

February 14th, 2020

Junya Suzuki

Chairman of the Board, President and CEO

Nissha Co., Ltd.

Exchanges Listed: Tokyo Stock Exchanges, First Section 7915

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Notice Regarding Implementation of Measures to Strengthen Profitability

Nissha Co., Ltd. (“the Company”) hereby announces that the Board of Directors of the Company resolved, at its meeting held on February 14, 2020, to implement “Measures to Strengthen Profitability”, as follows.

1. Reason of the implementation and its overview

The Group has set the markets of mobility (automotive), medical devices and sustainable packaging materials as our focus markets, in addition to the mainstay consumer electronics (IT), and aims to “Completion of Balanced Management” reorganizing and optimizing its business portfolio.

Of these focus markets, the Group has achieved significant growth in the markets of mobility (automotive), medical devices and sustainable packaging materials mainly through efforts in the utilization of M&A and also anticipates their sustainable growths in the future. On the other hand, in the IT market, the Group expects market conditions to become severer primarily because of changes in technological trends, in addition to decrease in demand due to slowing growth in smartphone market and seasonal variations in demand. In anticipation of this harsh market environment, the Group has worked to reduce variable expenses and the burden of investments, and also cut down on fixed expenses. As a result, The Group is now able to control costs flexibly when demand falls, but the Group needs to make further improvements in profitability in order to enhance corporate value.

Based on this awareness, the Company has decided to implement the “Measures to Strengthen Profitability” to reduce costs by a scale of 2.5 billion yen.

The overview of the strategy is as follows.

- Dormancy of domestic production bases with low operating rates
- Recruitment of voluntary retirees: Approximately 250 people, mainly full-time employees in the Company and its domestic subsidiaries
- Reduction in other fixed expenses and variable expenses

2. Future outlook

With the implementation of Measures to Strengthen Profitability, the Group plans to recognize additional retirement payment and re-employment support program fees for voluntary retirement in the fiscal year ended December 31, 2020.

The forecast for fiscal year ended December 31, 2020 includes approximately 2 billion yen as the estimated amount of the above expenses, but if any changes occurs, the Company promptly announces them in the future. Details of voluntary retirement will be announced as soon as they are determined.

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