

NIPPON SEIKI
Integrated Report
2023



Philosophy and Policies

Management Philosophy System

**Philosophy
Corporate
Culture**

**Vision
Code of Conduct**

**Midterm Policy / Management Goal /
Policy・Target by Segment**

Social Issues for Complying Stakeholder's Expectation

Management Philosophy

To contribute to the prosperity of society
by providing high-value products and
services from our customer's point of view.

Corporate Culture

「Essentials, Reality, Simplicity and Speed」

Create a corporate culture that embodies the aspects of
“Essentials, Reality, Simplicity and Speed” and become a “strong and robust company”

Vision

Facing the future Challenge & Change for 2030

The Nippon Seiki Group aims to be a total solution company that provides safety, security and excitement to people around the world through technology.

Technology

Product Development Technology

> Technology to develop products that meets high-grade functional requirements by understanding customer requirements and market needs, combining hardware design technology (mechanical/electronics hardware/optical design, etc.) and software technology (system/program design, etc.), and coordinating with customers.

Evolution of core technologies

> Technologies which enable the global supply of high-quality, low-cost products by possessing manufacturing technology for resin-based parts (compounding, molding, printing, painting, etc.), mounting and assembly technology for printed circuit board artwork and electronic components, and design/manufacturing technology for production equipment and molds, and utilizing these technologies at the Group's production bases.

Innovation of Lifestyle

> Technology to collect, process, and share information by function (management information, sales/design/engineering/manufacturing/purchasing/quality information, etc.), as well as technology to accumulate and analyze information and reflect it in business strategies.

Total Solution

Innovation of Perceptual Assist

> To provide safety, security, and excitement to society by continuously evolving functions that pick up information that people cannot directly perceive and transmit it in a timely and appropriate manner through their five senses.

Evolution of core technologies

> Continue to create innovation through evolution, provide technologies that meet market demands, and co-create solutions to the problems faced by the customers by evolving and combining the three technologies owned by the Group and the individual technologies that make up the three technologies.

Innovation of Lifestyle

> To provide new products and services that replace taken-for-granted habits and behaviors, thereby creating more time in people's lives and enriching their lives.

Sustain and Improve Quality

Awareness Change

1. Focus on cost improvement
2. Critical of the current situation, challenge reform
3. Speed up judgment and execution
4. Have the spirit to lead the organization
5. Change your perspective and ideas, and take on challenges
6. Systematize and improve organizational strength



Safe, Secure and Inspiring
Everyone

CONTENTS

SECTION

01

Overview of Nippon Seiki Group

- 05 Nippon Seiki Group History
- 07 Overview of the Nippon Seiki Group
- 09 Financial and Non-Financial Highlights

SECTION

02

Nippon Seiki Group's Value Creation Process

- 11 Message from the President
- 15 Nippon Seiki Group Sustainability Policy
- 17 Value Creation Process
- 19 Materiality
- 21 Business of Nippon Seiki Group

SECTION

03

ESG Initiatives

- 31 ESG Initiatives
- 33 Environment
- 37 Social Activities
- 45 Corporate governance
- 49 Dialogue with Outside Directors

SECTION

04

Financial Statements

- 53 Financial Statements

SECTION

05

Company data

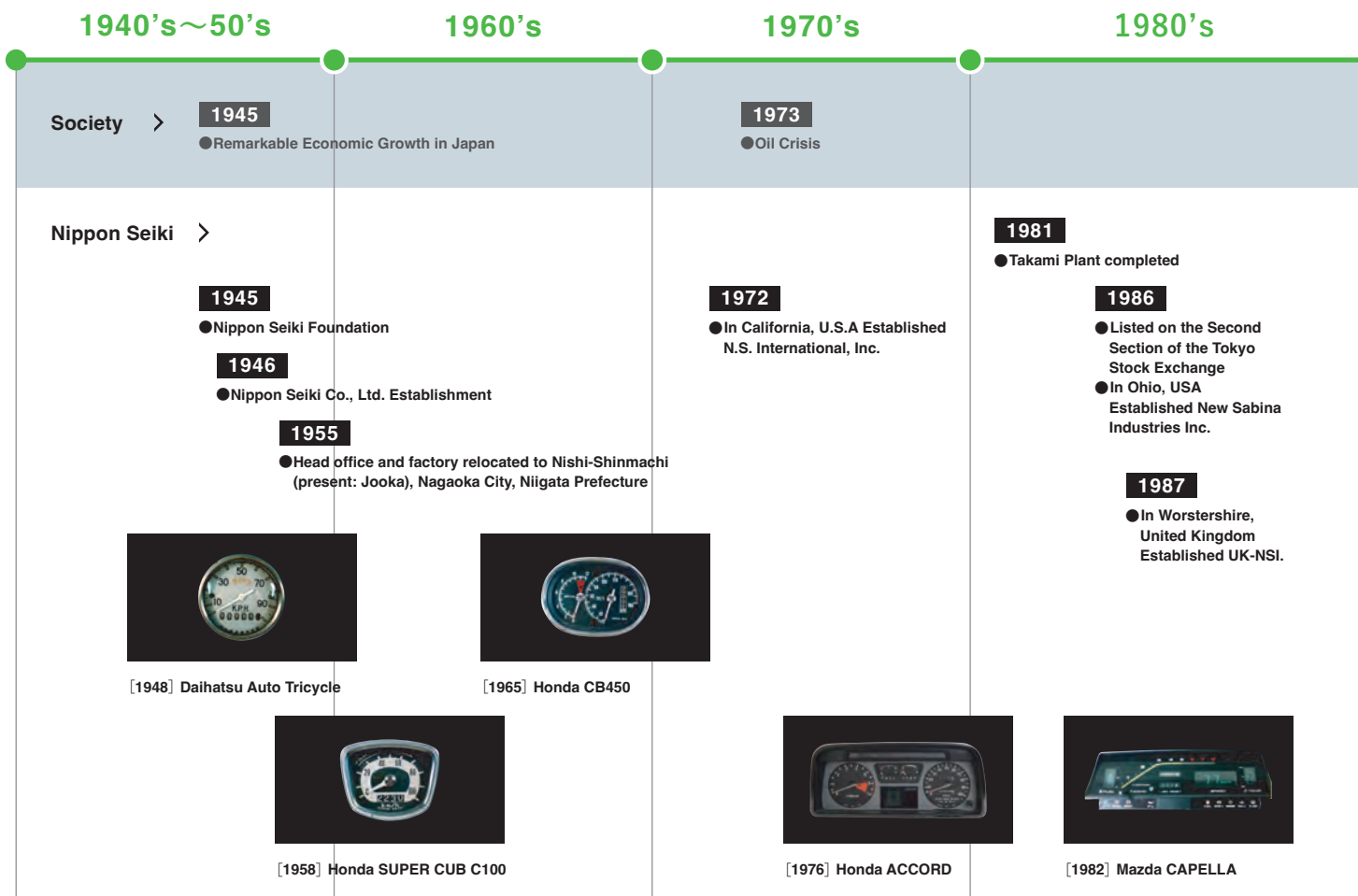
- 57 Board of Directors
- 58 Integrated Report Review

Forward-Looking Statements

The data and future forecasts in this report are based on information available as of the date of publication of this report, 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 based on the new situation, the incidents of the Shoho (General News) and so on.

We are not responsible for updating these future predictions.

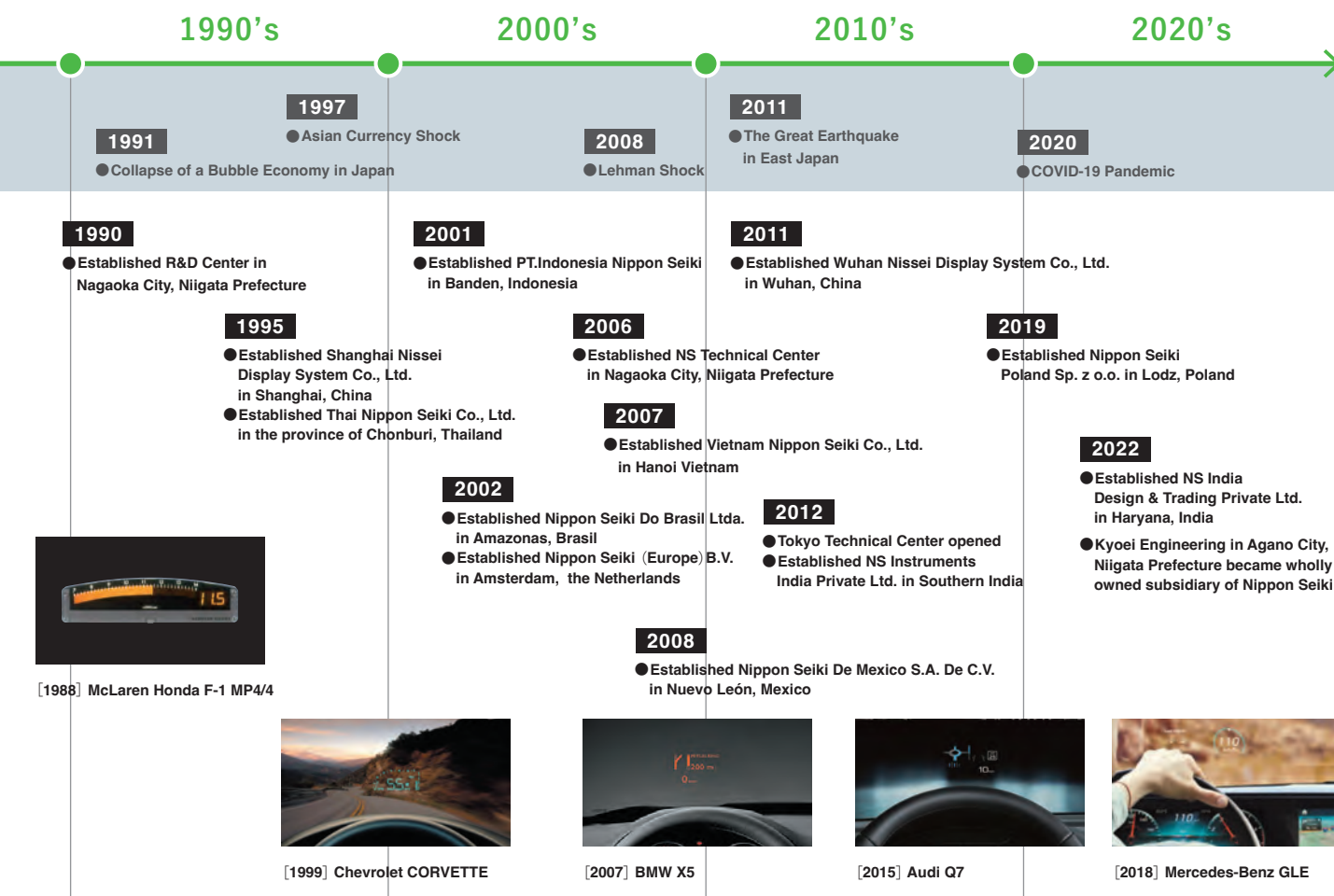
Nippon Seiki Group History



Circumstance and Corporate Value Change

(million yen)

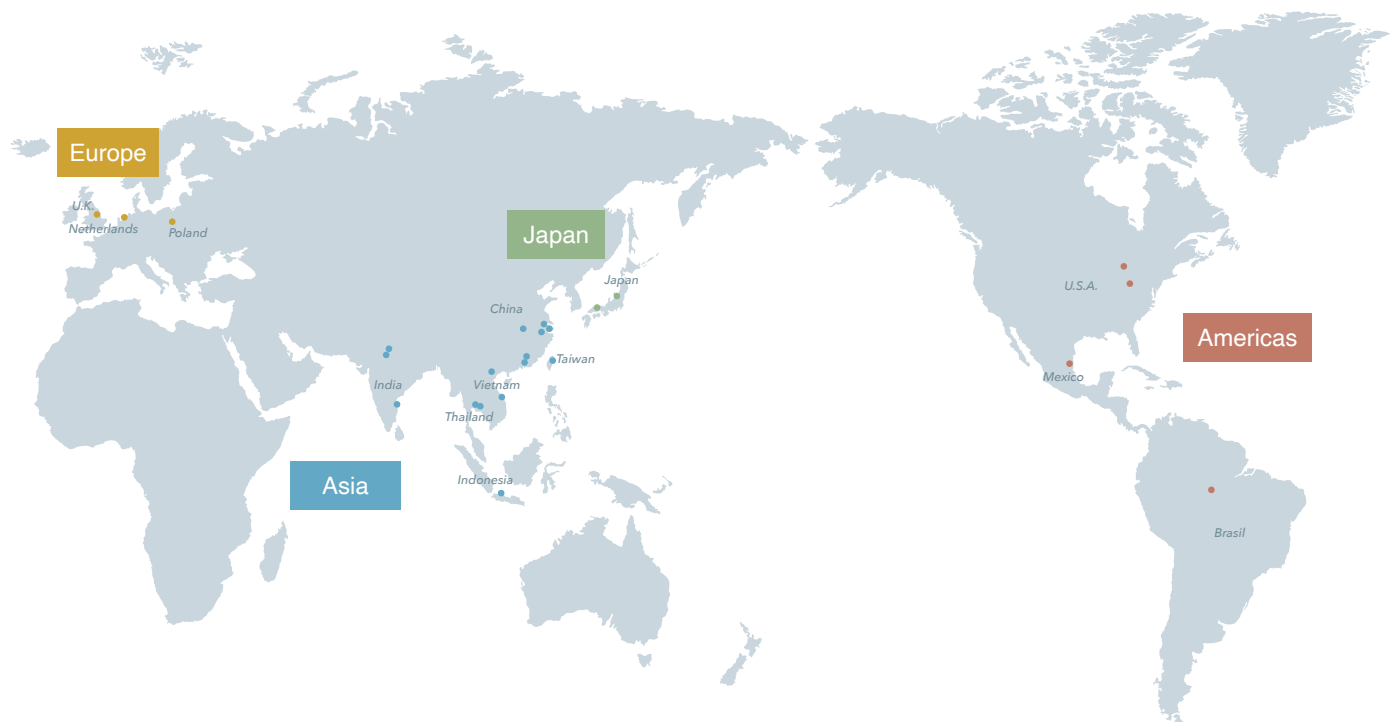




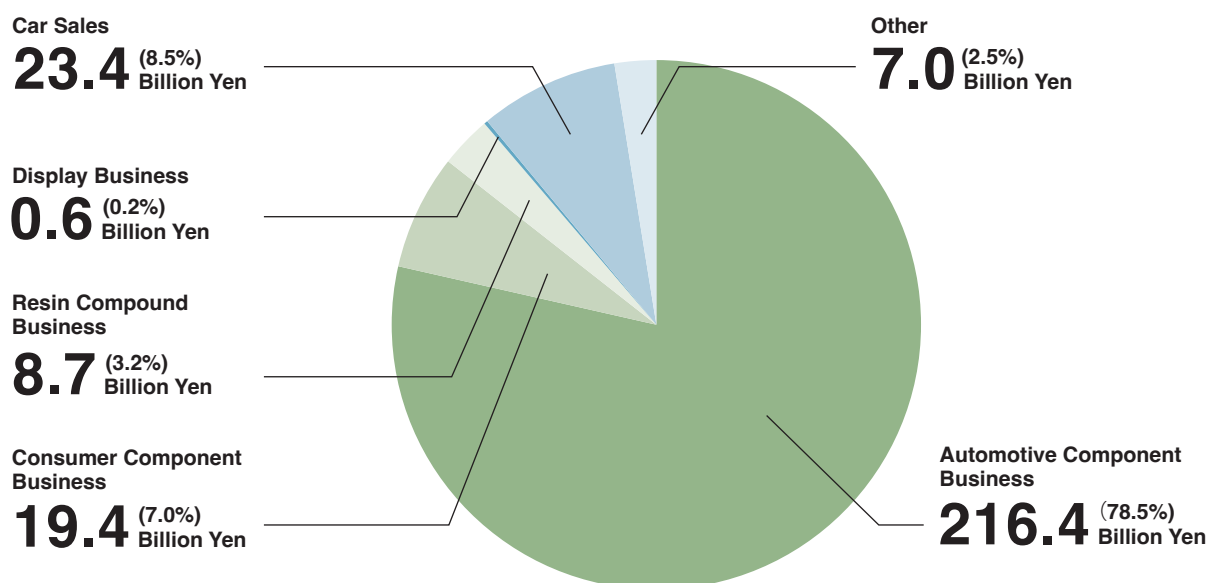
Sales & Number of Employees by Region (Sales:truncation)



Nippon Seiki Group Network



Sales by Business Segment (Sales:truncation)



Summary of Financial Results

Fiscal year ended March 2023 Financial Results

The economic environment surrounding our group during the fiscal year ended March 31, 2023 saw progress in the relaxation of various restrictions caused by the novel coronavirus in countries around the world. Although there have been signs of economic recovery, the outlook remains uncertain due to factors such as global inflation and high resource prices, geopolitical risks such as Russia's invasion of Ukraine and conflict between the United States and China, monetary tightening policies in each country, and exchange rate fluctuations.

In our mainstay automotive parts business, sales have recovered to 2019 levels due to the reduction in the impact of the new coronavirus. Production plans were changed due to a shortage of parts such as semiconductors, and material and logistics costs soared. However, we have endeavored to secure profits by appropriately reflecting increased costs in selling prices and by reducing logistics costs by reducing air transport of products and parts.

Revenue for the current fiscal year was 275,776 million yen (up 23.3% year on year), operating income was 2,840 million yen (operating loss of 4,276 million yen in the previous fiscal year), and net income was 1,380 million yen (compared to a loss attributable to owners of the parent

company of 5,180 million yen in the previous fiscal year).

In the automotive parts business, sales revenue of 216,483 million yen (up 26.7% from the previous fiscal year) and operating income of 1,179 million yen (compared to an operating loss of 5,857 million yen in the previous fiscal year) due to an increase in automobile instruments, motorcycle instruments, etc. was. In the consumer parts business, sales of air conditioning and housing equipment controllers increased, resulting in revenue of 19,419 million yen (up 56.0% from the previous fiscal year) and operating income of 1,349 million yen (up 876.7% from the previous fiscal year). In the resin compound business, sales of resin materials increased, resulting in revenue of 8,727 million yen (up 1.2% from the previous year), but operating income was 158 million yen (down 62.3% from the previous year). In the display business, sales of LCD products decreased, resulting in revenue of 678 million yen (down 58.0% from the previous fiscal year) and operating loss of 1,296 million yen (compared to an operating loss of 95 million yen in the previous fiscal year).

In the automobile sales business, sales of new cars increased, resulting in revenue of 23,402 million yen (up 4.3% year on year) and operating income of 1,090 million yen (up 13.9% year on year). In other areas, sales revenue was 7.064 million yen (down 8.1% from the previous year) due to a

decrease in information systems services, etc., but operating income was 588 million yen (up 13.1% from the previous year).

Overview of the Financial Situation

Assets at the end of the current consolidated fiscal year amounted to 355,954 million yen, an increase of 26,401 million yen compared to the end of the previous consolidated fiscal year, due to an increase in inventories, despite a decrease in other financial assets. Liabilities increased by 14,825 million yen compared to the end of the previous fiscal year to 149,505 million yen, due to an increase in bonds and loans payable, trade payables, and other payables due to securing safety stock.

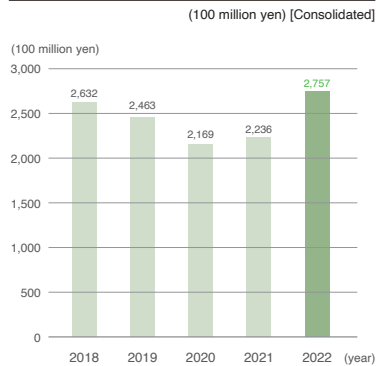
Capital increased by 11,575 million yen compared to the end of the previous fiscal year to 206,449 million yen due to increases in other capital components.

Inventories have increased due to the recent shortage of electronic components, customers securing safety stocks to maintain their production lines, and requests from component suppliers for long-term contracts. Currently, the shortage of electronic parts is beginning to ease, and we are working to reduce inventory by reviewing our management methods and aim for optimal inventory levels.

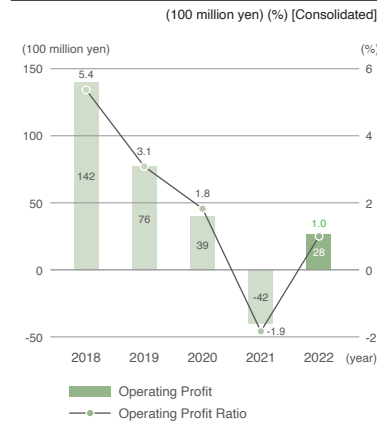
Financial and Non-Financial Highlights for the Year Ended March 31, 2023

Financial

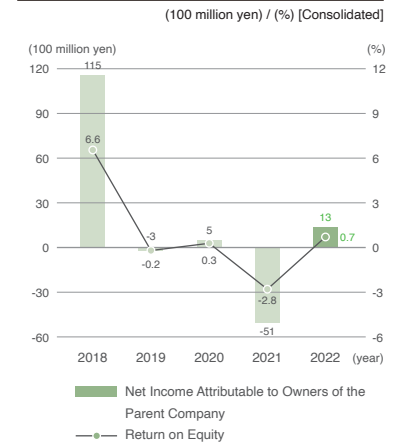
Revenue from sales



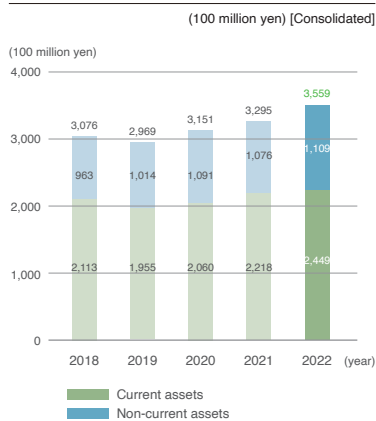
Operating Profit / Operating Profit Ratio



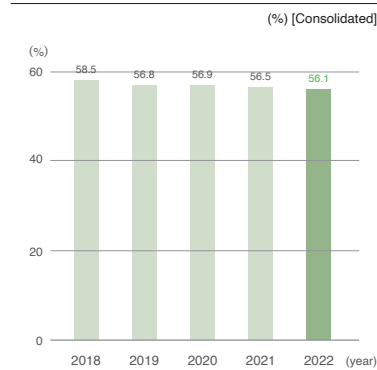
Net Income Attributable to Owners of the Parent Company / Return on Equity



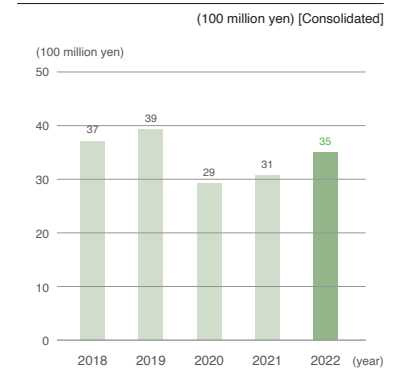
Current assets / Non-current assets



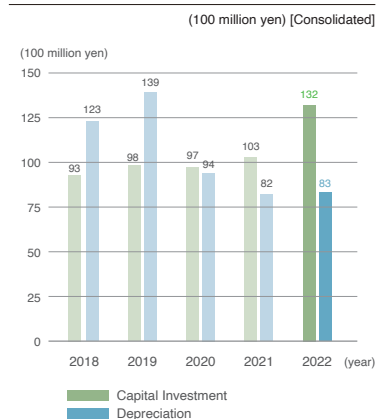
Capital Adequacy Ratio



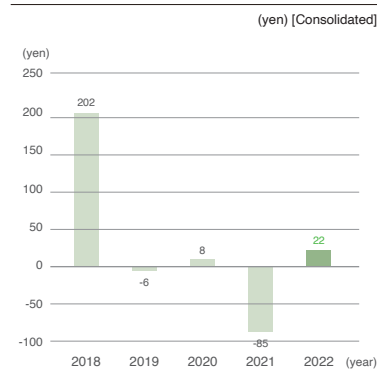
R&D Expenses



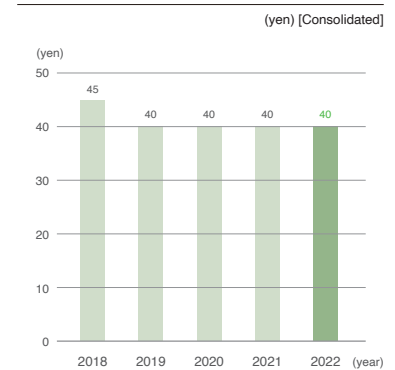
Capital Investment / Depreciation



Net Income per Share

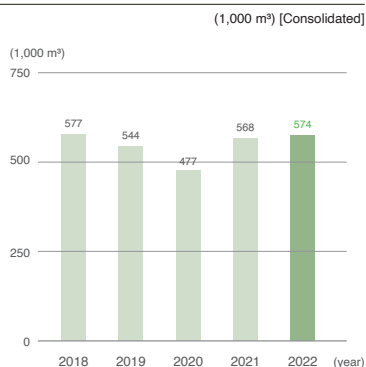


Dividends per Share

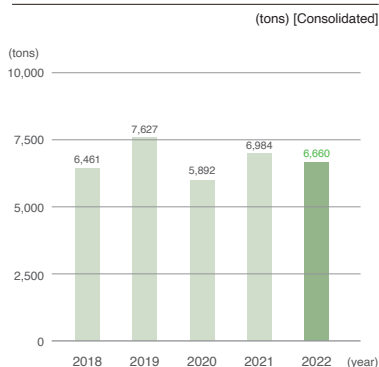


Environment

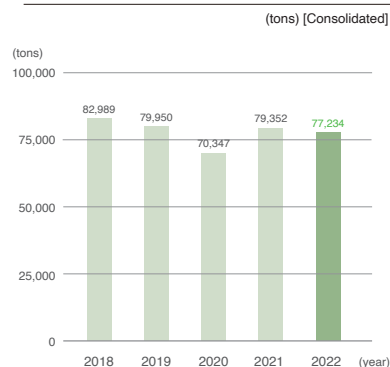
Water Emissions



Waste Emissions



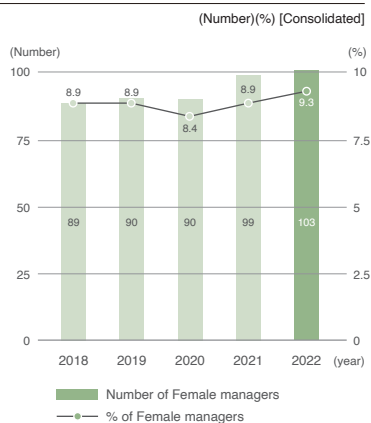
CO₂ Emissions



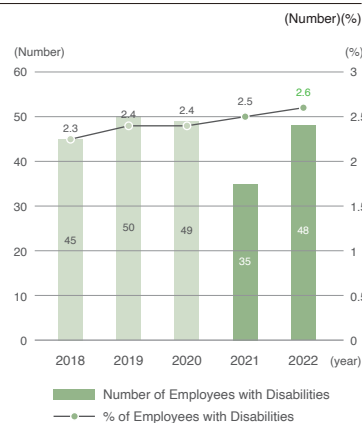
*Consolidated manufacturing bases will be covered until 2021, and manufacturing, development design, sales, and vehicle sales bases will be covered from 2022 onwards.

Social

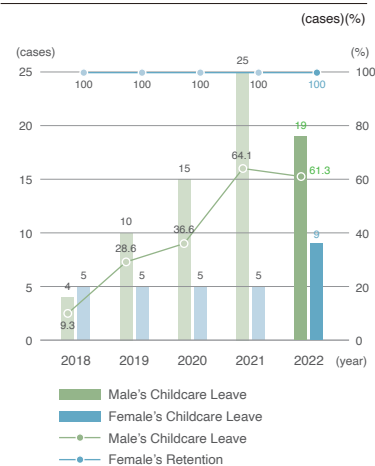
Female Managers



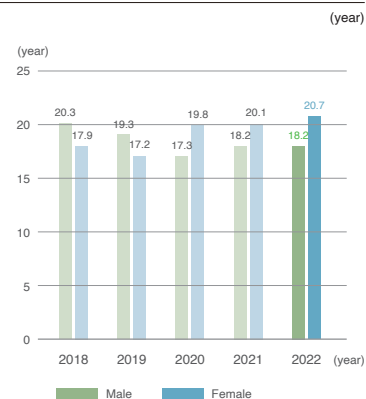
Employees with Disabilities



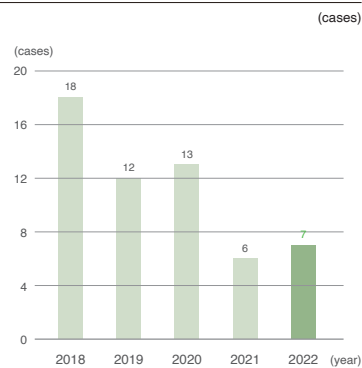
Employees Taking Childcare Leave / Retention



Average Length of Employment



Number of Occupational Accidents



Governance

Number of Patents Obtained

