

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 99th Business Term.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translated document and the Japanese original, the original shall prevail.

(Securities code: 7915)
March 2, 2018

To All Shareholders

3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
Nissha Co., Ltd.
Junya Suzuki, Chairman of the Board, President and CEO

Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 99th Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 99th Business Term of Nissha Co., Ltd. (the “Company”) shall be held as described below and request your attendance.

If you are unable to attend on the day, you may exercise your voting rights in writing or by an electromagnetic method (via Internet, etc.). You are requested to exercise your voting rights by 6 p.m. on March 22, 2018 (Thurs.) after examining the “Reference Materials for the General Meeting of Shareholders” (pages 3 through 17).

Ordinary General Meeting of Shareholders

1. **Date and time:** March 23, 2018 (Fri.), 10:00 a.m. (Reception for the meeting will start at 9:00 a.m.) (The difference between the month in the date and the corresponding month in the date of the previous Ordinary General Meeting of Shareholders (held on June 16, 2017) is attributable to the change of the fiscal year end of the Company from March 31 to December 31, effective from the 99th business term.)
2. **Venue:** Company auditorium, 3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan (Please refer to the “Guide to the Venue for the General Meeting of Shareholders” of the Japanese original.)
3. **Agenda:**
 1. **Matters to be reported**
 1. Report on the Business Report, Consolidated Financial Statements for the 99th business term (from April 1, 2017 through December 31, 2017) and the Audit Results of the Accounting Auditor and the Audit and Supervisory Board
 2. Report on the Non-consolidated Financial Statements for the 99th business term (from April 1, 2017 through December 31, 2017)

Proposals to be resolved

Proposal 1: Election of Nine (9) Directors of the Board

Proposal 2: Election of One (1) Audit and Supervisory Board Member

Proposal 3: Revision of Amount of Stock Compensation Paid to Directors of the Board

[Exercise of voting rights by postal mail]

Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and send the form back to the Company so that it arrives by the deadline for exercising voting rights given above.

[Exercise of voting rights by an electromagnetic method (via Internet, etc.)]

Please access the Company's designated websites for exercising voting rights (<https://soukai.mizuho-tb.co.jp/>), use the "Voting Rights Exercise Code" and "Password" indicated on the enclosed Voting Rights Exercise Form, and enter your approval or disapproval of the proposals in accordance with the guidance given on the screen.

You are kindly requested to read the "Guide to the Exercise of Voting Rights" (pages 9 through 10 of the Japanese original) when exercising your voting rights via the Internet, etc.

In addition, if voting rights are exercised in duplicate in writing and via the Internet, the voting rights exercised via the Internet shall be deemed valid.

END

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1. If you intend to attend the meeting, you are kindly requested to submit the enclosed Voting Rights Exercise Form to the reception desk at the meeting site.
 2. The following items are disclosed on our website (<http://www.nissha.com/english/>) in accordance with laws and regulations, and Article 16 of the Articles of Incorporation of the Company. Therefore, they are not included in the Attachments to this Notice of Convocation.
 - (1) Consolidated Statement of Changes in Net Assets; Notes to Consolidated Financial Statements
 - (2) Non-consolidated Statement of Changes in Net Assets; Notes to Non-consolidated Financial StatementsPlease note that the Attachments to this Notice of Convocation formed part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor during its preparation of the Audit Report.
 3. If there are any corrections to the Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Financial Statements, such corrections will be posted on the Company's website (<http://www.nissha.com/english/>).

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Election of Nine (9) Directors of the Board

The term of office of all eight (8) Directors of the Board shall expire at the close of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of nine (9) Directors of the Board, including four (4) Independent Outside Directors of the Board by increasing the number of Directors of the Board by one (1) to enhance the management structure.

Candidates for the position of Directors of the Board were determined based on a report of the Nomination and Remuneration Committee (page 27 of the Japanese original) chaired by an Independent Outside Director of the Board in accordance with the standards for selecting candidates for the position of Directors of the Board. The candidates for the position of Independent Outside Directors of the Board meet the “Standards for Independence of Independent Officers” (page 15).

The candidates for the position of Director of the Board are as follows:

| Candidate number | Name | | | Current positions and responsibilities at the Company | Period Served as a Director of the Board | Attendance at meetings of the Board of Directors |
|------------------|------------------|--|---------------------|--|--|--|
| 1 | Junya Suzuki | Reappointment | | Chairman of the Board, President and CEO | 18 years and 9 months | 100% (14 out of 14) |
| 2 | Takao Hashimoto | Reappointment | | Director of the Board Senior Executive Vice President Chief Technology Officer Senior Director of Product and Business Development Office Director of Medical Management Office | 12 years and 9 months | 100% (14 out of 14) |
| 3 | Hayato Nishihara | Reappointment | | Director of the Board Senior Executive Vice President Chief Financial Officer Senior Director of Human Resources, General Affairs and Legal Affairs | 5 years and 9 months | 100% (14 out of 14) |
| 4 | Daisuke Inoue | New appointment | | Executive Vice President General Manager of Devices Business Unit | - | - |
| 5 | Wataru Watanabe | New appointment | | Senior Vice President Chief Strategy Officer Director of Corporate Strategy Planning Director of Secretary's Office Senior Director of Investor Relations and Corporate Communications | - | - |
| 6 | Tamio Kubota | Reappointment Candidate for Independent Outside Director of the Board | Independent Officer | Director of the Board | 10 years and 9 months | 100% (14 out of 14) |
| 7 | Sawako Nohara | Reappointment Candidate for Independent Outside Director of the Board | Independent Officer | Director of the Board | 3 years and 9 months | 92.9% (13 out of 14) |
| 8 | Kazuhito Osugi | Reappointment Candidate for Independent Outside Director of the Board | Independent Officer | Director of the Board | 1 year and 9 months | 100% (14 out of 14) |
| 9 | Makoto Ando | New appointment Candidate for Independent Outside Director of the Board | Independent Officer | - | - | - |

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|---|---|-----------------------|
| 1 | Junya Suzuki (December 8, 1964) Reappointment (Period served as a Director of the Board) 18 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2017.12) 14 out of 14 (100%) | <p>April 1990 Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.), Ginza Branch Office</p> <p>April 1993 Industrial Research Office, Corporation Planning Division</p> <p>March 1995 Acquired credits from the Doctoral Program, Graduate School of Business and Commerce, Keio University</p> <p>March 1996 Los Angeles Branch Office, The Dai-ichi Kangyo Bank, Limited</p> <p>March 1998 Entered the Company</p> <p>June 1999 Director of the Board</p> <p>June 2001 Executive Director of the Board</p> <p>April 2003 Executive Director of the Board, General Manager of International Sales, Industrial Materials and Input Devices Business Unit</p> <p>June 2003 Senior Executive Director of the Board</p> <p>July 2005 Director of the Board, Corporate Vice President</p> <p>April 2006 Director of the Board, Corporate Vice President General Manager of Corporate Strategy</p> <p>June 2007 Chairman of the Board, President and CEO (present post) Responsibilities: Chief Executive Officer</p> | 609,234 shares |

(Significant positions concurrently held)

Chairman, Kyoto Association of Corporate Executives / Chairman, Nissha USA, Inc. / Chairman, Nissha Europe GmbH / Chairman, AR Metallizing N.V. / President and CEO, Representative Director, Suzuki Kosan Co., Ltd. / Representative Director, Nissha Foundation for Printing Culture and Technology

(Reasons for selecting the candidate for a Director of the Board)

Mr. Junya Suzuki has duly performed his duties as Chairman of the Board, President and CEO, such as decision-making on important managerial issues and the supervision of the execution of operations. He has also carried out strategies that have been precisely responsive to changes in the business environment since he assumed office as Chairman of the Board, President and CEO in 2007. He steadily executes medium-term business plans of the Company with his strong leadership and decisiveness. We ask for his election so that he may continuously serve as a Director of the Board, since we judge that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Junya Suzuki and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|---|---|-----------------------|
| 2 | <p>Takao Hashimoto (September 11, 1948) Reappointment</p> <p>(Period served as a Director of the Board) 12 years and 9 months as of the close of the meeting</p> <p>(Attendance at meetings of the Board of Directors in FY2017.12) 14 out of 14 (100%)</p> | <p>April 1973 Entered the Company</p> <p>April 2004 General Manager of Production, Industrial Materials and Input Devices Business Unit</p> <p>June 2005 Director of the Board</p> <p>April 2006 Director of the Board, General Manager of Technology Development, Industrial Materials and Input Devices Business Unit</p> <p>June 2008 Director of the Board, Executive Vice President</p> <p>April 2010 Director of the Board, Executive Vice President Senior Director of Industrial Materials and Input, Devices Business Unit (Input Devices and Technology Development)</p> <p>April 2012 Director of the Board, Executive Vice President Senior Director of Corporate Technology Research and Development</p> <p>April 2013 Director of the Board, Senior Executive Vice President (present post)</p> <p>March 2017 Director of the Board, Senior Executive Vice President Director of Medical Management Office (present post)</p> <p>April 2017 Director of the Board, Senior Executive Vice President Senior Director of Product and Business Development Office (present post) Responsibilities: Chief Technology Officer</p> | 20,693 shares |

(Significant positions concurrently held)

Representative Director, Nissha FIS, Inc.

(Reasons for selecting the candidate for a Director of the Board)

Mr. Takao Hashimoto has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He has shown strong leadership in the fields of acquisition of the Nissha Group's new core technologies, technology development, product development and corporate acquisition as Senior Executive Vice President, Chief Technology Officer and Senior Director of Product and Business Development Office. We ask for his election so that he may continuously serve as a Director of the Board, since we judge that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Takao Hashimoto and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|---|---|-----------------------|
| 3 | Hayato Nishihara (February 16, 1953) Reappointment (Period served as a Director of the Board) 5 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2017.12) 14 out of 14 (100%) | <p>April 1976 Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.)</p> <p>January 2002 General Manager, Hamamatsu Branch</p> <p>December 2004 Entered the Company</p> <p>April 2005 Deputy General Manager of Administration</p> <p>April 2006 Deputy General Manager of Corporate Strategy (Special Assistant to Human Resources Planning, Corporate Strategy Planning)</p> <p>June 2008 Vice President, Deputy General Manager of Administration (Financial Strategy)</p> <p>April 2009 Vice President, General Manager of Corporate Finance and Accounting</p> <p>April 2011 Senior Vice President</p> <p>June 2012 Director of the Board, Senior Vice President</p> <p>April 2013 Director of the Board, Executive Vice President</p> <p>April 2015 Director of the Board, Senior Executive Vice President (present post) Responsibilities: Chief Financial Officer, Senior Director of Human Resources, General Affairs and Legal Affairs</p> | 3,867 shares |

(Reasons for selecting the candidate for a Director of the Board)

Mr. Hayato Nishihara has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He supervises the Nissha Group's financial strategies and pursues the strategies aiming for business growth and improvement of operating results by taking advantage of his unsurpassed expertise as Senior Executive Vice President and Chief Financial Officer, while showing strong leadership in fields of financial affairs, human resources, general affairs, and legal affairs from viewpoints of consolidated and global management. We ask for his election so that he may continuously serve as a Director of the Board, since we judge that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Hayato Nishihara and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|--|--|-----------------------|
| 4 | Daisuke Inoue (February 1, 1966) New appointment | <p>April 1989 Entered The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)</p> <p>January 1997 Atlanta Branch</p> <p>January 1998 New York Branch</p> <p>April 1999 Head Office Marketing and Sales Division I</p> <p>January 2002 Hong Kong Branch</p> <p>April 2006 Entered the Company</p> <p>April 2007 Director of Strategies for Subsidiaries and Associates, Corporate Strategy</p> <p>April 2008 Director of Corporate Strategy Planning, Corporate Strategy</p> <p>April 2009 Deputy General Manager of Corporate Strategy</p> <p>March 2010 Completed MBA, Graduate School of Management, Ritsumeikan University</p> <p>April 2011 Vice President, Director of Corporate Strategy Planning</p> <p>September 2012 Vice President, Senior Director of Devices Business Unit</p> <p>April 2013 Senior Vice President, Senior Director of Devices Business Unit</p> <p>April 2015 Executive Vice President, General Manager of Devices Business Unit (present post)</p> | 820 shares |

(Significant positions concurrently held)

Representative Director, Nissha Korea Inc. / Chairman, Taiwan Nissha Co., Ltd.

(Reasons for selecting the candidate for a Director of the Board)

After joining the Company, Mr. Daisuke Inoue has been responsible for the formulation and promotion of medium-term business plans as Director of Corporate Strategy Planning, engaged in management of domestic and overseas subsidiaries and contributed to the improvement of performance of the Devices Business Unit and start-up of the Life Innovation Business Unit (currently, Medical Technologies Business Unit). Currently, he shows strong leadership in business management on a global and consolidated basis as Executive Vice President, General Manager of Device Business Unit. In consideration of his experience and broad insight, we ask for his election so that he may newly serve as a Director of the Board, since we judge that he is an appropriate talented person who will carry out sound growth strategies for the Company, make decisions on important managerial issues and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Daisuke Inoue and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|---|--|-----------------------|
| 5 | Wataru Watanabe (December 11, 1971) New appointment | <p>March 1996 Entered the Company</p> <p>January 2003 International Sales, Industrial Materials and Input Devices Business Unit</p> <p>April 2010 Chief Executive Officer, Nissha USA, Inc.</p> <p>September 2011 Completed MBA, Kellstadt Graduate School of Business, DePaul University, USA</p> <p>October 2011 Director of Corporate Strategy Planning</p> <p>April 2014 Director of Corporate Strategy Planning and Director of Secretary's Office</p> <p>April 2015 Vice President, Director of Corporate Strategy Planning and Director of Secretary's Office</p> <p>January 2018 Senior Vice President, Director of Corporate Strategy Planning and Director of Secretary's Office (present post) Responsibilities: Chief Strategy Officer, Senior Director of Investor Relations and Corporate Communications</p> | 290 shares |

(Reasons for selecting the candidate for a Director of the Board)

After having served as the manager of a US subsidiary, Mr. Wataru Watanabe formulated and promoted medium-term business plans as Director of Corporate Strategy Planning of the Company to prepare and execute M&A strategies based on the plans. Currently, he is exerting strong leadership from a global and consolidated perspective as Senior Vice President, Chief Strategy Officer and Director of Corporate Strategy Planning. In consideration of his experience and broad insight, we ask for his election so that he may newly serve as a Director of the Board, since we judge that he is an appropriate talented person who will carry out sound growth strategies for the Company, make decisions on important managerial issues and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Wataru Watanabe and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | | Number of shares held |
|------------------|--|---|--|-----------------------|
| 6 | Tamio Kubota (August 4, 1947) Reappointment Candidate for Independent Outside Director of the Board Independent Officer (Period served as a Director of the Board) 10 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2017.12) 14 out of 14 (100%) | April 1972 | Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.) | 4,413 shares |
| | | June 1979 | Completed MBA, Yale School of Management, Yale University, USA | |
| | | January 2001 | General Manager, International Credit Supervision Division, The Dai-ichi Kangyo Bank, Limited | |
| | | April 2002 | Entered TOKYO LEASING CO., LTD. (currently, Tokyo Century Corporation) | |
| | | June 2006 | Representative Director of the Board and Senior Executive Officer | |
| | | June 2007 | Senior Executive Officer | |
| | | June 2007 | Independent Outside Director of the Board, the Company (present post) | |
| | | June 2008 | Independent Audit and Supervisory Board Member, Takashima & Co., Ltd. (full-time) | |

(Reasons for selecting the candidate for an Independent Outside Director of the Board)

Mr. Tamio Kubota has given valuable advice and opinions from his point of views across the whole range of the Company's management, making the most of his international knowledge, broad experience as a manager or an auditor and supervisory board member in other companies and the excellent insight he has gained through such experience. Mr. Tamio Kubota has duly performed his duties, such as the supervision of the execution of operations. Although he worked for The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.), more than ten years have already passed since he retired from the bank in 2002. 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.

Notes:

1. No special interests exist between Mr. Tamio Kubota and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. Mr. Tamio Kubota is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
4. The Company has concluded a contract for limitation of liability with Mr. Tamio Kubota, and if we obtain approval for his reelection, we will continue the contract.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
5. The Tokyo Stock Exchange has been notified of Mr. Tamio Kubota as an Independent Officer of the Company.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|---|---|-----------------------|
| 7 | Sawako Nohara (January 16, 1958) Reappointment Candidate for Independent Outside Director of the Board Independent Officer (Period served as a Director of the Board) 3 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2017.12) 13 out of 14 (92.9%) | December 1988 Entered Living Science Institute, Inc. July 1995 Entered InfoCom Research, Inc. July 1998 Head of the E-Commerce Business Development Group, InfoCom Research, Inc. December 2000 Director, IPSe Marketing, Inc. December 2001 Representative Director, President of IPSe Marketing, Inc. (present post) June 2006 Independent Outside Director of the Board, NEC Corporation November 2009 Project Professor, Keio University Graduate School of Media and Governance (present post) June 2012 Independent Audit and Supervisory Board Member, Sompo Japan Insurance Inc. June 2013 Independent Outside Director of the Board, NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.) (present post) June 2014 Independent Outside Director of the Board, the Company (present post) June 2014 Independent Outside Director of the Board, Japan Post Bank Co., Ltd. (present post) | 0 shares |

(Significant positions concurrently held)

Representative Director, President of IPSe Marketing, Inc. / Project Professor, Keio University Graduate School of Media and Governance / Independent Outside Director of the Board, Sompo Holdings, Inc. / Independent Outside Director of the Board, Japan Post Bank Co., Ltd.

(Reasons for selecting the candidate for an Independent Outside Director of the Board)

Ms. Sawako Nohara has given valuable advice and opinions across the whole range of the Company's management, making the most of her profound knowledge of the Internet and the IT business, experience as a corporate manager, director, and an audit and supervisory board member in other companies, and excellent insight gained through her participation in policy formulation as an expert member of numerous government-related conferences. Ms. Sawako Nohara has duly performed her duties, such as the supervision of the execution of operations. Therefore, we ask for her election so that she may continuously serve as an Independent Outside Director of the Board, since we judge that she will continue to give her valuable counsel from an independent point of view across the whole range of the Company's management.

Notes:

1. No special interests exist between Ms. Sawako Nohara and the Company.
2. Ms. Sawako Nohara is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. The Company has concluded a contract for limitation of liability with Ms. Sawako Nohara, and if we obtain approval for her reelection, we will continue the contract.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
4. The Tokyo Stock Exchange has been notified of Ms. Sawako Nohara as an Independent Officer of the Company.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|---|---|-----------------------|
| 8 | Kazuhito Osugi (July 31, 1953) Reappointment Candidate for Independent Outside Director of the Board Independent Officer (Period served as a Director of the Board) 1 year and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2017.12) 14 out of 14 (100%) | <p>April 1977 Entered the Bank of Japan</p> <p>May 1984 University of Michigan, Graduate School of Business Administration (MBA)</p> <p>November 1986 Economist, BIS (Bank for International Settlements)</p> <p>June 1999 General Manager, the Bank of Japan Matsumoto Branch</p> <p>May 2001 Deputy General Manager, the Bank of Japan Osaka Branch</p> <p>May 2003 Senior Director, Industrial Revitalization Corporation of Japan</p> <p>July 2005 Deputy Director- General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department</p> <p>May 2006 Director-General, the Bank of Japan Internal Auditors' Office</p> <p>April 2007 Director-General, the Bank of Japan Secretariat of the Policy Board</p> <p>April 2009 Guest professor, Ochanomizu University</p> <p>September 2011 Auditor, the Bank of Japan</p> <p>October 2015 Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD. (present post)</p> <p>June 2016 Independent Outside Director of the Board, the Company (present post)</p> | 0 shares |

(Significant positions concurrently held)

Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD.

(Reasons for selecting the candidate for an Independent Outside Director of the Board)

Mr. Kazuhito Osugi 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. Mr. Kazuhito Osugi has duly performed his duties, such as the supervision of the execution of operations. Mr. Kazuhito Osugi has not participated in corporate management other than as an Independent Outside Director of the Board for the Company or as an advisor of an operational division for another company, but 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.

Notes:

1. No special interests exist between Mr. Kazuhito Osugi and the Company.
2. Mr. Kazuhito Osugi is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. The Company has concluded a contract for limitation of liability with Mr. Kazuhito Osugi, and if we obtain approval for his reelection, we will continue the contract.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
4. The Company has transactional relations, including logistics services, with NIPPON EXPRESS CO., LTD., a company for which Mr. Kazuhito Osugi serves as an Advisor. The amount, however, meets the "Standards for Independence of Independent Officers" (page 14) of the Company, with the amount of transactions in the most recent fiscal year being less than 1% of consolidated gross sales of the Nissha Group and the NIPPON EXPRESS Group, and would not affect the independence of Mr. Kazuhito Osugi as an Independent Outside Director of the Board.
5. The Tokyo Stock Exchange has been notified of Mr. Kazuhito Osugi as an Independent Officer of the Company.

| Candidate number | Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|------------------|--|---|-----------------------|
| 9 | Makoto Ando (October 18, 1957) New appointment Candidate for Independent Outside Director of the Board Independent Officer | <p>April 1982 Entered Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)</p> <p>April 2003 Councilor</p> <p>April 2004 Team Leader, Digital Network Service & Business Team, Corporate Planning Group</p> <p>April 2006 General Manager, Planning Group, AVC Networks Company</p> <p>April 2007 Director</p> <p>May 2011 Director, STB Network Business Unit, AVC Networks Company</p> <p>January 2016 Corporate Technology Strategy Planning Staff</p> <p>October 2016 Director & Senior Technical Executive, Santetsu Engineering Inc.</p> <p>April 2017 Director & Sales General Manager</p> <p>July 2017 Director & Executive Manager & Sales General Manager (present post)</p> | 0 shares |

(Significant positions concurrently held)

Director & Executive Manager & Sales General Manager, Santetsu Engineering Inc.

(Reasons for selecting the candidate for an Independent Outside Director of the Board)

Mr. Makoto Ando has 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. 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 from an independent point of view across the whole range of the Company's management.

Notes:

1. No special interests exist between Mr. Makoto Ando and the Company.
2. Mr. Makoto Ando is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. The Company will conclude a contract for limitation of liability with Mr. Makoto Ando, if we obtain approval for his election.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
4. The Company has transactional relations, including sales of the Company's products, with Panasonic Corporation, a company to which Mr. Makoto Ando belonged in the past. The amount, however, meets the "Standards for Independence of Independent Officers" (page 14) of the Company, with the amount of transactions in the most recent fiscal year being less than 1% of consolidated gross sales of the Nissha Group and the Panasonic Group, and would not affect the independence of Mr. Makoto Ando as an Independent Outside Director of the Board.
5. The Tokyo Stock Exchange will be notified of Mr. Makoto Ando as an Independent Officer of the Company, if we obtain approval for his election.

Proposal 2: Election of One (1) Audit and Supervisory Board Member

The term of office of Audit and Supervisory Board Member, Mr. Yasuro Nonaka, shall expire at the end of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of one (1) Audit and Supervisory Board Member. The approval of the Audit and Supervisory Board has been obtained in regard to this proposal.

In addition, candidate for the position of Audit and Supervisory Board Member was determined based on a report of the Nomination and Remuneration Committee (page 27 of the Japanese original) chaired by an Independent Outside Director of the Board in accordance with the standards for selecting candidates for the position of Audit and Supervisory Board Members.

The candidate for the position of Audit and Supervisory Board Member is as follows.

| Name (Date of birth) | Career summary, positions, responsibilities and significant positions concurrently held | Number of shares held |
|---|--|--|
| Yasuro Nonaka (July 6, 1956) Reappointment (Period served as an Audit and Supervisory Board Member) 3 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2017.12) 14 out of 14 (100%) (Attendance at meetings of Audit and Supervisory Board in FY2017.12) 10 out of 10 (100%) | April 1981 | Entered the Company |
| | April 1999 | Director of Human Resources Development |
| | October 1999 | Director of General Affairs and Director of Human Resources Development |
| | March 2001 | General Manager of General Affairs |
| | October 2001 | General Manager of General Affairs and Director of Secretary's Office |
| | June 2008 | Vice President, General Manager of General Affairs and Director of Secretary's Office |
| | April 2009 | Vice President, General Manager of Corporate General Affairs and Director of Secretary's Office |
| | April 2011 | Vice President, Senior Director of Human Resources, General Affairs and Legal Affairs and Director of Secretary's Office |
| | April 2012 | Vice President, Director of Corporate Administration and Director of Secretary's Office |
| | April 2014 | Vice President, Senior Director of Human Resources, General Affairs and Legal Affairs |
| June 2014 | Full-time Audit and Supervisory Board Member (present post) | 2,615 shares |

(Reasons for selecting the candidate for an Audit and Supervisory Board Member)

Mr. Yasuro Nonaka has abundant experience and insight as he has long been engaged in operations of the general affairs division and has successively held various posts, including Vice President, Senior Director of Human Resources, General Affairs and Legal Affairs, having been involved in compliance and risk management. In light of the above experience and insight as well as his performance of duties as an Audit and Supervisory Board Member for three years and nine months, we ask for his election so that he may continuously serve as an Audit and Supervisory Board Member, since we judge that he is an appropriate talented person who will audit the execution of operations by Directors of the Board.

Notes:

1. No special interest exists between Mr. Yasuro Nonaka and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.

(Reference) [Standards for Independence of Independent Officers]

Nissha Co., Ltd. (hereinafter, the “Company”) will determine that its Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members (hereinafter, collectively, “Independent Officers”) or candidates for Independent Officers are fully independent from the Company when they do not correspond to any of the criteria prescribed hereunder.

1. Persons who are or were executive persons (*) of the Company and its affiliated companies (hereinafter, collectively, the “Group”). In addition, with Independent Audit and Supervisory Board Members, persons who were directors that did not conduct Group business.
(*) An executive person means the executive person prescribed in Article 2, Paragraph 3 (6) of the Companies Act Enforcement Regulations, and includes not only executive directors but also employees, and does not include audit and supervisory board members.
2. Persons who are counterparties which have transactions principally with the Group, or are their executive persons. In addition, principal counterparties of the Group, or their executive persons.
(*) A principal counterparty means a company or person whose payments or receipts for transactions with the Group in the current or any of the past three fiscal years represents 2% or more of the annual consolidated gross sales of the Group or the counterparty.
3. Principal shareholder (*) of the Group or their executive persons. In addition, executive persons of companies in which the Group is a principal shareholder.
(*) A principal shareholder means a shareholder that holds votes representing 10% or more of total voting rights.
4. Attorneys, certified public accountants, consultants or the like who receive large amounts of cash or other assets (*) other than officer remuneration from the Group (if the entity receiving the assets is a corporation, partnership or other group, then persons belonging to that group).
(*) A large amount of cash or other assets means the earning of cash or other property benefits in excess of JPY 10 million per year as an average of the past three fiscal years. In the case of a group, it means the payment of 2% or more of annual consolidated gross sales in each of the preceding three fiscal years inclusive of the most recent fiscal year.
5. Persons receiving large donations (*) from the Group (if the entity receiving the property is a corporation, partnership or other group, the executive persons of that group).
(*) A large donation means an annual donation of more than JPY 10 million in each of the preceding three fiscal years inclusive of the most recent fiscal year.
6. Executive persons of another company having mutual appointment of Independent Officer (*) relationships with the Group.
(*) A mutual appointment of Independent Officers means the Company’s welcoming of Independent Officers from another company that have received Independent Officers, who are/were executive persons of the Group within the past 10 years, or from its parent or subsidiary companies.
7. Persons belonging to the auditing firm serving as the Group’s Accounting Auditor.
8. Persons who have corresponded to items 2 through 7 above within the past three years.
9. Spouses or relatives within two degrees of kinship of persons (limited to key personnel (**)) corresponding to any of items 1 through 8 above.
(*) Key personnel means (1) directors, (excluding Independent Outside Directors of the Board), executive officers, and employees holding a position of senior director or higher, (2) certified public accountants belonging to an auditing firm who are partners, and attorneys belonging to a law office, and (3) persons affiliated with incorporated foundations, incorporated associations, incorporated educational institutions and other corporations who are objectively and reasonably determined to be councilors, directors, auditors or other officers, or persons having equal importance.
10. Persons in circumstances which are otherwise objectively and reasonably found unsuitable for the duties of an Independent Officer.

Proposal 3: Revision of Amount of Stock Compensation Paid to Directors of the Board

1. Reason for Proposal

Of remuneration for Directors of the Board (excluding Independent Outside Directors of the Board), the amount paid under the stock compensation plan called the “Board Benefit Trust (BBT)” (hereinafter, the “Compensation Plan”) was approved at the Ordinary General Meeting of Shareholders for the 97th Business Term held on June 17, 2016 (hereinafter, the resolution at the aforementioned Ordinary General Meeting of Shareholders is called the “Current Resolution”). Should the shareholders give their approval to Proposal 1, entitled “Election of Nine (9) Directors of the Board,” the number of Directors of the Board (excluding Independent Outside Directors of the Board) will increase by one and the number of Directors of the Board of the Company to whom the Compensation Plan is applicable shall be five, excluding four Independent Outside Directors of the Board. In consideration of this change, a shareholder approval is requested concerning the revision of the amount of remuneration, etc. Shareholders are also requested to entrust the Board of Directors with deciding the details of the Compensation Plan within the scope set out in 2 below.

This proposal was determined based on a report of the Nomination and Remuneration Committee (page 27 of the Japanese original) chaired by an Independent Outside Director of the Board.

The amount of stock compensation, etc. to be revised in this proposal will be a framework kept separate from the total yearly limit of remunerations, etc. of ¥430 million to be paid to Directors of the Board (of which, the yearly limit to be paid to Independent Outside Directors of the Board is ¥40 million) pursuant to the resolution made at the Ordinary General Meeting of Shareholders for the 97th Business Term held on June 17, 2016.

2. Amount of Compensation Etc. under Compensation Plan and Reference Information

(Underlined parts indicate changes from the Current Resolution.)

(1) Overview of the Compensation Plan

The Compensation Plan is a performance-linked stock compensation plan whereby shares in the Company are acquired through a trust using funds contributed by the Company (hereinafter, such trust established pursuant to the Compensation Plan, the “Trust”), and shares in the Company and cash equivalents of such shares at their market value (hereinafter together, “Company Shares”) are paid through the Trust to the Directors of the Board, etc. (as defined in (2) below) pursuant to the Policy on Directors’ Stock Compensation (hereinafter, the “Policy”) established by the Company and its subsidiaries. The time for Directors of the Board to receive payments of Company Shares shall in principle be the payment date set out in the Policy which follows the date within the designated period in the three fiscal years set out in the Policy on which the designated Beneficiary Confirmation Procedures set out in the Policy are carried out, or the date on which the Directors of the Board retire, whichever is the earliest (hereinafter, the “Beneficiary Confirmation Date”).

(2) Persons to whom Compensation Plan is Applicable

The Directors of the Board and Corporate Officers of the Company, and part of the Directors of the Board of the Company’s subsidiaries (excluding Independent Outside Directors of the Board and Audit and Supervisory Board Members; hereinafter, the “Directors of the Board, etc.”).

(3) Calculation Method of and Limit on Amount of Shares Etc. Awarded to Directors of the Board etc.

Points shall be awarded to the Directors of the Board etc. for each fiscal year at an amount determined based on the Policy and in consideration of title, performance attainment level, etc.

The total number of points awarded to the Directors of the Board etc. in each Applicable Period (every three fiscal years as defined in (5) below) shall be a total of no more than 202,000 points, consisting of up to 94,000 points for the Company’s Directors of the Board, up to 97,000 points for the Company’s Corporate Officers, and up to 11,000 points for the Directors of the

Board of the Company's subsidiaries. This total has been decided after taking into account a range of factors including the current payment level of executive compensation and trends in and the expected future number of Directors of the Board etc. and accordingly is considered to be reasonable.

The points awarded to the Directors of the Board etc. shall on award of the Company Shares mentioned in (6) below be exchanged into ordinary shares at a rate of one share per point (however, where after approval has been obtained from the shareholders at the Shareholders' Meeting a share split, gratis allotment or reverse share split takes place concerning such shares, the Company shall perform a reasonable adjustment of the limit on the number of points and the number of points already awarded or the exchange ratio to reflect such change).

The number of points belonging to the Directors of the Board etc. on which the award of Company Shares mentioned in (6) below is based shall be fixed by the Beneficiary Confirmation Date by totaling the number of points awarded to the Directors up until that time (such points, hereinafter the "Fixed Points").

(4) Method of Acquiring Company's Stock and Limit Thereon

The Trust shall use the funds contributed as mentioned in (5) below to acquire the Company's shares through the stock markets or through disposals of the Company's treasury shares.

During the Next Applicable Period (as defined in (5) below), a maximum of 202,000 shares shall be acquired without delay after the additional contribution concerning the Next Applicable Period for the purpose of making awards to the Directors of the Board etc. The details of the acquisition method etc. of such shares in the Company by the Trust shall be disclosed in a timely and appropriate manner.

(5) Amount of Trust Money (Amount of Compensation, etc.)

The Company shall, subject to the Compensation Plan being approved at the Shareholders' Meeting and pursuant to the provisions of (3) above and (6) below, contribute additional funds to the Trust to preliminarily acquire an amount of shares for a specified period which is reasonably estimated as required for making awards of shares in the Company. The Trust, as mentioned in (4) above, shall acquire shares in the Company using funds additionally contributed by the Company.

Specifically, the Company will additionally contribute the amount of funds to the Trust required for the three fiscal years from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2020 (the "Next Applicable Period"; the Next Applicable Period and every three fiscal years starting after the lapse of the Next Applicable Period, "Applicable Period," respectively) in cash at a maximum total amount of ¥243 million (consisting of a maximum of ¥113 million for the Company's Directors of the Board, a maximum of ¥117 million for the Company's Corporate Officers, and a maximum of ¥13 million for the Directors of the Board of the Company's subsidiaries).

In addition, after the Next Applicable Period has passed and until the Compensation Plan comes to an end, the Company shall in principle every three fiscal years make an additional contribution to the Trust of a maximum total amount of ¥243 million per Applicable Period (consisting of ¥113 million for the Company's Directors of the Board, ¥117 million for the Company's Corporate Officers, and ¥13 million for the Directors of the Board of the Company's subsidiaries). However, when where making these additional contributions the Trust's assets still contain any shares in the Company (excluding shares equivalent to the number of points awarded to Directors of the Board etc. and not yet granted) or cash (hereinafter together, the "Remaining Shares") immediately before the commencement of the Applicable Period when such additional contribution is to be made, such Remaining Shares shall be applied for making awards under the Compensation Plan after the said Applicable Period, and the maximum amount of additional contribution which the Company may make in the said Applicable Period shall be the amount calculated by deducting from a total of ¥243 million (consisting of ¥113 million for the Company's Directors of the Board, ¥117 million for

the Company's Corporate Officers, and ¥13 million for the Directors of the Board of the Company's subsidiaries) the value of the Remaining Shares (shares shall be converted into cash at the equivalent market rate applicable on the day directly before the commencement of the relevant Next Applicable Period). When the Company resolves to make any additional contributions, it shall disclose the fact in an appropriate, timely manner.

(6) Timing of Granting Shares

Directors of the Board etc. may in principle receive an award of shares in the Company from the Trust according to the number of "Fixed Points" they have, by first carrying out the designated Beneficiary Confirmation Procedures on the Beneficiary Confirmation Date set out in the Policy. However, where the requirements set out separately in the Policy are fulfilled in addition to the beneficiary requirements, Directors of the Board etc. shall instead of such award of shares in the Company receive a cash award in respect of a specific share of the points awarded to them, which is equivalent to the market value of such shares on the Beneficiary Confirmation Date. The Trust may sell shares in the Company when making such cash awards.

Attachments

Business Report

(from April 1, 2017 through December 31, 2017)

1. Current status of the Nissha Group

(1) Progress and results of operations

Effective from the fiscal year ended December 31, 2017, the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the term under review is a nine-month period from April 1, 2017 to December 31, 2017. Therefore, the consolidated financial results for the fiscal year ended December 31, 2017 below are compared with those for the previous corresponding term (April 1, 2016 to December 31, 2016). Prior to this change, profits and losses of the Company and domestic consolidated subsidiaries from April 1, 2016 to December 31, 2016 and profits and losses of overseas consolidated subsidiaries from January 1, 2016 to September 30, 2016 were previously consolidated into the consolidated statement of operations for the nine months ended December 31, 2016 respectively. However, as a result of the above change, profits and losses of the Company and all consolidated subsidiaries for the period from April 1, 2017 to December 31, 2017 were consolidated into the consolidated statement of income for the fiscal year ended December 31, 2017.

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

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

While the consolidated financial results for the term are for a nine-month period in accordance with the changes in the fiscal year end date, the net sales reached a record high of ¥159,518 million, (an increase of 94.9% as compared to the same period of the previous year). For income, operating profit was ¥6,278 million (operating loss of ¥1,630 million in the same period of the previous year), ordinary profit was ¥7,578 million (ordinary loss of ¥2,272 million in the same period of the previous year), and profit attributable to owners of parent was ¥6,734 million (loss attributable to owners of parent of ¥3,355 million in the same period of the previous year).

Following is an overview by business segment.

Industrial Materials

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

During the fiscal year ended December 31, 2017, demand for products was mostly solid primarily for our mainstay automotive components, and metallized paper. Also, the profitability of the business improved mainly due to reduction on quality cost.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥37,283 million, an increase of 4.0% as compared to the same period of the previous year. Segment profit (operating profit) was ¥1,281 million, an increase of 124.3% as compared to the same period of the previous year.

Principal products

In-mold decoration (IMD) and in-mold labeling (IML), metallized paper, heat transfer foil and lamination for glass

*IMD and IML are registered trademarks of Nissha Co., Ltd.

Devices

In the Devices segment, the Nissha Group produces devices that pursue precision and functionality. Our main products, film-based Touch Sensors are adopted mainly in smartphones, tablets, gaming consoles, industrial equipment and automotive components in global markets. In addition, the Nissha Group offers gas sensors that can detect gas conditions, along with other products.

During the fiscal year ended December 31, 2017, demand for products adopted for smartphones, tablets and gaming consoles progressed steadily, while advance expenses increased mainly due to the establishment of a production structure to meet vigorous demand.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥97,206 million, an increase of 186.3% as compared to the same period of the previous year. Segment profit (operating profit) was ¥7,016 million, an increase of 1,011.4% as compared to the same period of the previous year.

Principal products

Film-based Touch Sensor (capacitive-type touch sensor and resistive-type touch sensor), force sensor, gas sensor and wireless sensor network

Life Innovation

(Life Innovation changed its segment name to Medical Technologies effective from January 1, 2018.) The Life Innovation segment is a business segment in which Graphic Controls Group, a medical devices and consumables products manufacturer, acts as a core company to offer high-quality and value-added products in medical devices and consumables and other related fields to contribute to healthy and affluent life. Main products of this segment are disposable electrodes and surgical instruments for medical institutions. Graphic Controls Group currently manufactures and sells its own brand products to medical institutions and also provides contract manufacturing services for major medical device manufacturers in the North and Central America and Europe.

During the fiscal year ended December 31, 2017, demand progressed steadily for our mainstay products for contract manufacturing services.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥14,081 million. Segment profit (operating profit) was ¥244 million.

There is no comparable data and analysis for this segment against the same period of the previous year because this is a new reportable segment established as a result of the inclusion of Graphic Controls Group in the scope of consolidation effective from the third quarter ended December 31, 2016.

Principal products

ECG electrodes, wearable devices and surgical instruments

*Products are not produced or sold in Japan (as of December 31, 2017).

Information and Communication

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

During the fiscal year ended December 31, 2017, the commercial printing field, the key product field in this segment, was affected by a decrease in the volume of printed materials due to the diversification of information media. These movements led the business into a highly competitive climate.

As a result, segment sales for the fiscal year ended December 31, 2017 were ¥10,673 million, an increase of 0.9% as compared to the same period of the previous year. Segment loss (operating loss) was ¥445 million (segment loss (operating loss) of ¥107 million in the same period of the previous year).

Principal products

Publication printing, commercial printing, sales promotion, web solutions, and art solutions

(2) Status of fund procurement, etc.

1) Status of fund procurement

The Nissha Group did not procure funds through the issuance of bonds and new shares, etc.

2) Status of capital investment

The Nissha Group aims to increase business opportunities in the consumer electronics (IT) field, while focusing on the development of new businesses and new products, in a bid to establish a business base toward the next stage of growth.

To this end, we expanded the production capacity of Nitec Precision and Technologies, Inc. to cope with large-scale orders in the Devices business segment. We are also constructing the Nissha Innovation Center Kyoto in the Headquarters of the Company.

As a result, capital investment amounted to ¥1,759 million in the Industrial Materials business segment, ¥3,857 million in the Devices business segment, ¥179 million in the Life Innovation business segment, ¥64 million in the Information and Communication business segment, and ¥3,203 million in other and common corporate divisions (R&D and Administration divisions), with the overall capital investment of the Nissha Group standing at ¥9,063 million.

The details of our major capital investment are as follows:

| Segments | Breakdown of major capital investment |
|--|---|
| Industrial Materials | Expansion of production capacity at European bases and start-up of a production factory in Malaysia |
| Devices | Expansion of production capacity of Nitec Precision and Technologies, Inc. |
| Other and common corporate divisions (R&D and Administration divisions) | Construction of the Nissha Innovation Center Kyoto |

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

(3) Status of assets and operating results

1) Status of consolidated assets and profit and loss

(Millions of Yen)

| Items | FY2015.3 | FY2016.3 | FY2017.3 | FY2017.12 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | [the 96 th business term] | [the 97 th business term] | [the 98 th business term] | (current term) [the 99 th business term] |
| Net sales | 117,328 | 119,796 | 115,802 | 159,518 |
| Operating income (loss) | 8,602 | 10,546 | (3,904) | 6,278 |
| Ordinary income (loss) | 12,402 | 9,238 | (4,914) | 7,578 |
| Profit (loss) attributable to owners of parent | 11,234 | 6,896 | (7,408) | 6,734 |
| Basic earnings (loss) per share (Yen) | 261.80 | 160.72 | (169.10) | 139.72 |
| Total assets | 115,430 | 156,107 | 182,670 | 225,160 |
| Net assets | 66,313 | 70,096 | 74,606 | 94,054 |

- Notes:
1. Basic earnings (loss) per share are calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury shares).
 2. Effective from FY2017.3 (the 98th business term), the Company has introduced the "Board Benefit Trust (BBT)." When calculating basic earnings (loss) per share, the Company shares that remain in the trust recorded as treasury shares under shareholders' equity are included in treasury shares to be deducted in the calculation of the average number of outstanding shares during the fiscal year.
 3. Effective from FY2017.12 (current term), the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the current term is a nine-month period from April 1, 2017 to December 31, 2017.

2) Status of non-consolidated assets and profit and loss

(Millions of Yen)

| Items | FY2015.3 | FY2016.3 | FY2017.3 | FY2017.12 |
|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | [the 96 th business term] | [the 97 th business term] | [the 98 th business term] | (current term) [the 99 th business term] |
| Net sales | 108,275 | 88,430 | 68,993 | 111,530 |
| Operating income (loss) | 3,104 | 309 | (1,315) | 4,210 |
| Ordinary income (loss) | 9,523 | (29) | (692) | 6,639 |
| Profit (loss) | 8,667 | (1,453) | (1,807) | 5,483 |
| Basic earnings (loss) per share (Yen) | 201.98 | (33.88) | (41.24) | 113.77 |
| Total assets | 101,911 | 117,191 | 133,174 | 170,148 |
| Net assets | 57,376 | 53,152 | 61,207 | 78,155 |

- Notes:
1. Basic earnings (loss) per share are calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury shares).
 2. Effective from FY2017.3 (the 98th business term), the Company has introduced the "Board Benefit Trust (BBT)." When calculating basic earnings (loss) per share, the Company shares that remain in the trust recorded as treasury shares under shareholders' equity are included in treasury shares to be deducted in the calculation of the average number of outstanding shares during the fiscal year.
 3. Effective from FY2017.12 (current term), the Company changed the fiscal year end date from March 31 to December 31. In line with this change, the current term is a nine-month period from April 1, 2017 to December 31, 2017.

(4) Issues to be addressed

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

The next term is to be the first year of the Sixth Medium-term Business Plan, which spans a three-year period starting from January 2018. To the end of the term under review, the Nissha Group received large-scale orders through product development and capital investment for the consumer electronics (IT) markets which is the mainstay market of the Group. Also, the Group expanded its business bases in automotive markets and advanced into the new businesses in the fields of medical devices and high-function packaging materials through active M&A strategies, thereby committing to business portfolio reorganization and optimization. The Nissha Group now has more than 50 business bases in Japan and overseas, and more than half of its employees work at overseas bases. On October 6, 2017, we renamed the parent company Nissha Co., Ltd. And on January 1, 2018, we formulated the Nissha Philosophy, declaring that the Nissha Group will carry on following a path of continuous change.

Building on these achievements, in the Sixth Medium-term Business Plan we identify IT, automotive, medical devices, and high-function packaging materials as our four priority markets. We will execute a global growth strategy that maximizes the business foundation acquired and established thus far, and aim to consummate reorganization and optimization of our business portfolio in “Balanced management”. While setting our sights on new records in all areas of net sales, EBITDA* and operating income, and we will continue using return on equity (ROE) and return on invested capital (ROIC) as primary management indices for measuring capital efficiency and particularly capital costs.

* In the light of the Nissha Group’s global business expansion and increase in number of consolidated subsidiaries outside Japan, we adopted EBITDA as a major financial index with the start of the Sixth Medium-term Business Plan. EBITDA is short for earnings before interest, taxes, depreciation and amortization.

The Mission of the Nissha Group under the Nissha Philosophy and the gist of the Sixth Medium-term Business Plan are as follows:

- 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.”

- Medium-term Vision (Qualitative)

“Completion of Balanced Management”

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

- Medium-term Vision (Quantitative)

Our consolidated targets in major financial indices for the fiscal year ending December 31, 2020, are as follows.

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

The Nissha Group will strive to accomplish the Sixth Medium-term Business Plan, with all its members working together. We would sincerely like to ask for continued support and encouragement from each of our esteemed shareholders.

(5) Principal bases, etc. of the Nissha Group (as of December 31, 2017)

1) Principal offices and factories

(i) The Company

| | |
|-----------------------|-----------------------------|
| Headquarters | Kyoto |
| Division Headquarters | Tokyo (Shinagawa-ku, Tokyo) |

(ii) Subsidiaries

| | |
|--|---|
| Nitec Industries, Inc. | Headquarters /Factory (Koka, Shiga Pref.) |
| Nitec Precision and Technologies, Inc. | Headquarters/Factory (Himeji, Hyogo Pref.) |
| | Kaga Factory (Kaga, Ishikawa Pref.) |
| | Kyoto Factory (Kyoto) |
| | Tsu Factory (Tsu, Mie Pref.) |
| Nissha FIS, Inc. | Headquarters/Factory (Itami, Hyogo Pref.) |
| Nissha Printing Communications, Inc. | Headquarters (Kyoto) |
| | Tokyo Division Headquarters (Shinagawa-ku, Tokyo) |
| | Osaka Division Headquarters (Osaka) |
| Nitec Printing Co., Ltd. | Headquarters/Factory (Kyoto) |
| | Yachiyo Factory (Yachiyo, Chiba Pref.) |
| Nissha Business Service, Inc. | Headquarters (Kyoto) |
| Nissha USA, Inc. | Head Office (U.S.A.) |
| Eimo Technologies, Inc. | Head Office/Factory (U.S.A.) |
| Nissha Si-Cal Technologies, Inc. | Head Office/Factory (U.S.A.) |
| Nissha PMX Technologies, S.A. de C.V. | Head Office/Factory (Mexico) |
| Nissha Medical International, Inc. | Head Office (U.S.A.) |
| Graphic Controls Holdings, Inc. | Head Office (U.S.A.) |
| Graphic Controls Acquisition Corp. | Head Office (U.S.A.) |
| Graphic Controls Ltd. | Head Office/Factory (U.K.) |
| Nissha Europe GmbH | Head Office (Germany) |
| Schuster Kunststofftechnik GmbH | Head Office/Factory (Germany) |
| Back Stickers GmbH | Head Office/Factory (Germany) |
| AR Metallizing N.V. | Head Office/Factory (Belgium) |
| Málaga Produtos Metalizados Ltda. | Head Office/Factory (Brazil) |
| Nissha Korea Inc. | Head Office (Korea) |
| Nissha Industrial and Trading (Shenzhen) Co., Ltd. | Head Office (China) |
| Nissha (Kunshan) Precision IMD Mold Co., Ltd. | Head Office/Factory (China) |
| Guangzhou Nissha High Precision Plastics Co., Ltd. | Head Office/Factory (China) |
| Taiwan Nissha Co., Ltd. | Head Office (Taiwan) |
| Nissha Industrial and Trading Malaysia Sdn. Bhd. | Head Office (Malaysia) |
| Nissha Precision Technologies Malaysia Sdn. Bhd. | Head Office/Factory (Malaysia) |
| Nissha Flooring Industries Sdn. Bhd. | Head Office/Factory (Malaysia) |
| Nissha Vietnam Co., Ltd. | Head Office (Vietnam) |

- Notes: 1. Si-Cal Technologies, Inc. changed its trade name to Nissha Si-Cal Technologies, Inc. as of December 14, 2017.
2. Southern Nissha Sdn. Bhd. changed its trade name to Nissha Precision Technologies Malaysia Sdn. Bhd. as of December 27, 2017.
3. FIS Inc., Nissha Business Service Co., Ltd. and PMX Technologies, S.A. de C.V. changed their trade names to Nissha FIS, Inc., Nissha Business Service, Inc. and Nissha PMX Technologies, S.A. de C.V., respectively, as of December 31, 2017.

2) Status of employees

(i) Status of employees of the Nissha Group

| Segments | Number of employees | Increase (Decrease) from the previous fiscal year-end |
|---|---------------------|---|
| Industrial Materials | 2,278 | +9 |
| Devices | 1,347 | +92 |
| Life Innovation | 1,067 | +100 |
| Information and Communication | 276 | +4 |
| Other and common corporate divisions (R&D and Administration divisions) | 354 | -16 |
| Total | 5,322 | +189 |

- Notes: 1. "Number of employees" indicates the number of employees actually working.
 2. Life Innovation changed its segment name to Medical Technologies effective from January 1, 2018.

(ii) Status of employees of the Company

| Number of employees | | Increase (Decrease) from the previous fiscal year-end | Average age | Average length of service |
|---------------------|-----|---|-------------|---------------------------|
| Male | 603 | -16 | 41.8 years | 14.1 years |
| Female | 188 | +5 | 35.9 years | 10.7 years |
| Total or average | 791 | -11 | 40.4 years | 13.3 years |

Note: "Number of employees" indicates the number of employees actually working.

(6) Status of important parent company and subsidiaries (as of December 31, 2017)

1) Status of the parent company
Not applicable.

2) Status of subsidiaries

| Company name | Capital | Equity stake of the Company | Major businesses |
|--|--------------------|-----------------------------|--|
| Nitec Industries, Inc. | JPY 12 million | 100% | Production of decorative films |
| Nitec Precision and Technologies, Inc. | JPY 20 million | 100% | Production of film-based Touch Sensors |
| Nissha Printing Communications, Inc. | JPY 100 million | 90% | Planning, development, production and sales of products and services such as publication printing, commercial printing, etc. |
| Eimo Technologies, Inc. | USD 0 | 100%* | Production and sales of plastic injection molded products |
| Graphic Controls Acquisition Corp. | USD 0 | 97.1%* | Production and sales of medical devices, consumable medical products, etc. |
| AR Metallizing N.V. | EUR 9,000 thousand | 100%* | Production and sales of metallized papers |

- Notes:
1. The figure ending with an * indicates the ratio of indirect equity participation.
 2. Important subsidiaries are selected according to the criteria of capital, net assets, net sales, etc.
 3. The "Capital" column of Eimo Technologies, Inc. is stated at the amount of common stock. The total paid-in capital of Eimo Technologies, Inc. (an amount consisting of common stock and additional paid-in capital) is USD 15,000 thousand.
 4. The "Capital" column of Graphic Controls Acquisition Corp. is stated at the amount of common stock. The total paid-in capital of Graphic Controls Acquisition Corp. (an amount consisting of common stock and additional paid-in capital) is USD 29,400 thousand.

(7) Principal creditors and amount of borrowings (as of December 31, 2017)

(Millions of Yen)

| Creditors | Amount of borrowings |
|--|----------------------|
| Mizuho Bank, Ltd. | 5,000 |
| The Bank of Kyoto, Ltd. | 2,500 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 2,500 |

2. Matters Regarding Shares of the Company (as of December 31, 2017)**(1) Total number of shares authorized 180,000,000 shares****(2) Total number of common shares issued 50,810,369 shares
(including 104,710 treasury shares)**

Note: The total number of common shares issued increased by 3,988,216 due to the exercise of the rights attached to the Zero Coupon Convertible Bonds (bonds with stock acquisition rights).

(3) Number of shareholders 7,402**(4) Major shareholders (Top 10)**

| Name | No. of Shares Held (thousand shares) | Shareholding Ratio (%) |
|--|---|---------------------------|
| Japan Trustee Services Bank, Ltd. (trust account) | 4,439 | 8.75 |
| Suzuki Kosan Co., Ltd. | 2,563 | 5.05 |
| Meiji Yasuda Life Insurance Company | 2,341 | 4.61 |
| Mizuho Bank, Ltd. | 2,076 | 4.09 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 1,629 | 3.21 |
| The Bank of Kyoto, Ltd. | 1,442 | 2.84 |
| TAIYO HANEI FUND, L.P. | 1,411 | 2.78 |
| Japan Trustee Services Bank, Ltd. (trust account 9) | 1,231 | 2.42 |
| Nissha Kyoeikai | 1,029 | 2.03 |
| STATE STREET BANK AND TRUST COMPANY 505019 | 971 | 1.91 |

Notes: 1. The shareholding ratio was computed after excluding treasury shares from the total number of common shares issued.

2. The Company introduced a performance-linked stock compensation plan, "Board Benefit Trust (BBT)," and Trust & Custody Services Bank, Ltd. (Trust E Account) (hereinafter, the "Trust E Account") holds 67 thousand shares of the Company's stock. The shares of the Company's stock held by the Trust E Account are not included in treasury shares.

3. The shares held by Mizuho Bank, Ltd., mentioned above, are trust assets of a retirement benefit trust contributed by the bank (the name in the register of shareholders is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Retrustee Trust & Custody Services Bank, Ltd.).

4. Nissha Kyoeikai is a supplier ownership association of the Company.

3. Matters Regarding Stock Acquisition Rights

(1) Stock Acquisition Rights held by Directors of the Board of the Company as of the end of the current Fiscal Year

Not applicable.

(2) Stock Acquisition Rights Granted to Employees, etc. of the Company during the current Fiscal Year

Not applicable.

(3) Other Important Matters Regarding Stock Acquisition Rights (as of December 31, 2017)

Outline of stock acquisition rights attached to the “Zero Coupon Convertible Bonds due 2021 (bonds with stock acquisition rights)” issued by a resolution of the Board of Directors held on February 18, 2016 are as follows:

| | |
|--|---|
| Date of issuance | March 7, 2016 (London time) |
| Number of the Stock Acquisition Rights | The total number of 294 plus the number calculated by dividing the total principal amount of the Bond relating to bonds with substitute stock acquisition rights by ¥10,000,000 |
| Type of shares underlying the Stock Acquisition Rights | Common stock of the Company |
| Number of shares underlying the Stock Acquisition Rights | The number is calculated by dividing the total principal amount of the Bond subject to the request for exercise by the conversion price; provided, however, that any resulting fraction of less than one share shall be rounded down and that no adjustment shall be conducted in cash. |
| Amount to be paid in exchange for the Stock Acquisition Rights | No cash payment is required in exchange for the Stock Acquisition Rights |
| Description and amount of property contributed upon the exercise of the Stock Acquisition Rights | Upon the exercise of each Stock Acquisition Right, the Bond related to the relevant Stock Acquisition Right shall be contributed and the value of the Bond shall be equal to the principal amount of the Bond. The conversion price shall initially be ¥2,209. |
| Exercise period of the Stock Acquisition Rights | From March 21, 2016 (including such date) to the closing time of the banking business (local time at the place where the request for the exercise of the Stock Acquisition Rights is received) on February 22, 2021 (including such date) |
| Conditions for the exercise of the Stock Acquisition Rights | No Stock Acquisition Right may be exercised only in part. |
| Balance of bonds with stock acquisition rights | ¥2,940 million |

**4. Matters Regarding Directors of the Board and Audit and Supervisory Board Members
(as of December 31, 2017)**

**(1) Status of Directors of the Board and Audit and Supervisory Board Members of the
Company**

| Position | Name | Responsibilities | Significant positions concurrently held |
|--|------------------|--|--|
| Chairman of the Board, President and CEO | Junya Suzuki | Chief Executive Officer | Chairman, Kyoto Association of Corporate Executives Chairman, Nissha USA, Inc. Chairman, Nissha Europe GmbH Chairman, AR Metallizing N.V. President and CEO, Representative Director, Suzuki Kosan Co., Ltd. Representative Director, Nissha Foundation for Printing Culture and Technology |
| Director of the Board | Takao Hashimoto | Senior Executive Vice President Chief Technology Officer Senior Director of Product and Business Development Office Director of Medical Management Office | Representative Director, Nissha FIS, Inc. |
| Director of the Board | Hayato Nishihara | Senior Executive Vice President Chief Financial Officer Senior Director of Human Resources, General Affairs and Legal Affairs | |
| Director of the Board | Yoshiharu Tsuji | Special Assistant to President Director of Tokyo Division Headquarters | Representative Director, Nissha Business Service, Inc. |
| Independent Outside Director of the Board | Tamio Kubota | | |
| Independent Outside Director of the Board | Kenji Kojima | | Specially Appointed Professor at Research Institute for Economics & Business Administration, Kobe University |
| Independent Outside Director of the Board | Sawako Nohara | | Representative Director, President, IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Independent Outside Director of the Board, Sampo Holdings, Inc. Independent Outside Director of the Board, Japan Post Bank Co., Ltd. |
| Independent Outside Director of the Board | Kazuhito Osugi | | Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD. |
| Full-time Audit and Supervisory Board Member | Hitoshi Konishi | | |
| Full-time Audit and Supervisory Board Member | Yasuro Nonaka | | |
| Independent Audit and Supervisory Board Member | Shigeaki Momo-o | | Partner, Momo-o, Matsuo & Namba |

| Position | Name | Responsibilities | Significant positions concurrently held |
|--|---------------|------------------|--|
| Independent Audit and Supervisory Board Member | Yusuke Nakano | | General Manager, NAKANO C.P.A. OFFICE Senior Partner, SEIYU AUDIT CORPORATION Independent Audit and Supervisory Board Member, FUJIX Ltd. Corporate Auditor, SK-Electronics Co., Ltd. Outside Corporate Auditor, WATABE WEDDING CORPORATION |

- Notes:
1. Mr. Tamio Kubota, Mr. Kenji Kojima, Ms. Sawako Nohara and Mr. Kazuhito Osugi are all Independent Outside Directors of the Board as stipulated in Article 2, Item 15 of the Companies Act.
 2. Both Mr. Shigeaki Momo-o and Mr. Yusuke Nakano are Independent Audit and Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
 3. Mr. Shigeaki Momo-o, Audit and Supervisory Board Member, has a qualification as attorney-at-law and possesses considerable knowledge with regard to overall legal affairs.
 4. Mr. Yusuke Nakano, Audit and Supervisory Board Member, has a qualification as certified public accountant and possesses considerable knowledge with regard to finance and accounting.
 5. The Company holds general seminar sessions at which Mr. Kenji Kojima, Director of the Board, lectures employees of the Company about the management strategy, and pays remuneration to him for the service. However, the amount of remuneration meets the immateriality standards provided for in the “Standards for Independence of Independent Officers” (page 14) of the Company.
 6. The Company has transactional relations, including logistics services, with NIPPON EXPRESS CO., LTD., a company for which Mr. Kazuhito Osugi, Director of the Board, serves as an Advisor for the Security Transport Business Division. The amount, however, meets the immateriality standards provided for in the “Standards for Independence of Independent Officers” (page 14) of the Company.
 7. The Company received necessary legal advice from, and paid remuneration to, Momo-o, Matsuo & Namba, a law firm to which Mr. Shigeaki Momo-o, Audit and Supervisory Board Member, belongs. However, the amount meets the immateriality standards provided for in the “Standards for Independence of Independent Officers” (page 14) of the Company.
 8. No relationship to be described exists between the companies where significant positions are concurrently held by Independent Outside Directors of the Board or Independent Audit and Supervisory Board Members and the Company.
 9. The Company has introduced a corporate officer system to enhance corporate governance. The 17 Corporate Officers including two Corporate Officers who concurrently serve as Directors of the Board were appointed to Corporate Officers on January 1, 2018.
 10. Mr. Tamio Kubota, Mr. Kenji Kojima, Ms. Sawako Nohara and Mr. Kazuhito Osugi, Directors of the Board, and Mr. Shigeaki Momo-o and Mr. Yusuke Nakano, Audit and Supervisory Board Members, are registered as Independent Officers of the Company with the Tokyo Stock Exchange.

(2) Total amount of remunerations paid to Directors of the Board and Audit and Supervisory Board Members

| Title | Number of officers | Total amount of remunerations |
|-------------------------------------|--------------------|---|
| Directors of the Board | 8 | ¥205 million (¥21 million of which were paid to four Independent Outside Directors of the Board) |
| Audit and Supervisory Board Members | 4 | ¥32 million (¥10 million of which were paid to two Independent Audit and Supervisory Board Members) |
| Total | 12 | ¥237 million (¥32 million of which were paid to six Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members) |

- Notes: 1. It was resolved at the Ordinary General Meeting of Shareholders for the 97th Business Term, held on June 17, 2016, that the amount of remunerations to be paid to Directors of the Board in total per year shall not exceed ¥430 million (of which, the amount of remunerations to be paid to Independent Outside Directors of the Board shall not exceed ¥40 million).
2. It was resolved at the Ordinary General Meeting of Shareholders for the 97th Business Term, held on June 17, 2016, that the amount of remunerations to be paid to Audit and Supervisory Board Members in total per year shall not exceed ¥60 million (of which, the amount of remunerations to be paid to Independent Audit and Supervisory Board Members shall not exceed ¥20 million).
3. The aforementioned total amount of remunerations includes provision for management board benefit trust of ¥22 million recorded in the current term for four Directors of the Board (excluding Independent Outside Directors of the Board) as a performance-linked stock compensation plan for Directors of the Board (excluding Independent Outside Directors of the Board), Corporate Officers, and Directors of the Board of some of the subsidiaries of the Company. The total amount of remunerations for Directors of the Board under the plan was resolved at the Ordinary General Meeting of Shareholders for the 97th Business Term held on June 17, 2016, as a framework kept separate from the total amount of remunerations mentioned in 1 above.

(3) Matters Regarding Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members

1) Major activities of Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members

| Position | Name | Major activities |
|---|-----------------|---|
| Independent Outside Directors of the Board | Tamio Kubota | He attended all of the 14 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on his international knowledge and broad experience as a manager and an audit and supervisory board member in other companies. |
| | Kenji Kojima | He attended all of the 14 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinion concerning the management of the Company based on his deep knowledge as an expert in corporate governance and corporate strategies. |
| | Sawako Nohara | She attended 13 of the 14 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on her broad experience as a manager and director and audit and supervisory board member in other companies. |
| | Kazuhiro Osugi | He attended all of the 14 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinion concerning the management of the Company based on his deep insight in the field of finance. |
| Independent Audit and Supervisory Board Members | Shigeaki Momo-o | He attended all of the 14 meetings of the Board of Directors and all of the 10 meetings of the Audit and Supervisory Board held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a lawyer. |
| | Yusuke Nakano | He attended all of the 14 meetings of the Board of Directors and nine of the 10 meetings of the Audit and Supervisory Board held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a certified public accountant. |

2) Outline of the details of contracts for limitation of liability concluded with Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members

The Company has concluded contracts for limitation of liability with all Independent Outside Directors of the Board and all Independent Audit and Supervisory Board Members to limit liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's or Audit and Supervisory Board Member's duty is performed in good faith and with no gross negligence.

3) Total amount of remunerations of Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members received from subsidiaries of the Company

Not applicable.

5. Matters Regarding Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of remunerations

| Classification | Amount of remunerations |
|---|-------------------------|
| Amount of remunerations to be paid during the fiscal year under review | ¥53 million |
| Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor | ¥91 million |

Notes: 1. The "Amount of remuneration to be paid during the fiscal year under review" is the sum of the amount of remunerations for auditing services in accordance with the Companies Act and the amount of remunerations for auditing work in accordance with the Financial Instruments and Exchange Act, since the two kinds of remunerations are not clearly divided under the audit agreement concluded between the Company and the Accounting Auditor and they cannot be divided practically.

2. A part of foreign subsidiaries of the Company were audited by the audit firms other than the Accounting Auditor of the Company.

3. Based on the "Practical Guidance for Cooperation with Accounting Auditors" announced by the Japan Audit and Supervisory Board Members Association, the Audit and Supervisory Board of the Company checked the audit hours in auditing plans, changes in remunerations, status of auditing plans versus actual results in previous fiscal years, and examined the appropriateness of the estimated amount of remuneration. As a result, the Audit and Supervisory Board agreed on the remuneration paid or payable to the Accounting Auditor as set forth in Article 399, Paragraph 1 of the Companies Act.

(3) Details of non-auditing services

The Company pays the Accounting Auditor consideration for consulting services, which fall under businesses other than the businesses under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Outline of the details of the liability limitation agreement concluded with the Accounting Auditor

Not applicable.

(5) Policy on decision to dismiss or not to reappoint the Accounting Auditor

In the case that the Accounting Auditor falls under any of the items in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Board shall discharge the Accounting Auditor upon the unanimous approval of the Audit and Supervisory Board Members. In this case, the Audit and Supervisory Board Member designated by the Audit and Supervisory Board shall report the dismissal of the Accounting Auditor and the reason therefor at the first General Meeting of Shareholders convened after the dismissal.

In addition to the aforementioned case, when execution of proper auditing is thought to be difficult due to the occurrence of events that harm eligibility and independence of the Accounting Auditor, the Audit and Supervisory Board shall decide the content of the proposal to be submitted to General Meeting of Shareholders for the dismissal or the non-reappointment of the Accounting Auditor.

6. Systems and Policies of the Company

(1) Systems necessary to ensure that the execution of the duties by Directors of the Board complies with laws and regulations and the Company's Articles of Incorporation and other systems necessary to ensure the properness of operations of the Company

The details of the resolution made by the Board of Directors on the establishment of the aforementioned systems are as follows:

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall establish systems to ensure the properness of operations (hereinafter referred to as "Internal Control") of the group consisting of the Company and its subsidiaries (hereinafter referred to as the "Nissha Group") as follows:

1) Systems necessary to ensure that the execution of duties by Directors of the Board and employees of the Nissha Group complies with laws and regulations and the Company's Articles of Incorporation

- (i) The Company shall establish a "Guideline of the Corporate Ethics and Compliance" and "Code of Conduct" based on its "Mission," "Shared Values," etc., which specify the basis of mission and thought common to the entire Group, so as to comply with laws and social ethics from a global point of view.
- (ii) The Company shall establish a Corporate Ethics and Compliance Subcommittee under the internal regulations to carry out monitoring and educational activities to ensure compliance with laws and regulations, the Company's Articles of Incorporation and social norms. In addition, the Company shall appoint a Manager and Leader in charge of promotion in each business unit of the Nissha Group to establish a structure for promoting Corporate Ethics and Compliance. An "in-house reporting system" shall be established and operated, through which employees may provide information directly to the Company, while due measures are taken for the protection of whistleblowers.
- (iii) The Company shall elect multiple Independent Outside Directors of the Board to maintain and enhance the function of supervising the execution of duties by Directors of the Board.

In addition, the Company shall establish a Nomination and Remuneration Committee as an advisory panel for the Board of Directors of the Company in order to ensure the objectiveness and fairness of the nomination of Directors of the Board and Audit and Supervisory Board Members as well as the remuneration of the Directors of the Board. The Nomination and Remuneration Committee shall be chaired by an Independent Outside Director of the Board and the majority of its members shall be Independent Outside Directors of the Board.

- (iv) The Internal Audit Division, which is under the direct control of the Chairman of the Board, President and CEO, shall analyze and evaluate the state of the establishment and operations of an Internal Control system, propose an improvement plan, and enrich the system.
- (v) The Company shall set a basic policy to counter antisocial forces, shall not have any relationship with antisocial forces, and shall not respond to any unreasonable demands with a resolute attitude in compliance with the Regulations regarding antisocial forces, and the Nissha Group shall strive for thorough implementation of such measures

- 2) Systems regarding the retention and management of information relating to the execution of duties by Directors of the Board**
- (i) The Company shall retain and manage information regarding execution of duties by Directors of the Board, including the minutes of the General Meetings of Shareholders, the minutes of the meetings of the Board of Directors and the requests for managerial decision, properly and with certainty pursuant to the laws and regulations and in-house regulations on information management, and the information shall be maintained in a condition which can be inspected.
 - (ii) The Company shall disclose important information on the Nissha Group timely and properly by establishing a Disclosure Control Committee which shall discuss the necessity of timely disclosure of corporate information and the contents of disclosure.
- 3) Rules and other systems for risk management of the Nissha Group**
- (i) The Company shall formulate the Basic Policy for Risk Management to specify the Nissha Group's initiatives in risk management.
 - (ii) The Company shall respond to the risk of managerial losses by organizing company-wide and cross-organizational subcommittees to manage the issues of Corporate Ethics Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, Quality, and Customer Satisfaction under the CSR Committee led by the Chairman of the Board, President and CEO as the acting Committee Chairman.
 - (iii) Each subcommittee and the superintending division shall establish a management policy, rules, etc.; determine risk analysis, risk assessment, and related measures; conduct daily monitoring activities; and report the results of reviews to the CSR Committee.
 - (iv) The CSR Committee shall summarize major risks faced by the Company on a regular basis for review by management while reporting them to the Board of Directors.
- 4) Systems necessary to ensure the efficient execution of the duties by Directors of the Board of the Nissha Group**
- (i) Through the introduction of the corporate officer system, the Company shall establish functional segregation between strategy development and management monitoring functions to be undertaken by the Board of Directors and business execution functions to be undertaken by the Corporate Officers.
 - (ii) The Board of Directors of the Company shall approve medium-term business plans, and the Directors of the Board and employees shall execute operations based on such strategic and performance plans.
 - (iii) The Chairman of the Board, President and CEO shall request the Corporate Officers to report the status of their execution of business and confirm whether or not the business is executed according to the plans at a monthly meeting (MBR: Monthly Business Review).
 - (iv) The Company shall share the status of execution of business by the Corporate Officers and the strategy implementation items to be undertaken by its organizations through the use of IT to improve business efficiency.
- 5) Systems necessary to ensure the proper business operation of the Nissha Group**
- (i) The Company shall formulate the Affiliated Company Management Regulations to set basic administration policy for the management of each company of the Nissha Group. In addition, the Company shall manage the performance of important operations of each company of the Nissha Group by designating matters requiring approval of and reporting to the Company with regard to the execution of those operations in the Regulations on Requests for Managerial Decisions.
 - (ii) The Company shall appoint its officers or employees to become Directors of the Board

and Audit and Supervisory Board Members of each company of the Nissha Group in order to ensure the proper execution of operations.

- (iii) The corporate division shall manage the proper execution of operations at each company of the Nissha Group and lead and counsel it, as necessary.
- (iv) The Company shall periodically convene the Group Audit and Supervisory Board meeting for the exchange of information among the Audit and Supervisory Board Members of the Nissha Group and strive to improve and strengthen the audits for each company of the Nissha Group.

6) Matters regarding employees assisting the duties of Audit and Supervisory Board Members, when Audit and Supervisory Board Members ask for appointment of such employees, and matters regarding the independence of such employees from Directors of the Board

- (i) The Company shall establish an Auditor and Supervisory Board Member's Office to assist the duties of Audit and Supervisory Board Members, and shall arrange for employees to be exclusively assigned to the Office.
- (ii) The Auditor and Supervisory Board Member's Office shall belong to the Audit and Supervisory Board and be independent from Directors of the Board. With regard to matters regarding the personnel affairs of the employees of the Auditor and Supervisory Board Member's Office, approval of the Audit and Supervisory Board shall be obtained through consultation.

7) Systems for reporting to Audit and Supervisory Board Members by Directors of the Board and employees of the Nissha Group and other systems regarding reporting to Audit and Supervisory Board Members

Directors of the Board and employees of the Nissha Group shall quickly report to the Audit and Supervisory Board items that will potentially have a serious influence on the Nissha Group, the status of risk management, the results of internal audits, the status of internal reports and the details of such reports, etc. The Audit and Supervisory Board Members of the Company shall request the Directors of the Board and employees of the Nissha Group to report such matters as necessary. In addition, whistleblowers shall not be treated disadvantageously in any way whatsoever as a consequence of such reporting.

8) Other systems necessary to ensure the effective audit by Audit and Supervisory Board Members

- (i) The regular meetings for exchanges of opinions between the Chairman of the Board, President and CEO, Directors of the Board and the Audit and Supervisory Board shall be held. The Audit and Supervisory Board Members shall also set up regular meetings with the Accounting Auditor, Internal Audit Divisions and corporate division to cooperate with them closely.
- (ii) The Audit and Supervisory Board Members shall attend not only the meetings of the Board of Directors, but also other important meetings, and express their opinions as necessary. In addition, they shall also examine the requests for managerial decision and other important documents.
- (iii) The Company shall ensure objectivity and effectiveness of audits through Independent Audit and Supervisory Board Members, including those who have considerable knowledge concerning finance and accounting or legal affairs, such as a certified public accountant or an attorney, etc.
- (iv) The Company shall bear expenses necessary for the execution of duties by the Audit and Supervisory Board Members. If an Audit and Supervisory Board Member requests the Company to make an advance payment of such expenses pursuant to laws and regulations, the Company shall promptly comply with the request upon confirmation.

(2) Overview of the state of operations of systems to ensure the properness of operations

1) Initiatives for compliance

The Company has established the “Guideline of the Corporate Ethics and Compliance” and “Code of Conduct” based on its “Mission,” “Shared Values,” etc., which specify the mission and the standards of thought common to the Nissha Group. The Corporate Ethics and Compliance Subcommittee takes a leadership role in providing learning mainly through the intranet and training sessions on pertinent themes whenever necessary in order to make them thoroughly known to officers and employees on a global basis.

In order to appropriately address the issues of corporate ethics and compliance, an in-house reporting system through which the Nissha Group employees may directly provide information has been set up at law offices outside the Company. Under this system, provided information is reported to the Corporate Ethics and Compliance Subcommittee and Audit and Supervisory Board in a timely and appropriate manner.

2) Initiatives for risk management

The Company has set up a CSR committee in FY2016.3 and has organized company-wide and cross-organizational subcommittees to manage the issues of Corporate Ethics Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, Quality, and Customer Satisfaction. The Company holds the CSR committee three times a year and receives reports from subcommittees on the Nissha Group risk analysis, evaluations, and measures.

Furthermore, the CSR committee summarizes the contents of the reports for review by management once a year while reporting them to the Board of Directors.

3) Initiatives to improve the properness and efficiency of the execution of duties by Directors of the Board

The Board of Directors of the Company holds a regular meeting once a month and extraordinary meetings when necessary in accordance with the Board of Directors Regulations. The Board of Directors resolves matters set forth in laws and regulations and the Company’s Articles of Incorporation and important matters, while receiving reports and supervising the execution of duties by Directors of the Board.

In order to maintain and strengthen the supervisory function of the Board of Directors and ensure the objectivity and effectiveness of audits by the Audit and Supervisory Board, the Company has appointed several Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members with necessary experience and knowledge.

4) Initiatives to ensure the properness of operations of the Nissha Group

The Company receives reports from all companies of the Nissha Group in accordance with the Affiliated Company Management Regulations and Regulations on Requests for Managerial Decision and approves the execution of important operations. Directors of the Board and Audit and Supervisory Board Members of each company of the Nissha Group appointed by the Company keep track of the status of the execution of operations mainly by attending important meetings and inspecting information.

In addition, the Company’s Internal Audit Divisions audit each company of the Nissha Group and conduct monitoring for group management.

5) Initiatives to ensure the effectiveness of audits by Audit and Supervisory Board Members

Audit and Supervisory Board Members of the Company attend the meetings of the Board of Directors and other important meetings and inspect approval documents and other important documents, in accordance with auditing policies and auditing plans in compliance with the audit standards prescribed by the Audit and Supervisory Board.

In addition, the Audit and Supervisory Board Members perform visiting audits at major offices and each company of the Nissha Group, and exchange opinions regularly with the Representative Director, Directors of the Board and General Managers. The Audit and Supervisory Board Members also hold regular meetings with the Accounting Auditor, Internal Audit Divisions, and corporate division in order to promote closer cooperation between them.

(3) Basic policy regarding the control over the Company

An overview of the details of the resolution passed by the Board of Directors concerning the above policy is as follows:

1) Contents of basic policy

Given that the shares of the Company, being a listed, public company, may be traded freely, the Company believes that a decision on whether to accept or reject any proposal for a large-scale purchase of shares or any acts similar thereto involving the transfer of control of the Company, must ultimately be based on the will of its shareholders. Consequently, the Company will not reject outright even proposals for a large-scale purchase of shares if they contribute to the Company's corporate value and the common interests of its shareholders.

The Company believes that in order to protect and enhance its corporate value and the common interests of its shareholders, it is essential that the Company contributes to society by continually providing valuable products and services, based on the Nissha Philosophy as a forward-looking company. More specifically, the Company believes that realizing 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 will lead to ensuring and improving the Company's corporate value and the common interests of its shareholders.

The Company believes that parties who hold control over the determination of the Company's financial matters and business policies must fully understand the said basic views described above, and secure and enhance the corporate value of the Company and the common interests of shareholders with medium-term and long-term points of view.

Therefore, the Company believes that any party that, without adequately understanding the basic views described above, proposes any inappropriate large-scale purchase of shares or any acts similar thereto that do not benefit the corporate value or the common interests of shareholders, should be considered inappropriate to have control over the determination of the Company's financial matters and business policies, and there must be measures to prevent any large-scale purchase of shares of the Company by such parties.

2) Special initiatives contributing to the implementation of basic policy

Since its foundation in 1929, the Nissha Group has fused its printing technology with elements such as laminating, coating, and molding in a constant effort to improve its core technologies, diversify its products and target markets, enter into the global market, and realize growth through an expansion of its business domain. The Nissha Group operates three-year period Medium-term Business Plans and their fundamental strategy is reorganizing of business portfolio through evolving and expanding of business domain.

In the course of the Fifth Medium-term Business Plan which ended in FY2017.12, the Nissha Group received large-scale orders through product development and capital investment for the consumer electronics (IT) markets which is the mainstay market of the

Group. Also, the Group expanded its business bases in automotive markets and advanced into the new businesses in the fields of medical devices and high-performance packaging materials through active M&A strategies. The Nissha Group now has more than 50 business bases in Japan and overseas, and more than half of its employees work at overseas bases.

In the Sixth Medium-term Business Plan which started in FY2018.12, while setting our sights on new records in all areas of net sales, EBITDA and operating income, and we will execute a global growth strategy that maximizes the business foundation.

The Company, since its foundation, has been executing strategies that promptly address external challenges, under engaged management leadership. The Company believes that strengthening corporate governance along with such leadership will promote agile and decisive decision making, as well as ensuring management transparency and fairness, and is aware that corporate governance is a key management issue.

Since the introduction of the corporate officer system, we have segregated the strategy development and management oversight functions to be undertaken by the Board of Directors from the business execution function to be undertaken by the Corporate Officers. In addition, we promote diversity in the Board of Directors. The current Board of Directors consists of eight Directors of the Board, including four Independent Outside Directors of the Board who meet strict independence criteria (50.0% of the Directors of the Board are Independent Outside Directors and 12.5% are women). Independent Outside Directors of the Board provide beneficial advice and opinions by taking advantage of their corporate management experiences at other companies and deep insight in the field of corporate governance, corporate strategies, business strategies, IT, and overall finance, which lead to active discussion at the meetings of the Board of Directors. Furthermore, in October 2015, the Company established a Basic Corporate Governance Policy. Based on the policy, the Company has established a Nomination and Remuneration Committee, at least half of whose members are Independent Outside Directors of the Board and whose chairman is selected from among the Independent Outside Directors of the Board. The Company made use of knowledge of Independent Outside Directors of the Board to ensure objectivity and fairness in appointing officers and setting compensation, and also assessed the effectiveness of the Board of Directors once a year in order to help the Board of Directors function better.

The Company believes it can protect and enhance the Company's corporate value and the common interests of its shareholders by continuing to implement the aforementioned measures.

3) Initiatives in light of basic policy to prevent the control over the determination of the Company's financial and business policies by an inappropriate party

The Company resolved at a meeting of its Board of Directors on May 12, 2016, to make partial revisions to the "Countermeasures Against a Large-scale Purchase of Shares of Nissha Printing Co., Ltd." (the "Plan"), for the purpose of further protecting and enhancing the corporate value of the Company and the common interests of shareholders and the Plan was approved at the 97th Ordinary General Meeting of Shareholders held on June 17, 2016.

In case that any party performing or seeking to perform any purchase of stock certificates, etc., issued by the Company that results in the holder's shareholding ratio becoming 20% or above, a public tender offer that results in the total shareholding ratio of the purchasers of such public tender offer and specially related parties becoming 20% or above with respect to stock certificates, etc., issued by the Company, or any acts similar thereto (the "Purchase, etc."). The party performing or seeking to the Purchase, etc. shall be hereinafter referred to as the "Purchaser, etc.") emerges, the Plan is designed to ensure that there is sufficient information and time for the shareholders to decide on whether or not to accept the Purchase, etc., or for the Company's Board of Directors to make an alternative proposal, and also to make it possible to negotiate with the Purchaser, etc. on behalf of the shareholders. The Plan

sets forth procedures required to realize the above objectives. In case a Purchaser, etc., pursuing Purchase, etc., without complying with the procedures prescribed in the Plan, or in case an act of Purchase, etc., by a Purchaser, etc., is judged to severely damage the corporate value of the Company and the common interests of shareholders, the Company may implement certain countermeasures.

(For reference)

For details of the Plan, please refer to the website of the Company on the Internet:

(http://www.nissha.com/news/2016/05/ersrhs00000045mb-att/disclosure20160512_2.pdf)

4) Judgment of the Board of Directors on aforementioned initiatives

The initiatives described in aforementioned 2) are measures formulated to secure and enhance the corporate value of the Company and the common interests of shareholders, and when the results of such initiatives are reflected in the evaluation of shares of the Company by shareholders and investors, large-scale purchases of shares that may significantly harm the corporate value of the Company and the common interests of shareholders are considered to become difficult.

The initiatives described in the aforementioned 3) set forth the procedures to secure and enhance the corporate value of the Company and the common interests of shareholders. Moreover, the Plan stipulates (i) the system to confirm the will of the Company's shareholders regarding whether to implement countermeasures against certain cases of purchase, in addition to its introduction having been approved by the shareholders at a general meeting of shareholders; (ii) that it may be abolished at any time by a resolution of the Board of Directors comprising Directors of the Board appointed at the general meeting of shareholders; (iii) that the Company shall establish the Independent Committee to eliminate any arbitrary judgment of the Board of Directors and the Board of Directors shall pay the utmost respect to the advice of the Independent Committee in its decision making; and (iv) rational and objective prerequisites for the activation of the Plan.

Therefore, we believe that the initiatives described in aforementioned 2) and 3) are in line with the basic policy and contribute to protection and enhancement of the common interests of shareholders, and they are not aimed at maintaining the status of Directors of the Board and Audit and Supervisory Board Members of the Company.

(4) Policy regarding the decision of distribution of the dividends of surplus, etc.

In determining distributions of profits to shareholders, the Company, while giving consideration to stability and sustainability as its basic policy, takes into account a full range of factors including its business results in the current fiscal year, forecasts of future results, payout ratios, and financial soundness.

The Company also adheres to a basic policy, for the time being, of making efficient use of its internal reserves mainly for M&As, capital investment, and research and development in growth areas, for the purpose of expanding the corporate value from a mid- to long perspective.

As for the dividends for this fiscal year, with due consideration given to the aforementioned policy, the current management environment, future business development and other factors, the Company decided to pay a year-end dividend of ¥15.00 per share by resolution of the Board of Directors. The annual dividend per share will therefore be ¥30.00 per share when combined with the interim dividend of ¥15.00 per share.

In order to flexibly implement distribution of the dividends of surplus, it is provided for in the Company's Articles of Incorporation that the Company may decide dividends of surplus by resolution of the Board of Directors.

Consolidated Balance Sheet

(As of December 31, 2017)

(Millions of Yen)

| Items | Amount | Items | Amount |
|--------------------------------------|----------------|---|----------------|
| (ASSETS) | | (LIABILITIES) | |
| Current assets | 113,705 | Current liabilities | 97,190 |
| Cash and deposits | 29,790 | Notes and accounts payable-trade | 52,862 |
| Notes and accounts receivable-trade | 48,140 | Electronically recorded obligations-operating | 8,909 |
| Securities | 33 | Short-term loans payable | 10,669 |
| Merchandise and finished goods | 10,474 | Current portion of long-term loans payable | 1,356 |
| Work in process | 8,055 | Lease liabilities | 268 |
| Raw materials and supplies | 7,095 | Accrued expenses | 6,918 |
| Deferred tax assets | 1,828 | Income taxes payable | 1,441 |
| Consumption taxes receivable | 4,099 | Provision for bonuses | 1,930 |
| Other | 4,481 | Provision for directors' bonuses | 60 |
| Allowance for doubtful accounts | (292) | Provision for management board benefit trust | 138 |
| | | Other | 12,634 |
| Non-current assets | 111,455 | Long-term liabilities | 33,915 |
| Property, plant and equipment | 52,555 | Bonds payable | 2,940 |
| Buildings and structures | 25,495 | Long-term loans payable | 13,514 |
| Machinery, equipment and vehicles | 10,731 | Lease liabilities | 1,666 |
| Tools, furniture and fixtures | 2,501 | Deferred tax liabilities | 10,509 |
| Land | 6,099 | Net defined benefit liability | 4,373 |
| Lease assets | 1,793 | Other | 912 |
| Construction in progress | 5,934 | Total liabilities | 131,105 |
| | | (NET ASSETS) | |
| Intangible assets | 37,627 | Shareholders' equity | 77,856 |
| Trademark right | 3,569 | Capital stock | 12,069 |
| Software | 944 | Capital surplus | 15,460 |
| Goodwill | 23,645 | Retained earnings | 50,653 |
| Technical assets | 2,269 | Treasury shares | (327) |
| Customer related assets | 6,306 | | |
| Other | 891 | Accumulated other comprehensive income | 15,958 |
| | | Valuation difference on available-for-sale securities | 11,875 |
| Investments and other assets | 21,271 | Foreign currency translation adjustments | 3,687 |
| Investment securities | 20,299 | Remeasurements of defined benefit plans | 395 |
| Deferred tax assets | 407 | Non-controlling interests | 239 |
| Other | 1,049 | | |
| Allowance for doubtful accounts | (485) | Total net assets | 94,054 |
| Total assets | 225,160 | Total liabilities and net assets | 225,160 |

(Note: Amounts are rounded down to the nearest million yen.)

Consolidated Statement of Income

(From April 1, 2017 to December 31, 2017)

(Millions of Yen)

| Items | Amount | |
|---|---------|----------------|
| Net sales | | 159,518 |
| Cost of sales | | 133,292 |
| Gross profit | | 26,226 |
| Selling, general and administrative expenses | | 19,948 |
| Operating profit | | 6,278 |
| Non-operating income | | |
| Interest and dividend income | 302 | |
| Foreign exchange gains | 1,585 | |
| Other | 159 | |
| | | 2,047 |
| Non-operating expenses | | |
| Interest expenses | 576 | |
| Share of loss of entities accounted for using equity method | 38 | |
| Other | 131 | |
| | | 747 |
| Ordinary profit | | 7,578 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 26 | |
| Gain on sales of investment securities | 215 | |
| State subsidy | 44 | |
| | | 286 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 80 | |
| Impairment loss | 191 | |
| Loss on closing of plants | 145 | |
| Loss on the change of company name | 124 | |
| | | 542 |
| Profit before income taxes | | 7,323 |
| Income taxes - current | 2,049 | |
| Income taxes - deferred | (1,455) | |
| | | 594 |
| Profit | | 6,728 |
| Loss attributable to non-controlling interests | | 5 |
| Profit attributable to owners of parent | | 6,734 |

(Note: Amounts are rounded down to the nearest million yen.)

Non-consolidated Balance Sheet

(As of December 31, 2017)

(Millions of Yen)

| Items | Amount | Items | Amount |
|--|----------------|---|----------------|
| (ASSETS) | | (LIABILITIES) | |
| Current assets | 77,809 | Current liabilities | 80,518 |
| Cash and deposits | 21,420 | Notes payable-trade | 5,739 |
| Notes receivable-trade | 536 | Accounts payable-trade | 43,280 |
| Accounts receivable-trade | 36,211 | Electronically recorded obligations | 6,808 |
| Securities | 33 | Short-term loans payable | 10,020 |
| Short-term loans receivable | 3,531 | Accrued expenses | 2,797 |
| Merchandise and finished goods | 5,041 | Income taxes payable | 852 |
| Work in process | 715 | Provision for bonuses | 678 |
| Raw materials and supplies | 98 | Provision for directors' bonuses | 60 |
| Deferred tax assets | 712 | Provision for management board benefit trust | 133 |
| Accounts receivable-other | 1,885 | Other | 10,148 |
| Consumption taxes receivable | 3,833 | | |
| Other | 3,896 | Long-term liabilities | 11,473 |
| Allowance for doubtful accounts | (107) | Bonds payable | 2,940 |
| | | Deferred tax liabilities | 5,730 |
| Non-current assets | 92,339 | Provision for retirement benefits | 2,470 |
| Property, plant and equipment | 23,476 | Other | 331 |
| Buildings | 11,566 | Total liabilities | 91,992 |
| Structures | 349 | (NET ASSETS) | |
| Machinery and equipment | 97 | Shareholders' equity | 66,419 |
| Vehicles | 3 | Capital stock | 12,069 |
| Tools, furniture and fixtures | 1,494 | Capital surplus | 15,433 |
| Land | 5,946 | Legal capital surplus | 13,500 |
| Lease assets | 5 | Other capital surplus | 1,933 |
| Construction in progress | 4,014 | Retained earnings | 39,243 |
| Intangible assets | 1,110 | Legal retained earnings | 1,230 |
| Software | 667 | Other retained earnings | 38,013 |
| Other | 443 | General reserve | 28,766 |
| Investments and other assets | 67,752 | Retained earnings brought forward | 9,247 |
| Investment securities | 19,305 | Treasury shares | (327) |
| Shares of subsidiaries and associates | 33,852 | | |
| Investments in other securities of subsidiaries and associates | 145 | Valuation and translation adjustments | 11,736 |
| Investments in capital of subsidiaries and associates | 3,845 | Valuation difference on available-for-sale securities | 11,736 |
| Long-term loans receivable | 13,067 | | |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 224 | | |
| Other | 268 | | |
| Allowance for doubtful accounts | (2,957) | Total net assets | 78,155 |
| Total assets | 170,148 | Total liabilities and net assets | 170,148 |

(Note: Amounts are rounded down to the nearest million yen.)

Non-consolidated Statement of Income

(From April 1, 2017 to December 31, 2017)

(Millions of Yen)

| Items | Amount | |
|---|--------|----------------|
| Net sales | | 111,530 |
| Cost of sales | | 97,444 |
| Gross profit | | 14,085 |
| Selling, general, and administrative expenses | | 9,875 |
| Operating profit | | 4,210 |
| Non-operating income | | |
| Interest and dividend income | 390 | |
| Non-current assets rent | 1,216 | |
| Foreign exchange gains | 1,856 | |
| Other | 39 | |
| | | 3,502 |
| Non-operating expenses | | |
| Interest expenses | 88 | |
| Expenses for non-current asset loaned | 937 | |
| Other | 47 | |
| | | 1,074 |
| Ordinary profit | | 6,639 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | |
| Gain on sales of investment securities | 215 | |
| | | 216 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 20 | |
| Loss on the change of company name | 124 | |
| Provision of allowance for doubtful accounts for associated companies | 202 | |
| | | 347 |
| Profit before income taxes | | 6,507 |
| Income taxes - current | 705 | |
| Income taxes-deferred | 318 | |
| | | 1,023 |
| Profit | | 5,483 |

(Note: Amounts are rounded down to the nearest million yen.)

Copy of Accounting Auditors' Report Relating to the Consolidated Financial Statements

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

February 13, 2018

To the Board of Directors of
Nissha Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akira Tsujiuchi

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Satoshi Nakayama

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2017 of Nissha Co., Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statement of income and changes in net assets for the fiscal year from April 1, 2017 to December 31, 2017, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Copy of Accounting Auditors' Report Relating to the Consolidated Financial Statements

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of December 31, 2017, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Copy of Accounting Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

February 13, 2018

To the Board of Directors of
Nissha Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akira Tsujiuchi

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Satoshi Nakayama

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2017 of Nissha Co., Ltd. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 99th fiscal year from April 1, 2017 to December 31, 2017, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

Copy of Accounting Auditors' Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

AUDIT REPORT

The Audit and Supervisory Board, upon deliberation, has prepared this Audit Report based on the audit reports prepared by each Auditor and Supervisory Board Member regarding the execution by the Directors of the Board of their duties during the 99th business term from April 1, 2017 through December 31, 2017, and hereby reports as follows:

1. Auditing Methods Employed by the Audit and Supervisory Board Members and the Audit and Supervisory Board, and Details Thereof
 - (1) The Audit and Supervisory Board established the auditing policy, auditing plans and other guidelines, received reports from each Auditor and Supervisory Board Member on the execution of audits and results thereof, and in addition, and received reports from Directors of the Board, etc. and the Accounting Auditor on the execution of their duties, and when necessary, requested explanations regarding such reports.
 - (2) In accordance with the auditing standards for the Audit and Supervisory Board Members, established by the Audit and Supervisory Board, and the auditing policy, auditing plans and other guidelines, each Auditor and Supervisory Board Member maintained good communications with Directors of the Board, the Internal Control-related division, other employees, etc., and collected information and improved the auditing environment. We thereupon conducted audit by the following methods.
 - 1) We attended meetings of the Board of Directors and other meetings deemed important, received reports on the execution of their duties from Directors of the Board, employees, etc. and, when necessary, requested explanations, inspected documents on the basis of which important decisions were made, and examined status of business and assets at the head office and principal offices. We also maintained good communications and exchanged information with Directors of the Board, Audit and Supervisory Board Members and others of subsidiaries of the Company and, as necessary, received from the subsidiaries reports on their business conditions.
 - 2) We regularly received reports from Directors of the Board and employees, etc., requested explanations regarding such reports when necessary and expressed our opinions regarding the status of construction and management of details of resolutions made by the Board of Directors concerning the establishment of systems necessary to ensure that the execution of the duties by Directors of the Board and employees complies with laws, regulations and the Company's Articles of Incorporation, which is listed in business report, and systems defined under Paragraph 1 and Paragraph 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as what is other systems necessary to ensure the properness of operations of the company group, which consists of a joint stock company and its consolidated subsidiaries, and systems established on the basis of said resolution (internal control systems).
 - 3) With regard to the basic policy defined under Item 3(a) of Article 118 of the Ordinance for Enforcement of the Companies Act, which is stated in the business report, and various activities defined under Item 3(b) of Article 118 of the same Act, we reviewed details based on the deliberations of the Board of Directors, etc.
 - 4) We also monitored and verified whether the Accounting Auditor maintains independence and properly conducts audits, received from the Accounting Auditor reports on the execution of duties and, when necessary, requested explanations. We received a report from the Accounting Auditor that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Ordinance for Corporate Accounting) have been established in accordance with the "Standards for Quality Control of Audit Practices" (Business Accounting Council, October 28, 2005), etc. and, when necessary, requested explanations from the Accounting Auditor.

Based on the methods mentioned above, we reviewed the business report for the said business term and their supplementary schedules, the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements), their supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report, etc.

- 1) The business report and its supplementary schedules are found to correctly present the status of the Company in conformity with laws, regulations, and the Company's Articles of Incorporation.
- 2) With respect to the execution of duties by Directors of the Board, no misconduct or material fact in violation of laws, regulations or the Company's Articles of Incorporation is found to exist.
- 3) The details of resolutions passed by the Board of Directors concerning internal control systems are found to be appropriate. In addition, there is nothing to be reported on the contents of the business report and the execution of duties by Directors of the Board regarding the relevant internal control systems.
- 4) There is nothing to be reported on the basic policy regarding parties who hold control over the determination of the Company's financial matter and business policies, which is stated in the business report. Various activities defined under Item 3(b) of Article 118 of the same Act comply with the relevant basic policy and are found neither to damage the common interests of shareholders of the Company nor to have the purpose of maintaining the positions of Directors of the Board and Audit and Supervisory Board Members of the Company.

(2) Results of audit of financial statements and their supplementary schedules

The methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are found to be appropriate.

(3) Results of audit of consolidated financial statements

The methods and results of the audit conducted by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are found to be appropriate.

February 13, 2018

Audit and Supervisory Board of Nissha Co., Ltd.

Full-time Audit and Supervisory Board Member Hitoshi Konishi (Seal)

Full-time Audit and Supervisory Board Member Yasuro Nonaka (Seal)

Independent Audit and Supervisory Board Member Shigeaki Momo-o (Seal)

Independent Audit and Supervisory Board Member Yusuke Nakano (Seal)

END