

Nissha Co., Ltd.  
Financial Results for FY2021 Q2 Presentation  
Q&A Overview  
(August 5, 2021)

- Q1. What are reasons behind the significant growth in net sales and the profitability improvement in the Industrial Materials business?
- A1. In terms of net sales, we are demonstrating collaboration and synergies between our global bases, and carrying out extremely powerful sales activities. For profitability, in addition to the effect of increasing sales and efforts for improvement at the production site, we design products that improve quality and productivity by utilizing AI and data science, which lead to increased yield rate during mass production.
- Q2. Why was the H1 results of the Devices business better than the previous forecast?
- A2. The higher operating rate of the factory than the assumption contributed to it.
- Q3. In the Devices business, why both net sales and operating profit of Q2 were better than that of Q1?
- A3. Q2 net sales for tablets increased. On the profit side, we could make the productivity better in Q2 than in Q1.
- Q4. Why is operating profit margin of H2 lower than that of H1 in the Devices business?
- A4. Because we will make sales out of the inventory, in addition to the impact of the decrease in net sales.

Q5. Is there any measures to further increase the profitability of the Devices business?

A5. We could think of reducing fixed costs by optimizing the number of production lines.

Q6. What are reasons behind net sales increasing in H2 for the Medical Technologies business?

A6. Contract design/development and manufacturing (CDMO) for surgical devices is expected to recover steadily.

Q7. How do you increase operating profit of the Medical Technologies business?

A7. By extension of CDMO with high operating profit margin. We will also utilize M&A with the aim of expanding capabilities such as technologies and expanding target therapeutic areas.