

Nissha Co., Ltd.
Financial Results for FY2026 Q2 (H1) Presentation
Q&A Overview
(September 30, 2026)

- Q1. You revised the full-year operating profit forecast downward. Could you explain the factors behind the revision by segment?
- A1. In the Industrial Materials segment, quality- and productivity-related costs associated with the production launch of mobility exterior functional components are weighing on profit from H1 through H2. In the Devices segment, in addition to the impairment loss on the goodwill of USM Healthcare, demand for tablet devices is expected to fall below the previous forecast due to production adjustments in the supply chain. In the Medical segment, demand has remained solid, mainly in medical devices CDMO, and performance is expected to exceed the previous forecast.
- Q2. When do you expect the increased production costs for mobility exterior functional components in the Industrial Materials segment to improve?
- A2. We intend to establish a clear path to improvement by the end of this year. Demand for exterior functional components is expected to double in 2027, and we will stabilize production and translate the demand growth into business performance.
- Q3. You maintained the annual dividend forecast at 50 yen per share. Can we assume that this level will be maintained?
- A3. Our policy is to continue paying stable dividends regardless of fluctuations in business performance, and we have maintained the annual dividend forecast at

50 yen per share.

Q4. The acquisition price of USM Healthcare was 5.9 billion yen, but the impairment loss on its goodwill was 6.8 billion yen. Is the difference due to USM Healthcare's liabilities exceeding its assets?

A4. Yes. As a result of reflecting the impact of our 60% share of USM Healthcare's excess of liabilities over assets, the impairment loss amounted to 6.8 billion yen, exceeding the acquisition price.

Q5. When and to what extent do you expect to recover the losses related to USM Healthcare?

A5. We cannot disclose the amount expected to be recovered at this time. We will make every effort to recover as much of the losses as possible through all available means, including insurance claims, claims for damages, and collection of the proceeds from the transfer of shares. The amount of the share transfer proceeds has been fixed, but payment will be made in several installments. Recovery will take a certain amount of time, and we expect the process to continue for approximately one to two years from FY2027 onward.

Q6. Was it not possible to detect the inappropriate accounting treatments during the due diligence before the acquisition?

A6. In addition to examining the information obtained through due diligence, we repeatedly asked questions of and sought confirmation from the seller from our own perspective. However, the inappropriate transactions were conducted through a complex scheme involving multiple parties, and we were unable to identify them before the acquisition. We discovered the issue ourselves during the financial closing process immediately after the acquisition and promptly

started an investigation and took response measures.

Q7. Does the downward revision in the Industrial Materials segment include quality-related costs for both H1 and H2? Also, do you expect these costs to remain within the revised forecast?

A7. The revision reflects both H1 results and the H2 outlook. Conditions have started to improve over the past few weeks, and we expect the costs to remain within the revised forecast.

Q8. In the Medical segment, performance exceeded the forecast in H1, but the upward revision to the full-year forecast is about the same as in H1. Are you taking a conservative view of H2?

A8. Demand for medical devices CDMO remains solid. On the other hand, pharmaceuticals CDMO in Japan is expected to fall slightly below the initial plan due to factors such as distribution inventory in the industry, and this has been reflected in the forecast.

Q9. Was the gain on sales of fixed assets of 0.35 billion yen included in the business forecast?

A9. No. Since the timing of the sale had not been determined, it was not included in the forecast.