

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 100th Business Term.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translated document and the Japanese original, the original shall prevail.

(Securities code: 7915)
March 1, 2019

To All Shareholders

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

Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 100th Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 100th Business Term of Nissha Co., Ltd. (the “Company”) shall be held as described below and request your attendance.

If you are unable to attend on the day, you may exercise your voting rights in writing or by an electromagnetic method (via Internet, etc.). You are requested to exercise your voting rights by 6 p.m. on March 20, 2019 (Wed.) after examining the “Reference Materials for the General Meeting of Shareholders” (pages 3 through 18).

Ordinary General Meeting of Shareholders

1. **Date and time:** March 22, 2019 (Fri.), 10:00 a.m. (Reception for the meeting will start at 9:00 a.m.)
2. **Venue:** Company auditorium, 3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
(Please refer to the “Guide to the Venue for the General Meeting of Shareholders” of the Japanese original.)
3. **Agenda:**
 1. **Matters to be reported**
 1. Report on the Business Report, Consolidated Financial Statements for the 100th business term (from January 1, 2018 through December 31, 2018) and the Audit Results of the Accounting Auditor and the Audit and Supervisory Board
 2. Report on the Non-consolidated Financial Statements for the 100th business term (from January 1, 2018 through December 31, 2018)

Proposals to be resolved

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Nine (9) Directors of the Board

Proposal 3: Election of One (1) Audit and Supervisory Board Member

Proposal 4: Election of One (1) Substitute Audit and Supervisory Board Member

[Exercise of voting rights in writing]

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

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

You are kindly requested to read the “Guide to the Exercise of Voting Rights” (pages 7 through 8 of the Japanese original), and enter your approval or disapproval of the proposals.

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

END

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

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments:

- (1) Article 2 (Purposes) of the current Articles of Incorporation will be modified due to the expansion of our group’s business domain accompanying the progression of the 6th Medium-term Business Plan initiated from 2018.
- (2) The Countermeasures Against a Large-scale Purchase of Shares of the Company (Takeover Defense Measures) will be discontinued and abolished by expiration of its effective term, and with this, the provisions regarding this Countermeasures in Article 19 (Resolution on Action Plans to Handle Acts of Large-scale Purchases of the Company’s Shares) of the current Articles of Incorporation will be deleted, and Articles 20 and after will be moved forward.
- (3) In addition, other language will be modified to clarify the effect of provisions.

2. Contents of the amendments:

The contents of the amendments are as follows.

(Underlined portions indicate proposed changes)

Current Articles of Incorporation	Proposed Amendments
Article 1. (Text omitted)	Article 1. (Unchanged)
(Purposes)	(Purposes)
Article 2. The purpose of the Company is to run the following businesses.	Article 2. The purpose of the Company is to run the following businesses.
1) } (Text omitted)	1) } (Unchanged)
5)	5)
6) Production <u>and</u> sale of electronic parts, electronic equipment, <u>and</u> electronic technology applied equipment;	6) Production, <u>sale, and development</u> of electronic parts, electronic equipment, electronic technology applied equipment, <u>computer, network equipment and the like</u> ;
7) } (Text omitted)	7) } (Unchanged)
9)	9)
10) Development, production and sale of medical devices, consumable medical products, analyzers, in-vitro diagnostics, quasi-drug and cosmetics;	10) Development, production and sale of medical devices, <u>medical materials</u> , consumable medical products, <u>analyzers, pharmaceuticals, veterinary drugs</u> , in-vitro diagnostics, quasi-drug and cosmetics;
11) Production and sale of paper processed goods, fine arts and craft works, metal products, wooden products, chemical industry products, food products, convenience goods and fiber processed goods;	11) Production and sale of <u>packaging materials</u> , paper processed goods, fine arts and craft works, metal products, wooden products, chemical industry products, food products, convenience goods and fiber processed goods;
12) (Text omitted)	12) (Unchanged)
13) Import and export of goods and other things listed in the preceding items; (Unchanged in English)	13) Import and export of goods and other things listed in the preceding items; (Unchanged in English)
14) } (Text omitted)	14) } (Unchanged)

<p>21)</p> <p>Article 3. } (Text omitted)</p> <p>Article 10.</p> <p>(Transfer Agent)</p> <p>Article 11. The Company shall appoint a transfer agent.</p> <p>2. The transfer agent and its transfer handling office shall be designated by resolution of the Board of Directors of the Company and public notice thereof shall be issued by the Company.</p> <p>3. The register of shareholders and the ledger of stock acquisition rights of the Company shall be prepared and kept at the transfer handling office of the transfer agent, as well as any other business with respect to <u>the resister of shareholders</u> shall be entrusted to the transfer agent and shall not be handled by the Company.</p> <p>Article 12. } (Text omitted)</p> <p>Article 18.</p> <p><u>(Resolution on Action Plans to Handle Acts of Large-scale Purchases of the Company’s Shares)</u></p> <p><u>Article 19. Action plans concerning acts of large-scale purchase of the Company’s shares and matters specifically prescribed in laws and ordinances and these Articles of Incorporation may be determined by resolutions of the Company’s General Meeting of Shareholders.</u></p> <p><u>2. The action plans concerning acts of large-scale purchases of the Company’s shares mentioned in the previous paragraph shall mean those action plans that the Company shall introduce before commencement of any acquisition of shares by any party that could damage the Company’s corporate value or the common interests of our shareholders, among the Company’s measures in which, by issuing new shares or share purchase warrants without having the main business purpose , for example, procuring funds or conducting a business tie-up, the Company shall impede any acquisition of the Company’s shares. Further, here “introduce” shall mean making a decision on the specific details of such action plan concerning acts of large-scale purchase of the Company’s shares.</u></p> <p>Article <u>20</u>. } (Text omitted)</p> <p>Article <u>41</u>.</p>	<p>21)</p> <p>Article 3. } (Unchanged)</p> <p>Article 10.</p> <p>(Transfer Agent)</p> <p>Article 11. The Company shall appoint a transfer agent.</p> <p>2. The transfer agent and its transfer handling office shall be designated by resolution of the Board of Directors of the Company and public notice thereof shall be issued by the Company.</p> <p>3. The register of shareholders and the ledger of stock acquisition rights of the Company shall be prepared and kept at the transfer handling office of the transfer agent, as well as any other business with respect to <u>shares</u> shall be entrusted to the transfer agent and shall not be handled by the Company.</p> <p>Article 12. } (Unchanged)</p> <p>Article 18.</p> <p>(Deleted)</p> <p>Article <u>19</u>. } (Unchanged)</p> <p>Article <u>40</u>.</p>
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Proposal 2: Election of Nine (9) Directors of the Board

The term of office of all nine (9) Directors of the Board shall expire at the close of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of nine (9) Directors of the Board, including four (4) Independent Outside Directors of the Board.

Candidates for the position of Directors of the Board were determined based on a report of the Nomination and Remuneration Committee (page 27 of the Japanese original) chaired by an Independent Outside Director of the Board in accordance with the standards for selecting candidates for the position of Directors of the Board. The candidates for the position of Independent Outside Directors of the Board meet the “Standards for Independence of Independent Officers” (page 18).

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

Candidate number	Name			Current positions and responsibilities at the Company	Period Served as a Director of the Board	Attendance at meetings of the Board of Directors
1	Junya Suzuki	Reappointment		Chairman of the Board, President and CEO General Manager of Industrial Materials Business Unit	19 years and 9 months	100% (17 out of 17)
2	Takao Hashimoto	Reappointment		Director of the Board Senior Executive Vice President Chief Technology Officer Senior Director of Product and Business Development Office	13 years and 9 months	100% (17 out of 17)
3	Hayato Nishihara	Reappointment		Director of the Board Senior Executive Vice President Chief Financial Officer Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	6 years and 9 months	100% (17 out of 17)
4	Daisuke Inoue	Reappointment		Director of the Board Executive Vice President General Manager of Devices Business Unit	1 year	100% (13 out of 13)
5	Wataru Watanabe	Reappointment		Director of the Board Senior Vice President Chief Strategy Officer Director of Corporate Strategy Planning Director of New Business Development Director of Secretary's Office Senior Director of Investor Relations and Corporate Communications Interim General Manager of Industrial Materials Business Unit	1 year	100% (13 out of 13)
6	Kazuhito Osugi	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	2 years and 9 months	100% (17 out of 17)
7	Makoto Ando	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	1 year	100% (13 out of 13)
8	Asli M. Colpan	New appointment Candidate for Independent Outside Director of the Board	Independent Officer	-	-	-
9	Kazumichi Matsuki	New appointment Candidate for Independent Outside Director of the Board	Independent Officer	-	-	-

Note: Attendance at meetings of the Board of Directors of Mr. Daisuke Inoue, Mr. Wataru Watanabe and Mr. Makoto Ando covers meetings of the Board of Directors held after they assumed office as Directors of the Board of the Company.

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held	
1	Junya Suzuki (December 8, 1964) Reappointment (Period served as a Director of the Board) 19 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 17 out of 17 (100%)	April 1990	Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.), Ginza Branch Office	616,208 shares
		April 1993	Industrial Research Office, Corporation Planning Division	
		March 1995	Acquired credits from the Doctoral Program, Graduate School of Business and Commerce, Keio University	
		March 1996	Los Angeles Branch Office, The Dai-ichi Kangyo Bank, Limited	
		March 1998	Entered the Company	
		June 1999	Director of the Board	
		June 2001	Executive Director of the Board	
		April 2003	Executive Director of the Board, General Manager of International Sales, Industrial Materials and Input Devices Business Unit	
		June 2003	Senior Executive Director of the Board	
		July 2005	Director of the Board, Corporate Vice President	
		April 2006	Director of the Board, Corporate Vice President General Manager of Corporate Strategy	
		June 2007	Chairman of the Board, President and CEO (present post)	
		January 2019	General Manager of Industrial Materials Business Unit (concurrent post) (present post) 【Responsibilities】 Chief Executive Officer	

(Significant positions concurrently held)

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

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

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

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held
2	Takao Hashimoto (September 11, 1948) Reappointment (Period served as a Director of the Board) 13 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 17 out of 17 (100%)	<p>April 1973 Entered the Company</p> <p>April 2004 General Manager of Production, Industrial Materials and Input Devices Business Unit</p> <p>June 2005 Director of the Board</p> <p>April 2006 Director of the Board, General Manager of Technology Development, Industrial Materials and Input Devices Business Unit</p> <p>June 2008 Director of the Board, Executive Vice President</p> <p>April 2010 Director of the Board, Executive Vice President Senior Director of Industrial Materials and Input, Devices Business Unit (Input Devices and Technology Development)</p> <p>April 2012 Director of the Board, Executive Vice President Senior Director of Corporate Technology Research and Development</p> <p>April 2013 Director of the Board, Senior Executive Vice President</p> <p>March 2017 Director of the Board, Senior Executive Vice President Director of Medical Management Office</p> <p>April 2017 Director of the Board, Senior Executive Vice President Senior Director of Product and Business Development Office (present post)</p> <p>【Responsibilities】 Chief Technology Officer</p>	26,087 shares

(Significant positions concurrently held)

Representative Director, President and CEO, Nissha FIS, Inc.

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

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

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held
3	Hayato Nishihara (February 16, 1953) Reappointment (Period served as a Director of the Board) 6 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 17 out of 17 (100%)	<p>April 1976 Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.)</p> <p>January 2002 General Manager, Hamamatsu Branch</p> <p>December 2004 Entered the Company</p> <p>April 2005 Deputy General Manager of Administration</p> <p>April 2006 Deputy General Manager of Corporate Strategy (Special Assistant to Human Resources Planning, Corporate Strategy Planning)</p> <p>June 2008 Vice President, Deputy General Manager of Administration (Financial Strategy)</p> <p>April 2009 Vice President, General Manager of Corporate Finance and Accounting</p> <p>April 2011 Senior Vice President</p> <p>June 2012 Director of the Board, Senior Vice President</p> <p>April 2013 Director of the Board, Executive Vice President</p> <p>April 2015 Director of the Board, Senior Executive Vice President (present post)</p> <p>【Responsibilities】 Chief Financial Officer, Senior Director of Human Resources, General Affairs and Legal Affairs, Director of Tokyo Division Headquarters</p>	7,696 shares

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

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

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held
4	Daisuke Inoue (February 1, 1966) Reappointment (Period served as a Director of the Board) 1 year as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 13 out 13 (100%) (After he assumed office as Director of the Board of the Company)	<p>April 1989 Entered The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)</p> <p>January 1997 Atlanta Branch</p> <p>January 1998 New York Branch</p> <p>April 1999 Head Office Marketing and Sales Division I</p> <p>January 2002 Hong Kong Branch</p> <p>April 2006 Entered the Company</p> <p>April 2007 Director of Strategies for Subsidiaries and Associates, Corporate Strategy</p> <p>April 2008 Director of Corporate Strategy Planning, Corporate Strategy</p> <p>April 2009 Deputy General Manager of Corporate Strategy</p> <p>March 2010 Completed MBA, Graduate School of Management, Ritsumeikan University</p> <p>April 2011 Vice President, Director of Corporate Strategy Planning</p> <p>September 2012 Vice President, Senior Director of Devices Business Unit</p> <p>April 2013 Senior Vice President, Senior Director of Devices Business Unit</p> <p>April 2015 Executive Vice President, General Manager of Devices Business Unit</p> <p>March 2018 Director of the Board, Executive Vice President, General Manager of Devices Business Unit (present post)</p>	2,601 shares

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

Mr. Daisuke Inoue has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. In addition, he shows strong leadership in business management on a global and consolidated basis as Executive Vice President, General Manager of Device Business Unit. We ask for his election so that he may continuously serve as a Director of the Board, since we judge that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held
5	<p>Wataru Watanabe (December 11, 1971) Reappointment</p> <p>(Period served as a Director of the Board) 1 year as of the close of the meeting</p> <p>(Attendance at meetings of the Board of Directors in FY2018.12) 13 out 13 (100%) (After he assumed office as Director of the Board of the Company)</p>	<p>March 1996 Entered the Company</p> <p>January 2003 International Sales, Industrial Materials and Input Devices Business Unit</p> <p>April 2010 Chief Executive Officer, Nissha USA, Inc.</p> <p>September 2011 Completed MBA, Kellstadt Graduate School of Business, DePaul University, USA</p> <p>October 2011 Director of Corporate Strategy Planning</p> <p>April 2014 Director of Corporate Strategy Planning and Director of Secretary's Office</p> <p>April 2015 Vice President, Director of Corporate Strategy Planning and Director of Secretary's Office</p> <p>January 2018 Senior Vice President, Director of Corporate Strategy Planning and Director of Secretary's Office</p> <p>March 2018 Director of the Board, Senior Vice President, Director of Corporate Strategy Planning and Director of Secretary's Office</p> <p>January 2019 Director of the Board, Senior Vice President, Director of Corporate Strategy Planning, Director of New Business Development, Director of Secretary's Office and Interim General Manager of Industrial Materials Business Unit (present post)</p> <p>【Responsibilities】 Chief Strategy Officer, Senior Director of Investor Relations and Corporate Communications</p>	1,692 shares

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

Mr. Wataru Watanabe has duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. In addition, he shows strong leadership in promoting medium-term business plans as Senior Vice President, Chief Strategy Officer and Director of Corporate Strategy Planning, while executing reorganization of business portfolio of the Company by developing new businesses and products mainly through corporate acquisition as Director of New Business Development. We ask for his election so that he may continuously serve as a Director of the Board, since we judge that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held	
6	Kazuhito Osugi (July 31, 1953) Reappointment Candidate for Independent Outside Director of the Board Independent Officer (Period served as a Director of the Board) 2 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 17 out of 17 (100%)	April 1977	Entered the Bank of Japan	0 shares
		May 1984	University of Michigan, Graduate School of Business Administration (MBA)	
		November 1986	Economist, BIS (Bank for International Settlements)	
		June 1999	General Manager, the Bank of Japan Matsumoto Branch	
		May 2001	Deputy General Manager, the Bank of Japan Osaka Branch	
		May 2003	Senior Director, Industrial Revitalization Corporation of Japan	
		July 2005	Deputy Director- General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department	
		May 2006	Director-General, the Bank of Japan Internal Auditors' Office	
		April 2007	Director-General, the Bank of Japan Secretariat of the Policy Board	
		April 2009	Guest professor, Ochanomizu University	
		September 2011	Auditor, the Bank of Japan	
October 2015	Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD. (present post)			
June 2016	Independent Outside Director of the Board, the Company (present post)			
August 2018	Outside Director, Frontier Management Inc. (present post)			

(Significant positions concurrently held)

Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD. / Outside Director, Frontier Management Inc.

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

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

Notes:

- No special interests exist between Mr. Kazuhito Osugi and the Company.
- Mr. Kazuhito Osugi is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- The Company has concluded a contract for limitation of liability with Mr. Kazuhito Osugi, and if we obtain approval for his reelection, we will continue the contract.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
- The Company has transactional relations, including logistics services, with NIPPON EXPRESS CO., LTD., a company for which Mr. Kazuhito Osugi serves as an Advisor. The amount, however, meets the "Standards for Independence of Independent Officers" (page 18) of the Company, with the amount of transactions in the most recent fiscal year being less than 1% of consolidated gross sales of the Nissha Group and the NIPPON EXPRESS Group, and would not affect the independence of Mr. Kazuhito Osugi as an Independent Outside Director of the Board.
- The Tokyo Stock Exchange has been notified of Mr. Kazuhito Osugi as an Independent Officer of the Company.

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held		Number of shares held
7	Makoto Ando (October 18, 1957) Reappointment Candidate for Independent Outside Director of the Board Independent Officer (Period served as a Director of the Board) 1 year as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 13 out of 13 (100%) (After he assumed office as Director of the Board of the Company)	April 1982	Entered Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)	0 shares
		April 2003	Councilor	
		April 2004	Team Leader, Digital Network Service & Business Team, Corporate Planning Group	
		April 2006	General Manager, Planning Group, AVC Networks Company	
		April 2007	Director	
		May 2011	Director, STB Network Business Unit, AVC Networks Company	
		January 2016	Corporate Technology Strategy Planning Staff	
		October 2016	Director & Senior Technical Executive, Santetsu Engineering Inc.	
		April 2017	Director & Sales General Manager	
		July 2017	Director & Executive Manager & Sales General Manager	
March 2018	Independent Outside Director of the Board, the Company (present post)			

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

Mr. Makoto Ando has given valuable advice and opinions across the whole range of the Company's management, making the most of a broad perspective cultivated through his long career of prominent positions regarding technology and business management at an electronics manufacturer, experience as a corporate manager, and deep insight as demonstrated by his suggestions as an expert member of conferences held by government ministries and agencies. Mr. Makoto Ando has duly performed his duties, such as the supervision of the execution of operations. We ask for his election so that he may continuously serve as an Independent Outside Director of the Board since we judge that he will continue to give his valuable counsel from an independent point of view across the whole range of the Company's management.

Notes:

- No special interests exist between Mr. Makoto Ando and the Company.
- Mr. Makoto Ando is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- The Company has concluded a contract for limitation of liability with Mr. Makoto Ando, and if we obtain approval for his reelection, we will continue the contract.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
- The Company has transactional relations, including sales of the Company's products, with Panasonic Corporation, a company to which Mr. Makoto Ando belonged in the past. The amount, however, meets the "Standards for Independence of Independent Officers" (page 18) of the Company, with the amount of transactions in the most recent fiscal year being less than 1% of consolidated gross sales of the Nissha Group and the Panasonic Group, and would not affect the independence of Mr. Makoto Ando as an Independent Outside Director of the Board.
- The Tokyo Stock Exchange has been notified of Mr. Makoto Ando as an Independent Officer of the Company.

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held
8	Asli M. Colpan (October 25, 1977) New appointment Candidate for Independent Outside Director of the Board Independent Officer	<p>March 2004 Completed Doctor's Program in Advanced Fibro-Science, Graduate School of Science and Technology, Kyoto Institute of Technology</p> <p>April 2008 Adjunct Associate Professor, Kyoto Center for Japanese Studies (currently, Kyoto Consortium for Japanese Studies), Columbia University</p> <p>October 2012 Visiting Researcher, Edwin O. Reischauer Institute of Japanese Studies (RIJS) at Harvard University</p> <p>October 2012 Visiting Associate Professor, Political Science and Sloan School of Management, Massachusetts Institute of Technology</p> <p>July 2015 Independent Outside Director of the Board, GOURMET KINEYA CO., LTD. (present post)</p> <p>April 2016 Associate Professor, Graduate School of Economics, Kyoto University</p> <p>May 2016 Associate Professor, Graduate School of Management, Kyoto University</p> <p>September 2016 Alfred Chandler Visiting Scholar, Harvard Business School</p> <p>March 2018 Independent Auditor, Sumitomo Rubber Industries, Ltd. (present post)</p> <p>April 2018 Professor, Graduate School of Economics, Kyoto University (present post)</p> <p>April 2018 Professor, Graduate School of Management, Kyoto University (present post)</p>	0 shares

(Significant positions concurrently held)

Professor, Graduate School of Economics, Kyoto University / Professor, Graduate School of Management, Kyoto University / Independent Outside Director of the Board, GOURMET KINEYA CO., LTD. / Independent Auditor, Sumitomo Rubber Industries, Ltd.

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

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

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions, responsibilities and significant positions concurrently held	Number of shares held	
9	Kazumichi Matsuki (August 17, 1951) New appointment Candidate for Independent Outside Director of the Board Independent Officer	April 1976	Entered Mitsubishi Corporation	0 shares
		June 1979	Harvard Law School, LL.M. (Master of Laws)	
		January 2003	General Manager of Legal Dept., Mitsubishi Corporation	
		April 2007	Senior Vice President	
		May 2007	Chairman, The Association of Corporate Legal Departments	
		April 2009	Senior Vice President, Senior Assistant to Corporate Functional Officer and General Manager of Compliance Dept., Mitsubishi Corporation	
		October 2009	Temporary member, International Jurisdiction Legislation Subcommittee, Legislative Council of the Ministry of Justice	
		April 2010	Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics	
		April 2011	Corporate Officer, Hokuetsu Kishu Paper Co., Ltd. (currently, Hokuetsu Corporation)	
		June 2011	Director	
		June 2011	Member, Special Committee on Criminal Justice System of New Age, Legislative Council of the Ministry of Justice	
		June 2013	Managing Director, Hokuetsu Kishu Paper Co., Ltd.	
		June 2016	Independent Outside Director of the Board (Audit and Supervisory Committee Member), Dream Incubator Inc.	
		June 2016	Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION (present post)	
June 2017	Director, Japan Criminal Policy Society (present post)			
June 2018	Independent Outside Director of the Board, ANEST IWATA Corporation (present post)			

(Significant positions concurrently held)

Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION / Independent Outside Director of the Board, ANEST IWATA Corporation / Director, Japan Criminal Policy Society

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

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

Notes:

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

Proposal 3: Election of One (1) Audit and Supervisory Board Member

The term of office of Audit and Supervisory Board Member, Mr. Yusuke Nakano, shall expire at the close of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of one (1) Audit and Supervisory Board Member.

The approval of the Audit and Supervisory Board has been obtained in regard to this proposal.

In addition, candidate for the position of Audit and Supervisory Board Member was determined based on a report of the Nomination and Remuneration Committee (page 27 of the Japanese original) chaired by an Independent Outside Director of the Board in accordance with the standards for selecting candidates for the position of Audit and Supervisory Board Members. The candidate also conforms to the “Standards for Independence of Independent Officers” (page 18).

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

Name (Date of birth)	Career summary, positions and significant positions concurrently held		Number of shares held
Yusuke Nakano (May 15, 1969) Reappointment Candidate for Independent Audit and Supervisory Board Member Independent Officer (Period served as an Audit and Supervisory Board Member) 3 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2018.12) 16 out of 17 (94.1%) (Attendance at meetings of Audit and Supervisory Board in FY2018.12) 11 out of 13 (84.6%)	April 2002	Registered as certified public accountant	2,339 shares
	July 2005	Senior Partner, SEIYU AUDIT CORPORATION (present post)	
	September 2005	Independent Audit and Supervisory Board Member, Ohnishi Denki Co., Ltd. (currently, Elematec Corporation)	
	April 2006	Visiting Associate Professor, Ritsumeikan University Management School	
	January 2010	General Manager, NAKANO C.P.A. OFFICE (present post)	
	June 2011	Independent Audit and Supervisory Board Member, FUJIX Ltd. (present post)	
	December 2014	Independent Audit and Supervisory Board Member, SK-Electronics CO., LTD.	
	June 2015	Independent Audit and Supervisory Board Member, the Company (present post)	
	June 2016	Independent Audit and Supervisory Board Member, WATABE WEDDING CORPORATION (present post)	
December 2018	Independent Outside Director of the Board (Audit and Supervisory Committee Member), SK-Electronics CO., LTD. (present post)		

(Significant positions concurrently held)

General Manager, NAKANO C.P.A. OFFICE / Senior Partner, SEIYU AUDIT CORPORATION / Independent Audit and Supervisory Board Member, FUJIX Ltd. / Independent Audit and Supervisory Board Member, WATABE WEDDING CORPORATION / Independent Outside Director of the Board (Audit and Supervisory Committee Member), SK-Electronics CO., LTD.

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

Mr. Yusuke Nakano has deep knowledge of finance, accounting and management administration as a certified public accountant and profound wisdom in governing corporate management, and has been auditing the Company from his professional perspective. He also participates in corporate management as an independent outside director of the board of another company, an Independent Audit and Supervisory Board Member of the Company and an independent audit and supervisory board member of other companies. We ask for his election so that he may continuously serve as an Independent Audit and Supervisory Board Member since we judge that he will continue to reflect his experience and deep insight in the audit of the Company from an independent point of view.

Notes:

1. No special interest exists between Mr. Yusuke Nakano and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. Mr. Yusuke Nakano is a candidate for Independent Audit and Supervisory Board Member as stipulated in Article 2, Paragraph 3, Item

8 of the Ordinance for Enforcement of the Companies Act.

4. The Company has concluded a contract for limitation of liability with Mr. Yusuke Nakano, and if we obtain approval for his reelection, we will continue the contract.

The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Audit and Supervisory Board Member's duty is performed in good faith and with no gross negligence.

5. The Tokyo Stock Exchange has been notified of Mr. Yusuke Nakano as an Independent Officer of the Company.

Proposal 4: Election of One (1) Substitute Audit and Supervisory Board Member

The term of validity for the election of Mr. Akinobu Hiraoka as Substitute Audit and Supervisory Board Member, which was resolved at the Ordinary General Meeting of Shareholders for the 96th Business Term, held on June 19, 2015, will expire at the close of this General Meeting of Shareholders.

Therefore, the Company proposes the election of one (1) Substitute Audit and Supervisory Board Member in advance, in case the Company lacks the number of Independent Audit and Supervisory Board Member stipulated in laws and regulations.

The approval of the Audit and Supervisory Board has been obtained in regard to this proposal.

Furthermore, pursuant to the stipulation of Article 32, Paragraph 3 of the Company's articles of incorporation, the resolution for the election of Substitute Audit and supervisory Board Member under this proposal shall remain in effect until the end of the Ordinary General Meeting of Shareholders with regard to the final fiscal year completed within 4 years after the election.

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

Name (Date of birth)	Career summary, positions and significant positions concurrently held	Number of shares held
Akinobu Hiraoka (September 15, 1952) Candidate for Substitute Independent Audit and Supervisory Board Member Independent Officer	April 1983	0 shares
	November 1990	
	March 1996	
	April 2003	
	April 2006	
	July 2015	
	April 2016	

(Significant positions concurrently held)

Partner, SEIYU AUDIT CORPORATION / Audit Commissioner, Shiga Prefecture

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

Mr. Akinobu Hiraoka has deep knowledge of finance, accounting and management administration as a certified public accountant and a certified public tax accountant, and profound wisdom in governing corporate management. Mr. Akinobu Hiraoka has not participated in corporate management, but we ask for his election so that he may continuously serve as a Substitute Independent Audit and Supervisory Board Member since we judge that he will reflect his deep insight in the audit of the Company from an independent point of view.

Notes:

- No special interest exists between Mr. Akinobu Hiraoka and the Company.
- Mr. Akinobu Hiraoka is a candidate for Substitute Independent Audit and Supervisory Board Member.
- The Company will conclude a contract for limitation of liability with Mr. Akinobu Hiraoka if he assumes office as an Independent Audit and Supervisory Board Member.
The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Audit and Supervisory Board Member's duty is performed in good faith and with no gross negligence.
- The Tokyo Stock Exchange will be notified of Mr. Akinobu Hiraoka as an Independent Officer of the Company if he assumes office as an Independent Audit and Supervisory Board Member.

(Reference) [Standards for Independence of Independent Officers]

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

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

Attachments

Business Report

(from January 1, 2018 through December 31, 2018)

1. Current status of the Nissha Group (1) Progress and results of operations

Effective from the fiscal year ended December 31, 2017, the Company changed the fiscal year end date from March 31 to December 31. In line with this change, the term of the fiscal year ended December 31, 2017, which served as the transitional period, was nine months from April 1, 2017 to December 31, 2017. Therefore, business results for the fiscal year ended December 31, 2018 below are compared with those for the same period of the previous year (January 1, 2017 to December 31, 2017).

Reflecting on the global economy in the fiscal year ended December 31, 2018, the real economy remained solid despite the prevailing uncertainties in the outlook due to protectionist economic policies and trade frictions. The United States saw ongoing economic recovery thanks primarily to increased consumer spending and capital investment. In Europe, the economy gradually recovered, while in Asia, the economies of emerging countries such as China showed signs of recovery. As for Japan, the economy held steady on an ongoing moderate recovery trend.

The Group has been currently operating the Sixth Medium-term Business Plan (three-year plan) centering on the growth by reorganizing and optimizing its business portfolio. We have set the markets of automotive, medical devices and high-function packaging materials as our focused markets, in addition to the mainstay consumer electronics (IT), and aim to develop well-balanced business bases and enhance our corporate value by implementing global based growth strategy. During the fiscal year ended December 31, 2018, demand in the mainstay Devices segment, which was stagnant in the first half, turned into expansion trend in the second half resulting in improved revenue, and the companies acquired as a part of our growth strategy began to contribute to the operating results in the Medical Technologies segment.

As a result, regarding the consolidated financial results for the fiscal year ended December 31, 2018, the net sales were ¥207,404 million (an increase of 7.2% as compared to the same period of the previous year). EBITDA was ¥17,343 million (an increase of 14.9% as compared to the same period of the previous year). Operating profit was ¥8,071 million (an increase of 101.5% as compared to the same period of the previous year). Ordinary profit was ¥7,370 million (an increase of 49.3% as compared to the same period of the previous year). Profit attributable to owners of parent was ¥4,308 million (an increase of 60.7% as compared to the same period of the previous year).

Following is an overview by business segment.

Industrial Materials

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

During the fiscal year ended December 31, 2018, demand for products was mostly solid primarily for our mainstay automotive components, and metallized paper, while demand for other products fell slightly short of the projection. Furthermore, reduction of quality costs remained an issue, such as the lower-than-expected yield rate for products at some overseas plants.

As a result, segment sales for the fiscal year ended December 31, 2018 were ¥47,124 million (a decrease of 4.6% as compared to the same period of the previous year) and EBITDA was ¥3,675 million (a decrease of

30.3% as compared to the same period of the previous year). Operating profit was ¥138 million (a decrease of 89.6% as compared to the same period of the previous year).

Principal products

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

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

Devices

In the Devices segment, we produce devices that pursue precision and functionality. Our main products, film-based Touch Sensors are widely adopted mainly in smartphones, tablets, portable game players, industrial equipment and automotive components in global markets. In addition, we offer gas sensors that can detect gas conditions, along with other products.

During the fiscal year ended December 31, 2018, although demand for our mainstay products adopted for smartphones turned into an expansion trend in the second half, it fell short of the initial projection. Meanwhile, business profitability improved compared to the same period of the previous year mainly due to the yield rate.

As a result, segment sales for the fiscal year ended December 31, 2018 were ¥123,541 million (an increase of 11.2% as compared to the same period of the previous year) and EBITDA was ¥14,444 million (an increase of 32.6% as compared to the same period of the previous year). Operating profit was ¥11,449 million (an increase of 83.9% as compared to the same period of the previous year).

Principal products

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

Medical Technologies

(Effective from the fiscal year ended December 31, 2018, we changed the name of the reportable segment, from Life Innovation to Medical Technologies. This change was only a change of the segment name and had no effect on information on the segment.)

The Medical Technologies segment is a business segment that offers high-quality and value-added products in medical devices and other related markets to contribute to healthy and affluent life. The segment provides contract manufacturing services (a business handling a series of processes ranging from product design and development to production) for major medical device manufacturers on a global basis with its main products, surgical instruments and medical electrodes used for heart disease treatment, etc. In addition to this, the segment currently manufactures and sells its own brand products to medical institutions.

During the fiscal year ended December 31, 2018, demand progressed steadily primarily for our mainstay products of contract manufacturing services, while the sales of our brand's new product, Vermed Claravue™, remained steady. In addition, the segment business scale expanded with the consolidation of the operating results of three companies acquired during the fiscal year ended December 31, 2018. Meanwhile, the temporary expenses such as acquisition-related expenses and expenses for integration of bases were incurred.

As a result, segment sales for the fiscal year ended December 31, 2018 were ¥22,351 million (an increase of 22.8% as compared to the same period of the previous year), and EBITDA was ¥1,829 million (an increase of 54.6% as compared to the same period of the previous year). Operating loss was ¥60 million (operating loss of ¥500 million in the same period of the previous year).

Principal products

Disposable electrocardiogram (ECG) electrodes, surgical instruments* and wearable biosensors*

*Products are not produced and sold in Japan (as of December 31, 2018).

Information and Communication

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

During the fiscal year ended December 31, 2018, the commercial printing field, the key product field in this segment, was affected by a decrease in the volume of printed materials due to the diversification of information media. These movements led the business into a highly competitive climate. Also, the temporary expenses were incurred for a business restructuring in January 2019.

As a result, segment sales for the fiscal year ended December 31, 2018 were ¥13,935 million (a decrease of 3.5% as compared to the same period of the previous year), and EBITDA was negative ¥402 million (negative ¥233 million in the same period of the previous year). Operating loss was ¥618 million (operating loss of ¥431 million in the same period of the previous year).

In addition, this segment completed a business restructuring on January 7, 2019 with the aim of revenue improvement of the segment.

Principal products

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

(2) Status of fund procurement, etc.

1) Status of fund procurement

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

2) Status of capital investment

The Nissha Group aims to develop a global growth strategy that maximizes the business foundation established under the Fifth Medium-term Business Plan (from April 1, 2015 through December 31, 2017) while accelerating the development of new businesses and new products to create new customer values.

To this end, we expanded the production capacity of Nitec Precision and Technologies, Inc. to cope with new products in the Devices business segment, in addition to the expansion of the production capacity at North and Central American bases and in Japan in the Industrial Materials business segment.

As a result, capital investment amounted to ¥3,064 million in the Industrial Materials business segment, ¥5,043 million in the Devices business segment, ¥538 million in the Medical Technologies business segment, ¥17 million in the Information and Communication business segment, and ¥1,958 million in other and common corporate divisions (R&D and Administration divisions), with the overall capital investment of the Nissha Group standing at ¥10,622 million.

The details of our major capital investment are as follows:

Segments	Breakdown of major capital investment
Industrial Materials	Expansion of production capacity at North and Central American bases and in Japan
Devices	Expansion of production capacity of Nitec Precision and Technologies, Inc.
Other and common corporate divisions (R&D and Administration divisions)	Redevelopment of the premises of the Headquarters of the Company and introduction of research and development equipment

(3) Status of assets and operating results

1) Status of consolidated assets and profit and loss

(Millions of Yen)

Items	FY2016.3 [the 97 th business term]	FY2017.3 [the 98 th business term]	FY2017.12 [the 99 th business term]	FY2018.12 (current term) [the 100 th business term]
Net sales	119,796	115,802	159,518	207,404
Operating income (loss)	10,546	(3,904)	6,278	8,071
Ordinary income (loss)	9,238	(4,914)	7,578	7,370
Profit (loss) attributable to owners of parent	6,896	(7,408)	6,734	4,308
Basic earnings (loss) per share (Yen)	160.72	(169.10)	139.72	85.52
Total assets	156,107	182,670	225,160	203,543
Net assets	70,096	74,606	94,054	89,633

- Notes:
1. Basic earnings (loss) per share are calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury shares).
 2. Effective from FY2017.3 (the 98th business term), the Company has introduced the “Board Benefit Trust (BBT).” When calculating basic earnings (loss) per share, the Company shares that remain in the trust recorded as treasury shares under shareholders’ equity are included in treasury shares to be deducted in the calculation of the average number of outstanding shares during the fiscal year.
 3. Effective from FY2017.12 (the 99th business term), the Company changed the fiscal year end date from March 31 to December 31 as a unified fiscal year end date for the Nissha Group. In line with this change, the 99th business term is a nine-month period from April 1, 2017 to December 31, 2017.

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

(Millions of Yen)

Items	FY2016.3 [the 97 th business term]	FY2017.3 [the 98 th business term]	FY2017.12 [the 99 th business term]	FY2018.12 (current term) [the 100 th business term]
Net sales	88,430	68,993	111,530	139,327
Operating income (loss)	309	(1,315)	4,210	5,132
Ordinary income (loss)	(29)	(692)	6,639	7,086
Profit (loss)	(1,453)	(1,807)	5,483	6,263
Basic earnings (loss) per share (Yen)	(33.88)	(41.24)	113.77	124.32
Total assets	117,191	133,174	170,148	155,212
Net assets	53,152	61,207	78,155	77,761

- Notes:
1. Basic earnings (loss) per share are calculated based on the average number of outstanding shares during the fiscal year (after deducting the average number of treasury shares).
 2. Effective from FY2017.3 (the 98th business term), the Company has introduced the “Board Benefit Trust (BBT).” When calculating basic earnings (loss) per share, the Company shares that remain in the trust recorded as treasury shares under shareholders’ equity are included in treasury shares to be deducted in the calculation of the average number of outstanding shares during the fiscal year.
 3. Effective from FY2017.12 (the 99th business term), the Company changed the fiscal year end date from March 31 to December 31. In line with this change, the 99th business term is a nine-month period from April 1, 2017 to December 31, 2017.

(4) Issues to be addressed

During the next term, the global economy is expected to remain on a moderate recovery trend, but it shows signs of slowdown in the economic recovery. We must continue to keep our eyes on uncertainties associated with movements in trade issues and policy trends in each country, impact from fluctuation in financial and capital markets, and other factors.

The Group has been currently implementing the Sixth Medium-term Business Plan (three-year plan) centering on the growth by reorganizing and optimizing its business portfolio. We have set the markets of automotive, medical devices and high-function packaging materials as our focused markets, in addition to the mainstay consumer electronics (IT), and aim to develop well-balanced business bases and enhance its corporate value by implementing global based growth strategy. During the next term which is the second year of the Sixth Medium-term Business Plan, we intend to promote the growth of the focused markets by utilizing the methods including corporate acquisition in addition to the development of new products, and optimize the business portfolio.

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

(5) Principal bases, etc. of the Nissha Group (as of December 31, 2018)

1) Principal offices and factories

(i) The Company

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

(ii) Subsidiaries

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

- Notes: 1. Nissha FIS, Inc. relocated its head office and its factory to Osaka, as of October 1, 2018 and November 1, 2018, respectively.
2. Graphic Controls Ltd. changed its trade name to Nissha Medical Technologies Ltd. as of October 5, 2018.
3. Málaga Produtos Metalizados Ltda. changed its trade name to AR Metallizing Produtos Metalizados Ltda. as of October 8, 2018.
4. Nitec Printing Co., Ltd. closed Yachiyo Factory as of December 31, 2018, with a view to strengthening its production structure in the Kansai region.
5. Following the restructuring of the Information and Communication business as of January 7, 2019, Nissha Printing Communications, Inc. effected an absorption-type of merger with Nitec Printing Co., Ltd., consolidated production bases in Headquarters and Kameoka Factory, and changed its Tokyo Division Headquarters to Tokyo Sales Office.

2) Status of employees

(i) Status of employees of the Nissha Group

Segments	Number of employees	Increase (Decrease) from the previous fiscal year-end
Industrial Materials	2,671	+393
Devices	1,329	-18
Medical Technologies	1,213	+146
Information and Communication	264	-12
Other and common corporate divisions (R&D and Administration divisions)	367	+13
Total	5,844	+522

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

(ii) Status of employees of the Company

Number of employees		Increase (Decrease) from the previous fiscal year-end	Average age	Average length of service
Male	616	+13	42.1 years	14.5 years
Female	203	+15	36.5 years	10.7 years
Total or average	819	+28	40.7 years	13.5 years

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

(6) Status of important parent company and subsidiaries (as of December 31, 2018)

1) Status of the parent company
Not applicable.

2) Status of subsidiaries

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

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

(7) Principal creditors and amount of borrowings (as of December 31, 2018)

(Millions of Yen)

Creditors	Amount of borrowings
Mizuho Bank, Ltd.	5,000
The Bank of Kyoto, Ltd.	2,500
MUFG Bank, Ltd.	2,500

(8) Other important matters regarding the current status of the Nissha Group

The Company, Nissha Printing Communications, Inc., in charge of the Information and Communication business, and Kyodo Printing Co., Ltd. concluded a stock purchase agreement on September 4, 2018, for the transfer of Nissha Printing Communications, Inc.'s business in the Tokyo region (trading area in the Tokyo region with exceptions and its business foundation) to Kyodo Printing Co., Ltd. The Nissha Group integrated its Information and Communication business in the Kansai area and started improving the profitability of the business.

2. Matters Regarding Shares of the Company (as of December 31, 2018)

- (1) **Total number of shares authorized** **180,000,000 shares**
- (2) **Total number of common shares issued** **50,855,638 shares**
(including 863,721 treasury shares)
- (3) **Number of shareholders** **10,795**
- (4) **Major shareholders (Top 10)**

Name	No. of Shares Held (thousand shares)	Shareholding Ratio (%)
Suzuki Kosan Co., Ltd.	2,563	5.12
TAIYO HANEI FUND, L.P.	2,478	4.95
Meiji Yasuda Life Insurance Company	2,341	4.68
Japan Trustee Services Bank, Ltd. (trust account)	2,240	4.48
Mizuho Bank, Ltd.	2,076	4.15
TAIYO FUND, L. P.	2,027	4.05
STATE STREET BANK AND TRUST COMPANY 505019	1,725	3.45
Japan Trustee Services Bank, Ltd. (trust account 9)	1,553	3.10
The Bank of Kyoto, Ltd.	1,442	2.88
The Master Trust Bank of Japan, Ltd. (trust account)	1,128	2.25

- Notes: 1. The shareholding ratio was computed after excluding treasury shares from the total number of common shares issued.
2. The Company introduced a performance-linked stock compensation plan, "Board Benefit Trust (BBT)," and Trust & Custody Services Bank, Ltd. (Trust E Account) (hereinafter, the "Trust E Account") holds 79 thousand shares of the Company's stock. The shares of the Company's stock held by the Trust E Account are not included in treasury shares.
3. The shares held by Mizuho Bank, Ltd., mentioned above, are trust assets of a retirement benefit trust contributed by the bank (the name in the register of shareholders is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Retrustee Trust & Custody Services Bank, Ltd.).

(5) Other important matters regarding the shares of the Company

The Company acquired treasury shares based on resolutions of the Board of Directors during the current term as detailed below.

- 1) Treasury shares acquired by a resolution of the meeting of the Board of Directors held on February 14, 2018

Type of shares acquired	Common stock
Total number of shares acquired	294,300 shares
Total acquisition price of shares	¥715,737,600
Acquisition date	February 15, 2018

- 2) Treasury shares acquired by a resolution of the meeting of the Board of Directors held on November 7, 2018

Type of shares acquired	Common stock
Total number of shares acquired	526,900 shares
Total acquisition price of shares	¥999,919,600
Acquisition period	From November 8, 2018 to November 22, 2018

3. Matters Regarding Stock Acquisition Rights

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

Not applicable.

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

Not applicable.

- (3) **Other Important Matters Regarding Stock Acquisition Rights (as of December 31, 2018)**

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

Date of issuance	March 7, 2016 (London time)
Number of the Stock Acquisition Rights	The total number of 284 plus the number calculated by dividing the total principal amount of the Bond relating to bonds with substitute stock acquisition rights by ¥10,000,000
Type of shares underlying the Stock Acquisition Rights	Common stock of the Company
Number of shares underlying the Stock Acquisition Rights	The number is calculated by dividing the total principal amount of the Bond subject to the request for exercise by the conversion price; provided, however, that any resulting fraction of less than one share shall be rounded down and that no adjustment shall be conducted in cash.
Amount to be paid in exchange for the Stock Acquisition Rights	No cash payment is required in exchange for the Stock Acquisition Rights
Description and amount of property contributed upon the exercise of the Stock Acquisition Rights	Upon the exercise of each Stock Acquisition Right, the Bond related to the relevant Stock Acquisition Right shall be contributed and the value of the Bond shall be equal to the principal amount of the Bond. The conversion price shall initially be ¥2,209.
Exercise period of the Stock Acquisition Rights	From March 21, 2016 (including such date) to the closing time of the banking business (local time at the place where the request for the exercise of the Stock Acquisition Rights is received) on February 22, 2021 (including such date)
Conditions for the exercise of the Stock Acquisition Rights	No Stock Acquisition Right may be exercised only in part.
Balance of bonds with stock acquisition rights	¥2,840 million

4. Matters Regarding Directors of the Board and Audit and Supervisory Board Members (as of December 31, 2018)

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

Position	Name	Responsibilities	Significant positions concurrently held
Chairman of the Board, President and CEO	Junya Suzuki	Chief Executive Officer	Chairman, Kyoto Association of Corporate Executives Chairman, Nissha USA, Inc. Chairman, Nissha Europe GmbH Chairman, AR Metallizing N.V. President and CEO, Representative Director, Suzuki Kosan Co., Ltd. Representative Director, Nissha Foundation for Printing Culture and Technology
Director of the Board	Takao Hashimoto	Senior Executive Vice President Chief Technology Officer Senior Director of Product and Business Development Office Director of Medical Management Office	Representative Director and CEO, Nissha FIS, Inc.
Director of the Board	Hayato Nishihara	Senior Executive Vice President Chief Financial Officer Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	
Director of the Board	Daisuke Inoue	Executive Vice President General Manager of Devices Business Unit	Representative Director and CEO, Nissha Korea Inc. Chairman, Taiwan Nissha Co., Ltd.
Director of the Board	Wataru Watanabe	Senior Vice President Chief Strategy Officer Director of Corporate Strategy Planning Director of Secretary's Office Senior Director of Investor Relations and Corporate Communications	
Independent Outside Director of the Board	Tamio Kubota		
Independent Outside Director of the Board	Sawako Nohara		Representative Director, President, IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Independent Outside Director of the Board, Sompo Holdings, Inc. Independent Outside Director of the Board, Japan Post Bank Co., Ltd. Independent Audit and Supervisory Board Member, Tokyo Gas Co., Ltd.
Independent Outside Director of the Board	Kazuhiro Osugi		Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD. Outside Director, Frontier Management Inc.
Independent Outside Director of the Board	Makoto Ando		

Position	Name	Responsibilities	Significant positions concurrently held
Full-time Audit and Supervisory Board Member	Hitoshi Konishi		
Full-time Audit and Supervisory Board Member	Yasuro Nonaka		
Independent Audit and Supervisory Board Member	Shigeaki Momo-o		Partner, Momo-o, Matsuo & Namba
Independent Audit and Supervisory Board Member	Yusuke Nakano		General Manager, NAKANO C.P.A. OFFICE Senior Partner, SEIYU AUDIT CORPORATION Independent Audit and Supervisory Board Member, FUJIX Ltd. Independent Audit and Supervisory Board Member, WATABE WEDDING CORPORATION Independent Outside Director of the Board (Audit and Supervisory Committee Member), SK-Electronics CO., LTD.

- Notes:
1. Mr. Tamio Kubota, Ms. Sawako Nohara, Mr. Kazuhito Osugi and Mr. Makoto Ando are all Independent Outside Directors of the Board as stipulated in Article 2, Item 15 of the Companies Act.
 2. Both Mr. Shigeaki Momo-o and Mr. Yusuke Nakano are Independent Audit and Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
 3. Mr. Shigeaki Momo-o, Audit and Supervisory Board Member, has a qualification as attorney-at-law and possesses considerable knowledge with regard to overall legal affairs.
 4. Mr. Yusuke Nakano, Audit and Supervisory Board Member, has a qualification as certified public accountant and possesses considerable knowledge with regard to finance and accounting.
 5. The Company has transactional relations, including logistics services, with NIPPON EXPRESS CO., LTD., a company for which Mr. Kazuhito Osugi, Director of the Board, serves as an Advisor for the Security Transport Business Division. The amount, however, meets the immateriality standards provided for in the “Standards for Independence of Independent Officers” (page 18) of the Company.
 6. The Company received necessary legal advice from, and paid remuneration to, Momo-o, Matsuo & Namba, a law firm to which Mr. Shigeaki Momo-o, Audit and Supervisory Board Member, belongs. However, the amount meets the immateriality standards provided for in the “Standards for Independence of Independent Officers” (page 18) of the Company.
 7. No relationship to be described exists between the companies where significant positions are concurrently held by Independent Outside Directors of the Board or Independent Audit and Supervisory Board Members and the Company.
 8. Changes in Directors of the Board and Audit and Supervisory Board Members during the fiscal year under review are as follows:
 - (1) At the Ordinary General Meeting of Shareholders for the 99th Business Term held on March 23, 2018, Mr. Daisuke Inoue, Mr. Wataru Watanabe and Mr. Makoto Ando were newly elected as Directors of the Board of the Company and assumed their offices on such date.
 - (2) Mr. Yoshiharu Tsuji and Mr. Kenji Kojima, Directors of the Board, retired upon the expiration of the term of their office as of March 23, 2018.
 - (3) Ms. Sawako Nohara, Director of the Board, assumed office as an independent Audit and Supervisory Board Member of Tokyo Gas Co., Ltd. on June 28, 2018.
 - (4) Mr. Kazuhito Osugi, Director of the Board, assumed office as an Outside Director of Frontier Management Inc. on August 14, 2018.
 - (5) Mr. Makoto Ando resigned from his office as Director & Executive Manager & Sales General Manager, of Santetsu Engineering Inc. on August 3, 2018.
 - (6) SK-Electronics CO., LTD., a company for which Mr. Yusuke Nakano, Audit and Supervisory Board Member, serves as a corporate auditor, transitioned from a company with a board of company auditors to a company with an audit and supervisory committee as of December 21, 2018. As a result, Mr. Yusuke Nakano retired from his office as a corporate auditor of the company upon expiration of his term of office on such date and newly assumed office as an Independent Outside Director of the Board (Audit and Supervisory Committee Member) of the company.

9. As a result of changes in responsibilities of Directors of the Board as of January 1, 2019 and January 16, 2019, current responsibilities of Directors of the Board are as follows.

Position	Name	Responsibilities	Significant positions concurrently held
Chairman of the Board, President and CEO	Junya Suzuki	Chief Executive Officer General Manager of Industrial Materials Business Unit	Chairman, Kyoto Association of Corporate Executives Chairman, Nissha USA, Inc. Chairman, Nissha Europe GmbH Chairman, AR Metallizing N.V. President and CEO, Representative Director, Suzuki Kosan Co., Ltd. Representative Director, Nissha Foundation for Printing Culture and Technology
Director of the Board	Takao Hashimoto	Senior Executive Vice President Chief Technology Officer Senior Director of Product and Business Development Office	Representative Director and CEO, Nissha FIS, Inc.
Director of the Board	Hayato Nishihara	Senior Executive Vice President Chief Financial Officer Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	
Director of the Board	Daisuke Inoue	Executive Vice President General Manager of Devices Business Unit	
Director of the Board	Wataru Watanabe	Senior Vice President Chief Strategy Officer Director of Corporate Strategy Planning Director of New Business Development Director of Secretary's Office Senior Director of Investor Relations and Corporate Communications Interim General Manager, of Industrial Materials Business Unit	
Independent Outside Director of the Board	Tamio Kubota		
Independent Outside Director of the Board	Sawako Nohara		Representative Director, President, IPSe Marketing, Inc. Project Professor, Keio University Graduate School of Media and Governance Independent Outside Director of the Board, Sampo Holdings, Inc. Independent Outside Director of the Board, Japan Post Bank Co., Ltd. Independent Audit and Supervisory Board Member, Tokyo Gas Co., Ltd.
Independent Outside Director of the Board	Kazuhito Osugi		Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD. Outside Director, Frontier Management Inc.
Independent Outside Director of the Board	Makoto Ando		

10. The Company has introduced a corporate officer system to enhance corporate governance. The 16 Corporate Officers including four Corporate Officers who concurrently serve as Directors of the Board were appointed to Corporate Officers on January 16, 2019.
11. Mr. Tamio Kubota, Ms. Sawako Nohara, Mr. Kazuhito Osugi and Mr. Makoto Ando, Directors of the Board, and Mr. Shigeaki Momo-o and Mr. Yusuke Nakano, Audit and Supervisory Board Members, are registered as Independent Officers of the Company with the Tokyo Stock Exchange.

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

Title	Number of officers	Total amount of remunerations
Directors of the Board	11	¥284 million (¥32 million of which were paid to five Independent Outside Directors of the Board)
Audit and Supervisory Board Members	4	¥45 million (¥16 million of which were paid to two Independent Audit and Supervisory Board Members)
Total	15	¥329 million (¥48 million of which were paid to seven Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members)

- Notes: 1. The aforementioned number of officers and total amount of remunerations include two Directors of the Board, who retired at the close of the Ordinary General Meeting of Shareholders for the 99th Business Term, held on March 23, 2018, and the amount of remunerations paid to them.
2. It was resolved at the Ordinary General Meeting of Shareholders for the 97th Business Term, held on June 17, 2016, that the amount of remunerations to be paid to Directors of the Board in total per year shall not exceed ¥430 million (of which, the amount of remunerations to be paid to Independent Outside Directors of the Board shall not exceed ¥40 million).
3. It was resolved at the Ordinary General Meeting of Shareholders for the 97th Business Term, held on June 17, 2016, that the amount of remunerations to be paid to Audit and Supervisory Board Members in total per year shall not exceed ¥60 million (of which, the amount of remunerations to be paid to Independent Audit and Supervisory Board Members shall not exceed ¥20 million).
4. The aforementioned total amount of remunerations includes provision for management board benefit trust of ¥23 million recorded in the current term for five Directors of the Board (excluding Independent Outside Directors of the Board) as a performance-linked stock compensation plan for Directors of the Board (excluding Independent Outside Directors of the Board), Corporate Officers, and Directors of the Board of some of the subsidiaries of the Company. The total amount of remunerations for Directors of the Board under the plan was resolved at the Ordinary General Meeting of Shareholders for the 99th Business Term held on March 23, 2018, as a framework kept separate from the total amount of remunerations mentioned in 2 above.

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

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

Position	Name	Major activities
Independent Outside Directors of the Board	Tamio Kubota	He attended all of the 17 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on his international knowledge and broad experience as a manager and an audit and supervisory board member in other companies.
	Sawako Nohara	She attended 16 of the 17 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on her broad experience as a manager and director and audit and supervisory board member in other companies.
	Kazuhito Osugi	He attended all of the 17 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on his deep insight in the field of finance.
	Makoto Ando	He attended all of the 13 meetings of the Board of Directors held after he assumed office as an Independent Outside Director of the Board, and gave advice and opinions concerning the management of the Company based on his broad experience as a business manager in the manufacturing industry.

Position	Name	Major activities
Independent Audit and Supervisory Board Members	Shigeaki Momo-o	He attended all of the 17 meetings of the Board of Directors and all of the 13 meetings of the Audit and Supervisory Board held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a lawyer.
	Yusuke Nakano	He attended 16 of the 17 meetings of the Board of Directors and 11 of the 13 meetings of the Audit and Supervisory Board held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a certified public accountant.

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

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

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

Not applicable.

5. Matters Regarding Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of remunerations

Classification	Amount of remunerations
Amount of remunerations to be paid during the fiscal year under review	¥68 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor	¥84 million

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

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

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

(3) Details of non-auditing services

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

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

Not applicable.

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

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

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

6. Systems and Policies of the Company

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

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

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

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

- (i) The Company shall establish a "Guideline of the Corporate Ethics and Compliance" and "Code of Conduct" based on its "Nissha Philosophy," which specifies the basis of mission and thought common to the entire Group and rules of conduct, so as to comply with laws and social ethics from a global point of view.
- (ii) The Company shall establish a Corporate Ethics and Compliance Subcommittee under the internal regulations to carry out monitoring and educational activities to ensure compliance with laws and regulations, the Company's Articles of Incorporation and social norms. In addition, the Company shall appoint a Manager and Leader in charge of promotion in each business unit of the Nissha Group to establish a structure for promoting Corporate Ethics and Compliance. An "in-house reporting system" shall be established at law offices outside the Company and operated, through which employees may provide information directly to the Company, while due measures are taken for the protection of whistleblowers.
- (iii) The Company shall elect multiple Independent Outside Directors of the Board to maintain and enhance the function of supervising the execution of duties by Directors of the Board. In addition, the Company shall establish a Nomination and Remuneration Committee as an advisory panel for the Board of Directors of the Company in order to ensure the objectiveness and fairness of the nomination of Directors of the Board and Audit and Supervisory Board Members as well as the remuneration of the Directors of the Board. The Nomination and Remuneration Committee shall be chaired by an Independent Outside Director of the Board and the majority of its members shall be Independent Outside Directors of the Board.
- (iv) The Internal Audit Division, which is under the direct control of the Chairman of the Board, President and CEO, shall analyze and evaluate the state of the establishment and operations of an Internal Control system, propose an improvement plan, and enrich the system.
- (v) The Company shall set a basic policy to counter antisocial forces, shall not have any relationship with antisocial forces, and shall not respond to any unreasonable demands with a resolute attitude in compliance with the Regulations regarding antisocial forces, and the Nissha Group

shall strive for thorough implementation of such measures

- 2) **Systems regarding the retention and management of information relating to the execution of duties by Directors of the Board**
 - (i) The Company shall retain and manage information regarding execution of duties by Directors of the Board, including the minutes of the General Meetings of Shareholders, the minutes of the meetings of the Board of Directors and the requests for managerial decision, properly and with certainty pursuant to the laws and regulations and in-house regulations on information management, and the information shall be maintained in a condition which can be inspected.
 - (ii) The Company shall disclose important information on the Nissha Group timely and properly by establishing a Disclosure Control Committee which shall discuss the necessity of timely disclosure of corporate information and the contents of disclosure.

- 3) **Rules and other systems for risk management of the Nissha Group**
 - (i) The Company shall formulate the Basic Policy for Risk Management to specify the Nissha Group's initiatives in risk management.
 - (ii) Based on the business portfolio targeted under medium-term business plans from a medium- and long-term perspective of improving corporate value, the CSR Committee led by the Chairman of the Board, President and CEO as the acting Committee Chairman shall prioritize risk factors that hinder business continuity. It shall push forward with initiatives to minimize risks through activities of subcommittees under its control. Also, it shall report the results of such activities to the Board of Directors once a year.
 - (iii) The CSR Committee shall organize eight subcommittees to manage the issues of Corporate Ethics Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, Quality, and Customer Satisfaction under its control. Each subcommittee shall establish key performance indicators (KPIs) for risk factors, develop them at business divisions, and manage and report the progress to the CSR Committee.

- 4) **Systems necessary to ensure the efficient execution of the duties by Directors of the Board of the Nissha Group**
 - (i) Through the introduction of the corporate officer system, the Company shall establish functional segregation between strategy development and management monitoring functions to be undertaken by the Board of Directors and business execution functions to be undertaken by the Corporate Officers.
 - (ii) The Board of Directors of the Company shall approve medium-term business plans, and the Directors of the Board and employees shall execute operations based on such strategic and performance plans.
 - (iii) The Chairman of the Board, President and CEO shall request the Corporate Officers to report the status of their execution of business and confirm whether or not the business is executed according to the plans at a monthly meeting (MBR: Monthly Business Review).
 - (iv) The Company shall share the status of execution of business by the Corporate Officers and the strategy implementation items to be undertaken by its organizations through the use of IT to improve business efficiency.

- 5) **Systems necessary to ensure the proper business operation of the Nissha Group**
 - (i) The Company shall formulate the Affiliated Company Management Regulations to set basic administration policy for the management of each company of the Nissha Group. In addition, the Company shall manage the performance of important operations of each company of the Nissha Group by designating matters requiring approval of and reporting to the Company with regard to the execution of those operations in the Regulations on Requests for Managerial Decisions.
 - (ii) The Company shall appoint its officers or employees to become Directors of the Board and Audit and Supervisory Board Members of each company of the Nissha Group in order to ensure

the proper execution of operations.

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

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

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

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

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

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

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

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

1) Initiatives for compliance

The Company has established the "Guideline of the Corporate Ethics and Compliance" and "Code of Conduct" based on its "Nissha Philosophy," which specifies the basis of mission and thought common to the entire Group and rules of conduct. The Corporate Ethics and Compliance Subcommittee takes a leadership role in providing learning mainly through e-learning and training sessions on pertinent themes whenever necessary in order to make them thoroughly known to officers

and employees on a global basis.

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

2) Initiatives for risk management

The Company has set up a CSR committee in FY2016.3 and has organized company-wide and cross-organizational subcommittees under the CSR committee to manage the issues of Corporate Ethics Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, Quality, and Customer Satisfaction, under the CSR committee.

The CSR committee specifies risk factors that hinder business continuity and promotes initiatives to minimize such risks through the subcommittees. Each subcommittee establishes key performance indicators (KPIs) for risk factors specified by the CSR committee, develops them at business divisions, and manages and reports the progress to the CSR Committee. The CSR committee reports the details of such activities to the Board of Directors once a year.

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

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

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

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

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

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

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

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

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

(3) Basic policy regarding the control over the Company

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

1) Contents of basic policy

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

The Company believes that in order to protect and enhance its corporate value and the common interests of its shareholders, it is essential that the Company contributes to society by continually providing valuable products and services, based on the Nissha Philosophy as a forward-looking company. More specifically, the Company believes that realizing the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group will lead to ensuring and improving the Company's corporate value and the common interests of its shareholders.

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

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

2) Special initiatives contributing to the implementation of basic policy

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

In the course of the Fifth Medium-term Business Plan which ended in FY2017.12, the Nissha Group received large-scale orders through product development and capital investment for the consumer electronics (IT) markets which is the mainstay market of the Group. Also, the Group expanded its business bases in automotive markets and advanced into the new businesses in the fields of medical devices and high-performance packaging materials through active M&A strategies. The Nissha Group now has more than 50 business bases in Japan and overseas, and more than half of its employees work at overseas bases.

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

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

Since the introduction of the corporate officer system, we have segregated the strategy development and management oversight functions to be undertaken by the Board of Directors from the business execution function to be undertaken by the Corporate Officers. In addition, we promote

diversity in the Board of Directors. The current Board of Directors consists of nine Directors of the Board, including four Independent Outside Directors of the Board who meet strict independence criteria (44.4% of the Directors of the Board are Independent Outside Directors and 11.1% are women). Independent Outside Directors of the Board provide beneficial advice and opinions by taking advantage of their corporate management experiences at other companies, business management experiences in the manufacturing industry and deep insight in the field of business strategies, IT, and overall finance, which lead to active discussion at the meetings of the Board of Directors. Furthermore, in October 2015, the Company established a Basic Corporate Governance Policy. Based on the policy, the Company has established a Nomination and Remuneration Committee, at least half of whose members are Independent Outside Directors of the Board and whose chairman is selected from among the Independent Outside Directors of the Board. The Company made use of knowledge of Independent Outside Directors of the Board to ensure objectivity and fairness in appointing officers and setting compensation, and also assessed the effectiveness of the Board of Directors once a year in order to help the Board of Directors function better.

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

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

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

In case that any party performing or seeking to perform any purchase of stock certificates, etc., issued by the Company that results in the holder's shareholding ratio becoming 20% or above, a public tender offer that results in the total shareholding ratio of the purchasers of such public tender offer and specially related parties becoming 20% or above with respect to stock certificates, etc., issued by the Company, or any acts similar thereto (the "Purchase, etc."). The party performing or seeking to the Purchase, etc. shall be hereinafter referred to as the "Purchaser, etc.") emerges, the Plan is designed to ensure that there is sufficient information and time for the shareholders to decide on whether or not to accept the Purchase, etc., or for the Company's Board of Directors to make an alternative proposal, and also to make it possible to negotiate with the Purchaser, etc. on behalf of the shareholders. The Plan sets forth procedures required to realize the above objectives. In case a Purchaser, etc., pursuing Purchase, etc., without complying with the procedures prescribed in the Plan, or in case an act of Purchase, etc., by a Purchaser, etc., is judged to severely damage the corporate value of the Company and the common interests of shareholders, the Company may implement certain countermeasures.

(For reference)

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

4) Judgment of the Board of Directors on aforementioned initiatives

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

The initiatives described in the aforementioned 3) set forth the procedures to secure and enhance the corporate value of the Company and the common interests of shareholders. Moreover, the Plan stipulates (i) the system to confirm the will of the Company's shareholders regarding whether to

implement countermeasures against certain cases of purchase, in addition to its introduction having been approved by the shareholders at a general meeting of shareholders; (ii) that it may be abolished at any time by a resolution of the Board of Directors comprising Directors of the Board appointed at the general meeting of shareholders; (iii) that the Company shall establish the Independent Committee to eliminate any arbitrary judgment of the Board of Directors and the Board of Directors shall pay the utmost respect to the advice of the Independent Committee in its decision making; and (iv) rational and objective prerequisites for the activation of the Plan.

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

(For reference)

The Plan described above is as of the end of the current fiscal year.

The validity period of the Plan will end at the close of the Ordinary General Meeting of Shareholders for the 100th Business Term, to be held on March 22, 2019, and the Company resolved at the meeting of Board of Directors held on February 14, 2019 not to continue the Plan. For details of the Plan, please refer to the website of the Company on the Internet: (<https://www.nissha.com/>)

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

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

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

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

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

Consolidated Balance Sheet

(As of December 31, 2018)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	96,814	Current liabilities	82,709
Cash and deposits	16,762	Notes and accounts payable-trade	44,484
Notes and accounts receivable-trade	40,867	Electronically recorded obligations-operating	6,772
Merchandise and finished goods	12,337	Short-term loans payable	10,858
Work in process	8,101	Current portion of long-term loans payable	1,716
Raw materials and supplies	7,144	Lease liabilities	206
Deferred tax assets	955	Accrued expenses	7,101
Consumption taxes receivable	3,739	Income taxes payable	840
Other	7,183	Provision for bonuses	1,963
Allowance for doubtful accounts	(277)	Provision for directors' bonuses	71
		Provision for product warranties	74
		Other	8,620
Non-current assets	106,728	Long-term liabilities	31,200
Property, plant and equipment	54,225	Bonds payable	2,840
Buildings and structures	29,408	Long-term loans payable	13,525
Machinery, equipment and vehicles	11,678	Lease liabilities	1,396
Tools, furniture and fixtures	3,063	Deferred tax liabilities	7,736
Land	6,192	Provision for management board benefit trust	46
Lease assets	1,475	Net defined benefit liability	4,305
Construction in progress	2,406	Other	1,350
		Total liabilities	113,909
		(NET ASSETS)	
Intangible assets	36,409	Shareholders' equity	79,168
Trademark right	3,431	Capital stock	12,119
Software	1,026	Capital surplus	15,514
Goodwill	22,199	Retained earnings	53,445
Technical assets	1,965	Treasury shares	(1,911)
Customer related assets	6,791		
Other	995	Accumulated other comprehensive income	10,347
		Valuation difference on available-for-sale securities	8,216
Investments and other assets	16,093	Foreign currency translation adjustments	1,791
Investment securities	14,797	Remeasurements of defined benefit plans	339
Deferred tax assets	393		
Net defined benefit asset	227	Non-controlling interests	117
Other	1,142		
Allowance for doubtful accounts	(468)	Total net assets	89,633
Total assets	203,543	Total liabilities and net assets	203,543

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

Consolidated Statement of Income

(From January 1, 2018 to December 31, 2018)

(Millions of Yen)

Items	Amount	
Net sales		207,404
Cost of sales		170,113
Gross profit		37,291
Selling, general and administrative expenses		29,220
Operating profit		8,071
Non-operating income		
Interest and dividend income	387	
Other	220	607
Non-operating expenses		
Interest expenses	842	
Share of loss of entities accounted for using equity method	184	
Foreign exchange losses	186	
Other	95	1,308
Ordinary profit		7,370
Extraordinary income		
Gain on sales of non-current assets	133	
Gain on sales of shares of subsidiaries and associates	354	
State subsidy	142	
Insurance income	640	1,270
Extraordinary losses		
Loss on sales and retirement of non-current assets	642	
Loss on valuation of investment securities	37	
Impairment loss	246	
Loss on disaster	478	
Loss on closing of plants	351	
Business structure improvement expenses	627	
Business establishment transfer cost	167	2,552
Profit before income taxes		6,088
Income taxes - current	2,111	
Income taxes - deferred	(199)	1,911
Profit		4,176
Loss attributable to non-controlling interests		132
Profit attributable to owners of parent		4,308

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

Non-consolidated Balance Sheet

(As of December 31, 2018)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	65,321	Current liabilities	68,044
Cash and deposits	10,877	Notes payable-trade	3,757
Notes receivable-trade	553	Accounts payable-trade	40,238
Accounts receivable-trade	30,363	Electronically recorded obligations	4,899
Short-term loans receivable	4,426	Short-term loans payable	10,020
Merchandise and finished goods	6,652	Accrued expenses	3,594
Work in process	1,353	Income taxes payable	267
Raw materials and supplies	176	Provision for bonuses	709
Deferred tax assets	651	Provision for directors' bonuses	71
Accounts receivable-other	1,725	Other	4,485
Consumption taxes receivable	3,375		
Other	5,283	Long-term liabilities	9,407
Allowance for doubtful accounts	(117)	Bonds payable	2,840
		Deferred tax liabilities	4,055
		Provision for management board benefit trust	45
		Provision for retirement benefits	2,434
		Other	31
Non-current assets	89,891	Total liabilities	77,451
Property, plant and equipment	24,287	(NET ASSETS)	
Buildings	15,168	Shareholders' equity	69,685
Structures	369	Capital stock	12,119
Machinery and equipment	410	Capital surplus	15,487
Vehicles	4	Legal capital surplus	13,550
Tools, furniture and fixtures	1,850	Other capital surplus	1,937
Land	6,046	Retained earnings	43,989
Lease assets	3	Legal retained earnings	1,230
Construction in progress	433	Other retained earnings	42,759
Intangible assets	1,042	General reserve	28,766
Software	722	Retained earnings brought forward	13,993
Other	320	Treasury shares	(1,911)
Investments and other assets	64,561	Valuation and translation adjustments	8,075
Investment securities	14,054	Valuation difference on available-for-sale securities	8,075
Shares of subsidiaries and associates	33,742		
Investments in other securities of subsidiaries and associates	174		
Investments in capital of subsidiaries and associates	3,622		
Long-term loans receivable	15,189		
Claims provable in bankruptcy, claims provable in rehabilitation and other	224		
Prepaid pension cost	88		
Other	272		
Allowance for doubtful accounts	(2,807)	Total net assets	77,761
Total assets	155,212	Total liabilities and net assets	155,212

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

Non-consolidated Statement of Income

(From January 1, 2018 to December 31, 2018)

(Millions of Yen)

Items	Amount	
Net sales		139,327
Cost of sales		120,036
Gross profit		19,290
Selling, general, and administrative expenses		14,157
Operating profit		5,132
Non-operating income		
Interest and dividend income	1,074	
Non-current assets rent	1,641	
Foreign exchange gains	175	
Other	90	2,981
Non-operating expenses		
Interest expenses	112	
Expenses for non-current asset loaned	874	
Other	41	1,028
Ordinary profit		7,086
Extraordinary income		
Gain on sales of non-current assets	1	
Gain on sales of shares of subsidiaries and associates	317	
State subsidy	100	
Insurance income	640	
Reversal of allowance for doubtful accounts for subsidiaries and associates	139	1,199
Extraordinary losses		
Loss on sales and retirement of non-current assets	510	
Loss on valuation of investment securities	37	
Loss on valuation of shares of subsidiaries and associates	332	
Loss on disaster	478	
Business establishment transfer cost	5	1,364
Profit before income taxes		6,920
Income taxes - current	685	
Income taxes-deferred	(29)	656
Profit		6,263

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

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

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

February 13, 2019

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

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akira Tsujiuchi

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of December 31, 2018 of Nissha Co., Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statement of income and changes in net assets for the fiscal year from January 1, 2018 to December 31, 2018, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and

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

fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of December 31, 2018, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in Changes in accounting policies which are difficult to distinguish from changes in accounting estimates, the Company and its domestic consolidated subsidiaries, which had mainly used the declining-balance method to depreciate property, plant and equipment (excluding leased assets), changed the depreciation method to the straight-line method effective from the consolidated fiscal year under review.

This change would not affect our opinion.

Interest

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

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

Copy of Accounting Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

February 13, 2019

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

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akira Tsujiuchi

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of December 31, 2018 of Nissha Co., Ltd. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 100th fiscal year from January 1, 2018 to December 31, 2018, and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements

Copy of Accounting Auditors' Report

and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

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

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in Changes in accounting policies which are difficult to distinguish from changes in accounting estimates, the Company, which had mainly used the declining-balance method to depreciate property, plant and equipment (excluding leased assets), changed the depreciation method to the straight-line method effective from the fiscal year under review.

This change would not affect our opinion.

Interest

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

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

(TRANSLATION)

AUDIT REPORT

The Audit and Supervisory Board, upon deliberation, has prepared this Audit Report based on the audit reports prepared by each Auditor and Supervisory Board Member regarding the execution by the Directors of the Board of their duties during the 100th business term from January 1, 2018 through December 31, 2018, and hereby reports as follows:

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

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

2. Results of Audit

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

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

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

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

(3) Results of audit of consolidated financial statements

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

February 13, 2019

Audit and Supervisory Board of Nissha Co., Ltd.

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

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

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

Independent Audit and Supervisory Board Member Yusuke Nakano (Seal)

END