

The Nissha logo is rendered in a bold, white, sans-serif font. The letters are closely spaced, and the 'i' and 's' characters have a distinctive, slightly rounded and elongated design. The logo is centered horizontally in the upper portion of the slide.

# NISSHA

## Financial Results for FY2022 Q2 Ended June 30, 2022

August 8, 2022

Junya Suzuki

President and CEO

Nissha Co., Ltd.

# Highlights

## FY2022 H1 Results

- Tailwinds
  - Steady product demand for Industrial Materials and Medical Technologies
  - Metallized paper in Industrial Materials: Product price increased
  - Devices: Profitability has been improved due to demand equalization.
- Headwinds
  - Cost soaring continued (raw materials, labors, and energy)
  - Fluctuation/delay in demand due to supply constraints

## Forecast for FY2022

- Full-year forecast has been revised upward
  - Net sales 190.0 billion yen, Operating profit 14.5 billion yen, Profit before tax 17.5 billion yen, Profit attributable to owners of parent 13.5 billion yen
  - Revised H2 demand forecast and sales price: Net sales in H2 revised upward for all three main businesses.
  - Exchange rate for H2: JPY125/\$

# FY2022 H1 (6 months) Results

- Product demand for Industrial Materials and Medical Technologies grew

(Millions of JPY)

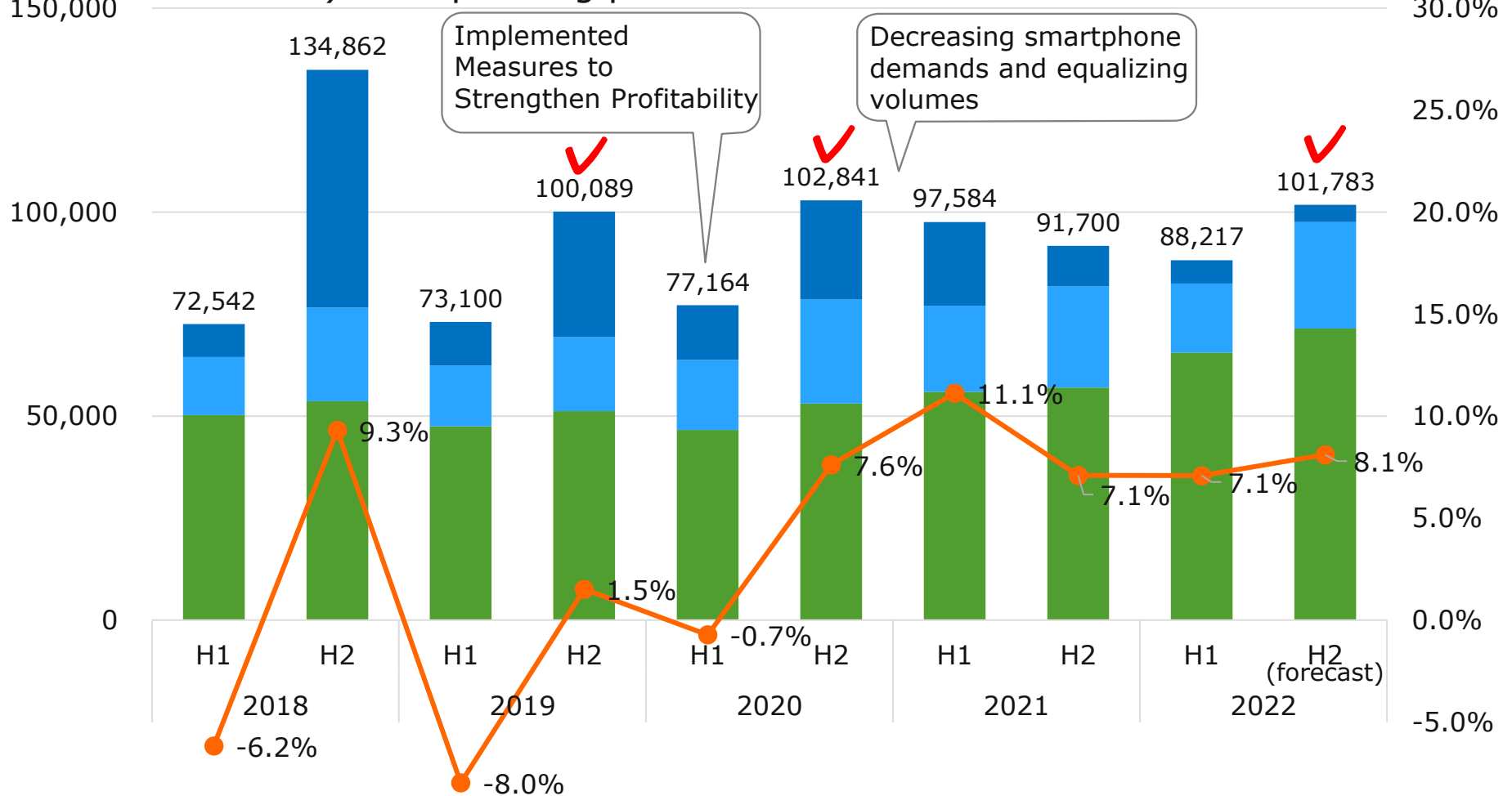
	FY2021 H1 Results	FY2022 H1 Previous forecast	FY2022 H1 Results	YoY (vs. FY2021 H1)	vs. Previous forecast
Net sales	97,584	86,400	88,217	-9.6%	+2.1%
Industrial Materials	29,885	32,700	36,169	✓+21.0%	+10.6%
Devices	52,516	36,100	33,590	-36.0%	-7.0%
Medical Technologies	11,510	13,700	14,610	✓+26.9%	+6.6%
Others	3,672	3,900	3,846	+4.7%	-1.4%
Operating profit	10,857	5,400	6,267	-42.3%	+16.1%
Operating profit margin	11.1%	6.3%	7.1%	-4.0pt	+0.8pt
Profit before tax	12,238	6,500	9,549	-22.0%	+46.9%
Profit attributable to owners of parent	10,614	5,200	7,903	-25.5%	+52.0%
Forex	¥106/\$	¥113/\$	¥118/\$		

# Profitability stabilized by equalization due to decline in smartphones demands and growth in non-IT devices

Consolidated net sales (by target market) and operating profit

(Millions of JPY)

Smartphones Tablet devices  
Non-IT devices Operating profit margin



\* J-GAAP until 2019, IFRS from 2020

# FY2022 Q2 (3 months) Results

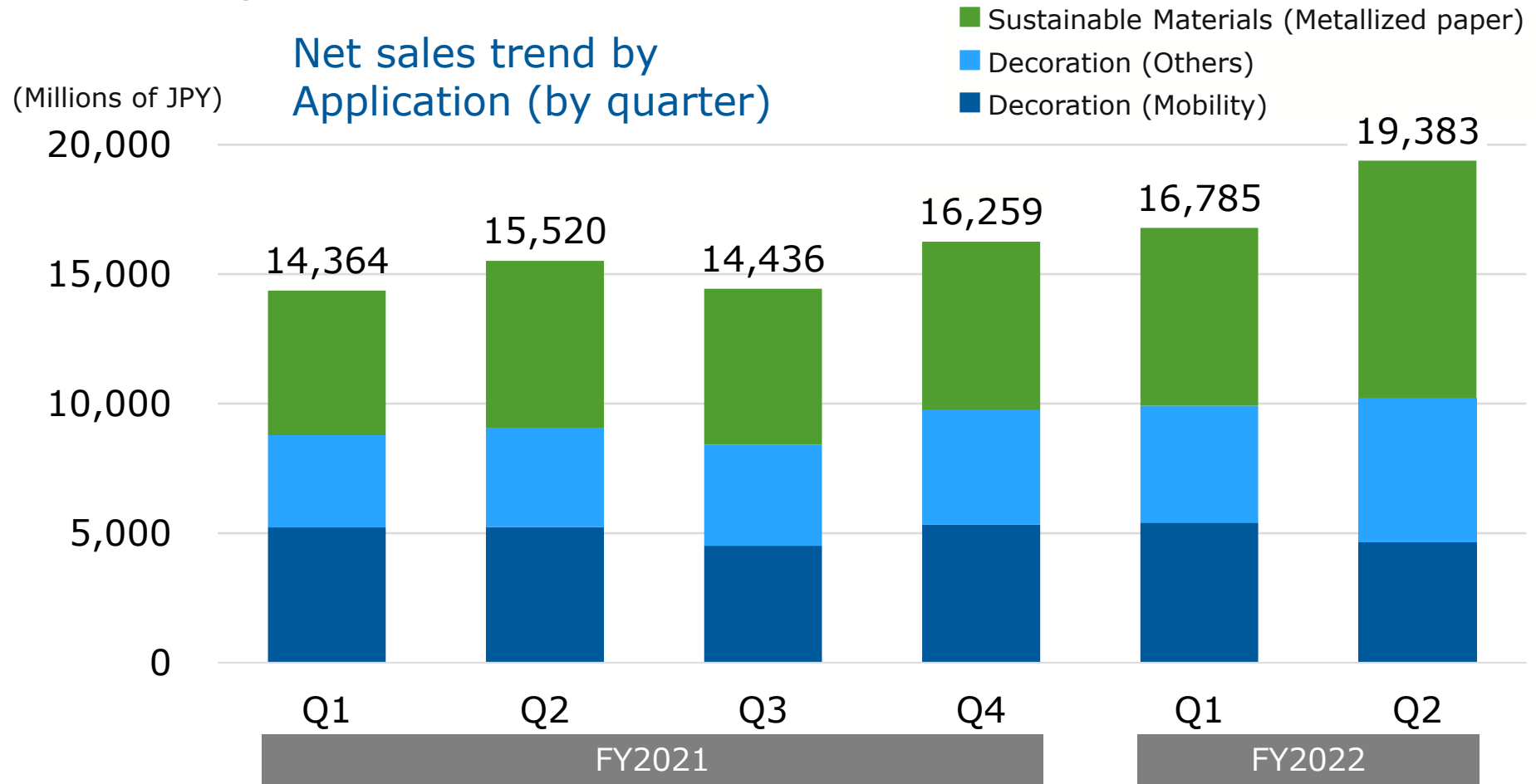
- Increased in net sales and profit QoQ (vs. 2022 Q1) due to strong demand and price increase

(Millions of JPY)

	FY2021 Q2 Results	FY2022 Q1 Results	FY2022 Q2 Results	FY2022 Q2	
				YoY (vs. FY2021 Q2)	QoQ (vs. FY2022 Q1)
Net sales	50,444	41,412	46,804	-7.2%	✓ +13.0%
Industrial Materials	15,520	16,785	19,383	+24.9%	+15.5%
Devices	27,001	15,946	17,644	-34.7%	+10.6%
Medical Technologies	6,098	6,685	7,924	+29.9%	+18.5%
Others	1,824	1,994	1,851	+1.5%	-7.2%
Operating profit	5,542	2,494	3,773	-31.9%	✓ +51.3%
Operating profit margin	11.0%	6.0%	8.1%	-2.9pt	+2.1pt
Profit before tax	6,028	3,565	5,984	-0.7%	+67.9%
Profit attributable to owners of parent	5,181	3,280	4,623	-10.8%	+40.9%
Forex	¥108/\$	¥113/\$	¥123/\$		

# Industrial Materials

- Decoration: Steady demand for home appliances, and declined demand in Q2 for mobility due to supply constraints
- Sustainable Materials (Metallized paper): Product price increased with steady demand



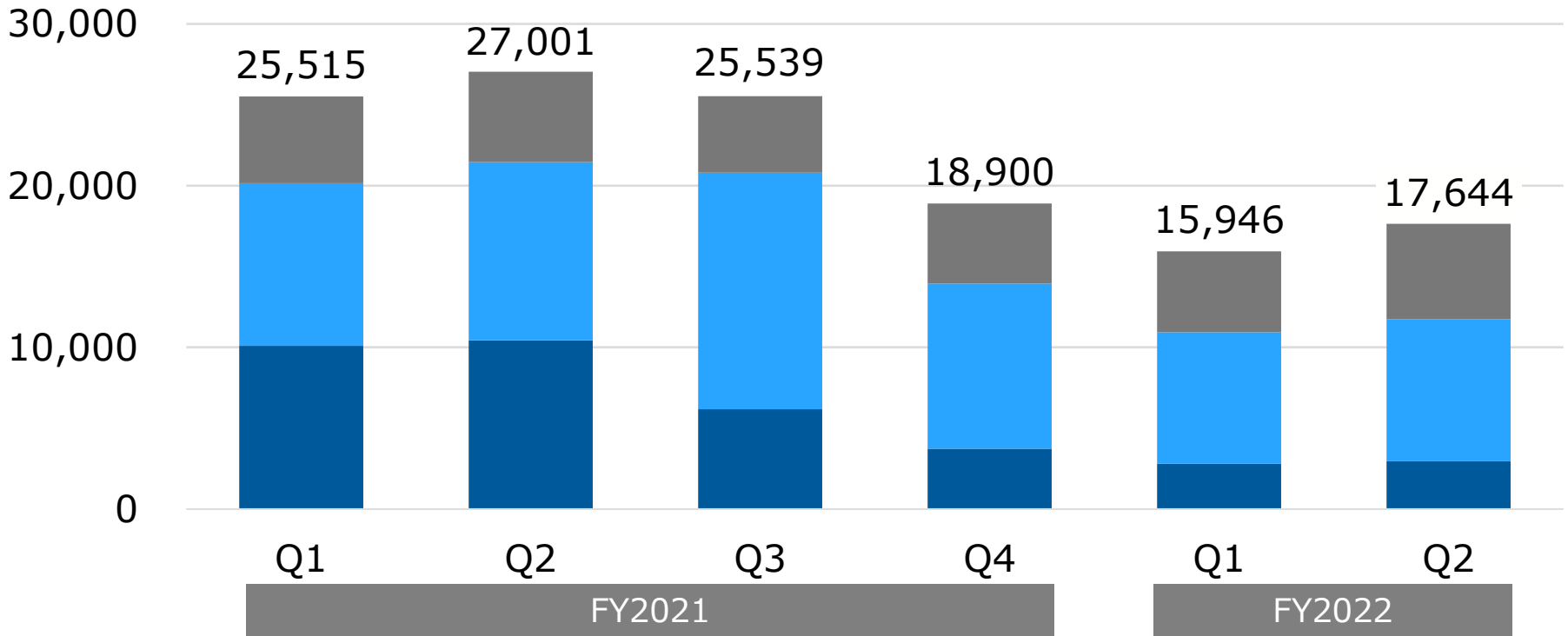
# Devices

- Flat for tablet devices, due to supply constraints. To recover in H2
- Steady product demand for industrial equipment

## Net sales trend by Application (by quarter)

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

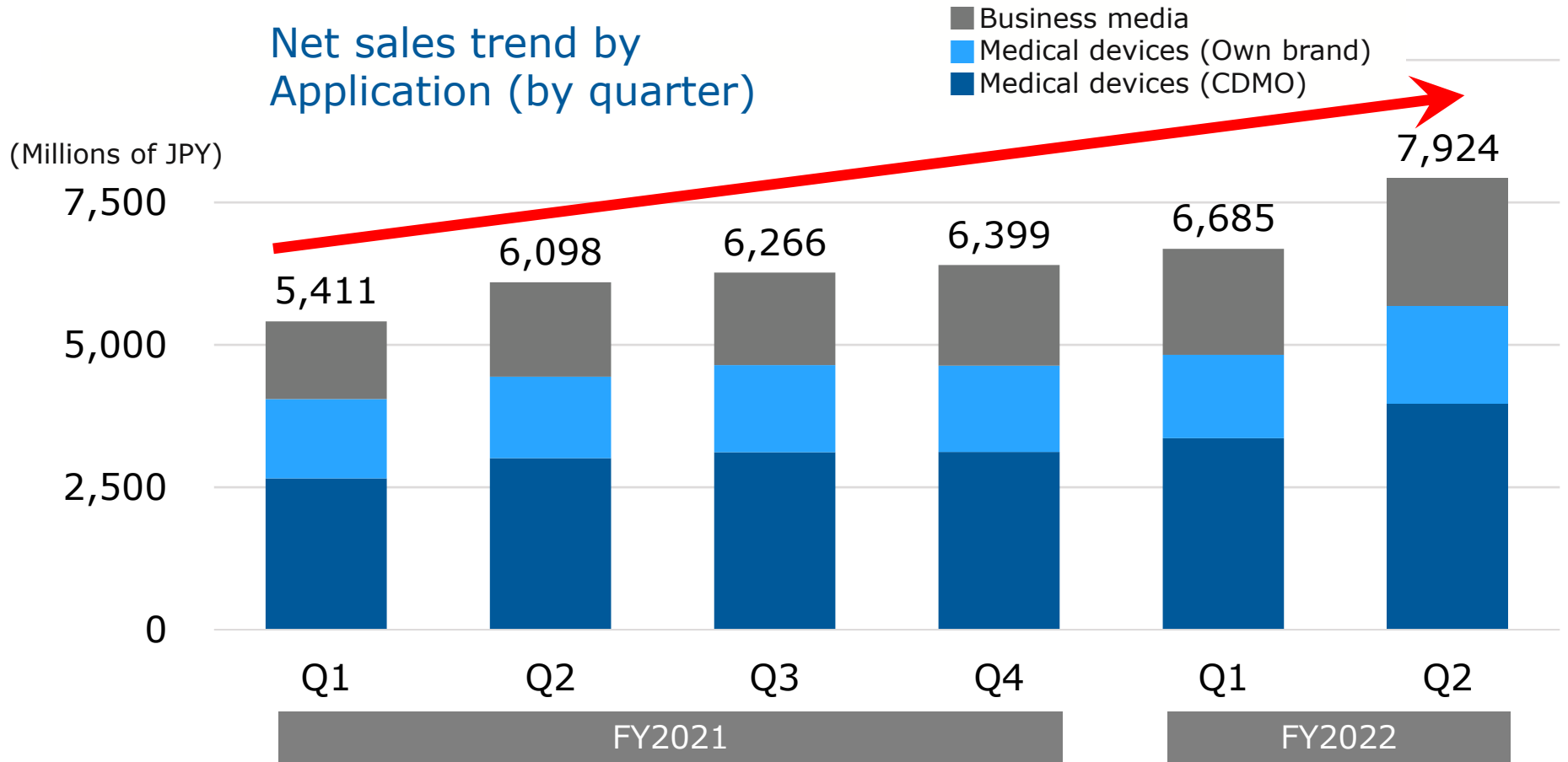
(Millions of JPY)



# Medical Technologies








- Strong demand mainly on medical devices CDMO
- Cost soaring of raw materials, labor and transportation depressed profitability
- Keeping effort on product price increase and productivity improvement

## Net sales trend by Application (by quarter)



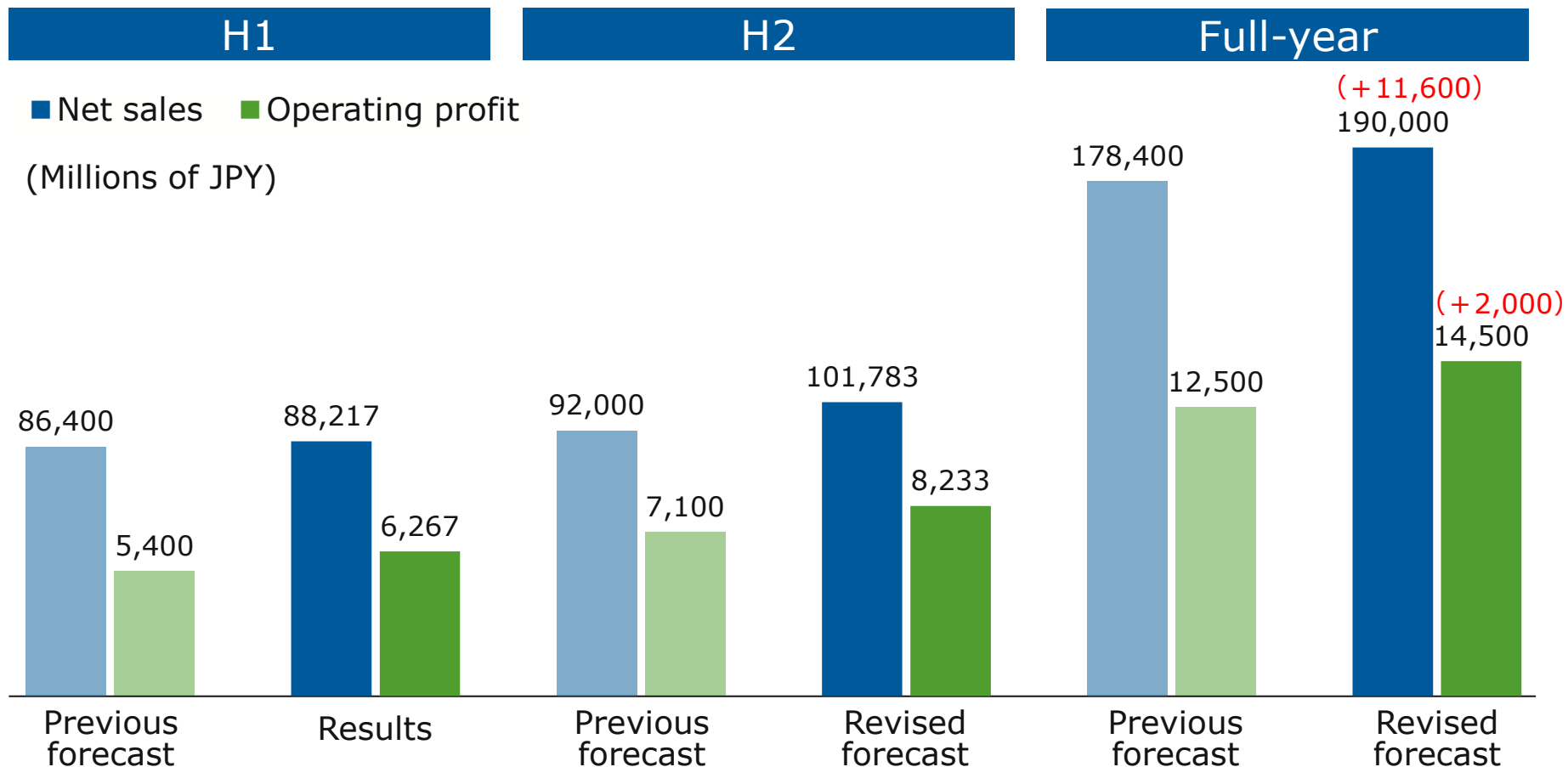


# H1→H2 Demand trend forecast

Business	Products	Markets	H1 → H2 Demand trend	
Industrial Materials	Decoration	Mobility		Demand recovery from the impact of supply constraints
		Home appliances		Strong demand in H1 to halt
	Sustainable Materials (Metallized paper)	Beverage labels and food labels		Strong demand Net sales increase due to price raising
Devices	Film Touch sensors	Tablet devices		Strong demand Pushed forward from H1 due to supply constraints
		Smartphones		Gradual demand decrease for existing models (as expected)
			Industrial equipment, Mobility, Gas sensors and others	
Medical Technologies	Medical devices	Medical devices		Strong demand mainly on medical devices CDMO

# Forecast revised upward

- H1: Results exceeded the previous forecast
- H2: Reflecting the outlook for demand increase, product price increase, cost soaring and revised exchange rate assumption
  - Forex impact: Net sales +3.4 billion yen, Operating profit +450 million yen



# Forecast revised upward

(Millions of JPY)

	Previous forecast (May 12)			Revised forecast (August 8)		
	FY2022 Full-year forecast	FY2022 H1 Forecast	FY2022 H2 Forecast	FY2022 Full-year forecast	FY2022 H1 Results	FY2022 H2 Forecast
Net sales	178,400	86,400	92,000	190,000	88,217	101,783
Industrial Materials	64,700	32,700	32,000	73,000	36,169	✓ 36,831
Devices	77,700	36,100	41,600	78,000	33,590	✓ 44,410
Medical Technologies	28,000	13,700	14,300	31,000	14,610	✓ 16,390
Others	8,000	3,900	4,100	8,000	3,846	4,154
Operating profit	12,500	5,400	7,100	14,500	6,267	8,233
Operating profit margin	7.0%	6.3%	7.7%	7.6%	7.1%	8.1%
Industrial Materials	5,800	2,900	2,900	6,800	3,393	✓ 3,407
Devices	8,700	3,600	5,100	9,600	3,720	✓ 5,880
Medical technologies	1,100	300	800	600	0	600
Others	-3,100	-1,400	-1,700	-2,500	-846	-1,654
Profit before tax	13,300	6,500	6,800	17,500	9,549	7,951
Profit attributable to owners of parent	10,000	5,200	4,800	13,500	7,903	5,597
Forex	¥113/\$	¥113/\$	¥113/\$	¥122/\$	¥118/\$	¥125/\$

# Sustainability Initiatives

# Information disclosure based on TCFD recommendations



- Conducted scenario analysis
  - 1.5 degree C, 3 degree C
  - Initial analysis, specific to Device business
- Result of analysis
  - Although there are financial risks in both scenarios, we have taken countermeasures and confirmed that they are reasonable.
  - We also confirmed that there are growing demands that could lead to opportunities for our business.

【High impact with financial risks and opportunities】

Type	Risks to Nissha	Countermeasures
Transition risks	<ul style="list-style-type: none"> <li>● Increase in energy cost and raw material costs at production bases due to introduction and intensification of carbon taxes</li> </ul>	<ul style="list-style-type: none"> <li>● Reduction of electricity consumption (production efficiency improvement, energy saving)</li> <li>● Gradual conversion to renewable energy</li> </ul>
	<ul style="list-style-type: none"> <li>● Business loss due to insufficient responses to customers' requirements to reduce CO2 emissions</li> </ul>	
Physical risks	<ul style="list-style-type: none"> <li>● Increase in costs due to damage to company assets such as buildings, equipment, and inventories due to floods</li> </ul>	<ul style="list-style-type: none"> <li>● Verification and improvement in effectiveness of business continuity plan (BCP)</li> </ul>
Opportunities to Nissha		
<ul style="list-style-type: none"> <li>● Increase in sales for automotive products due to expansion of the EV market</li> </ul>		
<ul style="list-style-type: none"> <li>● Demand growth for products contributing to greenhouse gas reductions leads to opportunities to our gas sensor modules for refrigerant detection</li> </ul>		

# Employee Engagement Survey

- Response rate 87.9% (Nissha Group in Japan)
- Expand to overseas group companies in 2022 H2
- Conduct factor analysis on the results and set specific actions for each business and workplace



\*Positive response rate: Percentage of respondents who responded positively to the question.

# Issued Nissha Report 2022 (Integrated Report) / Nissha Sustainability Report 2022



Nissha Report 2022 (Integrated Report)



Nissha Sustainability Report 2022

- The central focus of the report is Message from the CEO
- Represents the concept of value creation that leverages the unique strengths of the Nissha Group
- Contains comprehensive non-financial information
- Analysis results based on TCFD recommendations included

# Reference: External evaluations to our ESG initiatives

- CDP
  - Received a "B" rating in the Climate Change Report 2021
- FTSE Blossom Japan Index
  - Selected for 2 consecutive years
- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index
  - As of March 2022
- SOMPO Sustainability Index
  - Certified in 2012
- Health and productivity
  - White 500
- Platinum Kurumin Certification
  - Certified in 2019



FTSE Blossom  
Japan



FTSE Blossom  
Japan Sector  
Relative Index



2022



Sompo Sustainability Index



2022  
健康経営優良法人  
Health and productivity  
ホワイト500





Reference:  
Capital investment, Depreciation and amortization,  
M&A investment, R&D

(Millions of JPY)

	Q1 Results	Q2 Results
Capital investment	1,784	2,214
Depreciation and amortization	2,280	2,370
M&A investment	-	151
R&D	842	1,049

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