

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 102nd 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)
February 26, 2021

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 102nd Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 102nd Business Term of Nissha Co., Ltd. (the “Company”) shall be held as described below.

Instead of attending 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 18, 2021 (Thu.) after examining the “Reference Materials for the General Meeting of Shareholders” (pages 3 through 16).

Ordinary General Meeting of Shareholders

1. **Date and time:** March 19, 2021 (Fri.), 10:00 a.m. (Reception for the meeting will start at 9:00 a.m.)
2. **Venue:** Company auditorium, 3 Mibu Hanai-cho, Nakagyo-ku, Kyoto, Japan
(Please refer to the “Guide to the Venue for the General Meeting of Shareholders” of the Japanese original.)
3. **Agenda:**
 1. **Matters to be reported**
 1. Report on the Business Report, Consolidated Financial Statements for the 102nd business term (from January 1, 2020 through December 31, 2020) and the Audit Results of the Accounting Auditor and the Audit and Supervisory Board
 2. Report on the Non-consolidated Financial Statements for the 102nd business term (from January 1, 2020 through December 31, 2020)

Proposals to be resolved

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

Proposal 2: Revision of Amount of Stock Compensation Paid to Directors of the Board

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.

Not attending the meeting	1 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 18, 2021 (Thu.), 6:00 p.m.
	2 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 18, 2021 (Thu.), 6:00 p.m.
Attending the meeting	3 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 19, 2021 (Fri.), 10:00 a.m. (Reception for the meeting will start at 9:00 a.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 Statements of Changes in Equity; 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 Compensation Committee (page 28 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 13).

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	21 years and 9 months	100% (18 out of 18)
2	Daisuke Inoue	Reappointment		Director of the Board Senior Executive Vice President General Manager of Devices Business Unit Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	3 years	100% (18 out of 18)
3	Wataru Watanabe	Reappointment		Director of the Board Executive Vice President Chief Strategy Officer Director of Corporate Strategy Planning Senior Director of New Business Development Office Senior Director of Sustainability and Investor Relations	3 years	100% (18 out of 18)
4	Yutaka Nishimoto	New appointment		Executive Vice President Chief Quality and Production Officer Senior Director of Devices Business Unit (Quality and Production)	-	-
5	Hisashi Iso	New appointment		Senior Vice President General Manager of Industrial Materials Business Unit	-	-
6	Kazuhito Osugi	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	4 years and 9 months	100% (18 out of 18)
7	Makoto Ando	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	3 years	100% (18 out of 18)
8	Asli M. Colpan	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	2 years	100% (18 out of 18)
9	Kazumichi Matsuki	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	2 years	100% (18 out of 18)

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) 21 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out of 18 (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>【Responsibilities】 Chief Executive Officer, Chairman of Sustainability Committee</p>	621,772 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	Daisuke Inoue (February 1, 1966) Reappointment (Period served as a Director of the Board) 3 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out 18 (100%)	<p>April 1989 Entered The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)</p> <p>January 1997 Atlanta Branch</p> <p>January 1998 New York Branch</p> <p>April 1999 Head Office Marketing and Sales Division I</p> <p>January 2002 Hong Kong Branch</p> <p>April 2006 Entered the Company</p> <p>April 2007 Director of Strategies for Subsidiaries and Associates, Corporate Strategy</p> <p>April 2008 Director of Corporate Strategy Planning, Corporate Strategy</p> <p>April 2009 Deputy General Manager of Corporate Strategy</p> <p>March 2010 Completed MBA, Graduate School of Management, Ritsumeikan University</p> <p>April 2011 Vice President, Director of Corporate Strategy Planning</p> <p>September 2012 Vice President, Senior Director of Devices Business Unit</p> <p>April 2013 Senior Vice President, Senior Director of Devices Business Unit</p> <p>April 2015 Executive Vice President, General Manager of Devices Business Unit</p> <p>March 2018 Director of the Board, Executive Vice President, General Manager of Devices Business Unit</p> <p>January 2021 Director of the Board, Senior Executive Vice President, General Manager of Devices Business Unit, (present post)</p> <p>【Responsibilities】 Senior Executive Vice President, General Manager of Devices Business Unit, Senior Director of Human Resources, General Affairs and Legal Affairs, Director of Tokyo Division Headquarters</p>	3,168 shares

(Significant positions concurrently held)

Representative Director and CEO, Nissha FIS, Inc.

(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 Senior Executive Vice President and General Manager of Devices Business Unit, working to create company-wide synergies while showing strong leadership from the perspective of the Nissha Group as a whole as Senior Director of Human Resources, 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
3	Wataru Watanabe (December 11, 1971) Reappointment (Period served as a Director of the Board) 3 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out 18 (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</p> <p>January 2021 Director of the Board, Executive Vice President, Director of Corporate Strategy Planning and Senior Director of New Business Development Office (present post)</p> <p>【Responsibilities】 Executive Vice President, Chief Strategy Officer, Director of Corporate Strategy Planning, Senior Director of New Business Development Office, Senior Director of Sustainability and Investor Relations</p>	2,211 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. As well as promoting medium-term business plans as Executive Vice President, Chief Strategy Officer and Director of Corporate Strategy Planning, he shows strong leadership in executing reorganization of the business portfolio of the Company by creating new businesses as Senior Director of New Business Development Office. In addition, he is working to build a management framework that will contribute to the sustainability of the Company and society as an officer in charge of sustainability. 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
4	Yutaka Nishimoto (December 22, 1969) New appointment	March 1993 Entered the Company	2,122 shares
		April 2008 Director of Foil Printing Production, Kameoka Factory, Nitec Industries, Inc.*	
		January 2011 Factory Manager, Kaga Factory, Nitec Precision, Inc.* (currently, Nitec Precision and Technologies, Inc.)	
		April 2012 Representative Director of Nitec Precision, Inc.*	
		April 2013 Director of the board and Factory Manager, Kaga Factory, Nitec Precision and Technologies, Inc.*	
		February 2014 Director of the board and Chief Operating Officer of Nitec Precision and Technologies, Inc.*	
		April 2015 Vice President, Senior Director of Devices Business Unit (Production), and Representative Director and CEO of Nitec Precision and Technologies, Inc.	
		September 2015 Vice President, Senior Director of Devices Business Unit of the Company (Production and Procurement), and Representative Director and CEO of Nitec Precision and Technologies, Inc.	
		January 2018 Senior Vice President, Senior Director of Devices Business Unit (Production), and Representative Director and CEO of Nitec Precision and Technologies, Inc.	
		January 2021 Executive Vice President, Senior Director of Devices Business Unit (Quality and Production), and Representative Director and CEO of Nitec Precision and Technologies, Inc. (present post)	
		【Responsibilities】 Executive Vice President, Chief Quality and Production Officer, Senior Director of Devices Business Unit (Quality and Production)	

* Wholly-owned subsidiaries of the Company (Please refer to page 24.)

(Significant positions concurrently held)

Representative Director and CEO, Nitec Precision and Technologies, Inc./Chairman, Nissha Vietnam Co., Ltd.

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

Mr. Yutaka Nishimoto has been in charge of development, design, quality control, production technology and production in the Company's core businesses of industrial materials and devices. He has been involved in the management of domestic and overseas subsidiaries, and has contributed to the startup of factories and the improvement of production in important projects implemented by production subsidiaries in the Devices Business Unit. Currently, he assumes responsibility as Executive Vice President, Chief Quality and Production Officer and is showing strong leadership in the establishment of a comprehensive quality assurance system and in the design and implementation of the optimum deployment of production capacity in accordance with our business strategy from the perspective of the Nissha Group as a whole. In light of such broad experience and deep insight, we ask for his election so that he may newly serve as Director since we judge that he is an appropriate talented person who will carry out sound growth strategies for the Company, engage in decision-making on important managerial issues and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Yutaka Nishimoto 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	Hisashi Iso (December 12, 1964) New appointment	April 1987	Entered the Company	1,999 shares
		April 2007	Director of PC Marketing and Sales, Industrial Materials and Input Devices Business Unit	
		April 2011	Director of Procurement and Sourcing, Industrial Materials Business Unit	
		October 2013	Senior Director of Devices Business Unit (Customer Relationship Management)	
		April 2015	Vice President, Senior Director of Devices Business Unit (Customer Relationship Management)	
		April 2017	Vice President, Senior Director of Devices Business Unit (Customer Relationship Management and Module Products)	
		January 2018	Vice President, Senior Director of Devices Business Unit (Customer Relationship Management and Procurement)	
		January 2019	Vice President, Senior Director of Devices Business Unit (Customer Relationship Management, Supply Chain Management and Procurement)	
		July 2019	Vice President, Senior Director of Industrial Materials Business Unit (Customer Relationship Management), Senior Director of Devices Business Unit (Supply Chain Management and Procurement)	
		January 2020	Vice President, Senior Director of Industrial Materials Business Unit (Customer Relationship Management and Procurement)	
June 2020	Senior Vice President, General Manager of Industrial Materials Business Unit (present post)			
		【Responsibilities】 Senior Vice President, General Manager of Industrial Materials Business Unit		

(Significant positions concurrently held)

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

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

Mr. Hisashi Iso has for many years been in charge of sales in the Company's core businesses of industrial materials and devices. He has been in charge of the supply chain in areas such as procurement in the Devices Business Unit and led the diversification strategy of the Company's business model, and has also been involved in the management of overseas subsidiaries. Currently, he serves as Senior Vice President and General Manager of Industrial Materials Business Unit, and is showing strong leadership in business management in the global consolidation of the Industrial Materials Business Unit. Taking his experience and deep insight into consideration, we ask for his election so that he may newly serve as Director since we judge that he is an appropriate talented person who will carry out sound growth strategies for the Company, engage in decision-making on important managerial issues and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Hisashi Iso 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) 4 years and 9 months as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out of 18 (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 13) 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) 3 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out of 18 (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 13) 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) 2 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out of 18 (100%)	<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) 2 years as of the close of the meeting (Attendance at meetings of the Board of Directors in FY2020.12) 18 out of 18 (100%)	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.

(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 compensation from the Group (if the entity receiving the assets is a corporation, partnership or other group, then persons belonging to that group).
 - (*) A large amount of cash or other assets means the earning of cash or other property benefits in excess of JPY 10 million per year as an average of the past three fiscal years. In the case of a group, it means the payment of 2% or more of annual consolidated gross sales in each of the preceding three fiscal years inclusive of the most recent fiscal year.
5. Persons receiving large donations (*) from the Group (if the entity receiving the property is a corporation, partnership or other group, the executive persons of that group).
 - (*) A large donation means an annual donation of more than JPY 10 million in each of the preceding three fiscal years inclusive of the most recent fiscal year.
6. Executive persons of another company having mutual appointment of Independent Officer (*) relationships with the Group.
 - (*) A mutual appointment of Independent Officers means the Company’s welcoming of Independent Officers from another company that have received Independent Officers, who are/were executive persons of the Group within the past 10 years, or from its parent or subsidiary companies.
7. Persons belonging to the auditing firm serving as the Group’s Accounting Auditor.
8. Persons who have corresponded to items 2 through 7 above within the past three years.
9. Spouses or relatives within two degrees of kinship of persons (limited to key personnel (*)) corresponding to any of items 1 through 8 above.
 - (*) Key personnel means (1) directors, (excluding Independent Outside Directors of the Board), executive officers, and employees holding a position of senior director or higher, (2) certified public accountants belonging to an auditing firm who are partners, and attorneys belonging to a law office, and (3) persons affiliated with incorporated foundations, incorporated associations, incorporated educational institutions and other corporations who are objectively and reasonably determined to be councilors, directors, auditors or other officers, or persons having equal importance.
10. Persons in circumstances which are otherwise objectively and reasonably found unsuitable for the duties of an Independent Officer.

Proposal 2: Revision of Amount of Stock Compensation Paid to Directors of the Board

1. Reasons for Proposal and Reasons why Said Compensation is Deemed Appropriate

Of compensation for Directors of the Board (excluding Independent Outside Directors of the Board), the amount paid under the stock compensation plan called the “Board Benefit Trust (BBT)” (hereinafter, the “Compensation Plan”) was approved at the Ordinary General Meeting of Shareholders for the 99th business term held on March 23, 2018.

Compensation for Directors consists of a base salary, short-term performance-linked compensation (bonuses), and stock compensation, etc. (compensation based on the Compensation Plan), which is medium- to long-term performance-linked compensation.

Since the 2010s, the Company has consistently worked on reorganizing and optimizing our business portfolio. Under the Seventh Medium-term Business Plan, which we started to implement in January 2021, we aim to construct a foundation for growth by fully utilizing the global business bases we have acquired and built so far and maximizing their synergies. Now, we believe that by increasing the ratio of stock compensation, etc. to the amount of compensation for Directors, we aim to have the Company’s management team adopt the same perspective as our shareholders and to further increase their awareness of contributing to the sustainable growth of the Company and to the medium- to long-term improvement of our corporate value by bringing this growth strategy to fruition.

In addition to the above, the Company believes that the details of this proposal are appropriate in light of the purpose of the Compensation Plan and the policy for determining the details of compensation for Directors (page 29 of the Japanese original).

Shareholders are also requested to entrust the Board of Directors with deciding the details of the Compensation Plan, following a partial change contained in this proposal, within the scope set out in 3 below.

Should the shareholders give their approval to Proposal 1, the number of Directors of the Board of the Company to whom the Compensation Plan is applicable shall be five.

This proposal was determined based on a report of the Nomination and Compensation Committee (page 28 of the Japanese original) chaired by an Independent Outside Director of the Board.

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

2. Details of the Revision

The Company acquires an amount of shares in the Company that is reasonably estimated as required for making awards of shares in the Company through the trust (hereinafter, the trust established based on the Compensation Plan is referred to as the “Trust”) in each Applicable Period (the period covering every three fiscal years as defined in 3. (5) below). It is proposed that the maximum amount of funds contributed by the Company be revised from ¥243 million (including ¥113 million for the Company’s Directors of the Board) to ¥486 million (including ¥226 for the Company’s Directors of the Board), and that the maximum total number of points awarded to Directors of the Board, etc. (as defined in 3. (2) below) be revised from 202,000 points (including 94,000 points for the Company’s Directors of the Board) to 884,000 points (including 411,000 points for the Company’s Directors of the Board).

3. Details following the Revision of the Compensation Plan

(1) Overview

The Compensation Plan is a performance-linked stock compensation plan whereby shares in the Company are acquired through a trust using funds contributed by the Company, and shares in the Company and cash equivalents of such shares at their market value (hereinafter together, “Company Shares”) are paid through the Trust to the Directors of the Board, etc. (as defined in (2) below) pursuant to the Policy on Directors’ Stock

Compensation (hereinafter, the “Policy”) established by the Company. The timing for Directors of the Board, etc. to receive an award of Company Shares shall be set out in the Policy. Directors of the Board, etc. shall, in principle, acquire the right to receive an award of Company Shares on the point award date immediately following the final year of the Medium-term Business Plan (scheduled for the end of February each year) or on the retirement date of officers (hereinafter, the “Vesting Date”) and, based on said right, Directors of the Board, etc. shall receive an award of Company Shares by the last day of the month following the month containing the Vesting Date.

(2) Persons to whom Compensation Plan is Applicable

The Directors of the Board and Corporate Officers of the Company (excluding Independent Outside Directors of the Board; hereinafter, the “Directors of the Board, etc.”).

(3) Calculation Method of and Limit on Amount of Company Shares Awarded to Directors of the Board, etc. Points shall be awarded to the Directors of the Board, etc. for each fiscal year at an amount determined based on the Policy and in consideration of title, performance attainment level, etc.

The total number of points awarded to Directors of the Board, etc. in each Applicable Period shall be a total of no more than 884,000 points, consisting of up to 411,000 points for the Company’s Directors of the Board and up to 473,000 points for the Company’s Corporate Officers.

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

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

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

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

During the Next Applicable Period (as defined in (5) below), a maximum of 884,000 shares shall be acquired without delay after the additional contribution concerning the Next Applicable Period for the purpose of making awards to the Directors of the Board, etc. The details of the acquisition method etc. of such shares in the Company by the Trust shall be disclosed in a timely and appropriate manner.

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

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

Specifically, the Company will additionally contribute the amount of funds to the Trust required for the three fiscal years from the fiscal year ending December 31, 2021 to the fiscal year ending December 31, 2023 (the “Next Applicable Period”; the Next Applicable Period and every three fiscal years starting after the lapse of the Next Applicable Period, “Applicable Period,” respectively) in cash at a maximum total amount of ¥486 million (consisting of a maximum of ¥226 million for the Company’s Directors of the Board, and a maximum of ¥260 million for the Company’s Corporate Officers).

In addition, after the Next Applicable Period has passed and until the Compensation Plan comes to an end, the Company shall in principle every three fiscal years make an additional contribution to the Trust of a maximum total amount of ¥486 million per Applicable Period (consisting of ¥226 million for the Company’s Directors of the Board, and ¥260 million for the Company’s Corporate Officers). However, when making these additional contributions the Trust’s assets still contain any shares in the Company (excluding shares equivalent

to the number of points awarded to Directors of the Board, etc. and not yet granted) or cash (hereinafter together, the “Remaining Shares”) immediately before the commencement of the Applicable Period when such additional contribution is to be made, such Remaining Shares shall be applied for making awards under the Compensation Plan after the said Applicable Period, and the maximum amount of additional contribution which the Company may make in the said Applicable Period shall be the amount calculated by deducting from a total of ¥486 million (consisting of ¥226 million for the Company’s Directors of the Board, and ¥260 million for the Company’s Corporate Officers) the value of the Remaining Shares (shares shall be converted into cash at the equivalent market rate applicable on the day directly before the commencement of the relevant Next Applicable Period). When the Company resolves to make any additional contributions, it shall disclose the fact in a timely and appropriate manner.

(6) Granting of Company Shares

Directors of the Board, etc. may in principle acquire the right to receive an award of shares in the Company from the Trust according to the number of “Fixed Points” they have, by carrying out the prescribed procedures by the Vesting Date and, based on that right, will receive an award of shares in the Company by the last day of the month following the month containing the Vesting Date. However, where the requirements set out separately in the Policy are fulfilled, Directors of the Board, etc. shall instead of such award of shares in the Company receive a cash award in respect of a specific share of the points awarded to them, which is equivalent to the market value of such shares on the Vested Date. The Trust may sell shares in the Company when making such cash awards. In addition, in the event that a person to whom the Compensation Plan is applicable is subject to dismissal by resolution of the General Meeting of Shareholders, or in the event that said person retires during his or her term of office due to wrongdoings, or in the event that said person engages in inappropriate behavior during his or her term of office that could cause damages to the Company, said person shall not be able to acquire the right to receive an award of Company Shares.

(Reference)

(1) Persons eligible to receive an award of Company Shares subject to the Compensation Plan	Directors of the Board and Corporate Officers of the Company (excluding Independent Outside Directors of the Board)
(2) Maximum amount of additional contribution by the Company every three fiscal years thereafter	¥486 million, including ¥226 million for Directors of the Board
(3) Maximum number of points awarded by the Company every three fiscal years thereafter	884,000 points, including 411,000 points for Directors of the Board
(4) Impact of the number of shares subject to the Compensation Plan every three fiscal years thereafter on the total number of common shares issued	The ratio of the number of shares when the number of points in (3) above are converted to shares (884,000 shares, 1 point = 1 share of the Company’s common stock) to the total number of common shares issued (as of December 31, 2020; after excluding treasury shares) is approximately 1.76%.
(5) Timing of granting of Company Shares to Directors of the Board, etc.	In principle, the last day of the month following the month containing the Vested Date every three fiscal years linked to the Medium-term Business Plan.

Some Directors of the Company’s subsidiaries were also eligible for the Compensation Plan; however, due to the above revisions, persons to whom the Compensation Plan is applicable shall be Directors of the Board and Corporate Officers of the Company

Attachments

Business Report

(from January 1, 2020 through December 31, 2020)

1. Current status of the Nissha Group

(1) Progress and results of operations

The Group began preparing consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) in the current fiscal year (the fiscal year ended December 31, 2020). The figures for the previous fiscal year (the fiscal year ended December 31, 2019) in this report have been reclassified based on IFRS for the purposes of comparison and analysis.

During the fiscal year ended December 31, 2020, the global economy was in a severe condition as the outlook remained uncertain due to the impact of COVID-19 pandemic. In the United States and European countries, economic activities, which had been stagnant, gradually resumed; however, the economic recovery was sluggish as new cases of COVID-19 rose again. In China, economic activities significantly diminished, but afterward, the economic recovery trends continued. In Japan, economic activities resumed and demand, mainly from overseas, recovered after the state of emergency was lifted, and accordingly the economy showed signs of picking up.

Under the Sixth Medium-term Business Plan, which the Group started to implement in January 2018, we focused on growth by reorganizing and optimizing our business portfolio. We set the markets of mobility (automotive and transport equipment), medical devices and sustainable materials as our focus markets, in addition to the mainstay consumer electronics (IT devices), and aimed to develop well-balanced business bases and enhance our corporate value by implementing the global-based growth strategy.

The fiscal year ended December 31, 2020 was the final year of the Sixth Medium-term Business Plan. We took actions to improve profitability mainly by implementing measures to strengthen profitability to prepare for changes in IT devices market conditions. At the same time, we expanded business sites and product lineups through corporate acquisitions in the markets of medical devices and sustainable materials. During the current fiscal year, demand for some products decreased due to the impact of COVID-19; however, demand for IT devices in the Devices segment largely exceeded the initial projection, and demand for mobility components in the Industrial Materials segment started to recover in the second half of the fiscal year after the downturn caused by the impact of COVID-19. Although temporary expenses were incurred in the first half of the fiscal year in relation to measures to strengthen profitability, operating profit for the fiscal year significantly improved thanks to an increase in product demand and the improved production efficiency resulting from continued stable demand and those measures.

As a result, regarding the financial results for the fiscal year ended December 31, 2020, net sales were ¥180,006 million (an increase of 3.4% as compared to the previous year). Operating profit of ¥7,290 million (Operating loss of ¥16,253 million in the previous year) was recorded. Profit attributable to owners of parent of ¥7,069 million (loss attributable to owners of parent of ¥17,183 million in the previous year) was recorded.

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 components and home appliances 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 materials for beverages and foods on a global basis.

During the fiscal year ended December 31, 2020, demand for mobility components in the field of decoration began to recover in the second half after a significant decline due to the impact of COVID-19. In

addition, we succeeded in expanding business sites through a corporate acquisition in the field of metallized paper, a sustainable material. Operating profit turned into the black due to the effects of the measures to strengthen profitability in addition to an increase in product demand.

As a result, segment sales for the fiscal year ended December 31, 2020 were ¥48,858 million (an increase of 5.6% as compared to the previous year). Segment profit (operating profit) of ¥869 million (segment loss (operating loss) of ¥7,278 million in the previous year) was recorded.

Principal products

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

*IMD, IML and IME 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 (logistics related), mobility components (automotive and transport equipment), etc. in global markets. In addition, we offer gas sensors that can detect gas conditions, along with other products.

During the fiscal year ended December 31, 2020, demand for our mainstay products for smartphones and tablets largely exceeded the initial projection and demand for game players and industrial equipment remained robust. Although temporary expenses were incurred in relation to measures to strengthen profitability in the first half of the fiscal year, operating profit for the fiscal year significantly increased thanks to those measures, an increase in product demand and the improved production efficiency resulting from continued stable demand.

As a result, segment sales for the fiscal year ended December 31, 2020 were ¥102,708 million (an increase of 6.8% as compared to the previous year). Segment profit (operating profit) was ¥10,131 million (segment loss (operating loss) of ¥11,769 million in 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 currently provides contract development and manufacturing services for major medical device manufacturers on a global basis with products such as surgical instruments for minimal invasive treatments and medical wearable sensors used for a wide range of conditions, primarily heart disease. In addition to this, the segment manufactures and sells its own brand products to medical institutions.

During the fiscal year ended December 31, 2020, due to COVID-19, demand increased for own brand medical electrodes and personal protective equipment such as face shields, which made up for the decline in demand for instruments used in elective surgery of contract development and manufacturing services. In addition, demand for business media mainly targeting commercial facilities decreased due to COVID-19 and then gradually started to recover.

As a result, segment sales for the fiscal year ended December 31, 2020 were ¥20,568 million (a decrease of 14.6% as compared to the previous year). Segment profit (operating profit) was ¥989 million (an increase of 7.7% as compared to 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, 2020).

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 fiscal year ended December 31, 2020, demand for commercial printing decreased due to COVID-19.

As a result, segment sales for the fiscal year ended December 31, 2020 were ¥6,233 million (a decrease of 10.3% as compared to the previous year). Segment loss (operating loss) of ¥377 million (segment profit (operating profit) of ¥5,463 million in the previous year) was recorded.

Principal products

Art solution, 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), which we started implementing from January 2018, the Nissha Group focused on growth by reorganizing and optimizing its business portfolio. We set the markets of mobility (automotive and transport equipment), 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.

To this end, we renewed and expanded North and Central American and European bases and domestic production equipment in the Industrial Materials business segment, renewed and expanded domestic production equipment in the Devices business segment, and undertook renovation works and introduced a prototype production line at the Kameoka Factory in other and common corporate divisions (R&D and Administrative divisions).

As a result, capital investment amounted to ¥2,503 million in the Industrial Materials business segment, ¥2,117 million in the Devices business segment, ¥889 million in the Medical Technologies business segment, ¥162 million in the Information and Communication business segment, and ¥2,223 million in other and common corporate divisions (R&D and Administration divisions), with the overall capital investment of the Nissha Group standing at ¥7,896 million.

The details of our major capital investment are as follows:

Segments	Breakdown of major capital investment
Industrial Materials	Renewal and expansion of North and Central American and European bases and domestic production equipment
Devices	Renewal and expansion of domestic production equipment
Other and common corporate divisions (R&D and Administration divisions)	Renovation works and introduction of prototype production line at Kameoka Factory

(3) Status of consolidated assets and profit and loss

(Millions of Yen)

Items	FY2017.12 [the 99 th business term]	FY2018.12 [the 100 th business term]	FY2019.12 [the 101 st business term]		FY2020.12 (current term) [the 102 nd business term]
	Japanese GAAP	Japanese GAAP	Japanese GAAP	IFRS	IFRS
Net sales	159,518	207,404	173,189	174,035	180,006
Operating income (loss)	6,278	8,080	(4,307)	(16,253)	7,290
Ordinary income (loss)	7,578	7,380	(4,696)	-	-
Profit (loss) before income taxes / Profit (loss) before tax	7,323	6,097	(2,213)	(16,634)	7,051
Profit (loss) attributable to owners of parent	6,734	4,318	(4,131)	(17,183)	7,069
Basic earnings (loss) per share (Yen)	139.72	85.70	(82.77)	(344.27)	141.50
Total assets	225,160	202,596	190,634	186,762	199,726
Net assets / Total equity	94,054	90,326	86,255	75,002	82,081

- Notes:
- Effective from FY2020.12 (the 102nd business term), the Group began preparing consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and figures for FY2019.12 (the 101st business term) have been recalculated based on IFRS to allow for comparison and analysis.
 - Items with “/” indicate Japanese GAAP/IFRS.
 - The Company finalized the provisional accounting treatment pertaining to business combinations in FY2020.12 (the 102nd business term), and reflected the details of the finalization of the provisional accounting treatment on figures related to FY2019.12 (the 101st business term).
 - 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).
 - 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 (the 101st business 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.
 - 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.
 - 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 FY2018.12 (the 100th business term).
 - 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 FY2018.12 (the 100th business term) are figures obtained by retrospectively applying the said accounting standard, etc.

(4) Issues to be addressed

During the fiscal year ending December 31, 2021, the global economy is expected to rebound. However, we have to keep an eye on the effects of rising new cases of COVID-19 on economic activities, impact from fluctuations in financial and capital markets, and other factors.

The next fiscal year is the first year of the three-year Seventh Medium-term Business Plan which the Group started to implement in January 2021. By the fiscal year ended December 31, 2020, the Group succeeded in expanding business sites and product lineups through proactive M&A strategy in the markets of medical devices and sustainable materials, and also started supplying film-based Touch Sensors for the mobility (automotive and transport equipment) market. These activities resulted in the development of stronger business bases in our focus markets where we implemented the growth strategy. At the same time, in the consumer electronics (IT devices) market, we worked to improve and maintain profitability and efficiency to offset significant seasonal variations in product demand and lower demand for products due to changes in technological trends.

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

In the fiscal year ending December 31, 2021, we expect stable demand for tablets in the Devices segment, while we foresee a slowdown in demand for products for smartphones. In the Industrial Materials segment, we expect that demand for mobility components in the field of decoration and for metallized paper, a sustainable material, will remain firm. In the Medical Technologies segment, demand for contract development and manufacturing services and business media will start to recover from the downturn caused by the impact of COVID-19. For the consolidated financial results for the fiscal year ending December 31, 2021, we expect net sales of ¥169,000 million, operating profit of ¥7,500 million, profit before tax of ¥7,000 million and profit attributable to owners of parent of ¥5,200 million. These figures are based on an exchange rate of 1US\$ = ¥105 for the fiscal year ending December 31, 2021.

(5) Principal bases, etc. of the Nissha Group (as of December 31, 2020)

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.)
	Kameoka Factory (Kameoka, Kyoto Pref.)
Nitec Precision and Technologies, Inc.	Headquarters/Factory (Himeji, Hyogo Pref.)
	Kaga Factory (Kaga, Ishikawa Pref.)
	Tsu Factory (Tsu, Mie Pref.)
	Kyoto Factory (Kyoto)
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 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)

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	2,608	+10
Devices	1,051	-201
Medical Technologies	1,146	-89
Information and Communication	172	+3
Other and common corporate divisions (R&D and Administration divisions)	413	-51
Total	5,390	-328

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	531	-78	43.0 years	15.4 years
Female	189	-21	37.3 years	11.5 years
Total or average	720	-99	41.5 years	14.4 years

Notes: 1. "Number of employees" indicates the number of employees actually working.

2. Compared with the end of the previous fiscal year, the number of employees decreased by 99 to 720. This was mainly attributable to applications for the voluntary retirement that was implemented as part of companywide measures to strengthen profitability.

(6) Status of important parent company and subsidiaries (as of December 31, 2020)

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.
Nissha PMX Technologies, S.A. de C.V.	Mexico Peso 388 million	100%*	Production and sales of plastic molded products
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.
 5. Nissha PMX Technologies, S.A. de C.V. has recorded an increase in Capital.

(7) Principal creditors and amount of borrowings (as of December 31, 2020)

(Millions of Yen)

Creditors	Amount of borrowings
Mizuho Bank, Ltd.	7,500
The Bank of Kyoto, Ltd.	3,750
MUFG Bank, Ltd.	3,750

2. Matters Regarding Shares of the Company (as of December 31, 2020)

- (1) **Total number of shares authorized** **180,000,000 shares**
- (2) **Total number of common shares issued** **50,855,638 shares**
(including 512,592 treasury shares)
- (3) **Number of shareholders** **10,537**
- (4) **Major shareholders (Top 10)**

Name	No. of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,024	6.00
Suzuki Kosan Co., Ltd.	2,563	5.09
Meiji Yasuda Life Insurance Company	2,341	4.65
TAIYO FUND, L. P.	2,190	4.35
Custody Bank of Japan, Ltd. (trust account)	2,156	4.28
Mizuho Bank, Ltd.	2,076	4.12
TAIYO HANEI FUND, L.P.	1,485	2.95
The Bank of Kyoto, Ltd.	1,442	2.86
Nissha Kyoeikai	1,150	2.28
STATE STREET BANK AND TRUST COMPANY 505227	1,026	2.03

- 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 Custody Bank of Japan, Ltd. (Trust E Account) (hereinafter, the "Trust E Account") holds 341 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 Custody Bank of Japan, Ltd.).
4. Nissha Kyoeikai is a shareholding association for business partners of the Company.

3. Matters Regarding Stock Acquisition Rights

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

Not applicable.

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

Not applicable.

(3) **Other Important Matters Regarding Stock Acquisition Rights (as of December 31, 2020)**

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 ¥2,199.5.
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

Notes: The Board of Directors meeting held on February 14, 2020 approved a proposal to pay a year-end dividend of 20 yen per share for FY2019.12 (the 101st business term), bringing the annual dividend for FY2019.12 (the 101st business term) to 35 yen per share. As a result, the conversion price will be adjusted in accordance with the “Zero Coupon Convertible Bonds due 2021 (bonds with stock acquisition rights).”

4. Matters Regarding Directors of the Board and Audit and Supervisory Board Members (as of December 31, 2020)

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

Position	Name	Responsibilities	Significant positions concurrently held
Chairman of the Board, President and CEO	Junya Suzuki	Chief Executive Officer Chairman of Sustainability Committee	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	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	Yasuro Nonaka		
Full-time Audit and Supervisory Board Member	Tetsuya Taniguchi		
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” (page13) of the Company.
 6. The Company received necessary legal advice from, and paid compensation 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 13) 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 101st Business Term held on March 24, 2020, Mr. Tetsuya Taniguchi was newly elected as Audit and Supervisory Board Member of the Company and assumed office on such date.
 - (2) Mr. Hitoshi Konishi, Audit and Supervisory Board Member, retired upon the expiration of the term of his office as of March 24, 2020.

9. As a result of changes in responsibilities of Directors of the Board as of January 1, 2021, 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	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	Hayato Nishihara	Senior Executive Vice President Chief Financial Officer	
Director of the Board	Daisuke Inoue	Senior Executive Vice President General Manager of Devices Business Unit Senior Director of Human Resources, General Affairs and Legal Affairs Director of Tokyo Division Headquarters	Representative Director and CEO, Nissha FIS, Inc.
Director of the Board	Wataru Watanabe	Executive Vice President Chief Strategy Officer Director of Corporate Strategy Planning Senior Director of New Business Development Office Senior Director of Sustainability and Investor Relations	
Director of the Board	Takao Hashimoto	Special Assistant to President	
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

10. The Company has introduced a corporate officer system to enhance corporate governance. The 16 Corporate Officers including three Corporate Officers who concurrently serve as Directors of the Board were appointed to Corporate Officers on January 27, 2021.

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 compensations paid to Directors of the Board and Audit and Supervisory Board Members

Title	Number of officers	Total amount of remunerations
Directors of the Board	9	¥257 million (¥31 million of which were paid to four Independent Outside Directors of the Board)
Audit and Supervisory Board Members	5	¥42 million (¥15 million of which were paid to two Independent Audit and Supervisory Board Members)
Total	14	¥299 million (¥46 million of which were paid to six Independent Outside Directors of the Board and Independent Audit and Supervisory Board Members)

- Notes: 1. The aforementioned number of officers and total amount of compensations include one Audit and Supervisory, who retired at the close of the Ordinary General Meeting of Shareholders for the 101st Business Term, held on March 24, 2020, and the amount of compensations 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 compensations to be paid to Directors of the Board in total per year shall not exceed ¥430 million (of which, the amount of compensations 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 compensations to be paid to Audit and Supervisory Board Members in total per year shall not exceed ¥60 million (of which, the amount of compensations to be paid to Independent Audit and Supervisory Board Members shall not exceed ¥20 million).
4. The aforementioned total amount of compensations includes provision for management board benefit trust of ¥22 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 compensations 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 compensations 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 18 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 18 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 18 meetings of the Board of Directors held during the fiscal year under review, and gave advice and opinions concerning the management of the Company based on her deep insight as a researcher in corporate governance and management strategies.
	Kazumichi Matsuki	He attended all of the 18 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 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 18 meetings of the Board of Directors and all of the 14 meetings of the Audit and Supervisory Board held during the fiscal year under review, and gave advice and opinions mainly from a professional standpoint as a lawyer.
	Yusuke Nakano	He attended all of the 18 meetings of the Board of Directors and all of the 14 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 compensations 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 compensations

Classification	Amount of compensations
Amount of compensations to be paid during the fiscal year under review	¥82 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor	¥83 million

Notes: 1. The "Amount of compensation to be paid during the fiscal year under review" is the sum of the amount of compensations for auditing services in accordance with the Companies Act and the amount of compensations for auditing work in accordance with the Financial Instruments and Exchange Act, since the two kinds of compensations 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 compensations, status of auditing plans versus actual results in previous fiscal years, and examined the appropriateness of the estimated amount of compensation. As a result, the Audit and Supervisory Board agreed on the compensation 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 Compensation 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 compensation of the Directors of the Board. The Nomination and Compensation 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 Company, and Directors of the Board, Audit and Supervisory Board Members 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 Company, and Directors of the Board, Audit and Supervisory Board Members 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 from October to November every year the corporate ethics and compliance months in order to make them thoroughly known to officers and employees on a global basis.

During the fiscal year ended December 31, 2020, the Company decided the themes taking into account the changes in the environment surrounding the Company due to the impact of COVID-19 pandemic. The Company also provided employees involved in the medical devices and pharmaceuticals businesses at our domestic bases with compliance training regarding the Pharmaceutical and Medical Device Act, etc. by external experts.

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.

During the fiscal year ended December 31, 2020, the Company found 12 such reports, which were mainly related to the working environment and human relationships, and none of which showed any serious violations of laws and regulations. All reports were appropriately dealt with and shared.

2) Initiatives for risk management

The Company established the Sustainability Committee during the fiscal year ended December 31, 2020 with the aim of further enhancing the function of the existing CSR Committee, BCM, Labor and Human Rights, Environment Health and Safety, Information Security, Trade Administration and Control, and Quality) were organized under its control.

The Sustainability 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 Sustainability Committee, develops them at business divisions, and manages and reports the progress to the Sustainability Committee. The Sustainability Committee reports the details of such activities to the Board of Directors once a year.

To deal with the impact of COVID-19 pandemic, the Company established a task force on COVID-19 chaired by the Chairman of the Board, President and CEO. The task force gathered relevant information, contemplated and implemented effective measures, and reported the outline of its activities to the Board of Directors in an appropriate manner.

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 four Independent Outside Directors of the Board and two 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 and approves the execution of important operations in accordance with the Regulations on Requests for Managerial Decision. 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 important documents 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.

(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 continuously improving its core technologies by combining the diverse capabilities and passion spread around the world through the leadership of the global Nissha Group, providing high value-added products and services through manufacturing that other companies cannot provide, by grasping the needs of the market on a global basis, and realizing the enrichment of people's lives 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.

Under the Seventh Medium-term Business Plan, which we started to implement in January 2021, we aim to establish the foundations for growth by fully utilizing the global business bases that we have acquired and built so far, and maximizing their synergies.

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 Compensation 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 Board of Directors believes that the initiatives described in aforementioned 2) and 3) are in line with the basic policy and contribute to the protection and enhancement of the corporate value of the Company and the common interests of shareholders, and that 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 consistent 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.

The Company decided to pay a year-end dividend of ¥15 for the current fiscal year, totaling ¥30 per share for the annual dividend with an interim dividend of ¥15 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 Statements of Financial Position

(As of December 31, 2020)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	92,625	Current liabilities	84,263
Cash and cash equivalents	25,067	Trade and other payables	49,441
Trade and other receivables	37,614	Bonds and borrowings	23,534
Inventories	25,435	Other financial liabilities	789
Other financial assets	222	Lease liabilities	1,589
Other current assets	4,194	Income taxes payable, etc.	2,218
Subtotal	92,534	Provisions	53
Assets held for sale	90	Other current liabilities	6,637
Non-current assets	107,100	Non-current liabilities	33,380
Property, plant and equipment	46,293	Borrowings	8,877
Goodwill	18,327	Other financial liabilities	1,191
Intangible assets	14,239	Lease liabilities	8,311
Right-of-use assets	8,161	Retirement benefit liability	5,884
Investments accounted for using equity method	567	Provisions	47
Other financial assets	17,653	Deferred tax liabilities	8,738
Retirement benefit asset	269	Other non-current liabilities	329
Deferred tax assets	1,336	Total liabilities	117,644
Other non-current assets	250	(EQUITY)	
		Equity attributable to owners of parent	82,083
		Share capital	12,119
		Capital surplus	14,856
		Retained earnings	51,974
		Treasury shares	(1,720)
		Other components of equity	4,853
		Non-controlling interests	(2)
		Total equity	82,081
Total assets	199,726	Total liabilities and equity	199,726

Notes: Amounts are rounded down to the nearest million yen.

Consolidated Statements of Profit or Loss

(From January 1, 2020 to December 31, 2020)

(Millions of Yen)

Items	Amount
Net sales	180,006
Cost of sales	(143,195)
Gross profit	36,810
Selling, general and administrative expenses	(25,988)
Other income	1,725
Other expenses	(5,214)
Share of loss of investments accounted for using equity method	(42)
Operating profit	7,290
Finance income	891
Finance costs	(1,130)
Profit before tax	7,051
Income tax expense	18
Profit	7,070
Profit attributable to:	
Owners of parent	7,069
Non-controlling interests	0
Profit	7,070

Notes: Amounts are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(As of December 31, 2020)

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	56,856	Current liabilities	65,099
Cash and deposits	17,606	Notes payable-trade	2,496
Notes receivable-trade	362	Accounts payable-trade	32,878
Accounts receivable-trade	28,792	Electronically recorded obligations	3,175
Short-term loans receivable	1,570	Current portion of bonds payable	2,840
Merchandise and finished goods	2,875	Short-term loans payable	15,020
Work in process	1,053	Accrued expenses	2,296
Raw materials and supplies	28	Income taxes payable	670
Accounts receivable-other	1,449	Provision for bonuses	654
Consumption taxes receivable	2,757	Provision for directors' bonuses	71
Other	385	Provision for management board benefit trust	122
Allowance for doubtful accounts	(25)	Other	4,872
Non-current assets	97,133	Long-term liabilities	7,428
Property, plant and equipment	23,243	Long-term loans payable	219
Buildings	14,088	Deferred tax liabilities	4,311
Structures	340	Provision for stock benefit trust	27
Machinery and equipment	182	Provision for retirement benefits	2,364
Vehicles	9	Other	505
Tools, furniture and fixtures	1,466	Total liabilities	72,527
Land	5,900	(NET ASSETS)	
Lease assets	27	Shareholders' equity	71,505
Construction in progress	1,227	Capital stock	12,119
Intangible assets	1,025	Capital surplus	15,221
Software	520	Legal capital surplus	13,550
Other	504	Other capital surplus	1,671
Investments and other assets	72,864	Retained earnings	45,696
Investment securities	16,560	Legal retained earnings	1,230
Shares of subsidiaries and associates	40,845	Other retained earnings	44,466
Investments in other securities of subsidiaries and associates	49	General reserve	28,766
Investments in capital of subsidiaries and associates	3,622	Retained earnings brought forward	15,700
Long-term loans receivable	15,021	Treasury shares	(1,532)
Claims provable in bankruptcy, claims provable in rehabilitation and other	224		
Prepaid pension cost	102	Valuation and translation adjustments	9,956
Other	998	Valuation difference on available-for-sale securities	9,956
Allowance for doubtful accounts	(4,560)	Total net assets	81,461
Total assets	153,989	Total liabilities and net assets	153,989

Notes: Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(From January 1, 2020 to December 31, 2020)

(Millions of Yen)

Items	Amount	
Net sales		115,727
Cost of sales		102,050
Gross profit		13,677
Selling, general and administrative expenses		12,671
Operating profit		1,005
Non-operating income		
Interest and dividend income	810	
Non-current assets rent	1,435	
Other	54	2,301
Non-operating loss		
Interest expenses	114	
Foreign exchange loss	696	
Expenses for non-current asset loaned	682	
Other	164	1,658
Ordinary profit		1,648
Extraordinary income		
Gain on sales of non-current assets	371	
Gain on sales of investment securities	6,112	
State subsidy	26	6,510
Extraordinary losses		
Loss on sales and retirement of non-current assets	198	
Loss on valuation of investment securities	114	
Business structure improvement expenses	1,006	
Provision of allowance for doubtful accounts for subsidiaries and associates	320	
Loss on subsidy repayment	182	1,822
Profit before income taxes		6,336
Income taxes - current	793	793
Profit		5,543

Notes: Amounts are rounded down to the nearest million yen.

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 15, 2021

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

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Designated Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Nissha Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of December 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2020 to December 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of the disclosures required under Designated International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance

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with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future

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events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Copy of Accounting Auditors' Report

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

February 15, 2021

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

Deloitte Touche Tohmatsu LLC
Kyoto office

Designated Engagement Partner,
Certified Public Accountant:

Nobuyuki Onaka

Designated Engagement Partner,
Certified Public Accountant:

Akiyo Shimoida

Designated Engagement Partner,
Certified Public Accountant:

Tomomi Tsuji

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of Nissha Co., Ltd. (the "Company"), namely, the nonconsolidated balance sheet as of December 31, 2020, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 102nd fiscal year from January 1, 2020 to December 31, 2020, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and

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appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

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

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that

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achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(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 102nd business term from January 1, 2020 through December 31, 2020, 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 statements of financial position, consolidated statement of income, consolidated statements of changes in equity 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 16, 2021

Audit and Supervisory Board of Nissha Co., Ltd.

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

Full-time Audit and Supervisory Board Member Tetsuya Taniguchi (Seal)

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

Independent Audit and Supervisory Board Member Yusuke Nakano (Seal)

END