

# NISSHA

## Nissha Report 2019

English



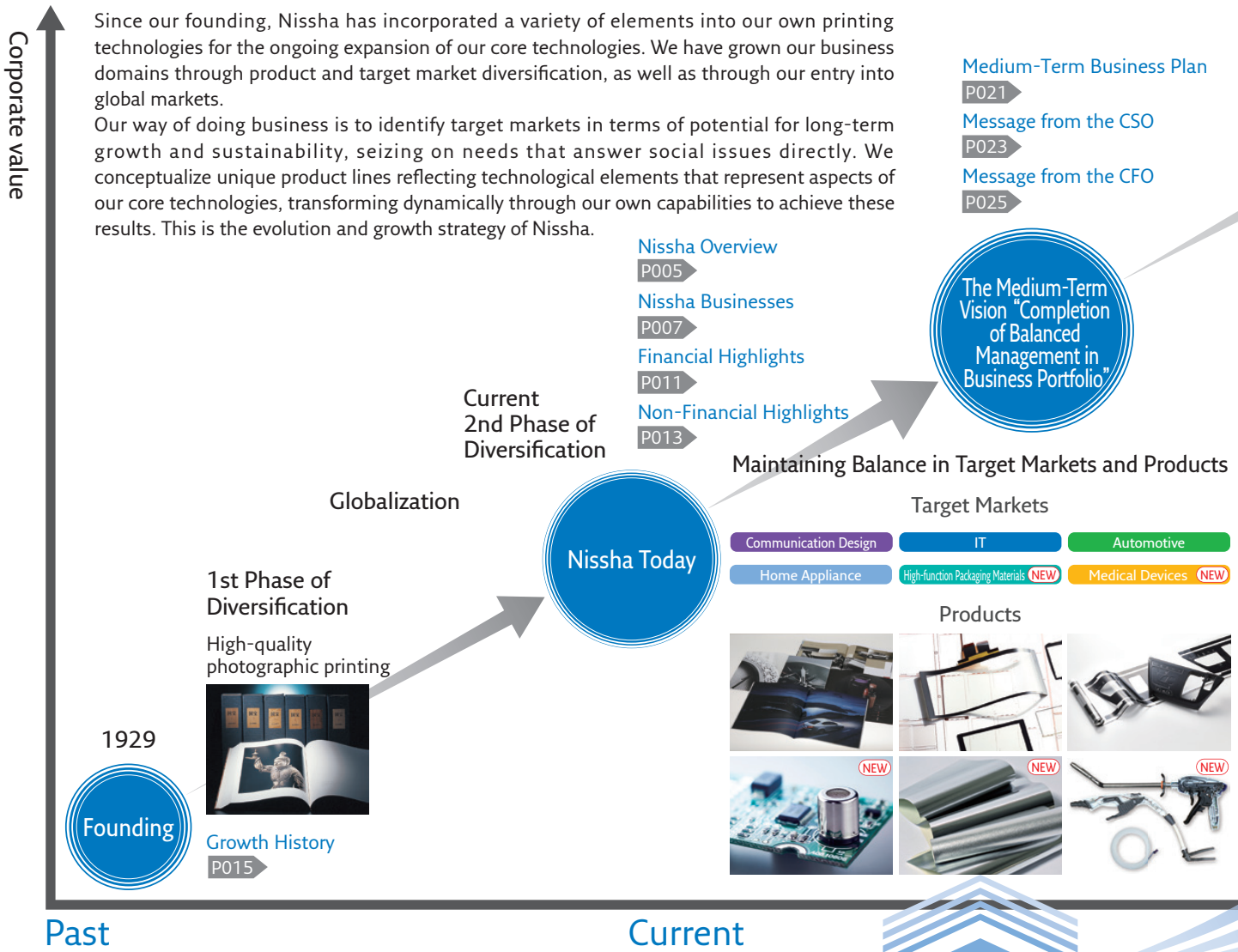
## Nissha's Core Technologies



# Sustainable Corporate Value Growth Initiatives

## Nissha 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.



Support for Sustainable Corporate Value Growth

Corporate Governance P028

Reducing Environmental and Social Risks P044



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## About Nissha

- Founded: October 6, 1929
- Capital: JPY12,119 million \*As of the end of March, 2019
- Consolidated net sales: JPY207,404 million \*FY2018.12
- Employees: 5,861 \*As of the end of March, 2019
- Consolidated Subsidiaries: 66
- Bases
  - Domestic: 14
  - Overseas: 41 (Equity method affiliates are not included)



Junya Suzuki  
Chairman of the Board,  
President and CEO

## Editorial Policy

*Nissha Report 2019* presents the company's initiatives for sustainable corporate growth to our shareholders, investors, and other stakeholders. This document is an integrated report that provides a comprehensive view of financial information as well as non-financial information, such as corporate governance, our progress related to the environment, and social issues. Please refer to our corporate website for more detailed information related to these topics.

The latest financial information regarding earnings and forecasts can be found in the investor relations section of our corporate website.

- Investor Relations: [www.nissha.com/english/ir/index.html](http://www.nissha.com/english/ir/index.html)
  - More detailed information regarding non-financial information can be found in the sustainability section.
  - Sustainability: [www.nissha.com/english/csr/index.html](http://www.nissha.com/english/csr/index.html)
  - Sustainability Report: [www.nissha.com/english/csr/pdfdownload.html](http://www.nissha.com/english/csr/pdfdownload.html)
  - ESG Data: [www.nissha.com/english/csr/data.html](http://www.nissha.com/english/csr/data.html)
- Unless otherwise noted, the contents of the report are current as of May 31, 2019.

## The Role of Nissha Report (Integrated Report)

### Financial Information

### Non-financial Information

Summarized



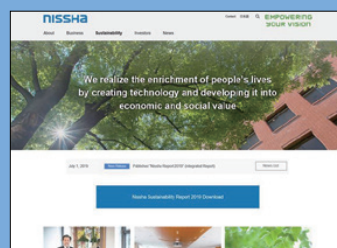
Integrated Report

### Website: Investor Relations



Securities Reports / Financial Results / Presentation Materials and so on

### Website: Sustainability



Sustainability Report / ESG Data / Corporate Governance Report and so on

Detailed



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

## Nissha Philosophy

### 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

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

### SHARED VALUES

#### 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.

**nissha**

Nissha has been working to enhance our core technologies by fusing various technologies, including coating, laminating, molding, and patterning, with the printing technologies cultivated since our founding. We have grown over the years by diversifying our businesses and expanding into global markets. Our products are used across a wide variety of markets.

**Nissha's Core Technologies**

Constant Transformation, Evolution and Expansion



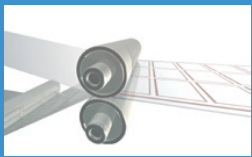
**Printing**

Processing technology of applying designs and functions with ink



**Coating**

Processing technology of forming thin layers



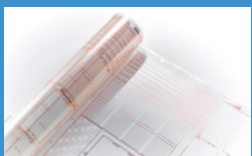
**Laminating**

Processing technology of laminating multiple thin substrates



**Molding**

Processing technology of forming various shapes in three dimensions



**Patterning**

Processing technology of forming functional patterns

The Nissha core technologies consist of printing, coating, laminating, molding, and patterning. At least one of these core technologies is used on every one of our products. As we expand our core technologies, we also combine them to generate distinctive products. We create value in various markets, including IT, automotive, medical devices, and high-function packaging materials.

Nissha will continue to evolve and expand our business domains through constant transformation, evolution, and expansion of our core technologies.

**Business & Products**

**Devices**



Force Sensors



Film Touch Sensors

**Industrial Materials**



Transfer Foil



Decorative Film



Molded Parts

**Information and Communication**



General Printing

**Medical Technologies**



Medical Electrodes



Medical Surgical Devices

Business	Major Products & Services	Core Technologies				
		Printing	Coating	Laminating	Molding	Patterning
Industrial Materials	Decorative Film	○	○	○	○	—
	Molded Parts	○	○	○	—	—
	Transfer Foil	—	○	—	—	—
Devices	Metallized Paper	○	○	○	—	○
	Touch Sensors	○	○	○	—	○
Medical Technologies	Force Sensors	○	○	○	—	○
	Medical Electrodes	○	—	○	—	○
	Medical Surgical Devices	—	—	—	○	—
Information and Communication	General Printing	○	○	○	—	○



Gas Sensors



Decorative Film, Molded Parts



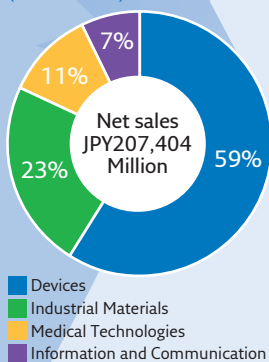
Metallized Paper

### Four Businesses

Nissha has extended our Industrial Materials, Devices, Medical Technologies, and Information and Communication business units across the globe.

The Devices Business Unit accounts for about 60 percent of total net sales, mainly through our mainstay film touch sensors. The Medical Technologies Business Unit manufactures and sells medical devices. In the three years since the launch of operations, the unit has grown to contribute 11 percent of total net sales.

Composition of Net Sales by Business (FY2018.12)



## Target Markets

### 4 Priority Markets



IT



Automotive



Medical Devices



High-function Packaging Materials



Home Appliances, Cosmetics, Residential Furnishings

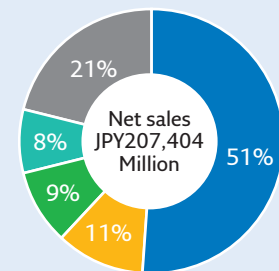


Communication Design

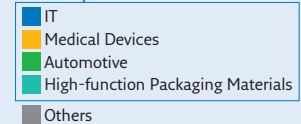
Since the latter half of the 1990s, we have concentrated our management resources in the consumer electronics (IT) market, achieving high growth. However, market growth has slowed significantly, marked increasingly by sharp fluctuations in product demand and price declines. While we continue to capture business opportunities in the IT market, we aim to develop a more balanced management base to maximize corporate value over the medium and long term. We plan to accelerate business development in markets that differ in nature from IT market, yet are expected to grow steadily on a global scale over the long term.

We began operating under the Sixth Medium-Term Business Plan (FY2018.12-FY2020.12) in January 2018. This plan defines our priority markets and how we will accelerate growth in these markets. In addition to IT, our priority markets include automotive, medical devices, and high-function packaging materials.

Composition of Net Sales by Market (FY2018.12)



### 4 Priority Markets



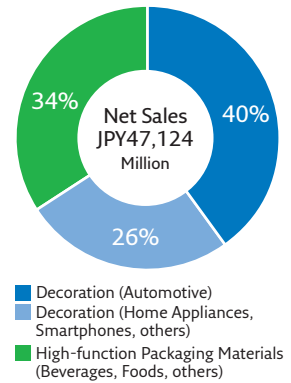




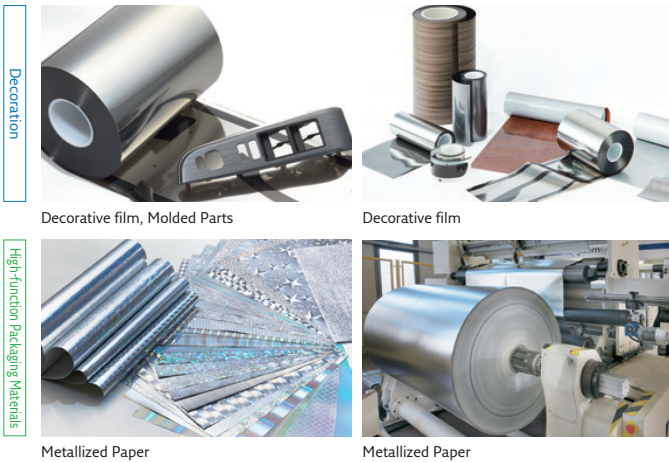
## Industrial Materials

The Industrial Materials Business Unit provides added value to the surfaces of a variety of materials. We categorize this business into two main business fields: Decoration, which involves transfer and injection molding mainly for decorative film, and high-function packaging materials, where we produce and sell metallized paper. Core technologies in the decoration field include IMD, IML, and IME in which films printed with designs or functions are inserted into the mold and transferred to the surface of the plastic simultaneously as it is formed. These technologies are used widely in the global market, including in automotive applications, home appliances, and smartphones. Our metallized paper is a mainstay product for our high-function packaging materials market. Metallized paper is a special type of paper in which a layer of metal is adhered to paper backing by vacuum deposition, providing a metallic, decorative effect. Our metallized paper features high printability and superior biodegradability, occupying the top position in the global market for high-function packaging used in foods and beverages.

Composition of Net Sales by Market (FY2018.12)



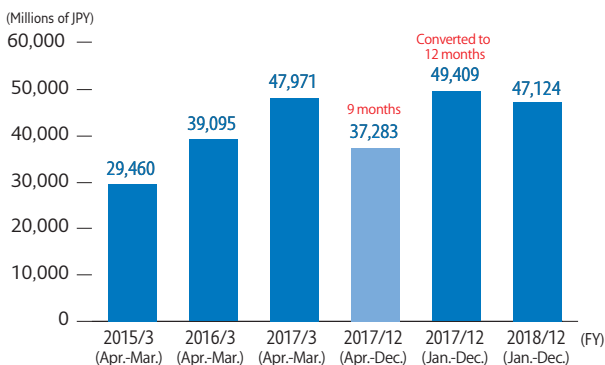
### Products



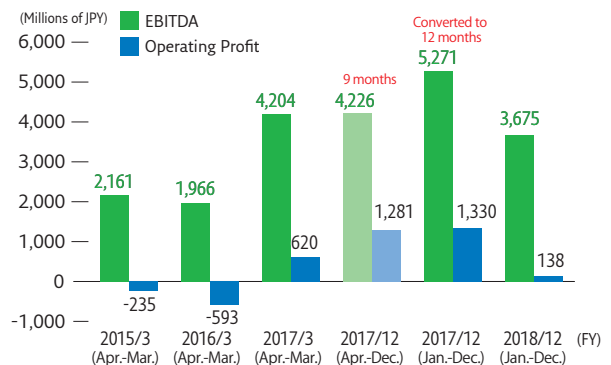
### Markets

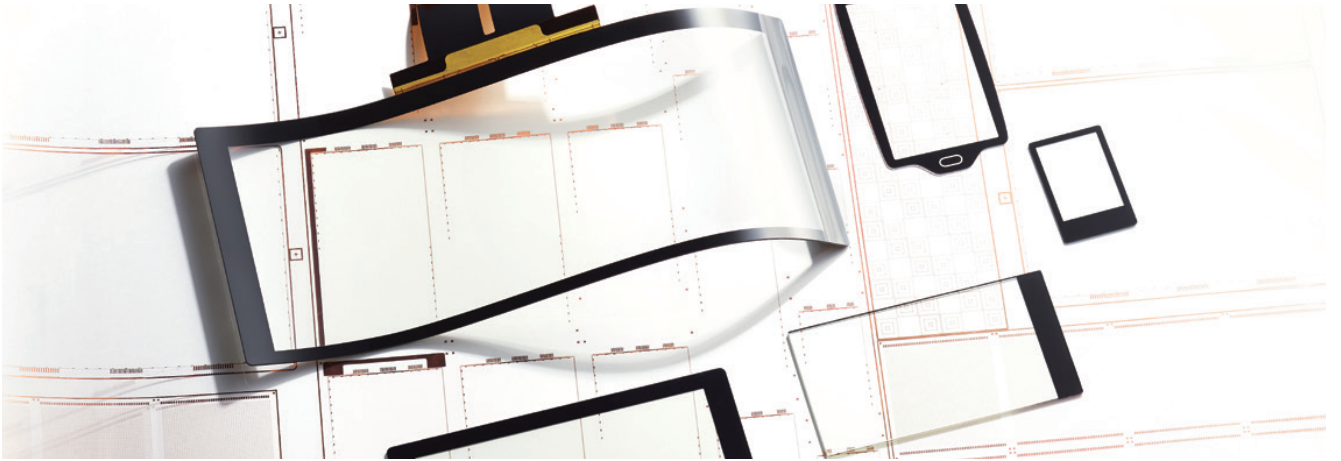


### Net Sales



### EBITDA / Operating Profit

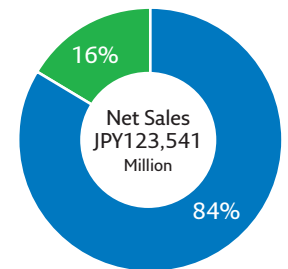




## Devices

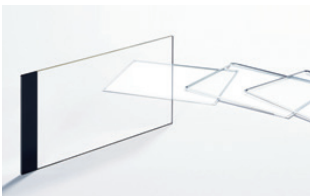
The Device Business Unit offers products and modules designed for precision and functionality. Our mainstay products here are film touch sensors that leverage the characteristics of film for thinness and light weight, while providing high visibility and narrow frames. Given these features, our film touch sensors have been adopted widely in smartphones, tablet devices, portable game players, industrial equipment, and automotive applications across global markets. In addition, this business offers force sensors that detect input force and gas sensors, including hydrogen detectors for use in fuel cell vehicles. We also develop sensor products using wireless sensor networks for IoT applications, by means of which we work actively to expand our business domains.

Composition of Net Sales by Market (FY2018.12)



■ IT (Smartphones, Tablet Devices)  
■ Portable Game Players, Industrial Equipment, Automotive, others

### Products



Film Touch Sensors



Force Sensors



Gas Sensors (Hydrogen Detector)

### Markets



Smartphones, Tablet Devices



Portable Game Players

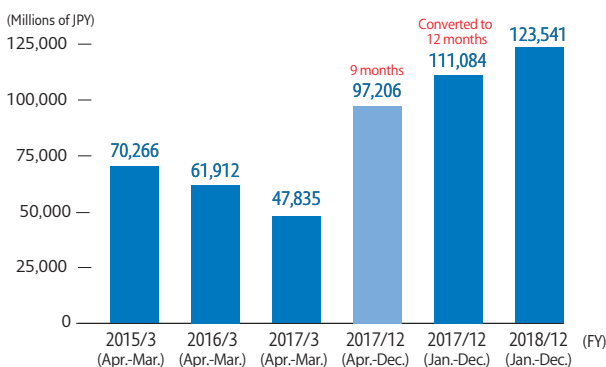


Industrial Equipment

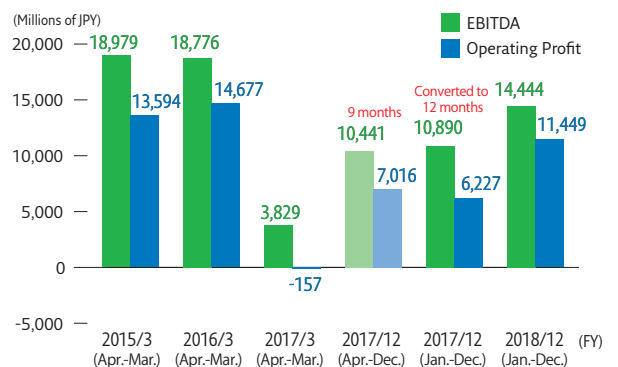


Automotive

### Net Sales



### EBITDA / Operating Profit

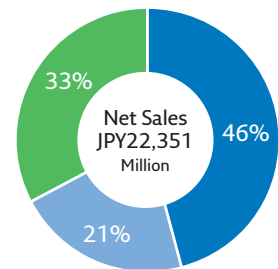




## Medical Technologies

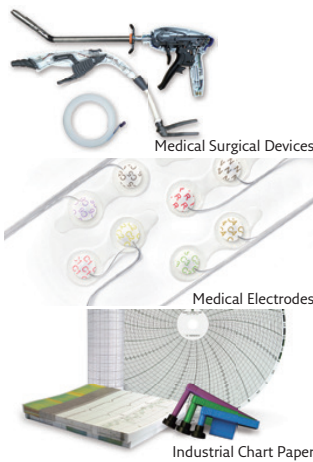
The Medical Technologies Business Unit aims to contribute to safe, secure, and healthy life worldwide through providing high quality and high value-added medical devices and related products. Mainstay products here include medical electrodes and surgical devices for cardiology. Biomedical Innovations is our brand for contract manufacturing. We insource the entire process from product design, development, and manufacture under contract with major and global medical device manufacturers, including medical surgical devices and wearable bio-sensors. Our Vermed brand includes medical consumable products such as medical electrodes and paper for medical charts. We manufacture and sell this product line to medical institutions. This unit is also involved in business media, manufacturing and selling products such as industrial chart paper and tickets.

Composition of Net Sales by Market (FY2018.12)



- Medical Devices (Contract Manufacturing Brand)
- Medical Devices (Own Brand)
- Business Media

### Products



Medical Devices Contract Manufacturing Brand  
—Biomedical Innovations—



\* Currently, Nissha does not manufacture or sell in Japan.

Medical Devices Brand  
—Vermed—



Product name: Vermed Claravue  
Japanese Medical Device Nomenclature:  
Single-use electrocardiograph electrode  
Medical Device Notification Number: 26B2X10027V03001



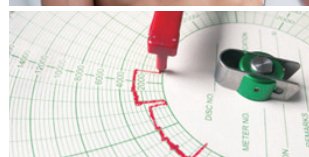
### Markets



Medical Devices (Contract Manufacturing Brand)



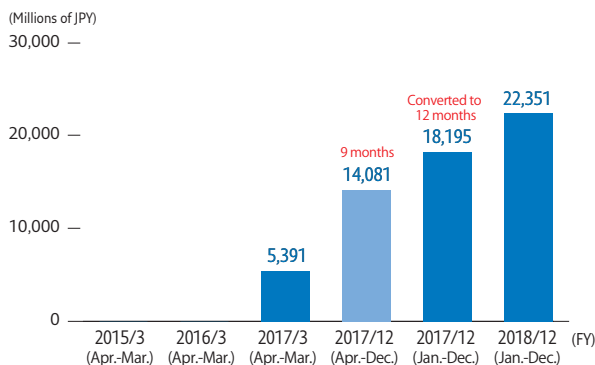
Medical Devices (Own Brand)



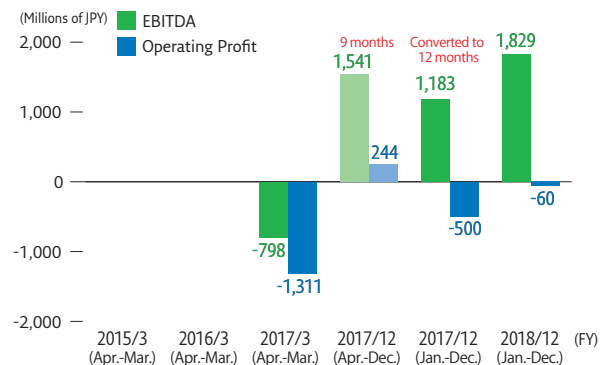
Business Media

\* The photo is an image

### Net Sales



### EBITDA / Operating Profit



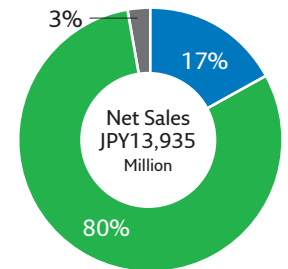




## Information and Communication

The Information and Communication Business Unit aims to create new value with communication design and processing technologies. The business is involved in publication printing for exhibitions, photography collections and fine art books with luxury bindings, as well as performing commercial printing of catalogs, brochures, and posters. The business also provides art solutions that leverage technologies to precisely digitize cultural properties and to reproduce originals as faithfully as possible. Both of these services contribute to passing on cultural assets to future generations. Further, this business unit produces sales promotions that correctly address customer challenges.

Composition of Net Sales by Market (FY2018.12)



Net Sales JPY13,935 Million

- Publication Printing
- Commercial Printing
- Others

### Products



Exhibition Catalogues



Catalogs

### Markets



Publication Printing



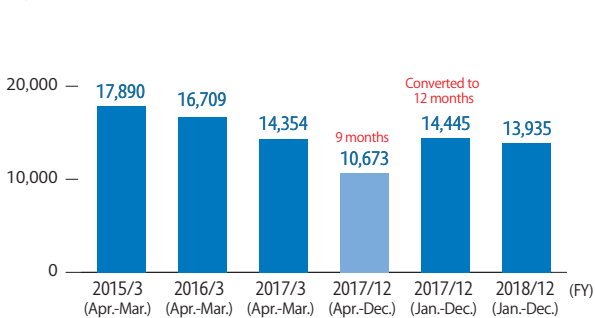
Commercial Printing



Photography

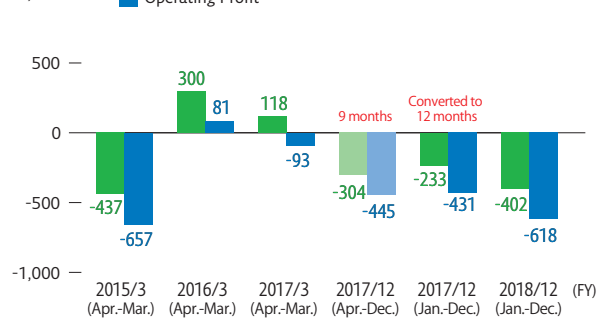
### Net Sales

(Millions of JPY)



### EBITDA / Operating Profit

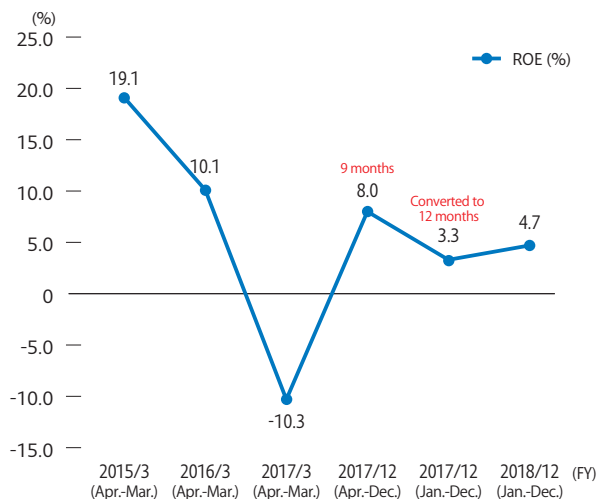
(Millions of JPY)



Nissha prioritizes improvement in capital efficiency, using return on equity (ROE) and return on invested capital (ROIC) as performance indicators to measure the outcome of our medium-term business plans.

## ROE

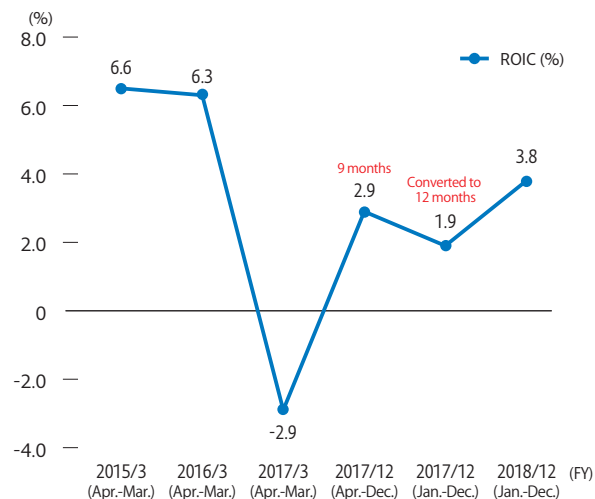
4.7%



ROE is split into net profit ratio, total asset turnover, and financial leverage (total assets/equity). For the fiscal year ended December 2018, net profit ratio as an indicator of profitability was 2.1%. This result was due to an increase in one-time costs stemming from restructuring in the Information and Communication Business Unit. Total assets decreased compared to the previous fiscal year, while higher sales resulted in greater total asset turnover, an indicator of operation efficiency. At the same time, our financial leverage continues to improve. As a result, we recorded ROE 4.7% for the fiscal year ended December 2018.

## ROIC

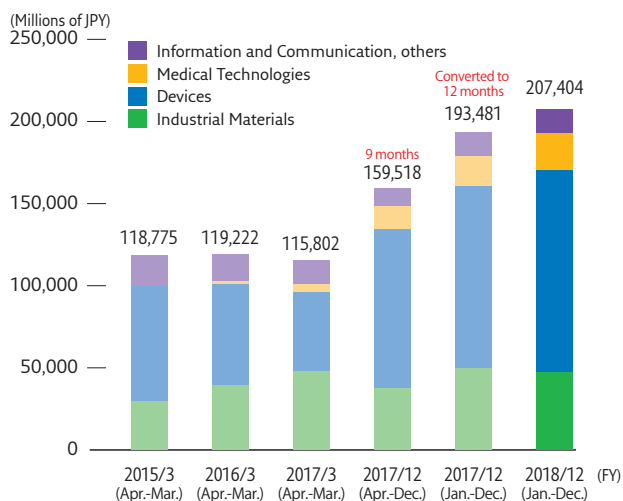
3.8%



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 in this formula, which is operating income after income taxes. At the same time, we must minimize the denominator, which is invested capital. We use the ROIC tree to pursue both profitability and efficiency. Both profitability and efficiency for the fiscal year ended December 2018 improved in comparison to the previous year; however, ROIC remained at 3.8%.

## Net Sales

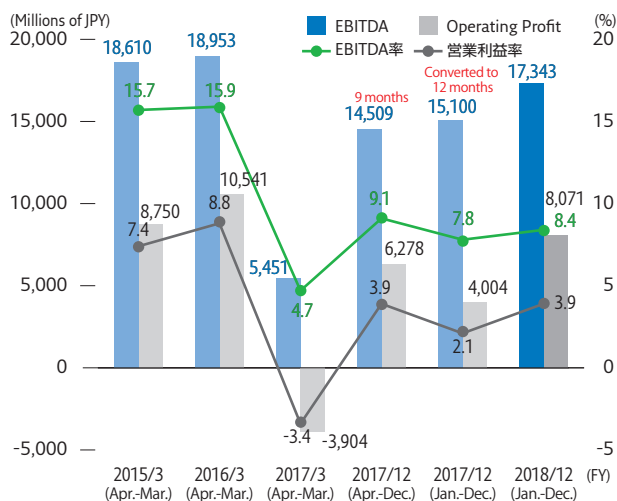
JPY207.4 billion



Net sales reached a record high of JPY207,404 million, mainly due to greater demand for our Device Business Unit products and the contribution of growth strategy via corporate acquisitions in our Medical Technologies Business Unit.

## EBITDA/Operating Profit

JPY17.3 billion / JPY8 billion



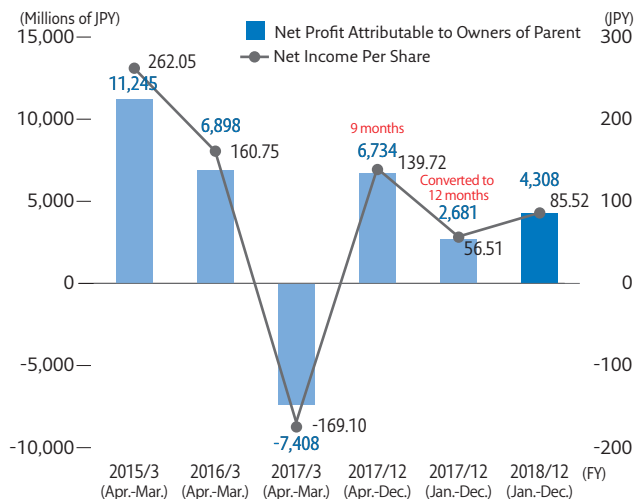
Improved production yield in our mainstay Devices Business Unit led to increased profitability, resulting in EBITDA of JPY17,343 million and operating income of JPY8,071 million.

\*With the launch of our Sixth Medium-Term Business Plan, Nissha Group adopted EBITDA as a key performance indicator. This decision reflected considerations of global business expansion, the increasing number of overseas subsidiaries, and other factors related to the state of our business.

We measure EBITDA as the sum of operating profit, depreciation and goodwill amortization.

## Net Profit Attributable to Owners of Parent/ Net Income Per Share

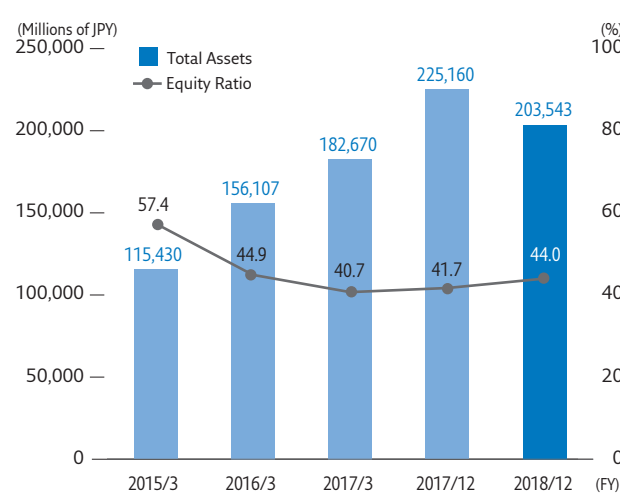
JPY**4.3** billion / JPY**85**



Net profit attributable to owners of parent amounted to JPY4,308 million. This result was mainly due to one-time expenses stemming from restructuring in the Information and Communication Business Unit during the fiscal year, while gains from the transfer of consolidated subsidiary stock in connection with the reorganization were recorded in the next fiscal year (January 7, 2019). Net income per share was JPY85.52, up 51.3% over the previous year.

## Total Assets/Equity Ratio

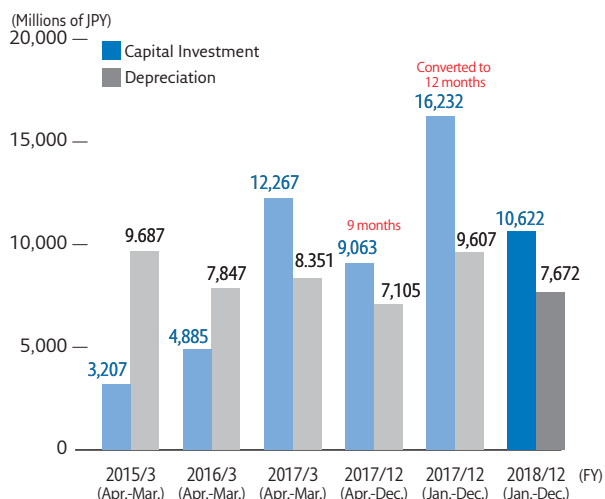
JPY**203.5** billion / **44.0**%



Total assets amounted to JPY203,543 million, down JPY21,617 million from the end of the previous year, attributable to decrease in cash and deposits and notes and accounts receivable-trade. Net assets amounted to JPY89,633 million, down JPY4,421 million compared to end the previous year. Although the company recorded an increase in retained earnings due to net profit attributable to owners of parent, we also recorded a lower valuation difference on available-for-sale securities and a decrease in foreign currency translation adjustment compared to the previous year. As a result, our equity ratio at the end of the year stood at 44.0%.

## Capital Investment/Depreciation

JPY**10.6** billion / JPY**7.6** billion

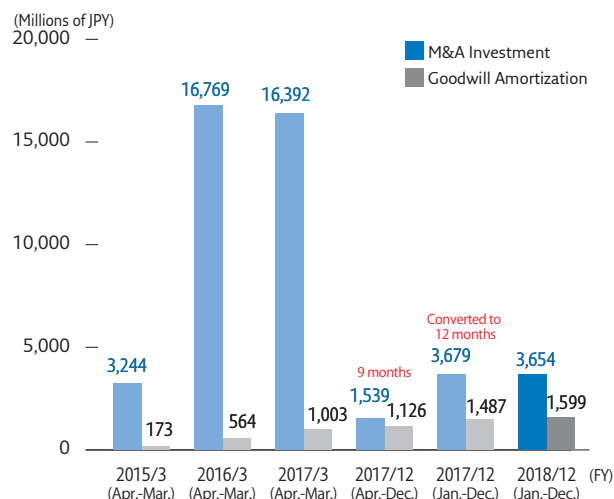


Capital investment amounted to JPY10,622 million as a result of increasing our production capabilities in North America, Central America, and Japan. We also recorded depreciation of JPY7,672 million for the year.

\*Effective as of the beginning of the fiscal year ended December 2018, the group changed the depreciation method used in Japan from the declining-balance method to the straight-line method.

## M&A Investment/Goodwill Amortization

JPY**3.6** billion / JPY**1.5** billion



We acquired three companies through our Medical Technologies Business Unit during the year, recording JPY3,654 million in M&A investment. Due to increased acquisitions over the past several years, goodwill amortization has been rising, reaching JPY1,599 million for the current year.

\*We changed our fiscal year end from March to December for the fiscal year ended December 2017. Accordingly, the fiscal year ended December 2017 was an irregular year of only nine months, covering April to December 2017. Results showing from January to December 2017 are provided as reference information converted to a 12-month period.



## Global Expansion

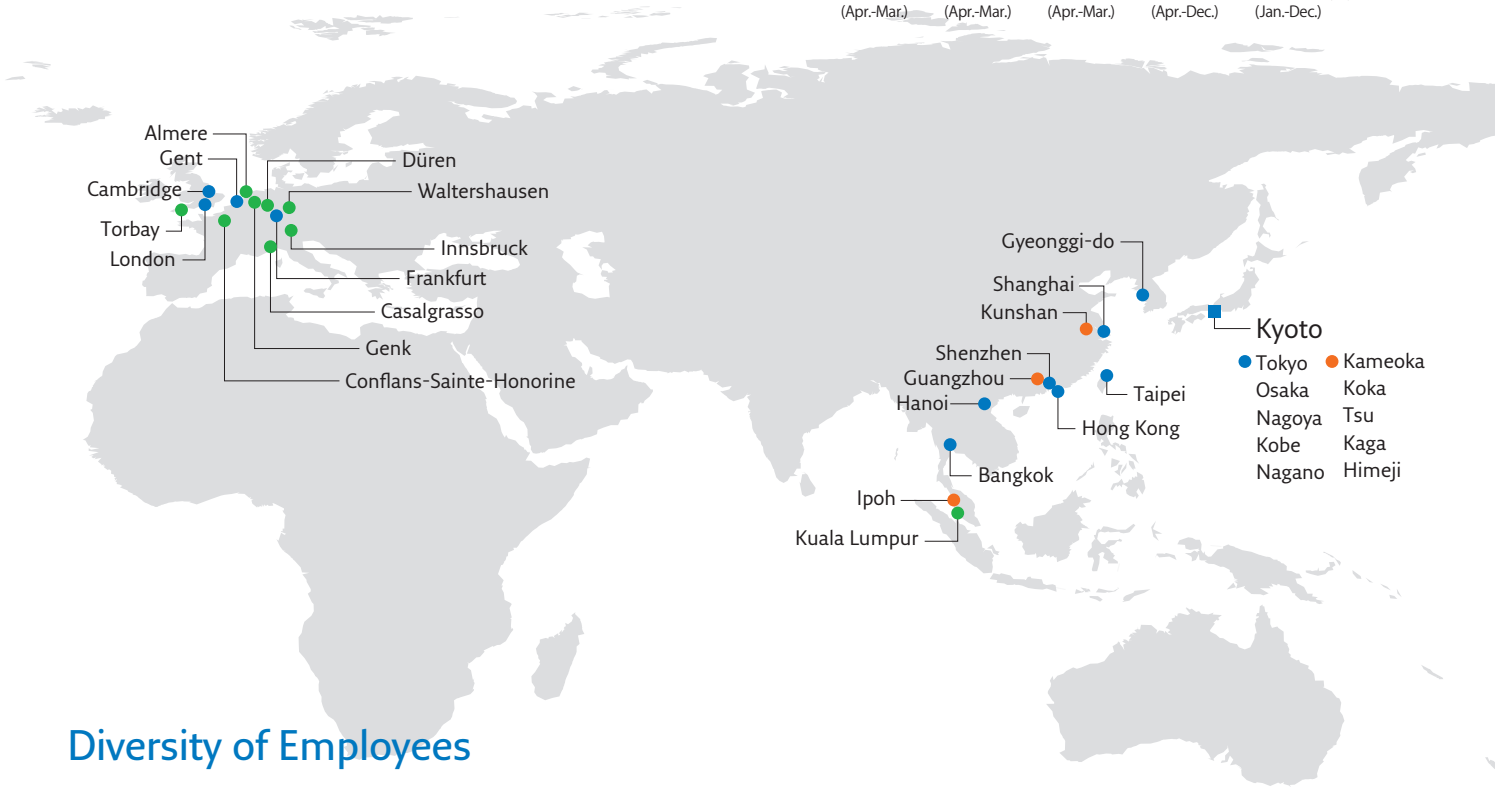
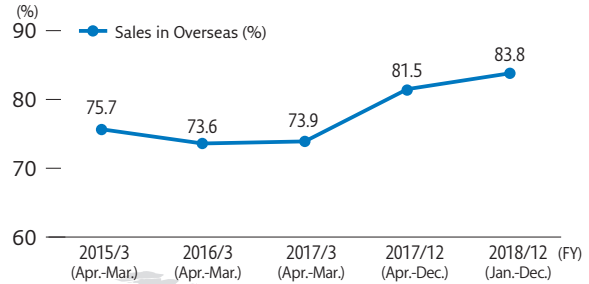
### Bases

55 locations around the world  
 Nissha has 14 locations in Japan, including our Global Headquarters in Kyoto, and 41 locations in other countries.

### Consolidated Subsidiaries

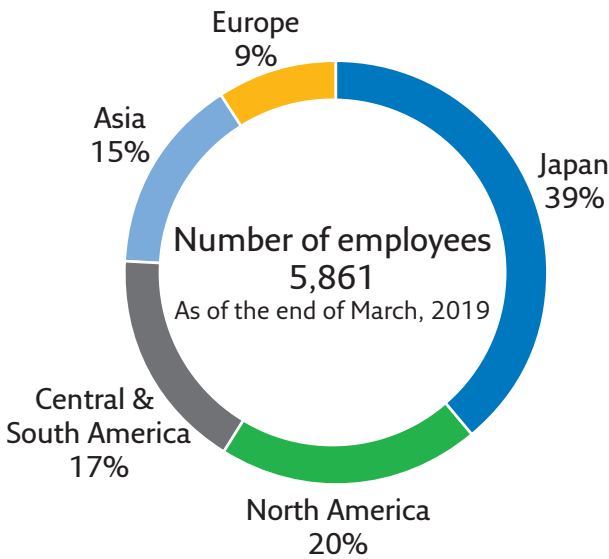
66

### Overseas sales ratio

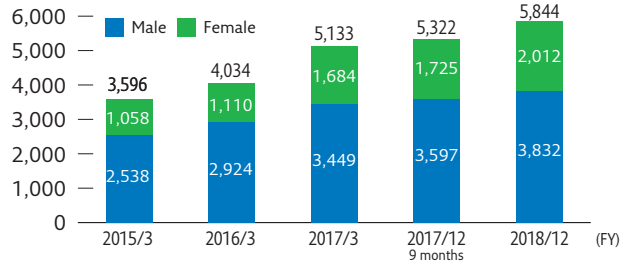


## Diversity of Employees

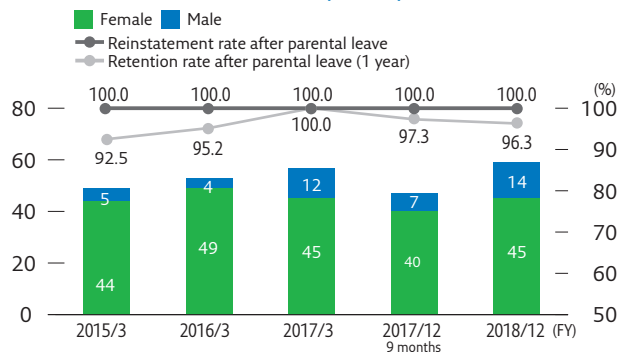
### Employee composition by region



### Employee composition by gender

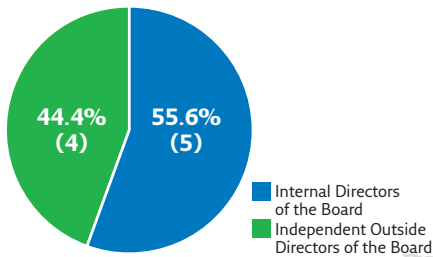


### Parental leave (Nissha Group in Japan)

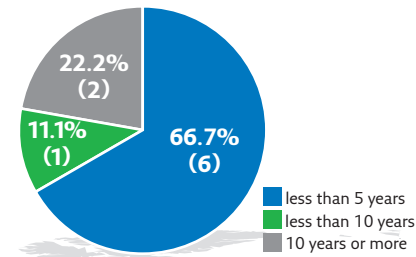


# Governance

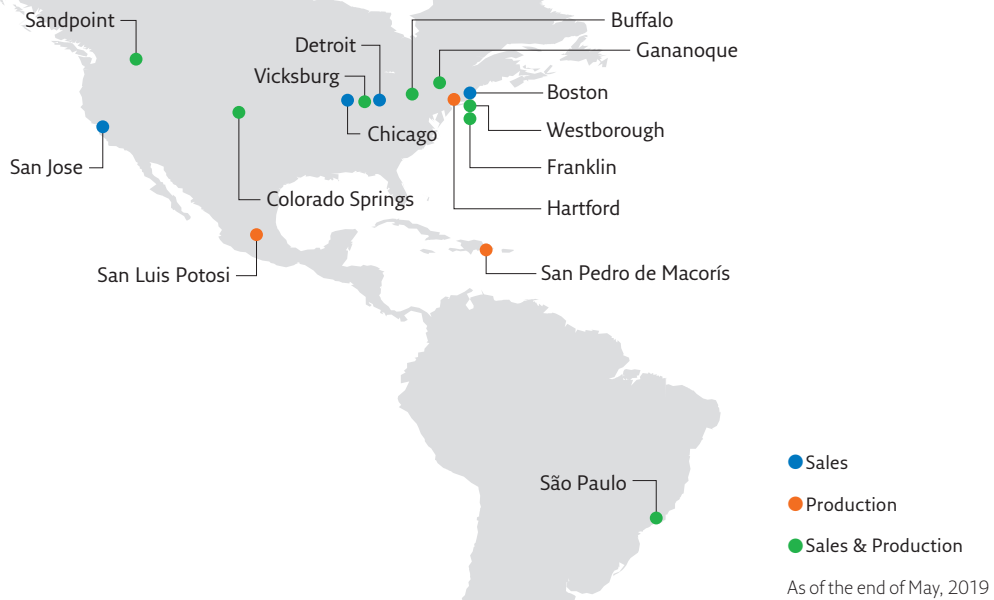
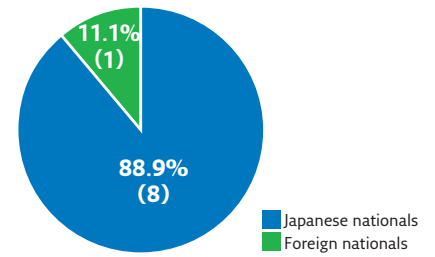
Internal/Outside (Directors of the Board)



Term (Directors of the Board)

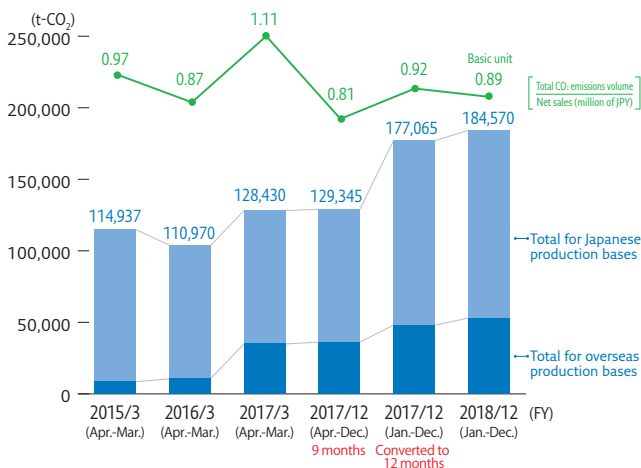


Nationality Breakdown (Directors of the Board)

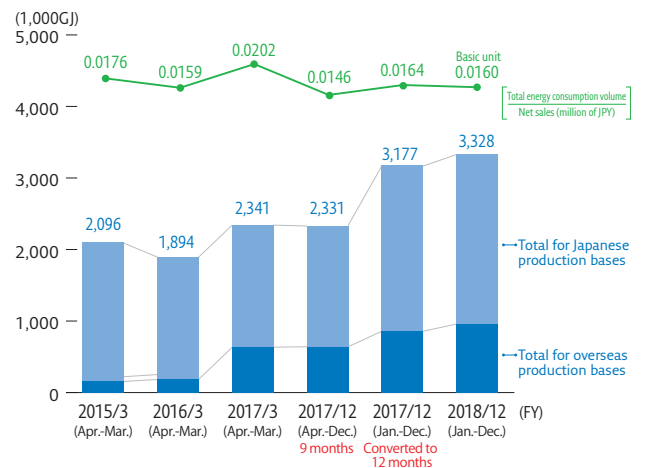


# Environmental

Trends in CO<sub>2</sub> Emissions Volumes and Basic Unit



Trends in Energy Consumption and Basic Unit



# The Evolution of Nissha

Working to diversify our products and target markets through the evolution of our printing technologies and entering the global market, Nissha has achieved growth by expanding our business domain.

## Founding 1929~

Aspired of high-quality photographic printing



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

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

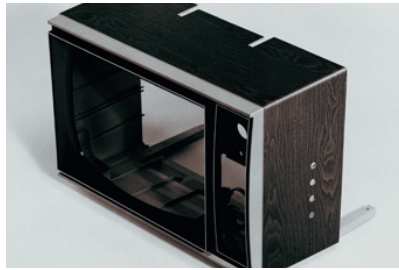
- 1949 “NEW JAPAN” (The Mainichi newspapers)
- 1962 “Koku-hou (National treasure)” (The Mainichi newspapers)
- 1966 “Genshoku Nihon no Bijutsu (Art collection of Japanese cultural inheritance)” (The Shogakukan)



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

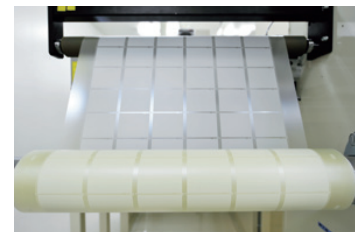
Expanding target markets by new products such as transfer foil and electronic components

### 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 “FineTouch” (Origin of current film touch sensors)



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

- Others
- Medical Technologies
- Devices
- Industrial Materials
- Information and Communication

1929

1940

1950

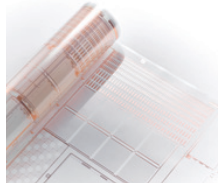
1960

1970



## Globalization 2000's

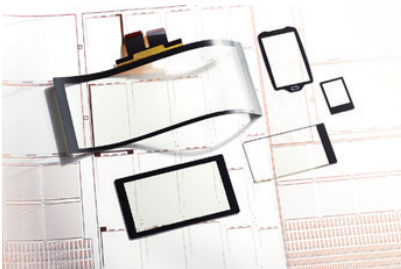
Our products and the Nissha brand penetrates the global market



Number of dealing with global companies were expanded

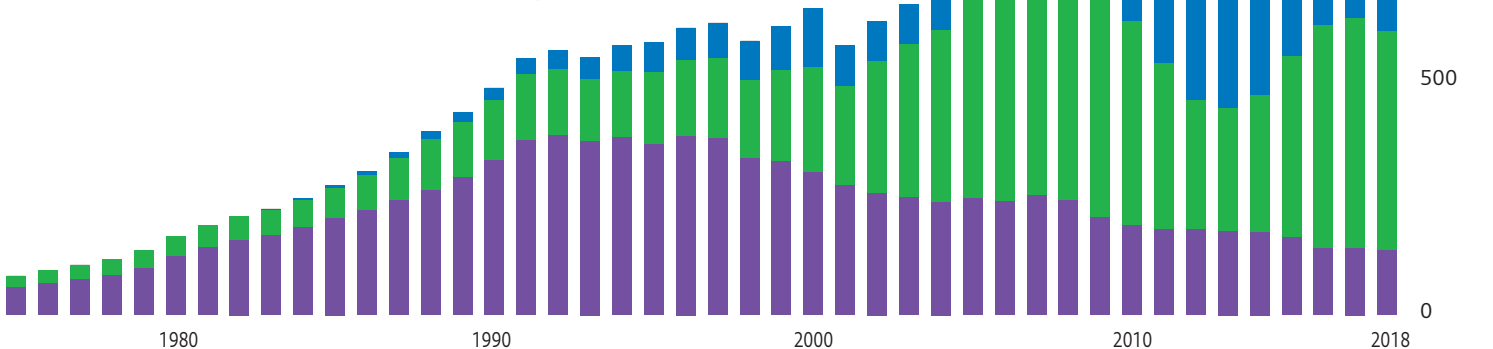
Global market drives our business growth

- 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 the US, established global supply chain of molding between Japan, the US, 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

Leveraging acquisitions to develop new business domains

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



Net Sales (hundred million of JPY)

2,000

1,500

1,000

500

0



Chairman of the Board,  
President and CEO

On October 6, 2019, Nissha will celebrate the 90th anniversary of the company's founding.

Today, Nissha's mainstay products span a wide range that includes film touch sensors for smartphones and tablets, decorative film and molded parts for automotive and home appliances, high-function packaging materials for food and beverage products, and even medical devices used in heart disease treatment (cardiology).

Ninety years have passed since Nissha was founded as a printing company.

The company grew and expanded into other business domains across global markets.

We conducted an interview with Junya Suzuki, president and CEO,

to ask about the company's history of growth and future business strategies.

Today, Nissha Group conducts business in Industrial Materials, Devices, Medical Technologies, and Information and Communication segments.

Our Industrial Materials business provides added value to the surfaces of a variety of materials. We categorize this business into two main business fields: Decoration, which involves transfer and injection molding mainly for decorative film, and high-function packaging materials, where we produce and sell metallized paper. In the decoration field, our core technologies utilize in-mold decoration technologies (IMD, IML, IME) to insert film printed with designs and functions into molds for transfer or for laminating on the surface of plastics during injection molding. These technologies are used widely in applications such as automotive interiors, home appliances, and smartphones. Our mainstay product in high-function packaging materials is metallized paper. We make metallized paper by vacuum metallizing thin layers of aluminum on the surface of paper. This specialized paper features a lustrous metallic decorative effect. Biodegradability is a signature feature of Nissha metallized paper. Nissha boasts the top share of the global market for this environmentally friendly material that creates a premium visual presentation for beverage, food, and daily necessities product packaging.

Our Devices business accounts for more than half of Nissha net sales. Our mainstay film touch sensors are used in a wide range of applications, including smartphones, tablets, portable game players, industrial equipment, automotive, and more. We have also introduced other high-value-added products to meet market needs. These products include force sensors to detect input force, gas sensors that detect exhaled air and other gasses, and wireless sensor networks for the IoT market. The sheer scale of the market for smartphones, tablets, and other devices makes IT extremely attractive. At the same time, demand in the market fluctuates wildly and the speed of change in technology trends is truly dizzying. Further, this market tends to require enormous capital investment. As our Devices business has grown, fluctuations in the IT market have come to have a major impact on Nissha earnings. Given this situation, growing our business in markets other than IT and Devices has become a management concern for our company.

We launched our newest business segment, Medical Technologies, in 2016. Nissha focused on the medical devices market as a new target expected to see steady global growth and with the potential to rival the current IT market. In 2016, we launched our Medical Technologies and entered the medical device

es market with the acquisition (and conversion to a subsidiary) of a U.S.-based medical devices manufacturer. If we viewed the highly volatile Devices business in the IT market as a wild horse, then we faced the need to foster a rival horse in a business that could grow calmly and steadily. This decision highlights our approach to product portfolio management in reorganizing the structures of our businesses and target markets strategically. Rather than rely on simple organic growth, we are intentionally and strategically changing the structure of our businesses and markets. Having accomplished this reorganization so dynamically and in such a short span of time is a reflection of our more recent approach to management.

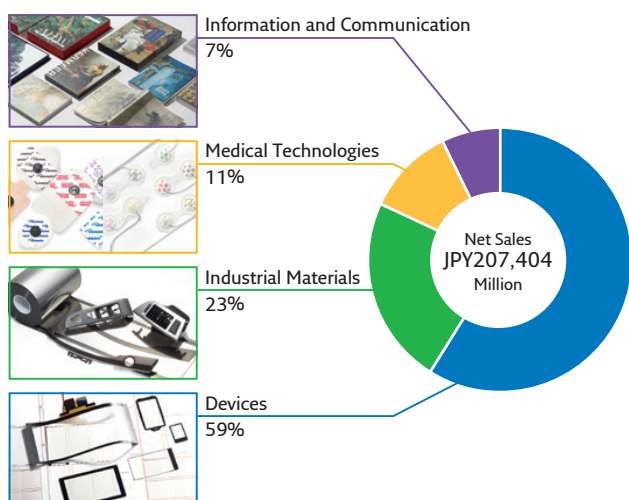
While many people might associate medical devices with CTs, MRIs, and other large equipment, our products in this business consist mainly of consumable medical products. These are materials used once in medical treatment and then disposed of. Today, heart disease is the most common cause of death in Europe and the Americas. We have focused our products to meet needs in these fields. The keyword for our mainstay products in this business—medical electrodes, catheters, etc.—is *minimally invasive*. We strive to reduce the impact of tests and treatments on the patient's body.

Our fourth business is Information and Communication, which deals in general printing. This is the business on which we were founded. Since we have limited our target market to Japan, Information and Communication accounts for no more than seven percent of our total net sales. We expect this business to be an even smaller portion of our business moving forward in the wake of our January 2019 reorganization that narrowed the focus of our business domains.

With widespread businesses and products, I imagine that it's difficult to understand our company. One might ask if there is a common denominator.

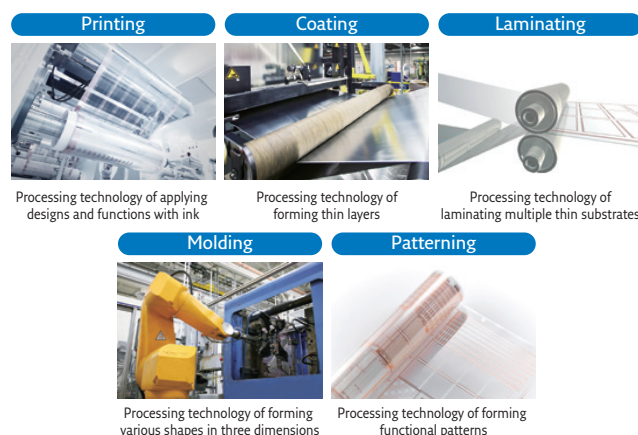
After my brief overview of our four businesses, one may have the impression that they are a random collection. But, each of these businesses and products is built on our core technologies. We have identified five core technologies for which we conduct ongoing expansion both widely and deeply: (1) Printing; (2) Coating; (3) Laminating; (4) Molding (mainly injection molding); and (5) Patterning (forming fine patterns). Let's look at printing, for example, which is something with which most people are familiar. Our printing business runs covers a wide range of applications, from

## Composition of Net Sales by Business (FY 2018.12)



## Five Core Technologies

### The Source of Feature-Rich Products





Message from the CEO

commercial printing to industrial product printing to printing in fine detail which requires a high degree of technology and expertise.

As you can see, these applications have our core technologies in common. So, how has Nissha gone about accumulating these types of core technologies?

Since our first day in business in 1929, our founder and first president, Naoki Suzuki, defined clear business domains to pursue. At that time, typeset printing had already become a common printing technology, making it difficult to create differentiated added value. I have been told that this is when Naoki Suzuki turned to photographic printing, a domain other companies had yet to attempt. This is the origin of our DNA to move ahead into areas where no others can compete. In the 1960s, our chairperson emeritus and second president, Shozo Suzuki, realized that the company could not grow relying solely on paper printing. He shifted Nissha boldly toward printing on film, diversifying our business into industrial materials and other products. From there, we developed coatings and other processes that have come to form our core technologies. I don't believe the Nissha of today would exist without this diversification in the 1960s. As we adopted new technologies from overseas, we incorporated fine printing technologies developed since our founding. Even from our earliest days, we embraced open innovation.

What's the story behind our current mainstay film touch sensors, you ask?

Our Industrial Materials Business has been involved in printing on film, particularly decorative film. As it gathered momentum, this business leveraged printing and other derivative technologies developed to enter the rapidly growing electronic components industry. In the 1970s, we finished construction on a plant to produce electronic components such as lead frames. In the 1980s, we applied the etching technologies in our printing process to technologies from overseas to begin the development of film touch

sensors. However, these technologies didn't answer the market needs of the time. Gaining a foothold in the market took some time. Nissha touch sensors were first adopted in the Zaurus personal digital assistant. At the time, touch sensors represented just one of the many products we had under development. Ongoing innovation, inquiries from customers, market launch timing, and a variety of other factors combined successfully to help our film touch sensor business grow. As we state in our Mission\*, we pursue the ongoing expansion of core technologies which we combine effectively to generate distinctive products and provide value to diverse markets.

\* 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.

To understand the company's growth strategy requires an understanding of the Nissha Mission. Let's discuss the rise in Nissha's M&A activities overseas. Can you tell us more about your intention behind the acquisitions and why Nissha chose to start Medical Technologies business?

More than 10 years have passed since the Lehman Shock. We were affected by the event in a major way, partly due to our over-reliance on the IT market. This is why we decided to create a plan to correct our profit structure, which had relied overmuch on IT. At that point, we decided to invest in markets that, while different in nature to IT, were nevertheless expected to grow in a sustainable manner. We have executed on this strategy over the past seven or eight years.

The medical devices market is growing in response to the rising aging demographic, while at the same time addressing needs for early-stage identification of illnesses and for minimally impactful patient treatment. For these reasons, the medical devices market is one that offers opportunities rich in growth and sustainability. I think we can say that this market aligns well with our mission to enrich people's lives.

Common Core Technologies and Growth History Shared with Graphic Controls (U.S.-Based Medical Devices Manufacturer Acquisition)



Having said that, starting a medical business from scratch requires an extraordinary amount of time. This business also requires a variety of approvals, which are virtually impossible for us to secure on our own. This is the reason we chose to build our business dynamically via this acquisition. M&A in Japan tends to begin with an introduction by a bank or securities firm. We, on the other hand, search for compatible businesses on our own, taking the initiative ourselves to make first contact. After all, we know better than anyone what type of company would fit with our business. Nissha has a mergers and acquisitions team that reports directly to my office. This team is on constant lookout, researching, managing, and updating lists of potential acquisitions in response to requests from our business units. Our acquisition of a medical devices manufacturer in the U.S. began with a cold call from us. This company is now the core of our Medical Technologies business.

As I just mentioned, the reasons we acquired this company were its consumable medical products in the high-growth heart disease market (cardiology), the potential to gain a large share of and secure high profits in specific market, and the fact that the additional investment was not comparatively large. Finally, the business had reached the *cash cow* stage as defined under our portfolio management approach. That this business originated in printing and evolved over time was very interesting from the standpoint of our own history. As Nissha diversified into the IT market, this company diversified into the medical devices market. We are both very familiar with this story of growth. In fact, our products have numerous commonalities. This company's mainstay products are medical electrodes, used to communicate information about the body through electrical signals. Our own film touch sensors are a type of transparent electrode. At first, the similarities may not be obvious, but we see many commonalities in core technologies.

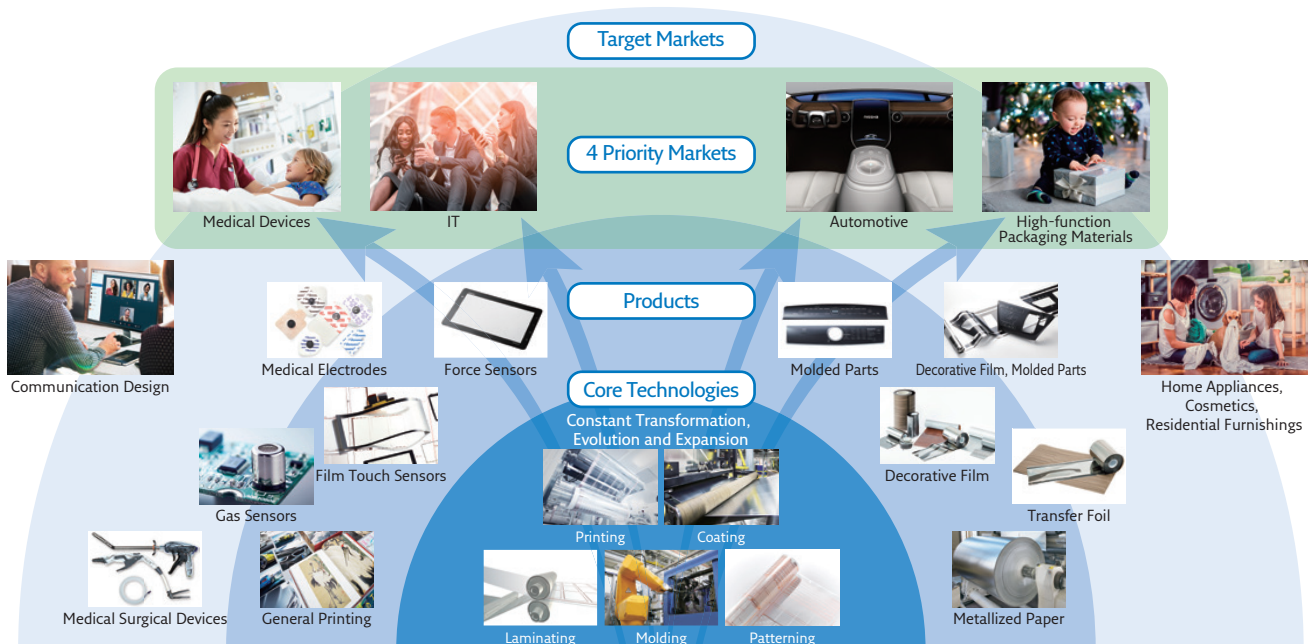
Thank you. Last, do you have anything you wish to say directly to your stakeholders?

Since our founding, Nissha has incorporated a variety of ele-



ments into our own printing technologies for the ongoing expansion of our core technologies. We have grown our business domains through product and target market diversification, as well as through our entry into global markets. Our way of doing business is to identify target markets in terms of potential for long-term growth and sustainability, seizing on needs that answer social issues directly. Our basic growth strategy is to bring together cross-divisional technologies and talented people for the sake of solving issues. I ask you, our stakeholders, to keep a close eye on the evolution of Nissha. I also ask for your continued support and engagement now and in the future.

## Expanding Business Domains by Extending Core Technologies



## Review of the Fifth Medium-Term Business Plan (FY2016.3-FY2017.12)

### The Fifth Medium-Term Business Plan Vision for Business and Product Portfolio Optimization

#### Management Issues

#### Significant Impact on Earnings by IT Market Fluctuations

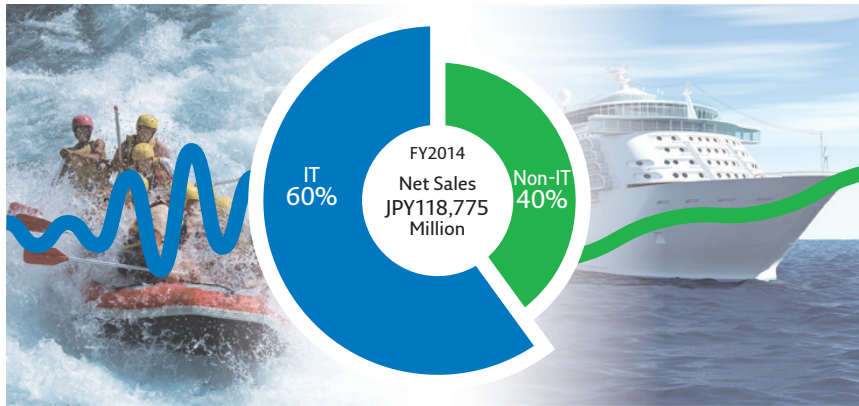
- Sharp fluctuations in demand, rapid changes in technology trends
- Declining prices for products and services

#### IT Market:

There are plenty of business opportunities, however, severe environmental changes

#### Non-IT Market:

Stable growth is expected on a global basis



The Fifth Medium-Term Business Plan (FY2016.3-FY2017.12)

Product and Market Portfolio Optimization (Balanced Management)

- IT market growth
  - Growth in markets having different characteristics than IT
- Entry into global, stable growth markets

#### The Medium-Term Vision

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

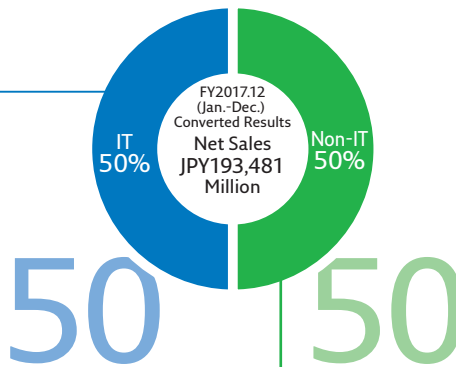
#### Thorough reorganization of business portfolios

- 1 Reorganize product and market portfolios
- 2 Withdraw from unprofitable fields
- 3 Promote vertical integration in supply chains
- 4 Introduce new core technologies
- 5 Growth using M&A

### Results Under the Fifth Medium-Term Business Plan

### Expanding Into Non-IT Markets, Balancing IT and Non-IT Sales

#### Winning Major Orders through Product Development and Capital Investment



#### Securing a Non-IT Business Foundation via M&A

#### Automotive Schuster Group

- Acquired in October 2016
- Head Office: Germany
- Establish foothold in European decoration and molding
- Secure customer base among European automotive manufacturers
- Secure IML technology to complement IMD

#### High-function Packaging Materials AR Metallizing Group

- Acquired in August 2015
- Head Office: Belgium
- Largest global manufacturer of metallized paper for luxury labels and packaging
- Entry into new markets from upstream in the printing value chain
- Capture share in the beverage, food, household good, and other trade areas

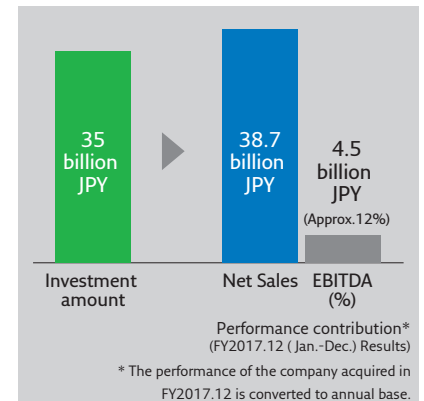
#### Medical Devices Graphic Controls Group

- Acquired in September 2016
- Head Office: U.S.A.
- Entry into the medical devices market
- Acquire medical devices product lineup
- Capture trade area share on a global basis

#### M&A Under the Fifth Medium-Term Business Plan

Investment amount:  
JPY35 billion, ROIC\* 9%

\*cash-based ROIC = EBITDA × (1 - tax rate 30%) ÷ Investment amount



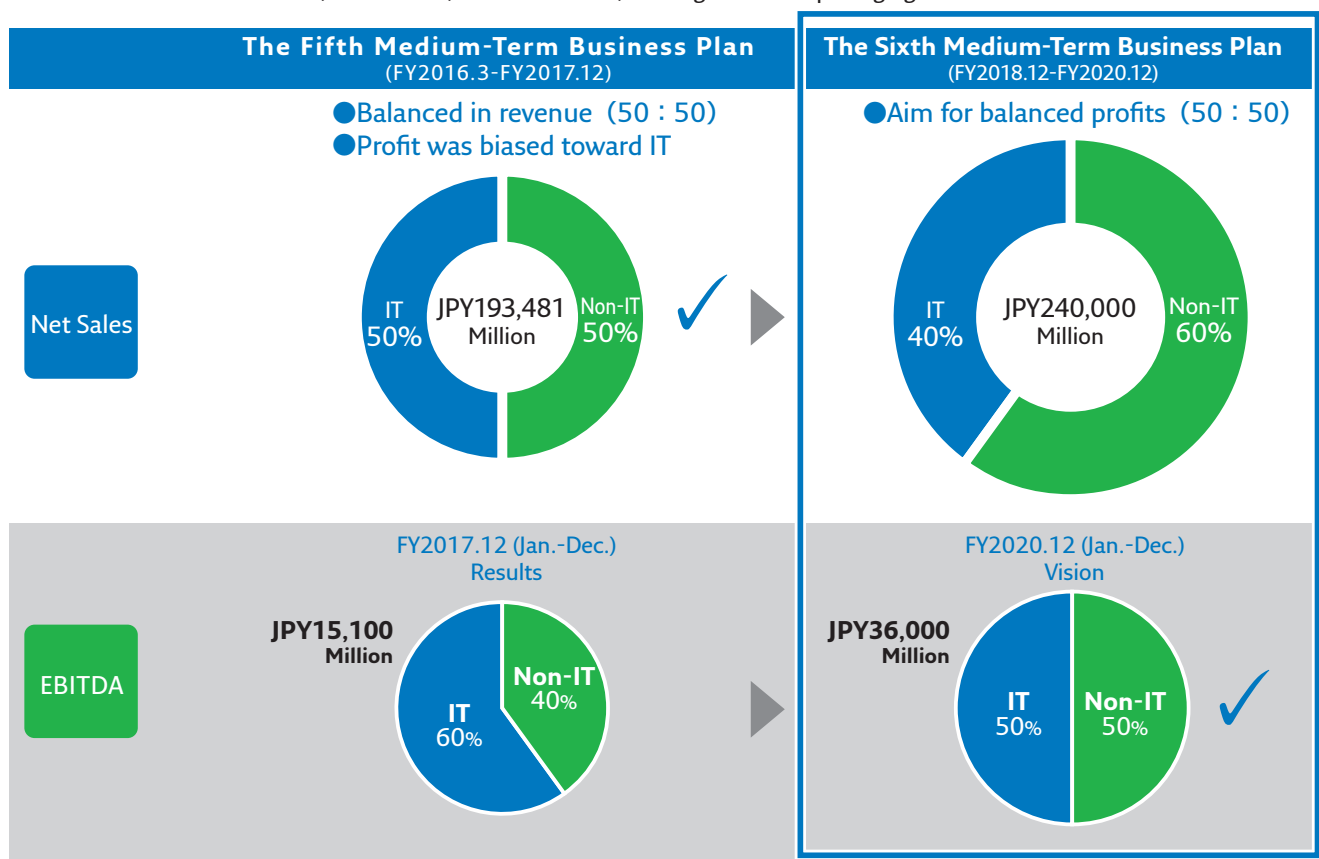
## The Sixth Medium-Term Business Plan (FY2018.12-FY2020.12)

Following the Fifth Medium-Term Business Plan, the Sixth Medium-Term Business Plan defines priority markets in IT, automotive, medical devices, and high-function packaging materials. The plan aims to bring a completion of balanced management to reach higher levels of business portfolio reorganization and optimization, achieved through global growth strategies that maximize the business foundation we have created to date.

### The Sixth Medium-Term Business Plan Vision 1

#### Aim for “Completion of Balanced Management in Our Business Portfolio”

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



### The Sixth Medium-Term Business Plan Vision 2

#### Aim for Net Sales JPY240 billion, EBITDA 15%

	The Fifth Medium-Term Business Plan FY2017.12 (Jan.-Dec.) Converted Results	The Sixth Medium-Term Business Plan FY2020.12 (Jan.-Dec.) Vision	CAGR
Net Sales (Millions of JPY)	193,481	240,000	7.4%
EBITDA (Millions of JPY) EBITDA Margin	15,100 7.8%	36,000 15.0%	33.6%
Operating Profit (Millions of JPY) Operating Profit Margin	4,004 2.1%	22,000 9.2%	76.4%
ROE	3.3%	10%	-
ROIC	1.9%	8%	-
Equity Ratio	41.7%	50%	-
EPS	JPY56.5	JPY300	-
Forex	JPY111/\$	JPY110/\$	-

FY2020.12 of ROE and EPS is assumed by the outstanding shares and effective tax rate of 30%.





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

Wataru Watanabe

## Growth Strategies Under The Sixth Medium-Term Business Plan

Last year, Nissha made three acquisitions related to medical devices. In the second year of our plan, we intend to accelerate growth strategies in automobile electrification and autonomous driving, drug delivery system, and sustainable packaging materials.

### The Sixth Medium-term Business Plan Aims for the Completion of Balanced Management in the Business Portfolio

Nissha Group is currently executing the Sixth Medium-Term Business Plan (FY2018.12-FY2020.12). We have just completed the first year under this three-year plan.

We have defined four business segments aligned with our products, namely, Industrial Materials, Devices, Medical Technologies, and Information and Communication. Under The Sixth Medium-Term Business Plan, we are aiming specifically for diversification and optimization in our target markets to achieve a balanced management foundation. Our approach is to maintain and continue the consumer electronics (IT) business, while at the same time accelerating growth strategies by adding more products to our lines in the automotive, medical devices, and high-function packaging materials markets.

Additionally, our Sixth Medium-Term Business Plan addresses our policy to actively leverage acquisitions, providing a budget of JPY31,500 million over three years. Today, we operate businesses on the order of JPY20,000 million in the automotive, medical devices, and high-function packaging markets. The growth strategies in our medium-term business plan prioritize adding new products to our lineup, as well as building new capabilities, including new sales channels, design capabilities, and production capacity, on top of our existing business base. We believe acquisitions are an effective means for quickly securing footholds in areas where we lack presence.

### Three Medical Technology Business Acquisitions

The fiscal year ended December 2018 was the first year of the Sixth Medium-Term Business Plan. During the year, we acquired three companies for the Medical Technologies Business Unit, increasing our activity in the medical devices market. This business unit addresses the field of heart disease, focusing on minimally invasive treatments. All three acquisitions were smallish in scope. However, we expanded successfully into defibrillator electrodes as a new product line in our targeted heart disease field (cardiology) as planned. In addition, one of the companies acquired boasts superior design and product development capabilities, which will enhance the added value of our businesses. As a result, consolidated net sales for the fiscal year ended December 2018 amounted to JPY22,300 million, an increase of 22.8 percent year on year. For the fiscal years ending December 2019 and December 2020, we aim for consolidated net sales of JPY25,000 million and JPY32,000 million, respectively.

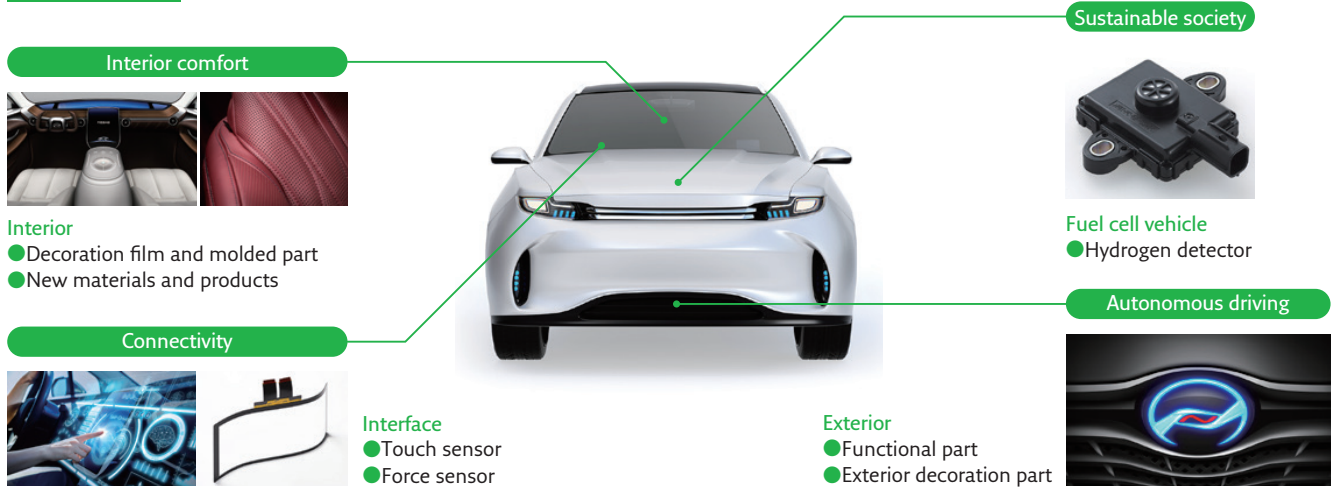
### Putting Growth Strategies into Action for Automotive, Medical Devices, and High-Function Packaging Materials

As we enter the second year of our medium-term business plan, the blueprint of our growth strategies is firming up. We have confirmed that the trends toward electrification and autonomous driving in the automotive market present business opportunities for Nissha. We are also defining specific growth strategies for new drug delivery system in the medical devices market and for sustainable packaging materials in the high-function packaging materials market.

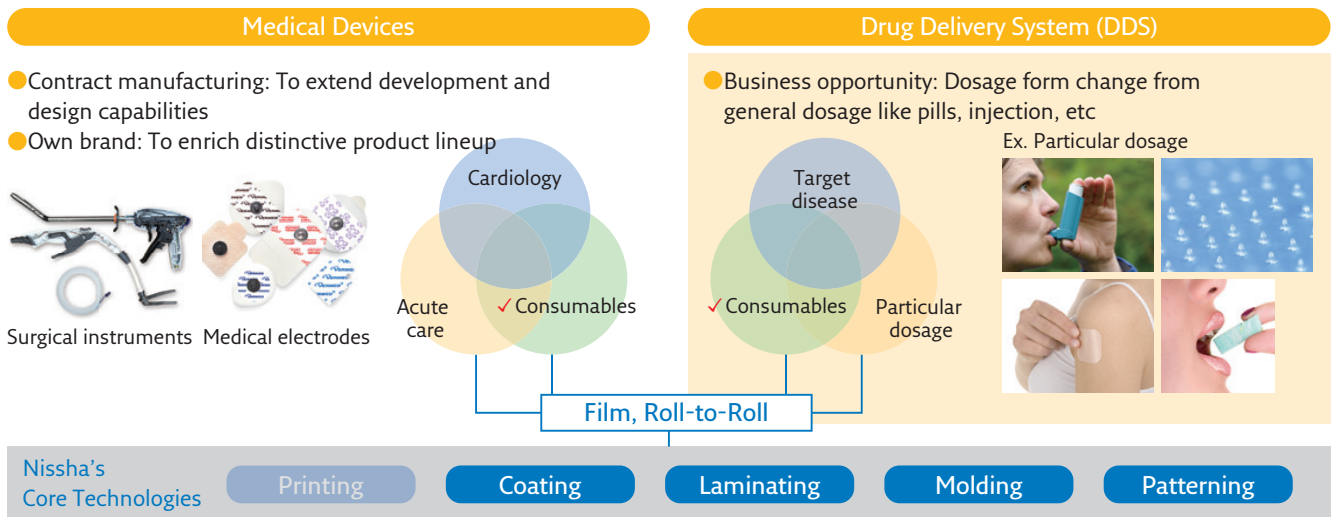
I encourage you to keep an eye on future Nissha growth strategies.

# Growth Strategies in Priority Markets

## Automotive New trend is business opportunity

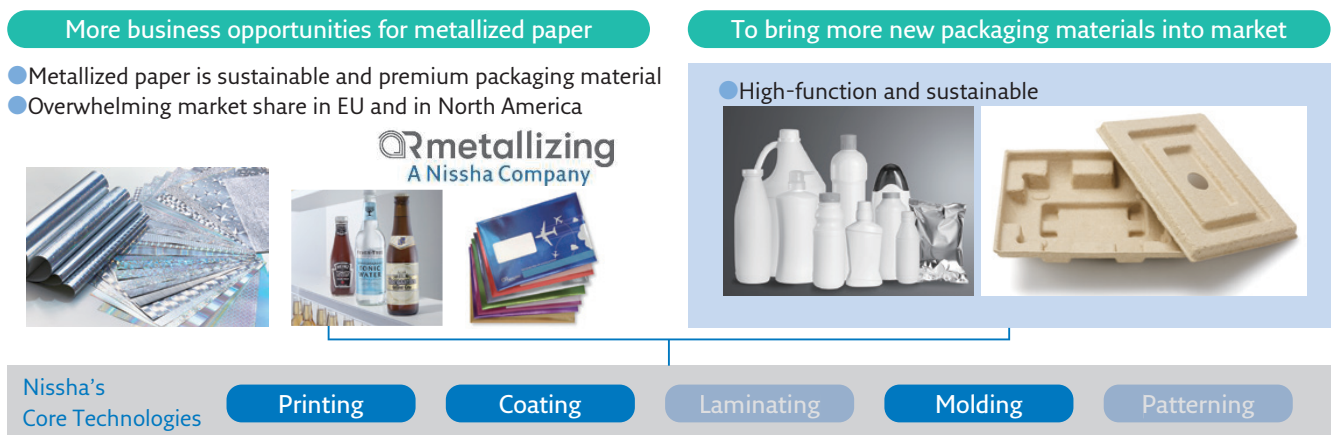


## Medical Devices Accelerate growth for Medical Devices and move in high gear for DDS



## High-function Packaging Materials Focus on sustainable packaging material

Demand increase for recyclable packages in EU and other regions





## Achieving the Vision of Our Medium-Term Business Plan

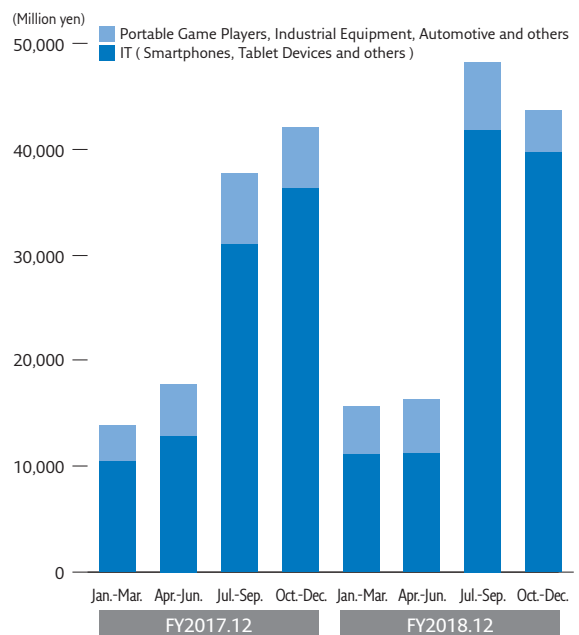
Business portfolio reorganization and optimization is a pressing business and finance issue. To this end, we set a significant budget of JPY31,500 million over three years for M&A activity. Nissha is reducing our dependence on the IT market, accelerating growth investments in the automotive, medical devices, and high-function packaging materials markets.

### Business portfolio reorganization and optimization is a pressing business and finance issue.

Nissha slowed production and shipments of our mainstay products for the IT market over the first half of the fiscal year ended December 2018. And a sharp recovery in demand during the second half resulted in a temporary rise in inventories. Faced with the need for more working capital, we experienced a notable negative impact on our equity ratio, one of our key performance indicators.

For the fiscal year ending December 2019, we expect to see the same type of fluctuation in demand for our mainstay products between the first and second half of the year. To improve this situation, we must create a more balanced business structure than our current one, which relies heavily on the highly volatile IT market. In other words, achieving business portfolio reorganization and optimization as defined under our Sixth Medium-Term Business Plan (FY2018.12-FY2020.12) is a pressing management issue for Nissha finances as well.

### Devices Business Unit, Net Sales by Quarter Sharp seasonal fluctuations in demand

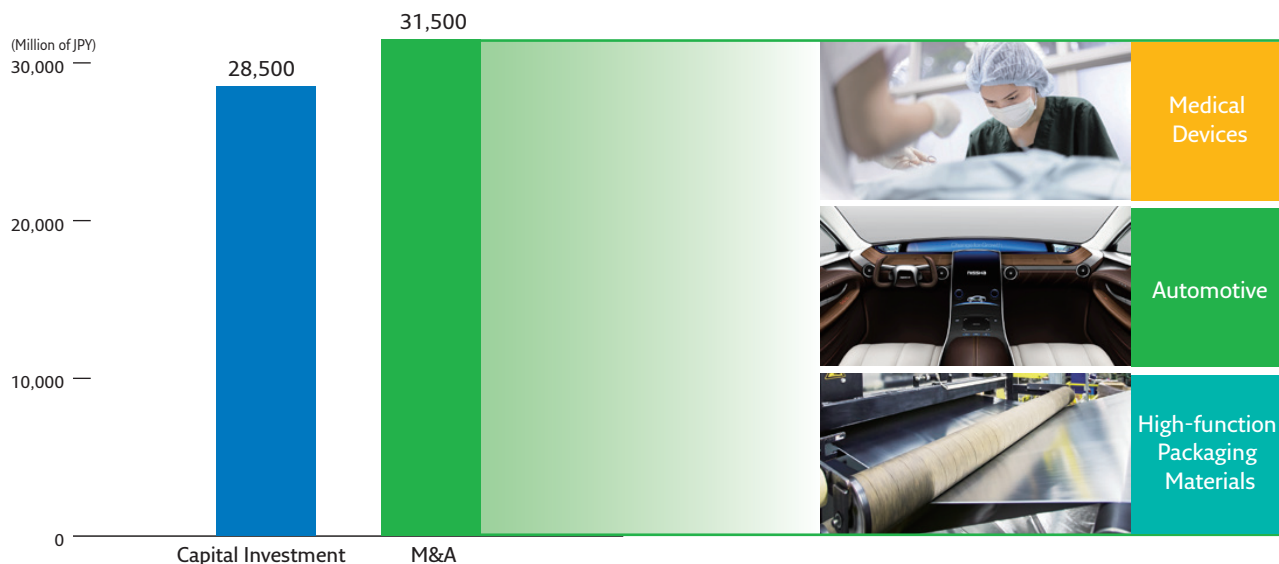




## Growth Investment

M&A investment budget of JPY31,500 million over three years, mostly in priority market other than IT

3 years budget ( FY2018.12-FY2020.12 )



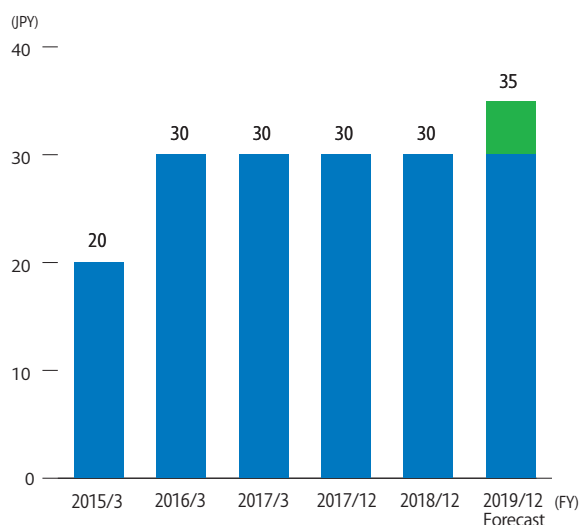
### M&A Investments to Accelerate Growth Strategy in Priority Markets Outside IT

At present, Nissha is accelerating business growth in the automotive, medical devices, and high-function packaging materials markets to lower our reliance on the IT market. We believe M&A is the shortest path to achieve our growth strategy. Accordingly, we set aside JPY31,500 million for M&A in the Sixth Medium-Term Business Plan. This M&A budget is on par with the JPY35,000 million we provisioned (over three years) in our Fifth Medium-Term

Business Plan (FY2016.3-FY2017.12) under which we engaged in several major corporate acquisitions. At the same time, our capital investment policy consists mainly of upgrade investments for maintaining existing businesses. We have budgeted JPY28,500 million over three years for capital investment. Our intention, however, is to limit investments to the greatest extent possible, while keeping an eye on changes in the business environment.

## Shareholder Return Policy

Annual dividend per share



**Dividends:** Stable dividends reflecting business growth  
2019 forecast: JPY30+JPY5 (90th anniversary)

**Buyback:** Highly flexible way for shareholder return  
Implemented twice in 2018 (Feb., Nov.)

Next, I want to address our thoughts on shareholder returns.

Our basic policy here is to provide stable ongoing dividends to our shareholders. Dividend amounts reflect a comprehensive consideration of current and future earnings, dividend payout ratios, financial soundness, and other factors. We project dividends of JPY30 per share for the fiscal year ending December 2019, which is the same level as the prior fiscal year. We also intend to pay a JPY5 per share commemorative dividend in recognition of our 90th anniversary. Combined, dividends for fiscal 2019 should amount to JPY35 per share. Nissha recognizes that stock buybacks represent a flexible means of providing shareholder returns. During the fiscal year ended December 2018, we conducted share buybacks twice, in February and November.

At present, we are moving forward with the adoption of International Financial Reporting Standards (IFRS) under our Sixth Medium-Term Business Plan. Our objective here is to improve the international comparability of financial information across capital markets. We believe this change will allow investors to measure their investment on a global basis.

Nissha will continue to invest in growth markets to improve our corporate value. At the same time, we intend to appropriately allocate profits generated by our business activities in meeting the expectations of our shareholders. We ask for your understanding and support as we strive to reach our goals.



# Support for Sustainable Corporate Value Growth

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## Governance and Risk Management Initiatives

Nissha strives to enhance our core technologies while incorporating the various technological elements with the printing technology we have cultivated since our founding. We have achieved growth by diversifying our products and target markets across global markets.

Looking forward, the driving force behind our growth will continue to be evolving and expanding our business domains. To ensure business continuity, we must strengthen corporate governance in relation to diversifying target markets and products, as well in connection with environmental and societal risk management.

Here we intend to introduce initiatives that support ongoing improvement in corporate value.

- P028 Corporate Governance
- P036 Management Team
- P039 Message from Independent Outside Directors of the Board
- P044 Reducing Environmental and Social Risks



## Corporate Governance



# Evolving governance in step with corporate growth.

## Aiming for an Effective Governance Structure

Since our founding, Nissha has implemented strategies under the strong leadership of our management to correctly address changes in the business environment. We believe that a combination of strong corporate governance and this type of leadership encourages swift, bold decision-making that ensures transparency and fairness in management. Our company views corporate governance as a top management priority. Guided by this awareness, we endeavor to ensure sustainable growth and improve corporate value over the medium to long term by maintaining and improving our corporate governance structure.

Nissha has evolved governance structures over time in step with corporate growth. In 2007, we appointed our first independent

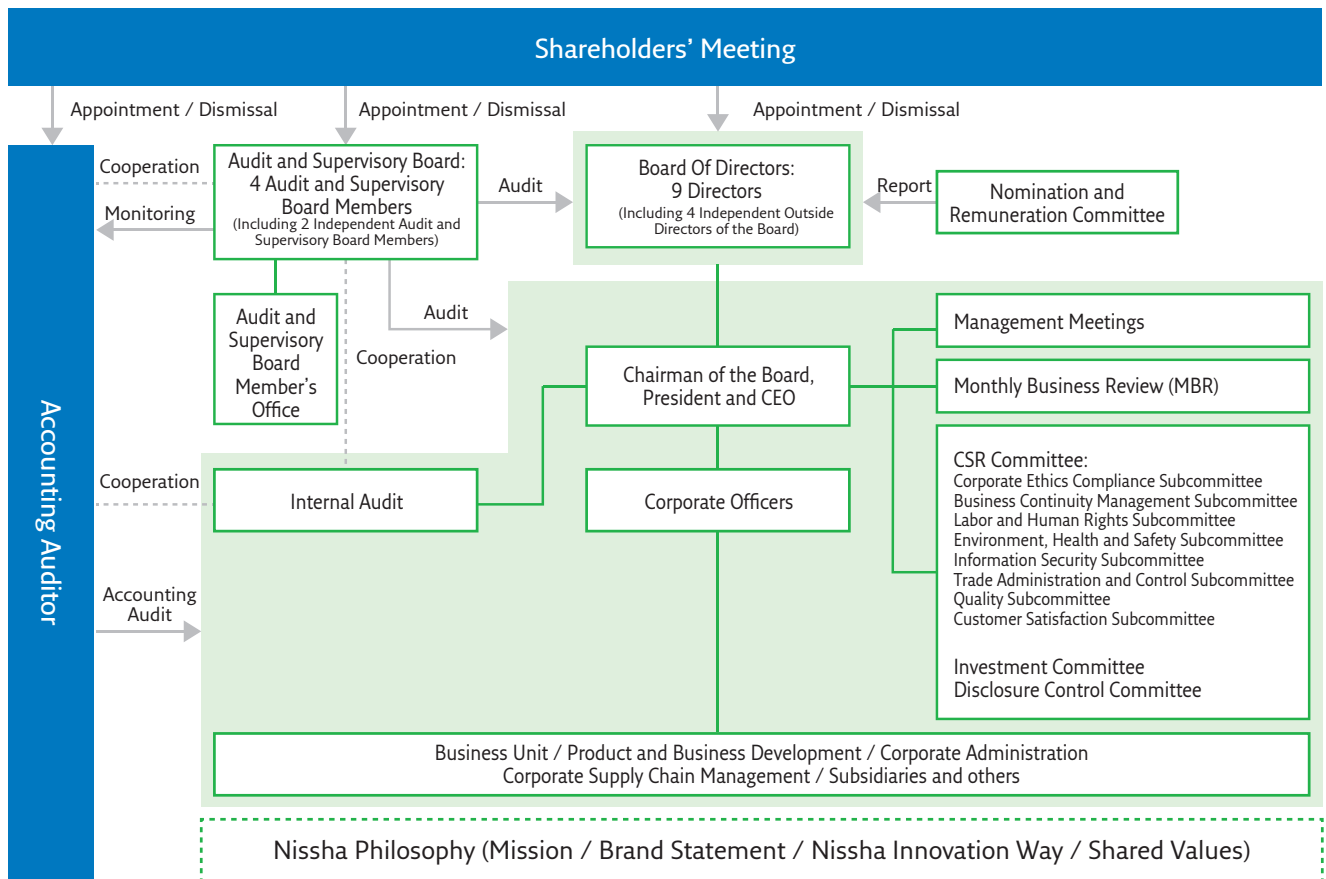
outside director. Since then, we have actively incorporated outside views into company management. In 2008, we adopted an executive officer system to build a corporate structure capable of swift, bold decision-making.

In 2014, we began increasing the number of independent outside directors. Our objective here is to further improve board effectiveness. When Japan's Corporate Governance Code was enacted in 2015, we established our own Corporate Governance Policy. We also established a Nomination and Remuneration Committee, chaired by an independent outside director and consisting of a majority of independent outside directors. In this way and more, Nissha strives for ever-more higher levels of corporate governance.

## History of Governance

	Approaching an effective governance structure							Pursuing governance to support company growth						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Management Team		2007: First independent outside director of the board was appointed 2008: Nissha adopted a corporate officer system and reduced the number of directors from fourteen to nine 2008: Increased the number of independent outside directors of the board to two							2014: Increased the number of independent outside directors of the board to three, appointed the first female director 2015: Appointed first foreign national vice president 2016: Increased the number of independent outside directors of the board to four 2019: Appointed first foreign national director					
Directors	14	9			7				8			9	9	
Independent Outside Directors of the Board	0	1	2						3	4			4	
(Female)		(0)	(0)						(1)	(1)			(1)	
(Foreign nationals)		(0)	(0)						(0)	(0)			(1)	
Audit and Supervisory Board Members	4													4
Independent Audit and Supervisory Board Members	2													2
Corporate Officers			17		18	16			15	18	17			16
(Foreign nationals)			(0)		(0)	(0)			(0)	(1)	(2)			(2)
Evaluations of the effectiveness of the board of directors									2016: Launched evaluation and analysis of board of director effectiveness 2019: Hired third-party advisors to ensure objectivity of evaluations					
Nomination and Remuneration System									2015: Establishment, operation of Nomination and Remuneration Committee 2018: Revised discussion length and materials for more effective board deliberations					
Advisory Panel									2015: Drafted independence criteria for outside executives and selection criteria for directors and members of the Audit and Supervisory Board 2018: Drafted dismissal criteria for directors					
Director Nominations									2015: Drafted independence criteria for outside executives and selection criteria for directors and members of the Audit and Supervisory Board 2018: Drafted dismissal criteria for directors					
Officer Remuneration		2007: Abolished director retirement benefits and pension plan							2016: Adopted performance-based stock compensation for directors (excluding independent outside directors) and vice presidents					
Corporate Governance Policy									2015: Established Corporate Governance Policy 2018: Revised aforementioned policy					
Engagement with Shareholders/Investors		2007: Established the IR Department to strengthen related activities							2015: IR policy were revised, and an IR vice president was appointed					

## Corporate Governance Structure at Nissha



### Established a Nomination and Remuneration Committee in addition to the Audit and Supervisory Board

Nissha adopted the Company with Audit and Supervisory Board corporate governance system under the Companies Act of Japan. In addition to overseeing important board management decisions and the execution of director duties, members of the Audit and Supervisory Board who are independent from the board of directors serve to maintain the effectiveness of monitoring and control functions.

By establishing a Nomination and Remuneration Committee with independent outside directors serving as chairperson and majority of committee members, we ensure objectivity and fairness in the selection and remuneration of directors and members of the Audit and Supervisory Board.

### 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 vice presidents. As the chief executive officer (CEO), the president is responsible for overall business execution. vice presidents are in charge of proposing and executing matters under the direction of the president.

### Development and implementation of an internal controls system

We have established a Basic Policy on Internal Control and a system for ensuring the appropriateness of operations. In addition to the establishment of a CSR Committee and a Disclosure Management Committee chaired by the president and CEO, we have established an Internal Audit Office that reports directly to the president and CEO. This office performs audits and analyses/evaluates the group internal control system and provides recommendations for making improvements.

### Risk Reduction Initiatives

The CSR Committee prioritizes non-financial risk factors that would hamper business continuity based on the business portfolio set out in medium-term business plans from the perspective of improving the corporate value over medium and long term. The committee play leadership to minimize risks through the subcommittees under it.



## Management Team Diversity

We believe that a team of executives who possess a diverse range of skills is an effective means to adapt flexibly to changes in the management environment and improve corporate value over the medium to long term. Of the nine members of the Nissha board, four are independent outside directors, one of whom is a female foreign national. Our independent outside directors possess a wide range of experience in corporate management, business management at electrical appliance manufacturers, and legal and compliance work at global companies. These directors are intimately familiar with their fields of expertise, including sales and business strategy, finance and economics, and macroeconomics. Nissha makes full use of the knowledge of these individuals for

management operations. From the standpoint of director functionality, Nissha has structured a board of directors to reflect generational considerations. At regular intervals, the company replaces directors to hand governance over to a younger generation.

The Audit and Supervisory Board consists of four members, two of whom are internal members and two of whom are independent outside members. At present, one independent outside member is a certified public accountant, while the other is an attorney at law. These individuals bring their expertise to bear on audits of the company. Moreover, two of the company's vice presidents are foreign nationals. These are just a few examples of how we promote diversity in Nissha management.

Name	Position	Assignments	Category	Independent officer *Outside only	Major Backgrounds *Outside only
Junya Suzuki	Chairman of the Board, President and CEO	Chief Executive Officer	Inside		—
Takao Hashimoto	Director of the Board	Senior Executive Vice President Chief Technology Officer	Inside		—
Hayato Nishihara	Director of the Board	Senior Executive Vice President Chief Financial Officer	Inside		—
Daisuke Inoue	Director of the Board	Executive Vice President General Manager of Devices Business Unit	Inside		—
Wataru Watanabe	Director of the Board	Senior Vice President Chief Strategy Officer	Inside		—
Kazuhito Osugi	Independent Outside Director of the Board	—	Outside	●	Former Auditor, the Bank of Japan
Makoto Ando	Independent Outside Director of the Board	—	Outside	●	Former Director, STB Network Business Unit, AVC Networks Company, Panasonic
Asli M. Colpan	Independent Outside Director of the Board	—	Outside	●	Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University
Kazumichi Matsuki	Independent Outside Director of the Board	—	Outside	●	Former Senior Vice President, Senior Assistant to Corporate Functional Officer and General Manager of Compliance Dept., Mitsubishi Corporation Former Managing Director, Hokuetsu Kishu Paper Co., Ltd. (currently, Hokuetsu Corporation)
Hitoshi Konishi	Full-time Audit and Supervisory Board Member	—	Inside		—
Yasuro Nonaka	Full-time Audit and Supervisory Board Member	—	Inside		—
Shigeaki Momo-o	Independent Audit and Supervisory Board Member	—	Outside	●	An attorney, Momo-o Matsuo & Namba
Yusuke Nakano	Independent Audit and Supervisory Board Member	—	Outside	●	A certified public accountant, NAKANO C.P.A. OFFICE

### Board Meetings That Encourage Lively Discussions

The Nissha board of directors is a small group that engages in lively discussions during meetings. This group works to ensure balanced management by allocating time to matters according to importance as during proceedings. Prior to resolutions on management plans, large-scale M&A projects, and other important matters, the board may conduct deliberations several times to ensure sufficient discussion. To sufficiently exercise its monitoring function, the board receives updates on large-scale M&A projects, capital investments, and other such projects after a predetermined space of time.

#### ■ Main Issues Discussed at Board of Director Meetings Held During the Fiscal Year Ended December 2018

- Review of the first year of the Sixth Medium-term Business Plan (FY2018.12-FY2020.12), formulation of a rolling plan for the fiscal year ending December 2019
- Preliminary deliberations and decisions regarding M&A projects
- Reports regarding post-merger integration for major overseas subsidiaries
- Preliminary deliberations and decisions regarding business restructuring and partial transfers
- Correspondence to the revised Corporate Governance Code
- Non-continuance of anti-takeover measures
- CSR Committee activities report
- Evaluations of the effectiveness of the board of directors
- Verification of reasonableness of strategic shareholdings



	Attendance in FY2018.12		Term ※1	Expertise and Experience ※2					
	Board of Directors	Audit and Supervisory Board		Management, Business Strategy	Production, Technology, Research and Development	Sales, Marketing	Financial Economy, Finance, Accounting	Legal, Compliance	Overseas Experience
	17/17	—	19 years and 9 months	●		●	●		●
	17/17	—	13 years and 9 months		●				
	17/17	—	6 years and 9 months	●			●	●	●
	13/13 ※3	—	1 year	●			●		●
	13/13 ※3	—	1 year	●		●	●		●
	17/17	—	2 years and 9 months				●		●
	13/13 ※3	—	1 year	●	●	●			
	—	—	Inauguration in March 2019	●	●				●
	—	—	Inauguration in March 2019					●	●
	17/17	13/13	6 years and 9 months			●			
	17/17	13/13	4 years and 9 months					●	
	17/17	13/13	17 years and 9 months					●	●
	16/17	11/13	3 years and 9 months				●		

※1 As of March 22, 2019 ※2 The list above does not provide a comprehensive description of the expertise and experience of directors and members of the Audit and Supervisory Board.  
 ※3 The attendance of Daisuke Inoue, Wataru Watanabe, and Makoto Ando refers to the meetings of the board of directors held after their respective appointment as directors.

## An Organization That Responds Dynamically to Changes in the Business Environment

Nissha relies on a lean hierarchical structure to increase organizational capabilities and respond dynamically to changes in the business environment.

Specifically, this lean hierarchy consists of members of the board, vice presidents, general managers, senior managers, and regular employees. The board of directors is responsible for formulating strategy and for business oversight, while vice presidents are responsible for business execution and performance. General managers are responsible for business execution and the performance of organization functions, including such as sales, development,

manufacturing, and quality control. Senior managers are responsible for practical business in subordinate organization functions.

## Pursuing Governance that Supports Company Growth

With the 2015 enactment of Japan's Corporate Governance Code, Nissha began to evaluate the effectiveness of our board. Every year, we hold comprehensive discussions about the direction of our board of directors. These discussions are aimed at ongoing

improvements and stronger effectiveness. We have also introduced performance-based compensation (for internal directors, vice presidents, etc.) to encourage a shared recognition with our shareholders related to stock prices.

### ■ Implementation and Use of Board of Director Effectiveness Evaluations

The Nissha Corporate Governance Policy requires we undertake an annual survey of board of director effectiveness.

Our evaluation for the fiscal year ended December 2018 indicated, as shown below, that the board functioned appropriately and effectively. Several issues were identified, however. Nissha is implementing measures to respond to these issues to further increase the effectiveness of our board and to enhance corporate governance.

#### Evaluations of the effectiveness of the board of directors for the fiscal year ended December 2018

##### 1. Evaluation process

- (1) Conduct a questionnaire survey of all members of the board of directors and members of the Audit and Supervisory Board
- (2) In this, the fourth annual evaluation, we used third-party advisors to design the survey and analyze survey results to ensure objectivity.
- (3) Survey questions were as described below

##### Survey questions:

- ① Composition and operation of the board of directors, support systems for directors and members of the Audit and Supervisory Board
- ② Role expected of the board of directors according to the Corporate Governance Code
  - Presentation, supervision, and progress related to the general direction of business strategy and plans
  - Development of an environment conducive to appropriate risk-taking by executives
  - Highly effective supervision of the executive branch from an independent and objective standpoint
  - Development of and supervision over an internal controls and risk management structure
- ③ Consideration, approval, and operational supervision over policies for interchange with shareholders and investors
- ④ Issues identified in the previous period (FY2017.12)
  - Ongoing verification of the strategic and financial impact of capital investments and corporate acquisitions executed under board resolutions
  - Prepare materials focused on key points of agenda items and risk for effective decision-making related to important matters

##### 2. Overview of analysis results and evaluation

The February 2019 meeting of the board of directors addressed the tabulation of questionnaire responses and analysis of results. The meeting included constructive discussions to further enhance the effectiveness of the board of directors.

##### (1) Conclusions

We confirmed that our board of directors functioned properly and effectively in light of the following.

##### (2) Rationale

- ① Regarding composition and operation of the board of directors and support systems for directors and members of the Audit and Supervisory Board

- Materials for the board of directors are prepared after organizing and analyzing information necessary for discussions in accordance to the importance of the issue.
- The chairperson of the board secures sufficient time for discussions and strives to create an environment conducive to member questions and opinions to encourage substantive and constructive discussions not constrained by any preestablished requirements for harmony.

##### ② Role expected of the board of directors according to the Corporate Governance Code

- The board of directors formulates a medium-term business plan (three years) and rolling updates in which details are reviewed annually. The board conducts systematic and empirical discussions, including analyses of business and competitive environments. The board then plans strategies based on these analyses.
- The chairperson of the board and other members of the management team emphasize dialog with shareholders and investors, conducting positive investor relation activities. Feedback covering details of these dialogs are provided to the board of directors regularly.

##### ③ Issues identified in the previous period (FY2017.12)

- The board receives regular reports to verify the strategic and financial impact of capital investments and corporate acquisitions executed under board resolution.
- Materials related to important projects have been improved to focus on main points and risks.

##### (3) Issues recognized in FY2018.12 and initiatives for improvement

##### ① Stronger supervisory functions regarding the progress of medium-term business plans

- Discussions regarding the formulation of management policies and medium-term business plans are adequate. However, given the expansion in business domains stemming from the progress of our current plan, we require the board to perform stronger supervisory functions. The board conducts periodic verifications of the strategic and financial impact of corporate acquisitions. However, we must increase the frequency with which issues concerning important overseas subsidiaries, in particular, are addressed at board meetings.

##### ② Providing more information to independent outside directors

- Independent outside directors attend important internal meetings and visit major business operations in Japan. In addition, we must provide more opportunities to interact with business divisions, visit major operations overseas, and to otherwise provide independent outside directors with better business-related information.

##### ③ Further improvements to materials and explanations at board meetings

- Improvements have been made to materials and related reports submitted to the board of directors. However, achieving more productive discussions requires certain measures to clarify discussions, while at the same time striking a balance between completeness and detailed focus.



## Director Remuneration Structure Contributing to Improved Medium- and Long-Term Corporate Value

Compensation for directors and vice presidents engaged in business execution is designed to motivate each individual to execute medium-term business plans. In addition to motivation toward sustainable medium- and long-term performance, our compensation structure establishes shared values with shareholders and investors over the medium and long term.

### 1. Remuneration for Internal Directors

- Remuneration consists of base pay, which is a fixed salary, and bonuses and stock-based compensation, which are performance-based.
- Base pay is determined according to the level of contribution and an evaluation of performance. The basic amount of compensation reflects the significance of the role and position of the director in question. Bonuses are determined based on progress toward targets according to consolidated earnings results (consolidated net sales, consolidated operating margin, performance of the divisions for which the director responsible, etc.).
- 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 such as ROE and ROIC set forth in medium-term business plan for a specific in the final year the plan in question. This system increases awareness of contribution to the continuous improvement of medium- to long-term performance and corporate value at Nissha.

### 2. Remuneration for Independent Outside Directors and Auditors

- Consists of base pay only.

## Prioritizing Dialog with Shareholders and Investors

Dialog with shareholders and investors provides Nissha with exposure to a wide variety of suggestions and opinions. From this standpoint, we do not simply provide the timely and appropriate information disclosure required of a listed company, but also take it upon ourselves to engage in proactive investor and shareholder relations. During the fiscal year ended December 2018, the Nissha president and CEO spoke at four quarterly financial briefings for institutional investors and participated in approximately 50 individual talks with shareholders and institutional investors in Japan and other countries. Additionally, the Nissha Corporate Communications Division, which acts as a contact for shareholders and investors, conducted over 300 meetings during the year.

The details of dialog with shareholders and investors are reported regularly at meetings of the board of directors, where directors offer advice as necessary.

## 3. Determination of Remuneration

- The board of directors consults with the Nomination and Remuneration Committee regarding the basic policy on remuneration for directors and members of the Audit and Supervisory Board. This process includes suitable contributions and advice from independent outside directors.
- Remuneration for Audit and Supervisory Board members is determined with the cooperation of said members within the scope decided by resolutions at the general meeting of shareholders.

### Illustration of Executive Composition Payment Ratios

Internal Directors of the Board	Fixed Pay 60%	Remuneration linked to Business Results 40%	
	Basic Compensation 60%	Bonuses <sup>※1</sup> 30%	Stock Compensation <sup>※2</sup> 10%
Independent Outside Directors of the Board, Audit and Supervisory Board Members	Fixed Pay 100%		
	Basic Compensation 100%		

※1 Evaluation indices for bonuses (short-term, performance based): Consolidated net sales, consolidated EBITDA, performance of divisions within scope of responsibility, etc.

※2 Evaluation indices for stock compensation (medium-term, performance based): Consolidated net sales, consolidated EBITDA, ROE, ROIC, and equity ratio numerical goals as detailed in medium-term business plans

### Results for FY2018.12

Position	Total Remuneration (JPY Million)	Remuneration by Category (JPY Million)			Number of Board Members
		Basic Remuneration	Bonuses	Stock	
Directors of the Board (Excluding Independent Outside Directors of the Board)	252	168	60	23	6
Audit and Supervisory Board Members (Excluding Independent Audit and Supervisory Board Members)	28	28	-	-	2
Independent Outside Directors and Independent Audit and Supervisory Board Members	48	48	-	-	7



## Evolving Governance as a Global Company

We have implemented an aggressive acquisition strategy to achieve growth through the reorganization and optimization of our business portfolio as set forth in our medium-term business plan. As a result, we have gained a substantial number of overseas facilities within our group. The relative importance of our overseas businesses has also grown. Given this situation, developing a global governance structure is more important than ever.

When we conduct an acquisition, 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 controls through means that include having senior management at major subsidiaries serve as Nissha operating officers.

Specifically, the chief executive officers (CEOs) of the AR

Metallizing Group (acquired and converted to a subsidiary in August 2015) and Graphic Controls Group (acquired and converted to a subsidiary in September 2016) were named senior vice presidents in April 2017. The Graphic Controls Group CEO was appointed general manager of the Medical Technologies Business Unit as of January 2018. Further, we appointed a chief strategy officer (CSO) as a board director in March 2018 to conduct overall management. In March 2019, we appointed an independent outside director who has experience in legal and compliance specialties to further strengthen business oversight from a global perspective.

As our business has become more globalized, we are preparing to adopt International Financial Reporting Standards (IFRS) as called for under the Sixth Medium-Term Business Plan (FY2018.12-FY2020.12). This policy should increase the international comparability of our financial information and to raise our credibility among stakeholders.

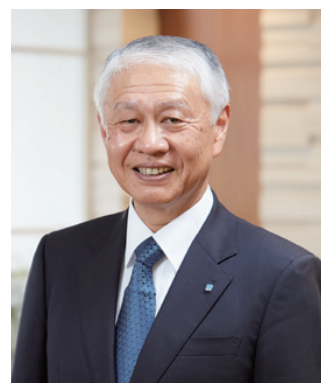
### Wataru Watanabe

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



### Kazumichi Matsuki

Independent Outside Director  
of the Board



### Sam Heleba

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



### Bart Devos

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







## 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



**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  
Director of New Business Development  
Director of Secretary's Office  
Senior Director of Investor Relations  
Senior Director of Corporate  
Communications  
Interim General Manager of Industrial  
Materials Business Unit



**Kazuhito Osugi, MBA**  
Independent Outside Director of the  
Board



**Makoto Ando**  
Independent Outside Director of the  
Board



**Asli M. Colpan, Ph.D.**  
Independent Outside Director of the  
Board



**Kazumichi Matsuki, LL.M.**  
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



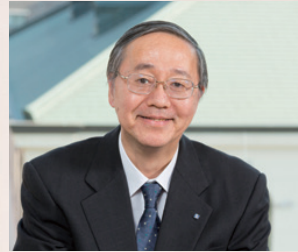
## Vice Presidents and Corporate Officers



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



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



**Hidenori Yamaguchi, Ph.D.**  
Senior Vice President  
Chief Quality Officer  
Director of AI Project Promotion  
Office  
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



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



**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.



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



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



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



**Shuzo Okumura, MEng**  
Vice President  
Senior Director of Medical  
Technologies Business Unit  
Director of Medical Management  
Office



**Keiji Kishi**  
Vice President  
Senior Director of Product and  
Business Development Office,  
Engineering



**Atsushi Sugihara, MBA**  
Vice President  
Senior Director of Industrial Materials  
Business Unit, Molding Technology  
and Mass Production





## Nissha is fortunate to have four independent outside directors of the board who offer an objective eye to management based on a wealth of expertise and experience across a wide range of specialties.

Nissha believes a diverse team of board directors allows us to respond flexibly to changes in the business environment and raise corporate value over the medium to long term. We have elected four independent outside directors of the board to take advantage of an objective eye in our management. Our independent outside directors of the board have a wealth of expertise and experience across a wide range of specialties. These directors meet the requirements stipulated in the Companies Act and the criteria for independence as determined by our board of directors. The following describes major activities of our independent outside directors of the board, as well as the reasons for their respective elections.

### Kazuhito Osugi

Mr. Kazuhito Osugi attended all 17 meetings of the Board of Directors held in the fiscal year ended December 2018. He has given valuable advice and opinions across the whole range of the Company's management, making the most of the deep insight in the field of finance he has cultivated in the Bank of Japan over the years and broad experience fostered by participating in corporate management as an independent outside director of the board for the Company, as an outside director for another company or as an advisor of an operational division for another company. Mr. Kazuhito Osugi has duly performed his duties, such as the supervision of the execution of operations. We ask for his election so that he may continuously serve as an independent outside director of the board since we judge that he will continue to give his valuable counsel from an independent point of view across the whole range of the Company's management.

### Makoto Ando

Mr. Makoto Ando attended all 13 meetings of the Board of Directors held in the fiscal year ended December 2018 after his inauguration. He has given valuable advice and opinions across the whole range of the Company's management, making the most of a broad perspective cultivated through his long career of prominent positions regarding technology and business management at an electronics manufacturer, experience as a corporate manager, and deep insight as demonstrated by his suggestions as an expert member of conferences held by government ministries and agencies. Mr. Makoto Ando has duly performed his duties, such as the supervision of the execution of op-

erations. We ask for his election so that he may continuously serve as an independent outside director of the board since we judge that he will continue to give his valuable counsel from an independent point of view across the whole range of the Company's management.

### Asli M. Colpan

Ms. Asli M. Colpan has a global perspective and excellent expertise practiced in her research on management strategies and corporate governance and broad experience and insight cultivated by participating in corporate management as an independent outside director of the board or an independent auditor of other companies. We ask for her election so that she may newly serve as an independent outside director of the board since we judge that she will give her valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.

### Kazumichi Matsuki

Mr. Kazumichi Matsuki has experience in proactive and broad business development and deep insight concerning its governance as he assumed important posts regarding legal affairs and compliance at a company globally developing business while participating in corporate management at manufacturers. We ask for his election so that he may newly serve as an independent outside director of the board since we judge that he will give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.



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)
August 2018	Outside Director, Frontier Management Inc. (present post)

Accelerating growth in our priority medical devices, high-function packaging materials, and automotive markets is essential for achieving a completion of balanced management in our business portfolio.

Nissha believes that future sustainable growth depends on having the next generation of leaders embrace and carry forward our spirit of innovation.

### Addressing Progress in the Sixth Medium-Term Business Plan and Sustainable Growth Issues

The aim of the Sixth Medium-Term Business Plan is to achieve the completion of balanced management through the reorganization and optimization of the company's business portfolio. For the fiscal year ended December 2018 (the first year operating under this plan), Nissha secured increased sales and profits, recording historical highs for net sales. The Medical Technologies Business Unit progressed smoothly, providing encouraging signs through the unit's contribution to companywide earnings. On the other hand, despite sales growth throughout the third quarter of the year, the Devices Business Unit saw a sharp drop in December demand. This result once again reminded management of the risk in over-reliance on this business unit. The main issue now is how to accelerate growth in the remaining three of four priority markets as defined under the Sixth Medium-Term Business Plan, namely, medical devices, high-function packaging materials, and automotive. One key, strategically speaking, will be determining the proper use of in-house product development versus corporate acquisitions.

Nissha has a history of proving Darwin's theory that species is not survival of the fittest, but survival of those who can adapt to a changing environ-

ment. For future sustainable growth, Nissha must tackle the crucial issue of how to carry the spirit of innovation developed over the company's history forward to the next generation of leaders.

### Governance of Nissha: Evaluation and Issues

The strength of Nissha's governance lies in strong leadership of the representative director and board, objective and unconstrained independence of outside directors, and the encouragement of lively, high-quality discussions. When addressing management plans, major M&A proposals, or other important agenda matters, the board receives several reports and conducts a number of deliberations before approval. Following this process ensures that the opinions of independent outside directors are considered seriously prior to final composition of the project in question.

Four of the nine Nissha directors are independent outside directors, one being a female foreign national. These independent outside directors offer a wide diversity in professional backgrounds, from management and business strategy to corporate governance, from finance and macroeconomics to law and compliance.

Under the initiative of senior management, Nissha has tested a variety of means to strengthen the function of the board of directors. This year marked

the fourth of evaluating board effectiveness. The fiscal year ended December 2018 marked the first time that Nissha employed external advisors to ensure greater objectivity in the process. At the same time, Nissha uses a number of tools to provide information to independent outside directors. These tools include increasing the frequency of board meetings at operating bases in Japan, holding interviews with executive officers, and arranging meetings with general managers of overseas locations. Independent outside directors also strive for self-improvement, which we believe contributes to greater quality in corporate governance.

From beginnings in fine art printing, Nissha has grown into a major corporate entity through positive and bold business and product portfolio reorganization over the 90 years since inception. Rather than being satisfied with the status quo, the company will continue to a unified march toward further metamorphosis and even greater strides forward.





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
March 2018	Independent Outside Director of the Board, the Company (present post)

The speed of action among Nissha leadership and the unified zeal to deliver concrete results are powerful weapons to create the foundations of new businesses.

I expect the company will capitalize on the impetus from new markets and new business domains to create new products and technologies with great enthusiasm.

### Addressing Progress in the Sixth Medium-Term Business Plan and Sustainable Growth Issues

The fiscal year ended December 2018 marked Nissha's first year operating under the Sixth Medium-Term Business Plan. The year was one of accelerating toward a vision of business portfolio reorganization and balanced management. The speed of action among Nissha leadership and the unified zeal to deliver concrete results serve as major weapons in maintaining the scale of current businesses while creating new businesses at the same time. During the year, Nissha senior management took the initiative in establishing unexplored business fields. Every member of the company saw with their own eyes how the company promotes a corporate culture of marching forward into new domains, convinced that Nissha will continue to form and develop.

While newly acquired companies only contribute to sales and profits additively at first, integrating strengths and cultures lead eventually to a multiplicative effect and a broader business base. At present, the Medical Technologies Business Unit has begun to enjoy the full contributions companies acquired through M&A. We expect to see accelerating growth in the future through the synergies gained.

Nissha intends to continue to incorporate new seeds of business through acquisitions. The question now is how to approach the challenge of growing these entities as quickly as possible to

realize our growth strategy. To this end, we believe the company must engage in three activities: (1) Leverage the Nissha global sales capacity to sell new products to a wider range of customers; (2) Incorporate the businesses acquired through acquisitions into the DNA of our company to create new Nissha products; (3) Promote talented employees acquired via acquisitions to become the foundation of future growth.

We expect our employees will be inspired by finding new markets and new business domains in their daily work, create new products and new technologies, and enjoy taking on bold challenges for the future.

### Governance of Nissha: Evaluation and Issues

For investments and other business decisions requiring an "offense-minded" approach, Nissha conducts careful board deliberations regarding the risks involved. As a result, the board may decide to entrust decisions to local management rather than exercise overcaution, accepting responsibility to approve the matter and leaving it to the executive abilities of local management to settle the details.

For cases requiring "defense-minded" decisions, such as compliance, environment, and social issues, the board reserves sufficient time for detailed discussion in board meetings, after which direction is provided to the executive side of the business.

The Nissha board of directors engages in a variety of discussions related to

governances, establishing the direction of the business through a multi-faceted approach realized through the diverse experiences of board members. Specifically, board members participate in open discussions not only for those urgent matters submitted by executives, but also for matters affecting the company's medium- and long-term prospects. This constructive and diverse combination of opinions offered by board members leads to profound, *Nissha-style* conclusions.

We tend to give excessive weight to the opinions and ideas of existing customers in BtoB businesses in particular. In many cases, however, responding to these customers may not be the optimal solution over the medium and long term. In other cases, the company may not be able to expect anything more to come from their efforts to please a customer or customers. Nissha, therefore, strives to improve our discernment on a daily basis, believing that the better we anticipate social needs and build effective hypotheses, the closer we come to governance in the truest sense of the word.

This fiscal year, Nissha rotated in two new independent outside directors. Including myself, the current four independent outside directors have less than five years of experience in our current posts. As Nissha continues to reinvent itself, we will offer a fresh perspective inspired by the Japanese spirit of fluidity and impermanence to strive for further corporate value improvement.



Independent Outside Director of the Board

## Asli M. Colpan

March 2004	Completed Doctor's Program in Advanced Fibro-Science, Graduate School of Science and Technology, Kyoto Institute of Technology
April 2008	Adjunct Associate Professor, Kyoto Center for Japanese Studies (currently, Kyoto Consortium for Japanese Studies), Columbia University
October 2012	Visiting Researcher, Edwin O. Reischauer Institute of Japanese Studies (RIJS) at Harvard University
October 2012	Visiting Associate Professor, Political Science and Sloan School of Management, Massachusetts Institute of Technology
July 2015	Independent Outside Director of the Board, GOURMET KINEYA CO., LTD. (present post)
April 2016	Associate Professor, Graduate School of Economics, Kyoto University
May 2016	Associate Professor, Graduate School of Management, Kyoto University
September 2016	Alfred Chandler Visiting Scholar, Harvard Business School
March 2018	Independent Audit and Supervisory Board Member, Sumitomo Rubber Industries, Ltd. (present post)
April 2018	Professor, Graduate School of Economics, Kyoto University (present post)
April 2018	Professor, Graduate School of Management, Kyoto University (present post)
March 2019	Independent Outside Director of the Board, the Company (present post)

The key to sustainable growth for the Japanese manufacturing industry lies in open gathering of ideas from a diverse range of people, responding to changes in the business environment, and transforming business definitions and domains.

I have high expectations that Nissha will evolve further globally, having grown to this point through progress in and expansion of core technologies, as well as through diversification of business domains.

### Ideal Business Strategy and Corporate Governance for Sustainable Growth in the Manufacturing Industry

I am from Turkey originally, having studied textile engineering at Ege University in Izmir. Presently, I teach business administration in the Graduate School of Management and the Graduate School of Economics at Kyoto University. I visited Japan for the first time as a university student, serving an internship at a Japanese firm. This experience instilled in me a strong interest in general corporate management in addition to my passion for engineering and technology—two disciplines that offer demonstrably clear answers. After finishing graduate school in England, I once again came to Japan to study engineering at the Kyoto Institute of Technology. I also continued my research into business strategy and corporate governance at the Kyoto University Graduate School of Economics.

I believe the Japanese manufacturing industry grapples with two major issues. The first is an excessive focus on the act of manufacturing itself, rather than concentrating on the services that can be offered by leveraging the strengths of the product. The second is a lack of strategy in how best to sell products. After all, a product is meaningless if no one buys it. Seeing through the eyes of the customer and changing from a product-out approach to a market-in approach is crucial for the manu-

facturing industry.

In today's era of increasing global competition, any company can move production easily to newly emerging economies as long as the terms for low-cost, high-quality, and short turnaround can be negotiated. Simply manufacturing goods under the umbrella of a major corporation, however, does not lead to survival. The manufacturing industry must improve in its ability to plan and design products, extending its capacity to offer unique products and services from the standpoint of the customer.

Many companies in Kyoto and other areas of the Kansai region are achieving sustainable growth through independent products and services of this type. I sense that a large number of these companies have management teams that represent a diverse background of genders, nationalities, and other traits. Even more, these companies are striving for innovation through open corporate alliances, cooperation with business in other industries, and industry-academia collaborations.

In Japan's textile industry, which is my research specialization, I see many companies using their core technologies as a platform for diversifying their businesses, transforming themselves into global chemical manufacturers. The key to sustainable growth is in the response to the changing business environment, redefining business and making changes in business domains.

### The Role of Independent Outside Directors

Some might identify Nissha as a high-tech company located in the traditional Japanese city of Kyoto. In fact, Nissha is a global company in which overseas sales account for more than 80 percent of revenues. I know that the leadership of President Suzuki has had a major influence on Nissha's aggressive outward expansion. President Suzuki is committed to communicating his vision personally both inside and outside the company. I believe this is a significant strength underpinning Nissha's global growth.

Nissha has traveled a rather unique growth trajectory as well. Nissha has evolved and expanded core technologies to grow and diversify from printing to industry materials, devices, and medical business domains. This journey is similar to the diversification process I have seen in my specialty field of the textile industry. I have high expectations for the continued evolution of Nissha as a company, and I hope to be able to help that process in my role as an independent outside director.



Independent Outside Director of the Board

## Kazumichi Matsuki

April 1976 Entered Mitsubishi Corporation  
 June 1979 Harvard Law School, LL.M. (Master of Laws)  
 January 2003 General Manager of Legal Dept., Mitsubishi Corporation  
 April 2007 Senior Vice President  
 May 2007 Chairman, The Association of Corporate Legal Departments  
 April 2009 Senior Vice President, Senior Assistant to Corporate Functional Officer and General Manager of Compliance Dept., Mitsubishi Corporation  
 October 2009 Temporary member, International Jurisdiction Legislation Subcommittee, Legislative Council of the Ministry of Justice  
 April 2010 Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics  
 April 2011 Corporate Officer, Hokuetsu Kishu Paper Co., Ltd. (currently, Hokuetsu Corporation)  
 June 2011 Director  
 June 2011 Member, Special Committee on Criminal Justice System of New Age, Legislative Council of the Ministry of Justice  
 June 2013 Managing Director, Hokuetsu Kishu Paper Co., Ltd.  
 June 2016 Independent Outside Director of the Board (Audit and Supervisory Committee Member), Dream Incubator Inc.  
 June 2016 Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION (present post)  
 June 2017 Director, Japan Criminal Policy Society (present post)  
 June 2018 Independent Outside Director of the Board, ANEST IWATA Corporation (present post)  
 March 2019 Independent Outside Director of the Board, the Company (present post)

We continue to monitor the state of post-merger integration synergies in connection with our active pursuit of M&A projects.

Incorporating aspects of the SDGs into corporate activities has become an even more important part of business. At the same time, we are making greater efforts to raise the standard of risk awareness at Nissha from the standpoint of compliance.

### The Necessary Viewpoints for Nissha as a Global Business and the Role of Independent Outside Directors

Nissha is keenly aware of its founding roots. In addition to building upon founding core technologies, the company has followed an active path of business reinvention, serving as an example of sustainable growth. The Nissha business portfolio may appear to consist of unrelated businesses at first glance. However, the company has not developed these business as independent outliers. Rather, Nissha has taken a rational approach to expansion, building on a base of core technologies to enter new business domains.

Nissha remains committed to a policy of growth through acquisitions. My own biography is in corporate law and compliance over many years at a general trading company. Subsequently, I joined a manufacturer, participating in acquisitions projects in Japan and overseas. And, while my past experience may not be helpful directly in this era of rapid change, I believe I do have some knowledge with which to contribute. Corporate law is not limited simply to the examination of written contracts. Companies require risk analysis allowing management to form business structures that minimize risk. In this process, I have always paid careful attention to small details while having an eye on the big picture. As an independent outside director, I hope

to contribute to the greater success of Nissha, offering the benefit of my experience and knowledge in connection with major future projects.

When expanding aggressively overseas through acquisitions, a company tends to stretch its resources and talent. Cross-cultural communication and group governance encompassing overseas subsidiaries represent just two more challenges that a company has to overcome. To achieve the synergies intended through M&A requires effective post-merger integration. These synergies must be viewed over the medium and long term. This type of ongoing monitoring is another role played by independent outside directors.

The goal of corporate activities is to increase profits. More recently, however, companies are evaluated according to how “properly” they raise profits. From this standpoint, it will become even more important that corporate activities themselves incorporate Sustainable Development Goals. Compliance is one important aspect to consider when reviewing corporate activities under the microscope of Sustainable Development Goals. Global business activities in particular involve compliance related to special legal issues and national laws. Compliance represents an ongoing risk requiring not only legal department involvement, but also an understanding and awareness among all employees. Businesses must

always reassess the state of organizations and systems that affect compliance inherently within the company. In particular, senior management must always express the importance of ethics over profits, ensuring consistency between words and actions through employee evaluations and other practices. As an independent outside director, I will offer my best in demonstrating these practices on a global basis.





## Reducing Environmental and Social Risks







## Reducing Environmental and Social Risks in Support of Changing Businesses

Nissha businesses experience constant change even as we progress along our medium-term business plans. The CSR Committee is kept abreast of changes in the details of our businesses through the activities of eight subcommittees. This committee is responsible for reducing environmental and social risks that could impede business continuity. We aim to become a company preferred by our customers and stakeholders, recognized as an outstanding global corporation. We accomplish this goal by working backwards from an ideal vision of the structure of our business composition as defined in our medium-term business plans and responding actively to environmental and social risks.

The activities of the CSR Committee reference the following global frameworks and guidelines.

### ● 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)

We conduct activities worldwide to achieve the goals indicated in SDGs. We consider these requirements to be a business opportunity. By leveraging our technical strengths and diversely talented workforce, we move forward to accomplish the SDGs through our business activities.

### ● RBA (Responsible Business Alliance)

RBA is a code of conduct for the electronics, automotive, and other industries. We have adopted this code of conduct in our environmental and social risk management. We operate management systems for labor, health and safety, the environment, and ethics. These management systems extend throughout our supply chain.

### ● 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)

We publish a Sustainability Report that conforms to the GRI Standards for international sustainability reporting guidelines. We continue to strive to improve the reliability and comparability of our reporting.

The fiscal year ended December 2018 was the first year of our Sixth Medium-term Business Plan. This year, we addressed risk management required in our current mainstay IT and Automotive markets. Here, we reduced risk by complying with the Responsible Business Alliance (RBA) code of conduct for the electronic component and automotive industries and with the supplier code of conduct as demanded by our customers. As we make progress in our Sixth Medium-term Business Plan during the fiscal year ending December 2019, we intend to reduce risks in the medical devices and high-function packaging materials markets, both of which are becoming increasingly important markets for Nissha.

### Sustainability Information Disclosure

We disclose information on our approach to sustainability, related activities, and results to further stakeholder understanding of our company.

The sustainability page of our website features a sustainability report focused on key themes provided under ISO 26000 (international standard for CSR). This content conforms to the GRI (Global Reporting Initiative) Standards for international sustainability reporting. We also publish an ESG Data page that discloses a summary of changes in relevant data over time.

#### ● Sustainability:

<https://www.nissha.com/english/csr/index.html>

#### ● Sustainability Report:

<https://www.nissha.com/english/csr/pdfdownload.html>

#### ● ESG Data: <https://www.nissha.com/english/csr/data.html>

Item	Unit	2018	2017	2016	2015
Number of employees	Person	1,212	1,188	1,188	1,188
Number of female employees	Person	512	498	498	498
Number of employees with university degrees	Person	1,012	988	988	988
Number of employees with technical training	Person	1,112	1,088	1,088	1,088
Number of employees with vocational training	Person	1,012	988	988	988
Number of employees with specialized training	Person	1,112	1,088	1,088	1,088
Number of employees with safety training	Person	1,212	1,188	1,188	1,188
Number of employees with environmental training	Person	1,112	1,088	1,088	1,088
Number of employees with social training	Person	1,112	1,088	1,088	1,088
Number of employees with ethics training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-corruption training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-discrimination training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-harassment training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-bribe training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-money laundering training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-fraud training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-trading training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-competition training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-cartel training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-trust training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-abuse of dominant position training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-anti-competitive behavior training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-anti-trust training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-anti-competitive behavior training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-anti-trust training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-anti-competitive behavior training	Person	1,112	1,088	1,088	1,088
Number of employees with anti-anti-trust training	Person	1,112	1,088	1,088	1,088

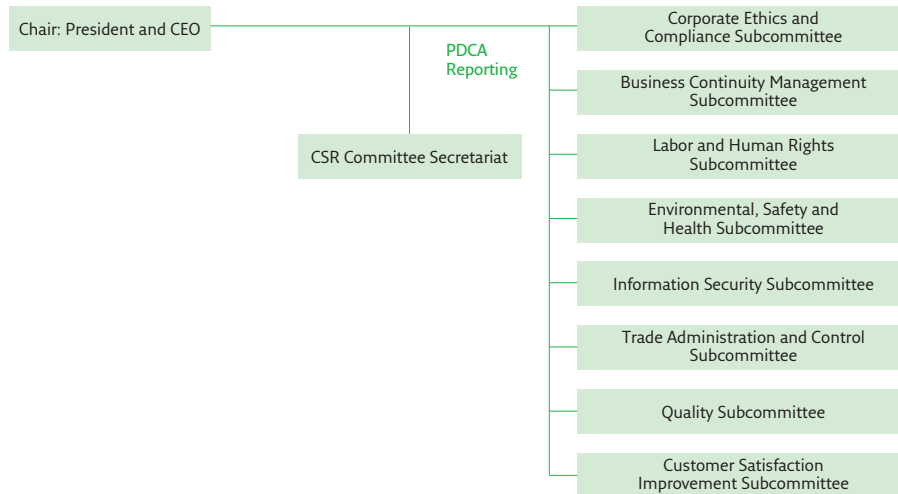
ESG Data

## Risk Reduction Initiatives Through the CSR Committee

Our CSR Committee prioritizes risk factors that could impede business continuity. In this way, we identify materiality (key issues) in risk management and work to reduce these risks. The eight subcommittees under the CSR Committee have established KPIs and target values for strategic issues linked to materiality, imple-

menting and following a PDCA cycle. The CSR Committee holds a meeting quarterly to check activity policies and results of the subcommittee activities. The results are reported to the board of directors once yearly.

### CSR Committee Organization



### Mission of the CSR Committee

The CSR Committee prioritizes non-financial risk factors that would hamper business continuity, based on the business portfolio aimed at in the Medium-Term Business Plan from the perspective of improving medium- to long-term corporate value, and exercises leadership for their solution through the subcommittees under it.

### Structure of the CSR Committee

#### Monitoring Side

Committee Chair: Chief Executive Officer

Vice Chair: Chief Financial Officer

Committee Members: Chief Strategy Officer, Chief Quality Officer, Chief Information Officer, Chief Supply Chain Officer

#### Executive Side

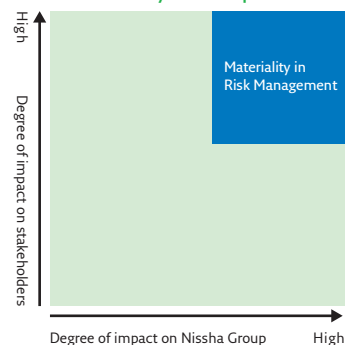
Section President: Related Corporate Management Department Head and Group Head

Secretariat: Corporate Social Responsibility, Corporate Communications

## Process of Identifying Materiality in Risk Management

Selection of material issues is made with reference to the Global Reporting Initiative (GRI) Standards, which are guidelines for the disclosure of non-financial information, and assessed on the twin axes of materiality to the Nissha Group and materiality of our stakeholders. The vision and basic strategies of the Sixth Medium-Term Business Plan are reflected in materiality to the Nissha Group, while materiality to our stakeholders incorporates the opinions of stakeholders both in the company and outside. We revised materiality for the fiscal year ending December 2019 in accordance with changes in our business portfolio stemming from our progress in the Sixth Medium-term Business Plan.

### Analysis map



## Achievement of Materiality and KPIs Under Risk Management for FY2018

The fiscal year ended December 2018 was our first year operating under the Sixth Medium-Term Business Plan. We established current materiality based on assumptions of our mainstay IT and automotive markets. We worked on items of particular importance to our company from within the Responsible Business Alliance (RBA) and supplier codes of conduct as demanded by customers. These efforts have reduced risks that could inhibit business continuity at certain production facilities.

In addition, improving compliance in working hour management, increasing awareness of harassment consultation desks, achieving goals of injury reduction, and other such efforts ensure a work environment where human rights are linked to improvements in production stability and efficiency. Through these initiatives, we have established a production system upon which customers rely with confidence.

### Material issues in the fiscal year ended December 2018

Responses focused on the IT and automotive markets, the key markets laid out in the Sixth Medium-Term Business Plan (excerpt)

Material Issue	Subcommittee	Strategy Items	KPI (target values)	Achievement Status	Related SDGs
Human Rights in the Workplace	Labor and Human Rights	<ul style="list-style-type: none"> <li>Increased recognition rates for the Harassment Help Desk</li> <li>Managing weekly working hours</li> </ul>	<ul style="list-style-type: none"> <li>Recognition rate for the Harassment Help Desk (80% or more)</li> <li>Compliance rate with 60 working hours total per week (100%)</li> </ul>	<ul style="list-style-type: none"> <li>○ Reached recognition rate of 80%</li> <li>△ Compliance rate of 98%</li> </ul>	 
Complying with Laws and Regulations	Corporate Ethics and Compliance	<ul style="list-style-type: none"> <li>GDPR support</li> <li>Compliance education</li> <li>Construction of the internal reporting system for overseas bases</li> </ul>	<ul style="list-style-type: none"> <li>Number of bases in Europe that have completed Risk assessment and correction (5 bases)</li> <li>Implementation rate of group-wide training (100%)</li> <li>Number of overseas subsidiaries that have completed preparations to construct the internal reporting system (9 bases)</li> </ul>	<ul style="list-style-type: none"> <li>○ Correction completed in 5 bases</li> <li>○ Implementation rate of 100%</li> <li>○ System constructed in 9 bases</li> </ul>	
Protection of Customer Information	Information Security	<ul style="list-style-type: none"> <li>Ensuring establishment of ISMS operation by overseas companies</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of ISMS operation to companies recently acquired through M&amp;A (2 companies)</li> <li>Support for ISMS operation for existing companies (during the fiscal year ended December 2018)</li> </ul>	<ul style="list-style-type: none"> <li>× Not introduced at 2 companies</li> <li>○ Completed implementation of operational support at target bases</li> </ul>	
Responses to Climate Change	Environmental, Safety and Health	<ul style="list-style-type: none"> <li>Improve levels of responses to climate change</li> </ul>	<ul style="list-style-type: none"> <li>CDP score of B</li> </ul>	<ul style="list-style-type: none"> <li>○ Obtained a CDP score of B</li> </ul>	
Diversity and Equal Opportunity	Labor and Human Rights	<ul style="list-style-type: none"> <li>Expand communication with foreign nationals and international students (expand employment of foreign nationals in regular hiring periods)</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of foreign nationals among those offered jobs (20%)</li> </ul>	<ul style="list-style-type: none"> <li>○ Foreign nationals offered jobs: 25%</li> </ul>	 
Occupational Health and Safety	Environmental, Safety and Health	<ul style="list-style-type: none"> <li>Reduce injury accidents</li> </ul>	<ul style="list-style-type: none"> <li>Number of injury accidents (15% fewer than the previous fiscal year)</li> </ul>	<ul style="list-style-type: none"> <li>○ 20% reduction</li> </ul>	
Responsibility for Product and Service Continuation	BCM	<ul style="list-style-type: none"> <li>Maintain BCM system</li> </ul>	<ul style="list-style-type: none"> <li>The PDCA cycle in the BCP/BCM basic plan is in operation</li> </ul>	<ul style="list-style-type: none"> <li>○ Implementation rate of 100%</li> </ul>	 
Supplier Assessment	The CSR Committee Secretariat is responsible	<ul style="list-style-type: none"> <li>CSR Supplier audits (social and environmental aspects)</li> </ul>	<ul style="list-style-type: none"> <li>Number of audits carried out (1 temporary employment agency)</li> </ul>	<ul style="list-style-type: none"> <li>○ Carried out for 1 company</li> </ul>	 

■ Items migrated to "maintain" through activities during the fiscal year ended December 2018



## Materiality in Risk Management for FY2019











Although the activities of the subcommittees under the CSR Committee reduce materialities, these items still remain important in risk management at Nissha. The subcommittees continue to manage these items to ensure they remain low-risk. However, we continue efforts to reduce materialities with insufficient risk reduction. Together with newly specified materialities, the subcommittees in charge define strategic matters, KPIs, and target values.

Materialities in risk management for the fiscal year ended December 2018 were set in anticipation of mainstay IT and auto-

otive markets. For the fiscal year ending December 2019, we revised materialities to reflect KPI achievement in the previous fiscal year and progress in the Sixth Medium-Term Business Plan. We transitioned those matters having reduced levels of risk to a maintenance management status. We established new materialities to respond to the medical devices and high-function packaging materials markets, two of the four major markets specified in our medium-term business plan that we expect to grow.

### Material issues in the fiscal year ended December 2019

Responses focused on materiality supporting Medical Devices and High-function Packaging Materials, the key markets laid out in the 6th Medium-Term Business Plan (excerpt)

Material Issue	Subcommittee	Strategy Items	KPI (target values)	Related SDGs
Product Responsibility	CSR Committee Secretariat	<ul style="list-style-type: none"> <li>Understanding the status of responses in the environmental and social aspects within the Medical Technologies business and reducing risks</li> </ul>	<ul style="list-style-type: none"> <li>Publishing information in accordance with SASB*1 disclosure demands</li> </ul>	
Complying with Laws and Regulations	Corporate Ethics and Compliance	<ul style="list-style-type: none"> <li>GDPR*2 support</li> <li>Construction of the internal reporting system for overseas bases</li> <li>Maintenance and enhancement of trade management</li> </ul>	<ul style="list-style-type: none"> <li>Number of bases where training is given on the revised personal information protection regulations (14 domestic bases)</li> <li>Number of bases in Europe that have completed preparations to construct the internal reporting system (1 overseas base)</li> <li>Maintenance and enhancement of management levels for workers through educational programs on trade management</li> </ul>	 
Human Rights in the Workplace	Labor and Human Rights	<ul style="list-style-type: none"> <li>Understanding and reducing human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>Number of human rights risks understood at key overseas bases, mainly in North America and Europe (10 risk items)</li> </ul>	 
Responsibility for Product and Service Continuation	BCM	<ul style="list-style-type: none"> <li>Understanding the status of BCP operation at key overseas bases and reducing risks</li> </ul>	<ul style="list-style-type: none"> <li>Understanding and reviewing BCP operational status at key overseas bases, mainly in North America and Europe (2 companies)</li> </ul>	 
The Environment	Environmental, Safety and Health	<ul style="list-style-type: none"> <li>Understanding and reducing the environmental impact of key overseas bases</li> <li>Responses to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Construction of an environmental data acquisition system from key overseas bases, mainly in North America and Europe</li> <li>Maintain CDP*3 score of B</li> </ul>	
Occupational Health and Safety	Environmental, Safety and Health	<ul style="list-style-type: none"> <li>Understanding the status of safety and health at key overseas bases and reducing risk</li> </ul>	<ul style="list-style-type: none"> <li>Construction of a safety and health data acquisition system from key overseas bases, mainly in North America and Europe</li> </ul>	
Protection of Customer Information	Information Security	<ul style="list-style-type: none"> <li>Ensuring operation of ISMS*4 at overseas companies</li> </ul>	<ul style="list-style-type: none"> <li>Number of new implementations of ISMS at overseas companies that previous lacked it (3 cases)</li> </ul>	

\*1. SASB: Sustainability Accounting Standards Board

\*2. GDPR: General Data Protection Regulation

\*3. CDP: Carbon Disclosure Project

\*4. ISMS: Information Security Management System

■ Items newly specified for the fiscal year ending December 2019

## Reducing Major Environmental and Social Risks During FY2018



### Human Rights in the Workplace (Labor and Human Rights Subcommittee)

At Nissha Group, we have established our Shared Values as a code of conduct for Nissha People to help us fulfill our mission. Of these, we declare under Diversity and Inclusion that we welcome diverse talented employees interacting as equals to enhance our organizational performance. To grow as a global company, we respect the human rights of our employees and actively utilize personnel who have a diverse range of values and capabilities. In addition to implementing work style reform aimed at improving productivity, we provide support for employee work-life balance through various systems and diverse, flexible working styles. In this way, we create an environment in which every employee can make the most of their capabilities.

Nissha has experienced an increased ratio of foreign sales, with foreign nationals now comprising the majority of group employees. Our efforts at recruiting diverse human resources have resulted in 25 percent of Nissha parent company regular hires for the fiscal year ending December 2019 being foreign nationals.

#### Leadership Comments

##### Katsuhiko Chihara

Director of Corporate Human Resources  
and Employee Benefits  
Nissha Co., Ltd.



I believe creating a working environment in which feels comfortable is very important in maximizing the capabilities of every employee. During this fiscal year, we establish prayer rooms and provided halal foods in consideration of employees from the Islamic world.

Nitec Precision and Technologies, Inc. is a Device Business Unit manufacturing subsidiary that produces products for the IT market, a mainstay under the Sixth Medium-Term Business Plan. The company worked to ensure compliance with hours worked per week (60 hours or less) and to improve awareness of harassment consultation desks, communicating information to both regular employees and temporary staff.



### Complying with Laws and Regulations (Corporate Ethics and Compliance Subcommittee)

Nissha Group has established the Corporate Ethics and Compliance Guidelines to encourage all employees to act in accordance with legal and ethical boundaries as members of the global community. To this end, we have appointed promotion officers and representatives at all domestic and overseas facilities to promote full compliance with these guidelines. The promotion officers and representatives are responsible for ensuring an understanding of corporate ethics and compliance throughout their respective organizations and for being an accessible point of consultation for employees. The Legal Department acts as the secretariat of the Corporate Ethics and Compliance Subcommittee. This department distributes the *Corporate Ethics and Compliance News* to promotion officers and representatives quarterly, providing the latest information regarding revisions to laws, etc.

The Corporate Ethics and Compliance Subcommittee is setting up an internal reporting system at all facilities to limit and quickly uncover fraudulent activity and to create an even more comfortable work environment. These systems were fully in place and operating in Japan, China, Korea, and Malaysia facilities by the end of the fiscal year ended 2018. We plan to have these systems in place in European and North American facilities during the fiscal year ending December 2019.

#### Leadership Comments



##### Ayako Konishi

In-house Lawyer  
Corporate Legal Affairs  
Nissha Co., Ltd.

This internal reporting system must be easily accessible to employees when needed. To ensure that this is the case, we ensure the privacy of reports and consultations and prohibiting unfavorable treatment or reprisals against persons making reports. We must also design systems to consider local circumstances, including the culture and customs of the location in which the facilities are situated. Accordingly, when introducing these systems, we proceed carefully while working in cooperation with representatives of local facilities.



## Protection of Customer Information (Information Security Subcommittee)

Advancements in IT technology have caused a corresponding increase in information security risks, including malware infections, attacks leading to data leaks and falsification, and inappropriate posting of information to social media. To ensure an appropriate and prompt response to these risks, the Information Security Subcommittee utilizes ISMS\*, working to reduce risks to our group under the oversight and supervision of the Nissha chief information officer (CIO).

In addition to assigning an information security manager and promotion staff at all facilities, Nissha senior managers conduct reviews, while periodic internal audits, and ISO 27001-based reviews by external auditors provide for additional security and opportunities for improvement.

\* ISMS=Information security management system

### Leadership Comments

#### Yasushi Sasaibe

Senior Manager of Infrastructure  
Corporate Information Technology and  
Management  
Nissha Co., Ltd.



During the fiscal year ended December 2018, we operated management systems at overseas facilities newly added to Nissha Group as a result of corporate acquisitions, using the PDCA cycle to improve information security management. We will make further progress in these measures during the fiscal year ending December 2019.

To respond to increasingly advanced and sophisticated information security risks, Nissha must not only establish policies and rules, but also focus on employee education to raise awareness and discipline of each employee. During the fiscal year ended December 2018, we implemented information security training via an e-learning system to ensure an understanding among all employees.



## Responses to Climate Change (Environmental, Safety and Health Subcommittee)

Climate change is another important issue confronting businesses. Nissha Group has set per-production unit targets for CO<sub>2</sub> emissions (CO<sub>2</sub> emissions/production output, etc.), which are a cause of climate change. Our use of energy-saving equipment and facilities, as well as improvements to production efficiency and promotion of reforms in quality and business, has led to reductions in energy usage at Nissha. These measures have contributed to reducing the rate at which CO<sub>2</sub> emissions are increasing relative to production.

Our Environment, Health and Safety Subcommittee and the Business Continuity Management Subcommittee are working together to identify the risks of climate change and develop activities to support business continuity. An example of one risk could be abnormal weather conditions such as heavy snow at major production plants could prevent employees from reporting to work, affecting plant operations negatively. Factories could also experience increased power consumption due to higher temperatures in the summer. At present, we are working to reduce risks due to matters having a potential major impact on our businesses.

### Leadership Comments

#### Wataru Yamada

Senior Manager of Corporate  
Environmental and Safety Management  
Corporate General Affairs  
Nissha Co., Ltd.



Nissha performs information disclosure through based on the Carbon Disclosure Project (CDP). During the fiscal year ended December 2018, we enhanced report content and improved the level of information disclosure by obtaining third party verifications aimed at improving the reliability of our environmental performance data. These efforts resulted in a CDP score of B, improving over the C scored in the previous year. Looking forward, we will collect information on overseas facilities that have recently become part of Nissha Group via acquisitions, enhancing our disclosure of environmental information.

## Risk Management Initiatives Supporting Nissha Businesses

## Aiming to Be a Manufacturing Facility Trusted by Customers —NPT Kaga Factory—

Nissha subsidiary Nitec Precision and Technologies, Inc. (NPT) is engaged in the production of mainstay products for Device Business Unit, which include touch sensors, force sensors, and gas sensors. NPT operates factories in Himeji, Kaga, Tsu, and Kyoto, building and maintaining a production system trusted by our customers.

NPT works in the pursuit of stability and efficiency in mass production. The company not only implements thorough quality control, but also incorporates standards from the Responsible Business Alliance (RBA), an international code of conduct covering labor, health and safety, the environment, and ethics. NPT uses Supplier Responsibility (SR) inspections conducted by customers to take corrective action and make improvements in the company's factories.

In this feature, we will highlight the risk management activities of the Device Business Unit through a dialog between Masahiro Nishida, a representative at NPT's Kaga Plant and Naoko Emoto, who supports factory environmental safety and management from Nissha headquarters.

## Improving Factories through RBA Compliance

Emoto: NPT's Kaga Plant is the major Device Business Unit production plant. The factory maintains compliance with RBA standards and accepts Supplier Responsibility (SR) audits by customers on a regular basis.

Nishida: RBA provides a global standard code of conduct covering electronic components such as touch sensors, as well as the products in the automotive, toy, aircraft, IoT, and other industries. This code provides standards covering labor, health and safety, the environment, and ethics, requiring the structure of management systems to promote each of these considerations.

RBA is a global code of conduct, and in many cases exceeds what is legally required. Although it may be difficult to comply immediately with all of these standards, strict adherence to these types of global standards is required to obtain the trust of our customers to start or continue trade relations.

Emoto: In recent years, we have seen a significant increase in customers demanding adherence to RBA or similar codes of conduct. Given that many of our customers sell products to end users, our customers could be held responsible for accidents or misconduct not only within their own company, but for those occurring among suppliers contracted for work.

Nishida: That's correct. RBA requires that the supply chain adhere to the code of conduct. However, this also represents risk management for the customer themselves. Our compliance with RBA means we are a reliable and safe supplier. This, in turn, leads to opportunities to be the choice of customers.

Emoto: To that end, it is important to use a management system to provide continuous improvements to environmental management, health and safety management, and human rights initiatives. As Nissha's environmental safety group representative, I feel that all NPT is raising the bar for management and initiatives at all plants.

## Human Rights for Every Factory Employee

Emoto: The theme throughout the RBA code of conduct is an emphasis on human rights. I understand the code of conduct has its origins in international human rights standards, including the ILO Declaration and the Universal Declaration of Human Rights.

Nishida: The RBA prohibits forced labor for any worker employed at target plants. This, of course, covers labor violations such as slavery and human trafficking, requiring all work be voluntary. The RBA demands freedom of movement for workers within facilities, as well as freedom to terminate their employment. Employers may not retain worker identification documents or passports.



Masahiro Nishida (right)  
Factory Manager of Kaga Factory  
Nitec Precision and Technologies, Inc.  
Emoto Naoko (left)  
Corporate Environmental and Safety Management Corporate General Affairs  
Nissha Co., Ltd.

Furthermore, any employment-related commissions such as placement fees are to be paid for by the employer.

Emoto: The RBA appears to be a response to discrimination and inhuman treatment of migrant and foreign workers. The Kaga Plant has a number of technical interns from Vietnam, correct?

Nishida: It does. Of course, we also ensure strict compliance with the RBA for these technical interns. Bulletins have been prepared in Japanese and Vietnamese, as well as information posters including evacuation routes. These measures help provide a safe and comfortable work environment for them.

Emoto: Operating plants based upon the RBA code of conduct provides a basis upon which global customers can feel reassured in entrusting work to NPT.

Nishida: That's right. This is the foundation that supports Nissha as a manufacturing company and serves as our strength of ours. Even if the products we manufacture change, we can comply with these standards.

Emoto: I understand you were involved in development at the Industrial Materials Business Unit in the past.

Nishida: Yes. That experience has proved very useful in my work as factory manager, responsible for management of the production plant. I worked in materials development around 25 years ago. The photolithography process\* I was involved with then in developing LCD panels is applied even now in our production of touch sensors.

Emoto: You've been with Nissha as it has evolved, haven't you?

Nishida: Nissha has grown by creating and providing products and services that meet the needs of markets and consumers. Looking forward, I hope we can create an even stronger base to support continued evolution in our businesses.

\*Photolithography process: A technology for forming highly accurate patterns by exposing the surface of a substance coated with a photosensitive material (resist)





## 11-Year Financial Summary

(Millions of JPY)

	FY2009.3	FY2010.3	FY2011.3	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2017.12 9 months	FY2018.12
<b>Fiscal Year</b>											
Net sales	127,767	126,965	114,054	80,160	89,427	110,922	118,775	119,222	115,802	159,518	207,404
Japan	47,691	39,994	37,159	33,060	37,992	29,956	28,889	31,530	30,249	29,443	33,538
Overseas	80,075	86,972	76,895	47,100	51,435	80,966	89,885	87,692	85,552	130,075	173,866
Cost of sales	97,223	101,600	104,864	79,759	83,508	93,898	93,713	90,121	98,885	133,292	170,113
Selling, general and administrative expenses	14,240	14,107	14,136	12,117	12,702	15,089	16,311	18,558	20,820	19,948	29,220
Operating profit	16,302	11,257	-4,946	-11,716	-6,783	1,935	8,750	10,541	-3,904	6,278	8,071
Ordinary profit	15,494	12,061	-5,396	-11,320	-4,643	5,182	12,494	9,237	-4,914	7,578	7,370
Profit before income taxes	15,542	11,840	-3,788	-22,243	-5,010	5,151	10,761	7,883	-6,130	7,323	6,088
Total income taxes	6,853	4,911	-1,312	6,440	427	1,185	-482	985	1,299	594	1,911
Profit attributable to owners of parent	8,689	6,934	-2,464	-28,684	-5,438	3,967	11,245	6,898	-7,408	6,734	4,308
Net cash provided by (used in) operating activities	17,043	18,601	-722	3,541	13,864	14,413	21,590	14,815	-2,570	28,784	4,232
Net cash provided by (used in) investing activities	-20,099	-12,841	-6,672	-4,277	-7,206	-16,149	-4,141	-21,476	-23,290	-11,685	-14,181
Net cash provided by (used in) financing activities	4,697	-3,471	-378	3,076	-4,677	-4,634	-11,063	19,633	6,826	-11,216	-2,448
Capital expenditures	24,165	15,071	11,020	6,724	13,669	12,287	3,207	4,885	12,267	9,063	10,622
Depreciation	7,892	9,133	10,338	8,599	9,530	11,219	9,687	7,847	8,351	7,105	7,672
R&D expenses	1,365	2,601	2,477	2,543	2,699	2,351	2,334	2,519	2,422	2,387	3,865
<b>At Year-End</b>											
Net assets	82,266	88,700	80,396	48,986	44,491	51,676	66,313	70,096	74,606	94,054	89,633
Total assets	148,787	153,077	142,942	105,250	114,964	106,140	115,430	156,107	182,670	225,160	203,543
Cash and cash equivalents	22,761	25,473	17,107	19,490	23,692	20,272	29,484	41,688	22,090	29,291	16,757
Interest-bearing liabilities	19,454	18,078	24,278	28,336	23,668	19,209	10,393	18,340	36,851	27,474	27,703
Closing stock price (JPY)	3,130	3,650	1,795	1,083	1,663	1,359	2,195	1,648	2,638	3,280	1,312
Employees (number)	3,631	3,728	4,121	3,396	3,409	3,383	3,596	4,034	5,133	5,322	5,844
<b>Financial Indicators</b>											
Operating profit to net sales (%)	12.8	8.9	-4.3	-14.6	-7.6	1.7	7.4	8.8	-3.4	3.9	3.9
Return on assets (ROA) (%)	10.6	8.0	-3.6	-9.1	-4.2	4.7	11.3	6.8	-2.9	3.7	3.4
Return on equity (ROE) (%)	10.6	8.1	-2.9	-44.3	-11.6	8.3	19.1	10.1	-10.3	8.0	4.7
Return on invested capital (ROIC) (%)	9.5	6.4	-4.4	-12.2	-7.9	1.5	6.6	6.3	-2.9	2.9	3.8
Equity ratio (%)	55.3	57.9	56.2	46.5	38.7	48.7	57.4	44.9	40.7	41.7	44
Debt-equity ratio (%)	80.9	72.6	77.8	114.9	158.4	105.4	74.1	122.7	145.3	139.7	127.2
Current ratio (%)	152.8	135.3	134.3	103.5	97.0	107.3	148.8	172.5	119.0	117.0	117.1
Fixed ratio (%)	90.8	91.4	94.7	116.8	125.2	112.4	83.6	102.9	140.5	118.8	119.2
<b>Per Share Information</b>											
Basic earnings per share (JPY)	200.97	160.38	-57.25	-668.40	-126.72	92.46	262.05	160.75	-169.10	139.72	85.52
Net assets per share (JPY)	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	1,793.45
Dividend per share (JPY)	45	45	45	0	0	5	20	30	30	30	30
Diluted earnings per share (JPY)	-	-	-	-	-	-	-	158.46	-	129.37	83.39

From 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.

## Consolidated balance sheets

	(Millions of JPY)			(Millions of JPY)	
	As of December 31, 2017	As of December 31, 2018		As of December 31, 2017	As of December 31, 2018
<b>Assets</b>			<b>Liabilities</b>		
Current assets			Current liabilities		
Cash and deposits	29,790	16,762	Notes and accounts payable - trade	51,736	44,484
Notes and accounts receivable - trade	48,140	40,867	Electronically recorded obligations - operating	8,909	6,772
Securities	33	-	Short-term loans payable	10,669	10,858
Merchandise and finished goods	10,474	12,337	Current portion of long-term loans payable	1,356	1,716
Work in process	8,055	8,101	Lease obligations	268	206
Raw materials and supplies	7,095	7,144	Accrued expenses	6,918	7,101
Deferred tax assets	1,828	955	Income taxes payable	1,441	840
Consumption taxes receivable	4,099	3,739	Provision for bonuses	1,930	1,963
Other	4,481	7,183	Provision for directors' bonuses	60	71
Allowance for doubtful accounts	(292)	(277)	Provision for management board benefit trust	138	-
Total current assets	113,705	96,814	Provision for product warranties	25	74
Non-current assets			Other	13,735	8,620
Property, plant and equipment			Total current liabilities	97,190	82,709
Buildings and structures	53,764	58,453	Non-current liabilities		
Accumulated depreciation	(28,268)	(29,045)	Bonds payable	2,940	2,840
Buildings and structures, net	25,495	29,408	Long-term loans payable	13,514	13,525
Machinery, equipment and vehicles	52,307	53,196	Lease obligations	1,666	1,396
Accumulated depreciation	(41,576)	(41,517)	Deferred tax liabilities	10,509	7,736
Machinery, equipment and vehicles, net	10,731	11,678	Provision for management board benefit trust	-	46
Tools, furniture and fixtures	10,317	11,323	Net defined benefit liability	4,373	4,305
Accumulated depreciation	(7,815)	(8,260)	Other	912	1,350
Tools, furniture and fixtures, net	2,501	3,063	Total non-current liabilities	33,915	31,200
Land	6,099	6,192	Total liabilities	131,105	113,909
Leased assets	2,817	2,567	Net assets		
Accumulated depreciation	(1,023)	(1,092)	Shareholders' equity		
Leased assets, net	1,793	1,475	Capital stock	12,069	12,119
Construction in progress	5,934	2,406	Capital surplus	15,460	15,514
Total property, plant and equipment	52,555	54,225	Retained earnings	50,653	53,445
Intangible assets			Treasury shares	(327)	(1,911)
Trademark right	3,569	3,431	Total shareholders' equity	77,856	79,168
Software	944	1,026	Accumulated other comprehensive income		
Goodwill	23,645	22,199	Valuation difference on available-for-sale securities	11,875	8,216
Technical assets	2,269	1,965	Foreign currency translation adjustment	3,687	1,791
Customer related assets	6,306	6,791	Remeasurements of defined benefit plans	395	339
Other	891	995	Total accumulated other comprehensive income	15,958	10,347
Total intangible assets	37,627	36,409	Non-controlling interests	239	117
Investments and other assets			Total net assets	94,054	89,633
Investment securities	20,299	14,797	Total liabilities and net assets	225,160	203,543
Deferred tax assets	407	393			
Net defined benefit asset	-	227			
Other	1,049	1,142			
Allowance for doubtful accounts	(485)	(468)			
Total investments and other assets	21,271	16,093			
Total non-current assets	111,455	106,728			
Total assets	225,160	203,543			



## Consolidated Financial Statements

## Consolidated statements of income

	(Millions of JPY)	
	Fiscal Year ended December 31, 2017	Fiscal Year ended December 31, 2018
Net sales	159,518	207,404
Cost of sales	133,292	170,113
Gross profit	26,226	37,291
Selling, general and administrative expenses	19,948	29,220
Operating profit	6,278	8,071
Non-operating income		
Interest income	47	98
Dividend income	255	288
Foreign exchange gains	1,585	-
Gain on investments in partnership	10	78
Other	148	141
Total non-operating income	2,047	607
Non-operating expenses		
Interest expenses	576	842
Share of loss of entities accounted for using equity method	38	184
Foreign exchange losses	-	186
Other	131	95
Total non-operating expenses	747	1,308
Ordinary profit	7,578	7,370
Extraordinary income		
Gain on sales of non-current assets	26	133
Gain on sales of investment securities	215	-
Gain on sales of shares of subsidiaries and associates	-	354
State subsidy	44	142
Insurance income	-	640
Total extraordinary income	286	1,270
Extraordinary losses		
Loss on sales and retirement of non-current assets	80	642
Loss on valuation of investment securities	-	37
Impairment loss	191	246
Loss on disaster	-	478
Loss on closing of plants	145	351
Loss on the change of company name	124	-
Business structure improvement expenses	-	627
Business establishment transfer cost	-	167
Total extraordinary losses	542	2,552
Profit before income taxes	7,323	6,088
Income taxes - current	2,049	2,111
Income taxes - deferred	(1,455)	(199)
Total income taxes	594	1,911
Profit	6,728	4,176
Loss attributable to non-controlling interests	(5)	(132)
Profit attributable to owners of parent	6,734	4,308

## Consolidated statements of comprehensive income

	(Millions of JPY)	
	Fiscal Year ended December 31, 2017	Fiscal Year ended December 31, 2018
Profit	6,728	4,176
Other comprehensive income		
Valuation difference on available-for-sale securities	4,098	(3,659)
Foreign currency translation adjustment	2,426	(1,853)
Remeasurements of defined benefit plans, net of tax	60	(57)
Share of other comprehensive income of entities accounted for using equity method	5	(40)
Total other comprehensive income	6,591	(5,611)
Comprehensive income	13,320	(1,434)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,319	(1,302)
Comprehensive income attributable to non-controlling interests	0	(131)

## Consolidated statements of cash flows

(Millions of JPY)

	Fiscal Year ended December 31, 2017	Fiscal Year ended December 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,323	6,088
Depreciation	7,105	7,672
Impairment loss	191	246
Amortization of goodwill	1,126	1,599
Loss on disaster	-	478
Loss on closing of plants	145	351
Loss on the change of company name	124	-
Business structure improvement expenses	-	627
Business establishment transfer cost	-	167
Insurance income	-	(640)
Increase (decrease) in provision for bonuses	293	45
Increase (decrease) in provision for directors' bonuses	(0)	10
Increase (decrease) in provision for management board benefit trust	36	(91)
Increase (decrease) in provision for product warranties	(5)	51
Increase (decrease) in net defined benefit asset/liability	56	(337)
Increase (decrease) in allowance for doubtful accounts	24	(0)
Interest and dividend income	(302)	(387)
Interest expenses	576	842
Foreign exchange losses (gains)	(1,107)	(237)
Share of loss (profit) of entities accounted for using equity method	38	184
Loss (gain) on valuation of investment securities	-	37
Gain on sales of shares of subsidiaries and affiliates	-	(354)
Loss (gain) on sales and retirement of non-current assets	54	509
Decrease (increase) in notes and accounts receivable - trade	(18,547)	7,166
Decrease (increase) in inventories	(8,774)	(2,462)
Increase (decrease) in notes and accounts payable - trade	36,711	(9,196)
Other, net	4,430	(5,837)
Subtotal	29,500	6,534
Interest and dividend income received	296	358
Interest expenses paid	(581)	(831)
Insurance income received	-	640
Income taxes paid	(1,237)	(2,597)
Income taxes refund	806	127
Net cash provided by (used in) operating activities	28,784	4,232

(Millions of JPY)

	Fiscal Year ended December 31, 2017	Fiscal Year ended December 31, 2018
<b>Cash flows from investing activities</b>		
Proceeds from withdrawal of time deposits	-	477
Payments into time deposits	(370)	-
Purchase of property, plant and equipment	(9,377)	(11,697)
Payments for retirement of property, plant and equipment	(4)	(238)
Proceeds from sales of property, plant and equipment	95	7
Purchase of intangible assets	(588)	(687)
Purchase of investment securities	(88)	(26)
Proceeds from sales of investment securities	226	7
Purchase of investments in capital of subsidiaries and affiliates	(200)	-
Purchase of investments in other securities of subsidiaries and affiliates	(41)	-
Purchase of shares of subsidiaries and others resulting in change in scope of consolidation	(853)	(1,519)
Proceeds from sales of shares of subsidiaries and associates	-	317
Payments for transfer of business	(332)	(697)
Other, net	(149)	(125)
Net cash provided by (used in) investing activities	(11,685)	(14,181)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(9,971)	228
Proceeds from long-term loans payable	1,595	3,433
Repayments of long-term loans payable	(1,179)	(2,570)
Commission fee paid	(19)	(25)
Repayments of lease obligations	(202)	(281)
Purchase of treasury stock-net	(0)	(1,714)
Cash dividends paid	(1,437)	(1,519)
Net cash provided by (used in) financing activities	(11,216)	(2,448)
Effect of exchange rate change on cash and cash equivalents	1,606	(136)
Net increase (decrease) in cash and cash equivalents	7,489	(12,533)
Cash and cash equivalents at beginning of period	22,090	29,291
Decrease in cash and cash equivalents from change of accounting period	(289)	-
Cash and cash equivalents at end of period	29,291	16,757

## Company Outline

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  
JPY 12,119.79 million  
\*As of the end of March, 2019

Employees  
814 (Consolidated number of employees :5,861)  
\*As of the end of March, 2019

Consolidated Subsidiaries  
66

Bases (Subsidiaries included)  
Domestic: 14  
Overseas:41  
(Equity method affiliates are not included)

End of Fiscal Year  
December 31

Website  
Corporate Information  
[www.nissha.com/english](http://www.nissha.com/english)  
IR Information  
[www.nissha.com/english/ir](http://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 2018

Total number of authorized shares  
180,000,000 shares

Total number of outstanding shares  
50,855,638 shares

Number of shareholders  
10,795

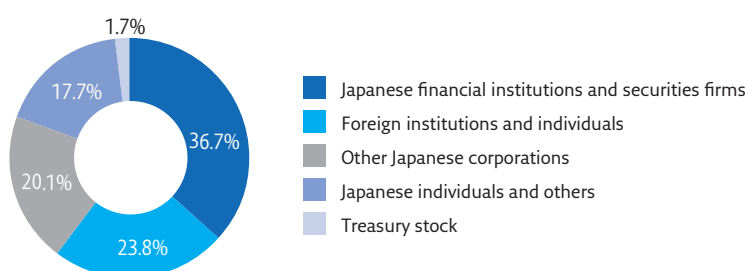
Number of shares per trading unit  
100

Stock exchange listings  
Tokyo Stock Exchange (First Section)  
TSE Code: 7915

## Large Shareholders

	Number of share held (thousands)	Percentage of shareholding (%)
Suzuki Kosan Co., Ltd.	2,563	5.03
TAIYO HANEI FUND,L.P.	2,478	4.87
Meiji Yasuda Life Insurance Company	2,341	4.60
Japan Trustee Services Bank, Ltd. (Trust Account)	2,240	4.40
Mizuho Bank, Ltd.	2,076	4.08
TAIYO FUND, L.P.	2,027	3.98
STATE STREET BANK AND TRUST COMPANY 505019	1,725	3.39
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,553	3.05
The Bank of Kyoto, Ltd.	1,442	2.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,128	2.21

## Breakdown of Shareholders by Type (Ratio of shares owned)





Nissha Report 2019 (For the Year Ended December 31, 2018)

**Date of Issue**

July 2019

**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**

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**NISSHA**

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