

December 21, 2015

Junya Suzuki

President and CEO, Chairman of the Board

Nissha Printing Co., Ltd.

Exchanges Listed: Tokyo Stock Exchanges, First Section 7915

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Notice Regarding Memorandum of Understanding on Collaboration (Production Tie-up) with Kyodo Printing Co., Ltd. in Nissha's Information and Communications Business

Nissha Printing Co., Ltd. (headquartered in Kyoto; Junya Suzuki, President and CEO; hereinafter "Nissha"), through its Information and Communication business subsidiary Nissha Printing Communications, Inc. (headquartered in Kyoto; Kensuke Narita, Representative Director; hereinafter "Nissha Printing Communications"), on December 21, 2015, entered a basic agreement with Kyodo Printing Co., Ltd. (headquartered in Bunkyo-ku, Tokyo; Yoshiaki Fujimori, President; hereinafter "Kyodo Printing") on building a collaborative partnership (production tie-up) toward optimizing production and procurement.

Objective of Production Tie-up

The diversification of information media, among other influences, has led to a contraction in the Japanese printing market and an increasingly severe business environment for printing companies. The industry is believed to be oversupplied with facilities and equipment against a backdrop of dwindling demand.

Nissha engages in the printing business with a specialty in highly precise color reproduction since its founding in 1929. We have diversified our business domains in the areas such as Industrial Materials and Devices through developing its printing technology. We have expanded the scale of our business along with the continued global growth.

Kyodo Printing has established a solid presence as a printing major and industry leader since its founding in 1897. The two companies, each with unique strengths, have agreed to build a collaborative partnership in production and procurement as a measure to address the contracting printing market. By reorganizing their production system, establishing a quality control system, and promoting shared procurement activities in optimal balance with demand, they aim to improve profits and further enhance customer satisfaction.

Outline of Memorandum of Understanding

- In April 2016, Nissha Printing Communications will start outsourcing mass production of printed matter in the Tokyo area to Kyodo Printing.
- The scope of production operations outsourced will center on printing, bookbinding, and processing, and

include ancillary logistics and procurement of printing materials.

- The volume of production operations outsourced is scheduled to expand in phases in line with the status of quality control standards to be set forth by Nissha and Kyodo Printing.
- Accordingly, Nissha Printing Communications will start phased streamlining of production operations in the Tokyo area toward structural cost reforms.
- Profits are expected to improve in phases in line with the progress in the production tie-up starting in April 2016, and reach several hundreds of million yen for the two companies combined in fiscal year 2018.

Schedule Moving Forward

Following the basic agreement, Nissha and Kyodo Printing will continue with detailed discussions toward concluding a production tie-up contract in March 2016. Talks will include the prospect of Kyodo Printing acquiring a portion of the shares of Nissha Printing Communications to solidify the partnership. The two companies intend to respect each other as partners and strive to win further trust from their customers.

Having deepened understanding of each other’s business through the production tie-up starting in April 2016, and ascertained the effects of the tie-up and the potential for its expansion, the two companies also hope to explore the possibilities of collaborating in marketing or forming a further business tie-up in and after fiscal year 2018.

The impact of the agreement on Nissha’s consolidated business results is minor. Prompt notification will be made should the need arise to disclose any matters.

Outline of Kyodo Printing

Name	Kyodo Printing Co., Ltd.
Headquarters	4-14-12 Koishikawa, Bunkyo-ku, Tokyo
Representative	Yoshiaki Fujimori, President
Business description	Planning, development, production, and sales of publication printing, general commercial printing, business form, data printout, smart card, packaging, high-function hygroscopic film and adsorption film products and services
Capital	JPY 4,510 million
Established	December 26, 1925

Outline of Nissha

Name	Nissha Printing Co., Ltd.
Headquarters	3 Mibu Hanai-cho, Nakagyo-ku, Kyoto
Representative	Junya Suzuki, President and CEO, Chairman of the Board
Business description	Planning, development, production, and sales of decorative film, touch panel, and commercial printing products and services
Capital	JPY 5,684 million
Established	December 28, 1946

Outline of Nissha Printing Communications

Name	Nissha Printing Communications, Inc.
Headquarters	3 Mibu Hanai-cho, Nakagyo-ku, Kyoto
Representative	Kensuke Narita, Representative Director
Business description	Planning, development, production, and sales of publication printing and commercial printing products and services
Capital	JPY 100 million (wholly owned subsidiary of Nissha Printing Co., Ltd.)
Established	April 27, 2015

Inquiries

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