

The Nissha logo is displayed in a bold, white, sans-serif font. The letters are lowercase, with the 'i' and 's' having a distinctive, slightly rounded and elongated appearance. The logo is centered horizontally and positioned in the upper half of the slide.

NISSHA

Financial Results for FY2022.12

February 14, 2023

Junya Suzuki

President and CEO

Nissha Co., Ltd.

Contents

- FY2022 Results
- Forecast for FY2023 and Prospects for medium-term (-2025)
- Shareholder returns
- Sustainability Initiatives

FY2022 Results

FY2022 Results

Highlights

● Tailwinds

- Reorganization of business portfolio progressed; product demand for Medical Devices, Mobility, and Sustainable Materials grew
- Industrial Materials: Sales increased for decoration, and sales and price increased for Sustainable Materials
- Devices: Touch sensors for mobility and gas sensors expanded
- Medical Technologies: Steady product demand for medical devices CDMO, and improved in profitability (Q4)

● Headwinds

- Industrial Materials and Medical Technologies: Profitability squeezed by cost-push inflation
- Devices: Demand adjustment phase for tablet devices (Q4)
- Discount rates rose due to interest rate hikes in Europe and the United States, and impairment loss recorded at Industrial Materials (Metallized paper)

FY2022 (Full-year) Results

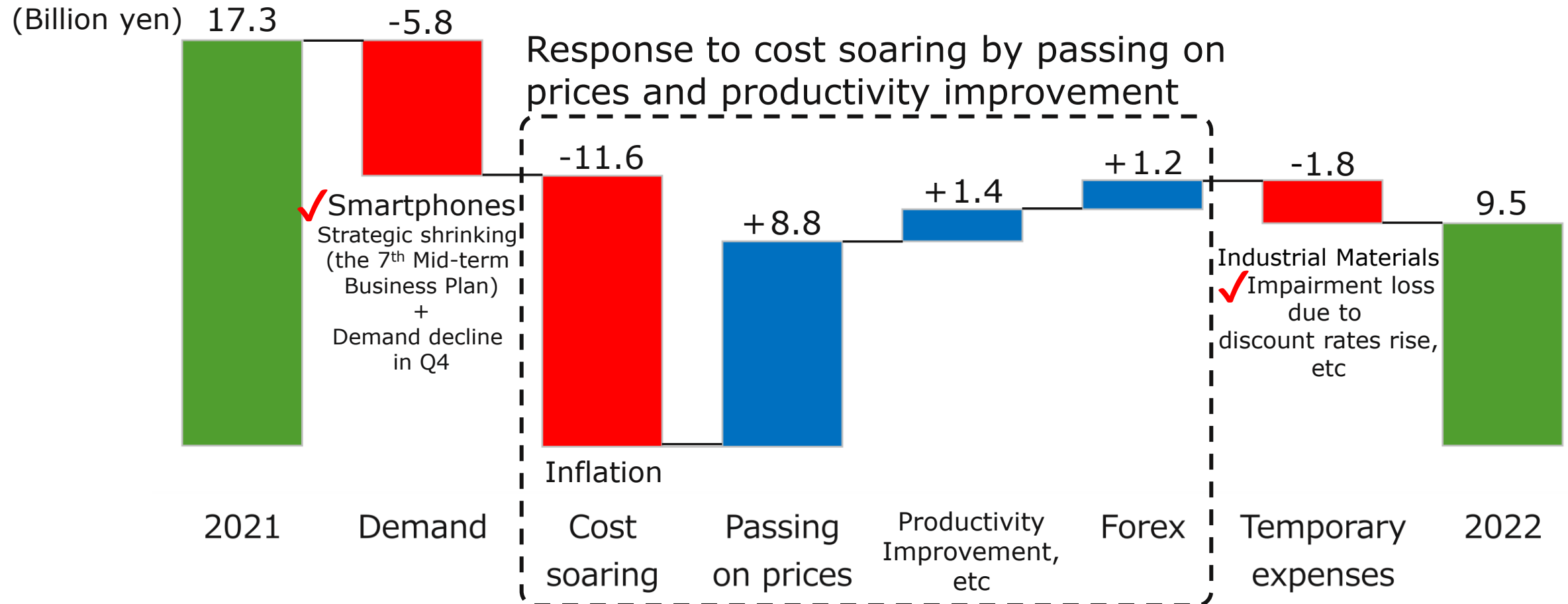
(Millions of JPY)

	2021 Results	2022 Results	YoY
Net Sales	189,285	193,963	+2.5%
Industrial Materials	60,581	73,558	✓ +21.4%
Devices	96,955	79,951	✓ -17.5%
Medical Technologies	24,176	32,457	✓ +34.3%
Others	7,571	7,995	+5.6%
Operating profit	17,363	* 9,520	-45.2%
Operating profit margin	9.2%	4.9%	-4.3pt
Industrial Materials	5,155	* 3,390	✓ -34.2%
Devices	14,328	8,389	✓ -41.4%
Medical Technologies	776	490	✓ -36.9%
Others	-2,898	-2,749	-
Profit before tax	19,499	12,373	-36.5%
Profit attributable to owners of parent	15,859	10,140	-36.1%
Forex	¥108/\$	¥128/\$	-

* Including -1.8 billion yen temporary expenses such as impairment loss

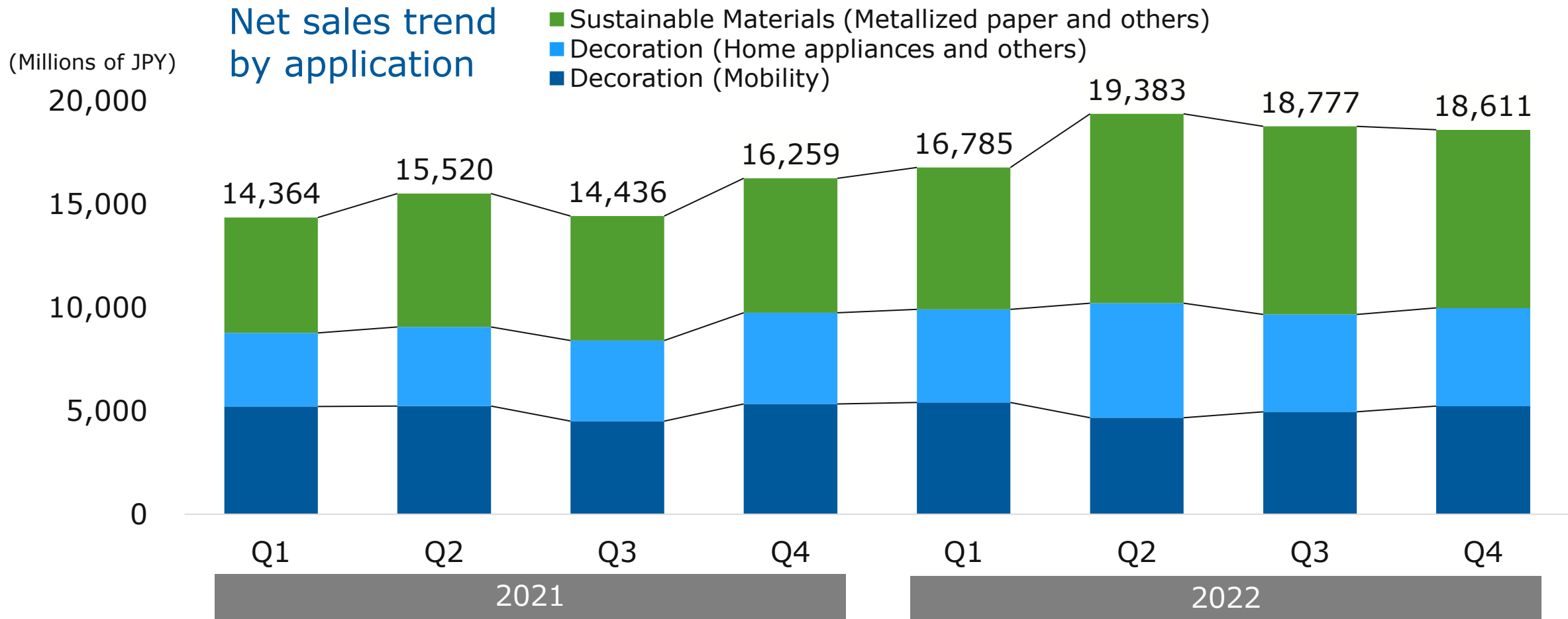
Analysis of change in operating profit (YoY)

- Operating profit decreased due to mainly decline in smartphones demand and temporary expenses



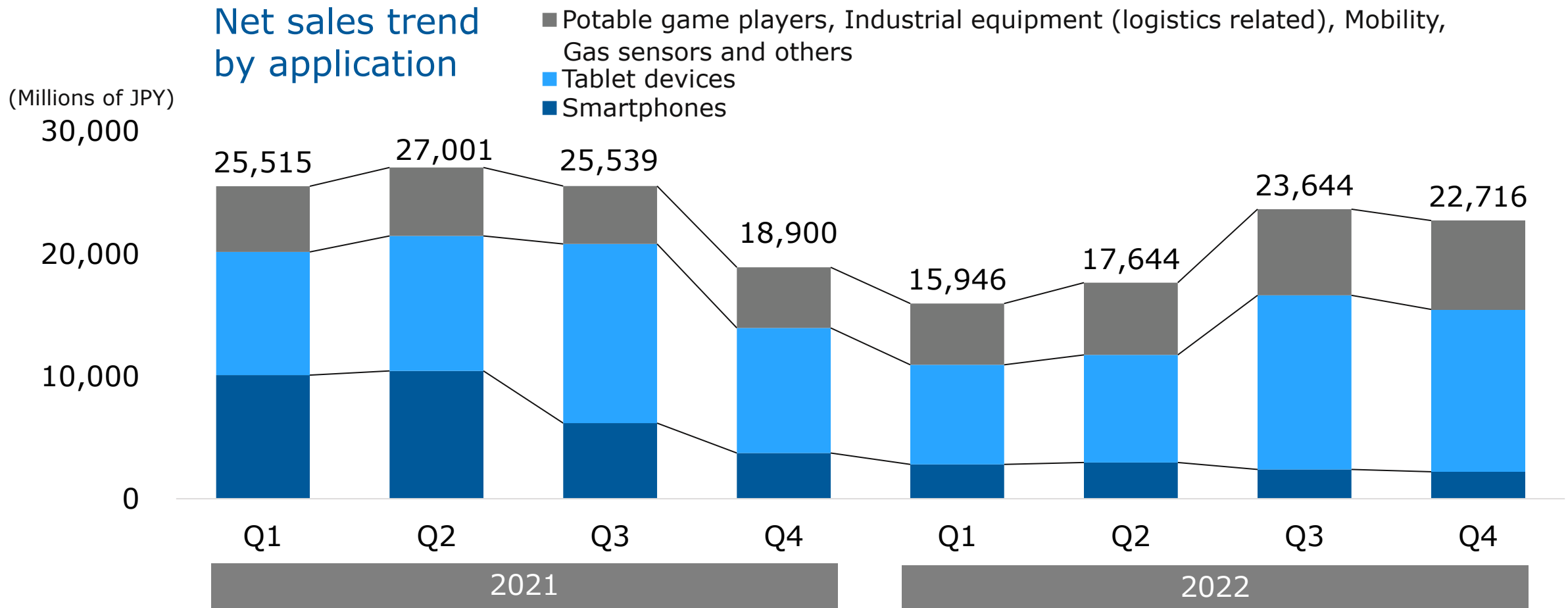
Industrial Materials

- Decoration: Continuing demand recovery for mobility from 2022Q2
- Sustainable Materials: Price increased under firm demand



Devices

- Demand adjustment phase for tablet devices (after December)
- Film-based touch sensors for mobility and gas sensors expanded

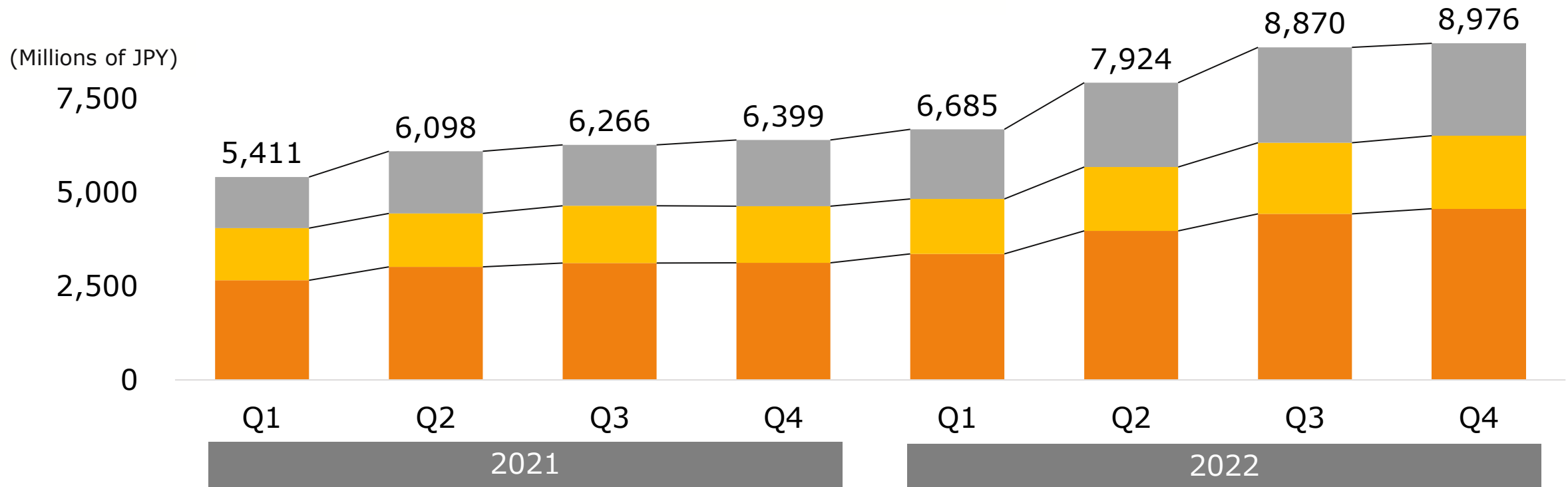


Medical Technologies

- Continuously demand expanded for medical devices CDMO
- Steady demand of surgical instruments for gastroenterology

Net sales trend by application

- Business media
- Medical devices (Own brand)
- Medical devices (CDMO)



FY2022 Q4 (3 months) Results













(Millions of JPY)

	2021 Q4 Results	2022 Q3 Results	2022 Q4 Results		
				YoY	QoQ
Net sales	43,752	53,165	52,581	+20.2%	-1.1%
Industrial Materials	16,259	18,777	18,611	✓ +14.5%	-0.9%
Devices	18,900	23,644	22,716	✓ +20.2%	-3.9%
Medical Technologies	6,399	8,870	8,976	✓ +40.3%	+1.2%
Others	2,192	1,872	2,276	+3.8%	+21.6%
Operating profit	1,906	3,412	* -160	-	-
Operating profit margin	4.4%	6.4%	-0.3%	-4.7pt	-6.7pt
Industrial Materials	1,173	1,136	* -1,139	-	-
Devices	1,642	2,874	1,795	+9.3%	-37.5%
Medical Technologies	18	150	✓ 338	+1755.3%	+124.8%
Others	-928	-748	-1,155	-	-
Profit before tax	2,581	4,400	-1,576	-	-
Profit attributable to owners of parent	1,327	3,914	-1,677	-	-
Forex	¥111/\$	¥134/\$	¥143/\$		

* Including -1.8 billion yen temporary expenses such as impairment loss

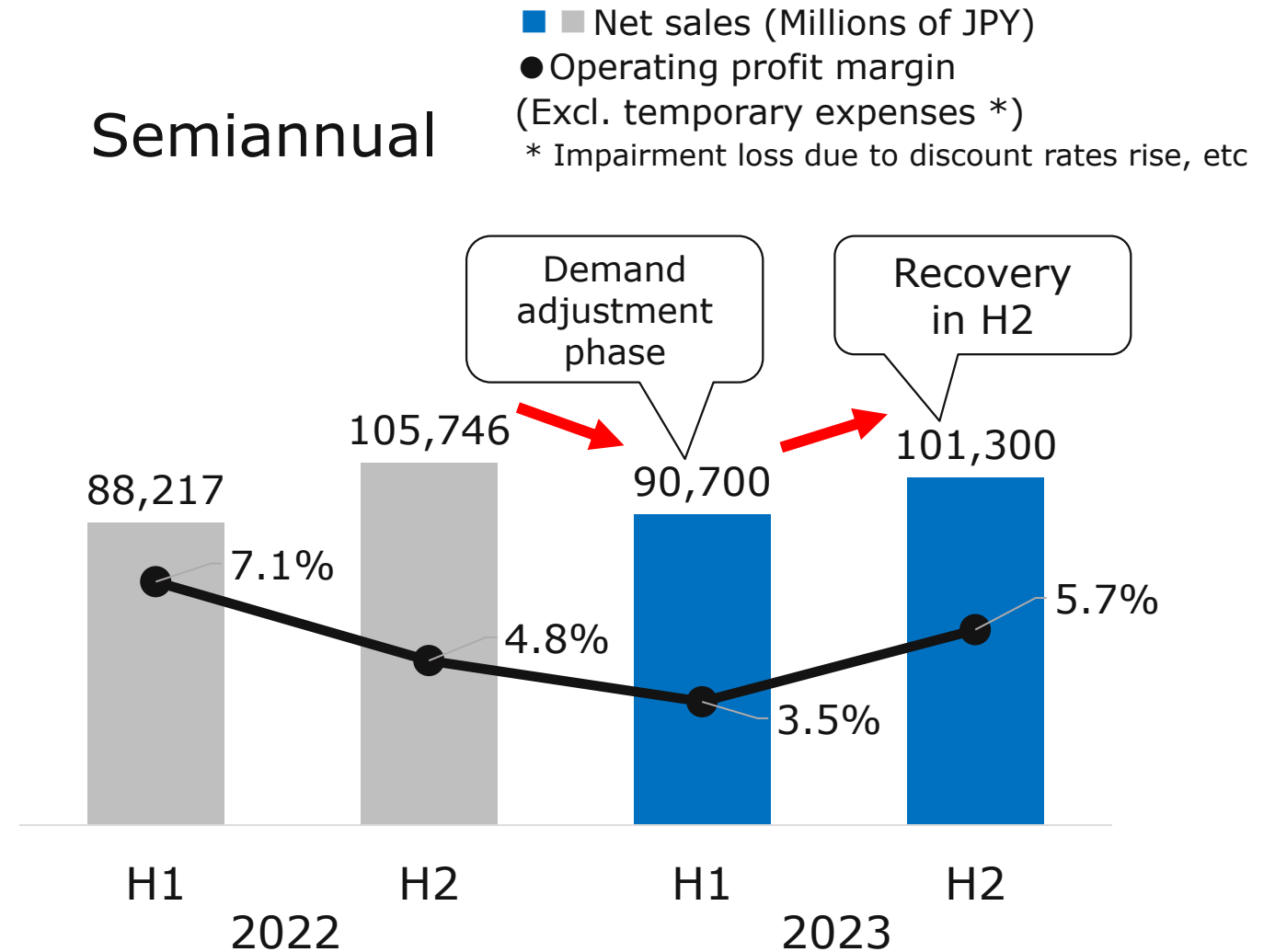
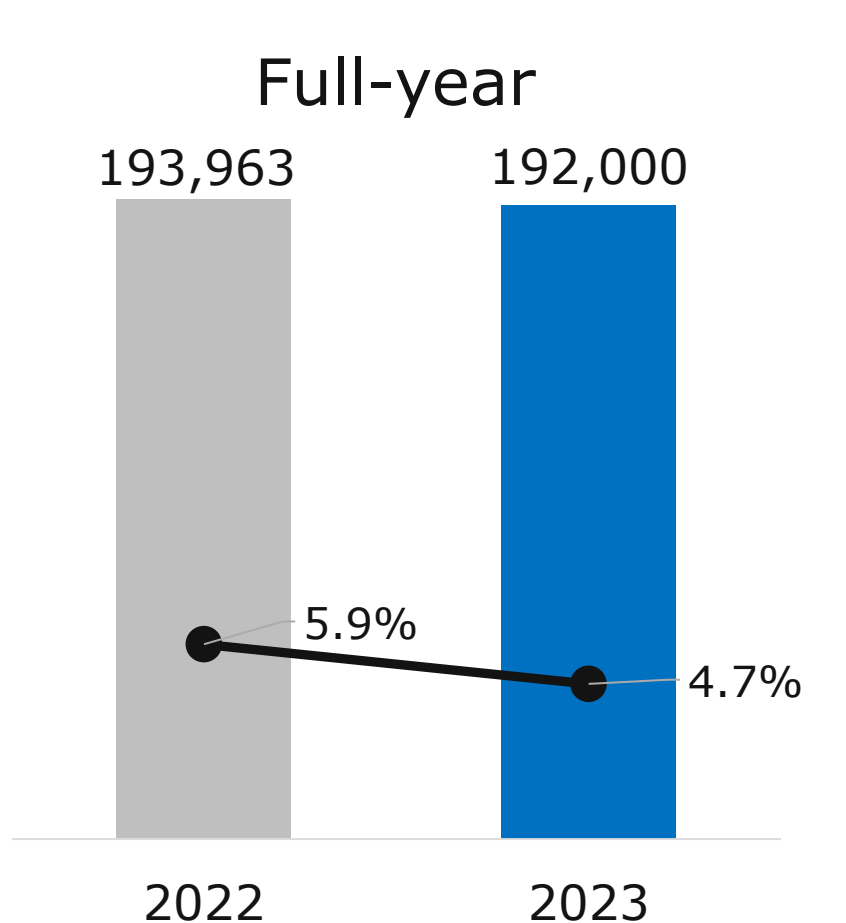
Forecast for FY2023 and Prospects for medium-term (-2025)

Forecast for FY2023 and Prospects for medium-term (-2025)

Business	Application	2023 Forecast (versus 2022)		Prospects for medium-term (-2025)	
Industrial Materials	Decoration (Mobility)		Gradual recovery from the impact of supply constraints		Growth of new products related to CASE and carbon-neutral
	Sustainable Materials		Stable demand Full-year contribution of the price increase during 2022		Needs increase for plastic removal Growth of sustainable molded products (for pharmaceuticals)
Devices	Tablet devices		Demand adjustment phase in H1 and recovery in H2		Stable demand Upgrading our products
	Mobility		Production volume increase for existing automotive models		Increase along with more introduction of OLED for automotive displays
	Gas sensors		Demand expanding for alcohol checkers		Demand increase for refrigerant sensors for air conditioners
Medical Technologies (CDMO)	Medical devices (CDMO)		Growth of the CDMO market Net sales of our CDMO business CAGR26.8% *		Needs increase for advancement in minimally invasive surgical devices

FY2023 Forecast

- Demand adjustment phase for tablets in Devices in H1, and profitability improvement with demand recovery in H2

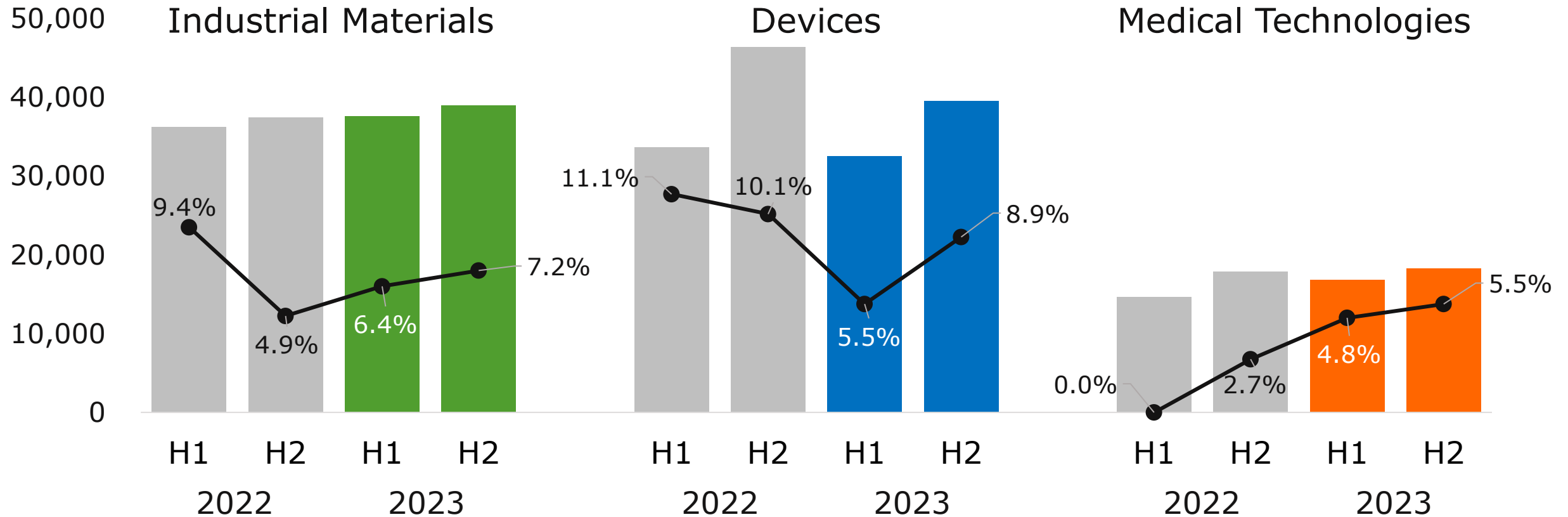


FY2023 Forecast by business

- Industrial Materials: Stable demand and pursuing productivity improvement
- Devices: Demand recovery for tablet devices in H2
- Medical Technologies: Continuing improvement in productivity and efficiency

■ ■ ■ ■ Net sales
● Operating profit margin (excl. temporary expenses *)
 * Impairment loss due to discount rates rise, etc

(Millions of JPY)



FY2023 Forecast

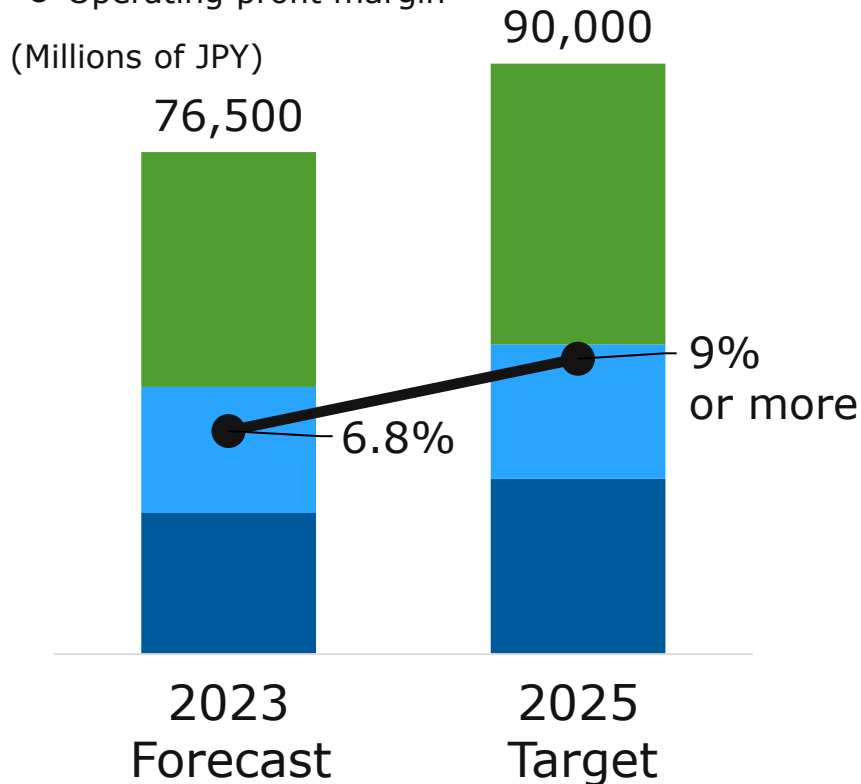
(Millions of JPY)

	2022 Full-year Results	2023 Full-year Forecast	H1 Forecast	H2 Forecast	YoY
Net sales	193,963	192,000	90,700	101,300	-1.0%
Industrial Materials	73,558	76,500	37,600	38,900	+4.0%
Devices	79,951	72,000	32,500	39,500	-9.9%
Medical Technologies	32,457	35,000	16,800	18,200	+7.8%
Others	7,995	8,500	3,800	4,700	+6.3%
Operating profit	9,520	9,000	3,200	5,800	-5.5%
Operating profit margin	4.9%	4.7%	3.5%	5.7%	-0.2pt
Industrial Materials	3,390	5,200	2,400	2,800	+53.4%
Devices	8,389	5,300	1,800	3,500	-36.8%
Medical Technologies	490	1,800	800	1,000	+267.2%
Others	-2,749	-3,300	-1,800	-1,500	-
Profit before tax	12,373	8,500	3,000	5,500	-31.3%
Profit attributable to owners of parent	10,140	6,200	2,200	4,000	-38.9%
Forex	¥128/\$	¥130/\$	¥130/\$	¥130/\$	-

Prospects for medium-term (-2025): Industrial Materials

- Stable growth of existing products and strong growth driven by new products
 - Mobility: About 3.0 billion yen investment for production facilities for "Exterior decoration × Function" (Germany)
 - Sustainable Materials: About 700 million yen investment for production capacity for "Sustainable Molded Products" (Germany)

■ Sustainable Materials Net sales
■ Decoration (Home appliances and others) Net sales
■ Decoration (Mobility) Net sales
● Operating profit margin



NISSHA (excluding M&A)

Mobility

Interior decoration (Existing)

+

Exterior and Decoration × Function (New)

Demand increase by acceleration of CASE and carbon-neutral

Sustainable Materials

Metallized paper (Existing)

+

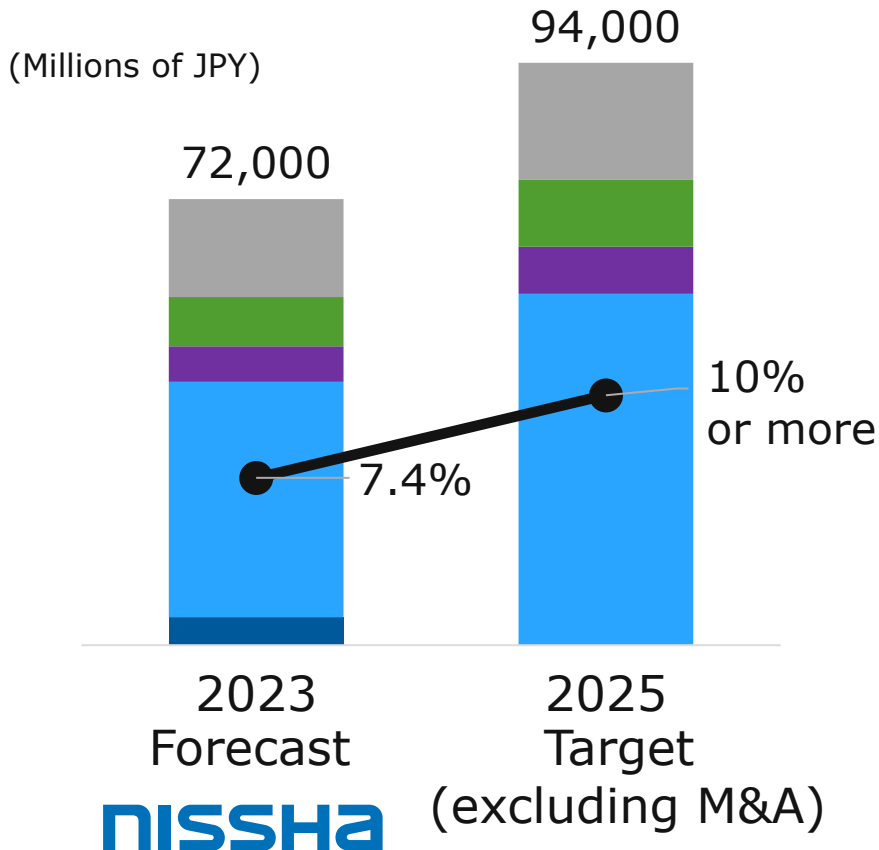
Sustainable Molded Products (New)

Contribute to plastics removal

Prospects for medium-term (-2025): Devices

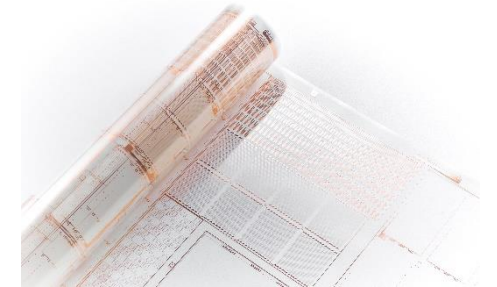
- Regrowth with expanding business opportunities for tablet devices and gas sensors

■ Others Net sales
 ■ Gas sensors Net sales
■ Mobility Net sales
 ■ Tablet devices Net sales
■ Smartphones Net sales
 ● Operating profit margin



Tablet devices

- 2024-: Expect net sales increase by our product upgrade



Gas sensors

Existing



Used in air purifiers and home gas leak detectors, etc



Transition to popularization period



Alcohol checkers (for enhancing safety driving)

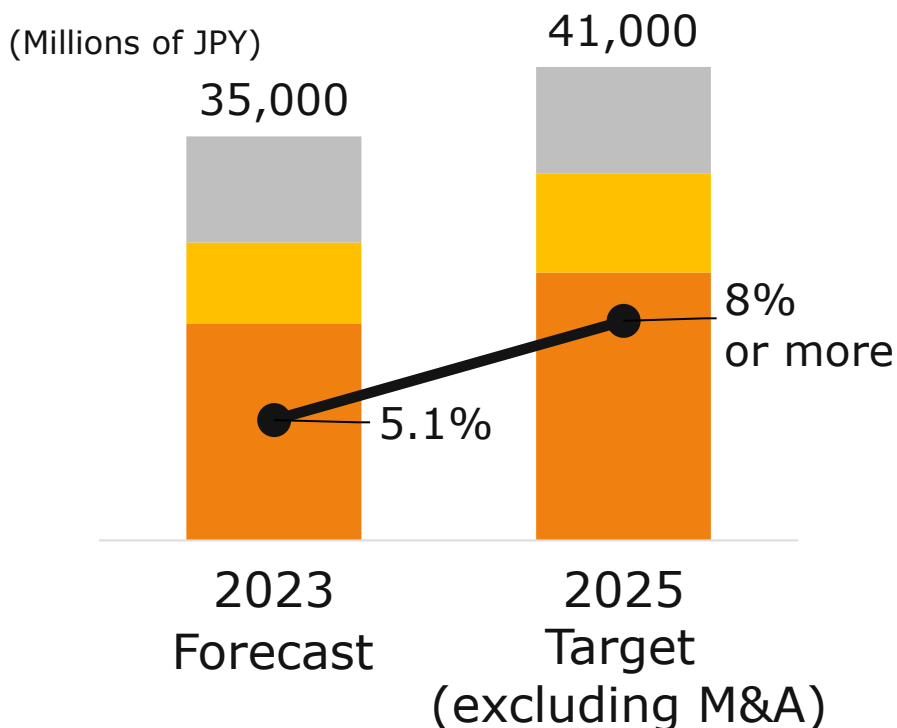


Refrigerant sensors for air conditioners (for leak detection of alternative Freon)

Prospects for medium-term (-2025): Medical Technologies

- Medical devices CDMO: More business opportunities in advancement of minimally invasive surgical devices
 - M&A: About 20.0 billion yen investment for enhancing technology and development/design capabilities

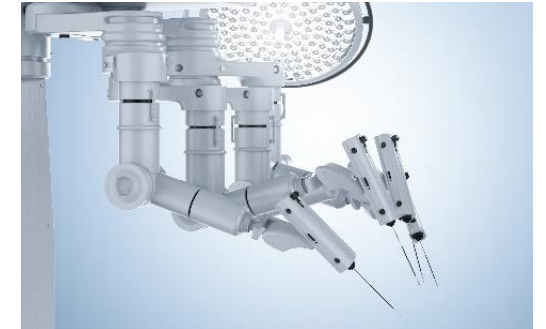
- Business Media Net sales
- Medical Devices (Own brand) Net sales
- Medical Devices (CDMO) Net sales
- Operating profit margin



Minimally invasive surgical devices



Surgical robots



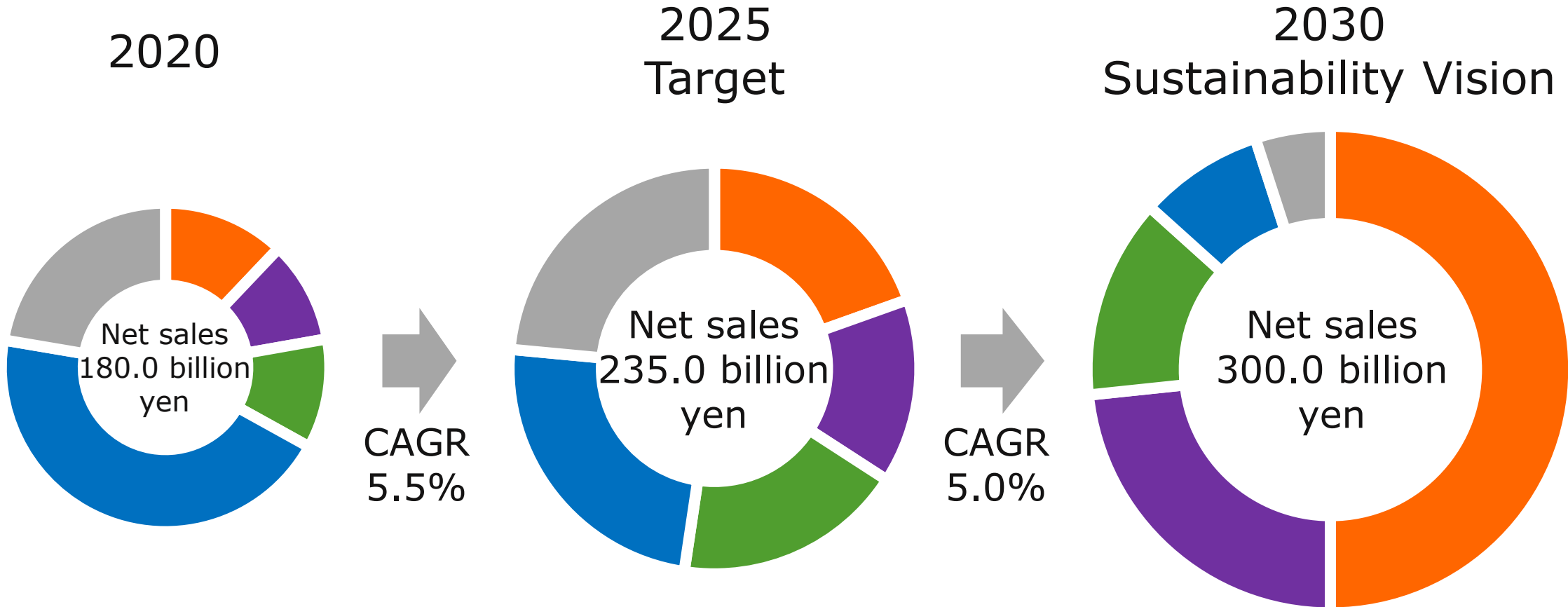
Enhancement of technology and development/design capabilities toward enabling of advancement, through M&A

Smart devices



Evolution of market portfolio toward 2030

■ Medical ■ Mobility ■ Sustainable Materials ■ IT Devices ■ Others

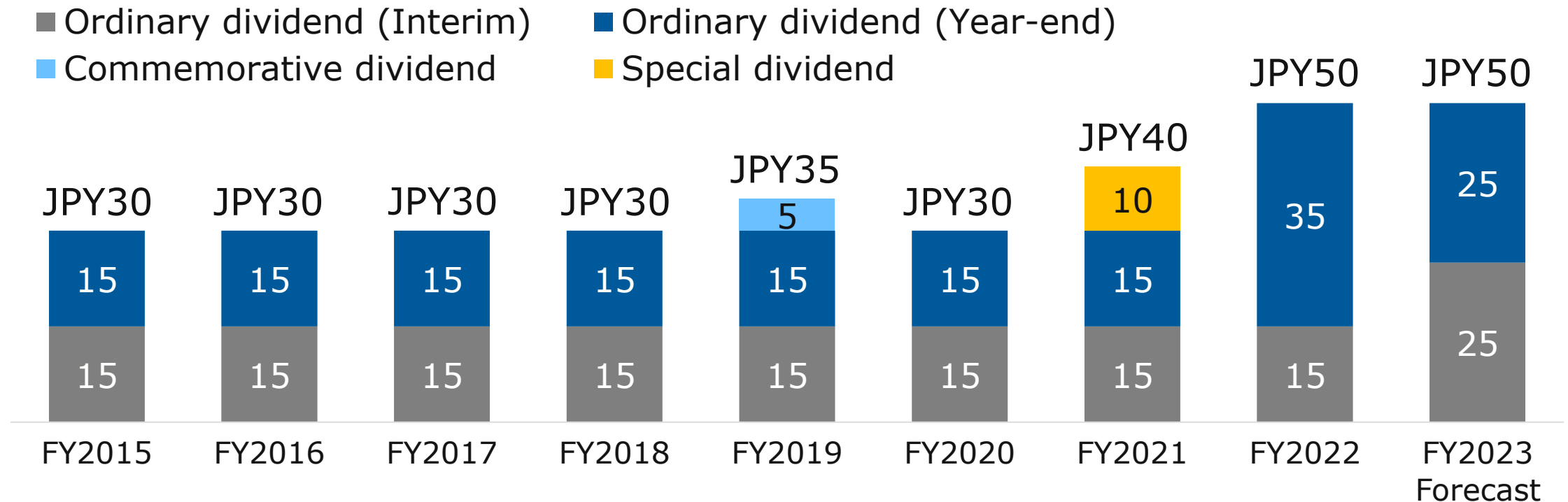


Shareholder returns

Dividend

- Plan to continue annual dividend of 50 yen per share due to progress in reorganization of portfolio

Annual dividends per share



Acquisition of Treasury Stock

- Announced on November 10, 2022
 - Reasons: To improve shareholder return and capital efficiency

Outline

Type of shares to be acquired	Common stock in Nissha Co., Ltd.
Method of acquisition	Market purchase on the Tokyo Stock Exchange
The number of shares to be acquired	Up to 1,100,000 shares
Total acquisition price of shares	Up to ¥2,500 million
Share acquisition period	From November 11, 2022 to March 31, 2023

Status of Acquisition

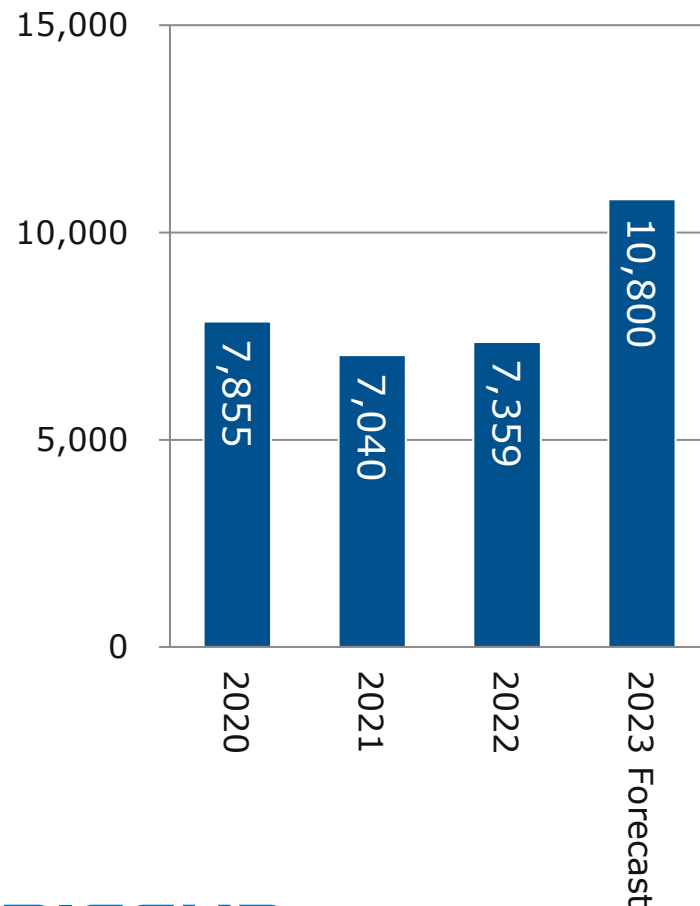
The number of shares acquired	724,300 shares
Total acquisition price of shares	¥1,314 million

(As of January 31, 2023)

Capital investment, Depreciation and amortization, R&D

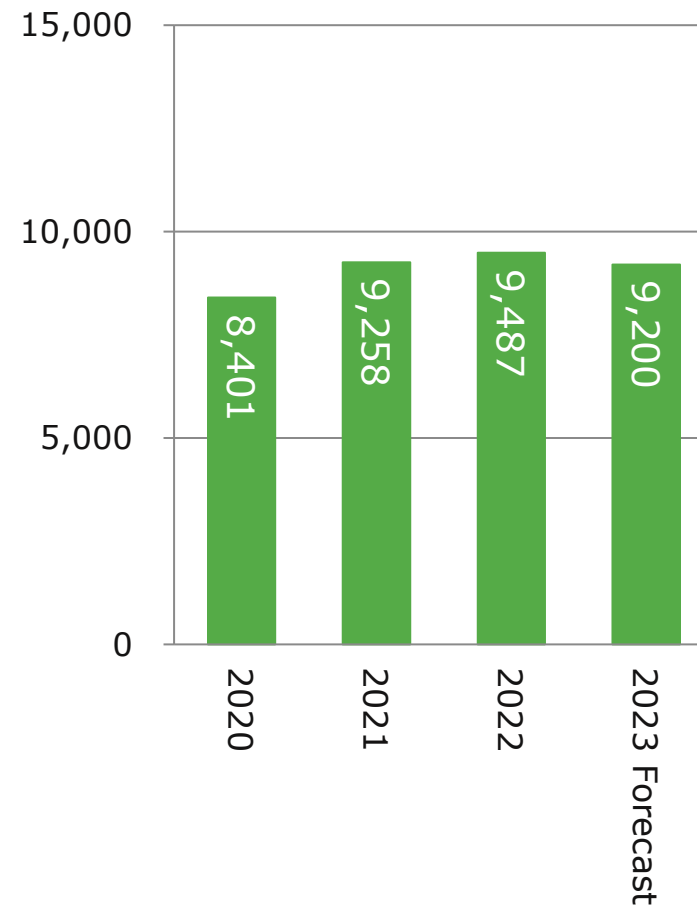
Capital investment

(Millions of JPY)



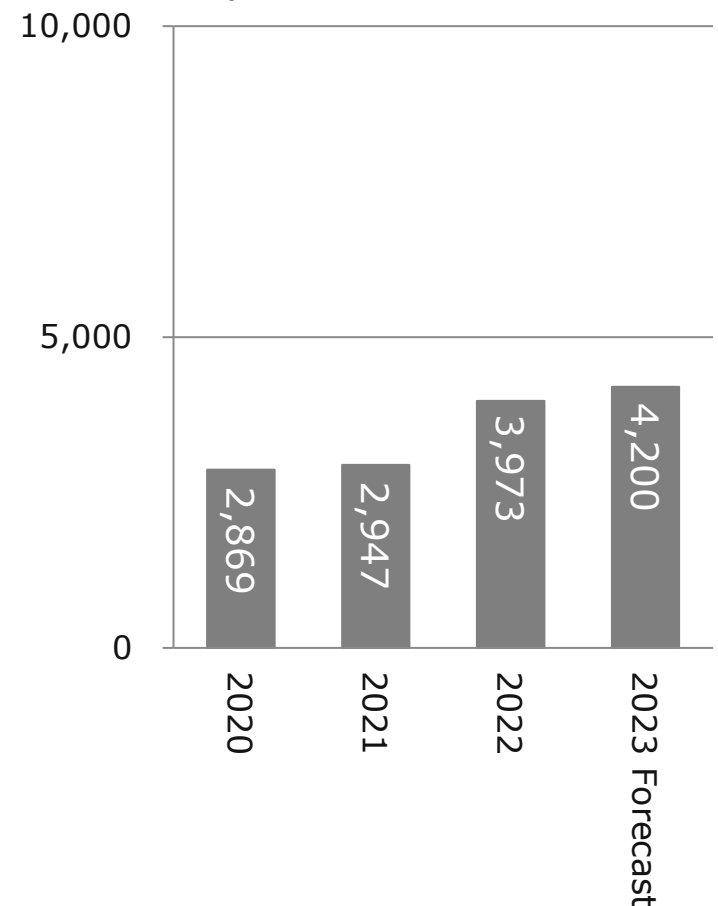
Depreciation and amortization

(Millions of JPY)



R&D

(Millions of JPY)



Sustainability Initiatives

Naoko Yoshida
Deputy Director, ESG Promotion

Response to Climate Change

- To reduce total CO2 emissions by 30% in 2030 (versus 2020)
- Investment in 2023: About 500 million yen
- Conversion to renewable energy in factories
 - Industrial Materials
 - Electricity 100% to renewable
 - Introduction of thermal storage deodorizer (To reduce gas usage)
 - Devices
 - Plan to convert 100% to renewable electricity (2023)
- Information disclosure (TCFD)
 - Implemented in Devices (2022)
 - To be implemented in Industrial Materials (2023)

Industrial Materials



Koka Factory

Devices



Kaga Factory



Himeji Factory

Human Capital

- Domestic and global enhancement of “Nissha Academy”
 - Re-skilling for priority markets: Linked to reorganization of portfolio
 - Enhancement to the group companies
 - Business school at a domestic factory (October 2022)
 - ESG training at overseas group companies (November 2022)

- Encouragement to employees who deliver results
 - Transition to a personnel system that emphasizes ability and role (July 2020)
 - Initiatives to improve salary standards (January 2023)
 - Improvement in efficiency and productivity by promoting digital transformation (2020-)

- Domestic and global enhancement of the employee awarding system



Nissha Academy
Established in 2013



Employee awarding
system
Revised in 2023

(Reference) External evaluations on our ESG

Evaluation by ESG rating agency



- CDP: Received a “B” rating in the Climate Change Report 2022



- Received an “A” rating in MSCI ESG Ratings

Inclusion in index



- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index



- S&P/JPX Carbon Efficient Index



- Sompo Sustainability Index
 - Selected as a constituent stock since 2012

Certification



- Certified as a White 500 of Certified Health and Productivity Management Outstanding Organizations Recognition Program



- Platinum Kurumin Certification
 - Certified in 2019

(Reference)

Capital investment, Depreciation and amortization, M&A investment, R&D (FY2022 Results)

(Millions of JPY)

	Q1 Results	Q2 Results	Q3 Results	Q4 Results
Capital investment	1,784	2,214	1,756	1,602
Depreciation and amortization	2,280	2,370	2,411	2,424
M&A investment	-	151	-	-
R&D	842	1,049	984	1,095

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