

1. This document is a translation of the official Japanese Notice of the Convocation of the Ordinary General Meeting of Shareholders for the 103<sup>rd</sup> Business Term.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translated document and the Japanese original, the original shall prevail.

(Securities code: 7915)  
March 2, 2022

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 Convocation of the Ordinary General Meeting of Shareholders for the 103<sup>rd</sup> Business Term

We hereby notify that the Ordinary General Meeting of Shareholders for the 103<sup>rd</sup> 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 22, 2022 (Tue.) after examining the “Reference Materials for the General Meeting of Shareholders” (pages 3 through 17).**

### Ordinary General Meeting of Shareholders

1. **Date and time:** March 23, 2022 (Wed.), 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 103<sup>rd</sup> business term (from January 1, 2021 through December 31, 2021) and the Audit Results of the Accounting Auditor and the Audit and Supervisory Board
    2. Report on the Non-consolidated Financial Statements for the 103<sup>rd</sup> business term (from January 1, 2021 through December 31, 2021)

#### Proposals to be resolved

**Proposal 1:** Partial Amendments to the Articles of Incorporation

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

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

## 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.

<b>1 Exercise of voting rights in writing</b> 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 22, 2022 (Tue.), 6:00 p.m.
<b>2 Exercise of voting rights via the Internet</b> 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 ( <a href="https://soukai.mizuho-tb.co.jp/">https://soukai.mizuho-tb.co.jp/</a> ), and enter your approval or disapproval of the proposals in accordance with the instructions on the screen.
Deadline: accepted up to March 22, 2022 (Tue.), 6:00 p.m.
<b>3 Exercise of voting rights by attending the meeting in person</b> You are kindly requested to submit the enclosed Voting Rights Exercise Form to the reception desk at the meeting site.
Date and time: March 23, 2022 (Wed.), 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 Statement of Changes in Equity; Notes to Consolidated Financial Statements
    - (2) Non-consolidated Statement of Changes in Equity; 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: <a href="https://www.nissha.com/english/">https://www.nissha.com/english/</a>
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# Reference Materials for the General Meeting of Shareholders

## Proposals and Reference Matters

### Proposal 1: Partial Amendments to the Company’s Articles of Incorporation

#### 1. Reasons for the amendments:

- (1) Article 2 (Purposes) of the current Articles of Incorporation will be amended in order to reflect the expansion of the Group's business domain and future business development, as well as to align the purposes in line with the current status of the business.
- (2) Article 13, Paragraph 2 of the Articles of Incorporation will be added following the partial enforcement on June 16, 2021, of the “Act for Partial Amendment, etc. of the Act on Strengthening Industrial Competitiveness” (Act No. 70 of 2021), which newly permits the holding of “general meetings of shareholders without specifying venues” (so-called virtual-only general meetings of shareholders).  
The Company consider the General Meeting of Shareholders as a valuable opportunity to communicate with our shareholders. On the other hand, we believe that it is in the best interest of our shareholders to expand the possibility of choosing the method of holding the General Meeting of Shareholders, taking into consideration the reduction of risks in the event of the spread of infectious diseases or large-scale natural disasters, as well as the progress of digitalization of society as a whole.  
The addition of Article 13, Paragraph 2 of the Articles of Incorporation will become effective on the condition that the Company receives confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that the requirements stipulated in the Ordinance of the Ministry of Economy, Trade and Industry and the Ministry of Justice are met, in addition to the resolution at the Ordinary General Meeting of Shareholders.
- (3) In accordance with the enforcement on September 1, 2022 of the proviso to Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019), the Company will make the necessary changes of its Articles of Incorporation in order to prepare to introduce a system for providing reference documents, etc. for the General Meeting of Shareholders in electronic format.
- (4) In order to prepare for the future strengthening of the management system, the Company will add a sentence stating that the Company may newly appoint a Vice Chairperson as Directors with Title as stipulated in Article 22 (Representative Directors and Directors with Title) of the current Articles of Incorporation, while deleting the sentence regarding the positions of Senior Executive Directors and Executive Directors, which have been effectively abolished due to the operation of the Executive Officer System.

#### 2. Contents of the amendments:

The contents of the amendments are as follows.

(Underlined portions indicate proposed changes.)

Current Articles of Incorporation	Proposed Amendments
Article 1. (Text omitted)	Article 1. (Unchanged)
(Purposes)	(Purposes)
Article 2. The purpose of the Company is to run the following businesses.	Article 2. The purpose of the Company is to run the following businesses.
1)	1)
↳ (Text omitted)	↳ (Unchanged)
2)	2)
3) Surface decorations for synthetic resins, metals and glass and, production and sale of related products;	3) Surface decorations for synthetic resins, metals, glass <u>and pulp</u> and, production and sale of related products;

Current Articles of Incorporation	Proposed Amendments
4)	4)
} (Text omitted)	} (Unchanged)
6)	6)
7) Photoengraving, printing, book binding and processing, photography, and sale thereof;	(Moved to 8)
8) Production and sale of printing system instruments;	(Moved to 9)
9) Development, production and sale of products based on printing technology;	(Moved to 10)
10) Development, production and sale of medical devices, medical materials, consumable medical products, analyzers, pharmaceuticals, veterinary drugs, in-vitro diagnostics, quasi-drug and cosmetics;	7) Development, production and sale of medical devices <u>and related parts thereof</u> , medical materials, consumable medical products, analyzers, pharmaceuticals, veterinary drugs, in-vitro diagnostics, quasi-drug and cosmetics;
(Moved from 7)	8) Photoengraving, printing, book binding and processing, photography, and sale thereof;
(Moved from 8)	9) Production and sale of printing system instruments;
(Moved from 9)	10) Development, production and sale of products based on printing technology;
11)	11)
} (Text omitted)	} (Unchanged)
21)	21)
Article 3.	Article 3.
} (Text omitted)	} (Unchanged)
Article 12.	Article 12.
(Time of Convening General Meeting of Shareholders)	(Time of Convening General Meeting of Shareholders)
Article 13. The Ordinary General Meeting of Shareholders of the Company shall be convened in March of each year, and an Extraordinary General Meeting of Shareholders shall be convened whenever necessary.  (Newly established)	Article 13. The Ordinary General Meeting of Shareholders of the Company shall be convened in March of each year, and an Extraordinary General Meeting of Shareholders shall be convened whenever necessary.
Article 14.	2. <u>The General Meeting of Shareholders may be held without specifying a venue.</u>
} (Text omitted)	Article 14.
Article 15.	} (Unchanged)
} (Text omitted)	Article 15.
Article 15.	(Deleted)
<u>(Disclosure by Internet and Deemed Submission of Reference Material for the General Meeting of Shareholders, etc.)</u>	
<u>Article 16. If the information relating to the matters to be described or shown in the Reference Material for General Meeting of Shareholders, Business</u>	

Current Articles of Incorporation	Proposed Amendments
<p><u>Report, Non-consolidated Financial Documents and Consolidated Financial Documents has been disclosed by utilizing the Internet in accordance with the provisions of the ministerial ordinance of the Ministry of Justice, in convening the General Meeting of Shareholders, the Company may deem such information submitted to the shareholders.</u></p> <p>(Newly established)</p> <p>Article 17.  { (Text omitted)</p> <p>Article 21.</p> <p>(Representative Directors and Directors with Title)</p> <p>Article 22. The Representative Director shall be elected by the resolution of the Board of Directors.</p> <p>2. One Chairperson, one President and CEO, and one or more Corporate Vice President(s), <u>Senior Executive Director(s) and Executive Director(s)</u> may be elected from among the Directors of the Company by the resolution of the Board of Directors.</p> <p>Article 23.  { (Text omitted)</p> <p>Article 40.</p> <p>(Newly established)</p>	<p><u>(Provision of Documents for the General Meeting of Shareholders in Electronic Format, etc.)</u></p> <p><u>Article 16. In convening the General Meeting of Shareholders, the Company shall provide the contents of the Reference Material, etc. for the General Meeting of Shareholders in an electronic format.</u></p> <p><u>2. Among the contents provided in an electronic format, the Company may exclude all or part of matters prescribed by the provisions of the ministerial ordinance of the Ministry of Justice from the document that will be issued to shareholders who requested the issuance of such a document by the base date of the voting right.</u></p> <p>Article 17.  { (Unchanged)</p> <p>Article 21.</p> <p>(Representative Directors and Directors with Title)</p> <p>Article 22. The Representative Director shall be elected by the resolution of the Board of Directors.</p> <p>2. One Chairperson, <u>one Vice Chairperson</u>, one President and CEO, and one or more Corporate Vice President(s) may be elected from among the Directors of the Company by the resolution of the Board of Directors.</p> <p>Article 23.  { (Unchanged)</p> <p>Article 40.</p> <p><u>(Supplementary Provisions)</u></p> <p><u>Article 1. The deletion of Article 16 of the current Articles of Incorporation (Disclosure by Internet and Deemed Submission of Reference Material for the General Meeting of Shareholders, etc.) and the establishment of Article 16 in the amended Articles of Incorporation (Provision of Documents for the General Meeting of Shareholders in Electronic</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>Format, etc.) shall be effective from the date of enforcement provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) (hereinafter, "Date of Enforcement").</u></p> <p><u>Article 2. Notwithstanding the provisions of the preceding article, Article 16 of the current Articles of Incorporation shall remain effective regarding any General Meeting of Shareholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>Article 3. These Supplementary Provisions shall be deleted on the date when six months have passed from the Date of Enforcement or three months have passed from the date of the General Meeting of Shareholders in the preceding article, whichever is later.</u></p>

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

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

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

Candidates for the position of Directors of the Board were determined based on a report of the Nomination and Compensation Committee (page 29 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 18).

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 Internal Control	22 years and 9 months	100% (17 out of 17)
2	Daisuke Inoue	Reappointment		Director of the Board Senior Executive Vice President General Manager of Devices Business Unit Human Resources General Affairs and Legal Affairs Health and Productivity Management Chairman of Risk Management and Compliance Committee Director of Tokyo Division Headquarters	4 years	100% (17 out of 17)
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 Sustainability Investor Relations	4 years	100% (17 out of 17)
4	Yutaka Nishimoto	Reappointment		Director of the Board Executive Vice President Chief Quality and Production Officer Pharmaceutical and Medical Device Affairs Senior Director of Devices Business Unit (Quality, Engineering and Production)	1 year	100% (13 out of 13)
5	Hisashi Iso	Reappointment		Director of the Board Executive Vice President General Manager of Industrial Materials Business Unit	1 year	100% (13 out of 13)
6	Kazuhito Osugi	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	5 years and 9 months	100% (17 out of 17)
7	Asli M. Colpan	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	3 years	100% (17 out of 17)
8	Kazumichi Matsuki	Reappointment Candidate for Independent Outside Director of the Board	Independent Officer	Director of the Board	3 years	100% (17 out of 17)
9	Juichi Takeuchi	New appointment Candidate for Independent Outside Director of the Board	Independent Officer	–	–	–

Note: Attendance at meetings of the Board of Directors of Mr. Yutaka Nishimoto and Mr. Hisashi Iso covers meetings of the Board of Directors held after they assumed office as Directors of the Board of the Company.

Candidate number	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares held
1	Junya Suzuki (December 8, 1964) Reappointment  (Period served as a Director of the Board) 22 years and 9 months as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 17 out of 17 (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><b>【Responsibilities】</b> Chief Executive Officer, Chairman of Sustainability Committee, Internal Control</p>	628,127 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.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Junya Suzuki, he will continue to be insured under the insurance contract.  
Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.



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) 4 years as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 17 out of 17 (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><b>【Responsibilities】</b> Senior Executive Vice President, General Manager of Devices Business Unit, Human Resources, General Affairs and Legal Affairs, Health and Productivity Management, Chairman of Risk Management and Compliance Committee, Director of Tokyo Division Headquarters</p>	5,817 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 establish and implement marketing-based strategies for winning new orders while showing strong leadership from the perspective of the Nissha Group as a whole as responsible for 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.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Daisuke Inoue, he will continue to be insured under the insurance contract.

Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.

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) 4 years as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 17 out of 17 (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><b>【Responsibilities】</b> Executive Vice President, Chief Strategy Officer, Director of Corporate Strategy Planning, Senior Director of New Business Development Office, Sustainability, Investor Relations</p>	4,684 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 and verifying their effectiveness as Executive Vice President, Chief Strategy Officer and Director of Corporate Strategy Planning, he shows strong leadership in accelerating the reorganization of the business portfolio of the Company and expanding business performance by creating new businesses as Senior Director of New Business Development Office. We ask for his election so that he may continuously serve as a Director of the Board, since we judge that he is an appropriate talented person who will continue to carry out sound growth strategies for the Company and supervise the execution of operations.

Notes:

1. No special interests exist between Mr. Wataru Watanabe and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Wataru Watanabe, he will continue to be insured under the insurance contract.

Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.

Candidate number	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares held
4	Yutaka Nishimoto (December 22, 1969) Reappointment  (Period served as a Director of the Board) 1 year as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 13 out of 13 (100%) (After he assumed office as Director of the Board of the Company)	<p>March 1993 Entered the Company</p> <p>April 2008 Director of Foil Printing Production, Kameoka Factory, Nitec Industries, Inc.*</p> <p>January 2011 Factory Manager, Kaga Factory, Nitec Precision, Inc.* (currently, Nitec Precision and Technologies, Inc.)</p> <p>April 2012 Representative Director of Nitec Precision, Inc.</p> <p>April 2013 Director of the board and Factory Manager, Kaga Factory, Nitec Precision and Technologies, Inc.*</p> <p>February 2014 Director of the board and Chief Operating Officer of Nitec Precision and Technologies, Inc.*</p> <p>April 2015 Vice President, Senior Director of Devices Business Unit of the Company (Production)</p> <p>April 2015 Representative Director and CEO of Nitec Precision and Technologies, Inc. (present post)</p> <p>September 2015 Vice President, Senior Director of Devices Business Unit of the Company (Production and Procurement)</p> <p>January 2018 Senior Vice President, Senior Director of Devices Business Unit (Production)</p> <p>January 2021 Executive Vice President, Senior Director of Devices Business Unit (Quality and Production)</p> <p>March 2021 Director of the Board, Executive Vice President, Senior Director of Devices Business Unit (Quality and Production)</p> <p>January 2022 Director of the Board, Executive Vice President, Senior Director of Devices Business Unit (Quality, Engineering, and Production) (present post)</p> <p><b>【Responsibilities】</b> Executive Vice President, Chief Quality and Production Officer, Pharmaceutical and Medical Device Affairs, Senior Director of Devices Business Unit (Quality, Engineering and Production)</p>	3,754 shares

\* Wholly-owned subsidiaries of the Company (Please refer to page 26.)

(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 duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He 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. 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. Yutaka Nishimoto and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Yutaka Nishimoto, he will continue to be insured under the insurance contract.  
Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.

Candidate number	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares held
5	Hisashi Iso (December 12, 1964) Reappointment  (Period served as a Director of the Board) 1 year as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 13 out of 13 (100%) (After he assumed office as Director of the Board of the Company)	<p>April 1987 Entered the Company</p> <p>April 2007 Director of PC Marketing and Sales, Industrial Materials and Input Devices Business Unit</p> <p>April 2011 Director of Procurement and Sourcing, Devices Business Unit</p> <p>October 2013 Senior Director of Devices Business Unit (Customer Relationship Management)</p> <p>April 2015 Vice President, Senior Director of Devices Business Unit (Customer Relationship Management)</p> <p>April 2017 Vice President, Senior Director of Devices Business Unit (Customer Relationship Management and Module Products)</p> <p>January 2018 Vice President, Senior Director of Devices Business Unit (Customer Relationship Management and Procurement)</p> <p>January 2019 Vice President, Senior Director of Devices Business Unit (Customer Relationship Management, Supply Chain Management and Procurement)</p> <p>July 2019 Vice President, Senior Director of Industrial Materials Business Unit (Customer Relationship Management), and Senior Director of Devices Business Unit (Supply Chain Management and Procurement)</p> <p>January 2020 Vice President, Senior Director of Industrial Materials Business Unit (Customer Relationship Management and Procurement)</p> <p>June 2020 Senior Vice President, General Manager of Industrial Materials Business Unit</p> <p>March 2021 Director of the Board, Senior Vice President, General Manager of Industrial Materials Business Unit</p> <p>January 2022 Director of the Board, Executive Vice President, General Manager of Industrial Materials Business Unit (present post)</p> <p><b>【Responsibilities】</b> Executive Vice President, General Manager of Industrial Materials Business Unit</p>	3,136 shares

(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 duly performed his duties as a Director of the Board, such as decision-making on important managerial issues and the supervision of the execution of operations. He assumes responsibility for business management in the global consolidation of the Industrial Materials Business Unit as Executive Vice President and General Manager of Industrial Materials Business Unit and is showing strong leadership in establishing and implementing marketing-based strategies for winning new orders. 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. Hisashi Iso and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Hisashi Iso, he will continue to be insured under the insurance contract.  
Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.

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) 5 years and 9 months as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 17 out of 17 (100%)	April 1977	Entered the Bank of Japan	0 shares
		May 1984	University of Michigan, Graduate School of Business Administration (MBA)	
		November 1986	Economist, BIS (Bank for International Settlements)	
		June 1999	General Manager, the Bank of Japan Matsumoto Branch	
		May 2001	Deputy General Manager, the Bank of Japan Osaka Branch	
		May 2003	Senior Director, Industrial Revitalization Corporation of Japan	
		July 2005	Deputy Director- General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department	
		May 2006	Director-General, the Bank of Japan Internal Auditors' Office	
		April 2007	Director-General, the Bank of Japan Secretariat of the Policy Board	
		April 2009	Guest professor, Ochanomizu University	
		September 2011	Auditor, the Bank of Japan	
October 2015	Advisor, Security Transport Business Division, NIPPON EXPRESS CO., LTD.			
June 2016	Independent Outside Director of the Board, the Company (present post)			
August 2018	Outside Director, Frontier Management Inc. (present post)			
June 2021	Outside Director, The Gunma Bank, Ltd. (present post)			

(Significant positions concurrently held)

Outside Director, Frontier Management Inc. / Outside Director, The Gunma Bank, Ltd.

(Reasons for selecting the candidate for an Independent Outside Director of the Board and outline of expected roles)

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 or other companies. 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 expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.

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 served as an Advisor until May 2021. The amount, however, meets the "Standards for Independence of Independent Officers" (page 18) of the Company, with the amount of transactions in the most recent fiscal year being less than 1% of consolidated gross sales of the Nissha Group and the NIPPON EXPRESS Group, and would not affect the independence of Mr. Kazuhito Osugi as an Independent Outside Director of the Board.
- The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Kazuhito Osugi, he will continue to be insured under the insurance contract.  
Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.
- 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	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) 3 years as of the close of the meeting  (Attendance at meetings of the Board of Directors in FY2021.12) 17 out of 17 (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 and outline of expected roles)

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

Notes:

- No special interests exist between Ms. Asli M. Colpan and the Company.
- 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.
- 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.
- The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Ms. Asli M. Colpan, she will continue to be insured under the insurance contract.  
Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.
- 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	
8	Kazumichi Matsuki (August 17, 1951) 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 FY2021.12) 17 out of 17 (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 (currently, SANDEN CORPORATION)	

(Significant positions concurrently held)

Independent Outside Director of the Board (Audit and Supervisory Committee Member), ANEST IWATA Corporation / Director, Japan Criminal Policy Society

(Reasons for selecting the candidate for an Independent Outside Director of the Board and outline of expected roles)

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 expect that he will continue to give his valuable counsel and strive to enhance management supervisory functions from an independent point of view across the whole range of the Company's management.

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 Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the reelection of Mr. Kazumichi Matsuki, he will continue to be insured under the insurance contract.  
Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.
- The Tokyo Stock Exchange has been notified of Mr. Kazumichi Matsuki as an Independent Officer of the Company.

Candidate number	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares held
9	Juichi Takeuchi (October 14, 1959) New appointment Candidate for Independent Outside Director of the Board Independent Officer	<p>April 1983 Entered Terumo Corporation</p> <p>July 2006 VP &amp; COO, Terumo Medical Corporation</p> <p>April 2007 President &amp; CEO</p> <p>November 2010 President (Europe and the United States), D&amp;D Group, General Hospital Company, Terumo Corporation, and President &amp; CEO, Terumo Medical Corporation</p> <p>June 2011 Executive Officer, Terumo Corporation</p> <p>October 2014 Executive Officer, President, Terumo Pharmaceutical Solutions, and General Manager, Overseas Promotion Office, General Hospital Company, Terumo Corporation</p> <p>April 2015 Executive Officer, President and CEO, Terumo Americas Holding, Inc., and Regional Representative, Latin America</p> <p>October 2016 Executive Officer, President and CEO, Terumo Americas Holding, Inc., Regional Representative, Latin America, and President, Terumo Latin America Corporation</p> <p>April 2018 Senior Executive Officer, Terumo Corporation</p> <p>April 2020 Senior Executive Advisor, Terumo Corporation (present post)</p>	0 shares

(Significant positions concurrently held)

Senior Executive Advisor, Terumo Corporation

(Reasons for selecting the candidate for an Independent Outside Director of the Board and outline of expected roles)

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

Notes:

1. No special interests exist between Mr. Juichi Takeuchi and the Company.
2. Mr. Juichi Takeuchi is a candidate for Independent Outside Director of the Board as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. The Company will conclude a contract for limitation of liability with Mr. Juichi Takeuchi if we obtain approval for his election. The aforementioned contract limits liability for damages to the Company under Article 423, Paragraph 1 of the Companies Act to the minimum liability limit stipulated in Article 425, Paragraph 1 of the Companies Act, when the Director of the Board's duty is performed in good faith and with no gross negligence.
4. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the election of Mr. Juichi Takeuchi, he will be insured under the insurance contract. Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.
5. The Tokyo Stock Exchange will be notified of Mr. Juichi Takeuchi as an Independent Officer of the Company if we obtain approval for his election.



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

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

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

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

In addition, a candidate for the position of Audit and Supervisory Board Member was determined based on a report of the Nomination and Compensation Committee (page 29 of the Japanese original) chaired by an Independent Outside Director of the Board in accordance with the standards for selecting candidates for the position of Audit and Supervisory Board Members.

The candidate for the position of Audit and Supervisory Board Members is as follows:

Name (Date of birth)	Career summary and positions		Number of shares held
Kenji Imai (December 3, 1961) New appointment	April 1985	Entered the Company	1,726 shares
	April 2008	Director of Business Strategy Planning, Industrial Materials and Input Devices Business Unit	
	April 2011	Director of Business Strategy Planning, Devices Business Unit and Director of Business Strategy Planning, Industrial Materials Business Unit	
	April 2012	Director of Business Strategy Planning, Devices Business Unit	
	January 2020	Director of Procurement and Sourcing, Devices Business Unit	

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

Mr. Kenji Imai is well-versed in the Group's businesses and has broad experience and deep insight cultivated through his long career of engaging in sales and business strategies in the Industrial Materials and Devices businesses of the Company by leading the formulation and implementation of performance and investment plans. In light of such experience and insight, we ask for his election so that he may newly serve as an Audit and Supervisory Board Member since we judge that he can appropriately execute his duties as an Audit and Supervisory Board Member.

Notes:

1. No special interests exist between Mr. Kenji Imai and the Company.
2. Shares held under the name of the shareholding association are included in the number of shares held.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company. If we obtain approval for the election of Mr. Kenji Imai, he will be insured under the insurance contract.

Please refer to page 32 for an outline of the insurance contract. If the renewal period of the insurance contract arrives during the term of office, the contract will be renewed with the same content.

(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 of the board 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 of the board 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 of the board, (excluding Independent Outside Directors of the Board), executive officers, and employees holding a position of senior director or higher, (2) certified public accountants belonging to an auditing firm who are partners, and attorneys belonging to a law office, and (3) persons affiliated with incorporated foundations, incorporated associations, incorporated educational institutions and other corporations who are objectively and reasonably determined to be councilors, directors, auditors or other officers, or persons having equal importance.
10. Persons in circumstances which are otherwise objectively and reasonably found unsuitable for the duties of an Independent Officer.

## Attachments

# Business Report

(from January 1, 2021 through December 31, 2021)

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

During the fiscal year ended December 31, 2021, the global economic environment was severe due to the remaining impact of the novel coronavirus disease (COVID-19). Nevertheless, economic activities resumed especially in the United States and European countries thanks to the progress in vaccinations and fiscal stimulus, resulting in an overall trend of economic recovery. Global production and trade recovered sharply in the first half of the year, but the pace of recovery slowed down in the second half of the year due to constraints on supply including the shortage of semiconductors and soaring raw materials prices. In Japan, trends toward economic recovery were steady owing to rising exports with improvements in overseas economy, but the pace of recovery was moderate due to recurrent cases of COVID-19 and constraints on supply due to the shortage of semiconductors, etc.

Under these conditions, with regard to financial results for the fiscal year ended December 31, 2021, net sales remained firm thanks to a continued demand in the Devices segment, an increased demand in the Industrial Materials segment, and a recovery in demand impacted by COVID-19 in the Medical Technologies segment. In the second half of the fiscal year, demand for products for smartphones declined in the Devices segment and demand in some areas fluctuated due to the shortage of semiconductors, etc. On the profit front, although raw materials and labor costs soared owing to constraints on supply, operating profit significantly improved year on year owing to the effects of production leveling and productivity improvement measures, in addition to the impact of a solid product demand.

As a result, regarding the financial results for the fiscal year ended December 31, 2021, net sales were ¥189,285 million (an increase of 5.2% as compared to the previous year). Operating profit was ¥17,363 million (an increase of 138.5% as compared to the previous year). Profit attributable to owners of parent was ¥15,859 million (an increase of 124.6% as compared to the previous year).

### 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, 2021, net sales increased year on year thanks to vigorous demand for mobility components in the field of decoration and for metallized paper, sustainable material, despite product demand having been affected by constraints on supply due to the shortage of semiconductors, etc. In terms of profits, despite the impact of supply constraints such as soaring raw materials costs, operating profit increased substantially year on year due to improvements in the profit structure as well as strong product demand.

As a result, segment sales for the fiscal year ended December 31, 2021 were ¥60,543 million (an increase of 23.9% as compared to the previous year). Segment profit (operating profit) was ¥5,161 million (an increase of 501.4% as compared to the previous year).

#### Principal products

In-mold decoration (IMD), in-mold labeling (IML), in-mold electronics (IME),\* transfer foil, metallized paper and sustainable molded parts

\*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 tablets, smartphones, portable game players, industrial equipment (logistics related), mobility components, 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, 2021, while demand for products for smartphones was on a downturn trend in the second half of the fiscal year, product demand remained firm for tablets and industrial equipment. Production levelling due to sustained product demand and productivity improvement measures significantly expanded operating profit year on year.

As a result, segment sales for the fiscal year ended December 31, 2021 were ¥96,971 million (a decrease of 5.6% as compared to the previous year). Segment profit (operating profit) was ¥14,242 million (an increase of 40.6% as compared to 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 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 these, the segment manufactures and sells its own brand products to medical institutions.

During the fiscal year ended December 31, 2021, product demand continued to recover, which had decreased due to COVID-19, and net sales steadily improved year on year. Meanwhile, soaring raw materials and labor costs in the United States put pressure on profitability, and operating profit was roughly the same year on year.

As a result, segment sales for the fiscal year ended December 31, 2021 were ¥24,176 million (an increase of 17.5% as compared to the previous year). Segment profit (operating profit) was ¥776 million (a decrease of 21.8% 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, 2021).

## (2) Status of fund procurement, etc.

### 1) Status of fund procurement

The Company issued the First Series Unsecured Bonds worth ¥10 billion, whose proceeds are to be used as funds for repayment of borrowings and for working capital, on April 20, 2021.

The Company also procured ¥10 billion in funding through a Sustainability Linked Loan (hereinafter, "SLL") as funds for working capital on December 3, 2021.

An SLL is a loan designed to provide preferential interest rates in accordance with how far a set sustainability performance target is achieved, in order to promote sustainable economic activities and growth.

### 2) Status of capital investment

The Group has been implementing the three-year 7th Medium-term Business Plan since 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. In the markets of medical devices, mobility, and sustainable materials, our goal is to achieve growth by expanding product and service lineups that will solve social issues. In the IT devices market, we will enhance profitability and efficiency in response to the downturn trend in the product demand.

To this end, we renewed and expanded production facilities at North and Central American and European bases in the Industrial Materials business segment, renewed domestic production facilities in the Devices business segment, and concluded a new factory leasing contract for the European base in the Medical Technologies business segment.

As a result, capital investment amounted to ¥2,613 million in the Industrial Materials business segment, ¥1,659 million in the Devices business segment, ¥978 million in the Medical Technologies business segment, and ¥1,788 million in other and common corporate divisions (R&D and Administration divisions). The overall capital investment of the Nissha Group was reduced, standing at ¥7,040 million (a decrease of 10.4% as compared to the previous year).

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 facilities
Devices	Renewal of domestic production facilities
Medical Technologies	Conclusion of a new factory leasing contract for the European base
Other and common corporate divisions (R&D and Administration divisions)	Introduction of prototype production line and upgrade of ERP

### (3) Status of consolidated assets and profit and loss

(Millions of Yen)

Items	FY2018.12 [the 100 <sup>th</sup> business term]	FY2019.12 [the 101 <sup>st</sup> business term]		FY2020.12 [the 102 <sup>nd</sup> business term]	FY2021.12 (current term) [the 103 <sup>rd</sup> business term]
	Japanese GAAP	Japanese GAAP	IFRS	IFRS	IFRS
Net sales	207,404	173,189	174,035	180,006	189,285
Operating profit (loss)	8,080	(4,307)	(16,253)	7,278	17,363
Ordinary profit (loss)	7,380	(4,696)	–	–	–
Profit (loss) before income taxes/Profit (loss) before tax	6,097	(2,213)	(16,634)	7,039	19,499
Profit (loss) attributable to owners of parent	4,318	(4,131)	(17,183)	7,061	15,859
Basic earnings (loss) per share (Yen)	85.70	(82.77)	(344.27)	141.34	318.35
Total assets	202,596	190,634	186,762	199,554	209,274
Net assets/Total equity	90,326	86,255	75,002	81,924	98,264

- Notes:
1. The Company finalized the provisional accounting treatment pertaining to business combinations and changed accounting policies pertaining to configuration or customization costs in cloud computing agreements in FY2021.12 (the 103<sup>rd</sup> business term), and reflected the details of the finalization of the provisional accounting treatment and figures after retrospective adjustments due to the changes in accounting policies on figures related to FY2020.12 (the 102<sup>nd</sup> business term).
  2. Effective from FY2020.12 (the 102<sup>nd</sup> business term), the Group began preparing consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and figures for FY2019.12 (the 101<sup>st</sup> business term) have been recalculated based on IFRS to allow for comparison and analysis.
  3. Items with “/” indicate Japanese GAAP/IFRS.
  4. The Company finalized the provisional accounting treatment pertaining to business combinations in FY2020.12 (the 102<sup>nd</sup> business term), and reflected the details of the finalization of the provisional accounting treatment on figures related to FY2019.12 (the 101<sup>st</sup> business term).
  5. Basic earnings (loss) per share are calculated based on the average number of shares outstanding during the fiscal year (after deducting the average number of treasury shares).
  6. The Company has introduced the Board Benefit Trust (BBT) from FY2017.3 (the 98<sup>th</sup> business term), and the Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type) from FY2019.12 (the 101<sup>st</sup> 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.
  7. The Company finalized the provisional accounting treatment pertaining to business combinations in FY2019.12 (the 101<sup>st</sup> business term), and reflected the details of the finalization of the provisional accounting treatment on figures related to FY2018.12 (the 100<sup>th</sup> business term).
  8. 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 101<sup>st</sup> business term), and amounts in FY2018.12 (the 100<sup>th</sup> business term) are figures obtained by retrospectively applying the said accounting standard, etc.

#### **(4) Issues to be addressed**

The Group has been implementing the three-year 7th Medium-term Business Plan since 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. In the markets of medical devices, mobility, and sustainable materials, our goal is to achieve growth by expanding product and service lineups that will solve social issues. In the IT devices market, we will enhance profitability and efficiency in response to the downturn trend in the product demand.

Concerning the global economic environment in the fiscal year ending December 31, 2022, we expect that the economy will continue to recover with the easing of constraints on supply, such as the shortage of semiconductors, although there are uncertainties about the impact of resurgence of COVID-19 on economic activities as well as trends in raw materials prices and labor costs.

In the fiscal year ending December 31, 2022, we expect a rapid growth in product demand for touch sensors for mobility components in the Devices segment, while we foresee a slowdown in demand 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 grow steadily. In the Medical Technologies segment, product demand for contract development and manufacturing services will rise owing to continued trends toward recovery from COVID-19 and the commencement of manufacturing new products. For the consolidated financial results for the fiscal year ending December 31, 2022, we expect net sales of ¥175,500 million, operating profit of ¥11,500 million, profit before tax of ¥11,000 million and profit attributable to owners of parent of ¥7,800 million. These figures are based on an exchange rate of 1US\$ = ¥113 for the fiscal year ending December 31, 2022.

**(5) Principal bases, etc. of the Nissha Group (as of December 31, 2021)**

## 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	2,665	+57
Devices	977	-74
Medical Technologies	1,170	+24
Other and common corporate divisions (R&D and Administration divisions)	597	+12
Total	5,409	+19

- Notes:
1. "Number of employees" indicates the number of employees actually working.
  2. From the current fiscal year, the Company has changed the classification of reportable segments and included the "Information and Communication" segment in the "Other" category. Accordingly, the figures at the end of the previous fiscal year have been recalculated to reflect the new classification for comparison.

(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	534	+3	43.8 years	15.6 years
Female	197	+8	37.8 years	10.8 years
Total or average	731	+11	42.2 years	14.3 years

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

**(6) Status of important parent company and subsidiaries (as of December 31, 2021)**

## 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.	¥12 million	100%	Production of decorative films
Nitec Precision and Technologies, Inc.	¥20 million	100%	Production of film-based Touch Sensors
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 470 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, 2021)**

(Millions of Yen)

Creditors	Amount of borrowings
Mizuho Bank, Ltd.	7,500
The Bank of Kyoto, Ltd.	4,250
MUFG Bank, Ltd.	3,250

**2. Matters Regarding Shares of the Company (as of December 31, 2021)**

- (1) Total number of shares authorized 180,000,000 shares
- (2) Total number of common shares issued 50,855,638 shares  
(including 581,209 treasury shares)
- (3) Number of shareholders 11,076
- (4) Major shareholders (Top 10)

Name	No. of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,892	11.72
Suzuki Kosan Co., Ltd.	2,563	5.09
Custody Bank of Japan, Ltd. (Trust Account)	2,501	4.97
Meiji Yasuda Life Insurance Company	2,341	4.65
Mizuho Bank, Ltd.	2,076	4.12
TAIYO FUND, L.P.	1,492	2.96
The Bank of Kyoto, Ltd.	1,442	2.86
Nissha Kyoekai	1,140	2.26
TAIYO HANEI FUND, L.P.	1,097	2.18
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	1,068	2.12

- 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 460 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 Kyoekai is a shareholding association for business partners of the Company.

**(5) Shares granted to Directors of the Board of the Company as compensation for execution of duties during the current fiscal year**

Title	Number of shares	Number of recipients
Directors of the Board (excluding Independent Outside Directors of the Board)	14,900 shares	5

- Notes: 1. The Company has introduced a performance-linked stock compensation plan. An outline of the plan is described in “1) Policy for determining the details of individual compensation for Directors of the Board” (page 32). Independent Outside Directors of the Board and Audit and Supervisory Board Members are not eligible for this plan.
2. The aforementioned number of shares includes shares granted to two Directors of the Board who retired at the close of the Ordinary General Meeting of Shareholders for the 102<sup>nd</sup> Business Term, held on March 19, 2021.

**(6) Other important matters regarding the shares of the Company**

1) Acquisition of treasury shares

The Company acquired treasury shares based on a resolution at the meeting of the Board of Directors held on February 19, 2021 as detailed below.

Class of shares acquired	Common stock
Total number of shares acquired	292,900 shares
Total acquisition price of shares	¥419,139,900
Acquisition date	February 22, 2021

2) Disposal of treasury shares

The Company disposed of treasury shares through a third-party allocation based on a resolution at the meeting of the Board of Directors held on August 5, 2021 as detailed below.

Number of shares disposed of	225,000 shares of common stock
Total disposition price	¥350,775,000
Subscriber	Custody Bank of Japan, Ltd. (Trust E Account)
Date of disposition	August 23, 2021

**3. Matters Regarding Stock Acquisition Rights**

Not applicable.

**4. Matters Regarding Directors of the Board and Audit and Supervisory Board Members (as of December 31, 2021)**

**(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	Daisuke Inoue	Senior Executive Vice President General Manager of Devices Business Unit Human Resources General Affairs and Legal Affairs Health and Productivity Management 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 Sustainability Investor Relations	
Director of the Board	Yutaka Nishimoto	Executive Vice President Chief Quality and Production Officer Pharmaceutical and Medical Device Affairs Senior Director of Devices Business Unit (Quality and Production)	Representative Director and CEO of Nitec Precision and Technologies, Inc. Chairman, Nissha Vietnam Co., Ltd.
Director of the Board	Hisashi Iso	Senior Vice President General Manager of Industrial Materials Business Unit	Representative Director and CEO, Nissha Korea, Inc. Chairman and CEO, Taiwan Nissha Co., Ltd.
Director of the Board	Kazuhito Osugi		Outside Director, Frontier Management Inc. Outside Director of, The Gunma Bank, Ltd.
Director of the Board	Makoto Ando		
Director of the Board	Asli M. Colpan		Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Independent Audit and Supervisory Board Member, Sumitomo Rubber Industries, Ltd.

Position	Name	Responsibilities	Significant positions concurrently held
Director of the Board	Kazumichi Matsuki		Independent Outside Director of the Board (Audit and Supervisory Committee Member), ANEST IWATA Corporation Director, Japan Criminal Policy Society
Full-time Audit and Supervisory Board Member	Yasuro Nonaka		
Full-time Audit and Supervisory Board Member	Tetsuya Taniguchi		
Audit and Supervisory Board Member	Shigeaki Momo-o		Partner, Momo-o, Matsuo & Namba
Audit and Supervisory Board Member	Yusuke Nakano		General Manager, NAKANO C.P.A. OFFICE Senior Partner, SEIYU AUDIT CORPORATION Independent Outside Director of the Board (Audit and Supervisory Committee Member), SK-Electronics CO., LTD. Independent Audit and Supervisory Board Member, Sanyo Chemical Industries, 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 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 18) of the Company.
  6. 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.
  7. 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 102<sup>nd</sup> Business Term held on March 19, 2021, Mr. Yutaka Nishimoto and Mr. Hisashi Iso were newly elected as Directors of the Board of the Company and assumed their offices on such date.
    - (2) Mr. Takao Hashimoto and Mr. Hayato Nishihara, Directors of the Board, retired upon the expiration of the term of their office as of March 19, 2021.
    - (3) Mr. Kazuhito Osugi, Director of the Board, resigned from office as Advisor of Security Transport Business Division, NIPPON EXPRESS CO., LTD. as of May 31, 2021.
    - (4) Mr. Yusuke Nakano, Audit and Supervisory Board Member, assumed office as Independent Audit and Supervisory Board Member of Sanyo Chemical Industries, Ltd. as of June 18, 2021.
    - (5) Mr. Kazuhito Osugi, Director of the Board, assumed office as Independent Outside Director of the Board of The Gunma Bank, Ltd. as of June 24, 2021.
    - (6) Mr. Kazumichi Matsuki, Director of the Board, resigned from office as Independent Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION (currently, SANDEN CORPORATION) as of June 25, 2021.
    - (7) Mr. Yusuke Nakano, Audit and Supervisory Board Member, resigned from office as Independent Audit and Supervisory Board Member of WATABE WEDDING CORPORATION as of June 30, 2021.
  8. As a result of changes in responsibilities of Directors of the Board as of January 1, 2022, 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 Internal Control	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	Daisuke Inoue	Senior Executive Vice President General Manager of Devices Business Unit Human Resources General Affairs and Legal Affairs Health and Productivity Management Chairman of Risk Management and Compliance Committee Director of Tokyo Division Headquarters	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 Sustainability Investor Relations	
Director of the Board	Yutaka Nishimoto	Executive Vice President Chief Quality and Production Officer Pharmaceutical and Medical Device Affairs Senior Director of Devices Business Unit (Quality, Engineering, and Production)	Representative Director and CEO of Nitec Precision and Technologies, Inc. Chairman, Nissha Vietnam Co., Ltd.
Director of the Board	Hisashi Iso	Executive Vice President General Manager of Industrial Materials Business Unit	Representative Director and CEO, Nissha Korea, Inc. Chairman and CEO, Taiwan Nissha Co., Ltd.
Director of the Board	Kazuhito Osugi		Independent Outside Director of the Board, Frontier Management Inc. Independent Outside Director of the Board, The Gunma Bank, Ltd.
Director of the Board	Makoto Ando		
Director of the Board	Asli M. Colpan		Professor, Graduate School of Economics, Kyoto University Professor, Graduate School of Management, Kyoto University Independent Audit and Supervisory Board Member, Sumitomo Rubber Industries, Ltd.
Director of the Board	Kazumichi Matsuki		Independent Outside Director of the Board (Audit and Supervisory Committee Member), ANEST IWATA Corporation Director, Japan Criminal Policy Society

9. The Company has introduced a corporate officer system to enhance corporate governance. The 16 Corporate Officers including four Corporate Officers who concurrently serve as Directors of the Board were appointed to Corporate Officers on January 1, 2022.

10. 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) Outline of the details of contracts for limitation of liability**

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) Outline of the details of indemnity agreements**

Not applicable.

**(4) Outline of the contents of the directors and officers liability insurance contract**

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance covers damages to be borne by the insureds due to claims for damages arising from business activities, litigation costs, and other damages. However, the Company has taken measures to ensure that the appropriateness of the execution of duties by Directors of the Board and other officers is not impaired by excluding compensation for criminal acts such as bribery and damages caused by Directors of the Board and other officers themselves who intentionally commit illegal acts.

The insureds of the insurance contract are Directors of the Board, Audit and Supervisory Board Members, and Corporate Officers, etc. of the Company. The insurance premiums are fully borne by the Company for all the insureds.

**(5) Compensation paid to Directors of the Board and Audit and Supervisory Board Members**

**1) Policy for determining the details of individual compensation for Directors of the Board (hereinafter, the "determination policy")**

**(i) Method of determining the determination policy**

The Company resolved the determination policy at the meeting of the Board of Directors held on February 19, 2021. The Company consulted the Nomination and Compensation Committee in advance regarding the details of the resolution made at the meeting of the Board of Directors and received its report.

**(ii) Outline of the details of the determination policy**

The Company's compensation plan for Directors of the Board was designed to lead to the sustainable growth of the Nissha Group and the improvement of corporate value over the medium to long term and to ensure that their respective duties are duly performed.

The basic policy on compensation for Directors of the Board who are responsible for business execution is to promote the sharing of value with shareholders and contribute to the improvement of corporate performance and corporate value. The compensation consists of a base salary (monetary compensation), which is fixed compensation, bonus (monetary compensation), which is short-term performance-linked compensation, and stock compensation, etc., which is medium- to long-term performance-linked compensation. The base salary (monetary compensation) is fixed monthly compensation and determined based on the importance of duties each Director of the Board is responsible for and their positions. The bonus (monetary compensation), which is short-term performance-linked compensation, is based on periodic profit or loss, such as consolidated net sales and consolidated operating profit, as indicators to function as an incentive to achieve performance targets for each fiscal year and to encourage appropriate management. The Company determines the amount of the bonus by evaluating the level of achievement of the performance targets and pays it at a fixed time each year. Stock compensation, etc., which is medium- to long-term performance-linked compensation (non-monetary compensation, etc.), was designed to function as an incentive to promote a sense of contribution to the sustainable growth of the Nissha Group and the improvement of corporate value over the medium to long term. Specifically, a Board Benefit Trust (BBT) is used. Under this system, the Company awards points to Directors of the Board, etc. according to their titles and the attainment levels of consolidated performance targets as well as medium-term performance targets for each



fiscal year during a three-year period covered by the medium-term business plan. On a fixed date in every final fiscal year of the medium-term business plan, the Company grants or pays shares in the Company and cash equivalents of such shares at their market value (hereinafter together, “Company Shares”) through the trust according to the number of points awarded. As for indicators for awarding points, consolidated net sales and operating profit are used for the consolidated performance targets for each fiscal year, while the level of achievement of ROE, one of our key business management indicators set forth in a medium-term business plan, is used for the medium-term performance target.

The ratios of compensation by type are determined based on the compensation level of companies of a similar scale to the Company and those in related industries and general trends.

Compensation for Independent Outside Directors of the Board does not include performance-linked compensation as they supervise management from a standpoint independent from business execution. It consists solely of a basic salary, which is fixed compensation, and is determined by considering the career and responsibilities of the relevant Independent Outside Director of the Board.

The Company has established a Nomination and Compensation Committee as an advisory panel for the Board of Directors of the Company. The Nomination and Compensation Committee is chaired by an Independent Outside Director of the Board and the majority of its members are Independent Outside Directors of the Board. The Chairman of the Board, President and CEO prepares proposed compensation amounts for Directors of the Board in accordance with predetermined calculation methods within the range of compensation limits determined at general meetings of shareholders. Upon consultation by the Board of Directors, the Nomination and Compensation Committee deliberates the details of the proposed compensation amounts and submits a report to the Board of Directors. The Board of Directors then determines the compensation amounts based on the report.

- (iii) Reasons for the Board of Directors’ determination that the details of compensation for Directors of the Board for the current fiscal year are in line with the determination policy

The Nomination and Compensation Committee deliberated on the individual compensation for Directors of the Board for the current fiscal year from various viewpoints and confirmed that the details of compensation for Directors of the Board and the determination process are in line with the determination policy. With respect for the report from the Nomination and Compensation Committee, the Board of Directors determined that the details of compensation are in line with the determination policy.

## 2) **Matters regarding compensation for Audit and Supervisory Board Members**

Compensation for Audit and Supervisory Board Members is determined through discussions among Audit and Supervisory Board Members within the range of compensation limit determined at a general meeting of shareholders. It consists solely of a fixed basic salary as Audit and Supervisory Board Members are responsible for auditing the entire Nissha Group from an independent standpoint.

**3) Total amount of compensation paid to Directors of the Board and Audit and Supervisory Board Members**

Title	Number of officers	Total amount of compensation	Total amount of compensation by type		
			Fixed compensation	Performance-linked compensation, etc.	
			Base salary	Bonus	Stock compensation, etc. (Non-monetary compensation, etc.)
Directors of the Board (Independent Outside Directors of the Board)	11 (4)	¥363 million (¥35 million)	¥204 million (¥35 million)	¥113 million (-)	¥45 million (-)
Audit and Supervisory Board Members (Independent Audit and Supervisory Board Members)	4 (2)	¥46 million (¥17 million)	¥46 million (¥17 million)	-	-

- Notes: 1. The above figures include compensation for two Directors of the Board, who retired at the close of the Ordinary General Meeting of Shareholders for the 102<sup>nd</sup> Business Term, held on March 19, 2021.
2. It was resolved at the Ordinary General Meeting of Shareholders for the 97<sup>th</sup> Business Term, held on June 17, 2016, that the amount of compensation to be paid to Directors of the Board in total per year shall not exceed ¥430 million (of which, the amount of compensation to be paid to Independent Outside Directors of the Board shall not exceed ¥40 million). The number of Directors of the Board at the close of the Ordinary General Meeting of Shareholders was eight (including four Independent Outside Directors of the Board).  
In addition to the total amount of compensation for Directors of the Board mentioned above, it was resolved at the Ordinary General Meeting of Shareholders for the 102<sup>nd</sup> Business Term held on March 19, 2021 that, under a performance-linked stock compensation plan, the maximum amount of contributions to be made to acquire shares of the Company every three fiscal years shall be ¥226 million and the maximum number of Company Shares to be provided every three fiscal years shall be equivalent to 411,000 shares. At the close of the Ordinary General Meeting of Shareholders, the number of Directors of the Board was nine, and the number of Directors of the Board eligible for this plan was five (excluding Independent Outside Directors of the Board).
3. The performance-linked stock compensation, etc. is stated at the amount of provision for management board benefit trust recorded for the current fiscal year. The Company Shares will be actually granted on a fixed date after the end of the period covered by the 7th Medium-term Business Plan (from January 1, 2021 through December 31, 2023).
4. Please refer to “(1) Policy for determining the details of individual compensation for Directors of the Board” (page 32 above for the details of performance indicators selected as the basis for calculation of performance-linked compensation, etc., reasons for the selection and calculation methods. The results of the performance indicators are presented in “(3) Status of consolidated assets and profit and loss” (page 22).
5. It was resolved at the Ordinary General Meeting of Shareholders for the 97<sup>th</sup> Business Term, held on June 17, 2016, that the amount of compensation to be paid to Audit and Supervisory Board Members in total per year shall not exceed ¥60 million (of which, the amount of compensation to be paid to Independent Audit and Supervisory Board Members shall not exceed ¥20 million). The number of Audit and Supervisory Board Members at the close of the Ordinary General Meeting of Shareholders was four (including two Independent Audit and Supervisory Board Members).

**(6) 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**

Name	Attendance at meetings of the Board of Directors	Attendance at meetings of the Nomination and Compensation Committee	Major activities and outline of duties performed concerning expected duties
Kazuhito Osugi	100% (17 out of 17)	100% (5 out of 5)	At meetings of the Board of Directors, he gave advice and opinions concerning the management of the Company based on his deep insight into the field of finance and duly performed his duties, such as the supervision of the management. He also served as the Chairman of the Nomination and Compensation Committee and played an important role in ensuring objectivity and fairness in the selection, dismissal, and treatment of Directors of the Board.
Makoto Ando	100% (17 out of 17)	100% (5 out of 5)	At meetings of the Board of Directors, he gave advice and opinions concerning the management of the Company based on his broad experience as a business manager in the manufacturing industry and duly performed his duties, such as the supervision of the management. He also served as a member of the Nomination and Compensation Committee and played an important role in ensuring objectivity and fairness in the selection, dismissal, and treatment of Directors of the Board.
Asli M. Colpan	100% (17 out of 17)	100% (5 out of 5)	At meetings of the Board of Directors, she gave advice and opinions concerning the management of the Company based on her deep insight as a researcher in corporate governance and management strategies and duly performed her duties, such as the supervision of the management. She also served as a member of the Nomination and Compensation Committee and played an important role in ensuring objectivity and fairness in the selection, dismissal, and treatment of Directors of the Board.
Kazumichi Matsuki	100% (17 out of 17)	100% (5 out of 5)	At meetings of the Board of Directors, he gave advice and opinions concerning the management of the Company based on his deep insight into legal affairs and compliance cultivated at a trading company and in the manufacturing industry as well as his broad experience in corporate management and duly performed his duties, such as the supervision of the management. He also served as a member of the Nomination and Compensation Committee and played an important role in ensuring objectivity and fairness in the selection, dismissal, and treatment of Directors of the Board.

**2) Major activities of Independent Audit and Supervisory Board Members**

Name	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Board	Major activities
Shigeaki Momo-o	100% (17 out of 17)	100% (14 out of 14)	At meetings of the Board of Directors and the Audit and Supervisory Board, he gave advice and opinions mainly from a professional standpoint as a lawyer.
Yusuke Nakano	100% (17 out of 17)	100% (14 out of 14)	At meetings of the Board of Directors and the Audit and Supervisory Board, he gave advice and opinions mainly from a professional standpoint as a certified public accountant.

- 3) **Total amount of compensation 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 compensation**

Classification	Amount of compensation
Amount of compensation to be paid during the current fiscal year	¥85 million
Total amount of money and other financial benefits that the Company and its subsidiaries should pay to the Accounting Auditor	¥88 million

- Notes: 1. The “Amount of compensation to be paid during the current fiscal year” is the sum of the amount of compensation for auditing services in accordance with the Companies Act and the amount of compensation for auditing work in accordance with the Financial Instruments and Exchange Act, since the two kinds of compensation 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 compensation, 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 such services as the preparation of comfort letters, 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 contract for limitation of liability**

Not applicable.

(5) **Outline of the details of the indemnity agreements**

Not applicable.

(6) **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, "Internal Control") of the group consisting of the Company and its subsidiaries (hereinafter, 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 Risk Management and Compliance Committee under the Risk Management and Compliance Committee 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**

The Company shall establish a Risk Management and Compliance Committee under the Basic Policy for Risk Management to avoid and reduce risks by identifying and evaluating risks that impede the business operations of the Nissha Group in an integrated manner, selecting and reviewing material risks, and monitoring them. The subcommittees and business units responsible for each risk shall push forward with initiatives to minimize the risk. The Risk Management and Compliance Committee shall report the details of its activities to the Board of Directors once a year.

**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 monthly and quarterly meetings (business reviews).
- (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, 2021, the Company provided training at domestic bases under the themes of product quality and safety, appropriate management of information and assets and respect for human rights, while it gave an explanation of the Corporate Ethics and Code of Conduct Manual to employees at overseas bases. Besides, the Company also gave training on laws and regulations surrounding medical devices as training on priority markets and skills. Furthermore, the Company invited an external lawyer as a lecturer and provided the Company’s Directors of the Board and Audit and Supervisory Board Members with training in relation to the revised Whistleblower Protection Act and harassment.

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, 2021, the Company found 7 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 has established the Sustainability Committee, under which 8 subcommittees of Corporate Ethics and Compliance, Labor and Human Rights, Health and Productivity Management, Environmental Health and Safety, Quality, BCM, Information Security, and Trade Administration and Control are organized.

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 units, 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.

### **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.

Note: The Company newly established the Risk Management and Compliance Committee on January 1, 2022. The Committee avoids and reduces risks by identifying and assessing risks that impede the business operations of the Nissha Group in an integrated manner, selecting and reviewing material risks, and monitoring 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 7th 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 evaluated 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 100<sup>th</sup> 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, dividend payout ratios, financial soundness, and other factors. The Company will consider, as appropriate, special dividends reflecting its business results in the current fiscal year and acquisition of treasury shares as a way of improving capital efficiency.

The Company decided to pay a year-end dividend of ¥25 for the current fiscal year, including a special dividend of ¥10 reflecting the results of the fiscal year, totaling ¥40 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, etc., it is provided for in the Company's Articles of Incorporation that the Company may decide dividends of surplus, etc. by resolution of the Board of Directors.

## Consolidated Statements of Financial Position

(As of December 31, 2021)

(Millions of Yen)

Items	Amount	Items	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>103,546</b>	<b>Current liabilities</b>	<b>52,573</b>
Cash and cash equivalents	42,330	Trade and other payables	36,106
Trade and other receivables	30,233	Borrowings	6,570
Inventories	27,072	Other financial liabilities	1,009
Other financial assets	145	Lease liabilities	1,629
Other current assets	3,764	Income taxes payable, etc.	2,250
		Provisions	64
		Other current liabilities	4,943
<b>Non-current assets</b>	<b>105,728</b>	<b>Non-current liabilities</b>	<b>58,436</b>
Property, plant and equipment	42,799	Bonds and borrowings	33,315
Goodwill	20,186	Other financial liabilities	1,007
Intangible assets	13,884	Lease liabilities	8,435
Right-of-use assets	8,820	Retirement benefit liability	6,646
Investments accounted for using equity method	533	Provisions	52
Other financial assets	17,334	Deferred tax liabilities	8,611
Retirement benefit asset	353	Other non-current liabilities	367
Deferred tax assets	1,496	<b>Total liabilities</b>	<b>111,010</b>
Other non-current assets	318	<b>(EQUITY)</b>	
		<b>Equity attributable to owners of parent</b>	<b>98,278</b>
		Share capital	12,119
		Capital surplus	14,810
		Retained earnings	65,445
		Treasury shares	(1,929)
		Other components of equity	7,830
		<b>Non-controlling interests</b>	<b>(13)</b>
		<b>Total equity</b>	<b>98,264</b>
<b>Total assets</b>	<b>209,274</b>	<b>Total liabilities and equity</b>	<b>209,274</b>

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

## Consolidated Statements of Profit or Loss

(From January 1, 2021 to December 31, 2021)

(Millions of Yen)

Items	Amount
<b>Net sales</b>	<b>189,285</b>
<b>Cost of sales</b>	<b>(144,814)</b>
<b>Gross profit</b>	<b>44,470</b>
<b>Selling, general and administrative expenses</b>	<b>(27,161)</b>
Other income	1,185
Other expenses	(1,086)
Share of loss of investments accounted for using equity method	(44)
<b>Operating profit</b>	<b>17,363</b>
<b>Finance income</b>	<b>3,183</b>
<b>Finance costs</b>	<b>(1,047)</b>
<b>Profit before tax</b>	<b>19,499</b>
<b>Income tax expense</b>	<b>(3,658)</b>
<b>Profit</b>	<b>15,840</b>
<b>Profit attributable to:</b>	
Owners of parent	15,859
Non-controlling interests	(18)
<b>Profit</b>	<b>15,840</b>

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

## Non-consolidated Balance Sheet

(As of December 31, 2021)

(Millions of Yen)

Items	Amount	Items	Amount
<b>(ASSETS)</b>		<b>(LIABILITIES)</b>	
<b>Current assets</b>	<b>61,686</b>	<b>Current liabilities</b>	<b>37,815</b>
Cash and deposits	33,040	Notes payable-trade	1,650
Notes receivable-trade	369	Accounts payable-trade	20,285
Accounts receivable-trade	18,255	Electronically recorded obligations	2,155
Short-term loans receivable	1,785	Short-term loans payable	5,020
Merchandise and finished goods	4,866	Accrued expenses	2,308
Work in process	902	Income taxes payable	770
Raw materials and supplies	48	Provision for bonuses	668
Accounts receivable-other	873	Provision for directors' bonuses	103
Consumption taxes receivable	1,569	Other	4,851
Other	647		
Allowance for doubtful accounts	(673)	<b>Long-term liabilities</b>	<b>27,183</b>
<b>Non-current assets</b>	<b>88,577</b>	Bonds payables	10,000
<b>Property, plant and equipment</b>	<b>21,227</b>	Long-term loans payable	<b>10,132</b>
Buildings	13,138	Deferred tax liabilities	4,081
Structures	314	Provision for stock benefit trust	29
Machinery and equipment	202	Provision for management board benefit trust	92
Vehicles	6	Net defined benefit liability	2,424
Tools, furniture and fixtures	1,273	Other	422
Land	5,901	<b>Total liabilities</b>	<b>64,998</b>
Lease assets	36	<b>(NET ASSETS)</b>	
Construction in progress	354	<b>Shareholders' equity</b>	<b>75,983</b>
<b>Intangible assets</b>	<b>1,010</b>	<b>Share capital</b>	<b>12,119</b>
Software	831	<b>Capital surplus</b>	<b>15,168</b>
Other	178	Legal capital surplus	13,550
<b>Investments and other assets</b>	<b>66,339</b>	Other capital surplus	1,618
Investment securities	15,112	<b>Retained earnings</b>	<b>50,410</b>
Shares of subsidiaries and associates	40,845	Legal retained earnings	1,230
Investments in other securities of subsidiaries and associates	150	Other retained earnings	49,180
Investments in capital of subsidiaries and associates	3,622	Reserve for open innovation promotion	34
Long-term loans receivable	7,900	General reserve	28,766
Claims provable in bankruptcy, claims provable in rehabilitation and other	224	Retained earnings brought forward	20,380
Prepaid pension cost	104	<b>Treasury shares</b>	<b>(1,715)</b>
Other	1,413		
Allowance for doubtful accounts	(3,035)	<b>Valuation and translation adjustments</b>	<b>9,282</b>
		Valuation difference on available-for-sale securities	9,282
		<b>Total net assets</b>	<b>85,265</b>
<b>Total assets</b>	<b>150,264</b>	<b>Total liabilities and net assets</b>	<b>150,264</b>

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

## Non-consolidated Statement of Income

(From January 1, 2021 to December 31, 2021)

(Millions of Yen)

Items	Amount	
<b>Net sales</b>		<b>112,961</b>
<b>Cost of sales</b>		<b>96,775</b>
<b>Gross profit</b>		<b>16,186</b>
<b>Selling, general and administrative expenses</b>		<b>13,494</b>
<b>Operating profit</b>		<b>2,691</b>
<b>Non-operating income</b>		
Interest and dividend income	1,017	
Non-current assets rent	1,244	
Foreign exchange gain	3,067	
Other	79	
		<b>5,407</b>
<b>Non-operating loss</b>		
Interest expenses	62	
Interest on bonds	31	
Expenses for non-current asset loaned	485	
Idle asset expenses	460	
Other	150	
		<b>1,191</b>
<b>Ordinary profit</b>		<b>6,908</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	33	
Gain on sales of investment securities	19	
Reversal of allowance for doubtful accounts for subsidiaries and associates	877	
		<b>930</b>
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	20	
Loss on valuation of investment securities	246	
Loss on sale of investment securities	91	
Impairment loss	41	
		<b>399</b>
<b>Profit before income taxes</b>		<b>7,439</b>
Income taxes - current	1,137	
Income taxes - deferred	82	
		<b>1,219</b>
<b>Profit</b>		<b>6,219</b>

(Note) 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, 2022

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

Deloitte Touche Tohmatsu LLC  
Kyoto office

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, 2021, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from January 1, 2021 to December 31, 2021, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

#### 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 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.



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

### **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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under 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 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 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 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the

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

first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under 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 partner[s] 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, 2022

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

Deloitte Touche Tohmatsu LLC  
Kyoto office

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, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 103<sup>rd</sup> fiscal year from January 1, 2021 to December 31, 2021, 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, 2021, 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 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

## **Copy of Accounting Auditors' Report**

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 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.

## **Copy of Accounting Auditors' Report**

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

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(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 103<sup>rd</sup> business term from January 1, 2021 through December 31, 2021, 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 (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements), their supplementary schedules and the consolidated financial statements (consolidated statements of financial position, consolidated statements of profit or loss, consolidated statement 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 15, 2022

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