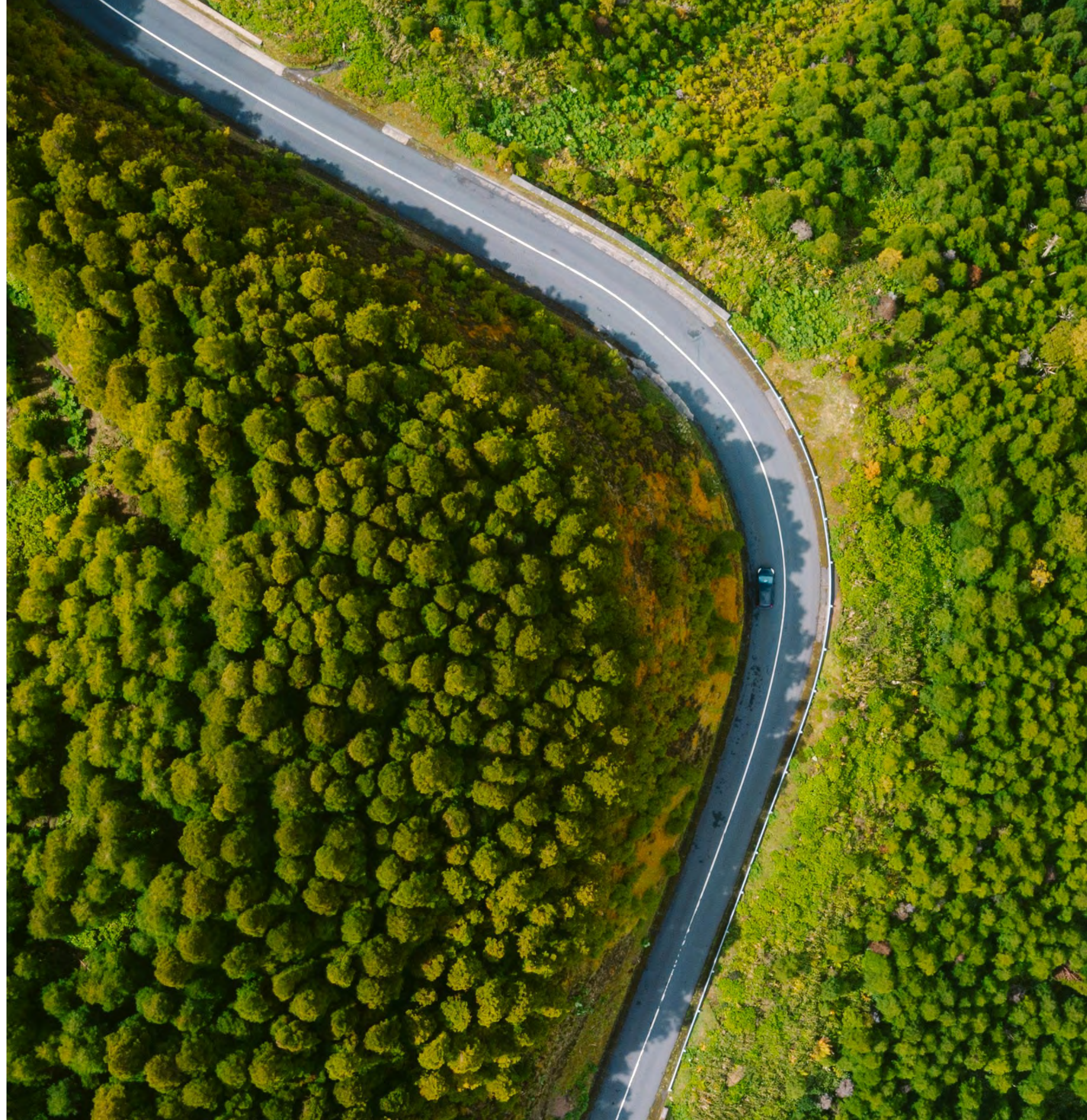
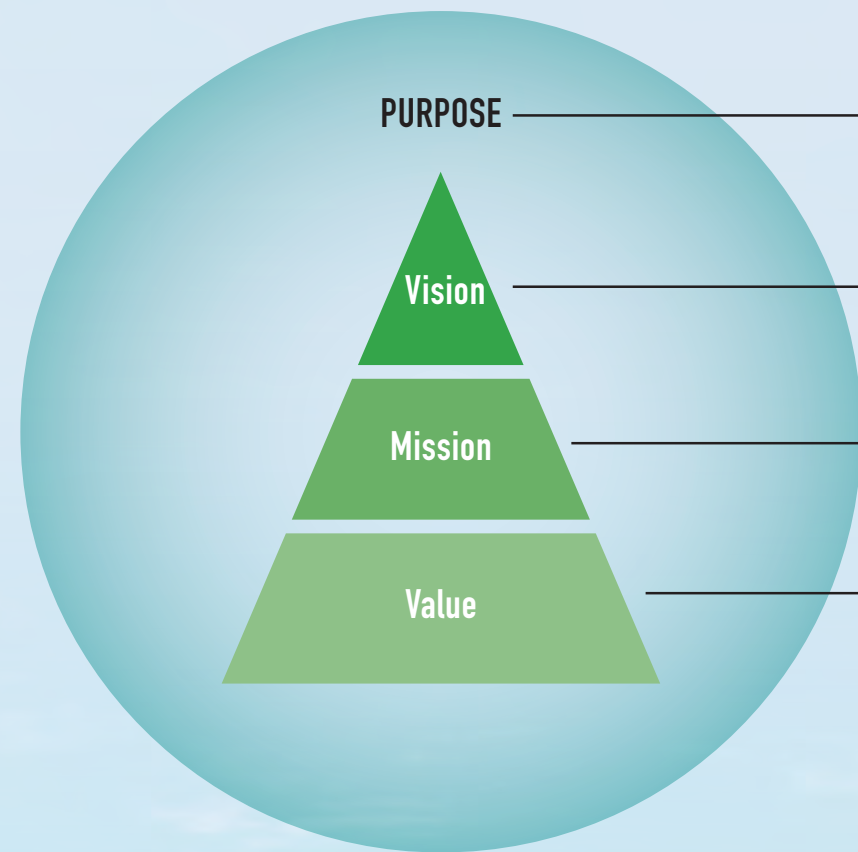


NIPPON SEIKI
Integrated Report
2024



Nippon Seiki Group Corporate Philosophy

Corporate Philosophy



PURPOSE

Purpose

We contribute toward a safe and sustainable future

Vision

Vision

We generate a harmonious interface connecting the world and people

Mission

Mission

We visualize the invisible

We enhance human experience through sensory technology detecting the invisible

Value

Value

01 Challenge technology through innovation

Creating value for the next generation through innovation

02 Commitment to quality

Produce quality products aligning the expectations of our customers

03 People-friendly, earth-friendly

An interrelated understanding between humanity and our planet

04 Uncompromised integrity

Mutual respect with all stakeholders

Management Philosophy

**We contribute to the sustainable prosperity of society and our business,
by adhering to and challenging the lean principles.**

Revision of Nippon Seiki Group Corporate Philosophy

We revised our Corporate Philosophy, including new "Purpose" and other elements, effective April 1, 2024. The new Corporate Philosophy is more consistent with Nippon Seiki's style than before, considering the major changes in the social environment and the aim of sustainable growth in the future. This revision was made after discussions at each level, including directors, managing members, and department heads, to find ways to provide long-term and sustainable value from the NS group in society.

We are here to present the new Corporate Philosophy for you, the stakeholders, and will continue to promote and develop our business as a corporate group that contributes to a sustainable society and corporate prosperity.



We contribute toward a safe
and sustainable future.



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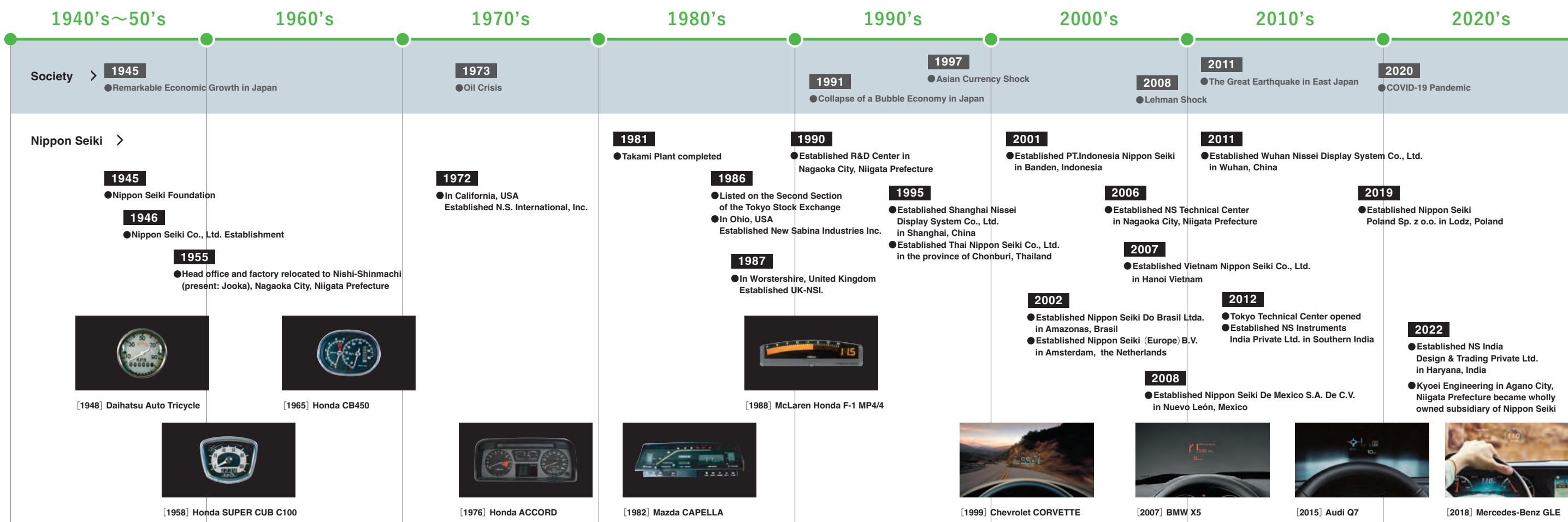
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Forward-Looking Statements

The data and future forecasts in this report are based on information available at the time of publication, and may be affected by various factors. Actual results may differ materially from forecasts. Therefore, we ask that you refrain from relying entirely on these forward-looking statements. In addition, we are not responsible for updating these future predictions based on the new situation, the incidents in the future, and so on.

Nippon Seiki Group History

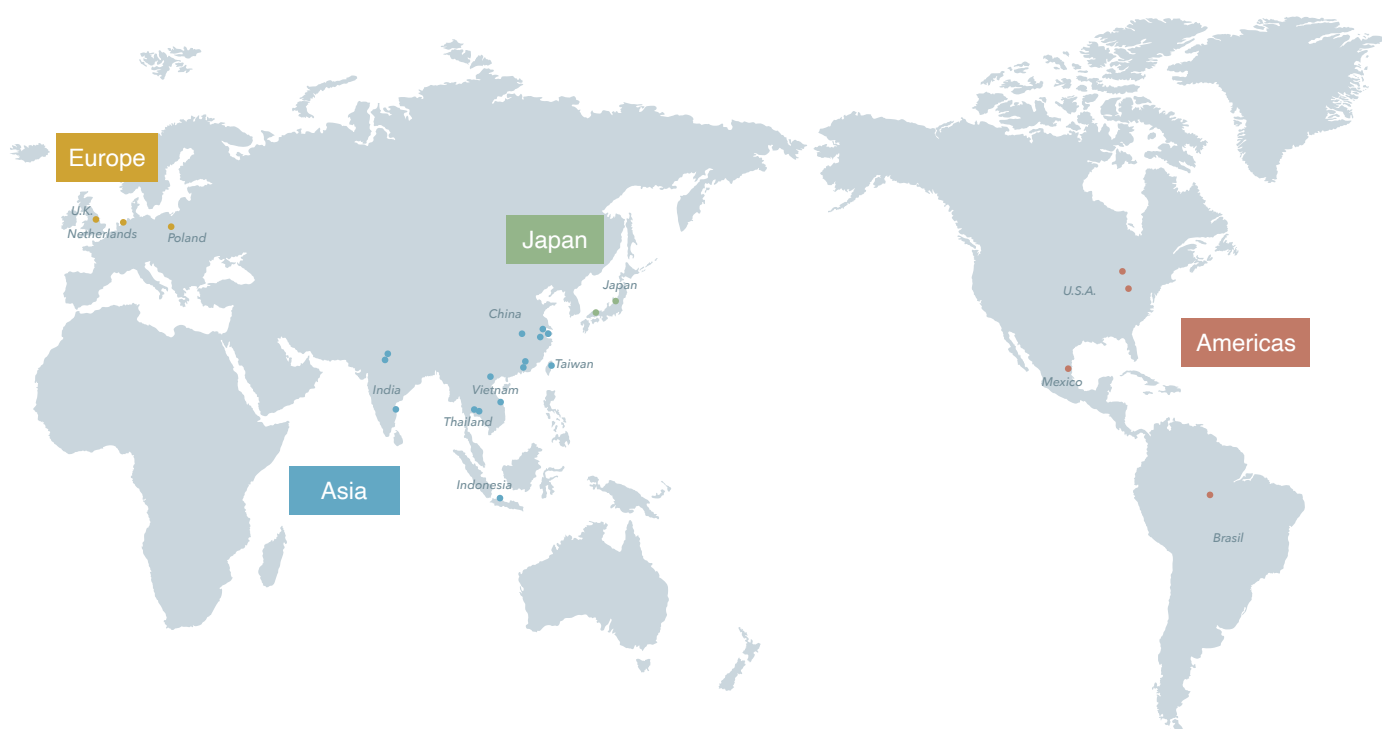


Nippon Seiki Group Overview [FYE March 2024]

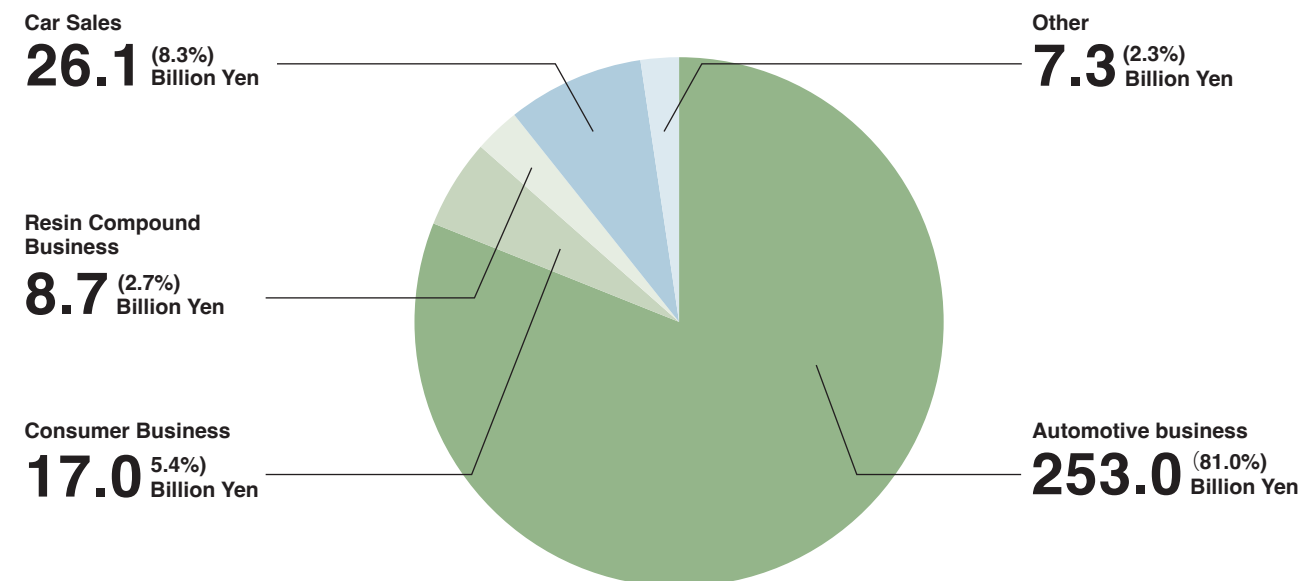
Sales & Number of Employees by Region (Sales:truncation)



Nippon Seiki Group Network



Sales by Business Segment (Sales:truncation)



Summary of Financial Results

FYE March 2024 Profit and Loss Results

During the consolidated fiscal year under review, the overall economic environment surrounding the Nippon Seiki Group was on a moderate recovery trend, as supply chain normalization progressed due to the easing of the semiconductor shortage. In Japan, there was a moderate economic recovery, and in the United States, the economy remained firm, despite concerns that inflation would remain high. In China, the economy stagnated due to a real estate recession and a decline in personal consumption. In European countries, inflation rate has been slowing, but has not fully recovered.

Under these circumstances, the Nippon Seiki Group has accumulated and advanced highly specialized technologies, focusing on the design and manufacturing of automotive instruments for the future. In addition, to realize sustainable profit generation, we focused on cost reduction activities and appropriate sales prices, and promoted the construction of a leaner corporate structure.

Sales revenues for the fiscal year under review were 312.3 billion yen (an increase of 13.3% year-on-year), 8.4 billion yen (an increase of 211.0% year-on-year) in operating profit, and 5.3 billion yen (an increase of 305.8% year-on-year) in net income attributable to owners of the parent. Revenues increased due

to an increase in production volume because of easing the semiconductor shortage, and solid demand in North America and ASEAN. In operating profit, profit increased due to an increase in sales, progress in negotiations to appropriately reflect rising costs of raw materials, etc. in sales prices, and the effect of solid management that improved operational efficiency.

Net income attributable to owners of the parent company increased due to an increase in operating profit. In the automotive business, net sales were 253 billion yen (an increase of 16.7% year-on-year) and 6.2 billion yen (an increase of 431.6% year-on-year) in operating profit due to an increase in automobile meters and motorcycle meters. In the consumer business, net sales were 17 billion yen (a decrease of 10.4% year-on-year) and 500 million yen (a decrease of 56.2% year-on-year) in operating profit due to a decrease in air conditioning and housing equipment controllers. In the resin compounds business, net sales were 8.7 billion yen (an increase of 0.1% year-on-year) and 500 million yen (an increase of 239.6% year-on-year) in operating profit due to an increase in sales of resin materials. In the automobile sales business, net sales were 26.1 billion yen (an increase of 11.9% year-on-year) due to an increase in sales of new automobiles, etc., while those of operating profit decreased by 24.7% year-on-year to 800 million yen. In the Others segment, net sales were 7.3 billion yen (a decrease of 5.3% year-on-year)

due to a decrease in logistics services, etc., while those of operating profit decreased by 700 million yen (800 million yen net loss in the last fiscal year).

Overview of the Financial Situation

Assets at the end of this consolidated fiscal year decreased by 17.6 billion yen from the end of the previous consolidated fiscal year to 338.6 billion yen due to a decrease in other financial assets, despite an increase in inventories.

Liabilities decreased by 40.2 billion yen from the end of the previous consolidated fiscal year to 109.5 billion yen due to a decrease in corporate bonds and borrowings, etc.

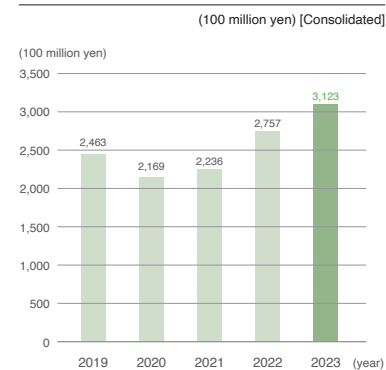
Equity increased by 22.6 billion yen from the end of the previous consolidated fiscal year to 229 billion yen due to an increase in other components of equity, etc.

Due to the shortage of electronic components in recent years, inventories have increased due to factors such as securing safety stocks to maintain production lines for customers and requesting long-term contracts from component suppliers. However, the shortage of electronic components is beginning to ease, and we will work to reduce inventories by reviewing its management methods and aim for optimal inventory levels.

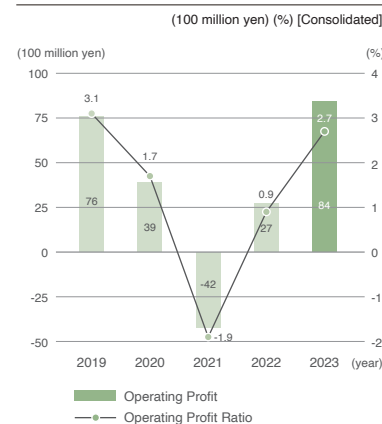
Financial and Non-Financial Highlights for the Year Ended March 31, 2024

Financial

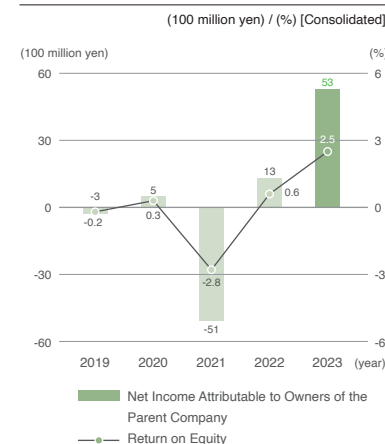
Revenue from sales



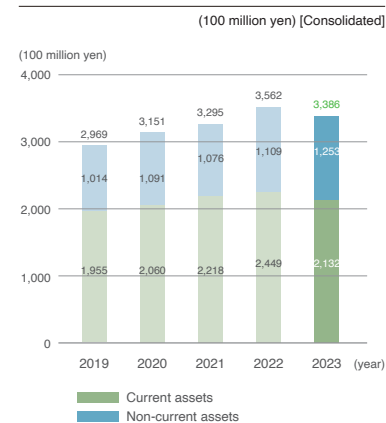
Operating Profit / Operating Profit Ratio



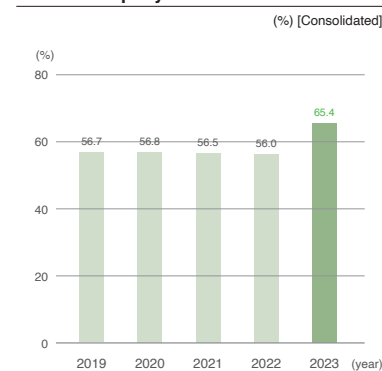
Net Income Attributable to Owners of the Parent Company / Return on Equity



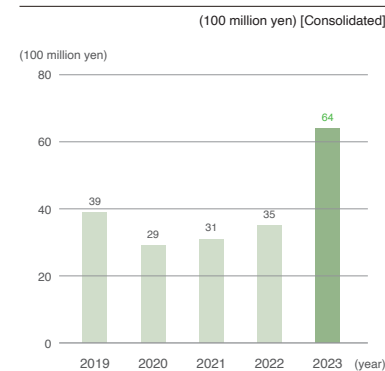
Current assets / Non-current assets



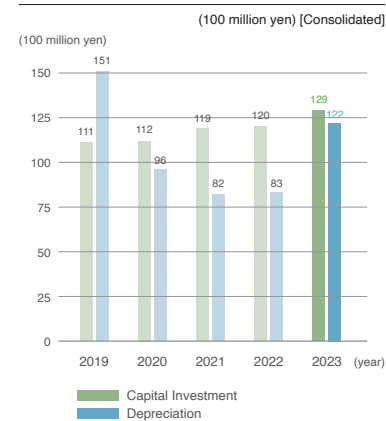
Equity Attributable to Owners of the Parent Company Ratio



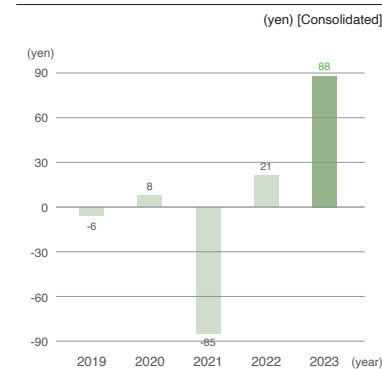
R&D Expenses



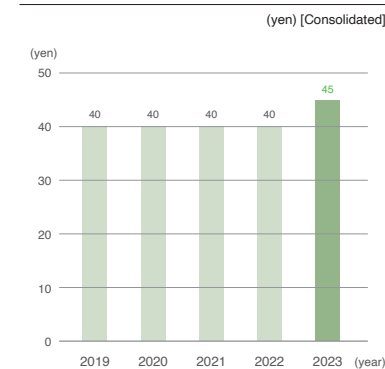
Capital Investment / Depreciation



Net Income per Share

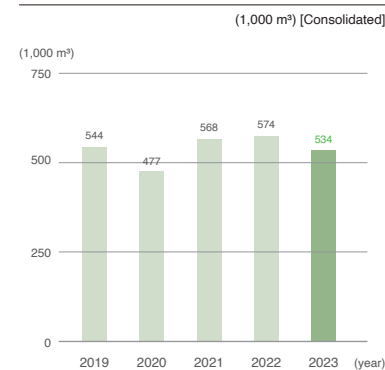


Dividends per Share

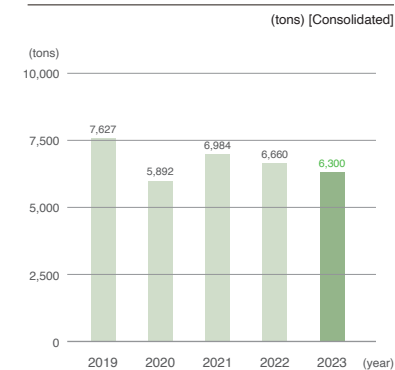


Environment

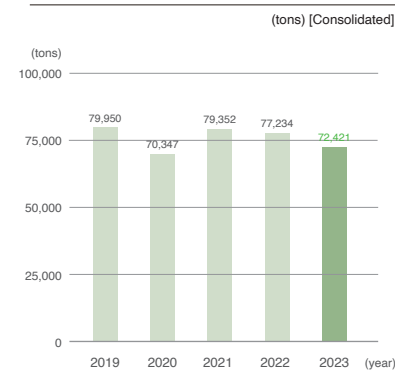
Water Emissions



Waste Emissions



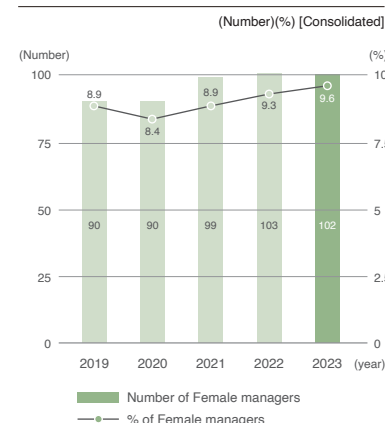
CO₂ Emissions



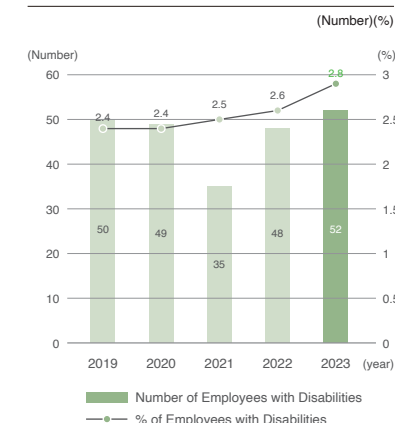
*Consolidated manufacturing bases will be covered until 2021, and manufacturing, development design, sales, and vehicle sales bases will be covered from 2022 onwards.

Social

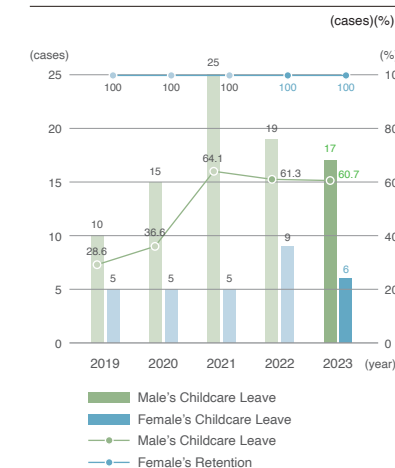
Female Managers



Employees with Disabilities

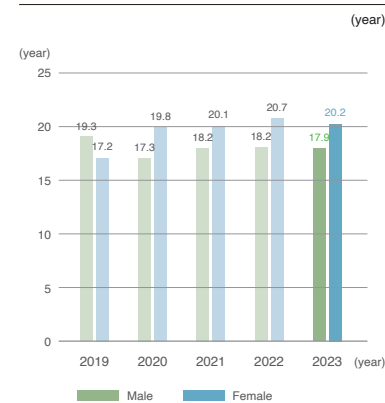


Employees Taking Childcare Leave / Retention

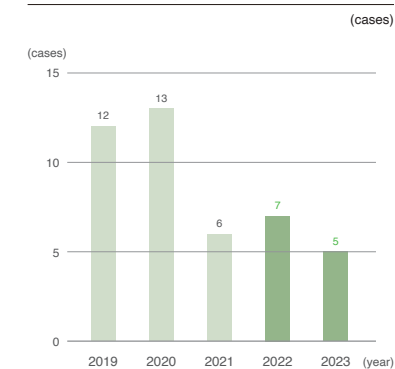


Social

Average Length of Employment

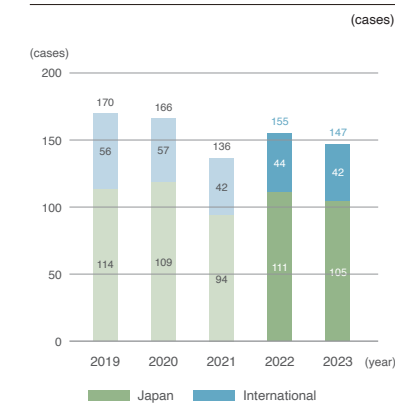


Number of Occupational Accidents



Governance

Number of Patents Obtained



Message from the President



Nippon Seiki Group's Purpose “We will create a world and future filled with security and impressions.”

This purpose (i.e., reason for existence, or *raison d'être*) was established and clearly stated for us at the Nippon Seiki Group after about a year of discussions at all levels of the company last year. The core of the discussion was “What can we provide to the world and how can we get the world to recognize our existence?”, or “How can we make people think of us as an indispensable company in the world, more than just paying money to us?”

The waves of change in the environment surrounding our group are fast and powerful: they could easily shake the foundations of our company. With the recent spread of the new coronavirus and the emergence of geopolitical risks, it is not difficult to imagine that we will continue to face various large waves of environmental change. With our corporate pillars, namely our philosophy system including our purpose, we have come to define our “axis” as something that will never be swept away or shaken, even when we face big waves.

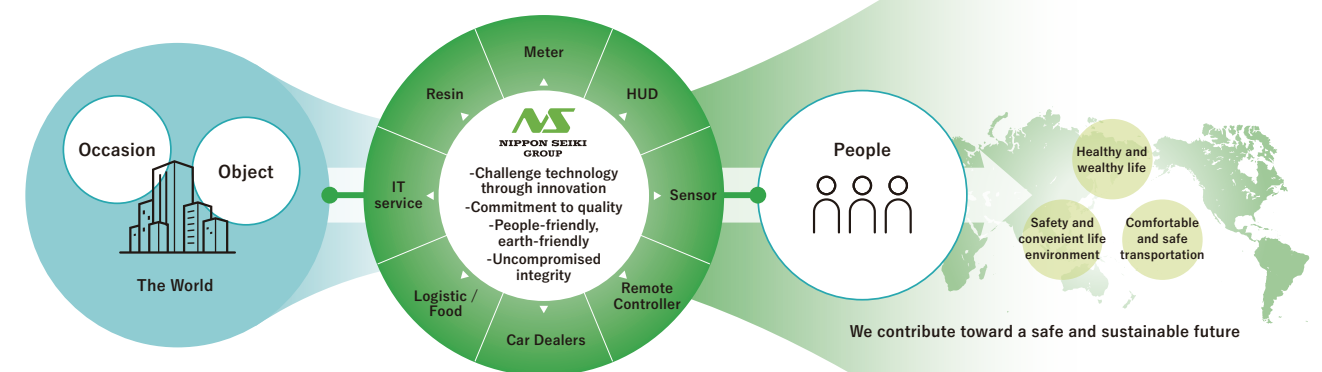
The “security” in this purpose mainly means reliable products

and reliable services. We then aim to become a company that can provide products and services with more expectations to the “world” and the “future” that give the recipients not only a sense of security, but also “impressions” such as “It’s fun, interesting, and convenient!” as well as a healthy and prosperous life, a convenient living environment, and a comfortable mobility environment.

Our automotive instruments, the core of our group, measure things and events that are normally invisible to humans, such as speed, rotating speed, and vehicle information. These have a role to communicate to humans (i.e., interface). We believe that our mission is to deliver the security and impressions that come from our “measuring technology” and services to people all over the world. Many of the things and products in the world are just simply information (i.e., events and conditions). Our vision is to become a company that creates interface value by our “connecting technology” which transforms this information into products and services that exceed people's expectations.

The new “corporate philosophy system” redefines the “reason for existence” in the current environment, which inherits the spirit that has guided us up to the present day of our group, as well as our “vision” and “mission”. It also expresses the group's “values” in a simple and easy-to-understand way, and summarizes them so that our over 13,000 employees active around the world can

understand and empathize with them and use them as a basis for their daily actions. We established this system within hope that it will provide an opportunity for each employee to re-understand the direction of our company and think about the future of our group, as we begin the “New Medium-Term Management Plan 2026”.



Next Page →

Message from the President

New “Medium-term Management Plan 2026”

Now, in light of the changes in the surrounding environment, our newly formulated “New Medium-term Management Plan 2026” places more emphasis on capital return in order to achieve sustainable improvements in corporate value and shareholder value in the future, and to achieve a PBR of 1.0 promptly. Looking back to about three years ago, we learned from the significant impact we were hit by due to the COVID-19 pandemic and the shortage of semiconductor parts, and realized the need to become a company that is less susceptible to external factors. In the previous medium-term management plan starting from fiscal 2021, we worked on “transforming into a lean corporate structure.” A “lean corporate structure” refers to a state in which added value is maximized without relying on sales, and the PDCA cycle is continuously implemented to minimize fixed costs. In the final year of the previous medium-term management plan (fiscal 2023), sales showed a trend toward growth due to the recovery from the COVID-19 pandemic and the weak yen, but there were still issues to be addressed in terms of profitability.

Although issues remained in terms of profitability, we first worked to improve the ratio of selling and administrative expenses. At our factory-related subsidiaries, we are working to reduce personnel costs and expenses related to sales management and to optimize the ratio of personnel for direct and indirect work. At our sales subsidiaries, we accelerated efforts to implement shared services that integrate management functions between subsidiaries. In addition, we are working to improve the local procurement rate of parts at each of our factories around the world, and to reduce costs by reviewing transportation methods and packaging.

Expanding the head-up display business - Responsibility as a leading company-

“Creating a world and future filled with security and impressions” is our top priority, and in order to realize a “world without traffic accidents”, we believe that promoting the use of head-up displays is one of the greatest social contributions our group can make. In fact, “reducing traffic accidents” is also one of the SDGs. I think everyone is aware of “SDGs Goal 3: Good health and well-being for all”, but few people may know that one of the targets is “halve the number of global death and injuries from road traffic injuries”. On the other hand, head-up displays are not very well known among car users. As a leading company in head-up display, we believe that it is our responsibility to think about, develop, and promote products that will contribute to the future spread of head-up displays.

Currently, most of our subsidiaries receive parts supplies from the head office, but we have indicated the local procurement rate that each subsidiary should aim for as a KPI, and are working to strengthen the system, including strengthening human resources to accelerate local procurement. Additionally, in response to the recent shortage of semiconductor parts and rising costs of raw materials and labor, we are focusing on activities to optimize selling prices, which we are continuing to promote. In terms of business expansion, we have undertaken new initiatives such as developing a small head-up display to increase its adoption rate and developing an integrated cockpit in collaboration with Alps Alpine. The integrated cockpit collaboration has already yielded results in the form of orders, and we are taking a step toward a new business.

The results of the “transformation into a lean corporate structure” cultivated in the previous medium-term management plan will be seamlessly connected to the “Medium-term Management Plan 2026”, or “performance recovery period”, and we will continue to do so over the next three years starting in fiscal 2027 as the growth accelerated period”. We will continue to work hard to achieve a “new growth stage” in which we aim to continuously improve corporate value and maximize shareholder value. Therefore, the “Medium-term Management Plan 2026” is positioned as a milestone toward achieving the management goals for the fiscal year ending March 2030. This is based on three major policies which we will focus on “expansion of the head-up display business”, “development of new customers and new products”, and “improving profitability of our European business”.

As the head-up display market is expected to continue to grow at a high rate from a business perspective, we aim to achieve sales of 100 billion yen for our head-up displays by the fiscal year ending March 2030. We currently hold the number one share in the world, and believe that our customers highly value our ability to handle everything from design to production within our group, our superior display quality, and the knowledge we gain from our extensive development as well as mass production track record. We will continue to expand these strengths, aiming to gain further new orders, and will also focus on installing our products in minicars and compact cars and expanding sales to new customers.

Developing new customers and new products - To make it “visible”

As part of our efforts to expand sales and popularize head-up displays, we are aiming to develop a retrofit head-up display for the aftermarket of automotive parts. An aftermarket is the market for parts that are installed after a car is shipped from the factory and sold, and we will send this out to the world as a Nippon Seiki brand B to C product. As an automotive parts supplier, we need to design the car body considering the installation space in order to get automakers to adopt head-up displays. However, this “after-market head-up display” is easy to use by just placing it and has the advantage of greatly relaxing the limitations of car body design. The first unit, which is the first step, will be released to the market with a simple design, but we will continue to move forward while listening to our customers' voices. If your car does not have a head-up display, please give it a try and we look forward to your order.

In addition to after-market head-up displays, we are developing a new product called “laser projector” for automobiles. This projector uses optical fiber transmission technology to separate the laser light source and the projection unit. The light source unit needs to dissipate heat, which makes it large, so the installation space tends to be limited when it is integrated. By separating the light source and projection unit,

it is possible to install only the small projection unit on the ceiling, which makes it easy to install. It has the potential to deliver “security and impressions” as an automotive part for various purposes, including entertainment purposes in the passenger seat and back seat, and some automobile manufacturers are currently verifying the value of the prototype as a product that has the potential to be adopted by both existing and new customers.



After-market head-up display (developed products)

Laser projector



Laser projector product (image)

Message from the President

Improving the balance of profits in European operations - Toward early profitability

European customers, an advanced region in automotive technology, are like a “teacher company” that is indispensable for obtaining the knowledge necessary for head-up display development, and these strong connections are an important asset for our company. However, during the previous mid-term management plan, sales declined due to the COVID-19 pandemic causing production adjustments with our customers as well as rising logistics costs. As a result, we had significant losses in fiscal 2022 and 2023. In the mid-term management plan 2026, we aim to achieve profitability by implementing profit improvement measures. To reduce costs, we will reorganize our design and development bases, reduce fixed costs at our European subsidiaries, take advantage of volume effects from new orders, negotiate to optimize the selling prices of raw materials due to rising raw material prices, and improve the cost of unprofitable models.



Nippon Seiki Poland Sp. z o.o. (exterior)

Capital policy to increase corporate value

In the Mid-term Management Plan 2026, we have also set a new “ROE target” aimed at improving shareholder value. In order to reach a PBR of 1.0 level, we aim for an ROE of 8% in the fiscal year ending March 2030, and as a milestone for this, we will aim for an ROE of 5.5% in fiscal year 2026, the final year of the three-year Mid-term Management Plan 2026. In addition, we have now formulated a new shareholder return policy, and during the period of the Mid-term Management Plan 2026, we will return profits to shareholders with a

target total return ratio of 80%. As a result, the cumulative amount of shareholder returns over the three years is expected to be 20 to 25 billion yen, based on our estimation of profit plan for the same period. In order to continuously improve our corporate value and achieve a PBR of 1.0 level, our policy is to provide returns by comprehensively considering capital efficiency, financial position, and performance for each fiscal year.



Human resources are the source of growth

- Updating organizations and human resources to meet the changing periods

In my message in the Integrated Report 2022 two years ago, I stated that “We will also work on reforming our organization, human resources, and evaluation systems in our medium-term management plan”. After about three years of discussions between the management team and the human resources department, we were able to establish a new system through trial and error.

I sensed signs of promising valuable talent leaving the company and declining employee engagement as one of the challenges that stood in the way of realizing our group's business plan. We then analyzed the issues by carefully grasping the reasons and listening carefully to the opinions of employees through labor-management discussions. We determined that the causes were “not being able to see (or being difficult to see) the connection between the corporate philosophy/business plan and one's own role” as well as “dissatisfaction with the mismatch between role and treatment.” To resolve these issues, we decided to introduce a “new personnel system” that realizes promotions based on merit rather than seniority, and a well-balanced compensation system linked to the role.

The “New Personnel System” had been announced to our employees during fiscal 2023, and introduced in April 2024. We believe that we have been able to reform our system to pursue what we call “autonomous and self-motivated human resources” who can build a corporate culture and organizational climate that respects a spirit of challenge, and can take the right actions by seeing changes in the social environment

as business opportunities. This personnel system reform also incorporates the following content: “Realizing proactive career development (taking action on your own, with a sense of what you want to be and do)”, “Improved understanding of your role”, and “Strengthened linkage between role and compensation”.

In addition, we are currently revising our system to provide multiple career paths so that employees can choose and pursue professional careers in a way that suits the current era in response to diverse career visions. By realizing these personnel system reforms, we hope to work together as a company where each employee can continue to work with greater vitality.

The newly established Nippon Seiki Group Purpose states, “We will create a world and future filled with security and impressions.” as our commitment. This is also a declaration of intent to unite the Group's strengths and continue to provide security and impressions to society, even in the current business environment where uncertainty is increasing.

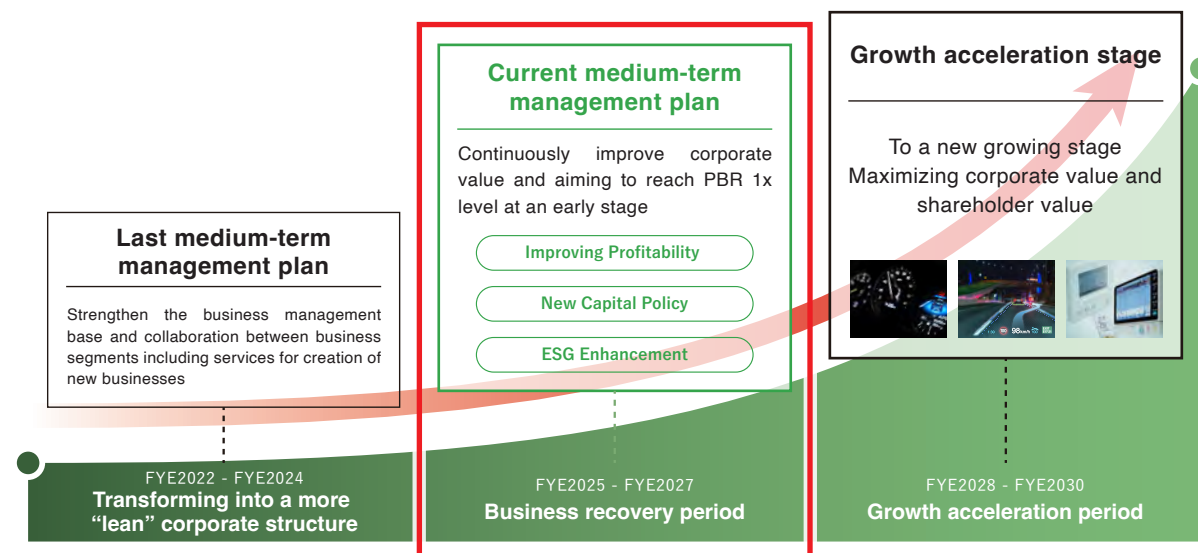
In the Medium-term Management Plan 2026, we have also committed to recovering performance, improving ROE, and strengthening shareholder returns in order to meet the expectations of our stakeholders. We will strive to further improve our corporate value by fostering a challenging corporate culture and transforming into a lean corporate structure. We would like to ask for your continued understanding and support for our Group.

Medium-Term Management Plan 2026

Nippon Seiki Group has formulated the "Nippon Seiki Group Medium-Term Management Plan 2026," covering the three years from the fiscal year ending March 2025 to the fiscal year ending March 2027.

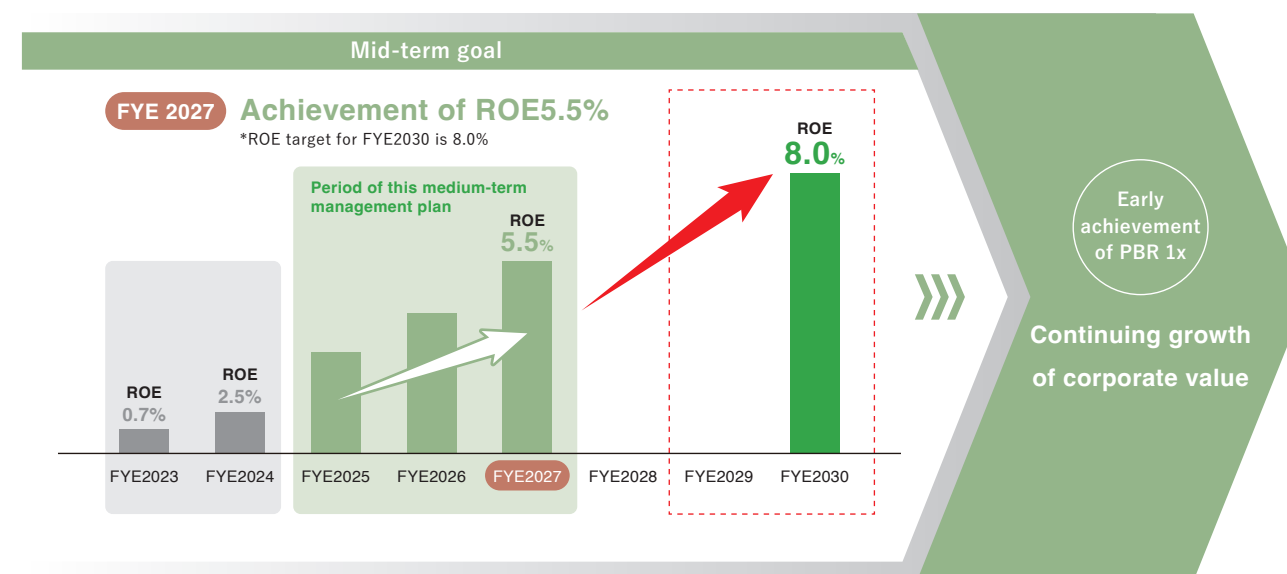
Positioning of the Medium-term Management Plan

- ▶ In the previous Medium-Term Management Plan, the COVID-19 outbreak began at the beginning of the period, which was a major unexpected factor. We will focus on transforming our corporate structure into a lean one, aiming to be a company that is less susceptible to external environment.
- ▶ In this Medium-Term Management Plan, as a period of recovery, we aim to continuously improve our corporate value and achieve 1x PBR. We will aim for a new growth stage in the three years after the fiscal year ending March 2028 as a period of accelerating growth.



ROE Improvement

- ▶ With the aim of continuously improving corporate value and early achievement of PBR level of 1x, we will adopt a new ROE target as a KPI.
- ▶ In view of the negative business performance due to the COVID-19 pandemic, the ROE target for the final period of this plan (FYE2027) is set at 5.5% (positioned as a milestone towards achieving ROE 8.0% in FYE2030.)



Target of Sales · Operating Profit and Overall Policy

Profit Target

- ▶ Revenues and operating profit are expected to improve through the execution of various business strategies. For the fiscal year ending March 2027, we set a target revenue of 330 billion yen and set a target revenue of 16.5 billion yen for operating profit.
- ▶ We believe that growth will accelerate from the period of the Medium-Term Management Plan onward. Our sales revenue target for the fiscal year ending March 2030 is 400 billion yen and operating profit target is 28 billion yen.

Overall Policy

① Strengthening HUD business

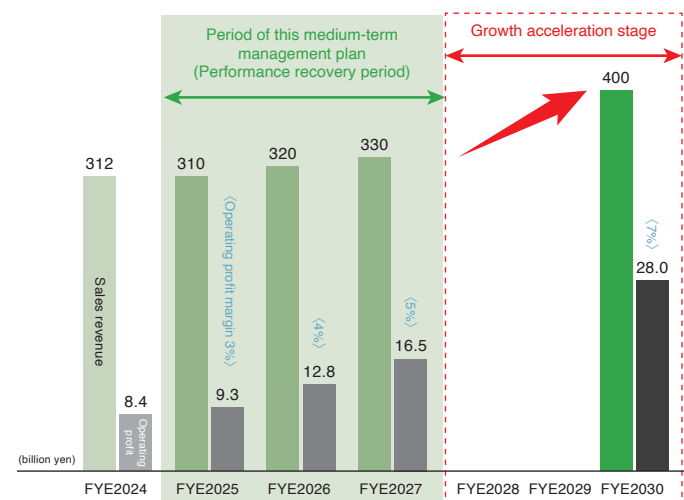
The HUD market is expected to grow rapidly. We aims to achieve sales of 100 billion yen in FYE March 2030.

② European Business

Europe is an important region responsible for the R&D function of the HUD business. Aiming to become profitable in FYE March 2027, we will improve earnings by reducing costs through the realignment of offices, increasing volume, and optimizing prices.

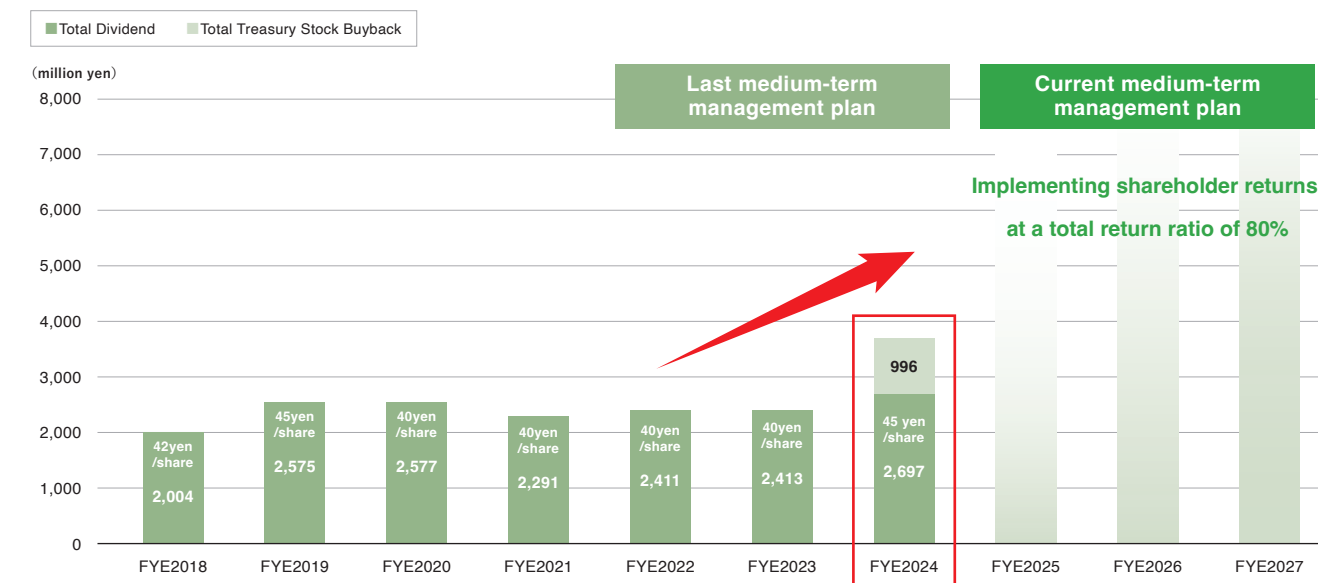
③ New Customers/New Product Development

Europe is an important region responsible for the R&D function of the HUD business. Aiming to become profitable in FYE March 2027, we will improve earnings by reducing costs through the realignment of offices, increasing volume, and optimizing prices.



Shareholder Return Policy

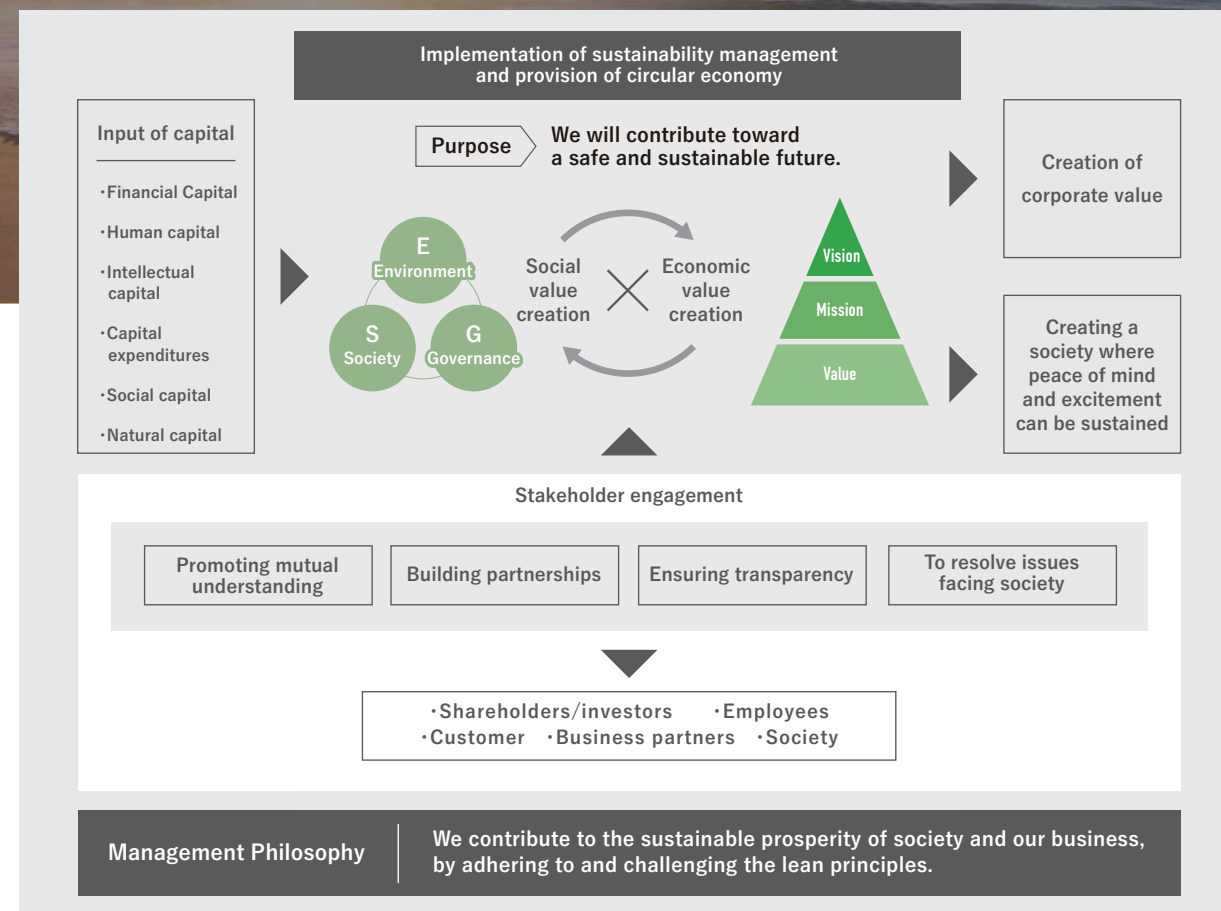
- ▶ During the period of the Medium-Term Management Plan 2026, in order to achieve an ROE of 5.5%, we will implement shareholder returns at a total return ratio of 80%.
- ▶ Comprehensively consider capital efficiency, financial structure, and business performance for each fiscal year in order to continuously improve corporate value and for early achievement of PBR 1x.
- ▶ The dividend amount will continue to increase in line with the recovery of business performance through the improvement of operating profit ratio.



Nippon Seiki Group Sustainability Policy

Sustainability Policy

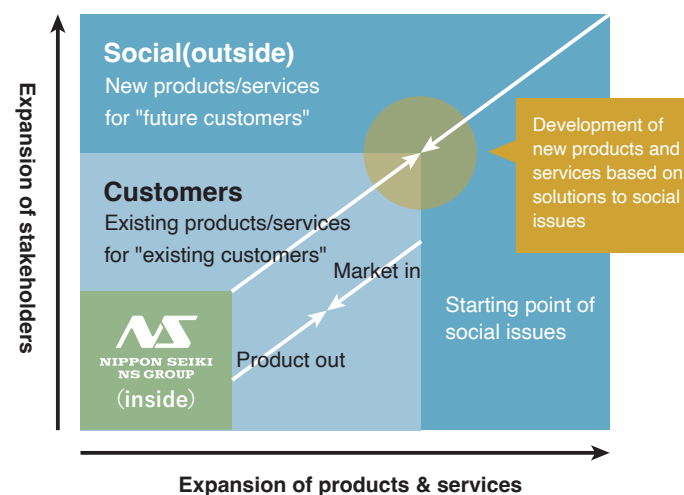
We will pursue the realization of a sustainable society by solving social issues and emphasizing dialogue with all stakeholders through corporate activities that balance social and economic value based on our management philosophy and group vision.



[Shared value creation framework adopted by Nippon Seiki Group]

Outside-In Business Approach

Nippon Seiki Group will work to realize the development goals of SDGs while taking an Outside-In Business Approach to contribute to society through its core business, based on the concept of CSV (Creating Shared Value), which aims to achieve both business development and solutions to social issues by leveraging our strengths.



SDGs Materiality

The figures in the table are those related to the activities of our group from the 169 targets (1.1-17.19) of the SDGs.

SDG	Materiality	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17								
1	Business Activity Challenge technology through innovation	Enhance safety by spreading HUD to prevent traffic accidents			3.6														11.2							
		By evolving HMI To reduce the burden on drivers			3.6														9	11.2						
		Energy conservation through product downsizing and weight reduction																		9.4						
		Solving regional issues through collaboration between service businesses																		12.8						
		Creation of new service businesses and new lifestyle proposals																		9.b						
6	Environment Earth-friendly	To ensure environmental management systems						6.3 6.6	7.2 7.3	8.7	9.4								11.6 12.5 13.1 13.2	15.1						
		Appropriate use and reduction of global resources (Electricity, heavy oil, city gas, water supply and sewerage)						6.6	7.2 7.3										11.6	13.1 13.2						
		Waste Reduction																	11.6 12.5	14.1						
		Development of Environmentally Conscious Products and Promotion of Circular Economy																	9.4	12.5 12.8						
		Management of Chemical Substances (Chemical Substances in Products)							3.9											6.3	12.4					
		Promotion of green procurement								7.2 7.3	8.7									12.4	13.1 13.2					
		To mitigate climate change (Reduce and manage CO ₂ emissions)								7.2 7.3										11.6	13.1 13.2	14.3	15.1	17		
		Biodiversity Conservation									6.6											15.1 15.4				
		14	Social People-friendly	Commitment to respect for human rights																	8.5 8.7	10.2		17		
				Work Style Reform and Promotion of Health Management						3.4 3.d		5.4										8.3 8.5		14.4		
				Improve productivity and promote DX																		8.1 8.3	9.1			
				Ensuring an Occupational Safety and Health Management System																		8.2 8.5				
				Development of self-directed human resources and promotion of education and training																				13.3		
19	Social People-friendly	Promotion of activities that contribute to local communities						4.1 4.7	5.1										8.3 8.9	9.2	10.2	12.b	13.1	15.1	17	
		Ensuring the Quality Management System																			9				17	
		Building Strong Supply Chain Management																			8.7				16.2/16.3 16.4	17
		Promoting Compliance																							16.1/16.3 16.5	
		Ensuring information security management system																			9.c					
24	Governance Uncompromised integrity	Improving the effectiveness of corporate governance																							16.3 16.5	
		Strengthen emergency response and BCP response																							11.b	13.1
		Nippon Seiki Group initiatives																								

Materiality

Materiality Selection Process

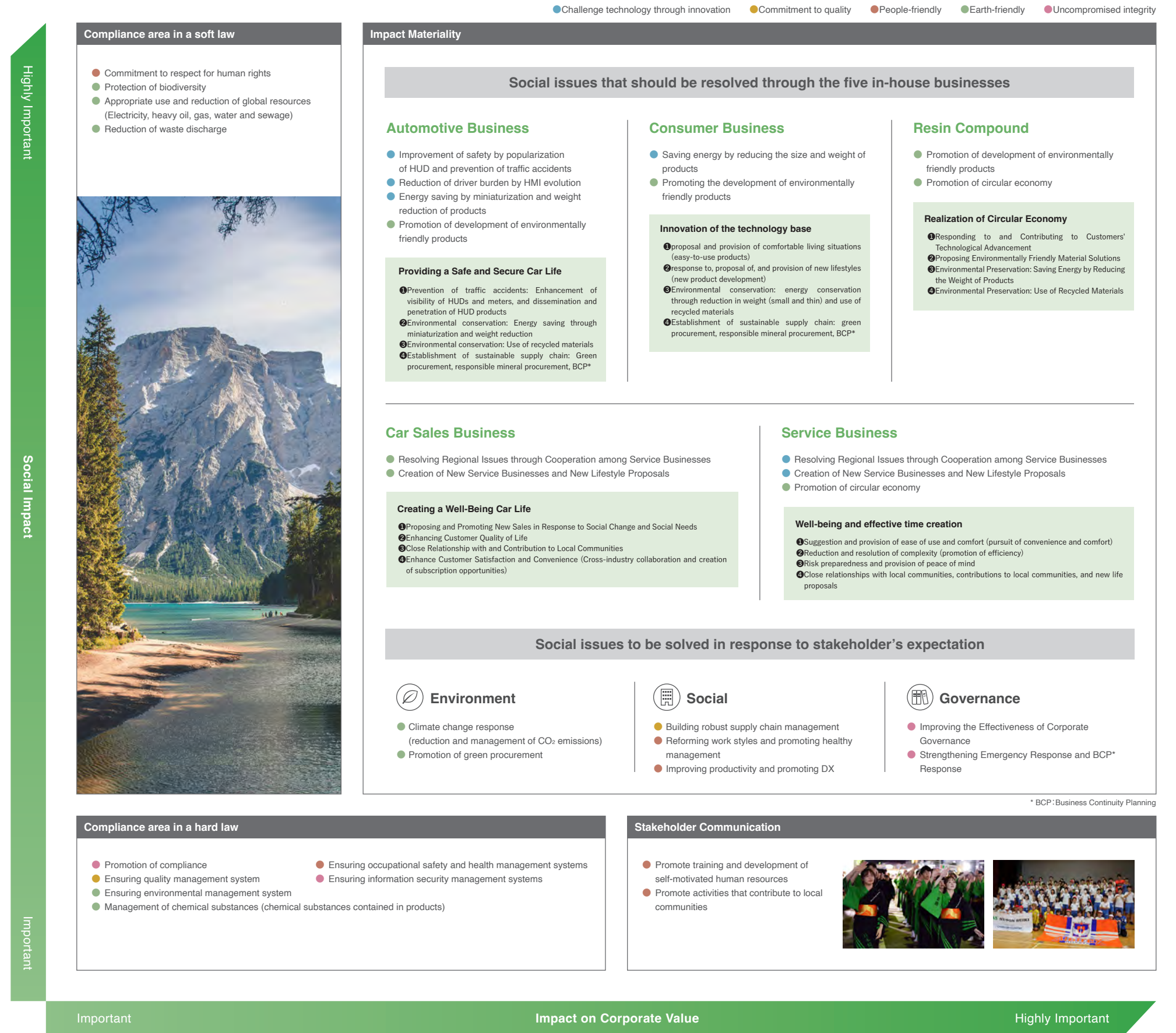
~ In selecting materiality

In order for a company to carry out sustainable activities, it is necessary to coexist organically in terms of its impact on society and corporate value. The impact of the matrix on social contribution on the vertical axis and corporate value on the horizontal axis are divided into four major categories.

Materiality Selection

Challenge technology through innovation	Enhance safety by spreading HUD to prevent traffic accidents
	By evolving HMI To reduce the burden on drivers
	Energy conservation through product downsizing and weight reduction
	Solving regional issues through collaboration between service businesses
	Creation of new service businesses and new lifestyle proposals
Commitment to quality	Ensuring the Quality Management System
	Building Strong Supply Chain Management
People-friendly	Commitment to respect for human rights
	Work Style Reform and Promotion of Health Management
	Improve productivity and promote DX
	Ensuring an Occupational Safety and Health Management System
	Development of self-directed human resources and promotion of education and training
	Promotion of activities that contribute to local communities
Earth-friendly	To ensure environmental management systems
	Appropriate use and reduction of global resources (Electricity, heavy oil, city gas, water supply and sewerage)
	Waste Reduction
	Development of Environmentally Conscious Products and Promotion of Circular Economy
	Management of Chemical Substances (Chemical Substances in Products)
	Promotion of green procurement
	To mitigate climate change (Reduce and manage CO ₂ emissions)
Biodiversity Conservation	
Uncompromised integrity	Promoting Compliance
	Ensuring information security management system
	Improving the effectiveness of corporate governance
	Strengthen emergency response and BCP response

Materiality Matrix



* BCP: Business Continuity Planning

Value Creation Process

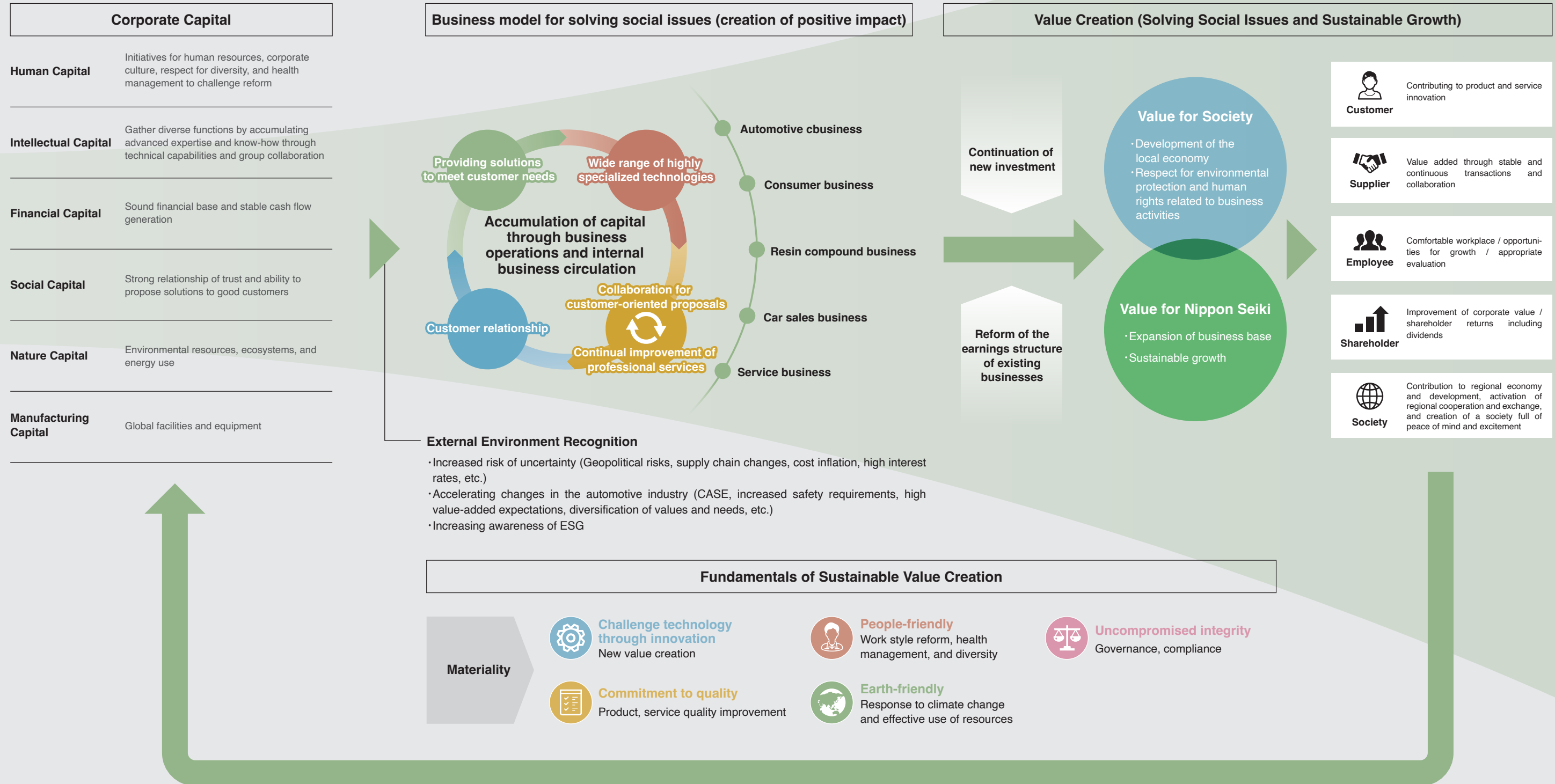
Vision We generate a harmonious interface connecting the world and people

Purpose We contribute toward a safe and sustainable future

Mission
We visualize the invisible

Value

- Challenge technology through innovation
- Commitment to quality
- People-friendly, earth-friendly
- Uncompromised integrity



Nippon Seiki Group Business

Automotive business

We continue producing our products by accurately conveying the continuously changing information to the driver, pursuing the improvement of convenience and comfortability, and paying meticulous attention to every single part. With our eyes focused on the environmental changes and technology progressions, we will play our role of protecting people's safety and security, running as the top leader of meter developers.



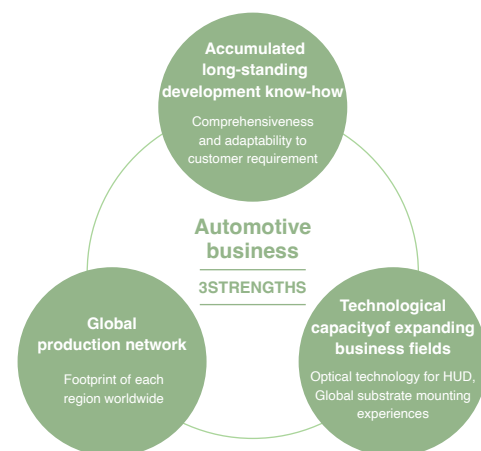
Achievable SDGs goals through the activity



01 Strength of Automotive business

Meters and sensors for vehicles and motorbikes being produced and sold worldwide: this is the core business of our group. In recent years we have focused on HUD (Head Up Display), which projects information such as speed and navigation onto the windshield in a car.

We also develop sensor products, and manufacture and sell in-vehicle EMS (board mounting services), precision micromachined parts, and precision molds. Information detected by sensors is transmitted to the driver via gauges and HUD, making the invisible visible, and conveying this information to the driver in the most optimal form, contributing to safe driving and at the same time creating an exciting driving experience.

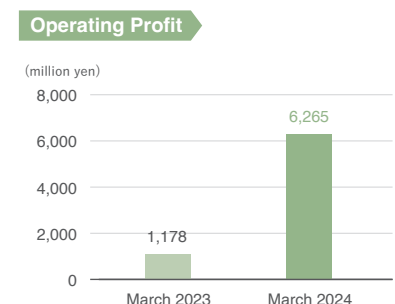
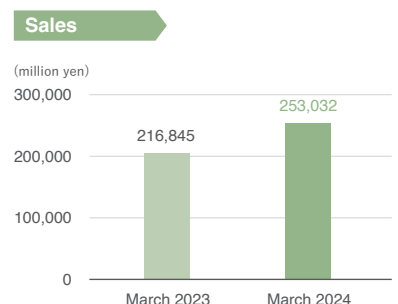


02 Overview of the fiscal year ending March 2024

Revenues increased due to the easing of the semiconductor component shortage, a recovery in production volume, and the weakening of the yen. By region, revenues increased in Japan, the Americas, Asia, and Europe.

Operating profit increased due to the increase in revenues resulting from the recovery in production volume. Although labor costs and expenses increased due to the effects of inflation, the effects of steady muscular measures such as improvements in logistics costs and daily cost reductions were evident. In addition, progress was made in activities to appropriately pass on increases in raw material costs to sales prices, resulting in an increase in profits.

In the automotive business, which is our group's main business, we have been continuing to work on improving profitability. We are striving to build a system that can generate stable profits by flexibly responding to changes in the external environment, such as promoting VA (Value Analysis) / VE (Value Engineering), reforming business processes, suppressing design and development costs, and reviewing product packaging specifications.



*From the fiscal year ending March 2024, aftermarket parts, etc. that were previously included in the Consumer business will be included in the Automotive business.

03 External Environment

Opportunities

- Expansion of head-up display market
- Expansion of digital cockpit market
- Increasing demand of EMS due to electric vehicles
- Expansion of demand for vehicles and motorbikes in newly developing countries

Risks

- Acceleration of the movement toward reorganization of the vehicle industry and cross-industrial alliance
- Change in consumer sentiment (from possession to sharing)
- Unit purchase prices for semiconductors and other electronic components remain high
- Impact of import/export restrictions, tariffs, etc. on the supply chain

04 Growth strategy

Bearing in mind the supply of safety and security to the society, we work on maximizing customer satisfaction in each business domain: meters, HUD, sensors, and in-car EMS.

As for meters, we will drive forward the technical development of integrated cockpits in-cars, as well as the reinforcement of cost competitiveness of meters for motorbikes in India/ASEAN regions. In order to further popularize Head Up Display, we will strengthen our competitiveness by developing compact and simple specifications and increase

awareness through PR activities for end users (drivers). We will strengthen our business profitability through key measures such as measures to improve the balance of payments in Europe, properly reflecting rising costs due to inflation in sales prices, and localizing a series of mass production processes, including product design and parts procurement. We continue to progress the core technologies such as expansion of in-car EMS business and product developments by the combination of sensors and systems.

Specific measures

- ① Receive orders for new automotive instrumentation products
- ② Reduce fixed costs in Europe
- ③ Radical cost review of HUDs
- ④ Develop differentiated technology for next-generation HUDs
- ⑤ Promote VA to achieve profit and loss targets
- ⑥ Take on the challenge of EMS design contracting

05 KPI

	FY2023 target	FY2023 results	FY2024 target
[1] HUD volume (compared to previous year)	15% reduction	7% reduction	15% reduction
[2] Number of next-generation sensors/new sensors developed	4 items	4 items	4 items
[3] Number of patent applications (meter related)	63 items	65 items	72 items
[4] Recycling rate of meter resin parts(domestic)*	10%	14%	20%

* PP, AES returned materials used (Returned materials refer to materials that reuse unnecessary parts generated during molding.)

TOPIC

Developing products that contribute to driving safety

We exhibited an AR head-up display at the Automotive Engineering Expo in May 2024. Using AR (Augmented Reality) technology, it displays information superimposed on the road surface and the vehicle ahead, contributing to improved safety and comfort. Our strengths are the display quality with less distortion due to our unique optical design and cost reduction by optimizing the display device. Our group will contribute to reducing traffic accidents.



Activities to popularize head-up displays

One of our business challenges is the low general awareness of head-up displays. We plan to release an after-market product to make it more familiar to general users and to increase awareness. We have simplified the display function to make it more affordable, but as a leading company in head-up displays, we have designed it to give a sense of depth, not just a simple reflection.



Developed products(scheduled for release within FY2024) (See Message from the President, p.7)

Nippon Seiki Group Business

Consumer business

As for consumer business, we have made use of the technologies cultivated in the in-car business, and have been developing, producing, and selling products such as home appliances, office equipment, controllers for industrial equipment, and operation units as interfaces between human and machinery.



Achievable SDGs goals through the activity



01 Strength of Consumer business

We efficiently, smoothly, and comprehensively support customers under the partnership by supplying "optimizing" technology that have been cultivated to meet customer needs. With our technology cultivated by the in-car parts business as well as continuous process from designing to production, we meet various customers' requests globally and supply reassuring products with excellent quality, performance, and reliability. New value combined with production/technology based on the current business performance will be supplied aggressively together with our own branding development.

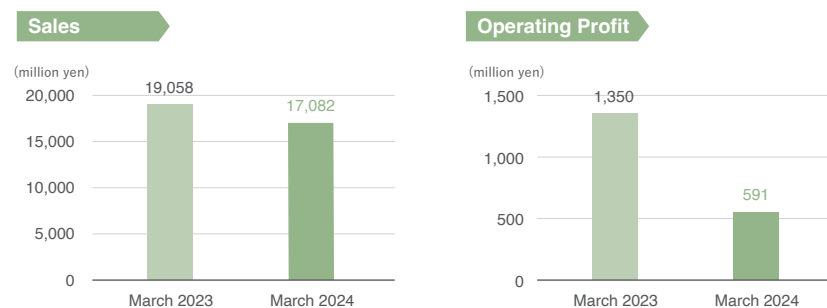


02 Overview of the fiscal year ending March 2024

In the fiscal year ending March 2024, both sales and operating profit decreased compared to the previous fiscal year. In the previous fiscal year (ending March 2023), the parts procurement environment improved due to the global tightness of semiconductors and electronic components in general, which eliminated the backlog of deliveries and significantly increased production volume, sales, and profits. However, in the fiscal year ending March 2024, some of our business partners entered a phase of inventory adjustment, which led to a decrease in production volume compared to the previous fiscal year, resulting in a decrease in sales.

In this environment, we have strived to ensure profits in the fiscal year ending March 2024 by implementing lean measures such as promoting VA, improving productivity and reducing expenses, as well as by optimizing selling prices in response to rising raw material costs.

Going forward, we will continue to work to stabilize deliveries by leveraging our group's production network to propose shortening supply chains and taking steps to further stabilize production.



* From the fiscal year ending March 2024, aftermarket parts, etc. that were previously included in the Consumer business will be included in the Automotive business.

03 External Environment

Opportunities

- Changes in global strategies of home appliance and office equipment makers
- Acceleration of all-electric home
- Change in roles of office equipment (Expansion of multifunction machine)
- Change in home appliance demand due to climate change
- Stabilization of parts procurement

Risks

- More strict regulations of environment and energy conservation worldwide
- Decrease in home appliance sales due to economic fluctuations overseas
- Sudden exchange rate fluctuations
- Purchase prices for semiconductors and other electronic components remain high
- Supply chain impacts due to import/export restrictions, tariffs, etc.

04 Growth strategy

By improving quality as well as productivity of all the processes such as sales, development, design and production, we aim to supply values that can contribute to maximize the value, to be market-oriented high quality, and to improve QOL to our customers. Making use of sensing technology and data analyzing/application technology, which are our core technology, we will develop new products grasping the change of customer demand in the future. Accordingly, we intend to expand the business not only in the BtoB but also in the BtoC domain, and further increase customer satisfaction.

By the increase of profitability as well as the expansion of production/sales business for our flagships: air-conditioners and operation panels

for office equipment, in addition to the marketing promotion, we will try to expand the business to our existing customers. We also in addition, we will expand the scope of our business by utilizing the Group's assets, such as production facilities and processes around the world that we have cultivated in the automotive business. As for new market development and new product development, in terms of developing new markets and products, in response to the rise of the Global South, we will consider appropriate production base strategies, considering OEMs and market trends in each country, in addition to our existing production bases in China and Thailand.

Specific measures

- ① Proposal of optimal technologies and production bases within the group
- ② Cost reduction to receive orders for room air conditioner products
- ③ Expansion of office operation panel products
- ④ Consideration of production locations to meet demand in emerging countries

05 KPI

	FY2023 target	FY2023 results	FY2024 target
[1] Number of orders received in the new domain	1 items	RFQ* 2 items	1 items
[2] Number of new products introduced into the market	1 items	2 items	1 items

*RFQ (Request for quote)

TOPIC

Development of carbon monoxide checker

We have applied the technology of the carbon dioxide concentration meter "CO₂ Lamp" that aims to visualize the air environment (guideline for ventilation) during the COVID-19 pandemic to develop and produce the "Carbon Monoxide Checker" that can measure the carbon monoxide concentration generated mainly when using a stove in a tent (November 2023). We will continue to utilize our sensor solution technology to develop new products based on the concept of "making the invisible visible."

Nippon Seiki Group Business

Resin compound business

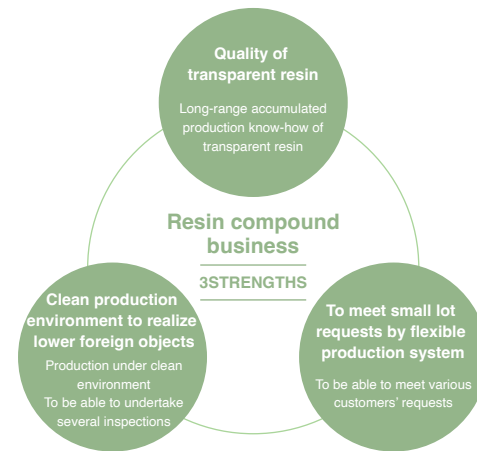
Developing coloring business on high-performance resin materials of transparent resins (for vehicles, LED lighting, lenses, medical use, etc.).

Expanding our business in Japan, Thailand, China, etc. Our main customers are major chemical manufacturers.



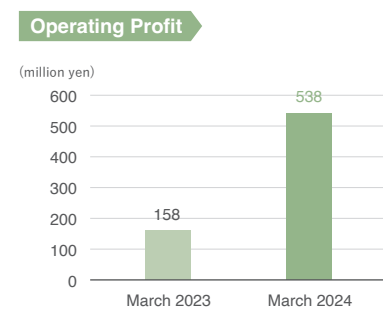
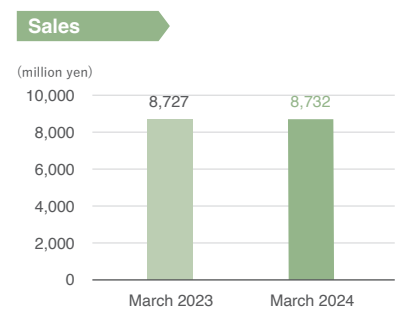
01 Strength of Resin compound business

The resin compound business is expanding with the strengths of "transparent materials," "clean (low foreign matter)," and "small lot support." High-performance materials (high value-added products), including optical products that require clean quality, are the area in which our group excels, and are expected to continue to grow. As the need for lighter automobiles (replacement from metal to plastic products) increases due to changes in the global environment, we will further leverage our strengths to expand our business and contribute to maximizing the value of our customers' products.



02 Overview of the fiscal year ending March 2024

In the fiscal year ending March 2024, while sales remained at the same level as the previous fiscal year, profits increased due to an increase in the proportion of high-value-added transparent materials in sales, as well as efforts such as negotiations to optimize selling prices. The results show the effects of the shift in orders to high-performance materials that we have been working on in recent years. As global demand for resin compounds, such as high-performance materials for automotive applications, continues to grow, we aim to further increase the proportion of high-performance materials by continuing to evolve by leveraging our strengths. We will strive to secure a stable revenue base by expanding sales of high-performance materials to existing customers and acquiring new customers.



Achievable SDGs goals through the activity



03 External Environment

Opportunities

- Technologies of transparency and lower foreign objects, and environment
- Extensive makers and large number of deals with trading companies
- Expansion of using recycled products
- Increased demand of highly functional resin due to the trend of light weight in electric vehicles

Risks

- Fluctuations in orders for in-vehicle products
- Unstable orders of optical products
- Increase in oil prices and rising utility costs
- Market slowdown for final products

04 Growth strategy

In order to maximize product value, our group will work to expand sales by targeting high-performance materials that leverage our strengths. In the field of high-performance materials, we aim to differentiate ourselves from our competitors by leveraging our ISO 22000-certified management methods. We will not only expand sales of our existing products, such as "transparent, low-contamination materials," which are our specialty, but also aim to win orders for materials for food and medical applications, which require a high level of management, and thereby expand our business.

Specific measures

- Shift in order strategy from general-purpose materials to high-performance materials
- Increase orders from existing customers and develop new customers
- Further strengthen clean technology through collaboration with filter manufacturers

05 KPI

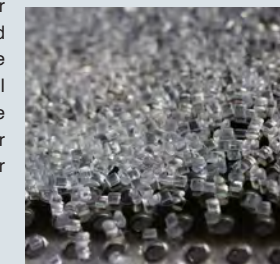
	FY2023 target	FY2023 results	FY2024 target
[1] Promotion of individual company's**1 recycling efforts (reduction of waste materials)	34 tons reduction	25 tons reduction*2	44 tons reduction
[2] Weight of high-performance (low foreign matter) items acquired	-	6,826 tons	8,500 tons

*1 NS Advantech Co., Ltd. *2 Improved product yield due to the reduction of total amount of waste materials

TOPIC

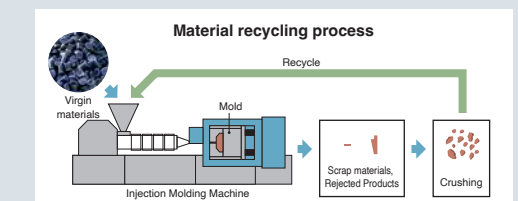
Acquisition of ISO22000 (food safety management system) certification

In order to differentiate itself from its competitors, NS Advantech obtained ISO22000 certification in April 2024. Resin materials used in containers and packaging for food and medical applications must be clean and safe to prevent contamination at the material level. The high level of management of our group was recognized in obtaining the certification. We will continue to leverage this strength to further grow and develop our business.



Material recycling initiatives

As part of our efforts to reduce our environmental impact, we are promoting efforts to reuse waste materials. In particular, the use of returned materials* from part molding is expected to have a significant effect on cost reduction. We have begun applying returned materials to some of our automobile instrument parts from fiscal 2023, and will continue to expand the scope of application in the future.



*Returned materials refer to materials that reuse unnecessary parts generated during molding

Nippon Seiki Group Business

Car sales business

Group companies conduct new and used car dealership, car-rental and car-sharing business

Group companies

HONDA Yonrin Hanbai Nagaoka Co., Ltd.

Sales business for HONDA cars in Niigata

Niigata MAZDA Co., Ltd.

Sales business for MAZDA cars in Niigata

CAR STATION Niigata Co., Ltd.

Sales and used-car business for SUZUKI / DAIHATSU cars in Niigata

MAZDA mobility Niigata Co., Ltd.

Operations of TIMES CAR in Niigata (Car-rental and car-sharing business)

01 Strength of Car sales business

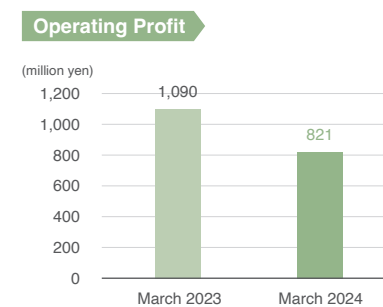
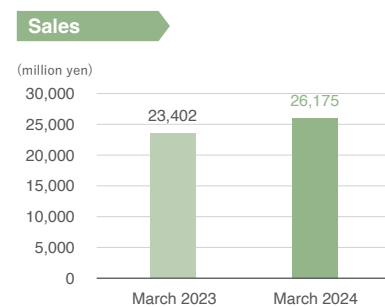
Our market widely covers all areas of Niigata prefecture. We have an overwhelming number of customers, and our financial base is strong and stable. In addition, we have been tackling to strengthen after-sales service as well as to construct a next generation of sales system utilizing the Internet and digital technology next generation type sales system. As a professional team fostered by the ample education system, these are aiming for obtaining customer satisfaction more than expected.

For solving several problems in our society, we always try to create new values by foreseeing the movement of the future market demand as well as social values, applying community-based and customer-oriented sales approach, and being innovative.



02 Overview of the fiscal year ending March 2024

In the fiscal year ending March 2024, revenue increased but profits decreased compared to the previous fiscal year. In new car sales, there were delays in delivery of new cars in the first half of the fiscal year due to a shortage of semiconductor parts and other items that continued from the previous fiscal year. However, there was a gradual recovery from August onwards and sales exceeded the previous fiscal year. In used car sales, sales exceeded the previous fiscal year as a result of focusing on strengthening sales in response to the extended delivery time for new cars. In terms of profits, although we have implemented improvements in business efficiency and streamlining operations, we had a decrease in profits compared to the previous fiscal year due to changes in the business environment in the used car business which led to the impairment losses recorded at some used car sales outlets.



03 External Environment

Opportunities

- Arrival of a new form of perception by CASE
- Active new function development and new sale method development
- Dealer reorganization movement by car manufacturers
- Supply chain recovery

Risks

- Market shrinkage due to lower population of juvenile
- Increase the burden of investment to CASE
- Compliance of infrastructure and legislation
- Concerns about the unpopularity of job seekers in this industry

04 Growth strategy

The domestic automobile sales industry is in a transitional period due to the wave of EVs and sales network restructuring by automobile manufacturers. Our group's automobile sales business will keep a close eye on EV products, related investments, and human resource development, aiming to reap the benefits of being one of the survivors in the domestic market, which is at maturity. To further expand and strengthen the scale of our business that we have built in Niigata Prefecture, we will promote "investment in new generation stores to improve our brand power," "investment in reorganization and integration of existing stores in response to urban

transitions and changes in traffic volume," and "M&A investment to acquire new functions."

In addition, in order to further enhance our core revenue competitiveness, which is based on our strength of having a large number of stable managed customers, and to improve customer satisfaction, we will actively engage in community-based initiatives, including solving problems for both customers and the community, by providing a rich mobility life that meets diversifying needs, moving from traditional simple ownership to all-in residual value subscriptions and "shared use" such as car sharing.

Specific measures

- ①Reinvest in stores in good locations
- ②Complementing missing functions and expanding service areas through M&A, etc.
- ③Reducing management work and man-hours through systemization
- ④Thorough sales and service information from the customer's perspective

05 KPI

	FY2023 target	FY2023 results	FY2024 target
[1] Residual value sales ratio	35%	28%	35%
[2] Core revenue coverage ratio	102%	99%	100%
[3] SG&A sales ratio	18.9%	19.0%	18.0%
[4] Indirect personnel ratio	26.7%	25.8%	24.8%

TOPIC

Honda Cars Nagaoka: Tsubame Sanjo Shop Newly renovated and reopened

Our group company, Honda Automobile Sales Nagaoka, reopened the newly renovated Honda Cars Nagaoka Tsubame-Sanjo store in January 2024. The highly visible and imposing showroom is a perfect base for our key concepts of being "a place where customers feel comfortable," "a place where they can experience the appeal of the Honda brand," and "a place where all employees can shine and work with pride."



CocoSelect Niigata Kameda: Relocated and reopened & Car Seven Niigata Chuo opened

To expand the number of cars on display and improve after-sales services, our group company Car Station Niigata has relocated and reopened its used car dealership Coco Select Niigata as Coco Select Niigata Kameda (October 2023) in order to further improve customer satisfaction. The former Coco Select Niigata store will be renovated as the used car purchase store Car Seven Niigata Chuo (December 2023), and the two stores mentioned above will strengthen our used car purchases.



Achievable SDGs goals through the activity



Nippon Seiki Group Business

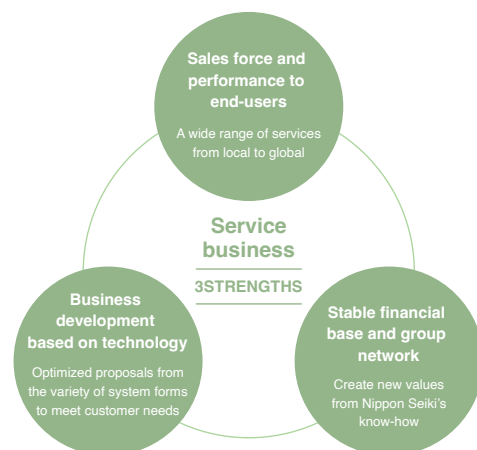
Service business

We offer a service business that can meet a variety of needs through NS Computer Services Co., Ltd., which handles information system development, network construction, and software and hardware development, as well as Nissei Services Co., Ltd., which handles logistics, advertising agencies, and food services.

01 Strength of Service business

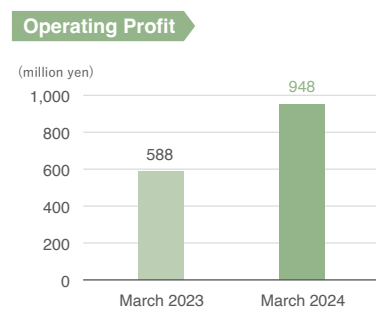
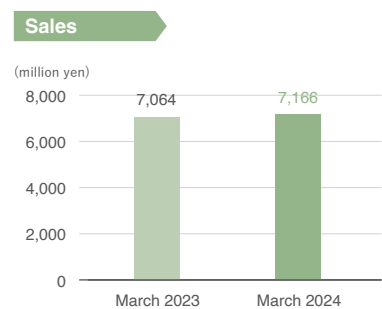
Our service business provides a wide range of services to a wide range of customers from within Niigata Prefecture to all over the world.

We offer optimized solutions to meet customer needs from wide ranging system configurations. To maximize customer satisfaction, we promote the communications and operation improvements by foreseeing the market needs and social values in the future. Our know-hows from various service businesses can create new values and then we will try to offer both profitability and social problem-solving.



02 Overview of the fiscal year ending March 2024

In the information system services business, revenue and profit increased due to an expansion in cloud mission critical system projects in the private BPO (business process outsourcing) services field and an increase in orders for profitable DX and BPO service projects. In the logistics business, the transportation business also saw an increase in revenue and profit due to an increase in cargo volume. In the warehousing business, revenue decreased due to a decrease in storage volume caused by changes in customer commercial flows, but as a result of efforts to improve efficiency and streamline operations, the logistics business as a whole saw a decrease in revenue but an increase in profit. On the other hand, in the service-related business as a whole, sales remained flat, but operating profit increased due to orders for profitable projects and the effects of streamlining.



03 External Environment

Opportunities

- Increasing need for digital transformation in regional areas
- Increasing need for BPO due to declining working population
- Social needs for sustainable business development
- Socioeconomic productivity and hospitality & society

Risks

- Demand of deoxidation in logistics services
- Changes in energy supply structure
- Changes in industrial labor structure
- Concerns about the unpopularity of job seekers in this industry

04 Growth strategy

As market needs for services become more diverse, our group's service-related businesses will focus on providing reliable services that give customers "security and impressions", with information system services and logistics as core businesses.

In the information system services business, the government is calling for the promotion of digital transformation to address the declining birthrate and aging population, as well as the decline in the industrial population. By proactively proposing BPO (business process outsourcing) to local governments and private companies, we will provide added value such as high-quality business processing. We have begun promoting regional digital transformation

in Nagaoka City, Niigata Prefecture, where our head office is located, based on a partnership agreement with the local government. In the future, we will contribute to the realization of a richer society by balancing corporate growth and solving local issues, such as by expanding regional digital transformation promotion to other local governments.

In the logistics business, in order to avoid the domestic issue called "Logistics 2024 Problem", we will consolidate the scattered warehouses and build new ones to minimize complicated deliveries and optimize vehicles and crew members, promoting rational and efficient operations and expanding external sales.

Specific measures

- Information Services**
 - ① Increased BPO orders for non-core customer operations
 - ② Addressing the need for outsourcing administrative services
- Logistics Services**
 - ① Sales expansion by combined transport and storage services to customers
 - ② Acquire new external sales for distribution processing such as labeling

05 KPI

	FY2023 target	FY2023 results	FY2024 target
[1] BPO sales of individual demand	1,500 million yen	2,048 million yen	2,400 million yen
[2] BPO sales of public demand	2,000 million yen	1,728 million yen	2,600 million yen
[3] Non-logistics sales	1,713 million yen	1,705 million yen	1,900 million yen

TOPIC

Sales contract for business improvement services with OMRON

NS Computer Services, a member of our group, signed a sales partnership agreement with OMRON Corporation for the business improvement support tool "pengu" in May 2024. "Pengu" is a business improvement service that includes automation tools such as RPA in one set. With experience in providing a wide range of IT services to various companies, such as the implementation of core systems, including those in the manufacturing industry, we can provide benefits to our customers by digitizing on-site specific operations.



New logistics base "Nagaoka Logistics Center" begins operation

The Nagaoka Logistics Center, which our group company Nissei Services had been constructing in Nagaoka City, Niigata Prefecture, began operation in May 2024. The new logistics warehouse has actively used IT to promote automation and reduce the number of operating staff. In addition, it has strengthened its BCP (Business Continuity Plan) by introducing in-house power generation and solar panels.



Achievable SDGs goals through the activity



ESG Initiatives

Nippon Seiki Group ESG Policy

Nippon Seiki Group believes that the sustainable development of society is essential for enhancing corporate value over the medium to long term and for expanding the provision of social value to stakeholders.

In order for society to develop with sustainability, it is necessary for our company, not only to pursue short-term profits, but also to proactively address environmental and social issues from a medium-to long-term perspective. To achieve this, strong corporate governance is a prerequisite.

By continuously approaching these issues, we believe that solving environmental and social issues will lead to the sustainable development of society. At the same time, we believe that this will lead to an increase in corporate value and medium-to long-term sustainability.

Our group consider not only financial information but also non-financial information such as ESG (environmental, social, and governance) factors, and

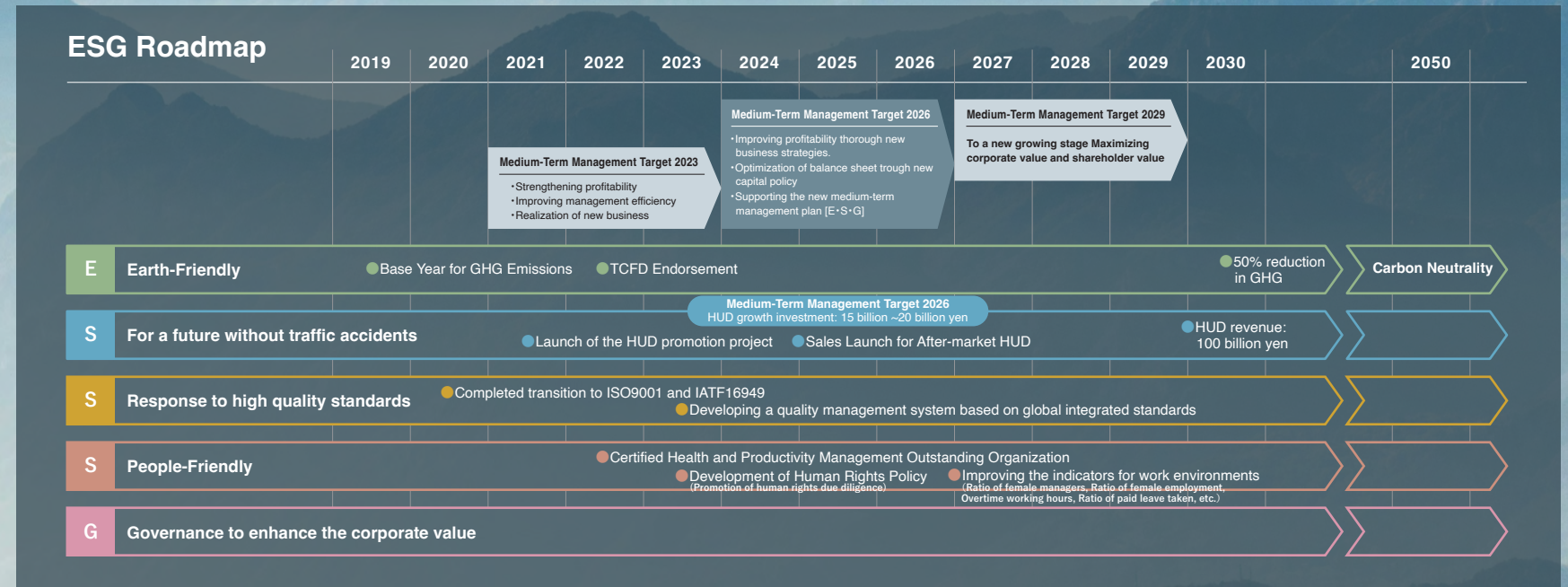
constructively engages with stakeholders.

We aim to achieve both medium-to long-term social development and business expansion.

When investing, we place emphasis on the perspective that ESG is an expansion of business opportunities, in addition to the perspective that ESG, which has been common in the past, is a restraint of business risks.

"The perspective of ESG is a restraint of business risk" is the perspective of being aware of environmental or social risk factors, what measures are being taken in response to such factors, and what impact do you have on financial stability.

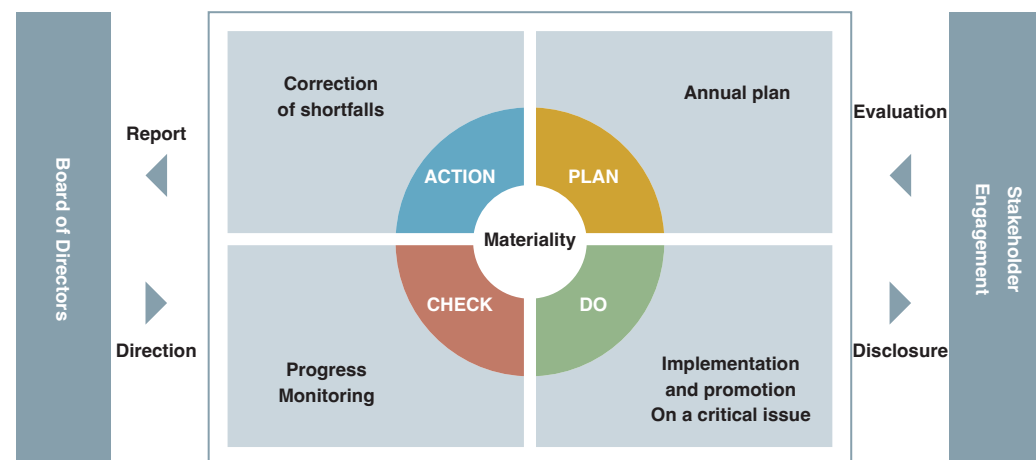
"The perspective of expanding business opportunities" is the perspective of whether we can capture changes in social needs from environmental and social perspectives and link them quickly to value creation, thereby strengthening our competitiveness and enhancing our corporate value over the medium to long term.



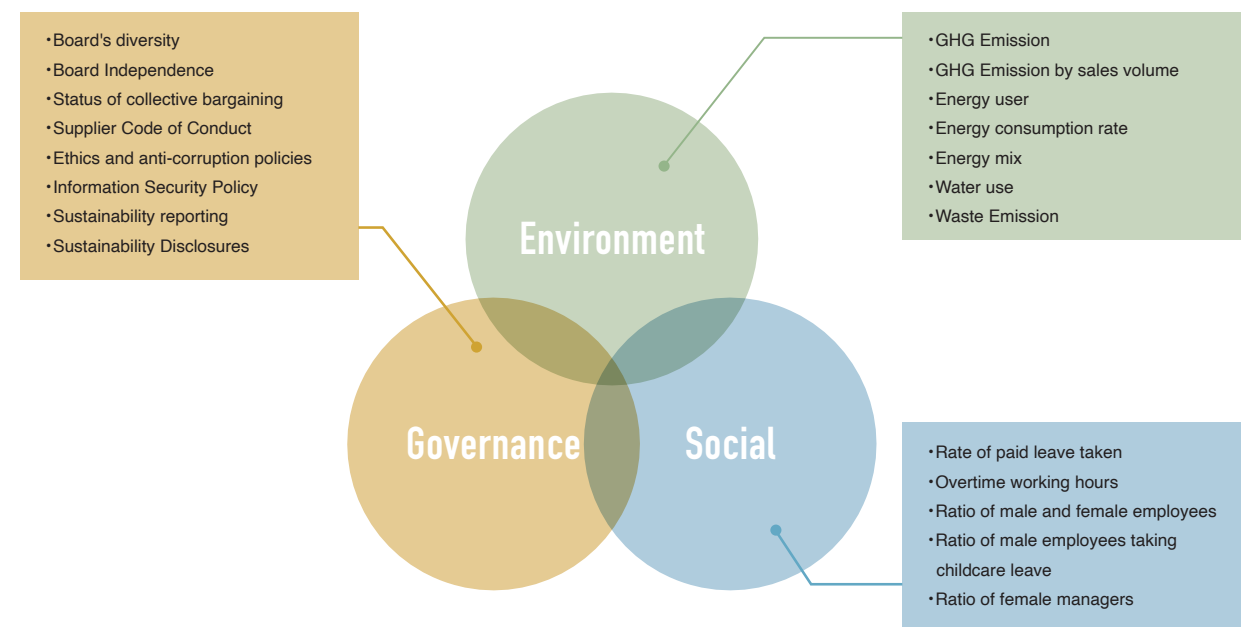
ESG Management of Nippon Seiki Group

In order to lead our initiatives to materiality into corporate value improvement, we will manage ESG related indicators based on our management policies and business strategies.

We will incorporate identified materiality into our strategies and plans and implement PDCA cycles.



Nippon Seiki Group's ESG Management Indicators



Environmental Initiatives (E)

Basic Vision toward the Environment

Nippon Seiki group has established the Basic Environmental Policy, and has positioned global environmental issues as an important management issue. With the aim of realizing a safe and sustainable society in harmony with the environment, the Group is making continuous improvements to achieve the realization of the Basic Environmental Policy as well as its environmental objectives and targets. In the production activities of our manufacturing plants in Japan and around the world, we are developing our business on a global scale to provide safety and security to society.

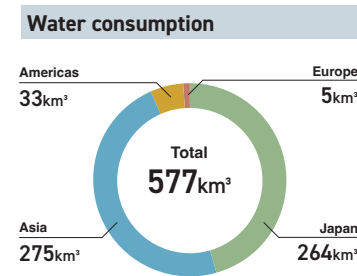
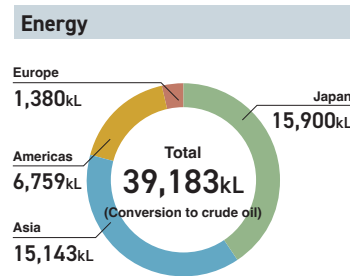
We will leverage the design and production technologies we have developed over many years with flexibility to enhance our comprehensive manufacturing capabilities through synergies. At the same time, we will integrate the environmental management system of ISO 14001 (2015 version) into our business activities on a global scale and promote activities to reduce environmental impact.



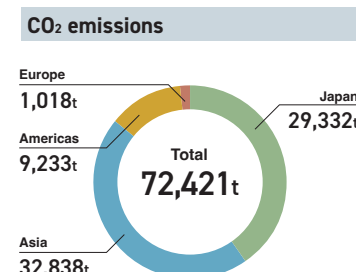
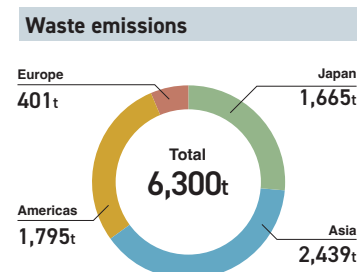
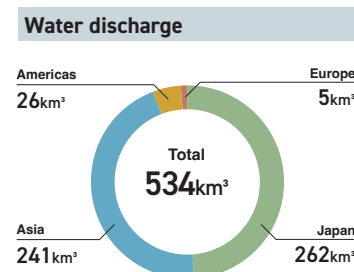
Environmental Declaration

We regard the realization of a sustainable society as an important management issue and will continue to provide high-value products and services to realize a safe and secure society in harmony with the environment through business activities that value "ambition," "society," "customers," and "people."

Environmental Impact of Nippon Seiki Group(FY2023)



OUTPUT



The 9th Environmental Objectives and Target FY2023-FY2026

We set environmental objectives and targets and continue to promote activities to reduce environmental impact. FY2023 is the first year of the 9th environmental objectives and targets. The results for FY2023 are as follows.

Action Themes	Items	Subjects	FY2023 Targets	FY2023 Results	Evaluation
Prevention of global warming	CO ₂	Entire company	5.0% reduction from FY2022	27.1% reduction	○
	Electric power	All manufacturing operation	1.0% reduction from FY2022 (per unit of production)	7.69% increase	✕
		All indirect departments	1.0% reduction from FY2022 (per unit of production)	2.1% increase	✕
	Heavy oil	Designated manufacturing sector	Monitoring and Management ※(Managing as CO ₂ emission)	69.6% reduction	○
	City gas	Designated manufacturing sector	Monitoring and Management ※(Managing as CO ₂ emission)	67.2% reduction	○
Conserving Water Resources	LPG	Designated manufacturing sector	Monitoring and Management ※(Managing as CO ₂ emission)	1.7% increase	✕
	Water supply	Entire company	Monitoring and Management	22% reduction	○
To Reduce, Reuse, and Recycle Waste	Amount Released	Designated manufacturing sector	1.0% reduction from FY2022 (per unit of production)	43.6% reduction	○
	Recycling Rate	Entire company	99.90% or more	99.79%	✕
Develop Eco-friendly Products	Environmental Factors for Products	Design division	For each product group Improvement of product environmental indices	11 themes are implemented, with an average achievement rate of 91%	✕
Proper Management of Chemical Substances	Containing Products Management of Chemical Substances	Design division	Establishment of a system to guarantee non-inclusion of RoHS2 additionally banned substances	2 theme is developed, all of which achieved 100% target.	○
	Handling Management	Design division	Control and education of use of PRTR-designated substances	3 themes are developed, with an average achievement rate of 100%	○
Promotion of Green Procurement	—	Procurement-related departments	Environment for suppliers Improvement of performance evaluation	3 themes are developed, with an average achievement rate of 100%	○
Global Environment Performance Improvement	CO ₂ Emissions	Sustainability Related departments	To gather environmental data from domestic and international affiliates	Continue to collect common environmental data from manufacturing affiliates	○
Emergency Response	BCP	Sustainability Related departments	Strengthening our ability to respond to natural disasters	2 theme is developed, all of which achieved 100% target.	○

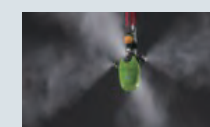
[Initiatives Related to the Achievement of Environmental Targets]

Power Reduction by Changing Humidifier

The production line of NS West, a group company, used a spray type humidifier that sprays pure water with compressed air to suppress static electricity in the work area.

Due to the constant humidification during the drying season, the amount of compressed air consumed increased the power consumption of the compressor.

By replacing this spray-type humidifier with a vaporization type humidifier, the amount of compressed air consumed was significantly reduced and the power consumption of the compressor was reduced by 38,500kwh/year.



Spray type Humidifier
Always using compressed air during humidification

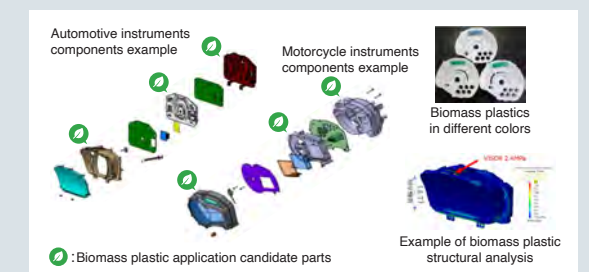


vaporizing humidifier
Always using compressed air during humidification

Consideration of Adoption of Biomass Plastic for Meter Parts

There are many types of biomass plastics, but we are considering applying them to large-sized and heavy-weight components among the components of the meter.

Meter components require a variety of characteristics, but we are conducting analyses of color, gloss, and stiffness that affect lighting, and are promoting various evaluations for their application.



Environmental Initiatives (E)

Information disclosure based on the Task Force on Climate Change Financial Disclosures (TCFD)

In September 2022, Nippon Seiki announced its support for the TCFD recommendations (Task Force on Climate-related Financial Disclosures) and joined the TCFD consortium.

The Nippon Seiki Group has a sustainability policy and considers responding to climate change to be one of the most important management issues within ESG (Environment, Society, and Governance).

To further communicate with all stakeholders involved with our company, we will make further efforts to enhance information disclosure related to climate change through our website, integrated reports, etc.

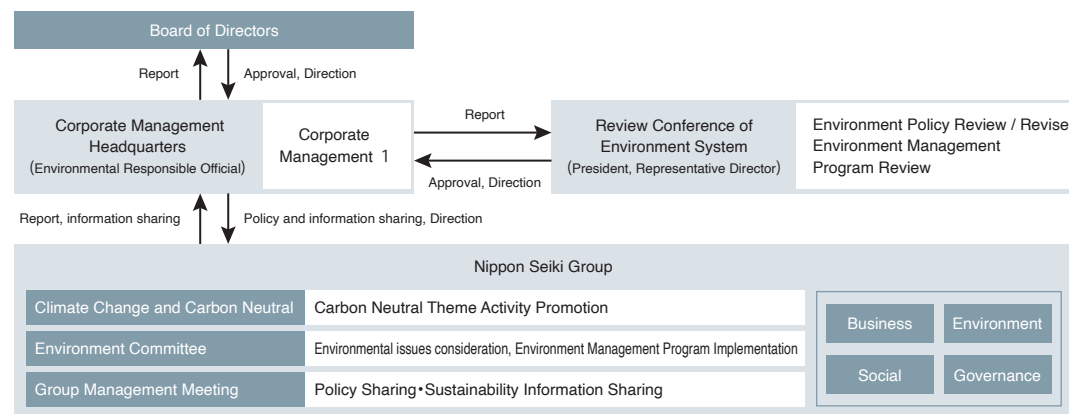


Governance

In order to strengthen our sustainability efforts, Nippon Seiki established a new department in charge of sustainability within the Corporate Management Headquarters in 2022 to integrate sustainability, including climate change, and public relations activities.

Corporate management dept.1, which is promoting the TCFD, review the risks related to climate change and the impact on business activities, report policies, goals, progress, issues, etc. to the Board of Directors and the Environmental System Review Committee, which is a

meeting related to the environment, and develop and instruct policies and targets through the Environmental Committee, related departments, Group Management Meeting, which is a general meeting of group companies, etc., share information, and manage progress. Management discusses, approves, and gives instructions regarding policies, goals, progress, and issues at the Board of Directors and the Environmental System Review Meeting.



Risk Management

Regarding the management of risks related to sustainability and climate change, the Environmental Management Officer and the "Public Relations and Sustainability Promotion" section within the Business Management Headquarters serve as the secretariat to analyze risks that may have a significant impact on the Nippon Seiki

Group and each stakeholder. The results and KPIs are discussed and reported once a year at the Environmental System Review Meeting or to the Board of Directors. Regarding the environmental management program, plans, KPIs, and implementation results are discussed and reported to the environmental system review meeting.

Strategy

Due to its risks, climate change has various impacts not only on our business activities and its group companies, but also on us, the society surrounding them, and our stakeholders.

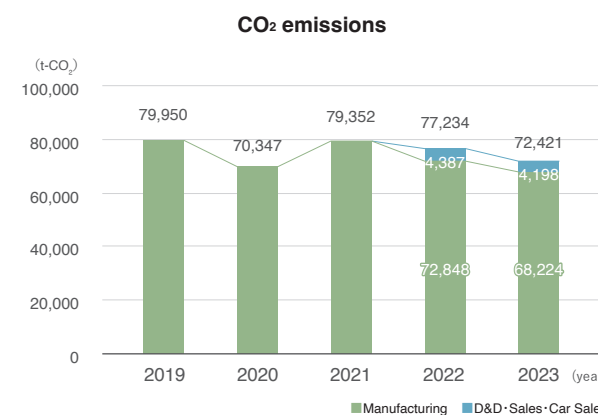
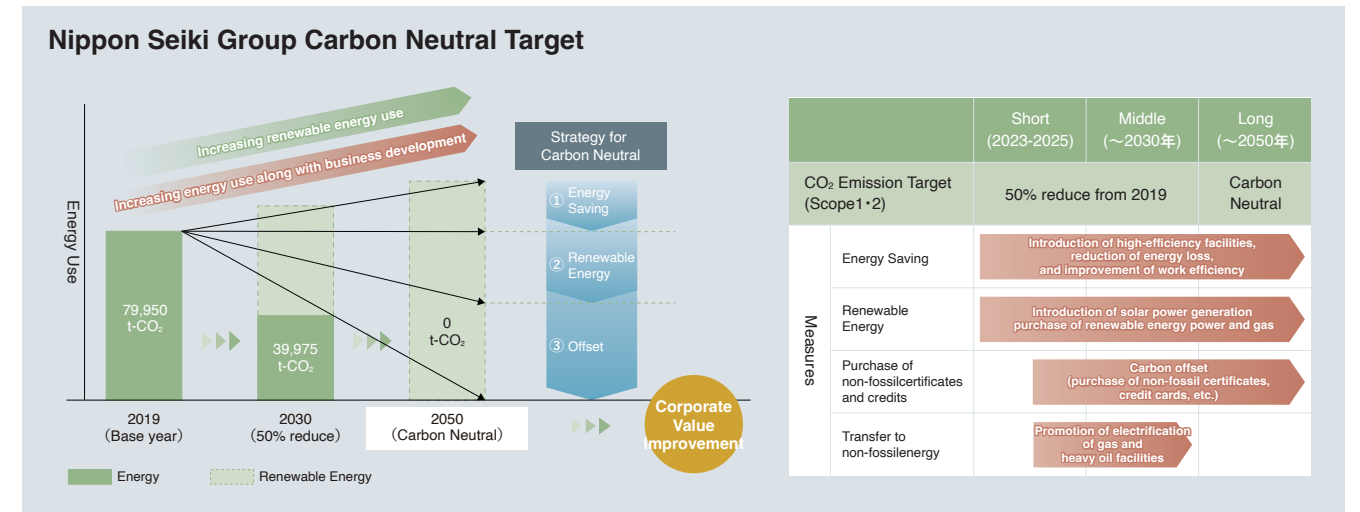
In order to minimize the impact of risks and take advantage of opportunities, we identify the impact (risks and opportunities) that climate change will have on business activities through scenario analysis. We will then promote sustainable business activities by considering the priorities and reflecting them in our business strategies.

4°C scenario	IEA STEPS, WEO IPCC RCP8.5 • Due to climate change, rising sea levels and increased rainfall will lead to river flooding and an increase in areas affected by flooding, as well as widespread droughts and an increased risk of drought. • Increased risk of death and decreased motivation to work due to heat waves and increased risk of infection
1.5°C, 2°C scenario	IEA SDS, WEO IPCC RCP2.6 • Strengthening climate change control policies and regulations will lead to an increase in carbon tax burden and increase in EV vehicles, ICE vehicles decrease • Development of new products and new technologies for a low-carbon society

Scenario	Factor	Risk	Opportunity	Effect	Countermeasures
Transfer effect to 1.5°C/2°C society	Carbon Price	• Cost increase by carbon taxation to materials	• Product weight saving, design and production engineering improvement • Introducing sustainable material	High	• Energy efficiency production (introducing high efficiency machinery) • Energy efficiency design (material saving, alternative material usage)
		• Cost increase by carbon taxation to fuel	• Various renewable energy (solar, hydrogen, alternative fuel, etc.)		• Change to renewable energy, installing solar panel Purchasing non-fossil certificate, reducing GHG by electrification • Making GHG reduction plan and implementation
		• Cost increase by alternative energy investment	• Choosing effective investment		• Introducing internal carbon pricing
	Energy Price (Electricity, oil, gas)	• Energy cost soaring • Manufacturing cost increase by energy cost soaring • Transport cost increase by fuel cost soaring	• Various renewable energy (solar, hydrogen, alternative fuel, etc.)	High	• Reducing GHG by electrification • Change to renewable energy • Installing solar panel
	GHG regulator become strict	• Restriction by GHG emission regulation • Material cost soaring	• High energy efficiency equipment development	High	• High energy efficiency production and design • High energy efficiency equipment development
Physical effect in 4°C climate change	Plastic Restriction	• Plastic emission regulation • Material cost increase by plastic emission restriction	• Introducing sustainable material	Middle	• Considering alternative material, and applying to products
		Recycle Restriction	• Recycle material cost soaring, D&D cost increase by design change to recycle material	• Introducing sustainable material • Recycle process development	Middle
	Heavy rain and flood increase	• Heavy rain, sea level rising • Operation stoppage by flood • Moving factory, warehouse location to avoid flood risk • Product shipping stoppage by supply chain discontinuation • Unstable labor resource	• Transformation to resilient factory • Introducing efficient and flexible working way	High	• BCP improvement • Disaster prevention manual • Enhancing flood resilience • Flexible remote working

Targets and results of CO₂ emissions

For realizing a sustainable society, Nippon Seiki Group has set targets related to climate change to reduce CO₂ emissions by 50% in Scope1 and Scope2 (compared to 2019) in 2030 and 100% (carbon neutral) in 2050. Currently, the Nippon Seiki Group is working together on various energy conservation measures and introducing solar power generation in-house. In addition, we will promote initiatives to achieve our targets, including the introduction of renewable energy and offset measures. In order to respond to the upcoming global sustainability requirements, we will continue to calculate and disclose CO₂ emissions and improve their accuracy.



Nippon Seiki CO₂ Emission (Non-consolidated)

	Scope1,2,3	FY2022	FY2023	Scope
Scope1		1,083	579	Non-consolidated
Scope2		11,644	8,738	
Scope3	1. purchased goods and services	373,215	382,735	
	2. capital goods	5,137	10,384	
	3. fuel- and energy-related activities	1,859	1,351	
	4. upstream transportation and distribution	N/A	N/A	
	5. waste generated in operations	34,571	5,294	
	6. business travel	188	287	
	7. employee commuting	144	144	
	8. upstream leased assets	Counted in Scope2	Counted in Scope2	
	9. downstream transportation and distribution	N/A	N/A	
	10. processing of sold products	Not applicable	Not applicable	
	11. use of sold products	20,683	15,080	
	12. end-of-life treatment of sold products	232	167	
	13. downstream leased assets	Not applicable	Not applicable	
	14. franchises	Not applicable	Not applicable	
	15. investments	Not applicable	Not applicable	

For each category, some activity amounts are not included in the calculation of CO₂ emissions.

Social Initiatives (S)

Occupational Health and Safety Policy

Nippon Seiki group will not focus only on improving inorganic production efficiency, but will strive to conduct business operations in accordance with our group's management philosophy, based on compliance with laws and regulations and respect for the human rights of employees.

We will also contribute to the development of a sustainable society through management of human resources, safety, and quality, as well as activities that contribute to local communities.



Occupational Health and Safety Policy

Based on the "Respect for Human" philosophy of safety, we will realize our management philosophy through our global and diverse business activities, including the development, design, procurement of materials, manufacturing, sales, and quality assurance of products and parts, and through these activities, we will strive to improve and promote continuous and aggressive initiatives for risks and opportunities related to occupational health and safety, with the aim of eliminating occupational accidents.

Learn more about the Occupational Health and Safety Policy

https://www.nippon-seiki.co.jp/global/sustaina_qs/#contents03



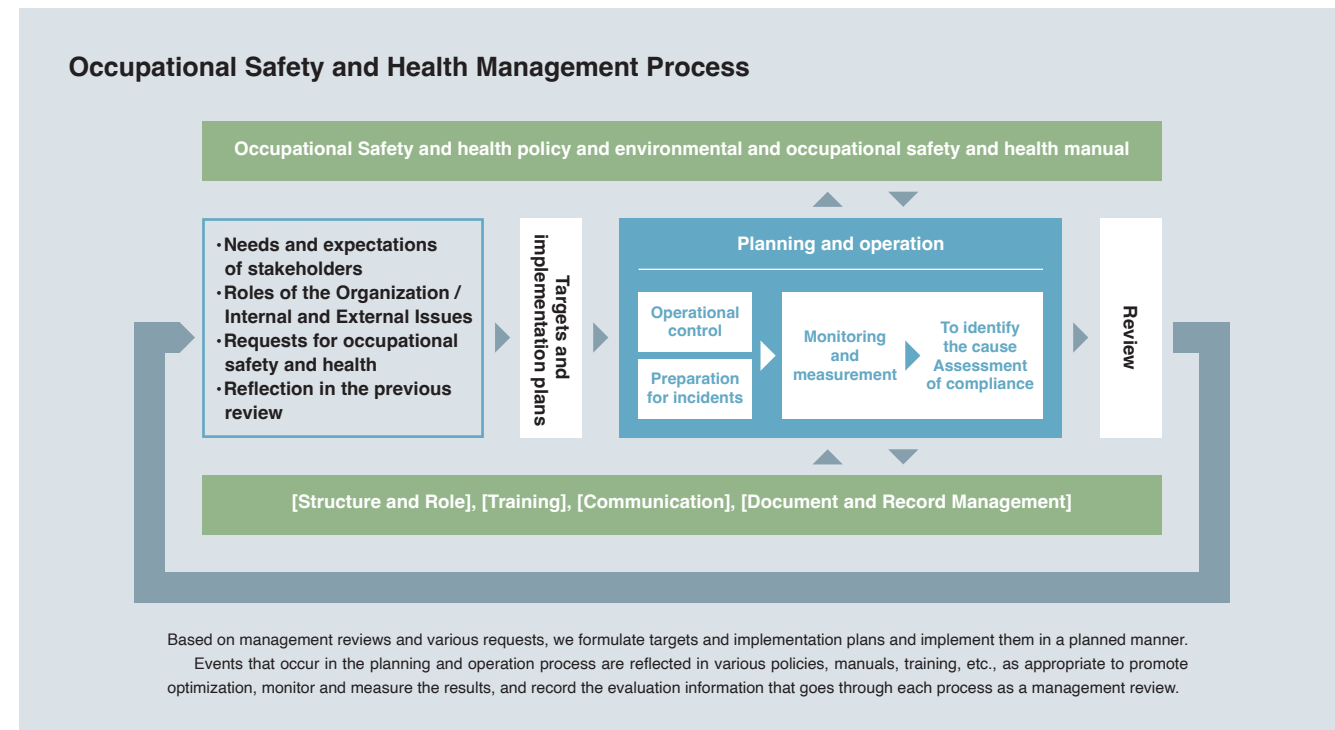
Occupational Safety and Health Management System

In August 2020, Nippon Seiki acquired the Occupational Safety and Health Management System (ISO 45001) certification and complied with the process.

We have established the Environmental and Occupational Safety and Health Manual, established the Occupational Safety and Health Policy and the Health and Safety Objectives, and created an environment in which all employees can work safely and healthily. In each division, occupational health and safety-related items are included in the plan at the beginning of the fiscal year, and occupational health and safety activities are promoted systematically.

In addition, as a company-wide organization, we hold regular company-wide secretariat meetings in which safety and health committee members from each business site participate to share information on the status of safety and health activities at each business site, good practices, and improvement cases, thereby raising the level of the company as a whole.

We have also established a system for sharing information with domestic and overseas Group companies, and will continue to improve our occupational health and safety management.



Quality management policy

Nippon Seiki group is committed to meeting customer requirements and establishing the industry's highest quality and technology based on the concept of "quality first" in all activities of planning, design, development, manufacturing, and sales of electronic and mechatronics products, including the automobile, consumer, resin compound businesses in accordance with the following items.

Learn more about the Quality Policy

https://www.nippon-seiki.co.jp/global/sustaina_qs/#contents01



Quality Management System

Based on our Group Management Philosophy and Basic Quality Policy, we are developing TQM activities from the customer's standpoint to provide safety and security to earn the trust of society.

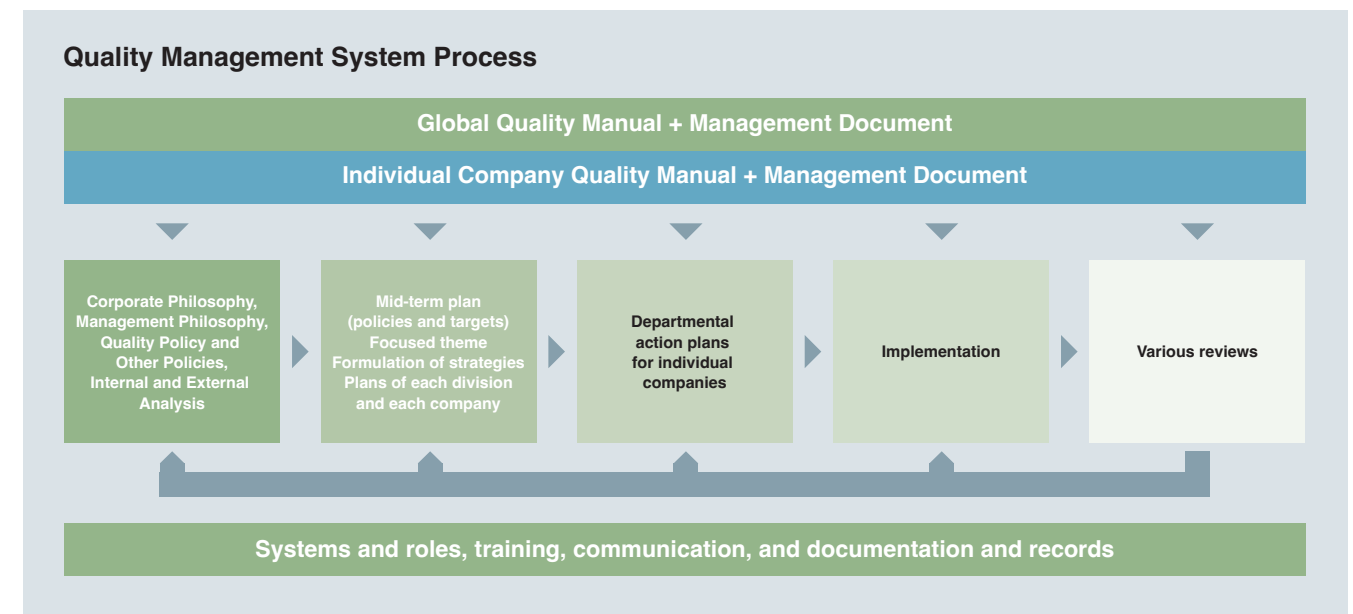
As for the quality management system, in fiscal 2017, the head office adopted the Automotive Industry Quality Management System Standard, an international standard.

We have completed the transition to a quality management system compliant with (IATF 16949) and integrated it with our business processes. Group companies completed the transition to ISO 9001 (2015 version) and IATF 16949 in fiscal 2020, and are working to improve their products and services by deploying unified standards globally based on the concept of quality first.

The processes that support the activities of the quality management system start with the corporate philosophy as shown below, and the various strategies are clarified, and the vectors of the group and its employees are aligned and operated in a planned manner. The results of implementation are reviewed, fed back, and adapted to change. Communication and education tools such as management documents, education, and training support these activities.

In the future, we will further adapt our businesses to the evolution of industry and automotive technology.

Aiming to establish the world's highest quality and technology, we will pursue quality that meets customer expectations while making continuous improvements.



Responsible Mineral Procurement

Conflict minerals (tin, ta, w, gold, etc.) originating from conflict zones and high-risk areas (CAHRAs) pose risks such as support for armed groups, human rights violations such as child labour, bribery, money laundering, tax evasion, and environmental degradation (OECD Annex II risks). We are conducting supply chain surveys using Conflict Minerals Reporting Template provided by Responsible Minerals Initiative. We will work with our suppliers to make our supply chain more transparent and reduce risks.

Supplier Sustainability Guidelines

We issued the Supplier Sustainability Guidelines that describe the rules for our business partners to comply with throughout sustainability, covering safety, quality, human rights, labor, the environment, responsible mineral procurement, compliance, and information disclosure. To create a sustainable and effective business environment, we will work across the supply chain.

Learn more about the Supplier Sustainability Guidelines

https://www.nippon-seiki.co.jp/global/sustaina_en/#contents03



Social Initiatives (S)

Social Contribution Activities

Participation and Sponsorship of local festivals

Nagaoka City, Niigata Prefecture, where the headquarters of Nippon Seiki is located, is an area where many people were killed in air raids during World War II. In Nagaoka City, the Nagaoka Festival is held every August to pray for lasting peace, and our group participates in the dance and sponsors the Nagaoka Fireworks Festival, one of the largest fireworks festivals in Japan, to contribute to the local community.



Sports Promotion / Regional Revitalization

Together with Albirex Niigata Ladies, we visit local elementary schools to hold soccer hands-on sessions and career education under the theme of "creating a bright future together and developing human resources who can contribute to society. Our employees also participate in the planning and management of events together, contributing to the local community and developing human resources who will lead the next generation.



Industry-Academia Networking and Joint project

As a member company of Niigata Institute of Technology's industry-university exchange association, our company exhibited head-up displays at Niigata Institute of Technology's Festival.

Visitors enjoyed the head-up display experience and deepened their understanding of our company's commitment to promoting head-up displays.



Responding to local issues

Car-sharing services in Nagaoka city, where our head office is located.

Car Station Niigata Co., Ltd., engaged in automobile sales in our group, has launched an in-town car-sharing project called Nosashite for citizens and companies in Nagaoka, in collaboration with Nagaoka City and others. Although cars are highly convenient for daily life and business activities, their environmental impact is not small, requiring efforts to decarbonize. By understanding the demand for car-sharing, we will examine the possibility of reducing the number of cars in the city and adapting to a decarbonized society.



Digital Transformation (DX) in the local community

Nippon Seiki group has concluded a partnership agreement with Nagaoka City and the Nagaoka Chamber of Commerce and Industry to promote DX in the local community. We will work closely with each other and make effective use of our respective resources to promote local and corporate DX, develop human resources for digital technology, and solve local issues. We will promote Nagaoka's innovation through DX and contribute to the development of local communities and industries.



Community Contribution Activities of International Subsidiaries

[Nippon Seiki Poland Sp. z o.o.] (Poland)

Planting reduces Carbon Footprint

Nippon Seiki Poland (NSPL) has planted trees and green plants in the company and office areas with UN Family to celebrate the World Environment Day, which encourages awareness and action for the protection of the environment.

Since 2023, NSPL has planted 12 trees, which are expected to reduce the carbon footprint by 72 kg of CO2 per year.



[N.S. International, Ltd.] (USA)

Donation for Food bank

In 2023, N.S. International, Ltd. (NSI) donated to the Food Bank. This donation program reflects the employees' individual will more than other programs because each of them can choose their own donation and food. NSI raised \$1,230, far exceeding the initial target of \$500, and provided 4,775 meals to local residents.



[Nippon Seiki De Mexico S.A. De C.V.] (Mexico)

Supporting Cancer Patients by Recycling Plastic Caps

At Nippon Seiki Mexico (NSMX), all employees work together to recycle plastic caps and donate them to cancer patient support organizations. NSMX has continued this donation positively, since it supports the children suffering from cancer, at the same time, it contributes to protect the environment.



[PT. Indonesia Nippon Seiki] (Indonesia)

Community Communications and Developing Human Resources

In November 2023, Indonesia Nippon Seiki (INS) host an educational festival for neighbor elementary schools. Through factory tours, students experienced actual work activities. Awards were given to INS to outstanding results for "Community Communications and Developing Human Resources".



Social Initiatives (S)

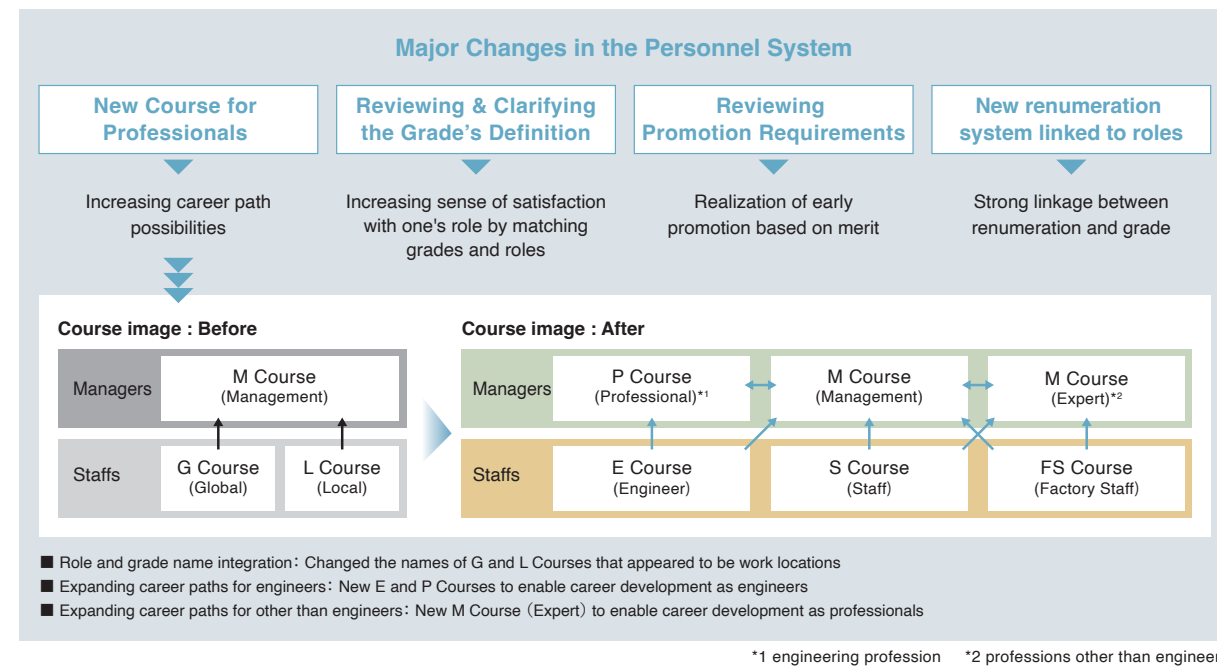
Human Resource Development

Basic Policy

Nippon Seiki's growth is supported by the active participation of diverse human resources. We believe that human resources are our most important management resource, and we conduct human resource development based on this belief. Respecting and utilizing diverse values, ways of thinking, and backgrounds will enhance organizational creativity, secure excellent human resources, and improve competitiveness. We also support the development and growth of individual abilities by providing human resource development programs that enable employees to be proactively aware of the skills they need and their own careers, and to take action to realize them. <see also p.08 "Message from the President">

Review of Personnel System

Effective April 1, 2024, we reviewed our personnel system from the viewpoint of "Comprehensive Career Design", "More understanding one's own role", and "Strong linkage of role and remuneration" to realize that diverse human resources can build diverse career paths and keep highly motivated to work.



Development of Autonomous Dynamic Human Resources

In order to survive in global competition, we aim to develop global human resources who are "autonomous, think-and-act" and can think and act on their own to solve problems and respond quickly to changes. We provide more than 20 education and training programs per year, tailored to themes and levels.

In addition, we conduct regular career interviews, intensive education and early selection for candidates for global management,

and job rotation to foster a multifaceted perspective.

Since fy2023, a new human development program has been started that recommends young employees to go abroad on business trips. The business experience abroad, which involves understanding different ways of working and thinking, and noticing the connection between their own work, fosters their global thinking as well as cross-cultural exchange. We have continued this program in fy2024.

Themes of education and training

- Management training
- Health and safety
- Communication-Mental health
- Compliance
- Career design
- Leadership
- Management skill
- New employee training
- Coaching
- Business skill
- Language
- Other (Life plan·health management)



A young employee who travels abroad to promote our technologies and products, with local staffs. (Indonesia)

Improving Workplace Environment

Promoting Diversity

We are working to deepen understanding of work-life balance throughout the workplace and to create a culture that accepts a variety of working styles for each individual. We have established a variety of systems to create a comfortable working environment for employees at various life stages, including pregnancy, childbirth, childcare, and nursing care. We are also promoting health management initiatives so that our employees can work and challenge themselves in a healthy, highly motivated, and fulfilled way.

[Main Initiatives]

- Encouraging childcare leave for both male and female employees
- Extending the scope of short-time childcare work from 3 to 12 years old
- Accumulated paid leave system for long-term medical treatment
- Coaching training for next-generation leaders for female employees
- Encouraging women's cancer screening through regular health checkups and internal events
- Allowed employees to rejoin the company when they return home after retiring due to their spouse's abroad assignment

Voice of Employees Taking Childcare Leave



Senior Expert, Human resource department
Yoshinori IIDA

I took 18 days of childcare leave in total, including weekends off and holidays. The experiences of bathing the children, changing diapers, and doing housework with my wife were very meaningful in shaping our family's lifestyle. I also realized how hard childcare is.

As I was the first male manager to take childcare leave, I had hesitated to take long leave, but thanks to the support of my superiors and subordinates, I was able to take it.

In addition to childcare leave, it is very important to have a system where individuals who need to take days off or save work for some reason can be supported by people around them. Now that I've been supported, it's my turn to support someone else. I'd like to make this cycle work well and improve my company.

Goals, Results, and Certification

The results on the workplace environment indicators in fy2023 are shown in the right figure. In recognition of our efforts and attitude to improve, we received following certifications and awards.

[Assessment for Health Management Initiatives]



[Assessment for Work Style Reforms]



Indicators, targets and FY2023 results		
Plan items	Goal (by March 2027)	Results (FY2023)
Proportion of Annual Paid Leave Taken	80%	73.1%
Overtime Working	Maintaining Monthly average overtime work of all employees within 12 hours	14.5 Hours
Female employee ratio in new employment	25%	18.6%
Percentage of male workers taking childcare leave	70%	60.7%
Percentage of female workers in managerial positions	5%	4.0%

Respect for Human Rights

Promotion of Human Rights Due Diligence

Our group has the policy that all our businesses continue to respond to the needs of society for responsibility to respect human rights, in order to achieve sustainable development in cooperation with the global society. To protect human rights through our group's value chain, we are focusing on the human rights issues listed on the right that can arise in our businesses. There were no problems in the compliance survey in 2023.

PDCA of Human Rights Due Diligence



Priority themes

- [1] Prohibition of forced labor and child labor
- [2] Prohibition of discrimination and harassment
- [3] Respect and acceptance of diversity
- [4] Prohibition of shortages and unpaid wages
- [5] Prohibition of excessive labor
- [6] Observance of occupational health and safety
- [7] Rights of migrant workers and foreign workers
- [8] Rights of indigenous and local people
- [9] Freedom of association
- [10] Right of privacy
- [11] Freedom of expression
- [12] Prohibition of Bribery and Illegal Benefits

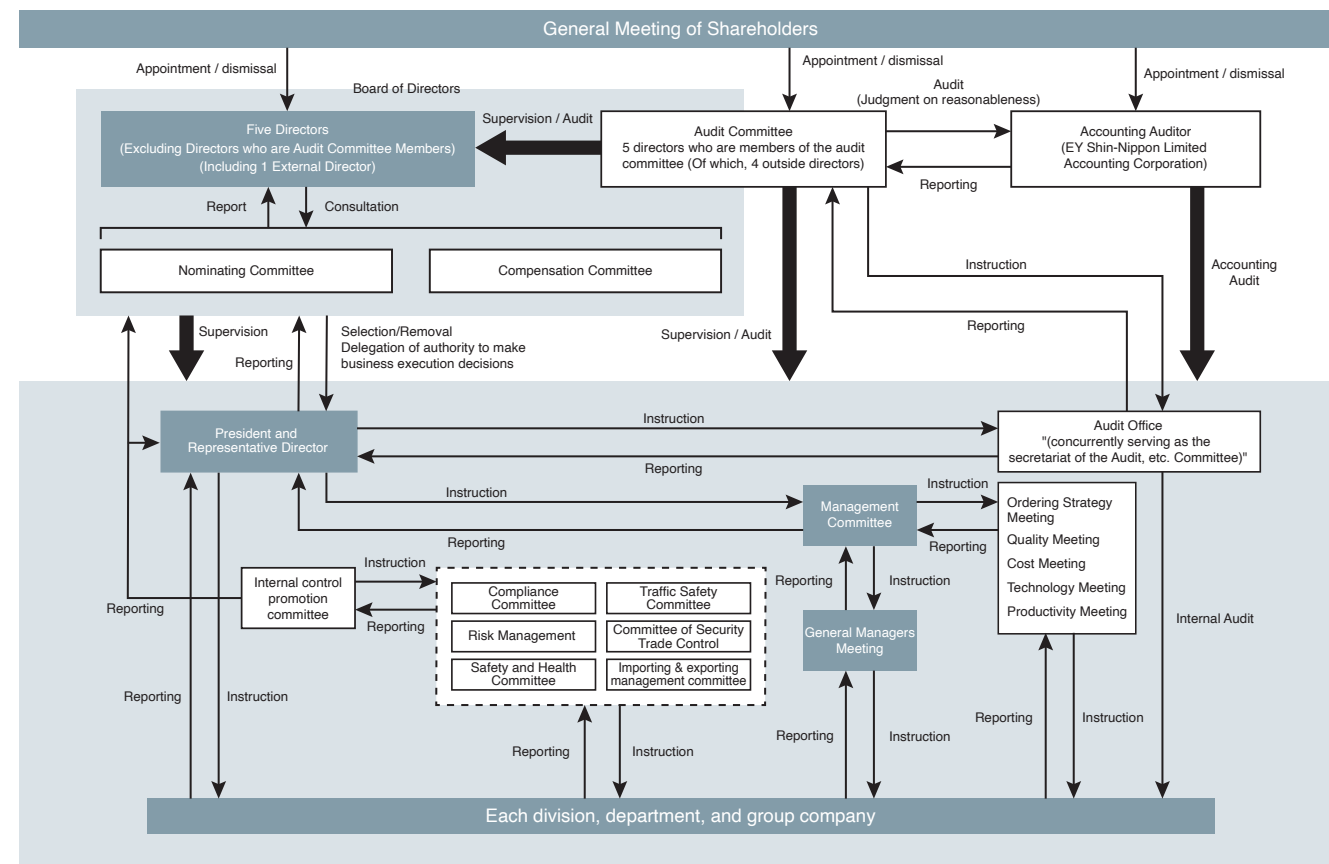
Corporate Governance (G)

Basic Corporate Governance Concept

We place importance on relationships of trust with our shareholders, employees, customers, business partners, creditors, local communities, and other stakeholders. In addition, in order to achieve sustained growth and increase corporate value over the medium to long term, we will provide appropriate information disclosure, including non-financial information, and support transparent, fair, and prompt decision-making by directors and others.

We recognize that realization of a corporate governance system and constructive dialogue with shareholders are the most important issues. We will continue to strive to achieve sustained growth and increase corporate value over the medium to long term.

< Diagram of Corporate Governance and Internal Control System >



< Composition and main roles of each organization >

Organization	Board of Directors	Audit Committee	Nominating Committee	Compensation Committee
Members	Chair person 10 (5 internal, 5 external)	Chair person 5 (1 internal, 4 external)	Chair person 5 (2 internal, 3 external)	Chair person 5 (2 internal, 3 external)
Main role	<ul style="list-style-type: none"> Basic management decision-making and oversight of business execution Appointment of the representative director Decisions on important business operations (including decisions on matters entrusted to the president and director) 	<ul style="list-style-type: none"> Audit of directors' duties /Supervision Statement of Opinions on Designation and Remuneration, etc. of Directors Who Are Not Audit Committee Members 	<ul style="list-style-type: none"> Deliberate on matters related to the appointment and dismissal of directors, and report to the Board of Directors 	<ul style="list-style-type: none"> Discussion of policy regarding remuneration of directors and individual remuneration amount Report to the Board of Directors

The Board of Directors Effectiveness

Evaluation of the Board of Directors effectiveness

Evaluation process

Every year, we analyze and evaluate the effectiveness of the Board of Directors as a whole by conducting a questionnaire survey to directors who comprise the Board of Directors, reviewing the results by independent outside directors, and reporting the results to the Board of Directors.

Summary of evaluation results

As a result, the effectiveness of the entire Board of Directors in the previous fiscal year. Directors was confirmed that they have secured the effectiveness of the management of the Board of Directors, the monitoring function of the Board of Directors, and the method of reporting to the Board of Directors was also evaluated that improvements are made. On the other hand, they shared the need for more opportunities to discuss medium-term issues. Based on these opinions, we will work to make improvements to further improve the effectiveness of the Board of Directors.

Election of Directors

Nomination policy for director candidates

In selecting senior management at our company, we comprehensively look into their experience, abilities, and achievements as managers, emphasize their contribution to business results during their term of office, and consider whether they will be able to fulfill their duties with integrity by constantly learning to be examples to others and strive for the development of our company.

For nominating BOD candidates who are the audit committee, we comprehensively consider knowledge, experience, abilities and personal achievements that enables to appropriately satisfy the role required as an audit committee.

- (1) Knowledge and experience as an expert to the formulation of management strategies and plans and the execution of important operations reflecting in the decision-making process.
- (2) Ensuring that conflicts of interest do not arise between the Company and the Board of Directors.
- (3) Reflecting the opinions of shareholders and other stakeholders.

Increased Independence and Diversity of the Board of Directors

At the general meeting of shareholders held in June 2024, Ms. Satsuki Shimada was elected as an independent outside director and the number of internal directors was reduced by 1. As a result, the independence and diversity of directors were increased as shown on the right.

Changes in Independence and Diversity of the Board of Directors	FY2022	FY2023	FY2024
Independence: Ratio of independent outside directors	33.3%	36.4%	50.0%
Diversity: Number of female directors	1	1	2

< Board Composition and Skill Matrix >

		Corporate management	Manufacturing and production technologies	Research, development and design	Marketing sales	Accounting and financial taxation	Corporate Governance	ESG Sustainability	Global experience	Human Resources Development	IT DX
Koichi Sato	Internal	◎		◎	○	○	◎		◎	○	
Keiichi Nagano	Internal	○		◎				○	◎	○	○
Masahiro Yoshihara	Internal	◎	◎						◎	○	○
Masatoshi Azuma	Internal	○		◎		◎	○	○		◎	○
Satsuki Shimada	External	◎	◎	◎							○
Tatsuya Nagai	Internal	○					◎		○		
Etsuo Saiki	External						◎				
Eiko Tomiyama	External				◎			◎		○	
Kiyoshi Suzuki	External	◎	○	◎							○
Toshihiko Enomoto	External	◎				◎	◎		◎		

*Items of skill recognized as having abundant knowledge and expertise are marked with ◎.
 *Based on work experience and current specialized knowledge, Items of skill recognized as to have knowledge and expertise are marked with ○.

Corporate Governance (G)

Directors' Remuneration (FYE March 2024)

Officer classification	Total remuneration, etc. (million yen)	Total amount by type of remuneration, etc. (million yen)			Number of officers targeted
		Fixed remuneration	Variable remuneration		
			Incentive fee	Stock-based compensation	
Basic fee	Performance-linked bonus	Stock compensation-type stock options			
Director (Excluding Audit Committee Members and Outside Directors)	209	154	44	10	6
Audit committee members (excluding outside directors)	24	24	-	-	2
External Director	30	30	-	-	5

Cross-Shareholdings

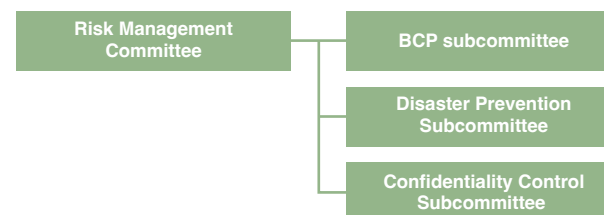
Every year, the Board of Directors of our company qualitatively and quantitatively examines the necessity of holding each cross-shareholding, as well as the benefits and risks involved.

We will also continue to work on reducing cross-shareholdings and increasing asset efficiency as one of the measures to improve corporate value continuously and achieve PBR 1x level at an early stage.

Risk Management

Risk Management System

We have established a Risk Management Committee to reduce and respond to various risks in our business operations. The Risk Management Committee consists of the BCP Subcommittee, the Disaster Prevention Subcommittee, and the Confidential Information Management Subcommittee. The BCP Subcommittee and the Disaster Prevention Subcommittee formulate business continuity plans and reduce disaster risks, and the Confidentiality Management Subcommittee implements information security measures.



Basic Concept of BCP

In recent years, earthquakes, fires, explosions, wind, snow, and flood damage have occurred one after another in countries around the world, and pandemic (a new type of coronavirus) has spread throughout the world. Since it is expected to have a significant impact on the maintenance of the supply chain, it is necessary to determine what measures are being taken to deal with the risks and bottlenecks of stopping business activities. It is also necessary to formulate and implement a business continuity strategy that can be implemented in order to avoid a "loss of management" in the event of an accident.

In order to prevent the suspension of business operations due to disasters such as fires, earthquakes, wind, snow, and floods, and infectious diseases, the Group is narrowing down important operations and promoting the formulation of business continuity plans.

In the event of a disaster, accident, or incident, Representative Director takes the lead of operation meetings in deliberating measures to minimize losses, the possibility of business continuity, and the risk of delivery to customers.

Information security management

Our group is working on safe information management globally by building an ISMS (Information Security Management System) system and continuously maintaining and improving information security, including employee education. In particular, we consider customer information, sales information, technical information, personal information, etc. to be highly confidential. In order to protect them from risks such as leakage, loss, destruction, and falsification, we have established appropriate security rules and audit sheets, and implement regular audits and corrective measures.

In terms of IT security, in response to the recent increase in the risk of cyber-attacks, we have introduced stronger defense mechanisms such as EDR across the group.

In addition to internal systems, we maintain and improve security standards by obtaining and renewing information security certification in Japan and Europe established by the German Automobile Industry Association called TISAX, and by complying with Japan's automobile industry cybersecurity guidelines.

Intellectual Property

Basic Concept on Intellectual Property

We promote intellectual property activities based on our basic policies of securing beneficial rights, ensuring intellectual property safety, and strengthening the utilization of rights.

To secure beneficial rights, we seek and evaluate patentable inventions, acquire rights from highly valued inventions, and promote the creation of a foundation to advance business superiority. In addition, to support the acquisition of orders, we will promote the acquisition of rights corresponding

to the countries in which we distribute our products and to our competitors.

"Ensuring Intellectual Property Safety" manages intellectual property risks by conducting patent research in accordance with the development and design phases.

As part of our efforts to strengthen the use of rights, we are promoting verification of other companies' products. When the use of our rights is confirmed, appropriate use of rights such as licenses is made.

Compliance

Basic stance on compliance (compliance declaration)

The Nippon Seiki Group strives to be a corporate group that is even more trusted by society by placing importance on compliance in its management, complying with laws and ethics as a responsible member of society, and practicing sound corporate activities.

We aim to become a corporate group trusted by society by establishing a

compliance code of conduct and having each director and each employee act in accordance with the code of conduct.

We will also contribute to the prosperity of society by providing high-value products and services that satisfy customers.

Compliance Promotion System

We have established a Compliance Committee under the Representative Director to promote compliance, and appoint a Director or an executive officer with an official title as the Compliance Officer. The Compliance Committee is responsible for establishing a company-wide compliance system, identifying problems and issues, and conducting awareness-raising activities.

The committee deliberates on important issues related to violations of the law and promotes continuous improvement.

In addition, the Directors in charge of operations and Executive Officers analyze compliance risks specific to each business division and take countermeasures to continuously improve the quality of these risks.

Compliance Training and Education

We have included the Compliance Declaration, the Internal Reporting System, and the Compliance Code of Conduct in the TQM notebook carried by all employees, and are working to educate employees about the meaning of compliance and to publicize it.

Based on the annual activity plan of the Compliance Committee, compliance training for new employees, compliance training for managers by corporate lawyers, and distribution of educational materials (quarterly).

These measures are implemented by all group companies. In addition,

we are working to prevent recurrence of compliance incidents occurring at Group companies by sharing information with the Compliance Committee and the General Affairs Manager of each company.

In addition, we are working to raise awareness of legal compliance by holding antitrust law training for sales departments and employees on overseas assignments, and holding annual training for all employees to prevent insider trading.

Whistleblowing System

In accordance with the Whistleblower Protection Act, we have established an internal reporting system that accepts reports from employees, including affiliated companies, who are aware of improprieties, at internal and external contact points (attorneys), protects whistleblowers, and implements appropriate investigations, corrections, and preventive measures.

We ensure that whistleblowers are fully protected by allowing whistleblowers to report anonymously and by imposing confidentiality

obligations on those in charge.

In addition, the Compliance Committee is responsible for the internal whistleblower hotline. The Compliance Committee mandates the submission of reports on certain serious cases to outside directors, and prohibits the involvement of interested parties in cases. In this way, the fairness and independence of the whistleblower hotline is ensured.

Interviewing outside directors



As we begin our Medium-Term Management Plan 2026, we asked outside directors Messrs. Suzuki and Enomoto to focus on past and future challenges for discussing how to increase the value of the Nippon Seiki Group from a corporate management perspective.

[About the Nippon Seiko Group until today]

It has been about a year since you took up your position as a director. What was your mindset as you approached your duties?

Enomoto: This is my first year in the position, and I have endeavored to understand the corporate culture and atmosphere of the Nippon Seiki Group as well as its business and financial affairs. Specifically, I have increased my input by participating in management meetings as much as possible in addition to board meetings. I have also gained insights by visiting factories and logistics warehouses where manufacturing takes place. I have come to realize that the image of Nippon Seiki that I had before taking up the position which was "taking manufacturing seriously", clearly shows the value that the company provides to customers, which goes beyond to "creating a world and future filled with security and impres-

sions". On top of that, I think that the fact that Nippon Seiki is expanding its business globally is a wonderful feature of the company.

Mr. Suzuki has served as a director for a long time, but how do you think discussions at board meetings have changed since you took office?

Suzuki: When I first took up my post, I felt that the Board of Directors' meetings had a lot of documents and rambling explanations but little and short substantive discussions. The reason for this was that there was no clear definition of "what the problems and issues were." However, I advocated and led the Board of Directors' meetings to have essential, high-quality discussions while utilizing the PDCA cycle and calling for "clarification of the problems and issues" and "open-minded discussion."

In the annual Board of Directors Effectiveness Evaluation, I discuss with President Sato on how to proceed with the meeting, narrowing down the main themes for discussion, and we are now able to dig deeper with more time and fewer materials. Since I took office, the COVID-19 pandemic has hit and we have been in a difficult financial position, but have been pushing ahead with management reforms under President Sato's call for lean management, so I believe that the company is now in a stronger position than ever.



[The future of the Nippon Seiki Group / Towards medium and long-term growth]

How were you involved in formulating the new medium-term business plan?

Suzuki: For formulating the new medium-term management plan, we mainly focused on this theme at the 2023 Board of Directors meeting and discussed it for over several months. As a result of the progress we made in improving the effectiveness of the Board of Directors, as I mentioned earlier, I feel that we were able to hold more in-depth discussions than ever before about the new medium-term management plan. We had thorough discussions about what issues we need to address and what challenges we need to solve. Just like the discussions, the 2026 Medium-Term Management Plan has been completed at an unprecedented level, and we expect it to increase our corporate value.

Enomoto: I understand that the main pillar of the current "Medium-term Management Plan 2026" will be rebuilding the company's earnings structure, including the deterioration caused by the COVID-19 pandemic. At the Board of Directors meeting, we heard about the progress of the major projects in the previous medium-term management plan, and then examined the appropriateness of the profitability improvement measures in the new medium-term management plan. We participated in the discussions with a focus on increasing corporate value through sustainable growth and aiming for stable shareholder returns.

In light of the recent major changes in the business environment, we also discussed the need to restructure our corporate philosophy system, and discussed our "purpose," "vision," "mission," "values," and "management philosophy" at the Board of Directors meeting. As a result, we were able to publish the "Medium-term Management Plan 2026" from a multifaceted perspective, including not only numerical targets but also the direction we should aim for, which we consider to be a major step forward.

Furthermore, the Compensation Committee, the majority of whom are outside directors, also reviewed the policy for determining director compensation. Specifically, it recommended the introduction of restricted stock compensation and that performance-linked bonuses be determined considering consolidated revenue, consolidated operating profit, and consolidated ROE, among other factors, and this scheme was approved by the Board of Directors as an appropriate incentive to increase corporate value.



The Corporate Governance Code states that the roles and responsibilities of an independent outside director are to "provide advice on management policies and improvements based on their own knowledge from the perspective of promoting the company's sustainable growth and increasing its medium and long-term corporate value," and to "appropriately reflect the opinions of stakeholders, including minority shareholders, in the board of directors meetings from a position independent of management and controlling shareholders." Going forward, we would like to fulfill our monitoring function by following up on and evaluating the progress of the formulated medium-term management plan.

What do you think are the "strengths" of the Nippon Seiki Group?

Suzuki: As a supplier of meters for motorcycles and automobiles, we boast one of the world's top share of the market. We are indispensable to our customers, and the reason we have gained that trust is because of our unparalleled product appeal. Meters are one of the components that drivers see the most, so the reason we have developed as a meter manufacturer is because we have continued to make good products. I believe that the product appeal and uniqueness of our head-up displays in particular have become our strengths, and have earned us a high level of trust from our customers in recent years.

Enomoto: I believe that the reason we can develop products that are backed up by advanced technological capabilities and sell them on the global market is because of the high potential of each department, including technology, production, sales, and management. In light of the ever-faster and more drastic changes in the global economy, it will be necessary for employees to further increase their motivation and professionalism while further strengthening cooperation between departments. We are also blessed with employees who are proud of our company, our products, and our services, and I feel that we are embodying a global company from Nagaoka, while also in a good way cherishing the local color of Nagaoka City, Niigata Prefecture.

Suzuki: Yes, that's right. I think the global network we've built over the years is also one of our strengths. Such strengths are not something that can be built in a short time, but are the result of Nippon Seiki's long history of manufacturing, and a great attraction for customers. In order to respond more quickly to global issues in the future, we need to catch problems at sites located worldwide more swiftly. To do this, I think we need to further strengthen the "cross-functionality" between each site, correct unbalances at each base, and strengthen risk management. Each site is constantly encountering and dealing with various problems. It is important for the Nippon Seiki Group's global headquarters to use its "cross-functionality" to take measures across the board to address these issues.

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Interviewing outside directors

With the start of the Medium-Term Management Plan 2026, how do you view stakeholders' expectations regarding the goals for the fiscal year ending March 2027 and the fiscal year ending March 2030, and the challenges facing the Group?

Enomoto: We understand that there are high expectations from various stakeholders, including shareholders and investors, for the achievement of the "Mid-term Management Plan 2026". The plan outlines initiatives for various issues, and the two pillars are: 1) strengthening the head-up display business by aiming to expand sales with profits in the head-up display market, which is expected to grow, and 2) completing business restructuring in Europe and achieving profitability. In addition, cost improvements, particularly in raw material costs, and optimizing sales prices are also essential to improving business profits. On the other hand, we need to tackle regional issues including strengthening the Indian market, which is expected to grow, and coping with the rapidly changing Chinese market.

Suzuki: Like Mr. Enomoto, I believe that the important thing in common to "strengthening head-up displays," "improving profitability in the European business," and "improving the Indian and Chinese businesses" is to further reduce the cost of each product and to improve the quality of business management. Currently, we are focusing on cost reduction. The external environment is changing faster than ever, and all automotive parts suppliers are struggling, but it is difficult to reach the goal by simply accumulating the numbers that can be achieved at present. In order to strengthen cost reduction, we need to set high goals and achieve them with the cooperation of the technical development department, production department, purchasing department, and other departments. Nippon Seiki has traditionally tended to have a strong vertical

[Towards improving corporate value]

The Tokyo Stock Exchange has issued a request to improve the PBR (price-to-book ratio), and the Nippon Seiki Group aims to achieve 1.0 level as soon as possible, but what are your expectations and challenges?

Suzuki: In 2023, many companies have strengthened shareholder returns by acquiring their own shares and reviewing dividend payout ratios. Our company has also increased dividends and acquired treasury shares to strengthen shareholder returns. From 2024 onwards, the next phase will see the focus shift to improving corporate value and growth investment. The first step in improving PBR is to look at the company from a bird's-eye view and grasp where the issues lie. A useful method for doing so is to break down PBR into ROE (return on equity) and PER (price-earnings ratio). The key to ROE is the recovery of business profitability and appropriate capital policy. In order to improve ROE, I think the top priority is to ensure the achievement of the

organization, so I think that in the short term, for example, it may be necessary to devise a way to give the cost management department cross-sectional authority and have them act.

For the business in the Indian market, it is essential to raise the local management quality level. We have expatriates dispatched from Japan, but I think it is important to change the management mindset of the local staff. In addition, the Chinese market has changed significantly since last year, and the strategies of automakers are shifting from the traditional cost-focused unified platform strategy to individual power hybrid strategies. Nippon Seiki will need to continue to develop product plans for meter devices that are appreciated by customers and surpass other companies. I think the rapid shift to EVs will be fluid depending on future customer trends.

Enomoto: As you say, the speed of change in the automotive industry these days is remarkable. For Nippon Seiki, in order to further strengthen our business foundation for the future, it is important to proceed without delay with strategic investments as growth investments based on our business portfolio, and to proceed with the development of new customers and new products.

Furthermore, there are many social issues to focus on, such as promoting sustainability management, contributing to decarbonization and resource circulation in addition to enhancing management through the promotion of DX. The three-year medium-term is also an opportunity to spread and put into practice our management philosophy of "continuing to take on challenges as a lean and lean company and contributing to the sustainable prosperity of society and companies." With a long-term perspective (fiscal year ending March 2030) in mind, it is essential that we position the "Medium-Term Management Plan 2026" as a step toward achieving an operating profit margin of 7% and ROE of 8%, and that we fulfill the measures.

medium-term management plan goals. As for PER, stock price is also a factor, so investors' expectations for the future are the key. We believe it is important to carefully communicate to stakeholders not only about profitability, but also future direction, growth strategy and its feasibility.



Enomoto: In order to increase corporate value, it is necessary to restore profitability in the business, i.e., to implement the measures of the medium-term management plan. However, in order to achieve this, it will be necessary to continue to tackle important management themes such as strengthening the management base, for example, re-examining the global governance system, such as the group's quality control system and thorough

[Human capital management]

In recent years, the importance of human capital management in companies has been increasing. What are your thoughts on human resource development and diversity within the Nippon Seiki Group?

Enomoto: I recognize that there are several issues regarding human capital management, but regarding human resource development and diversification, our company advocates that "human resources are the most important management resource," and aims to develop "self-reliant, self-motivated human resources," implementing a wide range of educational programs, and encouraging women to play an active role. From the perspective of improving management strategies and employee engagement, I would like you to further advance your efforts to improve the human capital of your employees, such as their abilities, skills, and knowledge.

Suzuki: Long-term growth and improvement of corporate value requires not only cost reduction but also the pursuit of "improving the quality" of products and operations, and solving such issues requires "on-site human resources". To achieve this, we must never neglect our future human capital strategy, and in addition to traditional education, we will need re-education aimed at digitalization and DX

compliance, and providing employees with a safe and secure workplace. On top of that, we expect that market valuation will also progress by improving capital efficiency, achieving the ROE target of 5.5% in the final year of the medium-term management plan (fiscal year ending March 2027), and achieving a total return ratio of 80% through dividends and treasury stock acquisition, as declared as the shareholder return policy.

of operations as well as the young people who can play active roles. It is necessary to settle down and work on developing people decade by decade. The current difficult situation is a necessary challenge, and it is an opportunity to develop human resources who will lead the future of Nippon Seiki. How we hone the abilities of each employee will be the source of our long-term competitiveness. In addition, as a global company, we need to actively approach talented people from each country in terms of recruitment. Globalization as a cost competitiveness is important, but from now on, we will also need to respond to global human resources. In particular, IT-related engineers seem to be running out in domestic Japan, so it may be a good idea to shift recruitment globally.

Enomoto: It is useful to foster a corporate culture that generates innovation by promoting diversity among human resources with different expertise, experience, sensibilities, and values, and by actively recruiting career employees and foreign personnel in addition to gender. This also leads to the provision of an attractive workplace through the promotion of training and diversity. I think it is also important to accelerate various human capital management initiatives to improve corporate value in the medium to long term.



Consolidated Financial Statements

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	March 31, 2023	March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	30,043	33,257
Trade and other current receivables	54,553	53,487
Other current financial assets	55,114	11,999
Inventories	92,475	101,540
Other current assets	12,811	12,950
Total current assets	244,999	213,235
Non-current assets		
Property, plant, and equipment	68,829	74,393
Goodwill and intangible assets	8,946	8,088
Trade and other non-current receivables	430	3
Other non-current financial assets	28,408	37,018
Deferred tax assets	4,371	5,691
Other non-current assets	248	200
Total non-current assets	111,234	125,396
Total assets	356,233	338,632
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	42,850	47,545
Short-term bonds and loans	64,668	12,491
Other current financial liabilities	1,923	1,936
Income tax payables	1,808	4,686
Short-term employee benefits	5,142	5,532
Provisions	686	412
Other current liabilities	1,411	1,865
Total current liabilities	118,491	74,470
Non-current liabilities		
Long-term bonds and loans	14,468	12,699
Other non-current financial liabilities	3,223	5,498
Long-term employee benefits	3,875	4,122
Provisions	285	303
Deferred tax liabilities	8,738	11,973
Other non-current liabilities	775	509
Total non-current liabilities	31,367	35,107
Total liabilities	149,858	109,577
Equity		
Common stock	14,494	14,494
Capital surplus	4,435	4,421
Retained earnings	149,233	152,134
Treasury stock	(972)	(1,940)
Other components of equity	32,351	52,427
Equity attributable to owners of the parent	199,542	221,537
Non-controlling interests	6,832	7,517
Total equity	206,375	229,054
Total liabilities and equity	356,233	338,632

Consolidated Statement of Income

(Unit: Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Revenue	275,776	312,355
Cost of revenue	(237,151)	(266,881)
Gross profit	38,625	45,473
Selling, general and administrative expenses	(36,286)	(36,057)
Other income	1,163	1,468
Other expenses	(774)	(2,400)
Operating profit (loss)	2,727	8,484
Finance income	3,913	5,589
Finance costs	(263)	(144)
Profit (loss) before tax	6,377	13,929
Income tax expense	(4,361)	(8,306)
Profit (loss) for the year	2,015	5,623
Profit attributable to:		
Owners of the parent	1,306	5,300
Non-controlling interests	709	323
Profit (loss) for the year	2,015	5,623
Earnings per share attributable to owners of the parent:		
Basic earnings (losses) per share (Yen)	21.65	88.04
Diluted earnings (losses) per share (Yen)	21.62	87.93
Profit (loss) for the year	2,015	5,623
Other comprehensive income		
Items that will not be reclassified to profit or loss, net of tax:		
Gains(losses) on financial assets measured at fair value through other comprehensive income	1,170	6,689
Remeasurements of net defined benefit liabilities (assets)	111	13
Total comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	1,282	6,703
Items that may be reclassified to profit or loss, net of tax:		
Foreign currency translation adjustments	13,108	13,897
Total comprehensive income (loss) that may be reclassified to profit or loss, net of tax	13,108	13,897
Other comprehensive income (loss) for the year	14,391	20,600
Total comprehensive income for the year	16,406	26,223
Comprehensive income attributable to:		
Owners of the parent	15,427	25,384
Non-controlling interests	979	839
Comprehensive income for the year	16,406	26,223

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

(Unit: Millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity				Total equity attributable to owners of the parent		
					Gains(losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)	Foreign currency translation adjustment	Total			
As of April 1, 2022	14,494	4,438	149,946	(1,014)	7,533	—	10,858	18,392	186,257	8,616	194,874
Impact of changes in accounting policies	—	—	258	—	—	—	—	—	258	77	335
Beginning balance after restatement	14,494	4,438	150,205	(1,014)	7,533	—	10,858	18,392	186,515	8,694	195,210
Comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Profit for the year	—	—	1,306	—	—	—	—	—	1,306	709	2,015
Other comprehensive income	—	—	—	—	1,170	95	12,854	14,120	14,120	270	14,391
Total comprehensive income	—	—	1,306	—	1,170	95	12,854	14,120	15,427	979	16,406
Transactions with owners	—	—	—	—	—	—	—	—	—	—	—
Dividends paid	—	—	(2,413)	—	—	—	—	—	(2,413)	(277)	(2,691)
Share-based payment transactions	—	14	—	—	—	—	—	—	14	—	14
Purchase of treasury stock	—	—	—	(0)	—	—	—	—	(0)	—	(0)
Disposal of treasury stock	—	(42)	—	42	—	—	—	—	0	—	0
Acquisition of non-controlling interest	—	25	—	—	—	—	—	—	25	(2,557)	(2,531)
Change in scope of consolidation	—	—	—	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	162	—	(66)	(95)	—	(162)	0	—	—
Other	—	—	(26)	—	—	—	—	—	(26)	(6)	(33)
Total transactions with owners	—	(2)	(2,277)	42	(66)	(95)	—	(162)	(2,400)	(2,841)	(5,241)
As of March 31, 2023	14,494	4,435	149,233	(972)	8,637	—	23,713	32,351	199,542	6,832	206,375

For the year ended March 31, 2024

(Unit: Millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity				Total equity attributable to owners of the parent		
					Gains(losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)	Foreign currency translation adjustment	Total			
As of April 1, 2022	14,494	4,435	149,233	(972)	8,637	—	23,713	32,351	199,542	6,832	206,375
Impact of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Beginning balance after restatement	14,494	4,435	149,233	(972)	8,637	—	23,713	32,351	199,542	6,832	206,375
Comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Profit for the year	—	—	5,300	—	—	—	—	—	5,300	323	5,623
Other comprehensive income	—	—	—	—	6,689	8	13,386	20,084	20,084	515	20,600
Total comprehensive income	—	—	5,300	—	6,689	8	13,386	20,084	25,384	839	26,223
Transactions with owners	—	—	—	—	—	—	—	—	—	—	—
Dividends paid	—	—	(2,414)	—	—	—	—	—	(2,414)	(81)	(2,495)
Share-based payment transactions	—	13	—	—	—	—	—	—	13	—	13
Purchase of treasury stock	—	—	—	(996)	—	—	—	—	(996)	—	(996)
Disposal of treasury stock	—	(28)	—	28	—	—	—	—	0	—	0
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	6	—	—	—	—	—	6	(72)	(65)
Transfer from other components of equity to retained earnings	—	—	8	—	—	(8)	—	(8)	0	—	0
Other	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	—	(14)	(2,399)	(968)	—	(8)	—	(8)	(3,390)	(154)	(3,544)
As of March 31, 2023	14,494	4,421	152,134	(1,940)	15,327	—	37,100	52,427	221,537	7,517	229,054

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities:		
Profit (loss) before tax	6,377	13,929
Depreciation and amortization	12,181	12,917
Impairment loss	291	1,794
Interest and dividends income	(2,669)	(2,931)
Interest expense	263	144
Gains and losses related to step acquisition(Gain)	132	—
(Gain) loss on sale of property, plant and equipment	(323)	(39)
(Increase) decrease in trade and other receivables	(10,311)	7,568
(Increase) decrease in inventories	(19,263)	(2,085)
Increase(decrease) in trade and other payables	(310)	(4,732)
Increase (decrease) in provisions	(91)	(286)
Increase (decrease) in retirement benefit liabilities	39	137
Foreign exchange losses(gains)	(29)	(448)
Other, net	(1,498)	1,310
Subtotal	(15,211)	27,278
Interest and dividends received	2,428	3,345
Interest paid	(286)	(151)
Income taxes paid	(4,989)	(5,833)
Net cash provided by operating activities	(18,057)	24,639
Cash flows from investing activities:		
(Increase)decrease in time deposits, net	30,108	49,134
Purchase of property, plant and equipment and intangible assets	(9,548)	(11,485)
Proceeds from sale of property, plant and equipment and intangible assets	597	400
Purchase of investment securities	(81)	(95)
Proceeds from sale of investment securities	80	0
Increase in loans receivable	(12)	(2)
Collection of loans	122	30
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,518)	—
Other, net	(33)	(46)
Net cash used in investing activities	19,713	37,934
Cash flows from financing activities:		
(Decrease) increase in short-term loans, net	4,100	(48,200)
Proceeds from long-term loans	13,000	5,000
Repayments of long-term loans	(7,837)	(10,661)
Repayments of lease obligations	(1,856)	(2,021)
Dividends paid to non-controlling interests	(402)	(95)
Net decrease (increase) in treasury stock	0	(1,050)
Dividends paid to owners of the parent	(2,413)	(2,414)
Expenditures due to acquisition of subsidiary shares without change in scope of consolidation	(2,531)	—
Expenses due to redemption of corporate bonds	(30)	(50)
Other, net	—	(85)
Net cash used in financing activities	2,028	(59,577)
Foreign currency translation adjustments on cash and cash equivalents	1,562	217
Net increase (decrease) in cash and cash equivalents	5,246	3,213
Cash and cash equivalents at beginning of year	24,796	30,043
Cash and cash equivalents at end of year	30,043	33,257

Consolidated Financial Statements

Financial Indicators on each year

(Unit: Millions of yen)

Years	Japanese GAAP		IFRS							
	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024
Revenue	226,956	243,606	245,967	263,163	263,239	246,340	216,926	223,621	275,776	312,355
Cost of revenue	181,177	191,858	198,311	217,924	217,644	206,793	184,090	187,514	237,151	266,881
Gross profit	45,779	51,748	47,655	45,239	45,594	39,547	32,835	36,107	38,625	45,473
Selling, general and administrative expenses	29,343	33,664	32,483	31,129	31,379	31,878	28,935	40,383	35,784	36,989
Operating profit (loss)	16,436	18,083	15,172	14,109	14,215	7,669	3,900	(4,276)	2,840	8,484
Ordinary profit / Profit (loss) before tax	23,619	16,378	15,356	15,854	16,291	7,566	6,199	(1,399)	6,490	13,929
Net Income	15,544	10,121	11,197	12,052	12,421	371	1,237	(4,543)	2,089	5,623
Profit (loss) attributable to owners of the parent company	14,467	9,143	10,164	11,105	11,569	(350)	517	(5,180)	1,380	5,300
Return on Equity (%)	9.96	5.81	6.33	6.63	6.60	(0.20)	0.30	(2.83)	0.68	2.52
Depreciation expenses	8,133	9,088	8,461	9,142	9,101	11,146	11,299	11,916	12,068	12,917
R&D expenses	4,459	4,738	4,404	4,147	3,712	3,991	2,932	3,150	3,518	6,476
Capital investment	12,027	10,901	12,722	12,295	14,220	15,145	9,631	8,219	8,308	12,295
As of March 31										
Total assets	299,132	292,130	293,379	298,132	307,665	296,987	315,188	329,553	356,235	338,632
Equity attributable to owners of the parent company	160,027	154,490	164,500	170,581	179,969	168,601	179,223	186,257	199,542	221,537
Equity attributable to owners of the parent company ratio (%)	53.5	52.9	56.0	57.1	58.5	56.7	56.8	56.5	56.0	65.4
Interest-bearing debt	71,672	70,433	62,152	60,363	62,120	70,186	75,189	74,092	84,191	25,190
Cash Flows										
Net cash provided by operating activities	19,202	16,890	16,504	22,522	16,815	16,845	10,599	(5,437)	(18,057)	24,639
Net cash used in investing activities	(86,564)	(9,386)	(2,476)	(13,263)	(16,085)	(18,321)	(13,007)	(7,518)	19,713	37,934
Net cash used in financing activities	1,303	(3,823)	(16,388)	(4,461)	(1,314)	(2,212)	4,883	(5,498)	2,028	(59,577)
Free cash flow	(67,362)	7,504	14,208	9,259	730	(1,476)	(2,408)	(12,955)	1,656	62,573
Cash and cash equivalents at end of year	39,429	41,015	38,212	42,637	42,128	36,657	41,650	24,796	30,043	33,257
Revenue from sales by region										
Japan	86,094	87,863	97,121	90,085	91,178	89,244	81,914	88,490	102,924	116,252
Americas	51,608	56,439	62,948	55,231	55,364	55,073	48,340	52,546	73,710	91,764
Europe	23,740	27,562	21,304	25,221	26,293	21,539	16,158	17,396	22,784	25,099
Asia	65,513	71,742	64,592	92,624	90,402	80,483	70,512	65,188	76,357	79,239
Stock information										
Dividends per share (yen)	33	35	35	42	45	40	40	40	40	45
Profit (loss) for the year per share (yen)	252.6	159.67	177.51	193.94	202.03	(6.13)	8.97	(85.88)	21.68	88.04
Dividend payout ratio (%)	13.06	21.91	19.71	21.65	22.27	-	454.93	-	184.75	51.11
Price earnings ratio	9.37	13.63	13.49	9.96	8.86	-	143.10	-	36.99	17.36

Directors / Integrated Report Review

Directors



4 Masatoshi Azuma 2 Keiichi Nagano 3 Masahiro Yoshihara 5 Satsuki Shimada 6 Tatsuya Nagai
9 Kiyoshi Suzuki 7 Etsuo Saiki 1 Koichi Sato 8 Eiko Tomiyama 10 Toshihiko Enomoto

1 Koichi Sato

Representative Director,
President Chief Executive Officer

Apr. 1985 Joined Nippon Seiki Co., Ltd.
Apr. 2006 Vice President NS International, Ltd.
Jun. 2011 Director
Jun. 2013 Managing Director
Apr. 2017 Senior Representative Director
Jun. 2019 Representative Director
Jun. 2020 PRepresentative Director, President CEO (Present)

2 Keiichi Nagano

Representative Director, Vice President

Apr. 1989 Joined Nippon Seiki Co., Ltd.
Nov. 2016 Director, Nippon Seiki (Europe) B.V.
Apr. 2020 Operating Officer Instrument Design Headquarter
Jun. 2020 Senior Operating Officer
Jun. 2021 Director, Senior Operating Officer
Jun. 2022 Director/Managing Officer
Apr. 2023 Chief of Automotive System Design Headquarter
In Charge of Engineering Headquarter
Region in Charge: Europe
Jun. 2023 Director/Senior Managing Officer
Jun. 2024 Representative Director, Vice President
In Charge of Automotive System Design Headquarter
Region in Charge: Europe (Present)

3 Masahiro Yoshihara

Director/Senior Managing Officer

Sep. 1985 Joined Nippon Seiki Co., Ltd.
Oct. 2016 Shanghai Nissei Display System Co., Ltd.
Apr. 2021 Operating Officer
May. 2021 Chief of Production Engineering Headquarter
Jun. 2022 Director/Senior Operating Officer,
Chief of Production Engineering Headquarter
Apr. 2023 In Charge of Production, Production Engineering,
Quality Assurance Headquarter,
Region in Charge: Americas
Jun. 2023 Managing Officer
Jun. 2024 Director / Senior Managing Officer
In Charge of Production Engineering Headquarter
Region in Charge: Americas (Present)

4 Masatoshi Azuma

Director/Managing Officer

Apr. 1984 Joined Nippon Seiki Co., Ltd.
Jun. 2014 Operating Officer,
Engineering Headquarter Automotive Instrument
Design Supervision dept. Deputy Senior Manager
and HUD Engineering dept. Senior Manager
Jun. 2018 Senior Operating Officer
Jun. 2020 Director/Managing Officer (Present)
Apr. 2021 Chief of Corporate Management Headquarter
Apr. 2023 In Charge of Corporate Management Headquarter
Region in Charge: ASEAN/Taiwan/India
Apr. 2024 In Charge of Sourcing Headquarter
Region in Charge: ASEAN/Taiwan/India (Present)

5 Satsuki Shimada

Outside Director

Apr. 1987 Joined Fujitsu Limited
May. 2013 Senior Manager, Product Development Process Audit
Group, Product Process Audit Division, Fujitsu Limited
Jun. 2015 Executive Officer, General Manager, Group Business
Promotion Office, General Manager, Assessment
Department, Fujitsu Quality Laboratory Ltd.
(currently Eurofins FQL Ltd.);
Senior Director, Platform Quality Division, Fujitsu Limited
Jul. 2021 Executive Officer, General Manager, Process Consulting
Department, Eurofins FQL Ltd. (Present)
Jun. 2024 Outside Director (Present)

6 Tatsuya Nagai

Director (Auditor)

Mar. 1982 Joined Nippon Seiki Co., Ltd.
Mar. 2003 Senior Manager Corporate Planning dept.
No. 2006 Senior Manager Business Promotion dept.
Apr. 2014 Senior Manager Internal Audit Office
Jun. 2018 Auditor
Jun. 2019 Director (Auditor)/(Present)

7 Etsuo Saiki

Outside Director (Auditor)

Apr. 1979 Registered as an Attorney
Apr. 1979 Joined Kichi Sakai Attorney Office
Apr. 1983 Opened Sakai-Saiki Attorney Office
Apr. 2002 Niigata University Faculty of Law Affiliate Professor
Apr. 2003 Niigata Regional Court Civil Mediator
Apr. 2004 Niigata University Practical Law Associate Professor
May 2009 Chairperson Asahi Niigata Legal Office (Present)
May 2015 Auditor
Jun. 2019 Director (Auditor)/(Present)

8 Eiko Tomiyama

Outside Director (Auditor)

Apr. 1986 Joined Itoman
Apr. 1989 Niigata Television Translator, International
Communication
Apr. 1994 Niigata Regional Court Legal Interpreter
Mar. 2002 Ph.D (Economics) Niigata University Modern Society
Culture Research
Apr. 2006 Associate Professor Graduate Institute for
Entrepreneurial Studies
Apr. 2010 Professor Graduate Institute for Entrepreneurial
Studies (Present)
Apr. 2014 Vice President Graduate Institute for Entrepreneurial
Studies (Present)
Jun. 2018 Auditor
Jun. 2019 Director (Auditor)/(Present)

9 Kiyoshi Suzuki

Outside Director (Auditor)

Apr. 1975 Joined Sanden Holdings
Sep. 2000 Quality Manager Sanden Holdings
Jun. 2003 Technical Officer Sanden Holdings
Jun. 2005 Technical Director Sanden Holdings
Jun. 2007 Director Engineering, IT, Corporate
Management Sanden Holdings
Jan. 2014 Senior Operating Officer Paramount Bed Co., Ltd.
Jun. 2019 Director (Auditor)/(Present)

10 Toshihiko Enomoto

Outside Director (Auditor)

Apr. 1985 Joined NSK Ltd.
Aug. 2008 Accounting Senior Manager NSK Ltd.
Jun. 2013 Operating Officer, Deputy Chief of
Financial Headquarter NSK Ltd.
Jun. 2015 Director, Audit Manager NSK Ltd.
Jun. 2016 Director, Audit Committee Member
Jun. 2021 Director NSK Ltd.
Jun. 2023 Director (Auditor)/(Present)

Integrated Report Review



Nomura Institute of Capital
Markets Research
Head of Nomura Research Center
of Sustainability

Akane Enatsu

Biography

Akane Enatsu joined Nomura Institute of Capital Markets Research (NICMR) in 2012 and was appointed as the Head of Nomura Research Center of Sustainability (NRCS) in 2019. Her main research coverage includes public finance and sustainable finance. She also serves several government organizations as a panel member. Prior to joining NICMR, Enatsu was a credit research analyst for various financial institutions including Citigroup, Barclays, and Merrill Lynch. She earned an MBA from University of Oxford and a PhD (Economics) from Saitama University.

Literary works

Municipal Bond Investment Handbook (Single Author), The Era of Sustainable Finance - ESG/SDGs, Bonds market (Co-author) etc.

The integrated report, published for the fourth year by Nippon Seiki, shows that the company is taking multi-layered measures in both financial and non-financial aspects to further enhance its enterprise value in a constantly changing business environment through the "New Medium-Term Management Plan 2026" formulated in November 2023 and the corporate purpose established in April 2024.

In the "New Medium-Term Management Plan 2026" (period: 2024-2026), a ROE target has been newly adopted as a KPI with the aim of continuously improving enterprise value and achieving a PBR of 1.0x promptly. In addition, a business strategy for a period of intensive efforts to recover business performance from the COVID-19 pandemic and a capital policy to improve capital return are presented, along with a sustainability strategy for implementing a scenario in which ESG-related efforts are linked to the business's value creation process.

The purpose, which was established with the start of the "New Medium-term Management Plan 2026," is a reconstruction of the company's corporate philosophy system, for giving employees a new understanding of the company's direction and an opportunity to think about the future of the Nippon Seiki group. The purpose phrase "We will create a world and future filled with security and impressions" was derived through approximately one year of discussions among employees at all levels, and can be said to be the basis of the company's value creation process.

In this integrated report, it was introduced that in order to strengthen the head-up display (HUD) business, which is one of the company's main businesses, the company has been working on developing "after-market HUDs" as well as installing them in Kei-cars and compact cars and expanding sales to new customers. For the company, which has the world's leading market share in HUD, the efforts to expand the use of HUDs may lead to future sales expansion.

Regarding the non-financial (ESG) aspects related to the environment (E), Nippon Seiki currently sets CO₂ emission reduction targets based on Scope 1 and Scope 2, but for the first time in this integrated report, the company disclosed emissions results including Scope 3 (Non-consolidated). The Sustainability Disclosure Standards finalized by the International Sustainability Standards Board (ISSB) in June 2023 requires disclosure of greenhouse gas (GHG) emissions, including Scope 3. For Nippon Seiki, which operates its business globally, these efforts may lead to the expansion and facilitation of future trades, as well as an expansion of the investor base.

Message | Upon publication of the Integrated Report 2024

We have launched the "New Medium-term Management Plan 2026" and also clarified our "Corporate Philosophy System." In our Integrated Report 2024, we have touched on the contents of our Medium-term Management Plan 2026 (business strategy, capital policy, sustainability strategy) and have attempted to demonstrate our commitment to continuously improve our corporate value and achieve PBR of 1.0x level. We have also introduced the thoughts that we have put into our "reasons for existence, vision, mission, and values," and have endeavored to link our ESG efforts with our value creation process to clearly express "what kind of values are to be provided to society."

We will continue to strive to disclose information in a timely and appropriate manner, and work to further improve our corporate value.



Director and Managing Officer
In charge of corporate management
headquarters

Masatoshi Azuma