

## 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.

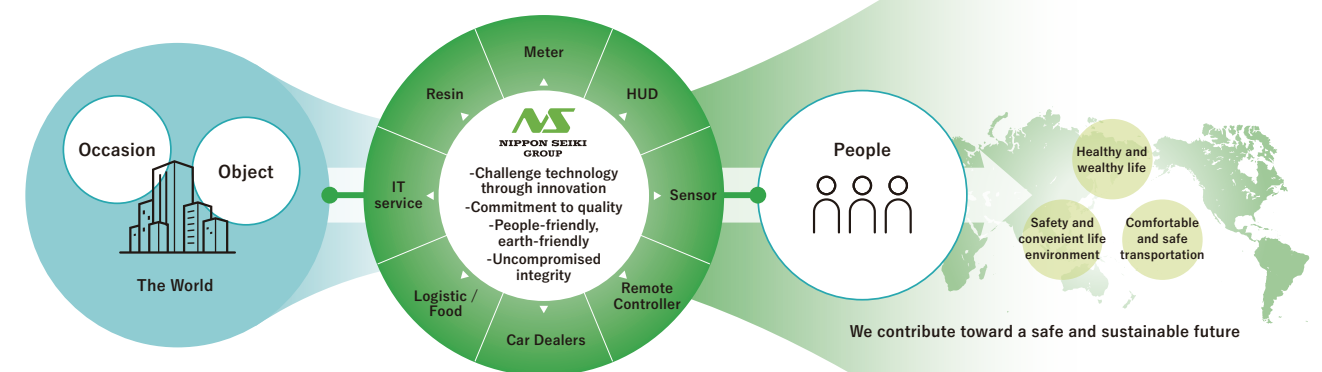
The “security” in this purpose mainly means reliable products

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”.



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## 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.

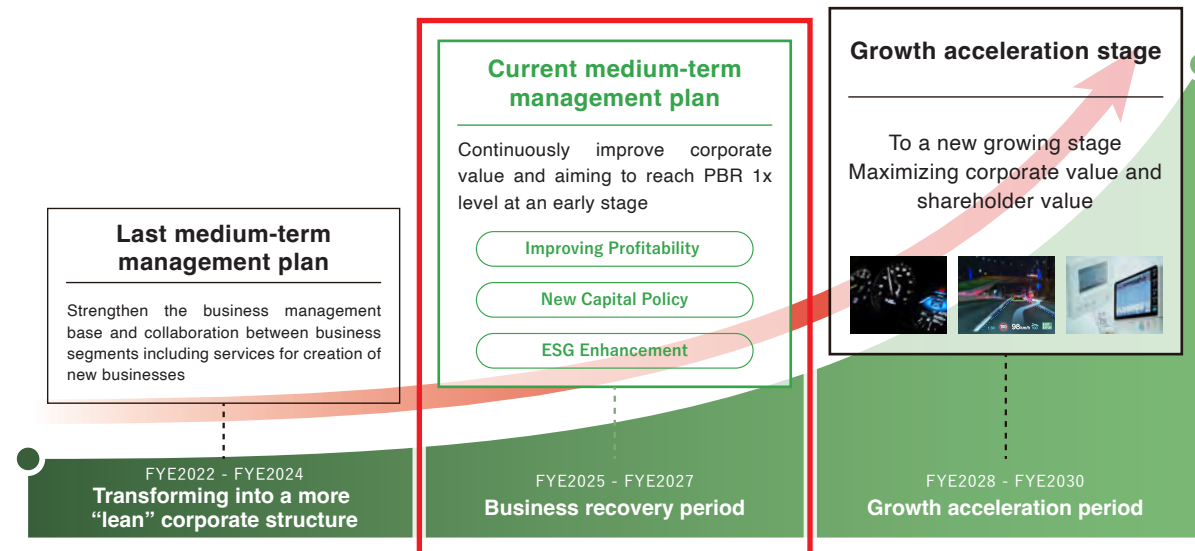
In the Medium-term Management Plan 2026, we have also committed to recovering performance, improving ROE, and strengthening shareholder returns in order to meet the expectations of our stakeholders. We will strive to further improve our corporate value by fostering a challenging corporate culture and 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.

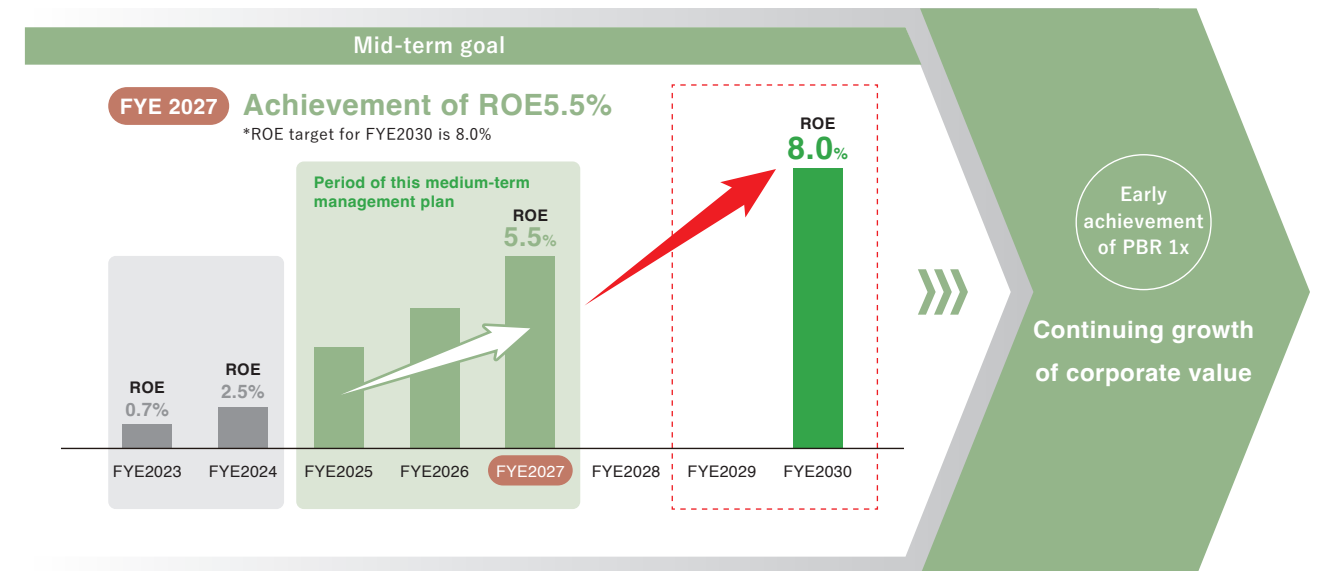
## Positioning of the Medium-term Management Plan

- ▶ 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

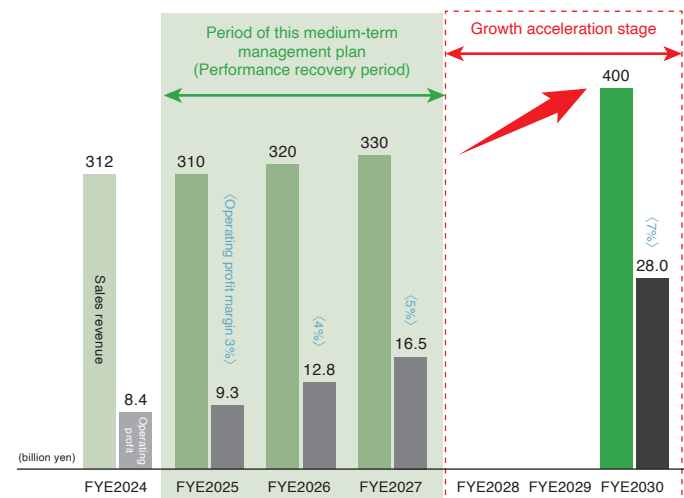
The HUD market is expected to grow rapidly. We aim to achieve sales of 100 billion yen in FYE March 2030.

#### 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.

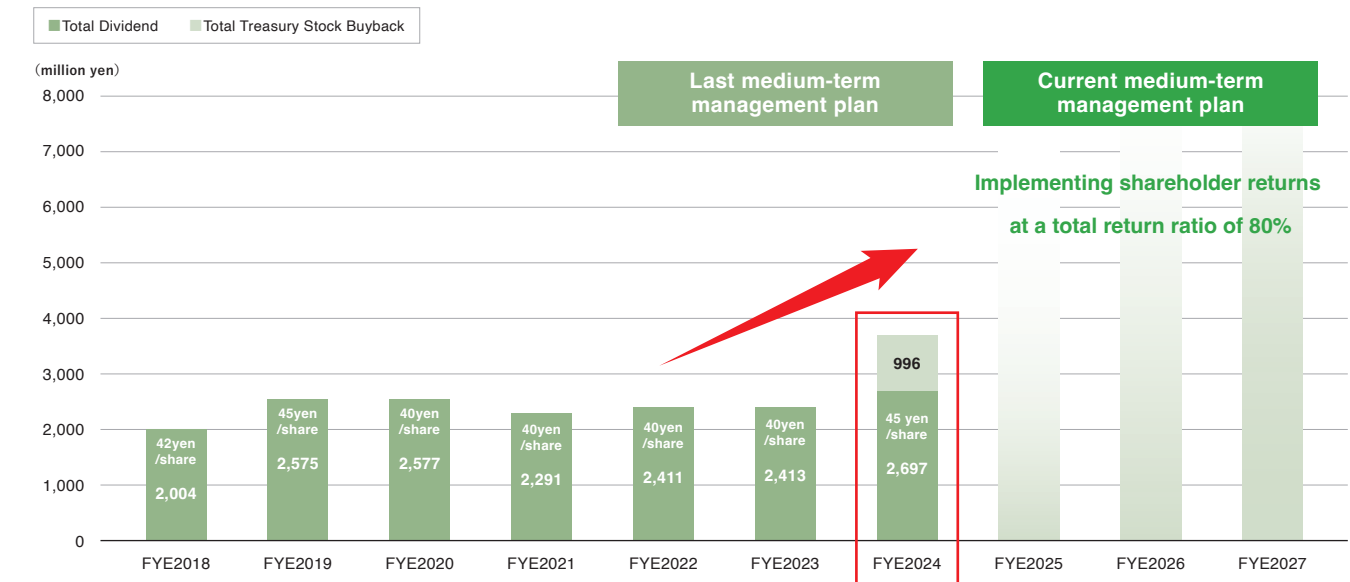
#### ③ New Customers/New Product Development

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.

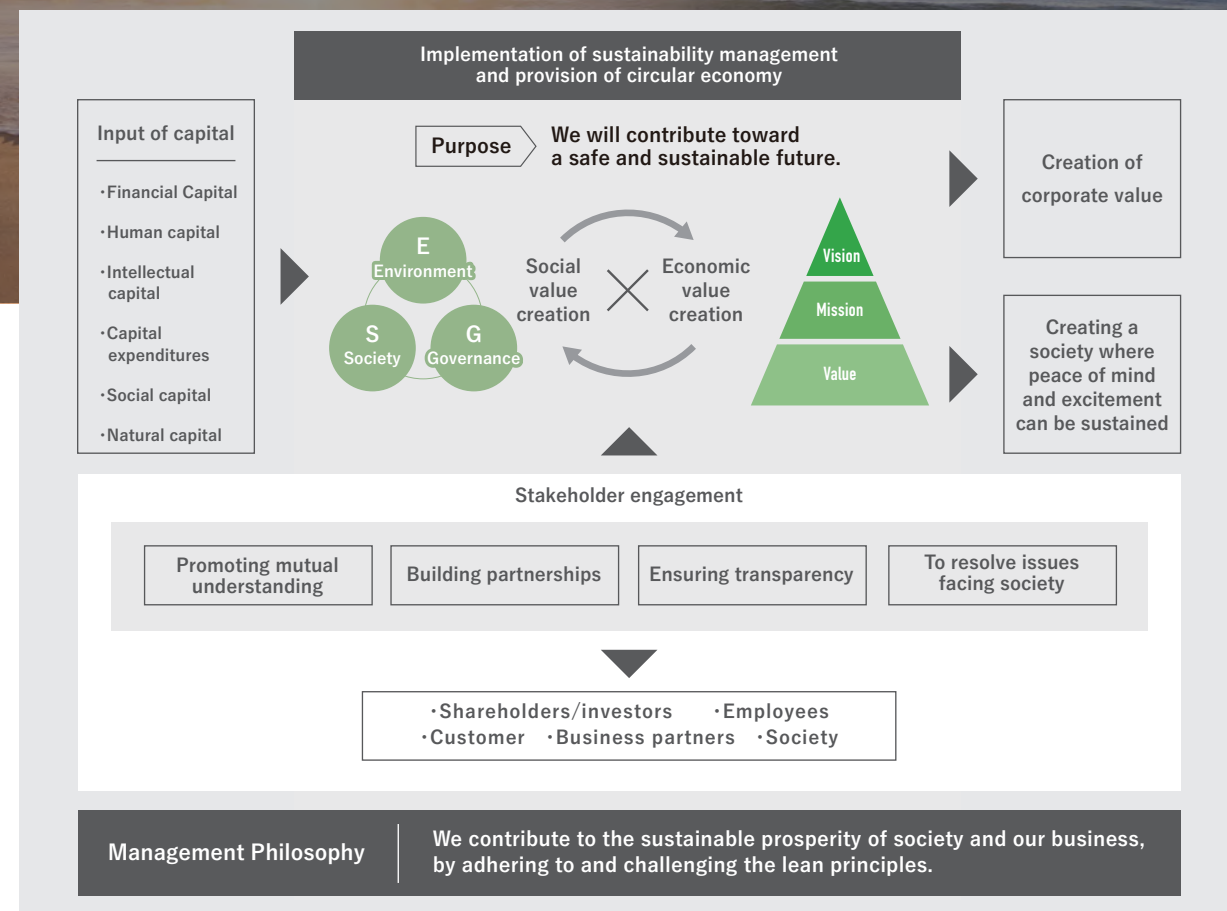




# Nippon Seiki Group Sustainability Policy

## Sustainability Policy

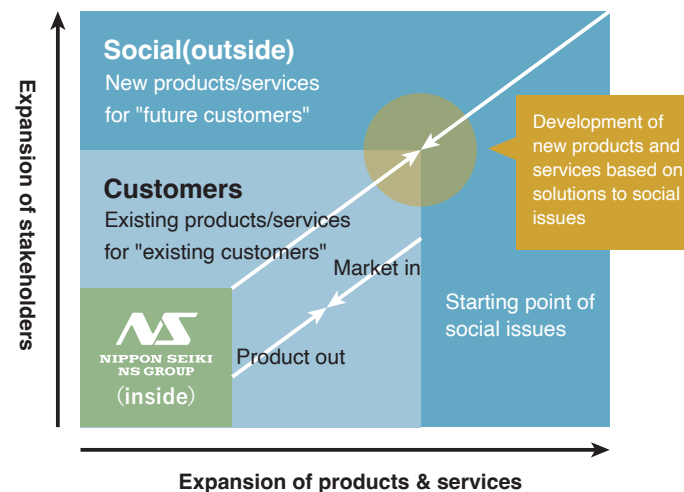
We will pursue the realization of a sustainable society by solving social issues and emphasizing dialogue with all stakeholders through corporate activities that balance social and economic value based on our management philosophy and group vision.



[ 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 <sub>2</sub> 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				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																				4.4					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			
23	Governance Uncompromised integrity	Ensuring information security management system																														9.c		
		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

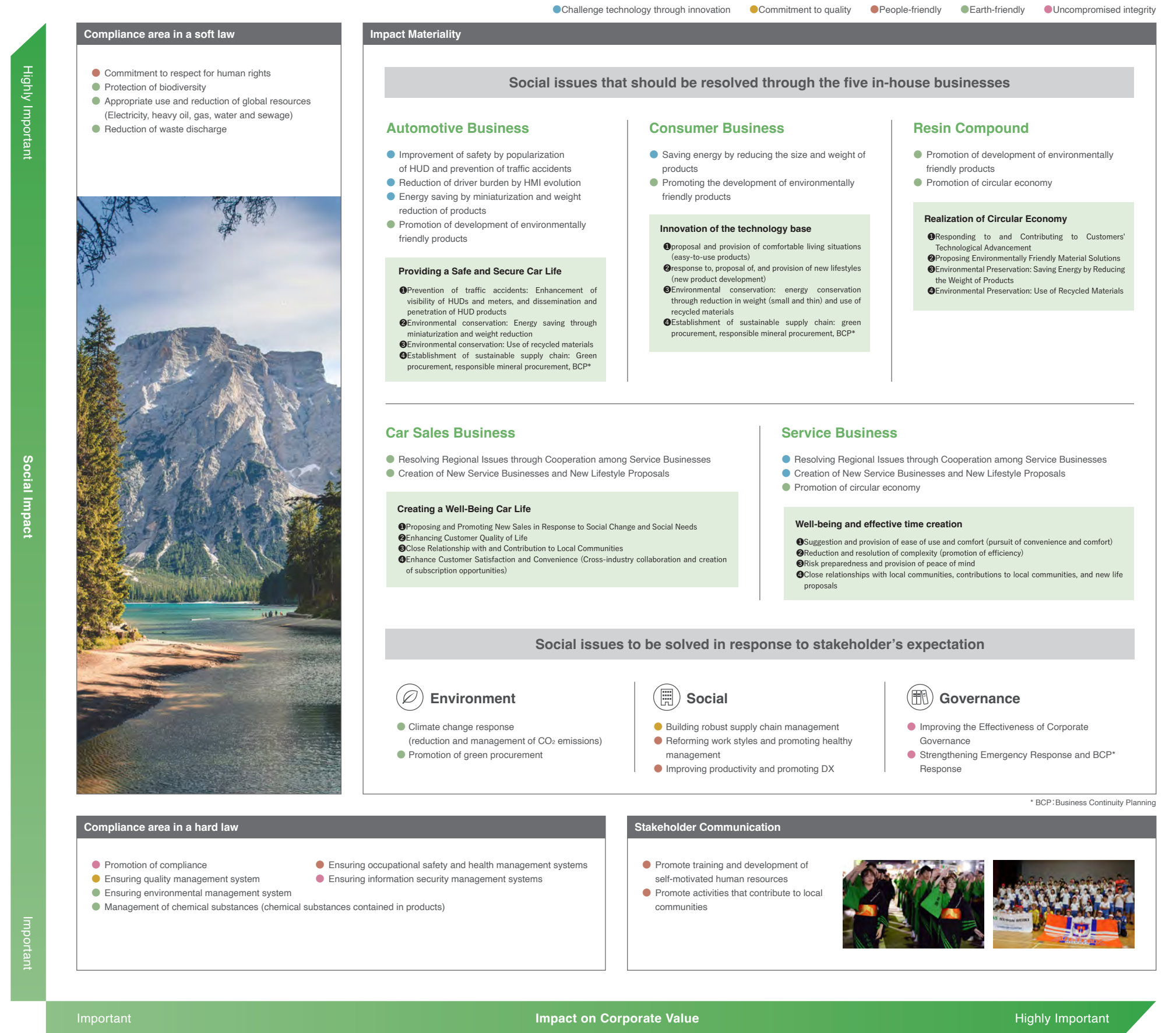
### ~ In selecting materiality

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 <sub>2</sub> 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



# Value Creation Process

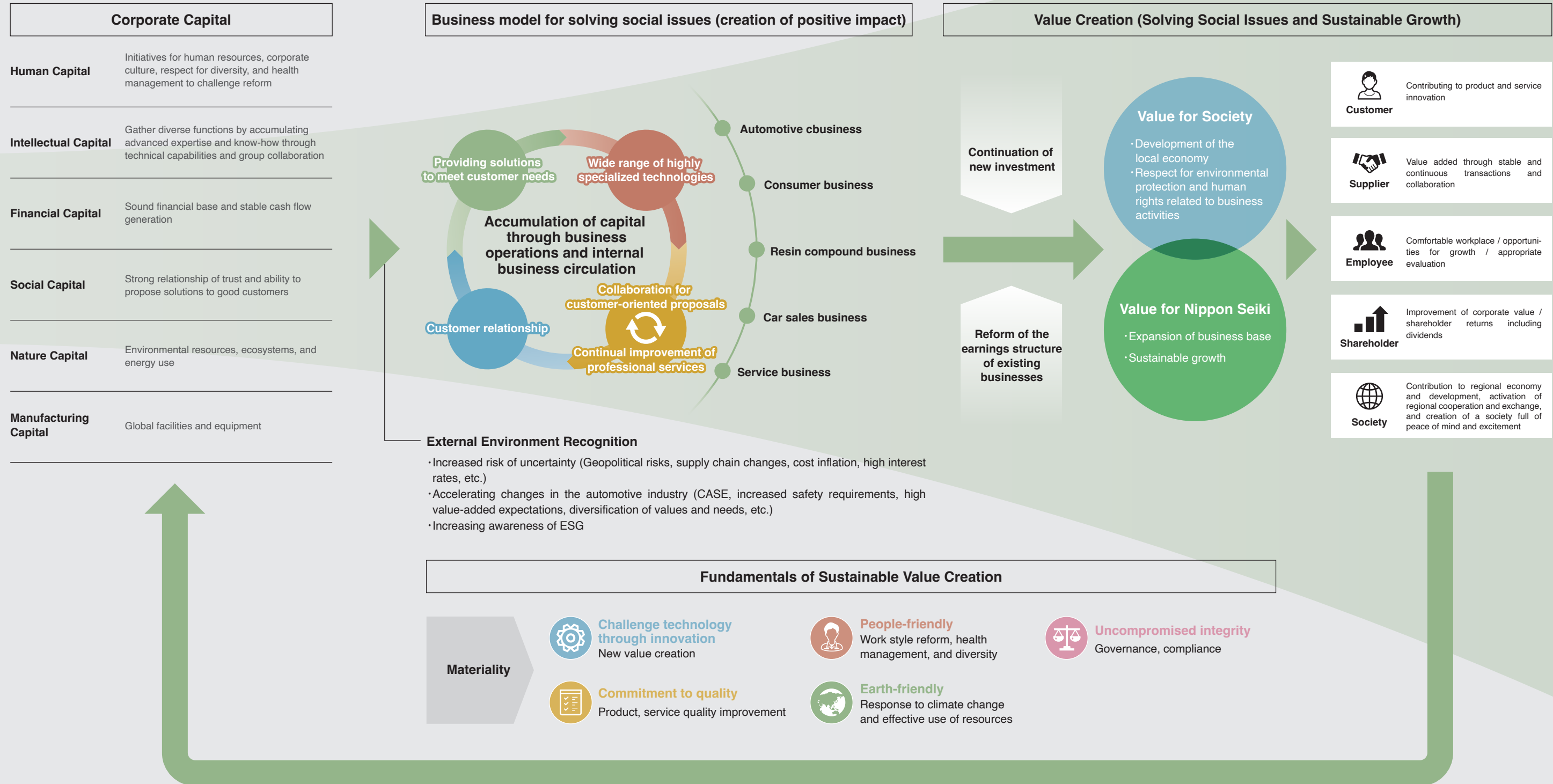
**Vision** We generate a harmonious interface connecting the world and people

**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.



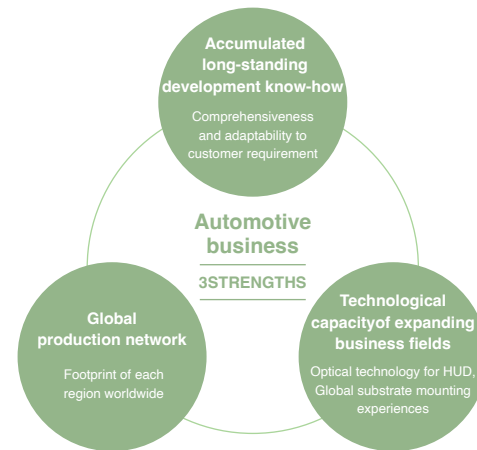
### Achievable SDGs goals through the activity



## 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.

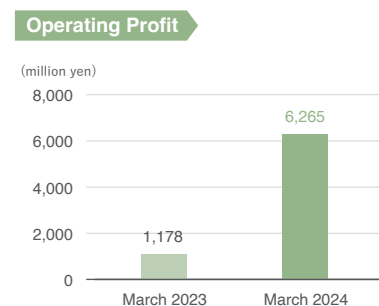
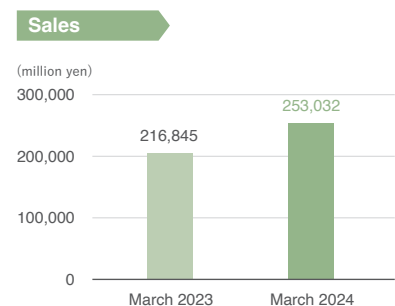


## 02 Overview of the fiscal year ending March 2024

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.

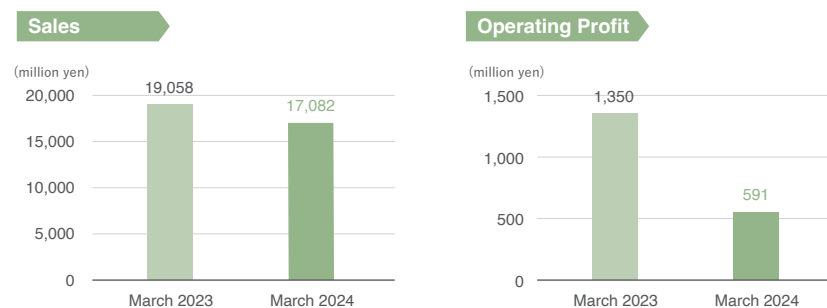


## 02 Overview of the fiscal year ending March 2024

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 "CO<sub>2</sub> 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

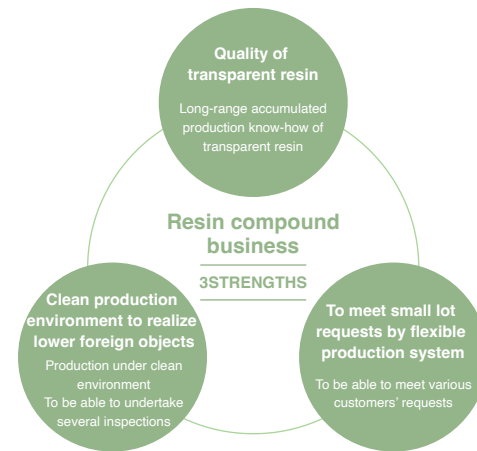
Developing coloring business on high-performance resin materials of transparent resins (for vehicles, LED lighting, lenses, medical use, etc.).

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



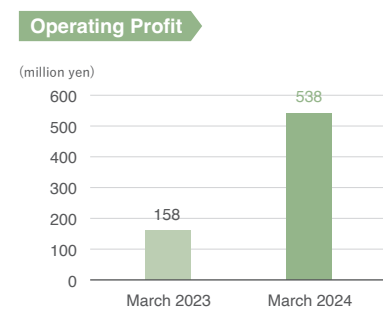
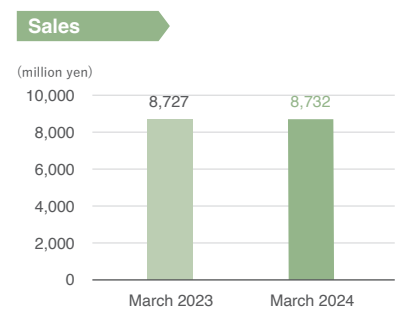
## 01 Strength of Resin compound business

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

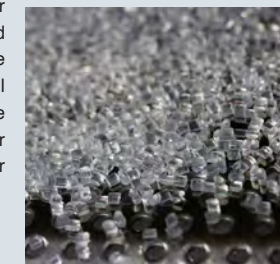
	FY2023 target	FY2023 results	FY2024 target
[1] Promotion of individual company's**1 recycling efforts (reduction of waste materials)	34 tons reduction	25 tons reduction*2	44 tons reduction
[2] Weight of high-performance (low foreign matter) items acquired	-	6,826 tons	8,500 tons

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

## TOPIC

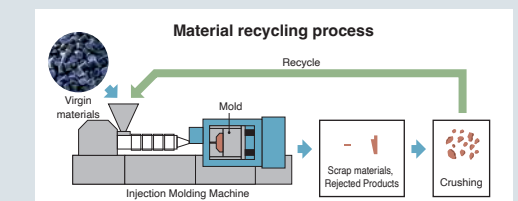
### Acquisition of ISO22000 (food safety management system) certification

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

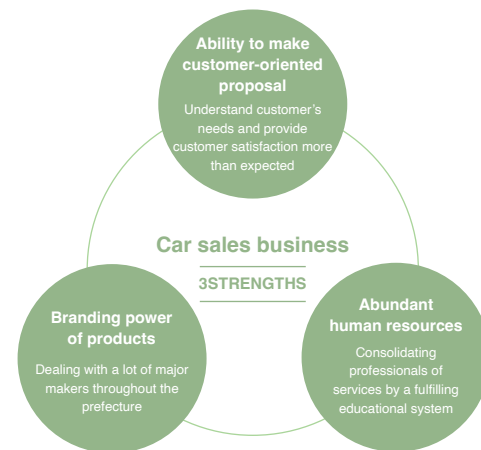
**MAZDA mobility Niigata Co., Ltd.**

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

## 01 Strength of Car sales business

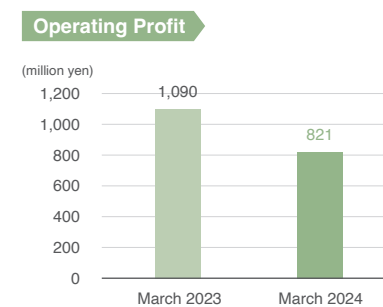
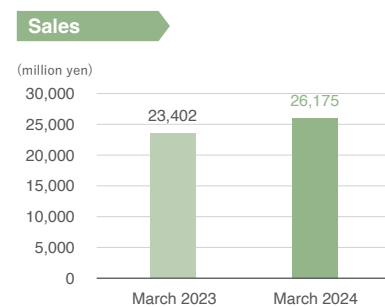
Our market widely covers all areas of Niigata prefecture. We have an overwhelming number of customers, and our financial base is strong and stable. In addition, we have been tackling to strengthen after-sales service as well as to construct a next generation of sales system utilizing the Internet and 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

- ① Reinvest in stores in good locations
- ② Complementing missing functions and expanding service areas through M&A, etc.
- ③ Reducing management work and man-hours through systemization
- ④ Thorough 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

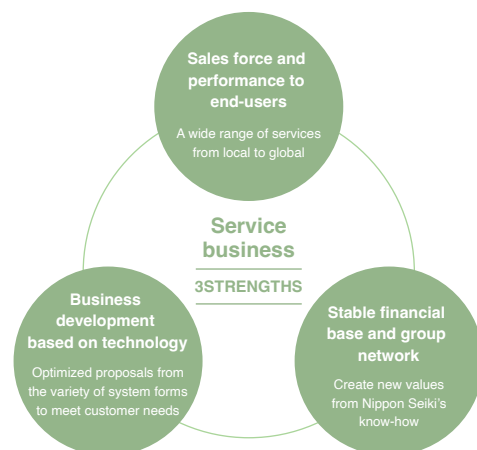
## Service business

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

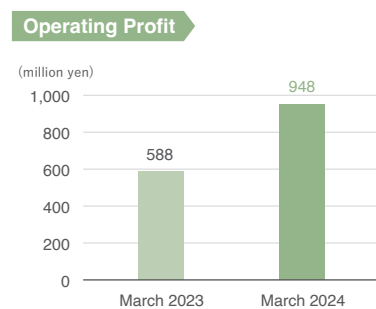
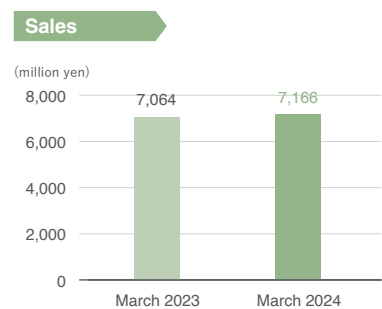
Our service business provides a wide range of services to a wide range of customers from within Niigata Prefecture to all over the world.

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

