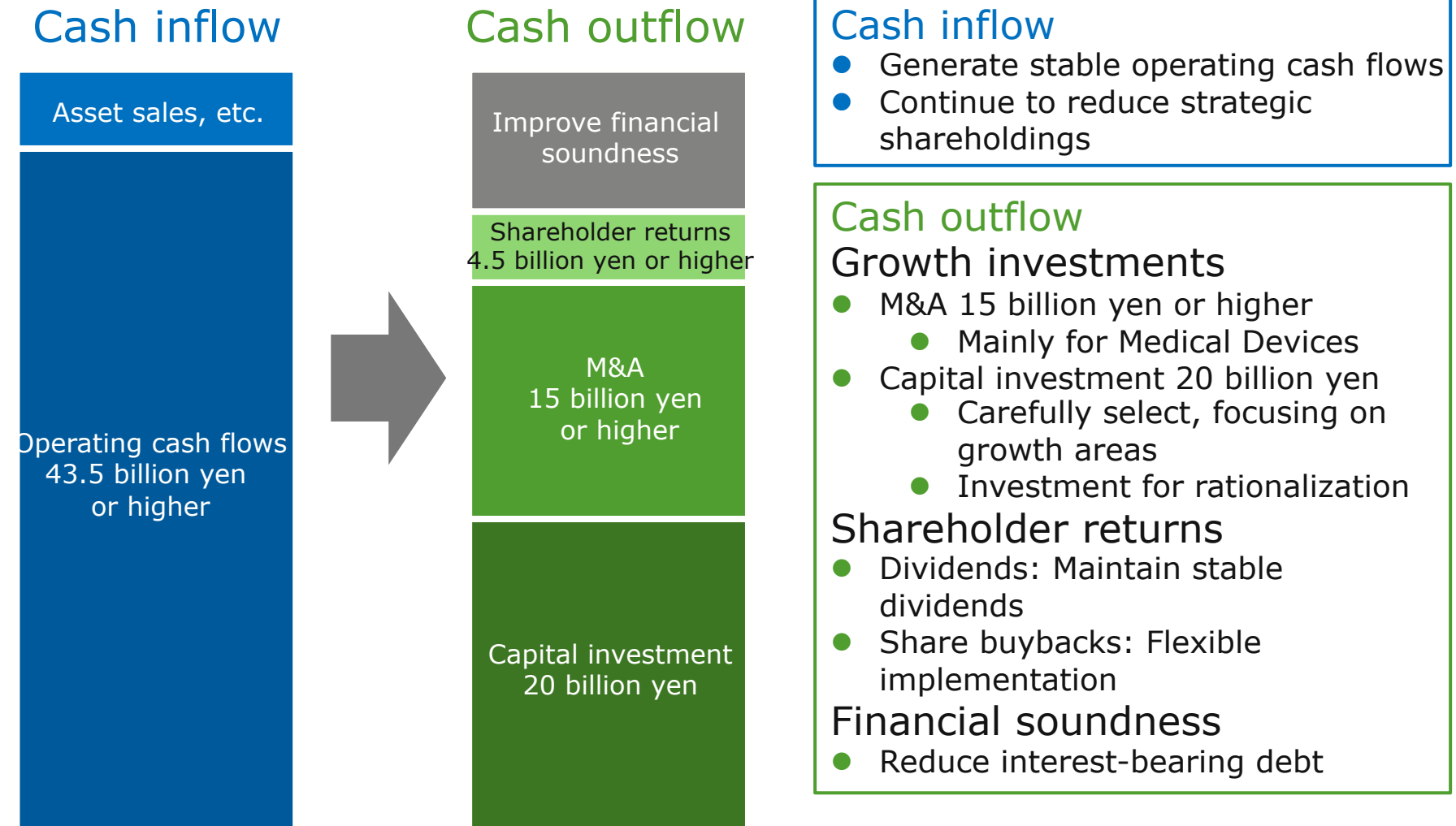


- Promote the growth of Medical Technologies by utilizing the technologies of Devices

Cash allocation (three-year cumulative)

Allocate resources, mainly to growth areas

Maintain stable dividend payments to shareholders



Sustainability initiatives

Progress to date



- Sustainable materials (metallized paper)
- Products for mobility (decoration products with low environmental impact)
- Obtained A- rating of CDP



- Medical devices production
- Products for mobility (decoration products for more comfortable vehicle interiors)
- Abolish seniority-based human resources system
- Pursue global human resource development
- Achieve diverse work styles



- Strive for diversity and effectiveness in the board of directors
- Maintain business continuity plan (BCP) under COVID-19
- Reduce strategic shareholdings

EMPOWERING YOUR VISION

- Create business opportunities
- Mitigate risks

Actions for the 7th Medium-term Business Plan

- Expand sustainable materials (pulp molding and materials)
- Expand products for mobility (contribute to reduce environmental impact)
- Decarbonization: Activities back-casted from 2030 target

- Expand medical equipments into other therapeutic fields
- Expand products for mobility (functional products for HMI*)
- Performance and ability-based
- Enhanced training, rotations
- Encourage participation of women

*Human Machine Interface

- Raise the level of Corporate Governance Code practices
- Improve strategic planning and supervisory functions of the board of directors
- Continue to reduce strategic shareholdings

FY2021 full-year forecast

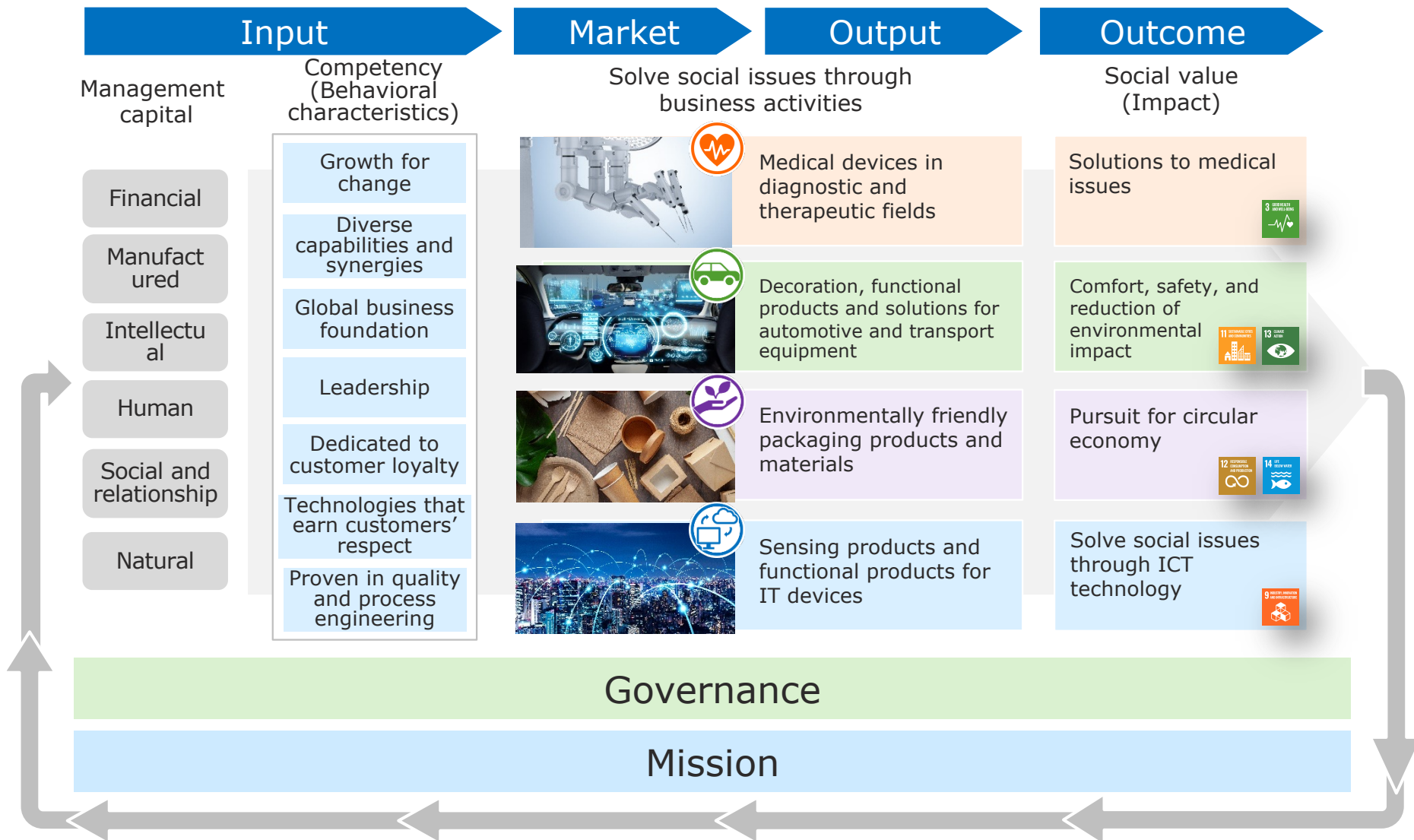
Increase in operating profit expected, despite product demand decreasing for smartphones

(Millions of JPY)

	FY2020 Full-year Results	FY2021 Full-year Forecast	FY2021 H1 Forecast	FY2021 H2 Forecast	YoY
Net sales	180,006	169,000	88,500	80,500	-6.1%
Industrial Materials	48,858	49,000	24,400	24,600	+0.3%
Devices	102,708	87,600	49,000	38,600	-14.7%
Medical Technologies	20,568	24,000	11,300	12,700	+16.7%
Others	7,870	8,400	3,800	4,600	+6.7%
Operating profit	7,290	7,500	4,500	3,000	+2.9%
Operating profit margin	4.0%	4.4%	5.1%	3.7%	+0.4pt
Industrial Materials	869	1,500	700	800	+72.6%
Devices	10,131	7,700	5,100	2,600	-24.0%
Medical Technologies	989	1,300	400	900	+31.4%
Others	-4,700	-3,000	-1,700	-1,300	-
Profit before tax	7,051	7,000	4,300	2,700	-0.7%
Profit attributable to owners of parent	7,069	5,200	3,500	1,700	-26.4%
Forex	¥106/\$	¥105/\$	¥105/\$	¥105/\$	-

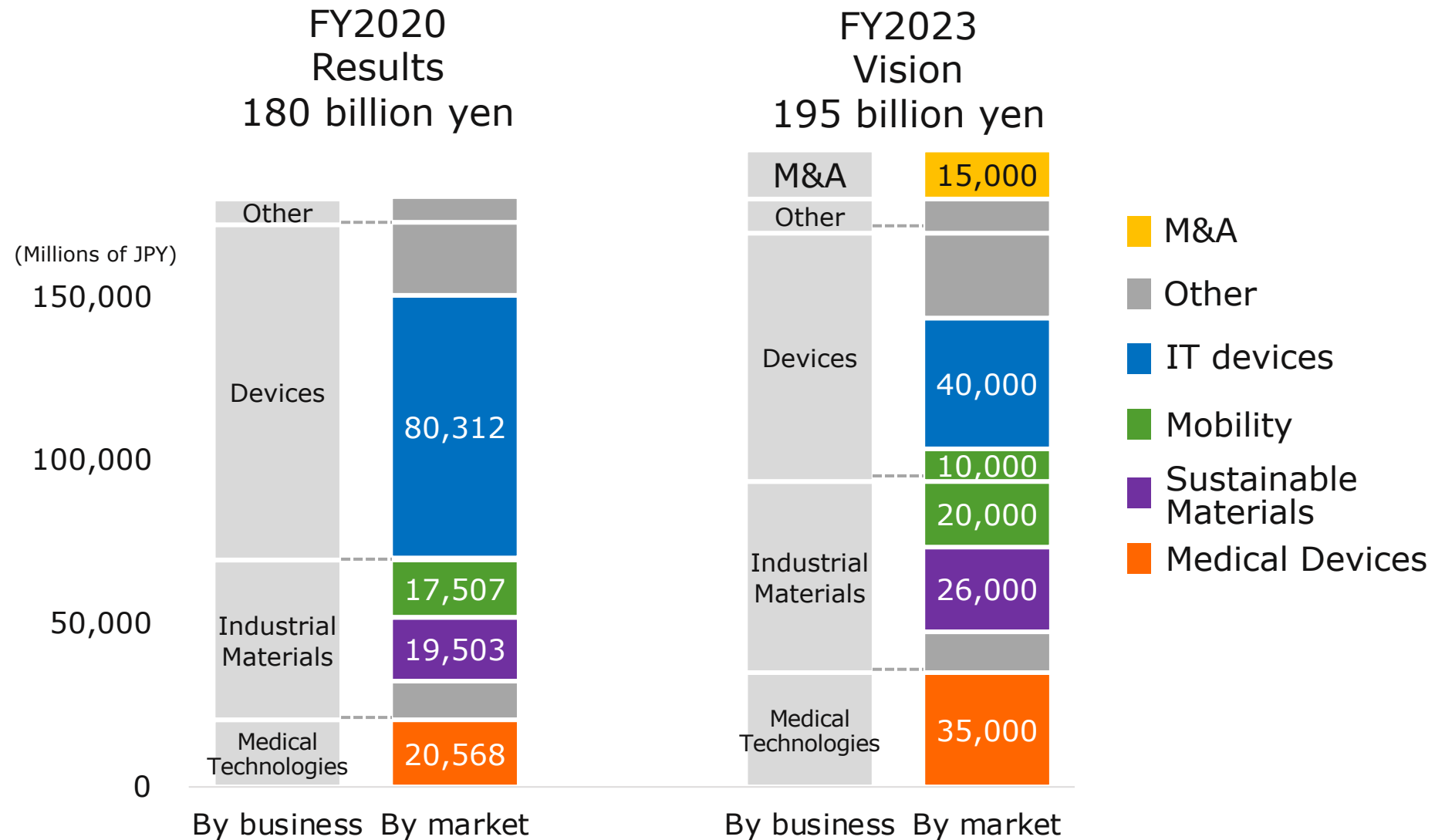
(Reference)

Nissha Value Creation Process



(Reference)

Net sales by business and by market (consolidated basis)



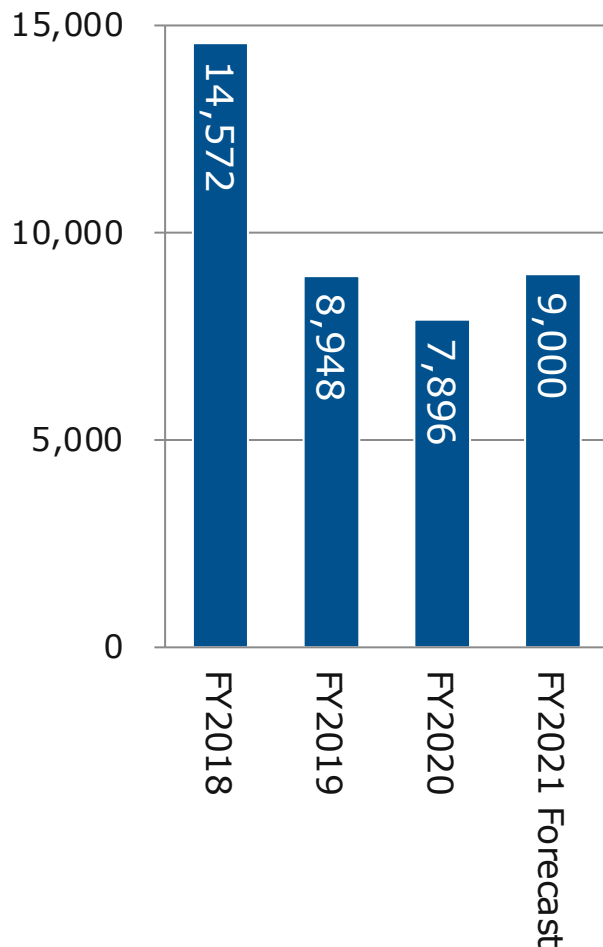
(Reference)

EMPOWERING YOUR VISION

Capital investment, Depreciation and amortization, R&D

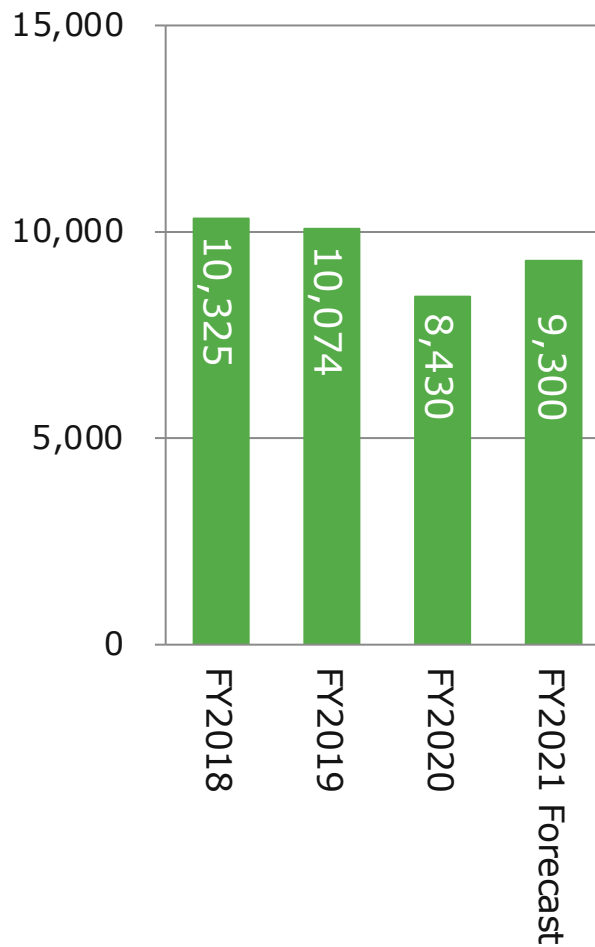
Capital investment

(Millions of JPY)



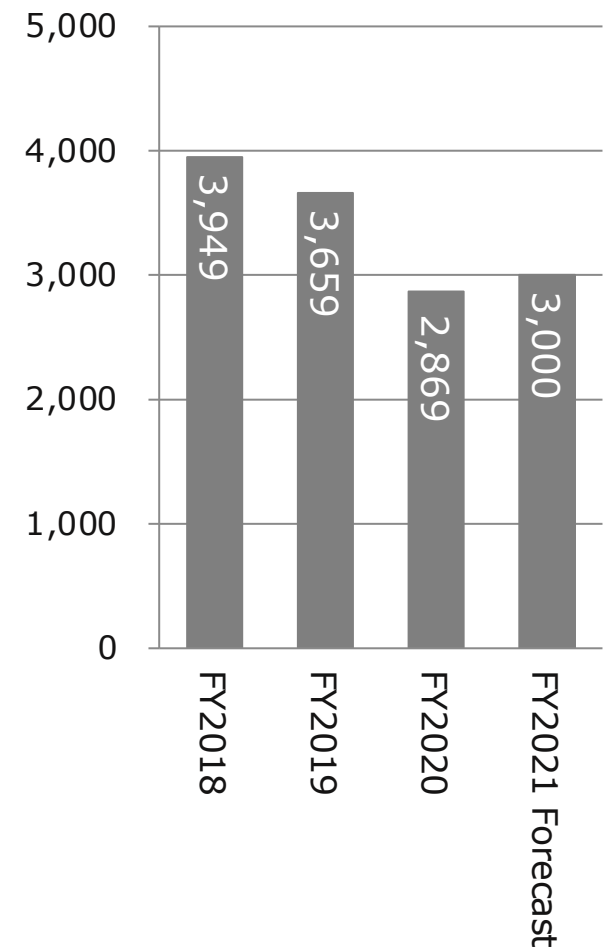
Depreciation and amortization

(Millions of JPY)



R&D

(Millions of JPY)



(Reference)

Capital investment, Depreciation and amortization,
M&A investment, R&D (FY2020 results)

(Millions of JPY)

	Q1 Results	Q2 Results	Q3 Results	Q4 Results
Capital investment	1,435	1,041	2,475	2,944
Depreciation and amortization	2,074	2,076	2,061	2,218
M&A investment	1,431	213	-	3,080
R&D	671	706	701	788

Among the information included in this presentation and provided at investor briefings and conferences, performance targets, plans, outlooks, strategies and other information that is not constituted of actual past facts, is information that has been judged reasonable by the managers of the Company based on the information available at the time of its creation and contains elements of risk and uncertainty. Actual business results may differ greatly depending on various factors such as economic trends, market demand, and fluctuations in exchange rates.