

**NISSHA**

**Financial Results  
for FY2024 Q3**

**Ended September 30, 2024**

**November 8, 2024**

**Junya Suzuki**

**President and CEO**

**Nissha Co., Ltd.**

## FY2024 Q3 Results (9 months)

- Tailwinds
  - Increased in net sales and profit YoY in all businesses, demand recovered and profitability improved
- Headwinds
  - Devices: Demand for high-end models of tablet devices declined in Q3
  - Due to the rapid appreciation of JPY, foreign exchange losses due to revaluation with end-of-period rate were recorded in Q3

## Forecast for FY2024 (Full-year)

- Full-year forecast of profit has been revised
  - Reflected foreign exchange losses etc. recorded in Q3
- Net sales 196.6 billion yen, Operating profit 7.4 billion yen, Profit before tax 6.6 billion yen, Profit attributable to owners of parent 5.0 billion yen

## Topics

- Industrial Materials: Acquired Cathtek, LLC (USA), a manufacturer of injection molded parts for medical devices
- Reduction of strategic shareholdings
- New acquisition of treasury stock

# FY2024 Q3 (9 months) Results

(Millions of JPY)

	2023 Q3 Results	2024 Q3 Results	YoY
Net Sales	123,885	148,402	✓ +19.8%
Industrial Materials	51,033	55,314	+8.4%
Devices	40,985	53,380	+30.2%
Medical Technologies	26,255	33,638	+28.1%
Others	5,610	6,068	+8.2%
Operating profit	-414	6,110	✓ Turn positive
Operating profit margin	-0.3%	4.1%	+4.4pt
Industrial Materials	1,904	3,894	+104.5%
Devices	-1,525	2,794	Turn positive
Medical Technologies	1,308	2,044	+56.3%
Others	-2,101	-2,622	-
Profit before tax	998	5,519	+452.7%
Profit attributable to owners of parent	575	4,423	+668.8%
Forex (Average)	¥135/\$	¥150/\$	-

# FY2024 Q3 (3 months) Results

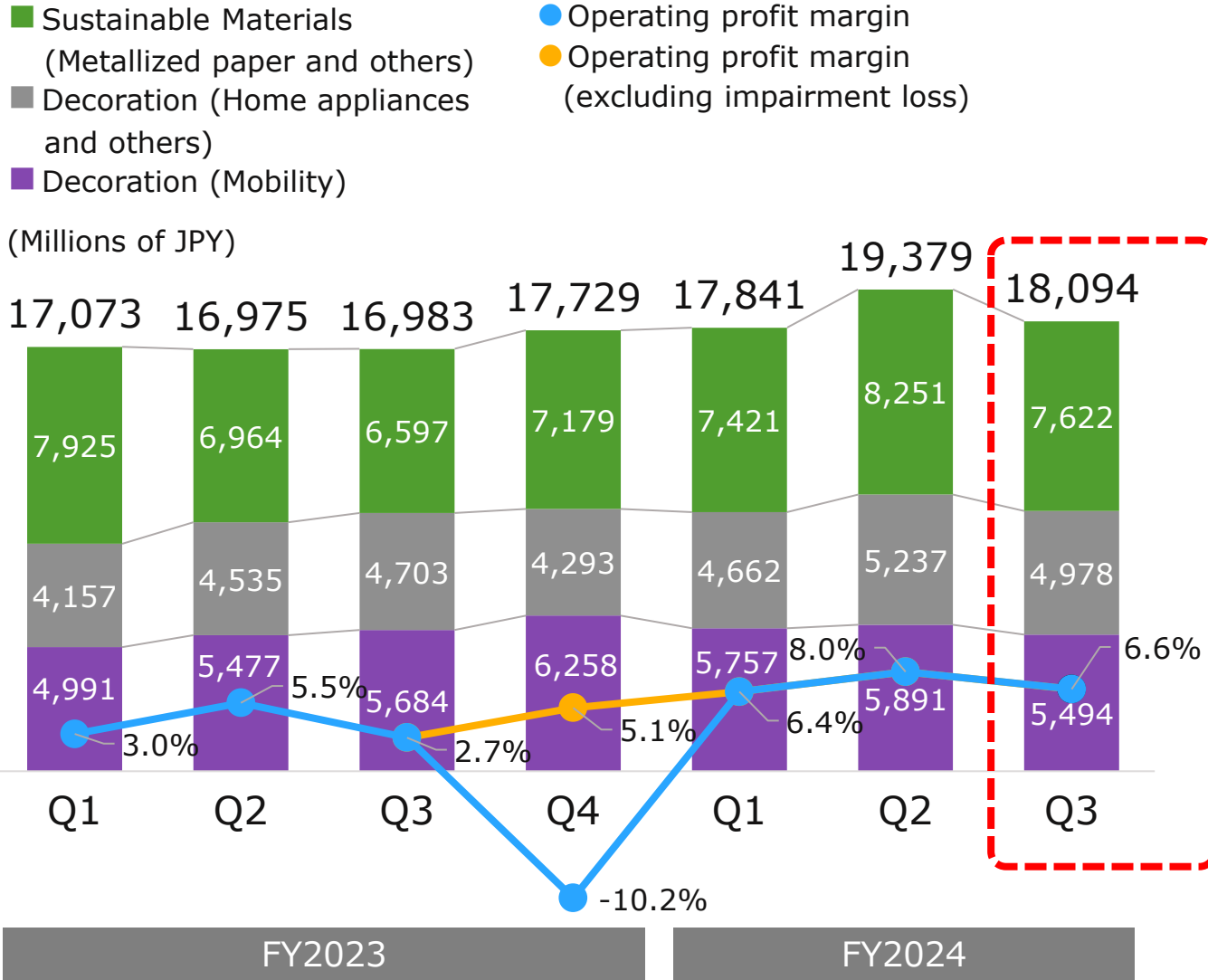
The businesses progressed as expected

Foreign exchange loss of 2.3 billion yen due to revaluation with end-of-period rate (a loss of 0.7 billion yen in Operating profit and a loss of 1.6 billion yen to Profit before tax) were recorded (Millions of JPY)

	2023 Q3 Results	2024 Q2 Results	2024 Q3 Results		
			YoY	QoQ	
Net sales	40,879	52,942	48,740	+19.2%	-7.9%
Industrial Materials	16,983	19,379	18,094	+6.5%	-6.6%
Devices	13,146	19,704	17,106	+30.1%	-13.2%
Medical Technologies	8,937	11,954	11,613	+29.9%	-2.9%
Others	1,812	1,904	1,926	+6.3%	+1.2%
Operating profit	-472	3,103	1,704	Turn positive	-45.1%
Operating profit margin	-1.2%	5.9%	3.5%	+4.7pt	-2.4pt
Industrial Materials	458	1,549	1,195	+160.9%	-22.9%
Devices	-323	1,441	921	Turn positive	-36.1%
Medical Technologies	280	759	876	+212.9%	+15.4%
Others	-887	-646	✓ -1,287	-	-
Profit before tax	-88	4,432	✓ -627	-	-
Profit attributable to owners of parent	-225	3,123	* 59	Turn positive	-98.1%
Forex (Average)	¥141/\$	¥152/\$	¥153/\$	-	-
Forex (End of period)	¥150/\$	¥161/\$	¥143/\$		

# Industrial Materials

## Quarterly net sales and operating profit margin



- Q3 Results (QoQ)
  - Net sales
    - Decoration (Mobility): Demand decreased for Japanese and European markets
    - Sustainable Materials (Metallized paper): Seasonable downturn
  - Operating profit
    - Good productivity and efficiency of overseas group companies continued
- Q4 Net sales forecast
  - Decoration (Mobility): QoQ flat
  - Sustainable Materials: QoQ increase

# Acquired Cathtek, LLC (USA), a manufacturer of injection molded parts for medical devices

- Toward our Sustainability Vision (2030), company-wide efforts to be taken to tackle the medical market
- Strengthen molding business for the medical market in the Industrial Materials (2023 results: 2.3 billion yen)
- Creating synergies in injection molding production capacity

## Cathtek, LLC overview

Headquarters	North Carolina, USA
Net sales	USD 6.3 million
Net profit	USD 1.5 million (FY2023)
Employees	42 (as of October 2024)
Businesses	Production of injection molded parts for medical devices

Advantages in injection molding for catheters and medical tubes



Industrial Materials: Net sales for the medical market

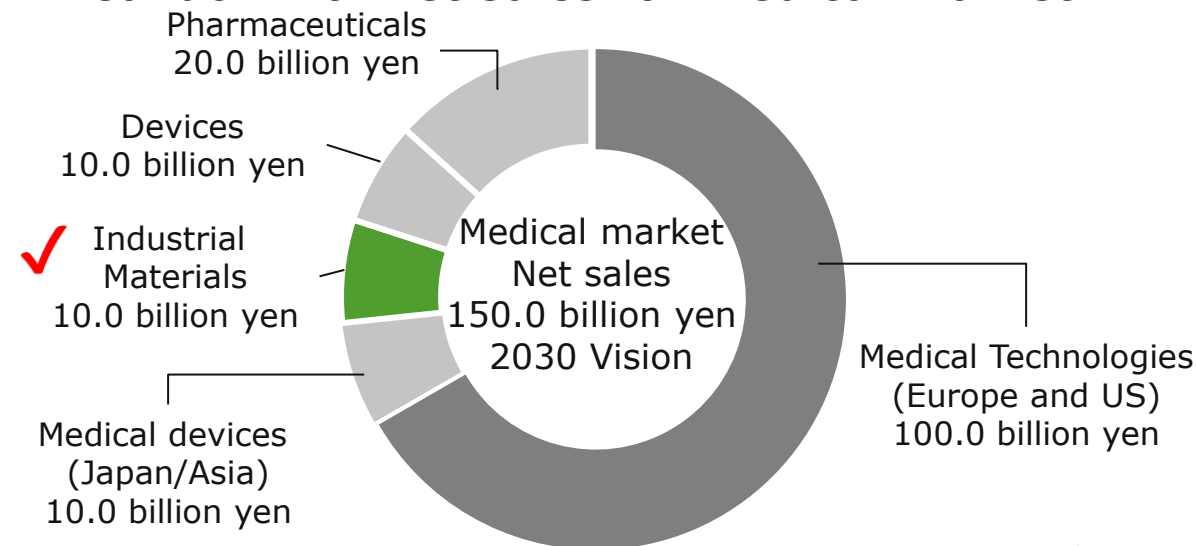
FY2025 Forecast

4.0 billion yen

Sustainability Vision 10.0 billion yen



## Sustainability Vision (2030) Breakdown of net sales for medical market

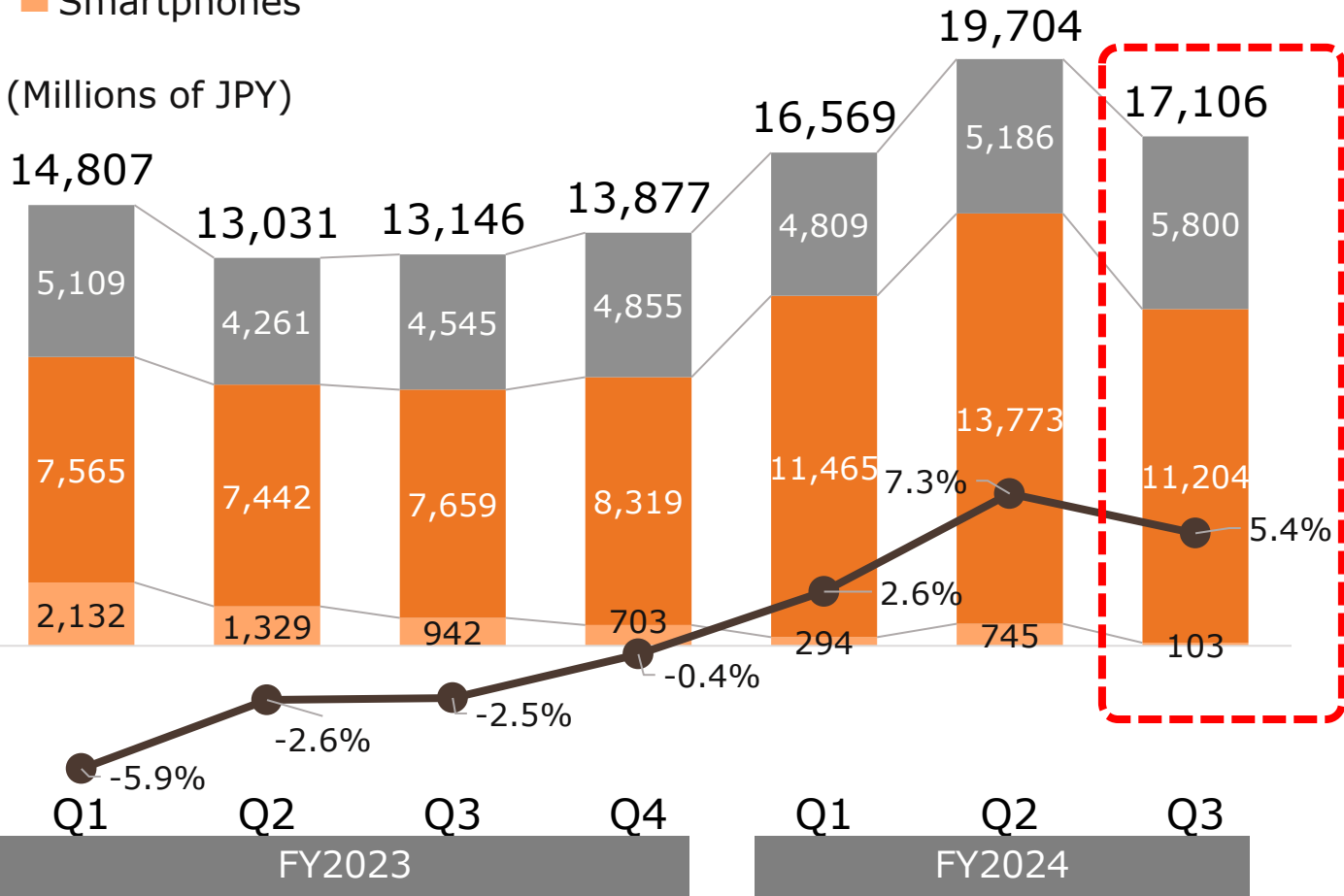


# Devices

## Quarterly net sales and operating profit margin

- Gaming devices, Handheld terminals (logistics related), Mobility, Gas sensors and others
- Tablet devices
- Smartphones
- Operating profit margin

(Millions of JPY)



### ● Q3 Results (QoQ)

#### ● Net sales

- Tablet devices: High-end models dropped sharply
- Handheld terminals: Demand recovery continued

#### ● Operating profit

- Optimized production operations to mitigate the impact of net sales decline

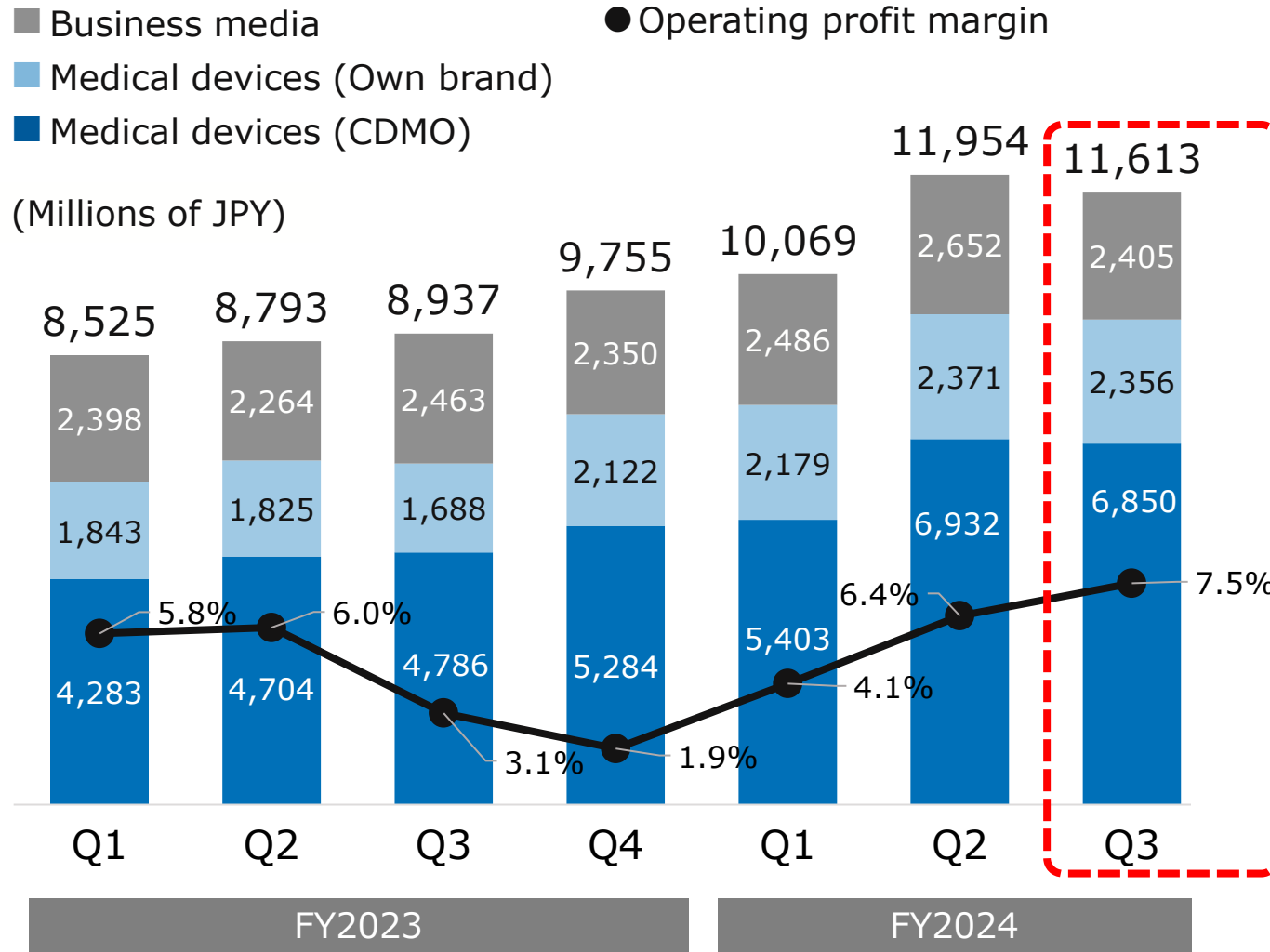
### ● Q4 Net sales forecast

- Tablet devices: Demand decline for high-end models



# Medical Technologies

## Quarterly net sales and operating profit margin



- Q3 Results (QoQ)

- Net sales

- Medical devices (CDMO): Overall remained stable though demand from some customers decreased
    - Business media: Decrease in net sales due to adjustments of demand increase in Q2

- Operating profit

- The benefits of automation and other efficiency improvements continued
    - Medical devices (CDMO): Improving product portfolio boosted profits

- Q4 Forecast

- Net sales: Demand remains strong
  - Operating profit: Amortization expenses of about 200 million yen due to the PPA\* finalization of the acquired company (Isometric) to be recorded in Q4

\*Purchase Price Allocation



# Forecast revised

Reflected temporary losses such as foreign exchange losses that occurred in Q3









Sales and operating profit for each business remain unchanged

(Millions of JPY)

	Previous Forecast (August 6)			Revised Forecast (November 8)		
	FY2024 Full-year Forecast	FY2024 H1 Results	FY2024 H2 Forecast	FY2024 Full-year Forecast	FY2024 H1 Results	FY2024 H2 Forecast
Net Sales	196,600	99,661	96,939	196,600	99,661	96,939
Industrial Materials	74,300	37,220	37,080	74,300	37,220	37,080
Devices	69,000	36,273	32,727	69,000	36,273	32,727
Medical Technologies	45,000	22,024	22,976	45,000	22,024	22,976
Others	8,300	4,142	4,158	8,300	4,142	4,158
Operating Profit	8,100	4,405	3,695	7,400	4,405	2,995
Operating profit margin	4.1%	4.4%	3.8%	3.8%	4.4%	3.1%
Industrial Materials	5,300	2,699	2,601	5,300	2,699	2,601
Devices	3,500	1,873	1,627	3,500	1,873	1,627
Medical Technologies	2,700	1,168	1,532	2,700	1,168	1,532
Others	-3,400	-1,335	-2,065	-4,100	-1,335	-2,765
Profit before tax	9,500	6,147	3,353	6,600	6,147	453
Profit attributable to owners of parent	6,600	4,363	2,237	5,000	4,363	637
EPS (JPY)	136.41	90.22	46.17	104.39	90.22	13.28
Forex (Average)	¥147/\$	¥148/\$	¥145/\$	¥149/\$	¥148/\$	¥149/\$

# Prospects for 2025 (next year)

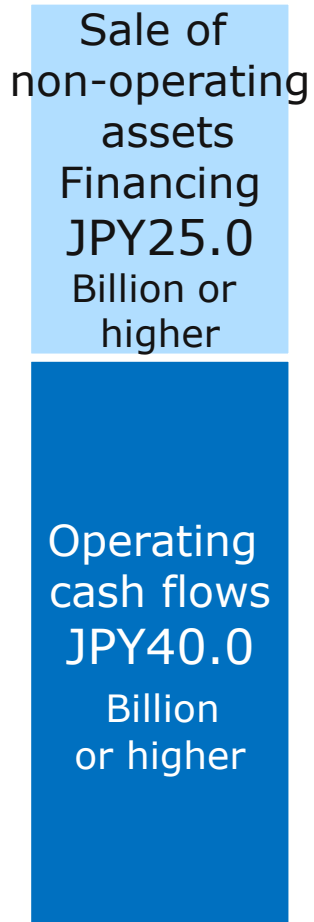
Demand for non-IT devices to be increased

Business	Products	Markets		Demand trend (vs. 2024 forecast)
Industrial Materials	Decoration	Mobility (Interior/exterior decoration)		Interior: Solid demand continues Exterior: Mass production of a new products begins (2nd half of the year)
		Home appliances and others		Recovery trend continues Contribution of acquired company (Cathtek, medical equipment)
	Sustainable materials (Metallized paper)	Beverage and food labels		Stable demand continues
Devices	Film touch sensor	Tablet devices		Demand for high-end models is expected to be weaker
		Handheld terminals (logistics related)		Demand continues
		Mobility (in-vehicle displays)		Demand continues
	Gas sensor	Alcohol checkers, refrigerant sensors for air conditioners, etc.		Demand is expected to scale up for refrigerant sensors for air conditioners
Medical Technologies	Medical devices	Medical devices		Medical devices CDMO continues to grow

# The 8<sup>th</sup> Medium-term Business Plan

## Capital allocation and shareholder returns

### Cash-in



### Cash-out



### Cash-in

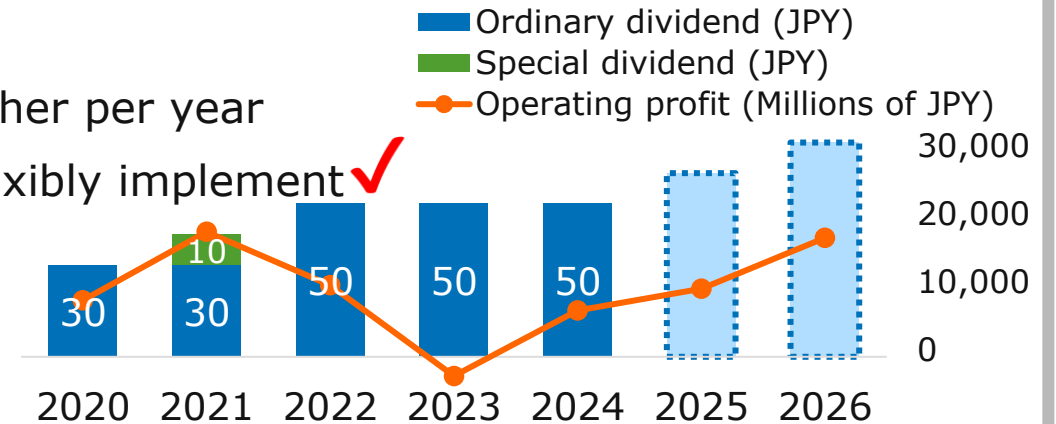
- Sale of non-operating assets
  - Reduction of strategic shareholdings, etc. ✓
  - Sale of idle fixed assets
- Flexible financing (borrowing and bonds)
  - Execution within the bounds of ensuring financial safety
  - Equity ratio: around 45%
  - Net interest-bearing liabilities/ EBITDA ratio: within 2.0 times

### Cash-out

- M&A
  - Priority on Medical
- Capital investment
  - Priority on Mobility and Sustainable Materials

### Shareholder returns

- Dividend: JPY50 or higher per year
- Share buybacks: To flexibly implement ✓



\*Not include the acquisition of Isometric Intermediate LLC (The closing in March 2024)



# Acquisition of treasury stock

- Reasons for acquisition: To improve shareholder return and capital efficiency

	Acquisition completed	New acquisition
Type of shares to be acquired	Common stock in Nissha Co., Ltd.	Common stock in Nissha Co., Ltd.
Method of acquisition	Market purchase on the Tokyo Stock Exchange	Market purchase on the Tokyo Stock Exchange
The number of shares acquired/to be acquired	501,900 shares (Ratio to the total number of common shares issued (excluding treasury stock): 1.04%)	Up to 600,000 shares (Ratio to the total number of common shares issued (excluding treasury stock): 1.25%)
Total acquisition price of shares	JPY 999,939,700	Up to JPY 1,000,000,000
Share acquisition period	From August 7, 2024 to September 19, 2024	From November 11, 2024 to March 31, 2025

(Reference)

# Capital investment, Depreciation and amortization, M&A investment, R&D (FY2024)

(Millions of JPY)

	Q1 Results	Q2 Results	Q3 Results
Capital investment	2,043	2,808	2,601
Depreciation and amortization	2,269	2,444	2,327
M&A investment	10,218	540	0
R&D	1,086	1,137	1,071

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