

Nissha Co., Ltd.  
Financial Results for FY2021 Presentation  
Q&A Overview  
(February 14, 2022)

Q1. What are reasons for the difference in net sales and operating profit from H1 to H2 in 2022 forecast?

A1. In H1, the impacts of supply constraints, for example, the semiconductor shortages, are factored in. We expected it to improve in H2.

Q2. How is the profitability of the Medical Technologies business expected to progress in 2022?

A2. The cost increase for raw materials and labors impacted the most in 2021 Q4. We assume the profitability to improve gradually by passing on prices and sales increase effect in 2022.

Q3. What are the new products in the Medical Technologies business in 2022?

A3. Mainly, minimally invasive surgical devices in Medical Devices (CDMO). In the United States, which is the main market, we have strong connections with major medical device manufacturers, and orders are increasing. The net sales forecast for 2022 is calculated with the products for which we are nominated as a supplier, and we believe that it is highly accurate.

Q4. The number of projects in the Medical Technologies business are expected to increase. Will you need more labors for manufacturing?

A4. As the number of personnel per line is limited, the production line is made lean by semi-automation. And we efficiently utilize manufacturing bases located

globally, for example, some products could be manufactured at the Dominican factory.

Q5. You are going to challenge the medical market company-wide. What kind of products can be expected from other divisions than Medical Technologies?

A5. In the Industrial Materials business, we manufacture materials and parts for medical use at our molding plants in the United States. In addition, the Industrial Materials business and the Medical Technologies business are collaborating to develop new customers. In the pharmaceutical DDS (Drug Delivery System), we are developing film type of pharmaceuticals called oral thin films and transdermal patches.

Q6. Which markets are targets for Sustainable Materials?

A6. Sustainable Materials include metallized paper and pulp molded products. The share of metallized paper is about 50% globally excluding China. In 2021, full-scale mass production of pulp molded products began in Europe as a packaging material for pharmaceutical products. Since orders are expected to increase in the future, we will invest to increase production capacity.

Q7. In the Industrial Materials business, why is the forecast of sales growth rate in 2022 only 3% YoY, even though it was 24% in 2021?

A7. The fundamentals of the business remain unchanged. The impacts of supply constraints are factored in.

Q8. How do you plan to invest for organic growth and M&A investment?

A8. It plans to make capital investment of 20 billion yen and M&A investment of 25 billion yen over the three years of the 7th Medium-term Business Plan (2021-

2023). In 2021, there were many M&A cases, but the market acquisition price soared. In 2022, the 2nd year of the Medium-term Business Plan, we would like to accelerate growth in non-IT priority markets through M&A. We keep eyes on M&A opportunities mainly for the medical market, while preventing high prices.

Q9. Why is the operating profit of Others going from -2,818 million yen in 2021 to -3,600 million yen in 2022 Forecast?

A9. Impact of foreign exchange gains in 2021.