



New Medium-Term Management Plan 2026

Nippon Seiki Co., Ltd. (Code: 7287)

November 2023

Contents

01 Current medium-term management plan Achievements and Challenges

- Overview of the current medium-term management plan
- Results and review of the current medium-term management plan
- Recognition of market valuation and capital return
- Management challenges and measures for improvement

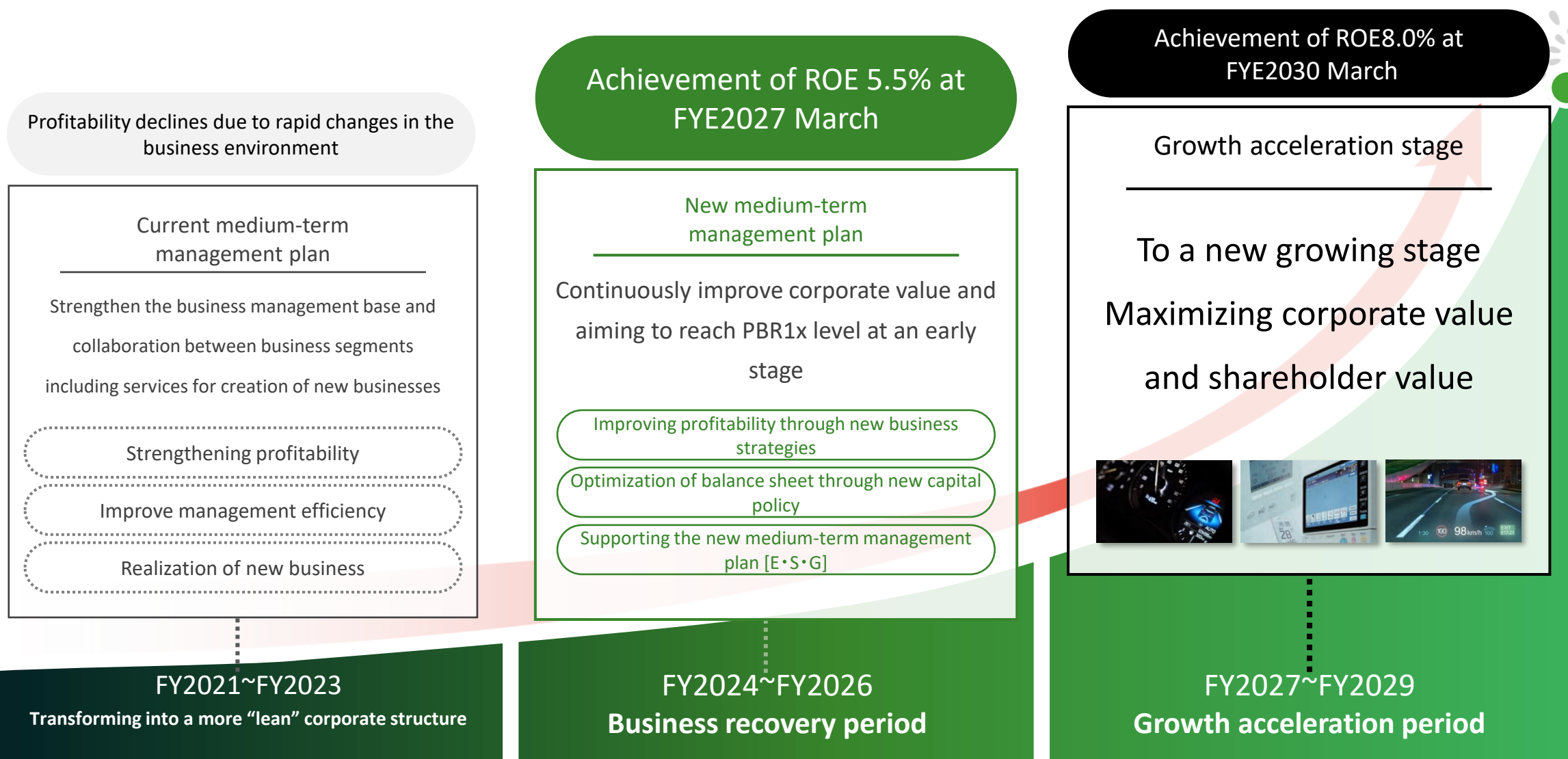
02 New medium-term management plan 2026

- Our management philosophy/corporate culture/management vision
- Overall picture of the new medium-term management plan
- Business Strategy - Overall Policy
 - Expansion of HUD business
 - Improving profitability of European business
 - New customer/new product development
- Capital policy
 - Shareholder return policy
 - Cash generation and allocation

03 [E, S, G] supporting the new medium-term management plan 2026

- Social issues solved through business
- E - Contribution to decarbonization and resource circulation
- S - Investing in global quality and human capital
- G - Governance system to improve corporate value

Positioning of the new medium-term management plan



Progress of the current medium-term management plan and
Our management challenges

01

Progress of the current medium-term management plan ① Overview

Summary of the current medium-term management plan

While the sales revenue target of 270 billion yen for the fiscal year ending March 2025 has been achieved, it is still behind the operating profit target of 13.5 billion yen.

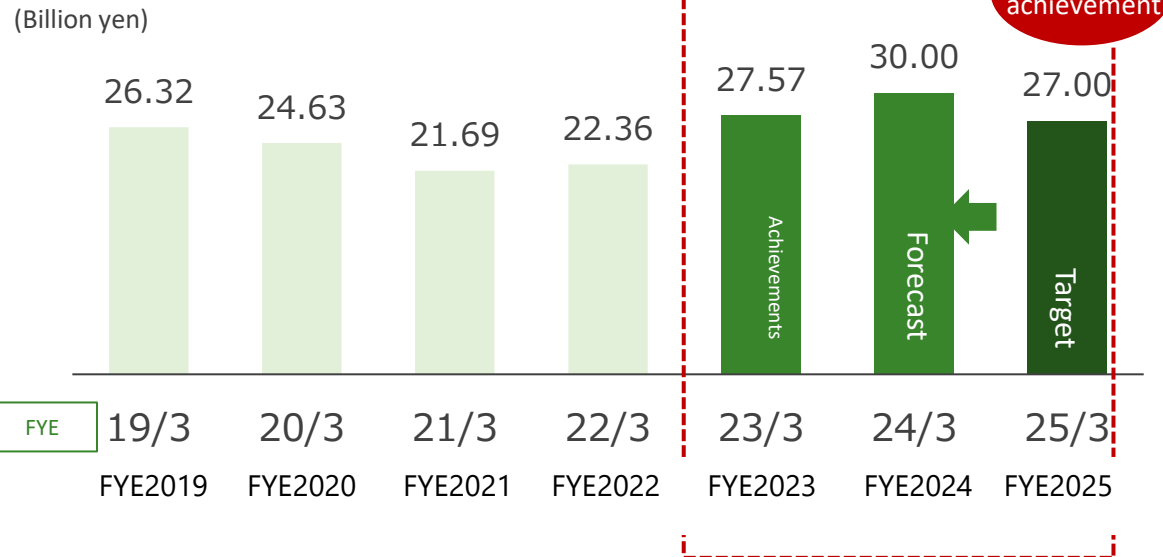
Main factors

- Impact of COVID-19 on supply chains and global business
- Production fluctuation due to tight supply of semiconductor parts
- Emerging geopolitical risks triggered by Russia's invasion of Ukraine

Sales revenue

FYE2025, March

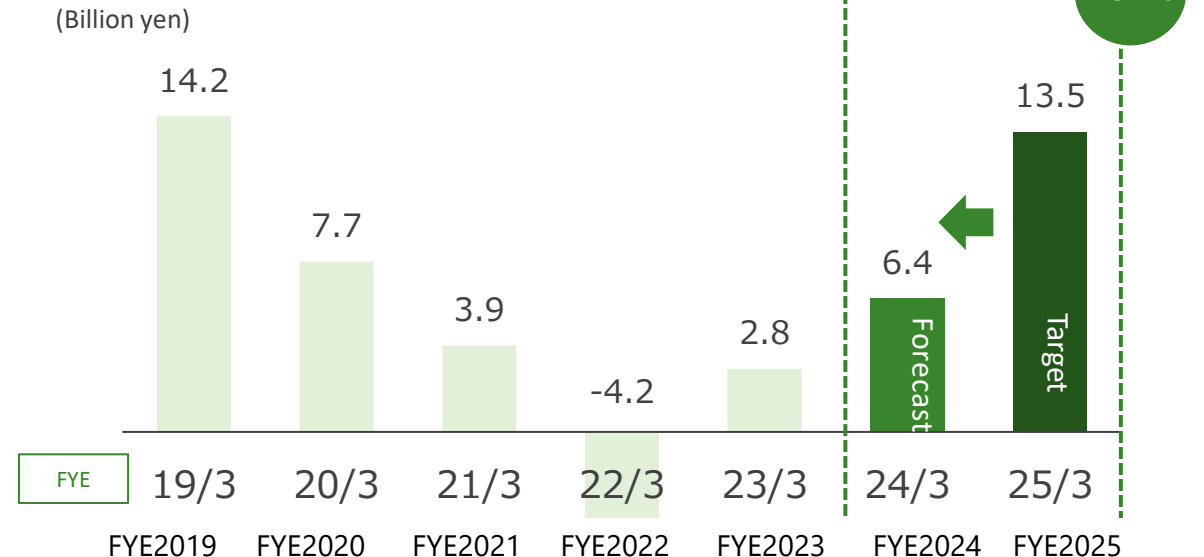
Target: 270 billion yen → Forecast: 300 billion yen



Operating profit

FYE2025, March

Target: 13.5 billion yen → Forecast: 6.4 billion yen



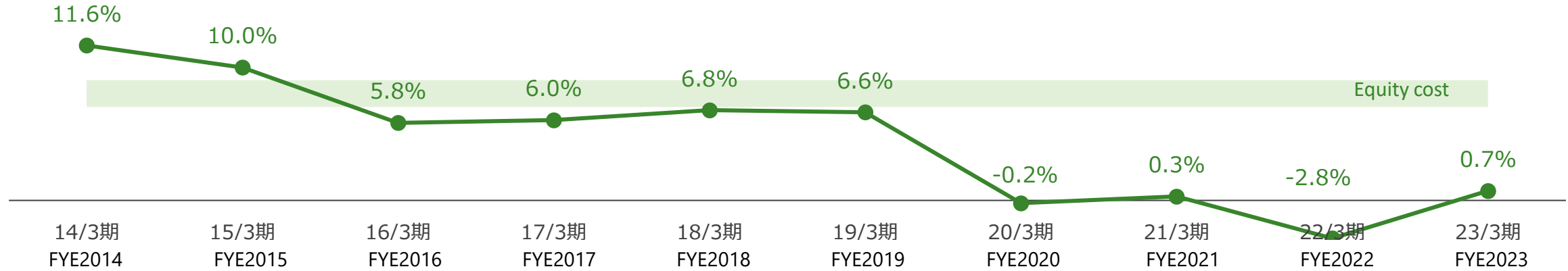
Progress of the current medium-term management plan ② Summary of achievements and issues

		Achievement	Issues	
Sales expansion	Expansion of HUD business	HUD sales 26.9 billion yen (FYE21/3) → 56.0 billion yen (FYE24/3)	<p>Sales decrease Although the market has returned to the level before COVID-19 pandemic, new risks have surfaced, such as decreasing sales of Japanese cars in China.</p> <p>Increase in parts costs Although supply has stabilized, prices for some parts are still rising, which has negative impacts on HUD sales expansion and business development of new products and services.</p>	<p>Strengthening of HUD See pages 13-14.</p> <p>New customers/ New product development See page 17</p>
	Nomination for integrated cockpit and sales expansion	Nominated for integrated cockpit business for new model in collaboration with Alps Alpine		
	Expansion of EMS/parts processing business	Acquisition of Kyohei Engineering Co., Ltd.		
	Business development of new products and services	Expansion of BPO business (IT)		
Profit improvement	Optimization of product selling prices	Selling price reflecting the rising of parts, materials and logistics costs	<p>European business The severe business environment in Europe and increased costs due to COVID-19 have caused a large deficit</p> <p>▶ Aiming to become profitable by optimizing prices, reorganizing mass production costs and production bases, etc.</p>	<p>European business See pages 15-16.</p>
	Reduction of fixed cost	Reducing SG&A expenses		
	Promoting local production, in-house production, and local procurement to minimize production and logistics costs	Promotion of local procurement: 42% (FYE21/3) → 53% (FYE24/3) Reduction of logistics costs (to the level before COVID-19 pandemic): 11.8 billion yen (FYE22/3) → 5 billion yen (2FYE4/3)		
Sustainability	Towards the realization of a sustainable society	Carbon neutral promotion (target setting) Publication of integrated report	Executing scenarios that link environmental initiatives and business value creation processes	<p>"E·S·G" supports the new medium-term management plan See pages 20-25.</p>

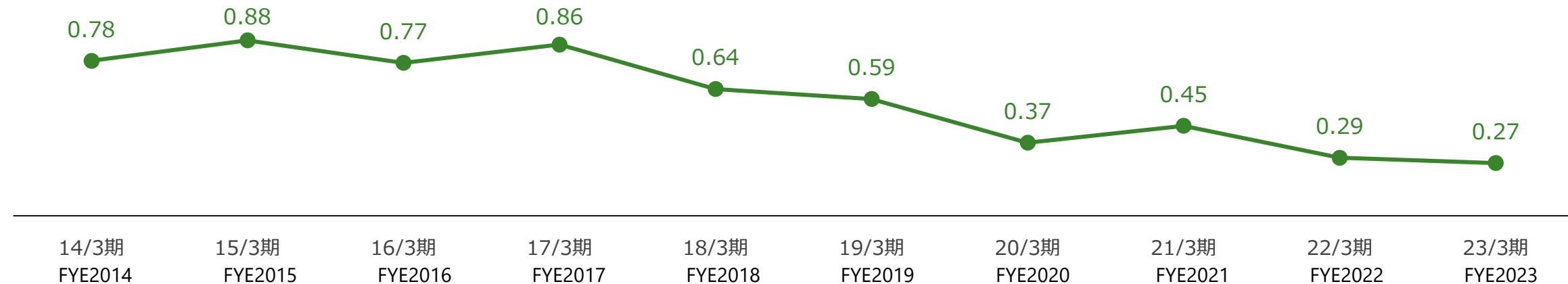
Progress of the current medium-term management plan ③ Current market evaluation/return of capital

To improve our company's market evaluation, the challenge is to secure capital profitability that exceeds the cost of shareholders' equity.

History of ROE (from FYE2014 to FYE2023)



History of PBR (from FYE2014 to FYE2023)



1 Target of the current plan **Consolidated revenue** **Fiscal year ending March 2025** **270 billion yen** **Consolidated operating profit** **13.5 billion yen**

2 Current situation

Lower profitability due to rapid changes in the business environment
Tight parts supply due to the impact of COVID-19. Rise in logistics costs and material procurement costs. Although the consolidated sales revenue target was achieved early, the operating profit target is significantly behind. Profitability declines.

3 Developing a new plan

Formulation of new medium-term management plan 2026
Increase profits by expanding HUD business in the post-COVID-19 market.
Introduction of balance sheet management to improve capital profitability.

New Medium-Term Management Plan 2026

02

Management philosophy

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

Corporate culture

Essentials, Reality, Simplicity and Speed

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

Management Vision

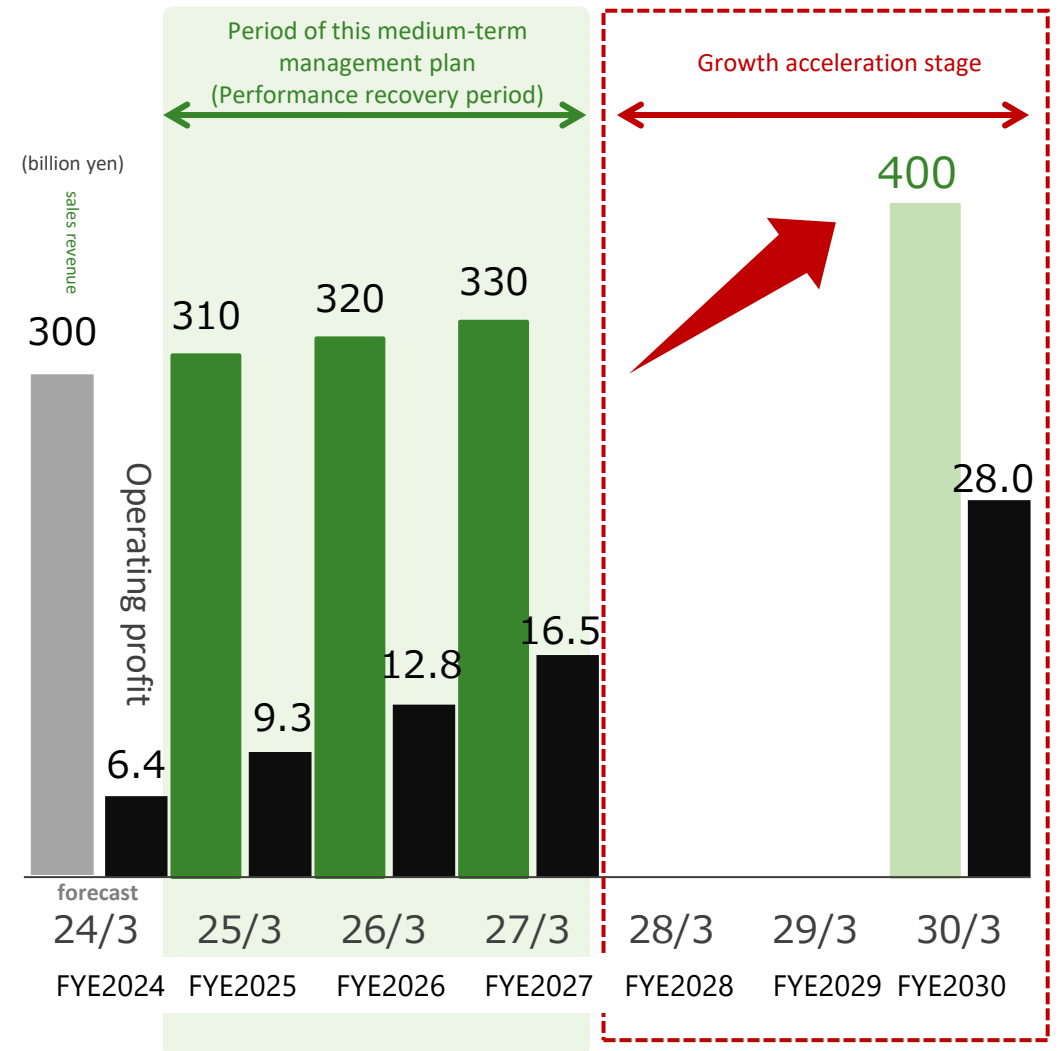
To be a total solution company that provides safety, security and excitement to people around the world through technology.

Overview of the new medium-term management plan ① Target of sales and operating profit

Targets

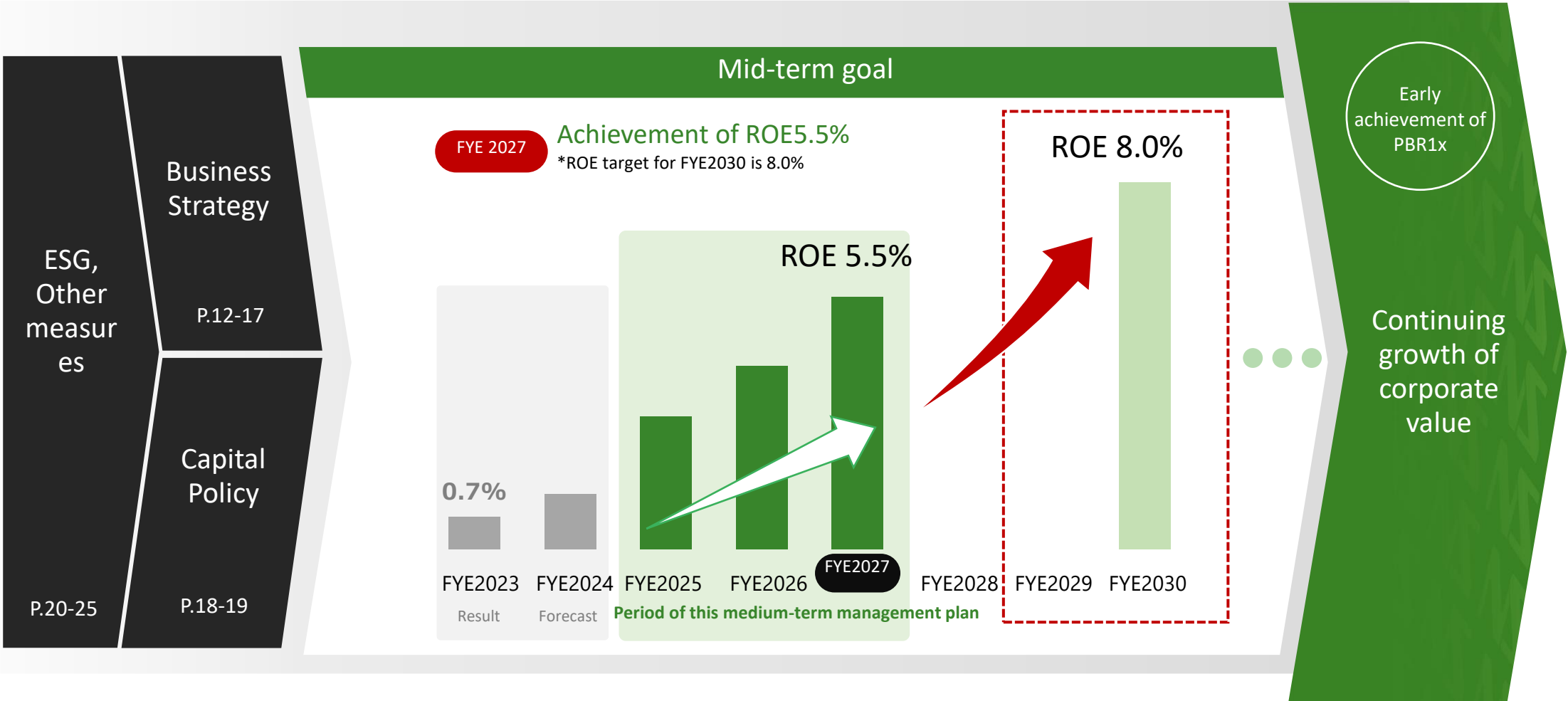
- This Medium-term management plan is positioned as a period to focus on recovering our business performance from the COVID-19 pandemic, and we will implement various measures.
- Revenue and operating income are expected to improve as a result of implementing various business strategies. Targets for the fiscal year ending March 2027 are: Sales revenue of 330 billion yen and Operating profit of 16.5 billion yen.
- The period after this medium-term management plan is positioned as a growth acceleration stage, and the targets for the fiscal year ending March 2030 are: Sales revenue of 400 billion yen and Operating profit of 28 billion yen.

Forecast		Medium-term management plan period			
	FYE2024	FYE2025	FYE2026	FYE2027	FYE2030
Sales revenue	300 billion yen	310 billion yen	320 billion yen	330 billion yen	400 billion yen
Operating profit	6.4 billion yen	9.3 billion yen	12.8 billion yen	16.5 billion yen	28 billion yen
Operating profit rate	2.1%	3.0%	4.0%	5.0%	7.0%



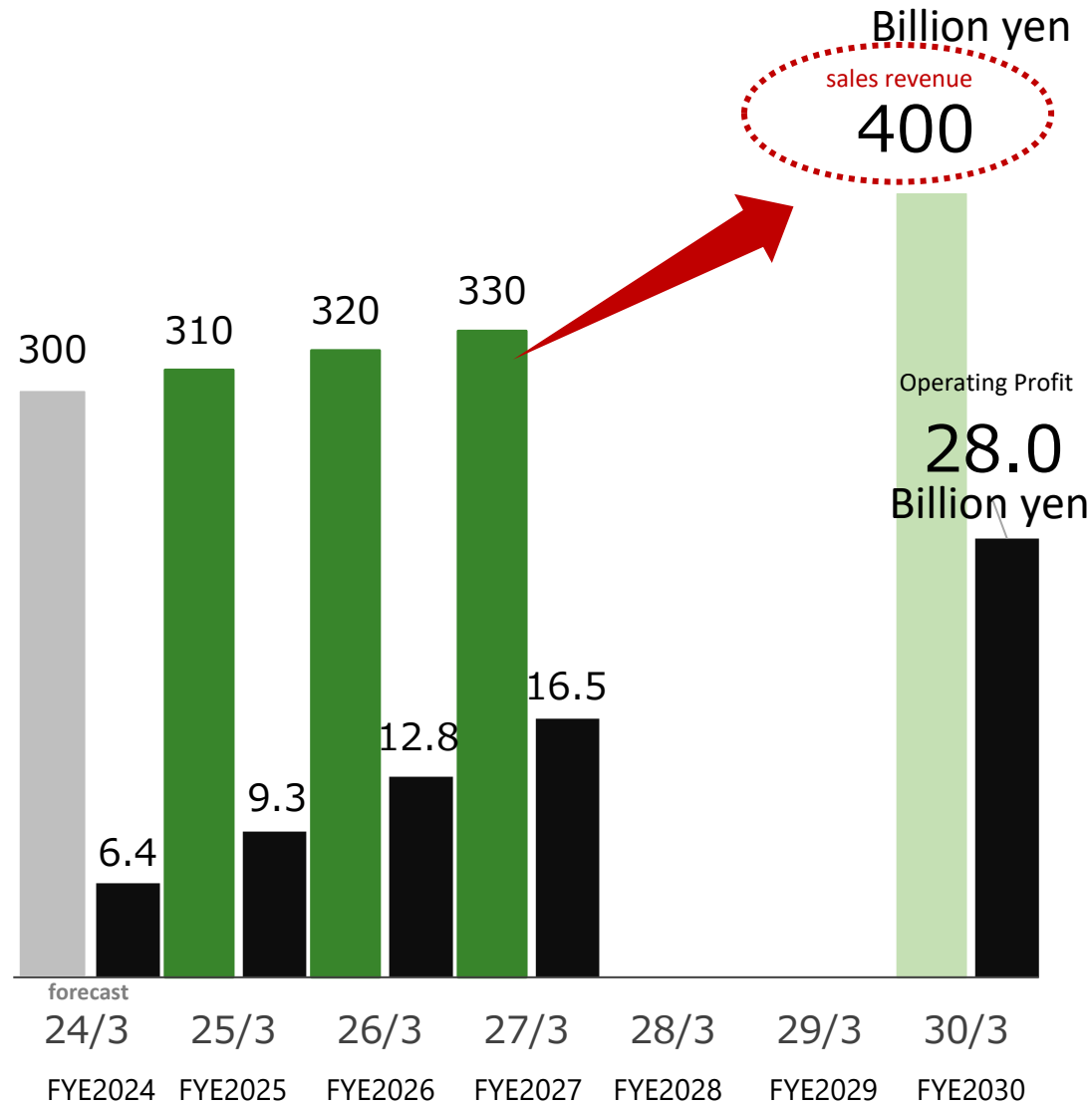
Overview of the new medium-term management plan ② Improving ROE

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



Overall policy

- ① Strengthening HUD business
- ② European business
- ③ New customers/
New product development



Revenue target for FYE2030

400 billion yen

- ① Strengthening HUD business
- ③ New customers/ New product development

Operating profit target for FYE2030

28 billion yen

Operating profit rate

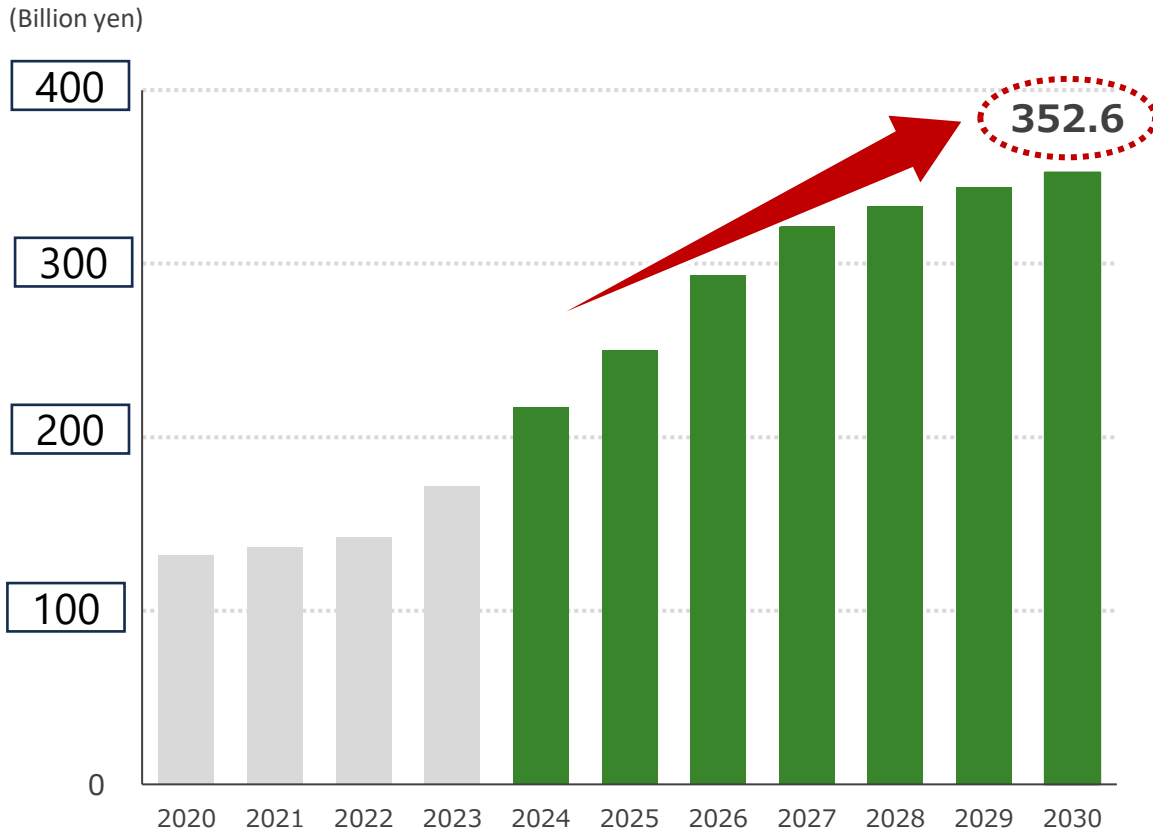
7.0%

- ① Strengthening HUD business
- ② European business
- ③ New customers / New products development

● Environment and strengths of HUD business

Forecasting the market size of HUD-related businesses

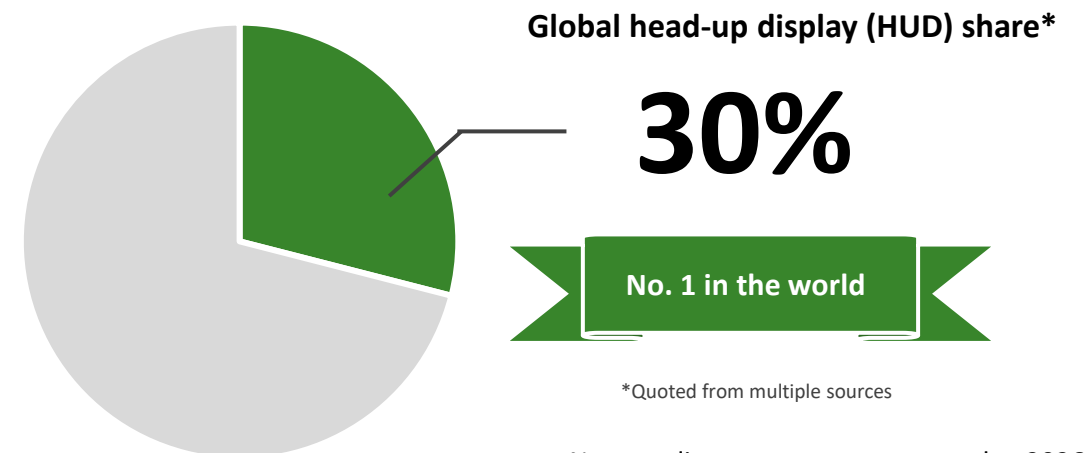
The HUD market is expected to grow rapidly, and there are high expectations for further profitability in the future.



(Source) Techno System Research Co., Ltd. "Head-Up Display Market Research 2022"

Strengths of our HUD business

- In-house production system from optical design, production technology, and design to manufacturing
- Possible to select technologies that can be used as HUD (AR-HUD mass production)
- High display quality (No distortion, no double-image)
- Extensive development and mass production experience and customer/supplier information based on this background

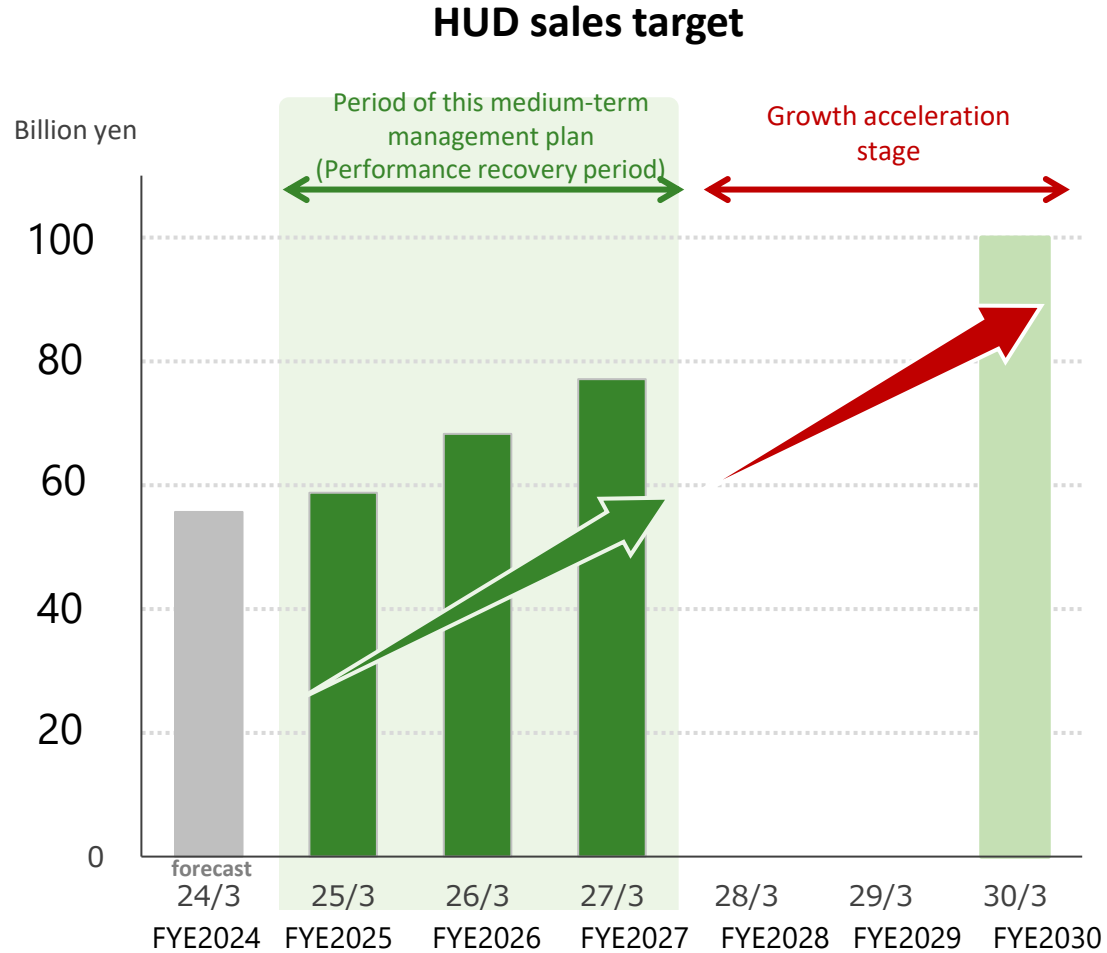


*Quoted from multiple sources

Business strategy ①: Strengthening HUD – Strengthening sales –

- To strengthening sales of the HUD business

Our main business, HUD business, aims to achieve sales of 100 billion yen in FYE March 2030.



Initiatives to strengthen sales of HUD business

Investing approximately 15 billion to 20 billion yen as growth investment

Expand target of HUD-equipped vehicle models

In parallel with the main target of medium- and large-sized vehicles, we will focus on expanding sales for light and small vehicles. Strengthening sales to customers with whom we have not previously had HUD businesses.

Plans to further popularize HUD

We have completed prototype of "after-market combiner HUD that can be attached on". Scheduled to judge whether mass production is possible

Development of new technology and new products

① Improving HUD product value

- Development of technology that displays information from inside and outside of the vehicle in a layered and seamless way.
- Providing optimal information tailored to the scene

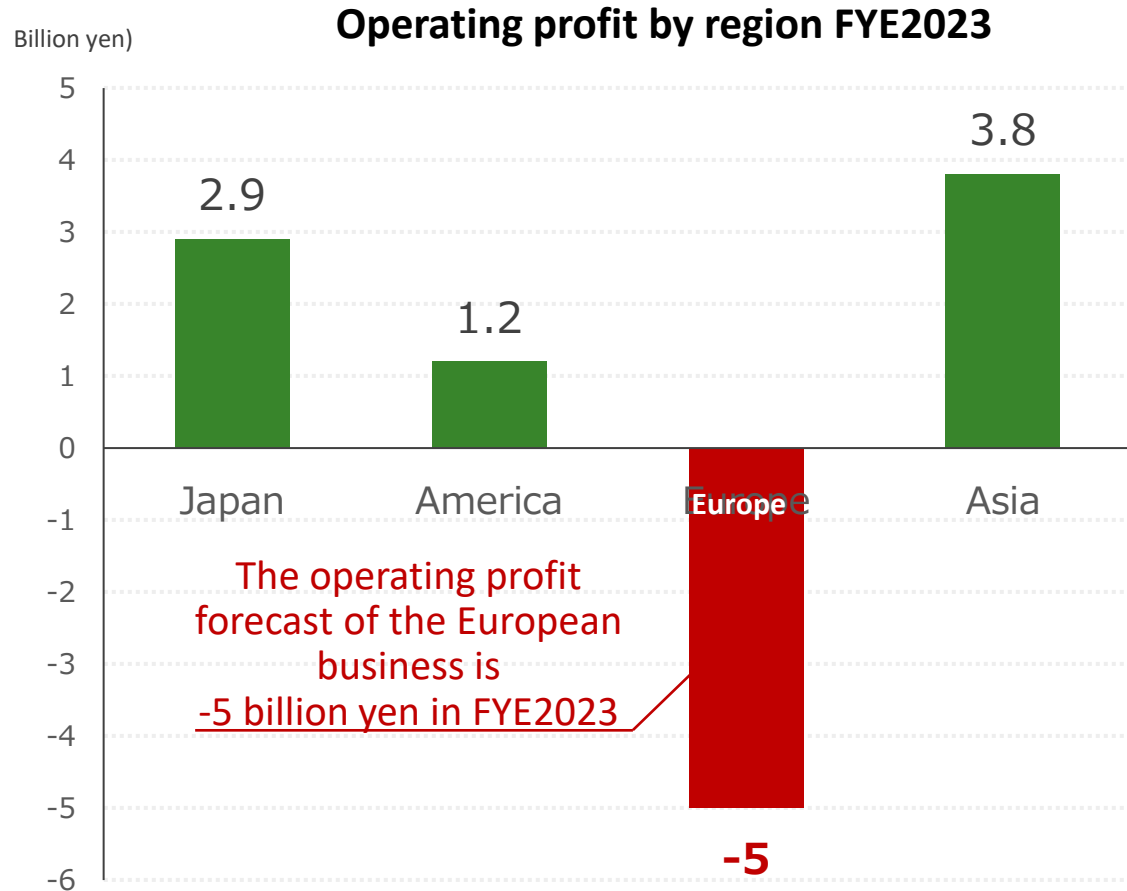
② Evolution of display technology

- New light source (PGU) development

③ Development of smaller and lighter technology

- Restructuring European business

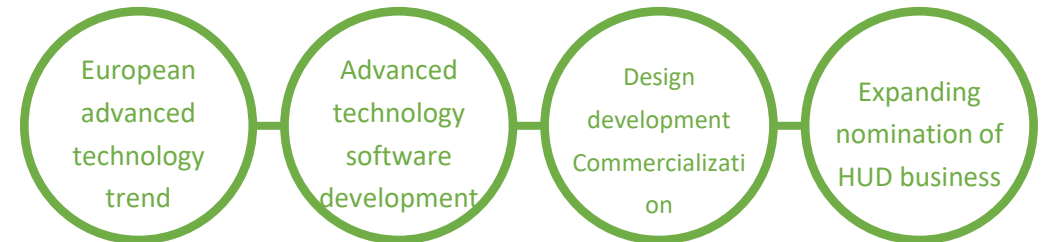
Urgent need to achieve profitability by reforming the profit structure.



Overview of European business

An important position responsible for the R&D function of the HUD business

- Connection with customers in Europe, an advanced region in automotive technology, is essential for gaining knowledge necessary for R&D in HUD development.
- We have grown as a leading company in the HUD business by quickly sensing trends in the automobile industry.



Business Strategy ②: European Business – Revenue and Expenditure Improvement Plan –

Aim to bring European business into a profitable business implementing profit improvement measures

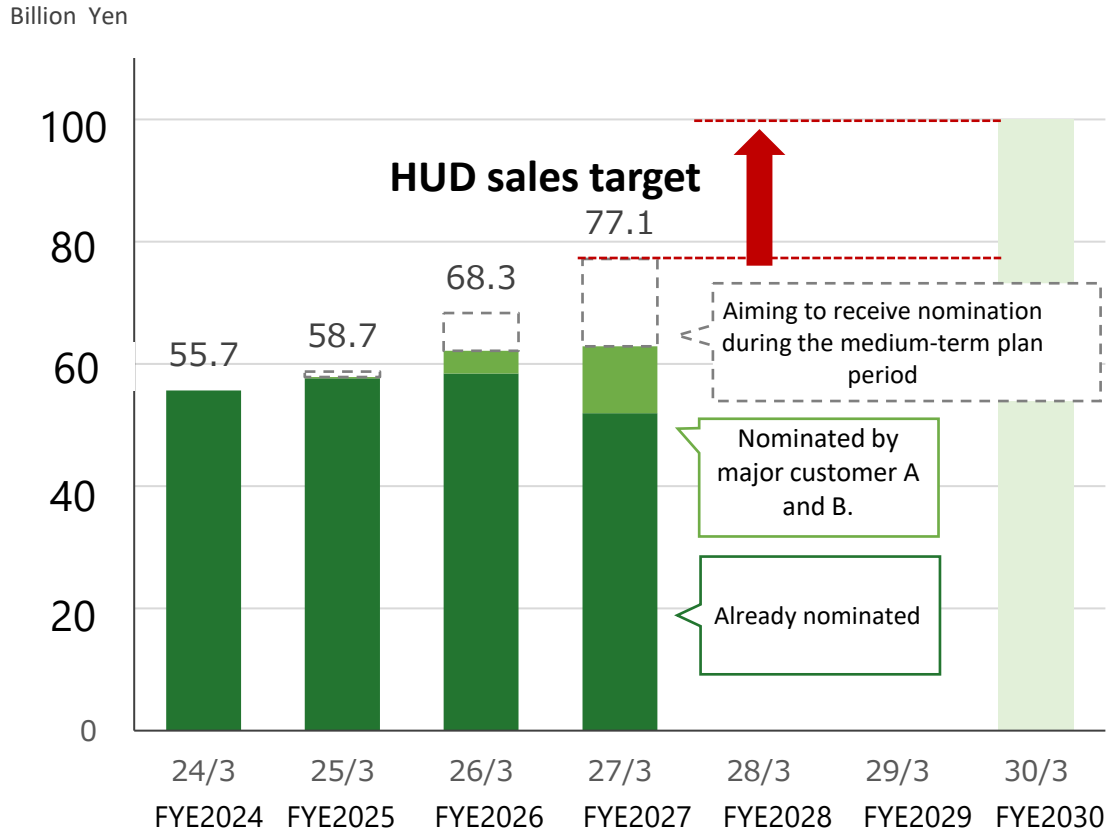
	Profit improvement effect	Current issues	Policy of initiatives	Current situation
Profit improvement Approx. 5.2 billion yen	By cost reduction Approx. 1.7 billion yen	High labor costs in Europe. Companies in several companies.	<ul style="list-style-type: none"> Reorganization of Europe group companies. Closing of UK office, downsizing (Netherlands), human resource shift to Poland 	<ul style="list-style-type: none"> Relocation of UK office to factory, downsizing of Netherlands office, reduction of labor costs in each office Start of human resource shift to Poland
		Rising logistics costs.	<ul style="list-style-type: none"> Reducing air freight costs by shifting logistics to sea transportation 	<ul style="list-style-type: none"> Shifting from air to sea shipment is almost completed. Return to logistics cost level equivalent to pre-COVID-19 level
	By quantity Approx. 1.1 billion yen	Lower sales volume	<ul style="list-style-type: none"> Increase in sales volume by nominations for new models 	<ul style="list-style-type: none"> Preparing for launching mass production launch in this fiscal year.
		Profitability per product	<ul style="list-style-type: none"> Cost improvement for unprofitable models 	<ul style="list-style-type: none"> Continuing cost improvement activities for models currently in mass production and under development.
	By price Approx. 2.4 billion yen	Rising raw material costs	<ul style="list-style-type: none"> Optimization of selling prices due to rising raw material costs 	<ul style="list-style-type: none"> Price negotiations with customers at each fiscal year.

(Note) Figures for profit improvement are estimates of profits that will improve through the implementation of various measures.

Business Strategy ③: New Customers/ New Product Development

New customer development

Aiming for sales revenue of 400 billion yen (including 100 billion yen in the HUD business) in the FYE 2030 March by actively cultivating new customers



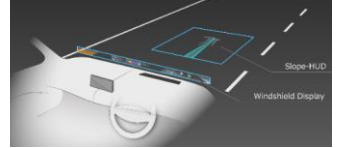
New product development

Achieve sustainable growth by allocating profits from existing businesses to developing new products

HUD

Slope-HUD

A HUD that incorporates technology that expresses depth like 3D. Navigation arrows, safety information such as the presence of people/vehicles, etc. can be displayed intuitively to give a sense of depth. The display method can be changed depending on the information.



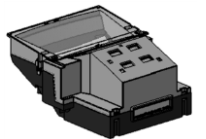
After-market HUD

This is a HUD that can be attached to vehicle after-market. It provides our company's display quality at a low price. This HUD can directly appeal to drivers who are the final consumers, and also contributes to improving the popularity of HUD.



HUD for light cars/small cars

Currently developing a HUD for light/small cars. The development of elemental technology specialized for light vehicles/small vehicles eliminates the need for special processing of vehicles, resulting in no increase in costs. It will contribute to the expansion of HUD application to light vehicles/small cars.



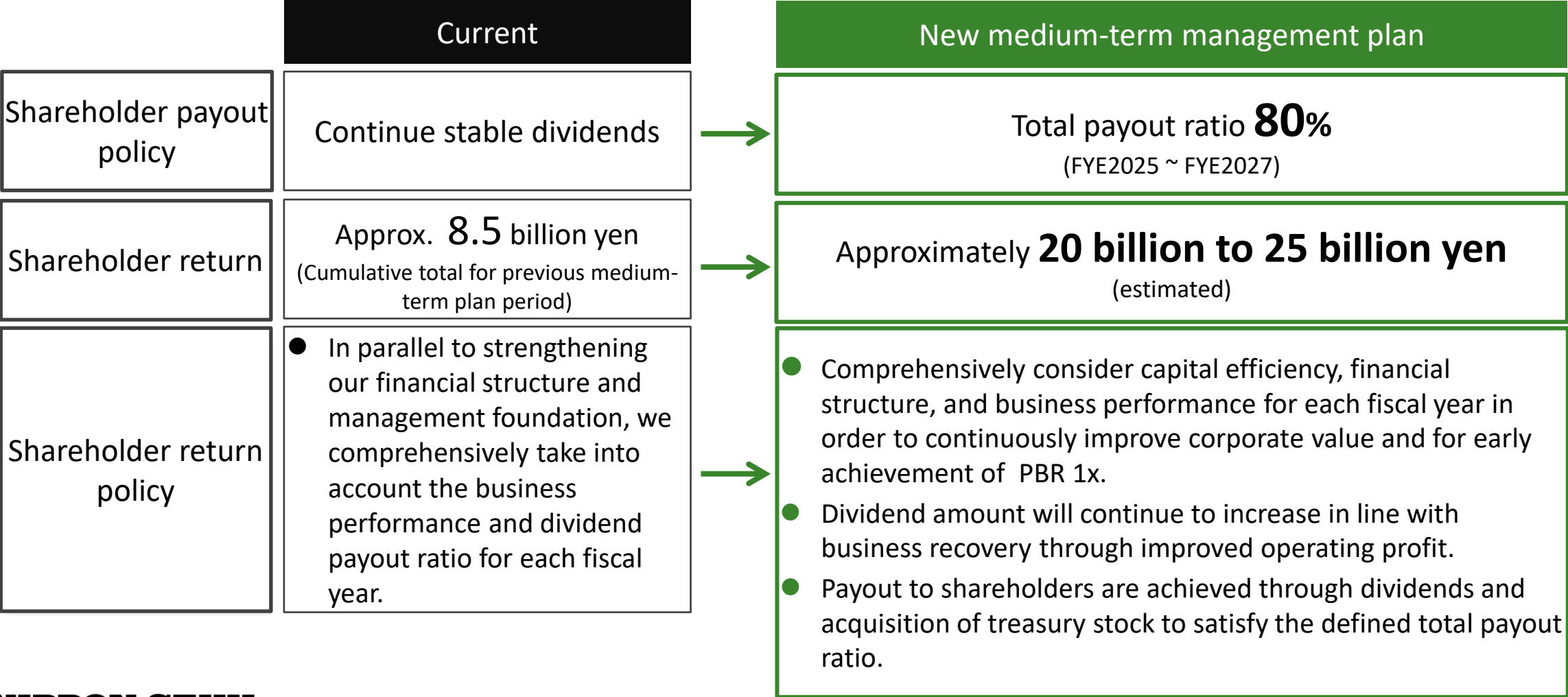
Automotive Meter

Windshield Display (WSD)

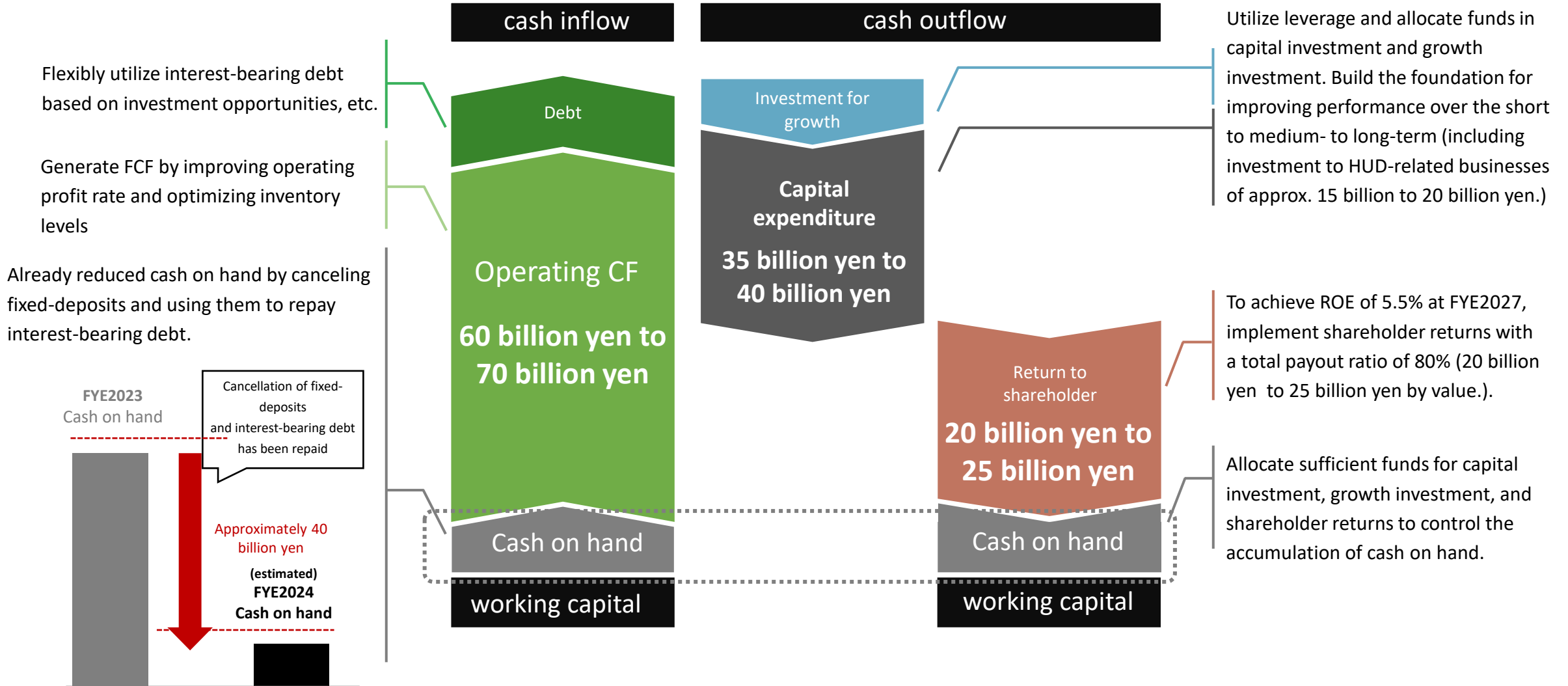
The LCD is embedded in the bottom of the windshield. It displays speed and warnings with better visibility than conventional meters. Combined with a HUD, it suppresses blurriness and creates an even safer driving environment.



Established a new shareholder return policy with a medium-term ROE target of 8.0%



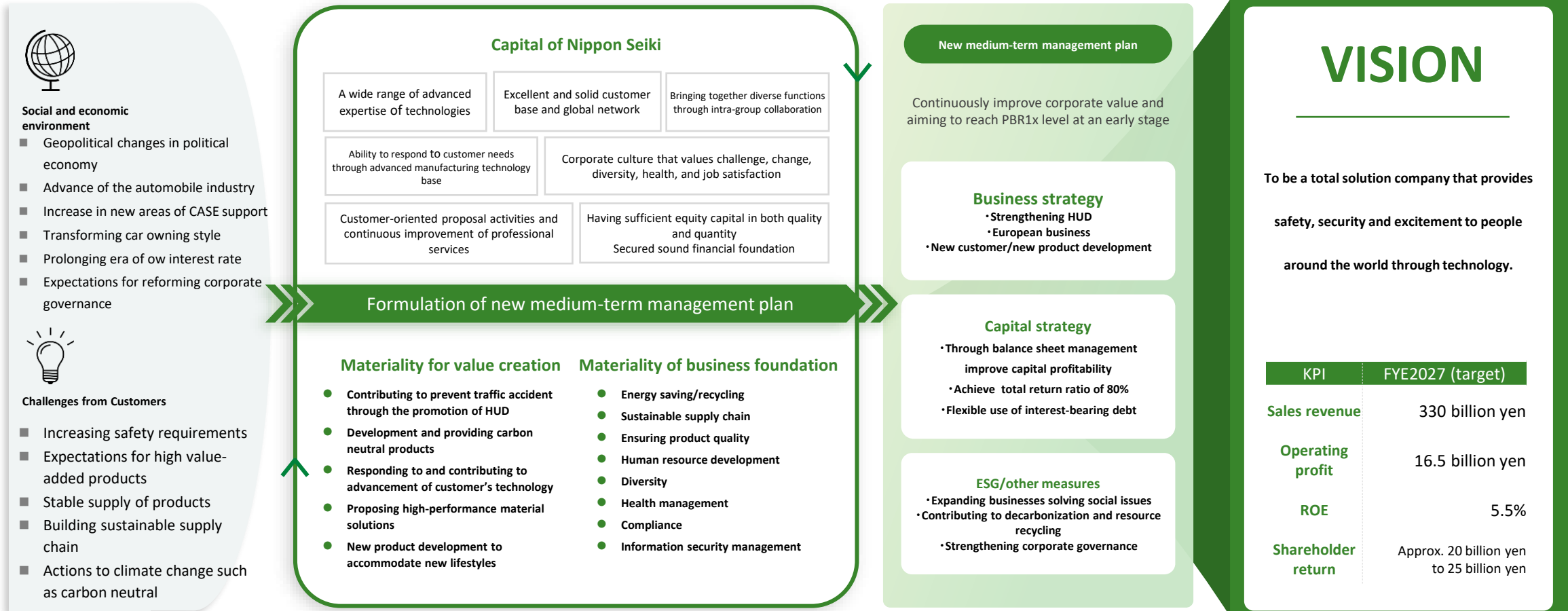
Capital policy ②: Cash generation and allocation



[E, S, G] supporting the new medium-term management plan 2026

03

Recognize social and environmental issues and create values.



Social issues to be solved through business

01 Automotive parts business

Providing a safe and secure car life

- E Energy saving by downsizing and weight reduction
- E Use of recycled materials
- E Green procurement, responsible mineral procurement, BCP

S Contribution to prevent traffic accident by spread of HUD

S Reducing the drivers' load by HMI evolution

S Providing the joy of driving

02 Consumer parts business

Innovation in technology base

Energy saving by downsizing and weight reduction

Use of recycled materials

Green procurement, responsible mineral procurement, BCP

New product development in response to social and lifestyle changes

Manufacturing of high quality, high performance, and high reliability

Proposing and providing comfortable living scenes

03 Resin compound business

Realization of circular economy

Environmentally friendly material solutions

Building recycling businesses that respond to climate change

Energy saving and use of recycled materials

Responding to and contributing to advancement of customers' technology

Obtain management system certification

Providing environmentally friendly material solutions

04 Car sales business

Realizing a well-being car life

Contributing to local communities through community-based one-stop car life services

Proposing various mobility sales and opportunities in response to social changes

05 Service business

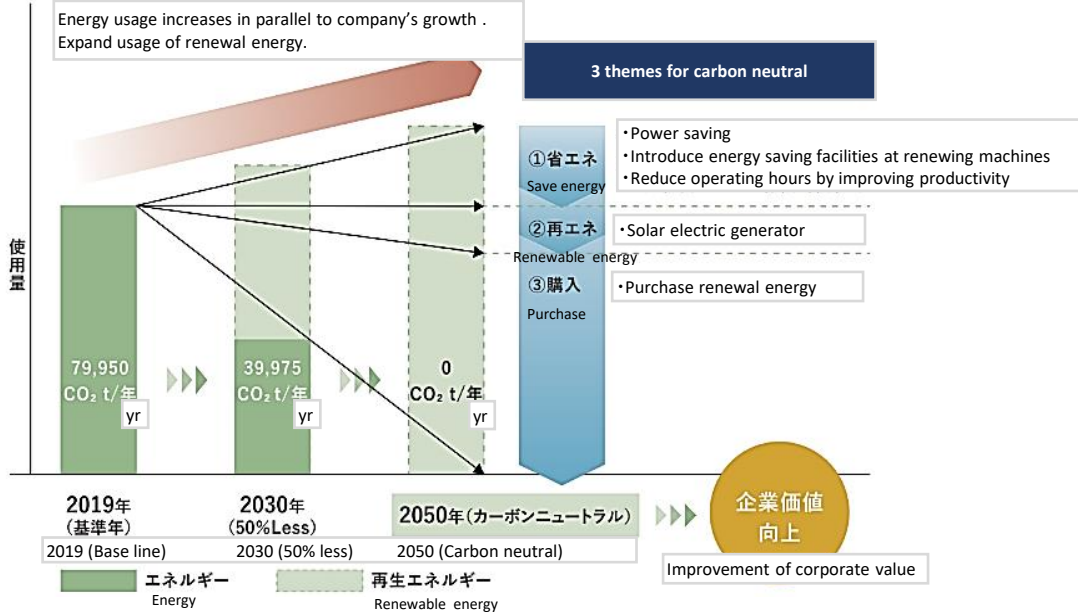
Realizing a well-being life and creating effective time

Support for digital transformation (DX) of customers and society

Improving social efficiency through business process outsourcing (BPO)

Setting a carbon neutral goal

Achieve 50% reduction in 2030. Achieve carbon neutral in 2050.

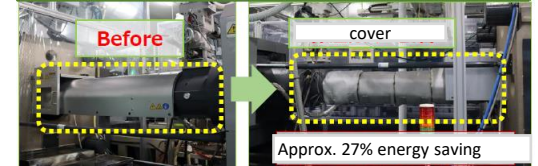


	9th environmental objectives targets (2023-2025)	Mid-term 2030	Long-term 2050
CO2 emissions reduction target (Scope1・2)	50% reduction compared to 2019		carbon neutral
Initiatives	Energy saving	Introduction of high-efficiency equipment, reduction of energy loss, improvement of work efficiency	
	Renewable energy	Introduction of solar power generation, purchase of renewable energy electricity and gas	
	Transition to non-fossil energy	Promoting electrification of gas and heavy oil facilities	
	Certificate/credit purchase	Carbon offset (non-fossil certificate, credit purchase, etc.)	

Measures towards carbon neutrality

1 Energy saving: Reduce energy consumption

- "Industrial Ultrasonic Camera"
 - Visualization of compressor air leaks
- "Molding machine cylinder heat insulation cover"
 - Reduce electricity usage



2 Renewable energy: Introducing solar power generator, etc.

- Solar panels are installed in laboratory center and NS Technical Center
- Solar panels will be installed to new NSS warehouse and Kyoei Engineering



3 Renewable energy: Purchase electricity and gas derived from renewable energy

- Purchase: Offset with non-fossil certificates, etc.

4 CN products: New product development reducing GHG emissions

- Developing carbon neutral meter using sustainable materials
- Promote energy savings by making products smaller and lighter



S - Investing in global quality and human capital

Building a quality management system based on global standards

- To provide customers “safety and security”, and to further increase reliability in product safety and quality in the market, we are currently working on building a globally quality management system.
- It will improve competitiveness by satisfying the high demands of overseas markets including Europe.



Investing in human capital as the foundation for sustainable growth

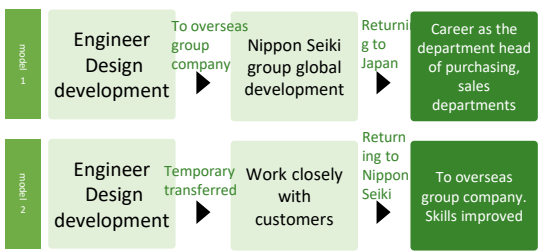


Global human resources trainings

Language education at language training centers
Strengthening employees' language skills, which is the base for expanding our business globally.

- Offering English and Chinese from beginners to advanced.
- All employees can participate in trainings during their working hours.
- One-month intensive English training for new graduate employees

Building multi-perspectives through job rotation
Building global and multifaceted perspectives through career development across the boundaries of locations and departments



Management leader trainings

Trainings per job position and category.
Building self-directed personnels who can proactively think and act on their own, and who can respond quickly to changes

- Open more than 20 education and training programs per year per job position and category.

Encourage ideas for new business creation
Encouraging employees to create business ideas to build the group's ability to develop new products and services.



Strategic recruitment and human resourcing

Active recruitment of career personnel
Managements and on-sites cooperate to quickly respond to the needs of human resources.

- Achieved recruitments far exceeding the original targets.
- Systematize communication regarding training and career development after joining the company to support retention and success

Career design support
Developing strong human resources that enable each employee to pursue a positive career and at the same time realize business strategies.

Interviews conducted by a career counselor
In-house job opening system that allows employees to take on new challenges.

Employee engagement
Measure employee's working engagement levels once a year and strive for continuous improvement

From FY2024, we will review the content and implementation method of employee engagement surveys and strengthen the identification of issues and verification of the effectiveness of initiatives.

Diversity management

Diversity in recruitment and training
Recognizing that the diversity of human resources is the source of creativity, we implement fair recruitment and promotion regardless of nationality or gender

- Goal of ratio of women to number of employments: 10% or more. In FY2022, we achieved 18.8%.
- Foreign employees are hired every year. We provide them with daily life support such as visas, housing arrangements, and Japanese lessons.

Supporting diverse work styles
Supporting the balance between work and family life, realizing flexible work styles to strengthening acquiring human resources



▲ Selected as a “Happy Partner Company” in Niigata Prefecture

G - Governance system to improve corporate value

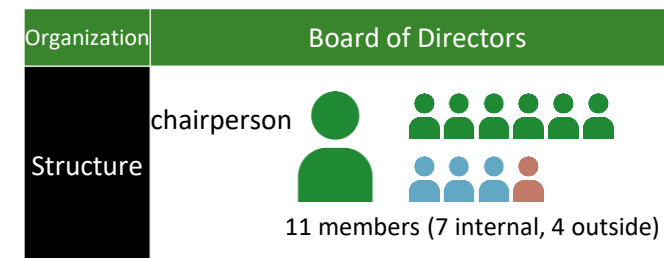
			Corporate management	Manufacturing, production engineering	Research, development, design	Marketing, sales	Accounting, finance, tax business	Corporate governance	ESG, sustainability	Global experience	Human resources, human resources development	IT, DX
Koichi Sato	Internal		◎		◎	○	○	◎		◎	○	
Keiichi Nagano	Internal		○		◎				○	◎	○	○
Masatoshi Azuma	Internal		○		◎		◎	○	○		◎	○
Yuji Osaki	Internal		○	◎		○				○	○	
Masahiro Yoshihara	Internal		◎	◎						◎	○	○
Kazuhiko Murayama	Internal		◎			◎				◎	○	
Tatsuya Nagai	Internal	Audit Committee	○					◎		○		
Etsuo Saiki	Outside	Audit Committee						◎				
Eiko Tomiyama	Outside	Audit Committee				◎			◎		○	
Kiyoshi Suzuki	Outside	Audit Committee	◎	○	◎							○
Toshihiko Enomoto	Outside	Audit Committee	◎				◎	◎		◎		

*Skill items for which the person has extensive knowledge and expertise are marked with a ◎.

*Skill items for which the person is recognized to have knowledge and expertise based on work experience and current specialized knowledge are marked with a ○.

Board of Directors

- Independence: Ratio of Independent outside director is 36.4%
- Diversity: 1 female director



Topics to be discussed

- Considering the majority of outside director ratios
- Board of Directors Policy emphasizing diversity
- Review of cross-shareholding policy
- Revision of performance-based remuneration

○ Items already implemented

2021-2023:

- Establishment of nomination committee and remuneration committee (outside director is appointed as the chairperson of each committee)
- Integrated Report 2021/2022/2023 and Environmental Report 2023 are released
- Reduced the number of internal directors by one and increased the ratio of outside directors to 36.4%

2018-2020

- Improving the diversity of the board of directors (appointment of a female director)
- Transitioned to a company with an audit and supervisory committee
- Reduce the number of directors in the articles of incorporation and increase the ratio of outside directors to 1/3 or more
- Environmental Report 2020 released

Please note that the forward-looking statements are forecasts based on currently available information and include risks and uncertainties. Therefore, please refrain from making investment decisions based solely on these business performance forecasts. Please be aware that actual results may differ significantly from these forecasts due to various important factors. Important factors that affect actual results include politics and economic conditions surrounding the company's business areas, and exchange rates of the yen, including the U.S. dollar.