

The background of the slide is a blue-tinted photograph of a modern glass-walled building. The building has multiple floors with large windows, and the interior of some floors is visible through the glass. The overall aesthetic is clean and professional.

NISSHA

Financial Results for FY2021.12

February 14, 2022

Junya Suzuki

President and CEO

Nissha Co., Ltd.

FY2021 Results

- Increase in sales and profits compared to the previous fiscal year
- Operating profit, Profit before tax and Profit attributable to owners of parent are the highest ever. Special dividend is implemented.
- Tailwinds
 - Steady product demand for IT devices in H1
 - Non-IT businesses in priority markets grew steadily. The reorganization of business portfolio progressed.
 - Better profitability due to equalization of production volumes and productivity improvement
- Headwinds
 - Cost rise in US and EU (materials, labors).
 - Decrease/delay in demand due to supply constraints
 - Behavioral restrictions due to recurrence of COVID-19

FY2022 Forecast (2nd year of the 7th Medium-term Business Plan)

- Non-IT market growth continues, which enhances our sustainability.
 - Stable cash flows leads a growth base.
- Pipelines in priority markets are steadily expanding, even though social conditions such as COVID-19 and supply constraints remain.
- Growth investment (M&A)

FY2021 Results

FY2021 (Full-year) Results

- Industrial Materials and Medical Technologies drove the increase in sales.
- Productivity improvement of Industrial Materials and the equalization of production volumes in Devices contributed to increase in profit.

(Millions of JPY)

	FY2020 Results	FY2021 Results	YoY
Net sales	180,006	189,285	+5.2%
Industrial Materials	48,858	60,543	✓ +23.9%
Devices	102,708	96,971	-5.6%
Medical Technologies	20,568	24,176	✓ +17.5%
Others	7,870	7,593	-3.5%
Operating profit	7,278	17,363	✓ +138.5%
Operating profit margin	4.0%	9.2%	+5.2pt
Profit before tax	7,039	19,499	✓ +177.0%
Profit attributable to owners of parent	7,061	15,859	✓ +124.6%
Forex	¥106/\$	¥108/\$	

FY2021 Q4 (3 months) Results

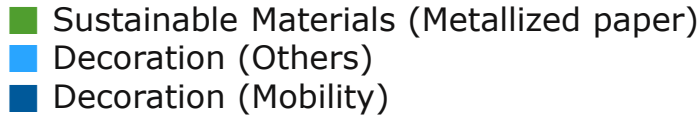
- QoQ: Profit decreased due to demand decline, a lowered production efficiency caused by supply constraints, and cost increase in US and EU.

(Millions of JPY)

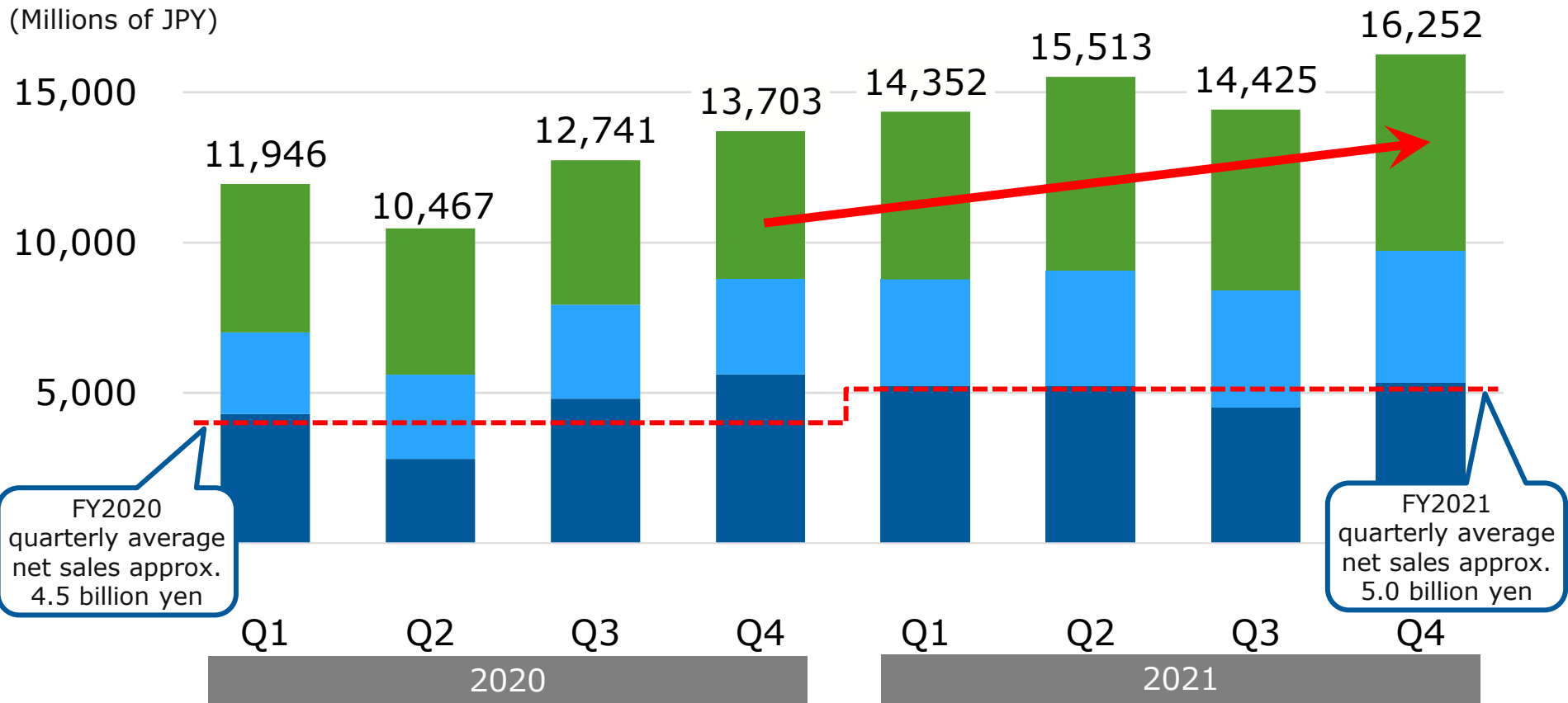
	FY2020 Q4 Results	FY2021 Q3 Results	FY2021 Q4 Results		
				YoY	QoQ
Net sales	51,221	47,948	43,752	-14.6%	-8.8%
Industrial Materials	13,703	14,425	16,252	+18.6%	+12.7%
Devices	29,965	25,547	18,900	-36.9%	✓ -26.0%
Medical Technologies	5,213	6,266	6,399	+22.8%	+2.1%
Others	2,338	1,709	2,200	-5.9%	+28.8%
Operating profit	3,383	4,599	1,906	-43.7%	✓ -58.6%
Operating profit margin	6.6%	9.6%	4.4%	-2.2pt	-5.2pt
Profit before tax	3,138	4,679	2,581	-17.7%	-44.8%
Profit attributable to owners of parent	3,013	3,917	1,327	-55.9%	-66.1%
Forex	¥104/\$	¥109/\$	¥111/\$		

Industrial Materials

- Decoration (Mobility) and Sustainable Materials (Metallized paper) drove the increase in sales.



(Millions of JPY)



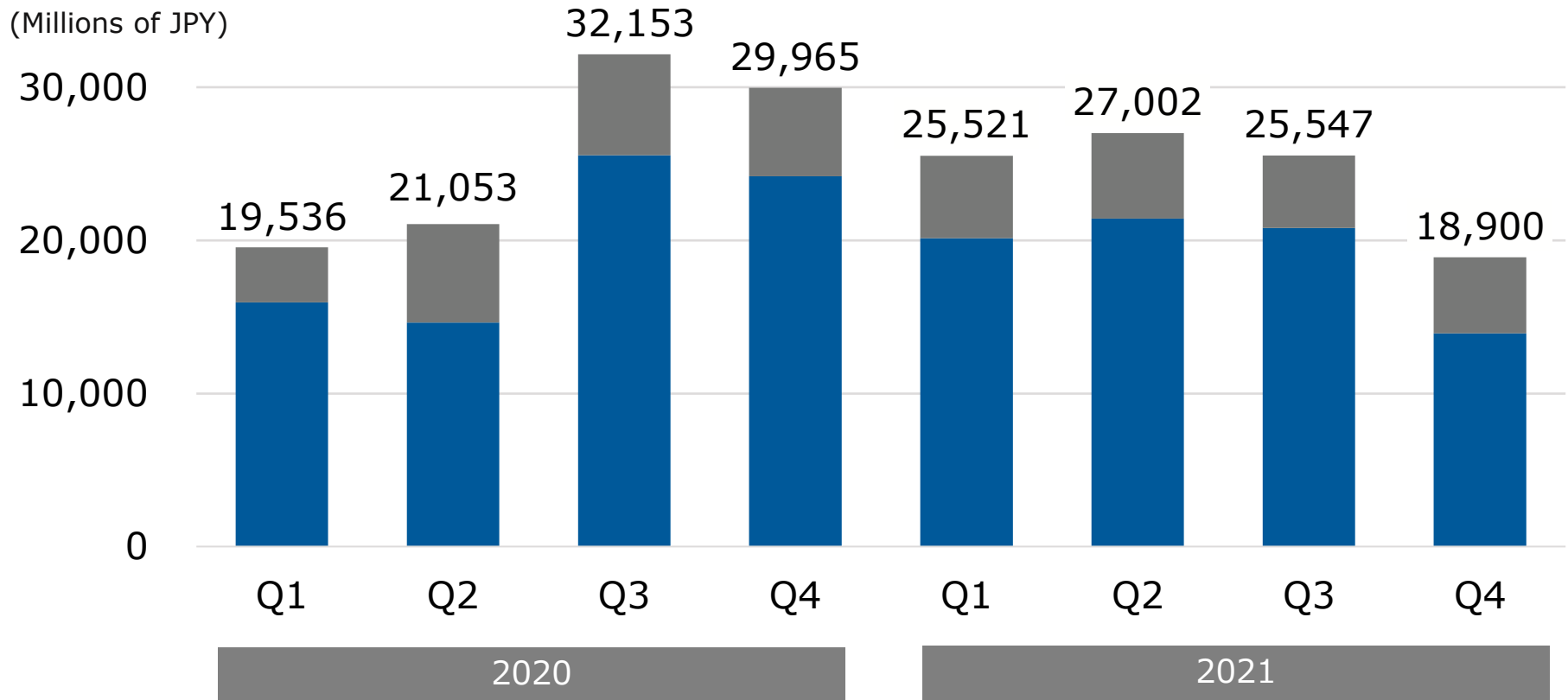
FY2020 quarterly average net sales approx. 4.5 billion yen

FY2021 quarterly average net sales approx. 5.0 billion yen

Devices

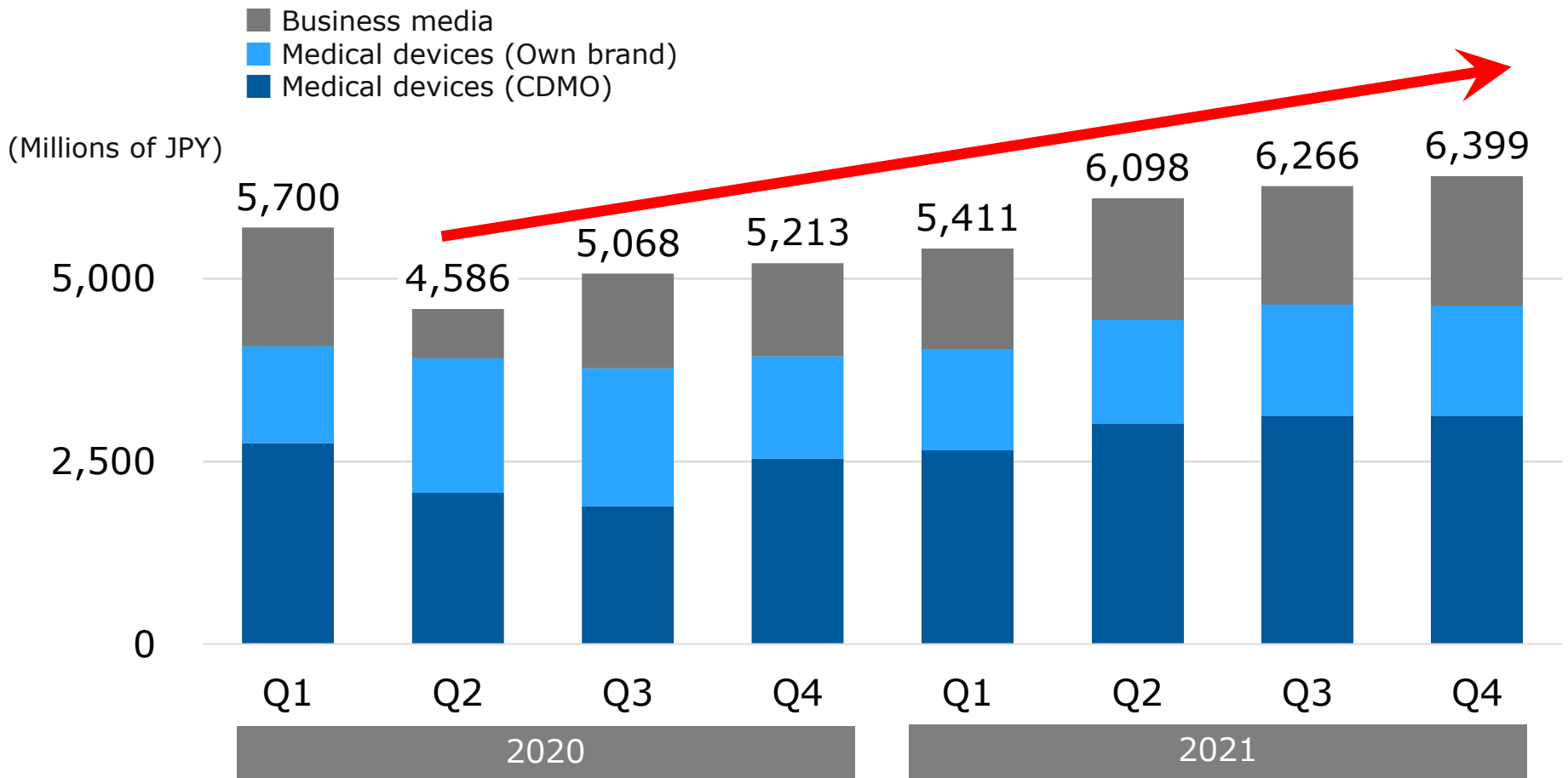
- Demand decline for smartphones in Q4/2021 was as assumed.

■ Portable game players, Industrial equipment (logistics related), Mobility, Gas sensors and others
■ Tablet devices, Smartphones and others



Medical Technologies

- Recovery trend from COVID-19 continued.



Outlook for the 7th Medium-term Business Plan (2021-2023)

Priority markets in the 7th Medium-term Business Plan

Non-IT

Priority Markets

Medical Devices



Mobility



Sustainable Materials



IT

IT Devices

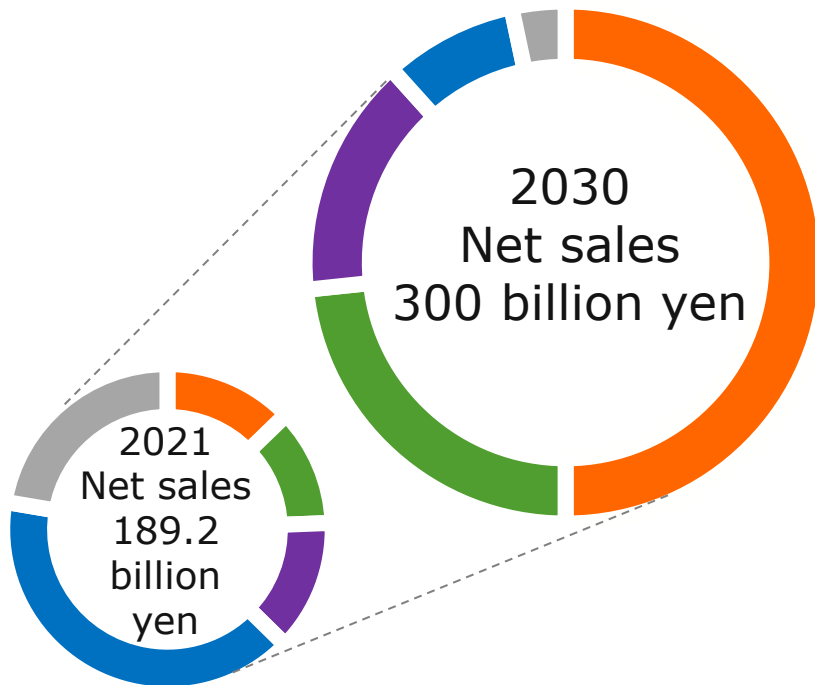


- Expansion of Medical Devices CDMO
 - Growth of Mobility and Sustainable Materials
 - Implement M&A in the priority markets
- Focus on profitability rather than volume

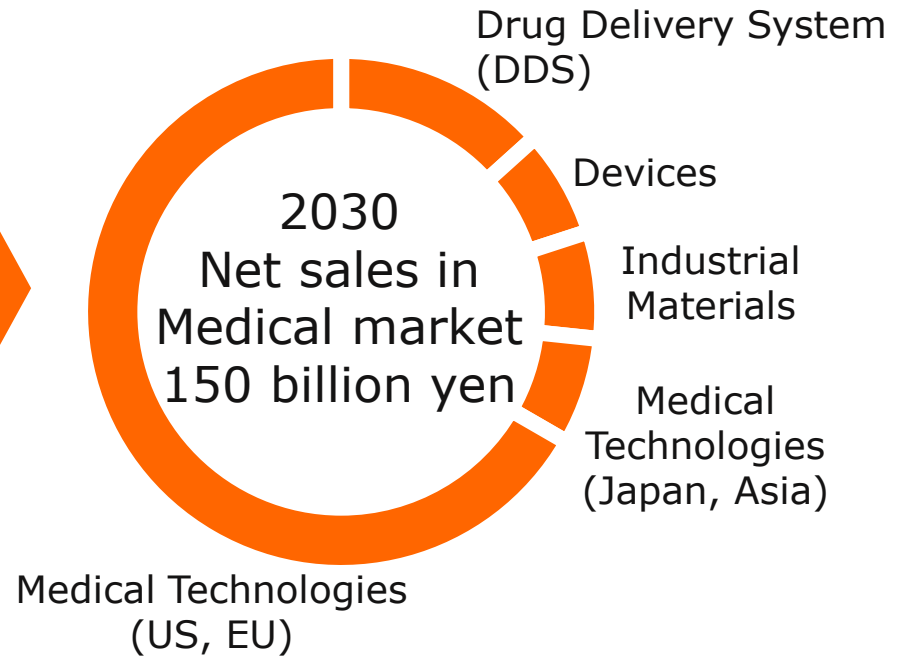
Sustainability Vision

Challenge “Medical market” company-wide

Target market break down



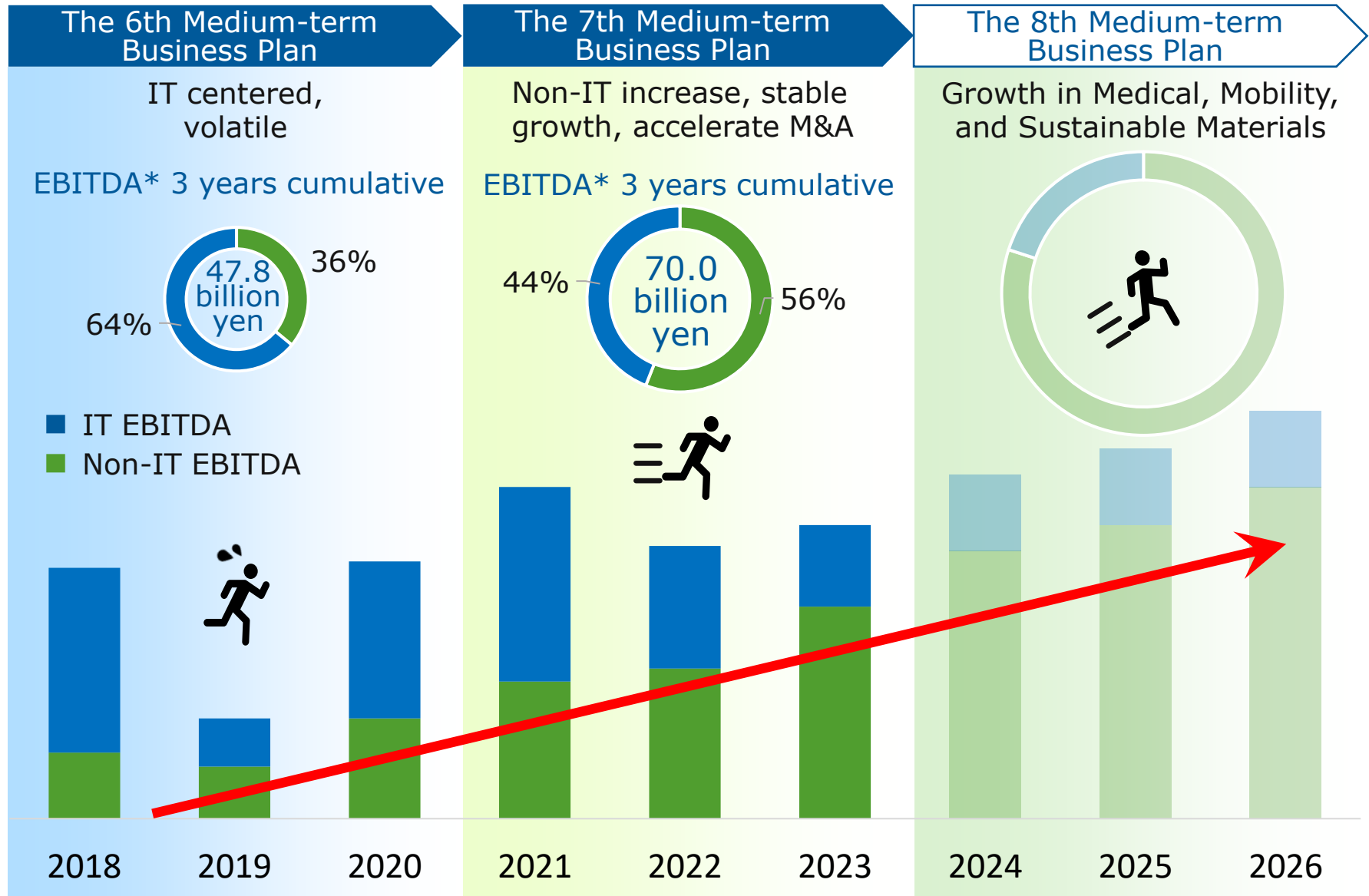
Medical market break down by business



- Medical (Orange)
- Mobility (Green)
- Sustainable Materials (Purple)
- IT Devices (Blue)
- Others (Grey)

Medical market = Medical devices, Related products/parts, Healthcare products, DDS, etc.

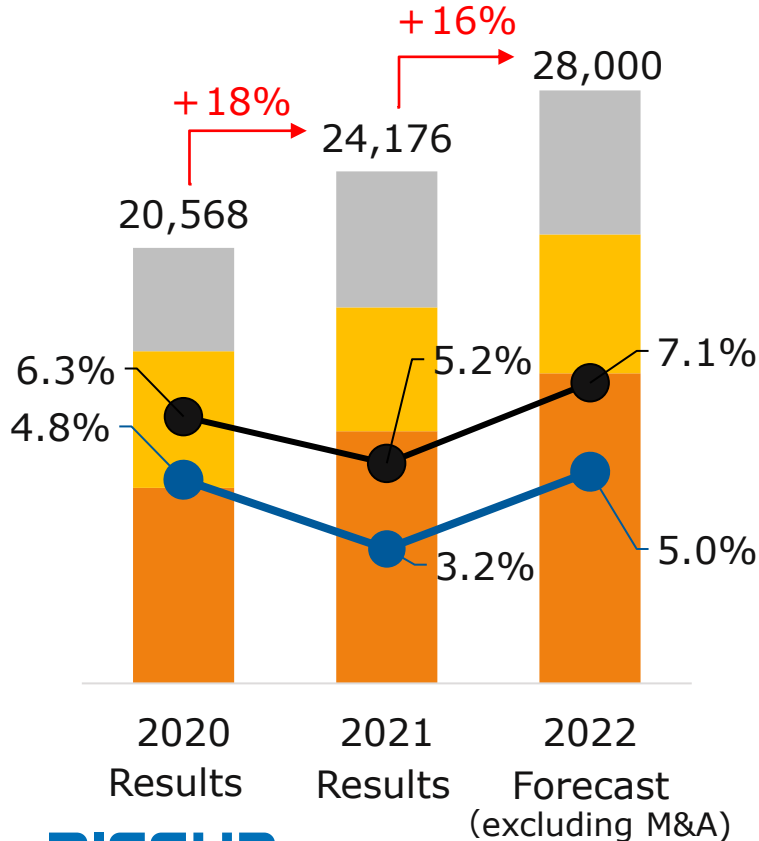
Cash generation shifts from IT to non-IT



Medical Technologies

Medical Devices (CDMO) drives growth

- Business Media Net sales (Millions of JPY)
- Medical Devices (Own brand) Net sales (Millions of JPY)
- Medical Devices (CDMO) Net sales (Millions of JPY)
- Operating profit margin
- Operating profit margin (excluding costs in Japan)

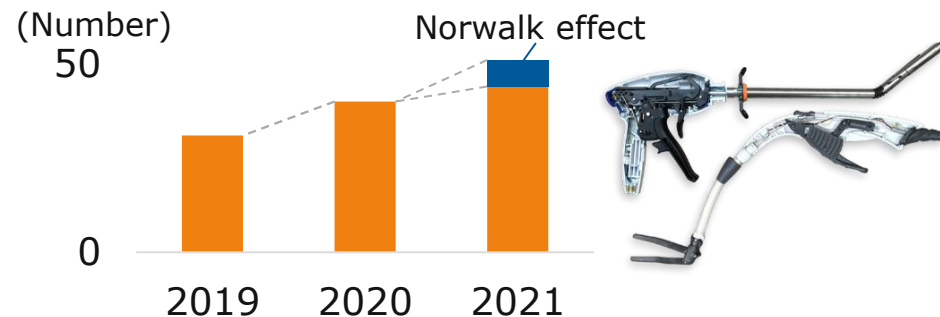


Progress to date

- Demand recovery from the impact of COVID-19

Remarks in 2022

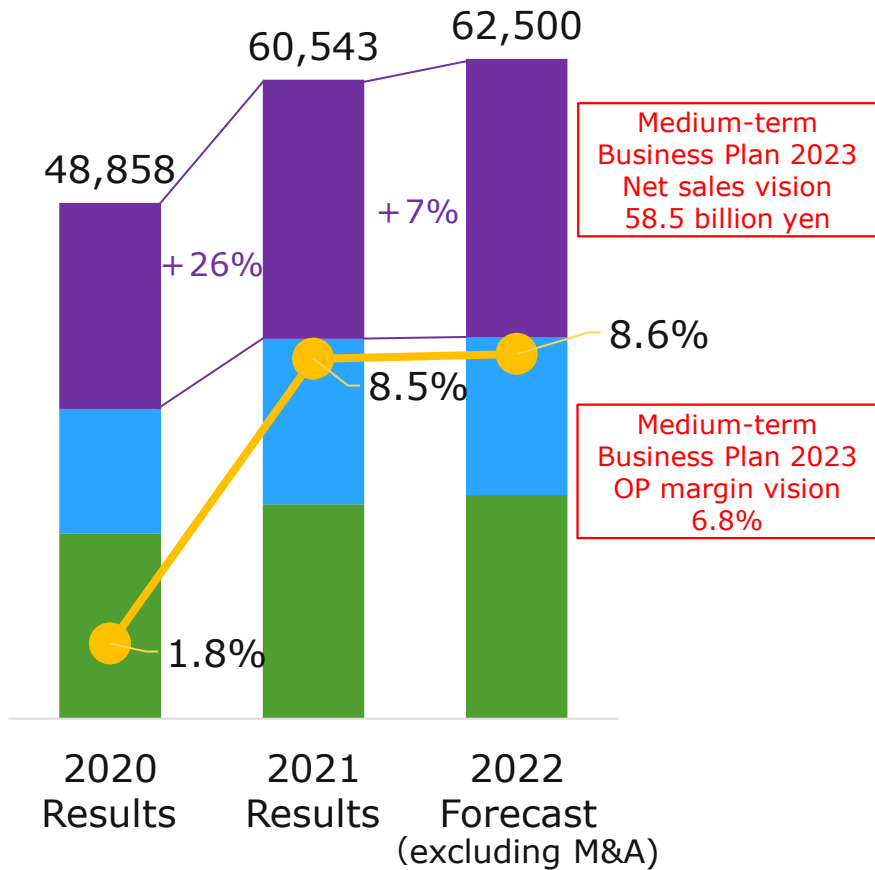
- Sales growth continues to exceed the CDMO market growth rate (11.0%*)
- Improve profitability by passing on product prices in response to soaring raw material prices
- Accelerate growth through M&A
- Increased number of new developments (current customer basis + Norwalk effect)



*Source: Our research based on Transparency Market Research "Medical Device Contract Manufacturing Market"

Industrial Materials: Growth of Sustainable Materials continues. Progress exceeds the vision of the Medium-term Business Plan (2023).

- Sustainable Materials Net sales (Millions of JPY)
- Decoration (Others) Net sales (Millions of JPY)
- Decoration (Mobility) Net sales (Millions of JPY)
- Operating profit margin

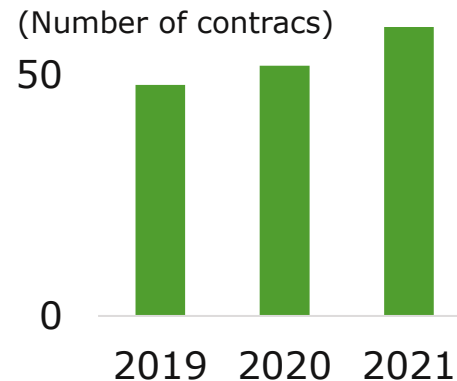


Progress to date

- Profitability improved significantly
- Achieved the quantitative vision in the first year of the Medium-term Business Plan
- Expanded the market share of Metallized paper

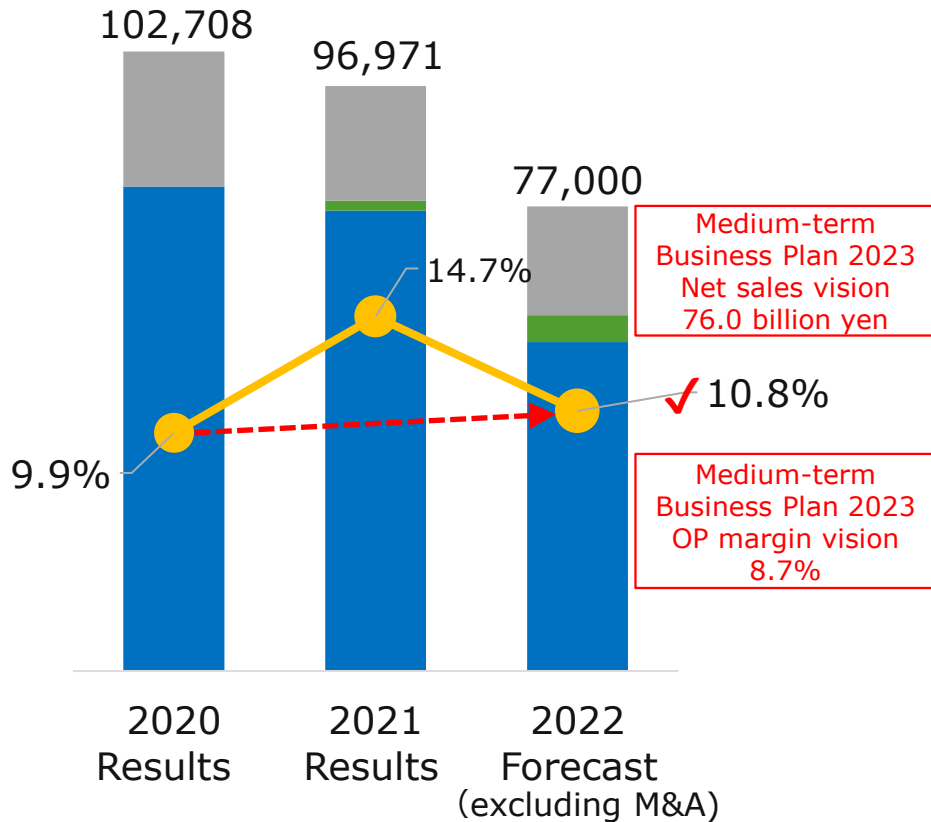
Remarks in 2022

- Continue growth trend and maintain profitability
- Sustainable Materials: Drive business growth
 - Metallized paper: Implement price revisions
 - Sustainable molded products: Orders increase due to the trend of deplasticization.
- Mobility: Number of contracts increase steadily.



Devices: Maintain profitability under downturn in smartphones

- Tablet devices, Smartphones and others Net sales (Millions of JPY)
- Mobility Net sales (Millions of JPY)
- Portable game players, Industrial equipment (logistics related) and others Net sales (Millions of JPY)
- Operating profit margin

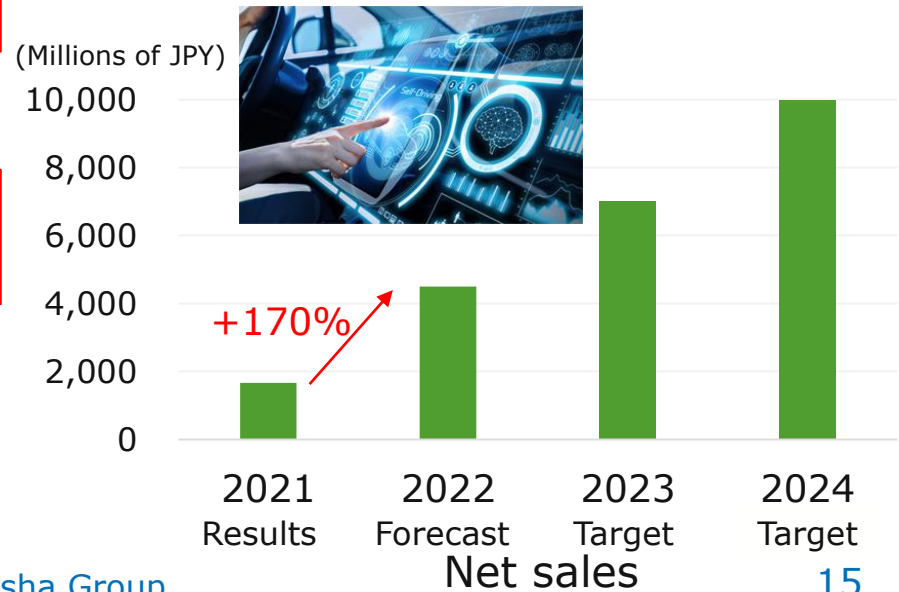


Progress to date

- Profitability improved significantly due to the equalization of production volumes.

Remarks in 2022

- Maintain profitability even under decreased sales, operating profit margin exceeds 10%
- Tablet devices and Industrial equipment (logistics related) progress steadily
- Touch sensors for mobility expand rapidly, aiming for annual net sales of 10 billion yen in 2024



Focus in the priority markets

Medical

- CDMO
 - Medical Devices: Minimally invasive surgical devices, clinical patient monitoring devices
 - Drug Delivery System (DDS): Film type pharmaceuticals

Sustainable Materials

- Application exploration of metallized paper (Ex. Food packages)
- Expand sustainable molded products (Ex. Pharmaceutical packaging)

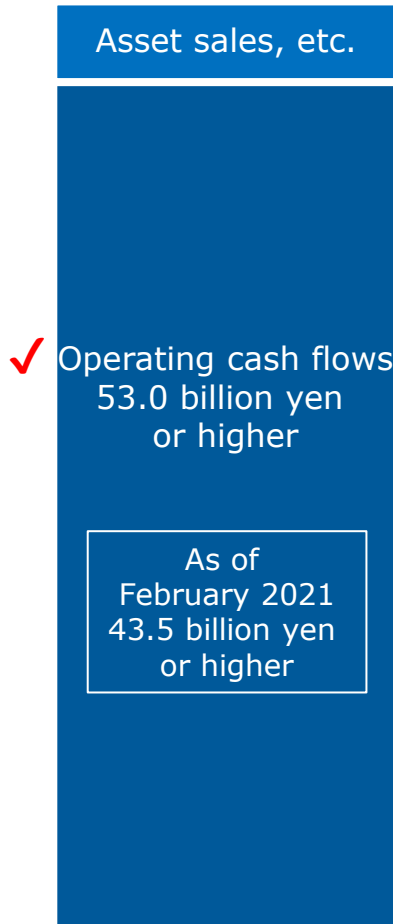
Mobility

- Market entry to exterior decoration
- Molded sensing modules for CASE application

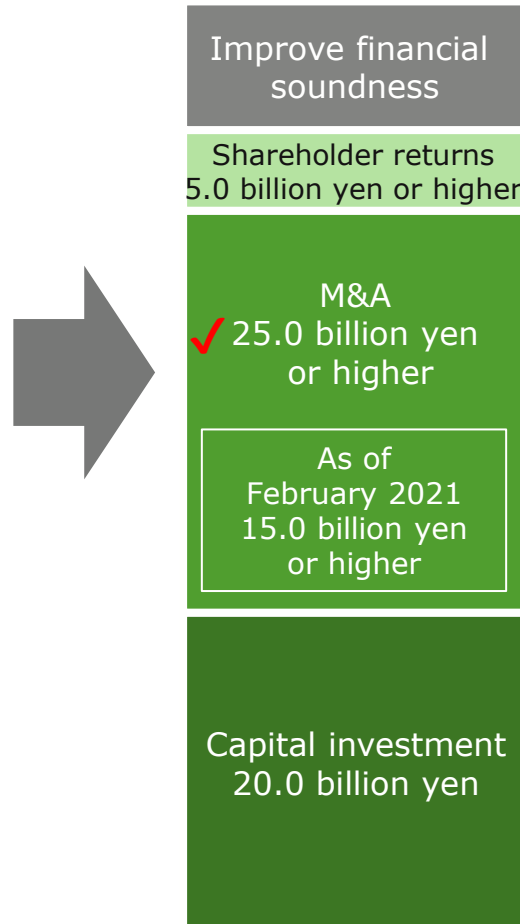
Cash allocation (3 years cumulative) update

Cash-in is to increase, accelerate M&A investment

Cash-in



Cash-out



Cash inflow

- Operating cash flows
- Continue to reduce strategic shareholdings

Cash outflow

Growth investments

- M&A 25.0 billion yen or higher
 - Mainly for Medical
- Capital investment 20.0 billion yen
 - Growth areas
 - Investment for rationalization

Shareholder returns

- Maintain stable dividends
- Share buybacks: Flexible implementation

Financial soundness

- Reduce interest-bearing debt

FY2022 Forecast

(Millions of JPY)

	FY2021 Full-year Results	FY2022 Full-year Forecast	FY2022		YoY
			H1 Forecast	H2 Forecast	
Net sales	189,285	175,500	83,500	92,000	-7.3%
Industrial Materials	60,543	62,500	30,500	32,000	+3.2%
Devices	96,971	77,000	35,400	41,600	-20.6%
Medical Technologies	24,176	28,000	13,700	14,300	+15.8%
Others	7,593	8,000	3,900	4,100	+5.4%
Operating profit	17,363	11,500	4,400	7,100	-33.8%
Operating profit margin	9.2%	6.6%	5.3%	7.7%	-2.6pt
Industrial Materials	5,161	5,400	2,500	2,900	+4.6%
Devices	14,242	8,300	3,200	5,100	-41.7%
Medical Technologies	776	1,400	600	800	+80.2%
Others	-2,818	-3,600	-1,900	-1,700	-
Profit before tax	19,499	11,000	4,200	6,800	-43.6%
Profit attributable to owners of parent	15,859	7,800	3,000	4,800	-50.8%
Forex	¥108/\$	¥113/\$	¥113/\$	¥113/\$	-

Sustainability Initiatives

Response to Climate Change

- To reduce total CO₂ emissions by 30% in 2030 (versus 2020)
- Cost for 2022: 250-300 million yen

- Conversion to renewable energy at Nitec Industries

- Domestic production for Industrial Materials
- Electricity to 100% renewable (FY2022)

Nitec Industries
Koka factory



- Conversion to renewable energy at Nitec Precision and Technologies

- Domestic production for Devices
- Electricity partially to renewable (FY2022)

Nitec Precision and
Technologies
Kaga factory



- Declared support for the recommendations of TCFD (January 2022)

- Going forward, we will analyze and disclose the financial impact of climate change-related opportunities and risks on our business activities.



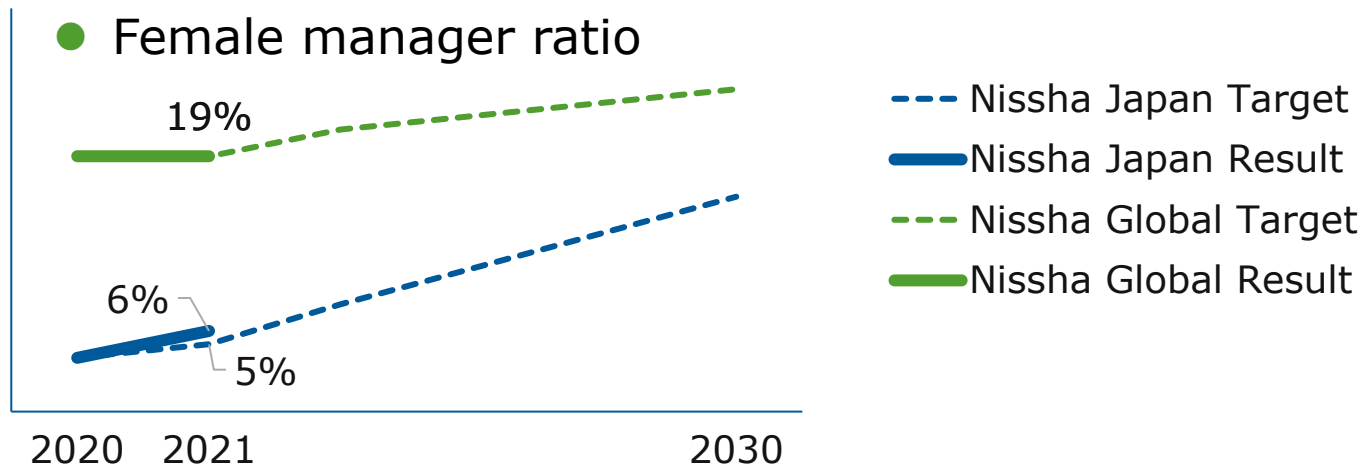
Employee engagement

- Job-focused employment in active since 2020
- Reskilling has been accelerated along with reorganization of business portfolio.
 - Nissha Academy "Priority Market Skill Training" is added.



Established in 2013

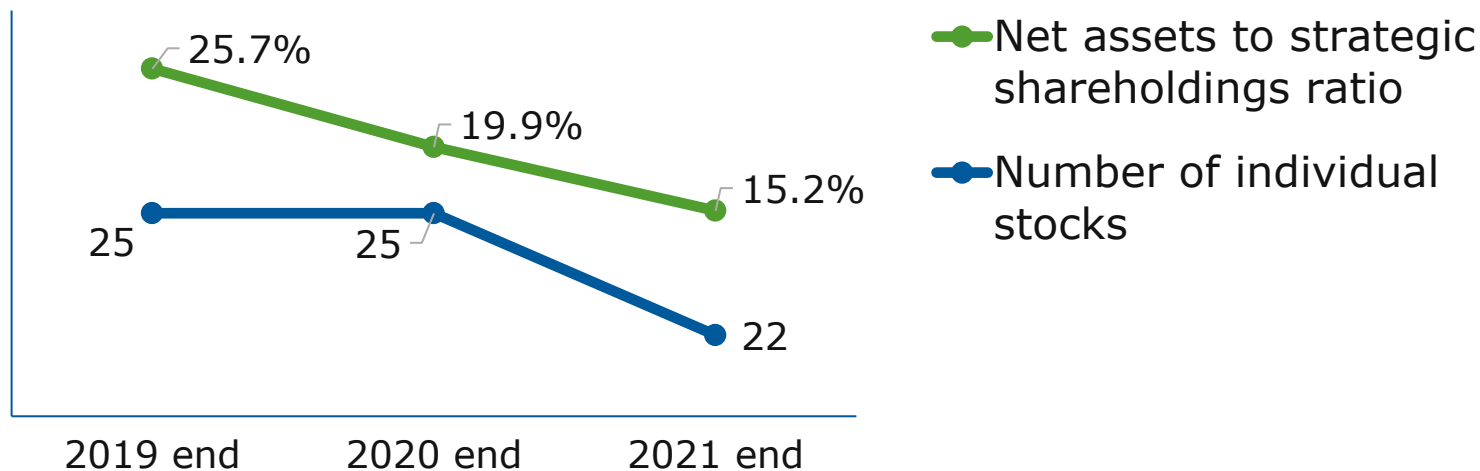
● Progress in diversity



Re-definition of Skills Matrix

- Reviewed and added essential skills for the Company's Board of Directors, to achieve Sustainability Vision and the Medium-term Business Plan (October, 2021)
- To elect a new Independent Outside Director who has experience and expertise in international medical devices market at the ordinary general meeting of shareholders on March 23, 2022

Reduction of strategic shareholdings



(Reference) External evaluations on our ESG

● FTSE Blossom Japan Index

- Selected as a constituent stock for 2 consecutive years



FTSE Blossom
Japan

● S&P/JPX Carbon Efficient Index

- Included as a constituent stock as of March 2021



● Sompo Sustainability Index

- Selected as a constituent stock since 2012

2021



Sompo Sustainability Index

● Health and productivity

- Selected as a 2022 Certified Health and Productivity Management Organization



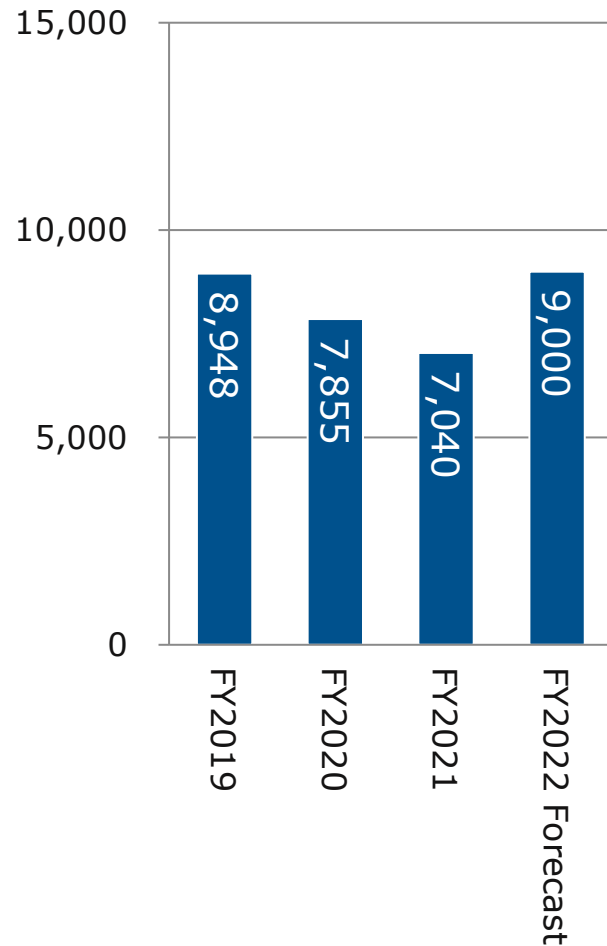
健康経営優良法人
Health and productivity

(Reference)

Capital investment, Depreciation and amortization, R&D

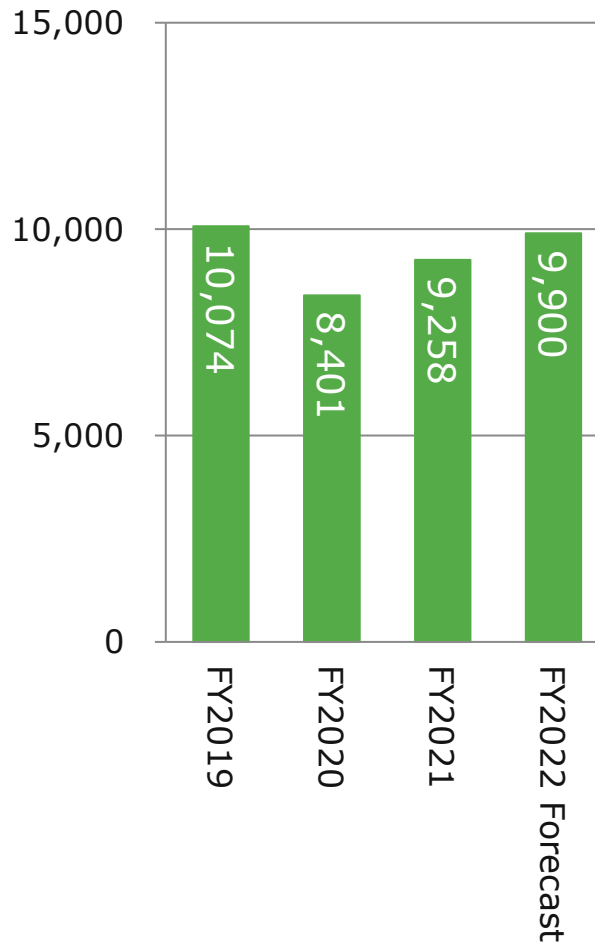
Capital investment

(Millions of JPY)



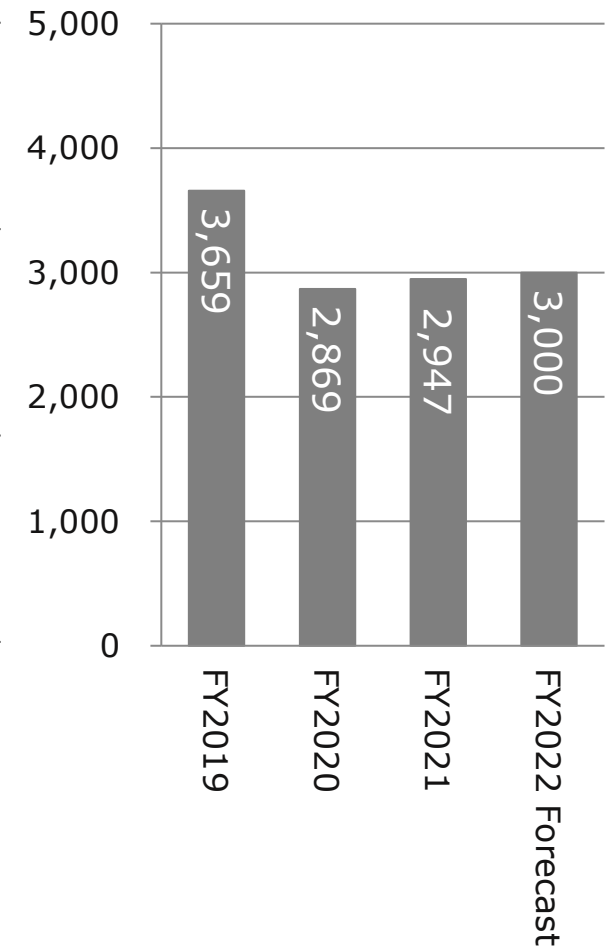
Depreciation and amortization

(Millions of JPY)



R&D

(Millions of JPY)



(Reference)

Capital investment, Depreciation and amortization,
M&A investment, R&D (FY2021 Result)

(Millions of JPY)

	Q1 Results	Q2 Results	Q3 Results	Q4 Results
Capital investment	1,038	3,068	1,203	1,729
Depreciation and amortization	2,301	2,295	2,282	2,379
M&A investment	–	–	–	–
R&D	677	714	721	834

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