

NISSHA

Nissha Report 2018

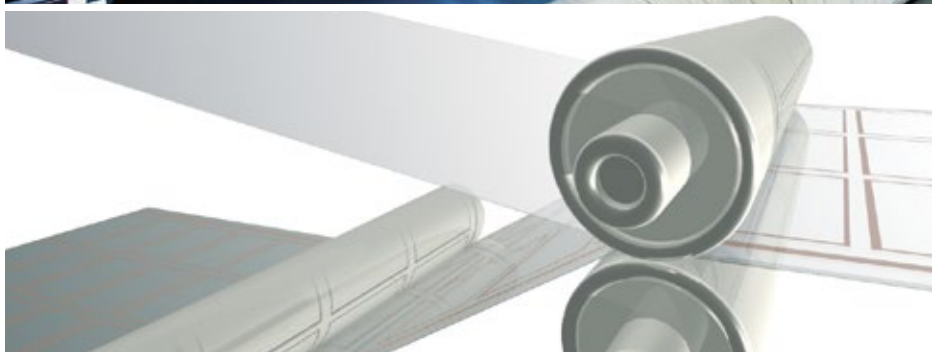
English



Printing



Coating



Laminating



Molding



Patterning

Nissha's Core Technologies

The Evolution of Nissha

We moved into global market, diversifying our products and target markets through developing and evolving printing technology. Our growth has been made on this extension of our business domain.



Founding 1929~

Aspired of high-quality photographic printing



The statement as the Company founded
“We pursue high quality photographic printing no others can compete with, as anybody can be just a typeset printer.”

Through numerous art collections and historical records representing the times, established Nissha’s reputation for high-quality artistic printing

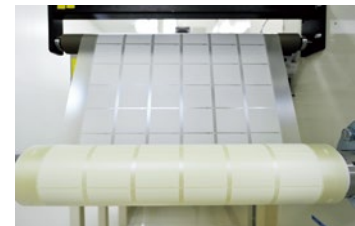
- 1949 “NEW JAPAN” (The Mainichi newspapers)
- 1962 “Koku-hou (National treasure)” (The Mainichi newspapers)
- 1966 “Genshoku Nihon no Bijutsu (Art collection of Japanese cultural inheritance)” (The Shogakukan)



Founder, first president
Naoki Suzuki
1929 Founded the Company

1st Phase of Diversification 1960's

Beginning of our Industrial Materials and Devices businesses



Promoting new product development while evolving printing technology
Expanding target markets by new products such as transfer foil and electronic components

Beginning of current Industrial Materials business

- 1967 Entered home appliances market with the first wood-grain transfer foil in Japan
- 1983 Developed a simultaneous molding and decorative transfer system (IMD)

Beginning of Devices business

- 1970 Opened new production factory for electronic components such as lead frame
- 1990 Developed “Fine Touch” (Origin of current film-based touch sensors)



Chairperson Emeritus, second president
Shozo Suzuki
1959 Assumed post of President

1929

1960's



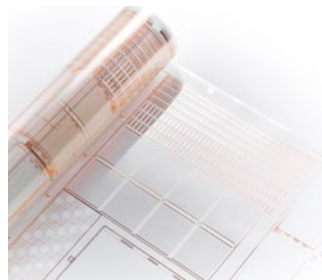
Globalization 2000's

Our products and the Nissha brand penetrates the global market



Number of dealing with global companies were expanded
Global market drives our business growth

- 2006 Upgraded our business management as the business activity globally expanded
- 2007 Surpassed 50% in Net sales ratio of overseas
- 2007 Through an acquisition of molding company in America, established global supply chain of molding between Japan, America, China and Southeastern Asia
- 2012 Developed capacitive-type touch sensors by photolithography process



Current president
Junya Suzuki

1998 Entered the Company
2007 Assumed post of President

Third president
Hiroshi Furukawa

1992 Assumed post of President

2nd Phase of Diversification

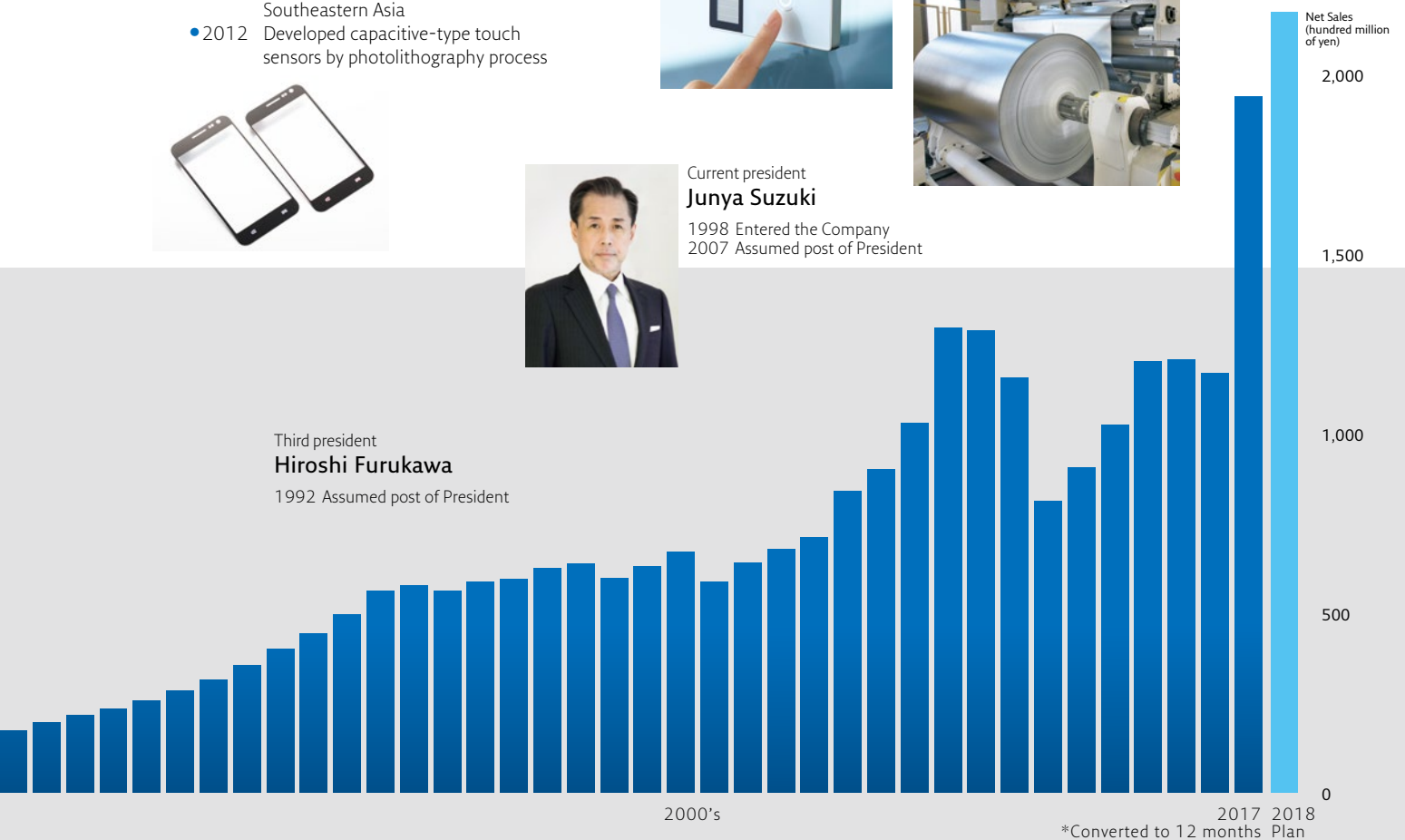
Current Growth by diversification of core technologies and people's capabilities



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

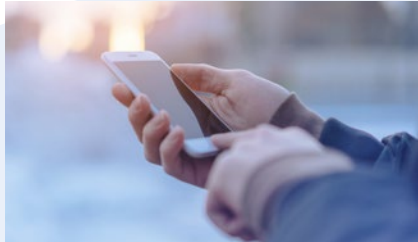
M&A for diversification

- 2014 Acquired gas sensor manufacturer (Japan)
- 2015 Acquired top global metallized paper manufacturer (Belgium)
- 2016 Acquired medical device manufacturer (America) and newly entered the market, started Medical Technologies business -our 4th business
- 2016 Acquired automotive interior plastic molded parts and decorative films manufacturer (Germany)



Our Core Technologies Generate Distinctive Products and Provide Values Diverse Markets

Target Markets



IT



Automotive



Medical Devices



High-function Packaging Materials

4 Priority Markets

Products



Communication Design



Force Sensors



Molded Parts



Household Appliances



Medical Electrodes



Film-based Touch Sensors



Molded Parts



Transfer Foil



Gas Sensors



Transfer Foil



General Printing

Constant Transformation, Evolution and Expansion



Printing

Coating



Metallized Paper



Laminating



Molding



Patterning

Core Technologies





Expanding Business Domains by Enhancing Core Technologies

Nissha is always working to enhance our core technologies while fusing various elements with the printing technology we have cultivated since our founding. We have expanded our business domains by diversifying our products and target markets, entering the global market, and implementing various other measures.

Our core technologies are currently printing, coating, laminating, molding and patterning. Expanding our core

technologies beyond printing and producing distinctive products, we create value in various markets, from IT to automotive, medical devices, and high-function packaging materials.

We will continue to evolve and expand our business domains (products and markets) by incorporating new technologies and materials into our current core technologies and continually changing, improving, and adding to them.

Business Unit	Major Products & Services	Core Technologies				
		Printing	Coating	Laminating	Molding	Patterning
Industrial Materials 	IMD-IML	○	○	○	○	—
	Transfer Foil	○	○	○	—	—
	Metallized Paper	—	○	—	—	—
Devices 	Touch Sensors	○	○	○	—	○
	Force Sensors	○	○	○	—	○
Medical Technologies 	Medical Electrodes	○	—	○	—	○
	Medical Surgical Devices	—	—	—	○	—
Information and Communication 	General Printing	○	○	○	—	○

Printing



Processing technology of applying designs and functions with ink

Coating



Processing technology of forming thin layers

Laminating



Processing technology of laminating multiple thin substrates

Molding



Processing technology of forming various shapes in three dimensions

Patterning



Processing technology of forming functional patterns

Diversity is the Driving Force Behind Our Growth

In conjunction with expansion of our business domains, we are evolving the diversity of all aspects of the Nissha Group, including bases, executives, employees, and core technologies.



Nissha Schuster Group
(Acquired in October 2016)



AR Metallizing Group
Headquarters
(Acquired in August 2015)
Genk



Nissha Precision and Technologies Malaysia



Nissha (Kunshan) Precision IMD mold



Global Headquarters

60 locations around the world

Nissha has 16 locations in Japan, including our Kyoto Headquarters, and 44 locations in other countries.



Nissha Innovation Center Kyoto



Governance Increasing Diversity among Executives

Four out of nine members of our Board of Directors are Independent Outside 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 in August 2015, and the Graphic Controls Group, which was acquired in September 2016, being named Senior Vice Presidents.



Sawako Nohara
Independent Outside Director of the Board



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



Sam Heleba
Senior Vice President
General Manager of Medical Technologies Business Unit
Chief Executive Officer, Graphic Controls Holdings, Inc.



Nissha PMX Technologies
(Acquired in February 2015)



Eimo Technologies



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



Graphic Controls Group
(Acquired in September 2016)
Colorado Springs



Málaga Productos Metalizados
(Acquired in December 2015)



Graphic Controls Group Headquarters
(Acquired in September 2016)
Buffalo



- Sales
- Production
- Sales & Production

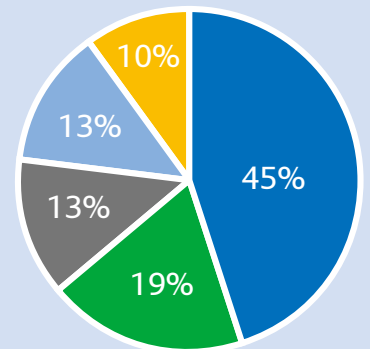
As of end of May, 2018



Diversity of Employees

Regional composition of employees

As of end of Dec. 2017
full-time worker



- Japan
- Asia
- North America
- Europe
- Central & South America

Our Core Technologies Generate Distinctive Products and Provide Values Diverse Markets.

Printing



Processing technology of applying designs and functions with ink

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Processing technology of laminating multiple thin substrates

Molding



Processing technology of forming various shapes in three dimensions

Patterning

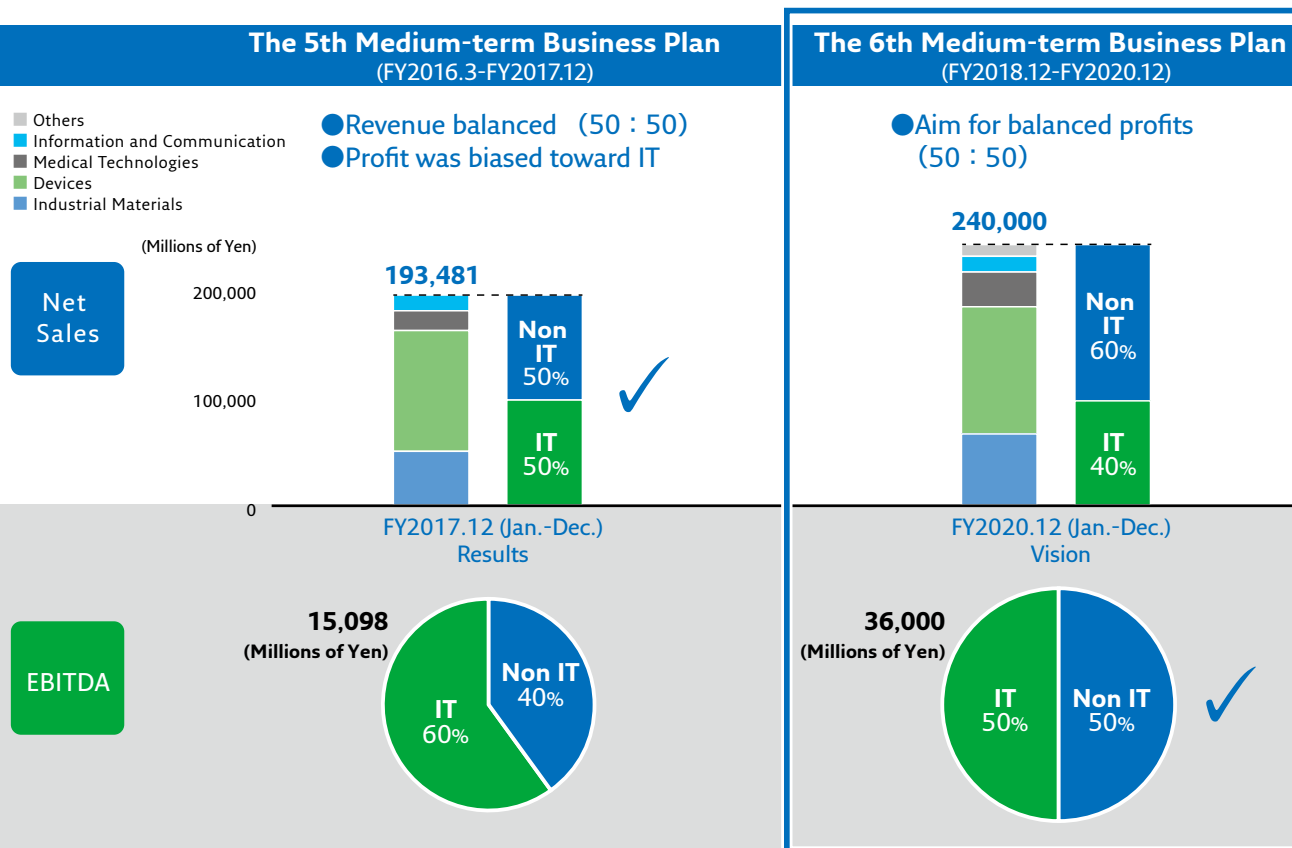


Processing technology of forming functional patterns

The Future of Nissha —The 6th Medium-term Business Plan—

The 6th Medium-term Business Plan Vision 1 Aim for “Completion of Balanced Management”

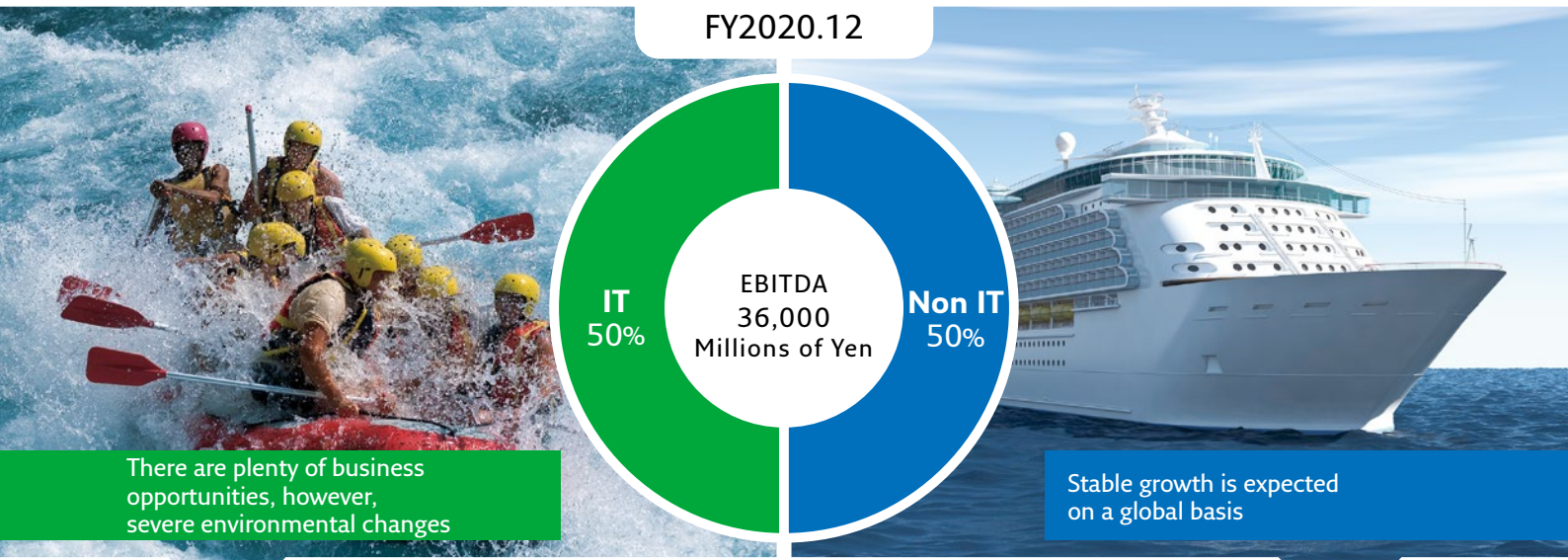
We will aim for an optimal distribution of consolidated net sales, operating income, and EBITDA in the four priority markets of the 6th Medium-term Business Plan: IT, Automotive, Medical Devices, and High-function packaging materials.



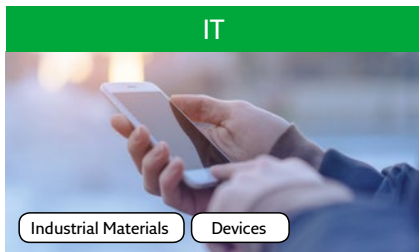
The 6th Medium-term Business Plan Vision 2 Aim for Net Sales 240 billion yen, EBITDA 15%

	The 5th Medium-term Business Plan FY2017.12 (Jan.-Dec.) Converted Results	The 6th Medium-term Business Plan FY2020.12 (Jan.-Dec.) Vision	CAGR
Net Sales (Millions of Yen)	193,481	240,000	7.4%
EBITDA (Millions of Yen)	15,098	36,000	33.6%
EBITDA Margin	7.8%	15.0%	
Operating Profit (Millions of Yen)	4,004	22,000	76.4%
Operating Profit Margin	2.1%	9.2%	
ROE	3.3%	10% or higher	-
ROIC	1.9%	8% or higher	-
Equity Ratio	41.7%	50% or higher	-
EPS	56.5yen	300yen or higher	-
Forex	¥111/\$	¥110/\$	-

Achieving the Medium-term Vision

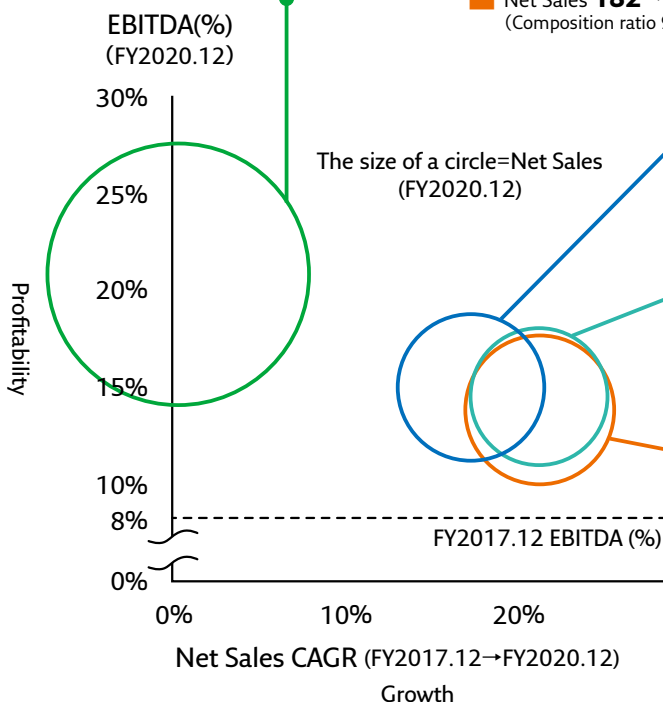
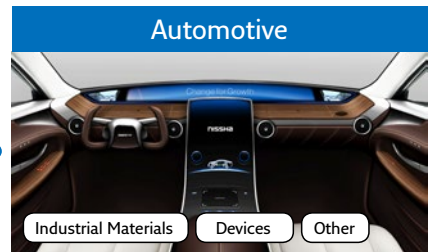


We will aim for an optimal distribution of consolidated net sales and profits in the four priority markets.



Net Sales: FY2017.12→FY2020.12
Composition ratio=ratio of the Company's net sales

- Net Sales **948→957** billion yen (Composition ratio 50%→40%)
- Net Sales **191→307** billion yen (Composition ratio 10%→13%)
- Net Sales **155→274** billion yen (Composition ratio 8%→11%)
- Net Sales **182→320** billion yen (Composition ratio 9%→13%)



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| Editorial Policy |

"Nissha Report 2018" 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.

Unless otherwise indicated, the content of this issue is based on information available as of the end of May, 2018.

The latest statements, earnings forecasts and other information is available in the Investors section of our website.

www.nissha.com/english/ir/index.html

More detailed CSR information is available in the CSR Report (PDF) published on our website.

www.nissha.com/english/csr/download.html

Nissha Philosophy

Nissha has integrated its standards of thought, rules of conduct into Nissha Philosophy that is greatly valued.

■ Mission

We realize the enrichment of people’s lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.

■ Brand Statement

"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.

■ Nissha Innovation Way

We capture market needs accurately and fuse our diverse capabilities and core technologies into innovation that creates new value for our customers.

- Our current core technologies comprise "Printing", "Coating", "Laminating", "Molding" and "Patterning". We will continue to expand and evolve by incorporating new technologies and materials.

■ Shared Values

Customer is Our Priority

We are committed to maximizing customer value.

Diversity and Inclusion

We welcome diverse capabilities interacting as equals and enhancing our organizational performance.

Commitment to Results

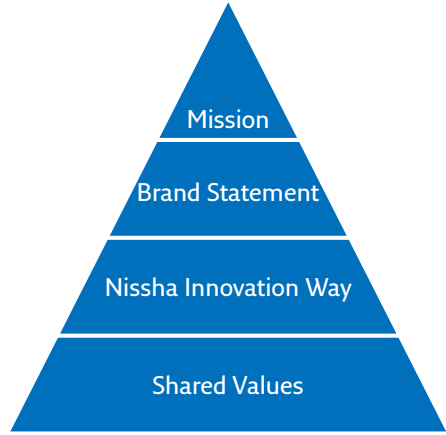
We work with diligence and deliver results.

Done is Better than Perfect

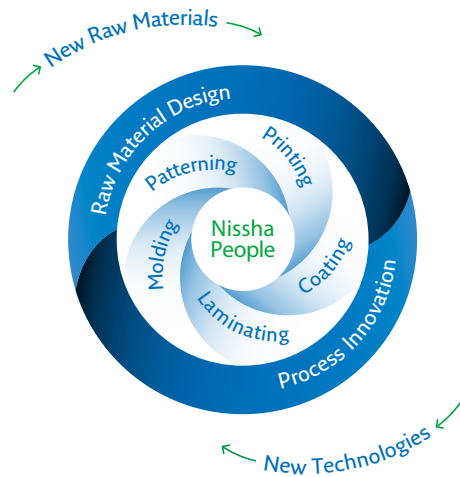
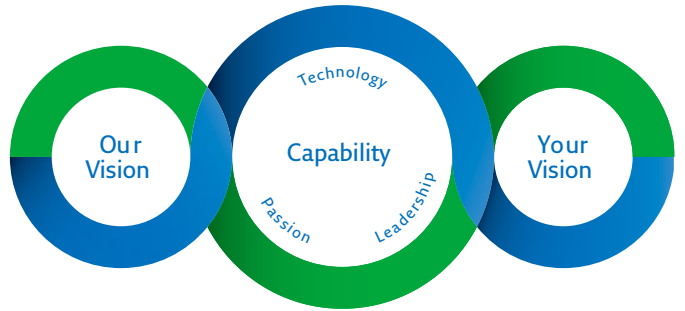
We take actions first rather than sacrificing time value for perfection.

Act with Integrity

We act with integrity and maintain the trust placed in us.




EMPOWERING YOUR VISION





Under the 6th Medium-term Business Plan, we aim to complete balanced management by full use of the business foundation we have acquired and developed up to this point.



Chairman of the Board,
President and CEO

Progress on Reorganization and Optimization of Business Portfolio

We have been enhancing our core technologies by fusing various technologies like Coating, Laminating, Molding, and Patterning with the printing technology we have cultivated since our founding. And we have expanded our business domains through creating distinctive products, diversifying our target markets, and entering the global market. We are currently implementing the Medium-term Business Plan with the main strategy to grow through reorganization of the business portfolio.

Since the latter half of the 1990s, we have concentrated our management resources in the consumer electronics (IT) market and achieved a high level of growth. However, the market growth has slowed, and it is marked by increasingly sharp fluctuations in product demand and dropping prices. While continuing to capture business opportunities in the IT market, we aim to develop a balanced management and maximize corporate value in the medium to long term. This will be accomplished by accelerating business development in markets that differ in nature from the IT

market, i.e. markets that will grow steadily on a global scale over the long term.

During the period of the 5th Medium-term Business Plan (FY2016.3-FY2017.12), we received large-scale orders in the IT market thanks to product development and expansion of production capacity. At the same time, we expanded our business bases for the automotive market and entered the medical devices market and high-function packaging materials market through the aggressive M&A strategy for reorganizing and optimizing our business portfolio. In the Industrial Materials, we completed our exit from the notebook PC business, which is marked by heavy fluctuations in demand, and in the Information and Communication, we executed a company split-up and launched a production partnership with Kyodo Printing. These are just some of the ways we continue to reorganize and optimize our business portfolio.

Entry into Metallized Paper Field (Industrial Materials Business Unit)

In August 2015, the Industrial Materials Business Unit acquired top global metallized paper manufacturer AR Metallizing Group. Metallized paper is one of the general materials used for high-grade labels and packages and is upstream from the printing process. In addition to incorporating the manufacture and sale of metallized paper in its business portfolio, the Industrial Materials Business Unit has gained access to food, drinks, daily necessities and other products in the global market. Additionally, in December 2015, the AR Metallizing Group acquired Málaga Productos Metalizados Ltda. in Brazil, which is engaged in the production and sale of metallized paper and film.

Expansion of Business Foundation in Automotive Interior Decoration (Industrial Materials Business Unit)

In October 2016, the Industrial Materials Business Unit acquired Schuster, which does injection molding for automotive interiors, and Back Stickers, which produces decorative film, in Europe along with their group companies. With this, the Industrial Materials Business Unit 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. Through this acquisition, we also gained new decorative technology and the strong European sales channel of these groups, thereby expanding its business foundation in the automotive market.

Entry into Medical Devices (Life Innovation Business Unit)

In September 2016, we acquired US-based Graphic Controls Group, a medical devices manufacturer. This company's main products are medical electrodes and medical surgical devices, and it is currently engaged in contract manufacturing for major medical devices manufacturers all over the world while also manufacturing and selling its own brand of products to hospitals. By acquiring the Graphic Controls Group, we were able to make a full-scale entry into the medical devices, and establish our fourth new business, the Life Innovation Business Unit. Additionally, in October 2017, the Graphic Controls Group acquired French medical devices manufacturer Integral Process SAS.

*The Life Innovation Business Unit was renamed the Medical Technologies Business Unit in January 2018.

Acquisition of New Large-scale Orders (Devices Business Unit)

In the Devices Business Unit, 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 as a main plant to our existing ones (Himeji Plant in Hyogo and Kaga Plant in Ishikawa).

Results of the 5th Medium-term Business Plan (FY2016.3-FY2017.12)

	Industrial Materials			Devices		Life Innovation	Information and Communication
	Entry into Metallized Paper	Expansion of the Automotive field	Withdrawal from the notebook PC market	Acquisition new large-scale orders	Extension of modules for industrial equipments	Entry into medical devices	Company split-up, production tie-up with Kyodo Printing Co., Ltd.
Reorganize product and market portfolios	✓	✓	✓	✓	✓	✓	—
Withdraw from unprofitable fields	—	—	✓	—	—	—	✓
Promote vertical integration in supply chains	✓	✓	—	—	✓	—	—
Introduce new core technologies	✓	✓	—	—	—	✓	—
Growth by M&A	✓	✓	—	—	—	✓	—

In conjunction with the expansion of our business domains, we now have more than 50 business locations in Japan and other countries, and more than half of our employees working overseas. On October 6, 2017, we changed the name of the company to Nissha Co., Ltd., and we declared that we are a corporate group to keep changing and evolving.

The 6th Medium-term Business Plan (FY2018.12-FY2020.12) Aims to Complete Balanced Management

In the 6th Medium-term Business Plan (FY2018.12-FY2020.12), we define the four markets, IT, automotive, medical devices, and high-function packaging materials as priority markets. We aim to complete in balanced management, with our business portfolio reorganized and optimized through the implementation of our global growth strategy that makes full use of the business foundation we have acquired and developed. The Group's vision is to have optimal distribution of the four priority markets in terms of net sales, EBITDA and operating income and for all of them to

reach all-time highs in the consolidated results of the fiscal year ending December 2020.

To achieve the balanced management, our investments plan is 60 billion yen, consisting of 31.5 billion yen for M&As and 28.5 billion yen for capital investment. As the 5th Medium-term Business Plan, the M&A budget will be concentrated on priority markets (automotive, medical devices and high-function packaging materials), except IT.

An Outline of the 6th Medium-term Business Plan

1. Medium-term Vision (Qualitative)

“Completion of Balanced Management”

We will aim for an optimal share of consolidated net sales, operating income, and EBITDA in the four priority markets of the 6th Medium-term Business Plan: IT, Automotive, Medical Devices, and High-function packaging materials

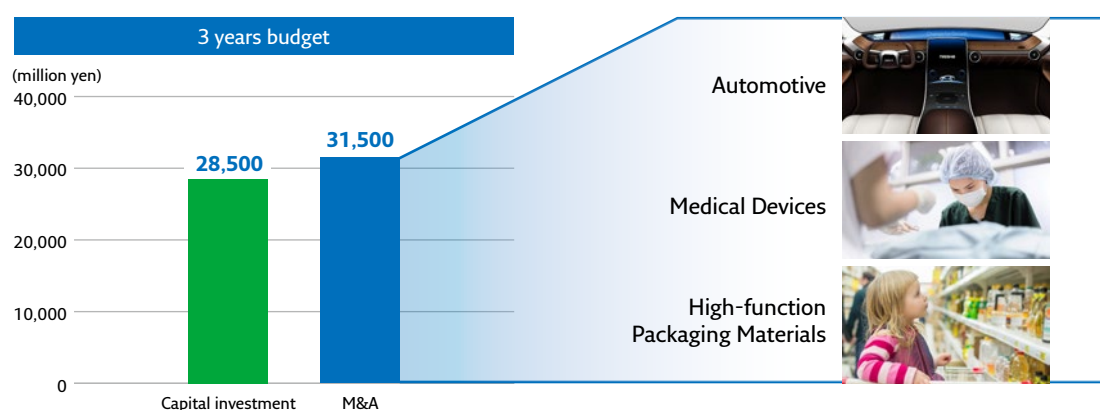
2. Medium-term Vision (Quantitative)

Our consolidated targets in major financial indices for the fiscal year ending December 2020, are as follows.

Net Sales	240 billion yen
EBITDA	36 billion yen
EBITDA Ratio	15%
Operating Income	22 billion yen
Operating Income Ratio	9.2%
ROE	10% or higher
ROIC	8% or higher
Equity Ratio	50% or higher

Investment 60 Billion Yen for Growth

M&A Budget to Be Concentrated on Priority Markets except IT



Reform of Nissha Philosophy

On the occasion of the launch of the 6th Medium-term Business Plan, we established the Nissha Philosophy as the corporate philosophical system. The Nissha Philosophy serves as a guideline for the future of the increasingly diverse Nissha Group. The apex of the system is our Mission, which is to contribute to the realization of value proposition and the enrichment of people's lives. This will be achieved by creating highly competitive, distinctive products

and services with diversification of human resources capabilities and core technologies as the driving force for growth. Based on the Nissha Philosophy, we aim to improve corporate value through the successful execution of our Medium-term Business Plan.

I would like to take this opportunity to thank all our stakeholders for your continued support to us looking ahead to future growth.

Chairman of the Board, President and CEO

Junya Suzuki

We aim to become a stably high-profitable company with a solid financial base, through the achievement of the vision set forth in the 6th Medium-term Business Plan.



Director of the Board
Senior Executive Vice President
Chief Financial Officer

Hayato Nishihara

Progress on Reorganization of Business Portfolio and Improvement Profitability

In the fiscal year ended December 2017, the fiscal year-end was changed from March 31 to December 31, and all fiscal year-ends within the Group were unified, so the fiscal year ended December 2017 was an irregular year of only nine months. The year-on-year comparison shown below covers the period from April 1, 2016 to December 31, 2016.

In the fiscal year ended December 2017, net sales were ¥159,518 million (an increase of 94.9% year on year), which was the highest ever, despite it only being a nine-month period. Operating income was ¥6,278 million (compared to an operating loss of ¥1,630 million and operating margin of 3.9% the previous year), ordinary income was ¥7,578 million (compared to an ordinary loss of ¥2,272 million and an ordinary income ratio of 4.8% the previous year) with a foreign exchange gain of ¥1,585 million, and net income attributable to parent company owners was ¥6,734 million (compared to a net loss attributable to parent company owners of ¥3,355 million the previous year and a net income ratio of 4.2% this year).

The fiscal year ended December 2017 was the final year of the 5th Medium-term Business Plan, and real progress was made on reorganization and optimization of the business portfolio. For example, in the Devices Business Unit, which is our main business, product demand remained strong, and in the Industrial Materials Business Unit, business income improved. Also, the

Life Innovation Business Unit (renamed the Medical Technologies Business Unit on January 1, 2018) fully contributed to business results.

In the 6th Medium-term Business Plan beginning the fiscal year ending December 2018, EBITDA is used as a key profitability indicator, and in the fiscal year ended December 2017, EBITDA was ¥14,509 million (EBITDA margin of 9.1%).

(Note)

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

The results by business unit for the fiscal year ended December 2017 are provided below.

■ Industrial Materials Business Unit

Operating revenue in the Industrial Materials Business Unit improved thanks to mostly strong demand for products, particularly materials for automotive and metallized paper, and reduction of quality costs.

As a result, net sales were ¥37,283 million (an increase of 4.0% year on year), and operating income was ¥1,281 million (an increase of 124.3% year on year for an operating margin of 3.4%). EBITDA was ¥4,188 million (EBITDA margin of 11.2%).

■ Devices Business Unit

In the Devices Business Unit, product demand was strong for smartphones, tablet devices and portable game players, but at the same time, anticipatory expenses increased for such things as development of a production system to handle robust demand.

As a result, net sales were ¥97,206 million (an increase of 186.3% year on year), and operating income was ¥7,016 million (an increase of 1,011.4% year on year for an operating margin of 7.2%). EBITDA was ¥10,370 million (EBITDA margin of 10.7%).

■ Life Innovation Business Unit

(On January 1, 2018, the name was changed to the Medical Technologies Business Unit.)

In the Life Innovation Business Unit, product demand was strong, primarily for contract manufacturing for major medical devices manufacturers.

As a result, net sales were ¥14,081 million, and operating income was ¥244 million (operating margin of 1.7%).

Please note that this business was

established when Graphic Controls was included within the scope of consolidation in the third quarter of the fiscal year ended March 2017, so there is no year-on-year comparison. EBITDA was ¥1,540 million (EBITDA margin of 10.9%).

■ Information and Communication Business Unit

The business environment in the Information and Communication Business Unit has become difficult due to a decrease in printed matter with the diversification of information media in the commercial printing field.

As a result, net sales were ¥10,673 million (an increase of 0.9% year on year), and there was an operating loss of ¥445 million (compared to an operating loss of ¥107 million the previous year for an operating margin of -4.2%). EBITDA was -¥321 million (EBITDA margin of -3.0%). Returning to profitability continues to be important.

As seen above, profitability was still insufficient in the fiscal year ended December 2017. Nevertheless, the fact that three out of the four Business Units above turned a profit (in the fiscal year ended March 2017, only the Industrial Materials Business Unit was profitable) and that the three profitable businesses had double-digit EBITDA margins shows that our earning power and cash flow creation abilities are improving, including the acquired subsidiaries. I believe this is solid evidence of steady progress on the medium-term vision to “acquire and integrate new core technology for printing and finish reorganizing our business portfolio in global growth markets” as set forth in the 5th Medium-term Business Plan.

Building Stable Revenue is Key

Looking at the most recent financial situation, the equity ratio in the fiscal year ended December 2017 was 41.7%, up just 1% from 40.7% in the fiscal year ended March 2017 and falling well short of the target of 50% or higher from the 5th Medium-term Business Plan.

Meanwhile, net assets grew significantly to ¥94,054 million (compared to ¥74,606 million in the fiscal year ended March 2017), putting the ¥100,000 million mark in sight. This was primarily due to the stock price moving well above the conversion value of euro-yen denominated convertible bonds

issued in the fiscal year ended March 2016 and the conversion rate reaching 85.3% (compared to 41.2% in the fiscal year ended March 2017).

On the other hand, we repaid short-term loans, but production and shipments of large-scale orders increased rapidly ahead of the year end, while accounts receivable, inventory assets, accounts payable and other current assets/liabilities greatly increased. As a result, there was not a substantial improvement in the equity ratio.

Our product demand fluctuates greatly depending on the season, so we use the average annual inventory, the average inventory for the most recent three months, and the working capital turnover period (number of months) for analysis to check the safety and cash conversion speed of assets and liabilities. I believe these are normal values.

The key to achieving the target equity ratio of 50% or higher as set forth in the 6th Medium-term Business Plan will be building stable revenue.

Aiming for Continuous Improvement of Corporate Value

The 6th Medium-term Business Plan (FY2018.12-FY2020.12) started in January 2018. The Medium-term Vision is to achieve balanced management. This will require further growth investment aimed at improving corporate value. In light of these circumstances, we plan to keep annual dividends for the fiscal year ending December 2018 at 30 yen, the same as the same period of the previous year. I thank you in advance for your understanding.

Under the 5th Medium-term Business Plan, the fiscal year-end was changed to December 31 from March 31 across the

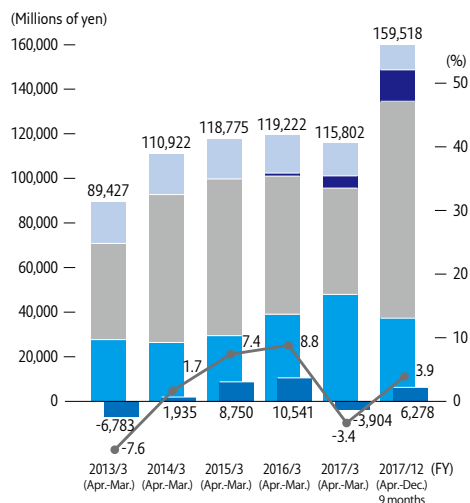
entire Group. The next step is preparing for application of IFRS during the period of the 6th Medium-term Business Plan. The purpose of this is to improve international comparability of financial information in the capital market to address the measure of investment of our investors on a global basis.

(Note)

IFRS: International Financial Reporting Standards

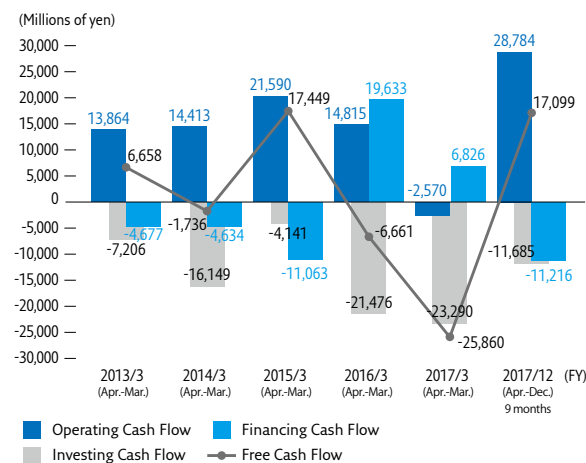
We have consistently held the belief that becoming a company with a solid financial base and stable, high profits through the achievement of the vision set forth in the 6th Medium-term Business Plan is precisely what will lead to improved shareholder value. I believe that this is the only way to continue with stable dividends to reward our shareholders for their support and meet the expectations of our stakeholders.

Net Sales and Operating Income

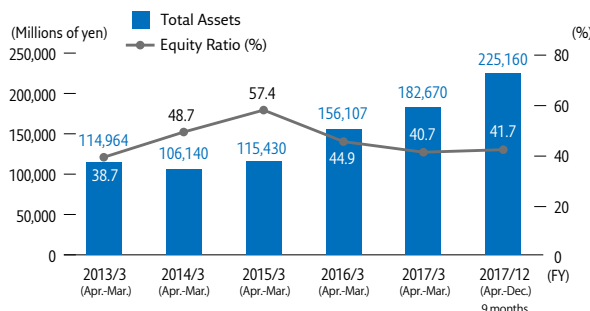


- Net Sales of Information and Communication, and Others
- Net Sales of Life Innovation
- Net Sales of Devices
- Net Sales of Industrial Materials
- Operating Income
- Operating Income Ratio

Cash Flows

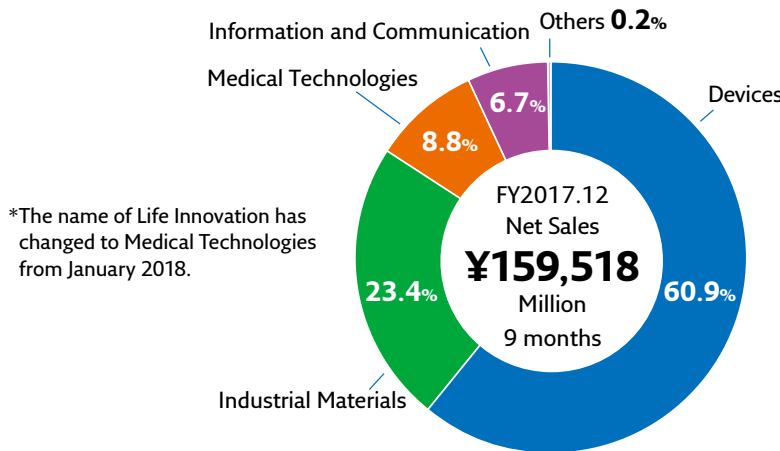


Total Assets and Equity Ratio



Nissha is engaged in the four businesses of Industrial Materials, Devices, Medical Technologies, and Information and Communication

▼ Composition of Net Sales by Business (FY2017.12)



Industrial Materials

Industrial Materials Business Unit is a unique business segment that adds value to the surface of various materials. It is divided into two areas of business, “Decoration” area which provides primarily decorative film and injection molding solutions and “High-function Packaging Materials” area which manufacture and sell vacuum metallized papers.

Devices

In the Devices Business Unit, the Nissha Group produces devices that pursue precision and functionality. Our main products, Film-based Touch Sensors are adopted mainly in smartphones, tablet devices, portable game players, industrial equipment and automotive parts in global markets. In addition, the Nissha Group offers Force Sensor that detects the inputting force and Gas Sensors that can detect gas conditions. We also offer wireless sensor networks for IoT.

Medical Technologies

Medical Technologies Business Unit aims to contribute to safe, secure, and healthy life worldwide through business activities by providing high quality and high value-added medical devices and related products. Current main products range from medical electrodes to medical surgical devices. We provide contract manufacturing services to major medical device manufacturers worldwide, while also manufacturing and selling our own brand medical devices directly to medical institutions around the world.

Information and Communication

In the Information and Communication Business Unit, the Nissha Group offers its customers a wide range of professional products and services such as publication printing, commercial printing, sales promotion and Web solution thereby assisting a host of marketing strategies and communication strategies relating to advertising and sales promotion. We also offer Cultural Asset Art Solutions.





Business Description #01 **Industrial Materials**

As diversification of target markets and products progresses, the fields of decorative materials for the automotive market and high-function packaging materials drive the business' growth.



Executive Vice President
General Manager of Industrial Materials
Business Unit

Hisayuki Ito

Developing a Business Capable of Stable Growth

The Industrial Materials Business Unit 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 offers both metallic luster and printability, has captured one of the top global market shares in the industry as high-function packaging materials for food and drinks.

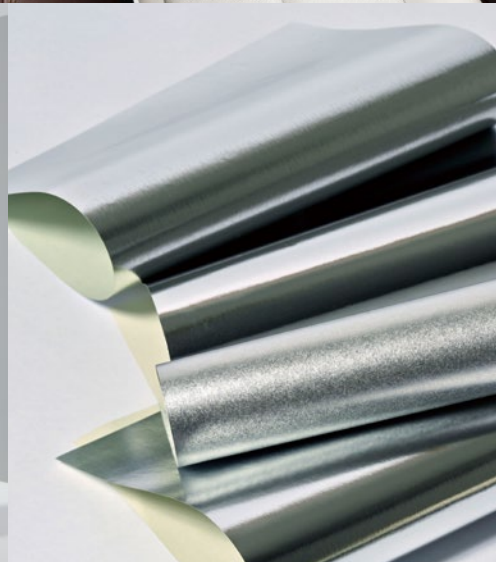
From the 1990s to the 2000s, the Industrial Materials Business Unit achieved rapid growth, boosted by overwhelming demand in the consumer electronics (IT) market, including mobile phones

and notebook PCs. However, since the global financial crisis precipitated by the Lehman Brothers' bankruptcy in 2008, product demand in the IT market has been increasingly volatile, and price reductions have become the norm. In response to changes in the market environment, we have attempted to reduce our over-dependence on the IT market and expand markets where stable growth is expected in the Industrial Materials Business Unit. In so doing, we have sought to turn it into a business that produces steady profits.

Diversification of Target Markets and Products Progresses

Under the 5th Medium-term Business Plan (FY2016.3-FY2017.12), the Industrial Materials Business Unit worked on reorganizing and optimizing our business portfolio in terms of product fields and target markets.

In the field of decorative materials, which is led by decorative film and injection molded products, we completed our withdrawal from the notebook PC market, which was declining in profitability. We also promoted the development of business bases to achieve growth in the automotive market, which we have designated a key market. In October 2016, we acquired the Schuster Group, which manufactures and sells plastic molded products used in automotive interiors in Germany and made it a subsidiary. The supply chain for automotive tends to be distributed



in territories near major markets around the world. As such, 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 acquisition, we have simultaneously acquired production and sales facilities in the European region, which is important to the automotive market.

Meanwhile, we made our full-scale entry into the high-function packaging materials field by acquiring leading global metallized paper manufacturer AR Metallizing Group in August 2015 and making it a subsidiary. In addition to incorporating the manufacture and sale of metallized paper, which is proximal to and upstream from printing, into our business portfolio, we gained access to food, drinks, daily necessities and other products in the global market.

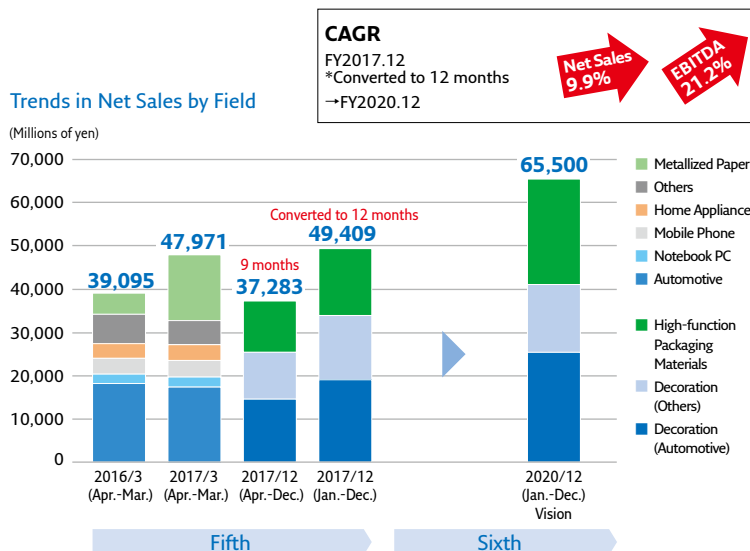
Fields of Decorative Materials for the Automotive Market and High-Function Packaging Materials Drive Growth

Under the 6th Medium-term Business Plan (FY2018.12-FY2020.12), which was launched in January 2018, our aim is to become a business unit that produces steady profits by growing both the decorative materials and high-function packaging materials fields while fully utilizing the business foundation acquired under the 5th Medium-term Business Plan.

The growth strategy in the decorative

materials field remains centered on the automotive market, which is rich in opportunities. We aim to provide new value to customers through geographical expansion into areas where high market growth is expected and enhancement of new materials for automotive interiors and our product lineup. At the same time, in the field of high-function packaging materials, we expect demand for our metallized

paper, which offers high printability and biodegradability, to grow against a backdrop of increased interest in environmentally friendly packaging materials. In addition to expanding applications to include outer packaging for daily necessities, cosmetics, and food, functional packaging, envelopes for direct mail, and others, we will work on expanding our product lineup, including entry into the metallic cardboard market.



Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.

Devices

Business Description #02 **Devices**

Business results have expanded against a backdrop of robust demand for film-based touch sensors. We will promote diversification of target markets and products while maintaining and improving profitability.



Director of the Board
Executive Vice President
General Manager of Devices Business Unit

Daisuke Inoue

Highly Competitive Nissha Touch Sensors

The main product in our Devices Business Unit is film-based touch sensors. Our devices offer precision and functionality. They are used widely in smartphones, tablet devices, portable game players, industrial equipment, automotive and other such products in the global market.

Since the 1980s, we have been working to develop film-based touch sensors, applying our printing technology 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.

In 2012, we successfully developed capacitive-type touch sensors using a photolithography process. We also 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 with world-class production and quality control capabilities: Our Himeji Plant in Hyogo, Kaga Plant in Ishikawa and Tsu Plant in Mie.

Business Results Expanded Against Backdrop of Robust Demand for Film-based Touch Sensors

The challenge for the Devices Business Unit was its over-dependence on the consumer electronics (IT) market, which is marked by heavy fluctuations in product demand and short product life cycles. For that reason, the 5th Medium-term Business Plan (FY2016.3-FY2017.12) aimed to expand other markets besides the IT market, including industrial equipment, medical treatment, healthcare, housing and automotive. The main strategy included securing sales channels and building a supply chain according to market characteristics and customer demand. An example of addressing customer demand identified by Sales is the supply of products in module form, combining touch sensors with cover glass and displays, which are peripheral to touch sensors. This led to such results as landing new orders for portable game players and



industrial equipment applications.

At the same time, demand for film-based touch sensors continued to rise in the IT market as well. Business opportunities were seized through aggressive product development and capital expenditures, and we were able to land new large-scale orders. Despite the fact that the fiscal year ended December 2017 was only nine months due to changing the fiscal year end, consolidated net sales in the Devices Business Unit were the highest ever at ¥97,206 million.

Seizing Business Opportunities through Joint Venture with Chinese Company

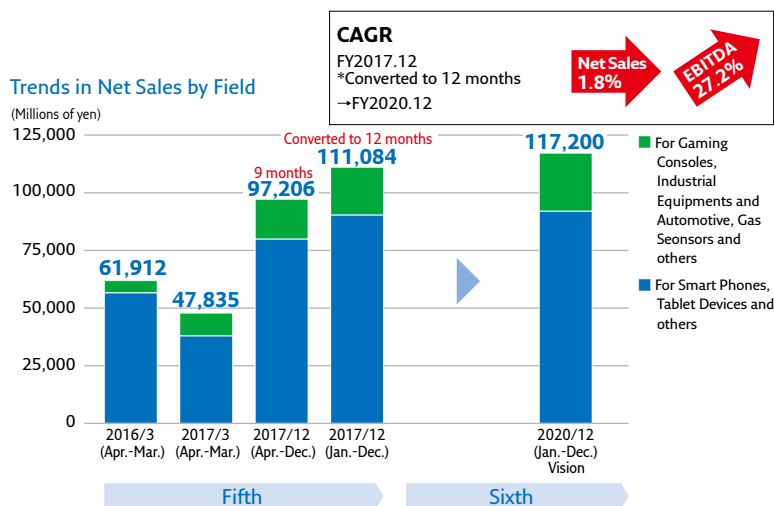
Under the 6th Medium-term Business Plan (FY2018.12-FY2020.12), we aim to establish a business foundation capable of stable growth through continued diversification of target markets and products while maintaining and improving business profitability. Demand for film-based touch sensors is expected to grow, not only in the IT market but also in the automotive and industrial equipment markets. We established a joint venture with leading Chinese glass processor and manufacturer Lens Technology (Lens) in the aim of establishing a new production facility to complement the three existing plants. This allows us to seize these business opportunities and promote diversification of target markets. Utilizing this joint venture, our hope is to improve business profitability and

efficiency by minimizing the burden of capital expenditures and combining our advanced technology with the operational capabilities and cost competitiveness of Lens in China.

We will also focus on expanding our lineup of new products other than film-based touch sensors by applying the core technologies we have cultivated up to now. Being sensitive to constantly changing market demand, we will

bring high value-added products to market, including force sensors that detect pressure strength/weakness, gas sensors that detect gas and exhaled air, and wireless sensor networks for the IoT market.

The Devices Business Unit will maximize business profits using these strategies and will continue to drive company-wide results in terms of both net sales and income.



Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.



Medical Technologies

Business Description #03 | **Medical Technologies**

High growth is expected in the medical devices market. We aim to drive company-wide growth with Graphic Controls Group as the heart of Medical Technologies Business Unit.



Senior Vice President
General Manager of Medical
Technologies Business Unit
Chief Executive Officer, Graphic Controls
Holdings, Inc.

Sam Heleba

Delivery of High-Quality, High Value-Added Medical Devices

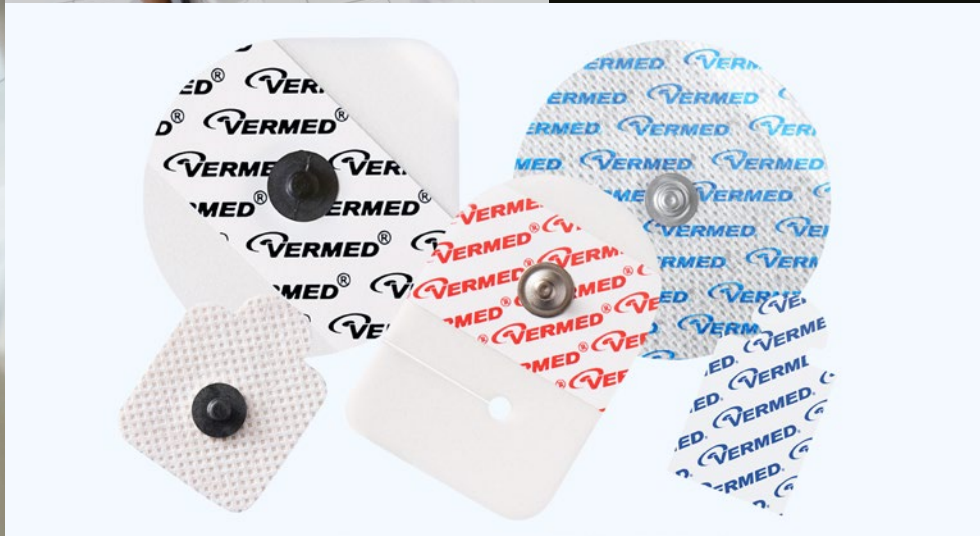
The Medical Technologies Business Unit aims to contribute to people's healthy and fulfilling life by providing high-quality, high value-added products in the medical devices and related markets.

In September 2016, we acquired US-based Graphic Controls Group, a medical devices manufacturer, and made our entry into the medical devices market. This group is engaged in contract manufacturing for major medical devices manufacturers while also manufacturing and selling its own brand of medical devices all over the world. Graphic Controls was founded in 1909 as a printing company involved in industrial chart paper. Through product development and market cultivation, it has evolved into a medical devices manufacturer. It remains involved in business media today, including industrial

chart paper and tickets, but it is accelerating its entry into the medical devices market where high growth is expected. Its start as a printing company and path of growth through product and market cultivation or, in other words, diversification of its business, mirrors our own history of growth. There are also many things in common when it comes to our core technologies. In particular, its medical electrodes and medical surgical devices for hospitals feature processing technologies like electrode pattern forming and precision injection molding.

The aim of our 5th Medium-term Business Plan (FY2016.3-FY2017.12) was to achieve growth by reorganizing and optimizing our business portfolio. In addition to breaking free from our over-dependence on the consumer electronics (IT) market, which is marked by rapid changes in the business environment, it sought business expansion in markets of a different nature where there will be long-term stable growth on a global scale. From this standpoint, we have made medical devices a key market and have engaged in relevant research and investigative activities.

It is against this backdrop that the Graphic Controls Group became part of our Group, and it has become the core business company of the Medical Technologies Business Unit. In the fiscal year ended December 2017, which was the final year of the 5th Medium-term Plan, the Graphic Controls Group began contributing to full-



year business results, so the net sales of the Medical Technologies Business Unit increased substantially. From the standpoint of synergy with Nissha, several developments have taken place with respect to preparation for business expansion in Japan. In October 2016, a Kobe Research Office was opened within the KOBE Biomedical Innovation Cluster in Japan for the purpose of studying business opportunities in the medical devices market. In April 2017, Nissha (then Nissha Printing) obtained a Class 2 license for the manufacture and sale of medical devices and put together the quality and safety control system necessary for developing our medical devices business in Japan.

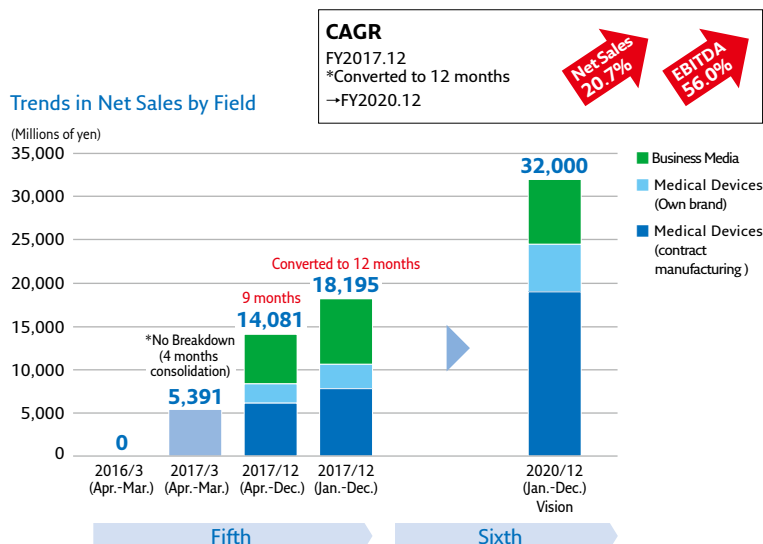
Growth Strategy Centered on Contract Manufacturing of Medical Devices

The aim of the 6th Medium-term Business Plan (FY2018.12-FY2020.12), which was launched in January 2018, is to achieve sustainable growth by having the Medical Technologies Business Unit, led by the Graphic Controls Group, provide advanced medical devices and medical consumables to the medical devices market on a global basis. The contract manufacturing in which products like medical electrodes and medical surgical devices are produced for major medical devices manufacturers is expected to drive the growth of the business. In recent years, there has been a growing trend for major medical devices manufacturers to

concentrate their business resources on R&D and marketing and outsource product design and manufacturing. Taking this as an opportunity to expand our market in the contract production field, the Medical Technologies Business Unit will leverage strengths like low cost operations and synergy with the Nissha Group to grow and expand.

At the same time, the business media field, including industrial chart paper and tickets, is expected to remain stable and strong, so it is positioned to create cash flows to support growth of medical devices.

The Medical Technologies Business Unit aims to steadily implement the growth strategy of the 6th Medium-term Business Plan and drive company-wide growth.





Information and Communication

Business Description #04 **Information and Communication**

We aim to create profits by concentrating our business resources on customers and industries in which we can leverage our strengths.



Nissha Printing Communications, Inc
Representative Director

Shunji Murase

Providing Broad Support for Communication Strategies of Corporate Customers

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

The origins of the business lie in high-quality art printing. At the time of our founding, we concentrated on the field of high-quality art printing and became widely known as the company to go to for such printing. The 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. In recent years we have begun providing broad support for the corporate communication strategies of 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 print media market continues to shrink, and intense competition for orders is keeping business profitability down. This trend is not expected to change much, so the market environment will remain difficult.

Cost Structure Reform Through Company Split-ups and Production Tie-ups

Under the 5th Medium-term Business Plan (FY2016.3-FY2017.12), the Information and Communication Business Unit promoted more precise management of profitability at the project level and cost restructuring through reduction of manufacturing and variable costs.

On July 1, 2015, the Information and Communication Business Unit was split off into Nissha Printing Communications for the purpose of improving its autonomy. Moreover, in April 2016 we began a production tie-up with industry leader Kyodo Printing. By



outsourcing volume production of orders received to Kyodo Printing, we aim to optimize the production capacity of both companies according to demand and improve business profitability.

In this way, there were some results with respect to cost restructuring of the business during the period of the 5th Medium-term Business Plan, but the competitive environment grew harsher with further decreases in the volume of printed matter. Unfortunately, our efforts at cost restructuring could not keep up with the pace of decline in net sales.

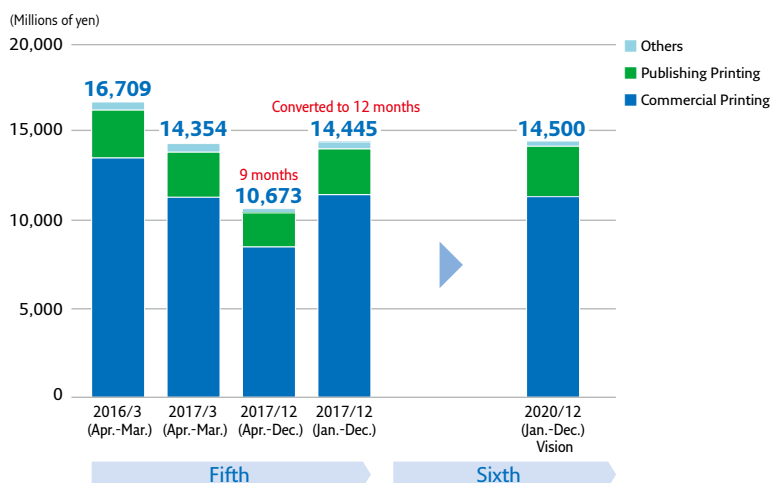
Improving Business Profitability is Biggest Challenge

Under the 6th Medium-term Business Plan (FY2018.12-FY2020.12), which was launched in January 2018, we will work on further structural reform of the business and costs so that we can turn a profit even in the scenario where net sales do not increase. We will continue to work on decreasing manufacturing and variable costs while also introducing a mechanism to improve productivity of employees in order to develop a system capable of more efficient business activities. On the sales side, we will concentrate our business resources on customers and industries where we can take advantage of our strengths, such as art solutions. Providing total support for products

and services in art printing and peripheral domains, we will increase the percentage of net sales accounted for by these fields to improve business profitability. At the same time, we will also work on expanding our product lineup based on customer needs. In addition to introducing new product lines that utilize our advanced technology to

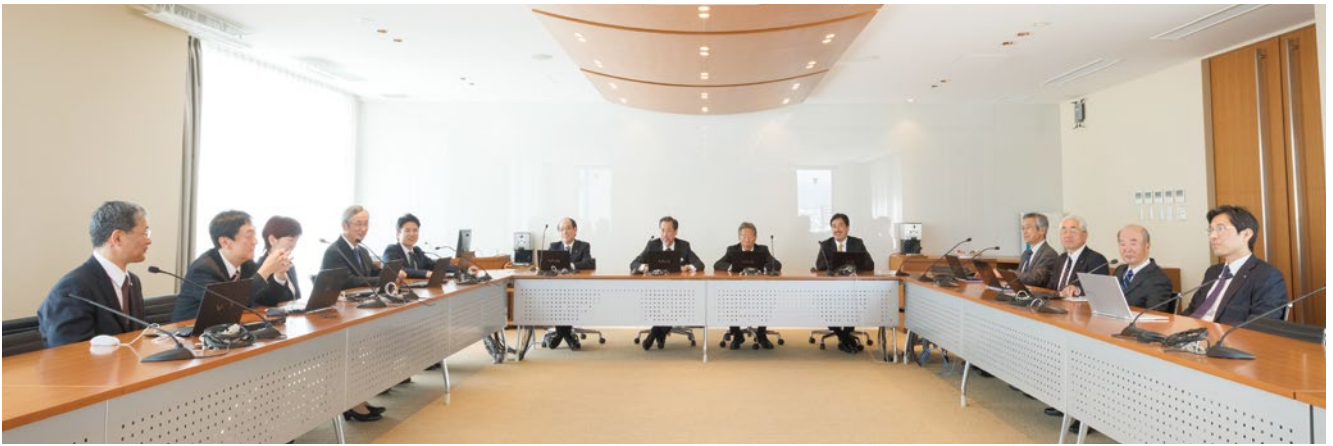
existing printing fields, we will provide various products and services through tie-ups across business units. This will include rolling out the products of the Graphic Controls and AR Metallizing groups to the Japanese market. We aim to improve business profitability by steadily implementing these strategies.

Trends in Net Sales by Field



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





Since our founding, we have implemented strategies under the strong leadership of our management that precisely address changes in the management environment. 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. We work to ensure sustainable growth and improve corporate value in the medium to long term by maintaining and improving our corporate governance.

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

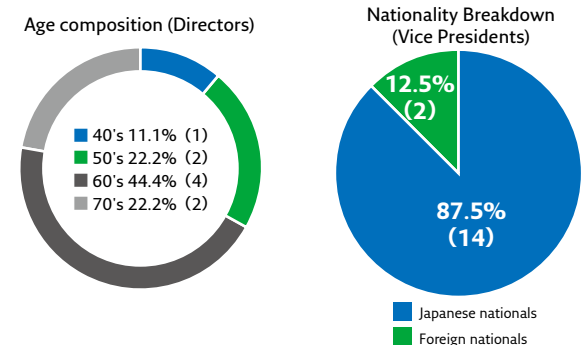
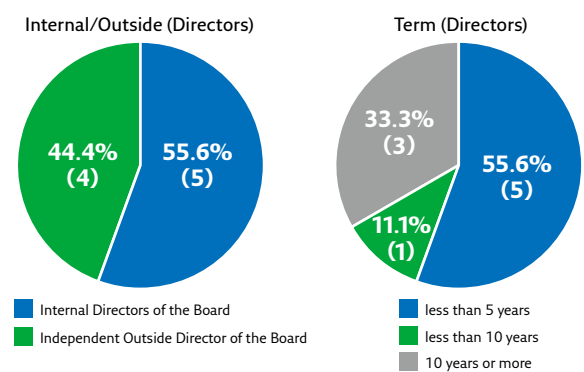
Our Board of Directors consists of nine Directors, including four Independent Outside Directors. An outside perspective is incorporated in management, and the small group engages in lively discussions. At the same time, they work to ensure balanced management by allotting time to matters according to 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 ensure that they are discussed sufficiently. In order to sufficiently exercise the monitoring function, it has been decided that reports are to be provided on the latest situation with large-scale M&As, capital investments, and other such projects after a certain amount of time has passed.

Increasing Diversity Among 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. Out of the nine members of our Board of Directors, four are Independent Outside Directors. Our Independent Outside Directors possess a wide range of experience in corporate management, business management at electronic manufacturers and other relevant work. They are thoroughly familiar with their fields of expertise such as business strategy, IT, financial economics, and macroeconomics, and their knowledge is put to full use in our management operations. As for term lengths, the makeup of the Board members ensures a balance between Directors having served on the Board for many years and those having been brought on more recently as well as a balance of generational perspectives.

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. Moreover, two of our Vice Presidents in charge of business execution are foreign nationals. These are just a few ways we promote diversity.

Diversity of Executives Capable of Responding Flexibly to Changes in the Business Environment



Knowledge of Independent Outside Director of the Board	Director Knowledge, Experience, etc.
General corporate management	Overseas work experience — 66.7% (6)
General finance and accounting	Work experience at other companies — 77.8% (7)
Business management at manufacturers	Management-related master's degree holders — 55.6% (5)
IT	Women — 11.1% (1)
Management/business strategy	
Macroeconomics	

Holding importance on Dialog 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. This includes having management engage in direct dialog with shareholders and investors. The fiscal year ended December 2017 was only nine months due to the change in fiscal year-end, but President and CEO Junya Suzuki spoke at three quarterly financial briefings for institutional investors. He also held about 50 individual talks with shareholders and institutional investors in Japan and other countries and one business briefing for individual investors.

Our Corporate Governance Background

Since 2007 when we appointed our first Independent Outside Director of the Board, we have increased their number and actively worked to incorporate outsiders' views into our management. In 2008, we introduced a Corporate Officer system, and we have put together a system that promotes swift and bold decision-making. When the Corporate Governance Code was enforced in 2015, we established our own Corporate Governance Policy. Other efforts to further improve governance include the implementation of evaluations of the effectiveness of the Board of Directors and the introduction of performance-based compensation (for Internal Directors, Vice Presidents, etc.) designed to have members of the Board share a common awareness of the stock price with our shareholders.

■ Evaluations of the Effectiveness of the Board of Directors

Since April 2016, we have been working on ongoing improvements to increase the effectiveness of corporate governance by conducting annual analyses and evaluations of the performance of the Board of Directors in the previous year. An overview of the results from the evaluation of the fiscal year ended December 2017 is provided below. We aim to further improve the effectiveness of the Board of Directors by continuing to work on the issues revealed by the analysis and evaluation.

1. Evaluation process

- (1) Conduct a questionnaire survey of all members of the Board of Directors and Audit and Supervisory Board.
- (2) Conduct an analysis and evaluation of the effectiveness of the Board of Directors based on those results.
- (3) This being the third time conducting the analysis and evaluation, we added questions focused on the substantial effects of discussion to the existing questions on the composition, role and operations of the Board of Directors.

2. Overview of results of analysis and evaluation

(1) Results

We confirmed that the Board of Directors is functioning properly and effectively.

(2) Reasons

- a. Lively discussions took place in the fiscal year ended December 2017 taking advantage of the knowledge of Independent Outside Directors and Auditors with diverse experience and expertise
- b. Objective and constructive discussions took place on strategic issues based on a medium-term business plan that takes into account the management environment and the business portfolio
- c. Out of the two issues from the evaluation of the fiscal year ended March 2017, improvements are generally being made with respect to "focusing on key points of agenda items and discussions related to risk for more effective deliberation"
- d. The Board of Directors is working on sharing information on agenda items in advance and efficient operations based on a yearly schedule

3. Key issues recognized in the fiscal year ended December 2017 and future action

- (1) Continue to work on the other issue from the evaluation of the fiscal year ended March 2017 ("Regularly verify the strategic and financial effect of capital expenditures and corporate acquisitions executed by resolution of the Board of Directors") including at the additional global bases.
- (2) In regard to important matters, prepare material for the Board of Directors focused on key points of agenda items and risk for more effective decision-making.

■ Officer Compensation Structure That Contributes to Improved Corporate Value

Our basic policy on compensation for Directors and Vice Presidents engaged in business execution is that the structure contributes to improvement of company performance and corporate value.

Compensation for Internal Directors consists of their base pay, which is a fixed salary, and bonuses and stock compensation, which are performance-based.

Base pay is determined based on the level of contribution and an evaluation of performance, with the basic amount established based on the significance of the Director's role and their position. Bonuses are determined based on an evaluation of the level of achievement of targets based on the consolidated results (consolidated net sales, consolidated operating margin, performance of the segment the Director is in charge of, etc.) each fiscal year.

We have introduced a Board Benefit Trust (BBT) for stock compensation. This plan issues company stock and pays cash based on points granted according not only to position and performance in the fiscal year but also the level of achievement of quantitative targets like ROE and ROIC set forth in the Medium-term Business Plan on a certain date in the final year of each Medium-term Business Plan. This increases awareness of contributing to the continuous improvement of Nissha's medium- to long-term performance and corporate value.

Compensation for Independent Outside Directors and Auditors (including Audit and Supervisory Board members) consists of base pay only.

Compensation for Directors is determined by the Board of Directors after receiving a report from the Nominating and Remuneration Committee in order to ensure objectivity and fairness within the limits decided by resolution at the General Meeting of Shareholders. Remuneration for Audit and Supervisory Board members is determined with the cooperation of the Audit and Supervisory Board members within the limits decided by resolution at the General Meeting of Shareholders.

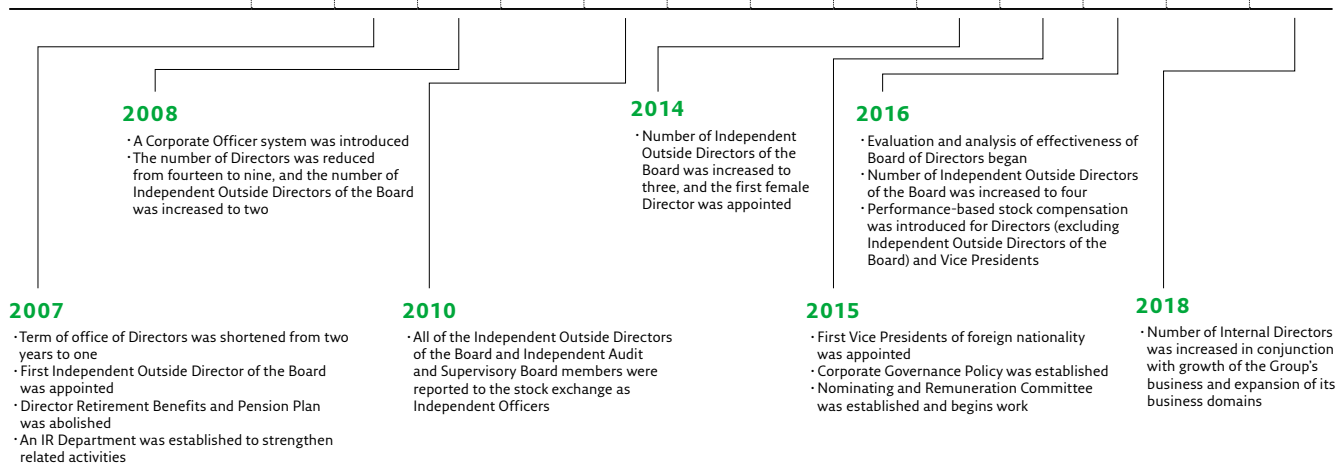
■ Strengthening of Board of Directors

In conjunction with the launch of the 6th Medium-term Business Plan in January 2018, two new Internal Directors and one new Independent Outside Director were elected at the General Meeting of Shareholders held in March 2018.

The Executive Vice President serving as General Manager of the Devices Business Unit and the Senior Vice President serving as Chief Strategy Officer (CSO) were appointed as the new Internal Directors. They will be responsible for business management and executing tasks related to management strategies and business administration from a global perspective and will bear responsibility for monitoring and supervision as Directors and members of the Board. An individual who has held important engineering, business management and other posts at an electronics manufacturer for many years was appointed Independent Outside Director of the Board. The result is further promotion of balance and diversity in terms of generations, experience and expertise within the new management team. Not only does this create a structure capable of swifter and bolder decision-making but it also strengthens the business oversight function of the Board of Directors.

Our Corporate Governance Background

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Directors	14	9	7								8	9	
Independent Outside Director of the Board	0	1	2						3	4	4	4	
Audit and Supervisory Board Members	4												4
Independent Audit and Supervisory Board Members	2												2
Corporate Officers			17		18	16	15	18	17				16



Governance as a Global Company

We have been implementing an aggressive M&A strategy in the aim of achieving growth through the reorganization and optimization of our business portfolio as set forth in the 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 We conduct an M&A, the management of the acquired company continues to serve in that capacity. We consider it important to put swift management decisions and risk management into practice to adapt to changes in the business environment. 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 as our executives.

Based on this approach, the Chief Executive Officers (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. Graphic Controls Group CEO Sam Heleba was appointed General Manager of the Medical Technologies Business Unit as of January 2018. We also strengthened the global oversight function by appointing the Senior Vice President and Chief Strategy Officer (CSO) a Director of the Board in March 2018.

Moreover, as our business is globalized, our shareholders, investors and other stakeholders are becoming more and more spread out around the world. We are currently preparing for application of IFRS during the period of the 6th Medium-term Business Plan (FY2018.12-FY2020.12) to increase the international comparability of financial information and increase our credibility with stakeholders.



Wataru Watanabe

Director of the Board
Senior Vice President
Chief Strategy Officer
Director of Corporate Strategy Planning



Sam Heleba

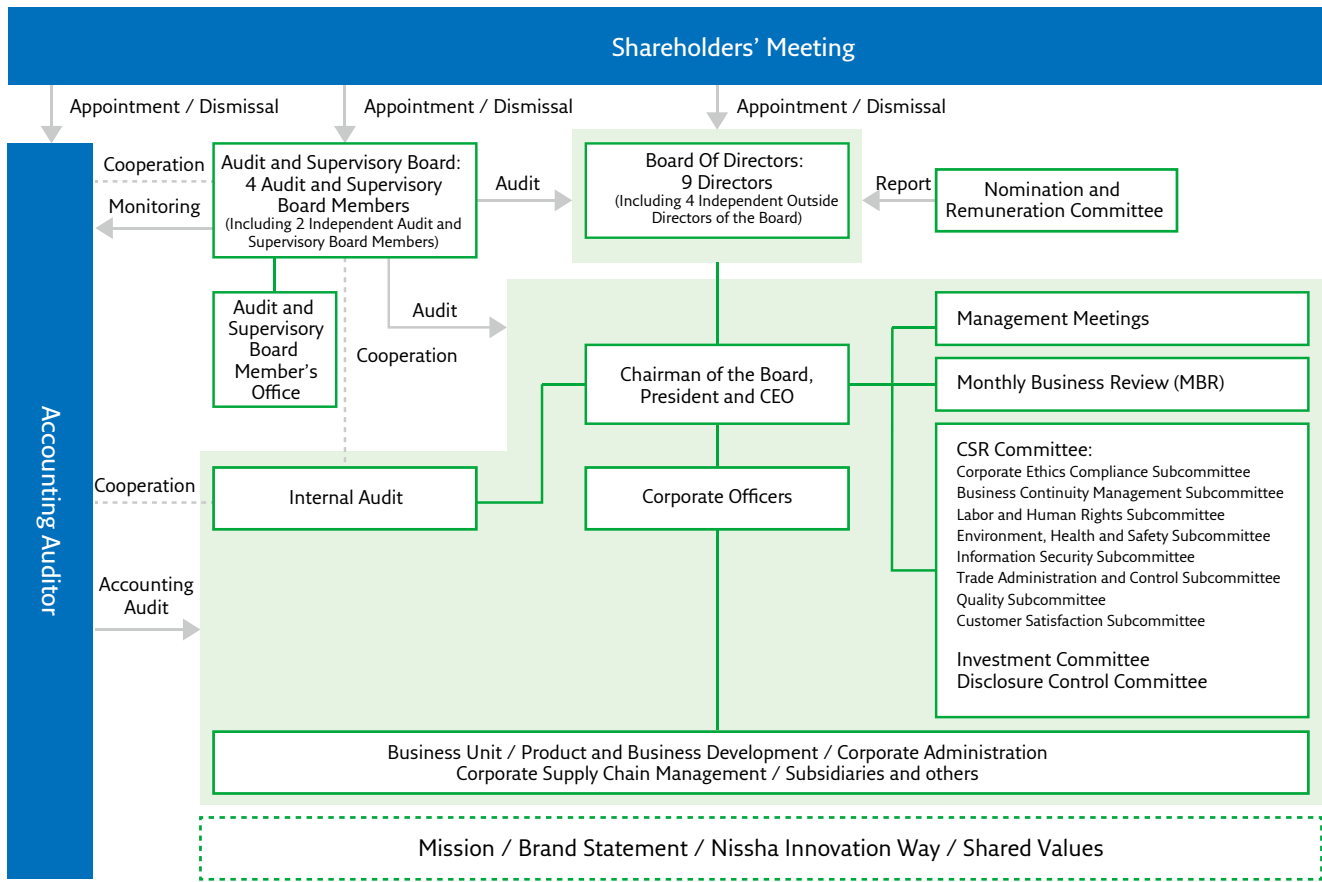
Senior Vice President
General Manager of Medical Technologies Business Unit
Chief Executive Officer, Graphic Controls



Bart Devos

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

Corporate Governance Structure at Nissha



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. Furthermore, by establishing a Nominating and Remuneration Committee on which Independent Outside Directors of the Board serve as chairman and make up a majority, we ensure objectivity and fairness in election of Directors and members of the Audit and Supervisory Board and in Director remuneration.

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.



Directors of the Board



Junya Suzuki, MA
Chairman of the Board,
President and CEO



Takao Hashimoto
Director 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 of the Board
Senior Executive Vice President
Chief Financial Officer
Senior Director of Human Resources,
General Affairs and Legal Affairs
Director of Tokyo Division Headquarters



Daisuke Inoue, MBA
Director of the Board
Executive Vice President
General Manager of Devices
Business Unit



Wataru Watanabe, MBA
Director of the Board
Senior Vice President
Chief Strategy Officer
Director of Corporate Strategy Planning
Product and Business Development Office,
Strategy and Customer Relationship
Management
Director of Secretary's Office
Senior Director of Investor Relations
Senior Director of Corporate Communications



Tamio Kubota, MBA
Independent Outside Director of the
Board



Sawako Nohara
Independent Outside Director of the
Board



Kazuhito Osugi, MBA
Independent Outside Director of the
Board



Makoto Ando
Independent Outside Director 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



Hisayuki Ito
Executive Vice President
General Manager of Industrial
Materials Business Unit



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



Sam Heleba, MBA
Senior Vice President
General Manager of Medical
Technologies Business Unit
Chief Executive Officer, Graphic
Controls Holdings, Inc.



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
Director of Corporate Information
Technology and Management
Chief Supply Chain Officer



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.



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



Hisashi Iso
Vice President
Senior Director of Devices Business
Unit, Customer Relationship
Management and Procurement



Masaru Terashita
Vice President
Senior Director of Industrial
Materials Business Unit, Customer
Relationship Management



Takeo Sugano
Vice President
Senior Director of Devices Business
Unit,
Customer Relationship Management



Keiji Kishi
Vice President
Director of Product and Business
Development Office



Atsushi Sugihara, MBA
Vice President
Senior Director of Industrial
Materials Business Unit, Molding
Technology

Promoting diversity among directors.

We have appointed four Independent Outside Directors of the Board possessing diverse knowledge, experience and expertise.



We are promoting diversity among our directors and working to dynamize the Board of Directors. The Board of Directors currently consists of nine directors, including four Independent Outside Directors. The Independent Outside Directors of the Board satisfy the criteria of independence set forth by the Board of Directors, which go beyond the requirements of the Companies Act.

Major activities of and reasons for election of the Independent Outside Directors of the Board are provided below.

Tamio Kubota

Mr. Kubota attended all 14 meetings of the Board of Directors held in the fiscal year ended December 2017. Taking advantage of his international expertise and broad knowledge and experience in the management and as an auditor of other companies, he provides useful suggestions and opinions regarding general management from the standpoint of a corporate manager. He properly fulfills his role in supervising the execution of our business. Having determined that he will continue to provide accurate advice concerning general management from an independent standpoint, we have re-elected him as Independent Outside Director of the Board.

Kazuto Osugi

Mr. Osugi attended all 14 meetings of the Board of Directors held in the fiscal year ended December 2017. Taking advantage of his deep insight into financial economics cultivated over many years at the Bank of Japan, he provides accurate advice regarding general management from an independent standpoint using his broad perspective. He properly fulfills his role in supervising the execution of our business. Having determined that he will continue to provide accurate advice concerning general management from an independent standpoint, we have re-elected him as Independent Outside Director of the Board.

Sawako Nohara

Ms. Nohara attended 13 of the 14 meetings of the Board of Directors held in the fiscal year ended December 2017. She possesses deep knowledge of the Internet and IT business and experience as a corporate manager and a director/auditor of other companies. On top of this, she has deep insight from having participated in the formulation of government policy as an external expert on government-related councils. Taking advantage of this expertise and experience, she provides useful suggestions and opinions regarding general management. She properly fulfills her role in supervising the execution of our business. Having determined that she will continue to provide accurate advice concerning general management from an independent standpoint, we have re-elected her as Independent Outside Director of the Board.

Makoto Ando

Mr. Ando possesses a broad perspective cultivated over many years while working in important engineering and business management posts at an electronics manufacturer, and experience as a corporate manager. On top of this, he has deep insight from providing advice as an outside expert on government-related councils. Having determined that he will provide accurate advice concerning general management from an independent standpoint, we have newly elected him as Independent Outside Director of the Board.

I expect Nissha to enhance group synergy under the new name and the new corporate mission, and to achieve its goals in business portfolio composition and balanced management, which are business challenges.



Independent Outside Director 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 Outside Director of the Board, the Company (present post)
June 2008	Independent Audit and Supervisory Board Member, Takashima & Co., Ltd. (full-time)

Evaluation of the 5th Medium-term Business Plan (FY2016.3-FY2017.12) and challenges within the 6th Medium-term Business Plan (FY2018.12-FY2020.12)

Under the 5th Medium-term Business Plan, net sales increased, and considerable progress was made in reorganizing the business portfolio through M&As. This is a quantitative result of the overseas M&A, which strengthened the Industrial Materials Business Unit and brought the opportunity to enter the medical field. On the other hand, the target ratio of the operating margin between IT and non-IT markets has not been met. The profit structure still depends heavily on the Devices Business Unit, which remains an issue and is not satisfying from the standpoint of balanced management. As such, I would have to say that we are only halfway there in terms of balanced management.

Our driving force for growth lies in “our business activities utilizing unique technology development with Printing at the core.” The 6th Medium-term Business Plan envisions a business environment in which the business domains expand and new technologies and products are introduced that cannot simply be explained as an evolution of past printing technology. As such, we changed the company name to just Nissha from Nissha Printing in October 2017, the first time such a

change has been made since our foundation. Our driving force is no longer limited to printing and other proprietary technology but has been expanded to the diverse capabilities and passion of human resources to develop a wider range of products and markets. This is where I feel Nissha’s strong commitment to innovation.

The world is changing at a bewildering pace. We can take hints not only from competitors and related industries but also from events that seem to bear little relation. It is important to actively interact with a wide range of outside parties and to share information.

Challenges for governance within the 6th Medium-term Business Plan

Although the global economy is expanding, there are many uncertainties. It is essential that we steadily achieve the goals established within the 6th Medium-term Business Plan, like profitability, the percentage of income accounted for by IT, the level of dependence on the Devices Business Unit and the capital-asset ratio. As there are limits to pursuing expansion of existing businesses, we should look ahead and focus on priority markets, and utilize M&As to acquire new core technologies in order to grow.

As a result of overseas M&As executed under the 5th Medium-term Business Plan,

production and sales in North and South America and Europe expanded rapidly. As the overseas sales ratio increased further, the number of employees working overseas also increased substantially. Moreover, the CEOs of the acquired companies were appointed as executive officers of the headquarters, and a deeper partnership was promoted with the companies acquired overseas. The challenge will be increasing the effectiveness of post-merger integration (PMI) to contribute to increasing the profitability of the Nissha Group, realizing synergy, and tying it into improved corporate value and long-term growth. At the same time, in preparation for future application of International Financial Reporting Standards (IFRS), regular investigation of the corporate value of companies acquired overseas, market trends, and future prospects as well as development of a structure for sharing information, challenges and measures between headquarters and group companies will be even more important.

Under the 6th Medium-term Business Plan, I expect reorganization and optimization of the business portfolio and completion of balanced management. These will be accomplished as Nissha promotes further productivity reform through work culture reform based on “diverse capabilities and passion” from the new corporate mission.

To expand a stable business base, which is our top priority, it is important to enhance coordination within the Group on a global and timely basis, develop new products, and promote synergy between the capabilities of human resources.



Independent Outside Director 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 Outside Director 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, Sampo Japan Insurance Inc.
June 2013	Independent Outside Director of the Board, NKSJ Holdings, Inc. (currently Sampo Holdings, Inc.) (present post)
June 2014	Independent Outside Director of the Board, the Company (present post)
June 2014	Independent Outside Director of the Board, Japan Post Bank Co., Ltd. (present post)

Evaluation of the 5th Medium-term Business Plan (FY2016.3-FY2017.12) and challenges within the 6th Medium-term Business Plan (FY2018.12-FY2020.12)

Due to changing of the fiscal year end date, the 5th Medium-term Business Plan covered a period of only two years and nine months. However, in the first year, we acquired the AR Metallizing Group in the metallized paper and packaging materials market and obtained a stable and profitable business base. Then, in the following year, we acquired the Graphic Controls Group, and entered the medical devices market. Through these efforts, we diversified our business domains so as not to overly depend on the IT market, which was the main challenge of the 5th Medium-term Business Plan. As a result, in the final year of the plan, we recorded our highest net sales ever. I rate highly the fact that steady progress was made on business reform important to Nissha.

The top priority in the 6th Medium-term Business Plan, which covers a three-year period beginning the fiscal year ending December 2018, is expansion of a stable business base by maximizing synergy with the strategic assets acquired under the 5th Medium-term Business Plan. To achieve this, it is important to exchange and

share products, technologies, production processes, supply chains and customer channels on a timely and global basis, and to promote synergy in new product development and in the capabilities of human resources within the Group.

Additionally, M&As are planned to promote further diversification of the business portfolio. Of increasing importance during the 6th Medium-term Business Plan will be the expansion of business domains, our HR development plan aligned with the globalization of our business, and the promotion of diversity.

Challenges for governance within the 6th Medium-term Business Plan

At the Board of Directors in Nissha, Inside and Outside Directors and Auditors and Vice Presidents come together as necessary to share frank opinions on various management issues and engage in lively discussions for hours. We continue to work on strengthening corporate governance, like establishment of Nomination and Remuneration Committees in October 2015, increasing of the number of Independent Outside Directors of the Board to four in June 2016, and election of three new directors in March 2018 to lower the average age of the members of the Board of

Directors.

At the same time, Nissha has become a global corporate group. Thanks to aggressive M&As in Japan and other countries during the period of the 5th Medium-term Business Plan, the overseas sales ratio is already over 80%, and the number of employees working overseas is around half of all employees. As more M&As are executed in Japan and other countries, I believe it will be important to establish a global risk management system for the Group.

I will continue to actively provide comments from an outside, bird's eye perspective.

I look forward to seeing new products and services that tie Nissha's core technologies together with the acquired business base. It is important to foster a sense of unity throughout the company by instilling the Nissha Philosophy, and to gather the collective strength of diverse employees.



Independent Outside Director 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 Outside Director of the Board, the Company (present post)

Evaluation of the 5th Medium-term Business Plan (FY2016.3-FY2017.12) and challenges within the 6th Medium-term Business Plan (FY2018.12-FY2020.12)

The most outstanding outcome of the 5th Medium-term Business Plan was the establishment of a foothold in promising new markets and a foundation to support Nissha's medium- to long-term growth. By acquiring overseas companies, we entered the high-function packaging materials and medical devices markets and also worked to expand the business base and the customer base in the automotive market. With this business strategy, we were successful in greatly increasing the scale of net sales during the 5th Medium-term Business Plan while reorganizing our business portfolio, which had been overly dependent on the IT market. This can be called a major success.

We prioritize the improvement of business plan execution in the 6th Medium-term Business Plan. We aim to improve profitability, to enhance the financial underpinnings and to increase capital efficiency, which could not be achieved in the 5th Medium-term Business Plan, while further growing net sales based on a more balanced business portfolio.

It is essential to organically link our core technologies to the business foundation

acquired during the 5th Medium-term Business Plan, and to supply as many new products and services as possible to the markets, in order to achieve success in the 6th Medium-term Business Plan. I have high expectations of Nissha Innovation Center Kyoto, completed in February 2018, which will draw out the synergy between the various technologies accumulated, gather together engineers with diverse capabilities that had been scattered, and play a central role as a place of friendly rivalry between employees.

Challenges for governance within the 6th Medium-term Business Plan

We achieved significant growth as a global company. This means that we are faced with new challenges from a governance standpoint.

Firstly, it is essential to create an effective governing system for monitoring the performance and risks of group companies, expanded in terms of geography, scale and business content. I consider it a solid step forward from the standpoint of business management that the financial year-ends of all group companies were changed to December 31 and that there are plans to apply the International Financial Reporting Standards (IFRS) in the future. Furthermore,

it is important to firmly establish as a system the practice of reporting significant information (bad news in particular) to the Board of Directors in a timely manner without leaks.

Another major management challenge is to establish the offensive aspect of governance to achieve competitiveness through the collective strength of the employees, contrary to the defensive aspect of governance as described above. When you have this much diversity in the nationalities, races, genders and ages of the employees, employees need a symbol that they can look to for anchoring their mindset in order to foster a sense of unity throughout the company. I believe that is the role of the corporate mission. It is important that the management team continues with ceaseless efforts to instill the Nissha Philosophy, newly established within the 6th Medium-term Business Plan, throughout the organization through utilization of the company bulletin and intranet, direct appeals from the CEO, human resource exchanges and other means.

Japanese manufacturers need a sense of urgency and anxiousness, to feel the change with their five senses, and to boldly take up challenges. As an Independent Outside Director of the Board, I will contribute to developing our strengths and continuously increasing corporate value.



Independent Outside Director of the Board

Makoto Ando

April 1982	Entered Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
April 2003	Councilor
April 2004	Team Leader, Digital Network Service & Business Team, Corporate Planning Group
April 2006	General Manager, Planning Group, AVC Networks Company
April 2007	Director
May 2011	Director, STB Network Business Unit, AVC Networks Company
January 2016	Corporate Technology Strategy Planning Staff
October 2016	Director & Senior Technical Executive, Santetsu Engineering Inc.
April 2017	Director & Sales General Manager
July 2017	Director & Executive Manager & Sales General Manager (present post)
March 2018	Independent Outside Director of the Board, the Company (present post)

Qualification required of manufacturers seeking continuous growth in the global market

In October 2017, the company name was changed to Nissha Co., Ltd. as we prepare to greatly accelerate development of our business. I am proud to have been elected as an Independent Outside Director of the Board tasked with offensive and defensive governance during that time of rapid advancement.

In my previous job with Panasonic Corporation, I was primarily involved in R&D, product design, corporate planning and business management in the field of digital audio visual equipment. I am currently involved in business management at an equipment manufacturer in the food industry.

At Panasonic, I worked to adapt to a rapidly changing global market, under the management philosophy of the founder as the guiding principle. It is also true that while understanding the importance of the philosophy, I saw how difficult it is to put it

into practice and pass it on.

Reflecting on my experience up to now, I believe what is required of Japanese manufacturers is simply to use their five senses to boldly take up challenges while having a sense of urgency and tension. The key is keeping your eye on the ball, not being afraid of change, and emphasizing speed (swift decision-making). Managers must listen to people who sense the signs of global change, determine whether the changes are fundamental and promptly make decisions. All employees must accelerate toward higher commitments and goals without fearing change. I believe the way for Japanese manufacturers to survive is for managers and employees alike to come together and push forward on business development without resting on their laurels.

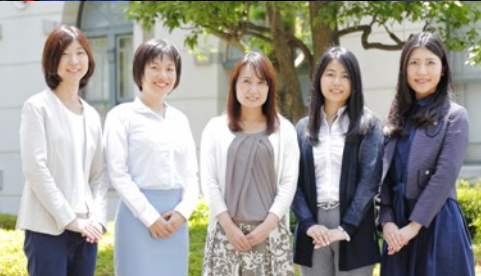
Role to be fulfilled as Independent Outside Directors of the Board

Independent Outside Directors of the Board today are required to have the

perspective to address defense to avoid risks and scandals, to hold offense to support swift and bold decisions by managers, to increase corporate value and to meet shareholder expectations. As such, I hope to continually provide various different opinions and, at times, even say things that are hard to hear for a medium- to long-term growth strategy and not just short-term profitability.

I will work to develop our strengths as a company and our venerable corporate culture with the perspective of an outsider and contribute to ongoing increases in our corporate value for shareholders and other stakeholders.

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





CSR

CSR is Achievement of the Mission

Bringing together diverse human resources capabilities and passion from all over the world, we are a future-oriented global company with a mission of enriching people's lives by continually creating technologies and developing them into economic and social value. For a company to enjoy enduring growth, it is essential that it creates not only economic but also social value. We believe that engaging in business activities that contribute to the achievement of our mission is the very way that we will fulfill our corporate social responsibility as a group.

In April 2012, we signed the UN Global Compact and declared that we will actively work on issues such as human rights, labor, the environment, and prevention of corruption. In April 2015, we established a CSR Committee. This committee analyzes and evaluates changes in the external environment indicated by SDGs (Sustainable Development Goals) adopted by the UN and other such indicators. At the same time, it seeks to reduce CSR risks from a group-wide standpoint and works to improve ESG (Environment, Social, Governance), which serves as the foundation for business activities.

As an undertaking aimed at both ensuring enduring growth of our company and building a sustainable society, we take a two-faceted approach to CSR consisting of basic CSR and strategic CSR. With basic CSR, the aim is to reduce business continuity risk from a CSR standpoint by such means as conforming to the Responsible Business Alliance (RBA) Code of Conduct related to labor, health and safety, the environment, ethics, and management systems in industries such as electronics and automotive and complying with customer codes of conduct. With strategic CSR, the aim is primarily to improve corporate value in the medium to long term by actively and voluntarily establishing issues on the path to improving ESG evaluations and other metrics. By implementing both of these approaches, we aim to become a global company recognized by society.

CSR Initiatives

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 specific 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 work on 10 principles relating to the four areas of human rights, labor, the environment, and prevention of corruption.

● SDGs (Sustainable Development Goals)

The 17 goals to achieve global sustainable development include "creating technology and developing it into economic and social value" and "enrichment of people's lives," which are part of our own mission. We aim to contribute to SDGs through our business activities.

● ISO26000

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

● GRI (Global Reporting Initiative)

Our CSR Report conforms to the GRI Standards for international sustainability reporting. We are working to enhance the content of our reports and increase their credibility and comparability.

● RBA (Responsible Business Alliance)

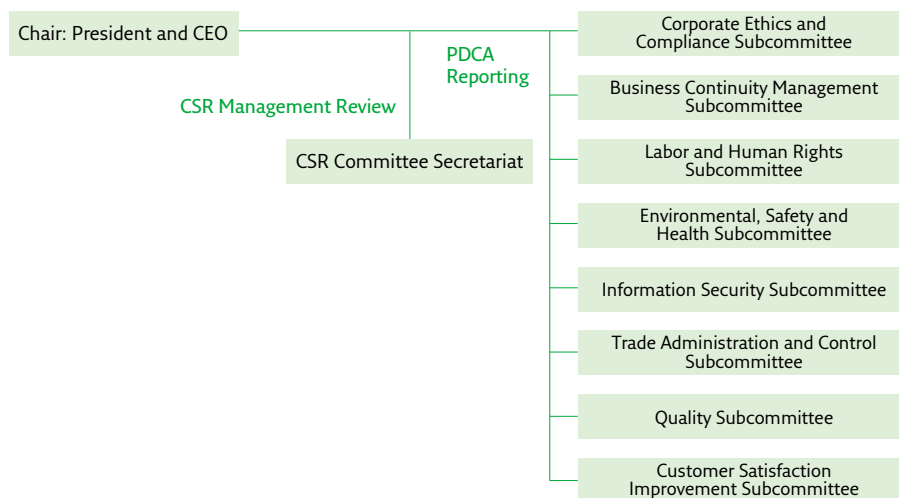
We incorporate the RBA Code of Conduct that applies to industries such as electronics and automotive into our basic CSR activities. We have management systems in place for labor, safety and health, the environment, and ethics, and we promote efforts within a scope that includes our supply chain.

Promotion of CSR Based on Management Systems

We established a CSR Committee headed by the company president in April 2015 in the aim of tying our CSR activities into improved medium- to long-term corporate value. Eight subcommittees under the CSR Committee have established activity targets linked to materiality and implement a PDCA

cycle while reporting to the CSR Committee Secretariat on their progress. A summary of the subcommittee activities, the annual activity policy established based on it, and other such matters are reported to the Board of Directors once a year.

CSR Committee Organization



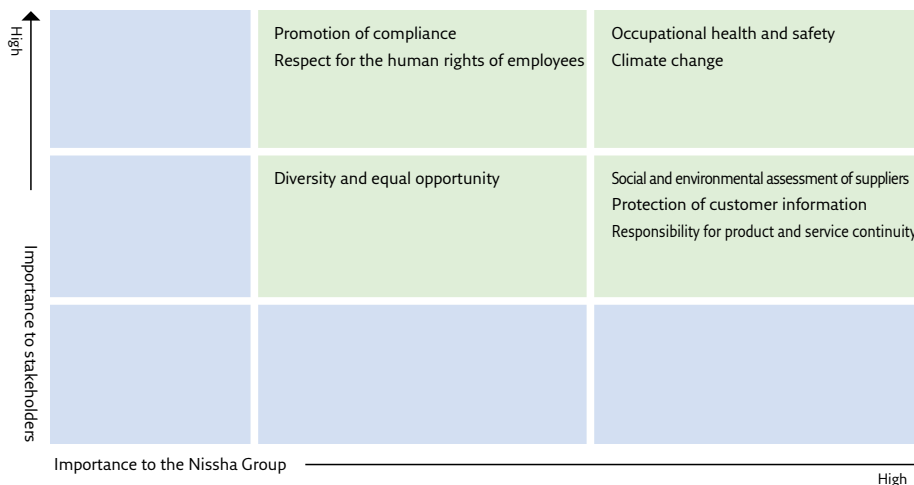
Materiality

Process of Identifying Materiality

Our Group identifies materiality to clarify our priorities when it comes to CSR issues. When doing so, we conduct analyses of the business environment and internal resources and examine the issues from various angles, including identifying all kinds of social challenges that arise around the world. Referring to the GRI Standards, we conduct quantitative assessments based on importance to the Nissha

Group and importance to our stakeholders and incorporate expert opinions from inside and outside the company. The vision and basic strategy from the 6th Medium-term Business Plan, which was launched in January 2018, are reflected under “Importance to the Nissha Group,” while SDGs and other indicators are considered under “Importance to stakeholders.”

Based on the above, we have identified the eight issues below in our materiality assessment.



Materiality and Subcommittee in Charge

The subcommittees under the CSR Committee establish specific action plans and KPI (Key Performance Indicators) for materiality as well as target values for KPI and implement a PDCA cycle.

The subcommittees in charge of materiality and the action plans (excerpts) as well as the related SDGs are shown below.

Materiality	Subcommittee in charge	Action plan (excerpt)	Related SDGs
1 Promotion of compliance	Corporate Ethics and Compliance Subcommittee	<ul style="list-style-type: none"> Preparation for company-wide training (all locations) Revision of Corporate Ethics and Code of Conduct Manual for acquired subsidiaries 	
2 Responsibility for product and service continuity	Business Continuity Management Subcommittee	<ul style="list-style-type: none"> Roll-out of Recovery Manual 	
3 Diversity and equal opportunity	Labor and Human Rights Subcommittee	<ul style="list-style-type: none"> Hiring of international students and foreign nationals Educational seminars for regular female employees 	
4 Respect for the human rights of employees	Labor and Human Rights Subcommittee	<ul style="list-style-type: none"> Publicizing of harassment help desk Training of harassment help desk representatives 	
5 Occupational health and safety	Environmental, Safety and Health Subcommittee	<ul style="list-style-type: none"> Development of strong safety leaders through training for supervisors 	
6 Climate change	Environmental, Safety and Health Subcommittee	<ul style="list-style-type: none"> Efforts to improve CDP (Carbon Disclosure Project) score 	
7 Protection of customer information	Information Security Subcommittee	<ul style="list-style-type: none"> Response to security requirements of customers 	
8 Social and environmental assessment of suppliers	CSR Committee Secretariat	<ul style="list-style-type: none"> Conducting of CSR audits of suppliers 	

Specific Efforts with Respect to Materiality

1 Promotion of Compliance (Corporate Ethics and Compliance Subcommittee)

Legal compliance and observance of ethics is essential for business continuity. We have summarized the basic concepts to be observed by all officers and employees in the Corporate Ethics and Compliance Guidelines and have publicized it in order to put the Nissha Philosophy, our corporate philosophical system, into practice.

We have designated October and November of every year as “Corporate Ethics and Compliance Month” and conduct general training at all of our facilities in Japan and other countries. In the fiscal year ended December 2017, we focused on businesses that we entered in recent years, and training themes included advertising regulations in the medical devices industry. We also conducted training on laws and customs and verification tests according to business and operational content, and at some facilities, we held group training sessions with outside attorneys and employees of our Legal Department as lecturers. The

questionnaire survey we conduct at the time of company-wide general training gathers feedback on a wide range of topics, including acts that are of a concern in the workplace from a corporate ethics and compliance standpoint.

In conjunction with the expansion of our Group's business domains, the Corporate Ethics and Compliance Subcommittee is working to enhance our activities, including promoting revisions in the Corporate Ethics and Code of Conduct Manual for each overseas subsidiary newly added to the Nissha Group.

2 Responsibility for Product and Service Continuity (Business Continuity Management Subcommittee)

Continuing to provide products and services is an important mission. Through our risk management activities, we aim to contribute to ensuring the safety of group employees and their families and recovery of local communities while continuing our business and maximizing services for our customers.

We have established a Basic Policy on Risk Management and have clarified our approach to risk management. Risk management is promoted to ensure thoroughgoing measures to address potential risks that could have a significant impact on business activities and a solid response in the event of an

emergency situation.

We have set forth the actions and system that are necessary from the initial response to the first stage of business recovery within our rules for responding to emergency situations. In addition to defining "emergency situation," the rules call for establishing an Emergency Response Headquarters headed by the President and CEO in the event of a serious disruption of the business (an emergency situation exceeding a certain level, such as a major earthquake or global outbreak of a new strain of influenza). We also publicize actions to be taken and principles for response in the event of an earthquake, including disaster drills, through deployment of stockpiles at major facilities in Japan, distribution of survival cards that describe how to respond to and basic rules for earthquakes, and employee training using e-Learning.

In regard to business recovery, we have established a Basic Plan for BCM (Business Continuity Management) and have set forth specific actions for major business locations to take in order to quickly recover the business. Moreover, to improve effectiveness, we conduct regular BCP (Business Continuity Planning) training that includes management and also respond quickly to changes in the management environment and organizational changes, including managing the latest versions of related documents.

BCP Training

At our Global Headquarters, we conducted BCP training for management. Imagining that a domestic facility of the Devices Business Unit was damaged by an earthquake, the related departments made a report, and instructions were provided with respect to the report. The effectiveness of management's decision-making flow was verified based on these actions. The President and CEO gave instructions as the head of the Emergency Response Headquarters, and the management team, corporate departments, business locations, etc. were able to coordinate with each other and take appropriate action in response. Utilizing



the results of this BCP training in future activities, we will ensure that our BCP is effective by continuing to carry out training and will work to build a system capable of quick recovery and ensuring business continuity.



(BCP training at Global Headquarters)

3 Diversity and Equal Opportunity (Labor and Human Rights Subcommittee)

Diversity and Inclusion has been set forth as one of our venerable values. We support various ways of working for our diverse human resources and are working to create an environment where each employee can maximize their individual potential.

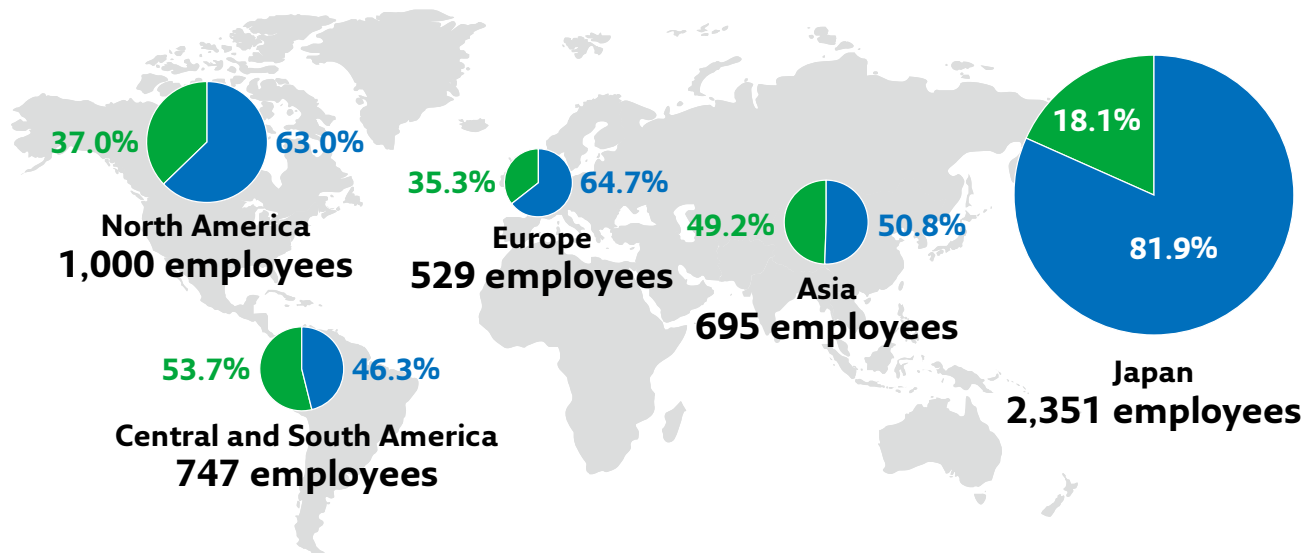
"Nissha People" Composition

The employees of the Nissha Group are diverse in terms of gender, age, nationality, and other characteristics. In conjunction with the expansion of our business domains, our workplaces have spread around the globe, and currently more than half of our full-time employees work outside of Japan. Locally hired employees fill the upper management positions at our overseas locations, and at eight of our overseas subsidiaries locally hired employees serve as CEOs.

Number and Gender of Employees by Area ● Male ● Female

*Does not include temporary employees.

*As of December 31, 2017



Promoting Women's Advancement

In April 2014, we launched a project team for the promotion of women's advancement headed up by the HR Department. We have also established an action plan for the advancement of female employees based on the Act on Promotion of Women's Participation and Advancement in the Workplace, which went into effect in April 2016. We are working to enhance our programs to increase employee awareness and reduce career interruptions caused by women's life events.

Main Efforts to Promote Women's Advancement

Fiscal year ended March 2015

- Formation of project team for promotion of women's advancement
- Interviews with female employees
- Distribution of guidebook on support for balance of work and childcare

Fiscal year ended March 2016

- Launch of "NISSHINE" portal website
- Employee attitude surveys
- Forum for promoting women's advancement
- Training for management (general managers and above)

Fiscal year ended March 2017

- Establishment of Private Day Care Expense Coverage Regulations
- Launch of "We are Nissha People!" website showcasing employee achievements
- Training for management (all management positions)
- Career training for female employees

Fiscal year ended December 2017

- Career training for female employees
- Training for female employees that are candidates for management positions

Fiscal year ending December 2018 (planned)

- Career training for female employees
- Training for management (all management positions)
- Career Resumption Program (program for rehiring those who resigned for specified reasons)

Further expansion of diversity is an important challenge. The Labor and Human Rights Subcommittee has established the percentage of foreign nationals and international students hired as a KPI and aims to ensure diverse human resources capabilities.

"Kurumin" Certification

We acquired our third "Kurumin" mark in 2016. In 2015, group company Nissha Business Service acquired certification, followed by Nitec Precision and Technologies in 2016.

*The "Kurumin" mark is bestowed upon companies that receive certification from the Minister of Health, Labour and Welfare as a company that supports child rearing. Companies establish and implement medium-term action plans and apply with prefectural labor bureaus for certification.



4 Respect for the Human Rights of Employees (Labor and Human Rights Subcommittee)

We have set forth a basic policy on labor and human rights. When establishing the basic policy, we referred to the 10 principles of the UN Global Compact, the RBA (Responsible Business Alliance) Code of Conduct for industries such as electronics and automotive, and other such policies. This basic policy has been translated into English, Chinese, Korean, and Malay and has been broadly disseminated throughout our Group.

Whistle-blowing Hotline and Harassment Help Desk

We have established a hotline for Japan and some overseas locations of the Nissha Group and have set forth rules for whistle-blowing. The hotline is staffed by outside attorneys who are fair and neutral third parties. We have also established a harassment help desk to prevent and solve human relations and other problems in the workplace (including sexual and power harassment), clarifying where to contact should the need arise. Additionally, the whistle-blowing rules protect whistle-blowers, prohibiting the company and other employees from subjecting them to unfavorable treatment for blowing the whistle and allowing them to remain anonymous.

We are working to strengthen the hotline/helpline system and raise awareness in order to reinforce corporate ethics and compliance, protect the human rights of our employees, and ensure a more pleasant workplace environment for all.

5 Occupational Health and Safety (Environmental, Safety and Health Subcommittee)

One of the top priorities for management is ensuring the health and safety of all people involved in our business activities. We have established an Occupational Safety and Health Policy and familiarized our employees with it. Additionally, we have established Nissha Health and Safety Goals to achieve the objectives of the policy.

Reducing Workplace Risk: Risk Assessments

We have conducted quantitative evaluations of risk with respect to the danger and hazards posed to workers by the production equipment and chemical substances handled in our workplaces, and we are rolling out risk assessments on an ongoing basis, taking measures to address the highest risks first. We ascertain remaining risks based on the results of risk assessments and reflect this understanding in management. Additionally, we have introduced a system for evaluating the health hazards of chemical substances when selecting new materials and evaluate the risk of harm to workers when making the shift to mass production.

Health and Safety Education/Training

We conduct various educational and training programs necessary for operations based on the Safety and Health Education and Management Regulations. The main content of these programs is training for environmental safety promoters, chemical substance handling and risk assessment training, first aid and AED operation training for emergency situations, and other regular training. In the fiscal year ended December 2017, employees acquired lecturer qualifications (RST: Roudosyo Safety and Health Education Trainer) pertaining to statutory training for foremen in charge of management and supervision of the workplace and brought the training in house. We rolled out the training to major production facilities in Japan.

We have established the training of strong leaders to ensure greater workplace safety as a KPI and are promoting training for supervisors.

Recognition as “Outstanding Enterprise in Health and Productivity Management, White 500”

At the “2018 Presentation of Outstanding Enterprise in Health and Productivity Management” organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi and held on February 20, 2018, we were recognized as an “Outstanding Enterprise in Health and Productivity Management, White 500” in the large corporation category for the second year in a row. Our health-oriented management efforts were rated highly. We will continue to promote the creation of safe and pleasant workplace environments and the development of physical and mental health through all-hands activities.



6 Climate Change (Environmental, Safety and Health Subcommittee)

At Nissha, the Environmental, Safety and Health Subcommittee takes the lead in establishing environmental goals for the Nissha Group, while production facilities and other locations establish goals for their efforts accordingly and work on achieving those goals.

We have established environmental goals applicable for the period from the fiscal year ending December 2018 to the fiscal year ending December 2023. Up until now, environmental goals were three-year undertakings, but we have extended the period to six years in order to bring a longer view to the activities. An environmental perspective that includes prevention of pollution, adaptation to climate change, and reduction of waste, water consumption and chemical substances is incorporated at the product design and development stage. Goals have also been established for such things as environmental improvement within the supply chain.

Nissha Group Environmental Goals [2018-2023] (excerpt) Applies to Nissha Group sites in Japan that have acquired ISO 14001 certification

- **Prevention of pollution**
 - Maintain zero environmental accidents (environmental accident refers to accidents for which the impact extends outside of the plant)
- **Adaptation to climate change**
 - Reduce CO₂ emissions (per unit production) by at least 6% by the fiscal year ending December 2023
 - Reduce CO₂ emissions (per unit production) by at least 1% compared to the previous yearBaseline: Results from fiscal year ended December 2017
- **Reduction of waste**
 - Reduce waste generation (per unit production) by at least 6% by the fiscal year ending December 2023
 - Reduce waste generation (per unit production) by at least 1% compared to the previous year
 - Maintain zero emissions (recycling rate of at least 99.5%)Baseline: Results from fiscal year ended December 2017

Energy Conservation and Global Warming Prevention Measures

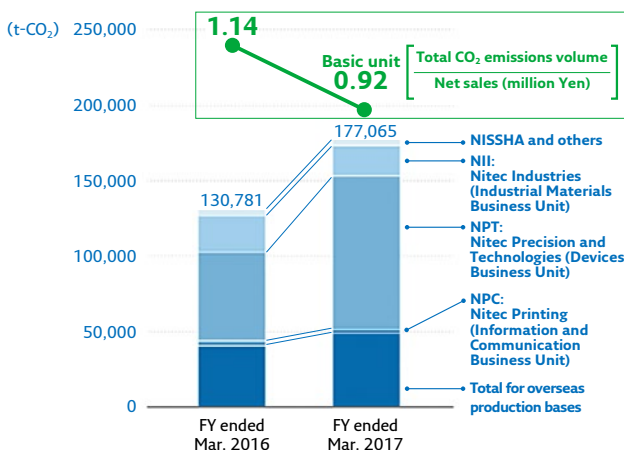
Risks posed by climate change are also an important challenge for continuation of business activities. Our Group is working on measures to prevent global warming and has set targets per unit production for CO₂ emissions, which are a cause of climate change. Based on these targets, we are working to reduce CO₂ emissions.

Actual CO₂ emissions for January-December 2016 and January-December 2017 are shown below. The amount of CO₂ emissions in 2017 was 177,065 tons, which was an increase of around 42% compared to the same period of the previous year. The amount of CO₂ emissions produced by the Nissha Group in Japan was 128,842 tons, which was an increase of around 41% compared to the same period of the previous year. This was mainly due to the launch of mass production for a large project at Nitec Precision and Technologies (NPT), which handles production for the Devices Business Unit. CO₂ emissions increased around 71% at NPT. On the other hand, owing primarily to mass production for large projects, net sales increased substantially, so CO₂ emissions per unit production were 0.92 in 2017, an improvement over the 1.14 value from 2016.

Our Group will continue to work on reducing CO₂ emissions to achieve our environmental goals. In conjunction with these efforts, we are also working to enhance our disclosure of information on greenhouse gas emissions. We are working on preparations for an internal mechanism for publishing Scope 3* information and obtaining third-party certification of our greenhouse gas emissions.

*Scope 3: Refers to greenhouse gas emissions from sources not owned or managed by Nissha excluding indirect emissions related to use of electricity, gas, etc. within the scope of greenhouse gas emissions that we are aware of. These emissions include shipping, business trips, commuting, etc.

Trends in CO₂ Emissions Volumes and Basic Unit



7 Protection of Customer Information (Information Security Subcommittee)

It is important that crucial information given to us by customers and suppliers, information concerning our employees, and particularly highly confidential information assets like new product information, cutting edge technical information, and personal information is never leaked outside the company. We have established an Information Security Policy in the aim of developing a highly reliable and safe information security management

system and are working on compliance.

The Information Security Subcommittee is headed by the CIO (Chief Information Officer), who is responsible for ISMS* management, and is comprised of information security managers and promotion officers elected on a business unit basis. The ISMS Secretariat within the IT Department serves as the secretariat for the subcommittee and is engaged in thorough implementation and promotion of the ISMS. It also conducts reviews of ISO27001 top management and regular internal ISMS audits and ISO 27001 reviews* by external auditors, using them as opportunities to make improvements.



*ISMS=Information security management system
 *ISO27001: An international standard that pertains to information security management systems

8 Social and Environmental Assessment of Suppliers (CSR Committee Secretariat)

Many customers of our Group are companies engaged in global business operations, and our own products are widely used in the global market. These customers focus on global social problems as they go about their business activities, so they have established high-level codes of conduct with respect to CSR issues like the environment and human rights. In addition to our own efforts, the cooperation of our suppliers is essential for us 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 RBA (Responsible Business Alliance) Code of Conduct for the electronics, automotive and other industries and the codes of conduct that our customers have established based on it. They cover the five areas of labor and human rights, safety and health, environmental conservation, ethics, and management systems.

In the fiscal year ended December 2017, we conducted audits of our suppliers, including temp agencies, based on the recognition that human rights-related matters are a particular risk in conjunction with the full-scale launch of mass production for a large-scale project at group company Nitec Precision and Technologies, Inc.

Our aim is to increase the credibility of the Nissha Group supply chain through these efforts so that our customers can choose us with peace of mind.

CSR Information Disclosure

We disclose information on our approach to CSR and our related activities and results to help deepen stakeholder understanding of our company. The CSR page of our website features CSR-related content centered on ISO 26000 (international standard for CSR). The content conforms to the GRI (Global Reporting Initiative) Standards for international sustainability reporting. We also have CSR data page providing a summary of changes in relevant data over time.

- CSR page on corporate website: <http://www.nissha.com/english/csr/index.html>
- GRI Content Index: <http://www.nissha.com/english/csr/gri.html>
- CSR Data: <http://www.nissha.com/english/csr/data.html>

11-Year Financial Summary

(Millions of Yen)

	FY2008.3	FY2009.3	FY2010.3	FY2011.3	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2017.12 9 months
Fiscal Year											
Net sales	101,649	127,767	126,965	114,054	80,160	89,427	110,922	118,775	119,222	115,802	159,518
Japan	46,775	47,691	39,994	37,159	33,060	37,992	29,956	28,889	31,530	30,249	29,443
Overseas	54,874	80,075	86,972	76,895	47,100	51,435	80,966	89,885	87,692	85,552	130,075
Cost of sales	72,828	97,223	101,600	104,864	79,759	83,508	93,898	93,713	90,121	98,885	133,292
Selling, general and administrative expenses	12,051	14,240	14,107	14,136	12,117	12,702	15,089	16,311	18,558	20,820	19,948
Operating income	16,770	16,302	11,257	-4,946	-11,716	-6,783	1,935	8,750	10,541	-3,904	6,278
Ordinary income	15,580	15,494	12,061	-5,396	-11,320	-4,643	5,182	12,494	9,237	-4,914	7,578
Profit before income taxes	17,530	15,542	11,840	-3,788	-22,243	-5,010	5,151	10,761	7,883	-6,130	7,323
Total income taxes	7,254	6,853	4,911	-1,312	6,440	427	1,185	-482	985	1,299	594
Profit attributable to owners of parent	10,274	8,689	6,934	-2,464	-28,684	-5,438	3,967	11,245	6,898	-7,408	6,734
Net cash provided by (used in) operating activities	11,647	17,043	18,601	-722	3,541	13,864	14,413	21,590	14,815	-2,570	28,784
Net cash provided by (used in) investing activities	207	-20,099	-12,841	-6,672	-4,277	-7,206	-16,149	-4,141	-21,476	-23,290	-11,685
Net cash provided by (used in) financing activities	-1,617	4,697	-3,471	-378	3,076	-4,677	-4,634	-11,063	19,633	6,826	-11,216
Capital expenditures	12,817	24,165	15,071	11,020	6,724	13,669	12,287	3,207	4,885	12,267	9,063
Depreciation	4,812	7,892	9,133	10,338	8,599	9,530	11,219	9,687	7,847	8,351	7,105
R&D expenses	1,015	1,365	2,601	2,477	2,543	2,699	2,351	2,334	2,519	2,422	2,387
At Year-End											
Net assets	82,245	82,266	88,700	80,396	48,986	44,491	51,676	66,313	70,096	74,606	94,054
Total assets	142,357	148,787	153,077	142,942	105,250	114,964	106,140	115,430	156,107	182,670	225,160
Cash and cash equivalents	22,938	22,761	25,473	17,107	19,490	23,692	20,272	29,484	41,688	22,090	29,291
Interest-bearing liabilities	13,283	19,454	18,078	24,278	28,336	23,668	19,209	10,393	18,340	36,851	27,474
Closing stock price (Yen)	4,890	3,130	3,650	1,795	1,083	1,663	1,359	2,195	1,648	2,638	3,280
Employees (number)	3,126	3,631	3,728	4,121	3,396	3,409	3,383	3,596	4,034	5,133	5,322
Financial Indicators											
Operating income to net sales (%)	16.5	12.8	8.9	-4.3	-14.6	-7.6	1.7	7.4	8.8	-3.4	3.9
Return on assets (ROA) (%)	11.6	10.6	8.0	-3.6	-9.1	-4.2	4.7	11.3	6.8	-2.9	3.7
Return on equity (ROE) (%)	13.2	10.6	8.1	-2.9	-44.3	-11.6	8.3	19.1	10.1	-10.3	8.0
Return on invested capital (ROIC) (%)	10.5	9.5	6.4	-4.4	-12.2	-7.9	1.5	6.6	6.3	-2.9	2.9
Equity ratio (%)	57.8	55.3	57.9	56.2	46.5	38.7	48.7	57.4	44.9	40.7	41.7
Debt-equity ratio (%)	73.1	80.9	72.6	77.8	114.9	158.4	105.4	74.1	122.7	145.3	139.7
Current ratio (%)	184.9	152.8	135.3	134.3	103.5	97.0	107.3	148.8	172.5	119.0	117.0
Fixed ratio (%)	84.6	90.8	91.4	94.7	116.8	125.2	112.4	83.6	102.9	140.5	118.8
Per Share Information											
Basic earnings per share (Yen)	237.60	200.97	160.38	-57.25	-668.40	-126.72	92.46	262.05	160.75	-169.10	139.72
Net assets per share (Yen)	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	1,852.67
Dividend per share (Yen)	45	45	45	45	0	0	5	20	30	30	30
Diluted earnings per share (Yen)	-	-	-	-	-	-	-	-	158.46	-	129.37

Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.

Actual Results for Fiscal year ended December 2017

Economic Environment and Operating Results

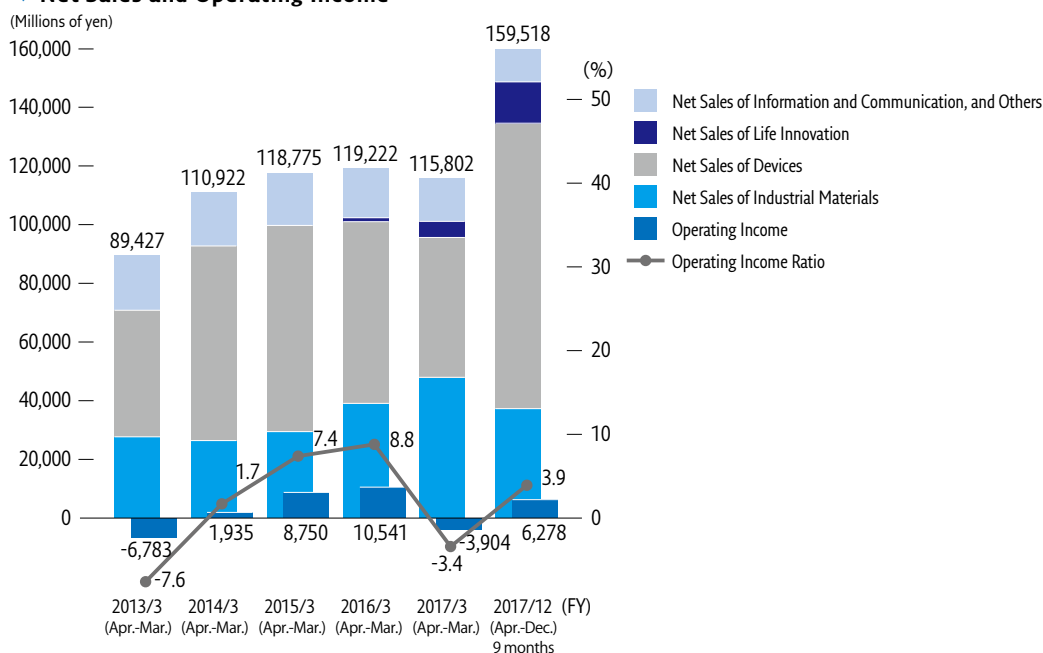
Effective from the fiscal year ended December 2017, the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the term under review is a nine-month period from April 1, 2017 to December 31, 2017. Therefore, the consolidated financial results for the fiscal year ended December 2017 below are compared with those for the previous corresponding term (April 1, 2016 to December 31, 2016).

Reflecting on the global economy in the fiscal year ended December 2017, the United States saw ongoing steady economic 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 signs of recovery. As for Japan, the economy held steady on an ongoing moderate recovery trend, but due consideration must be continuously given to uncertainty over overseas economies, foreign exchange fluctuations and other factors.

The Nissha Group has been pursuing growth by reorganizing and optimizing its business portfolio in the 5th Medium-term Business Plan starting from April 1, 2015. The Nissha Group is expanding business opportunities in the consumer electronics (IT) field and is accelerating business developments in fields where stable growth on a global scale is expected, such as automotive parts and medical devices and consumables. The term under review was the final year of the 5th Medium-term Business Plan. During the term, demand for products remained solidly in our main stay Devices Business Unit, and Nissha Group also made concrete progress in reorganizing and optimizing its business portfolio, such as improvement of business profitability in the Industrial Materials Business Unit, and substantial contribution of the Life Innovation Business Unit to the business results. In this way, the Group's businesses continue to evolve and expand significantly beyond a traditional printing field. Accordingly, the Company changed its corporate name from Nissha Printing Co., Ltd. to Nissha Co., Ltd. Effective on October 6, 2017.

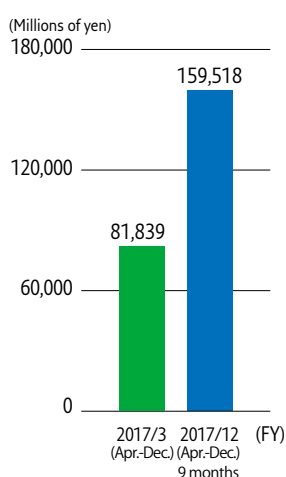
The fiscal year ended December 2017 was only nine months due to the change in fiscal year end, but consolidated net sales were the highest ever, and in terms of income, we went from a deficit in the previous year to a surplus. The average exchange rate for the fiscal year ended December 2017 was 111 yen to the dollar (the previous year it was 105 yen to the dollar).

▼ Net Sales and Operating Income

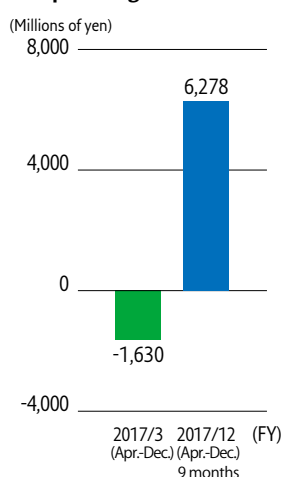


Consolidated Statements of Operations

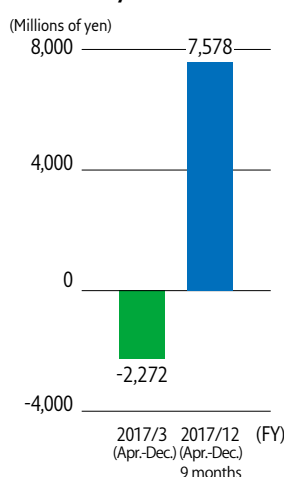
▼ Net Sales



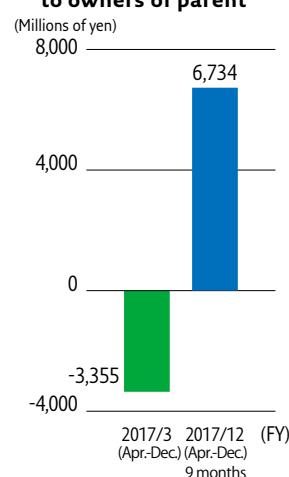
▼ Operating Income



▼ Ordinary Income



▼ Net Profit attributable to owners of parent



Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.

Net sales: Due primarily to expansion of product demand in the Devices Business Unit and inclusion of group companies acquired and made subsidiaries in the fiscal year ended March 2017 in full-year consolidated results, net sales in the Life Innovation Business Unit increased. Despite the fiscal year being only nine months, they were the highest ever at ¥159,518 million (an increase of 94.9% year on year). Overseas net sales accounted for ¥130,075 million of the total, coming in at 81.5% of consolidated net sales. Overseas net sales are comprised mainly of Industrial Materials and Devices.

Operating income: We recorded operating income of ¥6,278 million (the previous year we recorded an operating loss of ¥1,630 million). In the Devices Business Unit, despite the effect of increased income, anticipatory expenses increased for such things as development of a production system to handle robust demand.

Ordinary income: We recorded ordinary income of ¥7,578 million (the previous year we recorded an ordinary loss of ¥2,272 million). In regard to non-operating income and losses, in the same period of the previous fiscal year, non-operating income of ¥299 million, consisting primarily of dividend income, was recorded, while a non-operating loss amounting to ¥941 million, consisting primarily of exchange loss, were also recorded. In the fiscal year ended December 2017, a non-operating loss of ¥747 million, consisting primarily of interest expenses, were recorded, while non-operating income amounting to ¥2,047 million, consisting primarily of foreign exchange gain, was also recorded.

Profit attributable to owners of parent: Profit attributable to owners of parent was recorded in the amount of ¥6,734 million (a net loss attributable to owners of parent was recorded in the amount of ¥3,355 million in the same period of the previous fiscal year). Additionally, net income per share was ¥139.72 (net loss per share of ¥77.58 was recorded in the same period of the previous fiscal year). In regard to extraordinary income and loss, in the previous fiscal year, extraordinary income of ¥203 million, consisting primarily of government subsidies, was recorded, while extraordinary losses amounting to ¥844 million, consisting primarily of impairment loss, were also recorded. In the fiscal year ended December 2017, extraordinary income of ¥286 million, consisting primarily of gain on sale of investment securities, was recorded, while extraordinary losses amounting to ¥542 million, consisting primarily of impairment loss, 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 December 2017 of ¥30 per share (same as previous year).

Overview by Business Segment

Industrial Materials

During the fiscal year ended December 2017, demand for products was mostly solid primarily for our mainstay automotive parts, and metallized paper. Also, the profitability of the business improved mainly due to reduction on quality cost.

As a result, segment sales for the fiscal year ended December 2017 were ¥37,283 million, an increase of 4.0% as compared to the same period of the previous year. Segment profit (operating profit) was ¥1,281 million, an increase of 124.3% as compared to the same period of the previous year.

Devices

During the fiscal year ended December 2017, demand for products adopted for smartphones, tablets and gaming consoles progressed steadily, while advance expenses increased mainly due to the establishment of a production structure to meet vigorous demand.

As a result, segment sales for the fiscal year ended December 2017 were ¥97,206 million, an increase of 186.3% as compared to the same period of the previous year. Segment profit (operating profit) was ¥7,016 million, an increase of 1,011.4% as compared to the same period of the previous year.

Life Innovation

During the fiscal year ended December 2017, demand progressed steadily for our mainstay products for contract manufacturing services.

As a result, segment sales for the fiscal year ended December 2017 were ¥14,081 million. Segment profit (operating profit) was ¥244 million.

There is no comparable data and analysis for this segment against the same period of the previous year because this is a new reportable segment established as a result of the inclusion of Graphic Controls Group in the scope of consolidation effective from the third quarter ended December 2016.

* Life Innovation changed its segment name to Medical Technologies effective from January 1, 2018.

Information and Communication

During the fiscal year ended December 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.

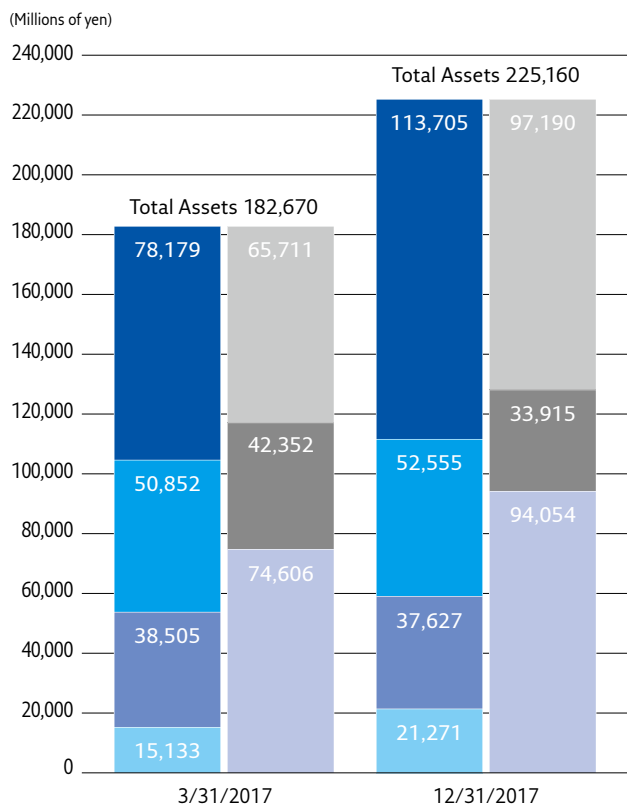
As a result, segment sales for the fiscal year ended December 2017 were ¥10,673 million, an increase of 0.9% as compared to the same period of the previous year. Segment loss (operating loss) was ¥445 million (segment loss (operating loss) of ¥107 million in the same period of the previous year).

Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year ended December 2017 increased by ¥42,490 million from the end of the previous year (the fiscal year ended March 2017) to ¥225,160 million.

▼ Assets, Liabilities and Net Assets

■ Current Assets
 ■ Property, Plant and Equipment
 ■ Intangible Assets
 ■ Investments and Other Assets
■ Current Liabilities
 ■ Non-current Liabilities
 ■ Net Assets



Current assets increased by ¥35,526 million from the end of the previous year to ¥113,705 million. This was mainly attributable to a ¥7,586 million increase of cash and deposits, a ¥19,855 million increase of notes and accounts receivable-trade, and a ¥4,266 million increase of merchandise and finished goods.

Non-current assets increased by ¥6,963 million from the end of the previous year to ¥111,455 million. This was mainly attributable to a ¥6,152 million increase of investment securities primarily due to changes in the fair value of available-for-sale securities.

Current liabilities increased by ¥31,478 million from the end of the previous year to ¥97,190 million. This was mainly because a ¥29,187 million increase of notes and accounts payable-trade outweighed a 9,625 million decrease of short-term loans payable.

Non-current liabilities decreased by ¥8,437 million from the end of the previous year to ¥33,915 million. This was mainly due to a ¥8,820 million decrease of bonds payable resulting from the exercise of stock acquisition rights.

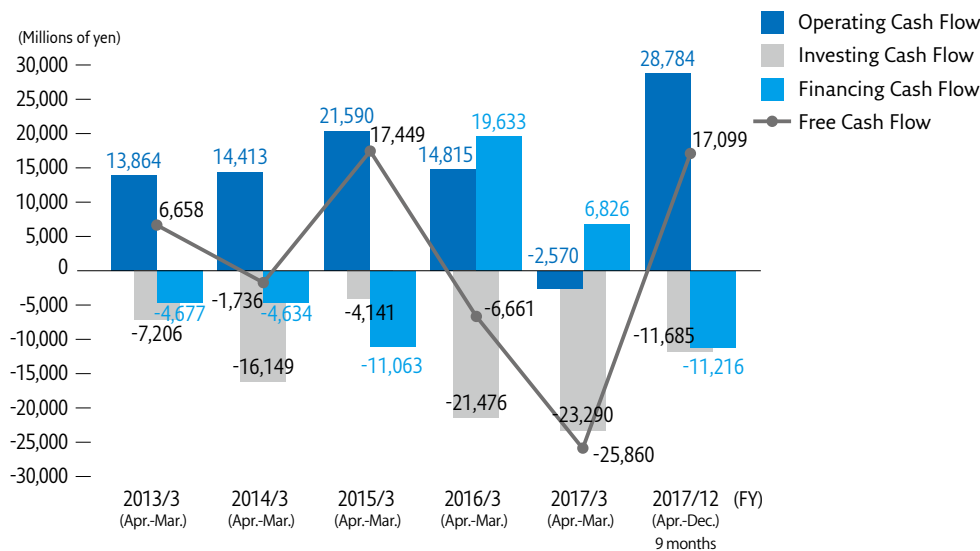
Net assets at the end of the fiscal year ended December 2017 increased by ¥19,448 million from the end of the previous year to ¥94,054 million. Net assets per share were ¥1,852.67, against ¥1,594.70 at the end of the previous fiscal year. This was mainly because capital stock and capital surplus increased by ¥4,405 million and ¥4,408 million respectively, primarily due to the conversion of convertible bonds with stock acquisition rights, and a ¥5,319 million increase of retained earnings mainly resulting from the posting of profit attributable to owners of parent.

Cash Flows

The balance of cash and cash equivalents (the “funds”) on a consolidated basis at the end of the fiscal year ended December 2017 was ¥29,291 million, an increase of ¥7,200 million compared to the end of the previous year.

This term is the nine-month period from April 1, 2017 to December 31, 2017, since the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group, effective from the fiscal year ended December 2017. Therefore, year-on-year comparisons are not included.

▼ Cash Flows



Net Cash Provided by (Used in) Operating Activities

Funds provided by operating activities amounted to ¥28,784 million. This was mainly because ¥7,323 million of profit before income taxes and a ¥36,711 million increase in notes and accounts payable-trade outweighed a ¥18,547 million increase in notes and accounts receivable-trade.

Net Cash Provided by (Used in) Investing Activities

Funds used in investing activities amounted to ¥11,685 million. This was mainly attributable to the purchase of investments in subsidiaries and others resulting in change in scope of consolidation of ¥853 million and the purchase of property, plant and equipment of ¥9,377 million.

Net Cash Provided by (Used in) Financing Activities

Funds used in financing activities amounted to ¥11,216 million. This was mainly attributable to net increase in short-term loans payable of ¥9,971 million and cash dividend paid of ¥1,437 million.

Major Management Indices

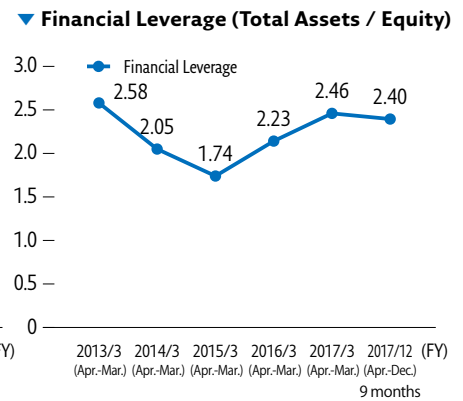
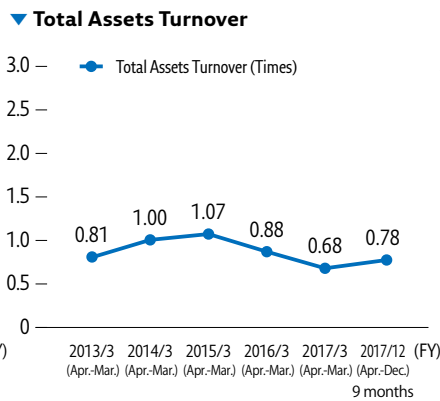
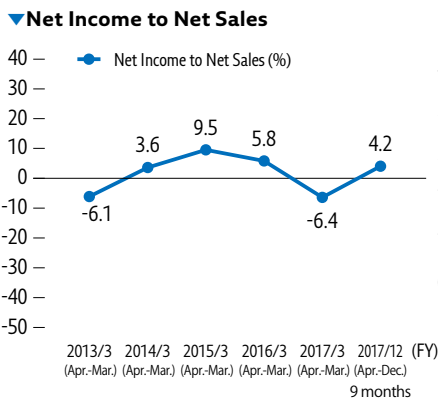
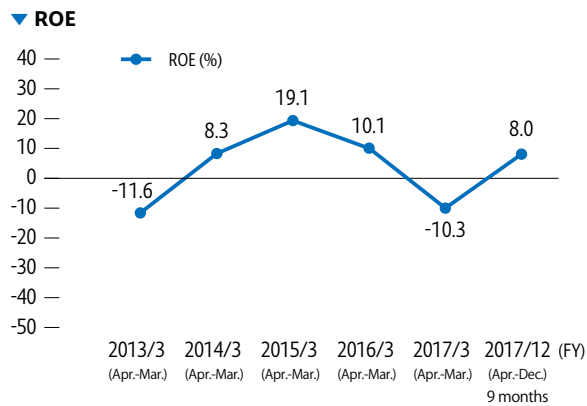
The Company uses ROE (return on equity) and ROIC (return on invested capital) as management indices for measuring the results of its Medium-term Business Plan.

ROE

ROE is broken down into the ratio of net income to net sales, total asset turnover and financial leverage (total assets/equity). The ratio of net income to net sales, which indicates profitability, was 4.2%. While total assets increased, net sales also increased owing to increased product demand in the Devices Business Unit and inclusion of group companies acquired in the fiscal year ended March 2017 in the full-year consolidated results. As a result, the total asset turnover, which indicates efficiency, improved.

As for financial standing, shareholders' equity increased due primarily to conversion of convertible bond-type bonds with share acquisition rights and recording of profit attributable to owners of parent, while total assets increased significantly due to expansion of the business, increasing financial leverage by a factor of 2.4. As a result of the above, ROE in the fiscal year ended December 2017 came to 8.0%.

Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.



ROIC

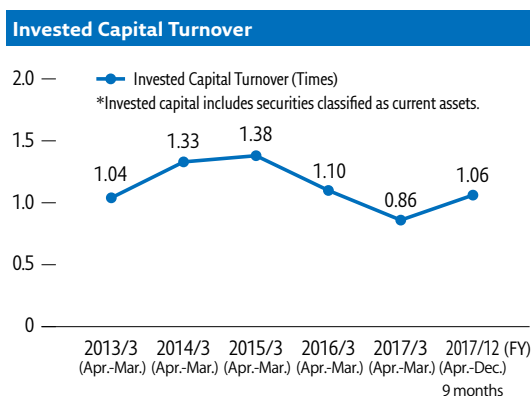
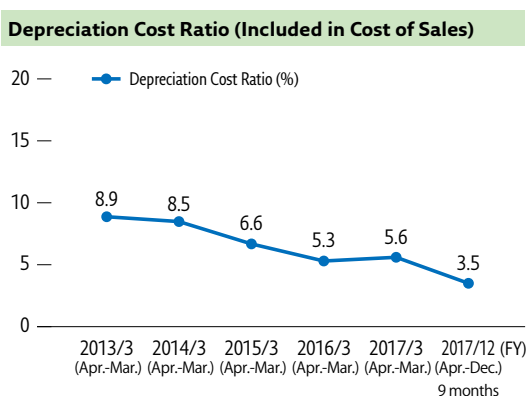
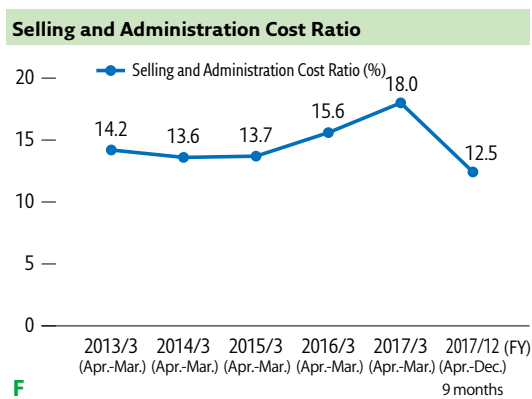
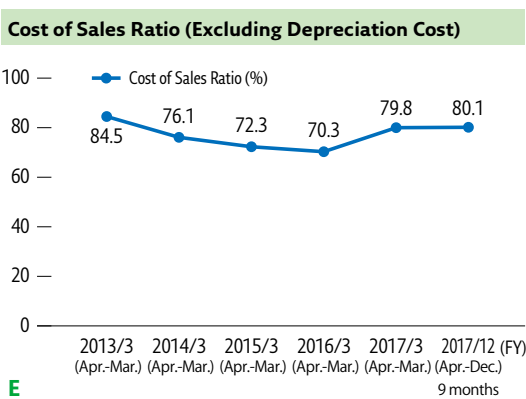
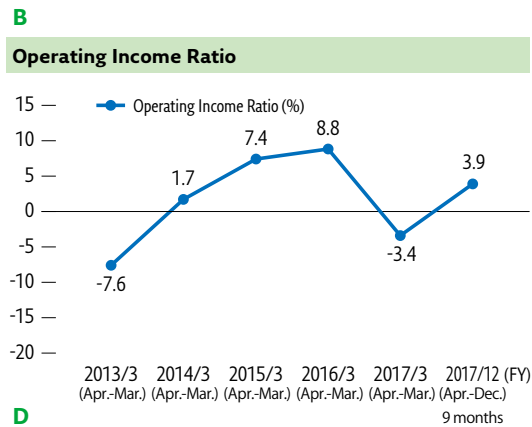
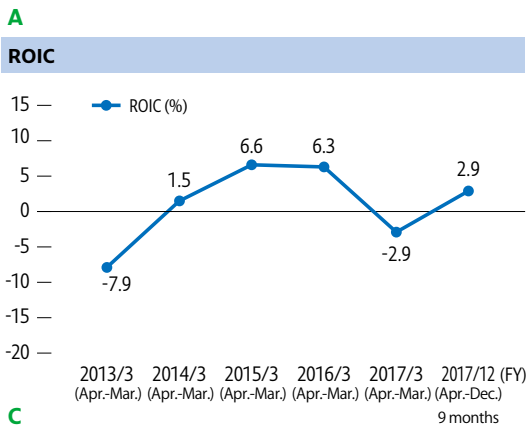
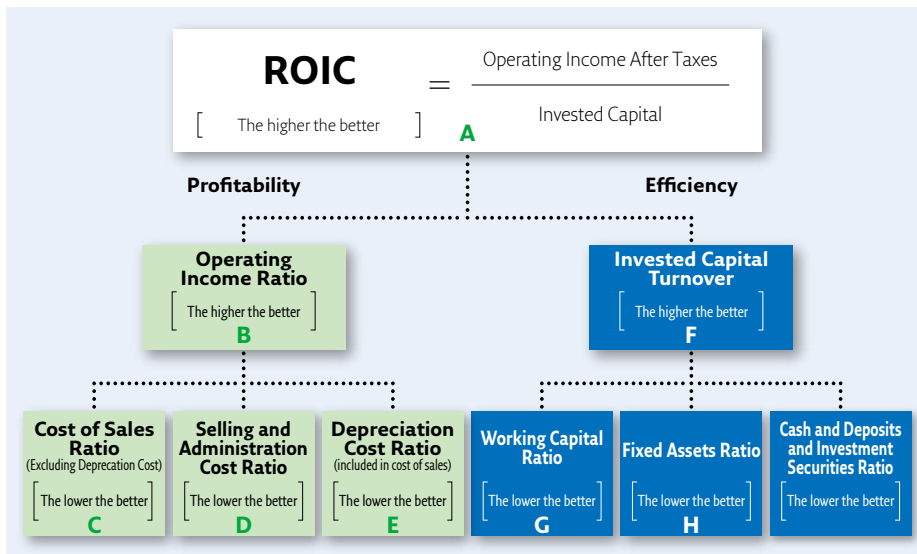
We define return on invested capital (ROIC) as operating income after taxes (operating income x (1-effective tax rate)) divided by invested assets (working capital + property, plant and equipment + intangible assets + cash and deposits + investment securities). Raising ROIC requires efforts to maximize the numerator, which is operating income after income taxes, and to minimize the denominator, which is invested capital. We use the ROIC tree, shown in the chart on the following page, to enhance both profitability and efficiency. Both profitability and efficiency improved in the fiscal year ended December 2017 (nine-month period), but ROIC remained at 2.9%.

Profitability can be divided into the operating income margin on the top, cost of sales ratio (excluding depreciation), selling and administration cost ratio, depreciation ratio, etc. In the fiscal year ended December 2017, selling and administration cost and depreciation ratios decreased thanks to increased sales, despite the cost of sales ratio (excluding depreciation and amortization) coming to 80.1% due to anticipatory expenses in the Devices Business Unit. This resulted in improved profitability.

Efficiency can be divided into the invested capital turnover at the top, the working capital ratio, the fixed assets ratio, etc. The invested capital turnover in the fiscal year ended December 2017 improved owing primarily to a significant increase in net sales despite the fiscal year only being nine months. All of the assets of group companies acquired in September 2016 were included in the previous year, but the consolidated period for net sales was limited to four months. However, this year those net sales were included in the full-year consolidated results, resulting in improved invested capital turnover.

Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.

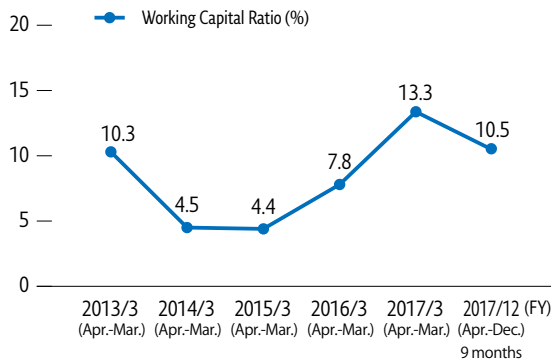
▼ ROIC Tree



Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.

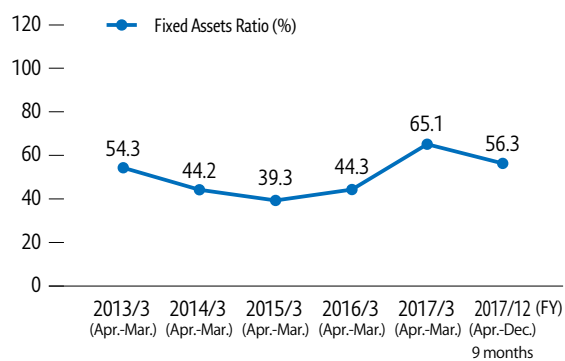
G

Working Capital Ratio



H

Fixed Assets Ratio



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

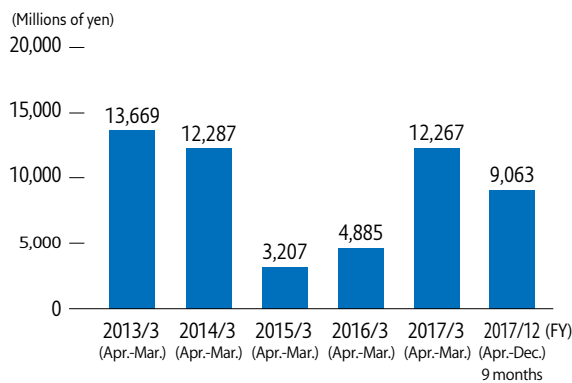
The Nissha Group aims to increase business opportunities in the consumer electronics (IT) market, while utilizing M&A in a bid to establish a business base toward the next stage of growth.

We expanded the production capacity of Nitec Precision and Technologies, Inc. to cope with large-scale orders in the Devices Business Unit. We are also constructing the Nissha Innovation Center Kyoto in the Headquarters of the Company. As a result, capital investment amounted to ¥1,759 million in the Industrial Materials Business Unit, ¥3,857 million in the Devices Business Unit, ¥179 million in the Life Innovation Business Unit, ¥64 million in the Information and Communication Business Unit, and ¥3,203 million in other and common corporate divisions (R&D and Administration divisions), with the overall capital investment of the Nissha Group standing at ¥9,063 million.

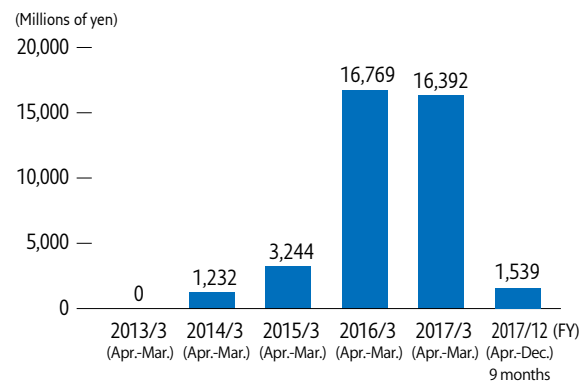
At the same time, M&A investment totaling ¥1,539 million was made on an overall group basis, including acquisition of Integral Process SAS by the Life Innovation Business Unit and of the printed electronics business of GSI Technologies, LLC by the Industrial Materials Business Unit.

Depreciation increased slightly to ¥7,105 million due to capital investment in the Devices Business Unit and consolidation of group companies acquired in the fiscal year ended March 2017. Goodwill amortization is on the rise due to M&As executed during the period, reaching ¥1,126 million.

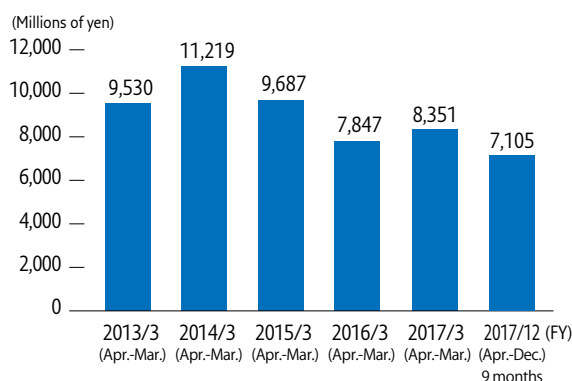
▼ Capital Expenditures



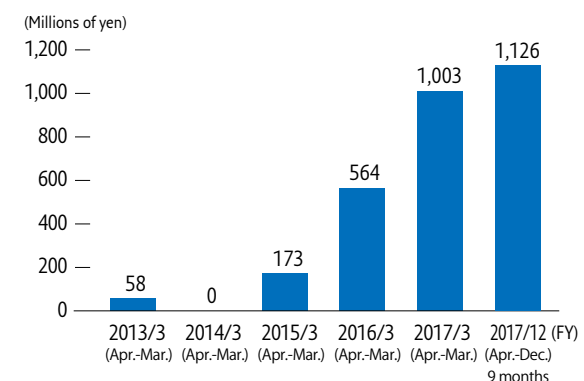
▼ M&A Investment



▼ Depreciation



▼ Goodwill Amortization



Beginning in the fiscal year ended March 2017, we switched from the year-end rate to the average rate for converting the results of overseas subsidiaries, but the change has not been applied retroactively to results prior to the fiscal year ended March 2016 shown on this page.

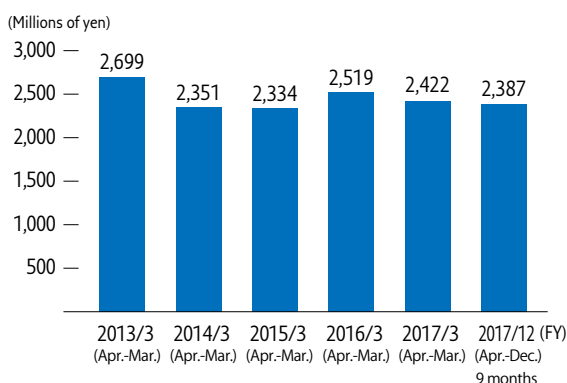
Research and Development

We have been enhancing our core technologies by fusing various technologies like coating, laminating, molding, and patterning with printing technology. And we have successfully expanded our business domains through diversifying our products and target markets, and entering the global market.

Our R&D activities in the fiscal year ended December 2017 were carried out in accordance with the medium-term vision to “acquire and integrate new core technologies for printing and finish reorganizing our business portfolio in global growth markets” as set forth in the 5th 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 independent Product & Business Development Office. The Product & Business Development Office works to develop and commercialize new products to expand the business domains of our Group and plays a role in expanding new core technologies by researching, planning and acquiring new technologies, materials and development themes.

R&D expenses for the Group as a whole in the fiscal year ended December 2017 were ¥2,387 million, consisting of basic and applied research conducted by development divisions within business units and the Product & Business Development Office.

▼ R&D Expenses



Forecast for fiscal year ending December, 2018

During fiscal year ending December 2018, the global economy is expected to remain on a moderate recovery trend, but we must keep our eyes on the future economic prospect in Asian emerging countries such as China, uncertainties associated with policy trends in each country, impact from fluctuation in financial and capital markets, and other factors.

Fiscal year ending December 2018 is to be the first year of the 6th Medium-term Business Plan, which spans a three-year period starting from January 2018. To the end of the term under review, the Nissha Group received large-scale orders through product development and capital investment for the consumer electronics (IT) markets which is the mainstay market of the Group. Also, the Group expanded its business bases in automotive markets and advanced into the new businesses in the markets of medical devices and high-function packaging materials through active M&A strategies, thereby committing to business portfolio reorganization and optimization. The Group now has more than 50 business bases in Japan and overseas, and more than half of its employees work at overseas bases. In the 6th Medium-term Business Plan, the Group aims to “Completion of Balanced management,” by further reorganization and optimization of its business portfolio, achieving the global growth strategy through the best use of the business foundation, setting forth the vision to reach record highs in all of net sales, EBITDA and operating profit.

For the consolidated financial results for the fiscal year ending December 2018, we expect net sales of ¥2,170 million, operating profit of ¥102 million, ordinary profit of ¥90 million, and profit attributable to owners of parent of ¥70 million. These figures are based on an exchange rate of 1US\$ = ¥110 for the fiscal year ending December 2018. In addition, the Group will change the depreciation method used domestically from the declining-balance method to the straight-line method effective from the fiscal year ending December 2018. In line with the business situation including global business expansion and increasing number of overseas consolidated subsidiaries, the Group decided to newly employ EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) as a major profitability indicator on the launch of the 6th Medium-term Business Plan. We expect EBITDA of ¥200 million for the fiscal year ending December 2018(The above is the revised plan as of May 10, 2018).

▼ The Fiscal year ending 2018 Full-year forecast (Revised plan as of May 10, 2018)

(Millions of yen)

	FY2017.12 Full year (Jan.-Dec.)	FY2018.12 Full Year (Jan.-Dec.) Forecast	FY2018.12		YoY
			H1 (Jan.-Jun.) Forecast	H2 (Jul.-Dec.) Forecast	
Net Sales	193,481	217,000	71,000	146,000	+12.2%
Industrial Materials	49,409	50,300	24,000	26,300	+1.8%
Devices	111,084	131,800	29,600	102,200	+18.6%
Medical Technologies	18,195	20,000	10,000	10,000	+9.9%
Information and Communication	14,445	14,500	7,200	7,300	+0.4%
Other	347	400	200	200	+15.3%
EBITDA	15,098	20,000	(1,300)	21,300	+32.5%
EBITDA Margin	7.8%	9.2%	-1.8%	14.6%	+1.4pt
Industrial Materials	5,271	5,500	-	-	+4.3%
Devices	10,890	14,200	-	-	+30.4%
Medical Technologies	1,183	2,300	-	-	+94.3%
Information and Communication	(233)	200	-	-	Move into the Black
Other	(2,011)	(2,200)	-	-	-
Operating Income	4,004	10,200	(6,100)	16,300	+154.7%
Operating Income Margin	2.1%	4.7%	-8.6%	11.2%	+2.6pt
Ordinary Income	4,936	9,000	(7,000)	16,000	+82.3%
Net Profit	2,681	7,000	(7,400)	14,400	+161.1%
Forex	¥111/\$	¥110/\$	¥110/\$	¥110/\$	

*The fiscal year ended December 2017 was an irregular year of only nine months (April 1, 2017 to December 31, 2017) due to the change in fiscal year end, so the results for the same period of the previous year are the results from January 1, 2017 to December 31, 2017.

Business and Other Risks

The risks that could affect the operating results and financial position of our Group and our stock price are provided below. Note that forward-looking statements contained within this document are based on our judgment as of December 31, 2017.

Customer Needs and Market Trends

The Devices Business Unit is the core business of our Group and accounts for 60.9% of consolidated net sales. The primary focus of this Business Unit is the consumer electronics (IT) market, including smartphones and tablet devices. However, trends and customer needs in this market change quickly, and the life cycles of technologies and products tends to be short.

In response to this situation, our Group places top priority on customer satisfaction and works to accurately track market trends and deliver technologies, products, and services that meet customer needs. However, a significant change in market trends or customer needs could impact the performance and financial standing of our Group.

Additionally, specific customers tend to account for a high percentage of our Group's net sales. Sales to these important customers could drop due to reasons out of our control, such as a decrease in product demand from these customers, changes in their specifications, and changes in their sales strategies. This could impact the performance and financial standing of our Group.

Exchange Rate Fluctuations

In the fiscal year ended December 2017, our Group's overseas sales to net sales ratio was 81.5%, and most of these transactions were in foreign currencies. For that reason, although we work to avoid future exchange rate risk through such means as forward exchange contracts, sudden fluctuations in the foreign exchange rate could impact the performance and financial standing of our Group.

Securities Holdings

In the fiscal year ended December 2017, our investment securities amounted to ¥20,299 million, and the majority of these are marketable securities. We keep track of the financial position, performance, rating, etc. of the issuers of these securities and make sure they are safe, but significant fluctuations in stock market prices could impact the performance and financial standing of our Group.

Trade Receivables and Inventories

In the fiscal year ended December 2017, our trade receivables amounted to ¥48,140 million and our inventories to ¥25,624 million. We are working to strengthen our credit management and inventory control, but significant fluctuations in the value of these assets due to bad debt and other factors could impact the performance and financial standing of our Group.

Consolidated balance sheets

(Million yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	22,204	29,790
Notes and accounts receivable-trade	28,284	48,140
Securities	33	33
Merchandise and finished goods	6,207	10,474
Work in process	5,115	8,055
Raw materials and supplies	4,605	7,095
Deferred tax assets	1,620	1,828
Consumption taxes receivable	2,594	4,099
Other	7,744	4,481
Allowance for doubtful accounts	(230)	(292)
Total current assets	78,179	113,705
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,954	53,764
Accumulated depreciation	(26,254)	(28,268)
Buildings and structures, net	26,699	25,495
Machinery, equipment and vehicles	50,783	52,307
Accumulated depreciation	(38,468)	(41,576)
Machinery, equipment and vehicles, net	12,314	10,731
Tools, furniture and fixtures	9,547	10,317
Accumulated depreciation	(7,076)	(7,815)
Tools, furniture and fixtures, net	2,470	2,501
Land	6,076	6,099
Leased assets	2,568	2,817
Accumulated depreciation	(753)	(1,023)
Leased assets, net	1,815	1,793
Construction in progress	1,475	5,934
Total property, plant and equipment	50,852	52,555
Intangible assets		
Trademark right	3,857	3,569
Software	814	944
Goodwill	23,854	23,645
Technical assets	2,226	2,269
Customer related assets	6,763	6,306
Other	988	891
Total intangible assets	38,505	37,627
Investments and other assets		
Investment securities	14,147	20,299
Deferred tax assets	430	407
Other	1,018	1,049
Allowance for doubtful accounts	(462)	(485)
Total investments and other assets	15,133	21,271
Total non-current assets	104,491	111,455
Total assets	182,670	225,160

(Million yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,675	52,862
Electronically recorded obligations - operating	1,197	8,909
Short-term loans payable	20,294	10,669
Current portion of long-term loans payable	1,448	1,356
Lease obligations	268	268
Accrued expenses	5,263	6,918
Income taxes payable	484	1,441
Provision for bonuses	1,578	1,930
Provision for directors' bonuses	60	60
Provision for management board benefit trust	101	138
Other	11,337	12,634
Total current liabilities	65,711	97,190
Non-current liabilities		
Bonds payable	11,760	2,940
Long-term loans payable	13,078	13,514
Lease obligations	1,760	1,666
Deferred tax liabilities	10,019	10,509
Net defined benefit liability	4,356	4,373
Other	1,377	912
Total non-current liabilities	42,352	33,915
Total liabilities	108,064	131,105
Net assets		
Shareholders' equity		
Capital stock	7,664	12,069
Capital surplus	11,052	15,460
Retained earnings	45,334	50,653
Treasury shares	(341)	(327)
Total shareholders' equity	63,709	77,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,779	11,875
Foreign currency translation adjustment	2,560	3,687
Remeasurements of defined benefit plans	331	395
Total accumulated other comprehensive income	10,671	15,958
Non-controlling interests	225	239
Total net assets	74,606	94,054
Total liabilities and net assets	182,670	225,160

Consolidated statements of income

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Net sales	115,802	159,518
Cost of sales	98,885	133,292
Gross profit	16,916	26,226
Selling, general and administrative expenses	20,820	19,948
Operating profit (loss)	(3,904)	6,278
Non-operating income		
Interest income	83	47
Dividend income	116	255
Foreign exchange gains	-	1,585
Gain on investments in partnership	52	10
Other	207	148
Total non-operating income	459	2,047
Non-operating expenses		
Interest expenses	470	576
Share of loss of entities accounted for using equity method	25	38
Foreign exchange losses	656	-
Other	318	131
Total non-operating expenses	1,470	747
Ordinary profit (loss)	(4,914)	7,578
Extraordinary income		
Gain on sales of non-current assets	118	26
Gain on sales of investment securities	-	215
Gain on revision of retirement benefit plan	30	-
State subsidy	140	44
Total extraordinary income	289	286
Extraordinary losses		
Loss on sales and retirement of non-current assets	437	80
Loss on valuation of investment securities	588	-
Impairment loss	249	191
Loss on subsidy repayment	229	-
Loss on closing of plants	-	145
Loss on the change of company name	-	124
Total extraordinary losses	1,505	542
Profit (loss) before income taxes	(6,130)	7,323
Income taxes-current	1,160	2,049
Income taxes-deferred	138	(1,455)
Total income taxes	1,299	594
Profit (loss)	(7,430)	6,728
Loss attributable to non-controlling interests	(21)	(5)
Profit (loss) attributable to owners of parent	(7,408)	6,734

Consolidated statements of comprehensive income

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Profit (loss)	(7,430)	6,728
Other comprehensive income		
Valuation difference on available-for-sale securities	2,814	4,098
Foreign currency translation adjustment	1,002	2,426
Remeasurements of defined benefit plans, net of tax	915	60
Share of other comprehensive income of entities accounted for using equity method	8	5
Total other comprehensive income	4,740	6,591
Comprehensive income	(2,689)	13,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,685)	13,319
Comprehensive income attributable to non-controlling interests	(3)	0

Consolidated Statements of Changes in Net Assets

From April 1, 2016 to March 31, 2017

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	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)
Loss attributable to owners of parent			(7,408)		(7,408)
Increase (decrease) in surplus of overseas consolidated subsidiaries and others from change of accounting period					-
Purchase of treasury shares				(191)	(191)
Disposal of treasury shares		1,689		2,781	4,470
Change in ownership interest of parent due to transactions 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 current period	7,664	11,052	45,334	(341)	63,709

	Accumulated other comprehensive income				Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	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
Changes of items during the period						
Issuance of new shares						3,960
Dividends of surplus						(1,295)
Loss attributable to owners of parent						(7,408)
Increase (decrease) in surplus of overseas consolidated subsidiaries and others from change of accounting period						-
Purchase of treasury shares						(191)
Disposal of treasury shares						4,470
Change in ownership interest of parent due to transactions 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 current period	7,779	2,560	331	10,671	225	74,606

From April 1, 2017 to December 31, 2017

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,664	11,052	45,334	(341)	63,709
Changes of items during the period					
Issuance of new shares	4,405	4,405			8,810
Dividends of surplus			(1,434)		(1,434)
Profit attributable to owners of parent			6,734		6,734
Increase (decrease) in surplus of overseas consolidated subsidiaries and others from change of accounting period			19		19
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		3		15	19
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	4,405	4,408	5,319	14	14,147
Balance at the end of current period	12,069	15,460	50,653	(327)	77,856

	Accumulated other comprehensive income				Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit Plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	7,779	2,560	331	10,671	225	74,606
Changes of items during the period						
Issuance of new shares						8,810
Dividends of surplus						(1,434)
Profit attributable to owners of parent						6,734
Increase (decrease) in surplus of overseas consolidated subsidiaries and others from change of accounting period						19
Purchase of treasury shares						(1)
Disposal of treasury shares						19
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes of items other than shareholders' equity	4,095	1,127	64	5,287	13	5,301
Total changes of items during the period	4,095	1,127	64	5,287	13	19,448
Balance at the end of current period	11,875	3,687	395	15,958	239	94,054

Consolidated statements of cash flows

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	(6,130)	7,323
Depreciation	8,351	7,105
Impairment loss	249	191
Amortization of goodwill	1,003	1,126
Gain on revision of retirement benefit plan	(30)	-
Loss on closing of plants	-	145
Loss on the change of company name	-	124
Increase (decrease) in provision for bonuses	(185)	293
Increase (decrease) in provision for directors' bonuses	0	(0)
Increase (decrease) in provision for management board benefit trust	101	36
Increase (decrease) in net defined benefit liability	(1,684)	56
Increase (decrease) in allowance for doubtful accounts	(11)	24
Interest and dividend income	(199)	(302)
Interest expenses	470	576
Foreign exchange losses (gains)	225	(1,107)
Share of (profit) loss of entities accounted for using equity method	25	38
Loss (gain) on sales of investment securities	-	(215)
Loss (gain) on valuation of investment securities	588	-
Loss (gain) on sales and retirement of non-current assets	319	54
Decrease (increase) in notes and accounts receivable-trade	(4,727)	(18,547)
Decrease (increase) in inventories	3,014	(8,774)
Increase (decrease) in notes and accounts payable-trade	(1,293)	36,711
Other, net	(164)	4,639
Subtotal	(76)	29,500
Interest and dividend income received	204	296
Interest expenses paid	(477)	(581)
Income taxes paid	(2,441)	(1,237)
Income taxes refund	219	806
Net cash provided by (used in) operating activities	(2,570)	28,784
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	370	-
Payments into time deposits	(106)	(370)
Purchase of property, plant and equipment	(7,119)	(9,377)
Proceeds from sales of property, plant and equipment	301	95
Purchase of intangible assets	(431)	(588)
Purchase of investment securities	(824)	(88)
Proceeds from sales of investment securities	-	226
Purchase of shares of subsidiaries and associates	(22)	-
Purchase of investments in capital of subsidiaries and affiliates	-	(200)
Purchase of investments in other securities of subsidiaries and affiliates	(110)	(41)
Purchase of investments in subsidiaries and others resulting in change in scope of consolidation	(15,366)	(853)
Payments for transfer of business	-	(332)
Other, net	17	(154)
Net cash provided by (used in) investing activities	(23,290)	(11,685)

(Million yen)

	Fiscal Year ended March 31, 2017	Fiscal Year ended December 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,933	(9,971)
Proceeds from long-term loans payable	1,485	1,595
Repayments of long-term loans payable	(1,220)	(1,179)
Payments for issuance of bonds	(23)	-
Commission fee paid	(42)	(19)
Repayments of lease obligations	(191)	(202)
Purchase of treasury stock-net	(1)	(0)
Cash dividends paid	(1,293)	(1,437)
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	6,826	(11,216)
Effect of exchange rate change on cash and cash equivalents	(563)	1,606
Net increase (decrease) in cash and cash equivalents	(19,598)	7,489
Cash and cash equivalents at beginning of period	41,688	22,090
Decrease in cash and cash equivalents from change of accounting period	-	(289)
Cash and cash equivalents at end of period	22,090	29,291

Company Outline

Company Outline

Name

Nissha Co., Ltd.

Global Headquarters

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

Chairman of the Board, President and CEO

Junya Suzuki

Founded

October 6, 1929

Established

December 28, 1946

Capital

¥12,119.79 million

*As of the end of March, 2018

Employees

784 (Consolidated number of employees : 5,409)

*As of the end of March, 2018

Consolidated Subsidiaries

63

*As of the end of March, 2018

Bases (Subsidiaries included)

Japan: 16

Overseas: 44

(Equity method affiliates are not included)

End of Fiscal Year

December 31

Website

Corporate Information

www.nissha.com/english

IR Information

www.nissha.com/english/ir

Contact for Investors

Investor Relations, Corporate Communications

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

T +81 75 811 8111 (Main Switch Board)

Status of Stocks

*As of the end of December 2017

Total number of authorized shares

180,000,000 shares

Total number of outstanding shares

50,810,369 shares

Number of shareholders

7,402

Number of shares per trading unit

100

Stock exchange listings

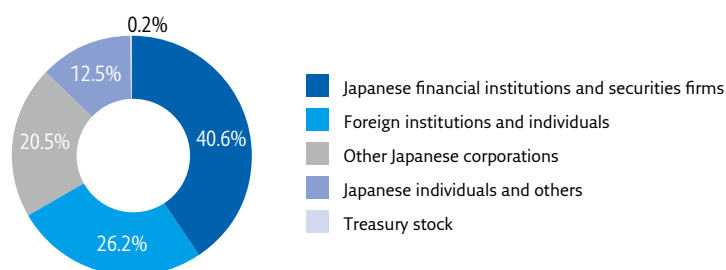
Tokyo Stock Exchange (First Section)

TSE Code: 7915

Large Shareholders

	Number of share held (thousands)	Percentage of shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	4,439	8.73
Suzuki Kosan Co., Ltd.	2,563	5.04
Meiji Yasuda Life Insurance Company	2,341	4.60
Mizuho Bank, Ltd.	2,076	4.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,629	3.20
The Bank of Kyoto, Ltd.	1,442	2.83
TAIYO HANEI FUND, L.P.	1,411	2.77
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,231	2.42
Nissha Kyoekai	1,029	2.02
STATE STREET BANK AND TRUST COMPANY 505019	971	1.91

Breakdown of Shareholders by Type (Ratio of shares owned)



www.nissha.com

Nissha Report 2018 (For the Year Ended December 31, 2017)

Date of Issue

July 2018

Publisher

Junya Suzuki
Chairman of the Board, President and CEO
Nissha Co., Ltd.

Editors

Investor Relations, Corporate Communications
Nissha Co., Ltd.

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Nissha F8, Inc.

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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.

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About the Cover

The cover of Nissha Report 2018 depicts our five core technologies of Printing, Coating, Laminating, Molding, and Patterning. We aim to achieve growth by creating distinctive products and services through the evolution and expansion of our core technologies and expanding our business domains. In October 2017, we changed the name of the company to Nissha Co., Ltd. and declared that we are a corporate group that will continue to change and evolve. We received the bronze prize in the Graphic Design category at the 11th IDA International Design Awards organized by US-based International Design Awards for our efforts related to reforming our corporate identity, including changing the corporate logo, in conjunction with our name change.

*The IDA International Design Awards were established in Los Angeles in 2007 to identify and evaluate excellent designs in the five areas of architecture, interior, products, fashion, and graphics.

**EMPOWERING
YOUR VISION**

nissHa

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