

Nissha Co., Ltd.  
Financial Results for FY2019.12 Q2 ended June 30, 2019, presentation  
Q&A Overview  
(August 6, 2019)

Q1. When will Mobility Business Unit start to contribute financially?

A1. We promote to grow in the mobility (automotive) field through combining the strengths of Industrial Materials Business which provides the decoration of automotive interior/exterior, and Devices Business which produces functional parts. As the fusion out of these two businesses, we could see some results as early as FY2020.

Q2. What are the factors in the revision of the business forecast for Devices Business?

A2. The main factor is the decrease in demand for smartphones. It is not because of competition, but demand decrease.

Q3. When is the peak demand for smartphones?

A3. It is expected in Q3.

Q4. Do you expect the demand for smartphones to decline in FY2020 and after?

A4. Demand may decline, but if it does so, high seasonal fluctuations in demand will be diminished, and we will be able to improve profitability by leveling production.

Q5. How much are the fixed assets for smartphones? Is it possible to divert them to other applications?

A5. There are not many. It can be diverted for tablets and mobilities (automotive).

Q6. How will you make a good use of the collaboration (Joint Venture) with Lens Technology?

A6. Demand for the products which we assumed initially became lower. It may be used for new customers or mobilities (automotive).

Q7. Why is the operating loss of Devices Business larger from Q1 to Q2?

A7. Because the production operation rate was low in Q2.

Q8. Is there any change in the plan for capital investment and depreciation in FY2019?

A8. There are no changes in the plan, but the amount of the capital investment will decrease in accordance with possible reduction of the capital investment. Therefore, depreciation will also decrease.

Q9. You have revised down the forecast for Industrial Materials Business in FY2019.

What is your outlook for FY2020?

A9. We would like to recover it to the range as the initial plan for FY2019.

Q10. How is the situation of the quality issues at overseas molding factories in Industrial Materials Business?

A10. Though it is improving, it is expected that monthly profitability will take up to Q4.

Q11. Why did the operating profit of Medical Technologies Business decrease from Q1 to Q2?

A11. Due to the product mix. There was product demand with high-profit margins in the contract manufacturing field in Q1.

Q12. What are the factors that increased expenses for the others in the revision of the business forecast?

A12. Due to the organizational change in the R&D department.