NISSHA

Nissha Report 2017

English

Empowering Your Vision

Nissha's business domain evolves and expands into new growth fields

Working to diversify our products and target markets through the evolution of our printing technologies and entering the global market, Nissha has achieved growth by expanding our business domain. Today Nissha is expanding our business from our main field of consumer electronics (IT) into fields where growth is expected in the global market such as printing-related materials, automotive interior parts and medical devices, aiming to develop a balanced business foundation. We are changing our name from Nissha Printing to Nissha as we strive to make our next leap forward.

Current president
Junya Suzuki
1998 Entered the Company
2007 Assumed post of President

Third president
Hiroshi Furukawa
1992 Assumed post of President

Second president
Shozo Suzuki
1959 Assumed post of President

Founder, first president
Naoki Suzuki
1929 Founded the Company

Net Sales (Billions of yen)
200
150
100
50
0

1929
Founding
Founded in pursuit of high-quality photographic printing

1960's
First phase of diversification
Promoting new product development while improving printing technology
Expanding product lineup to include transfer foil and electronic components

Fiscal year 2017.12
Net sales plan 186 billions of yen
(Converted to 12 months)

Current

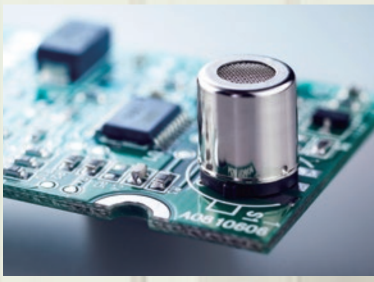
Second phase of diversification

The business domain evolves beyond the bounds of printing
From Nissha Printing to Nissha

2000's

Globalization

Achieving high growth by entering the global market
The Nissha brand penetrates the global market



Making a further leap forward

The three-year Fifth Medium-term Business Plan was launched in April 2015 in the aim of achieving growth by reorganizing our business portfolio. As the reorganization strategy progresses, the Nissha Group is taking on a different appearance in every aspect, from target markets to technology and employees.

Target markets

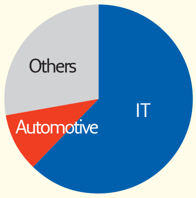
Metalized paper, automotive and medical devices become new mainstay fields

M&As are an effective means for reorganizing the business portfolio. While moving forward with our M&A strategy, we have expanded our business from our main field of consumer electronics (IT) into fields where stable growth is expected on a global basis such as printing-related materials, automotive interior parts and medical devices.

■Composition of Net Sales by Fields

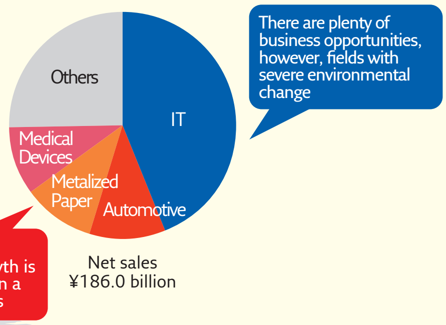
Before the Fifth Medium-term Business Plan

Fiscal year ended March 31, 2015 results



Net sales
¥118.7 billion

Forecast after the end of the Fifth Medium-term Business Plan
Forecast for fiscal year ending December 31,2017 (12 months)



Net sales
¥186.0 billion

Nissha (Kunshan) Precision IMD Mold

Global Headquarters

ARM Group (Acquired in August 2015) Genk factory

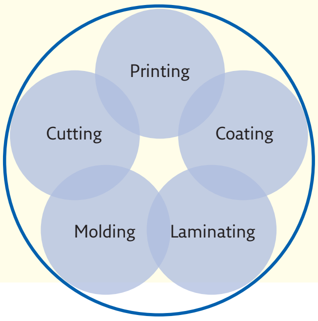
Schuster Group (Acquired in October 2016)

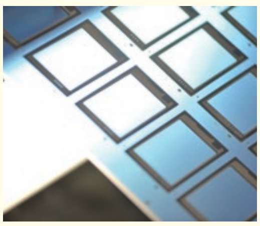
Southern Nissha

Technology

Developing five processing technologies

Nissha's processing technology has expanded from printing to coating, laminating, molding and cutting.



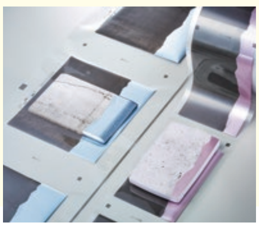


Cutting

Printing

Coating

Molding



Laminating

Governance

Increasing diversity among executives

Four out of eight members of our board of directors are independent directors. Diversity is also increasing among the vice presidents, who are in charge of business execution, including the CEOs of the AR Metallizing Group, which was acquired and made a subsidiary in August 2015, and the Graphic Controls Group, which was acquired and made a subsidiary in September 2016, being named vice presidents.

Sawako Nohara
Independent Director, Member of the Board

Bart Devos
Senior Vice President
Chief Executive Officer, AR Metallizing N.V.

Sam Heleba
Senior Vice President
Chief Executive Officer, Graphic Controls Holdings, Inc.

57 locations around the world

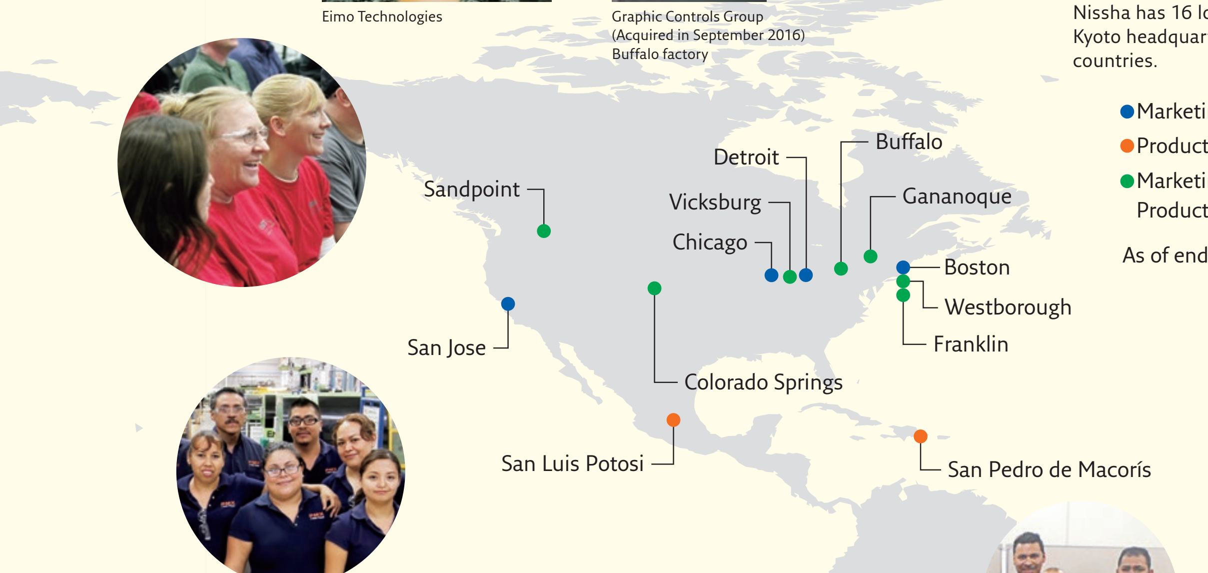
Nissha has 16 locations in Japan, including our Kyoto headquarters, and 41 locations in other countries.

- ● Marketing sales & engineering support
- ● Production
- ● Marketing sales & engineering support / Production

As of end of September, 2017

Eimo Technologies

Graphic Controls Group
(Acquired in September 2016)
Buffalo factory



AR Metallizing Group
(Acquired in August 2015)
Flanklin factory

PMX Technologies
(Acquired in February 2015)

Málaga Produtos Metalizados
(Acquired in December 2015)

Graphic Controls Group
(Acquired in September 2016)
San Pedro de Macorís factory

Business locations

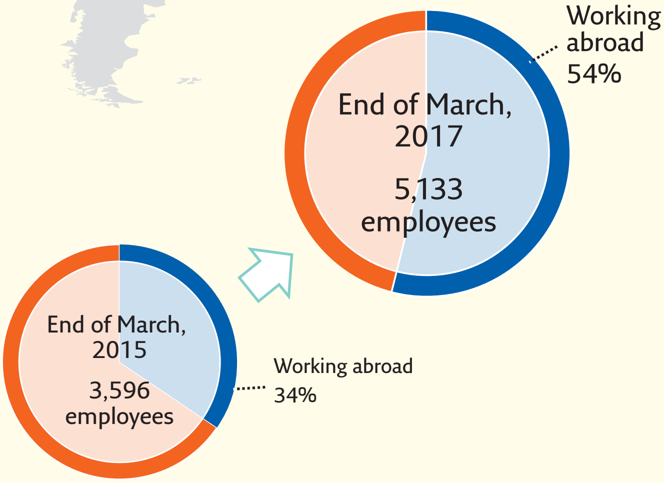
Rapid increase in number of overseas offices

The number of overseas offices within the Group has grown from 24 as of March 31, 2015 to 41 just two years later as a result of acquiring overseas companies and making them subsidiaries. The percentage of overseas production is also increasing and is leading to better resistance to exchange rate fluctuations.

Employee composition

Increasing diversity among employees

The number of Group employees has also grown as the number of locations has increased, and the composition has changed significantly. The percentage of employees working in other countries has increased, and they now account for the majority of our employees. Many of our female employees are also finding new opportunities.



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| Editorial Policy |

"Nissha Report 2017" is put together as an integrated report consisting of both financial information and non-financial information related to topics like corporate governance and CSR.
The purpose is to help our stakeholders, including shareholders and investors, gain a deeper understanding of Nissha.

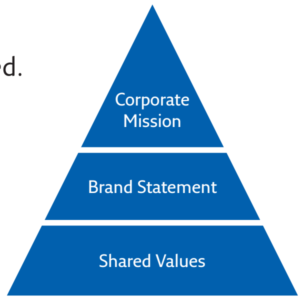
The earnings forecasts in this report for the fiscal year ending December 31, 2017 and later are based on the information announced in May 2017.

The latest statements, earnings forecasts and other information is available in the Investors section of our website.
http://www.nissha.com/english/ir/index.html

In this report, for reference comparison with the past, 12-month base (fiscal year ending March 31, 2018) is posted as a reference forecast.

More detailed CSR information is available in the CSR Report (PDF) published on our website.
http://www.nissha.com/english/csr/download.html

Nissha has integrated its standards of thought, rules of conduct, and corporate mission—ideals held in high regard—into a Corporate Philosophy that is greatly valued.



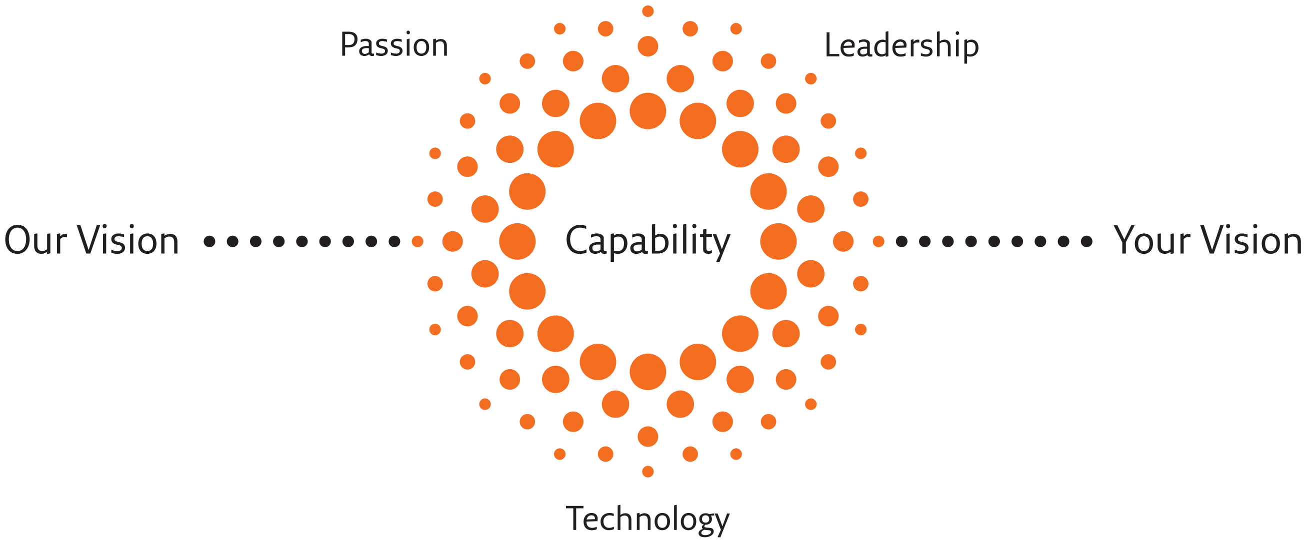
Corporate Mission

We are committed to pursuing a mutually trustful Co-existence with society through our business activities utilizing a unique technology development, based on Printing as a core.

Brand Statement

Empowering Your Vision

"Empowering Your Vision" expresses the relationship of Co-existence between Nissha and our stakeholders. Both we and our customers, shareholders, employees, suppliers, and society have visions, and we mutually affect each other toward realizing it. We maximize our capabilities driven by our technology, passion, and leadership, and with the energy infused in us by our stakeholders, together create value for the future.



Shared Values

Growth Based on Customer Satisfaction

We create new value for our customers and transform it into a driver of growth.

Commitment to Results

We set challenging goals for ourselves and deliver results.

Magnify Leadership

We exhibit leadership and resolve difficulties regardless of division or position.

Diverse Capabilities

We respect diversity that enhances our organizational capabilities and drives growth.

Sustainability Through Integrity

We value individual dignity and conduct fair business as a global corporate citizen.

Nissha's business domain continues to evolve and expand. We have embarked on a new stage of growth.

President and CEO
Chairman of the Board

Successful growth investments of Medium-term Business Plan

The three-year Fifth Medium-term Business Plan was launched in April 2015 in the aim of optimizing our business portfolio by acquiring new core technologies. In recent years, we have concentrated our management resources in the consumer electronics (IT) field and achieved a high level of growth. However, this field is marked by increasingly sharp fluctuations in product demand and dropping prices for products and services, so it is urgent that we develop growth fields that will be on par with it. By expanding new business fields where stable growth is expected on a global scale while at the same time continuing to create business opportunities in the consumer electronics field, we aim to develop a balanced management foundation and maximize corporate value in the medium to long term.

As of the fiscal year ended March 31, 2017, which is the second year of the Fifth Medium-term Business Plan, the better part of the investment plan to support optimization of our business portfolio (¥35,000 million yen for M&A and ¥26,000 million yen for capital investment during the three years of the Medium-term Business Plan) has already been executed. Although business results in fiscal year ended March 31, 2017 were temporarily sluggish due to slumping demand for existing products and the recording of advanced expenses and acquisition-related expenses associated with the execution of these investments, we expect a rapid recovery in fiscal year ending December 31, 2017 and beyond as the growth investments generate cash flows. The main growth investments executed up to this point are provided on the following page.

Entry into the metalized paper field (Industrial Materials Business)

In August 2015, the Industrial Materials Business acquired metalized paper manufacturer AR Metallizing Group and made it a subsidiary. Metalized paper is one of the general purpose materials used for printing high-grade labels and packages and is upstream from the printing business. In addition to newly incorporating the manufacture and sale of metalized paper in its business portfolio, the Industrial Materials Business has gained access to food, beverage, consumer products and other products in the global market.

Expansion of business foundation in automotive interior field (Industrial Materials Business)

In October 2016, the Industrial Materials Business acquired Schuster, which is involved in plastic molded products used in automotive interiors, and Back Stickers, which is involved in decorative film, in Europe along with their group companies and made them subsidiaries. With this, the Industrial Materials Business has acquired a new production base in the European region, which is important to the automotive market, to go along with existing bases in North America, Mexico and Southeast Asia. It has also gained new decorative technology and the strong sales channel in Europe of these groups, expanding its business foundation in the automotive field.

Entry into the medical devices field (Life Innovation Business)

In September 2016, we acquired US-based Graphic Controls Group, a medical devices and consumables manufacturer, and made it a subsidiary.

This company produces and sells its own brand of products to medical institutions and engages in contract production for major medical devices manufacturers in North and Central America and Europe. By acquiring the Graphic Controls Group, we were able to make a full-scale entry into the medical devices field. We established our fourth new business, the Life Innovation Business, around the Graphic Controls Group.

Landing of new large-scale orders (Devices Business)

In the Devices Business, we expedited product development in preparation for large-scale orders and made capital investments to expand our production capacity. The new Tsu Plant (Mie) was added to our existing main plants (Himeji Plant in Hyogo and Kaga Plant in Ishikawa) to establish a three-plant system.

For the most part, reorganization of our business portfolio utilizing growth investment is going as planned. As such, we expect to achieve the initial target for net sales in the final year of the Fifth Medium-term Business Plan.

Moreover, beginning in fiscal year ending December 31, 2017, we changed the end of the period from March 31 to December 31 to unify our fiscal years throughout the Group on a global basis. Fiscal year ending December 31, 2017 will be a transitional year consisting of the nine-month period from April 1, 2017 to December 31, 2017. Due to large-scale orders in the Devices Business and contribution of the business results of acquired companies, net sales in fiscal year ending December 31, 2017 are expected to be the highest ever at ¥140,000 million (converted to 12 months, net sales are expected to be ¥186,000 million as shown in the figure on the right).

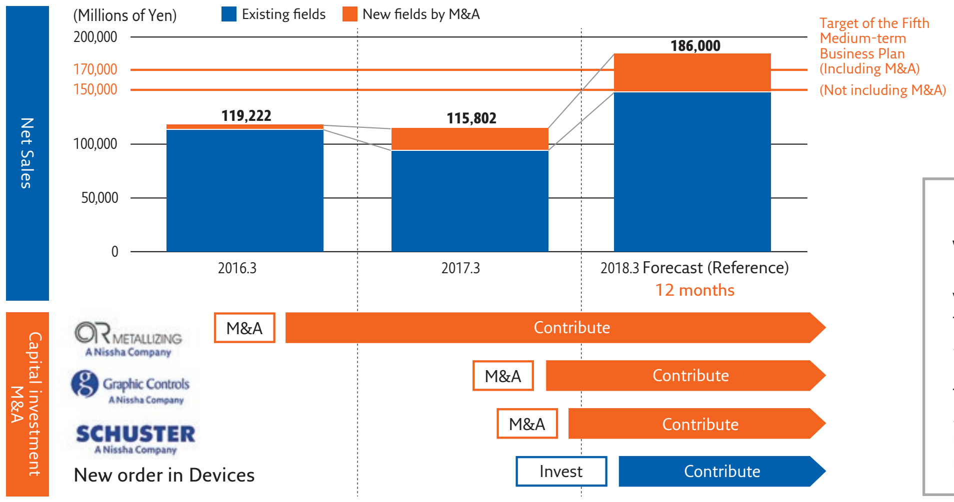
Entry into the metallized paper field

Entry into the medical devices field

Expansion of business foundation in automotive interior field

The new Tsu plant of Devices (Mie)

Well-planned investments enables target achievement of medium-term business plan



[Reference]

We changed the end of fiscal period. Fiscal year ending December31, 2017 will be a transitional year consisting of the nine-month period from April 1, 2017 to December 31, 2017.
For the consolidated financial results for the fiscal year ending December 31, 2017, we expect net sales of ¥140,000 million, operating income of ¥5,500 million.

From Nissha Printing to Nissha

Working to diversify our products and target markets through the evolution of our printing technologies and entering the global market, we have achieved growth by expanding our business domain. As can be seen in key Nissha products such as transfer foil and touch sensors, the evolution of our printing technology is marked by a fusion of printing with other elements like laminating, coating, molding, and cutting. Today Nissha is working to expand our business from our main field of consumer electronics into fields where growth is expected in the global market such as printing-related materials, automotive interior parts and medical devices, stepping into a new stage of growth.

In this way, our Group's business continues to evolve and expand beyond the bounds of printing, so we changed our company name from Nissha Printing to Nissha as of October 6, 2017. Nissha is our corporate brand, which has been familiar to our customers, shareholders, suppliers and local communities for many years, and today we are known widely around the globe.

On the occasion of our name change, we will aim to achieve a further leap forward. I would like to take this opportunity to thank all our stakeholders for your continued support as the Nissha Group looks ahead to future growth.

Key Points of Fifth Medium-term Business Plan (FY2016.3-FY2018.3)

Medium-term Vision

We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets

Numerical Targets (FY2018.3)

Consolidated net sales:
¥150 billion (not including M&A)
¥170 billion (including M&A)

Consolidated operating income: ¥12 billion

ROE: 10% or higher

ROIC: 8% or higher

At least 35% of sales ratio from new business/product development

Five Basic Strategies

1 **Reorganization of product/market portfolios**
By enhancing our product lineup and entering markets where growth is expected on a global basis, we will end our overdependence on specific products and markets.

2 **Withdrawal from unprofitable fields**
With discipline, we will make the decision to shrink or withdraw from businesses and products determined based on analysis of the business market to be unlikely to turn a profit and redistribute our management resources in fields more likely to grow.

3 **Promotion of vertical integration in supply chain**
We aim to improve the added value of our products or enter new markets by incorporating processes upstream or downstream of our products.

4 **Incorporation of new core technologies**
We will accelerate new product development by combining the technologies we have cultivated while at the same time enhancing our core technologies.

5 **Achievement of growth through M&As**
We will actively utilize M&As to swiftly implement acquisition of new markets, promotion of vertical integration and acquisition of new core technologies.

In fiscal year ending December 31, 2017, financial results are expected to recover rapidly. We aim to improve our financial structure and capital efficiency.

Director, Member of the Board
Senior Executive Vice President
Chief Financial Officer

Hayato Nishihara

In fiscal year ended March 31, 2017, business results were sluggish, but progress was made on reorganization and cost restructuring

In fiscal year ended March 31, 2017, the results were disappointing, with net sales of ¥115,802 million (a decrease of 3.3% year on year), an operating loss of ¥3,904 million (compared to operating income of ¥10,546 million the previous year), an ordinary loss of ¥4,914 million (compared to ordinary income of ¥9,238 million the previous year) and a net loss attributable to parent company owners of ¥7,408 million (compared to net income attributable to parent company owners of ¥6,896 million the previous year). The main factors behind the operating loss were that product demand (for tablets) in the Devices Business fell substantially below expectations as well as the recording of advanced expenses for new large-scale projects amounting to roughly ¥3,000 million in the Devices Business and temporary expenses related to an acquisition amounting to roughly ¥1,600 million.

In addition to the above, the yen was higher in the average exchange rate for the full year than in the initial forecast, resulting in foreign exchange losses, and the recording of a loss on valuation of investments securities and the impact of tax-effect accounting resulted in an ordinary loss and a net loss attributable to parent company owners, dragging the results down even further.

An assessment of the fiscal year ended March 31, 2017 results by business is provided below.

Industrial Materials Business

Net sales in the Industrial Materials Business increased 21.0% year on year to ¥47,971 million thanks to inclusion of leading global metallized paper manufacturer AR Metallizing Group, acquired in August 2015, in the full-year results. Operating income is still insufficient, due in part to the impact of goodwill amortization related to the acquisition, but it was in the black at ¥620 million. This was a result of progress made on cost restructuring, including making the Tsu Plant the production facility for Devices, consolidating the domestic production system at the Koka Plant and withdrawing from the unprofitable notebook PC field business. Going forward we will work to expand our business in fields of decorative field for automotive interiors, and metallized paper which are core fields.

Devices Business

As previously mentioned, product demand (for tablets) in the Devices Business fell substantially below expectations. As a result, net sales fell 24.4% year on year to ¥47,835 million. In addition to the decrease in net sales, advanced expenses of roughly ¥3,000 million associated with orders for new large-scale projects were recorded, resulting in an operating loss of ¥157 million. In fiscal year ending December 31, 2017, the new large-scale projects will transition to the mass production phase, so both net sales and income are expected to recover rapidly.

Life Innovation Business

The Life Innovation Business is a new business that deals with medical devices and related fields. In September 2016, we acquired US-based Graphic Controls Group, a medical equipment manufacturer, and made it a subsidiary. It is positioned as the core of the Life Innovation Business.

In fiscal year ended March 31, 2017, four months of results from the Graphic Controls Group were included in the consolidated results, bringing net sales to ¥5,391 million. As mentioned above, there were temporary expenses related to the acquisition, resulting in an operating loss of ¥1,311 million. In fiscal year ending December 31, 2017, the Graphic Controls Group will contribute to full-year results, so net sales are expected to increase substantially. Moreover, there will be no temporary expenses related to the acquisition, so it will contribute to results from the standpoint of income as well.

Information and Communication Business

In the Information and Communication Business, due in part to sluggish demand of printed media, net sales fell 14.1% year on year to ¥14,354 million, resulting in the recording of an operating loss, albeit a small one, of ¥93 million. However, as with the Industrial Materials business, progress has already been made on cost restructuring in the Information and Communication business, so a recovery in net sales is expected to restore business results.

As outlined above, the results in fiscal year ended March 31, 2017 were disappointing, but progress was made on efforts to contribute to the achievement of the Medium-term Vision to “acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets” as set forth in the Fifth Medium-term Business Plan through the execution of the M&A strategy and cost restructuring in unprofitable fields.

In fiscal year ending December 31, 2017, the launch of mass production for large-scale orders in the Devices Business and the business results of acquired subsidiaries will contribute to the full-year financial results. As such, despite the fact that it is only a nine-month period, net sales are expected to reach their highest ever, and financial results are expected to recover rapidly.

Aiming for Sustainable Growth

As for the most recent financial conditions, our total assets have increased substantially thanks primarily to the acquisition of the AR Metallizing Group in fiscal year 2016 and of the Graphic Controls Group and the Schuster Group in fiscal year ended March 31, 2017.

As of the end of March 2017, 41.2% of the ¥20,000 million euro-denominated convertible bonds issued in March 2016 to cover the funds for these M&As have been converted, perhaps in part because the stock price after issuance has been trending above the conversion price. This has led to strengthening of our capital, but recording of deficits has ended up canceling out that effect, so the equity ratio as of March 31, 2017 was 40.7% (a 4.2% decrease year on year).

The primary focus of the financial strategy within the Fifth Medium-term Business Plan is to engage in financial management that balances safety (e.g., equity ratio) and capital efficiency (e.g., ROE). In the Fifth Medium-term Business Plan, the target equity ratio for the final year is at least 50%, so improvement needs to be made as soon as possible.

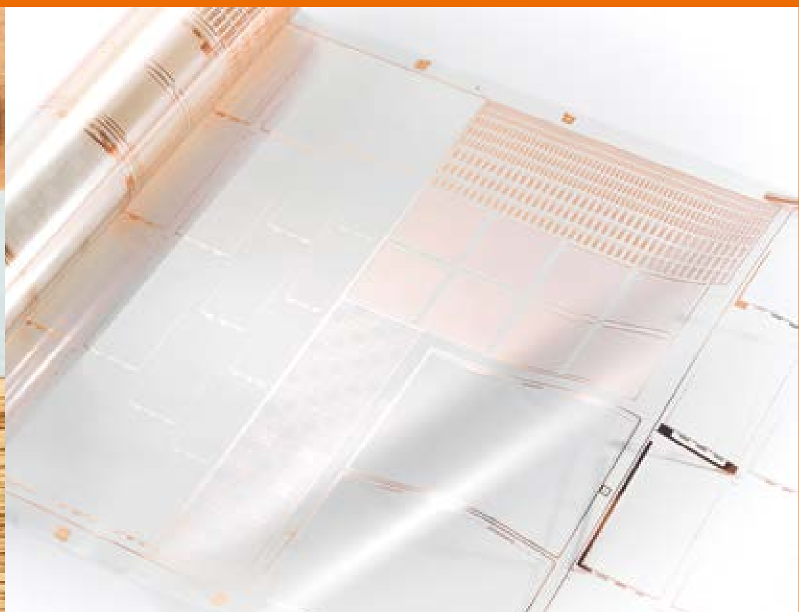
In fiscal year ending December 31, 2017, financial results are expected to recover rapidly. We will work to maximize the cash flow generated and improve the financial structure. At the same time, I hope to utilize the generated cash flow for the new growth investment funds for the new Medium-term Business Plan (Sixth Medium-term Business Plan) that will begin in January 2018. In light of these circumstances, we plan to keep annual dividends for fiscal year ending December 31, 2017 at 30 yen, the same as the same period of the previous year. Thank you for your understanding.

Unification of Fiscal Period on a Global Basis

Through the aggressive M&A strategy we have been implementing, the number of overseas consolidated subsidiaries has increased, so we are required to promote more unified management than before and disclose financial results and other information in a timely and appropriate fashion to improve the transparency and quality of management operations.In order to respond accordingly, we will be changing and unifying the fiscal period of the Group so that it ends on December 31 every year instead of March 31 beginning in fiscal year ending December 31, 2017. This will occur during fiscal year ending December 31, 2017, so the year will begin on April 1, 2017 and end on December 31, 2017 for a total of nine months.

We have consistently held the belief that becoming a company with stable, high profits through the achievement of the vision set forth in the Fifth Medium-term Business Plan is precisely what will lead to improved shareholder value. I believe that this is the only way to continue with stable dividends to reward our shareholders for their support and meet the expectations of our stakeholders.

Nissha is engaged in the four
Industrial Materials, Devices,
and Information and Communi



Industrial Materials

In the Industrial Materials segment, the Nissha Group mainly offers proprietary technologies that enable to create added value on the surfaces of various materials. IMD and IML, which facilitate simultaneous in-mold decoration and design of plastic products, are extensively adopted in automotive interior components, home appliances, and smartphones in global markets. Also, our metallized paper, which unites the properties of metallic luster and printing friendliness, has the largest market share in the industry as a packaging material for beverages and foods on a global basis.

Devices

In the Devices segment, the Nissha Group produces devices that pursue precision and functionality, including its core products, the FineTouch touch input device. The FineTouch is adopted mainly in smartphones, tablets, mobile game consoles, industrial equipment and automotive components in global markets. In addition, the Nissha Group offers gas sensors that can detect gas conditions, along with other products.

businesses of
Life Innovation,
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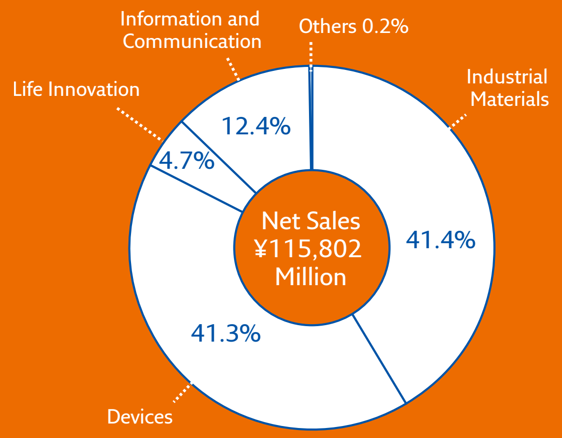
▼ **Composition of Net Sales by Business (FY2017.3)**



Life Innovation

The Life Innovation segment is a newly established business segment in which Graphic Controls group, a medical devices and consumables manufacturer headquartered in the USA, acts as a core company to offer high-quality and value-added products in medical devices and consumables and other related fields to contribute to healthy and affluent life. Main products of this segment are disposable electrodes and surgical instruments for medical institutions. Graphic Controls group currently manufactures and sells its own brand products to medical institutions and also provides contract manufacturing services for major medical device manufacturers in the North and Central America and Europe.

Information and Communication

In the Information and Communication segment, the Nissha Group offers its customers a wide range of professional products and services such as publication printing, commercial printing, sales promotion, web solutions, and digital archiving, thereby assisting a host of marketing strategies and communication strategies relating to advertising and sales promotion.

Business Description #01 | **Industrial Materials**

Our reorganization strategy is a major turning point. The field of decorative for automobiles materials and metalized paper has grown into a driver of the business.

Executive Vice President
General Manager of Industrial Materials Business Unit

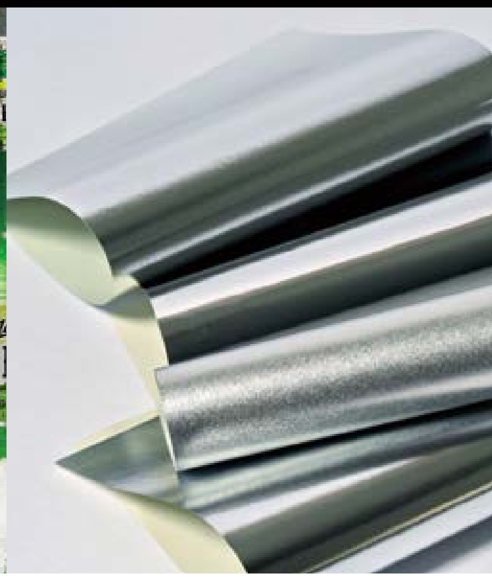
Hisayuki Ito

Reorganization of the target markets and expansion of the product lineup are the challenges

The Industrial Materials Business features proprietary technology for giving added value to the surface of various materials. In-mold decoration (IMD), which involves adding decoration simultaneously as plastic is formed, and in-mold labeling (IML) are used widely in the global market, including automotive interiors, home appliances and smartphones. Our metallized paper, which unites the properties of metallic luster and printing friendliness, has the largest market share in the industry as a packaging material for beverages and foods on a global basis.

From the 1990s to the 2000s, the Industrial Materials Business achieved rapid growth, boosted by overwhelming demand in the consumer electronics field, including mobile phones and notebook PCs. However, since the global financial crisis precipitated by the Lehman Brothers' bankruptcy in 2008, product demand in this field has been increasingly volatile, and price reductions have become the norm. Additionally, the business environment has continued to be harsh for the Industrial Materials Business, which has been driven by decorations for cover parts, with mobile phones transforming into smartphones and tablets increasing their presence in the field of notebook PCs.

In response to these changes in the business environment, we are currently rolling out a strategy in the Industrial Materials Business Unit that emphasizes business stability. The key elements of our strategy include reducing our over-dependence on the consumer electronics industry and expanding into markets like automotive and home appliance materials where stable growth is expected, developing a global supply chain according to the characteristics of target markets, and incorporating printing materials and equipment, which are upstream from printing and decoration, into our business domain to establish a printing-related materials field that is more generalized than decorative products. The Fifth Medium-term Business Plan (FY2016.3 - FY2018.3), which started in April 2015, covers an important period in which



we will move to quickly and steadily implement this strategy and finish the reorganization of our target market and product portfolio.

Fields of automotive decoration and printing-related materials to become pillars of the business

In fiscal year ended March 31, 2017, the fields of automotive decoration and printing-related materials (metalized paper field) drove the business results. In the field of decorative materials, we will complete our withdrawal from the notebook PC market, which is declining in profitability, and are promoting the rebuilding of our supply chain on a global basis to achieve growth in the automotive market, which we have designated as a key market.

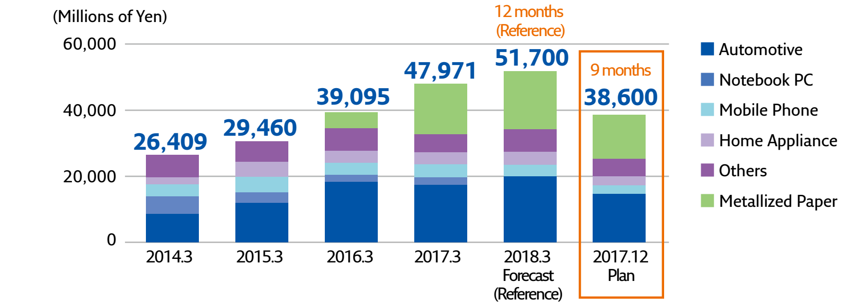
In October 2016, we acquired Schuster, which manufactures and sells plastic molded products used in automotive interiors, and Back Stickers, which manufactures and sells decorative film, in Germany along with their group companies and made them subsidiaries. The supply chain for automobiles tends to be distributed in territories near major markets around the world, so we have been expanding our production facilities one at a time in Southeast Asia, the United States, Mexico and other territories according to such market characteristics. With this latest acquisitions, we have simultaneously acquired production and sales facilities in the European region, which is important to the automotive market.

Meanwhile, the printing-related materials field is a new business field for us, which was created when we acquired leading global metalized paper manufacturer AR Metallizing Group in August 2015 and made it a subsidiary. Metalized paper is a general purpose material upstream of and closely related to the printing business and is used in stable markets such as food, beverage, consumer products and other products, so it is expected to continue making a robust contribution to our business results. In fiscal year ended March 31, 2017, the results of the AR Metallizing Group were included in the consolidated results of the Industrial Materials Business for the full year, growing into a pillar of the business on par with the decorative materials field. Decorative materials for automobiles and printing-related materials account for roughly 70% of sales in the Industrial Materials field, evidencing the progress made on our strategy of reorganization.

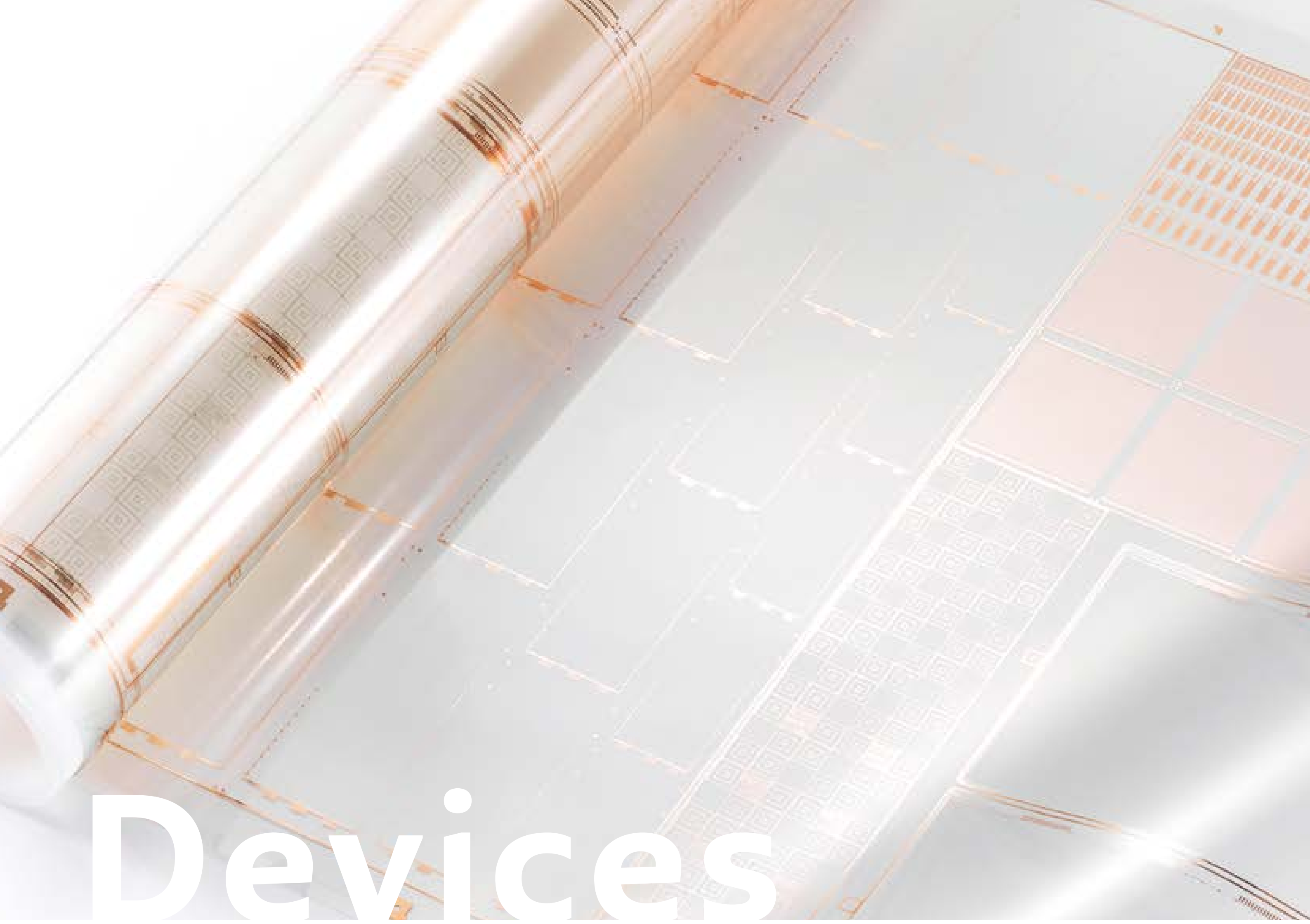
In fiscal year ending December 31, 2017, we will advance our strategy of reorganization centered on the fields of decorative materials for automobiles and printing-related materials and, in the aim of further improving business profitability, we will strengthen our quality management system and promote the development of an optimal production system.

The aim of the Industrial Materials Business is to drive company-wide performance as a core business on the same level as the Devices Business, promoting business development with both the decorative materials field centered on IMD and IML and the printing-related materials field centered on metalized paper.

Trends in Net Sales by Field



We have changed a method of translating performance of overseas subsidiaries and others from FY2017.3 (spot rate → average rate). In this graph, the figures of FY2016.3 is the results by the method before change (Not reflected the retroactive application).



Business Description #02 | Devices

Financial results will recover rapidly in fiscal year ending December 31, 2017 thanks to new large-scale orders.
We are moving hastily ahead with efforts to enhance our product lineup and expand our target markets for sustainable growth.

Executive Vice President
General Manager of Devices Business Unit

Daisuke Inoue

Highly competitive capacitive-type touch sensors

The main product in our Devices Business is our precise and functional Fine-Touch touch sensor. Our product is used widely in tablets, smartphones, game consoles, industrial equipment and other such devices in the global market.

Since the 1980s, we have been working to develop film-based touch sensors, applying the printing technology we have cultivated over the years to form transparent conductive patterns on transparent film. We have expanded our business domain by continuously working to develop cutting-edge products, launching resistive-type touch sensors in the 1990s and capacitive-type touch sensors in the 2000s.

More recently, in 2012, we successfully developed capacitive-type touch sensors using a photolithography process, and we began supplying competitive touch sensors corresponding to market trends, such as ones with advanced optical characteristics and ultrafine patterning while still featuring thin, light and durable film. Our production system is built around three plants to handle the vigorous demand: Our Himeji Plant in Hyogo, our Kaga Plant in Ishikawa and our Tsu Plant in Mie, all of which possess world-class production and quality control capabilities.

Acceleration of new product development and expansion of target markets

Our current challenge is an overdependence on a business domain, that is to say a product and target market, in a specific field. Our capacitive-type touch sensors made using a photolithography process account for the majority of our net sales, while the target market is the consumer electronics market, which is marked by heavy fluctuations in product demand

and short product life cycles.

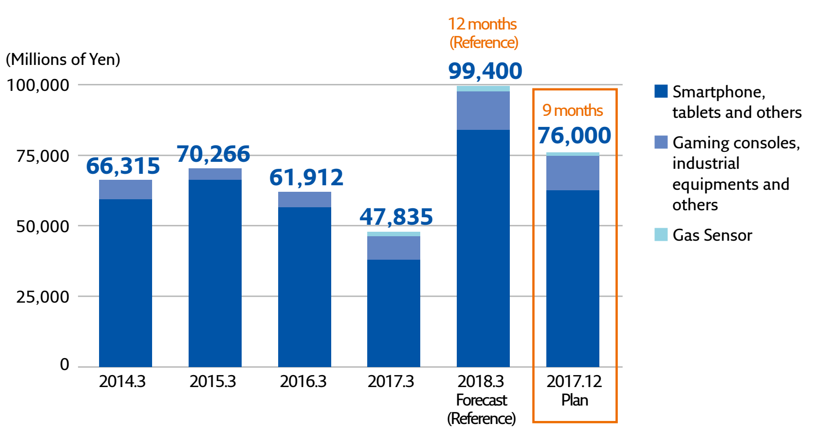
For that reason, the Fifth Medium-term Business Plan (FY2016.3 - FY2018.3) launched in April 2015 calls for promoting development of new products to succeed touch sensors and expansion of other markets besides the consumer electronics market, including industrial equipment, medical treatment, healthcare, housing and automotives.

Promising new products include our force sensors that detect strength and weakness of the pressure being applied, our gas sensors that detect exhaled air and other gases and our wireless sensor network products developed in anticipation of future growth of the IoT (Internet of Things) market.

To expand our target markets, we will need to secure new sales channels and continue developing a supply chain tailored to target market characteristics and customer needs, including promoting the supply of products in the form of modules that combine touch sensors, our main product, with cover glass, displays and other peripheral components. In fiscal year ended March 31, 2017, we saw specific results in line with our strategy, including acceptance of orders for game console and industrial equipment touch sensors as module products paired with peripheral components. Consolidated sales in the field of devices for game consoles and industrial equipment grew substantially compared to fiscal year ended March 31, 2016.

Business results in fiscal year ending December 31, 2017 are expected to recover significantly as new large-scale orders transition to the mass production phase. Production capacity increased greatly thanks to capital investments made in fiscal year ended March 31, 2017, so we have already finished our preparations to respond to vigorous demand. However, we believe that the period in which our main product is going strong is precisely the time to quickly and precisely execute our next growth strategy. We hope to increase the depth of our business, accelerating new product development and expanding the target markets while being sensitive to ever-changing market needs.

Trends in Net Sales by Field



We have changed a method of translating performance of overseas subsidiaries and others from FY2017.3 (spot rate → average rate). In this graph, the figures of FY2016.3 is the results by the method before change (Not reflected the retroactive application).


※The photo is an image

Life Innovation

Business Description #03 | Life Innovation

Full-scale entry into the medical devices field through acquisition. We are working to expand our business domain into the medical market using the Graphic Controls Group as a stepping stone.

Executive Vice President
General Manager of Life Innovation Business Unit

Daisuke Inoue

New business seeking to contribute to healthy, fulfilling lifestyles

The Life Innovation Business is a new business that aims to contribute to healthy, fulfilling lifestyles by providing high-quality, high value-added products in the medical equipment and related fields.

In September 2016, we acquired US-based Graphic Controls Group, a medical devices and consumables manufacturer, and made it a subsidiary. With this, we acquired a product line in the medical devices field and a global sales channel. This company produces and sells its own brand of products and engages in contract production for major medical equipment manufacturers in North and Central America and Europe. The Graphic Controls Group was founded in 1909 as a printing company involved in industrial recording paper. Through product development and market cultivation, it has since established a market position within the medical devices field. Today it continues its business of printing medical and industrial recording paper, tickets and other materials. Its start as a printing company and path of growth through diversification and reorganization of its business mirrors our own history of growth. There are also many things in common when it comes to our core technologies. For example, the main products such as disposable electrodes and surgical instruments for medical institutions feature processing technologies like electrode pattern forming and precision injection molding.

Full-scale entry into the medical equipment field

Our Fifth Medium-term Business Plan (FY2016.3 - FY2018.3) sets forth a Medium-term Vision of reorganizing our business portfolio. In addition to breaking free from our over-dependence on the con-

sumer electronics field, which is marked by rapid changes in the business environment, it aims for expansion into business fields of a different nature where there will be long-term stable growth on a global scale. From this standpoint, we have made medical devices and consumables a key field and have engaged in relevant research and investigative activities.

It is against this backdrop that the Graphic Controls Group was acquired and made a subsidiary, and it has become a core business company in the Life Innovation business. The Graphic Controls Group contributed to consolidated results for four months in fiscal year ended March 31, 2017, and it opened a Kobe research office within the KOBE Biomedical Innovation Cluster in Japan for the purpose of studying business opportunities in the medical devices field. In these and other ways, we have proceeded with preparations for full-scale entry into the medical equipment field. In fiscal year ending December 31, 2017, the Graphic Controls Group will contribute to full-year business results, so the net sales of the Life Innovation business are expected to increase substantially. In April 2017 we obtained a Type 2 Medical Devices License and put together the quality and safety control system necessary for developing our medical devises and cnsumables business in Japan. In the months and years ahead, we will roll out the medical devices business of the Graphic Controls Group in Japan and fuse its technology with our core technologies to develop new products. We believe that the Life Innovation business will contribute to healthy, fulfilling lifestyles as our fourth business unit.

About Graphic Controls

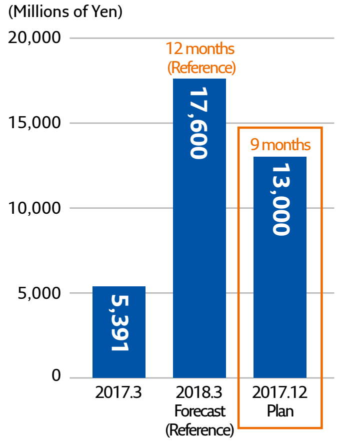
Founded	1909
Performance (FY2016, ended December 2016)	*Net Sales 15,246 millions of yen EBITDA 2,705 millions of yen (EBITDA Ratio: 13.6%) *¥110/$
Main Bases	USA (Headquarters, sales, production), Canada (Sales), UK, Germany, Austria, France (Sales, production), Dominican Republic (Production), Belgium, Poland (Sales)
Employees	Approximately 1,010 (As of March 2017)
Business	Medical Devices, Business Media

Composition ratio of Sales in the medical devices field

■ OEM products : Approx.75% ■ Own brand products : Approx.25%

Net sales

2017.3 : consolidated 4 months
2017.12 : consolidated 9 months



Business Description #04 | **Information & Communication**

We aim to improve profitability by expanding the size of our business.

Nissha Printing Communications, Inc
Representative Director
Shunji Murase

Providing total support for the communication strategies of our corporate customers

The Information and Communication Business supports the marketing strategies and the general communication strategies of our customers, like advertising and sales promotions. We do this by offering a wide range of products and services, including printing for publishing, printing for business, sales promotions, web-based solutions and digital archives.

The origins of our business lie in high-quality photographic printing. At the time of our founding, we found a new way in the uncharted field of high-quality photographic printing and became widely known as the company to go to for such printing. Our high quality manufacturing capabilities we cultivated in producing painting and photograph collections, which require advanced color reproduction, were later expanded into the fields of commercial printing and sales promotions, and in recent years we have begun providing broad support for various communication-related challenges faced by our customers by combining our offerings with new media like web solutions.

However, the business structure has not changed significantly as print media, including publishing and commercial printing, still accounts for the bulk of our net sales. The market of the Information and Communication Business is Japan, but the market for print media itself, which is also called paper media, is on the decline due to limiting and streamlining of corporate advertising expenses and the transition to digital media such as the Internet and social media. As such, fierce competition for orders has resulted in continued declines in profitability. To improve the profitability of the business, we believe that in addition to cost restructuring, it is important to increase sales by expanding our lineup of

products and services that offer higher customer satisfaction.

Aiming for higher business profitability by expanding sales

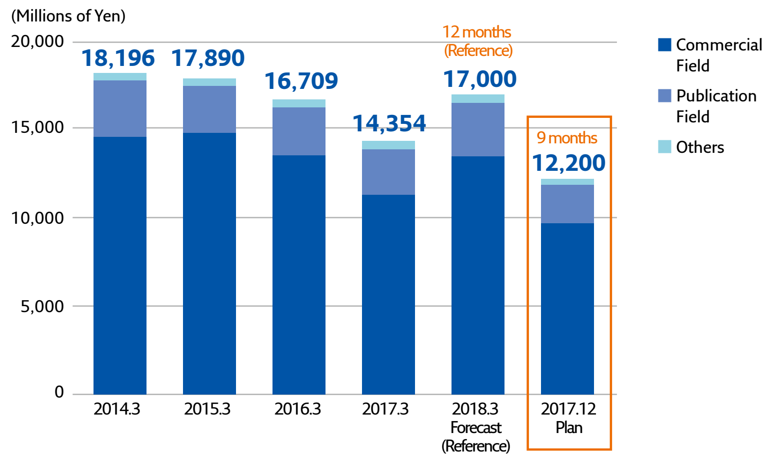
Under our Fifth Medium-term Business Plan (FY2016.3 - FY2018.3), which was launched in April 2015, we have promoted more precise management of profitability at the project level and cost restructuring through reduction of manufacturing and variable costs.

On July 1, 2015, our Information and Communication Business was split off into Nissha Printing Communications. Since the split-off, our sales department has been more closely managing profitability at the project level, and our production department has developed a production system that flexibly adapts to fluctuations in demand. In these and other ways, the speed of our business management continues to improve. Moreover, in April 2016 we began a production tie-up with Kyodo Printing, who is the major player in the industry. Outsourcing of mass production of projects we have landed to Kyodo Printing has begun in earnest. The companies will develop a production system optimized according to demand, establish a quality control system and promote further collaboration in purchasing activities and distribution operations.

In fiscal year ending December 31, 2017, we will continue our cost restructuring efforts and aim to improve profitability by expanding the size of our business or, in other words, restoring sales. Our sales department must accurately identify customer demand.

At the same time, we must enhance our lineup of products and services to meet that demand. We believe that ensuring customer satisfaction through various products and services and creating profits by increasing sales will contribute to company-wide business results. This includes expanding our line of high-quality products that utilize advanced printing technology and bringing solution-oriented services designed to solve customer challenges to market.

Trends in Net Sales by Field



Through the fusion of our business we aim to provide new value that

Nissha's business domain includes all kinds of processing

Nissha was founded as a printing company, but as we have diversified our business, we have incorporated new technologies. Nissha technology today extends beyond "Printing technologies" covering ultrafine wire patterning to "Coating technologies" such as deposition, "Laminating technologies" such as pasting and transferring, "Molding technologies" such as injection molding and forming, and "Cutting technologies" that make precise punching possible. While these core technologies may be recognized as applied printing technologies, we believe it is more appropriate to group them under the broader concept of "Processing technologies".

Processing technology is the collective name we give to technology that creates some kind of added value by combining different materials and methods and is different from assembly, which simply entails putting parts together. By expanding the materials and methods we use, we have been transforming from a printing company into a processing manufacturer. I believe that enriching our processing technology will drive our growth.

The appeal of a processing manufacturer lies in the creation of unprecedented new value by changing combinations of materials and methods. At the same time, the weakness of a processing manufacturer is that anyone can imitate you if they just procure the same materials and methods (equipment). As such, the key to establishing a competitive advantage is having the technology for integration, allowing the combination of materials and methods and bringing some kind of originality to it. This is our definition of fundamental technology. Our fundamental technology can be broken down into the categories of "material design/evaluation" and "mechatronics".

To create new value, we have established the Nissha Technology Vision, which calls for understanding market demand and skillfully utilizing and applying our seven core technologies (five processing technologies and two fundamental technologies) to give shape to original Nissha products and services.

Director, Member of the Board
Senior Executive Vice President
Chief Technology Officer
Senior Director of Product and Business Development Office

Takao Hashimoto

Creating value to meet market demand

The Nissha Technology Vision shown in the figure on the right is a visual representation of the overall flow of how we listen to customer feedback, adapt our core technologies to already emerging market demand and provide new value that only Nissha can. The essence of technological development is to propose value from the customer's perspective such as manufacturing at dramatically lower costs or with processing accuracy that is an order of magnitude higher by combining the core technologies we possess. It is not creating demand that does not exist out in the world by drawing attention to our technology. It is ultimately the market or customer that determines value, so it is important that the product creates value that means something to the market and our customers.

I believe Nissha has the potential to continually provide the world with unparalleled technology if we keep taking up challenges utilizing the accumulation of processing technologies and the supporting fundamental technologies. As CTO, I am committed to fully promoting this and doing so in the timeliest fashion possible.

7 Core Technologies

Processing Technology

- Printing : Mass production of a material with the same shape and quality
- Coating : Formation of a thin membrane on paper or film
- Laminating : Formation of a material with two or more layers
- Molding : Formation of various shapes
- Cutting : Precise punching of fragile materials

Fundamental Technology

- Material Design and Evaluation : Design and evaluation of materials and components optimal for processing technologies
- Mechatronics : Specialized mechanical and electrical engineering for actualizing processing technologies

and technology strategies, only Nissha can deliver.

Vice President
Chief Strategy Officer
Director of Corporate Strategy Planning

Wataru Watanabe

Fusion of business and technology strategies

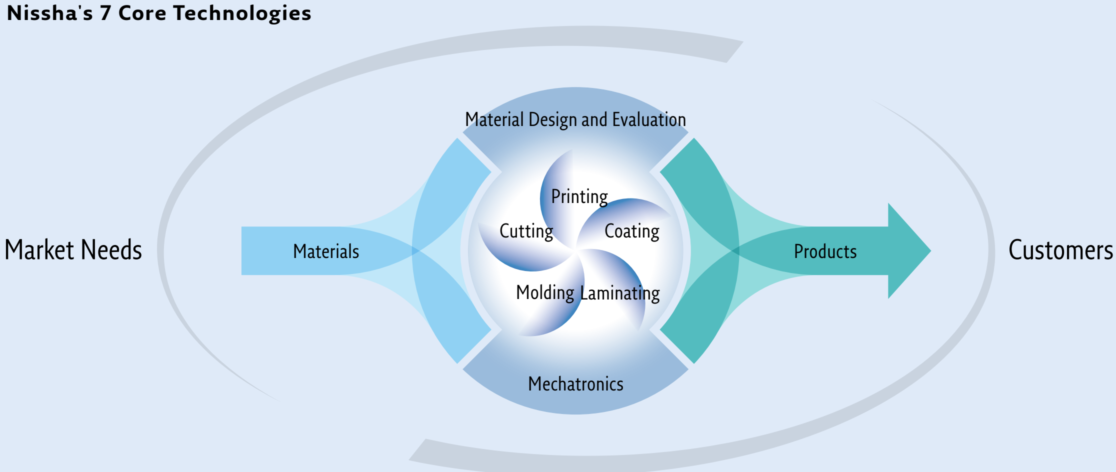
The three-year Fifth Medium-term Business Plan was launched in April 2015 and calls for Nissha to "acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets". The reorganization of our business portfolio is designed to create overall balance by continuing to grow our business in the rapidly changing consumer electronics (IT) field while also expanding into fields where stable growth is expected. When the business strategy aims to expand into fields other than IT, the technology strategy must acquire the skills and resources necessary to achieve that expansion. Fusing our business and technology strategies allows us to create a new product development strategy that outlines what we will focus on and enables us to narrow down where we will differentiate ourselves from our competitors accordingly. At the root of this is the Nissha Technology Vision, which is based on market demand.

Nissha achieved business globalization riding the wave of growth in the IT field that emerged in the latter half of the 1990s. Today, we are working on diversification of our business (products and markets) while shifting the focus of our growth efforts to other fields. Nissha's value proposals and the way we capture market demand are also changing.

Up until now, the IT field has been our main theater of operations, and we have captured demand by focusing on value proposals based on miniaturization and thinner design. In other words, in the IT field, if you can make the product even 0.1 mm smaller or thinner, customers will rate it highly, and Nissha's value proposals targeted that demand.

On the other hand, under the Fifth Medium-term Business Plan, we have been expanding into the three fields of automotive, medical devices and printing-related materials as new key fields to provide balance with the IT field. Customers in these three fields tend to

Nissha's 7 Core Technologies



emphasize durability, reliability, safety and peace of mind over having smaller, thinner products. As such, we have to identify what added value to deliver to the customer and what specs they are looking for.

Means of new product development

If entering a new field with no knowledge of the market and no ability to assess demand or the required technology, going into it with only your own technological developments would increase the uncertainty. For Nissha to attempt to create new market demand in such unknown territory is even more difficult. We believe that incorporating a business foundation through M&A is effective for entering a new field. Developing a business around a single need or technology is impractical, so we believe that it is necessary to assimilate clusters of needs, technical foundations and customer bases from the outside and accumulate in-house technology based on them. Consistency with the Nissha Technology Vision for the future is necessary in this case as well.

From the standpoint of business strategy, we emphasize the method of capturing a step up through M&A and then taking the next step on a solid foundation rather than making the uncertain attempt of creating demand from scratch. If the mission and means expected for new product development do not line up, development will be very random, so you cannot expect sustainable growth. It is important to allocate resources to highly practical means according to the mission.

The purpose behind my involvement in new product development as CSO is to promote fusion between our business and technology strategies, and we hope to obtain the best results through optimal resource allocation from a company-wide perspective.

Construction of Nissha Innovation Center Kyoto
in Global Headquarters premises aiming to create new value

Image of completed facility

Nissha has built a research and technology development base in the premises of its Global Headquarters (Kyoto), provisionally named Nissha Technology Center Kyoto. Full-scale construction work started in January 2017 toward scheduled completion in February 2018.

Nissha Innovation Center Kyoto will be an urban hub of research and technology development for the approximately 500 researchers and engineers employed at various locations within the Global Headquarters. The environment-friendly, highly versatile, and sophisticated facility seeks to speed up development of new products and businesses and create new value for customers.

Nissha Innovation Center Kyoto is set to consolidate the advanced research and technology development assets of the Nissha Group toward realizing the Nissha Technology Vision. Through the fusing of Nissha's core technologies with new technologies, Nissha intends to continue its efforts in innovation from the customer's perspective and create new value in global markets.

Executive Board

Directors, Member of the Board

Junya Suzuki, MA

- President and CEO
- Chairman of the Board

Takao Hashimoto

- Director, Member of the Board
- Senior Executive Vice President
- Chief Technology Officer
- Senior Director of Product and Business Development Office
- Director of Medical Management Office

Hayato Nishihara

- Director, Member of the Board
- Senior Executive Vice President
- Chief Financial Officer
- Senior Director of Human Resources, General Affairs and Legal Affairs

Yoshiharu Tsuji

- Director, Member of the Board

Tamio Kubota, MBA

- Independent Director, Member of the Board

Kenji Kojima, MBA

- Independent Director, Member of the Board

Sawako Nohara

- Independent Director, Member of the Board

Kazuhito Osugi, MBA

- Independent Director, Member of the Board

Audit and Supervisory Board Members

Hitoshi Konishi

- Audit and Supervisory Board Member

Yasuro Nonaka

- Audit and Supervisory Board Member

Shigeaki Momo-o, Attorney-at-law

- Independent Audit and Supervisory Board Member

Yusuke Nakano, Certified Public Accountant

- Independent Audit and Supervisory Board Member

Vice Presidents and Corporate Officers

Takuji Shibata

- Executive Vice President
- Chief Production Officer
- Senior Director of Total Quality Management Office

Hisayuki Ito

- Executive Vice President
- General Manager of Industrial Materials Business Unit
- Senior Director of Business Integration Strategies

Daisuke Inoue, MBA

- Executive Vice President
- General Manager of Devices Business Unit
- General Manager of Life Innovation Business Unit

Ryomei Omote

- Senior Vice President
- Senior Director of Devices Business Unit, Development and Engineering
- Product and Business Development Office, Engineering

Hidenori Yamaguchi, Ph.D.

- Senior Vice President
- Chief Quality Officer
- Senior Director of Industrial Materials Business Unit, Quality

Yoshitami Aoyama

- Senior Vice President
- Chief Information Officer
- Senior Director of Corporate Supply Chain Management

Bart Devos, Ph.D., MBA

- Senior Vice President
- Senior Director of Industrial Materials Business Unit, AR Metallizing Group
- Chief Executive Officer, AR Metallizing N.V.

Sam Heleba, MBA

- Senior Vice President
- Senior Director of Life Innovation Business Unit, Graphic Controls Group
- Chief Executive Officer, Graphic Controls Holdings, Inc.

Masaya Ueda, Ph.D.

- Senior Vice President
- Senior Director of Industrial Materials Business Unit, Business Strategy Planning and Development

Yutaka Nishimoto

- Vice President
- Senior Director of Devices Business Unit, Production and Procurement
- Representative Director, Nitec Precision and Technologies, Inc.

Wataru Watanabe, MBA

- Vice President
- Chief Strategy Officer
- Director of Corporate Strategy Planning
- Senior Director of Investor Relations
- Product and Business Development Office, Strategy and Customer Relationship Management
- Director of Secretary's Office

Hisashi Iso

- Vice President
- Senior Director of Devices Business Unit, Customer Relationship Management and Module Products

Masaru Terashita

- Vice President
- Senior Director of Industrial Materials Business Unit, Customer Relationship Management, Business Promotion, Global Production Strategy

Keiji Kishi

- Vice President
- Director of Product and Business Planning

Atsushi Sugihara, MBA

- Vice President
- Senior Director of Industrial Materials Business Unit, Project Engineering and PSI

Nissha works to ensure sustainable growth and improve corporate value in the medium to long term by maintaining and improving our corporate governance.

Aiming to Improve Corporate Value in the Medium to Long Term

Since our founding, we have implemented strategies that precisely address changes in the management environment under the strong leadership of our management. We believe that strengthening corporate governance along with this leadership will promote swift and bold decision-making, allowing us to ensure transparency and fairness in management.

Accordingly, we view corporate governance as a top management priority and work to ensure sustainable growth and improve corporate value in the medium to long term by maintaining and improving our corporate governance.

Developing an Efficient Governance Structure

We aim to achieve truly effective corporate governance that contributes to quick and bold management decisions, not stopping at a governance structure that is merely form-based. Our corporate governance structure has the characteristics outlined below.

Board of Directors Capable of Lively Discussions

Our board of directors consists of eight directors, including four independent directors. An outside perspective is incorporated in management, and the small group engages in lively discussions. At the same time, they work to ensure balanced management by allotting time to matters according to importance as they move through the proceedings.

Before especially important matters such as management plans and large-scale M&A projects are brought up for resolution, they are deliberated on several times as matters to be reported in order to discuss them sufficiently. For that reason, matters to be reported account for 55% of the agenda at meetings of the board of directors (figure based on the fiscal year ended March 31, 2017). In order for the board of directors to sufficiently exercise their monitoring function, it has been decided that reports are to be provided on the situation following execution of large-scale M&As, capital investments, joint ventures and other such projects after a certain amount of time has passed.

Increasing the Diversity of Executives

We believe that putting together a team of executives that possess a diverse range of skills is effective for adapting flexibly to changes in the management environment and improving corporate value in the medium to long term.

As noted above, independent directors make up half of our board of directors. Our independent directors possess a wide range of experience and expertise in fields such as corporate management, governance, business strategy, financial economics, IT and macroeconomics, and their knowledge is put to use in the management of the Company. Additionally, there is balance when it comes to term lengths, with some directors having served on the board for many years and some having been brought on more recently.

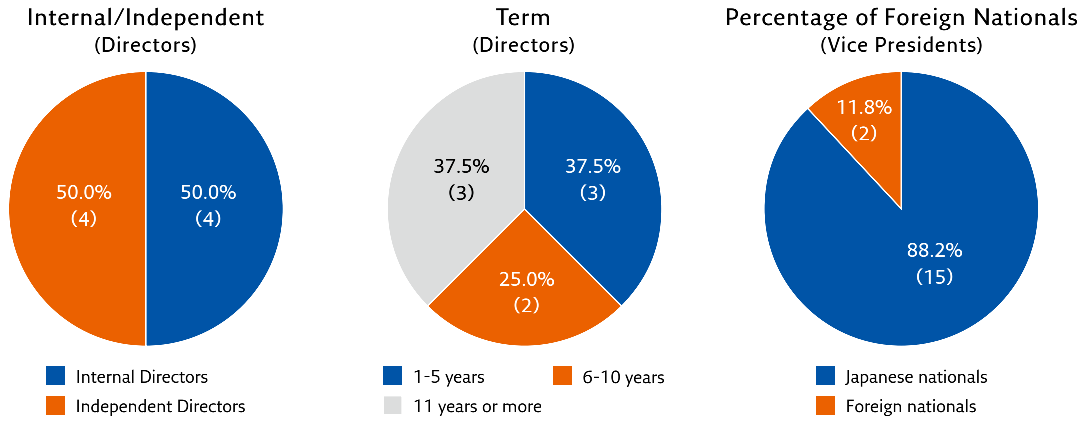
The Audit and Supervisory Board is comprised of four members: two statutory auditors and two independent auditors. Our independent Audit and Supervisory Board members are certified accountants and lawyers, and their advanced expertise is utilized in audits.

Two of our vice presidents in charge of business execution are foreign nationals. These are just some of the examples of how we are promoting diversity. (See Figure 1 on the next page.)

Hand in Hand with Our Shareholders and Investors

Our shareholders and investors objectively evaluate our corporate value and provide us with various suggestions for management. From this standpoint, we do not simply provide the timely and appropriate information disclosure of a listed company but take it upon ourselves to engage in proactive investor and shareholder relations, including having management engage in direct dialog with shareholders and investors. In fiscal year ended March 31, 2017, President and CEO Junya Suzuki held four quarterly financial briefings for institutional investors, about 60 individual talks with institutional investors in Japan and other countries and one business briefing for individual shareholders.

(Figure 1) Diversity of Executives Capable of Responding Flexibly to Changes in the Business Environment



Director Knowledge, Experience, etc.

- Overseas work experience ········· 50.0% (4)
- Work experience at other companies ········· 75.0% (6)
- Management-related master's degree holders ········· 50.0% (4)
- Women ········· 12.5% (1)

Knowledge of Independent Directors

- General corporate management
- Corporate governance
- Management/business strategy
- General finance and accounting
- IT
- Macroeconomics

Further Strengthening of Governance Structure Based on the Meaning of the Corporate Governance Code

In 2015, the Corporate Governance Code was established in Japan. We established our Basic Policy on Corporate Governance in October 2015 based on the spirit of this code and are working to further improve our governance.

Establishment of Nominating and Remuneration Committee (October 2015)

We established a Nominating and Remuneration Committee to ensure objectivity and fairness in appointment of directors and members of the Audit and Supervisory Board and in director remuneration. The Nominating and Remuneration Committee deliberates on the matters below referred to it by the board of directors and reports back to the board.

- Director and Audit and Supervisory Board member selection criteria
- Director and Audit and Supervisory Board member candidate proposals
- Basic policy on director remuneration
- Director remuneration

The committee is comprised of six members, four of which are independent directors, and the knowledge of these independent directors is utilized in management.

Launch of Board of Directors Effectiveness Evaluations (April 2016)

Since April 2016, we have conducted annual analyses and evaluations of the Board of Directors from the previous year as a means of evaluating the effectiveness of the board of directors. Questionnaires are given to the directors and Audit and Supervisory Board members, and the board of directors discusses improvement measures based on the results of analyzing the answers. We work to improve the effectiveness of the board of directors by implementing a PDCA cycle.

Introduction of Performance-based Stock Compensation Trust for Directors and Vice Presidents (September 2016)

We have adopted a performance-based stock compensation plan for directors (excluding independent directors but including some directors of our subsidiaries) and corporate officers. The stock compensation trust system provides stock in the Company through a trust based on performance, and by having our directors experience together with our shareholders not only the benefits of a rise but also the risks of a decline in share prices, the system aims to increase awareness in directors of the importance of improving business results and enhancing the Nissha corporate value over the medium to long term.

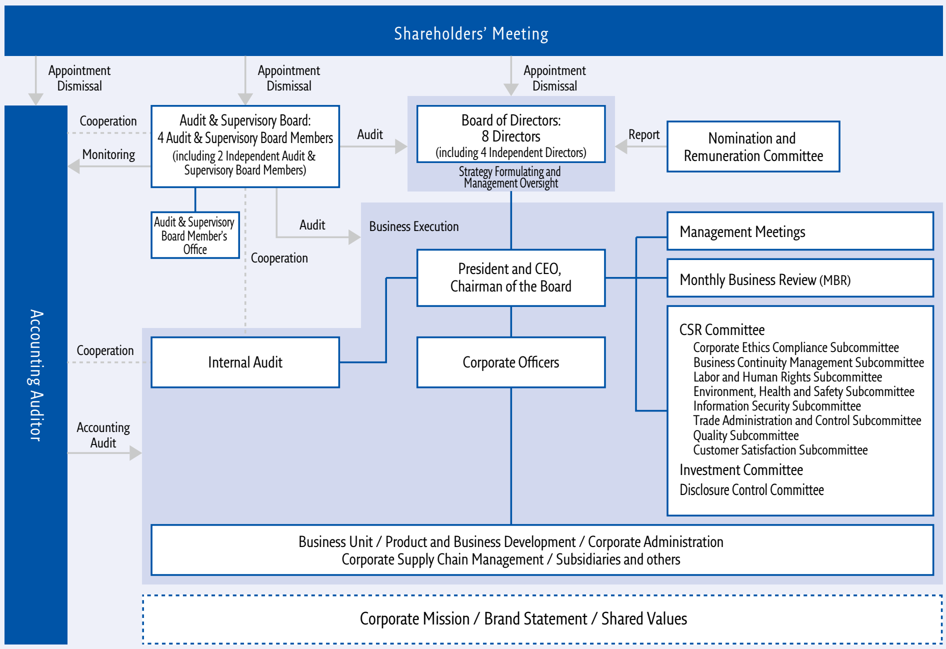
Developing a Global Governance Structure

We have been implementing an aggressive M&A strategy in the aim of entering fields where growth is expected on a global scale in order to achieve growth through the reorganization of our business portfolio as set forth in the Fifth Medium-term Business Plan. As a result, the number of overseas facilities within our Group has increased substantially, and the relative importance of our overseas businesses has also grown. Developing a global governance structure is more important than ever.

When the Nissha Group conducts an M&A, we consider it important that the management of the acquired company continue to serve in that capacity after the acquisition and put swift management decisions and risk management into practice according to the business environment of each company. At the same time, we maintain and improve both the group-wide governance structure and internal control by such means as having top management of major subsidiaries serve simultaneously as our corporate officers. Based on this approach, the CEOs of the AR Metallizing Group, which was acquired and made a subsidiary in August 2015, and the Graphic Controls Group, which was acquired and made a subsidiary in September 2016, were named senior vice presidents in April 2017.

We believe that corporate governance is key to improving corporate value and will continue working to enhance it accordingly.

Corporate Governance Structure



●Adoption of organizational design as company with audit and supervisory board

We have adopted the "Company with Audit and Supervisory Board" corporate governance system under the Companies Act of Japan. In addition to oversight of important management decisions made by the Board of Directors and of the execution of director duties, having auditors and an Audit and Supervisory Board that are independent from the board of directors serves to maintain and improve the effectiveness of the monitoring and checking functions.

●Adoption of corporate officer system

This system separates the strategy development and business oversight functions of the Board of Directors from the business execution function of the corporate officers. As the chief executive officer (CEO), the president is responsible for overall business execution, and the vice presidents are in charge of proposing items to execute and executing them under the command and order of the president.

●Development and implementation of internal control system

We have set forth a Basic Policy on Internal Control and established a system for ensuring the appropriateness of operations. In addition to the establishment of a CSR Committee and a Disclosure Control Committee chaired by the president and CEO, we have an Internal Audit Office under the direct control of the president and CEO that conducts audits and analyses/evaluations of the Group's internal control system and provides recommendations for making improvements.

●Implementation of risk management

Risk management is implemented by subcommittees within the CSR Committee. Risks to be addressed are defined as "events with the potential to hinder achievement of the Nissha Group's corporate mission." We reduce all possible risks and handle those risks that become manifest.

We have appointed four independent directors who possess a wealth of knowledge, experience and expertise in their respective fields, and are promoting diversity in our Board of Directors.

Nissha is promoting diversity among our directors and working to revitalize the board of directors. Our board of directors currently consists of eight directors, including four independent directors. Our independent directors satisfy the "Standards for Independence of Independent Officers" set forth by our Board of Directors in addition to the requirement of Companies Act. They have corporate management experience at other companies and possess a wealth of knowledge as researchers of corporate governance and management strategy, and expertise in their respective fields, including business strategy, IT and macroeconomics. The major activities of and reasons for election of the Indepedent Directors are provided below.

Tamio Kubota

Mr. Tamio Kubota attended all of the 17 meetings of the Board of Directors held during the fiscal year ended March 31, 2017. He has given valuable advice and opinions from his point of views as a corporate manager across the whole range of the Company's management, making the most of his international knowledge, broad experience as a manager or an auditor and supervisory board member in other companies and the excellent insight he has gained through such experience. He has duly performed his duties, such as the supervision of the execution of operations. We ask for his election so that he may continuously serve as an Independent Director, Member of the Board, since we judge that he will continue to give his valuable counsel from an independent point of view across the whole range of the Company's management.

Kenji Kojima

Mr. Kenji Kojima attended all of the 17 meetings of the Board of Directors held during the fiscal year ended March 31, 2017. He has given valuable advice and opinions across the whole range of Company's management, making the most of his deep knowledge as a researcher in corporate governance and corporate strategy, and also his rich experiences in developing businesspersons at the Kobe University Graduate School of Business Administration MBA program. He has duly performed his duties, such as the supervision of the execution of operations. We ask for his election so that he may continuously serve as an Independent Director, Member of the Board since we judge that he will continue to give his valuable counsel from an independent point of view across the whole range of the Company's management.

Sawako Nohara

Ms. Sawako Nohara attended 16 of the 17 meetings of the Board of Directors held during the fiscal year ended March 31, 2017. She has given valuable advice and opinions from a corporate manager's perspective across the whole range of the Company's management, making the most of her profound knowledge of the Internet business, broad experience as a corporate manager, director, and an auditor and supervisory board member in other companies, and excellent insight gained through such experience. She has duly performed her duties, such as the supervision of the execution of operations. We ask for her election so that she may continuously serve as an Independent Director, Member of the Board, since we judge that she will continue to give her valuable counsel from an independent point of view across the whole range of the Company's management.

Kazuhito Osugi

Mr. Kazuhito Osugi attended all of the 13 meetings of the Board of Directors held during the fiscal year ended March 31, 2017 after his inauguration in June 2016. He has given valuable advice and opinions across the whole range of the Company's management, making the most of the deep insight in the field of finance he has cultivated in the Bank of Japan over the years. He has duly performed his duties, such as the supervision of the execution of operations. We ask for his election so that he may continuously serve as an Independent Director, Member of the Board since we judge that he will continue to give his valuable counsel from an independent point of view across the whole range of the Company's management.

Free, robust discussions take place at meetings of the Board of Directors, covering matters that involve risks. Nissha's challenge is to ensure effectiveness of the PMI (Post Merger Integration) process and pursue synergy.

Independent Director, Member of the Board

Tamio Kubota

April 1972	Entered The Dai-Ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.)
June 1979	Completed MBA, Yale School of Management, Yale University, USA
January 2001	General Manager, International Credit Supervision Division, The Dai-Ichi-Kangyo Bank, Limited
April 2002	Entered TOKYO LEASING CO., LTD. (currently, Tokyo Century Corporation)
June 2006	Representative Director of the Board and Senior Executive Officer
June 2007	Senior Executive Officer
June 2007	Independent Director, Member of the Board, the Company (present post)
June 2008	Independent Audit and Suppervisory Board Member, Takashima and Co., Ltd. (full-time)

Evaluation of Nissha Board of Directors

With one scandal after another emerging in companies that heretofore were rated as leaders in corporate governance, I realize more keenly than ever that building a handsome framework is no good at all without effective controls in place in the course of day-today operations.

Since 2015, Nissha has reviewed the requirements of Japan's Corporate Governance Code and rectified a few noncompliant items through discussion at meetings of the Board of Directors. Here again, the question is whether or not these items are operated effectively. In this respect, Nissha' s meetings of the Board of Directors have included not only Directors and Independent Directors but also the persons presenting specific proposals. This has been the case since before the introduction of the Corporate Governance Code, and I feel that the practice of reporting, coordinating, and consulting about matters that involve risks is well established in the corporate culture. Judging also from the free, robust discussions that take place at the meetings, I feel that the Board of Directors is highly effective.

Matters to Be Addressed in the Sixth Medium-term Business Plan

The Fifth Medium-term Business Plan, which started in April 2015, produced poor financial results in the second year. Certain factors were beyond the company's control, such as volatile exchange rates and shifting customer demand. Yet the Nissha profit structure also relies heavily on Devices. This mainstay business both suffered a plunge in demand and required prior investment for orders in the following year, leading to a drop in year-on year financial performance. This demonstrates that Nissha's greatest concern is redressing its heavy reliance on a single business segment.

Nissha's direction in the next medium-term business plan will likely remain the same at a basic level. In the Fifth Medium-term Business Plan, the company achieved its goal of expanding into the metallized paper and medical devices fields through large M&A deals overseas. This much is certainly an accomplishment. Its challenge in the Sixth Medium-term Business Plan and beyond is to ensure effectiveness of the post-merger integration (PMI) process so that these newly acquired companies may contribute to improvements in the earning capacity of the Nissha Group.

Challenges in Global Management

Amid little hope for market expansion and a limit to pursuing growth of existing businesses, acquisitions of and tie-ups with the other companies continue to be an important option. Also, since a large share of demand for Nissha products comes from outside Japan, the company needs to improve its resilience against exchange rate fluctuations through M&A activity abroad and the promotion of local production for local consumption.

Thus far, the process of deliberating on M&A deals has involved surveys and analyses performed by internal divisions and at the managerial level. The results are then presented to the Board of Directors for discussion covering a broad range of topics: the validity of the acquisition and potential synergy in the context of the group strategy, forecasting of future profitability, rigorous assessment of assets (particularly hidden debts and the details of subsidiary assets), competence of the target company's leaders and retaining of key personnel, local legal and accounting systems, and local management and extent of intervention by Nissha Global Headquarters after closing the deal. Our ultimate aim has been to avoid paying an unreasonably higher price than the intrinsic value of the target company. I believe this is a sound deliberation process.

M&A transactions with companies abroad have expanded the Nissha business foundation into Asia, the Americas, and Europe. Group management after acquisition, now and then comes up against differences in areas like regional industry trends, management, labor market, language, and culture. The ideal scenario for Nissha is to respect the acquired company's independence while promoting communication between Global Headquarters and subsidiary, focusing on PMI, and maximizing synergy.

Evaluation of Nissha Board of Directors (Five-scale Rating)

Overall evaluation	Composition	Role	Operation
4	5	3	4
Taking into account the three items at right, what is your overall evaluation of the Nissha Board of Directors?	Does the Board comprise an appropriate number of members, and is diversity ensured?	Does the Board appropriately deliberate on formulation of strategies and oversee execution of business?	Are agenda items and information shared appropriately? Does the Board convene frequently enough, and is time used wisely?

Nissha needs to do two things: improve the organizational capabilities of the Nissha Group overall, and build a new regional portfolio and strategic assets portfolio from a global perspective.

Independent Director, Member of the Board

Kenji Kojima

April 1970	Entered Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)	January 1993	Visiting Researcher, Harvard University, Economics Department, USA
June 1975	Completed MBA, Kellogg School of Management, Northwestern University, USA	May 1999	Professor at Research Institute for Economics & Business Administration, Kobe University
March 1979	Acquired PhD, Kobe University Graduate School of Business Administration	June 2008	Independent Director, Member of the Board, the Company (present post)
March 1985	Visiting Researcher, Yale School of Management, Yale University, USA	April 2012	Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University (present post)
September 1988	Visiting Researcher, Stanford University, Electrical Engineering Department, USA		

Evaluation of Nissha Board of Directors

In order to achieve the reforms in corporate governance structure and function that are under way at Japanese companies, an important role of a Board of Directors is to appropriately carry out the three oversight functions given below.

First, check if business execution performed by the management (corporate officers) serves the interest of stakeholders effectively for the purpose of creating corporate value. Second, check that the management responsible for business execution is taking action in compliance with legislation and its articles of incorporation. And third, check that the management appropriately fulfills its accountability by disclosing necessary information that satisfies a certain level of consistency, continuity, and transparency.

The Nissha Board of Directors carries out all of these oversight functions to a certain level, and has steadily made improvements over the previous year. In future, I believe it needs to draw on the knowledge and insight of Independent Directors while further reinforcing the capabilities of the management so as to swiftly share accurate information and appropriately fulfill its accountability.

Matters to Be Addressed in the Sixth Medium-term Business Plan

In the Fifth Medium-term Business Plan, which started in April 2015, Nissha has worked to deliver on the reorganization of its business portfolio through a number of core growth strategies. One of them, "growth using M&A," has progressed according to plan and seen solid results. The others, centering on internal growth, however, appear unlikely to be achieved according to the initial plan. This indicates a shortfall in the organizational capabilities necessary for adapting effectively and efficiently to a reorganized business portfolio.

Further improvement in the organizational capabilities of the Nissha Group overall is a key challenge to be carried over into the Sixth Medium-term Business Plan. The organizational capabilities required even more strongly moving forward are accurate understanding of changes in the business environment, the drive to promptly respond to those changes, and the tenacity to achieve targets. In my view, the capabilities of upper management, particularly department directors and higher-level personnel, do not quite meet the required standards. It should perform a fundamental review of the traditional thought and action framework, and take the initiative in a reorganization based on clear understanding of the contents and standards required. Middle management should understand the details and methods of strategy execution assigned to it, share this with employees, and ensure that personal challenges and targets are steadily being met.

Challenges in Global Management

Nissha is at a new stage of corporate growth where it is required to promote reforms swiftly and continuously in line with the changes toward global management. To this end, the company needs to build a regional portfolio and a strategic assets portfolio from a global perspective to accompany the reorganization of its business portfolio. Awareness of this challenge should be the core of the corporate growth strategy in formulating and executing the Sixth Medium-term Business Plan.

To do this, Nissha needs to accurately grasp the organizational capabilities of the entities that constitute its global business bases, and appropriately evaluate them from the perspective of global management. That is, Nissha should further reinforce and reshuffle its organizational capabilities, and by doing so, build an effective and efficient strategic assets portfolio based on a regional portfolio.

As I point out above, upper management and middle management should raise awareness of their roles and capabilities, take the initiative, and lead the action. This is a crucial challenge from the standpoint of global management as well.

Evaluation of Nissha Board of Directors (Five-scale Rating)

Overall evaluation	Composition	Role	Operation
5	5	4	4
Taking into account the three items at right, what is your overall evaluation of the Nissha Board of Directors?	Does the Board comprise an appropriate number of members, and is diversity ensured?	Does the Board appropriately deliberate on formulation of strategies and oversee execution of business?	Are agenda items and information shared appropriately? Does the Board convene frequently enough, and is time used wisely?

A bird's-eye view from the standpoint of the Independent Director is required at Nissha's meetings of the Board of Directors, where lively discussions and deliberations are held. To promote a reorganization of the business portfolio, it's important to engage specialized personnel and build a plan for human resources development.

Independent Director, Member of the Board

Sawako Nohara

December 1988	Entered Living Science Institute, Inc.
July 1995	Entered InfoCom Research, Inc.
July 1998	Head of the E-Commerce Business Development Group, InfoCom Research, Inc.
December 2000	Director, IPSe Marketing, Inc.
December 2001	Representative Director, President of IPSe Marketing, Inc. (present post)
June 2006	Independent Director, Member of the Board, NEC Corporation
November 2009	Project Professor, Keio University Graduate School of Media and Governance (present post)
June 2012	Independent Audit and Supervisory Board Member, Sompo Japan Insurance Inc.
June 2013	Independent Director, Member of the Board, NKSJ Holdings, Inc. (currently, Sompo Holdings, Inc.) (present post)
June 2014	Independent Director, Member of the Board, the Company (present post)
June 2014	Independent Director, Member of the Board, Japan Post Bank Co., Ltd. (present post)

Evaluation of Nissha Board of Directors

Nissha's meetings of the Board of Directors are a place for long, vigorous discussion, where Directors and Audit and Supervisory Members as well as Independent Directors and Independent Audit and Supervisory Board Members, in addition to Corporate Officers as necessary, exchange candid opinions on a variety of management topics. With the establishment of a Nomination and Remuneration Committee in October 2015, and the election of four Independent Directors in June 2016 for a board comprising an equal number of internal Directors and Independent Directors, Nissha continues to work actively toward strengthening its corporate governance structure.

Lengthy discussions are often held at meetings of the Board of Directors, posing the risk of weakening the independent standpoint of the Independent Directors and Independent Supervisory Board Members. In an effort to avoid this, I will carry on drawing on my independent position and presenting comments enthusiastically with a bird's-eye view.

Matters to Be Addressed in the Sixth Medium-term Business Plan

Nissha has entered the final year of its Fifth Medium-term Business Plan, covering the three-year period from April 2015. Owing to a shift in fiscal period, this year has only nine months, until December 2017. Yet the company has succeeded in entering into the new field of "Life Innovation" with the acquisition in September 2016 of the Graphic Controls Group, specializing in medical devices and consumables, following the acquisition in August 2015 of the AR Metallizing Group, offering the stable, profitable field of metallized paper and packaging materials. With one contracted year left to go, the major steps are complete for redressing overreliance on the IT field and promoting balanced management, and I believe the significant operational reforms central to the Fifth Medium-term Business Plan are progressing smoothly.

An important challenge to be addressed in the Sixth Medium-term Business Plan is further reorganization of the business portfolio. As opportunities rise for conducting M&A, and technology and product development, in industries and business segments where Nissha currently has little skills or connections, an ever stronger need will emerge to engage specialized outside personnel and foster internal human resources. To this end, it will be essential to build a tailored human resources development plan and career path program.

Challenges in Global Management

In consequences of robust M&A activities that took place abroad over the course of the Fifth Medium-term Business Plan, Nissha became a global corporate group with overseas sales accounting for more than 70%. This M&A activity is expected to continue in future, and I believe it will be important to establish a governance structure for overseas subsidiaries, and a risk management system for the global Nissha Group overall.

Evaluation of Nissha Board of Directors (Five-scale Rating)

Overall evaluation	Composition	Role	Operation
3	4	4	3
Taking into account the three items at right, what is your overall evaluation of the Nissha Board of Directors?	Does the Board comprise an appropriate number of members, and is diversity ensured?	Does the Board appropriately deliberate on formulation of strategies and oversee execution of business?	Are agenda items and information shared appropriately? Does the Board convene frequently enough, and is time used wisely?

The equal number of Directors and Independent Directors creates a healthy, constructive tension at meetings of the Board of Directors. Accurate identification of market needs and development of products through methods like open innovation are a central management issue.

Independent Director, Member of the Board

Kazuhito Osugi

April 1977	Entered the Bank of Japan
May 1984	University of Michigan, Graduate School of Business Administration (MBA)
November 1986	Economist, BIS (Bank for International Settlements)
June 1999	General Manager, the Bank of Japan Matsumoto Branch
May 2001	Deputy General Manager, the Bank of Japan Osaka Branch
May 2003	Senior Director, Industrial Revitalization Corporation of Japan
July 2005	Deputy Director- General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department
May 2006	Director-General, the Bank of Japan Internal Auditors' Office
April 2007	Director-General, the Bank of Japan Secretariat of the Policy Board
April 2009	Guest professor, Ochanomizu University
September 2011	Auditor, the Bank of Japan
October 2015	Advisor, Security Transport Business Division, NIPPON EXPRESS CO.,LTD. (present post)
June 2016	Independent Director, Member of the Board, the Company. (present post)

Evaluation of Nissha Board of Directors

In my view, the Nissha Board of Directors sufficiently fulfills the role expected of it from the standpoint of corporate governance. The equal number of internal Directors and Independent Directors creates a healthy, constructive tension at meetings of Board of Directors. At times a heated discussion goes on for hours, and quite often participating Corporate Officers leave with "homework" to be completed by the next meeting. These in-depth sessions always explore agenda items from various angles, making good use of the independent view provided by us Independent Directors.

My hope for the future is that the discussions will be held more efficiently in a limited amount of time toward further enhancing the effectiveness and productivity of the meetings overall.

Matters to Be Addressed in the Sixth Medium-term Business Plan

M&A activity is under way toward reorganizing the Nissha business portfolio, and I recognize that the Fifth Medium-term Business Plan, which started in April 2015, has progressed steadily thus far. With the globalization of Nissha business operations, risk management covering the entire group is a top management priority. To this end, I believe it was a very appropriate decision to unify the fiscal period to end on December 31 for all group companies.

Acquiring the Graphic Controls Group as a subsidiary, and thereby launching the new business segment of Life Innovation, was a remarkable achievement in the Fifth Medium-term Business Plan. For Nissha to expand further, it will be essential to continue developing products that meet market needs. Accurate identification of growth fields and precise selection of product development methods—M&A, open innovation, or in-house development—continue to be a central management issue.

Challenges in Global Management

The global economy appears to have moved beyond the long transition period following the "Lehman shock" and entered a new growth path.

So far as a company's investment decisions constitute a bet on expectations of future earnings, however, there is no eliminating the risk of uncertainty. And the key to global management under uncertainty is to hone the global outlook of all officers and employees. It's essential to maintain an open mind, view the world with keen curiosity, remain humble, and absorb the lessons provided by various events and situations.

On October 6, 2017, Nissha Printing Co., Ltd. was renamed Nissha Co., Ltd. Under such circumstances, continuous company-wide efforts are required to cultivate the global outlook that, I believe, push forward Nissha into the global market more than ever.

Evaluation of Nissha Board of Directors (Five-scale Rating)

Overall evaluation	Composition	Role	Operation
4	5	4	4
Taking into account the three items at right, what is your overall evaluation of the Nissha Board of Directors?	Does the Board comprise an appropriate number of members, and is diversity ensured?	Does the Board appropriately deliberate on formulation of strategies and oversee execution of business?	Are agenda items and information shared appropriately? Does the Board convene frequently enough, and is time used wisely?

CSR

We are promoting CSR from a global perspective in the aim of becoming a company that grows together with our stakeholders.

CSR

CSR is putting our corporate mission into practice

Our corporate mission states, "We are committed to pursuing a mutually trustful Co-existence with society through our business activities utilizing a unique technology development, based on Printing at the core," and we believe that achieving that mission is what CSR means for us. The specific method for achieving our corporate mission is expressed in our brand statement of "Empowering Your Vision."

We break CSR down into basic CSR and strategic CSR.

Basic CSR entails reducing CSR risks in areas like labor, human rights and the environment by developing a system for ensuring compliance with global codes of conduct like that of the EICC (Electronic Industry Citizenship Coalition) and customer CSR requirements. Basic CSR efforts are essential to being a company that customers choose in the global market.

Strategic CSR entails improving corporate value in the medium to long term by identifying materiality and promoting efforts to address those challenges. By solving social problems through business activities, strategic CSR efforts strike a balance between economic growth of the company and the creation of social value, leading to contribution to the achievement of a sustainable society.

Initiatives Incorporated Into Our CSR activities

We incorporate principles, frameworks and codes of conduct from global initiatives for the achievement of a sustainable society into our CSR activities. We identify materiality, promote activities and engage in reporting in accordance with these initiatives.

●United Nations Global Compact
In April 2012, our President and CEO signed the United Nations Global Compact and declared that we will actively model 10 principles relating to the four areas of human rights, labor, the environment and prevention of corruption.

●ISO 26000
We refer to ISO 26000, the international guidance standard for CSR, in our efforts and structure our reporting accordingly.

●EICC
We incorporate the EICC (Electronic Industry Citizenship Coalition) Code of Conduct into our activities within the area of basic CSR. We have management systems in place for labor, safety and health, environmental conservation and ethics, and we promote efforts within a scope that includes our supply chain.

●GRI (Global Reporting Initiative)
Our annual CSR Report conforms to the Global Reporting Initiative guidelines for international sustainability reporting.

(The 2017 edition conforms to GRI standard)

Promotion of CSR based on management systems

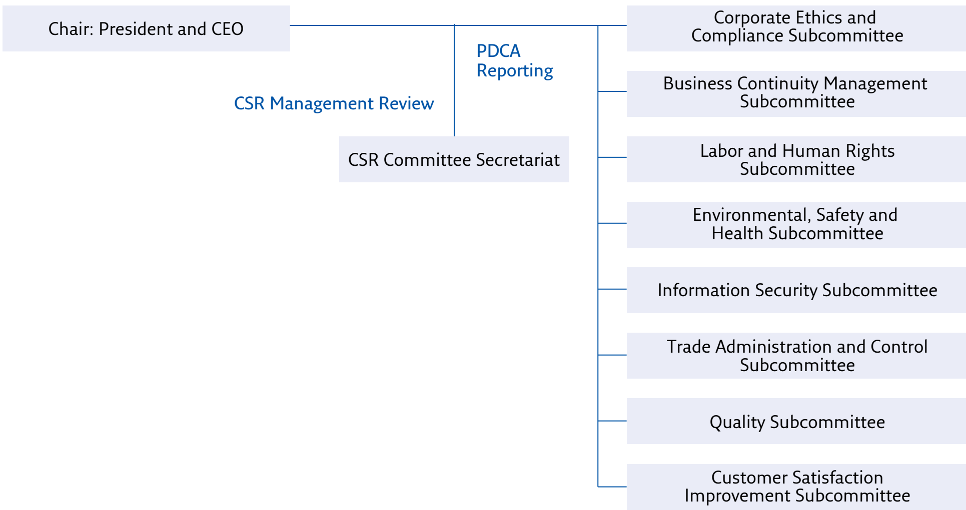
As our system for promoting CSR and in conjunction with the launch of the Fifth Medium-term Business Plan in April 2015, we organized a new CSR Committee, chaired by the President and CEO, with eight subcommittees dedicated to areas such as labor and human rights and environmental, safety and health. Each subcommittee establishes basic and strategic CSR themes and implements a PDCA cycle while reporting to the Secretariat on their progress. The results of their activities are reported to the President and CEO at the annual management review. (Figure 1)

We have finished developing management systems for the areas of “corporate ethics and compliance” and “labor and human rights.” These have been added to the ranks of our management systems for quality, environment and information security, which we had already developed and been implementing at a high level.

In the aim of ensuring our operations conform to global codes of conduct like that of the EICC, we have also expanded the scope of our management systems to include our major suppliers. At the same time, we are promoting interviews, training and other efforts for management system development throughout the Nissha Group, including our major overseas bases.

In the area of strategic CSR, we identified materiality. We evaluated various CSR issues from the two standpoints of impact on the Group and impact on society, and our policy is to prioritize our efforts according to the issues of highest importance. Identifying materiality is an opportunity to recognize both issues directly related to demands of society and those that are indirectly related. It serves as the basis for actively rolling out strategic CSR activities. (Figure 2)

(Figure 1) CSR Committee Organization



(Figure 2)

Identification of Materiality

We evaluated CSR issues based on their impact on the Group and their impact on society to identify materiality and determine our priorities.

		Impact on Nissha Group	
		Small	Large
Impact on Society	Large		Issues of high materiality
	Small		

Our CSR Materiality

We identified the 14 items of materiality below. The subcommittees of the CSR Committee are leading our efforts.

- Efficient use of energy
- Prevention of global warming
- Proper management of wastewater and waste
- Reduction of environmental load from transportation
- Ensuring of proper labor conditions
- Ensuring of employee health and safety
- Promotion of human resources development
- Respect for diversity
- Elimination of discrimination
- Elimination of forced labor
- Prevention of corruption
- Thorough compliance
- Proper information management
- Promotion of CSR procurement

Aiming for growth while interacting with shareholders

Nissha's Circle of Trust

We identify the stakeholders that support Nissha operations as our customers, shareholders, employees, suppliers, and society. Toward realizing our corporate mission, we incorporate the voice of our stakeholders into business activities that contribute to a sustainable society.

Customers: Recognizing demands of society through our customers

Our products are used widely in the global market, and most of our customers are global companies. These customers focus on global social problems as they go about their business activities, so they require that suppliers such as ourselves also actively address CSR issues and have established high-level codes of conduct.

Developing a system to ensure faithful compliance with customer requirements is essential to trade, but at the same time, it is a precious opportunity to recognize the CSR issues the global society expects us to address. We hope to grow as we learn from our customers.

Shareholders: Utilizing dialog with capital market in management

Our shareholders and investors objectively evaluate our corporate value and provide us with useful suggestions for management. Based on these things, we engage in investor relations activities with an emphasis on dialog, going beyond the timely and appropriate disclosure of information required of a listed company.

We use ROE (return on equity) and ROIC (return on invested capital) with an awareness of cost of capital as a management indices, and this was introduced as an opportunity for dialog with our shareholders and investors.

Employees: Growing together with our employees

The growth of employees is essential for growth of the company. We aim to be a company that grows together with our employees.

In 2013 we launched Nissha Academy for the purpose of training the next generation of human resources that will support the company's sustainable growth. It is a corporate university that offers elective training to young employees with a strong desire for personal growth and consists of "Business School," "MOT School" and "Monozukuri School." In fiscal year ended March 31, 2017, we organized training "Management Training for Promoting Women's Activity" for all managers as a human resource development for diversity promotion.

Suppliers: Engaging in CSR together with our suppliers

We must have the cooperation of our suppliers in order to comply with the CSR requirements of our customers. We have been conducting CSR audits of our major suppliers since 2015. These audits are based on the EICC (Electronic Industry Citizenship Coalition) Code of Conduct and the codes of conduct that our customers have established based on it. The primary focus of the audits is on the four areas of labor, safety and health, environmental conservation and ethics. The suppliers we have audited sometimes tell us that the audit was an opportunity for them to recognize issues related to global standards of CSR. By reducing CSR risks within our supply chain, we hope that both we and our suppliers will be companies chosen by society.

Society: Co-existence with local communities

We receive various resources from the local community when we engage in our business activities. In order to promote Co-existence with our local communities, we have established four priority areas for our social contribution activities, namely environmental conservation, support for the next generation, support for and promotion of art and culture, and humanitarian assistance.

As part of future generations support, we are continually visit local elementary schools and conduct environmental workshops. In March 2017, we received a letter of appreciation from the Kyoto City Board of Education in recognition of our longtime contribution to the program—10 years since 2007—during which we endeavored to raise awareness of environmental issues and stimulate interest in the environmental technologies of Kyoto-based companies. As of March 31, 2017, the project has been carried out at 87 schools, and about 4,300 students have participated.

Results Briefing for Institutional Investors

Environmental Workshops

Corporate University "Nissha Academy"

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11-Year Financial Summary

(Millions of yen)

	FY2007.3	FY2008.3	FY2009.3	FY2010.3	FY2011.3	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3
Fiscal Year											
Net sales	88,735	101,649	127,767	126,965	114,054	80,160	89,427	110,922	118,775	119,222	115,802
Japan	45,831	46,775	47,691	39,994	37,159	33,060	37,992	29,956	28,889	31,530	30,249
Overseas	42,904	54,874	80,075	86,972	76,895	47,100	51,435	80,966	89,885	87,692	85,552
Cost of sales	63,202	72,828	97,223	101,600	104,864	79,759	83,508	93,898	93,713	90,121	98,885
Selling, general and administrative expenses	10,243	12,051	14,240	14,107	14,136	12,117	12,702	15,089	16,311	18,558	20,820
Operating income	15,289	16,770	16,302	11,257	-4,946	-11,716	-6,783	1,935	8,750	10,541	-3,904
Ordinary income	16,313	15,580	15,494	12,061	-5,396	-11,320	-4,643	5,182	12,494	9,237	-4,914
Profit before income taxes	17,142	17,530	15,542	11,840	-3,788	-22,243	-5,010	5,151	10,761	7,883	-6,130
Total income taxes	7,638	7,254	6,853	4,911	-1,312	6,440	427	1,185	-482	985	1,299
Profit attributable to owners of parent	9,503	10,274	8,689	6,934	-2,464	-28,684	-5,438	3,967	11,245	6,898	-7,408
Net cash provided by (used in) operating activities	7,589	11,647	17,043	18,601	-722	3,541	13,864	14,413	21,590	14,815	-2,570
Net cash provided by (used in) investing activities	-8,884	207	-20,099	-12,841	-6,672	-4,277	-7,206	-16,149	-4,141	-21,476	-23,290
Net cash provided by (used in) financing activities	-806	-1,617	4,697	-3,471	-378	3,076	-4,677	-4,634	-11,063	19,633	6,826
Capital expenditures	14,991	12,817	24,165	15,071	11,020	6,724	13,669	12,287	3,207	4,885	12,267
Depreciation	3,197	4,812	7,892	9,133	10,338	8,599	9,530	11,219	9,687	7,847	8,351
R&D expenses	740	1,015	1,365	2,601	2,477	2,543	2,699	2,351	2,334	2,519	2,422
At Year-End											
Net assets	73,757	82,245	82,266	88,700	80,396	48,986	44,491	51,676	66,313	70,096	74,606
Total assets	126,762	142,357	148,787	153,077	142,942	105,250	114,964	106,140	115,430	156,107	182,670
Cash and cash equivalents	13,489	22,938	22,761	25,473	17,107	19,490	23,692	20,272	29,484	41,688	22,090
Interest-bearing liabilities	13,032	13,283	19,454	18,078	24,278	28,336	23,668	19,209	10,393	18,340	36,851
Closing stock price (Yen)	3,120	4,890	3,130	3,650	1,795	1,083	1,663	1,359	2,195	1,648	2,638
Employees (number)	2,534	3,126	3,631	3,728	4,121	3,396	3,409	3,383	3,596	4,034	5,133
Financial Indicators											
Operating income to net sales (%)	17.2	16.5	12.8	8.9	-4.3	-14.6	-7.6	1.7	7.4	8.8	-3.4
Return on assets (ROA) (%)	13.9	11.6	10.6	8.0	-3.6	-9.1	-4.2	4.7	11.3	6.8	-2.9
Return on equity (ROE) (%)	14.0	13.2	10.6	8.1	-2.9	-44.3	-11.6	8.3	19.1	10.1	-10.3
Return on invested capital (ROIC) (%)	10.8	10.5	9.5	6.4	-4.4	-12.2	-7.9	1.5	6.6	6.3	-2.9
Equity ratio (%)	58.2	57.8	55.3	57.9	56.2	46.5	38.7	48.7	57.4	44.9	40.7
Debt-equity ratio (%)	71.9	73.1	80.9	72.6	77.8	114.9	158.4	105.4	74.1	122.7	145.3
Current ratio (%)	197.9	184.9	152.8	135.3	134.3	103.5	97.0	107.3	148.8	172.5	119.0
Fixed ratio (%)	84.5	84.6	90.8	91.4	94.7	116.8	125.2	112.4	83.6	102.9	140.5
Per Share Information											
Basic earnings per share (Yen)	219.74	237.60	200.97	160.38	-57.25	-668.40	-126.72	92.46	262.05	160.75	-169.10
Net assets per share (Yen)	1,705.46	1,901.87	1,902.12	2,051.09	1,873.34	1,141.45	1,036.74	1,204.17	1,545.30	1,633.47	1,594.70
Dividend per share (Yen)	40	45	45	45	45	0	0	5	20	30	30
Diluted earnings per share (Yen)	-	-	-	-	-	-	-	-	-	158.46	-

We have changed a method of translating performance of overseas subsidiaries and others from fiscal year ended March 31, 2017 (spot rate → average rate).
In this page, the figures of before fiscal year ended March 31, 2016 is the results by the method before change (Not reflected the retroactive application).

Actual Results for Fiscal year ended March 31, 2017

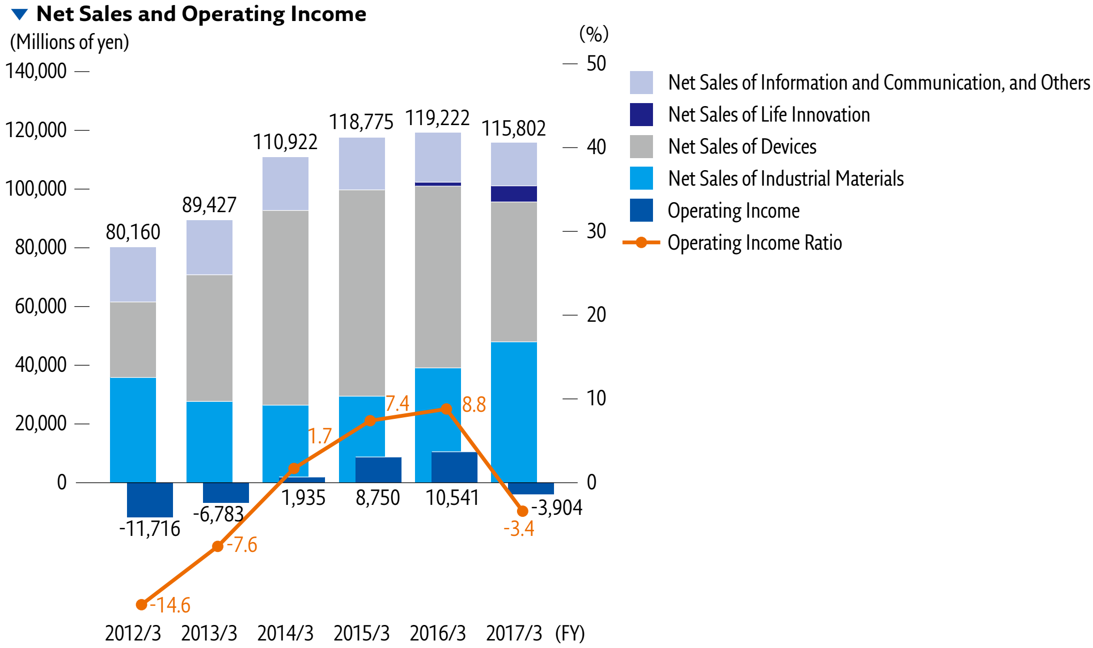
Economic Environment and Operating Results

Reflecting on the global economy in the fiscal year ended March 31, 2017, the United States saw ongoing recovery thanks primarily to increased consumer spending and improved employment conditions. In Europe, there remained uncertainty for the future attributable to Brexit and other factors but the economy gradually recovered. In Asia, the economies of emerging countries such as China showed partial signs of recovery. As for Japan, the economy held steady on an ongoing moderate recovery trend but uncertainty over overseas economies, foreign exchange fluctuations and other factors have fueled growing opacity for the future.

The Nissha Group is pursuing growth by reorganizing and optimizing its business portfolio in the Fifth Medium-term Business Plan starting from April 1, 2015 and has been in a rush to establish a business base that enables a continuous and stable revenue stream, by overcoming its over-reliance on the ever-fluctuating consumer electronics field from a viewpoint of balanced management and increasing its overseas production ratio to develop its tolerance to foreign exchange fluctuations. In the fiscal year ended March 31, 2017, the Nissha Group has made significant progress in expanding its business domain through corporate acquisition in the fields of automotive interior components and medical devices and consumables, following up on acquisitions in the metallized paper field in the previous year. Despite these efforts, the Nissha Group currently could not attain the previous estimate primarily due to the impact of foreign exchange fluctuations, sluggish demand for products in existing fields, and the posting of upfront costs for new orders and temporary expenses related to the acquisition.

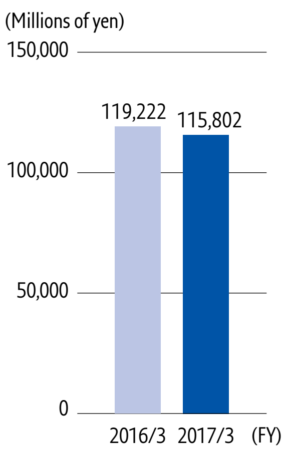
As a result, in our consolidated financial results for fiscal year ended March 31, 2017, net sales were on par with those of the previous year, but a loss was recorded. The average exchange rate for fiscal year ended March 31, 2017 was 107 yen to the dollar (the previous year it was 120 yen to the dollar).

▼ **Net Sales and Operating Income**

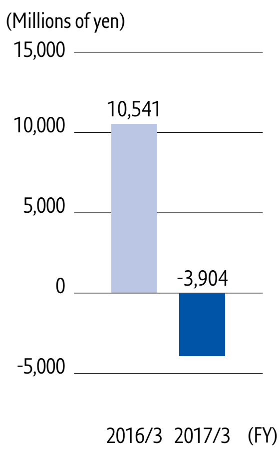


Consolidated Statements of Operations

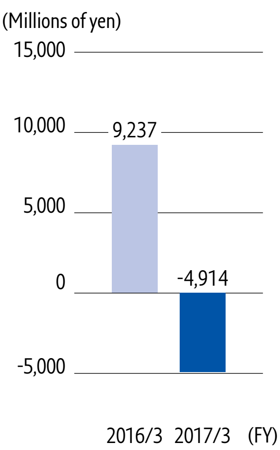
▼ **Net Sales**



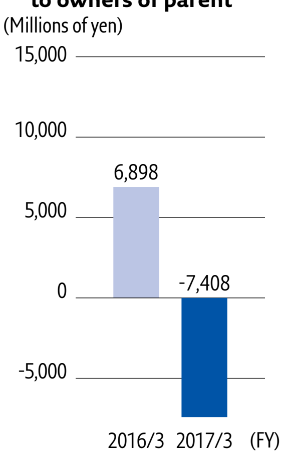
▼ **Operating Income**



▼ **Ordinary Income**



▼ **Net Profit attributable to owners of parent**



We have changed a method of translating performance of overseas subsidiaries and others from fiscal year ended March 31, 2017 (spot rate → average rate).
In this page, the figures of before fiscal year ended March 31, 2016 is the results by the method before change (Not reflected the retroactive application).

Net sales: Demand fell in our mainstay Devices Business, but net sales were only down 2.9% year on year to ¥115,802 million due primarily to the full-year contribution (in the previous year only four months of results were included) of the AR Metallizing Group, acquired by the Industrial Materials Business in August 2015, and the four-month contribution of the Graphic Controls Group, acquired by the Life Innovation Business in September 2016. Overseas net sales accounted for ¥85,552 million of the total, coming in at 73.9% of consolidated net sales. Overseas net sales are comprised mainly of Industrial Materials Business and Devices Business.

Operating income: We recorded an operating loss of ¥3,904 million (the previous year we recorded operating income of ¥10,541 million). In addition to the impact of lower demand in the Devices Business and the exchange rate, there were about ¥3,000 million in advanced costs recorded in association with the new large-scale orders in the Devices Business and about ¥1,600 million in temporary expenses related to acquisitions.

Ordinary income: We recorded a ordinary loss of ¥4,914 million (the previous year we recorded ordinary income of ¥9,237 million). In regards to non-operating income and expenses, in the previous fiscal year, non-operating income of ¥361 million, consisting primarily of dividend income, was recorded, while non-operating expenses amounting to ¥1,665 million, consisting primarily of exchange loss, were also recorded. In fiscal year ended March 31, 2017, non-operating income of ¥459 million, consisting primarily of dividend income, was recorded, while non-operating expenses amounting to ¥1,470 million, consisting primarily of exchange loss, were also recorded.

Net income attributable to owners of parent: A net loss attributable to owners of parent was recorded in the amount of ¥7,408 million (the previous year, net income attributable to owners of parent was recorded in the amount of ¥6,898 million). Additionally, net loss per share was ¥169.10 (the previous year, net income per share of ¥160.75 was recorded). In regards to extraordinary income and expenses, in the previous fiscal year, extraordinary income of ¥270 million, consisting primarily of government subsidies, was recorded, while extraordinary expenses amounting to ¥1,624 million, consisting primarily of amortization of goodwill, were also recorded. In fiscal year ended March 31, 2017, extraordinary income of ¥289 million, consisting primarily of government subsidies, was recorded, while extraordinary expenses amounting to ¥1,505 million, consisting primarily of loss on valuation of investment securities, were also recorded.

Profit distribution: Based on the basic policy of continuous payments of stable dividends, and distribute profit after comprehensively considering our performance in the current fiscal year and expected performance in the future, payout ratio, and financial health. Based on this policy, the Company paid an annual dividend in fiscal year ended March 31, 2017 of ¥30 per share (same as previous year).

Overview by Business Segment

Industrial Materials

During the year ended March 31, 2017, demand progressed steadily for our mainstay automotive interior components in general, while demand in the other fields remained lower than the previous estimate.
As a result, segment sales for the year ended March 31, 2017 were ¥47,971 million, an increase of 22.7% as compared to the previous year. Segment income (operating income) was ¥620 million (segment loss (operating loss) of ¥593 million in the previous year).

Devices

During the year ended March 31, 2017, demand for products for mobile game consoles progressed steadily but demand for our mainstay products adopted for tablets fell below the previous estimate. On and after the third quarter ended December 31, 2016, development costs toward new orders for the next term increased.
As a result, segment sales for the year ended March 31, 2017 were ¥47,835 million, a decrease of 22.7% as compared to the previous year. Segment loss (operating loss) was ¥157 million (segment income (operating income) of ¥14,677 million in the previous year).

Life Innovation

This segment is a new reportable segment established as a result of the inclusion of Graphic Controls group in the scope of consolidation effective from the year ended March 31, 2017. This segment began contributing to net sales of the Nissha Group from the third quarter ended December 31, 2016. For income, however, it could not make a profit in the fiscal year ended March 31, 2017, due to the posting expenses related to the acquisition of Graphic Controls group.
As a result, segment sales for the year ended March 31, 2017 were ¥5,391 million. Segment loss (operating loss) was ¥1,311 million.

Information and Communication

During the year ended March 31, 2017, the commercial printing field, the key product field in this segment, was affected by a decrease in the volume of printed materials due to the diversification of information media. These movements led the business into a highly competitive climate.
As a result, segment sales for the year ended March 31, 2017 were ¥14,354 million, a decrease of 14.1% as compared to the previous year. Segment loss (operating loss) was ¥93 million (segment income (operating income) of ¥81 million in the previous year).

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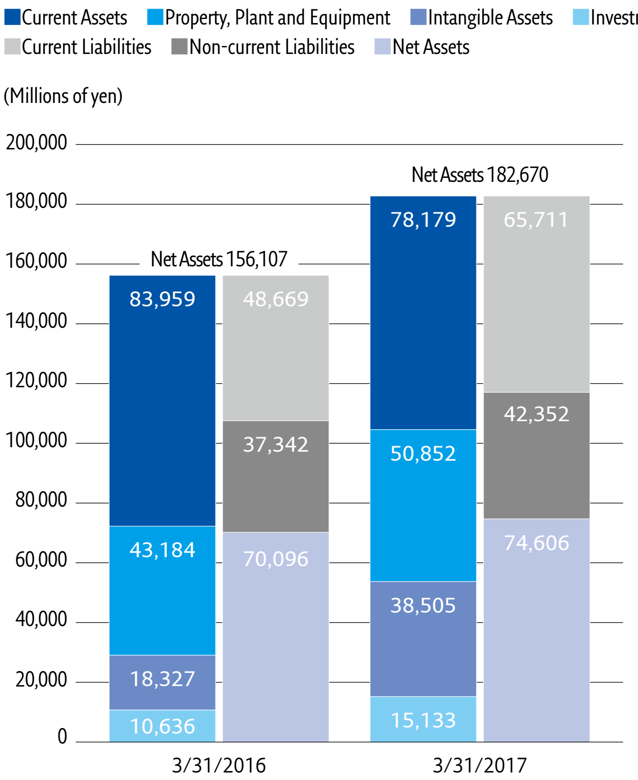
Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year ended March 31, 2017 increased by ¥26,562 million from the end of the previous year (the fiscal year ended March 31, 2016) to ¥182,670 million.

▼ **Assets, Liabilities and Net Assets**



Current assets decreased by ¥5,780 million from the end of the previous year to ¥78,179 million. This was mainly because a ¥17,881 million decrease of cash and deposits outweighed a ¥6,619 million increase of notes and accounts receivable-trade.

Non-current assets increased by ¥32,342 million from the end of the previous year to ¥104,491 million. This was mainly because goodwill, property, plant, and equipment, trademark right and customer related assets increased by ¥13,030 million, ¥7,667 million, ¥3,857 million and ¥3,336 million, respectively, primarily due to new consolidation, and investment securities increased by ¥4,299 million mainly due to changes in the fair value of available-for-sale securities.

Current liabilities increased by ¥17,042 million from the end of the previous year to ¥65,711 million. This was mainly attributable to a ¥7,808 million increase of short-term loans payable, a ¥2,359 million increase of accounts payable-facilities included in the "other" item, and a ¥1,678 million increase of accounts payable-other.

Non-current liabilities increased by ¥5,010 million from the end of the previous year to ¥42,352 million. This was mainly because a ¥9,591 million increase of long-term loans payable and a ¥4,579 million increase of long-term deferred tax liabilities mainly due to new consolidation and changes in the fair value of available-for-sale securities outweighed a ¥8,240 million decrease of bonds payable resulting from the exercise of stock acquisition rights.

Net assets at the end of the fiscal year ended March 31, 2017 increased by ¥4,510 million from the end of the previous year to ¥74,606 million. Net assets per share were ¥1,594.70, against ¥1,633.47 at the end of the previous fiscal year. This was mainly because a ¥2,589 million decrease of treasury shares, a ¥1,980 million increase of capital stock, and a ¥3,696 million increase of capital surplus mainly attributable to the conversion of convertible bonds with stock acquisition rights, and other increases in net assets outweighed a ¥8,704 million decrease of retained earnings mainly resulting from the posting of loss attributable to owners of parent.

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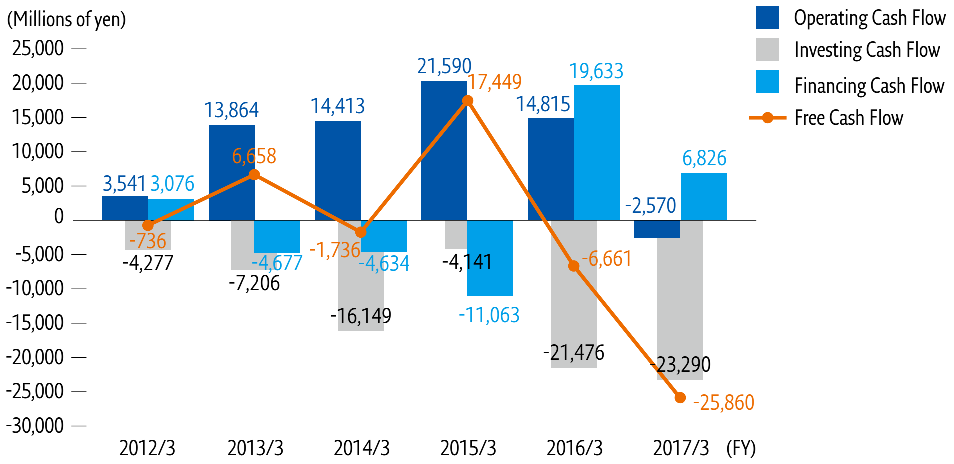
Cash Flows

The balance of cash and cash equivalents (the "funds") on a consolidated basis at the end of the fiscal year ended March 31, 2017 was ¥22,090 million, a decrease of ¥19,598 million compared to the end of the previous year.

▼ **Cash Flows**



Net Cash Provided by (Used in) Operating Activities

Funds used in operating activities amounted to ¥2,570 million (funds provided by operating activities of ¥14,815 million in the previous year). This was mainly because ¥6,130 million of loss before income taxes and a ¥4,727 million increase in notes and accounts receivable-trade outweighed ¥8,351 million of depreciation.

Net Cash Provided by (Used in) Investing Activities

Funds used in investing activities amounted to ¥23,290 million, an increase of 8.4% as compared to the previous year. This was mainly attributable to the purchase of investments in subsidiaries and others resulting in change in scope of consolidation of ¥15,366 million and the purchase of property, plant and equipment of ¥7,119 million.

Net Cash Provided by (Used in) Financing Activities

Funds provided by financing activities amounted to ¥6,826 million, a decrease of 65.2% as compared to the previous year. This was mainly attributable to net increase in short-term loans payable of ¥7,933 million.

Major Management Indices

The Company uses ROE (return on equity) and ROIC (return on invested capital) as management indices for measuring the results of its Medium-term Business Plan.

ROE

ROE can be broken down into the ratio of net income to net sales, total asset turnover and financial leverage (total assets/equity).

In fiscal year ended March 31, 2017, ROE was down to -10.3% from 10.1% in the previous year due to the ratio of net income to net sales, an indicator of profitability, falling below zero as a result of recording advanced costs associated with new orders and temporary expenses related to acquisitions. In fiscal year ended March 31, 2017, total asset turnover, an indicator of efficiency, declined year on year due primarily to the consolidated period for net sales being limited to four months while total assets increased as a result of Graphic Controls, which was acquired in September 2016, being included in consolidated assets.

The financial situation is more effectively leveraged owing primarily to the fact that the newly consolidated Graphic Controls Group was a company with a high degree of financial leverage.

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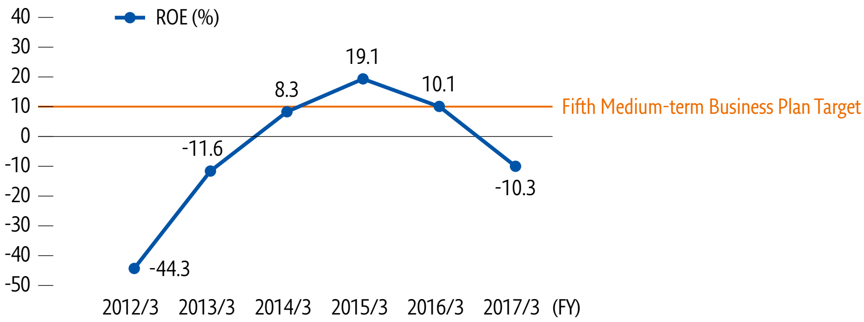
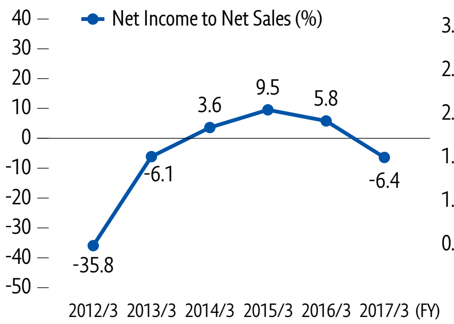
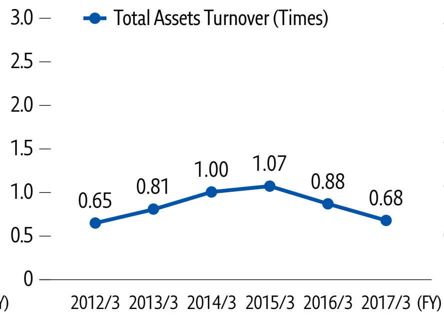
▼ ROE



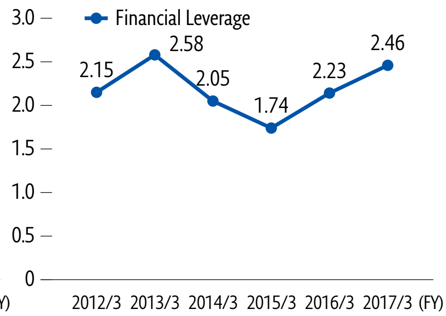
▼ Net Income to Net Sales



▼ Total Assets Turnover



▼ Financial Leverage (Total Assets / Equity)



ROIC

Nissha defines return on invested capital (ROIC) as operating income after taxes (operating income x (1-effective tax rate of 35%)) divided by invested assets (working capital + property, plant and equipment + intangible assets + cash and deposits + investment securities). Raising ROIC requires efforts to maximize the numerator, which is operating income after income taxes, and to minimize the denominator, which is invested capital. The Company uses the ROIC tree, shown in the chart on the following page, to enhance both profitability and efficiency aspects. In fiscal year ended March 31, 2017, ROIC fell below zero due to the negative operating margin.

Profitability can be divided into the operating income margin on the top, cost of sales ratio (excluding depreciation), selling and administration cost ratio, depreciation cost ratio, etc. In fiscal year ended March 31, 2017, profitability declined, primarily due to worsening of the cost of sales ratio (excluding depreciation) to 79.8% as a result of advanced costs in the Devices Business and other factors and an increase in the selling and administration cost ratio driven mainly by personnel expenses resulting from a decrease net sales of existing businesses.

Efficiency can be divided into the invested capital turnover at the top, the working capital ratio, the fixed assets ratio, etc.

In fiscal year ended March 31, 2017, the turnover of invested capital worsened mainly due to inclusion of the assets of the Graphic Controls Group, acquired in September 2016, in consolidated assets. Impacting this was the fact that all of the invested capital of the Graphic Controls Group was included, whereas the consolidated period for net sales was limited to four months.

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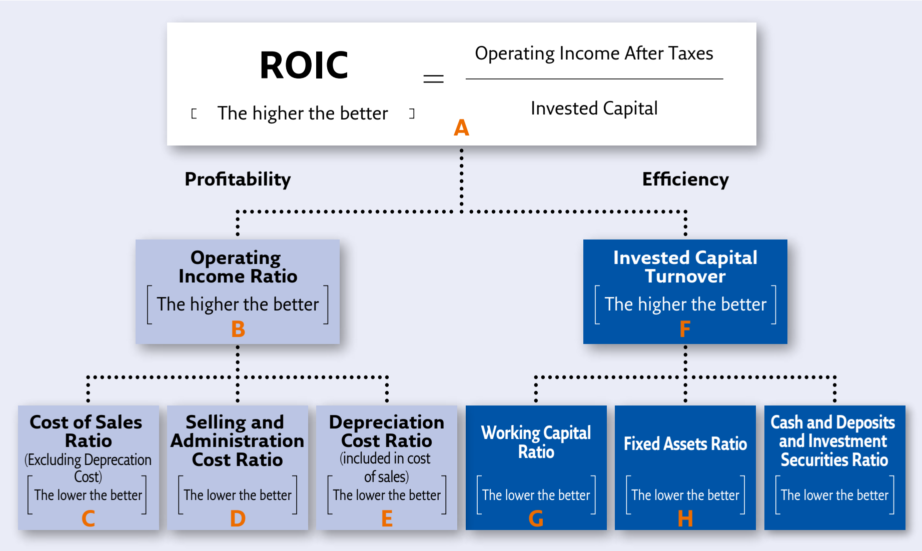
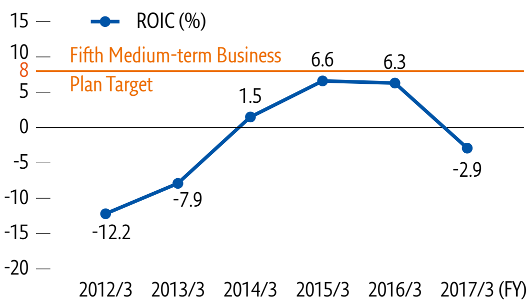
▼ ROIC Tree



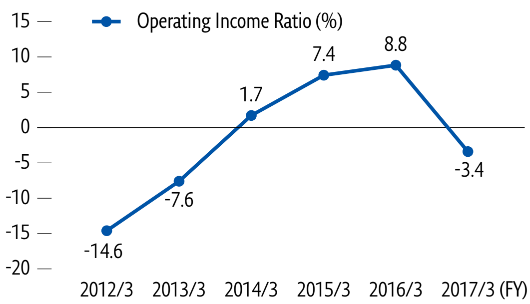
A

ROIC



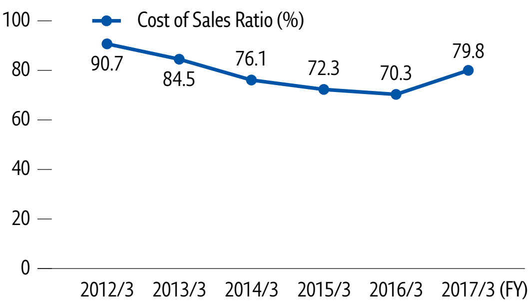
B

Operating Income Ratio



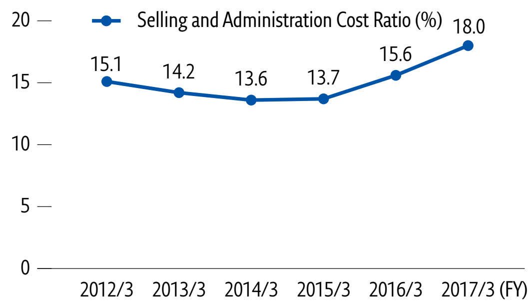
C

Cost of Sales Ratio (Excluding Depreciation Cost)



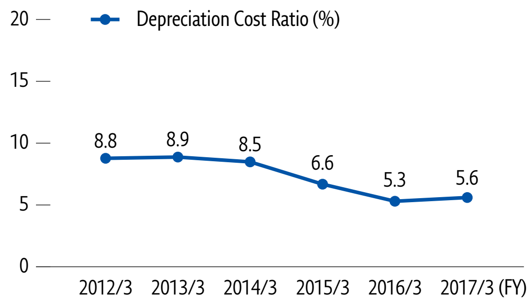
D

Selling and Administration Cost Ratio



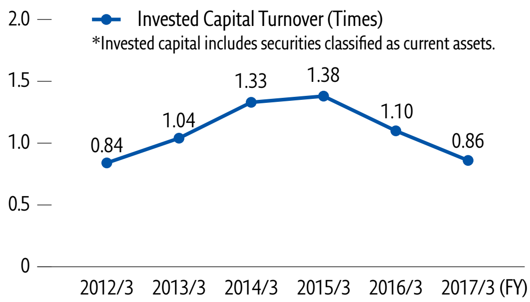
E

Cost of Sales Ratio (Excluding Depreciation Cost)



F

Selling and Administration Cost Ratio



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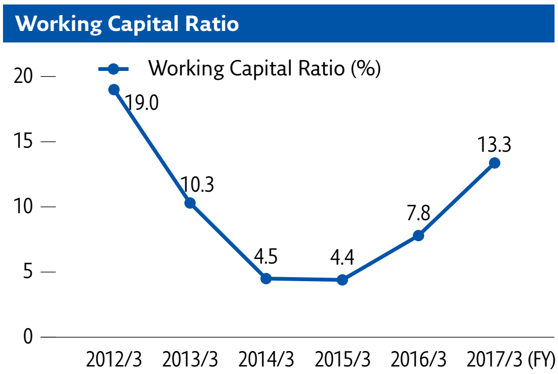
G



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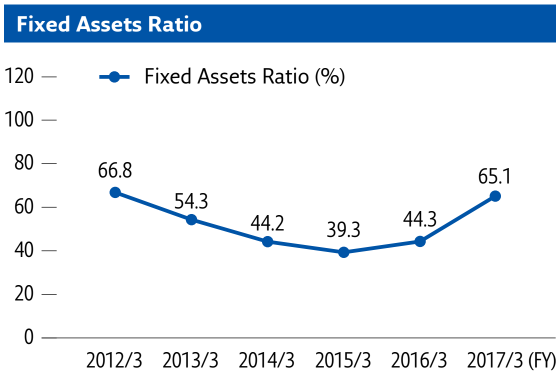


Capital Expenditures, M&A Investment, Depreciation and Goodwill Amortization

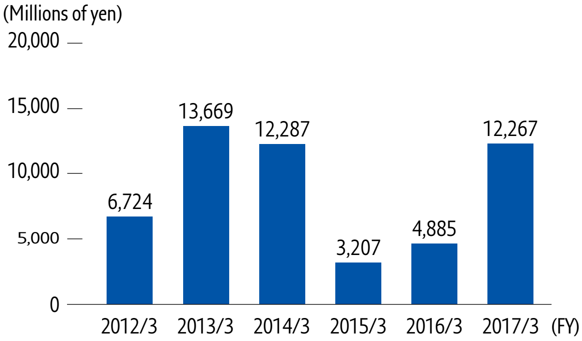
In fiscal year ended March 31, 2017, large-scale capital expenditures were made in the Devices Business, and aggressive M&A investments were executed to achieve reorganization of the business portfolio as set forth in the Fifth Medium-term Business Plan as soon as possible.

The capital expenditures were made to convert the Tsu Plant of the Industrial Materials Business into a production facility for the Devices Business in order to respond to new large-scale orders. The domestic production functions of the Industrial Materials Business were consolidated at the Koga Plant. Additionally, construction of the Nissha Innovation Center KYOTO is underway at the Kyoto headquarters. As a result, capital expenditures across the Group totaled ¥12,267 million. By business, they were ¥1,579 million in Industrial Materials, ¥8,588 million in Devices, ¥86 million in Life Innovation, ¥151 million in Information and Communication and ¥1,861 million in other and corporate (R&D and management).

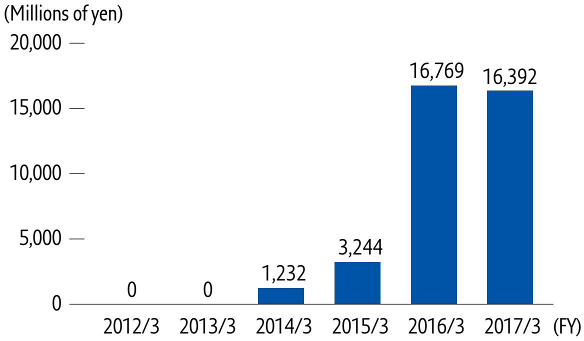
At the same time, M&A investment totaling ¥16,392 million was made on an overall Group basis, including acquisition of the Schuster and Back Stickers groups by the Industrial Materials Business and the Graphic Controls Group by the Life Innovation Business.

Depreciation has increased slightly to ¥8,351 million due to consolidation of the AR Metallizing Group, which the Industrial Materials Business acquired in 2015. Goodwill amortization is on the rise due to M&As, reaching ¥1,003 million.

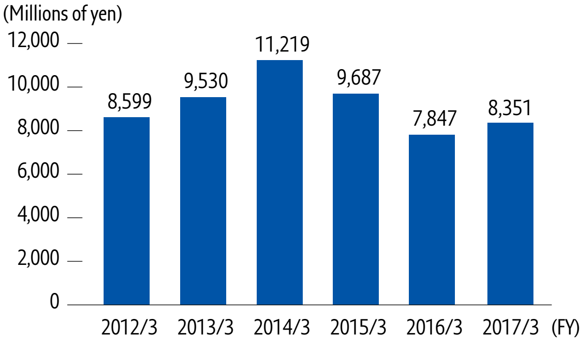
Capital Expenditures



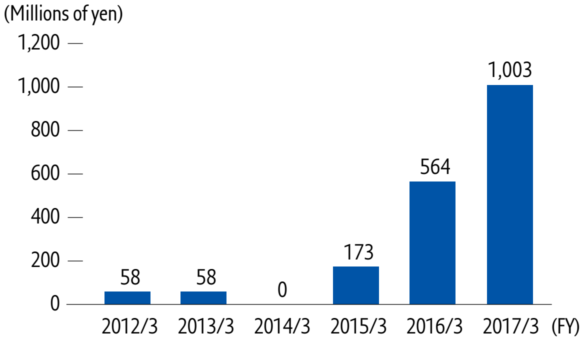
M&A Investment



Depreciation



Goodwill Amortization



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Research and Development

Nissha has achieved growth by working on new product development while making advances in printing to enhance the Group's lineup of high value-added products and, at the same time, expanding the target markets. R&D activities to continuously create high value-added products are an important undertaking that contributes to improvement of the Group's corporate value.

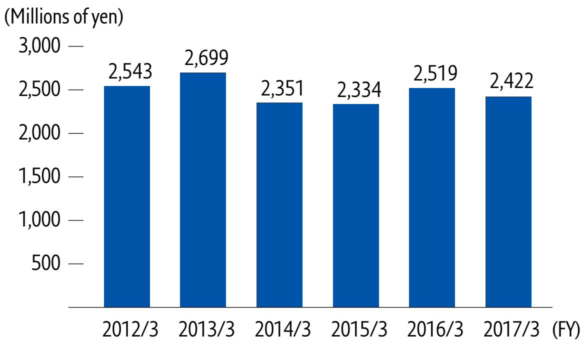
Our current R&D activities are being carried out in accordance with the medium-term vision to "acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets" as set forth in the Fifth Medium-term Business Plan.

Medium-term product development in response to customer needs is handled by development divisions within business units while R&D and product development from a longer-term perspective is handled by the Corporate Technology and Research Department.

This department develops a vision for product development, designs development processes and creates supply chain frameworks—it handles the wide range of functions necessary for development.

R&D expenses for the Group as a whole in fiscal year ended March 31, 2017 were ¥2,422 million, consisting of basic and applied research conducted by the Corporate Technology and Research Department and development divisions within business units that cannot be allocated by segment.

▼ R&D Expenses



Forecast for fiscal year ending December, 2017

During fiscal year ending December, 2017, the global economy is expected to remain on a moderate recovery trend, but we must keep our eyes on future uncertainties associated with policy trends in the United States, Brexit, and other factors. The Japanese economy is also forecasted to remain on a moderate recovery trend, but we must closely watch overseas economies and foreign exchange rates.

Fiscal year ending December, 2017 is to be the last year of the Fifth Medium-term Business Plan starting from April 1, 2015. The Nissha Group aims for the objective set in the Medium-term vision: "We will acquire and merge new core technologies into printing technologies and completely reorganize our business portfolio in global growth markets." Our growth fueled by business portfolio reorganization is expected to progress as projected in the Fifth Medium-term Business Plan. Specifically, the mainstay Devices Business is projected to drive the profit on a company-wide basis, as new large-scale orders received advance to the mass-production phase. In the Industrial Materials segment, meanwhile, the sales for the automotive and metallized paper fields are forecasted to steadily increase. In the Life Innovation Business segment, Graphic Controls group will contribute to profit throughout the term due to its full-year inclusion in the scope of consolidation.

Moreover, the materiality of the overseas consolidated subsidiaries increased, as their number increased in accordance with the M&A strategy under the Fifth Medium-term Business Plan. Therefore, it has become increasingly important to pursue enhanced management transparency and quality by promoting the concerted management of group companies, while disclosing financial results and other information in a timely and appropriate manner. To this end, the Company changed its fiscal year end date from March 31 to December 31 to set a unified fiscal year end date on a global basis. Fiscal year ending December, 2017, the transitional period, is the nine-month period from April 1, 2017 to December 31, 2017.

For the consolidated financial results for the fiscal year ending December 31, 2017 (the nine-month period from April 1, 2017 to December 31, 2017), we expect net sales of ¥140,000 million, operating income of ¥5,500 million, ordinary income of ¥5,100 million, and profit attributable to owners of parent of ¥4,500 million. These figures are based on an exchange rate of 1US$ = ¥110 for the fiscal year ending December 31, 2017.

▼ **FY2017. 12 Forecast**

(Millions of yen)

	12 months (Reference)			9 months		
	2017.3 (Apr.-Mar.) Results	2018.3 (Apr.-Mar.) Forecast	YoY	Nine months ended 2016.12	2017.12 Fiscal Year (Apr.-Dec.)Plan	YoY (Vs. Nine months ended 2016.12)
Net Sales	115,802	186,000	+60.6%	81,839	140,000	+71.1%
Industrial Materials	47,971	51,700	+7.8%	35,845	38,600	+7.7%
Devices	47,835	99,400	+107.8%	33,957	76,000	+123.8%
Life Innovation	5,391	17,600	+226.5%	1,277	13,000	+918.0%
Information and Communication	14,354	17,000	+18.4%	10,582	12,200	+15.3%
Other	250	300	+20.0%	176	200	+13.6%
Operating Income	(3,904)	9,000	Move into the black	(1,630)	5,500	Move into the black
Operating Income Ratio	-3.4%	4.8%	+8.2pt	-2.0%	3.9%	+5.9pt
EBITDA	5,451	20,300	+272.4%	4,862	13,800	+183.8%
EBITDA Ratio	4.7%	10.9%	+6.2pt	5.9%	9.9%	+4.0pt
Ordinary Income	(4,914)	8,400	Move into the black	(2,272)	5,100	Move into the black
Net Profit Attributable to Owners of Parent	(7,408)	7,500	Move into the black	(3,355)	4,500	Move into the black

Business Risks and Other Risks

Risks that could impact Nissha Group's business performances and financial positions as well as the Company's stock prices are described below. Future-oriented statements contained in this discussion are assumptions made currently by the management as of March 31, 2017.

Customer Needs and Market Trends

In the consumer electronics sector, where the Group's products are widely used, customer needs and market trends change quickly and technology and product lifecycles are becoming shorter.

In response to these conditions and with ultimately priority on customer satisfaction, the Nissha Group accurately identifies market trends and works to provide technologies, products and services that meet customer needs. However, if customer needs and market trends change significantly it could have an impact on the business results and financial position of the Group.

The Group's sales also tend to be weighted heavily to specific customers. Sales to these important customers could decline due to reasons unaffected by the Group's management, such as lower demand for customer products or changes in their specifications or operating strategies. In such cases, it could have an impact on the Group's business results and financial position.

Demand Trends in Related Industries

The Group's mainstay business is Devices, and it accounts for 41.3% of consolidated net sales (as of fiscal year ended March 31, 2017). This segment primarily develops business for the consumer electronics sector, including tablets, smartphones and game consoles, so if major changes take place in demand trends or price trends in these industries, it could impact the Group's business results and financial position.

Exchange Rate Fluctuations

The Group's overseas sales ratio was 73.9% in fiscal year ended March 31, 2017, and transactions are primarily foreign-denominated. The Group works to mitigate future foreign exchange risk using forward exchange contracts and other instruments, but severe changes in exchange rates could impact the Group's business results and financial position.

Securities Holdings

As of the end of fiscal year ended March 31, 2017, the Group held investment securities totaling ¥14,147 million, over half of which are equities. These securities holdings have been verified sufficiently for safety by ascertaining the financial position, performance trends, credit ratings and other attributes of the issuers, but marked changes in stock prices and other factors could impact the Group's business results and financial position.

Receivables and Inventories

The Group's notes and accounts receivable at the end of the fiscal year ended March 31, 2017, totaled ¥28,284 million and inventories totaled ¥15,928 million. The Group works to strengthen credit management and inventory control, but if major changes take place in the value of these assets due to credit loss or other developments, it could impact the Group's business results and financial position.

Consolidated balance sheets

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	40,085	22,204
Notes and accounts receivable-trade	21,665	28,284
Securities	2,033	33
Merchandise and finished goods	8,027	6,207
Work in process	3,806	5,115
Raw materials and supplies	2,721	4,605
Deferred tax assets	2,234	1,620
Consumption taxes receivable	1,722	2,594
Other	1,878	7,744
Allowance for doubtful accounts	(216)	(230)
Total current assets	83,959	78,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,482	52,954
Accumulated depreciation	(25,195)	(26,254)
Buildings and structures, net	20,287	26,699
Machinery, equipment and vehicles	49,633	50,783
Accumulated depreciation	(36,600)	(38,468)
Machinery, equipment and vehicles, net	13,032	12,314
Tools, furniture and fixtures	7,575	9,547
Accumulated depreciation	(6,037)	(7,076)
Tools, furniture and fixtures, net	1,537	2,470
Land	5,936	6,076
Leased assets	2,337	2,568
Accumulated depreciation	(709)	(753)
Leased assets, net	1,627	1,815
Construction in progress	762	1,475
Total property, plant and equipment	43,184	50,852
Intangible assets		
Trademark right	-	3,857
Software	1,256	814
Goodwill	10,824	23,854
Technical assets	2,563	2,226
Customer related assets	3,427	6,763
Other	255	988
Total intangible assets	18,327	38,505
Investments and other assets		
Investment securities	9,848	14,147
Deferred tax assets	288	430
Other	978	1,018
Allowance for doubtful accounts	(478)	(462)
Total investments and other assets	10,636	15,133
Total non-current assets	72,148	104,491
Total assets	156,107	182,670

(Million yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,758	24,872
Short-term loans payable	12,485	20,294
Current portion of long-term loans payable	563	1,448
Lease obligations	170	268
Accrued expenses	3,585	5,263
Income taxes payable	1,313	484
Provision for bonuses	1,730	1,578
Provision for directors' bonuses	60	60
Provision for management board benefit trust	-	101
Other	4,001	11,337
Total current liabilities	48,669	65,711
Non-current liabilities		
Bonds payable	20,000	11,760
Long-term loans payable	3,487	13,078
Lease obligations	1,633	1,760
Deferred tax liabilities	5,440	10,019
Net defined benefit liability	6,378	4,356
Other	402	1,377
Total non-current liabilities	37,342	42,352
Total liabilities	86,011	108,064
Net assets		
Shareholders' equity		
Capital stock	5,684	7,664
Capital surplus	7,355	11,052
Retained earnings	54,038	45,334
Treasury shares	(2,931)	(341)
Total shareholders' equity	64,148	63,709
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,977	7,779
Foreign currency translation adjustment	1,540	2,560
Remeasurements of defined benefit plans	(570)	331
Total accumulated other comprehensive income	5,947	10,671
Non-controlling interests	-	225
Total net assets	70,096	74,606
Total liabilities and net assets	156,107	182,670

Consolidated statements of operations

(Million yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Net sales	119,796	115,802
Cost of sales	90,581	98,885
Gross profit	29,215	16,916
Selling, general and administrative expenses	18,668	20,820
Operating income (loss)	10,546	(3,904)
Non-operating income		
Interest income	77	83
Dividend income	135	116
Gain on investments in partnership	22	52
Other	133	207
Total non-operating income	368	459
Non-operating expenses		
Interest expenses	220	470
Share of loss of entities accounted for using equity method	200	25
Foreign exchange losses	1,018	656
Other	237	318
Total non-operating expenses	1,677	1,470
Ordinary income (loss)	9,238	(4,914)
Extraordinary income		
Gain on sales of non-current assets	93	118
Gain on revision of retirement benefit plan	-	30
State subsidy	181	140
Total extraordinary income	274	289
Extraordinary losses		
Loss on sales and retirement of non-current assets	158	437
Loss on valuation of investment securities	493	588
Impairment loss	334	249
Amortization of goodwill	638	-
Loss on subsidy repayment	-	229
Total extraordinary losses	1,625	1,505
Profit (loss) before income taxes	7,887	(6,130)
Income taxes-current	1,905	1,160
Income taxes-deferred	(915)	138
Total income taxes	990	1,299
Profit (loss)	6,896	(7,430)
Loss attributable to non-controlling interests	-	(21)
Profit (loss) attributable to owners of parent	6,896	(7,408)

Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Profit (loss)	6,896	(7,430)
Other comprehensive income		
Valuation difference on available-for-sale securities	(404)	2,814
Foreign currency translation adjustment	(1,086)	1,002
Remeasurements of defined benefit plans, net of tax	(327)	915
Share of other comprehensive income of entities accounted for using equity method	(6)	8
Total other comprehensive income	(1,825)	4,740
Comprehensive income	5,071	(2,689)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,071	(2,685)
Comprehensive income attributable to non-controlling interests	-	(3)

Consolidated Statements of Changes in Net Assets

Fiscal Year ended March 31, 2016 (Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at the beginning of current period	5,684	7,355	48,198	(2,930)	58,308
Cumulative effects of changes in accounting policies			231		231
Restated balance	5,684	7,355	48,429	(2,930)	58,539
Changes of items during the period					
Issuance of new shares					—
Dividends of surplus			(1,287)		(1,287)
Net income attribute to owners of the parent			6,896		6,896
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					—
Change in ownership interest of parent due to transaction with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	5,609	(1)	5,608
Balance at the end of the period	5,684	7,355	54,038	(2,931)	64,148

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	5,382	2,865	(242)	8,004	—	66,313
Cumulative effects of changes in accounting policies		(231)		(231)		—
Restated balance	5,382	2,633	(242)	7,773	—	66,313
Changes of items during the period						
Issuance of new shares						—
Dividends of surplus						(1,287)
Net income attribute to owners of the parent						6,896
Purchase of treasury shares						(1)
Disposal of treasury shares						—
Change in ownership interest of parent due to transaction with non-controlling interests						—
Net changes of items other than shareholders' equity	(404)	(1,093)	(327)	(1,825)	—	(1,825)
Total changes of items during the period	(404)	(1,093)	(327)	(1,825)	—	3,782
Balance at the end of the period	4,977	1,540	(570)	5,947	—	70,096

Fiscal Year ended March 31, 2017 (Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholder's equity
Balance at the beginning of current period	5,684	7,355	54,038	(2,931)	64,148
Cumulative effects of changes in accounting policies					—
Restated balance	5,684	7,355	54,038	(2,931)	64,148
Changes of items during the period					
Issuance of new shares	1,980	1,980			3,960
Dividends of surplus			(1,295)		(1,295)
Net income attribute to owners of the parent			(7,408)		(7,408)
Purchase of treasury shares				(191)	(191)
Disposal of treasury shares		1,689		2,781	4,470
Change in ownership interest of parent due to transaction with non-controlling interests		26			26
Net changes of items other than shareholders' equity					
Total changes of items during the period	1,980	3,696	(8,704)	2,589	(438)
Balance at the end of the period	7,664	11,052	45,334	(341)	63,709

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	4,977	1,540	(570)	5,947	—	70,096
Cumulative effects of changes in accounting policies						—
Restated balance	4,977	1,540	(570)	5,947	—	70,096
Changes of items during the period						
Issuance of new shares						3,960
Dividends of surplus						(1,295)
Net income attribute to owners of the parent						(7,408)
Purchase of treasury shares						(191)
Disposal of treasury shares						4,470
Change in ownership interest of parent due to transaction with non-controlling interests						26
Net changes of items other than shareholders' equity	2,801	1,019	901	4,723	225	4,948
Total changes of items during the period	2,801	1,019	901	4,723	225	4,510
Balance at the end of the period	7,779	2,560	331	10,671	225	74,606

Consolidated statements of cash flows

(Million yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	7,887	(6,130)
Depreciation	7,879	8,351
Impairment loss	334	249
Amortization of goodwill	1,208	1,003
Gain on revision of retirement benefit plan	-	(30)
Increase (decrease) in provision for bonuses	205	(185)
Increase (decrease) in provision for directors’ bonuses	17	0
Increase (decrease) in provision for management board benefit trust	-	101
Increase (decrease) in net defined benefit liability	91	(1,684)
Increase (decrease) in allowance for doubtful accounts	(211)	(11)
Interest and dividend income	(212)	(199)
Interest expenses	220	470
Foreign exchange losses (gains)	345	225
Share of (profit) loss of entities accounted for using equity method	200	25
Loss (gain) on valuation of investment securities	493	588
Loss (gain) on sales and retirement of non-current assets	65	319
Decrease (increase) in notes and accounts receivable-trade	135	(4,727)
Decrease (increase) in inventories	(3,695)	3,014
Increase (decrease) in notes and accounts payable-trade	2,584	(1,293)
Other, net	(1,344)	(164)
Subtotal	16,205	(76)
Interest and dividend income received	205	204
Interest expenses paid	(245)	(477)
Income taxes paid	(1,358)	(2,441)
Income taxes refund	4	219
Net cash provided by (used in) operating activities	14,811	(2,570)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	280	370
Payments into time deposits	(439)	(106)
Purchase of property, plant and equipment	(4,181)	(7,119)
Payments for retirement of property, plant and equipment	(51)	(73)
Proceeds from sales of property, plant and equipment	-	301
Payments from sales of property, plant and equipment	(236)	-
Purchase of intangible assets	(319)	(431)
Proceeds from sales of intangible assets	9	0
Purchase of securities	(35)	-
Purchase of investment securities	(892)	(824)
Purchase of shares of subsidiaries and associates	-	(22)
Purchase of investments in other securities of subsidiaries and affiliates	(32)	(110)
Payments of loans receivable	(4)	(3)
Collection of loans receivable	10	10
Purchase of shares of subsidiaries and others resulting in change in scope of consolidation	(15,672)	(15,366)
Other, net	63	84
Net cash provided by (used in) investing activities	(21,500)	(23,290)

(Million yen)

	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,464	7,933
Proceeds from long-term loans payable	-	1,485
Repayments of long-term loans payable	(291)	(1,220)
Proceeds from issuance of bonds	19,986	-
Payments for issuance of bonds	-	(23)
Commission fee paid	(91)	(42)
Repayments of lease obligations	(123)	(191)
Purchase of treasury stock-net	(1)	(1)
Cash dividends paid	(1,284)	(1,293)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	180
Net cash provided by (used in) financing activities	19,657	6,826
Effect of exchange rate change on cash and cash equivalents	(764)	(563)
Net increase (decrease) in cash and cash equivalents	12,204	(19,598)
Cash and cash equivalents at beginning of period	29,484	41,688
Cash and cash equivalents at end of period	41,688	22,090

Company Outline

Company Outline

Name
Nissha Co., Ltd.

Global Headquarters
3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan

President and CEO, Chairman of the Board
Junya Suzuki

Founded
October 6, 1929

Established
December 28, 1946

Capital
¥7,664,790 thousand
*As of End of March 2017

Employees
802 (Consolidated number of employees: 5,133)
*As of End of March 2017

Consolidated Subsidiaries
57 *As of End of June 2017

Bases
Japan: 16 (including affiliated companies)
Overseas: 41 (including locally incorporated companies and equity method affiliates)

End of Fiscal Year
December 31

Website
Corporate Information
www.nissha.com/english/
IR Information
www.nissha.com/english/ir/

Contact Points for Investors
Investor Relations
3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan
T +81 75 811 8111 (Main Switch Board)

Stock Data (As of End of March 2017)

Total number of authorized shares
180,000,000 shares

Total number of outstanding shares
46,822,153 shares

Number of shareholders
6,798

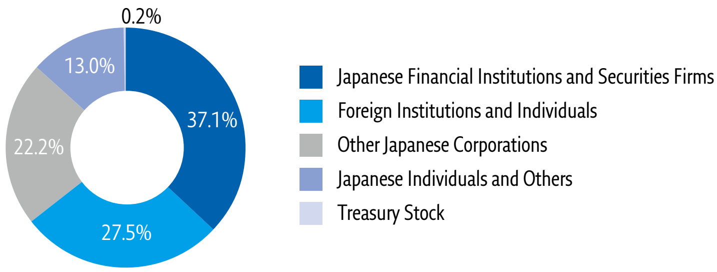
Number of shares per trading unit
100

Stock exchange listings
Tokyo

Large Shareholders

	Number of share held (thousands)	Percentage of share-holding (%)
Japan Trustee Services Bank, Ltd (Trust Account)	2,792	5.96
Suzuki Kosan Co., Ltd.	2,563	5.47
Meiji Yasuda Life Insurance Company	2,341	5.00
Mizuho Bank, Ltd.	2,076	4.43
The Bank of Kyoto, Ltd.	1,442	3.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,253	2.67
Nissha Kyoeikai	1,037	2.21
DIC Corporation	905	1.93
Oji Holdings Corporation	894	1.91
MSCO CUSTOMER SECURITIES	885	1.89

Breakdown of Shareholders by Type (Ration of Shares Owned)



www.nissha.com

Nissha Report 2017 (For the Year Ended March 31, 2017)

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Forward-looking Statements

This Nissha Report contains statements that constitute forward-looking statements regarding the intent, beliefs or current expectations of Nissha Co., Ltd. or its management with respect to the results of operations and financial condition of Nissha and its subsidiaries. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of any number of factors. The information contained in this Nissha Report identifies those factors that could cause such differences. The forward-looking statements speak only as of the date hereof. Nissha disclaims any obligation to update or publicly announce any revisions to these forward-looking statements to reflect future events, conditions or circumstances.

The results and forecast presented on this report are all consolidated basis except as otherwise noted.

Nissha Printing Co., Ltd. changed its trade name to Nissha Co., Ltd. on October 6, 2017.

Unless otherwise indicated, the content of this issue is based on information available as of the end of June, 2017. (The trade name, changed on October 6, 2017, have updated.)

FineTouch is a Nissha's touch sensor.

FineTouch and IMD are eather registered trademark or a trademark of Nissha Printing Co., Ltd.