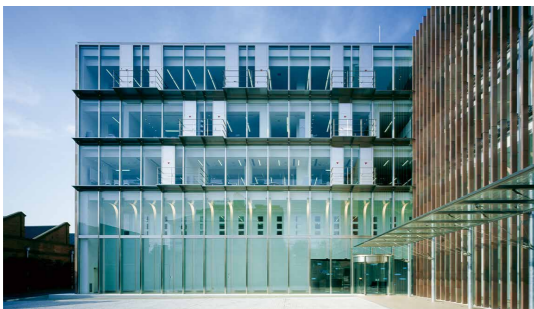


NISSHA

Nissha Report 2022

English





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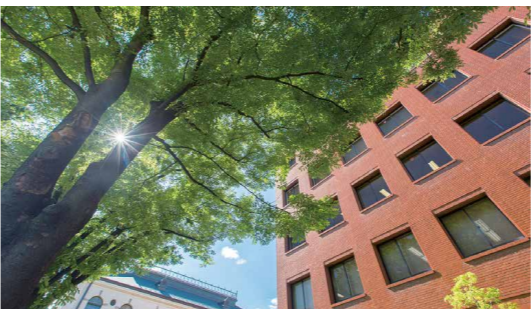
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Editorial Policy

The Nissha Report presents the company's initiatives for sustainable corporate growth to our shareholders, investors, and other stakeholders. This document is an integrated report that provides a comprehensive view of financial information as well as non-financial information, including corporate governance, our progress related to the environment, and social issues.

In Nissha Report 2022, we discuss the Nissha Group approach to value creation, which leverages unique group strengths to expand social and economic value over the long term. We also provide an easy-to-understand report on our Mission, medium- to long-term growth strategy, sustainability and materiality, Core Technologies, human resources strategy, financial strategy, and corporate governance. The central focus of our report is the CEO message.

In our editing process, we referenced the Ministry of Economy Trade and Industry guidance on integrated disclosure and dialogue for co-creation, the International Integrated Reporting Framework of the Value Reporting Foundation (VRF), and other documents.

Please refer to our corporate website for more detailed information.

Investor Relations

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

Financial information, including the latest financial results and forecasts.

Sustainability

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

Information regarding our approach to sustainability and initiatives, our sustainability report, and the collection of ESG data.

Unless otherwise noted, the contents of the report are current as of June 30, 2022.

Reporting Period: January 1 to December 31, 2021

(Report includes some activities before 2020 and after January 2022)

Scope of Report (Organizations):

Nissha Group (Nissha Co., Ltd., consolidated subsidiaries, and affiliated companies)



Growth History

The Evolution of Nissha

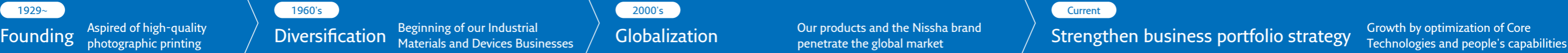
Working to diversify our products and target markets through the evolution of our printing technologies and entering the global market, Nissha has achieved growth by expanding our business domain.

Founder, First President
Naoki Suzuki
1929 Founded the Company

Chairperson Emeritus, Second President
Shozo Suzuki
1959 Assumed post of President

Third President
Hiroshi Furukawa
1992 Assumed post of President

President and CEO
Junya Suzuki
1998 Entered the Company
2007 Assumed post of President

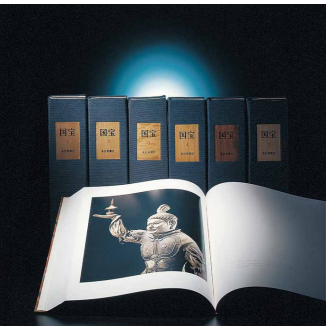


The statement as the Company founded

"We pursue high-quality photographic printing no other can compete with, as anybody can be just a type-set printer."

Through numerous art books and exhibition catalogues representing the times, established Nissha's reputation for high-quality art printing

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



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

Upgraded our business management as the business activity globally expanded

- 1995 Established a molding factory in Malaysia
- 2004 Established a molding factory in China
- 2007 Surpassed 50% in Net Sales ratio of overseas
- 2007 Acquired molding company in the US

The business domain evolves beyond the bounds of printing, diversification of new business domain through M&A
2015 Acquired top global metallized paper manufacturer
2016 Acquired medical device manufacturer (the US)
2016 Acquired mobility-related molding company (Germany)
2017 Renamed company to Nissha Co., Ltd.
2019 Acquired pharmaceutical company (Japan) and entered the market

Industrial Materials



Entered home appliances market with the first wood-grain transfer foil in Japan



Developed a simultaneous molding and decorative transfer system (IMD)



Entered the IT Devices and Mobility markets using IMD, expanding business globally



Entered the metallized paper business



Began supplying sustainable molded products

Devices



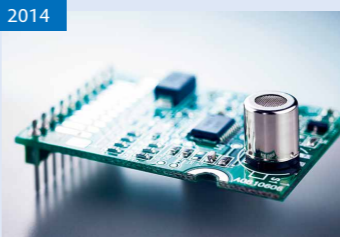
Opened new production factory for electronic components such as lead frames



Developed resistive-type touch sensors



Developed capacitive-type touch sensors by photolithography process
Began supplying to the IT Devices market



Acquired gas sensor manufacturer (Japan)



Began supplying touch sensors to the Mobility market

Medical Technologies



Acquired medical devices manufacturer and entered the medical devices market
Formed the Medical Technologies business



Snapshot

Global Development of Three Businesses Utilizing Core Technologies

Consolidated Sales
for 2021
JPY **189.2** Billion

Composition of
Net Sales by Business

Industrial
Materials
32.0%

Devices
51.2%

Medical
Technologies
12.8%

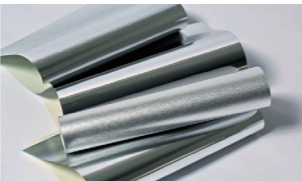
Others 4.0% In addition to three businesses, develops various businesses such as "Information and Communication", and "Pharmaceutical and Cosmetics".

Industrial Materials

Industrial Material business mainly offers proprietary technologies that enable it to create added value on the surfaces of various materials. We provide decorative films used in IMD, IML, IME, and other processes that add design and function to plastic products simultaneously in molding, as well as molded products produced using these processes. These products are extensively adopted in mobility components and home appliances in global markets. We offer environmentally friendly products such as metallized paper that combine the properties of metallic luster and printability, as well as sustainable molded products made from plant-based materials.



Decorative Film, Molded Parts



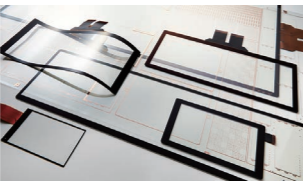
Metallized Paper



Sustainable Molded Products

Devices

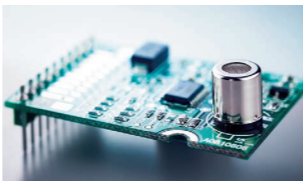
Devices business provides components and module products that offer precision and functionality in a convenient form to customers. Our main products are film-based touch sensors that are adopted widely in tablets, smartphones, portable game players, industrial equipment (logistics related), mobility components, etc., in global markets. In addition, we offer force sensors capable of detecting various levels of pressure, gas sensors that detect gas conditions, and other products.



Film-based Touch Sensors



Force Sensors



Gas Sensors

Medical Technologies

Medical Technologies business offers high-quality, value-added products in medical devices and other related markets, contributing to healthy and affluent lives. We currently provide contract design/development and manufacturing services for major medical device manufacturers on a global basis through products such as surgical devices for minimally invasive treatments and wearable medical sensors used for a wide range of conditions, primarily heart disease. In addition, we manufacture and sell our own brand of products to medical institutions.



Minimally Invasive Surgical Devices



Wearable Medical Sensors

Main Target Markets



Mobility



Home Appliances



Labels for Beverages and Foods



Pharmaceutical Packaging

Main Target Markets



IT Devices



Portable Game Players



Industrial Equipment (Logistics Related)



Mobility

Main Target Markets



Medical Devices

Core Technologies

Nissha is always expanding the Core Technologies while integrating technical elements such as "Coating", "Molding", "Metal Processing" into the printing technology which we cultivated since the foundation of the company, and the fields of business through the diversification of products, the target markets and the advance to the global market.

The current Core Technologies are comprised of "Printing", "Coating", "Laminating", "Molding", "Patterning" and "Metal Processing." At least one of these Core Technologies is used one every one of our products.

Printing

Processing technology of applying designs and functions with ink



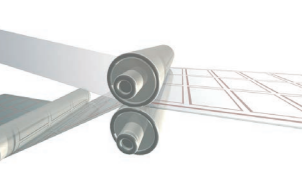
Coating

Processing technology of forming thin layers



Laminating

Processing technology of laminating multiple thin substrates



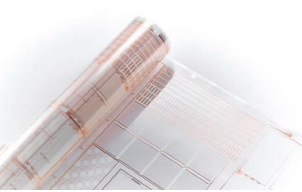
Molding

Processing technology of forming various shapes in three dimensions



Patterning

Processing technology of forming functional patterns



Metal Processing

Processing technology of metal machining, cutting, and surface treatment



Snapshot

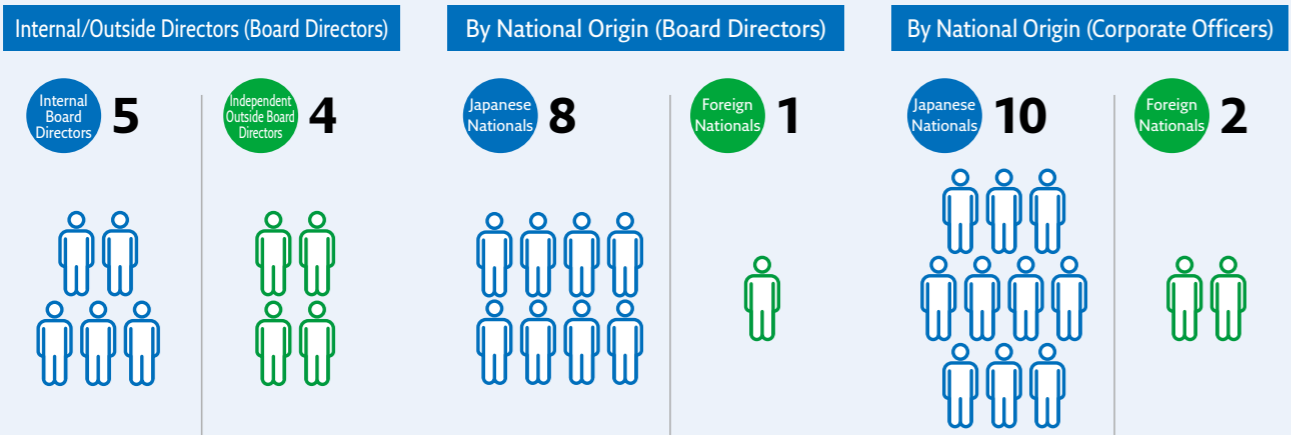
Diversity -Nissha's Growth Driver

50 bases around the world

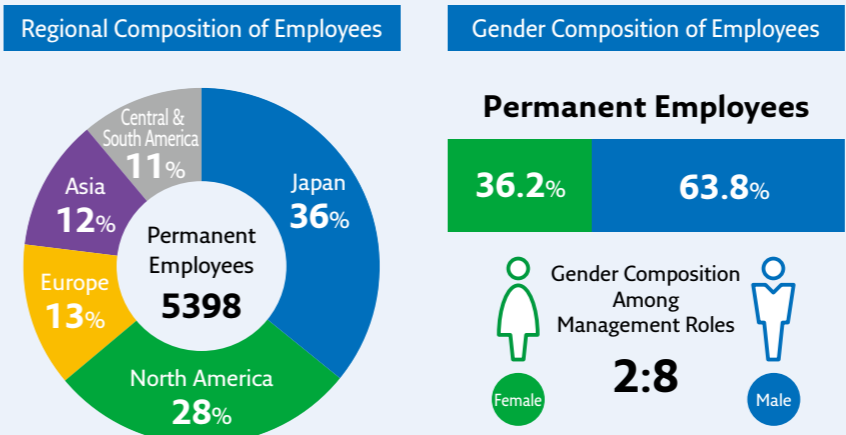
With the progress of globalization, Nissha has 15 bases in Japan, including our Global Headquarters in Kyoto, and 35 bases in other countries. Currently, more than half of our employees are working overseas.



Diversity of Executives As of the end of March 2022



Diversity of Employees As of the end of March 2022

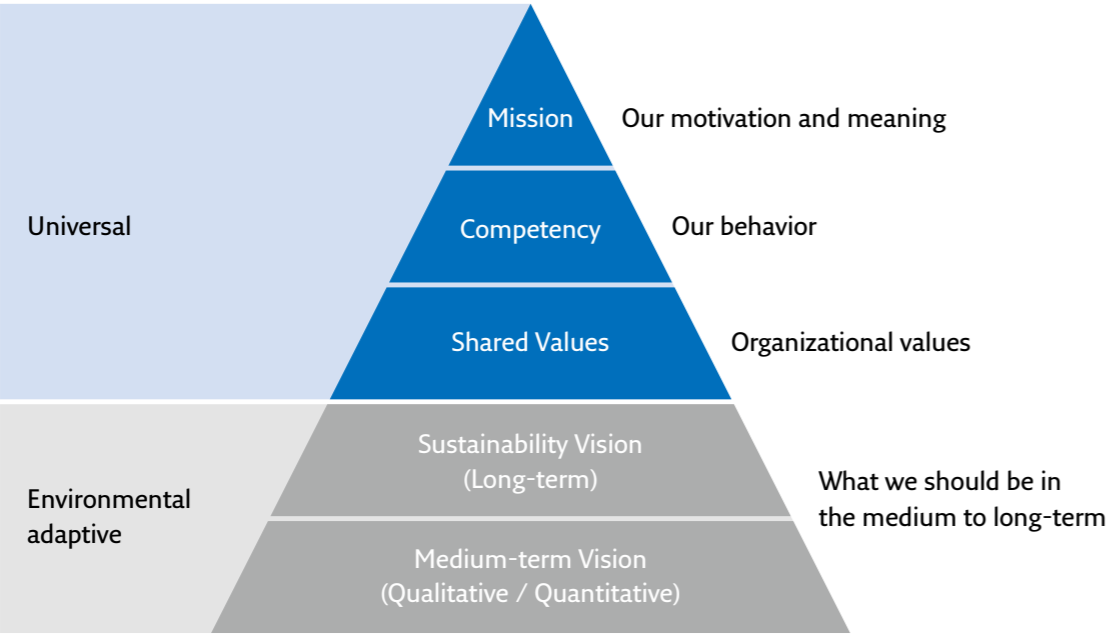


Nissha Philosophy

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

Mission

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



Sustainable Corporate Value Growth Initiatives

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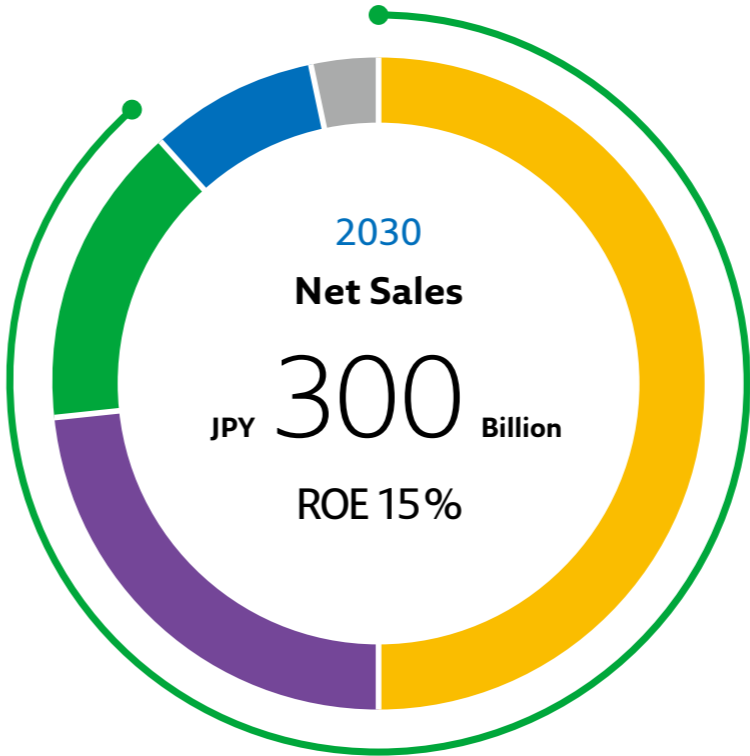
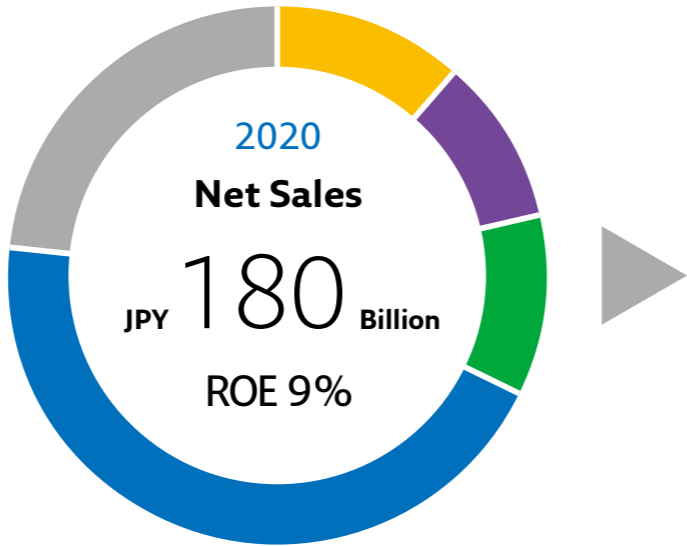
Sustainability Vision

Nissha regards sustainability to be initiatives that achieve the mutual growth and development of both the company and society. We believe that solving social issues, which are fundamental needs, will support social development and lead to corporate growth.

Throughout our 90-plus year history, we have grown by evolving and expanding our Core Technologies and reorganizing our target markets. Under our Mission, we have analyzed the magnitude of social issues and the sustainability of market growth for the next 10 years, and relatively evaluated the added value that can be created through our Core Technologies. Based on this analysis, we have positioned Medical, Mobility, and Sustainable Materials as our growth areas.

Up to Present

We have so far promoted business expansion in the IT Devices market, which has grown dramatically, while enhancing our ability to respond on a global basis in both quality and quantity. At the same time, primarily through M&A activities, we have been able to strengthen our strategy of reorganizing our business portfolio by acquiring and developing business platforms in Medical Devices, Mobility, and Sustainable Materials. We have made inroads into markets with stable growth prospects.



Sustainability Vision (Long-term vision for 2030)

With the integration and orchestration of the diverse talents of our people and our technologies, we will contribute to solving global social issues in the priority markets of Medical, Mobility, and Sustainable Materials, and realize the enrichment of people's healthy and affluent lives.

Social value

- Solve social issues through business activities
- Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- Reduce 30% of total CO₂ emissions, in view of carbon-neutral by 2050 (compared to 2020)

Economic value

- Aim for JPY 300 billion of net sales (including JPY 150 billion in medical business)
- ROE 15%

IT Devices

Contribute to solving social issues through our capabilities cultivated for IT devices

- Penetrate IT technology into society through advancement of digital transformation

Medical

Solve medical issues

- Reduce patient burden (QOL improvement)
- Efficiency and labor saving in diagnosis and treatment
- Promote telemedicine

Mobility

Realize safe and comfortable mobility

- Comfort: More comfort in interior space
- Safety and Convenience: Improve communication between humans and cars
- Sustainability: Reduce environmental impact

Sustainable Materials

Contribute to a circular society

- Achieve carbon neutrality
- Protection of the natural environment
- Provision of petroleum-based plastic alternative

Message from the CEO



Chairman of the Board,
President and CEO

For Sustainable Growth

I believe it is my own responsibility to ensure Nissha achieves long-term, sustainable growth and expansion. Further, it is only through the growth and development of our company will we make a significant contribution to society. Shareholders and investors tend to focus on short-term results. While it is important to meet these expectations, companies must also think and act from a long-term perspective of 10 to 20 years at the least, if they are to contribute to society through the outcomes of their business activities. In particular, we see an increasing number of issues that cannot be solved in the short term, as exemplified by the recent debate over addressing climate change risks, as well as how to improve human resources diversity skills. In response, our approach will emphasize backcasting from long-term goals into current actions. We believe this approach is the essence of the work and governance of management.

Coupled with the recent awareness of sustainability, the noticeable trend since 2019 has been toward stakeholder capitalism, a long-term perspective that takes into account all stakeholders of a company. While we welcome the emergence of this concept, I believe Japan has already practiced this management philosophy since ancient times.

In 2007, when I assumed the position of Nissha chairman of the board, president and CEO, we developed a foundation to underpin our ideas, including our mission statement and values. Among these ideas, we developed Nissha's Circle of Trust as a concept that symbolizes our awareness of the fundamental corporate issue, *for whom do we work?* Nissha's Circle of Trust clarifies our commitment to building balanced relationships of trust with our customers, shareholders, employees, suppliers, and communities. Nissha's Circle of Trust is one of our key principles today and will be so into the future.



Nissha's Circle of Trust (Created in 2007)

Our Mission

A company has several options to express a basic stance and aspirational contributions. We call these concepts a *mission*, *core values*, or a *purpose*. We are aware of the different focuses, definitions, and theories of these concepts. In general, any of these concepts can help a company define its priorities.

We express the Nissha Mission in the following way.

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.

The Nissha Mission Statement, which we revised completely in January 2018, provides a syllogism through three important perspectives. In other words, we define our role in society according to clear statements, first, regarding the ideal for diverse employee skills and work, next, the ideal for business activities, and last, the ideal regarding our relations with society. A major feature of our mission statement is that these three perspectives are connected by causality. This story also reflects a strong awareness of sustainability trends surrounding corporate management in recent years.

The way a mission statement is written reflects the character of a company. There is no single right answer. Nissha is a corporate group that operates multinational businesses in a variety of target markets, so naturally there are a large number of individual phenomena taking place across our business domains. Therefore, when we express a basic stance, such as our mission, we use highly abstract expressions generalized after gaining an understanding of

these phenomena. At the same time, we strive to engage in dialogue by translating the specific concepts of our mission and relevance to the work of individual business units and locations where employees serve.

The activity constraints imposed by COVID-19 has interfered with my interactions with global employees. When the situation began to subside in fall 2021, I and my executive officers began visiting as many locations as possible to repeat the dialogue through specific translations. We have endeavored to close the long gap in contact, and we believe that repeated in-person communications are most effective.

Sustainability Vision (Long-term Vision) and Materialities

As sustainability initiatives overlap and merge with the company's business activities, we defined our Sustainability Vision (long-term vision) that represents Nissha sustainability efforts and materialities (key issues) toward achieving this vision, as described below.

Sustainability Vision (Long-term vision for 2030)

With integration and orchestration of the diverse talents of our people and our technologies, we will contribute to solving global social issues in the priority markets of Medical, Mobility, and Sustainable Materials, and realize the enrichment of people's healthy and affluent lives.

Social Value

- Solve social issues through business activities
- Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- Reduce 30% of total CO₂ emissions, in view of carbon-neutral by 2050

Economic value

- Aim for JPY300 billion of net sales (including JPY 150 billion in medical business)
- ROE 15%

Message from the CEO

Materialities (Revised in 2022)

Creating business opportunities
Risk Reduction
Strengthening management foundation
Corporate governance

Materialities are issues we believe critical to achieving our long-term vision. In other words, materialities are issues we must address and solve over the long term. And while these are long-term issues, we monitor progress and results over short- and medium-term cycles. We may revise or reconfigure materialities, and even our long-term vision itself, over time to adapt to changes in the business environment.

We explain the details of materiality in a separate section of this integrated report. Here in this section, I will explain my views and outline our approach to the four materialities.

(→ P.011 Sustainability Vision)
(→ P.029 Sustainability and Materiality)

Creating business opportunities

Continuing to Evolve and Grow through Business Portfolio Reorganizations

Throughout our 90-year history, we have evolved and grown by delving deeper into core technologies and our selected markets. This is the mainstream of how we create business opportunities. We adhere to the traditional conceptual framework of product portfolio management, evaluating the relative attractiveness of target markets and the competitive position of existing and new products. As we go through this process, we allocate management resources in an optimal manner, and in this way, we have transformed our businesses.

At first glance, one may think that Nissha is entering multiple markets having different characteristics. In reality, however, we can adapt and reallocate management resources across markets in the form of Core Technologies, human resources capabilities, and business models. However, it is never an easy matter to translate Core Technologies into the specifications and methods required by a new target market. Different target markets entail different product

specifications, different laws and regulations, and different mindsets and cultures. We can accelerate this process, for example, through practical training and by providing employees with reskilling training. And we believe these efforts will take shape as a medium- to long-term business asset.

In our 2021 Integrated Report, I explained the background of the growth and leap forward in the Industrial Materials business in the 2000s and the Devices business in the 2010s in relation to our business portfolio management strategy. It was our desire to communicate a very dynamic and continuous growth story clearly to the reader. We also explained that we view the Medical market as an important target market in our Sustainability Vision (long-term vision), announced in 2021, and our business strategy.

This kind of dynamic portfolio transformation that transcends eras is unlikely under a haphazard management strategy. It is essential to *transform* proactively with clear strategic intent. In addition to our own internal inspiration and efforts, changes in the external environment will stimulate this transformation.

In our 2022 Integrated Report, we will explain the business opportunities in the Mobility market, which we also see as an important market. In this context, we will also discuss global strategies and elements of the so-called shift from goods to services.

Further Growth of Business in the Mobility Market

With the advent of autonomous driving, electrification of vehicles, and connected cars that access the internet at all times, the automotive industry is creating a Mobility market that includes electronics manufacturers. In this context, the challenge is that mobility now must not only provide efficiency and convenience, but also comfort and safety.

Backed by 30 years of experience in business with the automotive industry, the Nissha Group sees business opportunities in human-machine interface (HMI). This concept is a mechanism that allows humans to operate vehicles through movement and senses, while facilitating sensory information about the machine and the driving environment. The keywords behind this concept are as follows:

- Decoration design ← Contribution to comfort
- Sensing functions ← Contribution to convenience and safety
- Environmental impact reduction ← Contribution to sustainability

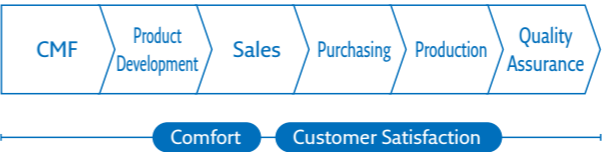
Mobility: Comfort

Decoration design is a concept that aims to expand the focus on traditional interior decoration to exterior decoration, leveraging an overwhelming business foundation and brand power of the simultaneous molding and decorative transfer system of our Industrial Materials business. The Nissha interior decoration refers to center console panels with sophisticated shapes and displays that surround the driver and passenger seats, as well as decorative parts with wood grain and metal texture patterns. Our high-grade film printing and precision injection molding technologies contribute to interior decoration.

For consumers, interior design, which influences comfort, is an important factor in the purchasing decision, on par with dynamic automobile performance. Nissha established the ability to research medium- to long-term trends in interior design and materials, allowing us to propose specific product designs. Teams in charge of the color, material, and finish (CMF) functions have been assigned in Japan, the U.S., Germany, and China. These teams contribute to the development of new vehicles in cooperation with automakers and Tier 1 companies.

If the mere supply of physical products is a product that solves a problem, CMF, which is an intangible design context, is a service that runs through our entire business value chain as an implied value that reflects comfort. In our customer industries, we often hear the phrase, “Do Nissha,” or “Let’s Nissha it.” These turns of phrase refer to the utilization of Nissha’s problem-solving capabilities.

The Value Chain That Creates the Implied Value of Mobility Decoration Design



Exterior decoration has been experiencing a growing order pipeline in recent years. In addition to the above factors, exterior decoration is related to the growing need for more freedom in design due to the significant changes in the shape of front grills and lights as the industry moves toward electrification. In other words, the need for a distinctive surface appearance. In addition, the trend away from paint (wet) and metal plating, formerly the mainstream method of exterior decoration, is accelerating from the perspective of environmental impact. Expectations are growing for the adoption of dry film decoration.

Mobility: Convenience and Safety

Sensing functions contribute to convenience and safety. Our mainstay film-based touch sensor product in the Devices business is already finding increasing adoption among flagship models in Europe and the U.S., supported by advanced mass production quality in use for smartphones and tablets. These film-based touch sensors offer superior usability thanks to optimized touch sensitivity. The product also features high technical compatibility with OLED displays, which have high resolution. The combination with the OLED display is also advantageous in terms of the larger size of the display in connection with the development of the connected car and the different shape of display to integrate with the interior design. Therefore, we have positioned these sensors as product integrated with our Industrial Materials business.

In addition, the expansion of autonomous driving has brought a notable trend for incorporating safety sensors in exterior components. We expect to expand opportunities to receive orders by integrating this product with the above-mentioned exterior decoration products of the Industrial Materials business.

Mobility x Sustainability

Sustainability is a business opportunity we associate with three contexts. The first is to reduce the amount of plastic resin used, or to improve recyclability. The former refers to efforts to develop technologies that reduce weight by controlling the density of resins, while taking care not to compromise the strength and other safety features of molded parts. For the latter, we are currently film-laminating or film-insert-molding products with plastic resins from differing varieties to enhance the functionality of film printing and injection molding. We have begun to develop a way to make these products from resins of the same variety to the greatest extent possible, thereby improving recyclability.

The second is the business opportunity in hydrogen-based vehicles. Fuel cell vehicles generate electricity by reacting hydrogen with oxygen. Hydrogen engine vehicles burn hydrogen inside the engine. Both systems require the installation of hydrogen gas sensors as safety devices in the hydrogen tanks, and our Devices business is expanding its pipeline with domestic and overseas automakers. For the time being, we estimate that the need for hydrogen-based vehicles will be greater for trucks, other industrial carriers, and

Message from the CEO

transportation equipment, rather than for passenger cars.

Third, we are seeing an increasing number of orders or potential pipelines from electric vehicle manufacturers in the U.S. and elsewhere for decorative design (as these are individual transactions, I cannot provide details, but the gist is paint substitution and metal plating substitution).

Local Production for Local Consumption Business Models

Given the business opportunities described above, Nissha offers the following competitive advantages in the mobility industry.

- Sophisticated products that integrate decorative design with sensing functionality
- Flexible supply capabilities for local production and local consumption
- Reliability backed by a long history in the Mobility market

This section outlines our business model regarding local production for local consumption. The automotive supply chain is not concentrated in China, as is the case with smartphones, for example. Supply chains are scattered across major continents and regions, including the United States and Europe, forming industrial clusters. Since the mid-2000s, Nissha has developed production bases for manufacturing automotive interior decoration parts (plastic injection molding parts) through direct investment and acquisitions.

To date, plants in the U.S. (Michigan), Mexico, China (Jiangsu Province), Malaysia, Germany, and Japan (Kyoto Prefecture) are ready and capable of supplying the nearest Tier 1 companies. These plants not only possess the capacity for local production for local consumption, but also serve as backups for colleague plants in the event of an emergency, such as a pandemic or natural disaster. Our customers appreciate this benefit. We place CMF and sales functions, the upstream processes that bring orders to the plants, in Japan, the U.S., Germany, China, and Korea. Each of these locations

Redefining Risk Reduction (2022)

Risk Reduction Categories as Materialities (specific risks to address over the long term)	Routine and general risks (excerpts)
<div><div>• Respect for human rights</div><div>• Responding to climate change</div><div>• Providing responsible medical products and services</div><div>• Sustainable procurement</div></div>	<div><div>• Compliance</div><div>• Health and productivity management</div><div>• Occupational health and safety</div><div>• Quality control</div><div>• Business continuity planning</div><div>• Protection of information assets</div></div>
Overseen by the Sustainability Committee:	Overseen by the Risk Management and Compliance Committee

works in a cross-border relationship with others on projects.
(→P.046 Special Feature Accelerating Growth in the Mobility Market)

Risk Reduction
Risk Reduction- Redefining Risk From the Perspective of Materiality

In 2022, we began redefining risk matters that fall under Risk Reduction related to materiality. We also reorganized the related implementation structure. In other words, we now classify risks, which we identified in a comprehensive manner in the past, under one of two categories: those specific to our company that must be resolved over the long term and those that are routine and general in nature.

The Sustainability Committee, which I chair, is responsible for the four materialities (listed above), including Risk Reduction. At the same time, the Risk Management and Compliance Committee, chaired by the Senior Executive Vice President in charge of the Administration Division, oversees the day-to-day matters and general risks. We expect these structural changes will facilitate our efforts to address and tackle risks commensurate with their nature.

In this report, we will discuss our response to climate change and sustainable procurement, which have received particular attention due to recent developments.

Progress in the Adoption of Alternative Energy Sources

As a response to climate change risk, we set a goal to reduce total CO₂ emissions in the year 2030 by 30% compared with 2020 levels. This same goal calls for reducing CO₂ emissions to zero by the year 2050 (announced in August 2021).

To achieve this goal, we will strive to conserve energy by curbing electricity consumption relative to sales growth. We will also pursue the use of renewable electricity over time. In Japan, alternative energy

sources can be a factor in the actual rise of power costs (an estimated increase of between 250 million yen and 300 million yen for 2022). Therefore, we intend to set a 10-year milestone target, making flexible changes as we monitor cost trends.

The Koka Plant (Shiga Prefecture) is the main plant of Nitec Industries, Inc., a domestic manufacturing company in the Industrial Materials business. This plant switched 100% of its electricity use to renewable electricity beginning in 2022. We will consider investments in rationalization to reduce the use of city gas in the future.

The Kaga Plant (Ishikawa Prefecture) is the main plant of Nitec Precision and Technologies, Inc., a domestic manufacturing company in the Devices business. This plant began a phased conversion to renewable electricity in 2022.

As an example of overseas operations where alternative energy sources are being introduced, the Nissha Metallizing Solutions plant in Belgium, which manufactures and sells metallized paper, installed a wind turbine on its premises. Plants in the United States, China, and Japan have also introduced solar power generation to cover a certain portion of electricity usage. In any event, we will pursue renewable energy based on cost versus performance considerations, without being influenced by the trends of the day.

Responding to Climate Change: Scenario Analysis and Disclosure

It is important to disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) to ensure our stakeholders remain widely informed. More specifically, we mean analyses of the financial impact of opportunities and risks related to climate change on our businesses. Accordingly, in January 2022, we declared our endorsement of the TCFD recommendations.

Of the four disclosures recommended by the TCFD (Governance, Strategy, Risk Management, and Indicators and Goals), we consider disclosures related to Strategy to be the most important. This is because our Strategy-related disclosures have not complied with the TCFD framework format, although we have already selected and identified scenarios and analyzed the opportunities and risks associated with each scenario. The remaining three disclosures are



relatively easy to reflect in the TCFD disclosures because they often overlap with activities that our company has traditionally undertaken through the Sustainability Committee and climate change-focused task forces. In addition, the Board of Directors has a history of overseeing these activities.

I feel that learning the techniques for analyzing scenarios and calculating financial impacts for TCFD disclosures is a priority for us as a company. Further, these disclosures appear to represent a framework that only calculates the impact of a given scenario based on our current business domains, which may change in the future. Therefore, we believe these disclosures will continue to require modification in the future.

(→P.073 Responding to Climate Change)

Sustainable Procurement

Sustainable procurement is a materiality activated in response to the following issues.

- Build appropriate supplier network and healthy relationships
- Ensure stable procurement of environmentally friendly goods at reasonable prices, while preserving quality.
- Reduce procurement risk and strengthen risk management capabilities
- Establish and maintain an appropriate procurement process
- Improve and maintain buyers' expertise

The spread of COVID-19 and the disruption in the recovery process have caused anomalies in the global supply chain. We have seen supply constraints and price hikes, particularly for key raw materials. Further, paid leave benefits to prevent infection and work-style changes have resulted in a prolonged shortage of human

Message from the CEO

resources, and labor costs are rising, especially in the United States and Europe. The economic sanctions against Russia, triggered by Russia's military invasion of Ukraine, have led to high crude oil, gas, and other resource prices, causing unhealthy inflation. These supply constraints and rising costs have resulted in slower growth and reduced profitability for many companies.

Beginning in 2022, we will identify high-volume items we purchase from a global perspective, as well as items for which suppliers are unevenly distributed geographically. Here, we intend to upgrade our global procurement functions by purchasing from multiple suppliers, adopting common materials, diversifying production sites, and identifying secondary and tertiary suppliers.

Actions to Prepare for Procurement-Related Risks

- Purchase from multiple suppliers
- Use common materials
- Diversify production sites
- Identify secondary and tertiary suppliers

(→P.076 Sustainable Procurement)

Strengthening Our Management Foundation

Succession Planning

From the perspective of strengthening management foundation for the future, succession planning is a topic of unanimous discussion.

I am part of the founding family of our company and also a major shareholder. These facts, as well as my relative young age and mental health, have given rise to a general impression that a discussion of generational change may be premature. But the more I orient my thoughts and actions to the long term, the more I believe that training successors is also a long-term task.

A company that replaces its president every four years will have a different approach to succession planning than a company whose CEO is prepared to take charge of management over the long term. We believe a change in top management at a turning point in the company's growth stage is healthy. The successor need not be a clone of the predecessor, but should bring to the role a combination of talents, abilities, and cultural background appropriate for the next stage. However, the individual must absolutely be a visionary and sincere in approach.

At Nissha, we established a system of human resource development called Nissha Academy in 2013. The academy offers two types of courses: one for job skills training and the other for

training next-generation executives. In the latter, we invite professors from the Kyoto University Graduate School of Management to give lectures that replicate the syllabus of a masters of business administration course. I and others of our management team also teach courses. Initially, there was some overlap between the courses taught by the university faculty and the management team. Over time, this naturally led to a natural differentiation in recent years, with the university professors teaching management as a science and our management team teaching management as an art. This development resulted in a very interesting syllabus of lecture courses. I conduct my lectures in a Q&A format, answering questions in terms of both the science and art of management.

At the same time, Nissha Academy training alone is not enough when it comes proposing new directors. The Nomination and Compensation Committee has been interacting with senior management, especially at the corporate officer level, to increase opportunities to observe individuals from various perspectives through dialogue.

(→ P.078 Utilizing Diverse Human Resource and Improving Human Resource Capabilities)

Diversity in Practice

Why do some people in Japan inevitably associate the word diversity with the empowerment of women, I wonder? From a global perspective, diversity should mean not only a mix of gender, but also of nationality, race, expertise, skills, etc. This diversity must be commensurate with the management objectives for which employees are expected to play active roles. Setting and demand numerical targets without consideration is not the essence of diversity.

Given our nature as a global manufacturing company, we established a strategy to implement and assess diversity by, for example, categorizing production and non-production divisions differently, as well as drawing distinctions among countries and regions. Please refer to the separate section of this report that address our current state of diversity.

(→ P.077 Utilizing Diverse Human Resource and Improving Human Resource Capabilities)

Corporate Governance

Practicing Corporate Governance at an Advanced Level

Our governance system is designed for optimal decision-making, supervising, and reporting between and among the Board of Directors,

Audit and Supervisory Board Members, the Nomination and Compensation Committee, and Corporate Officers responsible for business execution under the direction of the president. As part of this system, our Sustainability Committee is responsible for pursuing action items for materialities related to our long-term vision. The Investment Committee, which is responsible for regulations related to investments and post-investment monitoring, and the Regional Collaboration Committee (the Americas, Europe, and China), responsible for management functions across operating companies in global regions, are structured to work closely with the other organizations just described.

This system meets the requirements of Japan's Corporate Governance Code (CGC) at an advanced level. In general, people say that the main features of Japan's Corporate Governance Code lie in the soft laws of a comply-or-explain approach. Personally, it appears that the degree of corporate compliance, both primarily and in the external sense, are where investor arguments and assessments tend to focus.

The CGC is useful for companies to use as a checklist for internal problem awareness and implementation. Companies should not pursue governance reactively in response to CGC requirements, but should rather pursue governance as management evolves according to its own awareness of the issues. This approach also meets the requirements of the CGC.

To verify whether our Board of Directors functions effectively from this perspective, we conduct a board effectiveness evaluation at the end of each year.

In the 2021 evaluation, we first asked how well we resolved the issues identified in the 2020 evaluation. We noted that we resolved to a high degree the issues of strengthening board execution on sustainability, of verifying the management and oversight of group companies (particularly overseas), and improving the readability, simplicity, and explanatory function of the materials presented at board meetings. I was particularly pleased with the way in which we designed and implemented mechanisms appropriate to the realities of our business, especially with regard to the exercise of governance over a broad global organization.

The central issue related to governance for a global company such as Nissha is to ensure that the cycle of strategy, execution, and oversight functions well throughout the group worldwide. To this end, we must ensure that group companies with different development processes are equally equipped with the appropriate mindset, discipline, skills, and internal control mechanisms to understand the mission and achieve practical results.

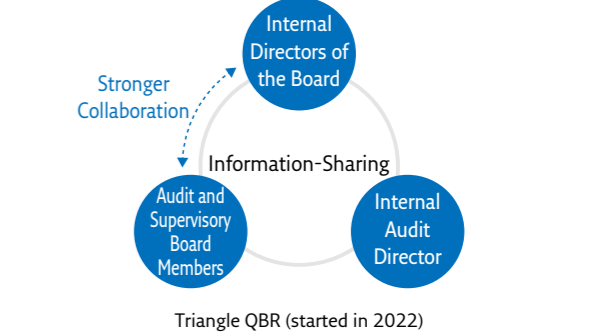
After reorganizing our global governance organization in 2021, we believe global employees now have a greater sense of belonging to the Nissha Group, and that joint activities among companies with no prior interaction along vertical business lines are now in motion.

Reorganized Global Governance Organization (2021 -)

Vertical Organization	Individual group companies have integrated strategy, execution, and assessment mechanisms, as well as internal control systems under the umbrella of consolidated operations. Business unit general managers make monthly performance reports to the president and then to the Board of Directors.
Horizontal Organization	Regional Collaboration Committees (RCCs) established in major global regions (Americas, Europe, and China), chaired by the CEO of a leading company. Support for administrative tasks across businesses and companies within the region to equalize and standardize competence levels. Semi-annual reports made by the RCC chair to the president, and annual reports are made by the president to the Board of Directors.

Based on the evaluation of board effectiveness throughout 2021, we identified several issues to address in 2022, including strengthening cooperation between the Board of Directors and the Audit and Supervisory Board, and proactive information-sharing among the three parties, including our Internal Audit Office. In particular, we know that the members of the Audit and Supervisory Board have a wealth of knowledge and information obtained through the process of auditing the group. However, the circulation of information and suggestions for improvement to the Board of Directors have so far been limited to formalities. I already considered this to be an issue of mid-year 2021. This is the reason why I established a liaison committee between internal Directors and full-time members of the Audit and Supervisory Board. The issues raised during effectiveness evaluation made a lot of sense to me. Similarly, we have begun to bring the Internal Audit Office into the information-sharing loop, and we will continue to operate the Triangle QBR (Quarterly Business Review) throughout 2022 to achieve better results.

(→ P.060 Corporate Governance)



Message from the CEO

Director Boot Camp

In 2020, we established a program for internal and external Directors to gather in a camp format, away from the institutional meetings of the Board of Directors. We do not necessarily seek to draw conclusions during these camps, but rather focus on training and stimulating the intellectual curiosity of Directors through outside-the-box discussions on a variety of topics.

We held the second such camp in 2021. I gave a presentation in which I explained the evolution of our business in relation to the evolution of our Core Technologies at a level of detail that would not normally be included in a board meeting. After my presentation, we discussed how we might evolve in the future. An internal director presented details of the company's human resource development strategies and challenges. We also had a presentation on the characteristics of the Medical market (a key market for the medium to long term), a market about which the Board of Directors does not have an in-understanding.

Further, four Independent Outside Directors gave presentations related to their areas of expertise. Through these unusual discussions, we come to know more about how each other thinks and to enhance our sense of working as One Team.



Evolution of the Board of Directors Skill Set

In light of our Sustainability Vision (long-term vision; see above) to grow our business for the Medical market, in 2021, we undertook a process of examining whether the skill set of our Independent Outside Directors was optimally aligned for this goal.

Noting that the lead Independent Outside Director initiated a meeting solely for Independent Outside Directors to exchange

information, I asked them to discuss the fit between our long-term vision and the skill set of our Independent Outside Directors. After several rounds of discussion and my input along the way, the feedback from the meeting was that the board should include someone with deep and practical experience in the medical industry.

Meanwhile, I had been searching for suitable candidates, aware of the problem. After reviewing several candidates and options, I finally proposed to the Nomination and Compensation Committee, chaired by the lead Independent Outside Director, a right candidate for Independent Outside Director with extensive experience in business management in the medical industry, particularly experience in the United States. Subsequently, the Board of Directors passed a resolution on such a candidate, and the appointment was approved at the recent annual general meeting of shareholders.

I would like to add that the composition of the Directors is the strongest we have ever had, as I stated in my message to the Independent Outside Directors on P.70.

The matrix visualizing skill sets is by no means a game of keeping score. Even the CEO does not necessarily have to have the greatest number of dots, nor is such necessary. The skills referred to here are those that the company expects specifically from the director in question. Please understand that the information on the skill set matrix does not indicate everything about the individual. What is critical is that the Board of Directors is organized in a way that the skills on offer are diverse and distributed optimally for us to achieve our business goals. In this sense, I believe that the Nissha Board of Directors must continue to provide experience and expertise in global management practices for the priority markets articulated in our medium-term business plan.

(→ P.054, 058 Corporate Governance)

(→ P.070 Message from the Independent Outside Directors of the Board)

What character should Board of Directors possess?

The public discourse and academic theories about what a Board of Directors "should" be are modified and upgraded, seemingly at a whim. We as corporate entities feel bewildered at times. It is only right that companies bring in Independent Outside Directors with the competencies expected to bring a diversity of perspectives. We have been putting this philosophy into practice. But beyond that, the Board of Directors is a matter under the purview of the particular company,

and should be left to the good sense and choice of that entity.

I believe diversity in an organization consists of individuals with different expertise and character working together toward a common goal. In this sense, our Board of Directors is very supportive and passionate about achieving this kind of diversity. As chair of the Board of Directors, I encourage active discussions. At the same time, in my role as president and CEO, I try to embody accountability as the person responsible for business execution. Our annual evaluation of Board of Directors effectiveness included opinions that my distinction in these roles has been fair.

And although Independent Outside Directors are not involved directly in business operations in the field, they are fully willing to dig into the essential issues on the agenda (without being bogged down or sidetracked in detailed discussions about trivialities). They are willing to think and to resolve issues together with internal Directors and Corporate Officers.

As noted in our 2021 Integrated Report, we have changed the criteria for submitting proposals to the Board of Directors and increased the delegation of authority toward the executive side of management. Even so, we have no intention of making a major shift in the Board of Directors from a management-type entity to a monitoring-type entity. Or in other words, we do not intend to transition to company with committees structure. There is a tendency among the public to think that moving to a monitoring structure, such as a company with committees, is an improvement or a step forward. Indeed, we are sometimes asked such a question. However, we believe that this would be a step backward, weakening governance. A focus on monitoring tends to create an increasing information asymmetry between the executive function and the supervising function. The cost of building a system to compensate for this asymmetry would be enormous.

The initial suggestion that the role of Independent Outside Directors is to offer helpful, third-party perspectives has already seen the end of its era. It is more effective to have Independent Outside Directors with practical experience and skills commensurate with a company's medium- and long-term management goals—individuals who maintain an objective perspective while playing a role alongside operational executives. The Board of Directors will engage in extensive discussions and make positive progress regarding this issue throughout 2022.

In Closing

As society transitions to living with-COVID-19, we are finally returning to full operations in earnest. At the same time, certain factors continue to impede growth and earnings gains, including rising costs and raw materials shortages. While the stronger dollar and weaker yen, arising from the gap in Japanese and U.S. interest rates and other factors serve as a tailwind for companies that depend on foreign demand, this factor also poses the risk of rising costs. The issue of foreign exchange rates requires caution in cross-border acquisitions to avoid paying high prices. Climate change risk and other issues of sustainability, which we address over the long term, require backcasting to produce steady progress. But these measures must be implemented calmly and at an appropriate level, as they can be a factor in increasing costs in the short term.

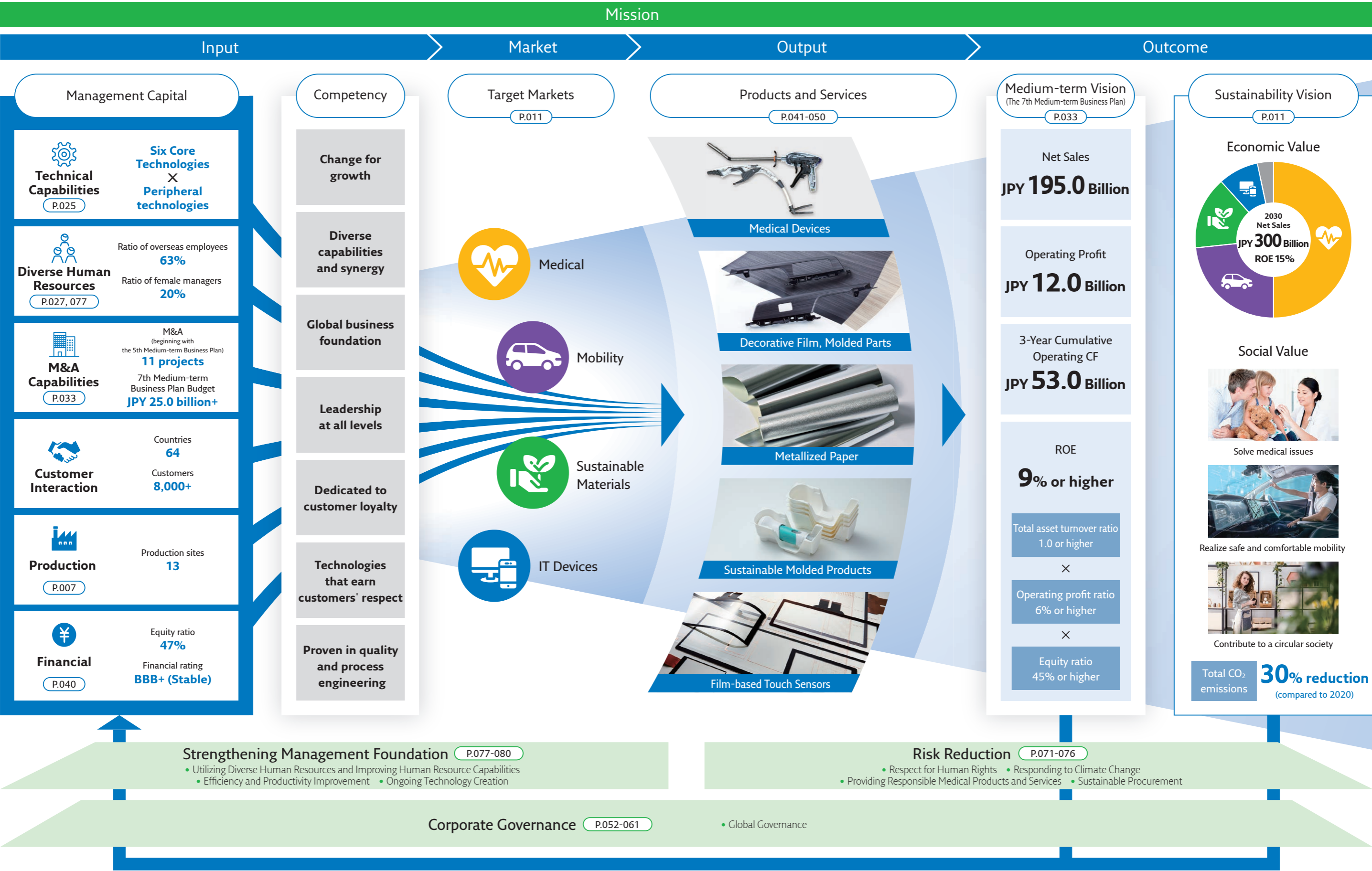
Building up human resources who will generate future growth is not only a matter of reorganizing our HR system, but also a matter of cultivating an organizational culture that produces a favorable cycle of employee growth through work, improved company performance, and positive contributions to society. In these complex times, corporate management consists of aspects that emphasize rationale and science (market analyses and evaluation of investments), as well as aspects that require sensitivity and artistry (having a sense of the times and a commitment to ethics). As the head of a corporation, I see these aspects as an extremely exciting and stimulating challenge. Rest assured that Nissha will do our utmost to contribute as a member of society.

I am grateful for the continued support of you, our shareholders and investors.



Value Creation Process

Nissha creates social and economic value that contributes to the sustainable growth of both our company and society.
We do so by leveraging our diverse management capital and delivering products and services based on our competencies, focusing on our priority markets.



Core Technologies

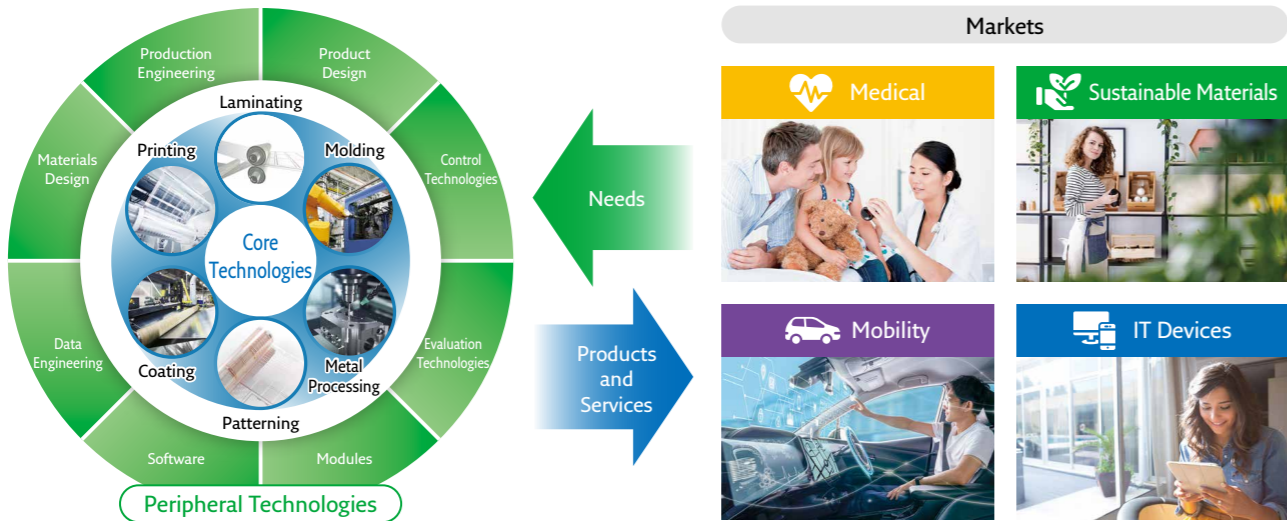
Senior Vice President
Chief Technology Officer
Ryomei Omote



Six Core Technologies and Peripheral Technologies Creating Our Distinctive Products

Since our founding, we have viewed market changes as opportunities. By integrating our Core Technologies with peripheral technologies and knowledge, we are creating unique products and services that cannot be imitated by other companies, which contribute to solving social issues of each era. Going forward, we will continue to accurately grasp the

needs of our priority markets, acquire new Core Technologies, exploit existing technologies, and integrate various peripheral technologies and knowledge to continuously create competitive new products, services, and businesses. We aim to achieve our Sustainability Vision by contributing to the resolution of various global social issues.

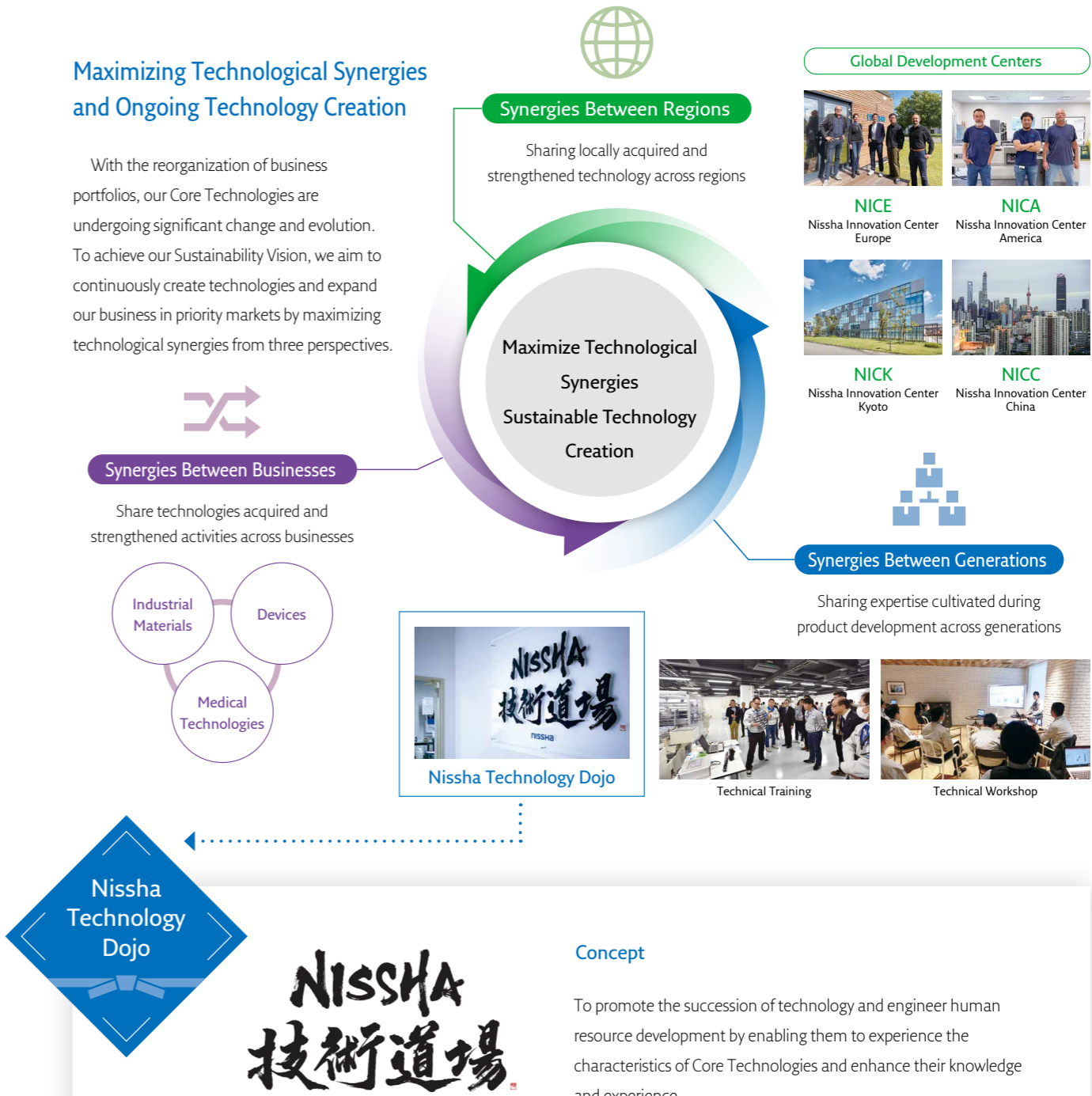


Examples of Products Utilizing Core Technologies and the Value They Provide

	Core Technologies	Peripheral Technologies
Decorative Molded Parts (Industrial Materials) By laminating and integrating a functional film with picture printings, hard coat and antibacterial functionality as well as printings are added to surface of 3D-shaped molded parts. 	<ul style="list-style-type: none">PrintingLaminatingMoldingCoatingPatterningMetal Processing	<ul style="list-style-type: none">Materials DesignProduction EngineeringProduct DesignEvaluation Technologies
Film-based Touch Sensors (Devices) In addition to the thinness and lightness that take advantage of the film's features, the capacitive touch sensor is highly regarded in the market for its high visibility and narrow frame. 	<ul style="list-style-type: none">PrintingLaminatingMoldingCoatingPatterningMetal Processing	<ul style="list-style-type: none">Materials DesignProduction EngineeringSoftwareModules
Medical Surgical Devices (Medical Technologies) We have accomplished miniaturization and high functionality, mainly for minimally invasive medical applications. 	<ul style="list-style-type: none">PrintingLaminatingMoldingCoatingPatterningMetal Processing	<ul style="list-style-type: none">Materials DesignProduction EngineeringProduct DesignModules

Maximizing Technological Synergies and Ongoing Technology Creation

With the reorganization of business portfolios, our Core Technologies are undergoing significant change and evolution. To achieve our Sustainability Vision, we aim to continuously create technologies and expand our business in priority markets by maximizing technological synergies from three perspectives.



Main Activities

- Training for first and second year employees
- Intermediate level technical courses by core technology
- Operation guidance of processing equipment and advice on technical development work
- Accumulation and disclosure of technical information on processing equipment
- Technical consultation



Training at Nissha Technology Dojo

Human Resources Strategy

Vice President
Director of Corporate
Human Resources and
Employee Benefits

Satoshi Aoki



Our Human Resources Strategy is Synchronized With Our Management Strategy

Nissha sees changes in the market environment as business opportunities and has continued to grow by transforming its own capabilities. Growth through transformation is at the core of the Nissha management strategy. The Human Resources Policy is the foundation upon which we develop our human resources strategy. At the beginning of the policy, it clearly states that “aim for growth both for the company and our employees,” in other words, the company and our employees should continue to change and grow together.

The Nissha human resources strategies are characterized by its dynamic nature, as it is inextricably linked to the management strategy of growth through transformation. I myself have practical experience in various business divisions of Nissha including corporate strategy and investor relations as well as public relations. As a result, I am instructed by the management team to always synchronize the sense of direction that the management and business strategies are aiming for with our human resources strategy.

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.

Human Resources Policy

- Nissha Group aims for growth both for the company and employees through diverse capabilities and passion, seeing changes in the Business environment as opportunities for growth.
1. We shall develop employees who embody Nissha Philosophy and contribute to society through our business activities.
 2. We shall respect diversity of employees and utilize their individuality and strengths.
 3. We shall emphasize global teamwork to achieve results.
 4. We shall encourage proactive actions and unconventional innovation.
 5. We shall provide rich training programs and challenging growth opportunities.
 6. We shall create a workplace full of energy where employees feel safe to work.

The key for growth through transformation is diverse capabilities and passion as indicated in the Mission and Human Resources Policy. Each of the four markets that Nissha has identified as priority markets - Medical Devices, Mobility, Sustainable Materials, and IT Devices - has different regulations and industry rules. In addition, the market environment is changing rapidly. It is necessary to identify the new

capabilities needed by the organization and its employees, and to systematically develop and acquire the skills necessary to adapt to these changes. Human resource development programs must be regularly updated in line with management and business strategies. Activities to acquire specialized human resources from outside in a timely manner must become routine. Rather than having all organizations and

employees develop the same capabilities equally, it is important that the Nissha Group as a whole, be balanced with different areas of expertise and strengths based on the roles each plays. We believe that our employees around the world share the same passion for creating value for our customers, the same integrity in our work, and the same pride in our business, products, Nissha technology, and colleagues.

The human resources system currently in place in Japan clearly defines the difference between the size of the roles played by organizations and employees, as well as the capabilities required for each role. The system then evaluates the degree to which the roles are performed and their results, and incorporates many so-called job-based elements. However, this does not necessarily mean that all employees will remain engaged in a particular function or organization. Both employees who specialize in a particular function or organization and employees who have experience in multiple functions and

workplaces with a broad perspective are needed. Our approach to career development differs depending on the countries and regions in which we operate. What’s important is to have a diverse workforce that can adapt to changes in our priority markets and business portfolio.

We develop our human resource development measures based on the same idea. Nissha’s extensive training programs are systematized as Nissha Academy, an in-house university. From rank-specific training represented by basic training for new employees and career hires, to function-specific and target market-specific training, etc., a wide range of training is available. In addition, our selective human resource development programs to foster the next generation of management talent is also open and transparent. Required training will be added as needed. It can take many forms, including classroom lectures, online courses, practical training, outside placements, and collaboration with graduate schools.

Engagement Survey Launched

Response rate
87.9%



For employees to work passionately and for the company and employees to grow together, we believe it is important for the company to improve employee engagement by putting in place a system that encourages this and fostering an organizational culture that is easy to work in. As one of these efforts, an engagement survey was conducted for the first time from March to April 2022, targeting all permanent employees (approximately 1,900) working for Nissha group companies in Japan. The purpose of this survey was to identify issues that will improve the diverse capabilities and passions of Nissha, the source of our growth.



Senior Manager
Corporate Human Resources and Employee Benefits
Corporate Human Resources Planning Group
Daisuke Koshino

Will to contribute to the organization

I want to contribute
to Nissha



Organizational Commitment

I am proud to
work for Nissha



Rewarding

I find my work
rewarding



Feeling of contributing to society

I feel I contribute to
society through my work



*Positive response rate: Percentage of respondents who responded positively to the question.

The positive response rate for willingness to contribute to the organization and organizational commitment is high. This may be related to the fact that our Mission (P27) has been widely disseminated and is strongly identified with. On the other hand, when limited to their own work, the respondents found it somewhat more difficult to feel a sense of fulfillment and contribution to society. Going forward, we will analyze and develop these factors at the business and workplace level and promote specific actions. We will expand the engagement survey to overseas Group companies during 2022 and collect results globally. We will continue to implement initiatives and make improvements to enhance a culture in which all employees work with passion.

Sustainability and Materiality

Basic Approach



Nissha Group regards sustainability to be initiatives that achieve the mutual growth and development of both the company and society. Based on this belief, we view social issues as business opportunities and leverage our strengths to continue to provide products and services that help solve these issues. We also strive to strengthen our management foundation supporting our business activities, reduce risks that impede corporate sustainability, and promote governance to appropriately advance these activities. Through these activities, we will achieve our Mission of enriching lives by creating economic and social value.

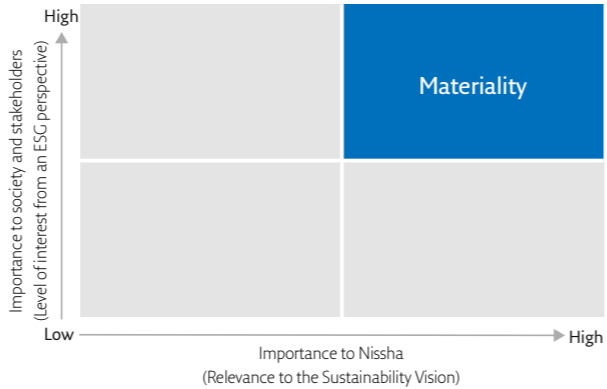
Nissha Group has defined Sustainability Vision that communicates where we want to be as a corporate group by the year 2030. We aim to create social value by providing products and services that contribute to solving social issues in the priority markets of Medical, Mobility, and Sustainable Materials, and to achieve a 30% reduction in total CO₂ emissions by 2030 (compared to 2020) with the goal of becoming carbon neutral by 2050.

We have also identified items of particular importance for the realization of our Sustainability Vision as materialities. We are working on specific strategies and KPIs setting by reflecting backwards from our Sustainability Vision for 2030.

Materiality Identification

Materialities are evaluated from the 4 perspectives of, Creating Business Opportunities, Risk Reduction, Strengthening Management Foundation, and Corporate Governance, using the two axes of importance to society and stakeholders, and importance to Nissha.

The identified issues and their positioning within the Group are discussed by the Sustainability Committee, and materialities are identified through deliberations and resolutions by the Board of Directors.



STEP1	STEP2	STEP3	STEP4
Identify related social issues	Prioritize	Verify validity	Establish materialities and KPIs
Identify social and management issues related to the realization of the Nissha Group's Sustainability Vision by referencing SDGs, GRI Standards, RBA, etc.	Incorporate knowledge gained through dialogue with customers, shareholders, investors, and other stakeholders regarding the social and management issues identified in Step 1, while analyzing and prioritizing on two axes: "importance to society and stakeholders" (considering SDGs, external evaluation, etc.) and "importance to Nissha"	Examine the validity of the priorities via interviews conducted with business divisions, the Sustainability Committee subcommittees, ESG Task Force and other organizations.	Based on Steps 1 to 3, materialities are identified through deliberations and resolutions by the Board of Directors. In addition, business divisions, subcommittees, and the ESG Task Force incorporate strategic items and KPIs, which are then approved by the Sustainability Committee.

Materialities of Nissha Group

Nissha Group reviewed its materialities in January 2022.

As sustainability becomes increasingly important worldwide, we have taken into account changes in the environment that may affect our business. We then narrowed our focus to those items that are of particular importance to the realization of our Sustainability Vision.

Items of high importance that were handled by the Sustainability Committee as materialities until 2021 included promotion of compliance, promotion of health and productivity management, occupational health and safety, advancement of quality control, continuity of business activities, and protection and utilization of information assets. These items are now handled by the Risk Management and Compliance Committee, which was newly established in 2022 to ensure smooth business operations and promote risk reduction activities.

Materialities	Strategy Items	KPIs and Action Items (2023)	Related SDGs	Reference Page
Creating Business Opportunities (Resolution of social issues through business)				
Solve medical issues	Expansion of business for Medical Devices / Healthcare market <ul style="list-style-type: none">Contribution to medical care centered on minimally invasive (heart disease) and acute care fields	<ul style="list-style-type: none">Net sales of Medical Technologies segment		P.041
Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact	Expansion of business for Mobility market <ul style="list-style-type: none">Providing mobility products that contribute to safety, comfort, and reduction of environmental impact	<ul style="list-style-type: none">Net sales of Mobility segment		P.046
Promotion of a circular economy	Expansion of business for Sustainable Materials market <ul style="list-style-type: none">Promotion of circular economySolving marine plastic pollution issuesContribution to improving resource utilization efficiencyBiodiversity conservation considerations	<ul style="list-style-type: none">Net sales of Sustainable Materials segment		P.045
Risk Reduction (Reducing environmental and social risks that impede business continuity)				
Respect for human rights	Reduction of labor and human rights risks	<ul style="list-style-type: none">Number of child labor and forced labor cases of primary suppliers in areas with high labor and human rights risks (Latin America, Southeast Asia, China): 0		P.071
Responding to climate change	Reduction of total CO ₂ emissions by 30% by 2030 (compared to 2020)	<ul style="list-style-type: none">Reduction of total CO₂ emissions by 9% (compared to 2020)		P.073
Providing responsible medical products and services	Establishment of management systems for quality and safety of products and services Strengthening the legal compliance system by thoroughly ensuring that employees understand medical-related laws and regulation <ul style="list-style-type: none">Appropriate disclosure of information about products and services	<ul style="list-style-type: none">Continuation and expansion of ISO 13485 certification (number of certifications obtained and maintained as planned): 11Continuous implementation of education for management and all employeesCompliance with laws and regulations related to information disclosure (Pharmaceutical Machinery Law Enforcement Regulations, Appropriate Advertising Standards for Pharmaceuticals, etc.): 0		P.075
Sustainable procurement	Establishment and operationalization of stable procurement <ul style="list-style-type: none">Suppliers: Build appropriate supplier network and healthy relationshipsProcurement of goods: Ensure stable procurement of environmentally friendly goods at reasonable prices, while preserving quality.Risk: Reduce procurement risk and strengthen risk management capabilitiesProcurement process: Establish and maintain an appropriate procurement processBuyers: Improve and maintain buyers' expertise	<ul style="list-style-type: none">100% implementation rate of risk reduction measures for major components (number of risk reduction measures implemented / number of key components with high procurement risk)		P.076
Strengthening Management Foundation (Initiatives to support the creation of business opportunities and the reduction of risks)				
Utilizing diverse human resources and improving human resource capabilities	Promote activities for women Enhancement of trainings for management / strategic human resources, and rotation	<ul style="list-style-type: none">Female manager ratio Global consolidated: 21% Nissha non-consolidated: 8%Selection rate of leadership candidates Nissha non-consolidated: 36%		P.077
Efficiency and productivity improvement	Digitization of value creation process	<ul style="list-style-type: none">Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / yearOperation process flow digitization (total number of projects developed from 2021 to 2023): 100		P.079
Ongoing technology creation	<ul style="list-style-type: none">Establishment of a management system based on a technology roadmapPromote three technological synergies: inter-business, inter-regional, and inter-generational	<ul style="list-style-type: none">Number of verified new technologies consistent with business strategy: 5 (per year)		P.080
Corporate Governance				
Global governance	Establish an internal control framework along the business axis (vertical) and a cooperative framework (RCC) along the regional axis (horizontal)	<ul style="list-style-type: none">Expansion of RCC coverage (Expansion to regions outside of Europe, the U.S. and China)	—	P.061

Sustainability and Materiality

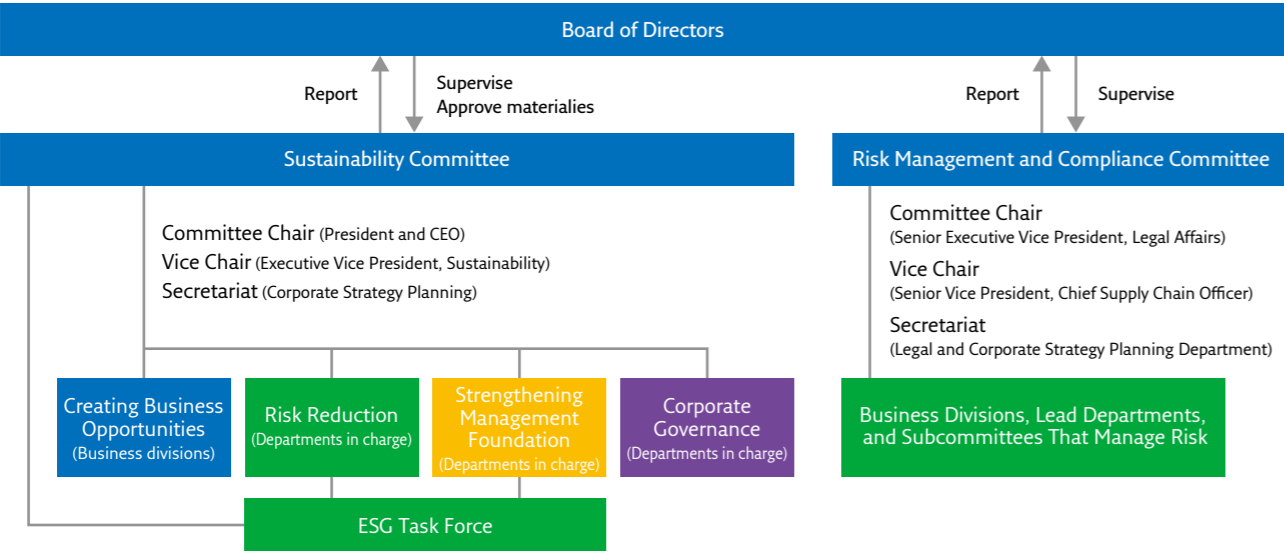
Promotion Framework

We have established the Sustainability Committee and the Risk Management and Compliance Committee as promotion frameworks to ensure our sustainable growth and business continuity. Both committees review the progress of KPIs on a quarterly basis and report their activities to the Board of Directors once a year.

The Sustainability Committee is chaired by the president and CEO and vice-chaired by Executive Vice President in charge of sustainability. It consists of the ESG Task Force, a business organization and cross-functional organization related to materiality from the perspectives of Creating Business Opportunities, Risk

Reduction, Strengthening Management Foundation, and Corporate Governance. The Sustainability Committee approves and manages the progress of KPIs set by each organization under the Committee for the materialities.

The Risk Management and Compliance Committee is chaired by Senior Executive Vice President in charge of legal affairs. It works with the subcommittees and divisions with risk jurisdiction from a company-wide perspective to prioritize and appropriately control risks that may impede the continuity of business activities.



Risk Management at Nissha

Under its basic risk management policy, Nissha Group centrally manages risks that may impede business operations. The Risk Management and Compliance Committee works with the subcommittees and departments which have jurisdiction over risk. The committee identifies, analyzes, and evaluates risks from a company-wide perspective, selects and reviews important risks, and monitors work to avoid or reduce risks. For details on these initiatives, please refer to the Nissha Sustainability Report (published annually), which compiles non-financial information on the environment, society, and governance.

Managed Risks

Company-wide risks	Fair business activities
	Labor and human rights
	Securing human resources
	Ensuring quality and safety of products and services
	Ensuring quality and safety of medical products and services
	Intellectual property rights
	Supply chain management
	Environmental conservation
	Trade management
	Information systems (confidential information, personal information, information security)
	Asset management
	Business continuity
Business risks	Business strategies
	Business development
	Production activities
Financial risks	Financial affairs

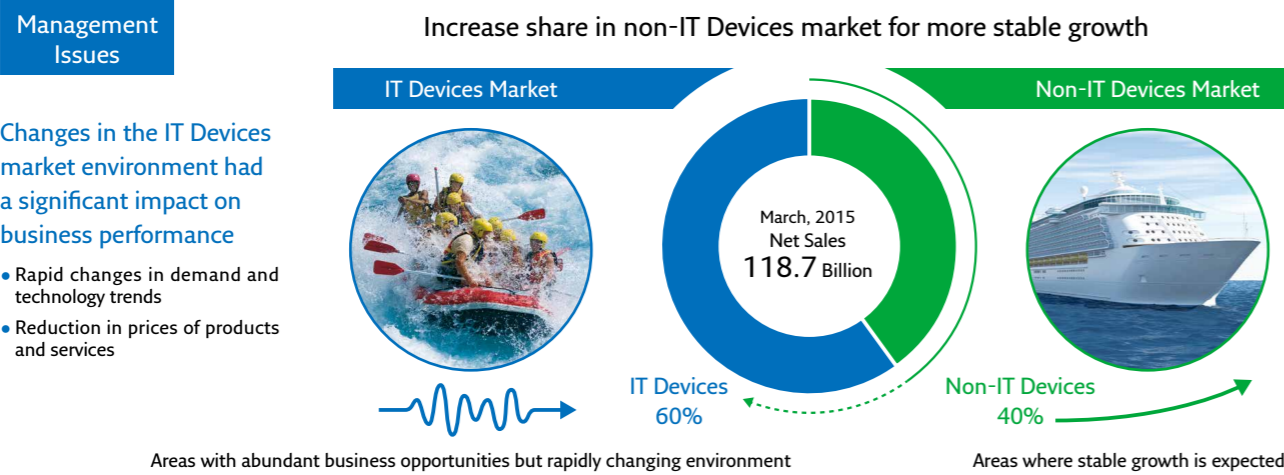
The 7th Medium-term Business Plan

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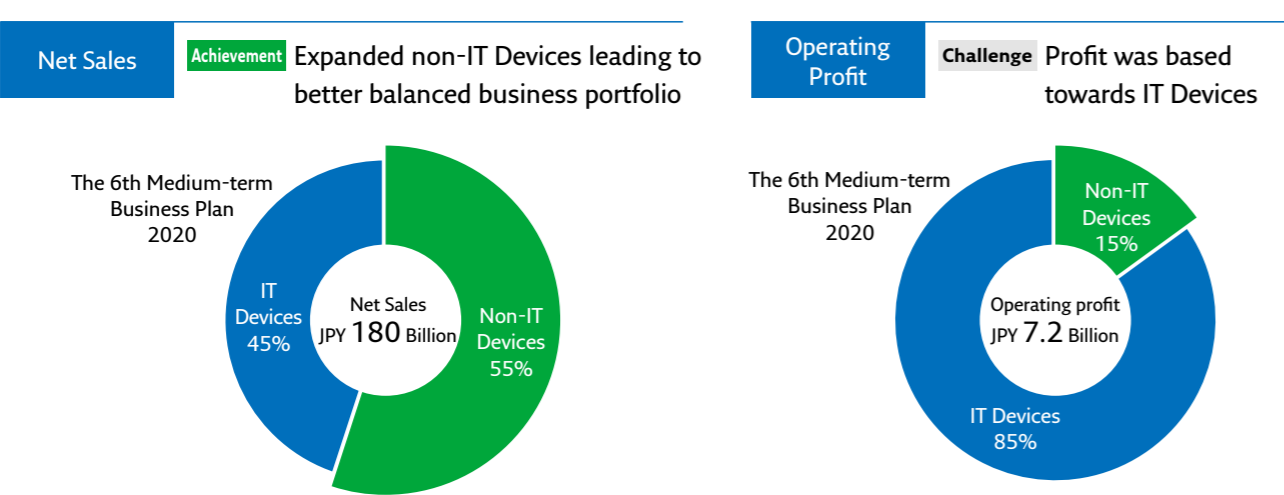
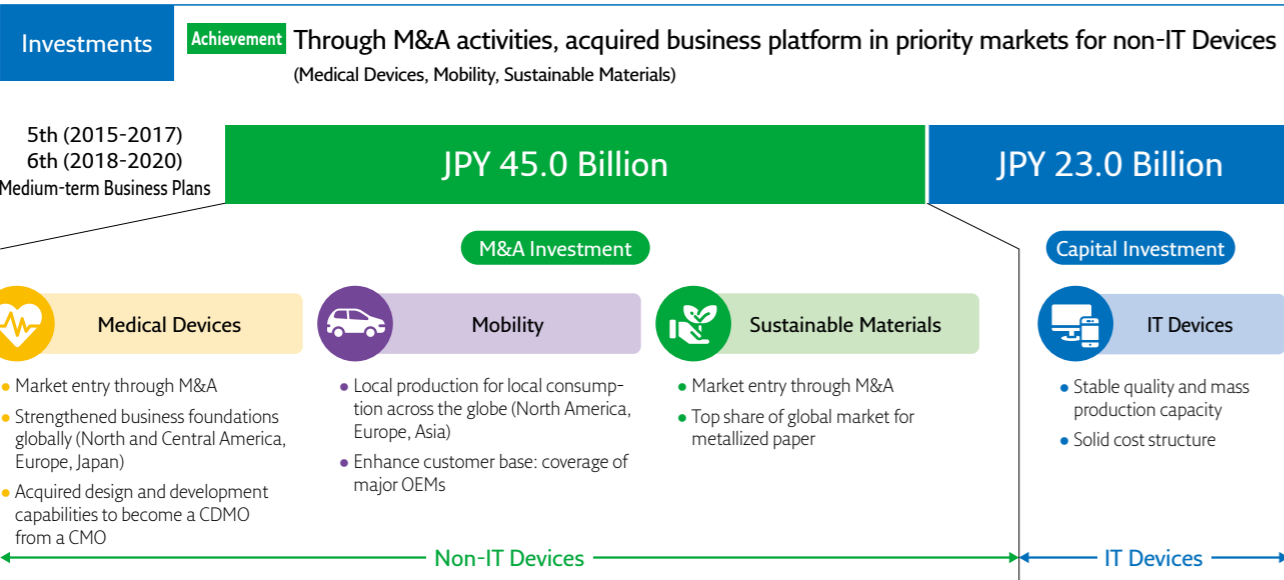
Medium-Term Business Plan

Review of Past Medium-term Business Plans

The 5th (2015-2017) and 6th (2018-2020) Medium-term Business Plan: Vision of optimizing our business portfolio



Achievements and challenges of the 5th and 6th Medium-term Business Plans



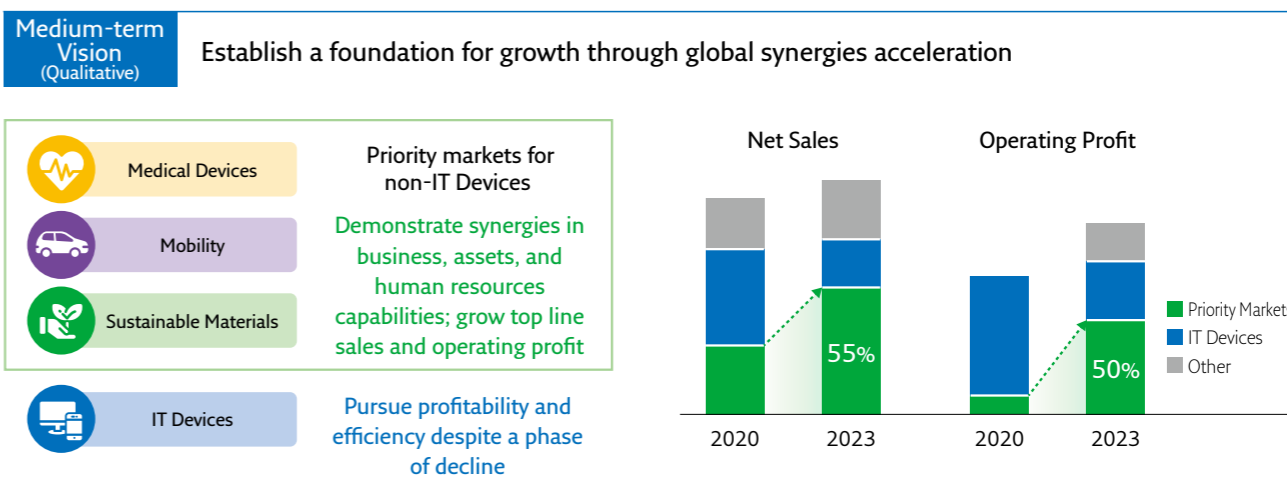
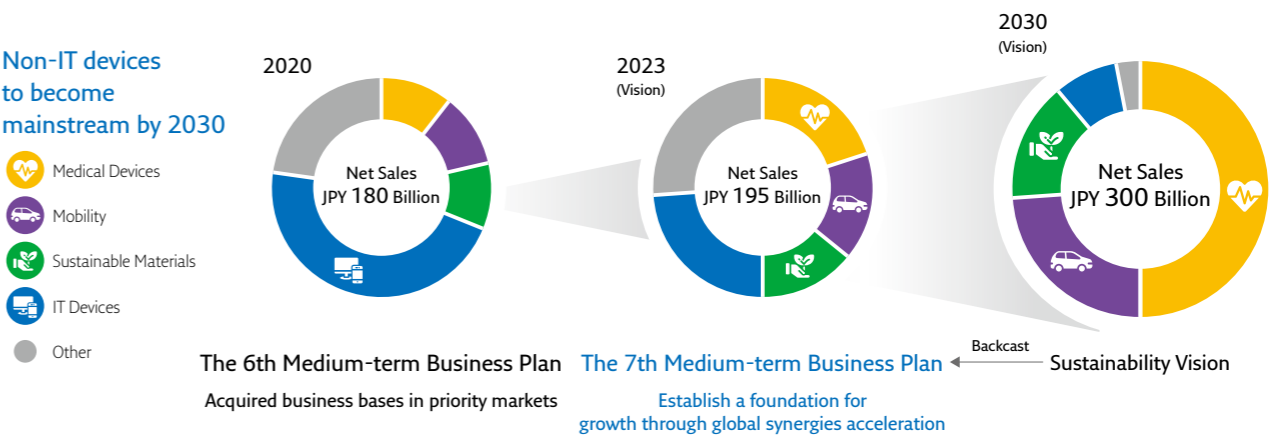
The 7th Medium-term Business Plan

Sustainability Vision as a point to back-cast

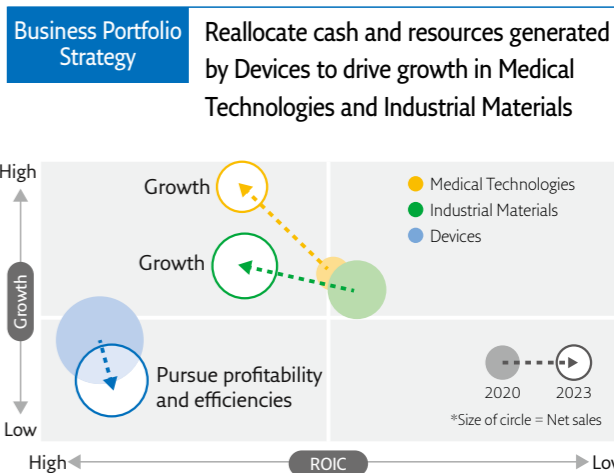
Since January 2021, Nissha Group has been operating the 7th Medium-term Business Plan (for the three-year period ending December 31, 2023).

It sets our medium-term strategy for the 3 years from 2021, reflecting backwards the Sustainability Vision for 2030.

Under the 7th Medium-term Business Plan, we aim to construct a foundation for growth by fully utilizing the global business bases we have acquired and built so far and maximizing their synergies. In the markets of Medical Devices, Mobility, and Sustainable Materials, our goal is to achieve growth by expanding product lineups that will solve social issues. In the IT Devices market, we will enhance profitability and efficiency against the downturn trend in the product demand.



Medium-term Vision (Quantitative)	The 7th Medium-term Business Plan 2023 Vision
ROE	9% or higher
Operating cash flows (three-year cumulative)	JPY 53.0 billion
Net sales	JPY 195 billion
Operating profit (OPM)	JPY 12.0 billion (6.2%)



Company-wide Strategy

Director of the Board
Executive Vice President
Chief Strategy Officer
Director of Corporate Strategy Planning
Senior Director of New Business Development Office
Senior Director of Sustainability
Senior Director of Investor Relations

Wataru Watanabe



Review of the 6th Medium-term Business Plan

Since the 2008 global financial crisis, we have positioned the IT Devices market as a key driver of our business performance. Combining six Core Technologies, we have been recognized by global leading companies by providing technologically superior products such as Touch Sensors and IMD in large quantities at a reasonable quality and price. However, IT devices represented by smartphones and tablet devices have reached the peak of their product life cycle, with sales volume reaching a plateau in terms of global demand forecasts. During the period of the 6th Medium-term Business Plan, which we implemented from 2018 to 2020, the business environment deteriorated due to the severe impact of IT device commoditization. In June 2020, the company implemented the Measures to Strengthen Profitability. The intention was to reorganize our business portfolio, exercise management discipline to quickly realize the blueprint of our long-term vision, and ensure that growth resources were firmly secured. Furthermore, we accelerated our portfolio reorganization strategy, by selling the Tokyo-area business territory of our Information and Communication business (2019), which had been in existence

since being established in 1929. In addition to the sale of idle fixed assets such as manufacture facilities, the sale of strategic shareholdings ensured efficiency of the balance sheet. In terms of M&A, we invested funds mainly in Medical Devices and Sustainable Materials. In summary, the 6th Medium-term Business Plan was a three-year period during which we responded immediately to declining demand for IT devices, implemented measures to strengthen profitability, and steadily reorganized our business portfolio through a growth strategy that made full use of M&A opportunities. Through these efforts, in terms of net sales, we have set our sights on a reorganization from IT devices to the non-IT field. On the other hand, in terms of operating profit, the proportion of the non-IT field, a key area of focus, remains a challenge. We are actively investing in this field through M&A and business alliances because of its high net sales growth rate and abundant business opportunities. We will continue to refine the process of creating new value by incorporating outside capabilities into our own company.

The 7th Medium-term Business Plan

The main task of the 7th Medium-term Business Plan is to establish synergies in our prioritized non-IT field to solidify the foundation for growth. Our top priority is to reap the rewards by fully utilizing business assets acquired under the 6th Medium-term Business Plan. The specific image of synergy is to fully understand the characteristics and needs of the newly entered market through M&A and other means, and to incorporate our six Core Technologies into our products. The strategic assets acquired include not only tangible assets such as plants and facilities, but also customer relationships, technology, expertise, and human resource capabilities. To incorporate these capabilities and to further draw growth strategies from them, it is essential to engage in dialogue across with the businesses and employees that have become part of our group through M&A, and to

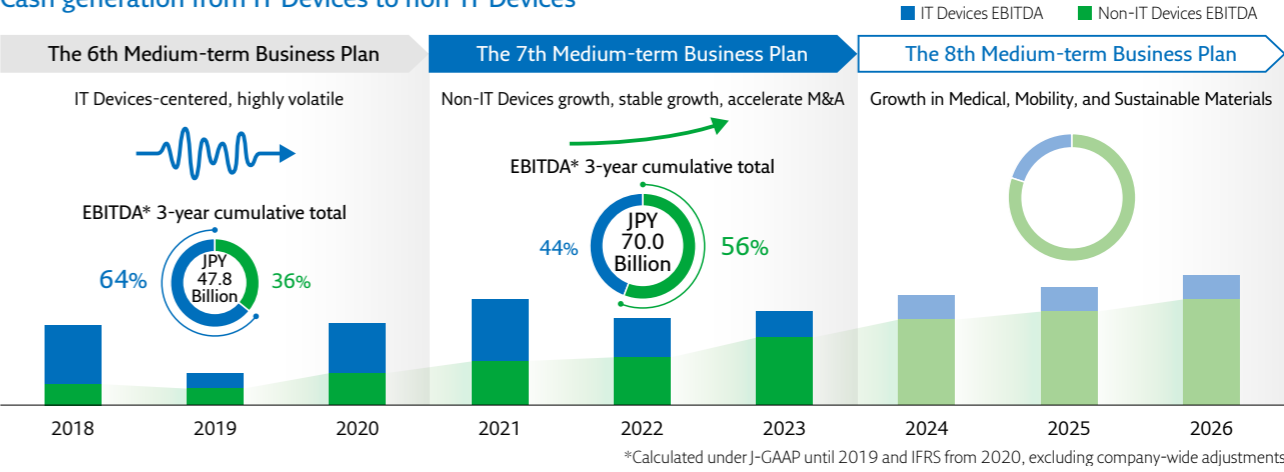
share our goals. We have seen a certain amount of synergies in terms of cost, such as reduction of administrative and logistic costs, which can be implemented immediately after acquisitions. The 7th Medium-term Business Plan examines the results of net sales synergies, which allow us to create new products by drawing up a growth strategy toward the same vision.

Progress in the First Year of the 7th Medium-term Business Plan

The 7th Medium-term Business Plan, which was initiated with this awareness of these issues, has already begun to show some concrete results in 2021, its first year. Most notably, the leading role in generating cash has shifted from IT Devices to the non-IT Devices market. Pent-up demand triggered by COVID-19 has boosted our ability to generate cash in priority markets such as Mobility and Sustainable Materials. In addition, net sales in Medical market (Medical Technologies business

meaning the Medical Devices business) recovered to pre-COVID-19 levels as the turmoil in medical institutions subsided and the number of surgeries recovered in North America and other regions. As a result of these factors, we expect to generate more cash in the three-year cumulative period compared to the three years of the 6th Medium-term Business Plan, which gives us confidence in our sustainable growth strategy, focusing on the non-IT Devices market in the future.

Cash generation from IT Devices to non-IT Devices



Business Portfolio Strategy

We have drawn up a blueprint for reorganizing of our business portfolios. As a result, we expect dynamic changes in the allocation of resources among business units. Cash generated from the Devices business will be allocated to the Medical Technologies business and the Industrial Materials business (Mobility and Sustainable Materials).

M&A budget allocations have been increased, especially for the Medical Technologies business. Capital expenditures are mainly for maintenance and renewal of existing facilities. Another important management issue is the allocation of human resources, i.e., the transfer of employees and the development of skills needed at the new location. To dynamically change capability in response to the business environment, it is essential not only to reassign employees to different business, but also to provide reskilling training and to hire career personnel who are familiar with the Medical Devices market. Reflecting this intention, we revised our personnel system in fiscal 2020. This is a system in which employees are evaluated solely based on the degree to which they demonstrate their abilities and the size of the job or responsibility they fulfill, without regard to their gender, race, or other innate attributes, and without taking into account factors outside the scope of their efforts, such as their age.

Since our founding, we have had a history of transformation, evolving through changes in our core business. For example, if we go back to the 2000s, IT devices were just a sideline at that time, and most of the net sales consisted of domestic market clients. This was a

time when the Information and Communications business, our original business, accounted for the majority of our net sales. From that stage to the present, we have up-dated our business and organization and have earned the trust of major global clients. From 2020 to 2030, we will apply the capabilities developed in IT Devices to Medical Devices.

COVID-19, which struck the world in early 2020, provided an opportunity for companies to rediscover their purpose for doing business. The reason for announcing our 2030 vision for the first time since our founding and positioned our 7th Medium-term Business Plan back-cast from this vision is largely due to our sense of crisis brought about by this pandemic. In the face of the crisis, the management team discussed the significance of long-term business activities and integrated efforts to put Nissha Philosophy into practice. In the process, we were faced with the dilemma that the growth strategy could not be adequately defined only within the three-year time frame of the Medium-term Business Plan's operational unit.

We made a new entry into the Medical Devices business by acquiring a North American company in 2016. COVID-19 has made us keenly aware of the social responsibility this business fulfills and the significance of solving social issues. We will share our vision from a medium- to long-term perspective and will realize our vision by gathering the capabilities of the entire company, transcending business units and regions.

Financial Strategy

Senior Vice President
Chief Financial Officer
Hitoshi Koya



2021 Business Results

For performance in 2021, demand fell for smartphones in the Devices business and demand otherwise fluctuated due to the shortage of semiconductors and other factors in the second half of the year. However, demand was sustained in the Devices business primarily in the first half, demand expanded in the Industrial Materials business, and demand recovered in the Medical Technologies business from COVID-19 impact. As a result, net sales were steady at JPY 189,285 million (up 5.2% year-on-year). In terms of profit, record highs were recorded for each of operating profit, profit before tax, and profit attributable to owners of parent. This was due to solid product demand and effects from production equalization and productivity improvement measures, despite increases in raw material and labor costs due to supply-side constraints. We believe we have achieved a degree of success in reorganizing our business portfolios, steadily growing in priority markets in non-IT Devices, and improving the profitability of the Industrial Materials and Devices businesses despite impact from a resurgent COVID-19.

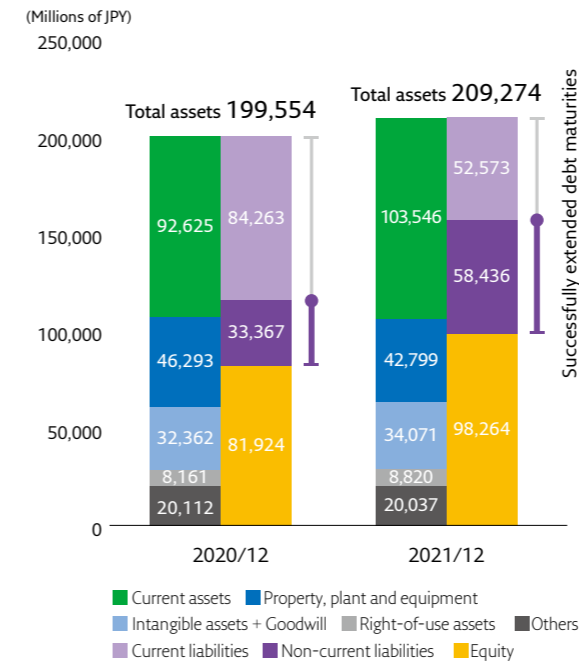
As of the end of 2021, total assets were JPY 209,274 million, an increase of JPY 9,720 million compared to the end of the previous fiscal year. For liabilities, we were able to stabilize our balance sheet by extending debt maturities through bond issuance and refinancing at overseas group companies.

As an overview of cash flows, we once again achieved positive free cash flow, increasing net cash from operating activities increased while limiting net cash used in investing activities. In addition, net cash from financing activities increased due to bond issuance. As a result, cash and cash equivalents as of the end of 2021 were JPY 42,330 million, up JPY 17,263 million compared to the end of the previous fiscal year. Part of this success is owed to securing liquidity on hand by curbing unreasonable investments amid an uncertain economic environment, influenced by COVID-19. Looking ahead, we will continue to prepare for expected investments in priority markets based on stable generation of free cash flow and by utilizing various financing methods and reducing working capital.

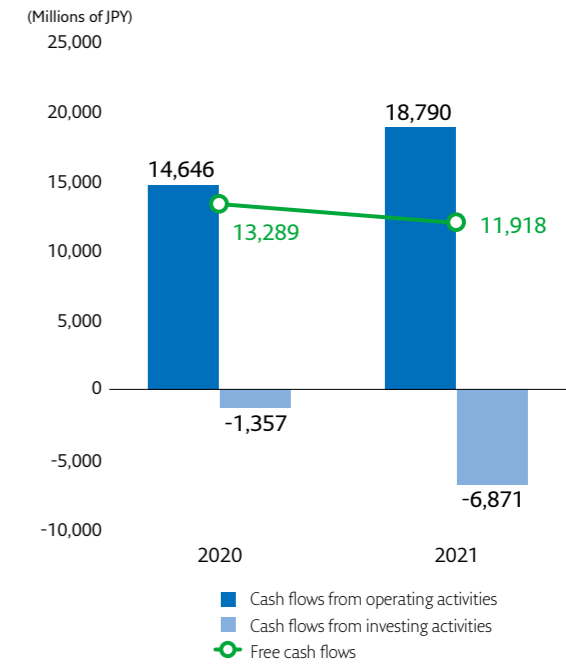
2021 Business Results

	(Millions of JPY)		
	2020 Results	2021 Results	YoY
Net sales	180,006	189,285	+5.2%
Industrial Materials	48,858	60,543	+23.9%
Devices	102,708	96,971	-5.6%
Medical Technologies	20,568	24,176	+17.5%
Others	7,870	7,593	-3.5%
Operating profit	7,278	17,363	+138.5%
Operating profit margin	4.0%	9.2%	+5.2pt
Industrial Materials	858	5,161	✓ +501.4%
Devices	10,131	14,242	✓ +40.6%
Medical Technologies	993	776	-21.8%
Others	- 4,704	- 2,818	-
Profit before tax	7,039	19,499	+177.0%
Profit attributable to owners of parent	7,061	15,859	+124.6%

Changes in Financial Position



Changes in Cash Flows



2022 Forecast

In 2022, though we expect a decline in both sales and profits, we will continue to establish a foundation for growth by reorganizing our business portfolios and growing in non-IT Devices, where our priority markets are.

For performance in 2022, we expect to maintain a certain level of profitability due to equalizing production, which has already been proven effective, despite an expected decline in sales in the Devices business due to a decrease in demand for products for smartphones. In the Industrial Materials business, we expect a continuing uptick in sales with product demand remaining strong for metallized paper, a Sustainable Material, and for decorative products for Mobility. We also

expect to maintain profitability through product price revisions and other measures. In the Medical Technologies business, the mainstay contract design/development and manufacturing (CDMO) services are expected to see increasing revenues at a faster rate than the growth of the Medical Devices market, thanks to continuing recovery from COVID-19, the start of manufacturing of new products, and more. Profitability is expected to improve with this growing revenue and the impact of soaring raw material costs is passed on to product prices.

Given these expectations, we forecast net sales of JPY 178,400 million, operating profit of JPY 12,500 million, and profit attributable to owners of parent of JPY 10,000 million for 2022.

Consolidated Financial Results Forecast for 2022

	(Millions of JPY)
	2022 Forecast
Net sales	178,400
Industrial Materials	64,700
Devices	77,700
Medical Technologies	28,000
Others	8,000
Operating profit	12,500
Operating profit margin	7.0%
Industrial Materials	5,800
Devices	8,700
Medical Technologies	1,100
Others	- 3,100
Profit before tax	13,300
Profit attributable to owners of parent	10,000

Financial Strategy

Goals in the 7th Medium-term Business Plan

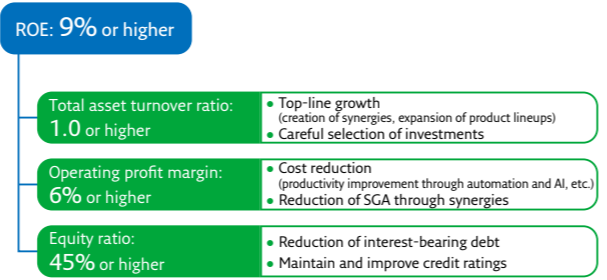
We believe in the importance of investing in growth and maintaining an appropriate balance in shareholders' equity to increase corporate value over the medium to long term. Our 7th Medium-term Business Plan sets a goal of 9% or higher in ratio of return on equity attributable to owners of parent (ROE).

To achieve this goal, we will strive to raise total asset turnover ratio to 1.0 times or higher through top-line growth and carefully selected investments. We will also strive to maintain an operating profit margin of 6% or higher by reducing costs and cutting SGA expenses through synergies, while working to achieve an equity ratio of 45% or higher by reducing interest-bearing debt so as to ensure financial soundness.

In 2021, operating profit and profit attributable to owners of parent reached record highs, contributing to an operating profit margin of 9.2% and an equity ratio of 47.0%, achieving our targets, while the

total asset turnover ratio was 0.93 times, against a target of 1.0 times or higher.

Although we expect a temporary decline in indicators in 2022 due to lower sales and profits, we aim to achieve targets for each indicator in the final year of the 7th Medium-term Business Plan through steady implementation of the aforementioned measures.



Cash Allocation

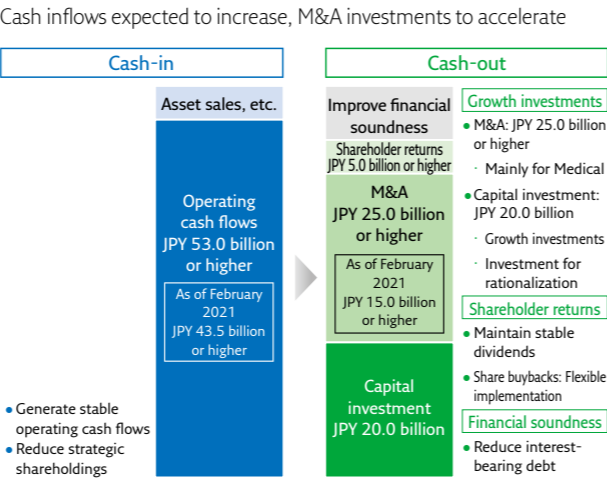
While giving consideration to financial safety, we use cash flows generated by operating activities, etc. mainly for growth investments, including M&As, capital investment, and research and development, which will contribute to the improvement of the corporate value over a medium- to long term. Though in the 7th Medium-term Business Plan we originally forecast cash flows from operating activities as JPY 43,500 million or higher, we revised this to JPY 53,000 million or higher based on the results from 2021. We will accelerate investment in priority areas, especially in the medical field.

Our investments are made in a disciplined manner based on a system of checks by our internal Investment Committee. When considering individual investments, the Investment Committee deliberates on their strategic significance to the company, risks, and countermeasures, and verifies future cash flow forecasts, investment yields, and other factors, carefully selecting investments in consideration of the soundness of our balance sheet.

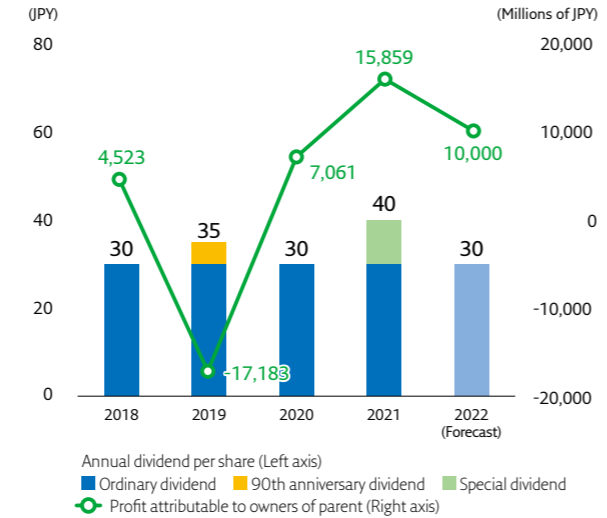
In accordance with the Corporate Governance Policy, we verify the significance and rationality of strategic shareholdings from a medium to long term perspective, with a report made once a year at a meeting of the Board of Directors. We will continue to reduce these while giving due consideration to the impact on the market and other factors.

Our basic policy is to provide stable ongoing dividends to our shareholders. In determining distributions of profits to shareholders, we implement consistent dividends by taking into account a full range of factors including its business results, dividend payout ratios, financial soundness, and other factors. We will properly consider special dividends that take into account the business results and stock buybacks as a way of improving capital efficiency. In 2021, we paid annual dividends of JPY 40 per share, including a special dividend of JPY 10 per share taking into account record profits.

Cash Allocation (Three-Year Cumulative Total) Update



Dividends and Profit Attributable to Owners of Parent



Financial Management

In accordance with our Sustainability Vision, we are committed to maintaining a stable financial position while investing for growth.

With regard to financing methods, in addition to existing short-term borrowings, we issued straight bonds in April 2021, carried out large-scale refinancing at overseas group companies in June and November 2021, and made long-term borrowings through sustainability linked loans in December 2021. Through these methods, we successfully diversified our borrowing methods and extended the maturities of our debts. Looking ahead, we intend to utilize not only cash flows from operating activities but also a variety of financing methods to flexibly secure funds necessary for growth investments and to increase our liquidity on hand.

With regard to financial indicators, in addition to the aforementioned ROE and its component indicators, we place importance on the net interest-bearing debt/EBITDA ratio, the net debt-to-equity ratio, the liquidity ratio, and other indicators so as to maintain a stable financial position with a view to securing sufficient capacity for raising funds. Of these, the net interest-bearing debt/EBITDA ratio (target: 1.0 or less, result for 2021: -0.09) and net debt-to-equity ratio (target: 0.5 or less, result for 2021: -0.02) remain at healthy levels from the previous period. We will work to further improve the liquidity ratio (target: 3.0 months or higher, result for 2021: 2.68 months) to ensure a stable cash position.

Refinancing at Overseas Group Companies: Achieving Synergies with the Global Headquarters

In 2021, we successfully refinanced the borrowings of two overseas group companies through new loans led by our Global Headquarters in Kyoto, mainly from Japanese banks. This lowered interest rates and significantly improved borrowing terms.

In the refinancing of Nissha Metallizing Solutions Group in June, borrowers were located in five countries (Belgium, Italy, Germany, the U.S., and Brazil), so it was necessary to coordinate not only terms and conditions but also matters of legal concern. Despite this, close collaboration with Juliana Fakir (pictured, left), the CFO of Nissha Metallizing Solutions, and team members in each country helped to overcome time zone and language barriers, achieving total refinancing for all locations.

In refinancing Nissha Medical Technologies in November, we

sorted out long-standing relationships with local banks and achieved optimal loan terms for the company. Though negotiations for loan terms with banks in Japan and the U.S. took time, with the understanding and support of Nissha Medical Technologies CFO Michael Memminger (pictured, right) and other members of the company's management team, we successfully reached a set of terms.

As a result of these effective global collaborations, we successfully reduced interest rates equivalent to several hundred million yen per year and otherwise improved borrowing terms. Not only that, but the relationships of trust fostered between Nissha entities during the structuring process are expected to be very useful in our future global financing.



CFO
Nissha Metallizing Solutions
Juliana Fakir



CFO
Nissha Medical Technologies
Michael Memminger

Human Resource Development in the Finance Department

Nissha Group does business worldwide, with 35 overseas locations mainly in the Americas, Europe, and Asia. Net sales overseas account for approximately 90% of the group's total net sales. Amid this environment, we recognize the need to develop human resources who can communicate smoothly with overseas locations and solve issues in their finance departments from a global perspective. For this reason, the Finance Department is currently working to strengthen its capability to communicate in a way that will be accepted worldwide through regular exchanges with overseas locations.

In addition, because tasks within finance departments require high

levels of accounting knowledge and finance-related capabilities, these departments tend to rely on specific people for these tasks. This is why the Finance Department at Global Headquarters has positioned the diversification of raising funds, the strengthening of foreign exchange risk management, and the promotion of digital transformation in accounting operations as cross-organizational projects, building a system enabling the acquisition of a wide range of skills and knowledge.

Through these efforts, we will continue to develop human resources capable of supporting global business activities and management.

Business Strategy

Medical Technologies

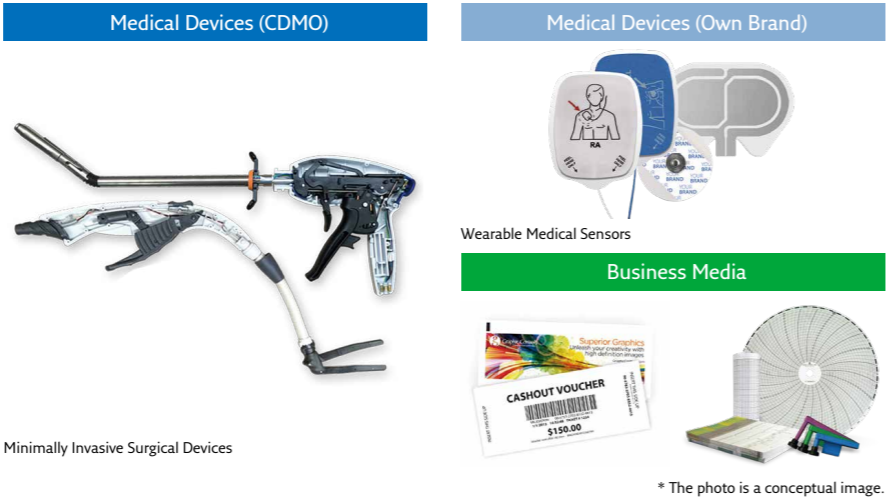
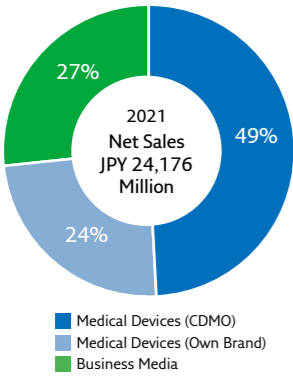


Executive Vice President
General Manager of Medical
Technologies Business Unit
Chief Executive Officer,
Nissha Medical Technologies

Sam Heleba



Net Sales by Application



Medical Technologies business aims to contribute to healthy and affluent lives by providing high-quality, high-value-added products in the markets related to medical devices. Our main products are surgical devices used in minimally invasive treatment*¹ and wearable sensors for medical use, both of which are used in various spheres such as cardiac diseases.

In the increasingly diverse and sophisticated Medical Devices market, we provide a wide range of value mainly to major medical

device manufacturers, through our CDMO*² business model. In addition, we are involved in the production and sale of industrial chart paper, tickets, and other business media.

*¹ Minimally invasive treatment: Medical treatment that minimizes the physical impact on the patient during examination and treatment.

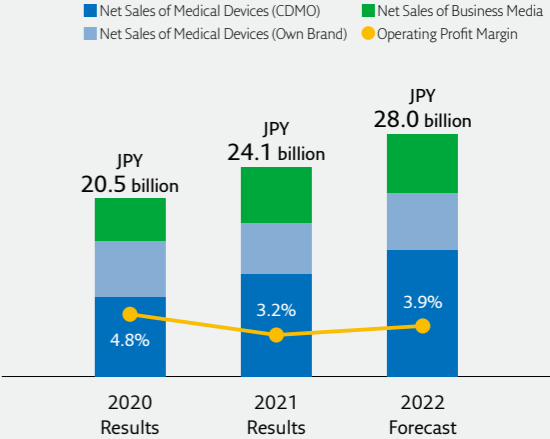
*² CDMO: Contract Design / Development and Manufacturing Organization
An organization engaging in a series of processes from medical device design and development to manufacturing.

Business Characteristics

Target Markets	Medical Devices
Products and Technologies	<ul style="list-style-type: none">Products: Minimally invasive surgical devices, wearable medical sensors, single-use ECG electrodesTechnologies: Metal Processing, Molding, Patterning, Laminating
Business Opportunities	<ul style="list-style-type: none">Externalization of development, design and manufacturing in response to increasingly diverse and sophisticated medical device needs.
Strengths	<ul style="list-style-type: none">Strong partnerships with medical devices OEMDesign and development capabilities to meet diverse needsLow-cost operations using global locationsExpand capabilities through M&A

The 7th Medium-term Business Plan Medical Technologies

- Qualitative Vision** Expand CDMO for minimally invasive medical devices and enhance business development in Japan and Asia
- Quantitative Vision** 2023
Net sales JPY 35.0 billion
Operating profit JPY 3.0 billion (Operating profit margin 8.6%)
- Strategies**
 - Expand medical devices CDMO
 - Pursue opportunities for M&A



Strategies

	Existing Products	New Products
Existing Markets	Minimally invasive surgical devices Wearable medical sensors	Smart devices Robotic-assisted surgery
New Markets		Business expansion to Japan and Asia

The Medical Technologies business will continue to provide value through our promising Medical Devices CDMO (contract design/development and manufacturing) business model. We will also expand into new areas such as smart devices and robotic-assisted surgery, on top of our existing minimally invasive surgical devices, mainly for use in cardiac diseases. Moreover, to further achieve our Sustainability Vision, we will accelerate growth by expanding technologies and product lineup through M&A.

Progress of the 7th Medium-term Business Plan (Achievement in 2021)

- Strong demand continued, especially for Medical Devices CDMO
- Increases in raw material, transportation, and labor costs, happening largely in the U.S., put pressure on profitability

During 2021, revenue increased due in part to the continued recovery of product demand, which had declined in the wake of COVID-19. Regularization of the Norwalk plant (U.S.)—acquired in 2020—contributed to performance and lead to increased revenue as well. In the second half of the year, raw material, transportation, and labor costs increased, largely in the U.S., and put pressure on profitability.

For 2022, the revenue growth rate is predicted to continue to exceed the market growth rate for Medical Devices CDMO. We will seek to improve profitability by passing on price hikes, mainly revolving around raw materials and improving productivity.

Business Strategy

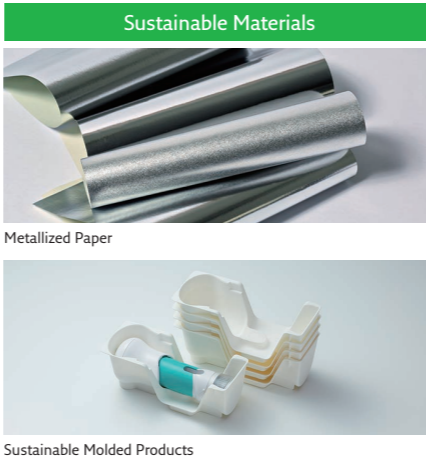
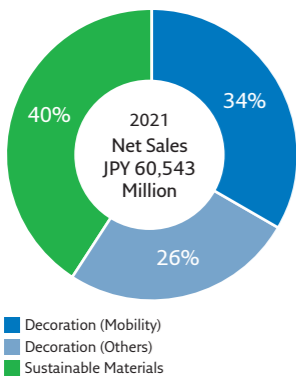
Industrial Materials



Director of the Board
Executive Vice President
General Manager of Industrial Materials Business Unit
Hisashi Iso



Net Sales by Application



Industrial Materials business mainly offers proprietary technologies which facilitate generating added value on the surfaces of various materials.

In the field of decoration, IMD, IML, and IME technologies incorporate both decoration and function in plastics during the molding process. These technologies are widely used in the global market for mobility and home appliances.

Our metallized paper, which combines metallic luster with printability, boasts the highest market share in the industry worldwide

for sustainable materials used in beverages and food products. Further, in response to recent needs to reduce environmental impact, we offer sustainable molded products made from plant-based materials for the pharmaceuticals, medical devices, and health foods markets.

The strength of our Industrial Materials business is the ability to make comprehensive proposals, not only of color and design, but also shape and function, providing products and services globally without any sacrifice in quality.

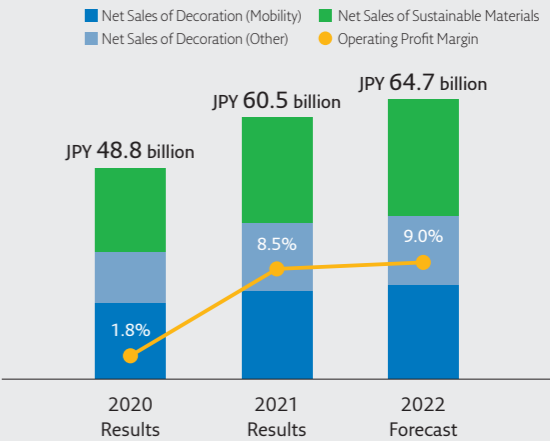
Business Characteristics

	Decoration	Sustainable Materials
Target Markets	Mobility, home appliances, stationery and cosmetics	Labels for beverages and food products, packaging for pharmaceuticals and cosmetics
Products and Technologies	<ul style="list-style-type: none">Decorative film / molded partsSimultaneous molding and decorative transfer system: IMD, IML, IME	<ul style="list-style-type: none">Metallized paperSustainable molded products (pulp, biocomposite)
Business Opportunities	<ul style="list-style-type: none">Mobility: Change in interior and exterior designs due to CASE and sustainability trendsHome appliances: Change in design trends for improving comfort / convenience	<ul style="list-style-type: none">Growing environmental awareness, particularly in Europe, and emerging needs for plastic reduction
Strengths	<ul style="list-style-type: none">Relationships with top global manufacturersValue propositions meeting customer needs<ul style="list-style-type: none">Local production for local consumptionModularizationCMF* design	<ul style="list-style-type: none">Metallized paper<ul style="list-style-type: none">Leading global sharePlastic-free offeringsSustainable molded products<ul style="list-style-type: none">Diverse materials and processes

*CMF: Color, Material, Finish

The 7th Medium-term Business Plan Industrial Materials

- Qualitative Vision** Become solution provider that provides value based on decoration, molding, and sustainability
- Quantitative Vision** 2023 Net sales JPY 58.5 billion Operating profit JPY 4.0 billion (Operating profit margin 6.8%)
- Strategies**
 - Leverage global strategic assets
 - Launch of new products
 - Expand decorative + functional product lineups
 - Sustainable molded products using plant-based materials



Strategies (Decoration)

	Existing Products	New Products
Existing Markets	<ul style="list-style-type: none">Decorative film/ molded parts (Mobility interior, home appliances)Decorative film (Stationery, cosmetics)	<ul style="list-style-type: none">Decorative film/ molded parts (Mobility exterior)Decorative + functional modules (Mobility, home appliances)
New Markets		

In the Mobility market, we see CASE and sustainability trends as business opportunities. Here, the main focus of our strategy is to realize further growth by creating new products in the interior domain and accelerating the development of new products to enter the new exterior domain. In response to changing design trends toward pursuit of comfort and convenience in home appliances and other areas, we will strengthen our activities to acquire orders from new customers in addition to those from our current customers.

In addition, to further increase profitability, we will advance automation and digital transformation globally in pursuit of greater productivity.

Progress in the 7th Medium-term Business Plan (Achievement in 2021) Decoration

- Strong product demand and improved profitability led to a significant year-on-year increase in sales and profit
- Acquiring orders for exterior products for Mobility and the number of orders for new products increased steadily
- Strengthened global development (promoted local production for local consumption)

In 2021, supply constraints such as semiconductor shortages affected the global economy (product supply-demand crunch). However, product demand remained generally strong for decorative products for the Mobility and home appliances industries surrounding the company. In terms of profit, operating profit increased significantly year-on-year due to improvements on our prior profit structure, despite impact from soaring raw material prices primarily in overseas markets.

The number of newly assigned projects for the Mobility market has been steadily increasing, including for decorative molded products for exterior applications. We also strengthened our global development system to accelerate our activities for receiving orders and developing in a way that meets the particular characteristics and needs of each region. Our goal is to maximize synergies and achieve further growth through collaboration at each base.

Business Strategy

Strategies (Sustainable Materials)

	Existing Products	New Products
Existing Markets	<div>Metallized paper (Labels for beverages and food products)</div>	
New Markets	<div>Metallized paper (Packaging for food products)</div>	<div>Sustainable molded products (Packaging for pharmaceuticals and cosmetics)</div>

In the mainstay area of metallized paper, we will expand production capacity to meet robust demand and pursue improved profitability by building a lean production system. We will also strengthen our activities to acquire orders for food products by developing new products with water resistance and other functions.

For sustainable molded products, we will strengthen our activities to acquire orders particularly in Europe, where needs are emerging. We will also accelerate the acquisition of new processes and the development of new products, aiming to expand the scale of our business.

Progress in the 7th Medium-term Business Plan (Achievement in 2021) Sustainable Materials

Expanded metallized paper market share

In the mainstay area of metallized paper in 2021, demand remained strong alongside the acquisition of new customers, especially for labels for beverages in Europe. Profits improved year-on-year due to higher facility utilization rates resulting from stable demand, despite the impact of higher raw materials and energy prices.

Started mass production of pulp molded parts at a group company in Germany

In sustainable molded products, we transferred production of pharmaceutical packaging using pulp materials, developed at the Global Headquarters, to a group company in Germany, where mass production was launched. In order to realize further growth in this field in response to the global trend toward plastic reduction, we will continue to strengthen our internal development systems and our global activities for receiving orders.

Expanded Applications for Metallized Paper

Nissha Metallizing Solutions is a top global manufacturer of metallized paper with a business foundation spanning Europe, North America, Brazil, and more. With growing environmental awareness, metallized paper is expanding beyond its traditional beverage applications to include use in packaging for food and other products. We will accelerate the development of products that contribute to solving social issues.



Senior Vice President
Senior Director of Industrial
Materials Business Unit,
Nissha Metallizing Solutions Group
Chief Executive Officer,
Nissha Metallizing Solutions
Giorgio Bosso

Established Nissha ecosense, an Integrated Brand for Sustainable Materials

Nissha ecosense, our integrated brand for Sustainable Materials, expresses our commitment to accurately ascertaining society's needs for decarbonization and contributing to solving social issues with flexible ideas and technologies. For our first line of ecosense products, we have begun marketing molded parts using plant-based materials under the brand, ecosense molding. In addition to molded parts made from plant-based materials, we will also use the Nissha ecosense brand as a channel for bringing information about other environmentally-friendly products and our Group's efforts in the environmental field.



Special Feature Accelerating Growth in the Mobility Market

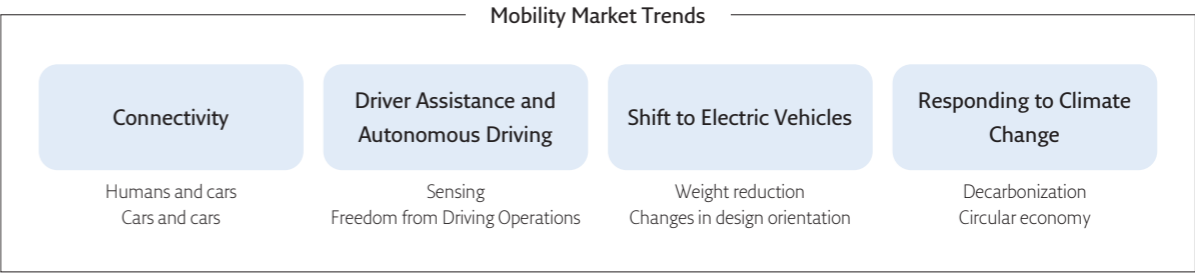
In the 30 years since its entry into the Mobility market, the Nissha Group has expanded its product lineup with a focus on interior decoration and has achieved business growth by doing business globally. We boast a global network in key regions of the Mobility market enabling local production for local consumption, from marketing to development, design, and product supply. Here, we have been working to enhance our relationships with OEMs (automotive manufacturers) and tier 1 companies around the world. Another of Nissha's advantages is CMF*, which we use

to propose specific product designs using surveys on interior design and materials trends.




In response to business environment changes, represented by CASE and climate change action, we will contribute to resolving social issues in the Mobility market through products providing better comfort, sustainability, convenience, and safety that leverage our business base and Core Technologies.

*CMF: Color, Material, Finish





Contributing to Resolving Social Issues in the Mobility Market



Contributing to Resolving Social Issues with Nissha's Capabilities

Comfort  More comfort in interior space <ul style="list-style-type: none">Seamless interior designInformation display using light transmission (interior)Improved tactile sensationAntibacterial	Sustainability  Reduced environmental impact <ul style="list-style-type: none">Decoration method with low total CO2 emissionsImproved recyclabilityImproved fuel efficiency through weight reduction	Convenience and Safety  Improved communication between humans and cars <ul style="list-style-type: none">Intuitive touch sensor inputInformation display using light transmission (exterior)Anti-snow/frost heating
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Developing a Product Line Contributing to Comfort, Sustainability, Convenience, and Safety

 Interior film decoration	 Exterior film decoration	 Film-based touch sensors	 Decorative + functional modules
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Business Strategy

Devices

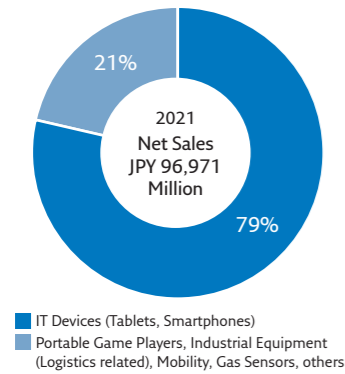


Director of the Board
Senior Executive Vice President
General Manager of Devices Business Unit

Daisuke Inoue



Net Sales by Application



Devices business produce components and module products that pursue precision and functionality. Our current leading product, film-based touch sensors, leverage the best characteristics that film can offer: thinness, lightness, flexibility, superior transparency, high definition, and durability. These sensors are widely adopted in the global market for tablets, smartphones, portable game players, industrial equipment (logistics related), and mobility.

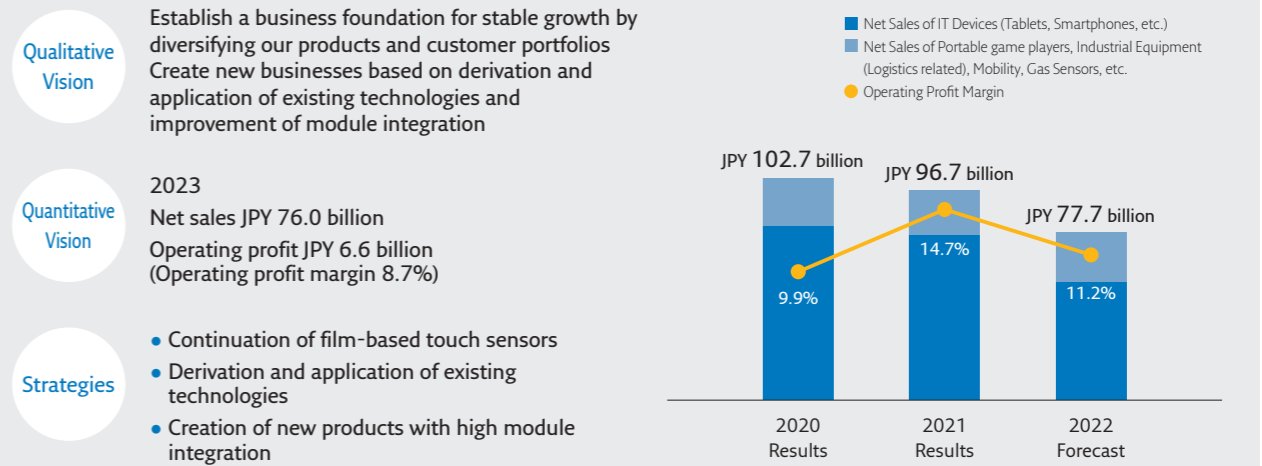
In addition, we offer a wide range of gas sensors that can detect gas conditions, for use in devices such as gas alarms, breathalyzers, and fuel cell vehicle hydrogen detectors. We also contribute to solving social issues by providing various functional parts and modules, which apply our developed technologies, such as force sensors that measure amounts of exerted pressure.



Business Characteristics

Target Markets	• IT devices, mobility, industrial equipment, portable game players, healthcare
Products	• Film-based touch sensors and touch sensor module products • Gas sensors and gas sensor module products/finished products • Other functional parts and modules based on our technologies
Business Opportunities	• Increased demand for film-based touch sensors and modules for use in mobility, due to industry trends such as CASE • Increased demand for gas sensors due to tighter safety regulations and environmental compliance • Stable demand for IT devices and industrial equipment
Strengths	• Building trust with global customers, especially in the IT devices market, by leveraging our high-definition, high-precision, and high-quality products

The 7th Medium-term Business Plan Devices



Strategies

	Existing Products	New Products
Existing Markets	Film-based touch sensors for IT devices	
New Markets	Film-based touch sensors for mobility	Gas sensors Shear force sensors

As demand declines for film-based touch sensors for IT devices, which has driven our performance to date, we will increase profitability by leveling off production and reducing manpower, and improving efficiency through the use of AI and IT.

We plan to develop new areas for growth for products such as film-based touch sensors for mobility, and other functional parts in other markets; and we will leverage our technological capabilities, cultivated in the IT devices market, as well trust from our customers to do so. Furthermore, we will aim to strengthen our marketing and design capabilities, as well as to build a new business model that provides high-value-added modular and finished products.

Progress of the 7th Medium-term Business Plan (Achievement in 2021)

- Strong demand continued for film-based touch sensors for tablets
- Progressed in the development of the film-based touch sensor market for mobility
- Profitability improved due to the measures to strengthen profitability and leveling off production

In the second half of 2021, demand for smartphones declined. However, our business performance remained strong as steady demand continued for film-based touch sensors for tablets and industrial equipment.

In addition, as we further developed new markets for film-based touch sensors for mobility, we witnessed significant increase in sales and steady contributions in business performance, compared to the

previous fiscal year. We aim for further growth in the future.

In addition to these trends in demand, operating income increased significantly from the previous year due to the following: the establishment of a lean profit structure through the measures to strengthen profitability implemented in 2020, the ability to equalize production due to stabilized demand, the use of AI and IT technologies to reduce manpower and improve efficiency, etc.

Strategy of the New Business Development Office

Director of the Board
Executive Vice President
Chief Strategy Officer
Director of Corporate Strategy Planning
Senior Director of New Business Development Office
Sustainability
Investor Relations

Wataru Watanabe



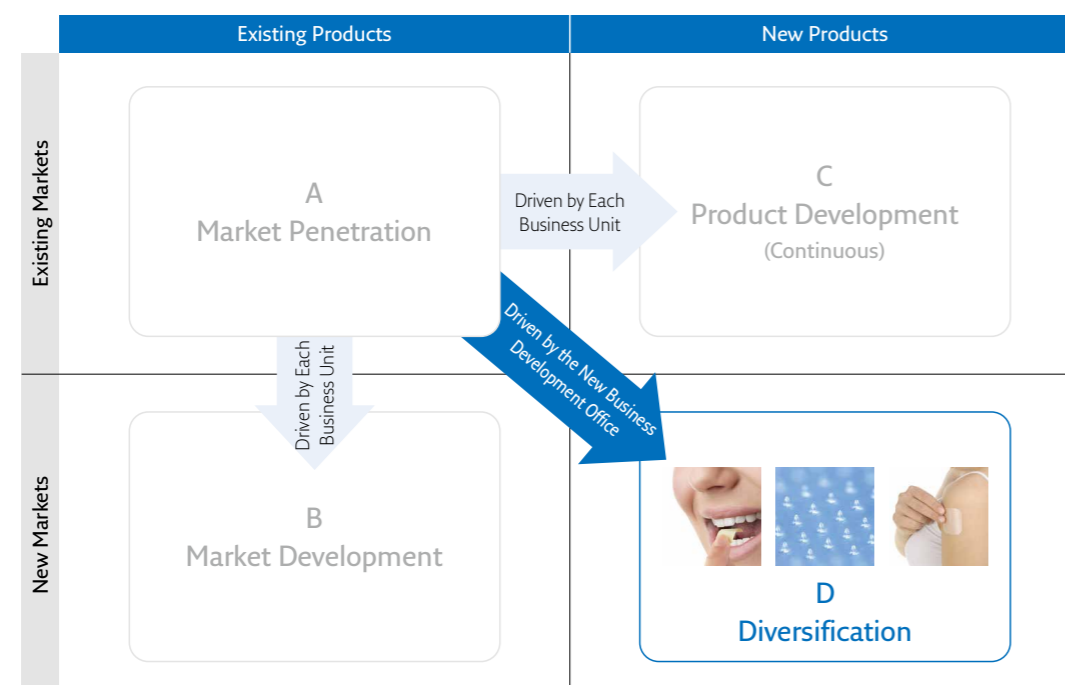
Vision of the New Business Development Office

We have designated four priority markets in which our business units engage in business activities: Medical, Mobility, Sustainable Materials, and IT Devices. Our strength lies in enhancing the value proposition of our products by combining and optimizing our six Core Technologies and peripheral technologies to meet the needs of our customers. Prior to the 7th Medium-term Business Plan, these strengths and application development leaned heavily toward the IT Devices market. With the 7th Medium-term Business Plan, the main focus of our strategy is to develop new businesses and products by applying the Core Technologies developed in the IT Devices market to other priority markets and growth areas.

To achieve our company-wide growth strategy, the New Business Development Office strives to accelerate the development of new

businesses and products. The office accomplishes this role through marketing activities from both strategic and technological perspectives, in cooperation with business divisions and domestic and overseas offices. In a world where needs and technologies change rapidly, rather than relying solely on one's own technologies, it can be most effective to leverage external capabilities and technologies through acquisitions and other means. To this end, the company diversifies the means of utilizing our technology, searching constantly for the intersection between technology and markets. The New Business Development Office develops human resources with the ability to collaborate internally and externally in taking on bold challenges. The office also provides leadership in achieving the company's Sustainability Vision.

Key Areas of Focus

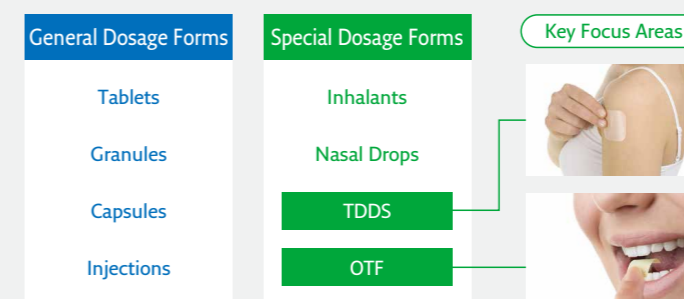


Pharmaceutical Business Strategy

One of our priority markets is the medical field. Here, we have focused on our Drug Delivery System (DDS), and we have been developing film-type formulations (oral thin films, microneedle patches) that best utilize our Core Technologies. Our Sustainability Vision includes a target of JPY20 billion in sales in 2030 in this business.

We see developments in dosage forms from conventional tablets and injections as a market opportunity. In January 2021, we launched the Pharmaceutical and Cosmetics Business Unit. This business unit integrated the Group's pharmaceutical and cosmetics businesses, and now we are accelerating the commercialization of these businesses globally.

- Market opportunities in changing dosage forms from tablets and injections
- Focus on specialty dosage forms TDDS and OTF*



* TDDS: Transdermal Drug Delivery System
OTF: Oral Thin Film

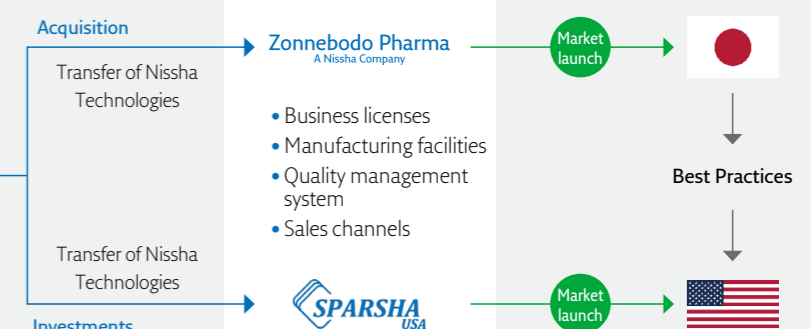
Applying our Core Technologies to drug manufacturing



Leverage global alliances

Acquire business platform, sales channels, and engage in technology transfer (synergies)

NISSHA



Progress in the 7th Medium-term Business Plan (Achievement in 2021)

- Continued strong demand for pharmaceuticals
- Expansion of product lineup by launch of new products at Zonnebodo Pharmaceutical (acquired in 2019)
- Accelerated adoption of cosmetic microneedle patches by major OEMs

In 2021, a group company Zonnebodo Pharmaceutical (Hachioji, Tokyo) continued to experience strong demand for its mainstay prescription pharmaceutical products, driving performance. The launch of RENOVIGO STEP 1, a fluoride toothpaste, further accelerated the expansion of our product lineup in this field. We have also seen the emergence of synergies, including the acquisition of a

cosmetics manufacturing and sales license by Zonnebodo Pharmaceutical and the start of sales for the cosmetic microneedle patches manufactured at the Kyoto head office. In addition to work with Zonnebodo Pharmaceutical, we intend to collaborate with a company affiliate, Sparsha Pharma USA, Inc., to grow the scale of our business.

Sustainability Initiatives

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Corporate Governance

Nissha Governance System

Since our founding, Nissha has implemented strategies under the strong leadership of our management to correctly address changes in the business environment. We believe that a combination of strong corporate governance and this type of leadership encourages swift, bold decision-making that ensures transparency and fairness in

management. Our company views corporate governance as a top management priority. Guided by this awareness, we endeavor to ensure sustainable growth and improve corporate value over the medium to long term by maintaining and improving our corporate governance structure.

Evolution of Governance

2021

- Discussed the skills needed for our Board of Directors to realize the Sustainability Vision and revised the skills matrix
- Conducted regular information exchange meetings between internal Directors and full-time Audit and Supervisory Board Members to strengthen auditing and supervisory functions

2020

- IFRS voluntary adoption
- A revision of the standard for agenda items submitted for meetings of the Directors of the Board, review the operations of the Investment Committee

2019

- Appointed a foreign Director of the Board (Independent Outside)
- Developed a skills matrix

2016

- Started analysis and evaluation of the effectiveness of the Board of Directors
- Increased the number of Independent Outside Directors from 3 to 4
- Increased the number of foreign Corporate Officers from 1 to 2
- Started operation of performance-linked stock compensation plan for Directors of the Board (excluding Independent Outside Directors) and Corporate Officers

2015

- Corporate Governance Policy was released
- Established the Nomination and Compensation Committee, Independent Outside Directors account for the majority of the committee members and serve as the chairman, and started operation
- Appointed 1 foreign Corporate Officer

2014

- Increased the number of Outside Directors from 2 to 3, and appointed a female Director of the Board (Independent Outside)

2008

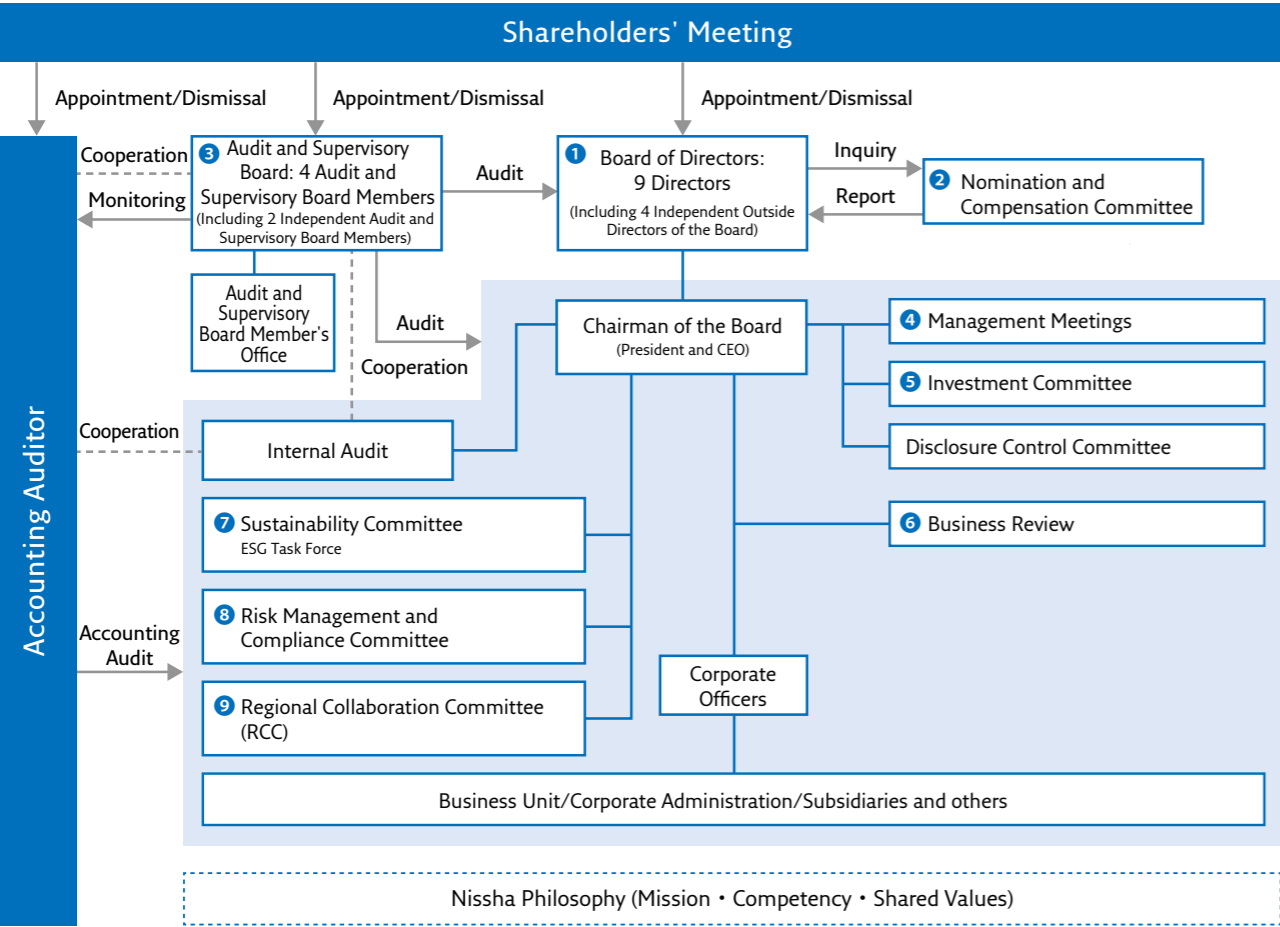
- Adopted Corporate Officer System, separating the functions of strategy formulation and management oversight performed by the Board of Directors and business execution functions of the Corporate Officer
- Reduced the number of Director of the Board from 14 to 9 and increased the number of Independent Outside Directors from 1 to 2

2007

- Reduced the term of office of Director of the Board from 2 years to 1 year and clarified management responsibilities for each fiscal year
- Appointed 1 Independent Outside Director
- Abolished the executive retirement benefits system

Corporate Governance

Corporate Governance Structure



- 1 Board of Directors** (→ P.054)

2 Nomination and Compensation Committee (→ P.058)

3 Audit and Supervisory Board Members and Audit and Supervisory Board

In accordance with laws, regulations, the Articles of Incorporation, and various rules, our Audit and Supervisory Board Members and the Audit and Supervisory Board make appropriate judgments from an independent and objective standpoint with regard to the decision-making process of Directors, auditing of management conditions, appointment and dismissal of the accounting auditor, and exercise of authority concerning audit fees. Full-time Audit and Supervisory Board Members conduct audits from the perspective of their extensive business experience at the company. Independent Audit and Supervisory Board Members conduct audits from the perspective of their advanced expertise as lawyers and certified public accountants. In this way, they both contribute to the maintenance and improvement of our corporate governance system. In addition to making resolutions on statutory matters, the Audit and Supervisory Board also enhances information sharing through explanations of important matters and reports on the status of audit activities by each Audit and Supervisory Board Member.

4 Management Meetings

Management meetings consist mainly of internal Directors who deliberate on the direction of important management matters within the scope of authority of the chairman of the board, president and CEO.
- 5 Investment Committee**

The objective of the Investment Committee is to ensure discipline in investment decisions by discussing the strategic rationale and validity of investment returns for high-priority investments prior to submission to the Board of Directors. The committee also monitors the progress of investments that have been completed.

6 Business Review

Business review is convened by the chairman of the board, president and CEO. These meetings are attended by internal Directors and management members (Corporate Officers) from each business. Held on a monthly and quarterly basis, it reviews business strategies based on KPIs and discusses actions to be taken in the short term. Its purpose is to monitor the execution of business by Corporate Officers and to respond promptly to changes in the business environment.

In addition, the company appoints managers from important subsidiaries as executive vice presidents and senior vice presidents within the head office. These officers report on a monthly or quarterly basis to the chairman of the board, president and CEO, and the chief strategy officer (CSO) on the progress of performance plans and management issues.

7 Sustainability Committee (→ P.031)

8 Risk Management and Compliance Committee (→ P.031)

9 Regional Collaboration Committee (RCC) (→ P.061)

Directors and Board of Directors

Policies and Procedures for Appointment/Dismissal of Directors of the Board

The Board of Directors consists of an appropriate number of up to 12 members. In appointing directors, we consider the balance of skills and diversity required for our Board of Directors.

At least one-third of the Board of Directors must be outside Directors, who meet not only the requirements for Independent Outside Directors as stipulated in the Companies Act, but also meets the Standards for Independence of Independent Officers* as established by the Board of Directors.

The term of office for Directors is one year to better clarify management responsibilities for each fiscal year.

Candidates for the Board of Directors are selected based on the above policy and after deliberation by the Nomination and Compensation Committee. The Nomination and Compensation Committee then reports to the Board of Directors, which makes a decision based on the report.

* Reference Corporate Governance Standards for Independence of Independent Officers
<https://www.nissha.com/english/company/governance/index.html>

Skills Needed for the Board of Directors

The company considers the optimal and balanced distribution of experience, knowledge, and skills among the Board of Directors in those fields that are necessary based on our management strategy to be key for the Board to make important management decisions and exercise high levels of effectiveness in supervising the execution of the company's business. In addition, those fields will change as the business environment changes.

Where we want to be by 2030 is presented in the form of our Sustainability Vision (long-term vision for 2030). In addition, we have established a medium-term strategy reflecting backwards the Sustainability Vision for 2030, and formulated strategies to take us there in the form of medium-term business plans of three years. For us to achieve them, we consider the experience, knowledge, and skills in the following fields of particular importance for the company's Board of Directors.

Our views on the required fields and the skills matrix are as follows.

Our Views on the Required Fields

Internationality	We are a company with a global reach, and our Directors of the Board must have experience of management and business overseas, an awareness of the global business environment, and expertise in them
Corporate management, Management strategy Business development, Business strategies, M&A Sales, Marketing Production, Quality, Technology, Research and development	To effectively debate growth strategies at the Board of Directors meetings, it is necessary to have practical experience and knowledge of the fields to the left
Experience and knowledge in priority markets	To effectively debate growth strategies at the Board of Directors meetings, it is necessary to have practical experience and knowledge of priority markets (Medical Devices, Mobility, Sustainable Materials, IT Devices) stipulated in the 7th Medium-term Business Plan
Finance HR strategies Legal, Risk Management	The Board of Directors must have members with practical experience and knowledge in each of the fields to the left that form the basis for all judgments, in order to make important management decisions and exercise high levels of effectiveness in supervising the execution of the Company's business

Skills Matrix

	Term	Generation	Gender	Independence *Outside Directors	Career at other companies *Inside Directors	Areas of particular specialty								
						Internationality	Corporate management Management strategy	Business development, Business strategies, M&A	Sales, Marketing	Production, Quality, Technology, Research and development	Experience and knowledge in priority markets	Finance	HR Strategies	Legal, Risk Management
Junya Suzuki	22 years 9 months	50s	Male	—	●	●	●	●	●		●	●		
Daisuke Inoue	4 years	50s	Male	—	●	●	●	●			●	●	●	●
Wataru Watanabe	4 years	50s	Male	—		●	●	●	●		●	●		
Yutaka Nishimoto	1 year	50s	Male	—		●	●			●				
Hisashi Iso	1 year	50s	Male	—		●		●	●		●			
Kazuhiro Osugi	5 years 9 months	60s	Male	●	—	●						●		●
Asli M. Colpan	3 years	40s	Female	●	—	●	●	●						
Kazumichi Matsuki	3 years	70s	Male	●	—	●	●	●						●
Juichi Takeuchi	—	60s	Male	●	—	●	●	●	●		●			

* Term and generation are at the conclusion of the general meeting of shareholders in March 2022
* The above fields are those where Directors can particularly exercise their specializations based on the experiences, etc. of each member of the Board. It does not show all the experiences, knowledge, or skills possessed by each director.

Corporate Governance

Role of the Board of Directors and Initiatives to Enhance the Content of Discussions

Our Board of Directors convenes for regular meetings once a month and for extraordinary meetings as needed. The meetings are chaired by the President.

The Board of Directors makes decisions on matters requiring resolutions of the Board of Directors pursuant to laws and regulations and the Articles of Incorporation, as well as important management matters, in accordance with the Board of Directors Regulations. The Board of Directors also supervises the execution of duties by Directors and Corporate Officers.

Our Board of Directors engages in active and substantive discussions. Independent Outside Directors provide accurate suggestions and opinions based on their respective deep insights. The appointment of Independent Outside Directors improves management transparency and strengthens the supervisory function of the Board of Directors.

In order to improve the quality of discussions, the company sends agenda items and related materials for Board of Directors meetings in advance. In addition, the company provides Independent Outside Directors

and independent Audit and Supervisory Board Members with advance briefings, focusing on important agenda items. In order to ensure thorough discussions, important agenda items, such as medium-term business plan and corporate acquisitions above a certain size, are discussed as reportable items before being brought up for resolution. Meanwhile, the company aims to operate in a balanced manner by allocating time for explanations and deliberations according to the importance of each agenda item.

To further improve the monitoring function of the Board of Directors, the company has established and operates a rule to regularly report to the Board of Directors on corporate acquisitions, the establishment of subsidiaries and joint ventures, and capital investments, depending on their significance. The Board of Directors receives and reviews such reports.

To secure attendance by Directors of the Board and Audit and Supervisory Board Members, the secretariat of the Board of Directors creates an annual schedule of board meetings and notifies members in advance.

Major Deliberations in 2021

Topic	Agenda	
Management strategy	<ul style="list-style-type: none">Interim review of the 7th Medium-term Business Plan and formulation of the 2022 Rolling Plan	<ul style="list-style-type: none">Business portfolioMateriality review
Corporate policies	<ul style="list-style-type: none">Personnel changes involving Directors and Audit and Supervisory Board Members/Personnel changes involving Corporate OfficersExecutive compensationFinancial resultsConsideration of shareholder return policyFinancing (including issuance of bond, sustainability-linked loans, etc.)	<ul style="list-style-type: none">Verification of reasonableness of strategic shareholdingsInternal control systemReport on the activities of the Sustainability Committee and ESG Task Force
Investment projects and monitoring	<ul style="list-style-type: none">Preliminary deliberations on M&A deals	<ul style="list-style-type: none">PMI of major overseas subsidiaries, management report by CEO
Other	<ul style="list-style-type: none">General meeting of shareholdersEvaluation of the effectiveness of the Board of Directors	<ul style="list-style-type: none">IR and SR reportsPresentation by Corporate Officers (business report)

Approach to Strategic Shareholdings Policy

We believe that building relationships of trust with a wide range of customers, suppliers, financial institutions, local communities and others is essential, and we hold shares of stock of the enterprises determined necessary for the purpose of increasing sustainable corporate value.

A careful examination is conducted on the profitability of each holding based on the company’s capital costs to validate the

significance and rational of each holding from a medium- to long-term perspective, and a report on the significance and rational of its holdings is provided to the Board of Directors annually.

As a result of deliberations by the Board of Directors, the shares of stock with diluted significance and rationale is gradually reduced while taking into consideration the effect on the market and other factors. (→ P.086 Non-Financial Highlights)

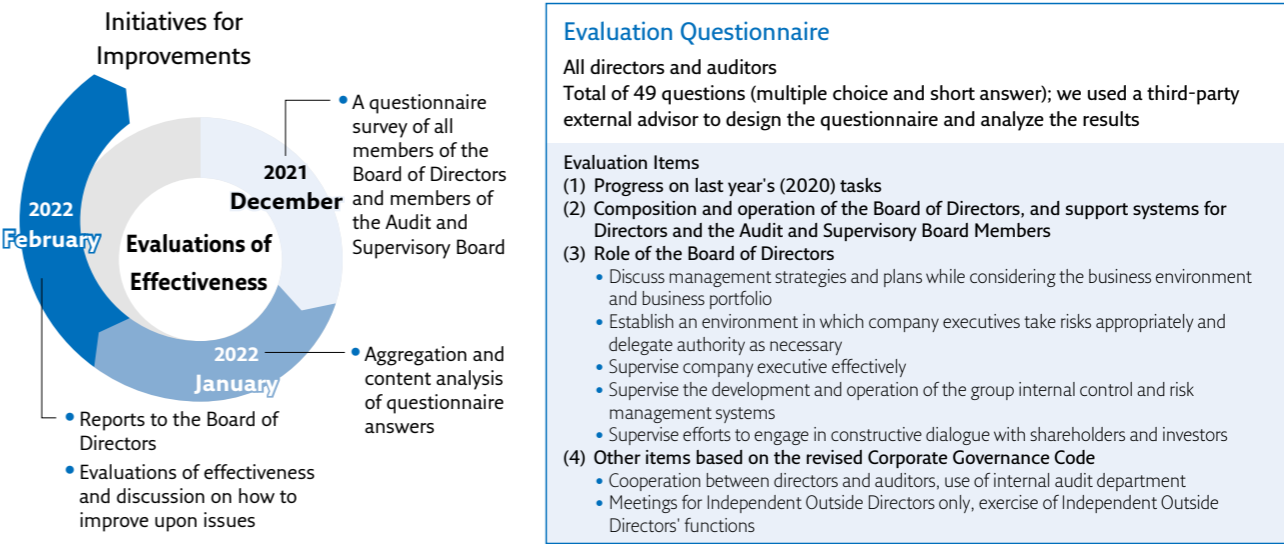


Efforts to Improve the Effectiveness of the Board of Directors

We conduct an annual evaluation of the effectiveness of the Board of Directors. In addition to reviewing the progress of issues identified in the previous evaluation, the Board of Directors holds a series of

discussions each year on “what our Board of Directors should be.” We aim to further improve the effectiveness of the Board of Directors by identifying issues for the next term and continuously improving it.

Analysis and Evaluation of the Effectiveness of the Board of Directors in 2021



Issues Identified in 2021 and Initiatives Set for 2022

Evaluation and challenges identified in 2020	<ul style="list-style-type: none">Affirm that Board of Directors is functioning appropriately and effectivelyHowever, we identified the following issues<ul style="list-style-type: none">Strengthening of discussions on sustainability (materiality and environmental and social initiatives) at the Board of Directors' meetingsVerification of management and supervision of group companies (especially overseas subsidiaries and acquired subsidiaries)Further devising materials and explanations at the Board of Directors' meetings (strengthening accountability)
Initiatives for 2021	<ul style="list-style-type: none">Strengthen discussions on sustainability at the Board of Directors' meetings; regularly report on ESG initiativesEstablish the Regional Collaboration Committee (RCC), operate to strengthen global governance, and report regularly to the Board of DirectorsStrengthen the accountability of Directors and Corporate Officers



Assessment of efforts and challenges for 2021	<ul style="list-style-type: none">Confirm that the Board of Directors is functioning appropriately and effectivelyThe evaluations for each item were as follows<ul style="list-style-type: none">(1) Progress in issues identified in the past year (2020)<ul style="list-style-type: none">Steady improvement in all issues identified.Sustainability (materiality and environmental and social initiatives), in particular, is now clearly recognized as an important management issue, and the debate has deepened significantly.(2) Regarding composition and operation of the Board of Directors; support systems for Directors and Audit and Supervisory Board Members<ul style="list-style-type: none">The Board of Directors is composed of people with diversity in terms of knowledge, experience, ability, expertise, gender, etc. Furthermore, we discuss skill sets in light of future medium- and long-term management strategies, and take action to equip the Board of Directors with the necessary skill sets (experience, knowledge, and abilities). Also, the ratio of internal to external members is appropriate.Our greatest strength is that the Board of Directors is a less formal and more free-speech environment.The chair is very aware of and exercises proper differentiation in his executive role as the president and CEO and his role as chair of the Board. He encourages free and vigorous opinions from his position as chairperson, and asks questions when the executive side lacks explanations, which shows that he is always conscious of the line between execution and supervision.(3) Role to be played by the company's Board of Directors and other matters<ul style="list-style-type: none">The flow of the Rolling Plan decision-making process, from the interim review (preliminary knowledge before starting the Rolling Plan) in the second year of the 7th Medium-term Business Plan (2021-2023), through the free and vigorous exchange of opinions at off-site meetings (Director Boot Camp), to the overall Rolling Plan decision, is designed to make it easy to understand the overall view and strategic positioning. The discussion is also comprehensive and substantial.
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Corporate Governance

Assessment of efforts and challenges in 2021	<ul style="list-style-type: none">Our Board of Directors is not only a formal organization, but also provides an atmosphere in which people from both inside and outside the company can exchange views and opinions on issues in the actual discussions. The development of such a climate and culture is difficult to quantify, but we believe it is closely related to the effectiveness of the Board of Directors.The chair of the board, president and CEO and other executive officers value dialogue with shareholders and investors. These officers are engaged actively in investor relations and shareholder relations activities. The opinions of shareholders and investors obtained in this process are appropriately reported to the Board of Directors, and necessary matters are reflected in management activities.As a company with an Audit and Supervisory Board, the role of Independent Outside Directors is not only to supervise management but also to provide advice on business execution. Our Independent Outside Directors fulfill their expected roles by speaking freely and openly based on their respective experiences, while being aware of the opinions of stakeholders from an independent standpoint. <p>• The following issues were identified</p> <p>(1) Cooperation between the Board of Directors and the Audit and Supervisory Board, and utilization of the internal audit department</p> <ul style="list-style-type: none">It is meaningful for the Audit and Supervisory Board Members to more proactively share with the Board of Directors the status of the execution of their duties and the knowledge and information obtained during the course of audits. Internal Directors and full-time Audit and Supervisory Board Members have deepened cooperation and shared recognition of issues at regular information exchange meetings attended by all of them since 2021. In the future, it will be necessary to share information and make recommendations to the Board of Directors on the outline of risk management, and the Board of Directors and the Audit and Supervisory Board should also work together to manage risks.The internal audit department does not always report sufficiently to the Board of Directors. In the future, the internal audit department needs to work more closely with internal Directors and full-time Audit and Supervisory Board members, as well as improve its reporting to the Board of Directors. <p>(2) Further improvement of global governance</p> <ul style="list-style-type: none">The risk management system for the entire group is well developed and operational, and the Board of Directors is exercising appropriate supervision over it. At the same time, global governance is an important issue that requires continuous attention.Through the Regional Collaboration Committees ("RCC"), established in the three major regions of the world, horizontal collaboration among overseas subsidiaries will be strengthened. At the same time, it is necessary to further disseminate and solidify internal control systems, which are based on the three defenses, on the vertical axis.
2022 Measures	<ul style="list-style-type: none">Facilitate cooperation between the Board of Directors and the Audit and Supervisory Board and utilization of the internal audit department<ul style="list-style-type: none">Establish a system of cooperation between the Board of Directors, the Audit and Supervisory Board and the internal audit office (Triangle QBR established and operations commenced).The internal audit office reports regularly to the Board of Directors (e.g., audit results and plans for the coming year).Further improve global governance<ul style="list-style-type: none">Operate the Risk Management and Compliance Committee to assess global risks and monitor the status of their management.Regularly report to the Board of Directors on the operations of internal control systems, the RCC, and the Risk Management and Compliance Committee.

Nomination and Compensation Committee

The company established the Nomination and Compensation Committee as an advisory panel to the Board of Directors. The role of this committee is to ensure objectivity and fairness in the appointment and dismissal of Directors, the appointment of Audit and

Supervisory Board Members, and as a means to incorporate the knowledge of Independent Outside Directors. This Committee is chaired by an Independent Outside Director who represents the majority of its members.

Members

(As of April 1, 2022)

(i) Four Outside Members				(ii) Two Inside Members	
					
(Independent Outside Director of the Board) Committee chair Kazuhito Osugi	(Independent Outside Director of the Board) Asli M. Colpan	(Independent Outside Director of the Board) Kazumichi Matsuki	(Independent Outside Director of the Board) Juichi Takeuchi	(Chairman of the Board, President and CEO) Junya Suzuki	(Director of the Board, Executive Vice President) Wataru Watanabe

Major Deliberations in 2021

- Skills (experience, knowledge, and abilities) that our Board of Directors should possess
- Composition of Board of Directors and Audit and Supervisory Board
 - Proposed appointment of Directors and Audit and Supervisory Board Members
- Compensation system
 - Design of stock compensation and other systems for the 7th Medium-term Business Plan (2021-2023)
- Compensation for Directors
 - Confirmation of the level of compensation, etc. of our Directors, using an external survey
 - Amount of compensation for Directors

Discussion on the skill set of the Board of Directors and the Appointment of New Independent Outside Directors

We reviewed the skill set of our Board of Directors in 2021 and, based on the discussions therein, appointed a new Independent Outside Director.

We developed a skills matrix for our Board of Directors in response to the dialogue with investors in 2019. In light of our Sustainability Vision (long-term vision), which was announced in 2021, and our aim of achieving it, we took another look at whether the skills (experience, knowledge, and abilities) of our Board of Directors were appropriate. The Nomination and Compensation Committee discussed the content. We revised the Skills Matrix in October 2021, along with clarification of the reasons for selecting the areas of need (specific skills).

At the same time, the Independent Outside Directors discussed the skill sets that should be exclusively possessed among them. During the discussion, we concluded that we need Independent Outside Directors with practical experience and knowledge in the medical industry, one of our priority markets.

In light of this conclusion, the President and CEO gathered information on candidates for new Independent Outside Directors based on the skill sets discussed. We narrowed the candidates after interviewing each of them.

We then arranged an opportunity for the Nomination and Compensation Committee members to meet with the candidates prior to formal discussion at the Nomination and Compensation Committee meeting. In this process, committee members engaged in various discussions with the candidates to deepen their understanding of them. The Nomination and Compensation Committee then deliberated on the candidates and reported back to the Board of Directors. After a resolution by the Board of Directors and approval by the General Meeting of Shareholders, we appointed a new Independent Outside Director.

(→ P.054 Our View on the Required Fields, Skills Matrix)

Activities and Measures to Support Independent Outside Directors and Outside Audit and Supervisory Board Members

In order for Independent Outside Directors and outside Audit and Supervisory Members, who are responsible for auditing and supervising management, to maximize their functions and contribute to our management, we have implemented various measures to reduce the asymmetry of information between internal and outside Directors and Audit and Supervisory members.

(1) Briefings and distribution of materials in advance of meetings of the Board of Directors

In an effort to improve the quality of discussions at meetings of the Board of Directors, materials related to the agenda and proposals are distributed in advance. On the day of the Board of Directors' meeting, the President and CEO and the officer in charge of the agenda provide supplementary briefings to Independent Outside Directors and independent members of the Audit and Supervisory Board. In addition to explaining the background and key points of important agenda items, the briefings also provide an opportunity for Independent Outside Directors and independent members of the Audit and Supervisory Board to meet and frankly exchange opinions, thereby strengthening mutual cooperation.

Minutes of the Management Meetings and Investment Committee Meetings are provided prior to meetings of the Board of Directors to ensure Independent Outside Directors and independent members of the Audit and Supervisory Board have access to internal information.

(2) Opportunities for discussion outside of board meetings

- Director Boot Camp (off-site meetings)**

Since 2020, we have held "Director Boot Camp" separate from the Board of Directors meetings to discuss topics of medium- to long-term importance. In 2021, President Suzuki explained the transition of our business in relation to the evolution of our Core Technologies. He also discussed our growth strategy in the Medical market, a priority market for the company. The Independent Outside Directors gave presentations related to their areas of expertise.
- Meetings of Independent Outside Directors only**

Beginning in 2021, we held meetings exclusively for Independent Outside Directors to provide a forum for the free exchange of ideas and opinions.

- (3) Opportunities for information and communication**
- Appointment orientation**

In order for newly appointed Independent Outside Directors and outside members of the Audit and Supervisory Board to deepen their understanding of the company, we conduct orientation sessions, including visits to our main plants, before or after their appointment. After appointment, these officers are duly provided with the information necessary to fulfill their roles and responsibilities. This information includes the status of the company business.
 - Dialogue and exchange with Corporate Officers and employees**

We provide regular opportunities for dialogue and interaction between Independent Outside Directors and Corporate Officers and employees. We ensure that Independent Outside Directors have a multifaceted understanding of the company and various opportunities to gather information in the field. At the same time, we also provide opportunities for them to meet with candidates for the next generation of management executives.

 - Business reports to the Board of Directors by the CEOs of major overseas subsidiaries (Nissha Medical Technologies Group and Nissha Metallizing Solutions Group)
 - Presentations by Corporate Officers at the meetings of the Board of Directors
 - Participation and discussion in joint meetings at the beginning of the fiscal year at which all group department heads gather
 - Participation in company events (e.g., new product launch ceremonies), etc.
 - Visits to business locations**

In order for Independent Outside Directors and outside member of the Audit and Supervisory Board to deepen their understanding of our business operations, we provide opportunities for them to make on-site visits of our business locations, particularly our main factories.



Corporate Governance

Executive Compensation

Director Compensation Policy

(1) Basic Policy

- The compensation system for Directors and members of the Audit and Supervisory Board is structured to allow these individuals to exercise their authority appropriately in the supervision of business execution and management. Compensation is also designed to encourage sustainable growth of the group and the enhancement of corporate value over the medium to long term.
- In particular, the compensation of Directors who are also responsible for business execution is structured to encourage a shared sense of values with shareholders and to contribute to the enhancement of corporate performance and corporate value.

(2) Compensation Structure

- Compensation for Directors responsible for business execution consists of base compensation, bonuses, stock-based compensation, etc.
- Since Independent Outside Directors supervise management from a standpoint independent of business execution, compensation for

Independent Outside Directors does not include performance-linked compensation. Rather, compensation for these Directors is entirely base compensation determined according to the career experience and responsibilities of the Independent Outside Director in question.

(3) Compensation Governance

- Policies, structures, and performance-linked mechanisms for Director compensation are deliberated by the Nomination and Compensation Committee. The findings are then submitted to the Board of Directors, who make determinations regarding these measures.
- The compensation levels for Directors shall be within the scope set by resolution of the general meeting of shareholders and in accordance with a predetermined calculation method. The chairman of the board drafts a proposal for compensation levels subject to the conditions above. This draft is discussed by the Nomination and Compensation Committee. The findings of the committee are submitted to the Board of Directors, which makes a final decision.

Overview of the Compensation System and Scope of Compensation

Type	Fixed/Variable	Summary	Scope of Compensation	General meeting of shareholders resolution
Base Compensation	Fixed	<ul style="list-style-type: none">• Fixed monthly compensation• Determined based on the significance of the role and its status	JPY 430 million per year (Including JPY 40 million per year for Independent Outside Directors)	June 17, 2016
Short-term performance-linked compensation (Bonuses)	Variable	<ul style="list-style-type: none">• Achieve performance targets for each year and incentives for proper management• Bonuses are determined based on progress toward targets according to profit and loss for the period		
Medium-term performance-linked compensation (Stock-based compensation, etc.)	Variable	<ul style="list-style-type: none">• Incentives to encourage a sense of contribution are designed to encourage sustainable growth of the group and the enhancement of corporate value over the medium to long term• Board Benefit Trust (BBT)• Points are awarded for the three years of the Medium-Term Business Plan in accordance with the level of achievement of the position, consolidated performance targets for each year. This system increases awareness of contributions to the continuous improvement of Medium-term Business Plan performance and corporate value at Nissha	Maximums Every Three Fiscal Years: <ul style="list-style-type: none">• Maximum amount of company contribution to trust: JPY 226 million• Maximum total number of points awarded to officers: 411,000 (1 point = 1 share)	March 19, 2021

Compensation Structure (Model Compensation When Performance Targets are Achieved)

Fixed Pay	Approx. 55%	Performance-linked Compensation	Approx. 45%
Base compensation		Short-term performance-linked compensation (Bonuses) Approx. 27%	Medium-term performance-linked compensation (Stock-based compensation, etc.) Approx. 18%

Compensation to Company's Directors for Fiscal Year 2021

Position	Number	Total Compensation (Millions of JPY)	Compensation by Category (Millions of JPY)		
			Fixed	Performance-Linked Compensation	
			Base Compensation	Bonuses	Stock-Based Compensation (Non-monetary compensation)
Directors of the Board	11	363	204	113	45
Outside Directors (Included above)	4	35	35	—	—

* The above includes compensation, etc. for two directors who retired at the conclusion of the 102nd Ordinary General Meeting of Shareholders held on March 19, 2021.

Initiatives to Enhance Governance

Cooperation Between the Board of Directors and the Audit and Supervisory Board and Utilization of the Internal Audit Office

We have aggressively put into practice our M&A strategy with the aim of realizing growth by recombining and optimizing our business portfolio. As a result, the number of overseas offices in our group has increased significantly. Of the 65 consolidated subsidiaries (as of December 31, 2021), the majority are overseas. Therefore, we consider the establishment and operation of a global governance system to be an important issue and we are working on improving it.

As part of these efforts, we considered it necessary to further strengthen the auditing and supervisory aspects of the company. In 2021, at the initiative of the President and CEO, we established and began holding regular information exchange meetings between internal Directors and full-time Audit and Supervisory Board Members. By performing audits, full-time Audit and Supervisory Board Members are thoroughly familiar with the status of the group's operations, and possess information from a variety of resources. The proactive sharing by full-time Audit and Supervisory Board Members of their performance status and of information and awareness of problems gained during the audit process with internal Directors will strengthen the supervisory function of our Board of Directors. We also believe that communication between corporate auditors and internal Directors helps strengthen their auditing capability. At the actual meetings, internal Directors and full-time Audit and Supervisory Board Members engage in a lively exchange of opinions based on matters brought to their attention through these audits.

In the effectiveness evaluation of the Board of Directors in 2021, "strengthening cooperation between the Board of Directors and the Audit and Supervisory Board and utilizing the Internal Audit" was identified as an issue to be addressed. Based on this, in 2022, the above information exchange meetings were reorganized into three-party meetings (Triangle QBR, QBR = Quarterly Business Review) among internal Directors, full-time Audit and Supervisory Board

Members, and the Internal Audit Office.

In the past, the Internal Audit Office, as a department under the direct control of the President and CEO, reported audit plans and activities to the President and CEO from time to time and received instructions from them. It also regularly reported its activities to the full-time Audit and Supervisory Board Members and exchanged opinions with them. During future Triangle QBR meetings, in addition to the above, it will report information and issues discovered in the course of audits as the third line of the Internal Audit Office. We will further strengthen our respective auditing and supervisory functions through information sharing and enhanced communication among the three parties. We will provide a summary of these Triangle QBRs to the Board of Directors on a regular basis.

The Internal Audit Office has reported to the Board of Directors on an irregular basis. From now on, we plan to have it report regularly on its annual audit plan and activities.



Triangle QBR

Enhancing Communication Between the Board of Directors and the Accounting Auditor

We introduced and applied Key Audit Matters (KAM) (Principal Audit Considerations) in 2021. Leading up to the introduction and actual selection of the KAM, there was communication between the accounting auditor and the Audit and Supervisory Board Members, the President and CEO, other members of the management team. The accounting auditor and the executive side had repeated discussions on the wording to be included in the report to ensure that the it would be easily understood by shareholders and investors.

In addition, the introduction of the KAM has provided the company with multiple opportunities for the accounting auditor to communicate with the Board of Directors. During these communications, the accounting auditor provides the Board of Directors with an overview of the KAM, a summary of the Group's fiscal 2021 accounting audit results and the selected KAM. This enables the Board of Directors to deepen its understanding of the KAM and have a frank exchange of views with the accounting auditor.

We will continue to consider how the Board of Directors, Audit and Supervisory Board, Internal Audit Office, and the accounting auditor should work together and take necessary measures so that they can maximize their capabilities and contribute to the continuous improvement of governance at the company.

Corporate Governance

Advancement of Global Governance

The Nissha Group promotes the advancement of governance for overseas group companies through a two-axis initiative: vertical reporting lines based on business organization, and horizontal cooperation based on regional axes.

Our group conducts monthly or quarterly business reviews for each overseas group company. We have established a system whereby the management at the head office checks the details of their business performance and business activities. Meanwhile, although there were unified rules for items related to the internal control system, such as information security, we were conducting comprehensive checks only within individual business units or companies. Accordingly, from 2022, we established a structure to check the internal control system based on a set of unified rules for the Nissha Group. Each group company monitors the establishment and operation of various rules and whether or not there are any issues that need to be addressed, using a common format. The results are then consolidated at the head office, where they are used to ascertain the governance status of the entire group and to promptly formulate and implement measures as necessary.

While the above initiatives are vertical, we have established Regional Collaboration Committees (RCCs) in the Americas, Europe, and China, which began activities in 2021 as a horizontal initiative.

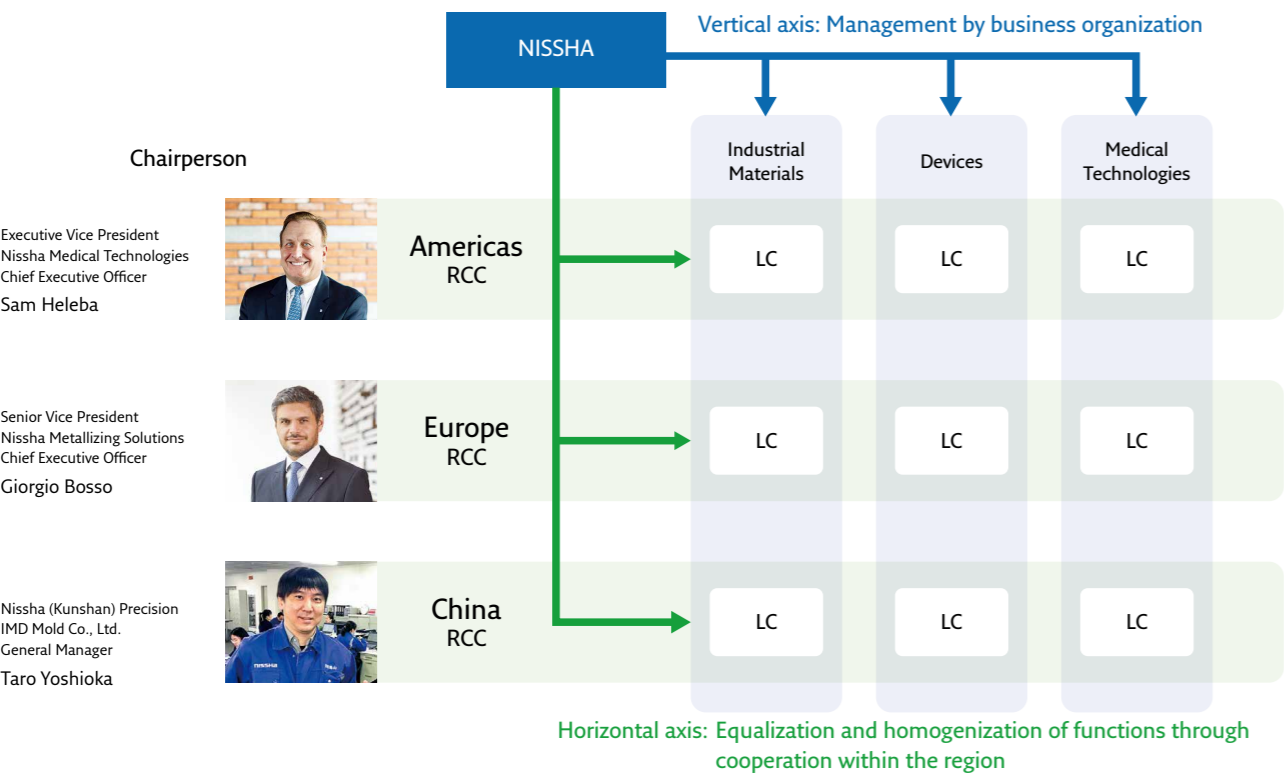
The RCC is an organization that aims to equalize and homogenize the capabilities of group companies located in the same region in matters related to Nissha Group strategy and administration through cooperation and the exercise of their respective capabilities. Based on our globally applicable basic guidelines, activities are planned and implemented by function-specific councils whose members are selected from the executives and employees of overseas group companies, in order to take into account the specific characteristics of each region. We also aim to share good practices within the region and create synergies.

The activities of the RCC are reported to the President and CEO on a regular basis, as well as to the Board of Directors once a year, along with the activity policy for the following year.

In 2022, we aim to further expand and deepen our cooperation on RCC activities, including more in-person contacts, while continuing to take into account the COVID-19 infection situation.

Through this initiative on two axes, vertical and horizontal, we will strengthen the governance at our global group companies and aim to achieve the Connected as One* concept of the 7th Medium-term Business Plan.

* Internal statement referring to "Synergy Business Plan" emphasized in the 7th Medium-term Business Plan



*LC: Local Group Company

Management Team



Management Team

Directors of the Board



Junya Suzuki, MA

Chairman of the Board,
President and CEO
Chairman of Sustainability Committee
Internal Control



Daisuke Inoue, MBA

Director of the Board
Senior Executive Vice President
General Manager of Devices Business Unit
Director of Business Strategy Planning,
Devices Business Unit
Human Resources, General Affairs and Legal Affairs
Health and Productivity Management
Chairman of Risk Management and
Compliance Committee
Director of Tokyo Division Headquarters



Wataru Watanabe, MBA

Director of the Board
Executive Vice President
Chief Strategy Officer
Director of Corporate Strategy Planning
Senior Director of New Business
Development Office
Sustainability
Investor Relations



Yutaka Nishimoto

Director of the Board
Executive Vice President
Chief Quality and Production Officer
Director of Total Quality Management Office
Director of Total Production Management Office
Pharmaceutical and Medical Device Affairs
Senior Director of Devices Business Unit,
Quality, Engineering, and Production
Representative Director, Nitec Precision and
Technologies, Inc.



Hisashi Iso

Director of the Board
Executive Vice President
General Manager of Industrial Materials
Business Unit
Director of Marketing, Industrial Materials
Business Unit



Kazuhito Osugi, MBA

Independent Outside Director of the Board



Asli M. Colpan, Ph.D.

Independent Outside Director of the Board



Kazumichi Matsuki, LL.M.

Independent Outside Director of the Board



Juichi Takeuchi

Independent Outside Director of the Board

Audit and Supervisory Board Members



Tetsuya Taniguchi

Audit and Supervisory Board Member



Kenji Imai

Audit and Supervisory Board Member



Shigeaki Momo-o, Attorney-at-law

Independent Audit and Supervisory Board
Member



Yusuke Nakano, Certified Public Accountant

Independent Audit and Supervisory Board
Member

Corporate Officers



Sam Heleba, MBA

Executive Vice President
General Manager of Medical Technologies
Business Unit
Chief Executive Officer, Nissha Medical
Technologies



Hitoshi Koya

Senior Vice President
Chief Financial Officer



Ryomei Omote

Senior Vice President
Chief Technology Officer
Senior Deputy Director of New Business
Development Office
Director of Product Development, New
Business Development Office



Atsushi Sugihara, MBA

Senior Vice President
Senior Director of Industrial Materials
Business Unit, Production, Engineering and
Quality
Representative Director, Nitec Industries, Inc.



Giorgio Bosso, MA

Senior Vice President
Senior Director of Industrial Materials
Business Unit, Nissha Metallizing Solutions
Group
Chief Executive Officer, Nissha Metallizing
Solutions



Hidenori Yamaguchi, Ph.D.

Senior Vice President
Digital Transformation



Yoshitami Aoyama

Senior Vice President
Chief Information Officer
Chief Supply Chain Officer



Masaru Terashita

Vice President
Senior Director of Industrial Materials
Business Unit, Customer Relationship
Management (Mobility) and Development



Takeo Sugano

Vice President
Senior Director of Medical Technologies
Business Unit, Japan Operations



Satoshi Aoki, MBA

Vice President
Director of Corporate Human Resources and
Employee Benefits



Kazuhiro Nishikawa

Vice President
Senior Director of Devices Business Unit,
Development, Engineering, Procurement
and Supply Chain Management



Shuzo Okumura, MEng

Vice President
Senior Director of Medical Technologies
Business Unit, Development

(As of July 1, 2022)

Messages from the Independent Outside Directors of the Board



Nissha is fortunate to have four Independent Outside Directors of the Board who offer an objective eye to management based on a wealth of expertise and experience across a wide range of specialties.

Nissha believes it is critical to build a team of board directors with diverse experiences, specializations, qualities, and aptitudes, each supplementing and complementing their respective capabilities, to respond flexibly to changes in the business environment and raise corporate value over the medium to long term. Since 2007, we have also elected Independent Outside Directors of the Board in order to proactively incorporate an objective eye in our management. Today, four such Directors serve at Nissha. Our Independent Outside Directors of the Board have a wealth of expertise and experience across a wide range of specialties. These Directors meet the requirements stipulated in the Companies Act and the criteria for independence as determined by our Board of Directors.

The following describes major activities of our Independent Outside Directors of the Board, as well as the reasons for their respective elections, in the fiscal year ended December 2021.

Kazuhito Osugi

Mr. Kazuhito Osugi has provided valuable advice and opinions across the range of the company's management, making the most of his deep insight into the field of finance, cultivated at the Bank of Japan over a number of years, and broad experience fostered by participating in a number of corporate management roles: as an Independent Outside Director of the Board for the company, as an outside director for other firms, and others. He has duly performed his duties, such as the supervision of the execution of operations. We have elected Mr. Osugi to continue his service as an Independent Outside Director of the Board, since we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.

Asli M. Colpan

Ms. Asli M. Colpan has given valuable advice and opinions across the whole range of the company's management, making the most of her global perspective and excellent expertise practiced in her research on management strategies and corporate governance and broad experience and insight cultivated by participating in corporate management as an Independent Outside Director of the Board for the company, an outside director for another company and an independent auditor for another company. Ms. Asli M. Colpan has duly performed her duties, such as the supervision of the execution of operations. We have elected Ms. Colpan to continue her service as an Independent Outside Director of the Board, since we expect that she will continue to give her valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the company's management.

Kazumichi Matsuki

Mr. Kazumichi Matsuki has given valuable advice and opinions across the whole range of the company's management, making the most of his experience in proactive and broad business development and deep insight concerning its governance as he assumed important posts regarding legal affairs and compliance at a company globally developing business while participating in corporate management at manufacturers. Mr. Kazumichi Matsuki has duly performed his duties, such as the supervision of the execution of operations. We have elected Mr. Matsuki to continue his service as an Independent Outside Director of the Board, since we expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the company's management.

Juichi Takeuchi

Mr. Juichi Takeuchi has broad experience and extensive knowledge in the Medical Devices market, a priority market of the company. He has been engaged in management strategies, alliances, sales and marketing in a medical devices company, where he led its global strategies and assumed responsibility for its overseas subsidiaries over the years. We have elected Mr. Takeuchi to serve as an Independent Outside Director of the Board, since we expect that he will give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the company's management.

Independent Outside Director of the Board Kazuhito Osugi

April 1977	Entered the Bank of Japan
May 1984	University of Michigan, Graduate School of Business Administration (MBA)
November 1986	Economist, BIS (Bank for International Settlements)
June 1999	General Manager, the Bank of Japan Matsumoto Branch
May 2001	Deputy General Manager, the Bank of Japan Osaka Branch
May 2003	Senior Director, Industrial Revitalization Corporation of Japan
July 2005	Deputy Director-General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department
May 2006	Director-General, the Bank of Japan Internal Auditors' Office
April 2007	Director-General, the Bank of Japan Secretariat of the Policy Board
April 2009	Guest professor, Ochanomizu University
September 2011	Auditor, the Bank of Japan
October 2015	Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD.
June 2016	Independent Outside Director of the Board, the Company (present post)
August 2018	Outside Director, Frontier Management Inc. (present post)
June 2021	Outside Director, The Gunma Bank, Ltd. (present post)



With the ideal skill mix of Independent Outside Directors of the Board, Nissha has taken a major step toward realizing its long-term growth strategy. Nissha will use its ongoing efforts to improve governance and discussions of management issues at boot camps to enhance its growth potential.

Nissha's Long-Term Growth Strategy and Skill Mix of Independent Outside Directors of the Board

Nissha's excellence as an organization is that it continues to relentlessly challenge itself to reform its governance, under the powerful leadership of President Suzuki. In 2021, Nissha was among the first to incorporate the spirit of Japan's revised Corporate Governance Code, having a number of discussions about what sort of knowledge the company's Independent Outside Directors of the Board must have to achieve its long-term growth strategy (Sustainability Vision for 2030). These discussions culminated in revising Nissha's skills matrix and bringing in new Independent Outside Directors of the Board based on this matrix, thus taking a major step toward achieving its long-term strategy.

Given President Suzuki's awareness of the issue of potential incompatibility of the skill sets held by the Independent Outside Directors of the Board for the reliable execution of the company's long-term growth strategy, there were candid discussions among the four Independent Outside Directors of the Board, followed by in-depth discussions at the Nomination and Remuneration Committee, which I chair and where two-thirds of the members are Independent Outside Directors of the Board. The company has achieved an ideal skill mix by bringing in talent with a medical field background and M&A expertise to join our ranks, in line with the new skills matrix that was created after careful examination by outside eyes.

Effectiveness of the Board of Directors and Future Challenges

Ensuring that the Board of Directors is effective in a substantive way also depends heavily on how its meetings are presided over by its chairperson. The company's President also serves as the chair of the Board of Directors, and I feel that he has demonstrated an impressive chairmanship by thoroughly and sincerely listening to the harsh opinions of the Independent Outside Directors of the Board.

I recognize that investors will see stable earnings growth over the medium to long term as a management issue for the company.

It is precisely based on an awareness of this issue that Nissha is making every effort to reorganize its business portfolios. In terms of governance by the Board of Directors, I believe it is necessary to further deepen and refine the discussion of balance sheet aspects, such as return on equity, return on invested capital, and cost of capital, in monitoring performance so as to support the execution of this strategy.

The Importance of Director Boot Camps

Another unique initiative of Nissha is the boot camp, which serves as an opportunity to foster a sense of unity among the Board of Directors as a whole. This is a meeting of all of Nissha's Internal Directors and Independent Outside Directors of the Board, as well as some of its vice presidents, where they gather at a hotel and spend an entire day discussing management issues. "Medical Strategy" was the core theme of the 2021 boot camp, where participants engaged in in-depth discussions about the growth potential of the Medical market as a whole and which market segments Nissha should target, among other topics. As a trial initiative, a new session was set up where Independent Outside Directors gave presentations on their areas of expertise. I am very impressed with the high level of intellectual curiosity demonstrated by the Nissha team to eagerly absorb outside knowledge.

Going forward, we will continue to make steady efforts to improve Nissha's governance with the purpose of enhancing its medium to long term growth potential and meeting the expectations of its investors and all stakeholders.

Messages from the Independent Outside Directors of the Board

Independent Outside Director of the Board Asli M. Colpan

March 2004 Completed Doctor's Program in Advanced Fibro-Science, Graduate School of Science and Technology, Kyoto Institute of Technology

April 2008 Adjunct Associate Professor, Kyoto Center for Japanese Studies (currently, Kyoto Consortium for Japanese Studies), Columbia University

October 2012 Visiting Researcher, Edwin O. Reischauer Institute of Japanese Studies (RIJS) at Harvard University

October 2012 Visiting Associate Professor, Political Science and Sloan School of Management, Massachusetts Institute of Technology

July 2015 Independent Outside Director of the Board, GOURMET KINEYA CO., LTD.

April 2016 Associate Professor, Graduate School of Economics, Kyoto University

May 2016 Associate Professor, Graduate School of Management, Kyoto University

September 2016 Alfred Chandler Visiting Scholar, Harvard Business School

March 2018 Independent Auditor, Sumitomo Rubber Industries, Ltd. (present post)

April 2018 Professor, Graduate School of Economics, Kyoto University (present post)

April 2018 Professor, Graduate School of Management, Kyoto University (present post)

March 2019 Independent Outside Director of the Board, the Company (present post)



Independent Outside Director of the Board Kazumichi Matsuki

April 1976 Entered Mitsubishi Corporation

June 1979 Harvard Law School, LL.M. (Master of Laws)

January 2003 General Manager of Legal Dept., Mitsubishi Corporation

April 2007 Senior Vice President

May 2007 Chairman, The Association of Corporate Legal Departments

April 2009 Senior Vice President, Senior Assistant to Corporate Functional Officer and General Manager of Compliance Dept., Mitsubishi Corporation

October 2009 Temporary member, International Jurisdiction Legislation Subcommittee, Legislative Council of the Ministry of Justice

April 2010 Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics

April 2011 Corporate Officer, Hokuetsu Kishu Paper Co., Ltd. (currently, Hokuetsu Corporation)

June 2011 Director

June 2011 Member, Special Committee on Criminal Justice System of New Age, Legislative Council of the Ministry of Justice

June 2013 Managing Director, Hokuetsu Kishu Paper Co., Ltd.

June 2016 Independent Outside Director of the Board (Audit and Supervisory Committee Member), Dream Incubator Inc.

June 2016 Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION (currently, SANDEN CORPORATION)

June 2017 Director, Japan Criminal Policy Society (present post)

June 2018 Independent Outside Director of the Board, ANEST IWATA Corporation

March 2019 Independent Outside Director of the Board, the Company (present post)

June 2020 Independent Outside Director of the Board (Audit and Supervisory Committee Member), ANEST IWATA Corporation (present post)



Nissha has a deeply-rooted culture of inclusivity for non-Japanese people in its top management. It also recognizes gender diversity as an important issue and is taking sincere efforts to promote women to management positions at all levels. This diversity of Nissha's top management is something I rate highly.

Towards Globally Diverse and Gender Balanced Management Teams at Nissha

Diversity of the management team has become a buzzword in recent years. Management team diversity means bringing different voices to the decision-making process of a company that is critical for innovation and competitiveness. While diversity can have different dimensions including background, education and age, I will focus here on the diversity of nationality and gender. International managers are essential for a global company like Nissha which has 88 percent of its current sales coming from overseas markets and 63 percent of its total employees located outside Japan. Incorporation of female executives to management is also vital because female executives can bring new perspectives and Japan is known to rank very low in terms of female participation to management in international rankings.

Let me start with the diversity of nationality diversity and what it means for Nissha. Nissha has a strong culture of incorporating non-Japanese nationals to its managerial ranks. Two of largest businesses of Nissha, Medical Technologies and Sustainable Materials, are managed by competent American and Italian executives, respectively. Those executives actively and frequently present at the board meetings. The discussions that are conducted in English language are robust and lively. As a non-Japanese director myself, I highly appreciate the open and global minded board room atmosphere at Nissha. While multinational companies often struggle to unite the people at the headquarters and international subsidiaries, I think Nissha is doing a good job in making the overseas directors to be a part of the overall Nissha group. While the above is especially true for senior management, a remaining issue, if any, is to make the same open and global mindset and skills more prevalent for middle to lower ranks of management -especially those in Japan - who need to communicate

to fellow colleagues in overseas subsidiaries in their daily activities.

There is certainly progress, which will help Nissha achieve more synergies across its different geographical and business units.

Gender diversity at managerial ranks is also a top priority discussed within the ESG initiatives at board meetings. The goal at Nissha is to increase the percentage of female percentage in administration to 24 percent globally, with a significant jump in Japan. Having female managers has several merits: It brings new perspectives and thus improves decision making; having diverse managers means it mirrors better the overall working force of the company; a diverse management with more women better understands the female employees and their problems that will create a signaling effect that Nissha values women which will then lead to a larger and eventually better pool of candidates of employees. Having females represented on corporate management certainly is also important from a societal equality point of view as it helps women break the "glass" ceiling in climbing corporate ladders. At Nissha, beyond the numeric goals, these considerations are taken seriously and not superficially that is unfortunately the case in many other companies. As a female director at Nissha, I see a sincere commitment by the CEO and other Directors to promote female managers not only to middle and lower managerial levels but actually to top management. The ways to achieve such goals, such as female career mentoring and programs, are discussed thoroughly in board meetings.

In sum, I appreciate the diversity of management team at Nissha. Everyone is on the same page that globally diverse and gender balanced teams matter and is necessary to increase corporate value. Surely more needs to be done and more muscle needs to be put behind efforts to build a culture of diversity, but progress is on the way as the company's leadership is highly committed to do so.

My view is that Nissha maintains effective global group governance through appropriate reporting and discussion. I expect that Nissha will aggressively and boldly pursue M&A and expansion of its existing businesses in order to grow the Medical Devices segment, which is the key to achieving its Sustainability Vision.

Assessment of Nissha's Group Governance

Quantitative data showing the state of each overseas location is reported at each meeting of the Board of Directors on an ongoing basis. Area of special interest with regard to the execution side are also reported on as appropriate, with discussions ongoing from both quantitative and qualitative perspectives. Furthermore, while the COVID-19 pandemic has made it challenging to have face-to-face communication with management at overseas locations, CEOs at major overseas subsidiaries have been providing regular management reports to Nissha's Board of Directors online, which have been discussed at the Board's meetings. Nissha's Board of Directors recognizes that global group governance, alongside achievement of the 7th Medium-term Business Plan's goals, is an issue of utmost importance in increasing corporate value as stated in the outset. My view is that Nissha has been making efforts to achieve effectiveness in this area through the aforementioned activities. I consider the replacement of the CEO of Nissha Metallizing Solutions Group at the end of 2020 to be an example of these efforts.

(Evaluation of the RCC's Regional Control Function)

In the Regional Collaboration Committee (RCC), which launched in 2021, managers in charge at each RCC have started taking active measures, with an understanding of their roles. So too are regional staff members beginning to utilize this system after sensing the benefits it has to offer, and we have seen examples of synergies built through these sorts of cooperative relationships. In addition, by being actively involved in RCC activities, the functional departments at Nissha's Global Headquarters are able to promote measures there with a better understanding of situations on the ground, leading to more effective governance. It is said that we live in times of great uncertainty, when once-in-a-century crises come once every three years. Amid this, RCC is considered an indispensable foundation for promoting Nissha's business in a sustainable manner, and I expect that it will contribute to enhanced corporate value by further deepening both Nissha's defensive and offensive activities.

(Governance by Independent Outside Directors of the Board at Nissha)

As a company with an Audit and Supervisory Board, this structurally requires that Nissha's Board of Directors is a sort of hybrid, performing both management and monitoring functions. The role of Independent Outside Directors in this kind of Board of Directors is not limited to monitoring alone; we must also assist management in decision-making by pointing out from a range of perspectives and viewpoints, thereby demonstrating both offensive and defensive functions of governance. My view is that Nissha's Independent Outside Directors of the Board are fulfilling such functions.

(Necessity of Enhancing Cooperation and Information Sharing With Audit and Supervisory Board Members and the Internal Audit Division)

As a result of the responsibilities they bear, Audit and Supervisory Board Members have access to a great deal of corporate information through their auditing activities. It is very helpful in aiding the effective function of a hybrid Board of Directors for these Audit and Supervisory Board Members to share information on business activities they have gained with the Independent Outside Directors of the Board as appropriate, while taking into account the fundamental divergence of positions between Audit and Supervisory Board Members and Directors—the former auditors and the latter the targets of their audits.

In addition to the current annual meetings between each of the Independent Outside Directors of the Board and the Audit and Supervisory Board, I believe that regular meetings between all of these parties will provide those in the position of being audited with many insights into corporate management thereafter.

As for the Internal Audit Division sharing information with the Board of Directors, I think this is useful in terms of understanding the state of things. Not only that, but as the Board of Directors is obligated to establish internal control systems, I believe it is necessary the Board receives regular reports from the Internal Audit Division in order to implement the PDCA cycle.

Challenges to Achieving the Sustainability Vision

Growth in the Medical Devices segment will be key to achieving Nissha's Sustainability Vision. Though M&A will be an important factor in achieving the ambitious goals in this vision, I also believe that there is great potential for organic growth. Within Medical Devices business in particular, North America and Europe are important and promising target markets, and as surgeries put on hold due to the COVID-19 pandemic get back on track, there will be significant room to grow for Nissha Medical Technology's existing businesses, including new businesses acquired last year. I expect Nissha will aggressively pursue these opportunities. There is also a number of healthcare-related customers in Nissha's Sustainable Materials business, an area where expect synergies will be created and corporate value will be enhanced through cooperation across business units.

With regard to M&A, I expect prices to continue to rise for foreign currency-denominated M&A by Japanese companies due to various external factors arising in recent years. The characteristics of the M&A market necessitate being selective with deals brought to Nissha. Despite this, I believe that it is critical, now more than ever, to make a concerted effort to identify and narrow down which business pieces in which areas are specifically needed to realize Nissha's Sustainability Vision, and to more actively search for and pursue acquisition candidates that fit this requirement.

Messages from the Independent Outside Directors of the Board

Independent Outside Director of the Board Juichi Takeuchi

April 1983	Entered Terumo Corporation
July 2006	VP & COO, Terumo Medical Corporation
April 2007	President & CEO, Terumo Medical Corporation
November 2010	President (Europe and the United States), D&D Group, General Hospital Company, Terumo Corporation, President & CEO, Terumo Medical Corporation
June 2011	Executive Officer, Terumo Corporation
October 2014	Executive Officer, President, Terumo Pharmaceutical Solutions, and General Manager, Overseas Promotion Office, General Hospital Company, Terumo Corporation
April 2015	Executive Officer, President and CEO, Terumo Americas Holding, Inc., and Regional Representative, Latin America
October 2016	Executive Officer, President and CEO, Terumo Americas Holding Inc., Regional Representative, Latin America, and President, Terumo Latin America Corporation
April 2018	Senior Executive Officer, Terumo Corporation
April 2020	Senior Executive Advisor, Terumo Corporation (present post)
March 2022	Independent Outside Director of the Board, the Company (present post)



I toured Nissha's production sites within each business, confirming that the company is working in unison to realize its Sustainability Vision. Based on my experience in management and marketing in the medical industry, I will not only provide supervision and advice, but also actively participate in strategic discussions.

Prior to my appointment as an Independent Outside Director of the Board at the March 2022 general meeting of shareholders, I had been appointed as an advisor in October 2021. In this role, I had the opportunity to discuss and exchange opinions with not only executives but also business and unit managers about Nissha's history, management philosophy, strengths, strategies, and more.

The discussions gave me a better understanding that while the Nissha brand is not well known in the general market due to the B2B nature of its business, it has still continued to create unique and differentiated products and services on the strength of its six Core Technologies: Printing, Coating, Laminating, Molding, Patterning, and Metal Processing. Nissha is now in a transitional phase of business portfolio transformation, and faces a barrier to achieving net sales of JPY 200 billion. Amid this, Nissha formulated its Sustainability Vision in 2021 for where it wants to be in 2030, and I have confirmed that the company is working in unison to realize this ambitious aspiration. I toured the Nitec Precision and Technologies Kaga factory within the Devices business and the Nitec Industries Koka factory and Kameoka factory within the Industrial Materials business. There, by listening to people onsite, I was able to experience their daily efforts to achieve production at lower costs and high quality based on strengths in making improvements and harnessing production technology.

One of Nissha's strengths is its field orientation, which has been successful in creating new value by identifying customer issues and needs and providing solutions, contributing to the growth of the Devices, Industrial Materials, and Medical Technologies businesses. Furthermore, on Nissha's governance system for promoting global

management, I empathize with the company boldly tackling the challenge of growing existing businesses and generating new businesses with a risk management perspective and with informational transparency.

As my profile states, I have worked in the medical industry. On the frontlines of the medical field, I have been practicing the concept of contributing to society through delivering innovative products and services to patients and customers. Based on my experience and knowledge of global business and management in the United States and elsewhere, including sales and marketing, management strategy, acquisitions and alliances, business leads, and subsidiary management, I will provide supervision and advice for Nissha's management as an Independent Outside Director of the Board. While upholding the core roles of an Independent Outside Director of the Board—independence and objectivity—I will actively participate in and contribute to discussions on strategy, including synergies among businesses, given that one of the pillars of Nissha's growth strategy is the Medical business.

In my 40-year career, there has been a saying I have treasured: "Everything begins from the customer, having a deep understanding of their issues, and speedily implementing solutions to them." In the world, and most notably in the medical field with its rapid advances in innovation, there are many and varied opportunities globally for improvement and transformation. Going forward, we will do our utmost to support the passion and commitment of the Nissha management team to realize its vision for 2030 from the perspective of securing and enhancing shareholder returns.

Nissha's current lineup of Independent Outside Directors of the Board is an eminently capable team for its global management. We maintain a sound Board of Directors where Nissha offers accurate information and the Independent Outside Directors of the Board offer advice getting to the heart of the matter. In addition, we are making it a habit to identify and resolve issues early on through daily communication and evaluation of the board's effectiveness.

Chairman of the Board, President and CEO Junya Suzuki

Bringing in outside insights and experience can be a very effective tool in corporate management. If their natural, unadulterated states last too long, organizations invariably fall into what we call a set of mannerisms, pitfalls, and blocks to active thinking. This is especially true if a company has a great history of past successes and/or a corporate culture that values tradition and authority. To break past this, it is necessary to strategically introduce external stimuli on a daily basis so as to learn and improve. Of course, we should not be at the whims of outside voices; this effort must come with caution against losing agency.

In response to the globalization of management that picked up steam around the year 2000, Nissha brought onboard a number of mid-career talent with practical capabilities with respect to international business. In the 2010s, it hired a team to strengthen its scientific production technology in preparation for switching its core businesses. Acquisitions over the past 20 years, both domestic and international, have also brought a confluence of new capabilities and values to the Nissha Group, fostering the corporate culture it has today.

The same is true for the Directors who supervise the integration of these richly-diverse management resources. At my meetings of the Board of Directors, I see truly spirited discussion and information sharing from various angles on agenda items. Nissha's current lineup of Independent Outside Directors of the Board is its fourth generation, in terms of changes in team size, attributes and expertise, and skill mix over time. I can say that this fourth generation is the strongest so far seeing how we have added talent with practical international capabilities in the target markets that Nissha needs to strengthen in the medium to long term. I believe that this composition should continue to evolve to remain consistent with the direction of the company's growth strategy. While their skill mix should take into account

experience and expertise in target markets, a certain tenure has also been determined as an important factor, in the sense of having a deep understanding of the company. Personality is also extremely important. The more someone has a cooperative tendency with regard to the company's management, the more sincerely I will listen.

Independent Outside Directors of the Board, as their name suggests, exist outside the company and are not engaged in its business on a daily basis. Thus, information asymmetries regarding management and execution practices exist. With these conditions given, Nissha's Board of Directors strives to maintain strong cyclical connections where the company can consistently provide accurate and reliable information in a reasonable manner and Independent Outside Directors of the Board are able to provide advice that gets to the heart of the matter without getting bogged down in details and personal preferences. The soundness of the Board of Directors is founded in this mutual cooperation.

We bring up topics that we mutually sense in daily communication. I also consider the annual evaluation of the effectiveness of the Board of Directors (via a questionnaire prepared with the cooperation of a third party) as an important point of focus for improving governance. The responses to this are used to identify issues for the next fiscal year, and we make it a habit to resolve and close all issues by the end of the first half of that fiscal year.

I feel that these comments from the Independent Outside Directors of the Board are representative of their deep understanding of and strong commitment to the management of the company. They have correctly identified issues, and I share their awareness of these issues. Though we have a diversity of backgrounds and approaches, we are still united in our commitment to Nissha's management goals.



Sustainability Committee Initiatives

The Sustainability Committee works to tackle a number of specified topics, including Creating Business Opportunities, Risk Reduction, Strengthening Management Foundation, and Corporate Governance. It does this in collaboration with relevant business organizations and units, as well as the ESG Task Force.

The following is a report of the initiative status for strategy items related to the materialities of Risk Reduction and Strengthening Management Foundation.

Risk Reduction

Respect for Human Rights

Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Reduction of labor and human rights risks	<ul style="list-style-type: none">Number of child labor or forced labor cases at primary suppliers in areas with high labor and human rights risks (Latin America, Southeast Asia, China): 0	<ul style="list-style-type: none">Formulated rules for selecting suppliers to be surveyed

Being a Global Company

In recent years, with the globalization of corporate activities, human rights issues have become profoundly important in society, not only for us but also for our supply chain. These issues include conflict minerals, child labor, forced labor, and accidents caused by poor working conditions. Amid this context, corporations are expected to address human rights issues in conformance with international standards such as the UN Guiding Principles on Business and Human Rights. Insufficient response to human rights issues may lead to major business risks, such as suspension of transactions with customers and/or suppliers.

To ensure we are taking appropriate action, we have identified Respect for Human Rights as a materiality and established the ESG Task Force (diversity, human resources development, and labor and human rights).

Specifically, we have set a KPI of zero child or forced labor cases at primary suppliers in areas with high labor and human rights risks (Latin America, Southeast Asia, China), with the goal of completing confirmation of this status in 2023.

In 2021, we confirmed that there were zero cases of child or forced

labor within the Group was zero. We have also formulated rules for selecting suppliers to be surveyed.

Child and Forced Labor Surveys in the Group

In 2021, we conducted a questionnaire survey of 10 domestic and 31 overseas group company bases, confirming no instances of child or forced labor.

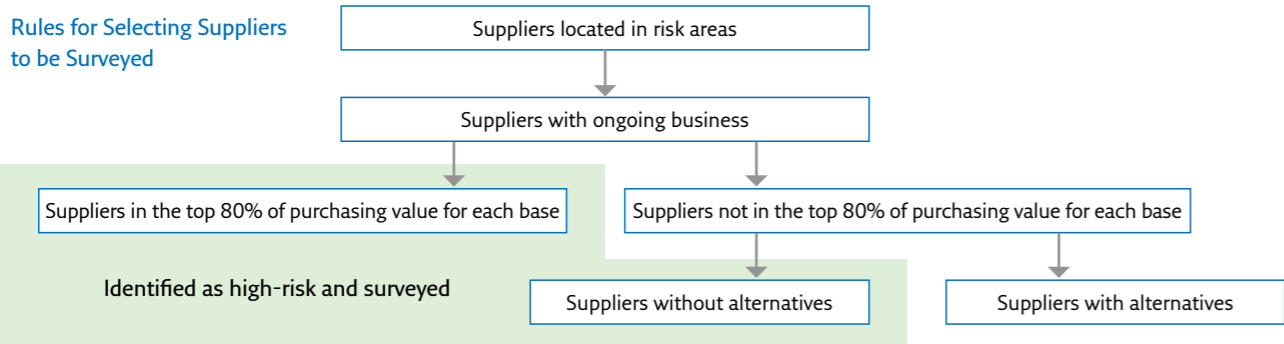
The questionnaire form consisted of several questions to check for any instances of child or forced labor at each base, including with regard to its permanent employees, temporary staff, and on-site contractors and their employees. Responses from all bases surveyed indicated that there were no instances of child or forced labor.

Surveying Suppliers

In 2021, we formulated rules for selecting suppliers to be surveyed so as to survey for any child or forced labor at the suppliers.

Of our suppliers with ongoing business located in risk areas (Latin America, Southeast Asia, China) as defined by the International Labour Organization (ILO), surveys shall be conducted with suppliers in the top 80% of purchasing value for each base, as well as those not in the top 80% of purchasing value but for whom we have no alternatives.

Rules for Selecting Suppliers to be Surveyed



From 2022, surveys will proceed each year according to the aforementioned rules. These surveys are to conform with the following process: 1) identification of entities to be surveyed based on purchase amounts in the prior fiscal year; 2) survey by questionnaire; 3) identification of suppliers at risks based on responses received; 4) directions to suppliers at risk to consider proposed improvements

(including our proposals); and 5) implementation of an audit if proposed improvements are insufficient.

In addition to questions related to labor and human rights, the survey also covers a wide range of items important in terms of CSR procurement, including health and safety, the environment, information security, and ethics.

Launch of a Fundraising Program in Support of Ukraine

Amid the humanitarian crisis in Ukraine, the Group launched a fundraising program in April 2022 in cooperation with Sermig to assist the people of Ukraine. Sermig is a non-profit organization based in Europe that has been providing humanitarian aid around the world for over 50 years. In addition to soliciting donations from Nissha People (our employees) on a global scale, we matched their donations through our matching gift program. The Group's donation of approximately JPY 16 million was used to purchase ambulances dispatched to Ukraine and to help rebuilding efforts in Rivne and Chernivtsi, in western Ukraine.



A Proposed Fundraising Program, Expanded Worldwide

Nissha Metalizing Solutions
HR Group Director
Flavia Malaspina

I have known Sermig for many years and I experienced the seriousness of the way they are working. They have many projects around the world and are not a big organization, but they are concrete people, contributing for the peace in the world. With the generosity of thousands of persons and companies like Nissha and its employees, they have sent to Ukraine tons of food, medicines, first aid equipment's and basic necessities.

This initiative is reinforcing Nissha values and great commitment in building a better humanity and I feel proud of being part of the company that is following its own principles.

Sustainability Committee Initiatives

Risk Reduction

Responding to Climate Change



Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Reduction of total CO ₂ emissions by 30% by 2030 (compared to 2020)	● Reduction of total CO ₂ emissions by 9% (compared to 2020)	● Increased by 0.8% (compared to 2020)

Climate Change Initiatives

Our total CO₂ emissions in 2021 were 0.8% higher than in 2020. This was due to increased demand for our products and increased CO₂ emissions from our business activities, despite our efforts to reduce emissions.

Of the Group's total CO₂ emissions, 80% come from electricity use. As a measure to reduce our CO₂ emissions, beginning in January 2022 we have switched 100% of electricity used to renewable energy at the Koka Factory of Nitec Industries, Inc., a production base for our Industrial Materials business. In September 2022, we will switch a

portion of electricity used to renewable energy at the Kaga Factory of Nitec Precision and Technologies, Inc., a production base for our Devices business. In addition, we are planning to introduce a system to replace a portion of electricity used with energy generated from solar and wind power at our production bases in Europe. Furthermore, we are promoting measures to curb power consumption, such as switching to LED lighting and replacing aging facilities with energy-efficient equipment.

Addressing the TCFD Recommendations

In January 2022, Nissha Group publicly endorsed the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), using the framework provided to analyze the financial impact on our business from climate change-related risks and opportunities.

Please refer to the section titled 6. Responding to Climate Change (Addressing the TCFD Recommendations) in the Nissha Sustainability Report 2022 for more details on our disclosure in accordance with the TCFD recommendations.

Governance (→ P.031 Sustainability and Materiality)

Nissha Group manages risks and opportunities related to climate change from both a long-term perspective and a short- to medium-term perspective, as follows.

Long-term	Opportunities and risks backcasted from the Long-term vision for 2030.
	<ul style="list-style-type: none">• The Board of Directors identifies risks and opportunities related to climate change as materialities and supervises initiatives promoted by the executive body, the Sustainability Committee• The Sustainability Committee, chaired by the Chairman of the Board, President and CEO, establishes and promotes the activities of the ESG Task Force, which is responsible for Responding to Climate Change, a particularly important materiality. Activity progress is reviewed quarterly and reported at the Board of Directors once a year• The ESG Task Force, the driver of Nissha responding to climate change, holds discussions with the Chairman of the Board, President and CEO, each quarter• The Chairman of the Board, President and CEO, makes important strategic and financial decisions related to responding to climate change within the scope of their authority
Short- to medium-term	Immediate and near-term risks
	<ul style="list-style-type: none">• The Board of Directors supervises initiatives promoted by the executive body, the Risk Management and Compliance Committee, with risks related to climate change as significant risks• The Risk Management and Compliance Committee, chaired by the Director of the Board and Senior Executive Vice President in charge of legal affairs, centrally manages risks including those related to climate change. Among its significant risks, it includes Continuity of Business Activities, preparing for natural disasters associated with climate change• For significant risks, KPIs and action items are set, their progress is checked each quarter, and a report is made at the Board of Directors once a year• The Chairman of the Board, President and CEO, monitors the status of activities and issues direction as necessary

Strategy

We conducted a scenario analysis for the Devices business, which accounts for about half of the Group's net sales. Major risks and opportunities were analyzed as of 2030 under the 3°C scenario, in which no progress is made in addressing climate change. The 1.5°C scenario, more progress is made toward decarbonization.

In both scenarios, although there are financial risks associated with the effects of climate change, we found that our risk response measures are reasonable and that there is growing demand that could lead to opportunities for our business.

In the future, we will expand the scope of businesses subject to scenario analysis.

Type		Major risks	Risk magnitude	
			3°C	1.5°C
Transition risks	Policies and regulations	Introduction or strengthening of carbon taxes increases the cost of procuring energy and raw materials derived from fossil fuels	Low	High
		Carbon emission quotas increase the cost of electricity due to the introduction of renewable energy sources	Low	Medium
		Carbon emission quotas increase the cost of reducing CO ₂ emissions in logistics (procurement and shipping)	Low	Low
		Restrictions on use of specified CFCs and their substitutes used at production bases increase capital investment costs	Medium	Medium
	Technologies	Transition to materials with lower environmental impact increases costs to replace product packaging materials	Low	Low
		Replacement of our products for competitor low-carbon products decreases net sales	Medium	Medium
		Delays in development of low-carbon technologies cause lost business opportunity and decreased net sales	Medium	Medium
Physical risks	Markets	Insufficient response despite growing customer demands for CO ₂ reductions causes lost business opportunity and decreased net sales	Medium	High
	Reputation	Increased importance of ESG evaluation in customers' supplier selection process and falling ESG evaluation due to delays in addressing climate-related issues, etc., leads to non-selection as a supplier and decreased net sales	Low	Medium
	Acute	Floods cause suspension of factory operations and decreased net sales	Medium	
		Floods cause damage to Group assets, such as buildings, equipment, and inventories, and increased costs	High	
		Disasters at suppliers cause suspended raw materials and parts supplies, affecting factory operation and shipments and decreasing net sales	Medium	

Type		Major opportunities	Opportunity magnitude	
			3°C	1.5°C
Markets		The advent of a society that harnesses hydrogen leads to increasing demand for fuel cell vehicles, and increasing sales for our hydrogen detectors	Medium	Medium
		Growth in the number of electric vehicles sold leads to increasing sales for touch sensors for automotive applications	Low	High
Products and Services		Growth in demand for products contributing to greenhouse gas reductions leads to increasing sales of our gas sensor modules for refrigerant detection	High	High

Risk Management (→ P.029 Sustainability and Materiality)

The Sustainability Committee and the Risk Management and the Compliance Committee manage risks related to climate change from a long-term perspective and a short- to medium-term perspective, respectively, as per the following processes.

Risk Management by the Sustainability Committee

- Identifying Responding to Climate Change as a materiality to realize the Sustainability Vision (long-term vision)
- Evaluating and prioritizing social and management issues based on the axes of Importance to Society and Stakeholders and Importance to Nissha. Identifying materialities through deliberations and resolutions by the Board of Directors
- Strategy items, KPIs, and action items for Responding to Climate Change, a materiality, are approved by the Sustainability Committee

Risk Management at the Risk Management and Compliance Committee

- Conducting risk assessments of the entire Group and identifying Business Continuity Plan (BCP), including response to natural disasters related to climate change, as a significant risk
- Selecting significant risks from the perspective of business activities through evaluation adjusted for risk occurrence frequency and magnitude on occurrence and control activity status, as well as evaluation from a Group-wide perspective for ensuring consistency with management strategies

Indicators and Goals (→ P.012 Sustainability Vision) (→ P.085 Non-Financial Highlights)

Nissha uses total CO₂ emissions as an indicator for assessing and managing risks related to climate change. In the Sustainability Vision, our goal is to reduce total CO₂ emissions by 30% by 2030 (compared to 2020), with a broader aim to become carbon-neutral by 2050.

Sustainability Committee Initiatives

Risk Reduction

Providing Responsible Medical Products and Services

3

GOOD HEALTH AND WELL-BEING

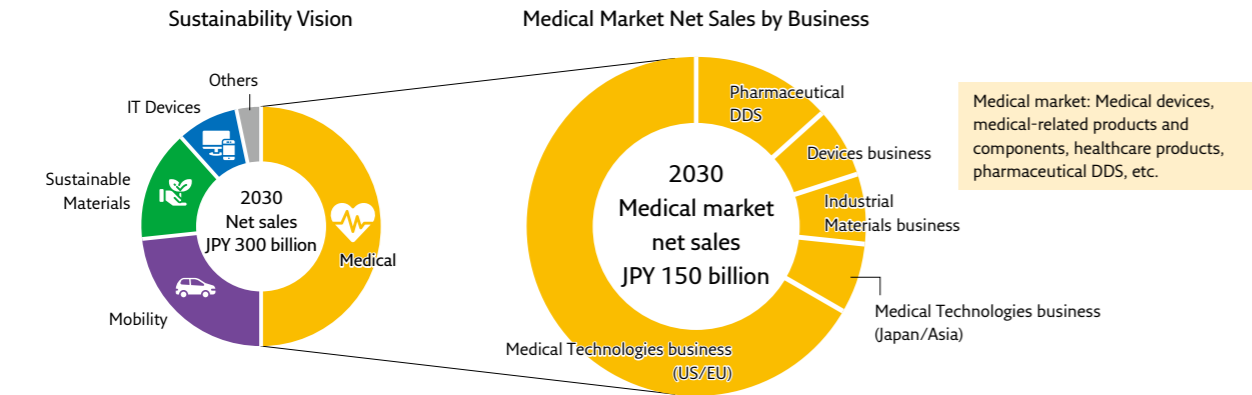
Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Establishment of management systems for quality and safety of products and services	<ul style="list-style-type: none">Continuation and expansion of ISO13485 certification (Number of certifications obtained and maintained as planned): 11	<ul style="list-style-type: none">Completed regular review in 2021
Strengthening the legal compliance system by thoroughly ensuring that employees understand medical-related laws and regulation <ul style="list-style-type: none">Appropriate disclosure of information about products and services	<ul style="list-style-type: none">Continuous implementation of education for management and all employeesCompliance with laws and regulations related to information disclosure (Pharmaceutical Machinery Law Enforcement Regulations, Appropriate Advertising Standards for Pharmaceuticals, etc.): 0	<ul style="list-style-type: none">Began priority market skills training

Establishing a Framework Supporting Business Expansion in the Medical Market

In our Sustainability Vision for 2030, we have set a net sales target of JPY 300 billion, and are seeking to achieve 50% of this target (JPY 150 billion) in the Medical market. The Medical market encompasses a wide variety of products and services, including medical devices, medical-related products and components, healthcare products, and pharmaceutical drug delivery systems (DDS). This area requires doing business in a way that transcends segment classifications. For these businesses in the Medical market, we have set "Providing responsible medical products and services" as a materiality, and are working to avoid and mitigate business risks by ensuring the quality and safety of our products and services, as well as carrying out appropriate information disclosure.



Director
Medical Management Office
Shinya Morioka



Strengthening Legal Compliance System

As a business operator dealing in medical devices and other sensitive products, we have a responsibility to maintain high ethical standards and compliance with pharmaceutical laws and regulations. Therefore, we have taken actions to restructure our Quality Management Framework for Medical Device, Quasi-drug, and Cosmetics, strengthening our legal compliance system. In response to the revised Pharmaceutical Affairs Act that went into effect in August 2021, we established the Provision for Compliance Framework of Pharmaceutical and Medical Device Act (PMD Act) to ensure that our officers and employees maintain compliance with laws and regulations related to pharmaceutical affairs, to promote and ensure corporate ethics and compliance, and to conduct our business appropriately. In addition, we are preparing a Standard Operation Procedure (SOP) for Advertisement of Medical Devices etc. to further strengthen our compliance system with laws and regulations related to information disclosure.

Priority Market Skills Training Program

Human resource development is an important part of achieving our strategic goals. We provide the priority market skills training program as a way to expand employees' skills for doing business in priority markets. This is a three-tiered program of subjects: General Engineering, Design, and Medical Market. We have prepared a wide range of subjects so that all employees have the opportunity to study everything from the fundamentals to specialized knowledge, as we work to elevate all employee capabilities and deepen their expertise in specialized fields. We will continue to provide training that contributes to the acquisition of knowledge and skills necessary to realize our "Providing responsible medical products and services" materiality.



Priority market skills training program
Medical Technologies Forum

Risk Reduction

Sustainable Procurement

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

13

CLIMATE ACTION

17

PARTNERSHIPS FOR THE GOALS

Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Establishment and operationalization of stable procurement <ul style="list-style-type: none">Suppliers: Build appropriate supplier network and healthy relationshipsProcurement of goods: Ensure stable procurement of environmentally friendly goods at reasonable prices, while preserving quality.Risk: Reduce procurement risk and strengthen risk management capabilitiesProcurement process: Establish and maintain an appropriate procurement processBuyers: Improve and maintain buyers' expertise	<ul style="list-style-type: none">100% implementation rate of risk reduction measures for major components (number of risk reduction measures implemented / number of key components with high procurement risk)	—*

*This is a newly-identified materiality to take effect in2022.

Basic Approach to Procurement

Nissha Group procures raw materials, components, devices, and services necessary for production from suppliers in various regions. We will achieve sustainable procurement through fair and equitable interactions with our suppliers, sharing our awareness of social issues, and mutually enhancing corporate value.

In order for Nissha Group to grow in a sustainable fashion, we believe it is important to work with our suppliers on items like labor and human rights, health and safety, environmental conservation, ethics, and information security.

It is essential that we assess, analyze, and mitigate supply chain risks. This is particularly true as supply constraints, raw material and energy price increases, and other procurement risks that could affect our production have become more profound in recent years due to climate change, the COVID-19 pandemic, and geopolitical developments.



Director
Corporate Supply Chain Management
Takeshi Otschi

Past Initiatives

- (1) CSR audits
In order to build a safe and secure supply chain, we have been conducting regular CSR audits since 2014, especially for important suppliers and new suppliers, focusing on five areas: labor and human rights, health and safety, environment, ethics, and information security.
- (2) Updating and revising rules and regulations
Nissha Group revised its Purchasing Management Regulations in 2021. Major revisions are as follows.
- Expanded applicable regions: From Japan only to overseas areas
 - Expanded purchases in scope: Purchasing Management Regulations expanded from only production materials to cover all purchased products and services
- (3) Education on purchasing
In Japan, Nissha Group has continuously provided education on purchasing since 2008, with a total of more than 1,000 people participating in these programs. In 2021, education programs on purchasing fundamentals were offered for purchasing departments and technical development departments, with 218 employees participating.

Initiatives in 2022

For 2022, our top priorities are to reduce procurement risk and strengthen our risk management capabilities. After identifying key materials with potential procurement risks, like those in the table below, we will take risk reduction measures for identified key materials and work toward an implementation rate of 60% (ratio of risk reduction measures implemented to the number of key materials with high procurement risk) during 2022.

Procurement Risks	Risk Reduction Measures
Purchasing from only one company	Purchasing from multiple vendors
Specialized materials	Swapping to general-use materials
Failure to practice green procurement	Conducting CSR audits
Procuring from non-CSR-compliant companies	Conducting CSR audits

As we make progress in our Sustainability Vision, which depicts what we should be in 2030, we will maintain our approach to mitigating procurement risk, even though we expect the weighting of key materials to shift from the IT Devices to Medical, Mobility, and Sustainable Materials.

Based on our experience cultivated in procurement processes for business in IT Devices and Mobility markets, we will build a more appropriate process for managing procurement for the Medical and Sustainable Materials markets.

Sustainability Committee Initiatives

Strengthening Management Foundation

Utilizing Diverse Human Resources and Improving Human Resource Capabilities

5

Gender Equality

8

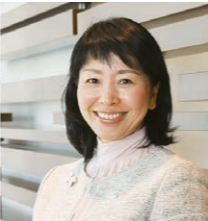
Decent Work and Economic Growth

10

Reduced Inequalities

Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Promote activities for women	● Female manager ratio Global consolidated: 21% Nissha (Non-consolidated): 8%	● Female manager ratio Global consolidated: 20% Nissha (Non-consolidated): 6%
Enhancement of trainings for management / strategic human resources, and rotation	● Selection rate of leader candidates Nissha (Non-consolidated): 36%	● Selection rate of leader candidates Nissha (Non-consolidated): 32%

At Nissha Group, we believe that “employees with diverse capabilities and passion” as stated in our Mission are the driving force for growth, and we have therefore identified “Utilizing diverse human resources” and “Improving human resource capabilities” as materialities. In July 2021, we formed the ESG Task Force (on diversity, human resources development, and labor and human rights) to promote addressing these materialities, which has begun work on a global level transcending business and geographic boundaries.



Senior Manager
Corporate Human
Resources Development
and Recruitment Group
Saori Yamaguchi

Promoting Activities for Women

Improvements in Female Manager Ratio

Nissha Group embodies diversity and inclusion by bringing together people of different nationalities, races, genders, and other backgrounds to enhance the collective strength of the organization.

One of the ESG Task Force’s measures showing our commitment to diversity is encouraging the participation of women. This organization has set a KPI of improving the ratio of female managers. Since the definition of a management position is not uniform outside of Japan, we have established a new standard global definition and are constantly monitoring the ratio of managers (male and female) at all Group companies.

We have set a goal to bring the current ratio of male to female managers (approx. 8:2) on a global basis closer to the ratio of male to female employees overall (approx. 6:4). Here, we are working to encourage the participation of women worldwide so as to achieve our KPI targets by 2030.

In 2021, the ratio of female managers increased by 1% on a global basis compared to the previous year.

Activity Highlights by Region

Japan (Nissha non-consolidated): Two new female managers joined our team. We enhanced our complement of candidates for future female management positions, including team leaders.

Central & South America: One new female manager joined our team, a result of several years of management training for female leadership candidates at our production plant in the Dominican Republic.

Europe: We promoted ESG projects throughout the region by appointing women to key positions overseeing human resources in Belgium, Germany, and Italy. They led the globally-run Nissha fundraising program in support of Ukraine. (→ P.072 Respect for Human Rights)

Going forward, based on the particular characteristics and needs of each region, we at Nissha Group plan to further focus on cultivating female leader candidates.

China: Selected 10 leader candidates (half of whom are female employees) and provided education in management strategy, marketing, finance, and other topics, taught by in-house instructors.

Europe: Introduced the Next Generation project and selected eight female leader candidates from multiple production plants, promoting leadership education and the succession plan.

Nissha Group Female Manager Ratio

	As of Dec. 31, 2020	As of Dec. 31, 2021	
	Female manager ratio	Female manager ratio	Female employee ratio
Nissha Group, worldwide	19%	20%	36%
Japan (Nissha non-consolidated):	5%	6%	27%
North America	32%	30%	44%
Central & South Americas	44%	50%	61%
Europe	17%	18%	29%
China, Taiwan, Korea	37%	37%	51%
Southeast Asia	31%	36%	54%

As an example of our work to encourage participation not only of women but also diverse human resources, the U.S. headquarters of the Medical Technologies business (Buffalo, New York) hired a new employee from Afghanistan amid the U.S. government's intake of refugees.

In the area of human resource development, we introduced an apprenticeship program in which operators who have been in charge of other processes are trained to become operators of other, new processes by apprenticing with experienced employees for a year and a half. Once this program builds a track record of successes, we plan to expand the program to other Group companies with the aim of diversifying the skills of their employees.

Buffalo, New York

Enhancement of trainings for management/strategic human resources, and rotation

Accelerating Development Through the Business School Selective Training Program

The business school (introduced in 2013) is a selective training program within Nissha Academy, Nissha Group’s in-house university. This is an original Nissha program that focuses on providing knowledge and skills in the proposal and execution of management strategies, with three courses available: beginner, intermediate, and advanced. The business school’s courses are held once every three years so as to align with our three-year medium-term business plans. Students’ final assignments are to propose business strategies to top management. Many graduates of the beginner and intermediate courses have been through job rotation to new functions and organizations, gained experience as leaders of important projects and in other roles, and been promoted to management positions. Students are expected to apply what they learn in the business school in the workplace, achieve results in practice, and then move on to the advanced level to demonstrate leadership as management and strategic human resources.

The most successful graduates have gone on to become executive officers, serving as instructors at the business school to train junior employees. Nissha Group’s organizational culture harnesses its resources to help cultivate junior employees, embodying the Basic Human Resources Policy and its call for company and employees to grow together.

Nissha will grow its pool of management and strategic human resources to execute its medium- to long-term growth strategy, and systematically develop next-generation leaders who can take charge of multiple functions and organizations with a strong holistic view of the situation.

The ESG Task Force, the driving body behind this initiative, has set “Selection rate of leader candidates” as a KPI for the “Improving human resource capabilities” materiality, and plans to have half of non-consolidated Nissha general employees (approximately 550) attend the business school (beginner and intermediate courses) by 2030 (50% selection rate).

In the business school’s intermediate course held in 2021, a total of 39 participants from Nissha (46 participants including those from Group companies) learned from the instructor team about global standard knowledge (management strategy, marketing, accounting, finance, etc.) based on Kyoto University’s MBA program. In addition, they learned practical skills and examples of management and business strategies from in-house lecturers, Directors (members of the Board) and executive officers.

Nissha will hold its own beginner course of the business school for its young employees in 2023, part of raising the selection rate of leader candidates from 32% in 2021 to the target of 36% in 2023. In addition, the ESG Task Force has begun to extend Nissha Academy’s educational philosophy to overseas group companies in the Americas, Europe, and China.

Eligible Employees	Selective Training Management and Strategic Human Resource Development
Managers	Business School Advanced Course
General Employees	Business School Intermediate Course Business School Beginner Course

Total Students

163 of 511*

* Eligible Nissha non-consolidated general employees
As of Dec. 31, 2021

Business School (intermediate course)

Sustainability Committee Initiatives

Strengthening Management Foundation

Efficiency and Productivity Improvement

Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Digitization of value creation process	<ul style="list-style-type: none">Reduction of working hours by automation and efficiency tools such as RPA (compared to 2020) by 100,000 hours / yearOperation process flow digitization (Total number of projects developed from 2021 to 2023): 100	<ul style="list-style-type: none">Reducing working hours: 30,544 hours / year (compared to 2020)Digitizing manufacturing: Completed digitization of design processesImproving efficiency in sales operations: Introduced new toolsCultivating of DX human resources: Held courses on DX and AI

We believe that the use of digital technologies will improve our efficiency and productivity and lead to greater added value for our customers, as well as solutions to social issues. To achieve this goal, we are working to digitize our operations over the following three steps, as well as to develop an environment and a pool of human resources that will support this process.

	Target	Our Actions
Step 1	Improve productivity of internal operations by building databases (DBs) and digitizing for specific departments and operations. The resources secured through this process will be reinvested in high value-added businesses.	<ul style="list-style-type: none">Effective use of data through building DBsAutomation of production, design, and management operations through the use of AI and RPAImproving efficiency in sales activities through use of marketing tools and sales support systems (Salesforce automation, or SFA)
Step 2	Extend digitization to the entire company to increase added value provided to our customers.	<ul style="list-style-type: none">Deploying AI in the estimate processCreation of customer value (quality, cost, delivery, and service, or QCDS) through AI-enabled operationsBuilding a digital platform
Step 3	Use digitization to generate new business models that will lead to solutions to social issues.	<ul style="list-style-type: none">External sales of in-house systems and expertiseEstablishment of data business using accumulated data and formation of business partnerships (ecosystems)

Reducing Working Hours Through Productivity Improvement Efforts

To improve productivity of desk work, we are introducing business efficiency tools such as robotic process automation (RPA) and digitizing application forms and other work flows. We are expanding automation and efficiency gains by not only using individual systems but combining the use of multiple systems. In 2021, these measures made advances both in Japan and overseas, automating and streamlining 30,544 hours of work. Looking ahead, we will work to implement systems even in our administrative operations, digitizing so as to gain operational efficiencies.

Digitizing Manufacturing

In digitizing production, we harness IT in solutions like SmartQC for improving quality and productivity and Smart Factory for labor-saving in production processes. Furthermore, we are working to digitize design, like digitizing design work flows and building mechanisms for storing and utilizing design data. As one example, we used accumulated data and AI to build an automatic yield forecasting system and an automatic lead-time forecasting system to improve operational efficiency. We are making ongoing efforts to grow our data pool to boost forecasting accuracy, and to use simulations in the development phase to derive optimal designs.

Improving Efficiency in Sales Operations

With the aim of streamlining activities for generating new businesses and new products, we have introduced new tools for marketing and Salesforce automation in our Industrial Materials and Devices businesses. These tools have completed their trial runs and are now in full-scale operation. With this system, we have centralized our inquiry forms on the web and automated our email marketing. This also contributes to operational efficiency by centralizing management of sales cases.

Cultivating DX Human Resources

To achieve our targets for 2030, it is important we cultivate human resources to adapt to the changing business environment. We offer courses on DX and AI as part of the Nissha Academy, a training system designed to cultivate the next generation of management within Nissha Group. More than 380 employees have already completed the basic and applied courses. In addition, we are encouraging practical education centered on exercises to develop human resources who can build programs themselves and utilize them in their work.

Strengthening Management Foundation

Ongoing Technology Creation

Strategy Items	KPIs and Action Items (2023)	Achievements (2021)
Establishment of a management system based on a technology roadmap Promote three technological synergies: inter-business, inter-regional, and inter-generational	<ul style="list-style-type: none">Number of verified new technologies consistent with business strategy : 5 (per year)	—*

*This is a newly-identified materiality to take effect in 2022.

Technology Roadmap Approach

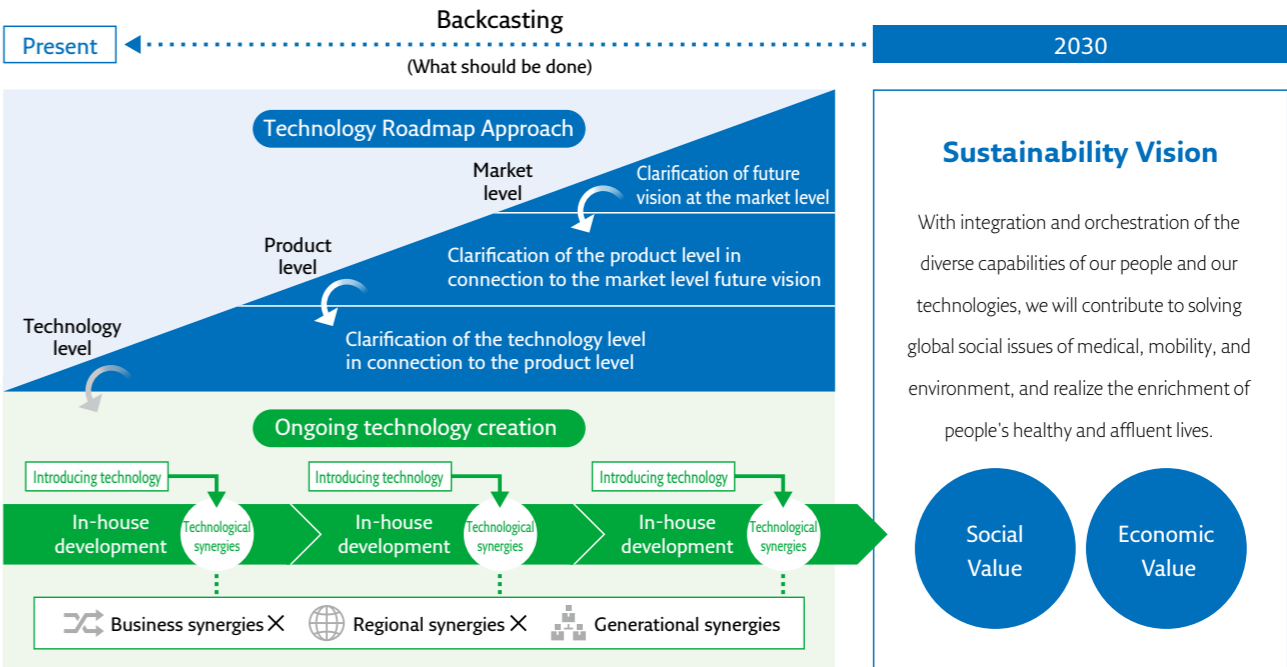
Since our founding, we have seized market changes as opportunities, integrating our Core Technologies with peripheral technologies and insights to create distinctive products and services inimitable for competitors, thereby contributing to solving the social issues of each era.

Looking ahead to the future, we believe as a technology-oriented company that ongoing technology creation is essential to solve new social issues on the horizon. We are currently working on a technology roadmap, offering us signposts along the way. To serve as a benchmark for implementing our technology development strategy, we are using a backcasting approach from our Sustainability Vision for 2030.

We will make forecasts on the future state of the Medical, Mobility, Sustainable Materials, IT Devices, and other markets that are the focus of our Sustainability Vision (market level). Then, we will determine what kind of product lines we should expand and possess to realize that future (product level). Furthermore, we will consider what kind of technologies we should either acquire or deepen our capabilities in so as to develop those product lines (technology level). With these three levels, we will build a technology roadmap that will lead to the creation of social and economic value.

Implementing a Technology Roadmap

Implementing a technology roadmap will lead to the continuous creation of technology. In our ongoing business activities, we are developing product lines that meet market needs by integrating core and peripheral technologies. New needs (social issues) also arise from time to time, with their resolution calling for new technologies. We will use a technology's effectiveness and scalability as an indicator to verify whether it is a technology that we should incorporate into our company. Then, we will work to enhance our technological capability by acquiring and incorporating worthwhile technologies through a range of means, including in-house development, M&A, and technology licensing. With existing technologies and new technologies we acquire, we will create a continuous source of competitive advantage for ourselves in the global market through the promotion of inter-business, inter-regional, and inter-generational synergies, and maximize our corporate value by providing products and services that help to resolve social issues.



Dialogue with Shareholders and Investors

Basic Approach

Nissha values the relationship we have with our stakeholders, including customer, shareholder, investor, employee, supplier, and society. Our aim is to create a valuable future together. We disclose corporate information actively and engage in dialogue with shareholders, investors, and other stakeholders to foster understanding and facilitate an appropriate evaluation of our corporate value.

Dialogue With Investors

The president and CEO and other members of the management team provide direct explanations of the company’s financial results at financial results briefings and in meetings with institutional investors. In June 2021, we held a business briefing to explain our Medical Technologies business and related business strategy based on our Sustainability Vision (long-term vision).

Activities	2019 Results	2020 Results	2021 Results
Individual meetings with institutional investors	216	203	211
Presentations for analysts and institutional investors regarding financial results and medium-term business plan	4	4	4
Presentations for analysts and institutional investors regarding business information	0	0	1
Overseas roadshows (companies)	12	0*	18*
Investor conferences sponsored by securities firms (companies)	3	3	3
ESG meetings (companies)	10	11	11

*To prevent the spread of COVID-19, we suspended overseas travel in March 2020 and conducted individual meetings online.

Dialogue With Individual Investors

We consider the annual general meeting of shareholders as an opportunity for dialogue. After the conclusion of meetings, we hold management briefings and provide product exhibits to deepen an understanding of our business and medium- to long-term strategies.

Since 2021, we have offered live streams of the general meeting of shareholders (hybrid of virtual and in-person general meeting of shareholders) for shareholders who are unable to attend the meeting in person.



Feedback

We report the opinions and suggestions we receive through dialogue with our shareholders and investors to the Board of Directors on a regular basis. The Board of Directors discusses issues raised through dialogue and incorporates these matters in management policies and measures to enhance corporate value and achieve sustainable growth.

Reference

ESG Dialogue and Information Disclosure



Senior Manager
Corporate Strategy
Planning
ESG Group
Naoko Yoshida

We are committed to fuller dialogue and timely, appropriate information disclosure, both qualitatively and quantitatively. In this way, we communicate with stakeholders, investors and shareholders in particular, to facilitate understanding and decision-making regarding our approach and sustainability initiatives.

Every year, we hold meetings with investors on the topic of ESG. The president and CEO attends these meetings and exchanges opinions referencing our latest integrated report. The content of dialogues with investors are reported regularly to the Board of Directors. We incorporate the issues raised

through these dialogues in management and information disclosures, including any necessary measures. We also believe in the importance of ESG scores from ESG evaluation organizations as indicators of our performance regarding ESG initiatives. Our information disclosures reflect an awareness of the evaluation viewpoints. We will continue to engage in active dialogue with stakeholders and disclose information in a timely and appropriate manner. At the same time, we will engage in shareholder relations activities to ensure our company is properly evaluated.



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



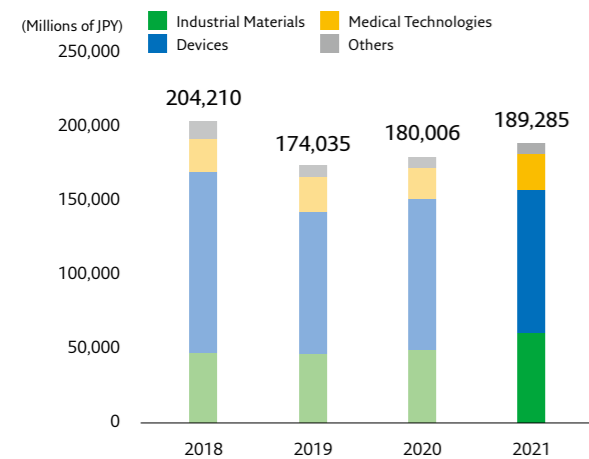
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Financial Highlights

We voluntarily adopted International Financial Reporting Standards ("IFRS") for the Group's consolidated financial statements of the Annual Securities Report for the fiscal year ended December 31, 2019.

Net sales

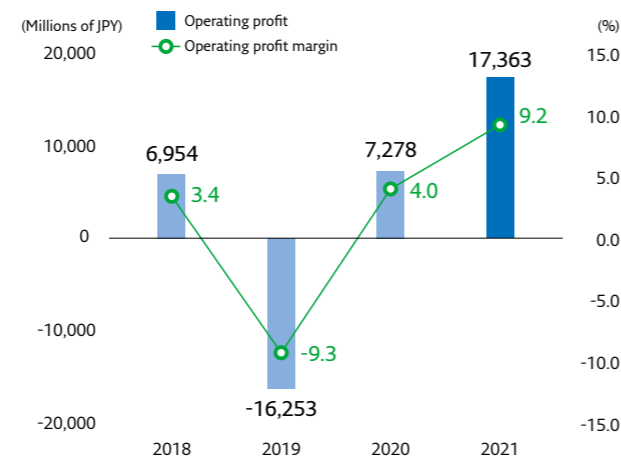
JPY **189.2** billion



Net sales remained steady due to continued demand in the Devices business, increased demand in the Industrial Materials business, and a recovery in demand from COVID-19 in the Medical Technologies business.

Operating profit

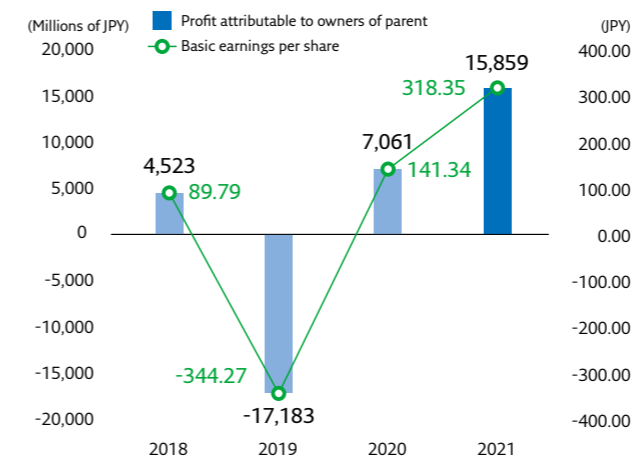
JPY **17.3** billion



Despite higher raw material and labor costs caused by supply constraints, operating profit improved significantly from the previous year due to firm product demand, as well as the effects from leveling production and productivity improvement measures.

Profit attributable to owners of parent/Basic earnings per share

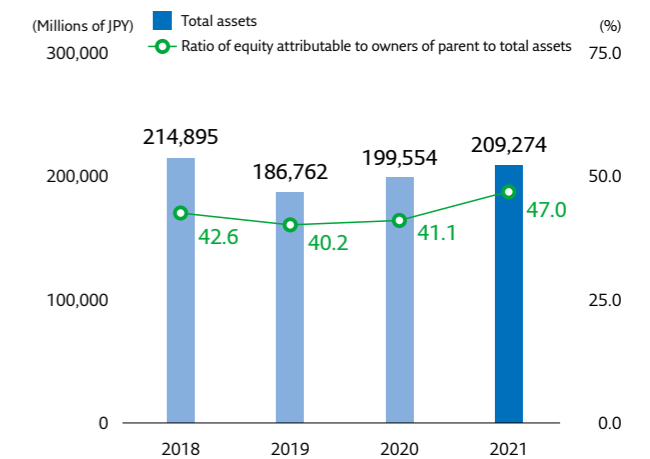
JPY **15.8** billion / JPY **318**



In addition to the significant improvement in operating profit, profit attributable to the parent company amounted to JPY 15,859 million, mainly due to foreign exchange gains and the impact of tax calculations resulting from the use of tax loss carryforwards. Basic net income per share was JPY 318.35.

Total assets/Ratio of equity attributable to owners of parent to total assets

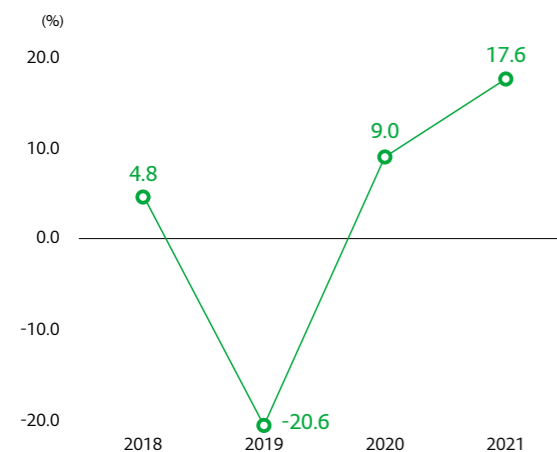
JPY **209.2** billion / **47.0**%



Total assets amounted to JPY 209,274 million, up JPY 9,720 million from the end of the previous year, mainly due to increases in cash, cash equivalents and inventories. Equity attributable to the parent company increased by JPY 16,351 million from the end of the previous year to JPY 98,278 million, mainly due to an increase in retained earnings resulting from the recording of profit attributable to the parent company. As a result, the ratio of equity attributable to owners of parent to total assets was 47.0%.

ROE

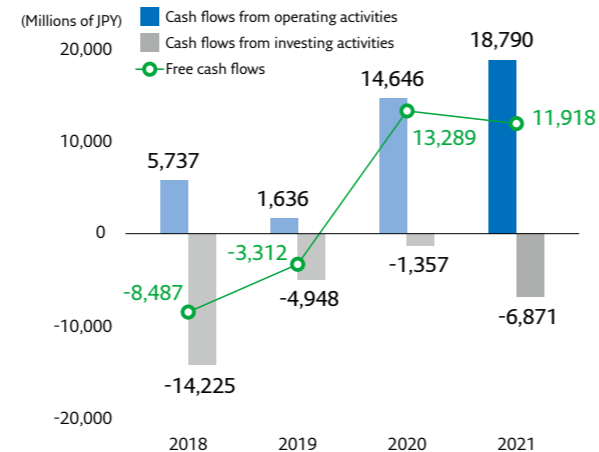
17.6%



We divide ROE into net profit ratio, total asset turnover, and financial leverage (total assets divided by equity attributable to owners of parent). For the FY2021, the net profit ratio, which indicates profitability, improved significantly from the previous year to 8.4%. The total asset turnover, which indicates efficiency, remained unchanged from the previous period at 0.93x, while the financial leverage was 2.13x (2.44x in the previous year). As a result, ROE was 17.6%.

Free cash flows

JPY **11.9** billion

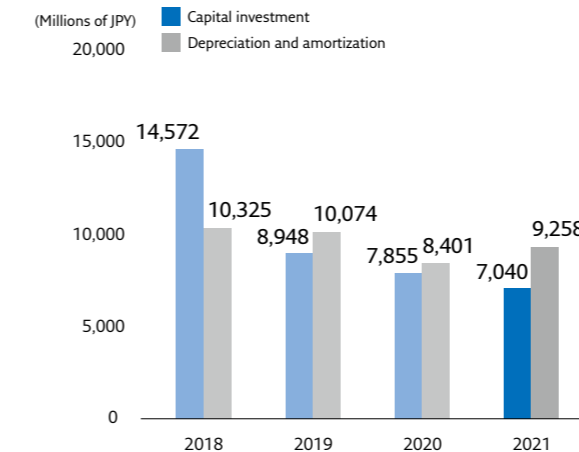


Net cash provided by operating activities amounted to JPY 18,790 million (up 28.3% compared with the previous year), mainly due to improved profitability.

Net cash used in investing activities amounted to JPY 6,871 million (up 406.3% compared with the previous year) due to the acquisition of tangible fixed assets, including the renewal and enhancement of manufacture facilities in Japan and overseas, and intangible assets such as software. As a result, free cash flow amounted to JPY 11,918 million.

Capital investment/Depreciation and amortization

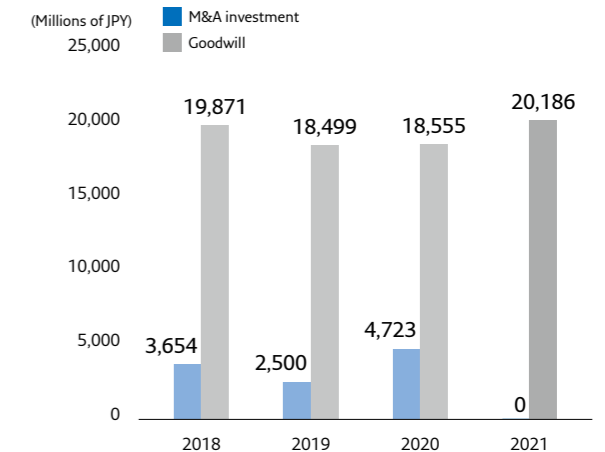
JPY **7.0** billion / JPY **9.2** billion



In Industrial Materials business, we renewed and expanded production facilities in North and Central America and Europe. In Devices business, we renewed manufacture facilities in Japan. In Medical Technologies business, we concluded a new factory lease contract for a European base. As a result, capital investment totaled JPY 7,040 million. Depreciation and amortization expense was JPY 9,258 million.

M&A investment/Goodwill

JPY- billion / JPY **20.1** billion

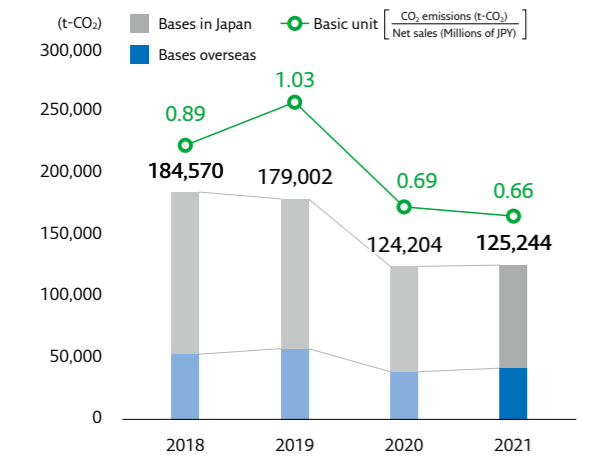


There was no M&A investment during FY2021, though we maintained a policy of actively utilizing M&A as part of our growth strategy. As of the fiscal year ended December 2021 goodwill increased by JPY 1,631 million from the end of the previous fiscal year to JPY 20,186 million due to the effect of foreign currency translation.

Non-Financial Highlights

E: Responding to Climate Change

Trends in Total CO₂ Emissions and Basic Unit

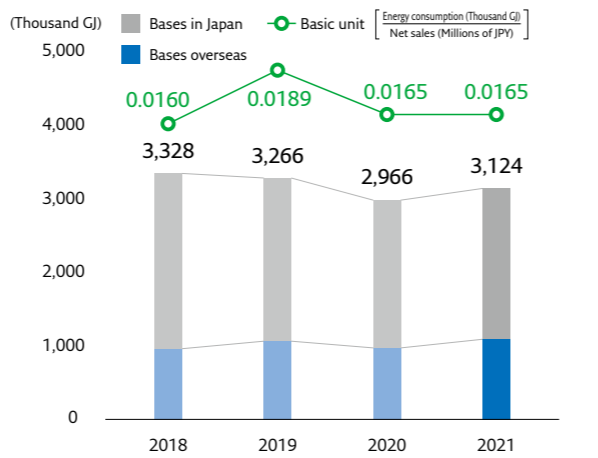


In FY 2021, Nissha Group's total CO₂ emissions were 125,244 t-CO₂, an increase of 0.8% versus a 3% reduction target (compared with FY 2020). This was due to increased demand for our products and increased CO₂ emissions from our business activities, despite promoting measures to reduce emissions. We will formulate more effective measures for the next fiscal year and accelerate activities to achieve our goals.

* Through FY 2019, CO₂ emission coefficients were fixed values. However, in FY 2020 and beyond, these are derived from data calculated using market standards for Japan and location standards for overseas areas.

E: Responding to Climate Change

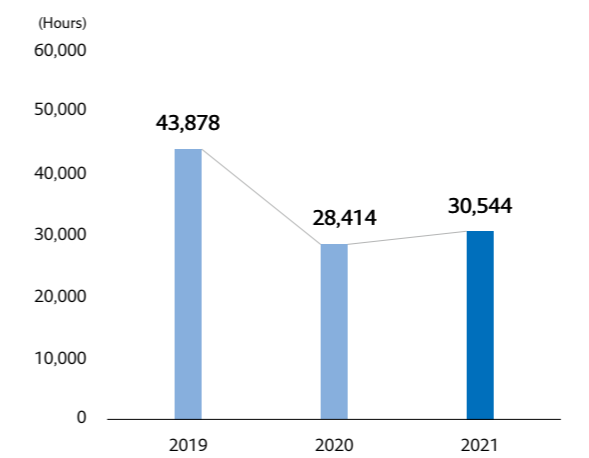
Trends in Energy Consumption and Basic Unit



Nissha Group's energy consumption in FY 2021 was 3,124,000 GJ. Although energy consumption from business activities increased due to increased product demand, the basic unit was 0.0165, the same as in the previous fiscal year. We will continue to promote efforts to improve production efficiency and energy savings.

S: Efficiency and Productivity Improvement

Reduction of Working Hours by Automation and Efficiency Tools

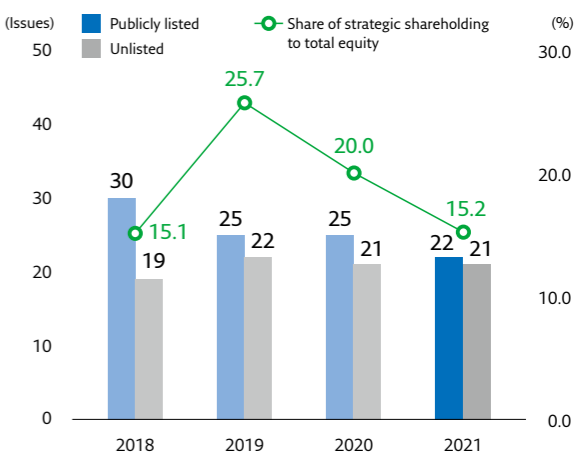


* Data is only provided for three years because the full implementation of automation and efficiency tools occurred in 2019.
* Data aggregation includes newly-reduced work hours in each year due to expansion of the scope of services, etc.

Nissha Group has taken a number of measures to improve productivity at the various places where its employees are engaged in desk work, such as introducing Robotic Process Automation (RPA), electronic approval systems, AI-based chatbots, and other systems. Here, we have expanded efficiency gains by not only using individual systems, but automating operations through combined use of multiple systems. In FY 2021, these measures made advances both in Japan and overseas, automating and streamlining 30,544 hours of work which exceeded the target of 30,000 hours per year.

G: Corporate Governance

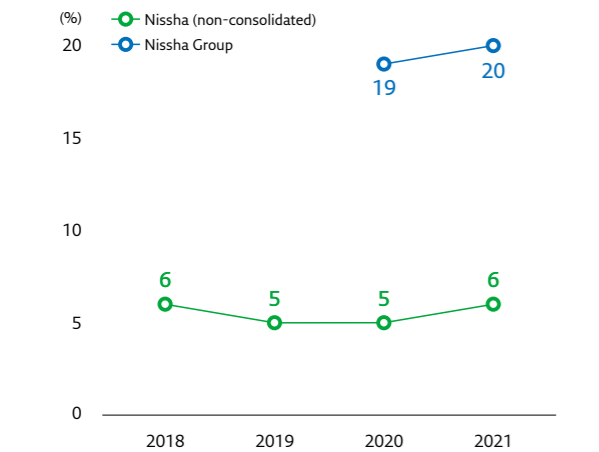
Strategic Shareholdings



Once a year, the Board of Directors validates the significance and rationale of each holding. As a result, shares of stock with diluted significance and rationale have gradually been reduced. As of December 31, 2021, Nissha held 22 publicly listed stocks, 21 unlisted stocks, reducing the share of total equity recorded on the balance sheet to 15.2%.

S: Utilizing Diverse Human Resources and Improving Human Resource Capabilities

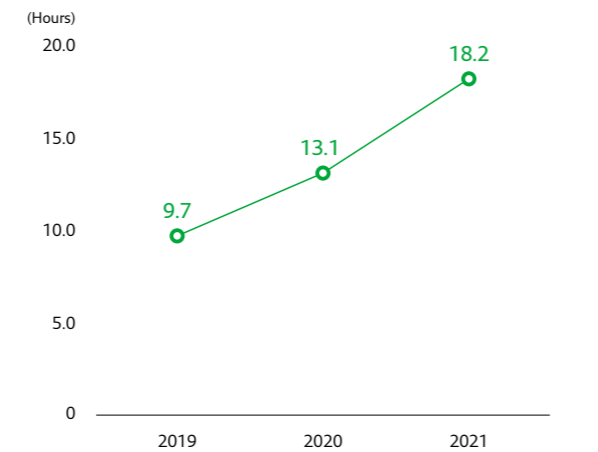
Ratio of Female Managers
(Including Re-Employed Retirees)



In FY 2021, the ratio of female managers was 20% for Nissha Group, and 6% for Nissha (non-consolidated). This exceeded the fiscal year's targets of 19% for Nissha Group and 5% for Nissha (non-consolidated). Nissha (non-consolidated) has recruited two new female managers and has begun to enhance its pool of female candidates for future management positions, including chief supervisors. Based on the particular characteristics and needs of each region, we plan to further focus on cultivating potential female leaders.

S: Utilizing Diverse Human Resources and Improving Human Resource Capabilities

Training Hours per Employee
(Nissha Group in Japan, permanent and temporary employees)

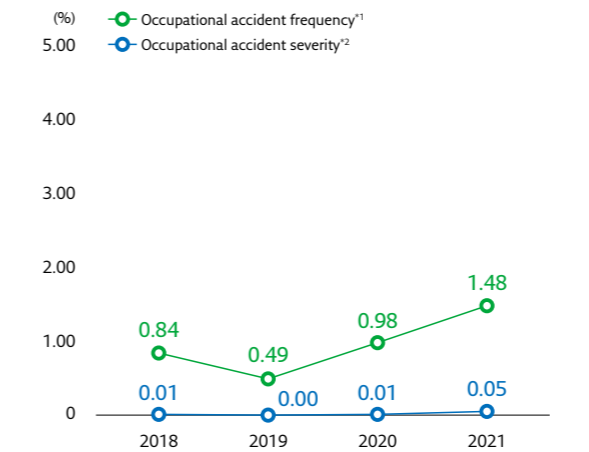


*Only three years are shown due to a change in the scope of data aggregation.

Nissha Group believes that employees are the source of its strength, and works to develop its human resources based on the Human Resources Policy.
The number of training hours per employee increased significantly to 18.2 hours in FY 2021. This was due to the implementation of a selective human resource development program held once every three years and a newly-launched priority market skills training program.

S: Health and Safety

Occupational Accidents
(Nissha Group in Japan, permanent and temporary employees)

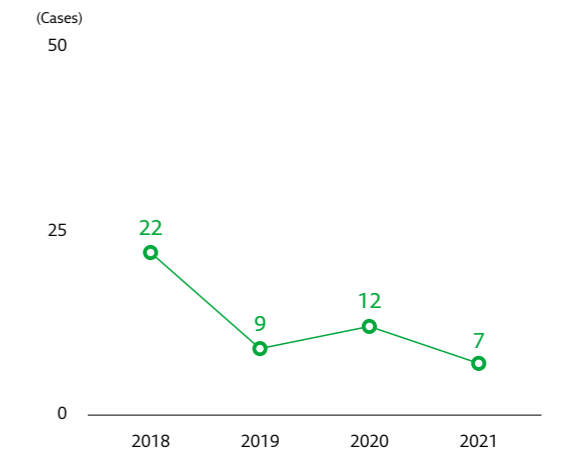


Although the number of occupational accidents in FY 2021 was the same as the previous year, both the frequency and severity rates worsened due to an increase in injuries resulting in lost work time. After an occupational accident, we review work procedures and provide safety education based on accident cases in an effort to remedy issues.

¹ Occupational accident frequency: Refers to the number of injuries and casualties resulting from occupational incidents (one or more days of leave) per one million working hours.
² Occupational accident severity: Refers to the severity of occupational accidents in terms of the number of working days lost per one thousand working hours.

G: Risk Management and Compliance

Number of Reports to Hotline Consultation Contacts
(Internal Reporting Desk)



In accordance with the Whistleblower Protection Act, Nissha Group has established its Internal Reporting Code and has designated external lawyers as hotline consultation contacts. During FY 2021, the hotline consultation contacts received seven consultations regarding the workplace environment and interpersonal relationships. All seven cases have been resolved.

11-Year Financial and Non-financial Summary

(Millions of JPY)

J-GAAP										IFRS			
Fiscal Year	FY2012.3	FY2013.3	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2017.12	FY2018.12	FY2019.12	FY2018.12	FY2019.12	FY2020.12	FY2021.12
J-GAAP							9 months						
IFRS													
Net sales	80,160	89,427	110,922	118,775	119,222	115,802	159,518	207,404	173,189	204,210	174,035	180,006	189,285
Japan	33,060	37,992	29,956	28,889	31,530	30,250	29,443	33,538	26,554	31,059	25,840	25,593	22,553
Overseas	47,100	51,435	80,966	89,885	87,692	85,552	130,075	173,866	146,635	173,150	148,194	154,412	166,731
Cost of sales	79,759	83,508	93,898	93,713	90,121	98,885	133,292	170,113	149,254	166,337	149,900	143,195	144,814
Selling, general and administrative expenses	12,117	12,702	15,089	16,311	18,558	20,820	19,948	29,210	28,242	29,152	27,672	25,999	27,161
Operating profit	-11,716	-6,783	1,935	8,750	10,541	-3,904	6,278	8,080	-4,307	6,954	-16,253	7,278	17,363
EBITDA*1	-3,059	2,805	13,154	18,610	18,952	5,451	14,509	17,343	5,221	17,745	9,738	15,864	26,735
Ordinary profit	-11,320	-4,643	5,182	12,494	9,237	-4,914	7,578	7,380	-4,696	-	-	-	-
Profit before income taxes	-22,243	-5,010	5,151	10,761	7,883	-6,130	7,323	6,097	-2,213	6,367	-16,634	7,039	19,499
Total income taxes	6,440	427	1,185	-482	985	1,299	594	1,911	1,916	2,113	588	-22	3,658
Profit attributable to owners of parent	-28,684	-5,438	3,967	11,245	6,898	-7,408	6,734	4,318	-4,131	4,523	-17,183	7,061	15,859
Net cash provided by (used in) operating activities	3,541	13,864	14,413	21,590	14,815	-2,570	28,784	4,232	164	5,737	1,636	14,646	18,790
Net cash provided by (used in) investing activities	-4,277	-7,206	-16,149	-4,141	-21,476	-23,290	-11,685	-14,181	-4,750	-14,225	-4,948	-1,357	-6,871
Net cash provided by (used in) financing activities	3,076	-4,677	-4,634	-11,063	19,633	6,826	-11,216	-2,448	5,077	-3,909	3,680	-5,997	2,609
Capital expenditures	6,724	13,669	12,287	3,207	4,885	12,267	9,063	10,622	7,953	14,572	8,948	7,855	7,040
Depreciation	8,599	9,530	11,219	9,687	7,847	8,351	7,105	7,671	7,935	10,325	10,074	8,401	9,258
R&D expenses	2,543	2,699	2,351	2,334	2,519	2,422	2,387	3,865	3,621	3,949	3,659	2,869	2,947
At Year-End													
Net assets	48,986	44,491	51,676	66,313	70,096	74,606	94,054	90,326	86,255	91,546	75,002	81,924	98,264
Total assets	105,250	114,964	106,140	115,430	156,107	182,670	225,160	202,596	190,634	214,895	186,762	199,554	209,274
Cash and cash equivalents	19,490	23,692	20,272	29,484	41,688	22,090	29,291	16,757	17,622	16,757	17,499	25,067	42,330
Interest-bearing liabilities*2	25,220	21,175	17,170	10,114	36,537	46,583	28,480	28,940	36,435	28,894	36,411	32,412	39,885
Net interest-bearing liabilities*2	5,730	-2,517	-3,102	-19,370	-7,184	24,460	-844	12,183	18,813	12,137	18,912	7,345	-2,445
Closing stock price (JPY)	1,083	1,663	1,359	2,195	1,648	2,638	3,280	1,312	1,121	1,312	1,121	1,498	1,670
Financial Indicators													
Operating profit to net sales (%)	-14.6	-7.6	1.7	7.4	8.8	-3.4	3.9	3.9	-2.5	3.4	-9.3	4.0	9.2
Return on assets (ROA) (%)	-9.1	-4.2	4.7	11.3	6.8	-2.9	3.7	3.5	-2.4	2.8	-8.3	3.6	9.5
Return on equity (ROE) (%)	-44.3	-11.6	8.3	19.1	10.1	-10.3	8.0	4.7	-4.7	4.8	-20.6	9.0	17.6
Equity ratio (%)	46.5	38.7	48.7	57.4	44.9	40.7	41.7	44.5	45.3	42.6	40.2	41.1	47.0
Total asset turnover (times)	0.65	0.81	1.00	1.07	0.88	0.68	0.78	0.97	0.88	0.91	0.87	0.93	0.93
Net interest-bearing liabilities/EBITDA (times)	-1.87	-0.90	-0.24	-1.04	-0.38	4.49	-0.06	0.70	3.60	0.68	1.94	0.46	-0.09
Net D/E ratio (times)	0.12	-0.06	-0.06	-0.29	-0.10	0.33	-0.01	0.14	0.22	0.13	0.25	0.09	-0.02
Liquidity ratio (months)	2.92	3.18	2.19	2.98	4.40	2.29	1.65	0.97	1.22	0.98	1.21	1.67	2.68
Per Share Information													
Basic earnings per share (JPY)	-668.40	-126.72	92.46	262.05	160.75	-169.10	139.72	85.70	-82.77	89.79	-344.27	141.34	318.35
Net assets per share (JPY)	1,141.45	1,036.74	1,204.17	1,545.30	1,633.47	1,594.70	1,852.67	1,807.34	1,728.26	1,834.50	1,502.74	1,638.46	1,972.89
Dividend per share (JPY)	0	0	5	20	30	30	30	30	35	30	35	30	40
Diluted earnings per share (JPY)	-	-	-	-	158.44	-	129.37	83.57	-	87.55	-344.27	137.78	317.16
Non-Financial Data													
Total CO ₂ emissions (t-CO ₂)	90,881	92,245	115,702	114,937	103,970	128,430	129,345	184,570	179,002	184,570	179,002	124,204	125,244
Number of employees	3,396	3,409	3,383	3,596	4,034	5,133	5,322	5,844	5,718	5,844	5,718	5,390	5,409
Japan	2,328	2,318	2,292	2,371	2,359	2,342	2,351	2,362	2,300	2,362	2,300	1,988	1,990
Overseas	1,068	1,091	1,091	1,225	1,675	2,791	2,971	3,482	3,418	3,482	3,418	3,402	3,419
Female ratio (%)	30.0	29.3	28.4	29.4	27.5	32.8	32.4	34.4	35.4	34.4	35.4	36.3	35.8

*1 (Japanese GAAP) EBITDA = Operating profit + depreciation + amortization of goodwill
(IFRS) EBITDA = Operating income + depreciation and amortization + impairment loss – gain on bargain purchase
*2 Interest-bearing liabilities and net interest-bearing liabilities do not include lease liabilities

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

Company Outline

Nissha Co., Ltd.

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

Chairman of the Board, President and CEO
Junya Suzuki

Founded
October 6, 1929

Established
December 28, 1946

Capital
JPY 12,119.79 million

Employees
717 (consolidated number of employees: 5,398)
*As of the end of March, 2022

Consolidated Subsidiaries
65

Stock Exchange Listings
Tokyo Stock Exchange, Prime Market
(TSE Code: 7915)

Contact for Investors
Investor Relations, Corporate Strategy Planning
3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan
T +81 75 811 8111 (main switch board)

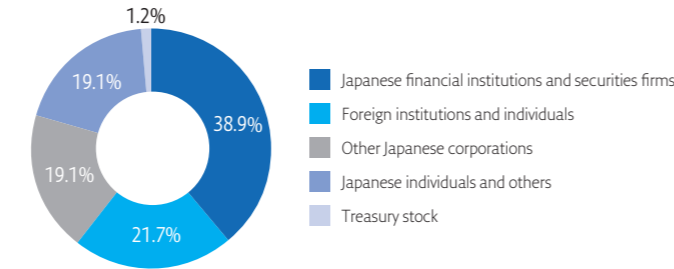
Status of Stocks (as of the end of December 2021)

Total Number of Authorized Shares	Number of Shareholders
180,000,000 shares	11,076
Total Number of Outstanding Shares	Number of Shares per Trading Unit
50,855,638 shares	100

Major Shareholders

	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,892	11.72
Suzuki Kosan Co., Ltd.	2,563	5.09
Custody Bank of Japan, Ltd. (Trust Account)	2,501	4.97
Meiji Yasuda Life Insurance Company	2,341	4.65
Mizuho Bank, Ltd.	2,076	4.12
TAIYO FUND, L.P.	1,492	2.96
The Bank of Kyoto, Ltd.	1,442	2.86
Nissha Kyoekai	1,140	2.26
TAIYO HANEI FUND, L.P.	1,097	2.18
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	1,068	2.12

Breakdown of Shareholders by Type (ratio of shares owned)



Participation in Initiatives

WE SUPPORT
UN GLOBAL COMPACT

Signed the United Nations Global Compact in April 2012

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Declaration of Support for Task Force on Climate-related Disclosures (TCFD) Recommendations in January 2022

Clean Ocean Material Alliance

Japan Clean Ocean Material Alliance (CLOMA)

ESG Index

FTSE Blossom Japan

FTSE Blossom Japan Index (second consecutive year since 2021)

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

2022 SOMPO Sustainability Index (eleventh consecutive year since 2012)

External ESG Evaluations

CDP DISCLOSURE INSIGHT ACTION

Received a B rating under Climate Change Report 2021 (3rd of 8 grades)

2022 健康経営優良法人 ホワイト500

Recognized as a Certified Health & Productivity Management Outstanding Organization (White 500) by the Ministry of Economy, Trade and Industry

Platinum Kurumin Certification

DX 認定

DX-Certified Operator

Nissha Report 2022 (for the Year Ended December 31, 2021)

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Forward-looking Statements

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

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