



Progress of medium-term management plan for 2021-2023

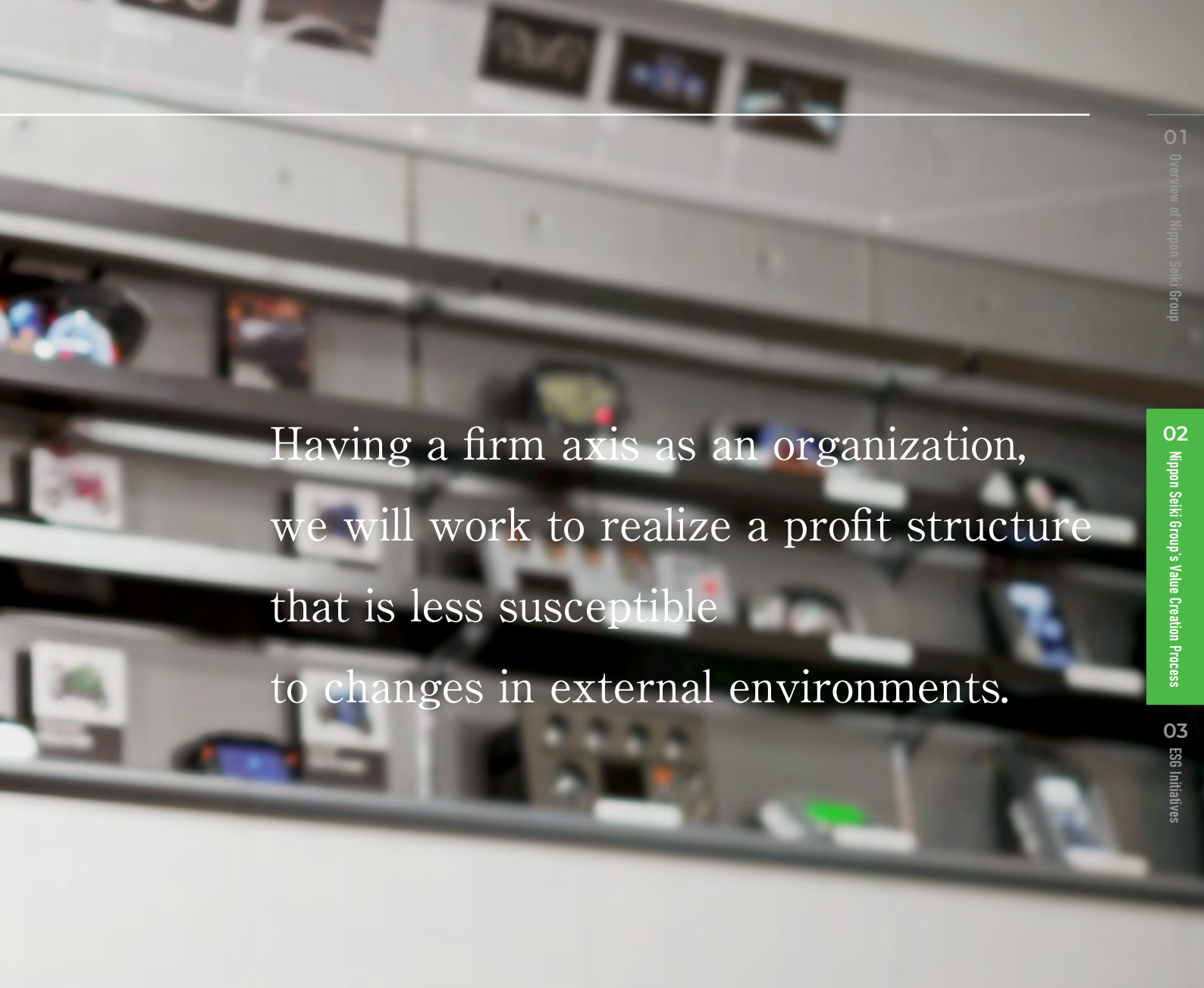
Nippon Seiki Group has advocated the management vision at our medium-term management plan started in 2021 that promotes changes into “lean corporate structure” as well as “Facing the future Challenge & Change for 2030”.

In addition, we have proclaimed again the following written statement “aiming to be a total solution company that provides safety, security, and excitement to people around the world through technology”.

Looking back on last year, although the influence on the pandemic of the new coronavirus gradually shrank, we were significantly affected by the global tightening of electronic components such as semiconductors and the resulting production adjustments and reductions in automobiles and motorcycles. Yet, our group continued to build trust by making frantic efforts to keep our custom-

ers' supply chains intact. Also, in parallel with maintaining the supply chain, we worked on group-wide efforts to reduce logistics costs and improve costs, and as a result we were able to escape from an operating deficit in fiscal 2021. In fiscal 2022, we achieved 275.7 billion yen of sales revenue, which exceeded the published value at the beginning of the period and were able to turn the business into a surplus of 2.8 billion yen of operating income.

Being appointed as the company president from June 2020, the speed of change has globally accelerated such as the pandemic of Covid19, Russian invasion of Ukraine, rising global prices and interest rates, and rapid depreciation of the yen. Symbolized by “CASE” and “MaaS” the automobile industry is now in the midst of a revolutionary period of 100 years.



Having a firm axis as an organization,
we will work to realize a profit structure
that is less susceptible
to changes in external environments.

In such an era of change, our group is promoting the change into a “lean corporate structure” aiming to construct a strong management foundation by having an axis as an organization. “Lean corporate structure” is the state of continuing PDCA cycles for maximizing added value without depending on sales as well as minimizing fixed costs. Our group suffered a big blow of a decline in sales due to the coronavirus pandemic and the tight squeeze on semiconductors. Then what we realized was the need for an earnings structure that is less susceptible to fluctuations in sales due to changes in the external environment. Therefore, we are to work on various measures in order to realize the “lean corporate structure” as our slogan.

For lean management, the first is to improve the ratio of selling, general and administrative expenses to sales. Specifically, reducing sales management personnel costs and expenses, and optimizing direct and indirect

personnel ratio at the subsidiary factories across the group. Also at sales subsidiaries, shared services and compact operations that integrate management functions between subsidiaries need to be accelerated. The second is to improve the local procurement rate of parts at factories around the world and reduce transportation and packaging costs. Currently, most subsidiaries receive parts supplied from our head office. But we will indicate the local procurement rate that each subsidiary should aim for as a KPI and will work to strengthen our system to accelerate this goal.

Last year, thanks to the measures by lean management which contributed to the business recovery, we turned a good profit. We will continue to vigorously promote lean management in fiscal 2023.

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Message from the President

Initiatives for business recovery

We recognize that further performance improvement is necessary to meet the expectations of our stakeholders, especially our shareholders, for our group. We will work to establish a lean corporate structure and improve profitability throughout the company.

For items that we recognize as important management issues for our group, we name them as “focus theme” and tackle them as in-house projects steered by an executive officer in charge as a project leader. Among these focus themes, I would like to introduce two things positioned as particularly important measures. The first is “improving costs in the automotive business.” We operate and establish daily cost improvement activity processes, promote VA (Value Analysis)/VE (Value Engineering) for products under development and mass production, and promote local procurement. The second is “reducing design costs by reorganizing the design base.” We are working to shift resources to low-cost design bases and foster local engineers.

We are also working to resolve issues in each region in a project format. In Europe, we are firmly promoting a profitability plan and aiming to transform our structure into a profitable one. We view the Indian region as a future growth market and are working to ensure future profitability by creating a medium-term roadmap and promoting cost reductions.

Moreover, we are promoting digital transformation (DX) of our operations and are working to build a system that will quickly lead to business improvements by digitizing indirect operations and data analysis of income and expenditure status.

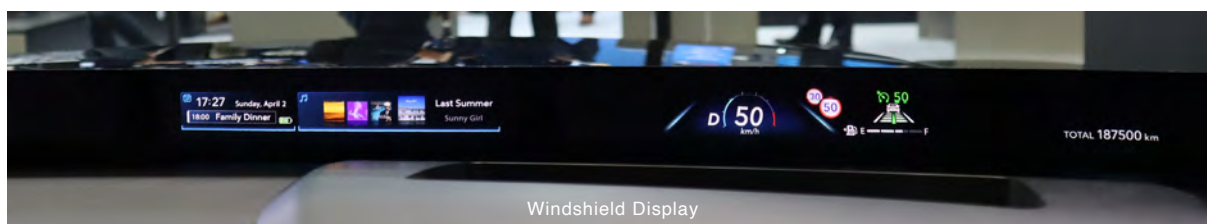
Last year, in light of the fact that we had to postpone our business target of 5% operating profit margin to one year, which was originally scheduled for fiscal 2023, we will speed up decision-making and implementation and continue these measures to improve profitability.

Product development with new value

In order to increase profitability over the medium to long term, we are developing products with new value by leveraging the technological capabilities that our group has cultivated. At the “Human and Automotive Technology Exhibition” in May 2023, we exhibited our new product “Windshield Display” for the first time. The windshield display is a product that has a liquid crystal embedded in the black area at the bottom of a car's windshield to display information such as speed and warnings. By combining it with the Head Up Display, we can create a safer and more secure driving environment with less blurring of the driver's line of sight while driving.

In order to expand the business of Head Up Display that help prevent traffic accidents, we are also developing a “retrofittable combiner-type Head Up Display” targeting cars without options and used cars. Unfortunately, Head Up Display is not yet well-known in Japan, so we hope that this “retrofittable Head Up Display” will help end users feel more familiar with Head Up Display.

Also by utilizing our group's sensor sensing technology, we developed the guidance system “Holfee” for mini excavators (excavation construction machines), and started selling the product from December 2022. Holfee is a guidance system that transmits information on the target depth and slope of excavation to the operator's smartphone at the site of ground excavation. We believe that this is a socially significant product that will help solve the labor shortage and technology inheritance issues in the construction industry these days, and we hope that it will improve the work efficiency at civil engineering and construction sites, and that its use and dissemination will expand.



Responding to climate change and human capital management

Our group considers responding to climate change as one of our important managements issues and works to reduce our environmental impact in our current medium-term management plan. Initiatives towards carbon neutrality in the automotive parts industry, which is the core business of our group, are unavoidable social issues and have an impact that can affect the sustainability of the business itself.

In response to increasing social demand for achieving carbon neutrality, we have been proceeding with research and development of carbon neutral meters as part of our efforts to reduce the environmental impact of our products. We have developed a carbon neutral concept meter that uses biomass material mixed with rice resin and recycled resin, and the product is currently in the evaluation stage. We are also working to reduce the usage of the total amount of raw materials by pursuing miniaturization and weight reduction.

Another important management issue is an investment in human capital, which is essential to increasing corporate value over the medium to long term. We believe in the way of thinking that "human resources are our most important management resource" and recognize that developing autonomous thinkers (people who are self-disciplined, think by themselves, and act on their own) is an extremely important management issue.

Our management vision "Challenge & Change" embodies the will of all of us to aim for personal growth by having a mindset of taking on challenges without fear of change. We will work to promote diversity so that everyone can demonstrate their individuality and abilities and play an active role, regardless of age, gender, race, nationality, or disability. In order to foster such "spirit of challenge" and "diversity" as part of our corporate culture and organizational culture, we are promoting various environmental improvements and currently reviewing our personnel system. These will be scheduled to begin operation from next year. We aim to promote health management and improve work-life balance and strive to create a system that allows our employees to

continue working in a healthy and energetic manner.

"Nippon Seiki Group's human rights policy" was enacted in February 2023. In order for all business activities of our group to achieve sustainable development, we need to continue to meet the demands of a global society that fulfills our responsibility to respect human rights. We reiterate our group's stance on human rights and will strengthen and expand our human rights initiatives by establishing this policy.



Toward the next medium-term management plan

Now, our company is working on creating a medium-term business plan for the next three years. Under the new plan, in addition to improving profitability, we will formulate a capital policy with an eye toward improving capital efficiency as well as reviewing our shareholder return policy. By doing so, we aim to develop our business over the medium to long term and maximize shareholder value.

In the next medium-term management plan, "Contribute to the prosperity of society by providing high-value products and services from the customer's perspective" being our group management philosophy in mind, our focus will remain unchanged: to produce high value-added products and services by refining, evolving, and developing our technology. In addition, we will strive to further improve corporate value with fostering a corporate culture that takes on challenges as well as the change of lean management. We appreciate your continuous understanding and support of our group.

Representative Director President
President Executive Director

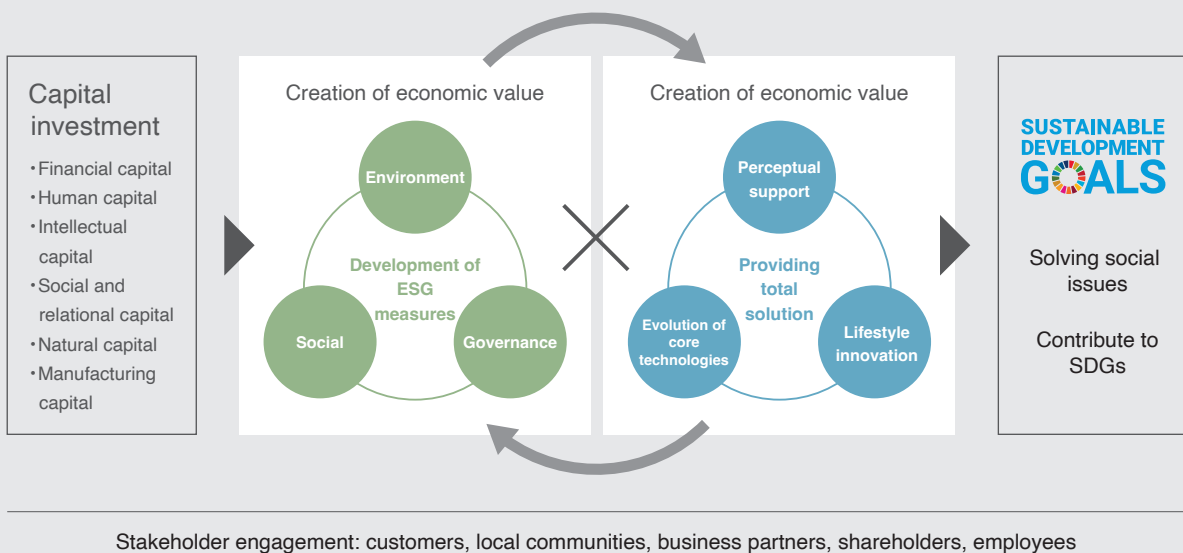
佐藤 浩一

Nippon Seiki Group 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.

Realization of Management philosophy

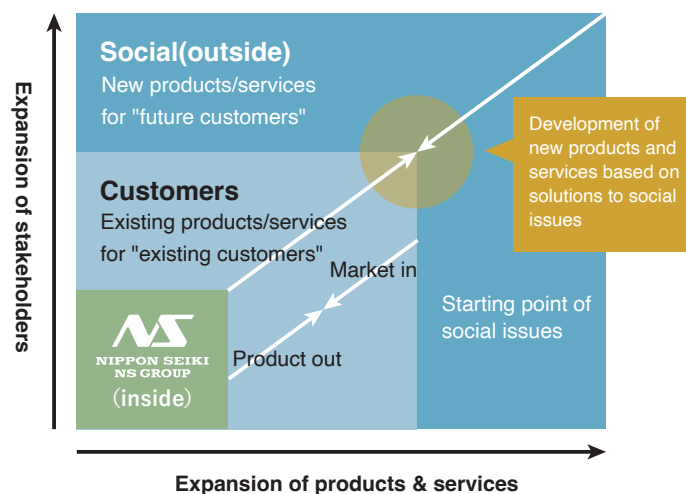
Implement sustainability management & provide circular economy



[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.



Relationship of Our CSR Important Themes and SDGs 17 Objectives

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.

ESG	Important CSR theme	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Business activities	Improving Safety by Increasing the Number and Rate of HUDs Used			3.6								11.2						
	To reduce the burden on drivers due to the evolution of HMI			3.6						9		11.2						
	Reduction of materials by reducing the size and weight of products									9.4								
	Solutions to regional issues through collaboration between service businesses												12.8					
	Creation of new service businesses									9.b								
Environment	Environmental Management System						6.3 6.6	7.2 7.3	8.7	9.4		11.6	12.5	13.1 13.2		15.1		
	Global warming prevention [electric power]							7.2 7.3						13.1 13.2				
	Prevention of global warming [heavy oil]							7.2 7.3				11.6		13.1 13.2				
	Prevention of global warming [city gas]							7.2 7.3				11.6		13.1 13.2				
	Water conservation (water supply and sewerage)						6.6											
	Reduction of Waste Emissions / Reuse / Recycling											11.6	12.5		14.1			
	Circular economy									9.4			12.5					
	Develop eco-friendly products									9.4			12.8					
	Chemicals / Management of 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				
	Measures against climate change (CO ₂ emissions)							7.2 7.3				11.6		13.1 13.2	14.3	15.1		17
	Emergency Response (Strengthening BCP Response)											11.b		13.1				
	Conservation of biodiversity						6.6									15.1 15.4		
Society	Diversity Inclusion / Human Rights / Gender/Disabled					5.c			8.5 8.7		10.2							17
	Work-Life Balance / Reform of work style / employee satisfaction					5.4			8.3 8.5									
	Health management			3.4 3.d											14.4			
	Increasing productivity amid declining birthrate and aging workforce								8.1 8.3	9.1								
	Occupational Health and Safety Management Systems								8.2 8.5									
	Fostering and Education of Personnel with Autonomous Thinking				4.4									13.3				
	Quality Management System									9								17
	Supply chain management								8.7								16.2/16.3 16.4	17
	Contributing to the Community (Global & Domestic)				4.1 4.7	5.1			8.3 8.9	9.2	10.2		12.b	13.1		15.1		17
Governance	Compliance																16.1/16.3 16.5	
	Information Security								9.c									
	Corporate Governance / Internal Control System																16.3 16.5	
Our group's efforts				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Value creation process

The essence of a company is the creation of common values. Our group will make use of a variety of capital (management resources) to promote our business and enhance our corporate value by providing value to our customers, shareholders, investors, employees, communities and other stakeholders. Created value increases capital and establishes the foundation for further development.

Capital to Use

Financial Capital

Sound financial base with sufficient capital in terms of both quality and quantity

Human capital

Corporate culture that emphasizes Change, Diversity, Health and Challenge

Intellectual capital

To accumulate comprehensive strength and advanced expertise as a manufacturing company, and to collaborate within the group
Integration of diverse functions and capital expenditure

Ability to respond to customer needs through advanced manufacturing technologies accumulated through this specialized know-how

Social and affiliated capital

Excellent and Strong global customer network

Natural capital

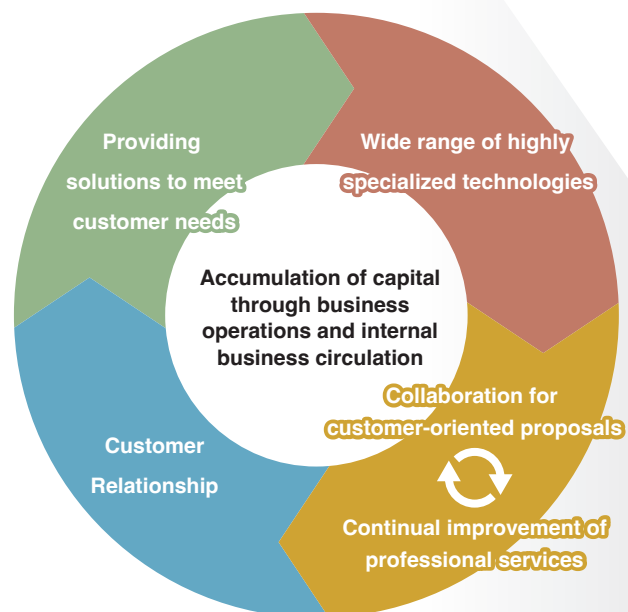
Environment, ecosystem, and ecology

Manufacturing capital

Facilities, equipment, and infrastructure for manufacturing products and providing services, etc.

Input

Business Model for solving social issues (creation of positive impact)



Output

Management Foundation Supporting Business Models

•Governance •Risk management •Compliance

Social and economic environment

Geopolitical changes in the political economy, an increase in new areas of automotive industry CASE response, an increase in safety demands, expectations for high-value-added products, reforms in car ownership, the prolongation of the low interest rate era, and corporate governance reforms

Circulation and

Materiality



Materiality

Materiality-specific 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

Compliance area in a soft law

At present, these are issues that are not yet sufficiently addressed or new issues that need to be addressed as social contribution activities.

Compliance area in a hard law

There are many issues that have been addressed so far. It is an indispensable and important matter that serves as the foundation for our corporate activities.

Impact materiality area

The Group's social and business-oriented impact materiality is grouped into two categories: social issues to be solved through business activities, and social issues to be solved in response to the expectations of stakeholders.

Stakeholder communication area

We are still working to this end and will continue to do so in the future.

Extremely Important

Social Impact

Compliance area in a soft law

- Peace and fairness, elimination of inequality and fair trade
- Support for poverty, human rights, NGOs, and NPOs
- Gender equality
- Conflict prevention, poverty and the eradication of hunger
- Global environment (ocean, atmosphere, and forests)
- Innovation of Industrial Fundamentals
- Safe and secure mobility society
- Professional volunteers to contribute to society
- Ethical business (ethical consumption, corporate style)



Compliance area in a hard law

- Legal compliance, governance, risk management
- Employment creation, education and training, occupational health and safety
- Energy saving, recycling

Important

Important



Impact Materiality

Social issues that should be resolved through the five in-house businesses

Automotive Component Business

Providing a Safe and Secure Car Life

- ① traffic accidents Prevention
Improvement of visibility of HUD and meters, popularization and penetration of HUD products
 - ② environmental conservation:
Energy conservation through downsizing and weight reduction
 - ③ Conservation: Use recycled materials
 - ④ Sustainable supply chains:
Green Procurement, Responsible Mineral Procurement and BCP*
- Promoting the spread of HUD, which contributes to the prevention of traffic accidents through side-sight driving
- Improvement of mountability of HUD in cars by miniaturizing HUD to promote HUD
- Safe driving and the pleasure of driving by reducing the burden on drivers (HMI evolution, integrated cockpit development, development of next-generation sensors)

[▶P21-22]

Consumer Parts Business

Innovation of technology base

- ① Proposing and providing comfortable lifestyles (easy-to-use products)
 - ② To respond to, propose, and provide new lifestyles (Development of New Products)
 - ③ environmental conservation:
Energy saving by weight reduction (compact and thin), use of recycled materials
 - ④ Sustainable supply chains:
Green Procurement, Responsible Mineral Procurement and BCP*
- Providing Comfortable Products through Relationships with OEM Manufacturing of High Quality, High Performance and High Reliability
- We propose and provide new products that respond to social and industry changes and needs, such as the corona outbreak, the declining birthrate and the aging of society, and the digitalization.

[▶P23-24]

Plastic Compound Business

Realization of a circular economy

- ① Responding to and contributing to the technological advancement of customers
 - ② Proposing materials solutions that take the environment into consideration
 - ③ environmental conservation:
Energy conservation by contributing to the weight reduction of products
 - ④ Conservation: Use recycled materials
- Build a business (recycling business) that responds to climate change related fields through technological innovations in the materials field
- Improving customer satisfaction in a wide range of fields, including high-performance resins and clean resins (acquisition of management system certification, expansion of sales to new business partners)

[▶P25-26]

Automotive Sales Business

Realization of a well-being car life

- ① To propose and promote new sales in response to social changes and social needs
 - ② Improving the quality of life of customers
 - ③ Close relationships with local communities and contributing to them
 - ④ Customer Satisfaction and Improvement of Convenience (Collaboration with Other Industries, Creation of Subscription Opportunities)
- Offering products and services that respond to changes in society (mobility society), and offering various opportunities for sales and use of mobility
- Development and expansion of one-stop services for community-based car life (new cars, used cars, services (inspection, inspection) and insurance)

[▶P27-28]

Service Businesses

Realization of a well-being and the creation of effective time

- ① To offer ease of use and comfort (pursuit of convenience and comfort)
 - ② Eliminating complications and solving problems (promotion of efficiency)
 - ③ Providing Risk Preparation and Reliability
 - ④ Close relationship with the local community, contribution to the local community, and new lifestyle proposals
- Outsourcing business processes Efficiency of society through BPO (Business Process Outsourcing)
- Support for digital transformation (DX) of customers and society
- Realizing affluent lifestyles by proposing new services tailored to local

[▶P29-30]

Social issues to be solved in response to stakeholder's expectation



Utilization of Human resources

- Fostering the Next Generation Leaders and Raising Awareness
- Diversity
- Occupational Health and Safety

[▶P37、41-42]



Monozukuri / Environment

- To ensure product quality
- Improving productivity
- Sustainable supply chain
- Responding to Climate Change
- Energy conservation and recycling

[▶P33-36,38]



Coexistence with Society

- Promotion of health management
- To contribute to and interact with local communities

[▶P39-40,44]



Governance / Compliance

- Promotion of compliance and compliance
- Compliance with the Compliance Action Guidelines
- Enhancement and evolution of information security management
- BCP*Business Continuity Plan management
- Intellectual Property Protection

[▶45-48]

* BCP: Business Continuity Planning

Stakeholder communication area

- Employee engagement
- Donations and volunteers
- Health management
- Disaster prevention support, cleanup activities, and tree-planting activities
- Nagaoka fireworks, folk dance flow, and support for NPOs
- Regional exchange programs (soccer classes, on-site visits)



Extremely Important

Impact on Corporate Value

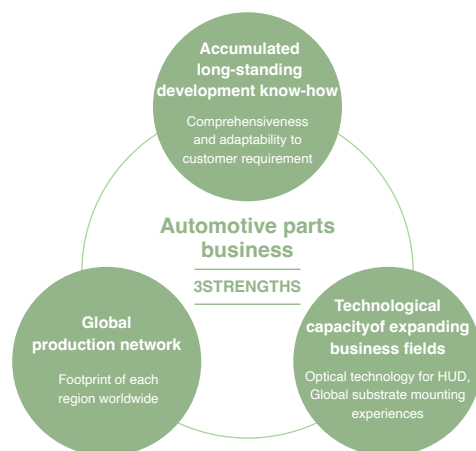
Automotive parts business

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.

01 Strength of Automotive parts 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 supply substrate mounting service for other in-car parts makers.

Various information can be monitored by the sensors, and they are conveyed to a driver through optimized forms shown on the meters. In this way, we contribute to safety drive and, at the same time, create the impression of driving.

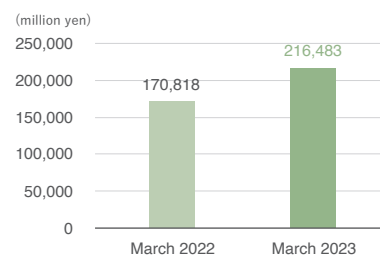


02 Overview of the fiscal year ending in March 2023

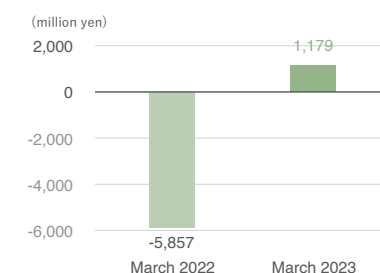
Sales have recovered to 2019 levels due to the reduction in the impact of the new coronavirus. Although we were affected by production adjustments by automakers due to a shortage of parts, including semiconductors, and soaring logistics and parts material costs, we have been working on strengthening profitability through measures such as stable production by securing safety stocks and optimization of logistics.

In the automotive parts 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.

Sales



Operating Profit



Achievable SDGs goals through the activity



03 External Environment

Opportunities

- Popularization of integrated cockpits
- Tightening the regulations of supporting device for safety drive
- 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)
- Increased competition in market due to software-computerized vehicles
- Taking in new entrants from consumer electronics industry

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). In addition, not only producing outside Japan, but we will accelerate to form a localized volume production process including production design and procuring parts. Electric vehicles are expected to be expanding in the future; with our quality and adaptability which have been cultivated in the in-car industry, 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.

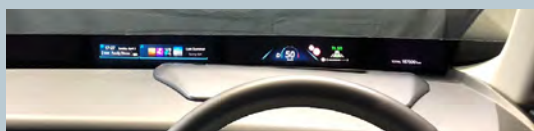
05 KPI

	FY2022 results	FY2023 target
[1] HUD volume (compared to previous year)	7% reduction	15% reduction
[2] Number of next-generation sensors/new sensors developed	2 items	4 items
[3] Number of patent applications (meter related)	57 items	63 items
[4] Recycling rate of meter resin parts	4.97% applied (recycled PP materials used)	10%

TOPIC

Developing products that contribute to reducing traffic accidents

We exhibited the Windshield display, our new product, at the Automotive Engineering Exposition held in May, 2023. This product reflects the display on the black part at the bottom of the windshield and is characterized by better visibility with less eye movement than conventional meters. This reduces the time which takes to recognize information, contributing to improved safety. Our group will continue to contribute to reducing traffic accidents.

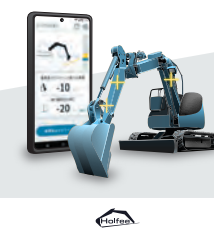


Developing products that contribute to solving social issues

We have developed Holfee, a guidance system for small-sized excavators that utilizes our sensing technology.

"Holfee" is a guidance system that helps solve labor shortages and technology inheritance issues in the construction industry. At the ground excavation site, information on the target excavation depth and slope is conveyed to workers, which helps in construction work.

2D handy machine guidance

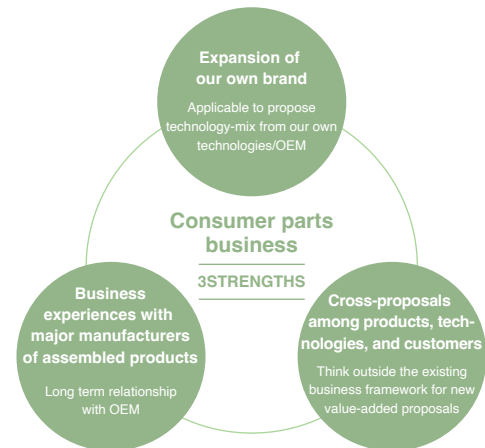


Consumer parts business

As for consumer parts 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.

01 Strength of Consumer parts 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.

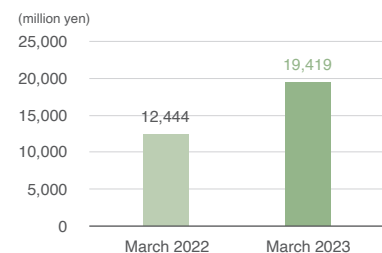


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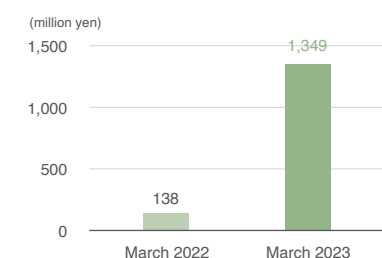
In the fiscal year ending in March 2023, both sales and operating income increased significantly due to the alleviation of the impact of the reduction in production of our products affected by the global tightening of semiconductors and electronic components in the previous period. Although sales increased in the previous period compared to the year before, due to the semiconductor shortage, some models were unable to keep up with the increase in customer orders. However, as the parts procurement environment improved, the backlog of deliveries from the previous period was cleared and sales increased significantly. As sales increased, profits also increased, resulting in increased sales and profits in the fiscal year ending March 2023.

In the future, we will endeavor to achieve even more stable production by stabilizing deliveries and proposing ways to shorten the supply chain by leveraging our group's production network.

Sales



Operating Profit



Achievable SDGs goals through the activity



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

- Post-Covid-19 demand trends
- More strict regulations of environment and energy conservation worldwide
- Decrease in home appliance sales due to economic fluctuations overseas

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 aim to enlarge our business domain by utilizing our group assets which have been developed by the worldwide production sites/processes and in-car parts businesses. As for new market development and new product development, we will defy the boundaries of the current business and existing products: we will fuse together with various fields, customers, and technologies to propose newly value-added products.

05 KPI

	FY2022 results	FY2023 target
[1] Number of orders received in the new domain	2 items	1 item
[2] Number of new products introduced into the market	2 items	1 item released

TOPIC

Expansion of utilizing overseas production bases

Home appliance manufacturers, who are our group's customers, are promoting local production overseas since the air conditioning equipment market is expanding around the world due to climate change and economic development in emerging countries. To follow this movement, our group will utilize the production network cultivated through our automotive parts business to propose optimal production locations to our customers.



Development of air quality sensor products

In 2021, we launched a CO₂Lamp that detect and display indoor carbon dioxide concentration. We are currently developing a product that displays "air quality" including other components by utilizing our sensing, analysis, display, and communication technologies.



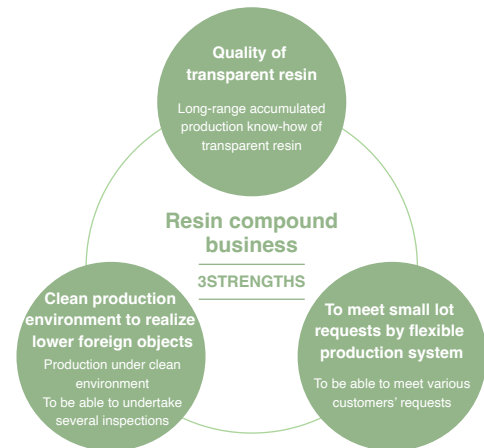
Resin compound business

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

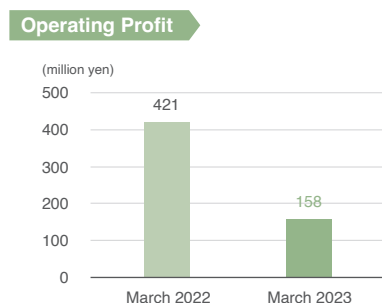
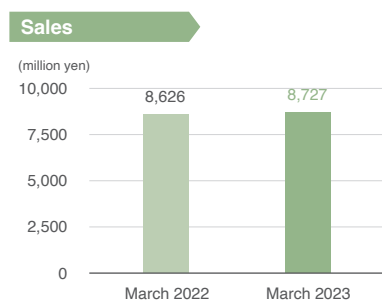
In resin compound business, the sales of high functional plastic materials and high value-added products like optical products with super low foreign substances utilized by the advantage of our strengths are further promoted acceleratingly for constructing a stable revenue base. We will try to contribute to maximizing customer's product values by meeting the needs of light-weight vehicle body (as the replacement of metal to plastics) due to the global environmental change as well as proposing the solutions for the use of environmentally-friendly plastic materials.



02 Overview of the fiscal year ending in March 2023

In the fiscal year ending in March 2023, although sales exceeded the previous period, profits decreased due to a decrease in orders for materials for high value-added optical lenses, an increase in orders for low-value-added items, and the impact of soaring electricity rates.

In the future, we will develop film materials that take advantage of our strengths in transparent, low-contamination materials, materials for medical care, food, and cosmetics that require a high level of quality control management, and highly functional materials equipped for automobiles in anticipation of the electrification of automobiles. We will focus on expanding sales for those materials. We will strive to secure a stable earnings base by increasing the ratio of high value-added products.



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

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

04 Growth strategy

We will engage in quality improvements as well as the promotion of recycling activities in order to maximize the values of our products and services mainly driven by “transparency, cleanliness, and small-lot productions” which are the Nippon Seiki Group’s strengths. As for quality improvements, we will differentiate from our competitors by the promotion of acquisition of the certifications such as GMP and HACCP that are known as controlling systems for maintaining safety and quality for medical products and foods, and consequently, customer satisfaction will be improved. In terms of recycling activities, one is to obtain the items of contract manufacturing from customer’s recycling activities. The other is to expand the use of recycling products in

our group.

In the future, light-weight vehicle body due to proliferation of electric vehicles will be required. In addition to this, the needs for high functional resins having its functions of thermal resistance, light resistance, and impact resistance as the replacement of heavy-weight glasses and metals will be risen. Therefore, we will maintain the current market share of clean resin in optical lenses and will also penetrate into the high functional resin market in which the demand is expected to grow.

The worldwide demand for resin compounds has further risen. In this circumstance, we will continuously evolve ourselves by utilizing our strengths and drive into new markets.

05 KPI

	FY2022 results	FY2023 target
[1] Number of new business partners for clean items (including GMP-required items)	2 companies	3 companies
[2] Promotion of individual company’s recycling efforts (reduction of waste materials)	17 tons reduction	34 tons reduction

TOPIC

Promotion of ISO22000 acquisition

We are focusing on new order expansion for medical care and food materials, and plan to obtain ISO22000 certification in March 2024 in order to meet the high-quality demands of our customers. We will continue to supply safe and reliable resin materials by establishing a manufacturing and management process that is of higher quality and is cleaner than the normal resin compounding process.



Expansion of outsourced processing of bio and recycled materials

The number of inquiries and prototypes has been increasing due to the increasing demand for bio and recycled materials. We are focusing on the technological development of biomaterials, as we anticipate that the market will grow significantly and social demands will also increase in the future.



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

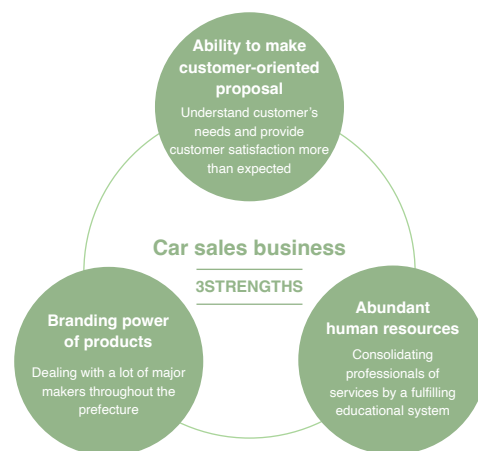
MAZDA mobility Niigata Co., Ltd.

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.

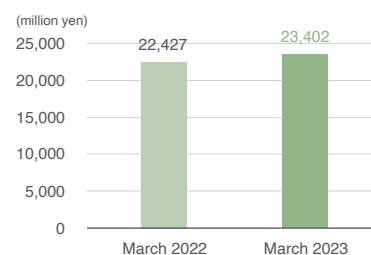
For solving several problems in our society, we always try to create new values by foreseeing the movement of the future market demand as well as social values, applying community-based and customer-oriented sales approach, and being innovative.



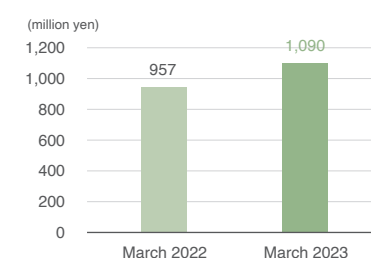
02 Overview of the fiscal year ending in March 2023

Although the impact of the new coronavirus has been mitigated, the global semiconductor shortage continues, and even if we receive new car sales orders (contracts), customers continue to have to wait for delivery, resulting in chronically long delivery times. However, in order to make up for delays in the supply of new cars, each company in our group focused on strengthening used car sales, car maintenance, car insurance, and commission income, as well as improving operational efficiency and streamlining operations, resulting in increased sales and profits. The production situation of automakers has finally improved over the past two years, and as electrification and subscriptions continue to advance, we are working on developing new ways to purchase cars, making forward-looking investments, and developing human resources.

Sales



Operating Profit



Achievable SDGs goals through the activity



03 External Environment

Opportunities

- Arrival of a new form of perception by CASE
- Active new function development and new sale method development
- Great alternative business opportunity due to EV paradigm
- Dealer reorganization movement by car manufacturers
- Top-ranked core earning power nationwide

Risks

- Market shrinkage due to lower population of juvenile
- Increase the burden of investment to CASE
- Influence of international conflicts, and semiconductor shortage
- Concerns about delay in following up infrastructure and regulations
- Concerns about the unpopularity of job seekers in this industry

04 Growth strategy

The arrival of a new form of perception by CASE as well as a new lifestyle led by decreasing population, digitalization and Covid-19 pandemic are now asking us to find matching services. In these circumstances, we will establish our business scale and its domain in the vehicle sales business. Furthermore, we will endeavor to raise the degree of customer satisfaction for each and every customer.

In terms of the expansion of business scale and domain, we will acquire and establish new businesses by the hybrid deployment: the investment for restructuring stores located in advantageous places and consumer lock-in by IT. We will exploit M&A

and accelerate alliance deployment, and try to enhance functionalities that we lack, and to gain additional regions where we supply our services.

Furthermore, our group is trying to evolve the business and business format of car dealerships, which are about to undergo major changes in the CASE era. We will promote the creation of a conglomerate that combines the automobile sales business and other industries, and not only sell and maintain cars, but also improve experiential customer satisfaction through synergies with our group's businesses. We will propose and provide a well-being lifestyle centered on cars to each and every customer.

05 KPI

	FY2022 results ^{*1}	FY2023 target ^{*2}
[1] Residual value sales ratio	29%	35%
[2] Core revenue coverage ratio	102%	Aim for over 100%, exceeding the previous year's results
[3] SG&A sales ratio	19.9%	Compared to previous year's results -1point
[4] Indirect personnel ratio	27.7%	Compared to previous year's results -1point

^{*1} Group dealer best value ^{*2} Each group dealer companies

TOPIC

Niigata Mazda "Joetsu store" renovated as a new generation store

Niigata Mazda "Joetsu Store" was renovated into a new generation store with a new Mazda concept in January 2023. We aim to further improve our brand power by creating a comfortable service and hospitality space in a highly visible showroom with a strong presence by taking advantage of this new construction renovation. In addition, we will strive to further improve the quality of after-sales service by expanding the number of service factories that conduct vehicle inspections and other inspections.



Joined the franchise chain "Car Seven", a used car purchasing store, and opened its first store in Joetsu City in Niigata prefecture.

Car Station Niigata joined as a member of the "Car Seven" franchise chain (FC), a major used car purchasing store brand, and opened its first store, "Car Seven Joetsu Store" in April 2023. We aim to expand our used car business by strengthening car purchase utilized with the company's "Safety Declaration" brand strength.

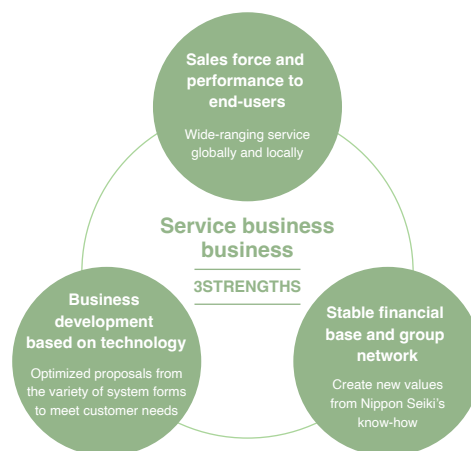


Service business

In order to meet various needs, Nippon Seiki Group have deployed the following two service businesses: Nissei Service Co., Ltd. dealing with logistics, insurance agencies, advertising agencies, and food services; NS Computer Service Co., Ltd. dealing with information system development, networking, and software and hardware development.

01 Strength of Service businesses

Our service businesses have provided wide ranging services for the customers worldwide as well as in the domestic Niigata prefecture. 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.

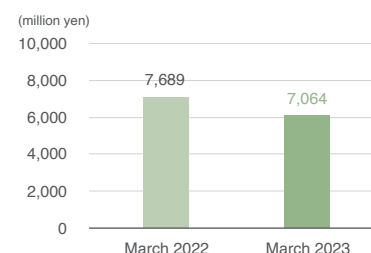


02 Overview of the fiscal year ending in March 2023

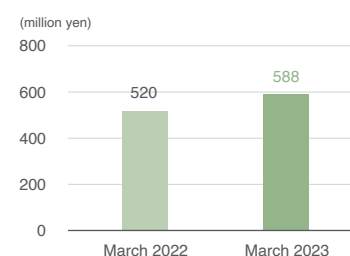
Sales decreased due to a decrease in cargo volume in the logistics business affected by production adjustments in the automobile industry as well as a difficult environment in the food service business. In addition, sales in the IT-related business dropped compared to the previous fiscal year, when demand for services for local governments was very strong. However, profit increased thanks to the increase of the highly profitable BPO business, making a significant contribution to profits.

We will continue to strengthen our earnings base by providing new products and services that more closely reflect customer needs in response to social situations, and by strengthening functions across the entire value chain.

Sales



Operating Profit



Achievable SDGs goals through the activity



03 External Environment

Opportunities

- Arrival of new lifestyle due to post-corona virus
- Change of consumer's lifestyle
- 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

While market needs for services are diversifying, we will respond to our customers' BPO (business process outsourcing) needs by maximizing our strengths and deciding the areas where we should move into using innovation streams and comprehensively integrating existing technologies and functions.

As for food services and retailing businesses, we will maintain the supply amounts of existing products and services, and try to expand the business by developing new products, exploring new agencies, and reinforcing sales activities. By grasping the needs of now and the future in a timely manner, we will endeavor to solve local and social problems.

In order to respond to changes in business content in the new normal era, we will propose BPO services to private companies and local governments in the information system services business domain more than ever. We will provide our customers with value such as effective use of human resources, concentration on core operations, and high-quality business processing by visualizing problems and issues through the operation of the systems we developed. We aim to solve social and regional issues and contribute to the realization of a more prosperous society by expanding BPO services.

05 KPI

	FY2022 results	FY2023 target
[1] BPO sales of individual demand	1,452 million yen	1,500 million yen
[2] BPO sales of public demand	1,866 million yen	2,000 million yen
[3] Retail products service	2 models released	2 models released
[4] Number of distributors nationwide	54 companies	380 companies

TOPIC

Construction begins on a new distribution warehouse in Nagaoka City.

Our group's logistics subsidiary, Nissei Service, is currently constructing a new logistics warehouse in Nagaoka City, where our head office is located. The warehouse is scheduled to begin operations in June 2024. We will consolidate our logistics bases in the Nagaoka area to improve efficiency, and aim to expand our business by strengthening our logistics service proposals to acquire not only our group products but also cargo from outside the group.



Business partnership with Osspoc Co., Ltd., a third-sector company in Niigata prefecture

In February 2023, NS Computer Services, an information services subsidiary of our group, concluded a business partnership agreement with Osspoc Co., Ltd. (headquarters: Tokamachi City, Niigata Prefecture). Through this business partnership, we will introduce systems for local governments and private companies, expand operation and maintenance services, and improve operational efficiency by sharing technology and know-how.

