

Nissha Co., Ltd.
Presentation for Financial Results FY2022.12
Q&A Overview
(February 14, 2023)

Q1. What was the reason for the goodwill impairment loss recorded for the group company in Europe that handles Sustainable Materials of the Industrial Materials business?

A1. It is because the risk-free rate, increased due to the interest rate hikes in Europe, rose the discount rate for impairment assessment.

Q2. In the FY2023 forecast of the Industrial Materials business, the net sales increase from FY2022. On the other hand, the operating profit is flat compared to FY2022, if the impact of the impairment loss recorded in FY2022 is discounted. What is the reason for this?

A2. We expect the impact of cost soaring due to inflation to continue.

Q3. How do you analyze the forecast for FY2023?

A3. Mainly affected by product demand. We expect product demand to enter an adjustment phase in H1. Although we don't expect cost soaring to so strongly accelerate by inflation, we will continue to work on passing on prices.

Q4. In the prospects for 2025, it seems that the net sales of Sustainable Materials increase in the Industrial Materials business. Is this an effect of investing in Sustainable Molded Products in Germany?

A4. Metallized paper, a mainstay of Sustainable Materials, is expected to perform well. In addition, the product pipelines in Europe have been enhanced in

Sustainable Molded Products, and are expected to contribute to business performance in 2025.

Q5. In the prospects for 2025, why does the net sales for tablet devices of the Devices business grow?

A5. The specifications of our products upgrade. The tablet market has reached maturity, and we don't expect volume to increase significantly.

Q6. What are the factors that raise the operating profit margin of the Devices business to 10% toward 2025?

A6. We have facilities that can handle increased production for tablet devices, and an increase in net sales generates a certain impact on profits. Touch sensors for mobility and gas sensors are also profitable, and net sales growth contributes to profits.

Q7. Profitability of the Medical Technologies business has been improving. How are the operating profit margins of the medical devices CDMO and your own brand, and what are challenges?

A7. The medical devices CDMO is certainly profitable, while own brand is marginal. We will increase profitability by centrally allocating resources to the medical devices CDMO.

Q8. What is behind the increase in surgical instruments for gastroenterology in the Medical Technologies business?

A8. The medical fields where we can handle are expanding from those for heart diseases by combining capabilities acquired through acquisitions with existing capabilities.

Q9. In the prospects for 2025, according to the operating profit target of each business, it seems that company-wide operating profit is aiming for JPY17.0 billion or more. Is this understanding correct?

A9. It is almost correct.