

Leaders
in Trusted
Technologies

NISSHA

Financial Results
for FY2026 Q2 (H1)
Ended June 30, 2026

September 30, 2026

Junya Suzuki

Chairman of the Board and Group CEO
Nissha Co., Ltd.

Investigation into the Inappropriate Accounting Treatments at USM Healthcare

Timeline

- May 20, 2026 Acquired USM (made it a consolidated subsidiary)
- June 26, 2026 Inappropriate accounting treatments before the acquisition verified
- July 10, 2026 Investigation started with a team including external experts
- August 14, 2026 Approval of the extension of the semi-annual report filing deadline
- September 17, 2026 Transferred USM shares and deconsolidated USM
- September 30, 2026 Announcement of the semi-annual results and filing of the semi-annual report

Findings

- Nissha was not involved in these inappropriate accounting treatments in any way
- From around 2019 until the acquisition by Nissha, USM continuously conducted circular transactions, involving fund flows through suppliers and agents for cash-flow purposes
- These transactions were conducted under a complex scheme involving multiple parties and were not identified in the external audits before the acquisition or in the due diligence before the acquisition
- In USM's stand-alone financial statements, fictitious net sales and profits, as well as fictitious accounts receivable and inventories, were recorded. As a result, its assets were overstated by approximately 4.6 billion yen, which pushed up the acquisition price paid by Nissha
- Consequently, Nissha recorded an impairment loss for the goodwill of USM

- Since when we became aware of inappropriate accounting treatments at USM that had been carried out prior to the acquisition, we have endeavored to fully ascertain the facts and circumstances surrounding the matter. As a result, we concluded that USM's business no longer had sufficient future prospects and that it would be difficult to achieve the original objectives of the acquisition. Accordingly, we decided to transfer our shares in USM. The maximum loss arising from the acquisition and subsequent transfer of USM is approximately 6.8 billion yen (the next page), all of which has already been recognized in the six months ended June 30, 2026. Going forward, we will make every effort to recover these losses. In addition, the Board of Directors will review the process that led to the decision to acquire USM and, based on the results of that review, consider measures to prevent similar incidents, further strengthen corporate governance, and examine accountability in connection with this matter. Upon completing its overall assessment, we will disclose the results.

Financial Impact of the Matter

- H1: Impairment test conducted on the USM goodwill, and an impairment loss recorded
- H2: Investigation expenses for the inappropriate accounting treatments at USM to be recorded

	H1 impact	Description	H2 forecast impact	Description
Operating profit	-6.8 bn yen	USM goodwill impairment loss	-0.6 bn yen	Investigation expenses for this matter
Profit attributable to owners of parent	-6.8 bn yen	Impact on operating profit	-0.6 bn yen	Impact on operating profit

- Transfer of USM shares
 - Transferee: VÕ XUÂN BỘI LÂM (Director of USM)
 - Number of shares transferred: 60% of USM shares (all shares held by Nissha)
 - First transfer: 50% of USM shares (deconsolidation prioritized) → Completed on September 17, deconsolidated
 - Next transfer: 10% of USM shares (mid-September 2027 to mid-September 2028)

Highlights

FY2026 Q2 (H1) Results

● Tailwinds

- Consolidated: Net sales exceeded the previous forecast. Excluding the USM goodwill impairment loss, operating profit also exceeded the previous forecast
- Industrial Materials: Demand in decoration remained solid, demand for sustainable materials recovered in Q2
- Medical: Demand for medical devices CDMO remained solid

● Headwinds

- Devices: Demand for tablet devices lacked strength
- Industrial Materials: Production-related costs for mobility exterior functional components continued

Forecast for FY2026 H2

- Business forecast revised downward after reassessing the H2 business environment
 - Devices: Demand for tablet devices to remain weak (volume adjustments in the supply chain)
 - Industrial Materials: Production-related costs for mobility exterior functional components to continue
 - Medical: Solid demand and improved profitability expected
- H2 assumed exchange rate: JPY155/USD (previous plan JPY145/USD)

FY2026 H1 (6 months) Results

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(Millions of JPY)

	2025 H1 Results	2026 H1 Prev. forecast	2026 H1 Results	YoY	vs. Prev. forecast
Net sales	97,049	94,000	✓ 96,033	-1.0%	✓ +2.2%
Industrial Materials	37,570	39,800	41,147	+9.5%	+3.4%
Devices	29,752	23,300	22,868	-23.1%	-1.9%
Medical	26,886	28,100	29,034	+8.0%	+3.3%
Medical devices	23,459	24,800	25,671	+9.4%	+3.5%
Pharmaceuticals	3,427	3,300	3,362	-1.9%	+1.9%
Others	2,839	2,800	2,982	+5.0%	+6.5%
Operating profit			*1 Incl. USM impairment -4,500	-	-
Operating profit margin	2,558 2.6%	1,800 1.9%	-4,7%	-7.3pt	-6.6pt
			Excl. USM impairment ✓ 2,258 2.4%	-11.7%	25.4%
Industrial Materials	2,107	1,600	1,519	-27.9%	-5.0%
Devices	1,097	900	*1 Incl. USM impairment -6,050	-	-
Medical	1,715	1,800	Excl. USM impairment 708	-35.4%	-21.2%
Others	-400	-100	1,905	+11.1%	+5.9%
Reconciliations	-1,961	-2,400	-12	-	-
Profit before tax	1,092	1,300	*2 ✓ -1,862	-	-
Profit attributable to owners of parent	20	300	-4,806	-	-
Forex (Average)	¥149/\$	¥155/\$	-5,473	-	-
Forex (Previous → Current period-end)	¥158/\$→¥145/\$		¥156/\$		
			¥157/\$→¥162/\$		

FY2026 Q2 (3 months) Results

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(Millions of JPY)

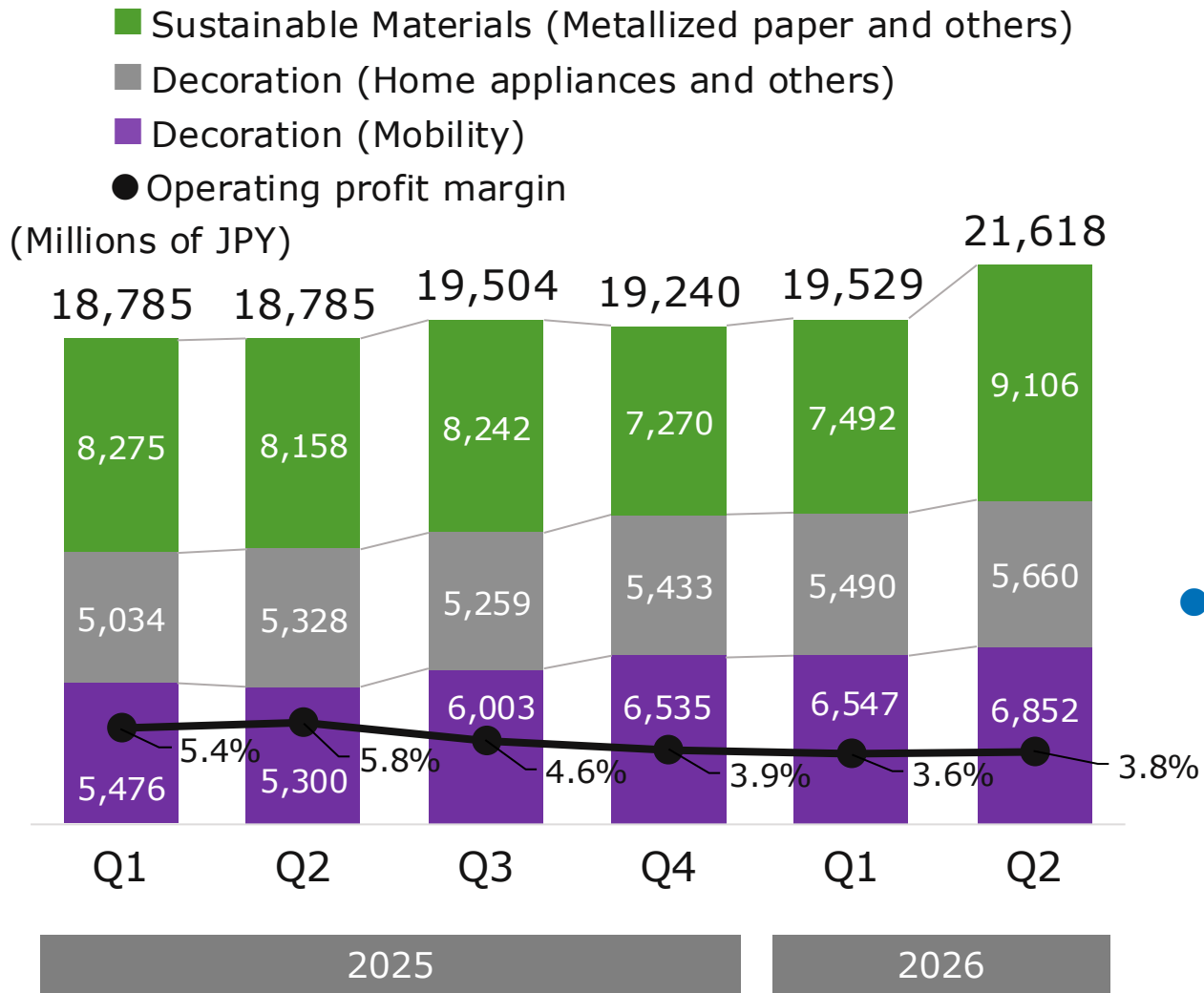
	2025 Q2 Results	2026 Q1 Results	2026 Q2 Prev. forecast	2026 Q2 Results	YoY	QoQ	vs. Prev. forecast
Net sales	49,606	45,790	48,210	✓ 50,242	+1.3%	+9.7%	✓ +4.2%
Industrial Materials	18,785	19,529	20,271	21,618	+15.1%	+10.7%	+6.6%
Devices	16,193	10,400	12,900	12,468	-23.0%	+19.9%	-3.3%
Medical	13,261	14,134	13,966	14,899	+12.4%	+5.4%	+6.7%
Medical devices	11,510	12,337	12,463	13,334	+15.8%	+8.1%	+7.0%
Pharmaceuticals	1,751	1,797	1,503	1,565	-10.6%	-12.9%	+4.2%
Others	1,366	1,727	1,073	1,255	-8.1%	-27.3%	+17.0%
Operating profit				*1 Incl. USM impairment -5,251	-	-	-
Operating profit margin	1,126 2.3%	750 1.6%	1,050 2.2%	-10.5%	-12.8pt	-12.1pt	-12.7pt
				Excl. USM impairment ✓ 1,507	+33.9%	+100.9%	+43.6%
				3.0%	+0.7pt	+1.4pt	+0.8pt
Industrial Materials	1,094	708	892	811	-25.9%	+14.6%	-9.1%
Devices	232	392	508	*1 Incl. USM impairment -6,443	-	-	-
Medical	973	841	959	316	+35.9%	-19.5%	-37.8%
Others	-228	99	-199	1,064	+9.4%	✓ +26.6%	✓ +11.0%
Reconciliations	-945	-1,290	-1,110	-112	-	-	-
				*2 ✓ -572	-	-	-
Profit before tax	500	751	549	-5,557	-	-	-
Profit attributable to owners of parent	8	422	-122	-5,895	-	-	-
Forex (Average)	¥145/\$	¥155/\$	¥155/\$	¥157/\$			
Forex (Previous → Current period-end)	¥150/\$ →¥145/\$	¥157/\$ →¥160/\$		¥160/\$ →¥162/\$			

*1 -6.8 bn yen

*2 Incl. gain on sales of fixed assets 0.35 bn yen

Industrial Materials: Q2 Results, H2 Forecast

Quarterly net sales and operating profit margin



Q2 Results QoQ (Forex: JPY157/\$)

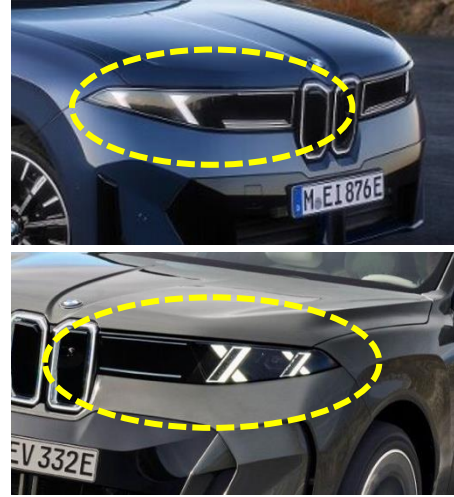
- Decoration: Demand for mobility exterior functional components continued
- Sustainable Materials (Metallized paper): Demand recovered
- Operating profit: Production-related costs for mobility exterior functional components weighed on profit (Germany)
 - Cause: Low production yield
 - Additional costs: Deployment of additional personnel and quality improvement costs
 - Progress: Production yield is improving

H2 Forecast HoH (Assumed Forex: JPY155/\$)

- Decoration: Solid demand for mobility exterior functional components expected
- Sustainable Materials: Demand to remain firm
- Operating profit: Production-related costs for mobility exterior functional components to continue in order to stabilize production

Industrial Materials: Mobility exterior functional components expanding

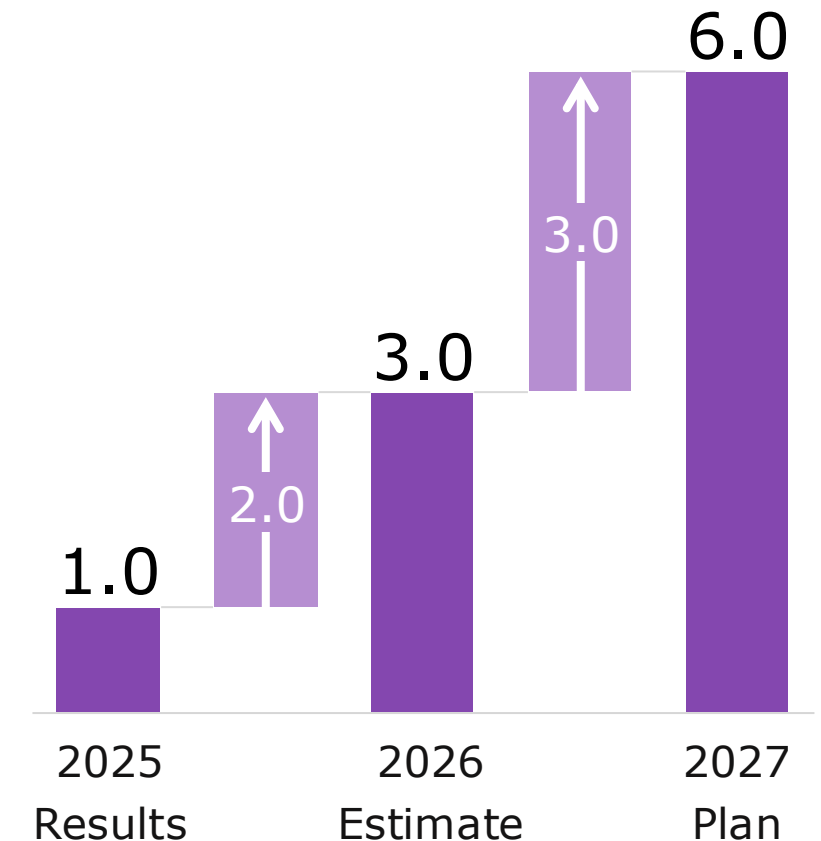
- 2026 estimate: Annual net sales to expand to 3.0 billion yen
- 2027 plan: Annual net sales to expand to 6.0 billion yen, mainly driven by higher production volume of headlights for Europe
- From 2028: Multiple inquiries with OEMs in Europe and Asia are underway



Headlights

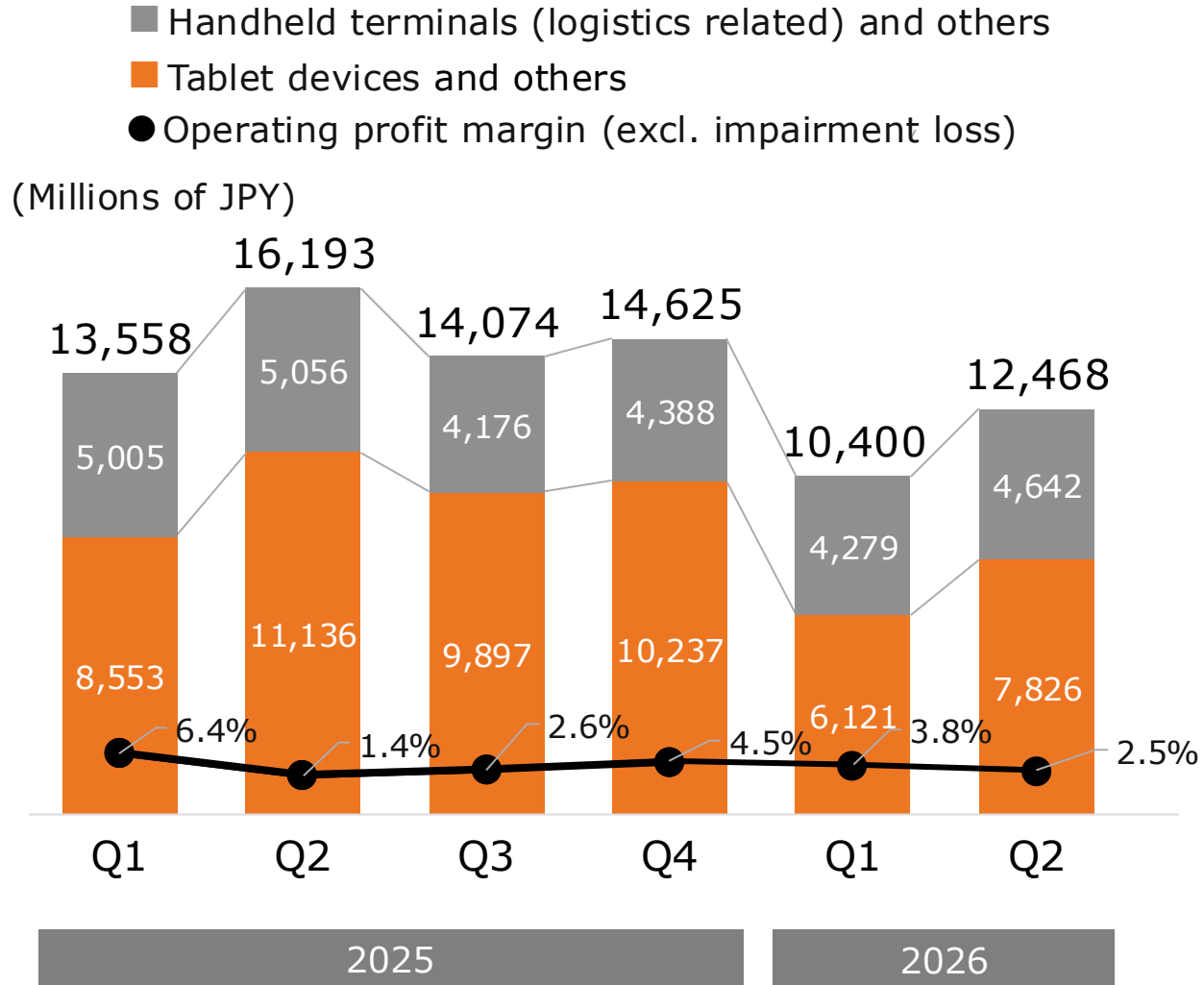
Project	Application	Main market	Net sales (Billions of JPY)		
			2025	2026	2027
1	Headlights	Europe	1.0	2.0	4.0
2	Headlights	Americas	-	0.5	1.2
3	Rear lights	Japan/Americas/China	-	0.5	0.6
4	Rear lights	Japan/Americas/China	-	-	0.2
Total			1.0	3.0	6.0

Mobility exterior functional components
Net sales growth (Billions of JPY)



Devices: Q2 Results, H2 Forecast (excl. USM goodwill impairment loss)

Quarterly net sales and operating profit margin



● Q2 Results QoQ (Forex: JPY157/\$)

- Tablet devices: Demand improved but lacked strength
- Operating profit: Decreased due to production leveling between Q1 and Q2

● H2 Forecast HoH (Assumed Forex: JPY155/\$)

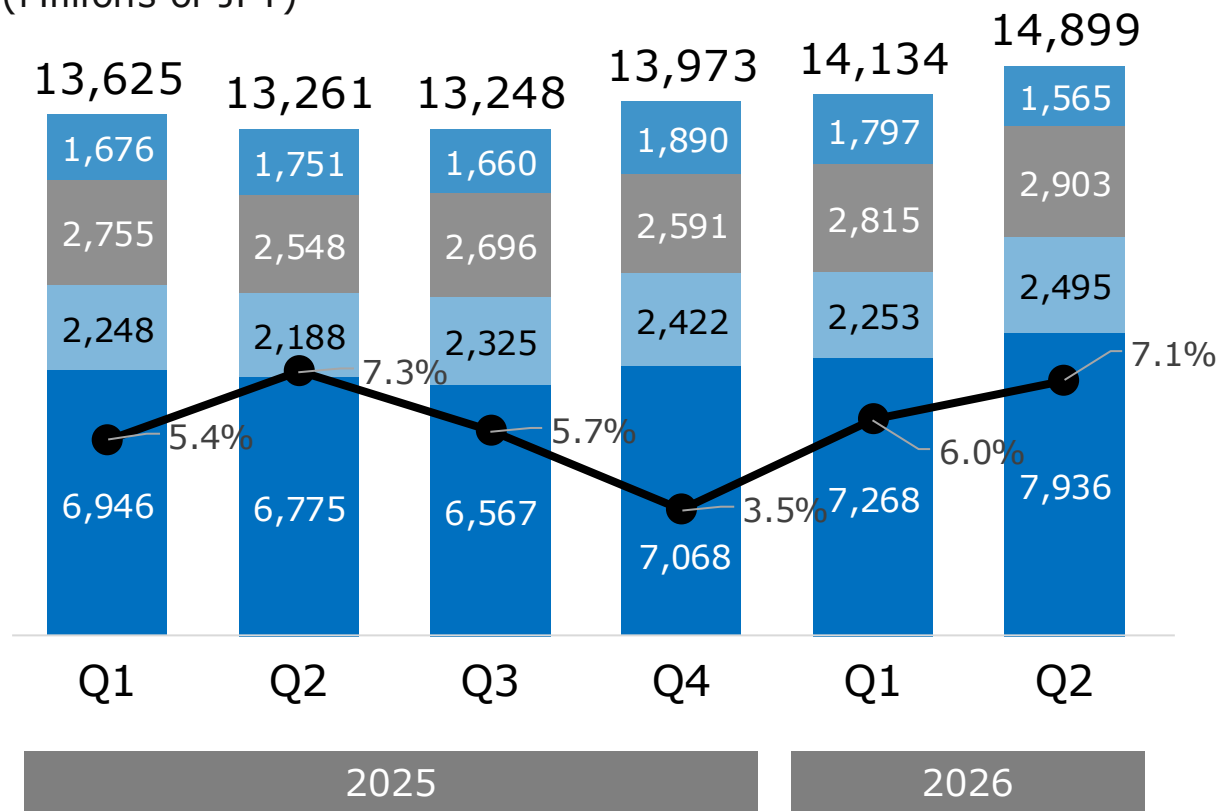
- Tablet devices: Weak demand to continue due to volume adjustments in the supply chain
- Operating profit: Lower production utilization accompanying weak demand to weigh on profitability

Medical: Q2 Results, H2 Forecast

Quarterly net sales and operating profit margin

■ Pharmaceuticals (CDMO) ■ Medical devices (Own brand)
■ Business media ■ Medical devices (CDMO)
● Operating profit margin

(Millions of JPY)



● Q2 Results QoQ (Forex: JPY157/\$)

- Medical devices CDMO: Demand remained solid
- OTC pharmaceuticals CDMO: Capacity utilization temporarily declined during equipment renewal (as planned)
- Operating profit: Profitability improved

● H2 Forecast HoH (Assumed Forex: JPY155/\$)

- Medical devices CDMO: Firm demand to continue
- OTC pharmaceuticals CDMO: Demand to increase
- Operating profit: To increase on higher net sales

FY2026 Forecast

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(Millions of JPY)

	Previous Forecast (May 12)			Revised Forecast (September 30)		
	FY2026 Full-year Forecast	FY2026 H1 Forecast	FY2026 H2 Forecast	FY2026 Full-year Forecast	FY2026 H1 Results	FY2026 H2 Forecast
Net sales	198,000	94,000	104,000	195,000	96,033	98,967
Industrial Materials	81,400	39,800	41,600	84,500	41,147	43,353
Devices	54,000	23,300	30,700	45,600	22,868	22,732
Medical	56,800	28,100	28,700	59,100	29,034	30,066
Medical devices	49,300	24,800	24,500	51,800	25,671	26,129
Pharmaceuticals	7,500	3,300	4,200	7,300	3,362	3,938
Others	5,800	2,800	3,000	5,800	2,982	2,818
Operating profit	7,000	1,800	5,200	-3,300	-4,500	1,200
Operating profit margin	3.5%	1.9%	5.0%	-1.7%	-4.7%	1.2%
Industrial Materials	4,200	1,600	2,600	2,800	1,519	1,281
Devices	3,000	900	2,100	-6,000	-6,050	50
Medical	4,200	1,800	2,400	4,300	1,905	2,395
Others	-200	-100	-100	-200	-12	-188
Reconciliations	-4,200	-2,400	-1,800	-4,200	-1,862	-2,338
Profit before tax	5,700	1,300	4,400	-4,400	-4,806	406
Profit attributable to owners of parent	3,200	300	2,900	-6,200	-5,473	-727
Forex (Average)	¥150/\$	¥155/\$	¥145/\$	¥155/\$	¥156/\$	¥155/\$

(Reference)
Capital investment, Depreciation and amortization,
M&A investment, R&D (FY2026)

(Millions of JPY)

	Q1 Results	Q2 Results
Capital investment	2,334	3,377
Depreciation and amortization	2,562	2,661
M&A investment	648	7,208
R&D	766	757

(Reference) External ESG evaluations

● ESG rating agencies

- CDP: Climate Change score of "A" (the highest of eight levels), Supplier Engagement Leader (for the second consecutive year)



● Indices

- ESG indices adopted by GPIF
 - FTSE JPX Blossom Japan Index
 - FTSE JPX Blossom Japan Sector Relative Index
 - S&P/JPX Carbon Efficient Index
- Others
 - SOMPO Sustainability Index
 - Certified Health and Productivity Management Outstanding Organization
 - Kurumin Certification



FTSE JPX Blossom Japan Index



FTSE JPX Blossom Japan Sector Relative Index



S&P/JPX Carbon Efficient Index



Sompo Sustainability Index



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