

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 101st 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 3, 2020

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 101st Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 101st 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 the Internet, etc.). You are requested to exercise your voting rights by 6 p.m. on March 23, 2020 (Mon.) after examining the “Reference Materials for the General Meeting of Shareholders” (pages 3 through 14).

Ordinary General Meeting of Shareholders

1. **Date and time:** March 24, 2020 (Tues.), 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 101st business term (from January 1, 2019 through December 31, 2019) and the Audit Results of the Accounting Auditor and the Audit and Supervisory Board
 2. Report on the Non-consolidated Financial Statements for the 101st business term (from January 1, 2019 through December 31, 2019)

Proposals to be resolved

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

Proposal 2: Election of Two (2) Audit and Supervisory Board Members

Guide to the Exercise of Voting Rights

Voting rights at a general meeting of shareholders are important rights of shareholders to participate in management of the Company. You are kindly requested to exercise your voting rights referring to the guide below.

Attending the meeting	1 Attendance at the General Meeting of Shareholders You are kindly requested to submit the enclosed Voting Rights Exercise Form to the reception desk at the meeting site.
	Date and time: March 24, 2020 (Tues.), 10:00 a.m. (Reception for the meeting will start at 9:00 a.m.)
Not attending the meeting	2 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.
	Deadline: to be received by March 23, 2020 (Mon.), 6:00 p.m.
	3 Exercise of voting rights via the Internet You are kindly requested to either scan the QR Code printed on the enclosed Voting Rights Exercise Form or access the voting right exercise website (https://soukai.mizuho-tb.co.jp/), and enter your approval or disapproval of the proposals in accordance with the instructions on the screen.
	Deadline: accepted up to March 23, 2020 (Mon.), 6:00 p.m.

Handling of duplicate voting

- If you exercise your voting rights in duplicate in writing and via the Internet:
 - The voting rights exercised via the Internet shall be deemed valid.
 - If you exercise your voting rights multiple times via the Internet:
 - The last vote shall be deemed valid.
1. The following items are disclosed on our website 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 Consolidated and Non-consolidated Financial Statements audited by the Audit and Supervisory Board Members and the Accounting Auditor comprise the documents included in this Notice of Convocation and the aforementioned items disclosed on our website.
 2. Any corrections to the Reference Materials for the General Meeting of Shareholders, the Business Report, Consolidated and Non-consolidated Financial Statements will be posted on the Company's website.

NISSHA's website: https://www.nissha.com/english/

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Matters

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

The term of office of all 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 24 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 satisfy the “Standards for Independence of Independent Officers” (page 15).

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

No	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 Chairman of Sustainability Committee General Manager of Industrial Materials Business Unit	20 years and 9 months	100% (20 out of 20)
2	Takao Hashimoto	Reappointment		Director of the Board Senior Executive Vice President Chief Technology Officer Senior Director of Product and Business Development Office	14 years and 9 months	100% (20 out of 20)
3	Hayato Nishihara	Reappointment		Director of the Board Senior Executive Vice President Chief Financial Officer	7 years and 9 months	100% (20 out of 20)
4	Daisuke Inoue	Reappointment		Director of the Board Executive Vice President General Manager of Devices Business Unit Chief Human Resources Officer Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	2 years	100% (20 out of 20)
5	Wataru Watanabe	Reappointment		Director of the Board Executive Vice President Chief Strategy Officer Senior Director of Sustainability Senior Director of Investor Relations Director of Corporate Strategy Planning Director of New Business Development	2 years	100% (20 out of 20)
6	Kazuhito Osugi	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	3 years and 9 months	100% (20 out of 20)
7	Makoto Ando	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	2 years	100% (20 out of 20)
8	Asli M. Colpan	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	1 year	100% (16 out of 16)
9	Kazumichi Matsuki	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	1 year	93.8% (15 out of 16)

Note: Attendance at meetings of the Board of Directors of Ms. Asli M. Colpan and Mr. Kazumichi Matsuki 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 and responsibilities	Number of shares held
1	Junya Suzuki (December 8, 1964) Reappointment (Period served as a Director of the Board) 20 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (100%)	<p>April 1990 Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.), Ginza Branch Office</p> <p>April 1993 Industrial Research Office, Corporation Planning Division</p> <p>March 1995 Acquired credits from the Doctoral Program, Graduate School of Business and Commerce, Keio University</p> <p>March 1996 Los Angeles Branch Office, The Dai-ichi Kangyo Bank, Limited</p> <p>March 1998 Entered the Company</p> <p>June 1999 Director of the Board</p> <p>June 2001 Executive Director of the Board</p> <p>April 2003 Executive Director of the Board, General Manager of International Sales, Industrial Materials and Input Devices Business Unit</p> <p>June 2003 Senior Executive Director of the Board</p> <p>July 2005 Director of the Board, Corporate Vice President</p> <p>April 2006 Director of the Board, Corporate Vice President General Manager of Corporate Strategy</p> <p>June 2007 Chairman of the Board, President and CEO (present post)</p> <p>January 2019 General Manager of Industrial Materials Business Unit (concurrent post) (present post)</p> <p>【Responsibilities】 Chief Executive Officer, Chairman of Sustainability Committee, General Manager of Industrial Materials Business Unit</p>	618,711 shares

(Significant positions concurrently held)

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 committed to management from medium- to long-term perspectives and has shown strong leadership and decisiveness toward the realization of the Nissha Group's Mission since he assumed office as Chairman of the Board, President and CEO in 2007. 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 and responsibilities	Number of shares held
2	<p>Takao Hashimoto (September 11, 1948) Reappointment</p> <p>(Period served as a Director of the Board) 14 years and 9 months as of the close of the meeting</p> <p>(Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (100%)</p>	<p>April 1973 Entered the Company</p> <p>April 2004 General Manager of Production, Industrial Materials and Input Devices Business Unit</p> <p>June 2005 Director of the Board</p> <p>April 2006 Director of the Board, General Manager of Technology Development, Industrial Materials and Input Devices Business Unit</p> <p>June 2008 Director of the Board, Executive Vice President</p> <p>April 2010 Director of the Board, Executive Vice President Senior Director of Industrial Materials and Input Devices Business Unit (Input Devices and Technology Development)</p> <p>April 2012 Director of the Board, Executive Vice President Senior Director of Corporate Technology Research and Development</p> <p>April 2013 Director of the Board, Senior Executive Vice President</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</p> <p>January 2019 Director of the Board, Senior Executive Vice President Senior Director of Product and Business Development Office (present post)</p> <p>【Responsibilities】 Senior Executive Vice President, Chief Technology Officer, Senior Director of Product and Business Development Office</p>	29,802 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 and responsibilities	Number of shares held
3	Hayato Nishihara (February 16, 1953) Reappointment (Period served as a Director of the Board) 7 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (100%)	<p>April 1976 Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.)</p> <p>May 1986 DKB International plc (London)</p> <p>January 2002 General Manager, Hamamatsu Branch, The Dai-ichi Kangyo Bank, Limited</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】 Senior Executive Vice President, Chief Financial Officer</p>	8,498 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 strengthening the financial basis. 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 and responsibilities	Number of shares held	
4	Daisuke Inoue (February 1, 1966) Reappointment (Period served as a Director of the Board) 2 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (100%)	April 1989	Entered The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)	2,853 shares
		January 1997	Atlanta Branch	
		January 1998	New York Branch	
		April 1999	Head Office Marketing and Sales Division I	
		January 2002	Hong Kong Branch	
		April 2006	Entered the Company	
		April 2007	Director of Strategies for Subsidiaries and Associates, Corporate Strategy	
		April 2008	Director of Corporate Strategy Planning, Corporate Strategy	
		April 2009	Deputy General Manager of Corporate Strategy	
		March 2010	Completed MBA, Graduate School of Management, Ritsumeikan University	
		April 2011	Vice President, Director of Corporate Strategy Planning	
		September 2012	Vice President, Senior Director of Devices Business Unit	
		April 2013	Senior Vice President, Senior Director of Devices Business Unit	
		April 2015	Executive Vice President, General Manager of Devices Business Unit	
March 2018	Director of the Board, Executive Vice President, General Manager of Devices Business Unit (present post)			
		【Responsibilities】 Executive Vice President, General Manager of Devices Business Unit, Chief Human Resources Officer, Senior Director of Human Resources, General Affairs and Legal Affairs, Director of Tokyo Division Headquarters		

(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 assumes responsibility for business management as Executive Vice President and General Manager of Devices Business Unit, while showing strong leadership from the perspective of the Nissha Group as a whole as Chief Human Resources Officer and Senior Director of General Affairs and Legal Affairs. 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 and responsibilities	Number of shares held
5	Wataru Watanabe (December 11, 1971) Reappointment (Period served as a Director of the Board) 2 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out 20 (100%)	<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</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</p> <p>October 2019 Director of the Board, Senior Vice President, Director of Corporate Strategy Planning, Director of New Business Development and Director of Secretary's Office</p> <p>January 2020 Director of the Board, Executive Vice President, Director of Corporate Strategy Planning and Director of New Business Development (present post)</p> <p>【Responsibilities】 Executive Vice President, Chief Strategy Officer, Senior Director of Sustainability, Senior Director of Investor Relations, Director of Corporate Strategy Planning, Director of New Business Development</p>	1,928 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 Executive 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 and responsibilities		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) 3 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (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 15) 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 and responsibilities		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) 2 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (100%)	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 15) 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 and responsibilities	Number of shares held
8	Asli M. Colpan (October 25, 1977) 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 FY2019.12) 16 out of 16 (100%) (After she assumed office as Director of the Board of the Company)	<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.</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> <p>March 2019 Independent Outside Director of the Board, the Company (present post)</p>	0 shares

(Significant positions concurrently held)

Professor, Graduate School of Economics, Kyoto University / Professor, Graduate School of Management, Kyoto University / Independent Auditor, Sumitomo Rubber Industries, Ltd.

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

Ms. Asli M. Colpan has given valuable advice and opinions across the whole range of the Company's management, making the most of her global perspective and excellent expertise practiced in her research on management strategies and corporate governance and broad experience and insight cultivated by participating in corporate management as an independent outside director of the board or an independent auditor of other companies. Ms. Asli M. Colpan has duly performed her duties, such as the supervision of the execution of operations. We ask for her election so that she may continuously serve as an Independent Outside Director of the Board since we judge that she will continue to give her valuable counsel from an independent point of view across the whole range of the Company's management.

Notes:

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

Candidate number	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares held	
9	Kazumichi Matsuki (August 17, 1951) 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 FY2019.12) 15 out of 16 (93.8%) (After he assumed office as Director of the Board of the Company)	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)			
March 2019	Independent Outside Director of the Board, the Company (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 given valuable advice and opinions across the whole range of the Company's management, making the most of his experience in proactive and broad business development and deep insight concerning its governance as he assumed important posts regarding legal affairs and compliance at a company globally developing business while participating in corporate management at manufacturers. Mr. Kazumichi Matsuki has duly performed his duties, such as the supervision of the execution of operations. We 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. Kazumichi Matsuki and the Company.
- 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.
- The Company has concluded a contract for limitation of liability with Mr. Kazumichi Matsuki, 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 Tokyo Stock Exchange has been notified of Mr. Kazumichi Matsuki as an Independent Officer of the Company.

Proposal 2: Election of Two (2) Audit and Supervisory Board Members

The term of office of Audit and Supervisory Board Members, Mr. Hitoshi Konishi and Shigeaki Momo-o, shall expire at the close of this Ordinary General Meeting of Shareholders.

Therefore, the Company proposes the election of two (2) Audit and Supervisory Board Members, including one (1) Independent Audit and Supervisory Board Member.

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

In addition, candidates for the position of Audit and Supervisory Board Members were determined based on a report of the Nomination and Remuneration Committee (page 24 of the Japanese original) chaired by an Independent Outside Director of the Board in accordance with the standards for selecting candidates for the position of Audit and Supervisory Board Members. The candidate for the position of Independent Audit and Supervisory Board Member also satisfies the “Standards for Independence of Independent Officers” (page 15).

The candidates for the position of Audit and Supervisory Board Members are as follows:

Candidate number	Name (Date of birth)	Career summary and positions		Number of shares held
1	Tetsuya Taniguchi (December 14, 1958) New appointment	April 1982	Entered the Company	1,862 shares
		April 2002	Director of General Affairs	
		April 2007	Director of Corporate Communications, Corporate Strategy and Senior Director of Investor Relations	
		April 2009	General Manager of Corporate Communications and Senior Director of Investor Relations	
		April 2011	Senior Director of Corporate Communications and Senior Director of Investor Relations	
		April 2014	Senior Director of Corporate Communications and Director of Corporate Social Responsibility	
		January 2018	Director of Facility Planning Office, Headquarters (present post)	

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

Mr. Tetsuya Taniguchi engaged in operations of corporate communications, investor relations and corporate social responsibility, after having been in charge of operations in the general affairs, and strived for transparency and clarity in disclose for shareholders and investors. Also, he has extensive knowledge of the Nissha Group’s business as a whole. In light of such broad experience and deep insight, we ask for his election so that he may newly serve as an Audit and Supervisory Board Member since we judge that he is an appropriate talented person who will audit business execution of the Company.

Notes:

1. No special interest exists between Mr. Tetsuya Taniguchi 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 and positions		Number of shares held
2	Shigeaki Momo-o (August 19, 1940) Reappointment Candidate for Independent Audit and Supervisory Board Member Independent Officer (Period served as an Audit and Supervisory Board Member) 18 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2019.12) 20 out of 20 (100%) (Attendance at meetings of Audit and Supervisory Board in FY2019.12) 13 out of 13 (100%)	April 1966	Registered as an attorney (The Dai-ichi Tokyo Bar Association)	11,450 shares
		June 1969	The University of Texas, Law School, M.C.L. (Master of Comparative Law)	
		February 1989	Partner, Momo-o, Matsuo & Namba (present post)	
		October 1996	Member of Legislative Council of the Ministry of Justice, Bankruptcy Law Subcommittee	
		January 2001	Temporary Member of Legislative Council of the Ministry of Justice	
		June 2001	Independent Audit and Supervisory Board Member, the Company (present post)	
		March 2002	Member of the Advisory Committee for the Supreme Court Civil Regulations Enactment	
December 2007	Civil Conciliation Committee Member (Tokyo District Court)			

(Significant positions concurrently held)

Partner, Momo-o, Matsuo & Namba

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

Mr. Shigeaki Momo-o is not only well acquainted with corporate legal affairs as a lawyer but also has broad experience in global business and acquisition of overseas corporations as a pioneering international attorney in Japan as well as deep insight in the medical devices market, one of the focus markets of the Company. Mr. Shigeaki Momo-o has been auditing the Company from his professional perspective. He has also participated in corporate management as an Independent Audit and Supervisory Board Member of the Company and 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. Shigeaki Momo-o and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. Mr. Shigeaki Momo-o 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. Shigeaki Momo-o, 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 Company received necessary legal advice from, and paid remuneration to, Momo-o, Matsuo & Namba, a law office to which Mr. Shigeaki Momo-o belongs. The amount, however, meets the "Standards for Independence of Independent Officers" (page 15) 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 law office, and would not affect the independence of Mr. Shigeaki Momo-o as an Independent Audit and Supervisory Board Member.
6. The Tokyo Stock Exchange has been notified of Mr. Shigeaki Momo-o as an Independent Officer of the Company.

(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, 2019 through December 31, 2019)

1. Current status of the Nissha Group

(1) Progress and results of operations

Regarding the global economy during the current fiscal year (in the fiscal year ended December 31, 2019), the recovery was gradual on the whole. On the other hand, due to the US-China trade friction and concerns over the UK's withdrawal from the EU, etc., uncertainty over the future widened and the speed of recovery had slowed down. While the United States saw ongoing economic recovery thanks primarily to increased consumer spending, recovery in the European economy was weak. In China, the gradual economic slowdown continued, and in other Asian emerging countries, the economic recovery turned out to be weak. The Japanese economy has continued a gradual recovery overall, although there are some recent weaknesses in export and production.

The Group has been operating the Sixth Medium-term Business Plan (three-year plan), centering on growth by reorganizing and optimizing its business portfolio. We have set the markets of mobility (automotive), medical devices and sustainable packaging materials as our focus markets, in addition to the mainstay consumer electronics (IT), and aim to develop well-balanced business bases and enhance our corporate value by implementing the global-based growth strategy. During the current fiscal year, using funds gained from selling non-current assets which are no longer business assets, we conducted efforts such as corporate acquisitions in our focus markets, and steadily made progress in the reorganization of the business portfolio. Regarding the financial results for the current fiscal year, demand for the Devices segment fell far below the initial projection, despite demand for our mainstay smartphone turning into an expansion trend in the second half of the year. In the Industrial Materials segment, the operation rate of domestic plants declined, and we still face challenges in improving the profitability of some overseas plants. The Medical Technologies segment experienced robust demand.

As a result, regarding the consolidated financial results for the current fiscal year, the net sales were ¥173,189 million (a decrease of 16.5% as compared to the same period of the previous year). EBITDA was ¥5,221 million (a decrease of 69.9% as compared to the same period of the previous year). Operating loss was ¥4,307 million (operating profit of ¥8,080 million in the same period of the previous year). Ordinary loss was ¥4,696 million (ordinary profit of ¥7,380 million in the same period of the previous year). Loss attributable to owners of parent was ¥4,131 million (profit attributable to owners of parent of ¥4,318 million in 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, IML, and IME, which facilitate simultaneous in-mold decoration, design and function adding of plastic products, are extensively adopted in mobility (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 sustainable packaging materials for beverages and foods on a global basis.

During the current fiscal year, the operation at domestic plants was not fully active on account of sluggish demand for Chinese market and furthermore, challenge to improve profitability continues at some overseas plants.

As a result, segment sales for the current fiscal year were ¥46,463 million (a decrease of 1.4% as compared to the same period of the previous year), and EBITDA was ¥1,438 million (a decrease of 60.9% as compared to the same period of the previous year). Segment loss (operating loss) was ¥2,297 million (segment profit (operating profit) of ¥138 million in the same period of the previous year).

Principal products

In-mold decoration (IMD), in-mold labeling (IML), in-mold electronics (IME), transfer foil and metallized paper

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

Devices

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

During the current fiscal year, although demand for products turned into an expansion trend in the second half of the year and revenue of the segment recovered, demand for smartphones fell far below the initial projection, and the segment's performance was lackluster.

As a result, segment sales for the current fiscal year were ¥94,706 million (a decrease of 23.3% as compared to the same period of the previous year), and EBITDA was ¥4,251 million (a decrease of 70.6% as compared to the same period of the previous year). Segment profit (operating profit) was ¥1,151 million (a decrease of 89.9% 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 and gas sensor

Medical Technologies

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 manufacture) for major medical device manufacturers on a global basis with products such as surgical instruments for minimal invasive treatments and medical wearable sensor used for a wide range of conditions, primarily heart disease. In addition to this, the segment currently manufactures and sells its own brand products to medical institutions.

During the current fiscal year, although temporary expenses were incurred relating to corporate acquisitions in accordance with the growth strategy, demand progressed steadily primarily for our mainstay products of contract manufacturing services.

As a result, segment sales for the current fiscal year were ¥24,068 million (an increase of 7.7% as compared to the same period of the previous year), and EBITDA was ¥2,089 million (an increase of 14.2% as compared to the same period of the previous year). Segment profit (operating profit) was ¥174 million (segment loss (operating loss) of ¥50 million in the same period of the previous year).

Principal products

Disposable electrocardiogram (ECG) electrodes, minimally invasive surgical instruments* and medical wearable sensors*

*Products are not produced or sold in Japan (as of December 31, 2019).

Information and Communication

In the Information and Communication segment, we focus on the fields such as publication printing and art solution, where we can make the most of our high-definition and high-quality tone reproduction capabilities, and also offer commercial printing and services related to sales promotion.

During the current fiscal year, profitability improved owing to the consolidation of business bases in the Kansai region, and the implementation of rationalization measures for the production system, despite a temporary decrease in the operation rate of our plants, due to the relocation and integration of the plants.

As a result, segment sales for the current fiscal year were ¥7,417 million (a decrease of 46.8% as compared to the same period of the previous year), and EBITDA was negative ¥15 million (negative ¥402

million in the same period of the previous year). Segment loss (operating loss) was ¥150 million (segment loss (operating loss) of ¥618 million in the same period of the previous year).

Principal products

Art solutions, publication printing, commercial printing, sales promotion and IT solutions

(2) Status of fund procurement, etc.

1) Status of fund procurement

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

2) Status of capital investment

Under the Sixth Medium-term Business Plan (from January 1, 2018 through December 31, 2020), the Nissha Group set the markets of mobility (automotive), medical devices and sustainable packaging materials as its focus markets, in addition to the mainstay consumer electronics (IT), and aims to enhance its corporate value by implementing the global-based growth strategy.

To this end, we expanded plants and enhanced production equipment at North and Central American bases in the Industrial Materials business segment, in addition to the renovation of plants of Nitec Precision and Technologies, Inc. in the Devices business segment.

As a result, capital investment amounted to ¥2,972 million in the Industrial Materials business segment, ¥2,283 million in the Devices business segment, ¥689 million in the Medical Technologies business segment, ¥596 million in the Information and Communication business segment, and ¥1,411 million in other and common corporate divisions (R&D and Administration divisions). The Nissha Group as a whole curbed its capital investment to ¥7,953 million (a decrease of 25.1% from the previous fiscal year).

The details of our major capital investment are as follows:

Segments	Breakdown of major capital investment
Industrial Materials	Expansion of plants and enhancement of production equipment at our focus markets in North and Central American bases
Devices	Renovation of plants 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

(3) Status of assets and operating results

1) Status of consolidated assets and profit and loss

(Millions of Yen)

Items	FY2017.3 [the 98 th business term]	FY2017.12 [the 99 th business term]	FY2018.12 [the 100 th business term]	FY2019.12 (current term) [the 101 st business term]
Net sales	115,802	159,518	207,404	173,189
Operating income (loss)	(3,904)	6,278	8,080	(4,307)
Ordinary income (loss)	(4,914)	7,578	7,380	(4,696)
Profit (loss) attributable to owners of parent	(7,408)	6,734	4,318	(4,131)
Basic earnings (loss) per share (Yen)	(169.10)	139.72	85.70	(82.77)
Total assets	182,670	225,160	202,596	190,634
Net assets	74,606	94,054	90,326	86,255

- 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. The Company has introduced the Board Benefit Trust (BBT) from FY2017.3 (the 98th business term), and the Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type) from FY2019.12 (current term). 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.
 4. The Company finalized the provisional accounting treatment pertaining to business combinations in FY2019.12 (the 101st business term), and reflected the details of the finalization of the provisional accounting treatment on figures related to the 100th business term.
 5. The Company applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of FY2019.12 (the 101st business term), and amounts in the 100th business term are figures obtained by retrospectively applying the said accounting standard, etc.

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

(Millions of Yen)

Items	FY2017.3 [the 98 th business term]	FY2017.12 [the 99 th business term]	FY2018.12 [the 100 th business term]	FY2019.12 (current term) [the 101 st business term]
Net sales	68,993	111,530	139,327	108,229
Operating income (loss)	(1,315)	4,210	5,132	(1,079)
Ordinary income (loss)	(692)	6,639	7,086	437
Profit (loss)	(1,807)	5,483	6,263	(1,259)
Basic earnings (loss) per share (Yen)	(41.24)	113.77	124.32	(25.23)
Total assets	133,174	170,148	154,561	149,975
Net assets	61,207	78,155	78,445	79,224

- 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. The Company has introduced the Board Benefit Trust (BBT) from FY2017.3 (the 98th business term), and the Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type) from FY2019.12 (current term). 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. The Company applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of FY2019.12 (the 101st business term), and amounts in the 100th business term are figures obtained by retrospectively applying the said accounting standard, etc.

(4) Issues to be addressed

During the next fiscal year (in the fiscal year ending December 31,2020), the global economy is expected to remain on a moderate recovery trend, despite traces of a sluggish recovery remaining. However, we have to continue keeping an eye on movements revolving around the US-China trade conflicts, the future prospects of the Chinese economy, effects on UK's withdrawal from the EU, impact from fluctuations in financial and capital markets, and other factors.

Since January 2018, the Group has been implementing the Sixth Medium-term Business Plan (three-year plan), centering on growth by reorganizing and optimizing its business portfolio. We have set the markets of mobility (automotive), medical devices and sustainable packaging materials as our focus markets, in addition to the mainstay consumer electronics (IT), and aim to develop well-balanced business bases and enhance our corporate value by implementing a global-based growth strategy.

During the implementation, through active efforts in the utilization of M&A, in the market of medical devices, we endeavored to enhance our product design and development capabilities as well as our product line-up, and in the sustainable packaging materials market, we realized the expansion of our market share of metallized paper. Furthermore, we newly established a Mobility Business Unit, which integrates the strengths of the Industrial Materials segment and the Devices segment, and accelerated business development in the mobility (automotive) market, thereby steadily making progress in the reorganization of the business portfolio.

During the next fiscal year which is the final year of the Sixth Medium-term Business Plan, we expect to see stable growth in mobility (automotive), medical devices and sustainable packaging materials among our focus markets. On the other hand, in the IT market, we expect market conditions to become severer, because of a decrease in demand due to slowdown in our mainstay smartphone market growth, seasonal variations in demand, and changes in technological trends. In anticipation of this harsh market environment, we have worked to reduce variable expenses and the burden of investments, and also cut down on fixed expenses. As a result, we are now able to control costs flexibly when demand falls, but we need to make further improvements in profitability in order to enhance corporate value. Based on this awareness, we shall implement the Measures to Strengthen Profitability, and construct a foundation for regrowth of net sales and expanding equilibrium.

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, 2019)

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)
	Osaka Division Headquarters (Osaka)
	Tokyo Sales Office (Shinagawa-ku, Tokyo)
	Kameoka Factory (Kameoka, Kyoto Pref.)
Zonnebodo Pharmaceutical Co., Ltd.	Headquarters/Factory (Hachioji, Tokyo)
Nissha Business Service, Inc.	Headquarters (Kyoto)
Nissha USA, Inc.	Head Office (U.S.A.)
Eimo Technologies, Inc.	Head Office/Factory (U.S.A.)
Nissha GSI 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 Vietnam Co., Ltd.	Head Office (Vietnam)

- Notes:
1. Nissha Si-Cal Technologies, Inc. changed its trade name to Nissha GSI Technologies, Inc. as of May 24, 2019.
 2. Nissha Industrial and Trading Malaysia Sdn. Bhd. transferred the shares of Nissha Flooring Industries Sdn. Bhd. to Scanwolf Plastic Industries Sdn. Bhd. (hereinafter "Scanwolf Plastic"), a Malaysian manufacturer of construction materials, as of July 1, 2019. Nissha Flooring Industries Sdn. Bhd. was a subsidiary for production of Luxury Vinyl Tiles operated in a joint venture with Scanwolf Plastic.
 3. The Company acquired the shares of Zonnebodo Pharmaceutical Co., Ltd., which is engaged in manufacturing and marketing in-house developed prescription pharmaceuticals and quasi drugs, and turned the company into a subsidiary as of November 25, 2019.
 4. Nitec Industries, Inc. made Kameoka Factory (Kameoka, Kyoto Pref.) a production base as of January 1, 2020, resulting in a structure of two factories: Koka Factory and Kameoka Factory.

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	2,598	-73
Devices	1,252	-77
Medical Technologies	1,235	+22
Information and Communication	169	-95
Other and common corporate divisions (R&D and Administration divisions)	464	+97
Total	5,718	-126

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	609	-7	42.9 years	15.3 years
Female	210	+7	36.7 years	11.0 years
Total or average	819	-	41.3 years	14.2 years

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

(6) Status of important parent company and subsidiaries (as of December 31, 2019)

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	100%	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	100%*	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 * includes 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, 2019)

(Millions of Yen)

Creditors	Amount of borrowings
Mizuho Bank, Ltd.	10,000
The Bank of Kyoto, Ltd.	5,000
MUFG Bank, Ltd.	5,000

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

The Company resolved to implement “Measures to Strengthen Profitability” at the meeting of the Board of Directors held on February 14, 2020. Accordingly, the Company will call voluntary retirement as follows:

(1) Reason for calling voluntary retirement

The Company Group has set the markets of mobility (automotive), medical devices and sustainable packaging materials as its focus markets, in addition to the mainstay consumer electronics (IT), and aims at “completion of balanced management” by reorganizing and optimizing its business portfolio.

Of these focus markets, the Company Group has achieved significant growth in the markets of mobility (automotive), medical devices and sustainable packaging materials mainly through efforts in the utilization of M&A and also anticipates their sustainable growths in the future. On the other hand, in the IT market, the Company Group expects market conditions to become severer primarily because of changes in technological trends, in addition to decrease in demand due to slowing growth in smartphone market and seasonal variations in demand. In anticipation of this harsh market environment, the Company Group has worked to reduce variable expenses and the burden of investments, and also cut down on fixed expenses. As a result, the Company Group is now able to control costs flexibly when demand falls, but the Company Group needs to make further improvements in profitability in order to enhance corporate value.

Based on this awareness, the Company has decided to implement the “Measures to Strengthen Profitability” and call voluntary retirement as part of its measures.

- (2) Overview of calling voluntary retirement
- Number of applicants: Approximately 250 people, mainly full-time employees in the Company and its domestic subsidiaries
 - Eligible employees and application period: To be determined
- (3) Estimated amount of loss resulting from voluntary retirement
- The Company Group plans to post loss of approximately ¥2.0 billion for the fiscal year ending December 31, 2020 as additional retirement payment and re-employment support program fees for voluntary retirement.

2. Matters Regarding Shares of the Company (as of December 31, 2019)

- (1) **Total number of shares authorized** **180,000,000 shares**
- (2) **Total number of common shares issued** **50,855,638 shares**
(including 512,257 treasury shares)
- (3) **Number of shareholders** **11,194**
- (4) **Major shareholders (Top 10)**

Name	No. of Shares Held (thousand shares)	Shareholding Ratio (%)
Suzuki Kosan Co., Ltd.	2,563	5.09
Meiji Yasuda Life Insurance Company	2,341	4.65
The Master Trust Bank of Japan, Ltd. (trust account)	2,142	4.25
Mizuho Bank, Ltd.	2,076	4.12
TAIYO FUND, L. P.	2,009	3.99
TAIYO HANEI FUND, L.P.	1,558	3.09
The Bank of Kyoto, Ltd.	1,442	2.86
Japan Trustee Services Bank, Ltd. (trust account)	1,255	2.49
STATE STREET BANK AND TRUST COMPANY 505227	1,076	2.13
Nissha Kyoeikai	1,059	2.10

- 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, the Board Benefit Trust (BBT), as well as the Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type), and Trust & Custody Services Bank, Ltd. (Trust E Account) (hereinafter, the "Trust E Account") holds 430 thousand shares of the Company's stock. The shares of the Company's stock held by the Trust E Account are not included in treasury shares.
3. The shares held by Mizuho Bank, Ltd., mentioned above, are trust assets of a retirement benefit trust contributed by the bank (the name in the register of shareholders is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account Retrustee Trust & Custody Services Bank, Ltd.).
4. Nissha Kyoeikai is a shareholding association for business partners of the Company.

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

The Company disposed of treasury shares based on a resolution of the Board of Directors held on November 8, 2019 as detailed below.

Number of shares disposed of	352,000 shares of common stock
Total disposition price	¥437,536,000
Purpose of disposition	To establish the Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type)
Disposal date	November 27, 2019

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, 2019)**

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, 2019)

(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 General Manager of Industrial Materials Business Unit	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	
Director of the Board	Daisuke Inoue	Executive Vice President General Manager of Devices Business Unit Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	
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	
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		
Independent Outside Director of the Board	Asli M. Colpan		Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Independent Auditor, Sumitomo Rubber Industries, Ltd.
Independent Outside Director of the Board	Kazumichi Matsuki		Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION Independent Outside Director of the Board, ANEST IWATA Corporation Director, Japan Criminal Policy Society

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, WATABE WEDDING CORPORATION Independent Outside Director of the Board (Audit and Supervisory Committee Member), SK-Electronics CO., LTD.

- Notes:
1. Mr. Kazuhito Osugi, Mr. Makoto Ando, Ms. Asli M. Colpan and Mr. Kazumichi Matsuki 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 15) 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 15) 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 current fiscal year are as follows:
 - (1) At the Ordinary General Meeting of Shareholders for the 100th Business Term held on March 22, 2019, Ms. Asli M. Colpan and Mr. Kazumichi Matsuki were newly elected as Directors of the Board of the Company and assumed their offices on such date.
 - (2) Mr. Tamio Kubota and Ms. Sawako Nohara, Directors of the Board, retired upon the expiration of the term of their office as of March 22, 2019.
 - (3) Mr. Junya Suzuki, Chairman of the Board, President and CEO, resigned from his office as Chairman, Kyoto Association of Corporate Executives upon the expiration of the term of his office as of April 25, 2019.
 - (4) Ms. Asli M. Colpan, Director of the Board, resigned from her office as Independent Outside Director of the Board, GOURMET KINEYA CO., LTD. upon the expiration of the term of her office as of June 19, 2019.
 - (5) Mr. Yusuke Nakano resigned from his office as Independent Audit and Supervisory Board Member, FUJIX Ltd. upon the expiration of the term of his office as of June 27, 2019.

9. As a result of changes in responsibilities of Directors of the Board as of January 1, 2020, 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 Chairman of Sustainability Committee General Manager of Industrial Materials Business Unit	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	
Director of the Board	Daisuke Inoue	Executive Vice President General Manager of Devices Business Unit Chief Human Resources Officer Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	
Director of the Board	Wataru Watanabe	Executive Vice President Chief Strategy Officer Senior Director of Sustainability and Investor Relations Director of Corporate Strategy Planning Director of New Business Development	
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		
Independent Outside Director of the Board	Asli M. Colpan		Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Independent Auditor, Sumitomo Rubber Industries, Ltd.
Independent Outside Director of the Board	Kazumichi Matsuki		Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION Independent Outside Director of the Board, ANEST IWATA Corporation Director, Japan Criminal Policy Society

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 1, 2020.
11. Mr. Kazuhito Osugi, Mr. Makoto Ando, Ms. Asli M. Colpan and Mr. Kazumichi Matsuki, 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	¥288 million (¥33 million of which were paid to six 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	¥334 million (¥50 million of which were paid to eight 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 100th Business Term, held on March 22, 2019, 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 ¥25 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	Kazuhito Osugi	He attended all of the 20 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 20 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 broad experience as a business manager in the manufacturing industry.
	Asli M. Colpan	She attended all of the 16 meetings of the Board of Directors held after she assumed office as an Independent Outside Director of the Board, and gave advice and opinions concerning the management of the Company based on her deep insight as a researcher in corporate governance and management strategies.
	Kazumichi Matsuki	He attended 15 of the 16 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 deep insight in legal affairs and compliance cultivated at a trading company and in the manufacturing industry as well as his broad experience in corporate management.

Position	Name	Major activities
Independent Audit and Supervisory Board Members	Shigeaki Momo-o	He attended all of the 20 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 17 of the 20 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 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	¥96 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor	¥106 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, and strive to continuously improve and enhance Internal Control upon confirming the status of its operations.

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 internal regulations on information management, and the information shall be maintained in a condition which can be inspected.
 - (ii) The Company shall prevent unauthorized use, disclosure or leakage of corporate information and properly handle confidential and personal information pursuant to internal regulations on information management, and the Nissha Group shall strive for thorough implementation of such measures.
 - (iii) The Company shall disclose important information on the Nissha Group timely and properly by establishing a Disclosure Control Committee which shall discuss the necessity of timely disclosure of corporate information and the contents of disclosure.

- 3) **Rules and other systems for risk management of the Nissha Group**
 - (i) The Company shall formulate the Basic Policy for Risk Management to specify the Nissha Group's initiatives in risk management.
 - (ii) The Sustainability Committee led by the Chairman of the Board, President and CEO as the acting Committee Chairman shall prioritize non-financial risks that hinder business continuity necessary for the Nissha Group to survive over the long-term. 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) Each of the seven subcommittees organized under the Sustainability Committee (Corporate Ethics and Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, and Quality) shall establish key performance indicators (KPIs) for risk factors, develop them at business divisions, and manage and report the progress to the Sustainability 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 and designates the corporate ethics and compliance month in order to make them thoroughly known to officers and employees on a global basis.

In addition, the Company appropriately addresses the issues of corporate ethics and compliance by setting up and operating an in-house reporting system, through which the Nissha Group employees may directly provide information, 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 and 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 attend important meetings and inspect information to keep track of the status of the execution of operations and take necessary measures.

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.

Note: The CSR Committee was renamed the Sustainability Committee as of January 1, 2020, and seven subcommittees (Corporate Ethics and Compliance, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, and Quality) were organized under its control.

(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- to 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.

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.

The Nissha Group has been currently operating the Sixth Medium-term Business Plan. We have set the markets of mobility (automotive), medical devices and sustainable packaging materials as our focus markets, in addition to the mainstay consumer electronics (IT), and aim to develop well-balanced business bases and enhance our corporate value by implementing the global-based growth strategy.

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, 11.1% are women and 11.1% are foreign nationals). 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 corporate governance, overall finance, legal affairs and compliance, 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 abolished the "Countermeasures Against a Large-scale Purchase of Shares of Nissha Printing Co., Ltd." at the close of the 100th Ordinary General Meeting of Shareholders, held on March 22, 2019. However, in the event of a party seeking to perform a large-scale purchase of shares of the Company, the Company will take proper measures pursuant to the Financial Instruments and Exchange Act, the Companies Act and other applicable laws and regulations, including asking the party to provide necessary and sufficient information, disclosure of opinions, etc. of the Board of Directors of the Company and ensuring of sufficient time and information so that the shareholders may properly determine whether the large-scale purchase is acceptable.

4) Judgment of the Board of Directors on aforementioned initiatives

The initiatives described in aforementioned 2) and 3) are measures to secure and enhance the corporate value of the Company and the common interests of shareholders following the basic policy.

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

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

The Company, while giving consideration to financial safety, uses cash flows generated by operating activities, etc. mainly for growth investments, including M&As, capital investment, and research and development, which will contribute to the improvement of the corporate value over a medium- to long term. Our basic policy is to provide stable ongoing dividends to our shareholders. In determining distributions of profits to shareholders, the Company implements the basic policy of the consistence dividends by taking into account a full range of factors including its business results in the current fiscal year, forecasts of future results, dividend payout ratios, financial soundness, and

other factors, and, at the same time, the Company will properly consider stock buybacks as a way of improving capital efficiency.

As for the dividends for current fiscal year, the Company decided to pay a year-end dividend of ¥20.00 per share, including a commemorative dividend (¥5.00) in recognition of the 90th anniversary of the Company's foundation. The annual dividend per share will therefore be ¥35.00 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, 2019)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	79,587	Current liabilities	73,617
Cash and deposits	17,627	Notes and accounts payable-trade	33,576
Notes and accounts receivable-trade	36,801	Electronically recorded obligations-operating	4,548
Merchandise and finished goods	8,084	Short-term loans payable	20,803
Work in process	5,880	Current portion of long-term loans payable	1,363
Raw materials and supplies	6,111	Lease liabilities	212
Consumption taxes receivable	3,019	Accrued expenses	4,910
Other	2,432	Income taxes payable	449
Allowance for doubtful accounts	(370)	Provision for bonuses	1,895
		Provision for directors' bonuses	63
		Provision for product warranties	35
		Other	5,757
Non-current assets	111,047	Long-term liabilities	30,761
Property, plant and equipment	54,921	Bonds payable	2,840
Buildings and structures	29,237	Long-term loans payable	11,427
Machinery, equipment and vehicles	12,676	Lease liabilities	1,340
Tools, furniture and fixtures	2,717	Deferred tax liabilities	8,582
Land	6,364	Provision for management board benefit trust	88
Lease assets	1,395	Net defined benefit liability	4,521
Construction in progress	1,021	Other	1,961
Other	1,508		
		Total liabilities	104,378
		(NET ASSETS)	
Intangible assets	34,486	Shareholders' equity	73,360
Trademark right	3,183	Capital stock	12,119
Software	1,055	Capital surplus	14,388
Goodwill	21,630	Retained earnings	48,495
Technical assets	1,734	Treasury shares	(1,643)
Customer related assets	5,870		
Other	1,011	Accumulated other comprehensive income	12,901
		Valuation difference on available-for-sale securities	11,776
Investments and other assets	21,639	Foreign currency translation adjustments	833
Investment securities	20,065	Remeasurements of defined benefit plans	292
Deferred tax assets	663		
Net defined benefit asset	265	Non-controlling interests	(6)
Other	1,408		
Allowance for doubtful accounts	(764)	Total net assets	86,255
Total assets	190,634	Total liabilities and net assets	190,634

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

Consolidated Statement of Income

(From January 1, 2019 to December 31, 2019)

(Millions of Yen)

Items	Amount	
Net sales		173,189
Cost of sales		149,254
Gross profit		23,935
Selling, general and administrative expenses		28,242
Operating loss		4,307
Non-operating income		
Interest and dividend income	441	
Foreign exchange gains	387	
Other	233	1,062
Non-operating expenses		
Interest expenses	1,043	
Share of loss of entities accounted for using equity method	6	
Provision of allowance for doubtful accounts	306	
Other	95	1,452
Ordinary loss		4,696
Extraordinary income		
Gain on sales of non-current assets	5,040	
Gain on sales of investment securities	253	
Gain on sales of shares of subsidiaries and associates	907	
State subsidy	82	6,283
Extraordinary losses		
Loss on sales and retirement of non-current assets	701	
Loss on valuation of investment securities	565	
Impairment loss	794	
Loss on closing of plants	264	
Business structure improvement expenses	47	
Business establishment transfer cost	24	
Loss on liquidation of business	1,402	3,801
Loss before income taxes		2,213
Income taxes - current	1,118	
Income taxes - deferred	797	1,916
Loss		4,129
Profit attributable to non-controlling interests		1
Loss attributable to owners of parent		4,131

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

Non-consolidated Balance Sheet

(As of December 31, 2019)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	50,918	Current liabilities	59,922
Cash and deposits	11,102	Notes payable-trade	2,492
Notes receivable-trade	394	Accounts payable-trade	29,560
Accounts receivable-trade	27,047	Electronically recorded obligations	3,063
Short-term loans receivable	5,073	Short-term loans payable	20,020
Merchandise and finished goods	2,260	Accrued expenses	2,192
Work in process	916	Income taxes payable	189
Raw materials and supplies	35	Provision for bonuses	683
Accounts receivable-other	983	Provision for directors' bonuses	63
Consumption taxes receivable	2,440	Other	1,657
Other	686		
Allowance for doubtful accounts	(23)	Long-term liabilities	10,827
		Bonds payable	2,840
Non-current assets	99,056	Long-term loans payable	287
Property, plant and equipment	22,132	Deferred tax liabilities	5,019
Buildings	14,359	Provision for management board benefit trust	88
Structures	364	Provision for retirement benefits	2,528
Machinery and equipment	52	Other	63
Vehicles	1		
Tools, furniture and fixtures	1,061	Total liabilities	70,750
Land	5,900		
Lease assets	1	(NET ASSETS)	
Construction in progress	390	Shareholders' equity	67,612
Intangible assets	850	Capital stock	12,119
Software	650	Capital surplus	15,221
Other	200	Legal capital surplus	13,550
Investments and other assets	76,074	Other capital surplus	1,671
Investment securities	19,382	Retained earnings	41,914
Shares of subsidiaries and associates	40,260	Legal retained earnings	1,230
Investments in other securities of subsidiaries and associates	154	Other retained earnings	40,684
Investments in capital of subsidiaries and associates	3,622	General reserve	28,766
Long-term loans receivable	15,999	Retained earnings brought forward	11,918
Claims provable in bankruptcy, claims provable in rehabilitation and other	224	Treasury shares	(1,643)
Prepaid pension cost	99		
Other	583	Valuation and translation adjustments	11,611
Allowance for doubtful accounts	(4,253)	Valuation difference on available-for-sale securities	11,611
Total assets	149,975	Total net assets	79,224
		Total liabilities and net assets	149,975

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

Non-consolidated Statement of Income

(From January 1, 2019 to December 31, 2019)

(Millions of Yen)

Items	Amount	
Net sales		108,229
Cost of sales		95,459
Gross profit		12,770
Selling, general, and administrative expenses		13,849
Operating loss		1,079
Non-operating income		
Interest and dividend income	609	
Non-current assets rent	1,619	
Foreign exchange gains	520	
Other	62	2,811
Non-operating expenses		
Interest expenses	112	
Expenses for non-current asset loaned	858	
Provision of allowance for doubtful accounts	306	
Other	18	1,295
Ordinary profit		437
Extraordinary income		
Gain on sales of non-current assets	4,977	
Gain on sales of investment securities	253	
Gain on sales of shares of subsidiaries and associates	19	
State subsidy	71	5,322
Extraordinary losses		
Loss on sales and retirement of non-current assets	513	
Loss on valuation of investment securities	565	
Loss on valuation of shares of subsidiaries and associates	270	
Impairment loss	2,039	
Loss on liquidation of business	1,402	
Provision of allowance for doubtful accounts for subsidiaries and associates	1,046	5,838
Loss before income taxes		78
Income taxes - current	439	
Income taxes-deferred	740	1,180
Loss		1,259

(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 14, 2020

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

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

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, 2019 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, 2019 to December 31, 2019, 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 Notes to Significant Subsequent Events, the Company resolved to implement "Measures to Strengthen Profitability" at the meeting of the Board of Directors held on February 14, 2020, and will recruit voluntary retirees.

This does 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 14, 2020

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

Deloitte Touche Tohmatsu LLC

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Designated Partner,
Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

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, 2019 of Nissha Co., Ltd. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 101st fiscal year from January 1, 2019 to December 31, 2019, 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 Notes to Significant Subsequent Events, the Company resolved to implement “Measures to Strengthen Profitability” at the meeting of the Board of Directors held on February 14, 2020, and will recruit voluntary retirees.

This does 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 101st business term from January 1, 2019 through December 31, 2019, 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 14, 2020

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