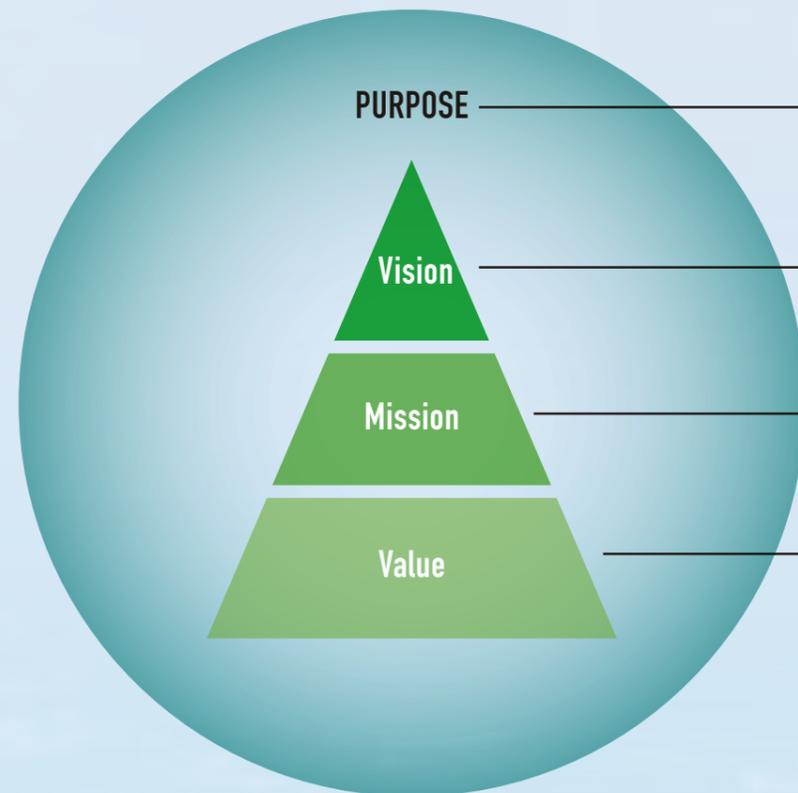


NIPPON SEIKI
Integrated Report
2025



Corporate Philosophy



PURPOSE

Purpose We contribute toward a safe and sustainable future

Vision

Vision We generate a harmonious interface connecting the world and people

Mission

Mission We visualize the invisible
We enhance human experience through sensory technology detecting the invisible

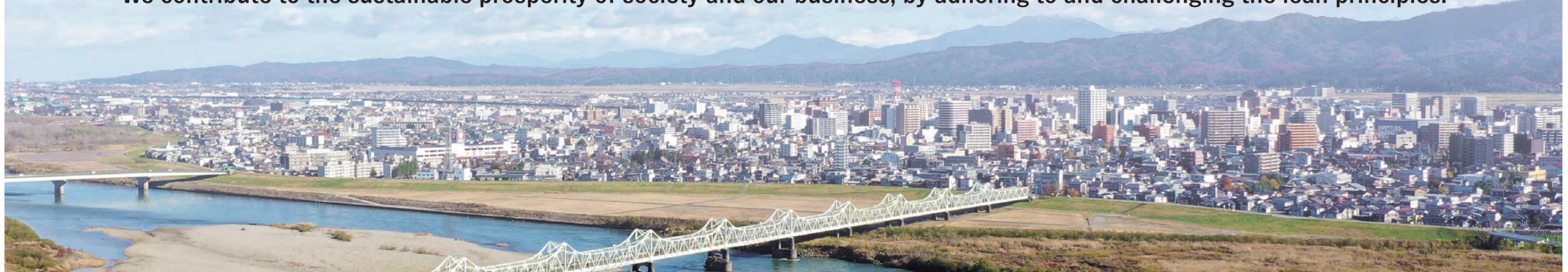
Value

Value

- 01 Challenge technology through innovation**
Creating value for the next generation through innovation
- 02 Commitment to quality**
Produce quality products aligning the expectations of our customers
- 03 People-friendly, earth-friendly**
An interrelated understanding between humanity and our planet
- 04 Uncompromised integrity**
Mutual respect with all stakeholders

Management Philosophy

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





We contribute toward a safe
and sustainable future.



CONTENTS

01 Overview of the Nippon Seiki Group

- 03 Nippon Seiki Group History
- 04 Overview of the Nippon Seiki Group
- 05 Financial and Non-Financial Highlights

02 Nippon Seiki Group's Value Creation Process

- 06 Top Messages
- 09 Medium-Term Management Plan 2026
- 10 Financial Policy
- 11 Nippon Seiki Group Sustainability Policy
- 12 Materiality
- 13 Value Creation Process
- 14 Businesses of Nippon Seiki group



03 ESG initiatives

- 19 ESG initiatives
- 20 Environment Initiative
- 22 Social Initiative
- 25 Corporate Governance
- 28 Interview with Outside Directors



04 Financial Statements

- 30 Financial Statements

05 Bord of Directors / Review

- 33 Board of Directors
- 33 Integrated Report Review



Forward-Looking Statements

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

Nippon Seiki Group History

Foundation: The Origin of Nippon Seiki

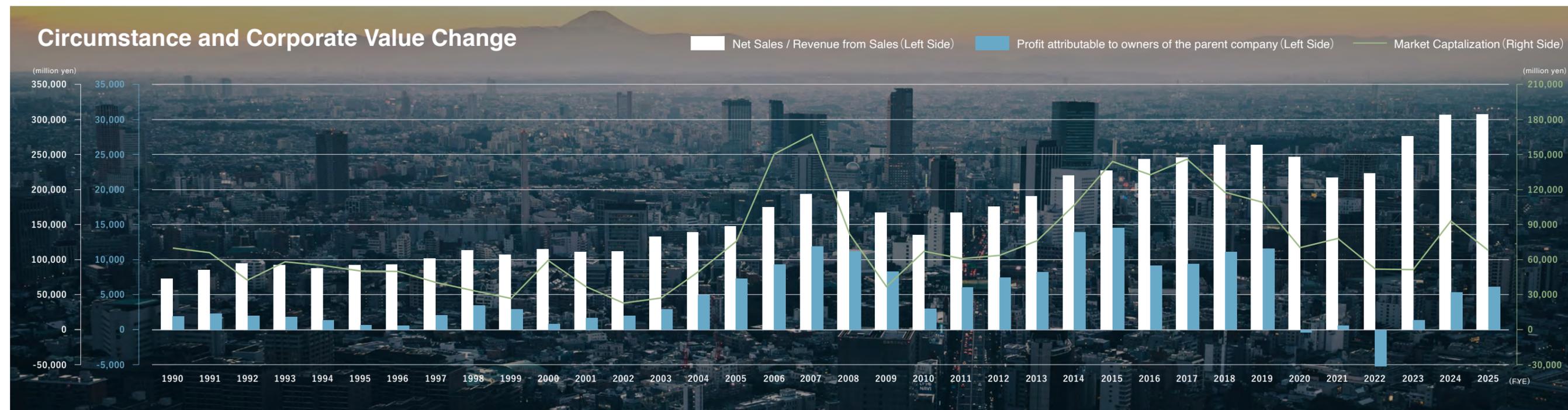
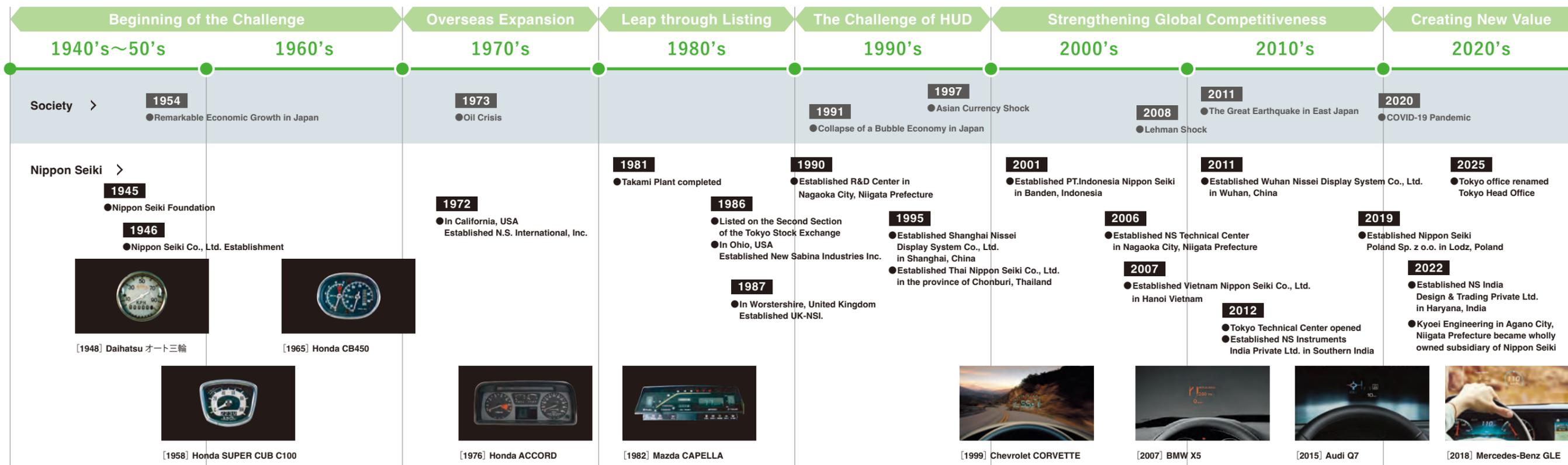
Founded on December 1945 as the precision machinery department of Nihon Kikai Seisakusho Co., Ltd., based on the belief that "if we refine our technology, we will be able to produce good products" despite material shortages.

Nippon Seiki Co., Ltd. established in Nagaoka city, Niigata Prefecture on 1946, with the spirit of "becoming a leading Japanese company that can fly on the world stage".

Celebrating 80th Anniversary

To celebrate our 80th anniversary in 2025, we created and released a commemorative video. This video expresses our history, the values we cherish, and our thoughts for the future. With this milestone as a new start, we will pass on the trust and values we have built to the next generation and contribute to the development of society together with our stakeholders.

80th ANNIVERSARY
SPECIAL SITE

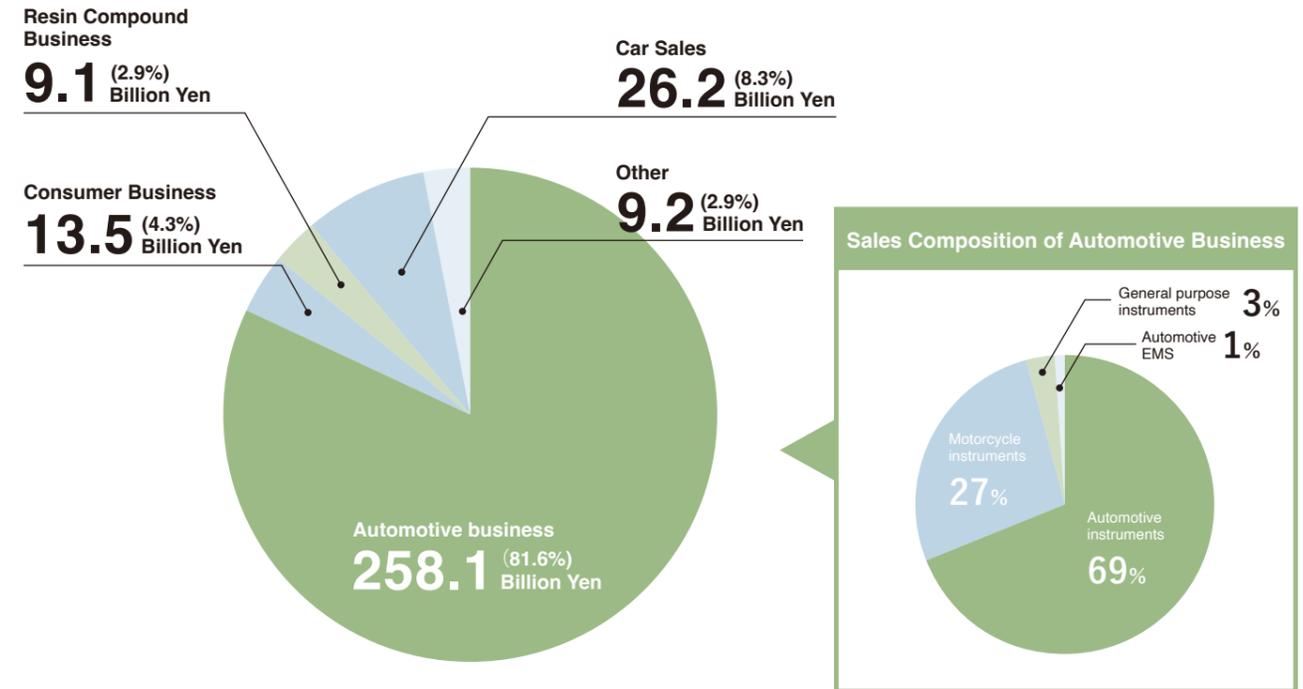


Nippon Seiki Group Overview [FYE March 2025]

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



Sales by Business Segment (Sales:truncation)



Nippon Seiki Group Network



Overview of operating results for FYE 2025

As for the economic environment surrounding our group during the consolidated fiscal year, the U.S. economy remained resilient despite concerns that inflation may remain high, and the Japanese economy entered a moderate recovery trend supported by personal consumption. On the other hand, the pace of growth in Europe has been slowing due to stagnation mainly in the manufacturing industry, and a full-fledged recovery has not been achieved in China despite the implementation of economic stimulus measures aimed at overcoming the real estate slump. In addition, in addition to rising prices and energy costs due to continued global inflation, the outlook remains highly uncertain due to heightened international tensions, including the situation in Ukraine and the Middle East, the risk of an economic slowdown due to tariff increases by the new U.S. administration, and exchange rate fluctuations.

Under these circumstances, our group accumulated and evolved highly specialized technologies, with a focus on designing and manufac-

turing technologies for future automotive instruments, in order to realize our group vision of "Companies that create interface value through connected technologies"

In order to realize sustainable profit generation, we promoted the construction of a more lean and muscular corporate structure by placing greater emphasis on cost reduction activities and optimizing selling prices.

In this consolidated fiscal year, sales revenue was 316.3 billion yen (increase of 1.3% year on year), operating profit was 9.5 billion yen (increase of 13.0% year on year), and profit attributable to owners of the parent was 6.1 billion yen (increase of 15.5% year on year). Despite the impact of sluggish sales of Japanese vehicles in China, sales increased mainly due to increased sales of instruments for motorcycles in ASEAN and India, the launch of new models of head-up displays in Europe, and the impact of the weak yen. Operating profit increased due to negotiations to appropriately reflect rising costs for raw materials and other

items in selling prices, as well as ongoing cost-reduction activities aimed at achieving robust management. Profit attributable to owners of the parent increased due to an increase in operating income.

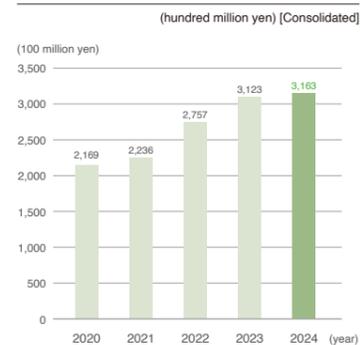
Overview of the Financial Situation

Assets at the end of the current consolidated fiscal year decreased by 6.5 billion yen from the end of the previous consolidated fiscal year to 332.0 billion yen, mainly due to a decrease in other financial assets. Liabilities increased by 2.2 billion yen from the end of the previous consolidated fiscal year to 111.8 billion yen, mainly due to an increase in bonds and borrowings. Equity decreased by 8.8 billion yen from the end of the previous consolidated fiscal year to 220.23 billion yen, mainly due to a decrease in other components of equity.

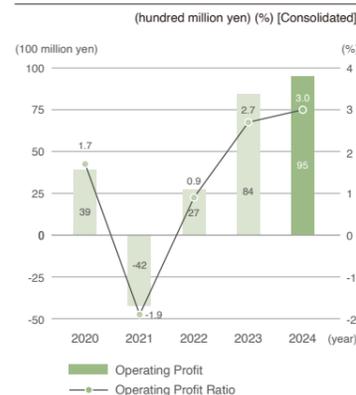
Financial and Non-Financial Highlights for the Year Ended March 31, 2025

Financial

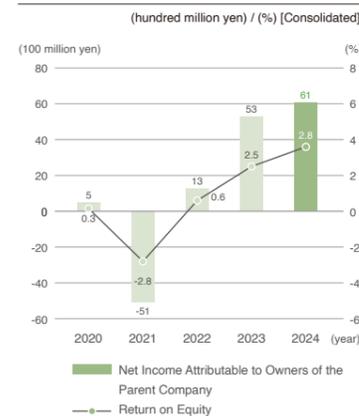
Revenue from sales



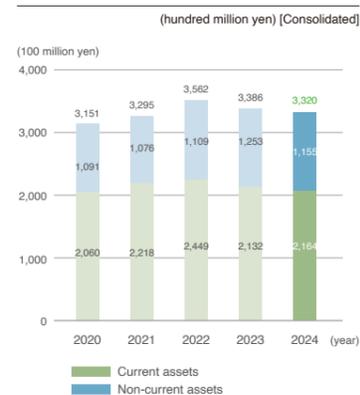
Operating Profit / Operating Profit Ratio



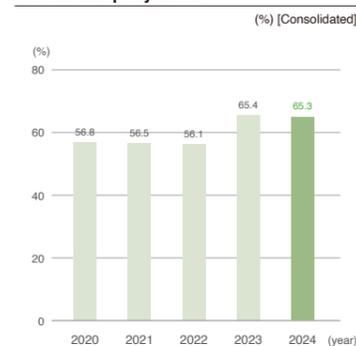
Net Income Attributable to Owners of the Parent Company / Return on Equity



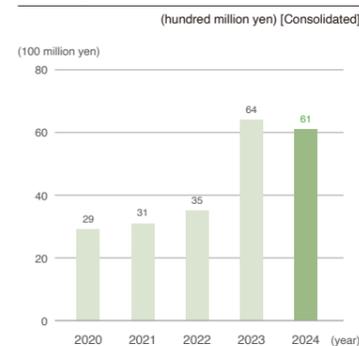
Current assets / Non-current assets



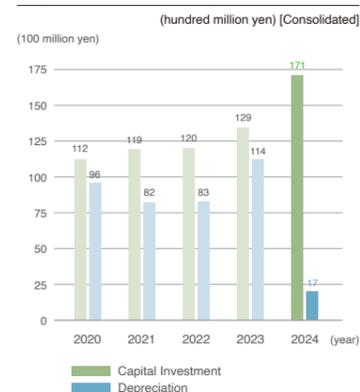
Equity Attributable to Owners of the Parent Company Ratio



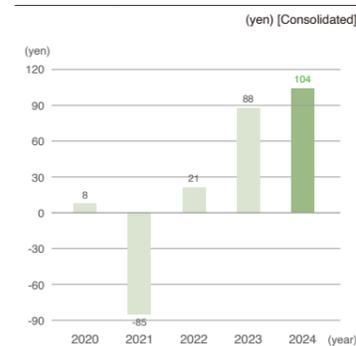
R&D Expenses



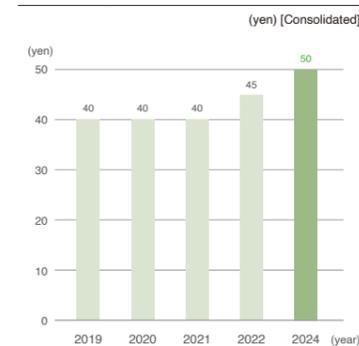
Capital Investment / Depreciation



Net Income per Share

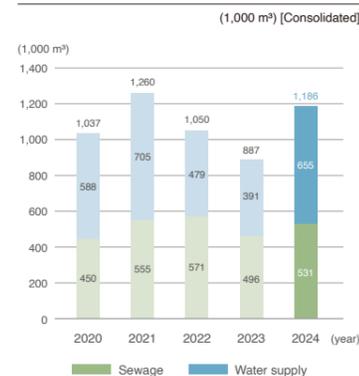


Dividends per Share

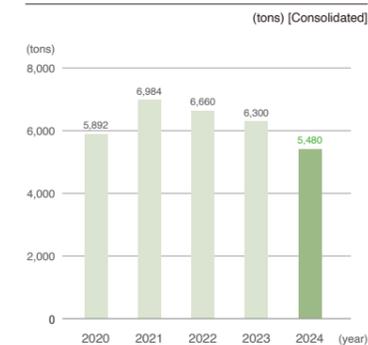


Environment

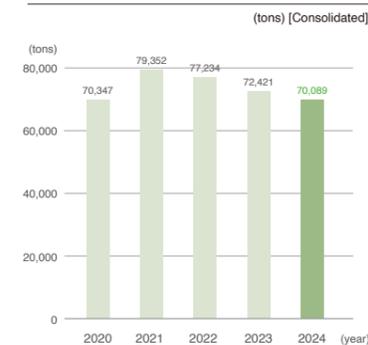
Water Emissions



Waste Emissions



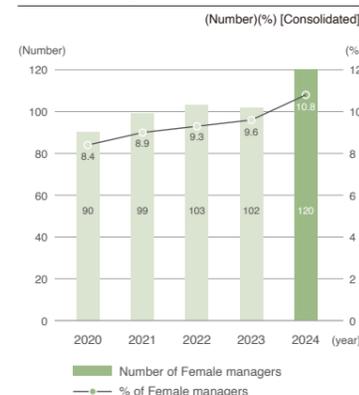
CO₂ Emissions



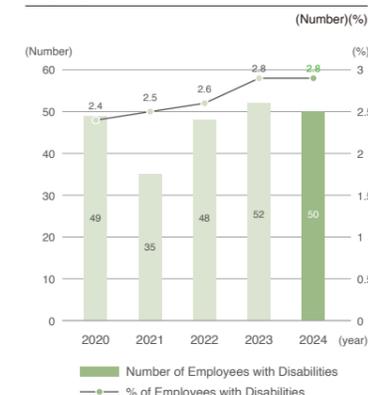
*Consolidated manufacturing bases will be covered until 2021, and manufacturing, development design, sales, and vehicle sales bases will be covered from 2022 onwards.

Social

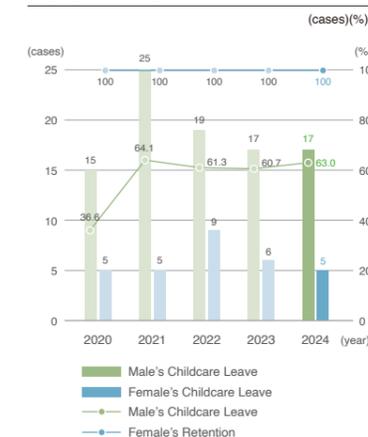
Female Managers



Employees with Disabilities

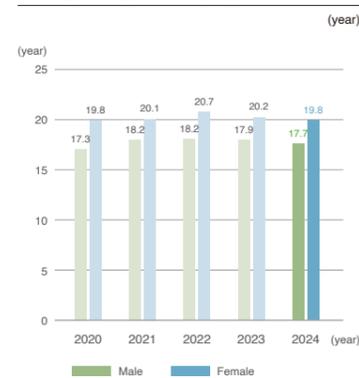


Employees Taking Childcare Leave / Retention

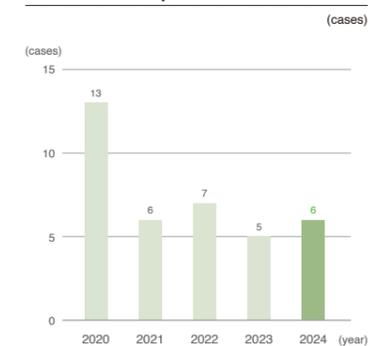


Social

Average Length of Employment

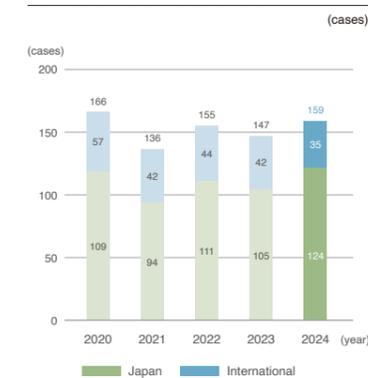


Number of Occupational Accidents



Governance

Number of Patents Obtained



Chairman's Message



With gratitude for Nippon Seiki's 80-year history, we will challenge the next era through our technology and lean management.

Celebrating 80 Years and the Next Challenge with a New Structure

We are delighted to announce that Nippon Seiki has reached its 80th anniversary. Thanks to the wonderful people who support our company, we have been able to sustain growth despite numerous natural disasters and economic fluctuations. We extend our deepest gratitude to all our stakeholders who have supported our company thus far, including our valued business partners, local community members, shareholders, and our employees and their families.

Strong winds are blowing from various directions, including the major transformation surrounding the automotive industry such as CASE and SDV, as well as geopolitical risks and the recent impact of U.S. tariffs. However, we believe the critical task is to swiftly extend strong roots in all directions, enabling us to withstand winds from any quarter. We have cultivated a strong "manufacturing ability" to create products and software as a major trunk. In addition to developing products that meet the needs of society, we will not be satisfied with our "manufacturing capabilities" up to now, but will expand our roots by taking on challenges in the product and service business in new areas with confidence and courage, and grow the Nippon Seiki Group into a great tree. Therefore, we look forward to your continued support.

Growth Strategy Beyond Business Recovery

At the General Shareholders' Meeting in June 2025, I was appointed as Chairman and Representative Director, and Mr. Nagano was appointed as President and Representative Director. I took office as President in 2020, almost simultaneously with the outbreak of the COVID-19 pandemic. This was immediately followed by the semiconductor component shortage. Just as that stabilized, we experienced firsthand the speed and intensity of the environmental changes surrounding our company, including the slowdown of Japanese, European, and American automakers in China, and the recent impact of U.S. tariffs. In order for him to adapt to such an environment as a business leader, Mr. Nagano was appointed last year as Executive Vice President and Representative Director, to whom I delegated and had him execute a portion of the President's duties.

Our current Medium-Term Management Plan (covering Fiscal Years ending March 2025 through March 2027) is positioned as a business recovery phase, and we recognize the enhancement of profitability and ROE as critically important management priorities. As the Group is still in the process of business recovery, we believe that delegating both the mid-term enhancement of profitability and the planting of seeds

for future growth entirely to the new President would place an excessively high burden on him. I have instructed the new management team to "focus solely on enhancing the company's profitability." I will continue to be responsible for areas within the presidential duties that focus on the future, such as considering investments in ventures and M&A, initiatives to raise the company's profile, and matters that are difficult to address amidst the daily demands of management. Furthermore, while I serve as Chairman of the Board of Directors, President Nagano is responsible for chairing the Management Committee. By separating the chair roles of the Board of Directors, which is the supervisory body, and the Management Committee, which is the executive body, we aim to enhance our checks-and-balances capabilities and improve corporate governance.

Achieving Sustainable Growth Through Technology and lean Management

Although we have adopted this new structure, the fundamental principles of the Group values for long-term growth remain unchanged. The first of these is our commitment to "Technology". Management prioritizing technology development is a major pillar of our Group. Since we have fewer product categories compared to our competing automotive parts manufacturers, we believe it is crucial to continually hone our cutting-edge technologies to win. Instead of pursuing technology in all directions, we must enhance added value through technologies that leverage our existing strengths, while continually creating new technologies. While continuing to develop technologies for the Head-Up Displays (HUDs), meters, and sensors that we traditionally produce, we are also determined to simultaneously embark on challenges into new business models and domains outside of automotive components, capitalizing on our knowledge, experience, and specialized expertise.



The second is the penetration of "lean Management." Since I took office, amidst the continuous occurrences of the COVID-19 pandemic and the semiconductor component shortage, we have been aiming for a transformation toward a "lean corporate structure" to build a management foundation capable of enduring adversity. A "lean corporate structure" refers to a state where the PDCA cycle continuously maximizes added value and minimizes fixed costs, resulting in a profit structure that is less susceptible to changes in the external environment. We have communicated this philosophy to the Group internally on every available occasion. While there have been improvements in our commitment to profitability, the philosophy is still only halfway to being fully ingrained. Through measures such as personnel transfers, reskilling, and DX promotion, we aim to achieve a lean structure and establish it as the Group's corporate culture being our new standard.

As we mark this major milestone of our 80th anniversary, I sincerely feel that it is an exceptionally arduous task for any company to sustain continuous operations for many decades amid such a rapidly changing environment. To ensure the Group continues to 100th and 150th anniversaries, we are determined to strive for further improvement in our technological and profit capabilities, never forgetting the spirit of constant challenge. With Purpose, which is "to create a world and future filled with security and impressions," we will continue to challenge ourselves for the sustained prosperity of both society and our company.

Chairman and
Representative Director

佐藤 浩一

Koichi Sato

President's Message

Delivering Safety and Excitement to the Future through Technology

President and Representative Director
Chief Executive Officer

永野 恵一
Keiichi Nagano

I am Nagano Keiichi, the newly appointed President and Representative Director of Nippon Seiki. I joined Nippon Seiki in 1989 and have gained experience primarily in the field of technology development. When I first joined the company, I participated in a joint development project of our company's first OEM head-up display (HUD). With almost no prior information or know-how, we faced numerous challenges and failures, yet we dedicated ourselves to returning to fundamental principles, disregarding existing technologies and conventions, to create new value. I believe this initiative has become the foundation of our current HUD business and has allowed us to establish a long-term competitive advantage.

In 2001, I was in charge of the initial project for the mass production of the full-color head-up display for GM in North America, which led to the industry-first development and mass production of a full-color HUD utilizing a TFT panel. This achievement was only possible because we overcame numerous difficulties, including collaboration with LCD manufacturers and the development of new devices. That experience remains as a crucial asset throughout my career.

Subsequently, in 2014, I transferred to Europe, where I was involved in managing the European design division and engaging in technical negotiations with clients. Through this experience of living abroad, encountering different cultures and diverse values, I believe I gained a flexible perspective and a global mindset. I am determined to leverage this knowledge, experience, and pioneering spirit to the fullest, to lead the changes of the next generation, and contribute to the development of our company and society. As President and Representative Director, I am determined to further elevate

the knowledge and experience cultivated through challenges and failures, and the pioneering spirit to create new value.

Nippon Seiki Group established the purpose statement, "We contribute toward a safe and sustainable future" from the previous fiscal year. This Purpose is centered around the answers to two questions: "What do we provide to the world, and how do we earn recognition for our existence?" and "Are we viewed as an indispensable company, beyond just our financial value?" Rooted in the fundamental nature of in-vehicle instruments as interfaces that "measure and communicate" information invisible to the human eye, our company will continue to create products and services that exceed expectations through our "Measuring Technology" and "Connecting Technology".

Amid the automotive industry facing a historic period of transformation due to factors like CASE and EV transition, I place paramount importance on showing both internally and externally the direction we must pursue, based on a clear vision and philosophy. I will act and demonstrate leadership that continues to take on challenges, regardless of difficulties or risks as well. Furthermore, in a business environment marked by increasing uncertainty, it is essential for every single employee to maximize their expertise and experience to consolidate the Group's strengths and continuously deliver safety and excitement to society. We will strive to establish a corporate structure that is resilient to the significant waves of the external environment, and we will focus our efforts on creating a culture where every individual can fully utilize their capabilities, as well as on developing human resources capable of competing in the global market.



Next Page →

President's Message

Pioneering the Future through Profitability Reform: A HUD Strategy Leading Safety and Growth

Our company prioritizes capital profitability and has set the goal of achieving a Price-to-Book Ratio (PBR) of 1x at the earliest possible date. To this end, we are aiming for a Return on Equity (ROE) of 8% by the fiscal year ending March 2030. Furthermore, as a key milestone during the three-year Medium-Term Management Plan 2026, we aim to achieve an ROE of 5.5% in the final year of that plan, the fiscal year ending March 2027.

To achieve these ROE targets, it is an urgent priority to transform our Group into a high-profitability company. Our business was significantly impacted by the COVID-19 pandemic and the semiconductor component shortage. We position our Medium-Term Management Plan 2026 as a performance recovery period, aiming for consolidated sales revenue of 330 billion yen and operating income of 16.5 billion yen (with an operating profit margin of 5%) in the fiscal year ending March 2027. Although we achieved the targets set for the initial year, the fiscal year ending March 2025, our performance is still in the process of recovery, and we will thoroughly implement improvements across all businesses.

We will improve the profitability of our Four-Wheel Vehicle Business (Meters and HUDs), which is one of our core businesses, and aim for a transition to a stable earnings base. We will pursue profit improvement through initiatives such as reducing selling, general and administrative (SG&A) expenses, increasing local procurement rates, reviewing transportation methods, and passing on raw material cost increases through pricing.

Specifically regarding HUDs, where we hold a high market share, their social significance is substantial, even from an SDG perspective of reducing traffic accidents. As the leading company, we will drive the widespread adoption of HUDs. As HUDs are expected to see continued high market growth in the future, we view them as a Medium-Term growth driver for our company, aiming for 100 billion yen in sales by the fiscal year ending March 2030 (Fiscal Year Ended March 2025 Sales: 57.7 billion yen).

To advance the widespread adoption of HUDs, we are currently developing a windshield HUD that eliminates the need for special glass processing.

This new HUD is aimed at small and light vehicles, which previously did not feature windshield HUDs due to cost and space constraints. In short, this is a windshield HUD that can be installed without incurring the cost increase associated with specialized glass. Given the significant cost limitations inherent in light and small vehicles, we will proactively appeal the merits of this solution to OEMs to expand the installation of HUDs in these segments. To accelerate this development, we are currently pursuing a joint development project, including the creation of prototypes, with a partner design company in China that possesses proprietary optical technology. (Please refer to Page 14, Automotive Components Business section.) Beyond this specific development, to respond to rapid environmental changes, we will not try to complete everything solely within our company. Instead, we will actively utilize external knowledge and technology through partnerships and business alliances to advance our technology development.

We also launched the retrofit combiner HUD "Lumie HUD" for Business-to-Consumer market in May 2025. The initial model's display functions have been limited to keep the price affordable, but we plan to develop this into a series by considering and adding features that align with market demand, such as wrong-way driving alerts and ADAS display.



Strengthening the Motorcycle Meter Business in Growth Markets

On the other hand, we recognize that improving the profitability of our HUD business is an urgent priority. We will strive to improve profitability through various activities, including cost reduction measures such as increasing the local procurement of components and expanding design operations in countries with lower labor costs, as well as process improvements where we collaborate with our customers to appropriately reflect rising raw material and other costs in sales prices. Regarding Europe in particular, while our European clients are indispensable as "Teacher Companies" in HUD development, we will prioritize profitability and carefully screen clients and models as we execute our future business strategy there.

Regarding our Motorcycle Business, another core pillar, it currently maintains stable profitability. Given the expected further increase in global sales of finished two-wheel vehicles, especially in ASEAN and India, we aim for further development in this segment. In terms of meter specifications, there is a growing trend toward an increase in the number of vehicles equipped with meters where the entire front panel is either a segment LCD or a TFT LCD, moving away from the conventional analog type with indicator needles. To respond to this change, we have entered into a capital and business alliance with Emerging Display Technologies (EDT),

a company based in Taiwan. We will establish a joint venture company with EDT in India to manufacture TFT LCD modules. India is already one of the world's largest markets for two-wheel vehicles, and with its economic development, sales volumes are expected to increase further. We position India as a critical market for our company, and in collaboration with EDT, we will internalize the production of TFT LCD panels, which represent a significant cost component of our meters. By doing so, we aim to reduce costs related to tariffs, transportation, and packaging, thereby enhancing our price competitiveness and striving to maintain and improve profit margins. (Please refer to Page 14, Automotive Components Business section.)



Transforming Change into Strength: Pioneering the Future through Challenge and Innovation

In addition to the In-Vehicle Instrument Business, our company has identified the cultivation of new customers and new products/services as a key priority. Regarding our existing sensor products, we will proceed with the mass production of new products tailored to the evolution of next-generation mobility, such as the expansion of electric vehicles (EVs) and Advanced Driver-Assistance Systems (ADAS).

As a new product offering, we are developing a laser projector for in-vehicle applications. We have miniaturized the projection unit, allowing it to be mounted in places such as the ceiling or inside the sun visor within the vehicle cabin, or inside the door mirror externally. This enables the projection of images onto the ground outside the driver's and front passenger doors. We are the first in the world to adopt "Offset Ultra-Short Throw" technology for an in-vehicle product, which enables short-distance and oblique projection. We will proceed with sales expansion, aiming for installation in new vehicle models scheduled to be launched in the market in 2030.



Furthermore, beyond simply manufacturing and selling products, we will also pursue content development services as a new business model, leveraging the Human-Machine Interface (HMI) expertise we have cultivated in meters and HUDs to connect humans and machines. To accelerate the expansion of software and content development, we will challenge ourselves in new domains, considering partnerships and M&A with external companies.

To improve ROE, we are working on enhancing not only business profitability but also capital efficiency. Throughout the duration of the Medium-Term Management Plan 2026, we will provide shareholder returns with a guideline of a total payout ratio of 80%. Based on a projection derived from our profit plan for the same period, the total shareholder

return is expected to amount to 20 to 25 billion yen over the three years.

Furthermore, we aim to optimize our balance sheet through new capital policies, by undertaking initiatives such as reducing cross-shareholdings and selling profit-generating real estate. From the perspective of capital profitability, we will also strengthen our "Select and Focus" approach, which had not been sufficiently deliberated and acted upon previously. With the aim of maximizing sales and profit by strategically allocating our finite management resources, we will utilize appropriate key performance indicators to evaluate the business performance of each division and subsidiary within the Group, and we will make decisions regarding reorganization or withdrawal as necessary. We will strive for the continuous enhancement of corporate value by improving capital efficiency and financial structure, with the aim of achieving a Price-to-Book Ratio (PBR) of 1x.

Looking ahead, as the automotive industry enters an era of major transformation, we must not rest on the global market share and product value we have established. Instead, we must adapt to market changes, escalating competition, and new technology trends. Our company's current strengths lie in our world-leading innovative technological capabilities in the meter and HUD fields, and our global production and responsiveness. However, given the rapidly changing environment, it is necessary to foster a culture that respects the spirit of challenge toward new businesses, processes, and values. We will continue to build a corporate structure and develop experienced human resources capable of responding quickly and flexibly to the diverse demands of our customers and society, thereby further unleashing and strengthening the organizational power of our Group.

Our Group will confront the future utilizing the unity of our employees and our accumulated knowledge as assets, and we will approach it with a spirit that does not fear change, but rather "identifies change, responds to it, and transforms it into opportunity". To realize the ambitious goals we have set, we will change our mindset, challenge ourselves boldly, and absolutely overcome all difficulties. Driven by our Purpose, we are committed to business recovery, ROE improvement, and strengthening shareholder returns, thereby continuously elevating our corporate value. With your continued understanding and support, we are determined to work together to create a "Safeandsustainablefuture".

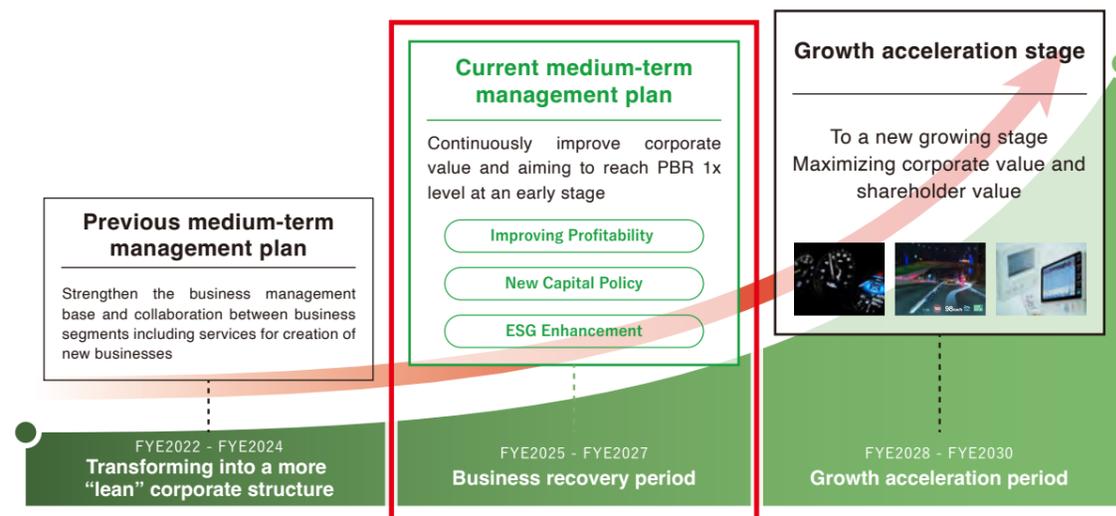
We will continue to forge ahead toward the further enhancement of corporate value, and we respectfully ask for the continued understanding and support of all our stakeholders for the Company Group.

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 ended March 2025 to the fiscal year ended March 2027.

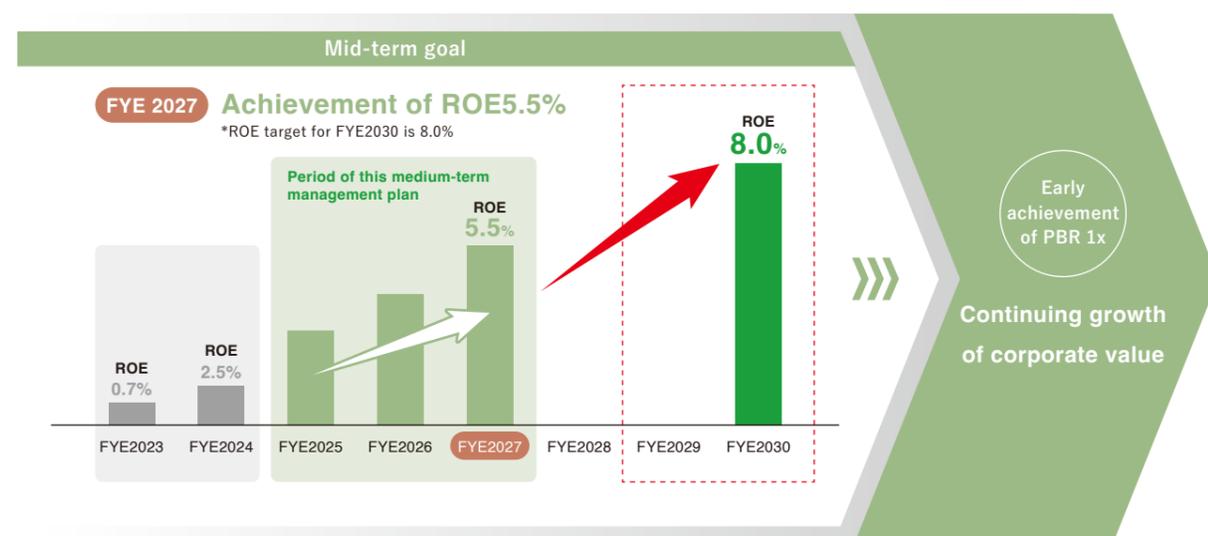
Positioning of the Medium-term Management Plan

- ▶ 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 (FY2027) is set at 5.5% (positioned as a milestone towards achieving ROE 8.0% in FY2030.)



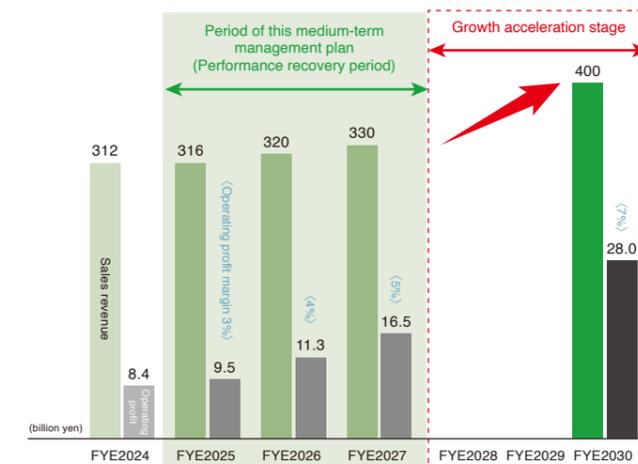
Target of Sales · Operating Profit and Overall Policy

Profit Target

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

Overall Policy

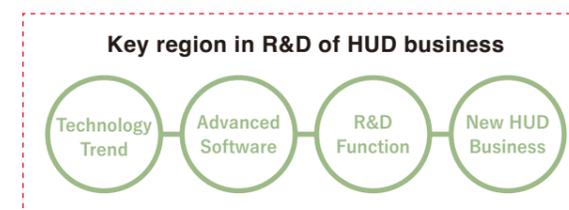
- ① Strengthening HUD business**
The HUD market is expected to grow rapidly. We aims to achieve sales of 100 billion yen in FYE March 2030.
- ② European Business**
Europe is an important region responsible for the R&D function of the HUD business. Aiming to become profitable in FYE March 2027, we will improve earnings by reducing costs through the realignment of offices, increasing volume, and optimizing prices.
- ③ New Customers/New Product Development**
Developing new customers and allocate Profits from existing businesses to the development of new products to achieve sustainable growth.



European Business Improvement

- ▶ Our company believes that a connection with customers in Europe, a region with advanced automotive technology, is essential to obtain the knowledge necessary for HUD development. We have been quick to identify trends in the automotive industry and have grown as a leading company in the HUD business.
- ▶ On the other hand, because Europe is a region with profitability issues (operating income for the fiscal year ended March 2024: ¥-4.8 billion), we will implement measures to improve profitability in order to achieve profitability in the European business and aim to achieve profitability in the fiscal year ending March 2027, the final year of our medium-term management plan.

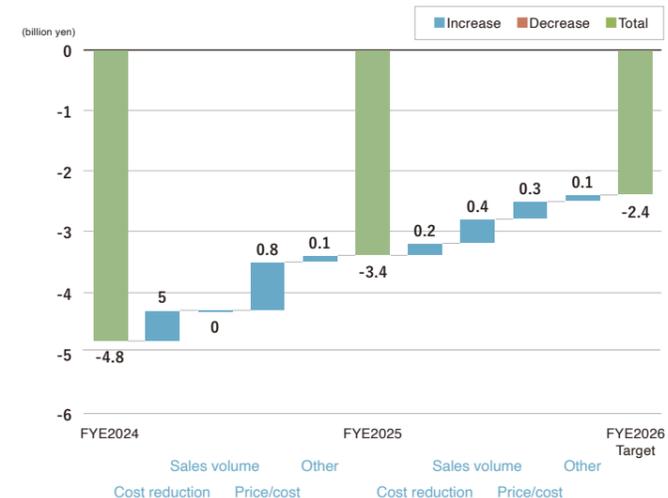
European Business



Profitability Improvement

- ① Cost reduction**
Office closure, labor cost reduction
D&D resource shift from Germany to Poland
- ② Sales volume**
Increasing by new model launch
- ③ Price/cost**
Cost control, price increase along with inflation

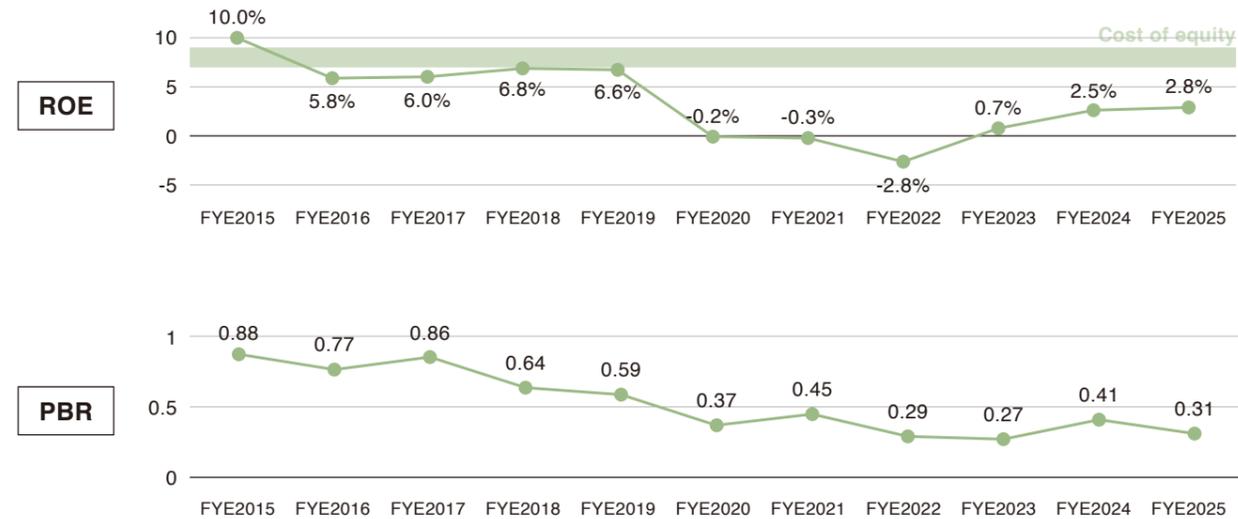
Operating Profit Improvement Target



Financial Policy

The current status of stock prices and initiatives to improve profitability and capital efficiency

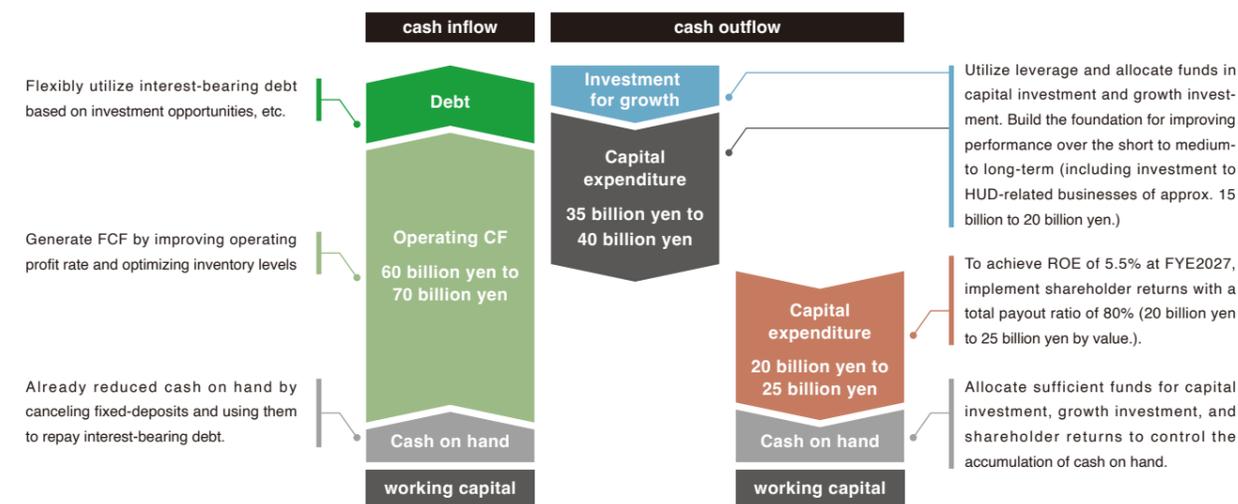
Our company's PBR has remained below 1x. Since the COVID-19 pandemic, ROE has remained at a low level, and we recognize the urgent need to improve ROE. In addition to recovering operating income, which is our target in the medium-term management plan, we will promote "appropriate cash allocation," "enhancement of shareholder returns," and "reduction of cross-shareholdings" so that ROE exceeds the cost of equity from the perspective of emphasizing capital efficiency.



Cash allocation

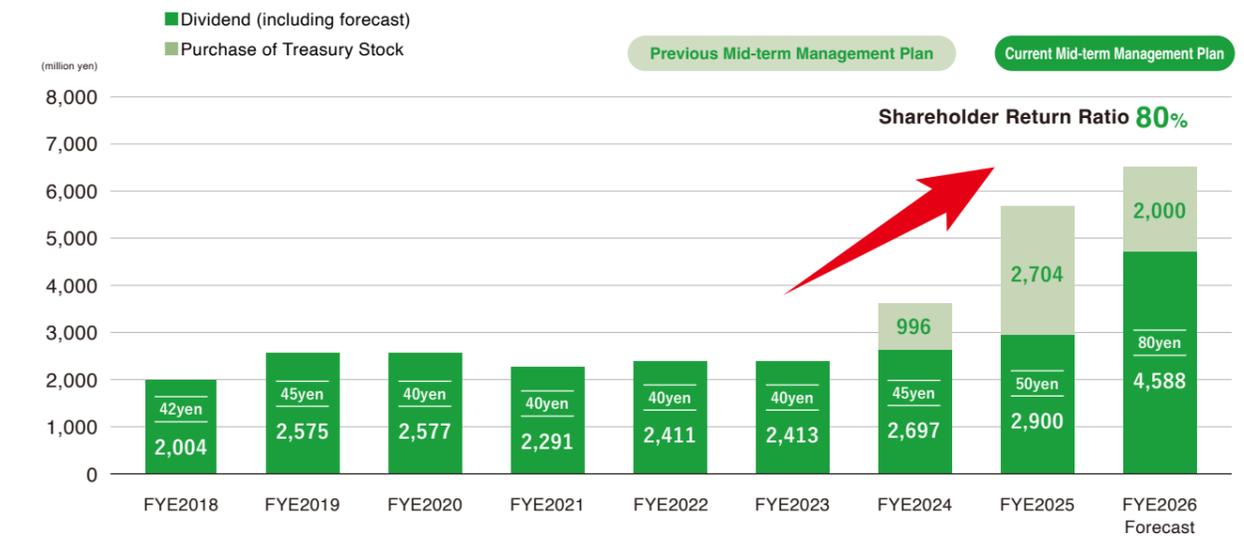
During the period of the Medium-Term Management Plan 2026, we expect to generate operating cash flow of 60 billion yen to 70 billion yen. Of this, 35 billion yen to 40 billion yen will be allocated to capital expenditures. Based on our policy of a total return ratio of 80%, we will allocate 20 billion yen to 25 billion yen to shareholder returns over 3 years, assuming we achieve our profit plan.

In addition, by flexibly utilizing interest-bearing debt, we will allocate it to capital expenditures and growth investments to build a foundation for medium- to long-term performance improvement. We will maintain capital efficiency by restraining the accumulation of cash on hand.



Strengthening shareholder returns

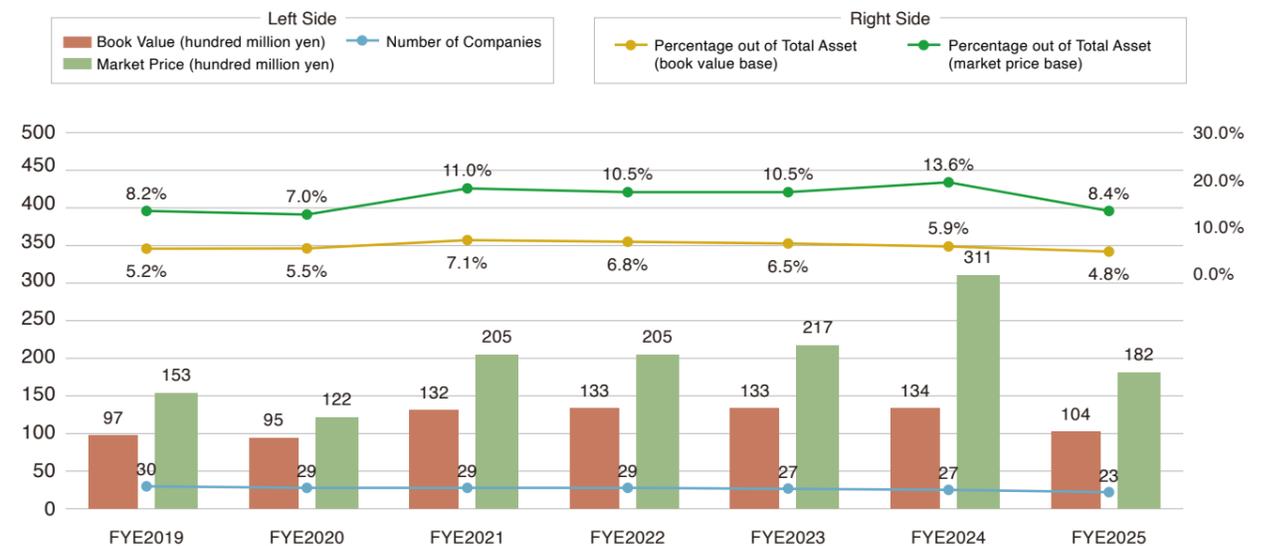
During the period of the Medium-Term Management Plan 2026, the Company will return to shareholders with a total return ratio of 80% to achieve an ROE of 5.5%. In order to continuously improve corporate value and achieve a PBR of 1x as early as possible, the Company will return to shareholders in a manner that satisfies the total return ratio set by paying dividends or repurchasing treasury stock, while comprehensively considering capital efficiency, financial position, and business results for each fiscal year.



Reduction of cross-shareholdings

The Board of Directors examines qualitatively and quantitatively the necessity of holding individual cross-shareholdings and the benefits and risks associated with such holdings. Our company will continue to reduce cross-shareholdings in order to optimize its balance sheet and improve asset efficiency.

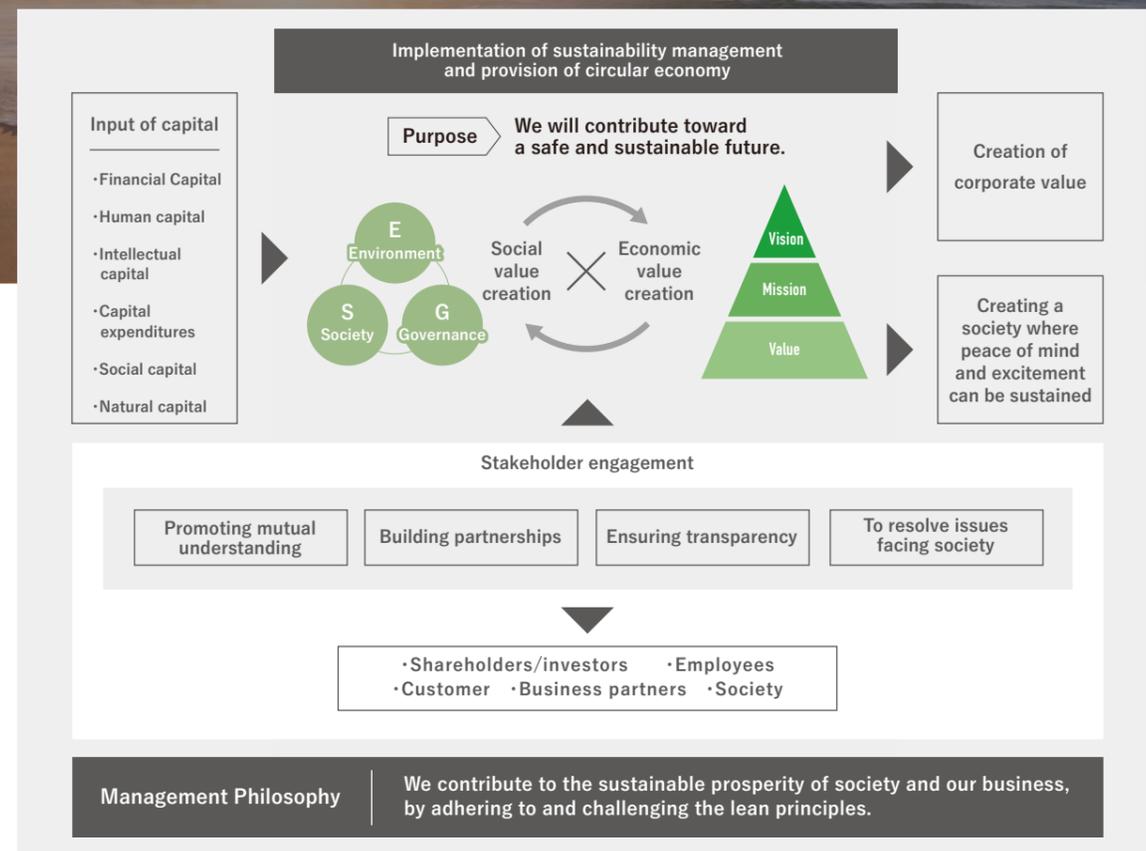
In FYE 25/3, we promoted the sale of 7 listed shares, of which 4 were completely sold to eliminate holdings. The balance of cross-shareholdings fell below 10% in terms of the ratio of consolidated net assets based on market value. We will continue to reduce cross-shareholdings.



Nippon Seiki Group Sustainability Policy

Sustainability Policy

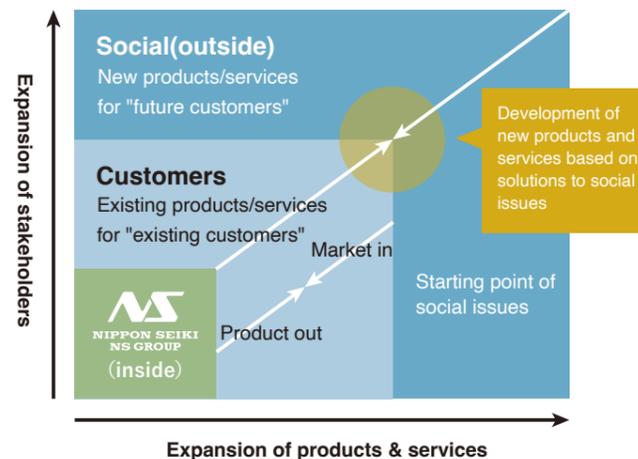
We will pursue the realization of a sustainable society by solving social issues and emphasizing dialogue with all stakeholders through corporate activities that balance social and economic value based on our management philosophy and group vision.



[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									11.2									
		Energy conservation through product downsizing and weight reduction					7.3		9.4													
		Solving regional issues through collaboration between service businesses				4.3 4.7								12.8 12.b								
		Creation of new service businesses and new lifestyle proposals								9.b				12.b								
6	Environment Earth-friendly	To ensure environmental management systems		3.9		6.3 6.6	7.2 7.3		9.4		11.6	12.4 12.5	13.1 13.2		15.1							
		Appropriate use and reduction of global resources (Electricity, heavy oil, city gas, water supply and sewerage)				6.6	7.2 7.3				11.6		13.1 13.2									
		Waste Reduction									11.6	12.5		14.1								
		Development of Environmentally Conscious Products and Promotion of Circular Economy							9.4			12.5 12.8										
		Management of Chemical Substances (Chemical Substances in Products)			3.9		6.3						12.4									
		Promotion of green procurement						7.2 7.3	8.7			12.4	13.1 13.2									
		To mitigate climate change (Reduce and manage CO ₂ emissions)						7.2 7.3			11.6		13.1 13.2	14.3	15.1	17						
		Biodiversity Conservation					6.6								15.1 15.4							
		14	Social People-friendly	Commitment to respect for human rights				5.1 5.2	8.5 8.7		10.2									17		
				Work Style Reform and Promotion of Health Management		3.4		5.4	8.3 8.5													
				Improve productivity and promote DX					8.1 8.3	9.1												
				Ensuring an Occupational Safety and Health Management System					8.2 8.5				11.b									
				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			4.3 4.7	5.1	8.3 8.9	9.2	10.2		12.b	13.1	15.1 15.4	17								
		Ensuring the Quality Management System							9											17		
		Building Strong Supply Chain Management						8.7											16.2/16.3 16.4	17		
		Promoting Compliance																	16.1/16.3 16.5			
		Ensuring information security management system							9.c													
24	Governance Uncompromised integrity	Improving the effectiveness of corporate governance																16.3 16.5				
		Strengthen emergency response and BCP response									11.b		13.1									
Nippon Seiki Group initiatives																						

Materiality

Materiality Selection Process

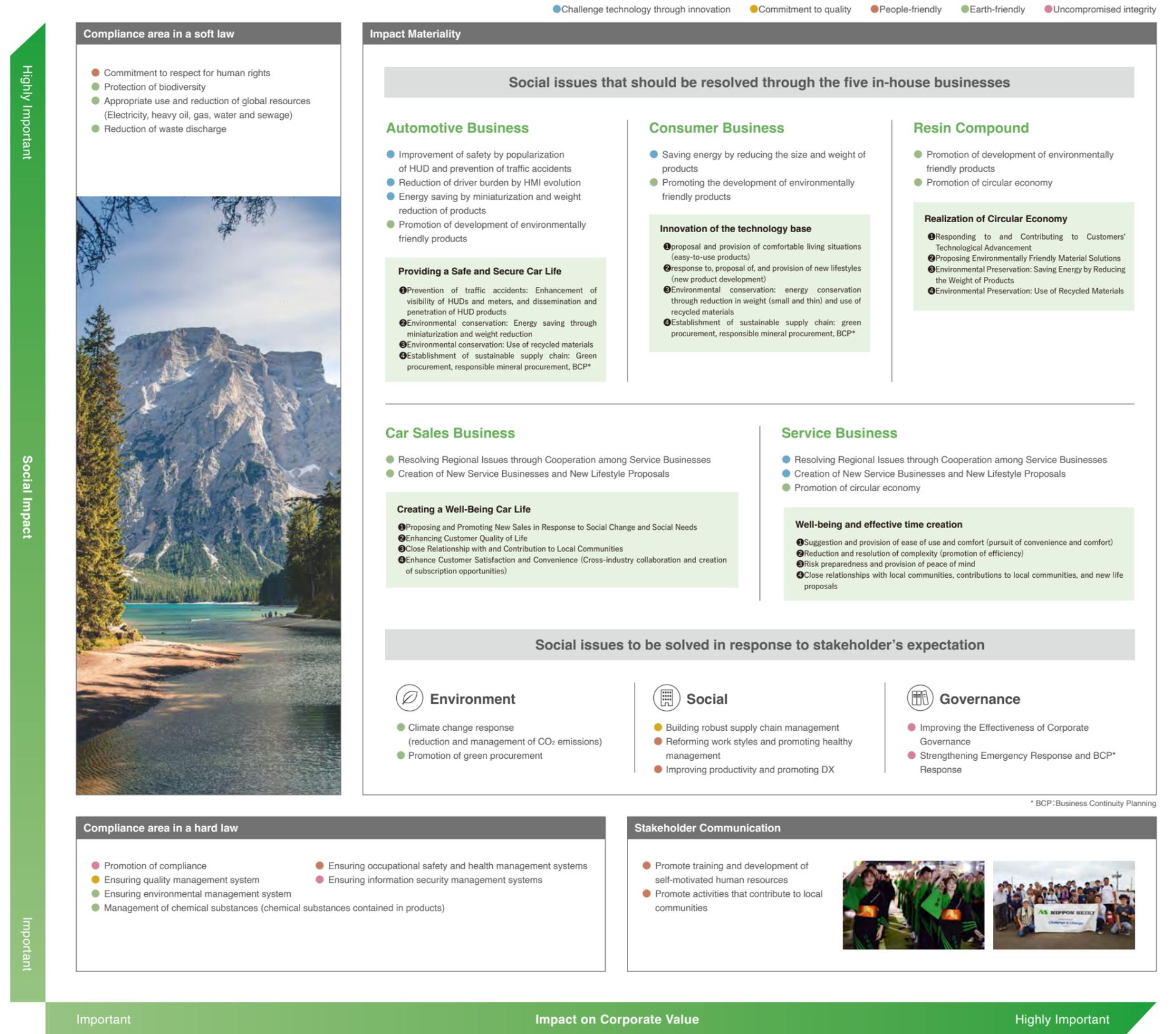
~ In selecting materiality

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

Materiality Selection

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

Materiality Matrix



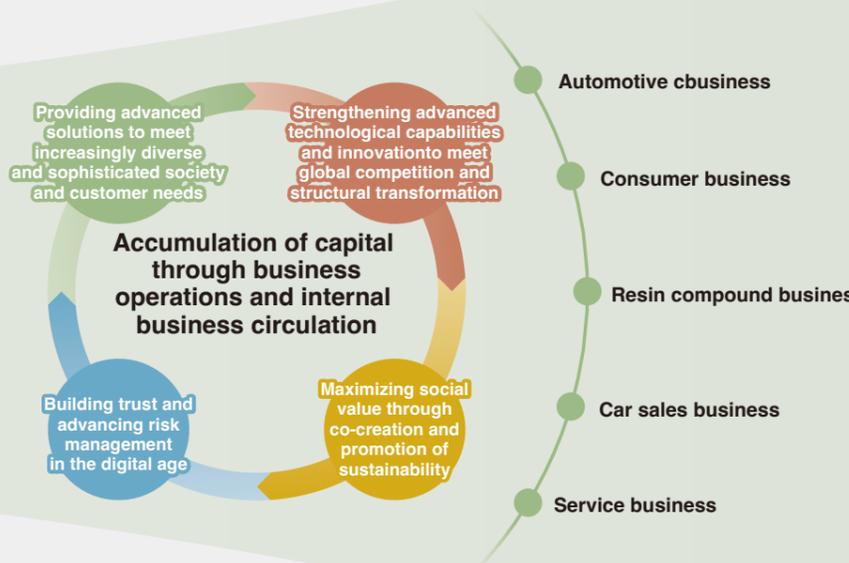
Value Creation Process

Vision We generate a harmonious interface connecting the world and people

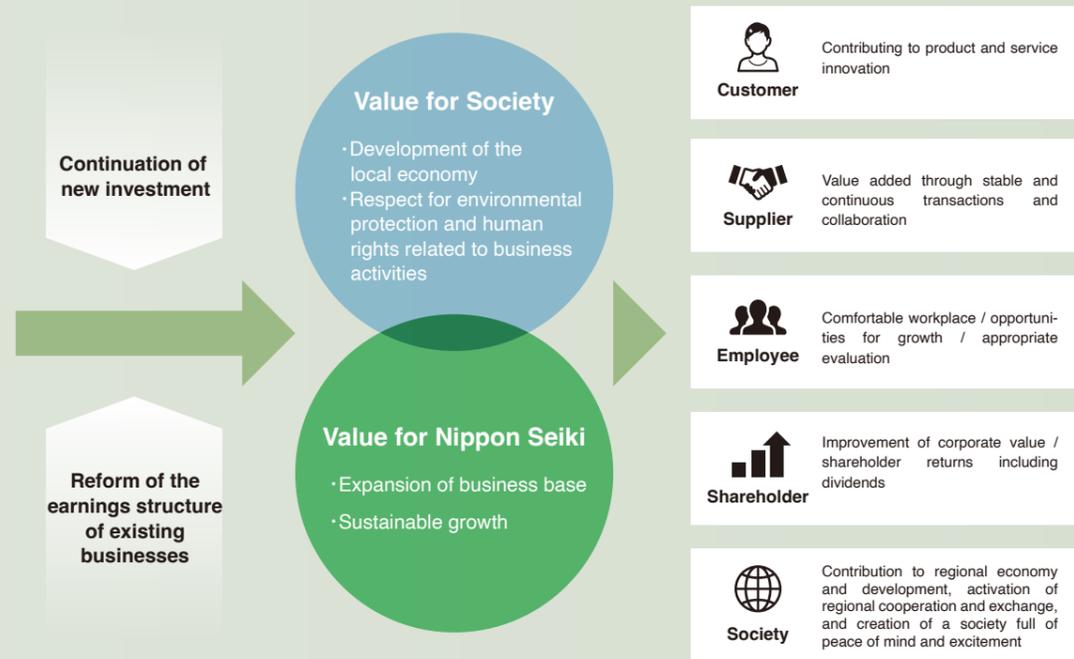
Purpose	We contribute toward a safe and sustainable future	
Mission	We visualize the invisible	
Value	<ul style="list-style-type: none"> Challenge technology through innovation Commitment to quality People-friendly, earth-friendly Uncompromised integrity 	

Corporate Capital	
Human Capital	Initiatives for human resources, corporate culture, respect for diversity, and health management to challenge reform
Intellectual Capital	Gather diverse functions by accumulating advanced expertise and know-how through technical capabilities and group collaboration
Financial Capital	Sound financial base and stable cash flow generation
Social Capital	Strong relationship of trust and ability to propose solutions to good customers
Nature Capital	Environmental resources, ecosystems, and energy use
Manufacturing Capital	Global facilities and equipment

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



Value Creation (Solving Social Issues and Sustainable Growth)



- External Environment Recognition**
- Increasing Uncertainty and Strengthening Business Continuity
 - Structural Transformation and New Trends in the Automotive Industry
 - Deepening ESG and Sustainability Requirements and Adapting to Stronger Regulations
 - Advancing Digital Innovation and Ensuring

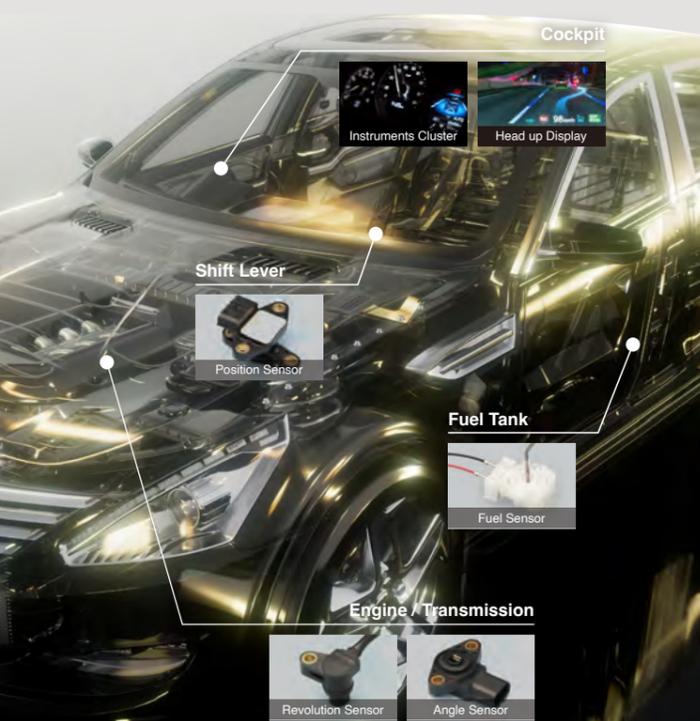
Fundamentals of Sustainable Value Creation

Materiality	Challenge technology through innovation New value creation	People-friendly Work style reform, health management, and diversity	Uncompromised integrity Governance, compliance
	Commitment to quality Product, service quality improvement	Earth-friendly Response to climate change and effective use of resources	

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.

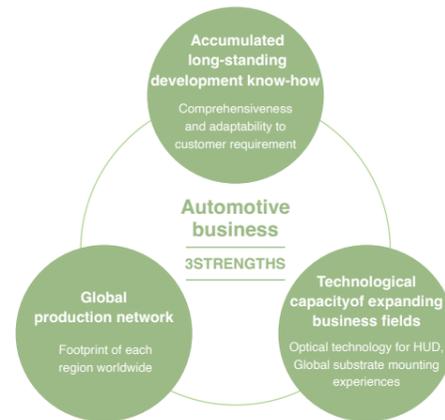


Achievable SDGs goals through the activity



01 Strength of Automotive business

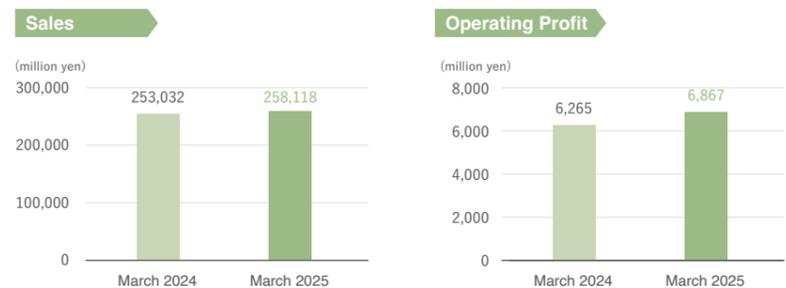
We manufacture and sell instruments and sensors for automobiles, motorcycles, agricultural machinery, construction machinery, and marine vessels across the world, and we also have a global track record in circuit board mounting services and precision components. By leveraging our years of development expertise, we maintain a high ability to meet customer demands. Furthermore, in our main product, the Head-Up Display (HUD), we have developed various technologies, including optical design technology that displays images clearly without distortion, and techniques to eliminate the effects of sunlight and suppress image blur caused by vibration. We support safe driving and the excitement of driving through advanced solutions that transmit information detected by sensors to the instruments and HUD, making "the invisible visible."



02 Overview of the fiscal year ending March 2025

Net sales saw an increase, despite the impact of stagnant Japanese car sales in China, due to factors such as increased sales of instruments for two-wheeled vehicles in ASEAN and India, the launch of new Head-Up Display models in Europe, and the effect of the weaker yen. Operating profit increased due to successful negotiations to appropriately reflect rising costs for raw materials and other expenses in the sales price, and continuous cost reduction activities aimed at achieving a lean and resilient management structure.

In our core in-vehicle components business, we are promoting supply chain reforms, such as accelerating local production for local consumption and optimizing production layouts. Concurrently, we are engaged in cost reduction through business process reform and the revision of product specifications. Through these measures, we will strive to establish a structure capable of generating stable profits, one that is resilient to changes in the business environment



03 External Environment

Opportunities

- Expansion of head-up display market
- Expansion of digital cockpit market
- Increasing demand of EMS due to electric vehicles
- Growing demand for motorcycles in the Global South

Risks

- Acceleration of the movement toward reorganization of the vehicle industry and cross-industrial alliance
- Intensifying competition due to SDV advances
- Decline in Japan car sales in China
- Increased costs due to strengthened U.S. tariffs and global economic recession

04 Growth strategy

With the aim of providing safety and excitement to society, we will strive to maximize value enhancement for our customers across our respective business domains: Meters, HUDs, Sensors, and In-Vehicle EMS (Electronic Manufacturing Services).

In the Meter field, we will promote the development of integrated cockpit technology for automobiles and strengthen the cost competitiveness of motorcycle instruments in the Indian and ASEAN markets. In HUDs, we will aim to increase competitiveness through smaller and simplified specifications, and expand brand awareness through enhanced public

relations activities targeting end-users. We will strengthen our revenue base through measures such as improving profitability in the European market, setting appropriate sales prices in response to inflation, and enhancing the efficiency of product design and parts procurement through localized production. Furthermore, as automotive electrification advances, we will aim for sustained growth by leveraging our cultivated quality and technical responsiveness to expand the In-Vehicle EMS business and develop new products that combine sensors and systems.

Specific measures

- ① Development of next-generation HUD differentiation technology
- ② Reduction of fixed costs in Europe
- ③ Fundamental cost review for HUD
- ④ Promotion of VA (Value Analysis/ Value Engineering) aimed at achieving profit/loss targets
- ⑤ Localization of procured parts (Local procurement)
- ⑥ Challenge of design-contracted EMS (Electronic Manufacturing Services) / Entry into design-focused EMS
- ⑦ Securing orders for new automotive instrument products

05 KPI

	FY2024 target	FY2024 results	FY2025 target
[1] HUD volume (compared to previous year)	15% reduction	7% reduction	10% reduction
[2] Number of next-generation sensors/new sensors developed	4 items	4 items	5 items
[3] Number of Automotive-Related Patent Applications (Cumulative)	80 items	86 items	101 items

TOPIC Signing of a Memorandum of Understanding (MOU) for Technical Partnership with ReaVis

Our company has signed an MOU with China's ReaVis Technology Co., Ltd aimed at expanding the HUD market and applying new technology. We will create new value by merging our company's manufacturing expertise, which holds the world's top share in the HUD market, with ReaVis' optical technology. Moving forward, both companies will aim to expand business by rapidly responding to market changes and addressing challenges such as miniaturization and cost reduction. Through this partnership, we will leverage our respective strengths to accelerate our response to rapidly changing market needs.

signing ceremony (center left: our president, Koichi Sato)

Establishment of Joint Venture in India for Mass Production of In-Vehicle TFT LCD Modules

Our company has partnered with Taiwan's EDT Corporation and agreed to establish a joint venture in India to manufacture Thin-Film Transistor (TFT) LCD modules for automobiles. The new factory is scheduled to commence operations in 2027, allowing us to respond promptly to the strong demand in the rapidly growing Indian market. By shifting to local production, we will reduce previously incurred costs such as tariffs and transportation fees, thereby strengthening our price competitiveness. Furthermore, through the capital and business alliance with EDT Corporation, we will deepen technical collaboration, merging our existing expertise to jointly promote the development of next-generation display products. This will allow us to enhance our capability to adapt to innovative in-vehicle display technology, aim for sustained market competitiveness, and create new value.

New Factory Plan

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.

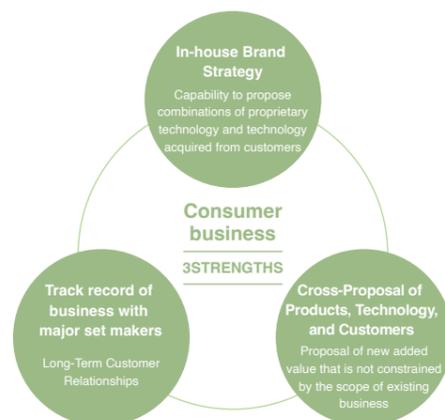


Achievable SDGs goals through the activity



01 Strength of Consumer business

Under the foundation of our customer partnerships, we provide the "Customization Technology" that we have cultivated over many years to realize customer requirements in the best possible way, offering total support for efficient and smooth manufacturing. We leverage the technical capabilities developed in our in-vehicle components business and our integrated system, encompassing the entire process from design to manufacturing, to meet the diverse needs of our customers on a global scale. Through this, we deliver high-quality, high-performance, and high-reliability "safe manufacturing". Furthermore, based on our existing business track record, we will actively promote the creation of new value by combining our products and technologies, including the development of our own brand.



02 Overview of the fiscal year ending March 2025

For the fiscal year ended March 2025, both net sales and operating profit decreased compared to the previous period. In the fiscal year ended March 2024, the improved component procurement environment, which result from the global shortage of semiconductors and electronic components, allowed us to eliminate the delivery backlog from the prior period, leading to strong sales and profit. However, in the fiscal year ended March 2025, some customers entered an inventory adjustment phase, resulting in a decrease in production volume for items such as air conditioning and housing equipment controllers, which led to a reduction in sales.

Despite the phase of reduced production volume, we endeavored to secure profit through lean management initiatives such as promoting Value Analysis (VA), improving productivity, and cutting expenses, as well as engaging in activities to ensure sales prices were appropriate amid soaring raw material costs. Nevertheless, we ultimately recorded an operating loss.



03 External Environment

- Opportunities**
- Changes in global strategies of home appliance and office equipment makers
 - Change in roles of office equipment (Expansion of multifunction machine)
 - Change in home appliance demand due to climate change
 - Stabilization of parts procurement
 - Achieving Carbon Neutrality and Expanding the ZEB Market

- Risks**
- More strict regulations of environment and energy conservation worldwide
 - Decrease in home appliance sales due to economic fluctuations overseas
 - Sudden Fluctuations in Exchange Rates and Increasing Geopolitical Risks

04 Growth strategy

We aim to maximize the value provided to our customers by improving quality and productivity across all processes, including sales, development, design, and manufacturing. Concurrently, we will promote the creation of market-oriented, high-quality value that contributes to enhancing customers' quality of life.

By applying our core technologies i.e., sensing technology and data analysis/utilization technology, and developing products that capture future shifts in demand, we will strive for business expansion and increased customer satisfaction in the BtoC sector, in addition to our BtoB field.

While working to expand and improve the profitability of our main businesses i.e., the

manufacturing and sales of air conditioning equipment and office equipment control panels, we will also focus on expanding business with existing customers through enhanced marketing activities. Furthermore, we will leverage the Group's assets, such as production facilities and processes cultivated in the in-vehicle components business across various global regions, to expand our business domain.

For new market development and new product creation, taking into account the rise of the Global South, we will study an appropriate production base strategy that considers customer and market trends in each country, in addition to our existing production sites in China and Thailand.

Specific measures

- ① Proposing optimal proprietary technologies and production bases within the Group
- ② Cost reduction to secure orders for air conditioning and housing equipment products
- ③ Expansion of products/materials for office control panels
- ④ Consideration of production locations tailored to demand in emerging countries
- ⑤ Environmentally conscious design (utilization and reuse of waste materials)

05 KPI

	FY2024 target	FY2024 results	FY2025 target
[1] Number of orders received in the new domain	1 items	2 items	1 items
[2] Number of new products introduced into the market	1 items	1 items	1 items

TOPIC

Development of a Carbon Monoxide Checker

Amid the heightened interest in air quality following the COVID-19 pandemic, our company developed the "CO2 Lamp," a carbon dioxide concentration meter that "visualizes" ventilation status. Applying this technology, we have developed and begun production of the "CO2 Lamp," a unique general-purpose checker capable of highly accurately detecting carbon monoxide concentration, which is especially likely to occur when using stoves inside tents. Sales are scheduled to commence in November 2025.

By leveraging the sensor solution technology that our company has cultivated, and adhering to the concept of "making the invisible visible," we will continue to engage in the development of new products that address various social issues.

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.

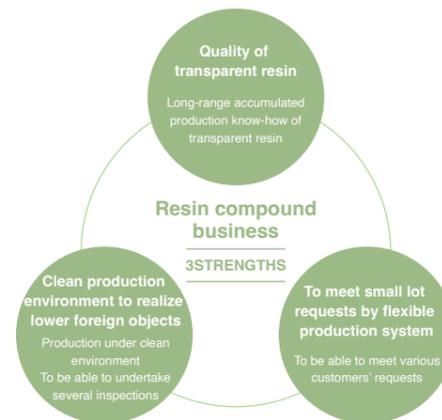


Achievable SDGs goals through the activity



01 Strength of Resin compound business

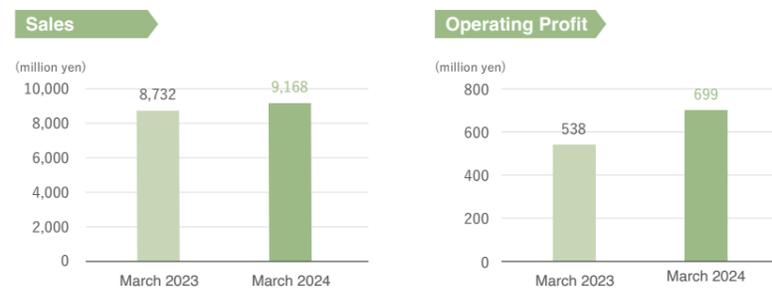
The Resin Compound business is expanding its operations by leveraging its strengths in "transparent materials," "clean (low foreign matter) quality," and "small-lot support." High-functionality materials (high value-added products), particularly those for optical products that require clean quality, are our Group's area of expertise and are expected to see continued growth. As the need for automotive lightweighting (the shift from metal to plastic products) is also increasing due to the drive for CO2 reduction, we will further utilize our strengths to contribute to the enhancement of our customers' product value.



02 Overview of the fiscal year ending March 2025

For the fiscal year ended March 2025, although sales of automotive-use materials saw a slight decrease due to the slowdown in the Chinese market, we achieved increased revenue and profit driven by the growth in transparent materials for our core optical products. The shift in our order composition toward high-functionality materials, which we have promoted in recent years, is now showing results.

Moving forward, against the backdrop of expanding global demand for resin compounds, we aim to establish a stable revenue base by leveraging our Group's strengths to increase the ratio of high-functionality materials, expand sales to existing customers, and acquire new customers.



03 External Environment

Opportunities

- Expanding Need for Transparent Resins Due to Increased Optical Applications
- 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
- Sustained High Levels of Crude Oil Prices and Utility Costs
- Slump of Japanese Manufacturers Due to the Rise of Chinese Automakers

04 Growth strategy

Our Group aims to maximize product value and will work to expand sales of high-functionality materials by leveraging our strengths. In the high-functionality materials sector, we will utilize the acquired ISO 22000 management methodology to focus on expanding sales of existing products, such as "transparent and low-contamination materials," while also concentrating on securing orders for food and medical-use materials, which require even more advanced management. We will continue to promote business expansion while differentiating ourselves from competitors.

Specific measures

- ① Shifting the order acquisition strategy from general-purpose materials to high-performance materials
- ② Increase orders from existing customers and develop new customers
- ③ Further strengthening clean technology through collaboration with filter manufacturers

05 KPI

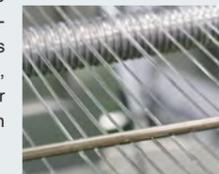
	FY2024 target	FY2024 results	FY2025 target
[1] Promotion of Individual Company* Recycling Initiatives (Waste Material Recycling Rate)	26 %	22 %	25 %
[2] Weight of high-performance (low foreign matter) items acquired	8,500 t	6,826 t	8,500 t

* NS Advantech Co., Ltd.

TOPIC

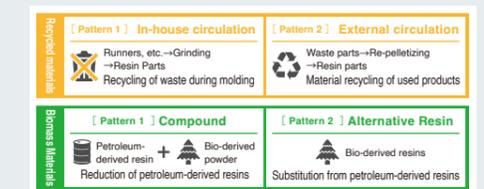
Expanding into New Domains with Advanced Management Capabilities

NS Advantech Co., Ltd., a company within our Group, is challenging itself to expand sales into new domains beyond its existing products by utilizing high-level management methodologies. With the acquisition of the ISO22000 in April 2024, in addition to our expertise in materials for optical products, new inquiries for carbon neutrality and medical materials have increased, and some have progressed to trial production. By leveraging the sales capabilities and strengths of our Group, we will continue to aim for further business growth and development.



Initiatives for CO₂ Emission Reduction Through the Introduction of Sustainable Materials

Our Group is promoting the adoption of sustainable materials in our meter products toward achieving carbon neutrality "net-zero CO₂ emissions" by 2050. Furthermore, we are actively setting ambitious targets for resin parts and aggressively expanding the utilization of sustainable materials.



*Sustainable materials: Recycled materials and biomass materials

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

We cover the entire Niigata Prefecture and possess an overwhelming number of managed customers and a stable financial foundation. We are committed to building an effective sales system that utilizes DX and digital technology, and strengthening our after-sales service to enhance customer satisfaction.

Furthermore, under a comprehensive training system, we aim to provide our customers with a safe and secure car life as a group of service professionals who strictly adhere to legal compliance.

Through close community ties, customer-focused sales, and innovation, we will proactively anticipate market needs and social values, constantly create new value, and actively work toward solving social issues.



02 Overview of the fiscal year ending March 2025

For the fiscal year ended March 2025, operating profit decreased compared to the previous period. Revenue increased but profit decreased compared to the previous period. Regarding sales revenue, although the full-year sales surpassed the previous year despite a counter-reaction from the prior period's strong recovery (driven by the easing/resolution of the in-vehicle semiconductor shortage during the COVID-19 pandemic), the impact of improper certification issues at some manufacturers, and new car delivery delays caused by driver shortages in transport and adverse weather conditions. Regarding used car sales, we recorded impairment losses at some used car dealerships due to the falling market price of used vehicles, which resulted in a decrease in profit compared to the previous year.



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 automotive sales industry is undergoing a period of transformation, driven by manufacturers' shift towards electric vehicles (EVs) and the reorganization of sales networks. Our Group is focusing on EV products, related investments, and human resource development, with the aim of capturing remaining business opportunities in a mature market. To further strengthen the business foundation established within Niigata Prefecture, we are promoting three key areas: "investment in new generation dealerships to enhance brand power," "reorganization and integration of existing dealerships to adapt to changes in urban landscapes and traffic volume," and "M&A investment aimed at acquiring new functions." Additionally, leveraging our stable managed customer base, we provide diverse services such as residual value-setting subscriptions and car-sharing, thereby contributing to solving challenges for both customers and the local community.

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

	FY2024 target	FY2024 results	FY2025 target
[1] Core revenue coverage ratio	100%	103%(Ave. 92.8%)*	100%
[2] Residual value sales ratio	35%	24%(Ave. 21.6%)*	35%

*Best score in our group

Achievable SDGs goals through the activity



New Generation Dealership Newly Opens in Shibata City, Niigata Prefecture

Niigata Mazda Motor Co., Ltd., a consolidated subsidiary of our company, newly renovated and rebuilt its main dealership, "Niigata Mazda Shibata Store," as a new generation dealership, with the completion ceremony held on December 25, 2024. The dealership is conveniently located along a major road and has been a familiar presence to the local community since its opening in 1987.

The latest renovation features a design combining monotone and silver with wood materials, creating a more comfortable space. A new maintenance factory equipped with the latest facilities has also been built adjacent to the dealership, allowing us to provide safe and high-quality service. Our Group will continue to collaborate with the community to aim for a safe and prosperous car life.



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 diverse customers, from within Niigata Prefecture to overseas. We strive to achieve customer satisfaction by providing optimal systems and proposals tailored to the unique needs of each customer.

By accurately grasping market trends and societal demands, we aim to achieve both the creation of new value and the simultaneous resolution of social issues while improving profitability through communication and operational improvements.

We will continue our development by leveraging the expertise cultivated across our various service domains.



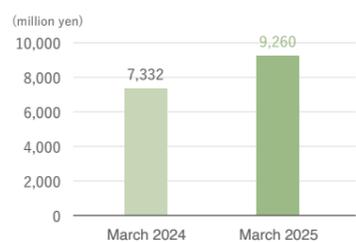
02 Overview of the fiscal year ending March 2025

In the Information System Service business, both revenue and profit increased. This was driven by factors such as the expansion of cloud-based business system projects in the private-sector solutions field, an increase in orders for high-demand DX and BPO service projects, and the progress made in cultivating new markets in the public-sector solutions field.

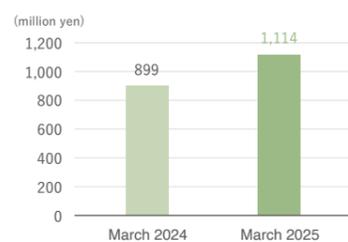
The logistics business achieved increased revenue and profit due to the acquisition of new customers, the expansion of existing customer transactions, and price revisions. Additionally, the scope of new logistics service offerings, such as distribution processing and logistics system sales, also expanded.

Moving forward, we will continue to strive for the establishment of a stable business foundation through continuous pursuit of new, high-added-value services.

Sales



Operating Profit



03 External Environment

Opportunities

- Increased Demand for DX as a Critical Management Challenge
- Increased Demand for DX accompanying the Government's Promotion of Digital Government
- 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 diversify, our Group is promoting highly reliable services that provide "security and impressions", centered around our Information System Service business and Logistics business.

In the Information System Service business, driven by the increasing demand for DX (Digital Transformation) amidst the backdrop of declining birthrates, aging populations, and a shrinking industrial workforce, we will contribute to our customers' operational improvements through the active proposal of BPO (Business Process Outsourcing) in addition to software sales.

In Nagaoka City, Niigata Prefecture, where our head office is located, we have also begun

regional DX promotion based on a cooperation agreement with the local government. We aim to achieve a prosperous society by balancing corporate growth with the resolution of regional issues.

In the Logistics business, we will strive to strengthen our structure to meet more diverse needs by expanding the business domain of "distribution processing and logistics system sales" and by merging this with our existing services i.e., "transportation, warehouse management, packaging materials, and customs clearance (AEO)" to provide customers with optimal logistics services that offer high added value.

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

	FY2024 target	FY2024 results	FY2025 target
[1] IT-Related Sales to Private Sector Companies	2,400 million yen	2,703 million yen	4,500 million yen
[2] IT-Related Sales to Government and Educational Institutions	2,600 million yen	2,644 million yen	3,600 million yen
[3] Logistics Sales to External Customers	1,900 million yen	2,122 million yen	2,000 million yen

Report on Results of the First Anniversary of "Nagaoka DX Center" Establishment

Nippon Seiki Group established and operates the "Nagaoka DX Center" based on the "Regional DX Promotion Agreement" with Nagaoka City and the Nagaoka Chamber of Commerce and Industry. The center celebrated its first anniversary in August 2025.

NS Computer Service, a consolidated subsidiary that serves as the secretariat, functions as a DX consultation desk for regional companies, collaborating with the Nagaoka Chamber of Commerce and Industry and local financial institutions.

To date, the center has received 20 consultations, supported digitalization and business reform through matching companies with local IT firms, and successfully completed 9 projects. Moving forward, we will continue to provide hands-on, partnership-style support, adapting to the specific circumstances of each company to drive improvements and transformation aligned with their operational realities.



Achievable SDGs goals through the activity



ESG Initiatives

Nippon Seiki Group ESG Policy

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

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

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

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

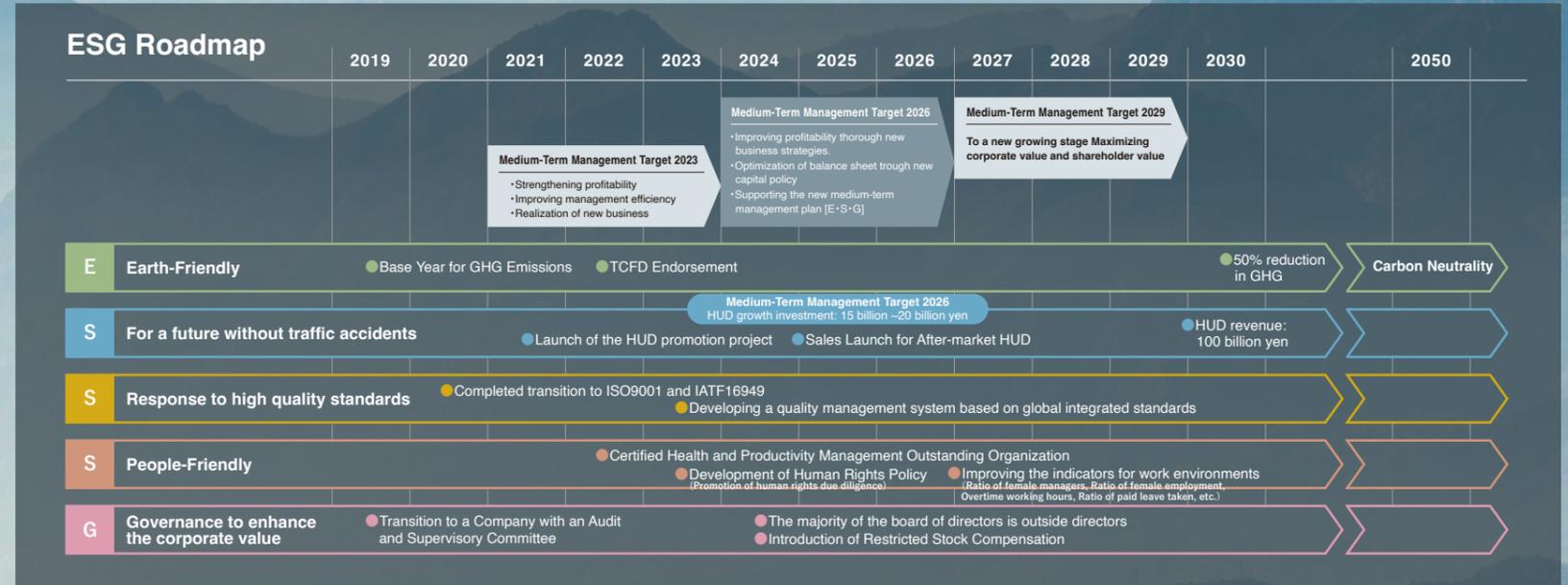
constructively engages with stakeholders.

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

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

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

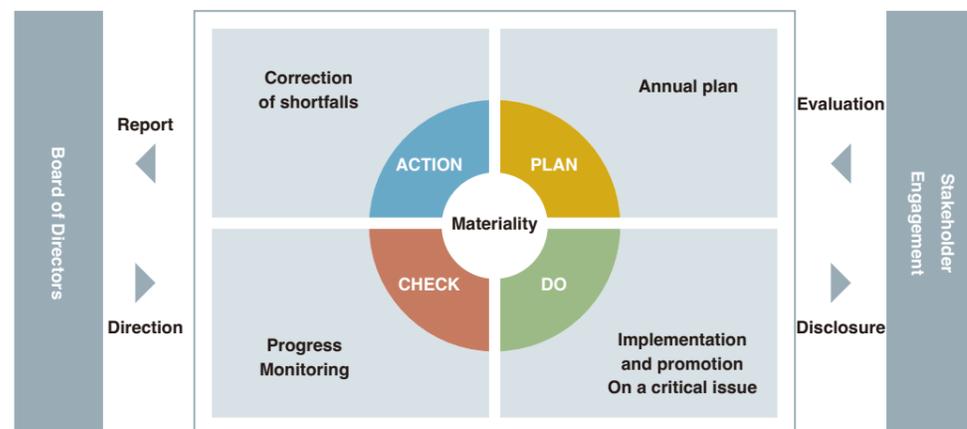
"The perspective of expanding business opportunities" is the perspective of whether we can capture changes in social needs from environmental and social perspectives and link them quickly to value creation, thereby strengthening our competitiveness and enhancing our corporate value over the medium to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



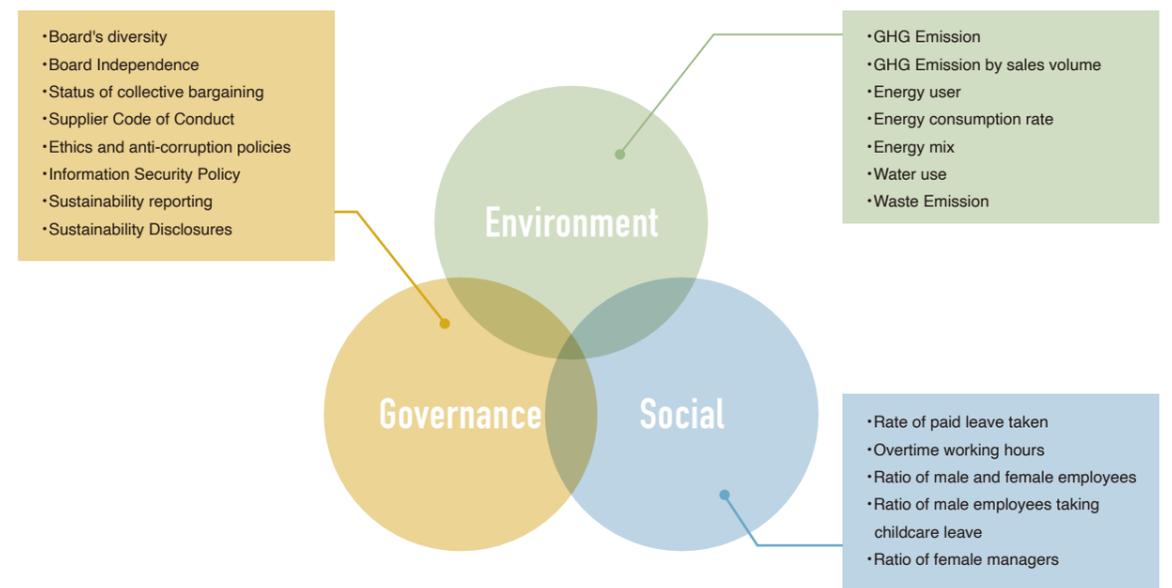
ESG Management of Nippon Seiki Group

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

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



Nippon Seiki Group's ESG Management Indicators



Environmental Initiatives (E)

Basic Vision toward the Environment

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

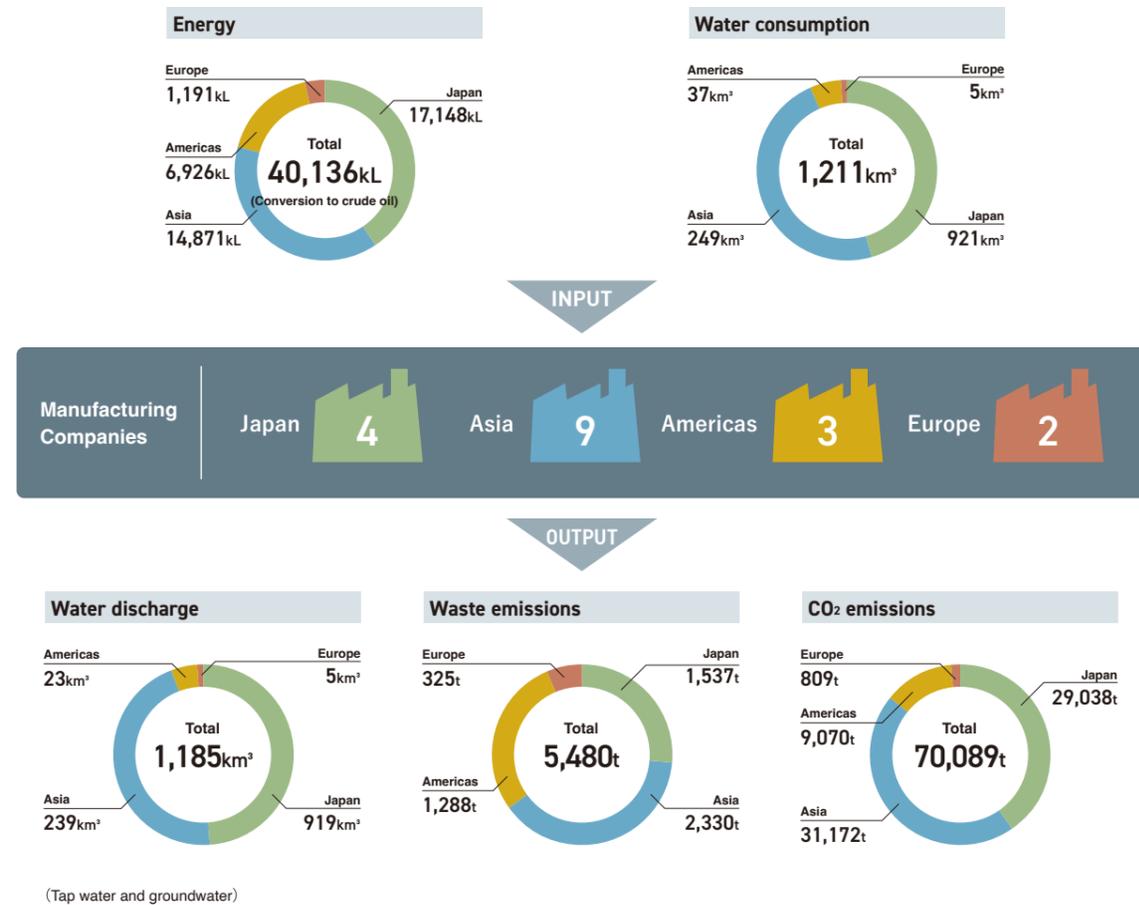
We will leverage the design and production technologies we have developed over many years with flexibility to enhance our comprehensive manufacturing capabilities through synergies. At the same time, we will integrate the environmental management system of ISO 14001 (2015 version) into our business activities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



Environmental Declaration

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

Environmental Impact of Nippon Seiki Group(FY2024)



The 9th Environmental Objectives and Target FY2023-FY2026

We set environmental objectives and targets and continue to promote activities to reduce environmental impact. FY2024 is the second year of the 9th environmental objectives and targets. The results for FY2024 are as follows.

[○:Target achieved △:Improved from the previous year, but target not met ×:Worse than the previous year, target not met]

Action Themes	Items	Subjects	FY2024 Targets	FY2024 Results	Evaluation
Prevention of global warming	CO ₂	Entire company	5.0% reduction from FY2023	16.8% reduction	○
	Electric power	All manufacturing operation	1.0% reduction from FY2023 (per unit of production)	8.0% increase	×
		All indirect departments	1.0% reduction from FY2023 (per unit of production)	13.9% increase	×
	Heavy oil	Designated manufacturing sector	Monitoring and Management *(Managing as CO ₂ emission)	0.4% increase	×
	City gas	Designated manufacturing sector	Monitoring and Management *(Managing as CO ₂ emission)	261.2% increase	×
Conserving Water Resources	LPG	Designated manufacturing sector	Monitoring and Management *(Managing as CO ₂ emission)	14.2% reduction	○
				Water supply	Entire company
To Reduce, Reuse, and Recycle Waste	Amount Released	Designated manufacturing sector	1.0% reduction from FY2023 (per unit of production)	17.1% reduction	○
	Recycling Rate	Entire company	99.90% or more	100%	○
Develop Eco-friendly Products	Environmental Factors for Products	Design division	For each product group Improvement of product environmental indices	11 themes are implemented, with an average achievement rate of 95%	○
Proper Management of Chemical Substances	Containing Products Management of Chemical Substances	Design division	Establishment of a system to guarantee non-inclusion of RoHS2 additionally banned substances	2 theme is developed, all of which achieved 100% target.	△
	Handling Management	Design division	Control and education of use of PRTD-designated substances	3 themes are developed, with an average achievement rate of 100%	○
Promotion of Green Procurement	—	Procurement-related departments	Environment for suppliers Improvement of performance evaluation	3 themes are developed, with an average achievement rate of 100%	○
Global Environment Performance Improvement	CO ₂ Emissions	Sustainability Related departments	To gather environmental data from domestic and international affiliates	Continue to collect common environmental data from manufacturing affiliates	○

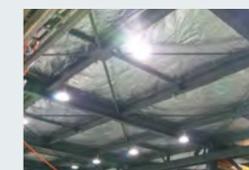
*Operation management: Since heavy oil, city gas, and LPG are used in indirect departments, we set targets for reducing and managing overall CO₂ emissions. The results for energy and water in FY2024 were mainly affected by the operation of the New Zao Plant, an increase in the rate of renewable energy such as solar energy, and a shift to electrified energy.

[Initiatives Related to the Achievement of Environmental Targets]

Improvement of the energy efficiency through thermal insulation of factory roofs

Kyoei Engineering Co., Ltd. is a group company engaged in precision component processing and ultrafine processing. Temperature control at the factory is important for precision processing, and in order to suppress temperature rises due to radiant heat from the roof, we installed heat-shielding sheets on the ceiling and switched to LED lighting. We also installed 300 kW solar panels on the roof and reduced CO₂ emissions by 102 tons per year through the use of renewable energy.

We are working to reduce environmental impact by installing solar panels and switching to LED insulation and lighting.



LED lighting and ceiling heat shielding

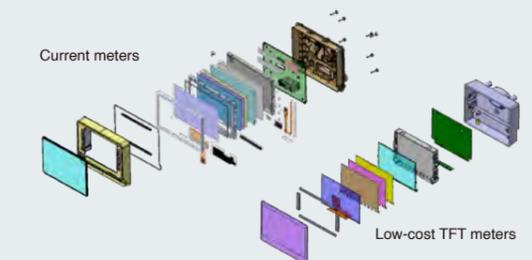


Solar panels started operation in August 2024

Low-Cost TFT Meters by Reducing the Number of Parts

Motorcycle meters used mainly pointer type or passive liquid crystal, but in recent years, TFT liquid crystal meters have become the mainstream.

To reduce meter costs, we developed low-cost TFT meters. By developing new technologies such as in-house production of TFT backlights, we eliminated metal parts such as bezel and bezel, contributing to a 41% weight reduction. our company will continue to develop environmentally friendly products.



Environmental Initiatives (E)

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

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

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

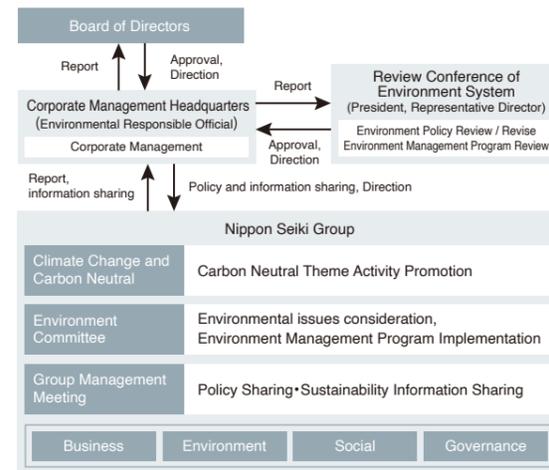
To further communicate with all stakeholders involved with our company, we will make further efforts to enhance information disclosure related to climate change through our website, integrated reports, etc.



Governance

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

Corporate management dept, which is promoting the TCFD, review the risks related to climate change and the impact on business activities, report policies, goals, progress, issues, etc. to the Board of Directors and the Environmental System Review Committee, which is a meeting related to the environment, and develop and instruct policies and targets through the Environmental Committee, related departments, Group Management Meeting, which is a general meeting of group companies, etc., share information, and manage progress. Management discusses, approves, and gives instructions regarding policies, goals, progress, and issues at the Board of Directors and the Environmental System Review Meeting.



Strategy

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

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

4°C scenario	IEA STEPS, WEO IPCC RCP8.5 <ul style="list-style-type: none"> Due to climate change, rising sea levels and increased rainfall will lead to river flooding and an increase in areas affected by flooding, as well as widespread droughts and an increased risk of drought. Increased risk of death and decreased motivation to work due to heat waves and increased risk of infection
1.5°C, 2°C scenario	IEA SDS, WEO IPCC RCP2.6 <ul style="list-style-type: none"> Strengthening climate change control policies and regulations will lead to an increase in carbon tax burden and increase in EV vehicles, ICE vehicles decrease Development of new products and new technologies for a low-carbon society

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

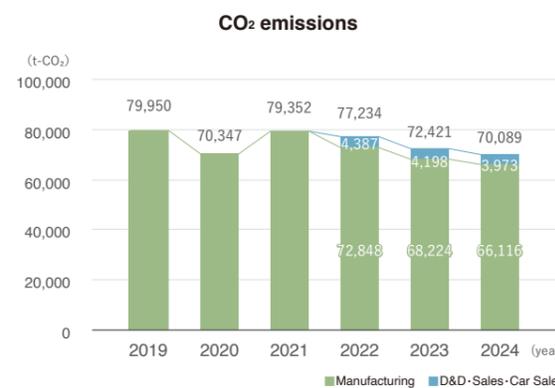
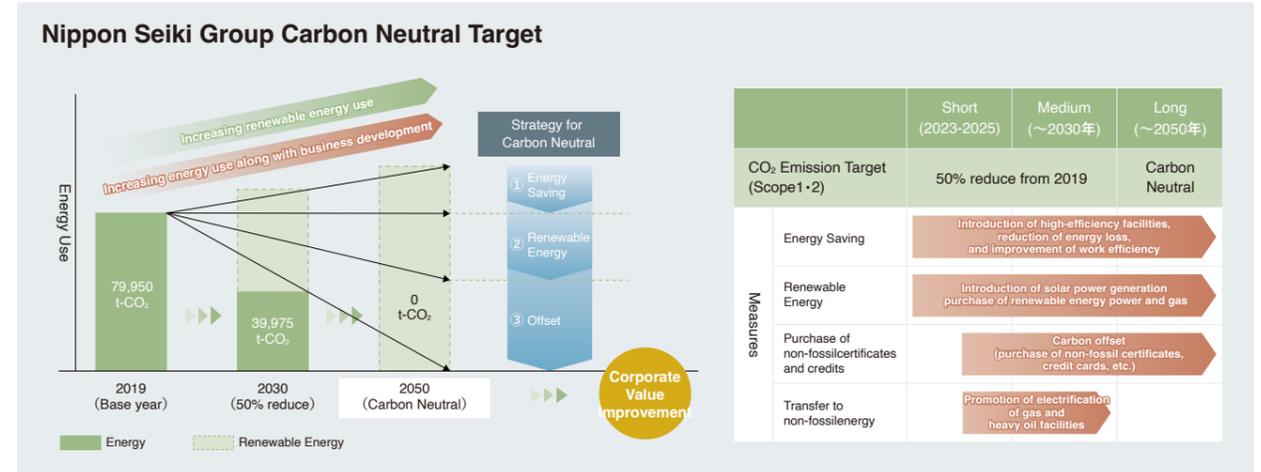
Risk Management

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

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

Targets and results of CO2 emissions

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



Nippon Seiki CO2 Emission (Non-consolidated)

	Scope1,2,3	FY2022	FY2023	FY2024	Scope
Scope1		1,083	579	1,072	Non-consolidated
Scope2		11,644	8,738	8,504	
Scope3	1. purchased goods and services	373,215	382,795	375,065	
	2. capital goods	6,349	16,691	26,501	
	3. fuel- and energy-related activities	1,859	1,351	1,467	
	4. upstream transportation and distribution	N/A	N/A	N/A	
	5. waste generated in operations	53	43	43	
	6. business travel	188	287	230	
	7. employee commuting	144	144	140	
	8. upstream leased assets	Counted in Scope2	Counted in Scope2	Counted in Scope2	
	9. distribution	N/A	N/A	N/A	
	10. processing of sold products	Not applicable	Not applicable	Not applicable	
	11. use of sold products	20,683	15,080	10,600	
	12. end-of-life treatment of sold products	232	167	111	
	13. downstream leased assets	Not applicable	Not applicable	Not applicable	
	14. franchises	Not applicable	Not applicable	Not applicable	
	15. investments	Not applicable	Not applicable	Not applicable	

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

FY2024 CDP Evaluation Result



Our company received the following ratings under CDP2024, an international environmental information disclosure system.

Climate change: B

Water risk: B-

These results show that our company is recognized for its management of environmental risks and its implementation of concrete measures, and that it is at a certain level of sustainable management among companies around the world.

Social Initiatives (S)

Basic Policy on Society

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

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



Occupational Health and Safety Policy

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

Learn more about the Occupational Health and Safety Policy

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



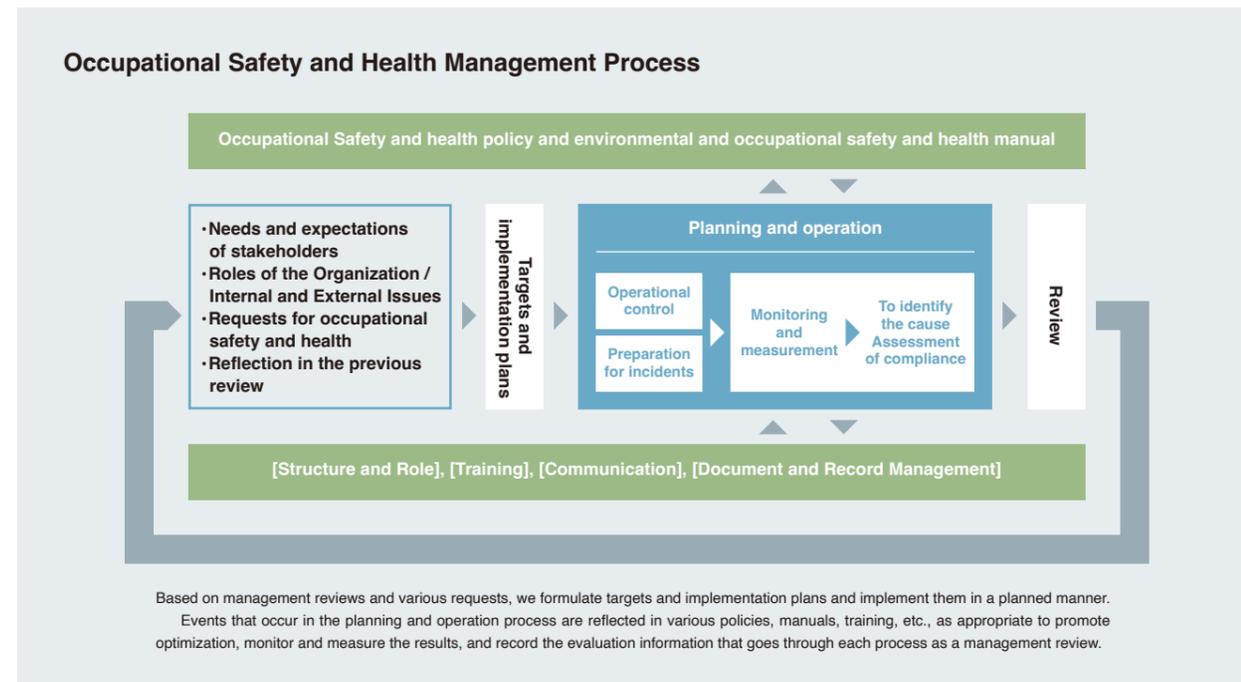
Occupational Safety and Health Management System

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

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

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

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



Quality management policy

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

Learn more about the Quality Policy

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



Quality Management System

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

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

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

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

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

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



Responsible Mineral Procurement

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

Supplier Sustainability Guidelines

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

Learn more about the Supplier Sustainability Guidelines

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



Social Initiatives (S)

Human Resource Development

Basic Policy

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

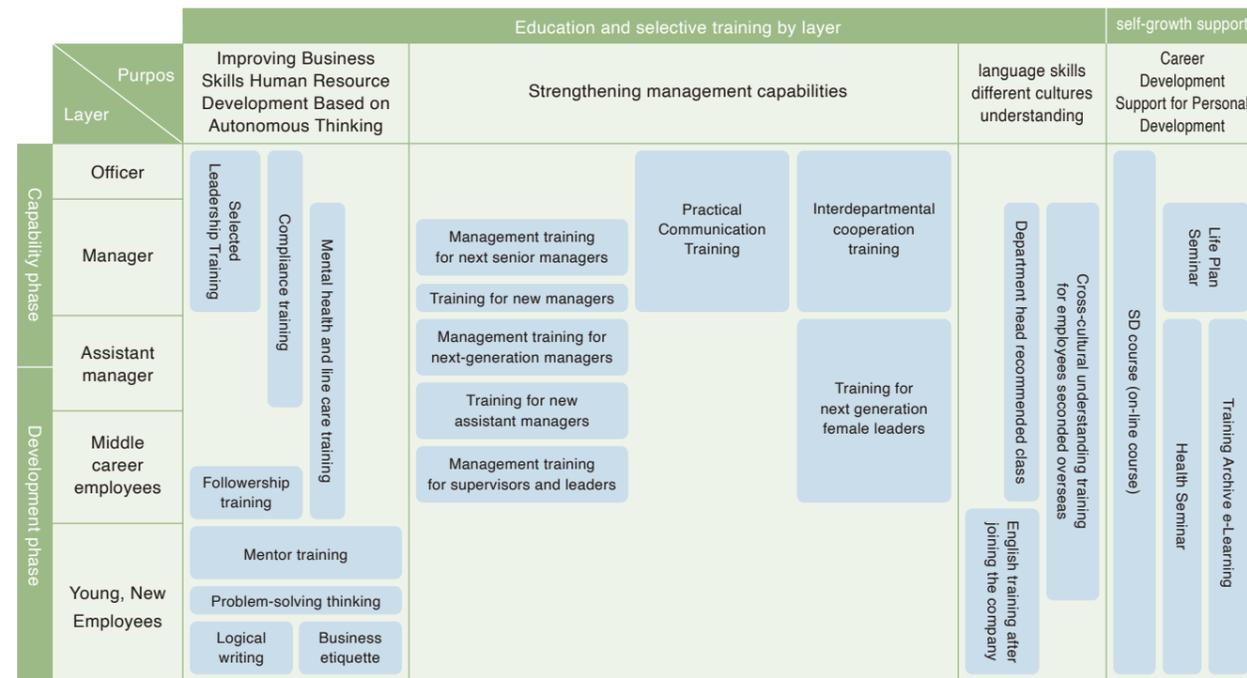
Developing Self-motivated and Global Human Resources

Aiming to develop "self-motivated" global human resources who think and act preemptively and respond quickly to changes in order to survive in global competition, more than 20 education and training programs are conducted annually in accordance with themes and job

levels.

In addition, regular career interviews, intensive education and early selection of global management candidates, and job rotation to foster multi-faceted perspectives are conducted.

Human resource development through a multifaceted training system



Reskilling programs

The Company introduced a reskilling program in 2025 in order to strengthen its business foundation and expand profits through career development and skill improvement of employees.

For those who wish to participate in the reskilling program, our company prepares a program to acquire skills as engineers and digital human resources that the Company wants to focus on strengthening, and reassigns them to divisions within the Group as appropriate after completing the program. We will continue to expand the program in order to continue flexible staffing.

Reskilling Program

- Embedded software programmer training course
- CAD operator training course
- DX promoter training course-Other (Life plan・health management)

Initiatives to Improve Engagement

Aiming to be a company where each and every employee can continue to work enthusiastically, our company has been promoting initiatives to improve engagement by reviewing its personnel system (Multiple career paths, early promotion based on ability, etc.), introducing quarterly career interviews, and promoting health and wellness management.

In the future, we are considering conducting an engagement pulse survey on a regular basis. Through the survey, we will not only grasp the status of employee motivation, but also improve engagement by improving the productivity of individual employees and teams, as well as the quality of communication and management.

Improvement of the work environment

Support for diverse work styles

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

[Main Initiatives]

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

Goals, Results, and Certification

The results on the workplace environment indicators in FY2024 are shown in the right figure. In recognition of our efforts and attitude to improve, we received following certifications and awards.

[Assessment for Health Management Initiatives]



Niigata Prefecture Health and Productivity Management Promotion Company Master 2025 Niigata Prefecture *The third year in a row

[Assessment for Work Style Reforms]



3 stars in the "Eruboshi" Certification Certified in 2022 Minister of Health, Labor and Welfare



Nagaoka City Work Style Reform Plus Support Project, "Hata-Platinum" award Nagaoka City

[Items・Target and 2024 Result]

Items	Target (by March 2027)	Result
Paid leave acquisition rate	80%	71.4%
Overtime hours	Avg 12 hrs. /month	Avg 14.9 hrs. /month
Number of female employees	25%	24.7%
Percentage of men taking childcare leave	70%	63.0%
Ratio of female managers	5%	4.7%

Efforts to Achieve Targets

[Percentage of employees taking paid leave]

We have set a target of taking seven days of paid leave annually. In addition to the five days that employees are required to take, managers are notified of the status of employees taking paid leave, including two recommended days.

[Overtime working hours]

We provide labor management training to raise the awareness of management.

[Percentage of male employees taking childcare leave]

We distribute leaflets to encourage employees to take childcare leave when their spouse gives birth.

[Ratio of female employees and ratio of female managers]

Our company is working to increase the ratio of women in management positions in order to realize corporate management that takes full advantage of diversity.

Currently, the ratio of male to female employees at our company is 8:2. In order to increase the ratio of women in managerial positions, we are working to increase the ratio of women among all employees and to increase the number of candidates for the next managerial position among female employees.

- Activating the recruitment of female employees (strengthening the approach to U-I-J turn students)
- Educating female employees to the next leadership level

Social Initiatives (S)

Discussion between Director and Female Managers

Satsuki Shimada, an Outside Director, and eight female managers held a round-table discussion. Shimada has extensive experience in software design and design quality control. She shared stories with female managers based on her own experiences, such as her own difficulties in an environment with few female managers and her successful experiences. It was also a meaningful opportunity for fostering lateral ties among female managers.



Fostering awareness of management participation

Town Hall Meeting

Since 2025, we have held town hall meetings to convey messages directly from directors to employees and to promote smooth communication between management and employees. We will continue to provide opportunities for direct dialogue between management and employees in order to realize our company's vision.



Grant of shares through employee stock ownership association

Our company decided to grant shares to employees through the Employee Stock Ownership Plan as a part of its welfare program to increase employees' motivation and awareness of participation in management from the same viewpoint as shareholders.

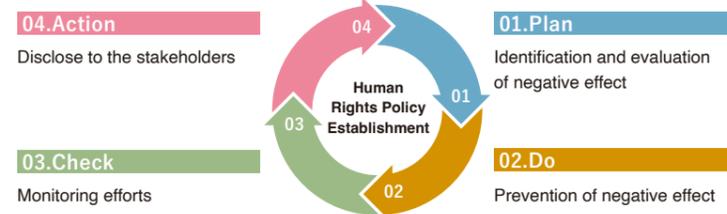
(Subject):
Members of our company Employee Stock Ownership Plan
(Number of shares granted):
50 shares per person
(Payment date):
November 7, 2025
(Method of allotment):
Disposal of treasury stock

Respect for Human Rights

Promotion of Human Rights Due Diligence

Our group has the policy that all our businesses continue to respond to the needs of society for responsibility to respect human rights, in order to achieve sustainable development in cooperation with the global society. To protect human rights through our group's value chain, we are focusing on the human rights issues listed on the right that can arise in our businesses. There were no problems in the compliance survey in 2024.

PDCA of Human Rights Due Diligence



Priority themes

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

Responding to Regional Issues

Machine Guidance for Mini Excavators Holfee

Holfee is a guidance system that supports the operation of construction equipment (mini excavators). In conjunction with a dedicated smartphone app, it displays information to the operator about the current ground drilling depth and the target drilling depth and slope. By making it easier to operate operations that require skill, we contribute to solving the problem of labor shortage and the inheritance of skilled workers in the construction industry.



Support for the development of next-generation human resources

In collaboration with Sanjo City University, we are developing a variety of initiatives aimed at developing local industries and developing the next generation of human resources. Events where students and employees interact provide opportunities for understanding of the company and career development, and deepen mutual understanding. We also offer workshops and donated courses on the theme of "Creating Innovation" to promote practical learning. Through these activities, we enhance students' creativity and problem-solving skills, and support the development of human resources who will lead the future of local communities and the manufacturing industry.



Participation of young employees in the "Nagaoka City Future Co-Creation Project"

Our young employees participated in the "Nagaoka City Future Co-Creation Project," a regional revitalization and SDGs training jointly conducted by Nagaoka City and Taiko Bank Co., Ltd. This project aims to develop human resources with diverse values and improve the engagement of employees and employees through the consideration of ideas and cross-industry exchanges for the formulation of the next comprehensive plan in Nagaoka. Ideas were presented to Nagaoka City in collaboration with other companies, and proposals were made for the future of Nagaoka City from various perspectives.



Implementation of industry-academia collaborative classes

Since FY2022, we have been working with students from Nagaoka Institute of Design on an industry-academia collaboration class called "Regional Collaborative Creation Exercise." This year, the theme was to come up with new ideas and ideas using the sensor technology and information visualization technology of our CO₂ concentration measuring device "CO₂ Lamp", and the exercise was held on a short-term intensive schedule. In order to achieve further growth, we will have a "market-in" mindset, aim to materialize ideas in anticipation of future environmental changes and needs, and will also contribute to local communities and engage in human resource development activities.



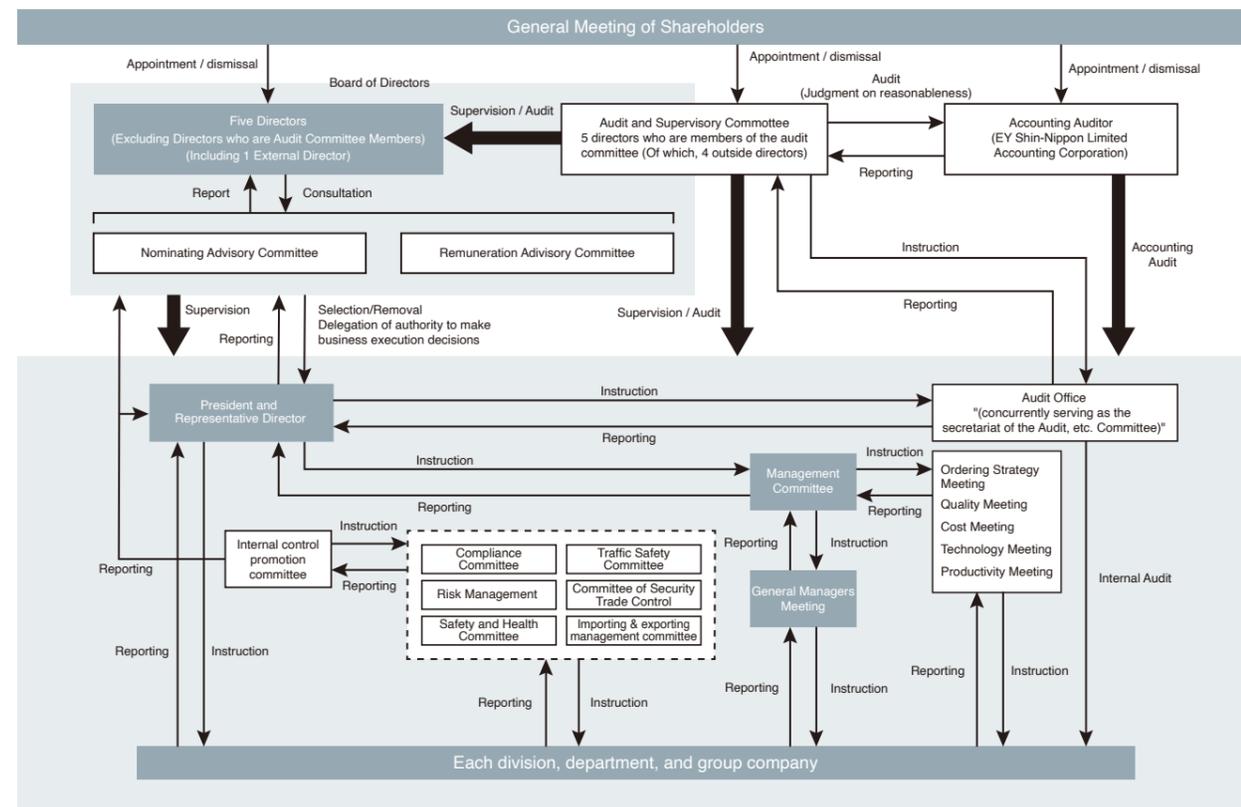
Corporate Governance (G)

Basic Corporate Governance Concept

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

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

< Diagram of Corporate Governance and Internal Control System >



< Composition and main roles of each organization >

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

The Board of Directors Effectiveness

Evaluation of the Board of Directors effectiveness

Evaluation process

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

Summary of evaluation results

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

Supporting the Board of Directors

The Corporate Planning Department, assisting all Directors, and the Audit Office, assisting the Audit and Supervisory Committee, provide timely and appropriate information, reports and communications to Directors. At meetings of the Board of Directors, proposals are explained to each Director in advance. In addition, outside Directors

are provided with the opportunity to share materials of the Management Committee and participate as observers in the Management Committee, quarterly reviews of priority measures, and management meetings of affiliated companies.

Training for Directors and Audit & Supervisory Committee Members

Our company's policy and practice is to provide Directors and Audit & Supervisory Committee Members, including newly appointed Directors, with opportunities for internal and external training every year, including when they assume office, so that they can deeply understand their roles and fulfill their responsibilities. Specifically, by provid-

ing the following internal and external training opportunities, Directors and Audit & Supervisory Committee Members are striving to acquire the necessary knowledge and understand their roles and responsibilities.

◆ **All Directors, including Outside Directors**

- Training by outside experts on the Companies Act and other related laws and regulations, corporate governance, compliance, and ESG

◆ **Outside Directors only**

- Explanation of our company's business overview, management philosophy, management plan, etc.
- Explanation of our company's financial and accounting matters
- Inspection of our company's manufacturing and design divisions

Audit and Supervisory Committee

Structure of the Audit and Supervisory Committee

The Audit and Supervisory Committee strives to conduct efficient audits in accordance with the audit policy, priority audit matters, division of duties, etc. In conducting audits, the Audit and Supervisory Committee acts to contribute to the sustainable growth of the corporate group by auditing the execution of duties by directors from a fair and neutral standpoint, and pays attention to the development and enhancement of the corporate governance system and internal control

system in its audit work.

In addition, to ensure that audits by the Audit and Supervisory Committee are conducted effectively, the Audit and Supervisory Committee regularly exchanges opinions and information on important issues with Representative Directors, and regularly exchanges opinions with Accounting Auditors and the Internal Audit Division for the sharing and mutual use of audit information.

Corporate Governance (G)

Nominating Advisory Committee

Policy on Appointment of Senior Management and Nomination of Director Candidates

When appointing our company's senior management, the Company comprehensively takes into account their experience, abilities, achievements, etc. as a manager, giving priority to their degree of contribution to business performance during their term of office, and taking into consideration whether or not they are capable of fulfilling their duties faithfully and faithfully by constantly honing themselves to be a role model for others, and working toward the development of the Company.

When nominating our company's director candidates, the Company comprehensively takes into consideration their experience, abilities, achievements, etc. as a manager, and in the case of reappointed directors, the Company selects and nominates them after taking into consideration their degree of contribution to business performance during their term of office. The Nomination Committee, which is chaired by an Independent Outside Director and consists of a majority of Independent Outside Directors, deliberates.

Candidates for Outside Directors are selected and nominated based on a comprehensive assessment of their international acumen, expertise and background, which are essential to the future development of our group, in light of the roles that our company expects Outside Directors to play, including (1) utilizing their knowledge and experience as experts to express their opinions from an external and

objective perspective, which are reflected in the formulation of management strategies and plans and in the decision-making for the execution of important business operations, (2) supervising to ensure that there are no conflicts of interest between the Company and the management and controlling shareholders, and (3) reflecting the opinions of shareholders and other stakeholders in the Board of Directors.

With regard to the change of President and appointment of officers in June 2025, the Company will clarify the Chief Executive Officer after rejuvenating the management team. The automobile industry, to which our company belongs, is undergoing a period of major change that occurs only once in 100 years, and officers have been appointed as a system to support the new President. Regarding the appointment of officers, candidates for officers are selected by the Board of Directors after receiving a report from the Nomination Committee.

Since last year, the new President has been appointed as Executive Vice President and Director with the right to represent, and he has delegated some of the duties of the President to execute them. He is selected after confirming his job status. These details are also explained to the Nomination Committee, which deliberates the appointment of officers, as reference information for their deliberations.

Independence and Diversity of the Board of Directors

Since June 2024, the Company has continued to have 5 Independent Outside Directors (3 men, 2 women). The independence and diversity of the Directors are as shown on the right.

Changes in Independence and Diversity of the Board of Directors	FY2023	FY2024	FY2025
Independence: Ratio of outside directors	36.4%	50.0%	50.0%
Diversity of: Number of female directors	1	2	2

< Board Composition and Skill Matrix >

			Corporate Management	Manufacturing and production technology	Research, development and design	Marketing Sales	Accounting and finance	Corporate Governance	ESG Sustainability	Global Experience	Human resource development	IT DX
Koichi Sato	Internal		○		○	○	○	○		○	○	
Keiichi Nagano	Internal		○		○	○			○	○	○	○
Masahiro Yoshihara	Internal		○	○						○	○	○
Masatoshi Azuma	Internal		○		○		○	○	○		○	○
Satsuki Shimada	External		○	○	○							○
Yuji Hirata	Internal	Audit and supervisory committee	○	○				○		○		
Eiko Tomiyama	External	Audit and supervisory committee				○			○		○	
Kiyoshi Suzuki	External	Audit and supervisory committee	○	○	○							
Toshiko Enomoto	External	Audit and supervisory committee	○				○	○		○		○
Toshiyuki Yamada	External	Audit and supervisory committee						○				

Remuneration Advisory Committee

Policy on Determining the Remuneration of Senior Management and Directors

Remuneration is determined in consideration of factors such as the situation at our company, the position and responsibilities of the officer concerned, and the balance with employee salaries. Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined after receiving a report on the basic policy on remuneration and procedures for determining remuneration from the Remuneration Committee, which is chaired by an Independent Outside Director and has a majority of Independent Outside Directors, and disclosing individual remuneration amounts at our company Board of Directors in order to strengthen the supervisory function of the Board of Directors and ensure transparency and fairness in management.

As for remuneration for Directors, performance-linked bonuses are paid from the perspective that it is effective to improve business performance by ensuring the stability of their livelihood at a minimum, allowing them to devote themselves to their duties, and by partially providing certain incentive remuneration.

Performance-linked bonuses to Directors are determined in consid-

eration of the results of consolidated revenue and operating profit, and the results of consolidated ROE for the previous fiscal year and the current fiscal year.

Outside Directors are excluded from the allocation of restricted stock remuneration and the payment of performance-linked bonuses.

Composition and Ratio of Remuneration to Directors

	Fixed rate	Variable rate		
		Performance-linked	Stock option	
Representative director	70%	30%	24%	6%
Director	75%	25%	20%	5%
Outside director	100%	-	-	-

Director's Remuneration (FYE March 2025)

Classification	Total remuneration (million yen)	Total amount by type of remuneration (million yen)				Number of directors
		Fixed remuneration	Variable remuneration			
			Incentive	Stock remuneration		
Basic remuneration	Performance-linked bonus	Stock options	Restricted stock			
Director [Excluding audit committee members and outside directors](outside director)	244(5)	195(5)	37(-)	2(-)	8(-)	7(1)
Audit committee members [excluding outside directors](outside director)	50(30)	50(30)	-(-)	-(-)	-(-)	5(4)
Total(outside director)	294(35)	245(35)	37(-)	2(-)	8(-)	12(5)

Cross-Shareholdings

Every year, the Board of Directors of our company qualitatively and quantitatively examines the necessity of holding each cross-shareholdings, as well as benefits and risks involved. We will also continue to work on reducing cross-shareholdings and increasing asset efficien-

cy as one of the measures to improve value continuously and achieve PBR 1x level at an early stage. (please refer P.10 Financial Policy also.)

Dialogue with shareholders and investors

Our company aims to achieve sustainable growth and increase corporate value over the medium to long term by actively engaging in dialogue with shareholders and investors, explaining our company's management strategies and plans, and reflecting the opinions and requests obtained through dialogue in management.

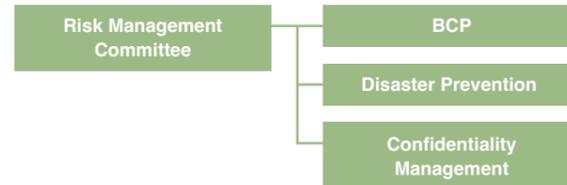
	Speaker	FY2024
		Number of times
Financial result presentation	Representative director, CFO	2
Meeting with institutional investors and analysts	CFO, Accounting senior manager	75
Person in charge of exercising voting rights	CFO, Accounting senior manager	13

Corporate Governance (G)

Risk Management

Risk Management System

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



Basic Policy of BCP

In recent years, earthquakes, fires, explosions, wind, snow and flood disasters have occurred one after another in countries around the world, and geopolitically, the Trump tariffs have had a widespread impact on countries around the world. Since the impact on the maintenance of supply chains is expected to be significant, it is necessary to take measures against risks and bottlenecks that could halt business activities. It is also necessary to formulate and implement business continuity strategies that are possible to avoid business losses in the event of an accident.

To prevent our group from being forced to shut down in the event of a disaster such as fire, earthquake, wind, snow or flood, or infectious disease, the Company is working to narrow down its important operations and formulate a business continuity plan.

In the event of a disaster, accident, or incident, the Company's Operations Committee, led by the President and Representative Director, deliberates on measures to minimize losses and the feasibility of business continuity, and judges customer delivery risks.

Information Security Management

We are committed to secure information management on a global scale by establishing an Information Security Management System (ISMS) and continuously maintaining and improving information security, including employee education. In particular, we consider customer information, sales information, technical information, and personal information to be highly confidential, and we have formulated appropriate security rules and audit sheets to protect such information from risks such as leakage, loss, destruction, and falsification, and operate them after conducting regular audits and corrections.

In terms of IT security, in response to the recent rise in the risk of

cyber attacks, we have introduced stronger defense mechanisms, such as the introduction of EDR (a system for detecting and responding to cyber threats at endpoints) throughout the group.

In addition to internal mechanisms, we have acquired information security certification called TISAX, which is defined by the German Automobile Manufacturers Association, in Japan, Europe, and the Americas. We are also working to maintain and improve our security standards by complying with the Japanese Automotive Industry Cyber Security Guidelines.

Intellectual Property

Basic Policy on Intellectual Property

Our company promotes intellectual property activities based on the basic policies of "securing beneficial rights," "securing intellectual property security," and "strengthening the utilization of rights."

In "securing beneficial rights," we identify and evaluate patentable inventions, acquire rights from highly evaluated inventions, and promote the creation of a foundation for leading our business. In addition, in order to support the acquisition of orders, we promote the acquisition of rights corresponding to the countries where our products are distributed and our competitors.

In "securing intellectual property security," we manage intellectual property risks by conducting patent investigations according to the development and design phases. In "strengthening the utilization of rights," we promote the verification of other companies' products as our own verification activities. When the use of our company's owned rights is confirmed, we utilize the rights appropriately, such as by licensing them.

Compliance

Compliance Policy

In order to become a corporate group that is even more trusted by society, the Nippon Seiki Group is committed to compliance-oriented management, complying with laws and ethics as a responsible member of society, and practicing sound corporate activities.

We aim to become a corporate group that is trusted by society by

establishing compliance guidelines and ensuring that all directors and employees act in accordance with these guidelines. We will also contribute to the prosperity of society by providing high-value products and services that satisfy our customers.

Compliance Advancement System

To promote compliance, we established the Compliance Committee under the Representative Director, and has appointed directors or executive officers with special titles as compliance officers. The Compliance Committee strives to develop a company-wide compliance system, identify problems and issues, and conduct enlightenment

activities, deliberates on important issues related to non-compliance, and promotes continuous improvement. In addition, directors and executive officers in charge of operations analyze and take countermeasures for compliance risks specific to each business division, and continuously improve quality.

Compliance Awareness

We raise awareness of compliance through TQM Notebook, which is distributed to all employees. TQM Notebook includes

Compliance Declaration, the Whistleblowing System, and the Compliance Action Guidelines. In addition, based on the annual activity plan of the Compliance Committee, we conduct compliance training for new employees, compliance training for managers by our corporate lawyer, and distribution of educational materials (four times a year), including those at group companies.

In addition, we share information with the Compliance Committee of each company and the General Manager of the General Affairs Department regarding compliance incidents that occur at group companies in order to prevent recurrence.

In addition, we aim to raise awareness of legal compliance by conducting training on the Antimonopoly Law for sales divisions and employees seconded overseas, and by conducting training on the prevention of insider trading for all employees once a year.

Whistleblowing System

Based on the Whistleblower Protection Act, our company has established a whistleblower reporting system in which reports from employees, etc. with knowledge of improprieties, including affiliated companies, are accepted at internal and external (legal counsel) contact points, and appropriate investigations, corrections and recurrence prevention measures are taken while protecting whistleblower.

We ensure thorough protection of whistleblower by allowing whis-

tleblower reporting to be made anonymously and by imposing confidentiality obligations on the person in charge. In addition, we ensure the fairness and independence of the whistleblower contact point by appointing the Compliance Committee as the person in charge of the whistleblower contact point, requiring reports of certain serious matters to outside directors, and prohibiting the involvement of interested parties in matters.

Preventing Bribery

our company recognizes the prevention of bribery as one of its important social responsibilities in order to conduct sound and fair business activities. We will comply with domestic and international laws and regulations. We will not engage in any form of illegal profit giving or inappropriate entertainment or gifts.

We will respond to the trust of society by publicizing appropriate transactions and the prohibition of bribery and illegal profit giving in our Compliance Code of Conduct, and by continuing to strengthen appropriate education and internal control systems, and by promoting highly transparent corporate activities.

Tax transparency

As a muscular company, our company will continue to take on challenges and conduct its business based on the philosophy of contributing to the sustainable prosperity of society and companies. At the same time, we understand the importance of paying taxes and strive to contribute to society by fulfilling our obligations as a taxpayer by returning profits from tax payments to society.

By complying with the tax laws and tax treaties of each country and the spirit of international norms such as the OECD Transfer Pricing Guidelines and the BEPS Action Plan, we will make tax payments in a structured and fair manner and will not engage in unjust tax avoidance.

Interview with Outside Directors



From the perspective of corporate management, we had an interview/discussion with outside directors Ms. Tomiyama and Ms. Shimada regarding the enhancement of Nippon Seiki group's value.

For Ms. Shimada it was your first year as a director; what kind of things did you focus on while performing your duties?

Shimada: Since it was my first year serving as an Outside Director, and with that in mind, I focused on understanding our company from various perspectives and offering proposals aimed at enhancing corporate value, not just in Japan but globally. When I was first appointed, I started by understanding the situation of our company and the Group. I made an effort to ascertain the organizational structure, business activities, financial status, engagement levels, and corporate culture within the company so that I could review them objectively and from a management perspective. Drawing upon my professional expertise in quality assurance concerning planning, design, manufacturing, and software within the manufacturing industry, as well as my experience in organizational management, I offered comments regarding risks related to management challenges and the revitalization of business activities. Furthermore, our company is confident that it is a corporation with great potential for further



business expansion, having established our Purpose i.e., "We create a world and future filled with security and impressions" and holding the top position as an in-vehicle instrument manufacturer.

Tomiyama: Indeed, management based on our Purpose is the key to integrating corporate activities with social value in achieving ESG and sustainability, and I believe that its integration with management strategy will become a source of competitive advantage.

What do you consider your expected role to be within the Board of Directors?

Tomiyama: Sustainable enhancement of corporate value requires the incorporation of diverse perspectives into management decision-making. Through my experience in marketing and business administration, as well as my varied roles in education, research, and as an outside director, I make a point of offering long-term perspectives while keeping the viewpoints of consumers, society, and stakeholders in mind. Specifically, at the Board of Directors meetings, I strive to offer advice that assesses both the risks and opportunities regarding management's proposals, drawing on an external perspective that differs from that of the company's internal views.

Shimada: For my part, I believe the important roles expected of me include providing recommendations on initiatives related to advanced technology from a digitalization perspective as they adapt to industry changes, particularly concerning systems and software in both existing and new business areas. Furthermore, as part of talent development that embraces diversity, I recognize that making proposals regarding human resource development such as fostering female executives, securing specialized technical talent, and developing global talent is also a part of my role.

How are your prior specialized fields and experience utilized in your role at our company?

Shimada: I believe I have been able to objectively assess the measures and operational validity, feasibility, and impact on management for key issues, as well as the quality-related governance initiatives at our globally deployed bases. Especially regarding compliance and business integration, where the impact of quality risks is high, I recognize that the discussions held at the Board of Directors meetings were effective in reducing our company's management risks.

Tomiyama: Viewing quality issues and compliance as a unified entity, and surveying them from a management risk perspective, is an extremely practical approach, and it touches on important arguments concerning the very foundation of trust-building in the manufacturing industry. I believe this kind of risk recognition directly leads to the enhancement of the Board of Directors' supervisory function. Personally, I specialize in and research marketing and global management at the university level. I have been involved in areas such as how to build a corporate brand, customer trust relationships, and management methods that leverage the company's reason for existence (Purpose). Furthermore, I have researched the overseas marketing strategies of automobile manufacturers, the automotive industry supply chain, and business-to-business transactions between companies. Through these experiences, I have considered how companies can grow in a rapidly changing era, and what kind of strategies and mindsets are necessary. At our company, I hope to utilize these perspectives to provide advice that takes into account societal trends and market changes, contributing to sustained growth and the establishment of a sound management structure.

Shimada: Advice based on the external environment is precisely what is expected of us. From that perspective, I conducted interviews with organizations within our company, particularly the software division, which is central to design, and the DX (Digital Transformation) promotion team, and proposed measures to enhance competitiveness, such as improving design efficiency, addressing management layer development challenges, and introducing Generative AI. Improvements are also being advanced across the entire organization, and I feel that my own experience has had a positive effect. From a diversity perspective, I participated in a forum for exchanging views with female managers, where I shared advice on practical issues in organizational management and discussed our company's



potential challenges. I believe this also provided a starting point for future organizational reform. By engaging directly with employees on the ground, I have come to understand the sincere and positive organizational culture of the staff, and I feel that these traits are a strength of our company.

Tomiyama: I resonate with the approach of grasping the organization's cultural strengths through the voices of those on the ground and valuing them as management resources. From the perspective of human capital management as well, the qualitative understanding of corporate culture as an intangible asset can become an important management indicator. Since you have served as an executive in the manufacturing industry, I believe this was a beneficial opportunity for the female managers as well.

In the process of supporting our company as an Outside Director, what particular areas do you find attractive or feel are our strengths?

Tomiyama: The ability to respond in the global market and the forward-looking attitude of the management team, who are keen to take on the challenge of transformation, are very reassuring, and they provide a sense of security from a governance perspective as well.

Shimada: I, too, initially assumed it was a manufacturing company focused primarily on production and hardware design, so I was very surprised to see that they are also advancing the strengthening of software development in response to industry changes.

Tomiyama: The shift toward enhanced software development capabilities and UX (User Experience) design is symbolic of the business model transformation in the manufacturing industry. The attitude of our company, which is to seize this change not as a "threat" but as an "opportunity for differentiation" and to make it a driver for transformation, is highly encouraging to me as an Outside Director. So, I hope to contribute to its realization.

Shimada: In addition, I feel that our company's employees are sincere and careful, are proud of the company, and possess a culture of continuing to uphold its long history. It could also be said that the transformation into a muscular corporate structure, as outlined in the previous medium-term management plan, was an initiative well-suited to the corporate culture, couldn't it? It is also attractive that this is a company with great potential to leverage these strengths and transform into an even more robust corporate structure.

Tomiyama: I also feel that the employees' sincerity and cooperativeness are key strengths. The fact that the company has built its social significance in the region of Nagaoka City, Niigata Prefecture, over many years is manifested in the employees' pride, loyalty, and a cautious yet sincere corporate culture. In this, I feel the power of our corporate culture as an intangible asset. While these factors are difficult to see on a balance sheet, they are vital management resources that support long-term competitiveness and risk resilience. I also deeply resonate with your point that the "transformation into a muscular corporate structure" outlined in the previous medium-term management plan was naturally compatible with and advanced in a way that suited this corporate culture.

Next Page →

Interview with Outside Directors

The current medium-term three-year plan (FYE2025 to FYE 2027) is positioned as a period of performance recovery. What do you consider to be the challenges toward achieving this performance recovery?

Shimada: I understand that “Strengthening the HUD business” and “Improving profitability of the European business”, which are listed as the key priorities cited for navigating this performance recovery period, are themes that are being closely watched and highly anticipated by many stakeholders, including shareholders and investors. Furthermore, a mountain of challenges remains, such as domestic reorganization, improving productivity, reducing material costs, acquiring advanced technology, and launching new businesses. From a global perspective, in addition to improving profitability in the European business, strengthening the Indian and Chinese markets is essential. Moreover, we need to carefully monitor the economic impact of the United States and respond based on the global economy. While concrete measures for these challenges are being advanced at various global sites and within Group companies, we must also strengthen our response regarding the sense of speed and the visibility of the execution process. I believe that establishing a unified management system to timely recognize individual initiatives and challenges and implementing a clear PDCA cycle is an item that should be accelerated in future deliberations.

Tomiyama: While performance recovery is an urgent priority, the key lies not in mere cost reduction, but in reviewing the business portfolio, investing in new value creation, and utilizing both internal and external human resources. Furthermore, for sustainable growth, it's vital to visualize outcomes not only in financial results but also in non-financial areas such as the environment and society, and to communicate these both internally and externally. Moreover, to respond to rapid environmental changes, it's essential to promote “Open Innovation”, which actively utilizes external expertise, technology, and partnerships rather than trying to complete everything internally. I believe that an attitude of proactively anticipating change with a sense of speed will lead to both performance recovery and the strengthening of medium-to-long-term competitiveness.

How do you analyze the changes in the external environment that are impacting our company's business?

Shimada: Stakeholders' expectations center on further dedication to advanced technology, establishing a product design and production system that is mindful of sustainability, and building a flexible supply chain and risk management framework through world-leading product development and global management. To achieve this, we view the speedy sharing and visualization of information, including among Group companies, as the most urgent challenge that must be addressed. Regarding economic risks, we believe they can be managed by optimally utilizing our global network, which is one of our strengths, thereby minimizing the impact of foreign exchange, diversifying procurement sources, and reducing costs through the adjustment of manufacturing resources.

Tomiyama: In addition, the perspective of “Ambidextrous Management” (i.e., simultaneously deepening existing business and challenging new ventures) is crucial for creating new value while leveraging the established strengths like technological prowess and trust we have built over time. In recent years, the vertical integration structure of the automotive industry is starting to collapse, and there is a shift from dealing with individual components to integrally receiving orders for entire systems. To adapt to these changes, an overall optimization perspective that encompasses not only hardware but also software development capabilities is essential; it can be said that the automotive industry has entered the “Software-First” era. I feel this is not simply a technological innovation, but a fundamental change crucial for the company's survival, and it requires a resolute response with flexibility and foresight.

Shimada: The environment surrounding the automotive industry is indeed changing rapidly. Specifically, the current environment surrounding the automotive parts industry is multi-faceted, including the advancement of electrification, autonomous driving, strengthened decarbonization and environmental regulations, fluctuations in the global supply chain, digitalization, smart factories, and global economic risks, such as the recent tariff issues in the United States. Our core meter business will inevitably face these same environmental changes simultaneously.

Tomiyama: From a long-term perspective, I believe the medium-term management plan aimed at 2030 will be challenged to demonstrate how the company intends to realize its reason for existence (Purpose). We have entered an era where stakeholders emphasize the creation of environmental and social value, not just financial outcomes. Within this context, we recognize that a major challenge for our Group is balancing global expansion with co-existence with local communities, alongside environmental responsiveness, starting with decarbonization. To advance ESG initiatives, we must move beyond mere formal disclosure and establish a mechanism that is “integrated with management decision-making.” For example, it is effective to integrate sustainability with business strategy, product development, and human resource development, and to establish concrete KPIs and incentive systems across departments aimed at achieving these goals. I believe that deepening ESG from merely being “an activity for reporting” into an initiative that visualizes the “corporate will” as a promise to future generations, will lead to gaining empathy and trust.



As you pointed out, the automotive parts industry is seeing advancements in EV adoption, digitalization, and the introduction of AI technology. What do you believe is the most important strategy for our company to respond to these changes?

Shimada: Our core in-vehicle meter business is required to transform into a digital interface company, evolving from the mere purpose of “display and information provision” to a domain centered on “UX (User Experience)” and “HMI (Human-Machine Interface)” in response to the ever-accelerating adoption of EVs, digitalization, and the introduction of AI technology.

Tomiyama: As you say, with the advancement of digitalization, EV adoption, and AI integration, in-vehicle devices are transcending their role as “information-conveying equipment” and becoming “an integral part of the driving experience,” making UX design and HMI design core elements of competitiveness.

Shimada: As exemplified by our HUD (Head-Up Display) technology, our company possesses extremely high technical capabilities, but we must take rapid and effective measures to respond to drastic changes. To achieve differentiation, we need to establish a manufacturing system that also prioritizes safety, requiring the securing of more specialist personnel with advanced technology, strengthening software-centric design, and optimizing information delivery with HMI (Human-Machine Interface) considerations. Our strategic focus lies in pursuing various initiatives, such as investing in R&D and technological advancement, cultivating DX and AI talent, promoting cross-departmental collaboration, fostering open innovation, and engaging in joint development with OEMs. By advancing these efforts simultaneously from an integrated perspective, involving not just our company but our stakeholders as well, I believe we can build a foundation for long-term competitiveness.

In the midst of rapid change across the entire industry, what kind of preparations do you feel are necessary for our company to maintain its competitive edge?

Shimada: In preparation for future changes, I believe it is also essential to address the business structure and the associated technology and services, the cost structure resulting from automation, and our response to sustainability and ESG. The business structure requires a shift from hardware to one centered on software and services. Particularly due to changes in customer and market demands, transformation from a conventional manufacturing-type organization into a digital company is indispensable.

Tomiyama: In recent years, the focus of customer value has been shifting from the product's performance itself to UX (User Experience) and continuous services (Servitization/SaaS models), bringing attention to “Servitization”—the provision of service value throughout the product lifecycle. In this context, building the organizational capability that combines the elements of software, AI, UI/UX, and DX requires a simultaneous transformation of both



corporate culture and strategic structure, extending beyond mere technological development.

Shimada: On the other hand, in order to not be dependent on fluctuations in the automotive industry, business diversification must also be considered. The digital technologies we have introduced, particularly advanced technologies, are applicable to other industries as well. While an organization for exploring new business ventures has already been established, we anticipate the need for strengthened capabilities to swiftly plan and execute technological deployment into other industries and collaborations with different sectors.

Tomiyama: For a company like ours, which possesses highly advanced sensing, display, and control technologies, the horizontal deployment of digital technology holds high market potential in other industries as well, such as medical devices, infrastructure monitoring, and agricultural IoT. The fact that a dedicated organization for exploring new business ventures has already been established is, in itself, an indicator of a corporate culture equipped with the adaptability and foresight necessary to navigate environmental changes, which I highly commend.

Shimada: In addressing these various review items, management must be resolute about continuing investment from a medium-to-long-term perspective, even while keeping an eye on the impact on short-term profitability. It is expected that, by leveraging our company's muscular corporate structure and accelerating organizational transformation through agile decision-making, we can achieve further evolution and transform into an even more flexible corporate structure.

Tomiyama: The major paradigm shift in the entire automotive industry, such as the collapse of the affiliate structure, the shift to bulk orders, and software-first, is a touchstone for sustainable management. Whether or not we can overcome these changes truly holds the key to sustainable growth. It is crucial to view these intense environmental changes not as a “crisis” but as an “opportunity,” and to challenge ourselves in creating new value by leveraging the company's strengths. I sincerely hope that you will utilize the winds of change to your advantage and boldly forge ahead into the future.

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Unit: million yen)

	March 31,2024	March 31,2025
Assets		
Current assets		
Cash and cash equivalents	33,257	35,305
Trade and other current receivables	53,487	52,780
Other current financial assets	11,999	12,503
Inventories	101,540	99,567
Other current assets	12,950	16,343
Total current assets	213,235	216,499
Non-current assets		
Property, plant, and equipment	74,393	78,370
Goodwill and intangible assets	8,088	6,746
Trade and other non-current receivables	3	1
Other non-current financial assets	37,018	24,379
Deferred tax assets	5,691	5,835
Other non-current assets	200	262
Total non-current assets	125,396	115,595
Total assets	338,632	332,095
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	47,545	46,065
Short-term bonds and loans	12,491	18,440
Other current financial liabilities	1,936	1,987
Income tax payables	4,686	2,859
Short-term employee benefits	5,532	5,859
Provisions	412	295
Other current liabilities	1,865	3,113
Total current liabilities	74,470	78,621
Non-current liabilities		
Long-term bonds and loans	12,699	13,838
Other non-current financial liabilities	5,498	4,945
Long-term employee benefits	4,122	4,204
Provisions	303	424
Deferred tax liabilities	11,973	9,372
Other non-current liabilities	509	456
Total non-current liabilities	35,107	33,242
Total liabilities	109,577	111,864
Equity		
Common stock	14,494	14,494
Capital surplus	5,780	5,395
Retained earnings	150,775	154,320
Treasury stock	△1,940	△1,445
Other components of equity	52,427	43,930
Equity attributable to owners of the parent	221,537	216,694
Non-controlling interests	7,517	3,536
Total equity	229,054	220,230
Total liabilities and equity	338,632	332,095

Improvement of the work environment

(Unit: million yen)

	Year ended March 31,2024	Year ended March 31, 2025
Revenue	312,355	316,397
Cost of revenue	(266,881)	(270,057)
Gross profit	45,473	46,339
Selling, general and administrative expenses	(36,057)	(36,780)
Other income	1,468	1,686
Other expenses	(2,400)	(1,660)
Operating profit (loss)	8,484	9,584
Finance income	5,589	2,103
Finance costs	(144)	(2,343)
Profit (loss) before tax	13,929	9,344
Income tax expense	(8,306)	(3,072)
Profit (loss) for the year	5,623	6,271
Profit attributable to:		
Owners of the parent	5,300	6,122
Non-controlling interests	323	149
Profit (loss) for the year	5,623	6,271
Earnings per share attributable to owners of the parent:		
Basic earnings (losses) per share (Yen)	88.04	104.88
Diluted earnings (losses) per share (Yen)	87.93	104.74
Profit (loss) for the year	5,623	6,271
Other comprehensive income		
Items that will not be reclassified to profit or loss, net of tax:		
Gains(losses) on financial assets measured at fair value through other comprehensive income	6,689	(3,304)
Remeasurements of net defined benefit liabilities (assets)	13	24
Total comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	6,703	(3,279)
Items that may be reclassified to profit or loss, net of tax:		
Foreign currency translation adjustments	13,897	(1,640)
Total comprehensive income (loss) that may be reclassified to profit or loss, net of tax	13,897	(1,640)
Other comprehensive income (loss) for the year	20,600	(4,920)
Total comprehensive income for the year	26,223	1,351
Comprehensive income attributable to:		
Owners of the parent	25,384	1,130
Non-controlling interests	839	220
Comprehensive income for the year	26,223	1,351

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the year ended March 31, 2024

(Unit: million yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity				Total equity attributable to owners of the parent		
					Gains(losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)	Foreign currency translation adjustment	Total			
As of April 1, 2023	14,494	4,435	149,233	(972)	8,637	—	23,713	32,351	199,542	6,832	206,375
Comprehensive income											
Profit for the year	—	—	5,300	—	—	—	—	—	5,300	323	5,623
Other comprehensive income	—	—	—	—	6,689	8	13,386	20,084	20,084	515	20,600
Total comprehensive income	—	—	5,300	—	6,689	8	13,386	20,084	25,384	839	26,223
Transactions with owners											
Dividends paid	—	—	(2,414)	—	—	—	—	—	(2,414)	(81)	(2,495)
Share-based payment transactions	—	13	—	—	—	—	—	—	13	—	13
Purchase of treasury stock	—	—	—	(996)	—	—	—	—	(996)	—	(996)
Disposal of treasury stock	—	(28)	—	28	—	—	—	—	0	—	0
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation	—	—	6	—	—	—	—	—	6	(72)	(65)
Transfer from capital surplus to retained earnings	—	1,359	(1,359)	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	8	—	—	(8)	—	(8)	0	—	0
Total transactions with owners	—	1,344	(3,758)	(968)	—	(8)	—	(8)	(3,390)	(154)	(3,544)
As of March 31, 2024	14,494	5,780	150,775	(1,940)	15,327	—	37,100	52,427	221,537	7,517	229,054

For the year ended March 31, 2025

(Unit: million yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity				Total equity attributable to owners of the parent		
					Gains(losses) on financial assets measured at fair value through other comprehensive income	Remeasurements of net defined benefit liabilities (assets)	Foreign currency translation adjustment	Total			
As of April 1, 2024	14,494	5,780	150,775	(1,940)	15,327	—	37,100	52,427	221,537	7,517	229,054
Comprehensive income											
Profit for the year	—	—	6,122	—	—	—	—	—	6,122	149	6,271
Other comprehensive income	—	—	—	—	(3,304)	24	(1,712)	(4,991)	(4,991)	71	(4,920)
Total comprehensive income	—	—	6,122	—	(3,304)	24	(1,712)	(4,991)	1,130	220	1,351
Transactions with owners											
Dividends paid	—	—	(2,956)	—	—	—	—	—	(2,956)	(606)	(3,563)
Share-based payment transactions	—	3	—	—	—	—	—	—	3	—	3
Purchase of treasury stock	—	—	—	(2,703)	—	—	—	—	(2,703)	—	(2,703)
Disposal of treasury stock	—	(8)	—	21	—	—	—	—	13	—	13
Cancellation of treasury stock	—	(3,176)	—	3,176	—	—	—	—	—	—	—
Acquisition of non-controlling interest	—	(386)	—	—	—	—	—	—	(386)	(3,595)	(3,981)
Change in scope of consolidation	—	—	56	—	—	—	—	—	56	—	56
Transfer from capital surplus to retained earnings	—	3,182	(3,182)	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	3,505	—	(3,480)	(24)	—	(3,505)	—	—	—
Total transactions with owners	—	(385)	(2,577)	494	(3,480)	(24)	—	(3,505)	(5,973)	(4,202)	(10,175)
As of March 31, 2025	14,494	5,395	154,320	(1,445)	8,542	—	35,388	43,930	216,694	3,536	220,230

Consolidated Statement of Cash Flows

(Unit: million yen)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities:		
Profit (loss) before tax	13,929	9,344
Depreciation and amortization	12,917	13,027
Impairment loss	1,794	264
Interest and dividends income	(2,931)	(2,103)
Interest expense	144	220
(Gain) loss on sale of property, plant and equipment	(39)	(498)
(Increase) decrease in trade and other receivables	7,568	427
(Increase) decrease in inventories	(2,085)	1,321
Increase(decrease) in trade and other payables	(4,732)	(304)
Increase (decrease) in provisions	(286)	(117)
Increase (decrease) in retirement benefit liabilities	137	235
Foreign exchange losses(gains)	(448)	(24)
Other, net	1,310	354
Subtotal	27,278	22,146
Interest and dividends received	3,345	2,054
Interest paid	(151)	(213)
Income taxes paid	(5,833)	(8,717)
Net cash provided by operating activities	24,639	15,271
Cash flows from investing activities:		
(Increase)decrease in time deposits, net	49,134	(623)
Purchase of property, plant and equipment and intangible assets	(11,485)	(17,120)
Proceeds from sale of property, plant and equipment and intangible assets	400	1,432
Purchase of investment securities	(95)	(139)
Proceeds from sale of investment securities	0	8,212
Increase in loans receivable	(2)	(14)
Collection of loans	30	8
Other, net	(46)	(64)
Net cash used in investing activities	37,934	(8,309)
Cash flows from financing activities:		
(Decrease) increase in short-term loans, net	(48,200)	6,197
Proceeds from long-term loans	5,000	8,000
Repayments of long-term loans	(10,661)	(7,064)
Repayments of lease obligations	(2,021)	(1,717)
Dividends paid to non-controlling interests	(95)	(562)
Net decrease (increase) in treasury stock	(1,050)	(2,649)
Dividends paid to owners of the parent	(2,414)	(2,955)
Expenditures due to acquisition of subsidiary shares without change in scope of consolidation	—	(3,981)
Expenses due to redemption of corporate bonds	(50)	(20)
Other, net	(85)	—
Net cash used in financing activities	(59,577)	(4,754)
Foreign currency translation adjustments on cash and cash equivalents	217	(159)
Net increase (decrease) in cash and cash equivalents	3,213	2,048
Cash and cash equivalents at beginning of year	30,043	33,257
Cash and cash equivalents at end of year	33,257	35,305

Consolidated Financial Statements

Financial Indicators on each year

(Unit: million yen)

Years	Japanese GAAP		IFRS								
	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023	FYE March 2024	FYE March 2025
Revenue	226,956	243,606	240,520	263,163	263,239	246,340	216,926	223,621	275,776	312,355	316,397
Cost of revenue	181,177	191,858	193,538	217,924	217,645	206,793	184,091	187,514	237,151	266,882	270,058
Gross profit	45,779	51,748	46,982	45,239	45,594	39,547	32,835	36,107	38,625	45,473	46,340
Selling, general and administrative expenses	29,343	33,664	29,686	31,129	31,379	31,878	28,935	40,383	35,784	36,989	36,754
Operating profit (loss)	16,436	18,083	17,296	14,109	14,215	7,669	3,900	(4,276)	2,840	8,484	9,585
Ordinary profit / Profit (loss) before tax	23,619	16,378	17,764	15,854	16,291	7,566	6,199	(1,399)	6,490	13,929	9,344
Net Income	15,544	10,121	10,396	12,052	12,421	371	1,237	(4,543)	2,089	5,623	6,272
Profit (loss) attributable to owners of the parent company	14,467	9,143	9,412	11,105	11,569	(350)	517	(5,180)	1,380	5,300	6,122
Return on Equity (%)	9.96	5.81	6.33	6.63	6.60	(0.20)	0.30	(2.83)	0.68	2.52	2.82
Depreciation expenses	8,133	9,088	8,398	9,142	9,101	11,146	11,299	11,916	12,068	12,917	13,027
R&D expenses	4,459	4,738	4,404	4,147	3,712	3,991	2,932	3,150	3,518	6,476	6,191
Capital investment	12,027	10,901	12,722	12,295	14,220	15,145	9,631	8,219	8,308	12,295	17,120
As of March 31											
Total assets	299,132	292,130	290,934	298,132	307,665	296,987	315,188	329,553	356,235	338,632	332,095
Equity attributable to owners of the parent company	160,027	154,490	158,274	170,382	179,969	168,601	179,223	186,258	199,542	221,537	220,230
Equity attributable to owners of the parent company ratio (%)	53.5	52.9	54.4	57.1	58.54	56.7	56.8	56.5	56.0	65.4	65.3
Interest-bearing debt	71,672	70,433	62,152	60,363	62,120	70,186	75,189	74,092	84,191	25,190	32,278
Cash Flows											
Net cash provided by operating activities	19,202	16,890	15,681	22,522	16,815	16,845	10,599	(5,437)	(18,057)	24,639	15271
Net cash used in investing activities	(86,564)	(9,386)	(3,536)	(13,263)	(16,085)	(18,321)	(13,007)	(7,518)	19,713	37,934	(8,309)
Net cash used in financing activities	1,303	(3,823)	(15,744)	(4,461)	(1,314)	(2,212)	4,883	(5,498)	2,028	(59,577)	(4,754)
Free cash flow	(67,362)	7,504	12,145	9,259	730	(1,476)	(2,408)	(12,955)	1,656	62,573	6,962
Cash and cash equivalents at end of year	39,429	41,015	35,901	42,637	42,128	36,657	41,650	24,796	30,043	33,257	35,305
Revenue from sales by region											
Japan	86,094	87,863	85,984	90,085	91,178	89,244	81,914	88,490	102,924	116,252	123,155
Americas	51,608	56,439	57,430	55,231	55,364	55,073	48,340	52,546	73,710	91,764	87,477
Europe	23,740	27,562	22,130	25,221	26,293	21,539	16,158	17,396	22,784	25,099	26,851
Asia	65,513	71,742	74,975	92,624	90,402	80,483	70,512	65,188	76,357	79,239	78,913
Stock information											
Dividends per share (yen)	33	35	35	42	45	40	40	40	40	45	50
Profit (loss) for the year per share (yen)	252.6	159.67	164.37	193.94	202.03	(6.13)	8.97	(85.88)	21.68	88.04	104.88
Dividend payout ratio (%)	13.06	21.91	21.28	21.65	22.27	-	454.93	-	184.75	50.89	47.7
Price earnings ratio	9.37	13.63	14.57	9.96	8.86	-	143.10	-	36.99	17.36	11.06

Directors / Integrated Report Review

Directors



6 Yuji Hirata 4 Masatoshi Azuma 3 Masahiro Yoshihara 9 Toshihiko Enomoto 10 Toshiyuki Yamada
8 Kiyoshi Suzuki 5 Satsuki Shimada 1 Koichi Sato 2 Keichi Nagano 7 Eiko Tomiyama

1 Koichi Sato

Chairman Representative Director

Apr. 1985 Joined the Company
Apr. 2006 Vice President and Director, N.S. International, Ltd.
Jun. 2011 Director, the Company
Jun. 2013 Managing Director
Apr. 2016 Director and Managing Officer
Apr. 2017 Director and Senior Managing Officer
Jun. 2019 Representative Director and Senior Managing Officer
Jun. 2020 President, Representative Director and Chief Executive Officer
Jun. 2025 Chairman, Representative Director (to present)

2 Keichi Nagano

President, Representative Director and Chief Executive Officer

Apr. 1989 Joined the Company
Mar. 2014 General Manager, Nippon Seiki (Europe) B.V.
Apr. 2020 Senior Operating Officer
Jun. 2021 Director and Senior Operating Officer
Jun. 2022 Director and Managing Officer
Jun. 2023 Director and Senior Managing Officer
Jun. 2024 Vice President, Representative Director and Chief Executive Officer
Apr. 2025 In charge of Automotive Business Headquarters, Motorcycle and Sensor Business Headquarters, Component Business Headquarters, Automotive System Design Headquarters, and Corporate Management Headquarters (to present)
Jun. 2025 President, Representative Director and Chief Executive Officer (to present)

3 Masahiro Yoshihara

Director and Senior Managing Officer

Sep. 1985 Joined the Company
Oct. 2016 President, Shanghai Nissei Display System Co., Ltd.
Jun. 2022 Director and Senior Operating Officer
Jun. 2023 Director and Managing Officer
Apr. 2024 In charge of Production Engineering Headquarters, Production Headquarters, Geographical area in his charge: North and Mid America and South America
Jun. 2024 Director and Senior Managing Officer (to present)
In charge of Production Engineering Headquarters, Geographical area in his charge: North and Mid America and South America
Apr. 2025 In charge of Global Quality Assurance Headquarters, Global Production Headquarters, and Nagasaki Plant
Geographic area in his charge: Japan (Monozukuri) (to present)

4 Masatoshi Azuma

Director and Senior Managing Officer

Apr. 1984 Joined the Company
Jun. 2018 Senior Operating Officer
Apr. 2020 Chief of the Headquarters, Enterprise Management Headquarters and General Manager, Enterprise Supervision Dept.
Geographical area in his charge: ASEAN
Jun. 2020 Director and Managing Officer
Apr. 2021 Chief of the Headquarters, Enterprise Management Headquarters
Geographical area in his charge: ASEAN and Taiwan
Apr. 2023 In charge of Enterprise Management Headquarters
Geographical area in his charge: ASEAN, Taiwan, and India
Apr. 2024 In charge of Sourcing Headquarters
Geographical area in his charge: ASEAN, Taiwan, and India
Apr. 2025 In charge of Technology Development Headquarters and Global Sourcing Headquarters
Geographical area in his charge: India (to present)
Jun. 2025 Director and Senior Managing Officer (to present)

5 Satsuki Shimada

Outside Director

Apr. 1987 Joined Fujitsu Limited
May 2013 Senior Manager, Product Development Process Audit Group, Product Process Audit Division, the said Company
Jun. 2015 Executive Officer, General Manager, Group Business Promotion Office, and General Manager, Assessment Business Department, Fujitsu Quality Laboratory Ltd. (currently Eurofins FQL Ltd.), and Senior Director, Platform Quality Division, Fujitsu Limited
Jul. 2021 Executive Officer, General Manager, Process Consulting Department, Eurofins FQL Ltd.
Feb. 2024 General Manager, in charge of Solution Business, Eurofins FQL Ltd. (to present)
Jun. 2024 Director (to present)

6 Yuji Hirata

Director (Audit and Supervisory Committee Member)

Apr. 1984 Joined the Company
Apr. 2011 President, Shanghai Nissei Display System Co., Ltd.
Jun. 2013 Director
Oct. 2016 Director and Managing Officer
Apr. 2021 Director and Managing Officer, in charge of Production Headquarters and Production Engineering Headquarters; President and Representative Director, NS Advantech Co., Ltd.
Jun. 2022 Retired from the post of Director and Managing Officer
May 2023 President and Representative Director, NS Advantech Co., Ltd.
Director, Advisor and General Manager of Resin Manufacturing Division, NS Advantech Co., Ltd.
May 2025 Retired from the post of Director, Advisor and General Manager of Resin Manufacturing Division, NS Advantech Co., Ltd.
Advisor
Jun. 2025 Director (Audit and Supervisory Committee Member) (to present)

7 Eiko Tomiyama

Outside Director (Audit and Supervisory Committee Member)

Apr. 2010 Professor, Graduate School of Entrepreneurial Studies, Graduate Institute for Entrepreneurial Studies, Niigata Sogo Gakuen (to present)
Apr. 2014 Vice President in charge of Regional/International Affairs, Graduate Institute for Entrepreneurial Studies, Niigata Sogo Gakuen
Jun. 2018 Director (Audit and Supervisory Committee Member) (to present)
Jun. 2019 Director (Audit and Supervisory Committee Member) (to present)
Apr. 2025 Vice President (Regional Affairs, Industry-Government Academia Collaboration, International Affairs), Graduate School of Entrepreneurial Studies, Graduate Institute for Entrepreneurial Studies, Niigata Sogo Gakuen (to present)
May 2025 Outside Director (Audit and Supervisory Committee Member), Halows Co., Ltd. (to present)

8 Kiyoshi Suzuki

Director (Audit and Supervisory Committee Member)

Apr. 1975 Joined Sanjyo Electric Company (currently SANDEN CORPORATION)
Sep. 2000 General Manager of Quality Division, SANDEN CORPORATION
Jun. 2003 Director & Corporate Officer, General Manager of Technology Division, the said Company
Jun. 2005 Director & Executive Corporate Officer, General Manager of Technology Division, the said Company
Jun. 2007 Senior Director in charge of Technology, IT, and Corporate Planning, the said Company
Jan. 2014 Senior Executive Officer, Head of Technology Development Division, PARAMOUNT BED CO., LTD.
Jun. 2019 Director (Audit and Supervisory Committee Member) (to present)

9 Toshihiko Enomoto

Director (Audit and Supervisory Committee Member)

Apr. 1985 Joined NSK Ltd.
Aug. 2008 Head of Consolidated Accounting Department, Finance Division Headquarters, the said Company
Jun. 2013 Vice President, Deputy Head of Finance Division Headquarters, the said Company
Jun. 2015 Executive Advisor, Head of Internal Audit Department, the said Company
Jun. 2016 Director, Member of the Audit Committee, the said Company
Jun. 2021 Executive Advisor, the said Company
Jun. 2022 Retired from the post of Executive Advisor, the said Company
Jun. 2023 Director (Audit and Supervisory Committee Member) (to present)

10 Toshiyuki Yamada

Outside Director (Audit and Supervisory Committee Member)

Oct. 2005 Registered as Lawyer
Joined Sakai and Saiki Law Office
May 2009 Transferred to ASAH NIIGATA Law office
Apr. 2011 Vice President, NIIGATA BAR ASSOCIATION
Apr. 2018 Civil Conciliation Commissioner, Niigata District Court, and Niigata Summary Court (to present)
Jan. 2025 Judicial Commissioner, Niigata Summary Court (to present)
Jun. 2025 Director (Audit and Supervisory Committee Member) (to present)

Integrated Report Review



Nomura Capital Markets
Research Institute Inc.
Nomura Sustainability
Director of Research Center

Akane Enatsu

Biography

- Completed the Graduate School of Management at the University of Oxford; received a Ph.D. in Economics (Saitama University).
- Worked at Goldman Sachs Securities, Nikko Citigroup Securities, and other firms before joining the Nomura Institute of Capital Markets Research in 2012.
- Being in the current position in December 2019.
- Research Fields: National and local government finance, credit analysis and rating, and sustainable finance.
- Has served as a committee member for various organizations, including the central government and local public bodies.

Published Works

Local Bond Investment Handbook (Single Author)
The Era of Sustainable Finance: ESG/SDGs and the Bond Market (Co-author)
130 Keywords on ESG/SDGs (Co-author) etc.

Nippon Seiki's Integrated Report, published for the fifth consecutive year, demonstrates that solid and fundamental management aimed at enhancing corporate value was pursued, while navigating the rapidly changing business environment surrounding the automotive industry. This was driven by the "Medium-Term Management Plan 2026" (covering FY2024–FY2026) and the Purpose established to commemorate its 80th anniversary.

In the "Medium-Term Management Plan 2026," Nippon Seiki aim to achieve a Return on Equity (ROE) of 5.5% in the fiscal year 2026 through the strengthening of the Head-Up Display (HUD) business, achieving profitability in the European business, and developing new customers and new products. In the fiscal year 2024, Nippon Seiki advanced various initiatives, including: commencing joint development on optical technology with China's ReaVis Corporation to enhance the competitiveness of the HUD business; launching new HUD models in Europe; and preparing for the establishment of a joint venture with Taiwan's EDT Corporation to manufacture Thin-Film Transistor (TFT) liquid crystal modules for in-vehicle use in India. In addition, negotiations to appropriately reflect rising costs for raw materials in sales prices and cost reduction activities aimed at creating a lean and resilient management structure were successful, leading to increased revenue and profit. This, coupled with the effect of reducing policy-held shares mentioned later, resulted in a continued improving trend in ROE.

Regarding the environmental (E) aspect of non-financial factors (ESG), Nippon Seiki has set targets to reduce carbon dioxide (CO₂) emissions, covering Scope 1 and Scope 2 by 50% by 2030, and 100% by 2050. CO₂ emissions reduction also proceeded smoothly in the fiscal year 2024.

In relation to the social (S) aspect, the provision of shares through the employee's stock ownership plan was decided. This is expected to contribute not only to enriching employee welfare by supporting employees' long-term asset formation but also to raising awareness of participation in management and improving employee engagement. Furthermore, starting in 2025, our Nippon Seiki has been holding Town Hall Meetings to directly convey messages from management to employees and to promote smooth, bidirectional communication.

These measures are valued as initiatives that encourage employees to proactively contribute to the company's growth as a unified body.

Regarding Corporate Governance (G), it was noted that the company continues to emphasize capital efficiency and is proceeding with the reduction of policy-held shares as part of measures aimed at the continuous enhancement of corporate value and the early achievement of a Price-to-Book Ratio (PBR) of 1x. Specifically, the company promoted the sale of 7 listed stock issues in the fiscal year 2024, completely selling off 4 of those issues, which resulted in the remaining holding balance falling below 10% of the consolidated net assets based on market value.

In this way, the Integrated Report clearly demonstrates that continuous management efforts are being made in both financial and non-financial areas to achieve sustained enhancement of corporate value under the medium-term management plan. However, the following challenges also exist:

For example, from a Governance (G) perspective, although Nippon Seiki already possesses an Information Security Management System, the rapid development and proliferation of Artificial Intelligence (AI) is advancing, and the European Union (EU) issued the AI Act in August 2024. In addition, in Japan, the "Act for Promotion of Research and Development and Utilization of Artificial Intelligence Related Technology" came into effect in May 2025. In this context, it is anticipated that issues such as whether a company is appropriately utilizing AI and managing its risks, and whether the Board of Directors is properly overseeing these activities, will become increasingly important. Corresponding action is also required by Nippon Seiki.

In addition, as economic security and geopolitical risk management become increasingly vital in corporate management, continuous efforts are indispensable for optimizing the supply chain, conducting analysis of the external environment and risk scenarios, and strengthening the risk management structure.

For Nippon Seiki, the Integrated Report can be called a vital tool that both fulfills accountability to stakeholders and serves as a meter for measuring the progress and direction of its value creation process. I hope that through information disclosure, Nippon Seiki will further develop and its corporate value will be enhanced.

Message | Upon the Issuance of the Integrated Report 2025

In the current fiscal year, which is the first year of the "Medium-Term Management Plan 2026," we aimed to reflect efforts through the plan's strategic content (business strategy, capital policy, and sustainability strategy) to improve profitability metrics like ROE and to strengthen the management structure in non-financial areas that contribute to long-term corporate value, all with the goal of achieving a PBR of 1x. Moving forward, we will continue to strive for comprehensive information disclosure, incorporating feedback from all our stakeholders.