



# Nisshinbo Group Corporate Philosophy and Aims

The Nisshinbo Group mission is “to contribute to society through business activities,” and we have continued to reorganize our business around areas where we can contribute to society.

Going forward, we will continue contributing to the resolution of social issues through the provision of solutions leveraging Group strengths.

**Aims**  
Connect Everything,  
Create Value

Contributing to the  
resolution of social issues

Demographic  
changes  
(falling birthrate, aging  
population, labor  
shortage)

Response to  
climate change  
issues

Development of  
a digital society

Nisshinbo Group Corporate Philosophy

Change and Challenge!

For the creation of the future of Earth and People.

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## Ongoing Major Changes to Our Business Portfolio

*Masahiro Murakami*

Masahiro Murakami  
President and Representative Director  
Nisshinbo Holdings Inc.



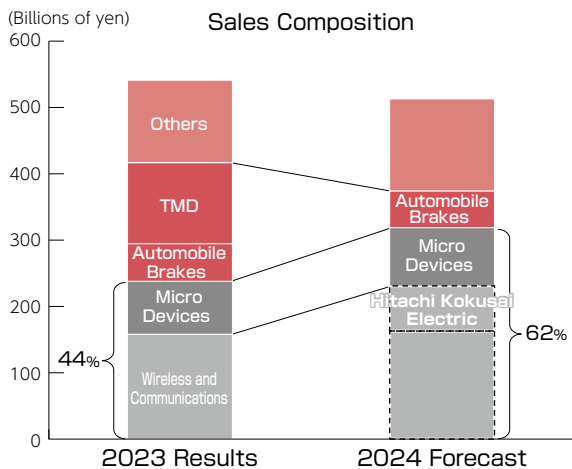
### Major Business Portfolio Changes in Fiscal 2023

We have been promoting business portfolio transformations in line with the Nisshinbo Group corporate philosophy, Change and Challenge! For the creation of the future of Earth and People. This is because of a sense of crisis that, if we do not change our business portfolio to meet the needs of society, we will lose our competitive advantage and be unable to survive as a company. It is important that companies continuously change.

Fiscal 2023 was a year of major changes to our business portfolio, as we carved out the TMD Friction Group (TMD), which is engaged in the Automobile Brakes business in Europe, while also completing the acquisition of Hitachi Kokusai Electric Inc., which has strengths in high-speed, high-capacity communications technologies and video technologies. As a result, our core Wireless and Communications and Micro Devices businesses accounted for a combined 44% of sales in fiscal 2023, which is expected to rise to over 60% in fiscal 2024.

Unfortunately, performance in fiscal 2023 resulted in higher sales and lower profit. We have not yet achieved an optimal cost structure, and still lack the appetite to profit properly. To strengthen the competitiveness of individual businesses, we must accelerate business and product disposals.

### Promoting Business Portfolio Consolidation with the Disposal of TMD and Acquisition of Hitachi Kokusai Electric





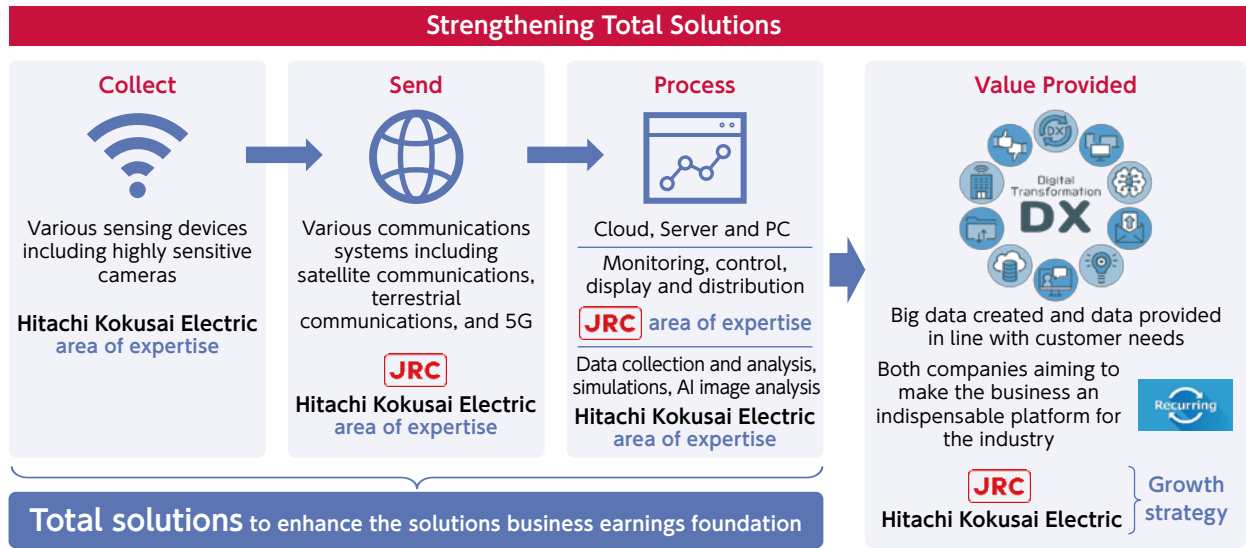
Carveout and M&A Decision-Making

In 2023, I noted that M&A and carveouts are always in the works. Both the TMD carveout and the Hitachi Kokusai Electric Inc. M&A required four years to complete.

The Group acquired TMD in 2011 with the aim of gaining a leading share in the global brake market. Originally, Nisshinbo Brake Inc. had strengths in the Japanese, U.S., South Korean, and Chinese markets, and by bringing TMD into the Group, a leading European manufacturer that had been the missing piece, we have been able to secure market superiority. However, rapid changes have subsequently occurred in the market environment: the accelerating shift toward xEVs in the automotive industry, and brake particulate emissions regulations in Europe. There are increasing concerns about the shrinking market for repair parts, which is TMD's earnings base, and large R&D investments have become necessary to comply with regulations. We have assessed these future risks facing TMD and have been preparing for the business transfer since 2019.

At the same time, the acquisition of Hitachi Kokusai Electric Inc., is intended to solidify the earnings base of the Wireless and Communications' solutions business and accelerate our growth strategy. Japan Radio Co., Ltd., develops a wide range of Wireless and Communications business, from social infrastructure including disaster prevention and supervisory control systems, to mobile communications equipment for vessels and automobiles, but the bedrock of its earnings base as a business is public-sector demand solutions. Hitachi Kokusai Electric Inc. develops solutions businesses mainly for government agencies leveraging advanced video and communications technologies, and the two companies complement each other in terms of technology and sales. There is a particularly strong affinity between high-speed, high-capacity communications technologies and video technologies, and by making Hitachi Kokusai Electric a Group company, we expect to expand market and technological domains mainly in the industrial solutions field.

Japan Radio and Hitachi Kokusai Electric Solutions Business



Medium-Term Management Plan 2026 Announcement

After the major TMD and Hitachi Kokusai Electric Inc. projects concluded and we had achieved significant progress in transforming our business portfolio, in February 2024 we announced Medium-Term Management Plan 2026. We held discussions from the draft stage with outside directors before formulating and announcing the medium-term management plan, taking the time to engage in multifaceted discussions from the perspectives of

shareholders and a variety of other stakeholders. The most urgent issues facing human society are environmental destruction and global warming. Thus, providing solutions to these global environmental problems is a business that is consistent with our corporate philosophy. First, we can save lives by providing disaster prevention wireless and sensor networks to address the issues we face, such as frequent disasters caused by climate change. We also provide solutions to environmental issues with private LTE, local 5G, and other communications systems, micro devices, and environmental materials

such as brake friction materials and fuel cell separators. Additionally, through the use of technologies and products such as radar, GPS, and ultrasound sensors the Group has mastered in manufacturing, we intend to develop service businesses, expand our business domain, and increase profitability through data business growth.

Medium-Term Management Plan Positioning: Three Years of Foundation Building

The Group's goal is to Connect Everything, Create Value. To this end, we will provide solutions to social challenges through sensing, wireless communications, and information processing technologies.

The three-year period beginning in 2024 is positioned as a time for laying the foundation necessary for realizing this aim. Accordingly, we have set three priority measures: Pursue a transformation of the business portfolio; build a business model that looks to future growth and invest management resources in a focused manner; and reduce management risk by further strengthening the management base.

We will continue to pursue the transformation of our business portfolio and proactively invest in growth, including M&A, with a focus on the Wireless and Communications and Micro Devices businesses. At the same time, we will also step up our efforts to identify unprofitable businesses. We calculate the WACC and ROIC for each business, and we also evaluate businesses comprehensively, including consistency with our corporate philosophy, market growth potential, competitiveness of the business in the market, profitability, and capital efficiency, to determine whether the business should be considered a growth business or if it should be downsized or transferred.

Next, with regard to building a business model that looks to future growth and investing management resources in a focused manner, in addition to proactive investment

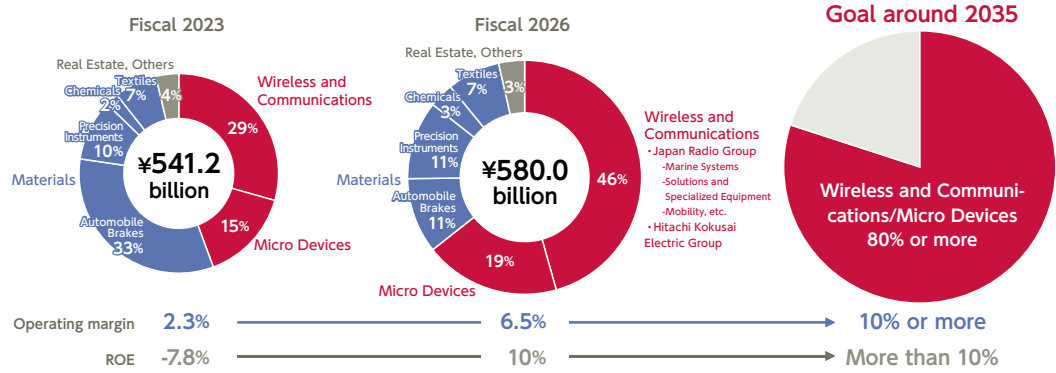
in the Wireless and Communications and Micro Devices businesses, we plan to expand our business domain by leveraging the technologies and products we have mastered in manufacturing and expanding into the data services business. The key to data business lies in transforming data collected by products into a business. For example, ship navigation data collected by the Marine Business J-Marine Cloud is an indispensable material for realizing automated navigation, and shifting our focus from sea to sky, we also envision business development utilizing air traffic control and weather radar. To develop data business with DX based on manufacturing, we invest in startups and accumulate knowledge within the Group through personal exchanges and human resource development.

Finally, to reduce management risk by further strengthening the management base, starting with the basic premise of respect for and protection of human rights for all people associated with our company, we will develop business with consideration for environmental impacts, promote the acquisition, development, and advancement of a diverse array of human resources, establish responsible supply chains, and improve corporate governance efficiency. Promoting sustainability management that protects and improves the global environment is consistent with our Group philosophy and contributes to achieving the SDGs.

Forecast for Fiscal 2024, First Year of the Plan

Under Medium-Term Management Plan 2026, in fiscal 2026, the final year of the plan, we are targeting net sales of ¥580.0 billion, operating income of ¥38.0 billion, an operating margin of 6.5%, ROIC of 6%, and ROE of 10%. These targets are reasonable, as they were formulated with a slight stretch for organic growth in each business with an eye toward our goal around 2035.

Excerpt from Medium-Term Management Plan 2026



In fiscal 2024, the first year of the medium-term management plan, under the slogan “generating profits through sincere business activities,” we forecast net sales of ¥513.0 billion, operating income of ¥24.0 billion, ordinary income of ¥26.0 billion, and net income attributable to owners of the company of ¥19.0 billion. By business segment, in the Wireless and Communications business, we expect significant increases in sales and profit, mainly due to the expected strong performance of the solutions and specialized equipment businesses against the backdrop of stable public works budgets, as well as the addition of Hitachi Kokusai Electric Inc., to the Group. In the Micro Devices business, in addition to the expectation that demand for automotive parts will remain solid, the plan assumes that the market for smartphones, PC-related, and other consumer products, which declined significantly in fiscal 2023, will enter a recovery trend in the second half of fiscal 2024, although market recovery conditions remain highly unpredictable. In the Automobile Brakes business, orders for copper-reduced and copper-free friction materials in response to environmental regulations remain firm, but compared to fiscal 2023, sales and profits are expected to decline overall, partly due to the impact of the TMD business transfer. In the Precision Instruments, Chemicals, and Textiles businesses, we expect higher sales and profit driven by market growth and increased orders, while sales and profit are also forecast to increase in the Real Estate business in line with the planned subdivision of asset holdings.

PBR Improvement Measures and Shareholder Returns

We aim to establish an earnings base centered on the Electronics business, but looking at fiscal 2023 results, we still face challenges in terms of profitability and establishing a stable profit base. As PBR remains below 1x, we recognize that the current situation does not meet shareholder expectations, and deeply regret that we have not sufficiently earned the trust of our investors.

As PBR is the product of ROE and PER, to improve PBR, the first priority is to increase the profit margin and improve ROE. By earning profits properly and enhancing corporate value, we will meet shareholder expectations, which will result in higher share prices. To turn this cycle around, we will improve the profitability of existing businesses and promote business portfolio transformations, including M&A and carveouts. Additionally, to improve asset efficiency, we will further promote the planned subdivision of real estate

that is in the process of reorganization, while maintaining a policy of reducing cross-shareholdings.

If increased share price becomes the objective, it can lead to restrained investment in growth and wages, excessive shareholder returns, and financial leverage, which can damage financial stability and, in the long run, corporate value. The key is balance, as well as management that enhances corporate value. In turn, this will result in a higher share price. To this end, we will invest in growth with a steady focus on the future, while generating returns by ensuring employees engage in satisfying work and returning profits to our shareholders. Going forward, we will continue to firmly implement this approach.

Regarding shareholder returns, after making sufficient strategic growth investments, we will first maintain stable dividends while aiming to achieve a dividend payout ratio of 40%. Further, our policy is to flexibly conduct share buybacks, taking into consideration capital structure and the medium- to long-term outlook for free cash flow. To increase the dividend payout ratio from the current 30% to 40%, we will work to improve profitability, including reorganizing our business portfolio.

Sustainability Management Premised on Respect for Human Rights

In terms of the management foundation supporting these business activities, we will continue to strengthen and promote sustainability management. In August 2023, we formulated the Nisshinbo Group Human Rights Policy to further strengthen our sustainability management foundation. For the Nisshinbo Group, human rights are an extremely broad concept, encompassing the right of people to lead fulfilling lives based on their own various choices.

In conducting human rights due diligence, which we will begin in earnest in 2024, management must consider human rights risks affecting people, rather than management risks affecting the company. In the event human rights violations are discovered, we must first respond to situations with the highest degree of negative impact on human rights based on how seriously individuals are affected, irrespective of the management risk of how severely the company is impacted. Human rights due diligence involves recognizing many issues, including employee health and safety, discrimination and harassment, and environmental issues arising from business activities. It also covers a wide range of areas, including supply chains, suppliers, investments, and joint venture partners. We must also make efforts over the long term to ensure business continuity.



It has been 20 years since the Group decided to target growth through the provision of solutions to global environmental issues, and yet, rather than nothing having changed, environmental problems continue to worsen. The Group is committed to reducing greenhouse gas emissions in its business activities with the goal of achieving carbon neutrality by 2050, with a 50% or more reduction in CO<sub>2</sub> by 2030 compared to fiscal 2014 levels.

With regard to human resources, we have shifted to a meritocracy that eliminates seniority, and we are encouraging the promotion of younger employees and the use of outside human resources. We have also revised our human resources system to incorporate multi-track and transferable functions by introducing a role-based grading system. As companies should provide employees with opportunities to play active roles, our long-established self-assessment and internal recruiting systems are widely used for this purpose. With safety as the basis of all our business activities, we will continue aiming for zero occupational injuries through the promotion of safety and health activities and continuous improvement efforts.

Message to Stakeholders

Over the past 10 years, the Group's business portfolio has undergone significant transformation, and we have also promoted business diversification. Additionally, we promoted the empowerment of core companies, and have also made progress in achieving flexible business operations and faster decision-making, which were objectives targeted when we transitioned to a holding company structure in 2009.

Amid these changes, one asset we continue to maintain is the trust of our customers and other stakeholders.

Trust and satisfaction can be gained through fairness and sincerity, which take years to win, but can be lost in an instant. I feel our company has a very serious culture, and by continuing to work hard to achieve our goals with sincerity and self-discipline, thereby maintaining our asset of trust, I want to infuse our culture with a sense of speed.

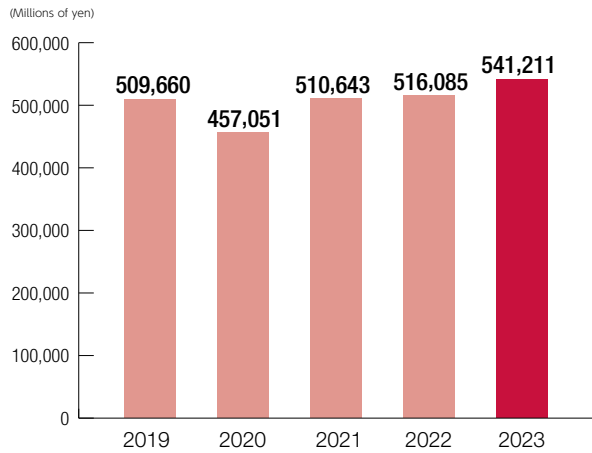
Corporate value is also not discounted if the company can take full advantage of its strengths as a diversified collection of businesses. The holding company will act as a producer, solidly fulfilling its cross-functional role and selecting themes that can demonstrate the superiority of each Group company with cutting-edge core technologies while creating synergies. To this end, we will secure the necessary human resources and invest capital in the development of businesses, then return these businesses to Group companies for commercialization in an ongoing cycle. In the process of expanding our business domain from manufacturing to data business, we must also boldly take on the challenge of speed. Failure is an inevitable part of any challenge, but a culture that allows for failure and makes the most of it as a team will lead to innovation.

We will continue to enhance corporate value by taking on a variety of challenges, including business selection and divestment and business portfolio transformation, while remaining attentive to stakeholder concerns.

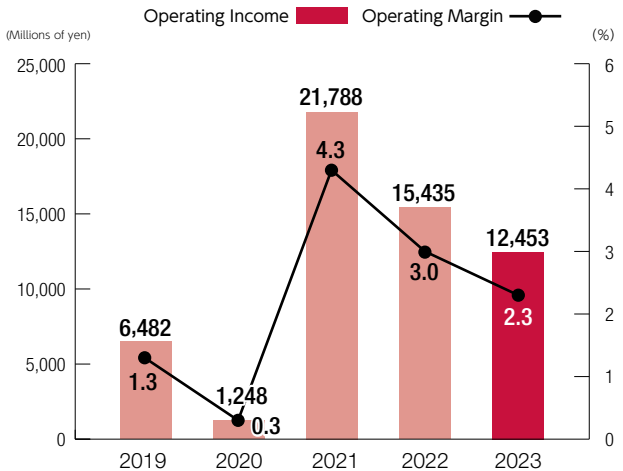


Financial and Non-Financial Highlights

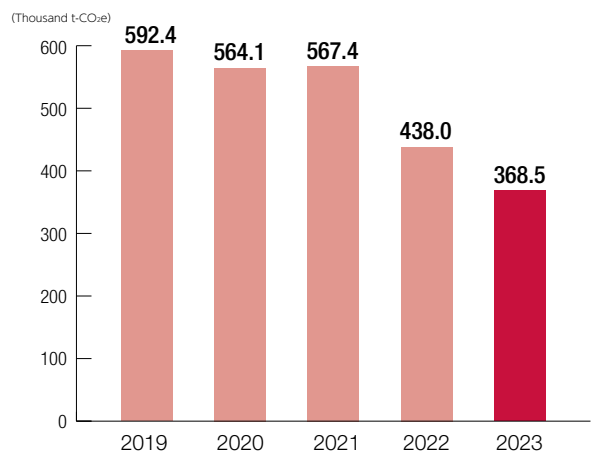
Net Sales



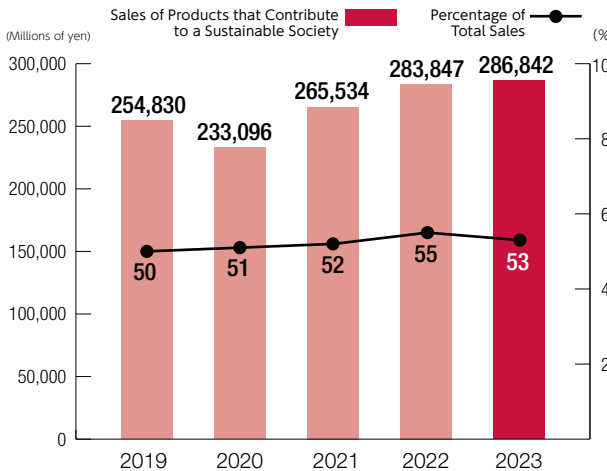
Operating Income and Operating Margin



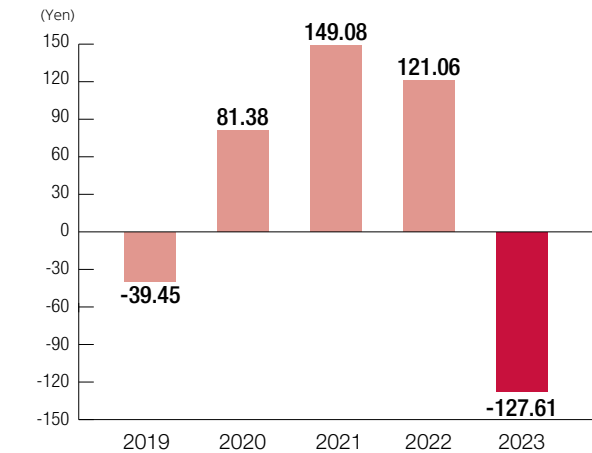
GHG Emissions (Scope 1 + Scope 2)



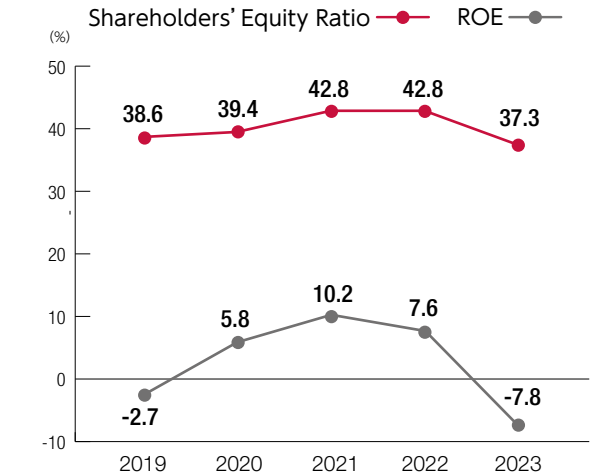
Sales of Products that Contribute to a Sustainable Society, Percentage of Total Sales



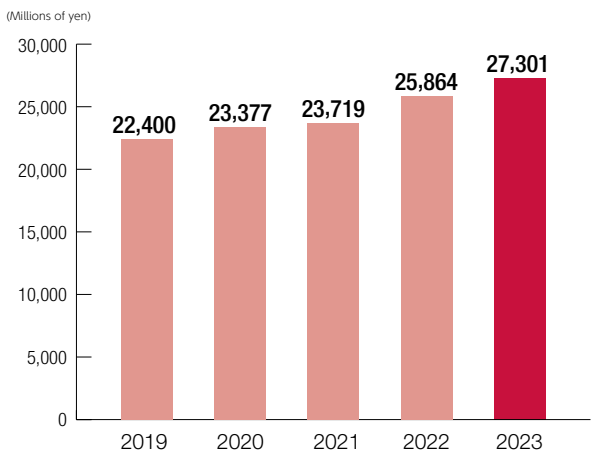
EPS



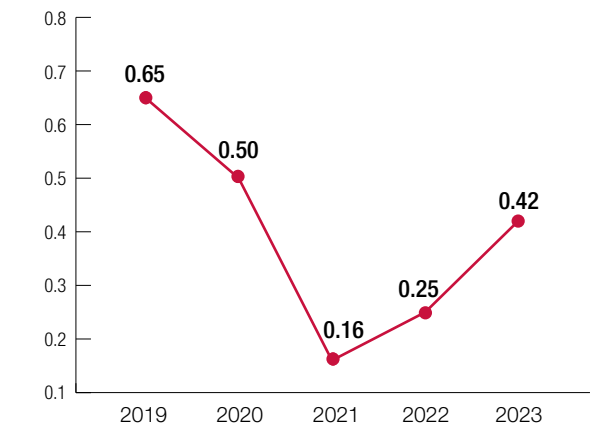
Shareholders' Equity Ratio and ROE



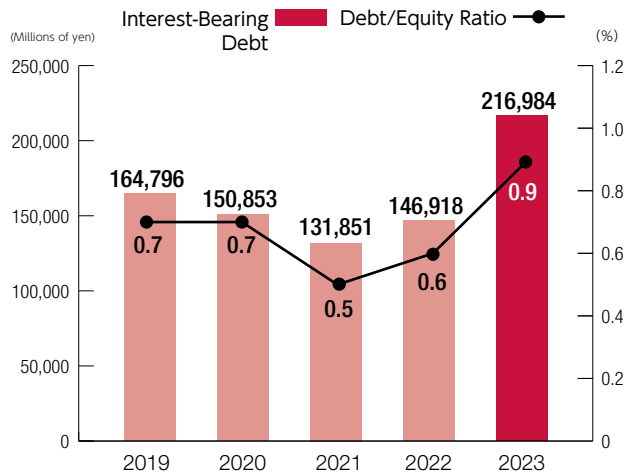
R&D Expenses



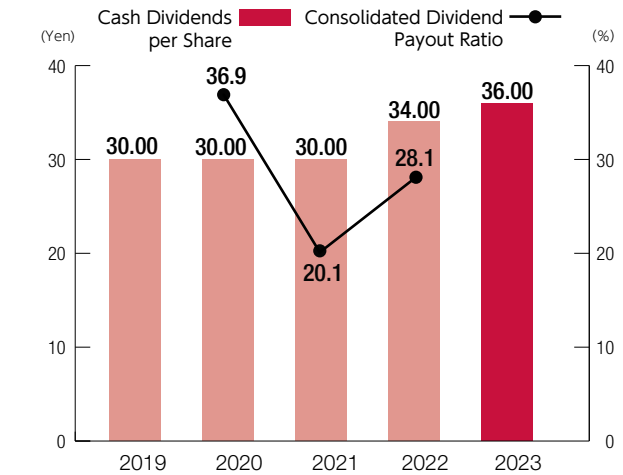
Frequency of Injuries with Lost Workdays



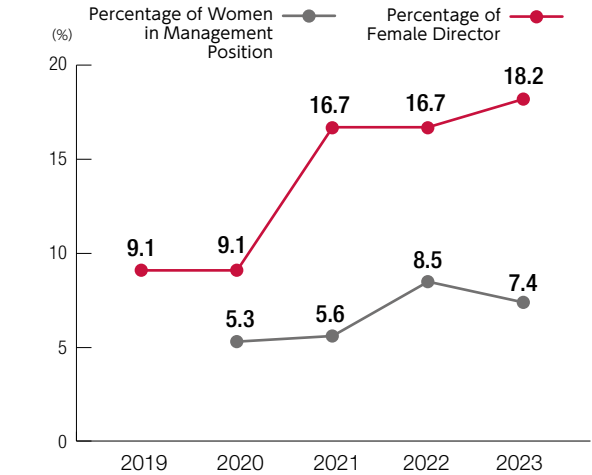
Interest-Bearing Debt and Debt/Equity Ratio



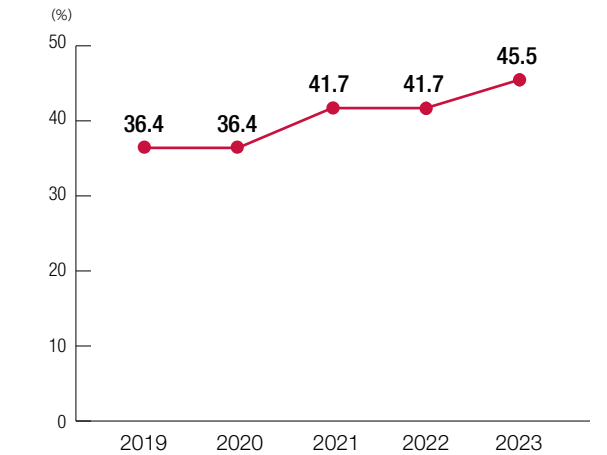
Cash Dividends per Share/ Consolidated Dividend Payout Ratio



Percentage of Women in Management Position and Percentage of Female Director



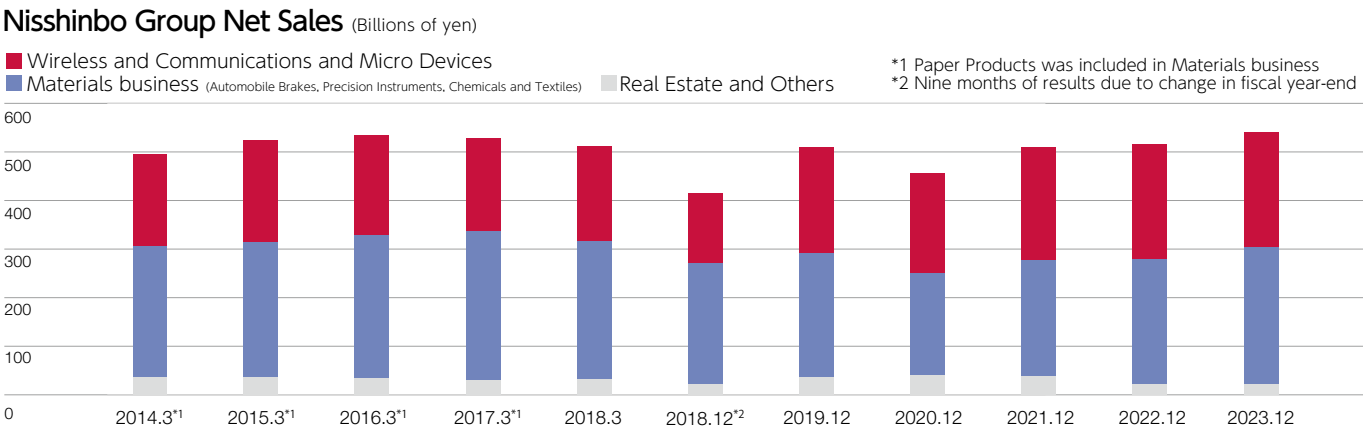
Percentage of Outside Directors



The Nisshinbo Group has responded to the needs of society and contributed to resolving social issues by transforming its business portfolio.

The enhancement of technological capabilities in the mainstay Wireless and Communications and Micro Devices businesses constitute the genealogy of our current main product lines.

Recognizing that maintaining the status quo is a form of regression, we will continue to pursue business portfolio transformations, which is one of the priority measures under Medium-Term Management Plan 2026.



History of Business Portfolio Transformations

	1960s–1980s	1990s	2000s	2010s–
	Automobile Brakes business expanded amid increasing motorization	Further business diversification and overseas expansion buoyed by the strengthening yen	Focused efforts on the electronics field in preparation for the arrival of the information society	Core Wireless and Communications/ Micro Devices Businesses
Wireless and Communications	Japan Radio Co., Ltd.			
	1915 Nippon Radio Telegraph Manufacturing Co. founded (now Japan Radio Co., Ltd.)	1949 Nagano Japan Radio Co., Ltd., and Ueda Japan Radio Co., Ltd., founded		2010 Japan Radio Co., Ltd., and Nagano Japan Radio Co., Ltd., became consolidated subsidiaries
		1959 New Japan Radio Co., Ltd., founded		2013 Alphatron Marine Beheer B.V., became a wholly owned subsidiary
				2018 ProNav AS became a wholly owned subsidiary
				2019 NJ Components Co., Ltd., became a wholly owned subsidiary
1922	Completed Japan’s first wireless weather broadcasting equipment	1983 Achieved top global share in maritime satellite vessel communications equipment		2020 RBI and LEAS became wholly owned subsidiaries
				2023 Hitachi Kokusai Electric Inc., became a wholly owned subsidiary
1948	Completed Japan’s first ultrasonic depth finder			2010 Developed world’s first narrow radar bandwidth 9GHz band 300W solid-state radar for vessels
1954	Completed Japan’s first weather radar	1971 Launched sales of Japan’s first real-time signal analyzer		
		1984 Developed Japan’s first GPS receiver for vessels		
Micro Devices				
	New Japan Radio Co., Ltd.	1961 Transferred the Microwave Tube Manufacturing Department from Japan Radio Co., Ltd.	2005 Became a consolidated subsidiary of Nisshin Cotton Spinning Co., Ltd. (now Nisshinbo Holdings Inc.)	2022 Nisshinbo Micro Devices Inc. founded
	Ricoh Electronic Devices Co., Ltd.	1981 Completed construction of Electronic Technology Development Center at the Ricoh Osaka plant	2018 Became a consolidated subsidiary of Nisshinbo Holdings Inc.	2022 D-CLUE Technologies Co., Ltd., became a wholly owned subsidiary
	1975	Commenced production of operational amplifiers		
		1987 Developed power control system ICs		
		1995 Developed lithium-ion battery protection ICs		
		1999 Developed mobile phone system LSI		
			2009 Developed ICs for automotive applications	
Materials business (Automobile Brakes, Precision Instruments, Chemicals, Textiles) and Real Estate business				
1907	Nisshin Cotton Spinning Co., Ltd., founded			
1944	Production of friction materials started			
1946	Nisshin Cotton Spinning Co., Ltd., commenced operations at the Nishi Arai Plant as a chemicals production facility			
1958	Established Nihon Kohbunshikan Co., Ltd., and commenced production of plastic bobbins			



# The Nisshinbo Group's Value-Creation Process

Based on an awareness of the external environment and social issues, the Group seeks to maximize outcomes by effectively utilizing its six forms of capital and implementing a business model based on sustainability management. Through these processes, we aim to contribute to the resolution of social issues as a “Connect Everything, Create Value” corporate Group.

## External environment / social challenges

- Intensifying disasters and other climate change issues
  - Demographic changes (falling birthrate, aging population, labor shortage)
- Movements toward a decarbonized society
  - Development of a digital society
  - Need for accident-free, safe transportation
  - DE&I incultation
  - Pandemics, wars

## Input

### Financial capital

Net assets  
**¥276.5 billion**  
Interest-bearing debt  
**¥216.9 billion**  
As of December 31, 2023

### Manufacturing capital

Domestic sites **38**  
Overseas sites **57**  
Capital investment  
**¥31.2 billion**

### Human capital

Number of consolidated employees  
**19,416 people**  
Frequency of injuries with lost workdays (Japan)  
**0.42**

### Intellectual capital

R&D expenses  
**¥27.3 billion**

### Social capital

Dialogues with investors  
Total number of individual meetings with institutional investors  
About **120 times**

### Natural capital

Amount of energy consumed  
**8.62 million GJ**  
Water usage  
**6,240 thousand m³**

## Business models

### Strengths

- Ongoing portfolio reforms
- Sensing, information processing, and wireless communications technological capabilities

### Medium-term management plan

- Pursue a transformation of the business portfolio
- Build a business model that looks to future growth and invest management resources in a focused manner
- Reduce management risk by further strengthening the management base



### Materiality

- Contribution to the environmental and energy field
- Creation of a safe and secure society
- Global compliance

## Sustainability management

## Aims

# Connect Everything, Create Value

We provide solutions to social challenges through sensing, wireless communication, and information processing technologies.



OUTPUT  
OUTCOME

## Output

### Products and solutions



GHG emissions  
(Scope 1 + Scope 2)  
**368 thousand t -CO<sub>2</sub>e**

Volume of waste generated  
**52.4 thousand t**

## Outcome

### Financial results

Operating income **¥12.4 billion** ROE **-7.8%** Total dividends **¥5.656 billion**

Disaster prevention solutions

Communications infrastructure development

Shipping safety and advances

Autonomous driving advances

Analog semiconductor solutions

Automotive parts contributing to improved safety

Telemedicine and nursing care support

Business models that utilize digital technologies

Successful joint development through open innovation

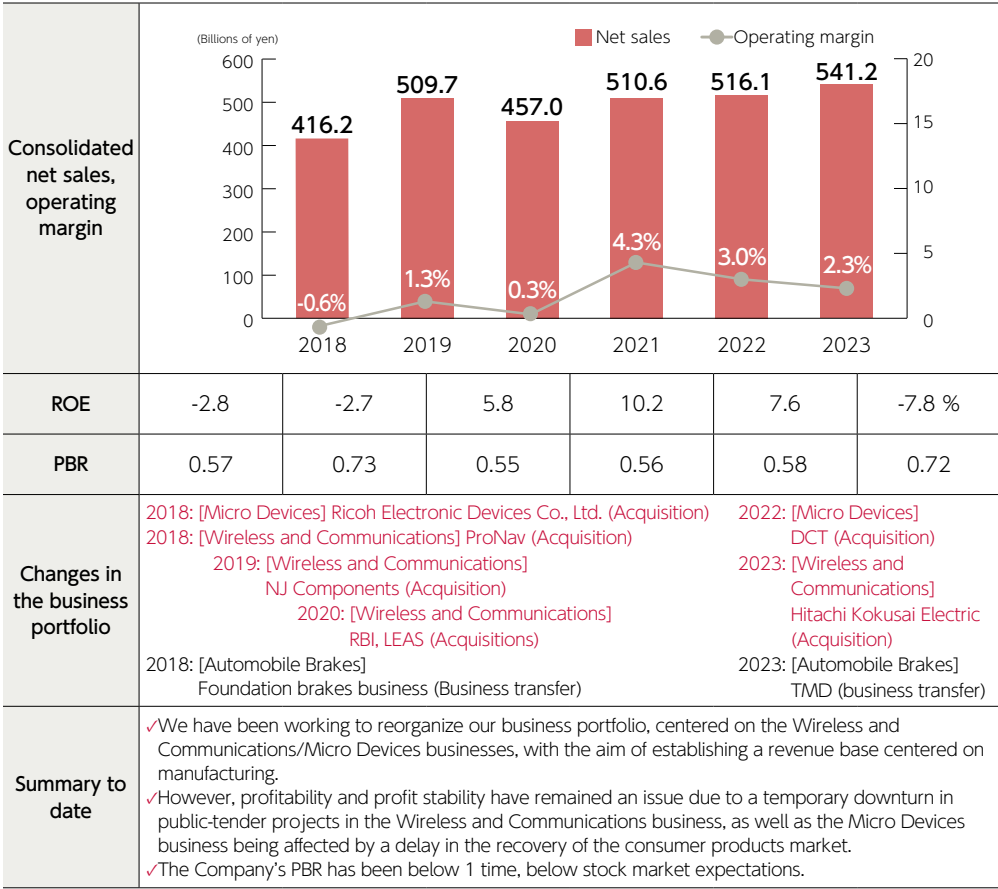
Greenhouse gas emissions reductions

Medium-Term Management Plan 2026

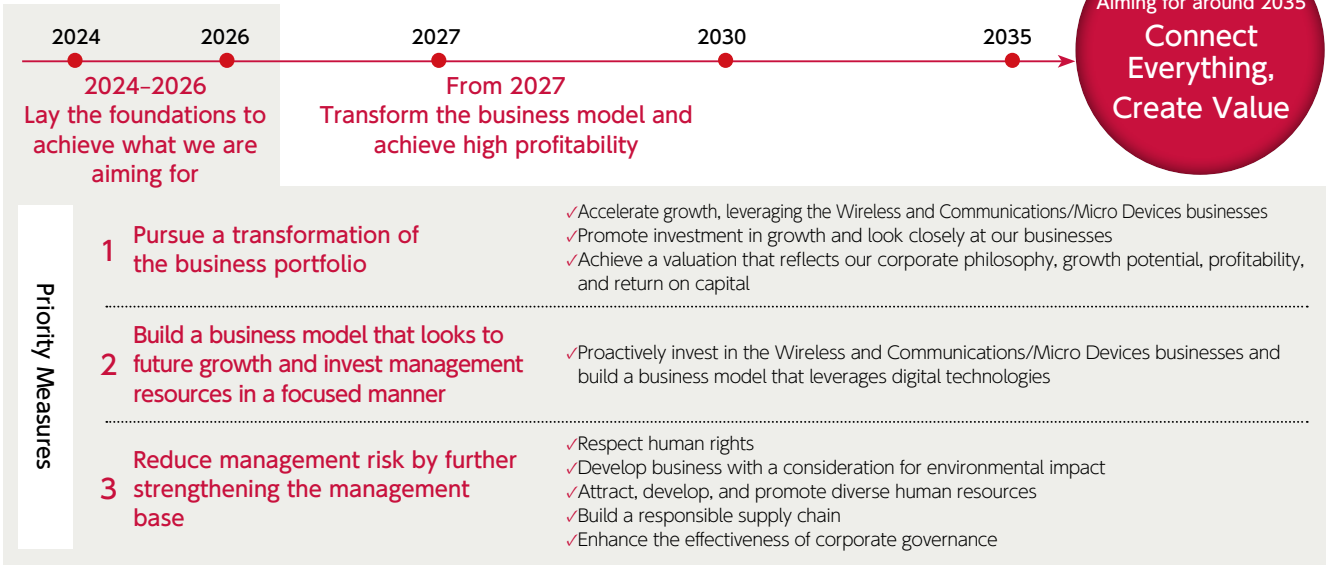
In fiscal 2023, the Nisshinbo Group sold the TMD Group and acquired Hitachi Kokusai Electric Inc. In fiscal 2024, this is expected to result in combined net sales from the mainstay Wireless and Communications and Micro Devices businesses exceeding 60% of total consolidated net sales. In line with the timing of these additional major changes to the Nisshinbo Group business portfolio, we announced Medium-Term Management Plan 2026, which ends in fiscal 2026, on the same day as our fiscal 2023 earnings announcement.

Challenges for Medium- to Long-Term Growth and Future Directions

Nisshinbo Group's Net Sales, Operating Margin, ROE, and PBR



Medium-Term Management Plan Positioning and Priority Measures



Management Targets

Financial

	Metrics	Fiscal 2023 results	Fiscal 2026 targets
Growth	Net sales	¥541.2 billion	¥580.0 billion
	Percentage of net sales from the Wireless and Communications and Micro Devices businesses	44%	65%
Profitability	Operating income	¥ 12.4 billion	¥38.0 billion
	Percentage of operating income from the Wireless and Communications and Micro Devices businesses	46%	70%
	Operating margin	2.3%	6.5%
Efficiency	ROE	-7.8%	10%
	ROIC	2.0%	6%
Soundness	D/E ratio	0.86 times	0.7 times or less
Shareholder returns	Dividend payout ratio	—	40%

Non-financial (Fifth Sustainability Promotion Plan (FY2022-2024))

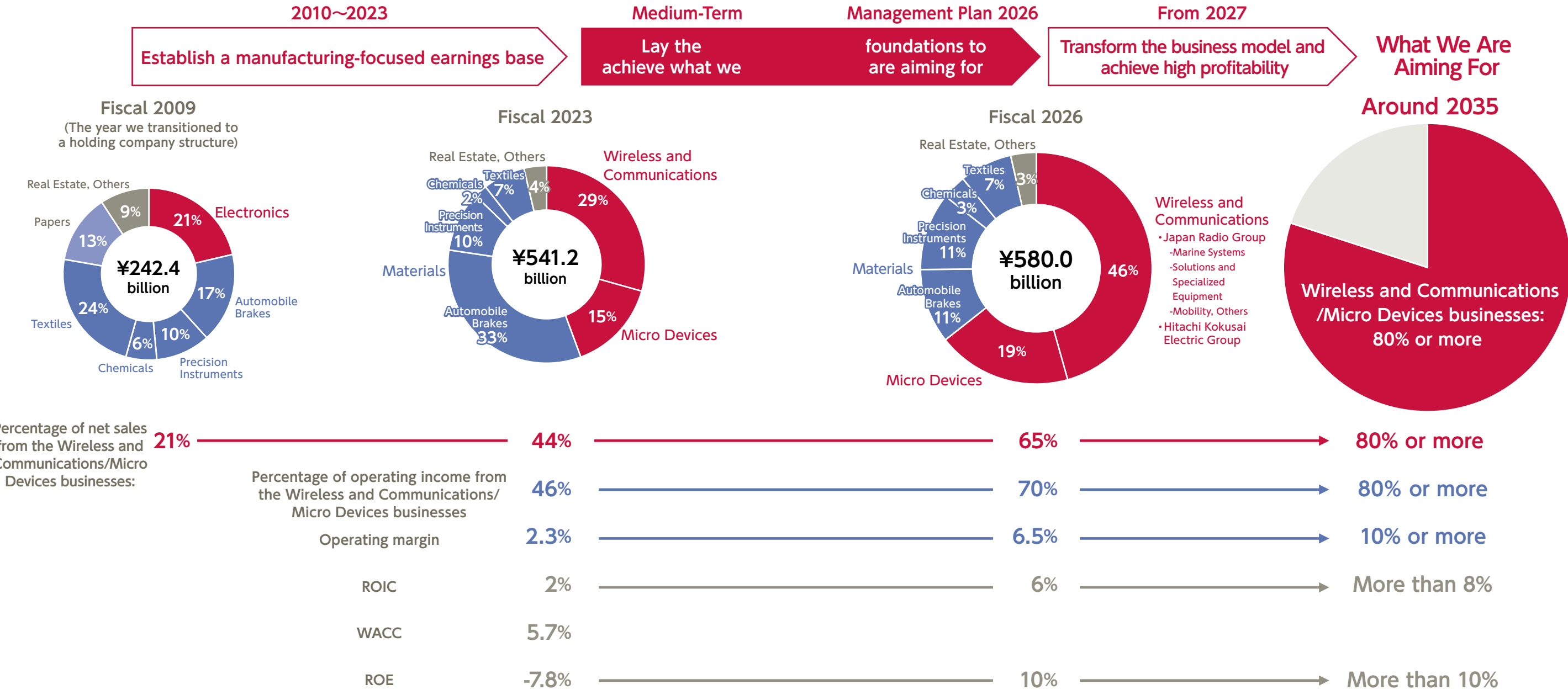
	Category	Fiscal 2023 results	Fiscal 2024 targets
Human rights	Promote business and human rights initiatives	Formulated human rights policies and introduced human rights due diligence in areas of high human rights risk	Formulate human rights policies, introduce and promote human rights due diligence in areas of high human rights risk
Environment	Reduce of greenhouse gas emissions	Reduced 46% compared to fiscal 2014	Reduction of 35% or more compared to fiscal 2014
	Expand sales of products that contribute to a sustainable society	53% of total sales	Accounting for 60% or more of sales
Human capital	Training of management candidates necessary for business promotion	Implemented various programs for successor candidates	Increase the ratio of successor program participants in management posts (executive officers and above)
	Strengthen career recruitment to correct personnel age structure	Implemented various measures aimed at recruiting and promoting the success of talented mid-career hires	Strengthen career recruitment to correct personnel age structure
	Promote diverse human resources	Continued to conduct global survey	Continue to conduct global survey
		Percentage of female managers: 7.4%*	Percentage of female managers: 6%
Supply chain	Implement improvements in sustainable procurement in cooperation with suppliers	Implemented in line with plans	100% evaluation in the improvement status of major suppliers (80% or more of transaction value) based on the results of the sustainable procurement survey
	Global response measures	Studied supply chain deployment methods for overseas suppliers and key overseas locations	Study and implement supply chain deployment methods for overseas suppliers and key overseas locations

\*Items for which Nisshinbo Holdings has set KPIs



Our Target Portfolio

Nisshinbo Group's Net Sales, Operating Margin, and ROE



Strategies by Business

## Wireless and Communications Business

Target Directions

We intend to build a profitable portfolio centered on the provision of social infrastructure systems and after-sales services.

- Create synergies by leveraging the strengths of the Japan Radio Group and Hitachi Kokusai Electric Group\* (image recognition technology, 5G wireless communication technology, etc.)
- Boost business profitability through continuous portfolio reviews
- Improve cash flow generation capability and profitability through cost structure reforms and inventory reduction
- JRC Mobility will prepare for the next stage by preparing for connected, sensing systems, mobility infrastructure, and other growth areas.

\*Became consolidated subsidiaries in December 2023

Business Overview

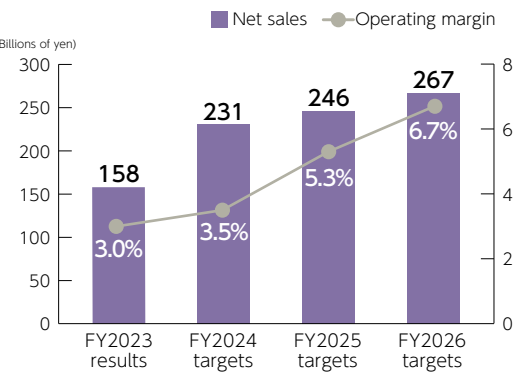
Business structure

- This business comprises the Japan Radio Group and the Hitachi Kokusai Electric Group.
- The core of the Japan Radio Group is Marine Systems, Solutions and Specialized Equipment, and includes JRC Mobility and others (JRC Mobility, ICT mechatronics, medical equipment, and others)
- The Hitachi Kokusai Electric Group\* consists of the solutions, products, and specialized equipment businesses, including DX, infrastructure (social infrastructure), and railways.

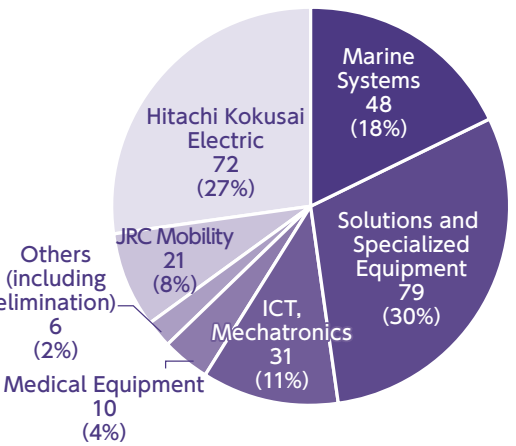
Business characteristics

- Focusing on marine systems, solutions, and specialized equipment, the business has the following characteristics.
  - ✓ Many businesses have high continuity and stability, such as the provision of social infrastructure systems and after-sales services, so are less susceptible to economic trends and deliver stable earnings.
  - ✓ These are asset-light businesses that do not require large investments in factories and production facilities.

Quantitative Targets



Sales composition (fiscal 2026, billions of yen)



Strategies by Business

## Wireless and Communications Business

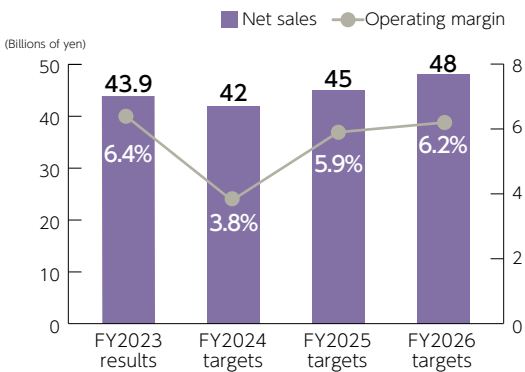
Japan Radio Group: Marine Systems

Target Directions

Establish a stable revenue base by providing automated navigation systems and expanding revenues from after-sales services

- Expand market share in the new shipbuilding market
  - Improve solutions to customer issues such as environmental impact reduction, cost reduction, and crew shortages
- Promote ongoing relationships with customers
  - Strengthen data-driven analytical capabilities in order to provide preventive after-sales services and other services
- Accelerate the development of digital technology to expand the rollout of digital businesses
  - Development of automatic operation systems, realization of manned autonomous operation and deployment of data services

Quantitative Targets



Business Overview and Strategy

Business characteristics

- Design, manufacture, sales, and maintenance of navigation equipment and systems for large merchant vessels
- Once deployed on a new ship, navigation equipment and systems are used continuously for about 20 years until the ship is scrapped, generating regular after-sales service.

External environment

- Demand for new shipbuilding is expected to continue to grow due to the expansion of commercial trade volume and the trend toward zero-emission ships.

Main customers

- Shipbuilding, shipping, maritime-related companies, etc.

Strengths

- Global service network with 80 in-house service agents
- High share (around 27%) of the market for navigation equipment and systems for large merchant vessels
- Cooperation with other companies, including collaborative platforms

Value provided

- Resolution of customer issues through better operational efficiencies and optimization
  - For shipowners: Reduce vessel operating costs and environmental impact
  - For crews: Reduce workload and improve operational safety

Key measures under the medium-term management plan

- Develop elemental technologies and launch products to automate and streamline operations
- Steadily capture new shipbuilding demand by leveraging service network, etc.
- Reinforce ongoing relationships with customers through digital-enabled services such as the lifetime management of ships' logs

Capital expenditure and R&D

- Promoting R&D and the proactive launch of elemental technologies for automatic navigation
  - ✓ New bridge system capable of open architecture
  - ✓ Large motion turbulence detection system
  - ✓ Technology to automatically generate aversion routes
- Plans do not include large capital investments such as plant construction or line expansion.





Strategies by Business

Wireless and Communications Business

Japan Radio Group: Solutions and Specialized Equipment

Target Directions

Further expand market share in the disaster prevention field, which is the foundation of the company's business, and create a digital business that leverages its high market share.

- Expand market share in the foundation fields of dams, river management and disaster prevention
- Respond to advanced systems (digitalization) in land resilience and basin flood control measures
- Raise profitability and improve cash flow generation capacity through the above initiatives

Business Overview and Strategy

Business characteristics

- The company's business includes the manufacture and sale of radar and communication systems for river management, aerial surveillance, meteorological satellites, traffic management, broadcasting, and defense.
- In order to win orders, it is essential to be able to identify customer issues and to make attractive proposals that address those issues, as well as to be price competitive.

External environment

- The public works budget is expected to remain at its current size through fiscal 2025.  
✓The budget for digital infrastructure will continue to increase significantly.
- The defense budget will grow in line with the policy of dramatically strengthening defense capabilities through fiscal 2027.

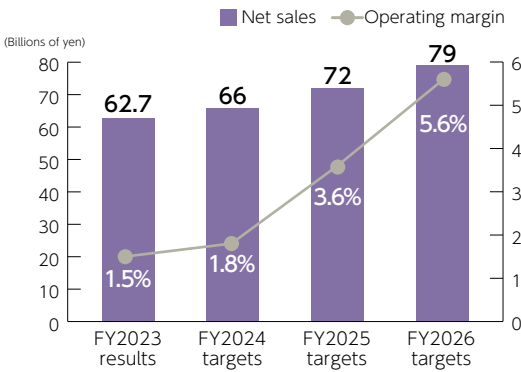
Main customers

- Public sector: National, prefectural, and municipal governments
- Private sector: Electricity, gas, broadcasting companies, etc.

Strengths

- Network to detect customer issues and ability to propose solutions to those issues
- Proven track record and high reliability in water and river information systems and disaster prevention systems  
✓Market share of around 30% in water and river information systems and around 15% in disaster prevention systems\*

Quantitative Targets



- Wide range of communication technologies, especially wireless, which are essential for national defense and infrastructure

Value provided

- Provide safety and security in the face of increasingly severe disasters (zero-delay escapes)  
✓Sensor monitoring, information processing, early information coordination, etc.
- Realize unmanned and labor-saving solutions amid the challenges of a declining birthrate, aging population, and labor shortage challenges  
✓Drone flight support through automatic switching of radio networks  
✓Next-generation maritime communications and automatic vessel identification for maritime surveillance, port management, etc.

Key measures under the medium-term management plan

- In the solutions business, build a disaster prevention information sharing platform and infrastructure for drone navigation over rivers
- In specialized equipment, promote development toward the realization of high-power microwave devices

Capital expenditure and R&D

- We will continue to invest in R&D to achieve data-driving transformation of our business model.  
✓Data platform construction  
✓Network infrastructure technology  
✓Sensor systems
- Plans do not include large capital investments such as plant construction or line expansion.

\*Based on the Company's own research

Strategies by Business

Wireless and Communications Business

Hitachi Kokusai Electric Group

Target Directions

Strengthen the Nisshinbo Group's total solutions and accelerate the expansion of the Wireless and Communications Business by leveraging synergies.

- Maintain and deepen the social infrastructure business, our traditional core business, and accelerate new business creation and customer development
- Promote R&D of advanced technologies and product development based on distinctive video and wireless technologies
- Resolve issues and create value by using sensing, transmission, and analysis to link cyberspace (business systems) and physical space (on-site)

Business Overview and Strategy

Business characteristics

- We develop, manufacture, and sell system solutions and products centered on imaging and wireless technologies, as well as providing maintenance and related services.

External environment

- The public works budget is expected to remain at its current size through fiscal 2025.  
✓The budget for digital infrastructure will continue to increase significantly.
- The defense budget will grow in line with the policy of dramatically strengthening defense capabilities through fiscal 2027.

Main customers

- Public sector: National, prefectural, and municipal governments
- Private sector: broadcasters, railroads, telecom carriers, manufacturers, etc.

Strengths

- Solution business combining "sensing" such as video, "transmission" such as 5G, and "analysis" using AI
- One-stop services from development to manufacturing, system construction, maintenance, and operation in both wireless and video fields

Value provided

- Supporting a sustainable society through manufacturing and providing safety and security by means of imaging, wireless, and IT technology

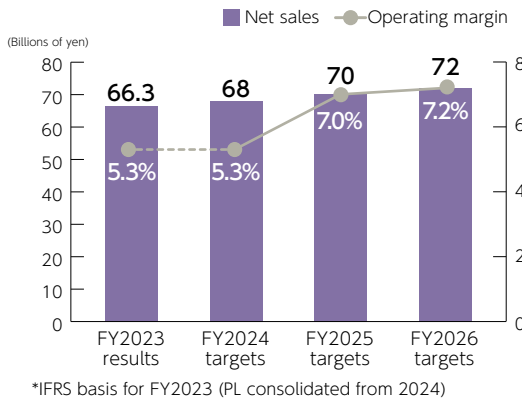
Key measures under the medium-term management plan

- Accelerate customer business and operational efficiency by developing IT-enabled businesses
- Promote customer co-creation in areas of private-sector demand
- Grow specialized equipment through new business utilizing applied radio wave technology
- Develop and reskill system engineers and digital human resources for the solution business

Capital expenditure and R&D

- Plans do not include large capital investments such as plant construction or line expansion.
- We will strengthen R&D in 5G/beyond 5G, image recognition, AI, etc.

Quantitative Targets



\*IFRS basis for FY2023 (PL consolidated from 2024)



Strategies by Business

## Micro Devices Business

Target Directions

Contribute toward the resolution of issues faced by society and customers by creating customer value leveraging the value we have provided through analog technology

- Maintain sales expansion by capturing growth in the analog semiconductor market
- Improve profitability through a shift to high-function products such as multi-functional ICs and modules
- Develop analog solution devices utilizing distinctive sensors such as sound, smell, and microwave
- Develop unit and digital business development with a view to the future through collaboration among technologies within and outside the Group, in addition to existing technologies in the areas of electronic devices and microwaves

Business Overview and Strategy

Business characteristics

- We develop analog semiconductor products such as power control system ICs, operational amplifiers, and sensor signal processing ICs.

External environment

- In 2022, the analog semiconductor market was worth approximately ¥13 trillion.
- The market is expected to grow at a CAGR of slightly less than 10% between 2012 and 2014.  
✓Demand for industrial and consumer applications is expected to recover in the second half of 2024, while the demand for automotive applications is expected to continue to recover following semiconductor shortages.

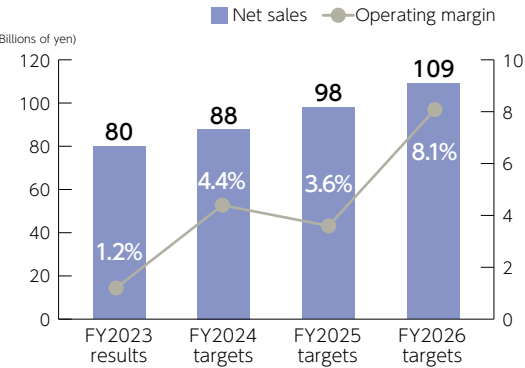
Main customers

- Consumer: Smartphone, PC and AV equipment manufacturers
- Industrial: Manufacturers of industrial equipment and robots
- Automotive: Manufacturers of automobiles (including automotive parts)

Strengths

- Ability to respond to customer issues and strong customer relationships
- High market share for products in multiple niche markets (operational amplifiers, comparators, LDOs, microwave electron tubes, etc.) and core technological capabilities such as low power consumption, low noise, high precision, etc.
- Flexibility and quality stability through integrated front-end/back-end production

Quantitative Targets



Value provided

- We contribute toward improvements in energy efficiency and reduction in customers' environmental impact through the development of products that take advantage of low power consumption, high efficiency, and other technological capabilities.

Key measures under the medium-term management plan

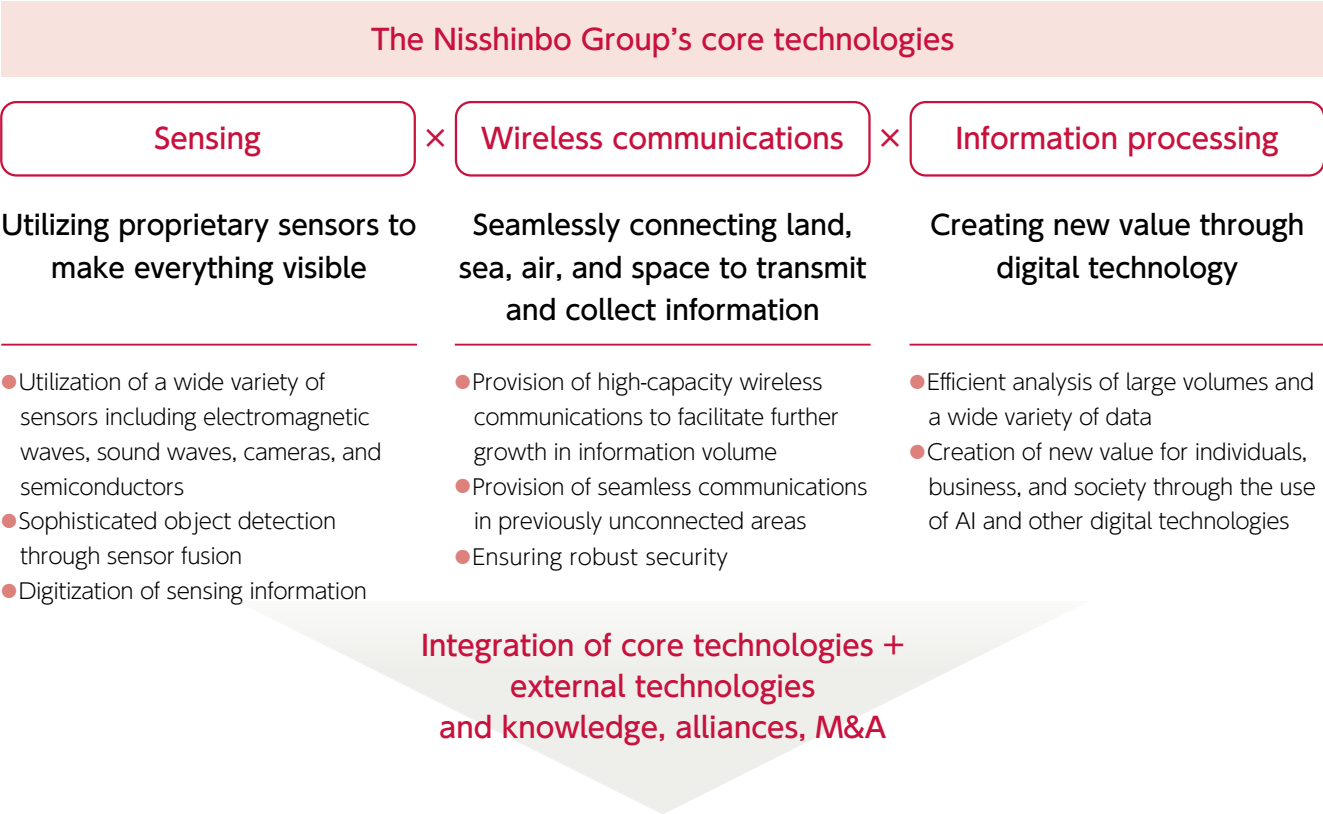
- Expand our market share in products for automotive and industrial equipment where the operating environment is low in volatility and development cycles are long
- Build relationships with customers who will become new strategic partners
- Promote collaboration through M&A and business alliances to strengthen digital technology
- Shift to multi-functional and modular products

Capital expenditure and R&D

- More investment to reinforce the production system  
✓Capital investment in plants, mainly for back-end processing  
✓Expand use of foundries and OSAT
- New product development through collaboration and technology integration with Group companies
- Research and development for modularization and unit/digital business

Innovation-Creating Initiatives

We will create new digital services of value to users by integrating the core technologies of the Nisshinbo Group, with a focus on the Wireless and Communications and Micro Devices businesses.



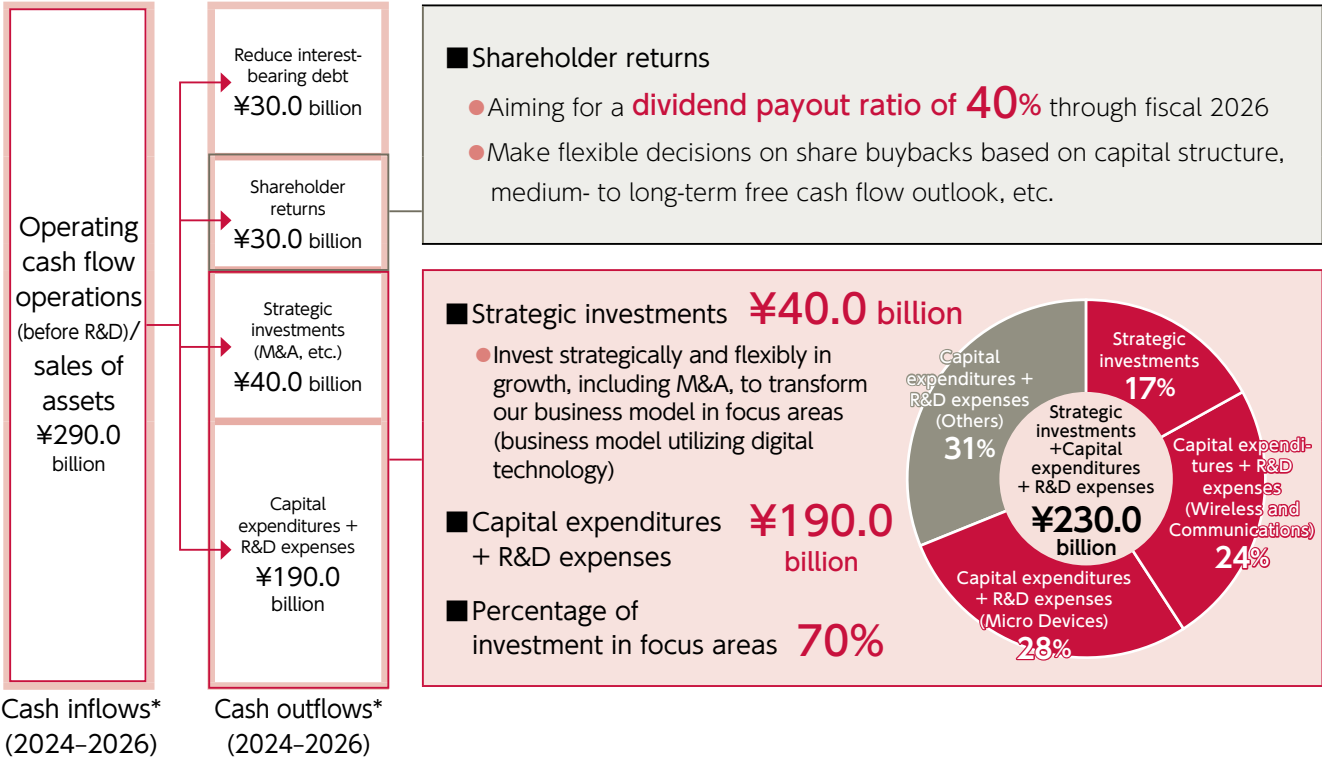
Provision of valuable digital services to users		
Business opportunities	Accelerating digitalization	
	Growing demand for action to address climate change	Demographic changes (falling birthrate, aging population, labor shortages)
Innovation-Creating Initiatives	Phased array weather radar (3D high-speed observation of weather phenomena)	Odor sensing platform (detection of abnormal odors in factories)
	AI-based disaster prevention and mitigation systems (river flooding/tsunami/evacuation)	Acoustic sensing (predictive maintenance, noise cancelling stethoscope)
	Satellite image data application (diagnosis of crop growth)	Image and radar sensor fusion (obstacle avoidance for mobility, etc.)
	Fully automated drones (disaster prevention information provision service, labor-saving monitoring and inspection of rivers and structures)	
	5G, beyond5G/6G, terahertz wave communication solutions (disaster prevention/mitigation, manpower saving, safety assurance, etc.)	
	Highly reliable communications using quantum cryptography and network observability (data security for finance, medicine, defense, etc.)	
Communication solutions accessible anytime/anywhere (including satellite and underwater communications to increase convenience in peacetime and provide backup in times of disaster)		

For a more detailed explanation of examples of initiatives aimed at creating innovation, please see pages 26-27.



Cash Flow Allocation

We intend to invest aggressively in focused areas (Wireless and Communications/Micro Devices businesses) and aim for a dividend payout ratio of 40% in order to realize our target business portfolio.





## We Will Promote Business Portfolio Transformations with Unwavering Resolve and Achieve New Medium-Term Plan Targets

### Shuji Tsukatani

Director and Managing Officer  
Deputy Chief of Corporate Strategy Center

#### Basic Financial Strategy

The Nisshinbo Group's basic financial strategy is to promote management emphasizing profitability and efficiency while maintaining financial soundness in preparation for medium- to long-term investment and risks. The Group develops a diverse range of businesses centered on the environment, and we have continued to restructure these businesses with the mission of contributing to society through business activities. We will continue to fulfill this mission while aiming for further growth through the transformation of our business portfolio.

#### Medium-Term Management Plan 2026 Formulation

The Nisshinbo Group announced Medium-Term Management Plan 2026 in April 2024. The key element of this new medium-term plan is the promotion of business portfolio reform. The plan also clearly defines the Group's intention of making the

Wireless and Communications and Micro Devices businesses the mainstays of our portfolio.

Over the next three years, as CFO, I will be proactively investing in focus areas including the Wireless and Communications and Micro Devices businesses. At the same time, in non-core areas, I will assess business from the perspective of consistency with the Group's corporate philosophy, growth potential, profitability, return on capital, and industry competitiveness, then proceed with optimizing the allocation of management resources. We are looking at a weighted average cost of capital (WACC) of 5.7% for the entire Group in fiscal 2023. We also calculate ROIC by business, and going forward, we will continue to assess businesses by comparing them to the WACC for each business.

Domestic interest rates have begun to rise, especially since the beginning of 2024. With further rises in interest costs expected in the near future, there is a sense of urgency that unless business profits are raised even further, we may lose out in terms of financing and other financial opportunities geared towards investment in growth. For this reason, it is essential to promote business portfolio transformations and increase business profitability.

#### Capital Allocation

Our financial policy emphasizes a balance between optimal capital efficiency and financial soundness to ensure strategic financing. We will systematically reduce assets to improve capital efficiency. In addition to operating cash flows, funds obtained through the sale of assets will be proactively invested and profits returned to shareholders, as we prioritize investments in focus areas aimed at achieving our ideal business portfolio.

Specifically, over the three-year plan period, we assume the generation of approximately ¥290.0 billion from cumulative operating cash flows and asset sales, of which approximately ¥190.0 billion will be allocated to capital investment and R&D expenses, and approximately ¥40.0 billion will be allocated to strategic investments in focused areas. We expect to invest around 70% of the approximately ¥230.0 billion generated from the combination of these two efforts in focus areas.

At the same time, we plan to allocate approximately ¥30.0 billion to shareholder returns with the aim of achieving a dividend payout ratio of 40% through fiscal 2026. The full-year dividend for fiscal 2023 was ¥36 per share. Going forward, we will maintain this level and consider increasing dividends with the aim of achieving a payout ratio of 40%.

The remaining ¥30.0 billion in cash will be used to reduce interest-bearing debt. We have set a D/E ratio of 0.7 or less as a guideline for our target capital structure.

#### Increasing PBR

At present, Group PBR is under 1x, and we continue to fall short of stock market expectations. To increase PBR, we must first increase profit margins, then achieve sustainable growth. To this end, we must strive to improve the profitability of existing businesses, while also making use of M&A, business transfers, and other methods to transform our business portfolio and improve profitability by transforming our business model.

#### Promoting Business Portfolio Transformations

ROIC will be an important indicator as we move forward with future portfolio transformation. For businesses where ROIC is below WACC, drastic measures will probably have to be taken if there are no prospects of improvement. In 2024, we plan to further deepen discussions on assessing business at monthly Board of Directors meetings, and verify whether we can achieve solid business results going forward.

Specifically, the target areas are Automobile Brakes, Precision Instruments, Chemicals, and Textiles, which have been summarized as the materials domain. In determining which areas to expand and which to reduce or withdraw from, I think one of the key points is whether or not synergies can be created with the focus areas of Wireless and Communications and Micro Devices.

If we honestly evaluate each business plan in the materials domain using DCF and other methodologies, we will arrive at appropriate corporate values. However, the total of these corporate values is not reflected in the Nisshinbo Holdings consolidated share price. At present, this is something that has been discounted.

To improve PBR and achieve a fair assessment of corporate value, it is essential to improve profit margins. To this end, we approach business portfolio reforms with a strong sense of urgency, as we cannot continue to maintain businesses that are driving down profit margins within the Group. I see it as my responsibility to ensure business units facing difficult conditions are prepared, which I will continue to do forcefully.

At the same time, in Wireless and Communications, which is a key focus area, we are looking forward to growth, especially in the Solutions and Specialized Equipment businesses. The Solutions business is involved in social infrastructure projects such as dams, river management, and disaster prevention, while the Specialized Equipment business works with the Ministry of Defense. Both have strengths in the government procurement business, with Japan Radio and Hitachi Kokusai Electric, which recently joined the Group, possessing strengths in this area. The new medium-term plan only incorporates the idea of 1 + 1 = 2, but in the future, we hope to be able to create new value by

promoting the integration of mutual technologies and customer bases.

#### Improving Profits

The pressing issue at the moment is to improve short-term profits and reduce assets, which requires thorough inventory management. We must work to liquidate inventory for business use. I strongly dislike the term "appropriate inventory," as I am worried that the abstract expression "appropriate" may lead to laxness in areas such as purchasing, shipping, and manufacturing. For this reason, I must constantly remind everyone in the workplace. Over the next three years, the Group must bring inventories valued at approximately ¥20 billion back to previous levels and improve asset turnover efficiency. However, what is truly important is not simply reducing the amount of inventory on hand. There are also businesses within the Group that rely on inventory to do business, such as the processing field involving semiconductors and other products, as well as the marine business, which is based at ports and conducts proposal-based sales, thus it is also important to grow the top line at the same time as implementing thorough inventory management.

The same can be said of the numerical targets for the entire medium-term plan. I think it is important to maintain a strong determination to achieve established numerical targets, unless something unexpected were to occur. Accordingly, we will maintain efforts to achieve the management targets announced in the new medium-term plan, especially the operating income target of ¥38 billion.

#### Expanded Disclosure of Non-financial Indicators

With regard to non-financial indicators, three years ago I personally took on the role of spearheading a disclosure project in line with the TCFD framework aimed at enhancing climate-related financial information disclosure. Over the past three years, risk and opportunity analyses based on future scenarios have been conducted for all segments, and we are working towards the goal of net zero by 2050, targeting a 50% reduction in CO<sub>2</sub> emissions by 2035 compared to fiscal 2014 levels. Next, we will also be working on our response to the Task Force on Natural-related Financial Disclosures (TNFD). This will be the second round for each business unit, but this time we will start with natural capital at the core. In line with our mission, it is only natural that we should strive to avoid placing a burden on the environment, and we will continue to make the environment a key factor in our business decisions. We will expand TCFD, TNFD and other information disclosure while continuing to further accelerate sustainability initiatives.



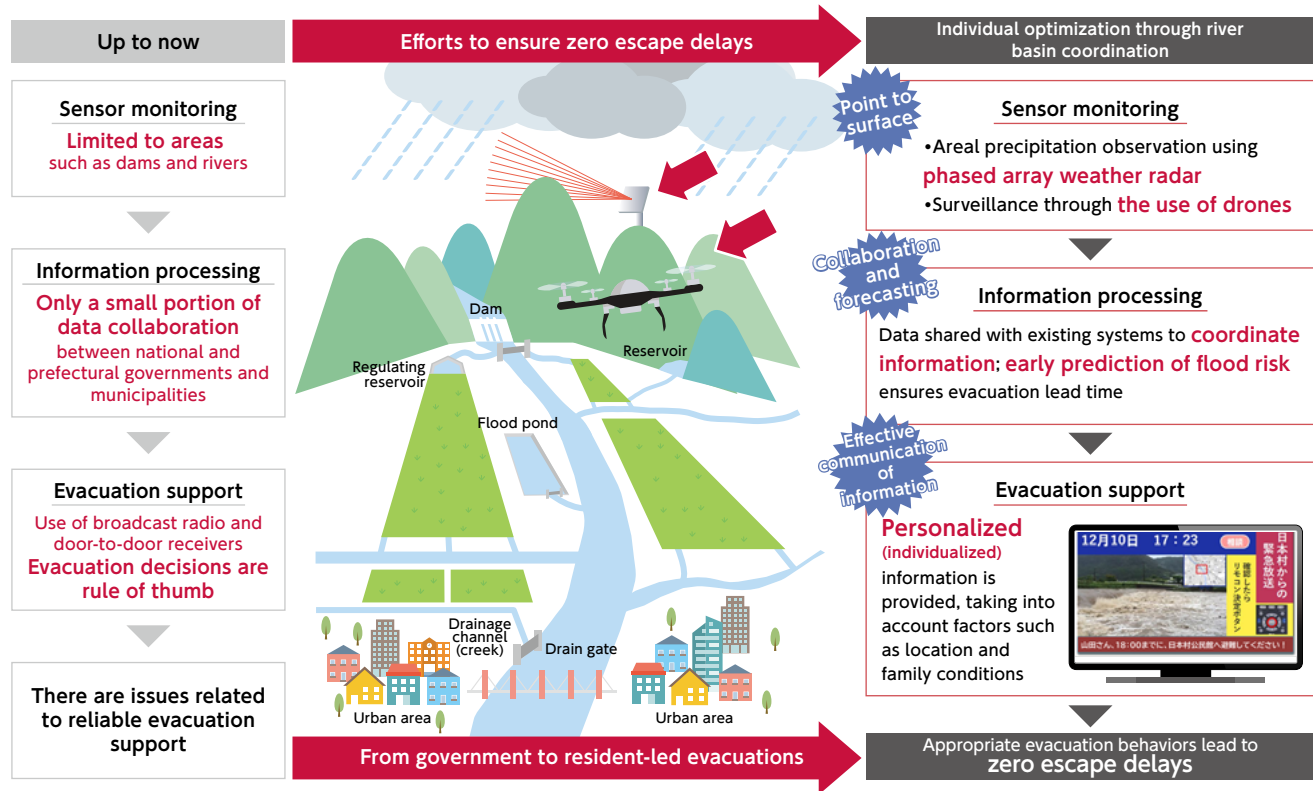
## Medium- to Long-Term Initiatives in the Wireless and Communications Business

Nisshinbo's Wireless and Communications business leverages core technologies comprising communications, sensing, and data analysis technologies to provide disaster prevention warning systems, dam control systems, and other social infrastructure.

To resolve social issues going forward, we will create solutions business founded on IoT.

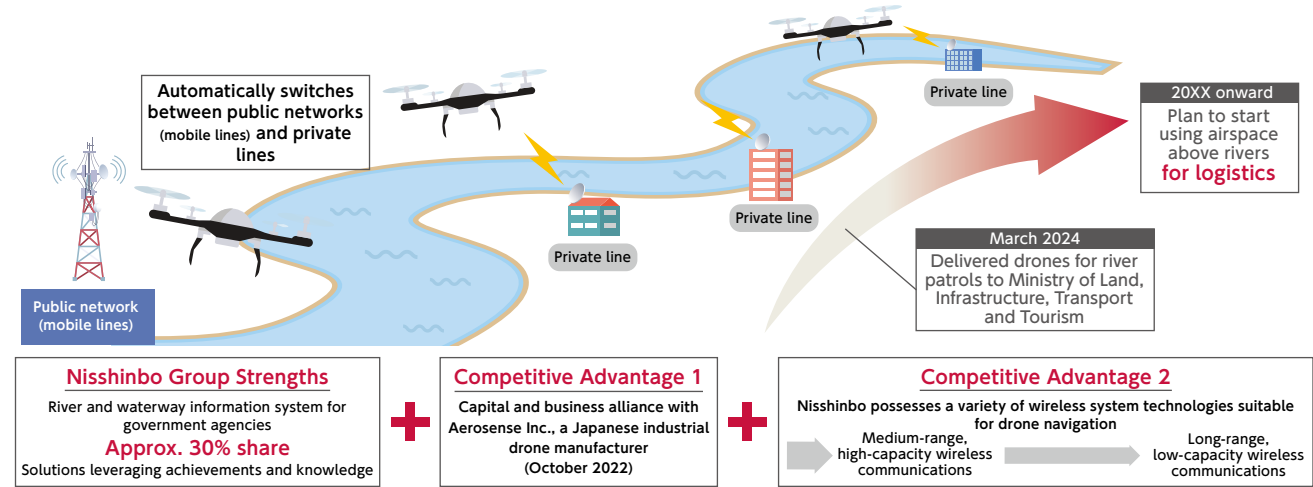
### 1 Advanced Disaster Prevention Solutions: Targeting More Sophisticated and Personalized Prediction

To ensure zero delays in escaping disasters, we will provide advanced disaster prevention solutions that build on sensor monitoring, information processing, and evacuation support efforts up to now.



### 2 River Highway Concept

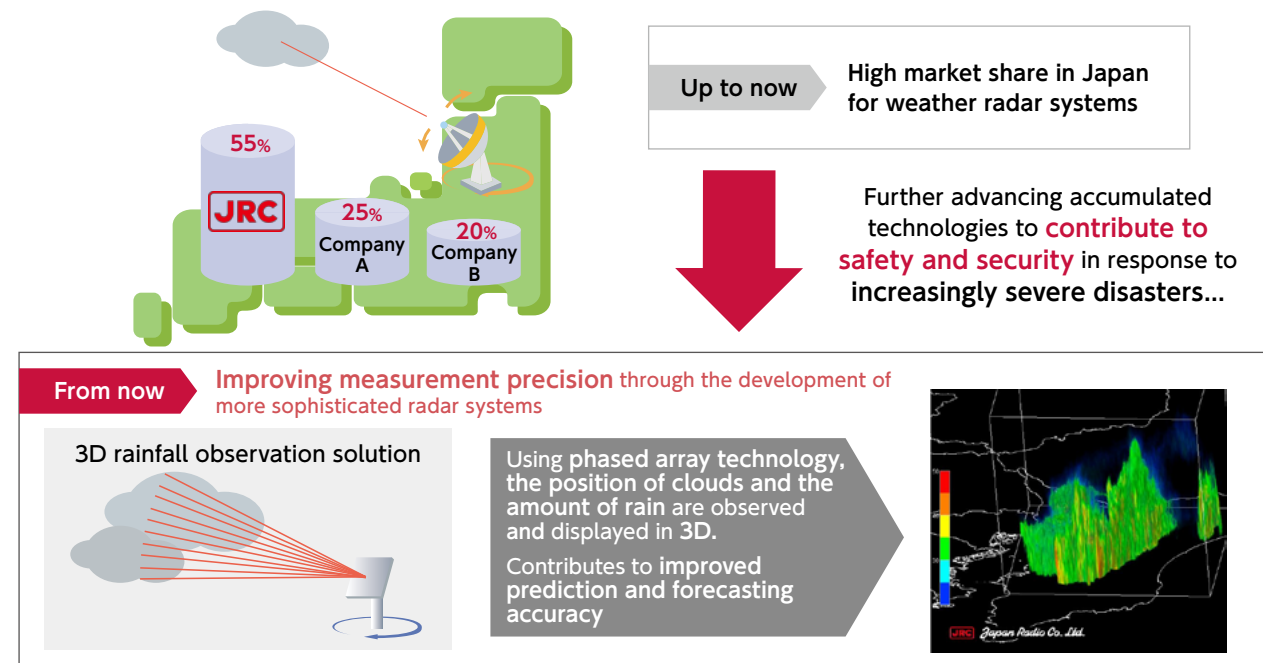
There are currently high expectations for the ability of drones to quickly collect information and for their use in logistics in river basins, and the Nisshinbo Group is working to build the communication infrastructure needed to achieve safe navigation.



The Nisshinbo Group, which has a long track record of delivering numerous water and river-related infrastructure facilities, will leverage this knowledge and our unique wireless communication technologies to **develop solutions that enable drones to safely navigate above rivers**

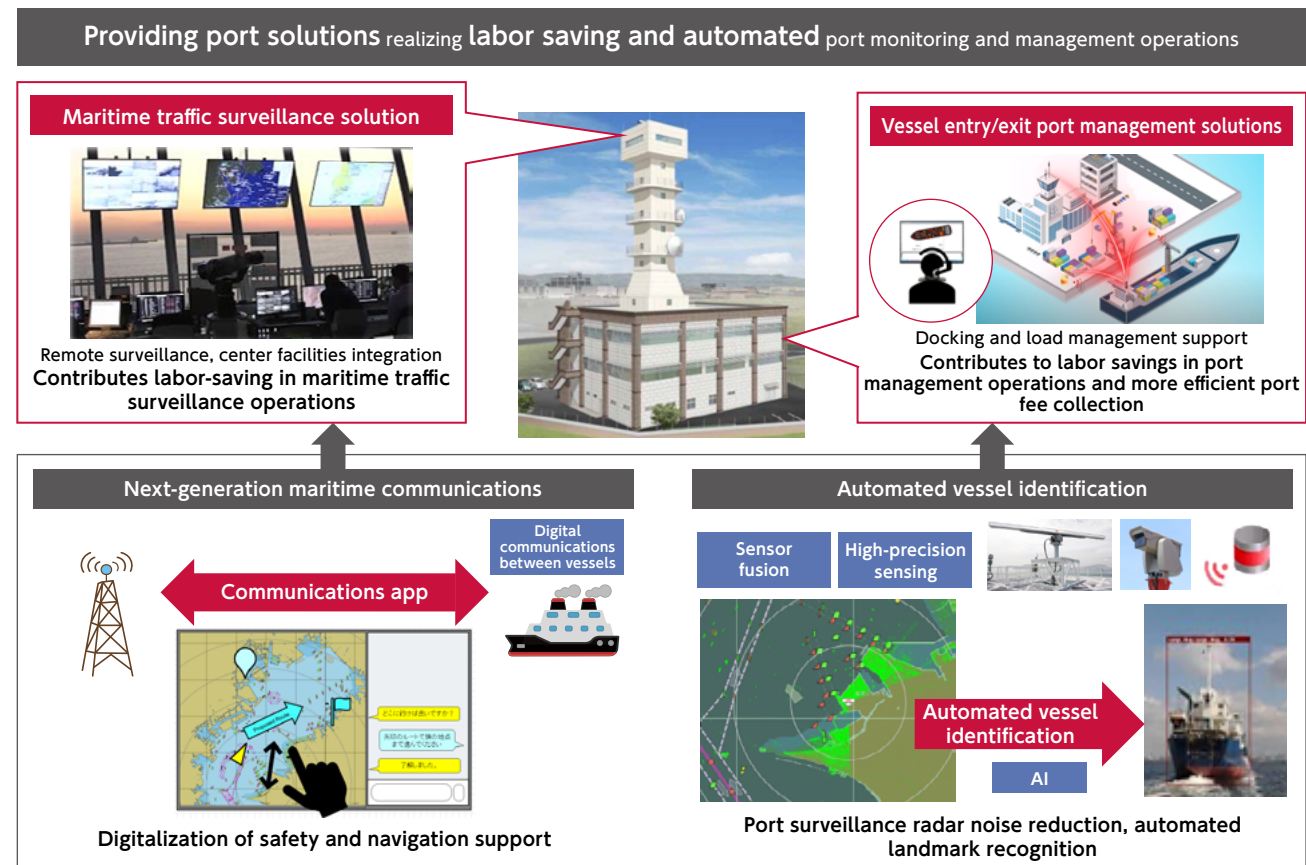
### 3 Weather Radar Advancements

We will respond to increasingly severe disasters by advancing the functions of our weather radars, which have a high market share in Japan, and improving measurement precision to enhance prediction and forecasting accuracy.



### 4 Systems for Ports

To realize labor-saving and automated port monitoring and management operations, Nisshinbo will provide maritime traffic monitoring solutions and vessel entry/exit port management solutions coordinated with vessel-side solutions.



Materiality, Risks and Opportunities

With its corporate philosophy “Change and Challenge! For the creation of the future of Earth and People,” the Nisshinbo Group has since its founding inherited the basic spirit of corporate public institutions of contributing to society through business activities. We are placing sustainability at the heart of our thoughts on corporate management and proactively pursuing sustainability initiatives.

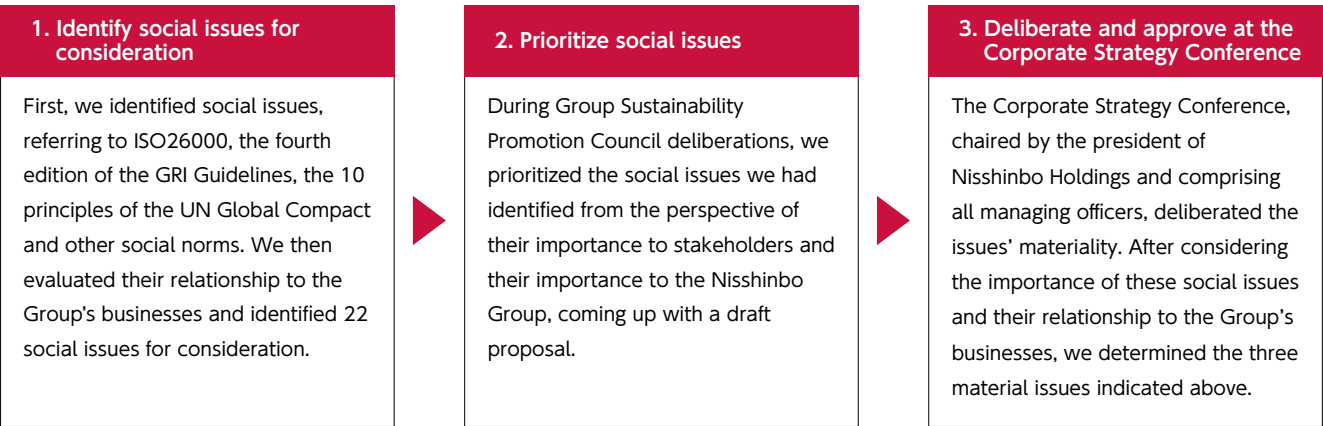
Nisshinbo Group Materiality and Process of Determining Materiality

In February 2015, we identified material issues for the Group in order to clarify issues that required action to achieve sustainable growth for the Nisshinbo Group’s business together with society.










Materiality of Nisshinbo Group

- Contribution to the environmental and energy field
- Creation of a safe and secure society
- Global compliance

Process of Determining Materiality



Strategic Business Domains, Business Segments and Related SDGs

Strategic business domains	  		
	Mobility	Infrastructure & Safety	Life & Healthcare
Business segments			
Wireless and Communications	●	●	●
Micro Devices	●	●	●
Automobile Brakes	●		
Precision Instruments	●		●
Chemicals	●	●	●
Textiles			●
Real Estate			●
Core SDG objectives and targets in our business	 Target 3.6	 Target 7.3	 Target 3.2
	 Target 9.4	 Target 13.1	 Target 9.4

Materiality and Related Major Risks, Opportunities and Responses

ESG	Materiality	Major risks and opportunities	Risks	Opportunities	Responses to risks and opportunities
E: Environmental Initiatives	Contribution to the environmental and energy field	Climate change	<ul style="list-style-type: none"><li>• Increase in raw material procurement costs and manufacturing costs due to carbon taxation</li><li>• Increase in energy costs due to requests from customers to reduce greenhouse gas emissions</li><li>• Increase in costs due to property damage and loss of business caused by flooding</li></ul>	<ul style="list-style-type: none"><li>• Growing demand for EVs, new energy vehicles, smart mobility and fuel cell-related products</li><li>• Higher sales of energy-saving semiconductors and electronic device-related products</li><li>• Growing demand for disaster prevention products and services driven by heightened flood risk</li></ul>	<ul style="list-style-type: none"><li>• Conduct climate change scenario analyses according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations</li><li><b>Responses to Risks:</b><ul style="list-style-type: none"><li>• Avoid carbon taxation by reducing greenhouse gas emissions and energy conservation, and reduce energy costs</li><li>• Prevent and mitigate property damage and loss of business caused by flooding</li></ul></li><li><b>Responses to Opportunities:</b><ul style="list-style-type: none"><li>• Expand EV-related product development and manufacturing</li><li>• Capture demand for energy-saving products (e.g., semiconductors, electronic device-related products)</li><li>• Develop and manufacture millimeter-wave radar water level gauges and capture demand for anti-corrosion products and services</li></ul></li></ul>
		Biological resources	<ul style="list-style-type: none"><li>• Increased procurement costs due to rising prices of raw materials and agricultural products</li><li>• Uncertainty over the stable supply of raw materials and agricultural products</li></ul>	<ul style="list-style-type: none"><li>• Increasing demand for products and services that take into account environmental conservation and biodiversity conservation</li></ul>	<ul style="list-style-type: none"><li>• Implementation of impact assessments related to natural issues in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)</li><li><b>Response to Opportunities:</b><ul style="list-style-type: none"><li>• Capturing demand for products and services that take into account environmental and biodiversity conservation</li></ul></li></ul>
		Water resources	<ul style="list-style-type: none"><li>• Impact of water shortages on manufacturing processes</li></ul>	<ul style="list-style-type: none"><li>• Decreased production costs due to water conservation</li></ul>	<ul style="list-style-type: none"><li><b>Response to Risks:</b><ul style="list-style-type: none"><li>• Promote water conservation and recycling</li></ul></li></ul>
S: Social Initiatives	Creation of a safe and secure society	Human rights	<ul style="list-style-type: none"><li>• Work environment deterioration caused by harassment and other human right issues</li><li>• Loss of stakeholder trust and operational continuity caused by inadequate consideration for human rights</li></ul>	—	<ul style="list-style-type: none"><li>• Develop human rights policies, introduce and promote human rights due diligence in areas where human rights risks are high</li><li>• Establish a human rights awareness group at HD and conduct Group human rights training</li><li>• The Nisshinbo Group Sustainable Procurement Basic Policy and Sustainable Procurement Guidelines clearly specify the prohibition of forced labor and child labor, and ensure respect for human rights in the supply chain</li></ul>
		Human resources	<ul style="list-style-type: none"><li>• Human resource shortage due to labor force contraction</li><li>• Low motivation and loss of human resources due to mismatched work assignments, etc.</li><li>• Business promotion delays due to imbalanced personnel age structure</li></ul>	<ul style="list-style-type: none"><li>• Promote the overlap between the Corporate Philosophy and the growing interest in ESG among younger people, leading to more hiring opportunities</li></ul>	<ul style="list-style-type: none"><li>• Implement strategic PR activities to improve the corporate visibility and image</li><li>• Strengthen mid-career recruitment</li><li>• Retain human resources through career support and an internal recruitment system</li><li>• Develop human resources through the establishment of a training system and expanded e-learning menu items</li><li>• Implement program cultivating successors</li></ul>
		Occupational injuries	<ul style="list-style-type: none"><li>• Occupational injuries due to lack of education and training</li><li>• Loss of stakeholder trust caused by occupational injuries and accidents</li></ul>	—	<ul style="list-style-type: none"><li>• Conduct risk assessment</li><li>• Conduct education and training, share accident case studies across the Group</li></ul>
		Quality	<ul style="list-style-type: none"><li>• Loss of trust, claims for damages or product recalls due to quality issues or defects with products or services</li></ul>	—	<ul style="list-style-type: none"><li>• Use the risk management system to minimize risk probability and potential impact</li><li>• Establish a quality assurance team at HD to oversee quality assurance and product safety activities at Group companies</li></ul>
G: Corporate Governance	Global compliance	Group management	<ul style="list-style-type: none"><li>• Management impact of failed M&amp;A and other efforts</li><li>• Diminished management efficiency due to overlapping functions between businesses</li></ul>	<ul style="list-style-type: none"><li>• Harness the Group’s diverse strengths by integrating businesses/organizations to drive innovation and increase resilience to changes in the operating environment</li></ul>	<ul style="list-style-type: none"><li>• Development and sharing of procedures for M&amp;A operations</li><li>• Improve efficiency by overhauling Group-wide organizations and outsourcing</li></ul>
		Business management	<ul style="list-style-type: none"><li>• Business continuity risks associated with dysfunctional corporate governance and internal controls</li></ul>	<ul style="list-style-type: none"><li>• Take risks based on a balance between proactive and defensive governance</li></ul>	<ul style="list-style-type: none"><li>• Aim to achieve a strong balance between improving management transparency through proactive governance reforms and taking bold risks</li></ul>
		Compliance	<ul style="list-style-type: none"><li>• Loss of trust and damage to corporate value caused by legal violations such as corruption or anti-competitive practices, or by corporate behavior that diverges from social norms</li></ul>	—	<ul style="list-style-type: none"><li>• Employ messaging from the president of HD to underscore the importance of fair business practices</li><li>• Provide continuous compliance training</li><li>• Impose severe penalties for misconduct</li></ul>
		Fraud/Illegal conduct	<ul style="list-style-type: none"><li>• Financial window-dressing, accounting irregularities, etc.</li></ul>	—	<ul style="list-style-type: none"><li>• Use the internal control system and the corporate ethics reporting system to prevent misconduct</li><li>• Employ regular rotation to prevent misconduct</li></ul>
		Information security	<ul style="list-style-type: none"><li>• Unauthorized disclosure of personal information, customer information or trade secrets</li><li>• Adverse impacts on business in the event of unauthorized access, tampering, data destruction or loss, leakage or other damage caused by cyberattacks, etc.</li></ul>	—	<ul style="list-style-type: none"><li>• Conduct continuous training and annual internal audits to assess information security</li><li>• Conduct cybersecurity measures and implement requisite countermeasures while ensuring multi-level protection</li></ul>

For risks related to business, please see pages 30–32 of the 181st Securities Report.



# Environmentally Conscious Business Developments

## Basic Concept

The Nisshinbo Group is aiming to increase corporate value as a more united corporate group by realizing its Corporate Philosophy — “Change and Challenge! For the creation of the future of Earth and People.” With “Awareness and Concern toward Our Environmental Impact” as the Group’s Business Conduct Guidelines, we have a deep understanding of environmental behavior and actively engage in and act on environmental activities. As an *Environment and Energy Company* group, we will continue to offer new products and systems that help protect the environment, save energy and create alternative sources of energy, while also providing solutions that address some of the greatest issues faced by humanity today, such as environmental destruction and natural disasters caused by climate change, to make life safer and more secure for people everywhere.

## Long-Term Environmental Target (to fiscal 2050)

Aim to be Carbon Neutral

## Medium-Term Environmental Target (to fiscal 2030)

Primary targets			
Provide sustainable solutions Increase ratio of products that contribute to a sustainable society to <b>70%</b> or more of total sales	Global warming countermeasures Reduce greenhouse gas emissions by <b>50%</b> or more compared to fiscal 2014	Contribute to the realization of a recycling society Improve the recycling ratio to <b>95%</b> or more	Water resource countermeasures Reduce water usage per unit of sales by <b>70%</b> or more compared to fiscal 2014

## The 5th Three-Year Environmental Targets (FY2022–2024)

Key action items	The 5th Three-Year Environmental Targets	Fiscal 2023 results
Improvement of the sales percentage by the products that contribute to the development of the sustainable society	<b>60%</b> or more of total sales	<b>53%</b> of total sales
Reduction of greenhouse gas emissions*1	Reduce by <b>35%</b> or more compared to fiscal 2014	Reduced <b>46%</b> compared to fiscal 2014
Reinforcement of the maintenance of biodiversity	Activities in Japan and abroad At more than <b>5</b> new sites	Ongoing activities at <b>three</b> new sites*2
Reduction of water usage per unit of sales	Reduce by <b>65%</b> or more compared to fiscal 2014	Reduced <b>78%</b> compared to fiscal 2014
Promote Life Cycle Assessment (LCA)*3	<b>60%</b> or more of total sales	<b>60%</b> of total sales
Reduction of the energy consumption per unit of sales	Reduce by <b>15%</b> or more compared to fiscal 2014	Reduced <b>24%</b> compared to fiscal 2014
Reduction of the volume of PRTR*4 substances emissions per unit of sales	Reduce by <b>30%</b> or more compared to fiscal 2014	Reduced <b>38%</b> compared to fiscal 2014
Improvement of recycling rate	Increase the recycling rate to <b>90%</b> or more	<b>88%</b> recycling rate

\*1 Please refer to Nisshinbo’s Sustainability website for details regarding emissions calculation methodologies.  
\*2 FY2023 activities started: Ueda Japan Radio Co., Ltd. (Japan).  
\*3 Life cycle assessment (LCA): Understanding of environmental load, through the life cycle of a product, from raw materials to production, use and finally to disposal.  
\*4 PRTR substances: Substances subject to the Pollutant Release and Transfer Register (PRTR) system pursuant to the “Act on the Confirmation, etc., of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof” for which reports of their amounts of release and transfer must be filed.

## Fiscal 2023 Progress toward Three-Year Environmental Target Key Action Items

The Nisshinbo Group is making steady progress on all eight of its initiatives, with five of them having achieved fiscal 2024 targets ahead of schedule.

### •Improvement of the Sales Percentage by the Products that Contribute to the Development of the Sustainable Society

Sales of “the products that contribute to the development of sustainable society” are growing steadily, accounting for 53% of the Group’s FY2023 sales. The breakdown is as follows: friction materials compliant with copper and antimony regulations\*5 in the Automobile Brakes business account for 19%, semiconductor products (contributing to energy saving and smaller chip size in electrical appliances) in the Micro Devices business account for 9%, non-iron shirts in the Textiles business account for 3%, disaster prevention and mitigation-related products in the Wireless and Communications business account for 2%, and others account for 19%. We aim to achieve our targets by expanding sales through the provision of solutions related to disaster prevention and mitigation by Hitachi Kokusai Electric, which became a consolidated subsidiary at the end of 2023.

\*5 Copper and antimony regulations: Laws of and regulations in Japan and overseas that restrict the use of copper and antimony, which are considered highly toxic when released into the environment.

Specific Initiatives of The Nisshinbo Group

### Telemetering Station System Utilizing Solar Cells

The telemetering system of Japan Radio Co., Ltd., measures water levels, precipitation, and other data on the natural environment of dams and rivers and automatically collects this information via wireless lines. This information is used for river management, which is important for environmental conservation, such as disaster prevention and the efficient use of water resources.

### •Reduction of Greenhouse Gas Emissions

Greenhouse gas emissions in FY2023 were 46% lower than in FY2014, the target level for FY2024 has been reached. The percentage of electricity used by the Group derived from renewable energy sources increased to 21% (compared to 8% in the previous fiscal year) as a result of the expansion of solar power generation facilities in Japan and overseas and the switch to renewable energy-derived electricity for purchased electricity. In addition, the installation of additional perfluorocarbon (PFC) and other gas abatement equipment in the Micro Devices business resulted in a decrease in emissions.

The Nisshinbo Group’s actual greenhouse gas emissions (Scope 3) in FY2023 were approximately 1,915 thousand t-CO<sub>2</sub>e, up 19% from the previous fiscal year’s greenhouse gas emissions. The increase was mainly due to improved statistical accuracy at overseas sites.

Specific Initiatives of The Nisshinbo Group

### Switching to Electricity Derived from Renewable Energy Sources

The Nisshinbo Group is promoting the switch to electricity derived from renewable energy, and purchased approximately 154.4 thousand MWh of electricity derived from renewable energy in FY2023. Nisshinbo Holdings Inc., Head Office, purchases electricity derived from hydroelectric and solar power generation; and Japan Radio Co., Ltd. Nagano Plant, Ueda Logistics Center, Nagano Japan Radio Co., Ltd. Head Office & Factory, Ueda Japan Radio Co., Ltd. Head Office & Main Factory in the Wireless and Communications business purchase green power derived from hydroelectric power generation; and Nisshinbo Brake Inc. Tatebayashi Plant, Nisshinbo Somboon Automotive Co., Ltd., Nisshinbo Automotive Manufacturing Inc. in the Automobile Brakes business purchase electricity derived from solar power generation; and PT. Nikawa Textile Industry, PT. Nisshinbo Indonesia and PT. Naigai Shirts Indonesia in Textiles businesses purchase electricity derived from geothermal power generation.

### •Reinforcement of the Maintenance of Biodiversity

In the enhancement of biodiversity conservation activities, in FY2023, Nisshinbo Group registered the maintenance of forests and *satoyama* in consideration of biodiversity by the Nigiyaka na Mori Project of the Kamiko Forest Certification Council in which Ueda Japan Radio Co., Ltd. and other segments are also considering the details of new activities to be determined.

Specific Initiatives of The Nisshinbo Group

### Reinforcement of the Maintenance of Biodiversity

The Nisshinbo Group started biodiversity conservation activities in FY2015 and expanded the scope of activities by participating in biodiversity conservation activities (activities of *satochi-satoyama* conservation, forest conservation, and marine conservation) conducted in protected areas by protecting threatened species and conducting conservation activities in collaboration with regional and local governments, NGOs and NPOs, universities, local companies, and supply chain entities. Currently, Nisshinbo Group is engaged in biodiversity conservation activities at eleven business sites in Japan and five sites overseas. Example of initiatives at Japan Radio: To protect marine life inhabiting the waters off Japan’s coast, Japan Radio is collaborating with the Tokyo University of Marine Science and Technology to investigate the feasibility of collecting and monitoring marine plastic waste.

### •Reduction of Water Usage per Unit of Sales

In FY2023, the volume of water used per sale was 11.8 m<sup>3</sup> per million yen, a 2% reduction in the volume of water used per sale in the previous year. Water consumption per net sales has been decreasing year by year because of the progress of water-saving activities, such as the replacement of water-cooled air conditioners with air-cooled ones in the Wireless and Communications business.

Specific Initiatives of The Nisshinbo Group

### Using AQUEDUCT to Understand and Monitor Water Risks

The Nisshinbo Group conducts water risk assessments of all of the Group’s business sites and main supply chains using the AQUEDUCT Water Risk Atlas\* published by the World Resources Institute (WRI). In FY2023, six of the Group’s business sites are classified as “Extremely high” areas. At view point of the current water consumption at these sites, the Group estimates that it is not highly likely to have a significant impact on its business activities. In addition, 11 sites of its main supply chain companies are classified as “Extremely high” areas. The Group continues to monitor the situation of those sites and supply chains that have been assessed as “Extremely high.”

\* AQUEDUCT Water Risk Atlas: Maps based on 12 different water risk indicators, including “physical water stress,” “water quality,” “water resource regulatory risks,” and “reputational risks.”

•Promote Life Cycle Assessment

Life Cycle Assessment (LCA) in fiscal 2023 was 60% of total sales. Under the 5th Three-Year Environmental Target (fiscal 2022–2024), we will aim for 60% or more and continue expanding the scope of these activities. In FY2023, LCA implementation was newly completed for ring yarn (general staple spun yarn) in the Textiles business and fuel cell separators in the Chemicals business, and the implementation rate is improving.

Specific Initiatives of The Nisshinbo Group

LCA Software Utilization

The Nisshinbo Group is expanding its LCA activities while putting LCA software to effective use to calculate LCA data in order to understand environmental impacts and promote product standards and manufacturing process improvements, as well as the development of environmentally friendly products. Naturally, the Group draws on LCA product results to reduce energy consumption in manufacturing and emissions of chemical substances. Additionally, the Group introduced LCA from the product development stage, contributing to the expansion of sales of environmentally friendly products.

Image of Life Cycle Assessment

•Reduction of the Energy Consumption per Unit of Sales

Energy used in FY2023 per sales was reduced by 24% from FY2014, achieving the FY2024 target ahead of schedule. In the Textiles business, the fact that PT. Nikawa Textile Industry stopped using coal boilers to generate electricity as of November 2021 made a significant contribution.

Specific Initiatives of The Nisshinbo Group

Introduction of Next-Generation Environmentally Friendly Refrigeration Equipment

Nisshinbo Micro Devices Fukuoka Co., Ltd., has selected and introduced a next-generation environmentally friendly non-CFC inverter-turbo refrigerator as an energy conservation measure for its power equipment. From March 2023, the installed chillers were put into operation, resulting in a reduction of 968 MWh/year (418 t-CO<sub>2</sub>/year of CO<sub>2</sub> emissions) in electricity consumption for the chillers compared to the previous year.

Next-Generation Environmentally Friendly Non-CFC Inverter-Turbo Refrigerator

•Reduction of the Volume of PRTR Substances Emissions per Unit of Sales

In FY2023, the Nisshinbo Group's volume of PRTR substance emissions per unit of sales was 0.044 kg per million yen, up 8% year on year. Although the amount of paint used was reduced at Nanbu Plastics Co., Ltd., Susono Plant through a variety of improvement activities, such as standardization of paint conditions and digital setting of paint application flow rates, the amount of PRTR substances released into the environment increased due to changes and additions to the substances subject to the PRTR system as a result of the revision of the Chemical Substances Control Law.

Specific Initiatives of The Nisshinbo Group

In FY2023, the volume of substances subject to PRTR handled by the Nisshinbo Group was 2,390 t, down 9% year-on-year (YoY). The volume of methylene bis (4,1-phenylene) diisocyanate decreased due to lower production of spandex and elastomers in the Textiles business.

Trends in the Volume of PRTR Substances Handled

Fiscal Year	Volume of PRTR substances handled (t)
2019	2,817
2020	2,555
2021	2,799
2022	2,625
2023	2,390

•Improvement of Recycling Rate

The recycling rate of FY2023 was 88% (an increase of 4% over the previous fiscal year). This was due to an increase in the recycling rate of brake friction material polishing powder at overseas Automobile Brakes business sites. The Nisshinbo Group has set the target of achieving a 95 % recycling rate by FY2030. To this end, The Group is engaging in initiatives to reduce the amount of waste generated by each business.

Specific Initiatives of The Nisshinbo Group

Zero Emissions Activities

Throughout the Nisshinbo Group, the Group is working toward zero emissions (a recycling ratio of 99% or more). Of its locations that generated 10 tons of waste or more in FY2022, 31 locations achieved zero emissions.

Reports Based on the TCFD Recommendations

Overview of the TCFD Response

Believing it important to seize business opportunities and respond appropriately to risks posed by climate change, a global issue, the Nisshinbo Group has conducted climate change scenario analyses in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations since fiscal 2021. By identifying the risks and opportunities that climate change will pose to the Group in the future, then utilizing them in the formulation of business strategies, we will devise more flexible and robust strategies and increase resilience against future risks. Furthermore, in June 2022, Nisshinbo announced its endorsement of the TCFD recommendations.

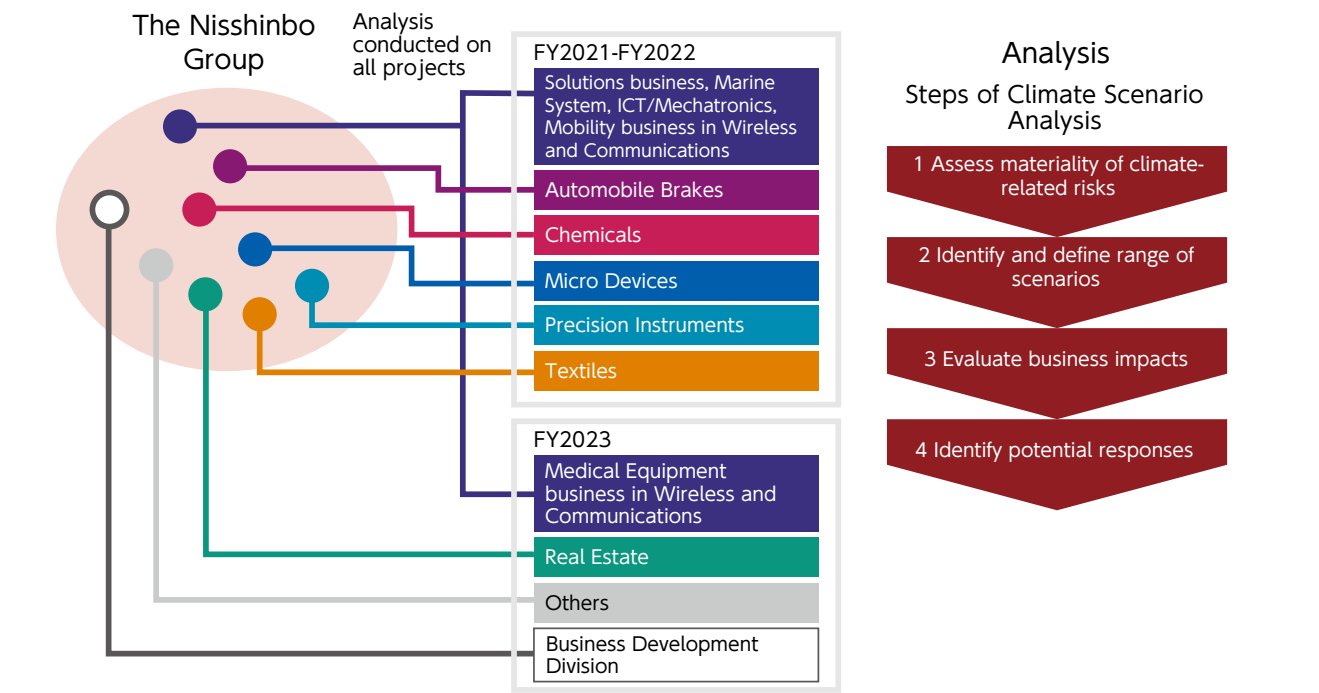
Governance

The Nisshinbo Group established and now operates a mechanism within the Group-wide governance system\* to appropriately respond to risks and opportunities related to climate change. Responsibility for climate-related issues is entrusted to committees such as the Corporate Strategy Conference comprising the president and executive officers, which reports to the Board of Directors, who discuss responses to reported climate-related issues and monitor targets and progress toward their resolution.  
\* Refers to "Corporate Governance Structure" on page 49, Corporate Governance.

Strategy

An Overview

Since the Nisshinbo Group has a wide range of businesses, a climate change scenario analysis was conducted in stages starting in FY2021, and an analysis of the Group's major businesses was completed in FY2023. In FY2021, the Group targeted the Solutions business in the Wireless and Communications business, the Automobile Brakes business, and the Chemicals business that are expected to have a large risk/opportunity impact. In FY2022, the analysis was conducted in major businesses with production activities by covering the Marine System, ICT/Mechatronics, and Mobility business in the Wireless and Communications business, the Micro Devices business, the Precision Instruments business, and the Textiles business. For FY2023, the scope of the program includes Medical Equipment business in the Wireless and Communications business, Real Estate business, and Other businesses, as well as initiatives in the Business Development Division. The climate change scenarios used are for a world where warming progresses (warming progression scenario, 2.5° C to 4° C) and a world where warming is controlled and active transitions occur (decarbonization scenario, 1.5° C to 2° C). Climate change scenario analysis was conducted using the steps shown below.



For more information, please see the Sustainability section of the Nisshinbo Group website.  
<https://www.nisshinbo.co.jp/english/sustainability/>





4. Identify Potential Responses

In the future, based on the results of the scenario analysis, all business divisions will minimize risks related to greenhouse gas emissions while focusing on capturing the actual and potential opportunities related to the products and services of each business division in the medium to long term. The Nisshinbo Group has completed scenario analysis for its major businesses in FY2023 and will continue to revise the content as appropriate based on changes in the business environment.

Business	Outline of Business Impacts	Direction of Responses
Common to all projects	•Risk of incurring additional costs due to the introduction and higher cost of carbon taxes. In addition, suppliers may increasingly request GHG emission reductions and be forced to respond to such requests. •Potential for physical damage and loss of business interruption caused by increased flooding	•Avoidance of carbon tax and reduction of energy costs through GHG reduction/energy conservation •Prevention and mitigation of physical damage and loss of business interruption caused by flooding
Wireless and Communications	•Increased demand for marine transportation due to modal shift may expand sales opportunities for ship-related products •Demand for EV-related products may increase due to growth in EV sales •Demand for energy-saving devices may expand and sales opportunities for energy-saving devices may increase •Frequent occurrence of natural disasters may increase flood risk, thereby increasing demand for disaster prevention-related products and services •Potential for increased demand for offshore wind power related products due to increased demand for renewable energy •Expand opportunities to market products and services that address long-term changes in disease structure and access to healthcare due to climate change	•Capturing demand for shipping-related products •Expand development and manufacturing of EV-related products •Application of energy-saving related products (GaN power semiconductors, electronic device related products, etc.) to the electric power field •Capturing demand for ships to support offshore wind facilities •Development and manufacture of millimeter wave radar water gauge for disaster prevention, capturing demand for disaster prevention products and services •Capturing demand for products and services related to analysis of diseases that are increasing with climate change •Development of products and services for telemedicine and medical big data through collaboration of medical devices and wireless/communication technologies
Micro Devices	•Potential increase in sales of smart mobility-related products due to social developments toward a smart mobility society •Potential for increased demand for low-carbon and energy-saving products •Frequent occurrence of natural disasters may increase flood risk, thereby increasing demand for disaster prevention-related products	•Development and manufacture of smart mobility-related products along with the expansion of the smart mobility society, and enhancement of the related parts production system •Development and manufacture of energy-saving products to respond to demand for low-carbon and energy-efficient products •Capturing demand for water gauge sensors to address increased flood risk
Automobile Brakes	•Although demand for brake friction materials is expected to increase due to rising demand for automobiles, the longer service life of brake friction materials may reduce demand for brake repairs as the percentage of EVs increases	•Providing products and services that comply with the changes and regulations associated with the promotion of decarbonization
Precision Instruments	•Increasing environment-oriented in the supply chain may expand sales opportunities for machine tools for CFRP materials •Demand for wind-related products may increase as the introduction of renewable energy increases •Sales opportunities for new energy vehicle-related products may increase due to growth in EV sales, while sales opportunities for ICE vehicle-related products may shrink •Increased demand for air conditioners due to global warming may expand sales opportunities for related products	•Capturing sales opportunities for machine tools for CFRP materials to respond to the environmental needs of the supply chain •Development and manufacture of wind power generation related products along with expansion of renewable energy introduction •Development and manufacture of parts processing and assembly-only machine related to new energy vehicles as EV sales increase •Development and manufacture of air conditioning parts to meet the growing demand for air conditioning during the summer season
Chemicals	•Potential for increased demand for cross-linking agents due to expanded use of low-temperature drying paints •Potential for demand for insulation materials for building materials to increase due to the spread of ZEB/ZEH •Potential for sales of fuel cell bipolar plates to grow in proportion to the expansion of the fuel cell market	•Capturing demand for cross-linking agents due to increased demand for low-temperature drying paints •Capturing demand for heat insulating materials due to the spread of ZEB/ZEH •Capturing demand for fuel cell bipolar plates due to the spread of fuel cells •Providing products and services that comply with the changes and regulations associated with the promotion of decarbonization
Textiles	•Changes in environment-oriented in the supply chain may expand opportunities to sell to more environment-oriented customers and to sell environmentally friendly products •Fluctuations in raw cotton costs due to climate change, but also the possibility of increased sales opportunities for products of heat-related protection due to rising temperatures	•Capturing demand for products for apparel to promote decarbonization, and development and manufacture of environmentally friendly industrial materials •Development and manufacture of clothing for heat protection
Real Estate	•Implement higher rents for properties with ZEB and energy certifications	•Capturing demand through operation of environmentally friendly properties
Others business	•Higher purchase price costs due to lower yields of wheat and oilseeds, and lower wheat sales volume due to higher costs •Increase sales of frozen meals and plant-based meat to reduce food loss	•Price pass-through and other measures to deal with increased oil and fat procurement costs •Capturing demand by procuring and selling environmentally friendly food products
Business Development Division	•Potential for growth in sales of fuel cell-related products in proportion to the expansion in the size of the fuel cell market against the backdrop of the spread of hydrogen infrastructure	•Capturing opportunities through the development and enhancement of fuel cell-related product development and manufacturing systems •Research and development of hydrogen infrastructure-related products

Risk Management

Regarding risks and opportunities related to climate change to which the Group should pay attention, risks are unambiguously ascertained, analyzed and evaluated in each business based on the Risk Management Rules. The persons in charge of each business prioritize risks and hypothesize the magnitude of their impacts on business and future scenarios. This information is comprehensively mapped at the Corporate Strategy Center and deliberated by the Corporate Strategy Conference and the Board of Directors.

Indicators and Targets

The Nisshinbo Group aims to seize business opportunities related to climate change while mitigating risks. To mitigate climate change-related risks, we are aiming for carbon neutrality by 2050 and proactively promoting climate change countermeasures such as energy conservation activities and reduced perfluorocarbon (PFC)\* emissions.

\*Perfluorocarbon is a fluorine-based greenhouse gas used for dry etching in the semiconductor manufacturing process.

- Target for 2024

(The 5th Three-Year Environmental Target)

Reduce greenhouse gas emissions by **35%** or more compared to fiscal 2014
- Target for 2030

(The Medium-Term Environmental Target)

Reduce greenhouse gas emissions by **50%** or more compared to fiscal 2014
- Target for 2050

(The Long-Term Environmental Target)

Aim to be **Carbon Neutral**

Human Rights and Human Capital, Safety and Quality

Basic Concept

Each and every employee’s ability is key for companies to contribute sustainably to a diverse and global society. We aim to create a more worker-friendly environment by respecting the character and individuality of each employee and placing the right people in the right jobs. To this end, we respect diversity in all respects, including human rights and hiring, and promote a work-life balance. Nisshinbo also engages in safety and health activities with the goal of eliminating occupational injuries, and promotes quality assurance activities to improve customer satisfaction.

Respect for Human Rights

The Nisshinbo Group's Business Conduct Guidelines are a set of specific guidelines for behavior that all employees must observe. The first item in the Action Guidelines is "Respect for Human Rights." Furthermore, the Group takes seriously its responsibility to protect human rights as a corporation and thus established the Nisshinbo Group Human Rights Statement, which expresses the desire to respect human rights in words as the Group's management stance.

Nisshinbo Group defines human rights as "the rights of people to live fulfilling lives based on their own diverse choices." The Group believes that companies have a responsibility to ensure that people have the opportunity to make choices to achieve the happiness they desire. By providing products, technologies, and services that protect people's safe and secure living environment, the Group aims to realize the well-being of society in which people, including Nisshinbo Group, and especially children who will live in the future, can lead happy and fulfilling lives. Specifically, we are promoting human rights awareness activities and initiatives related to business and human rights. We have set the following KPIs as targets for these initiatives and are moving forward with various activities.

	Quantitative Targets FY2023 Results
• (Japan) Group human rights training: 100% (Overseas) Human rights education and training • Formulate human rights policy, introduce and promote human rights due diligence in areas with high human rights risks	97%

A video message from the president was distributed to employees to inform them of and help them understand the formulation of the Group Human Rights Policy, as well as the background, thoughts, and goals behind the formulation of the human rights policy. In addition, Nisshinbo Group provided human rights training not only for new employees but also for career employees throughout the year to deepen their understanding of respect for human rights as the common will of the Group. Also, the Group conducted a survey of 81 domestic and overseas companies as part of its human rights policy formulation and human rights due diligence activities.

In addition, the “Nisshinbo Group Sustainable Procurement Basic Policy” and the “Sustainable Procurement Guidelines” used by Group companies clearly indicate the prohibition of forced labor and child labor, and ensure respect for human rights throughout the supply chain.

Conduct Human Rights Due Diligence

In order to fulfill the "corporate responsibility to respect human rights" required by the "Guiding Principles on Business and Human Rights" adopted by the United Nations, the Nisshinbo Group

established a human rights policy for 2023 and is promoting human rights due diligence initiatives.

In order to understand the current status of the institutional aspects that form the basis for implementing human rights due diligence at each Group company and to link this to corrective measures, the Group conducted the Human Rights Due Diligence Questionnaire: Basic 2023 survey of 81 companies in Japan and overseas to determine basic responses, including institutional development and operation, awareness-raising, and the appropriate measures regarding human rights issues. Basic 2023 was developed (100% response rate). This survey also examines the actual status of each company's initiatives and responses by identifying issues that may lead to human rights risks and examining future initiatives.

- ▶ Please see below for details regarding the Nisshinbo Group Human Rights Policy.  
<https://www.nisshinbo.co.jp/english/sustainability/human-rights/statement.html>
- ▶ Please see below for details regarding the Nisshinbo Group human rights due diligence.  
<https://www.nisshinbo.co.jp/english/sustainability/human-rights/duediligence.html>


Human Resource Acquisition and Development

The Nisshinbo Group is working to acquire and develop human resources with a focus on future business developments based on the “business is people” human resources policy and Nisshinbo Group Human Resources Strategy. Specifically, this entails the development of management candidates necessary for business promotion and stronger efforts to recruit mid-career employees to rectify the employee age imbalance.

We have established the following KPIs as targets for these initiatives and are promoting activities accordingly.

- Increase the participation rate of senior management posts (executive officers or above) in the future leader program
- Strengthen efforts to recruit mid-career employees to rectify the employee age imbalance

Regarding future business leader development programs, for general managers and above, the Nisshinbo Group provides cross-industrial exchange training within the Group, including management mindset training to acquire a mindset appropriate for management positions; selective external training to acquire management knowledge, mindset, and role behavior; and practical workshops to acquire the ability to create and breakthrough in business. Furthermore, since FY2020, Nisshinbo dispatched several participants to the Management of Technology (MOT) in order to develop managerial human resources



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that combine technical knowledge and management skills. As a result of these efforts, more than 50% of the participants in this program have been appointed to managing officer or higher positions.

Total Number of Participants in the Senior Management Succession Planning Program (2015-2024)

Program	Course Title / Outline	Number of Participants
Selective External Training	•Executive Management Program (GLOBIS) •Advanced Management Seminar (Keio Business School) •Executive Business Leader Course (Japan Management Association) •Senior Management Course (Waseda Business School)	28
	•MUFG Business School (Mitsubishi UFJ Research and Consulting)	3
	•Financial Leadership Programs (Hitotsubashi University)	11
	•Department of Management of Technology (MOT) Program (Graduate School of Management, Tokyo University of Science, etc.)	10
	•Graduate School of Business Administration (MBA) Program (Graduate School of Keio University)	1
Practical Workshops	•Acquisition of the ability to create and breakthrough in business (SANNO University)	71
Total		124

In order to correct the age structure of the workforce, the Group is reinforcing the number of career hires in addition to new graduates. In order to ensure diversity, the Group is actively recruiting women and non-Japanese employees in particular. In addition, the following measures are being implemented to attract and promote excellent career hires.

- ①Maintain competitive salary levels
- ②Role grading system to clarify job descriptions
- ③Personnel system that enables early promotion regardless of length of service
- ④A multitrack personnel system that accommodates different work styles and occupational perspectives
- ⑤Improvement of working environment, such as teleworking system and satellite offices
- ⑥Enhancement of training and follow-up for career hires
- ⑦Employee referral system (referral system) to introduce employees' acquaintances
- ⑧Re-entry system for employees who retired for personal reasons (Re-join System)
- ⑨A system to provide leave and allowances for every five years of service (Discovery Leave System)

Career Support

The Group provides career training for each generation as an opportunity for each employee to regularly reflect on the individual career and to reconsider career aspirations.

As opportunities to take on new career challenges, the Nisshinbo Group has the New Challenge System, which allows all Nisshinbo Group employees to take on the challenge of transferring to a position they are aiming for and a self-assessment system. In addition, the Group has a mentoring system and career interviews as a mechanism to support employee growth.

The Group is also expanding the Learning Management System menu, which allows employees to take courses anytime, anywhere, on a wide variety of learning subjects.

Digital Human Resource Development

The Nisshinbo Group promotes the cultivation of human resources with digital skills. In fiscal 2023, we expanded digital-related e-learning courses from five to 21 offerings, updated "digital basic training" for new employees, and systematized it as "digital literacy training." The program provides a forum for sharing good examples of internal digital-related activities and discussing business improvement plans and new digital business ideas using digital technology across workplaces.

In addition, since 2023, Nisshinbo has been conducting training on problem-solving methods in the age of digital technology with the aim of developing human resources who can utilize digital technology to solve problems at their workplaces, where they learn various problem-solving approaches and thinking methods required for the use of technology.

Engagement

Valuing its relationship with employees, the Nisshinbo Group is working on "engagement" as a key action item to build good relationships with employees.

We have established the following KPI as a target for these initiatives and are promoting activities accordingly.

• Continue implementing the global survey	
	Quantitative Targets FY2023 Results
• Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in global survey, 80% or more)	Affirmation rate in Japan 68%

The Nisshinbo Group has conducted an annual survey of its employees since 2018. In FY2023, the number of target companies was expanded to all domestic group companies (34) and 42 overseas for a total of 76 companies. With 17,632 participants, the response rate was 94%, an extremely high response rate for a global survey. The results were generally healthy, with 7 out of 15 categories reaching the level of no major problems, 4 categories requiring further monitoring, and 4 categories requiring attention. The cycle of analyzing the result data, clarifying and implementing priority measures, and then conducting a fixed-point observation of changes in scores in the following year's survey is repeated.

Practice the Group's Corporate Philosophy

To put the Group Corporate Philosophy into practice, the Nisshinbo Group disseminates management messages based on the Group Corporate Philosophy.

The corporate philosophy education video that was deployed to all Group companies in FY2023 shows how the Group Corporate Philosophy, VALUE, and Business Conduct Guidelines lead to business policies, management plans, and annual slogans, which in turn lead to management plans for each company, as well as goals for each workplace and individual. The content of the document includes the importance of each individual sincerely fulfilling individual roles.

Promotion Activities for Diversity & Inclusion

The Nisshinbo Group's mission is to *contribute to society through business activities*, and the Group aims to provide solutions to the challenges facing human society by transforming its corporate culture into one that is open-minded and where the wisdom of a diverse range of people can come together. As a means to achieve this, Nisshinbo Group has positioned diversity and inclusion as a starter for innovation and is promoting activities to foster an organizational climate that recognizes, accepts, and respects differences and allows people to take advantage of each other's strengths. To promote D&I, we formulated the following targets and KPIs, and are taking measures to spread awareness of D&I throughout the Group, ensure human resource diversity, promote the active participation of diverse human resources, and ensure psychological safety, which is the cornerstone of D&I.

• Disseminate top management messages and implement measures contributing to the success of diverse human resources		
		Quantitative Targets FY2023 Results
• Women among overall hires*	Mid-career: Managers:	50% 25%
	New graduates: Clerical positions:	50% 50%
	Technical positions:	20% 23%
• Mid-career hires among management:* (end of fiscal 2024 target)	11%	15%
Note: Targeting mid-career hires equal to the ratio of mid-career hires among all full-time employees by 2030.		
• Female manager ratio* (end of fiscal 2024 target):	6%	7.4%
Note: All domestic Group companies are targeting a female manager ratio of 10% or more in FY2030.		
• Participation in psychological safety training:	100%	99.6%

\*KPI for Nisshinbo Holdings Inc.

In order to close the gender gap, Nisshinbo introduced the Female Leader Development Program in FY2023. Training was held for management candidates and the next generation to further improve their mindsets, examine careers with reference to leadership and role models, and form networks among women. Regarding psychological safety, the Nisshinbo Group is promoting penetration activities by conducting ongoing training using case studies.

Promotion of Women's Activities

Nisshinbo Holdings Inc. has formulated a general business owner action plan based on the Law for the Promotion of Women's Activities, and each company has set specific targets and achievement periods, mainly for the number of women in management positions and the ratio of female employees. Similar initiatives are being implemented at 20 Group companies in Japan other than the Company.

General Action Plans

(Planning period: January 1, 2022, to March 31, 2026)

- Goal 1: The proportion of females in the total number of clerical professionals is to be more than 50%.
- Goal 2: The number of women in supervisory roles will be more than twice as many as that in fiscal 2021.
- Goal 3: Take at least 70% of annual paid leave.

Supporting the Active Participation of People with Disabilities and Seniors

Aiming for a work environment where everyone, regardless of disabilities, respects diversity and can work with enthusiasm, the Nisshinbo Group targets a 100% employment rate of persons with disabilities (ratio of achieving companies) at domestic Group companies with 43.5 or more employees.

In fiscal 2023, all Group companies in Japan achieved the targeted employment ratio of people with disabilities.

Nisshinbo Holdings Inc., has a reemployment system in place for employees who reach the mandatory retirement age of 60, as a measure to support the active participation of seniors until the age of 65.

Work-style Reforms

The Nisshinbo Group views diversity as a source of innovation and strives to enhance corporate value by leveraging its strengths in diversity of business, diversity of people, and diversity of values. The Group promotes reforms in the way everyone works so that the Nisshinbo Group can respect diversity and utilize the individuality and abilities of each employee to improve productivity, make work rewarding, and enable employees to continue to play an active role, which will in turn lead to a strong competitive edge. Specifically, we are working to create a workplace environment in which all employees can work comfortably.

We have established the following KPIs as targets for these initiatives and are promoting activities accordingly.

	Quantitative Targets FY2023 Results
• Annual paid leave utilization: More than 70%	71 %
• Male employees utilizing childcare leave among all male employees: More than 30%	100%

Note: KPIs are for Nisshinbo Holdings Inc.

In consideration of childcare, nursing care, and the various constraints faced by employees, Nisshinbo Group has established various systems to enable employees with diverse backgrounds to work productively and energetically. The Nisshinbo Group instituted teleworking in 2021 and has opened satellite offices. We have also established staggered start times, flextime, hourly paid leave in hourly increments, and shorter workdays. Furthermore, we formulated the "General Business Owner Action Plan" to support an environment enabling men to easily utilize childcare leave. In FY2023, Nisshinbo Group publicized the systems related to men's childcare leave on its in-house portal site and interviewed men who had experience in childcare at Nisshinbo Holdings Inc. and Nisshinbo Mechatronics Inc.

To prevent long working hours and overwork, the Nisshinbo Group manages the status of overtime work through the department in charge of personnel affairs and the Health Committee. In order to improve operational efficiency, the Group is reviewing operations to eliminate unnecessary work and leveling operations to avoid concentration of work on specific persons.



For more information, please see the Sustainability section of the Nisshinbo Group website.  
<https://www.nisshinbo.co.jp/english/sustainability/>

Safety and Health Activities

The Nisshinbo Group shares the Business Conduct Guidelines "Safety Is the Basis for Everything" with all employees and promotes health and safety activities with the aim of maintaining and improving safe and supportive working environments at all business sites within and outside Japan.

We have established the following KPI as a target for these initiatives and are promoting activities accordingly.

	Quantitative Targets FY2023 Results
• Major workplace accidents: 0 incidents	0 cases

In FY2023, to maintain zero workplace accidents, we utilized risk assessments when introducing new machinery, equipment, and new chemical substances, as well as when making major changes in work content, and promoted measures to reduce major risks. To enhance preventive safety efforts, we re-established a system for autonomous chemical substance management at each business location. To improve risk sensitivity, we increased each employee's sensitivity to danger by improving communication through hazard prediction training and *hiyari-hatto* (near-miss) reporting activities.

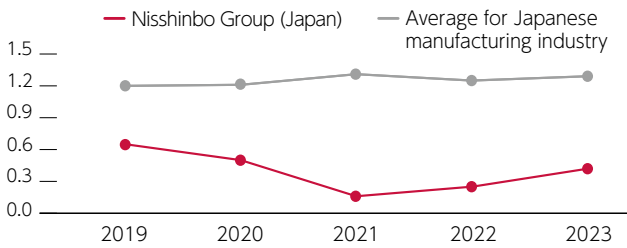
In addition to training conducted at each business office for new hires and employees changing work content, we strive to increase safety awareness among all employees through skill-enhancing education for safety and health workers, danger awareness training, 5S activities (sort, set in order, shine, standardize and sustain) and small group activities that include danger experience education.

Occurrence of Occupational Injuries

In FY2023, the Nisshinbo Group had no serious occupational accidents (classified as grade 1 to 7 death or disabilities). The frequency rate of lost time injuries,\* which represents the frequency of occupational accidents, worsened compared to FY2022 for the Japan group as a whole, but remained at a favorable level compared to the Japanese manufacturing industry.

\* Frequency of injuries with lost work days: an index of the frequency of injuries with lost work days. Expressed as the number of work-related fatalities and injuries per 1 million total working hours.

Frequency of Injuries with Lost Workdays



Health Management

The Nisshinbo Group considers the promotion of health management to be "the goal of becoming a corporate group that continues to be needed by society through the creation of an environment in which each and every employee can play an active role by promoting the health of employees and the organization," and each group company is engaged in such activities. To promote

health management efforts across the Group, Nisshinbo established the Group Health Management Department Meeting, which is attended by health management department leaders from each Group company and is tasked with coordinating the Group's activities. Specifically, the meeting focuses on activities in three key areas — personal health, organizational health and safety awareness — to ensure all employees are fully aware of their safety obligations.

We have established the following KPIs as targets for these initiatives and are promoting activities accordingly.

	Quantitative Targets FY2023 Results
• Employees receiving full medical examinations after periodic health checkups: More than 85%	76%
• High-risk individuals receiving health guidance: 100%	95%

In FY2023, as in FY2022, based on the concept of "protecting the health of workplaces and employees and enhancing productivity through health management measures," the following activities were promoted.

- ① Improvement of the ratio of employees found to have lifestyle-related diseases
- ② Reduction of overall health risks through stress checks
- ③ Prepare health management reports that quantify the health status of employees
- ④ Industrial health personnel from group companies coordinate to conduct health awareness activities

Continuing on from fiscal 2021, in fiscal 2023 Nisshinbo was again certified as a Health & Productivity Management Outstanding Organization 2024: Large Enterprise Category, as well as a Health & Productivity Management Outstanding Organization 2024: Small and Medium-Sized Enterprise Category.

Increasing Quality and Customer Satisfaction

To provide products and services that satisfy customers, Nisshinbo Group manufacturing and quality assurance divisions in each business promote activities to improve the quality and customer satisfaction demanded of each product.

We have established the following KPIs as targets for these initiatives and are promoting activities accordingly.

	Quantitative Targets FY2023 Results
• Product liability law violations: 0 incidents	Japan and overseas 0 cases
• Ascertain and share the status of quality complaints from each segment	

In fiscal 2023, there were no product liability (PL) law violations in the Nisshinbo Group. As the determination of claims and complaints varies by industry and type of business, we confirm the status of each Nisshinbo Group company annually. No companies have seen continuous increases in the number of complaints over the last three years. Complaints are trending downward at all Group companies.



For more information, please see the Sustainability section of the Nisshinbo Group website.  
<https://www.nisshinbo.co.jp/english/sustainability/>

Supply Chain Management

Basic Concept

The Nisshinbo Group's Business Conduct Guidelines, which includes "Thorough-Going Compliance" and "Fair and Transparent Business Practices," stipulates that the Group will always act fairly and with integrity in a wide range of social rules and corporate ethics, and that the Group will respect its suppliers as equal partners through sound business relationships, aiming for sustainable transactions throughout the supply chain.

Further, we established the Nisshinbo Group Sustainable Procurement Basic Policy in 2015, from the perspectives of legal compliance, fair trade, information security, environment protection, human rights, safety & health, and quality & safety. We revised this policy in 2024, and formulated the Nisshinbo Group Sustainable Procurement Guidelines.

► For details regarding the Nisshinbo Group Sustainable Procurement Basic Policy and Nisshinbo Group Sustainable Procurement Guidelines, please refer to the following.

Promoting Responsible Supply Chains [https://www.nisshinbo.co.jp/english/sustainability/fair\\_trade.html](https://www.nisshinbo.co.jp/english/sustainability/fair_trade.html)

Promoting Sustainable Procurement

Having positioned sustainable procurement as a key aspect of our sustainability promotion plan, we formulated a three-year initiative (FY2022–24) that is being promoted across the entire Group.

The Nisshinbo Group's Initiatives	Targets•KPI	Quantitative Targets FY2023 Results
Improving sustainable procurement in collaboration with suppliers	Evaluation of improvement efforts based on the results of the sustainable survey to major suppliers (more than 80% of transaction amount), 100%	Activities as planned
Implementation of global initiatives	[Qualitative Target] Consideration and implementation of deployment methods to the supply chain at overseas business connection and critical overseas locations	
Expanding internal awareness-raising activities	Implementation rate of training for purchasing staff (annual theme), 100%	46%

In FY2023, the Group focused on the global expansion of sustainable procurement initiatives as a major pillar of activities. In addition to regular meetings of purchasing managers in July and December, meetings were held every month from August onward to check the implementation status of sustainable procurement at overseas offices of group companies and to discuss methods for global deployment. In the future, Nisshinbo plans to conduct questionnaires and feedback to suppliers at overseas business sites as it did in Japan.

Implementation of Sustainable Procurement Survey and Improvement Activities

In order to confirm the status of our sustainable procurement initiatives, Nisshinbo Group companies in Japan have been conducting a questionnaire survey of major suppliers in Japan and providing feedback on the results since 2017. The results of the survey are fed back to suppliers for their use in improvement activities toward sustainable procurement. Through these activities, the Nisshinbo Group Basic Policy for Sustainable Procurement has been disseminated to suppliers.

The scope of the survey for FY2023 was expanded from 70% of the scope of FY2022 to include suppliers covering 80% of the transaction value of each core company. Many of the suppliers who have been surveyed and provided feedback multiple times so far have seen their evaluation points increase. New suppliers tended to receive relatively lower points. Nisshinbo is promoting sustainable procurement by informing suppliers of the survey results and asking them to use the results for improvement.

In FY2024, in addition to globalization, the Group plans to revise the content of the questionnaire to comply with the Nisshinbo Group's Sustainable Procurement Guidelines since the requirements of companies in sustainable procurement are constantly changing.

Implementation of Training for Purchasing Managers

In FY2023, Nisshinbo conducted in-house training on Subcontract Act-related matters for purchasing staff of Nisshinbo Group companies in Japan.

The Group considers an understanding of the Subcontract Act to Subcontractors as essential for those involved in purchasing operations, and Nisshinbo strives to maintain appropriate transactions by repeatedly providing training to those in charge of purchasing, including recent cases.

Declaration to Build Partnerships and Compliance with the Subcontract Act

Nisshinbo Holdings Inc. has issued its Declaration to Build Partnerships for 2020, and is promoting collaboration with suppliers. In March 2024, Nisshinbo Micro Devices Inc. issued its Declaration to Build Partnerships.

Note: Declaration to Build Partnerships: A mechanism established by the Council for Promoting Partnership Building for the Future, whose members include the Cabinet Office and other relevant government ministries, Keidanren, and other economic organizations. This is a declaration of our commitment to working with suppliers in the supply chain to achieve coexistence and co-prosperity, and compliance with desirable business practices between parent companies and subcontractors (the Promotion Standards based on the Law for the Promotion of Small and Medium-sized Subcontractors) to prevent unfair assignment on trade terms and conditions to subcontractors.







Richard Dyck

Director (Outside Director)

Nisshinbo and Corporate Governance in Transition

My involvement with the Nisshinbo Group began during my approximately 20 years working for a semiconductor-related company, when I frequently visited an important customer, New Japan Radio Co., Ltd. (now Nisshinbo Micro Devices Inc.). That being said, I did not have a deep understanding of the various businesses under the Nisshinbo Holdings and the work they were engaged in. Accordingly, prior to assuming the position of outside director in March 2023, I carefully read *Nisshinbo's Sixty-Year History* (published in 1969), a history of Nisshinbo that I purchased at a used bookstore. I found this book extremely interesting, because it covers in detail the first 60 years of the 120 year history of the Nisshinbo Group, especially the early years after our founding in 1907. I was greatly impressed by the role Nisshinbo played in the history of Japan's economic development, as well as the management skills of the late Seijiro Miyajima, who developed Nisshinbo into one of the best companies in the spinning industry during the tumultuous period before and after World War II.

At the same time, I want to affirm that Nisshinbo corporate governance has changed in accord with the development of the Japanese economy. When the company was founded, most of our shareholders were individual shareholders—in other words, capitalists. The aforementioned Mr. Miyajima promoted management such that retained earnings were allocated to growth, such as the establishment of plants in Kawagoe, Hamamatsu, and Qingdao, China. In the postwar controlled economy, borrowings were the main means of corporate financing, so Nisshinbo, like other

The evaluation of Nisshinbo in the capital markets is linked to our ability to improve operational issues such as productivity

Japanese companies, accepted directors on the executive side from financial institutions, and corporate shareholders, mainly banks, were also listed among the major shareholders. At that time, banks were focused on a company's ability to repay loans, and compared to today, corporate management was not as strongly focused on the stock market in terms of cost of equity and return on capital.

Corporate governance has changed dramatically in the past two decades since 2000. Given the declining population, an increasing number of Japanese companies have globalized their operations and expanded to overseas markets offering greater growth potential compared to the domestic market, and the ratio of foreign shareholders has increased accordingly. The roles and responsibilities of directors are changing with the need for management to become more aware of the stock market and with the substantial changes in the composition of our shareholders.

Outside Directors/Board of Directors Duties

The role of an outside director, to whom minority shareholders have entrusted management, includes increasing the transparency of financial reports presented by the company to shareholders, and to closely monitor and supervise executive side operations. Upon my appointment to the Board of Directors, I first acquired company shares through the shareholding association.

There are also significant differences between Japan and U.S. companies in terms of the operation of the Board of Directors. Most Japanese companies hold monthly Board meetings that run for several hours, while in the U.S., companies generally hold quarterly Board meetings which run over a two- to three-day period to coincide with the timing of quarterly earnings reports. Audit Committees, under the chairmanship of a certified public accountant, also spend at least a full day conducting detailed financial statement audits, and submit audit reports in the presence of attorneys and external auditing firms. Regardless of how a company operates, whether in Japan or the U.S., the key is to minimize the critical information gap between insiders and outsiders, so

that the company can maintain an arms-length, equal balance relationship with its shareholders. I believe this is one of the responsibilities of the Board of Directors.

Nisshinbo Holdings Valuation and Challenges

With regard to Board of Directors composition, I feel Nisshinbo is well-balanced in terms of the respective skills and gender diversity of outside directors. In contrast, Nisshinbo executive directors and officers are currently exclusively male. In Nisshinbo's plants during the Meiji and Taisho era, management positions were held by men, but it was the power of women that supported production floors. It is important to accelerate the pace of transformation into a company where women can fully demonstrate their abilities, and to further promote the appointment of women to executive and managerial positions.

One other issue is improving the P/B ratio. Nisshinbo, and about half the other companies listed on the TSE Prime market have P/B ratios below 1x. Only about 5% of U.S. companies in the S&P 500 have P/B ratios below 1x. In Japan, which was affected by the collapse of the bubble economy, the experience may have led to an emphasis on contingency preparedness and a consideration of financial security rather than asset efficiency. Although the reasons for this may vary from company to company, Nisshinbo has relatively low profit margins, and the share price after the announcement of our medium-term management plan did not increase, indicating that our shares are not highly valued. Thus improving our low P/B ratio will continue to be an issue for the foreseeable future. The "B" in P/B ratio refers to fixed assets such as inventory, manufacturing facilities, and working capital. By improving the productivity of these "Bs," I believe Nisshinbo can further enhance its valuation in the stock market.

We will increase the knowledge and management skills of our human resources and expand diversity throughout the organization, while strengthening our response to private and public sector demand and enhancing our strengths based on global standards. As the Nisshinbo Group has always responded flexibly to the changing times, I believe there is great potential for the company to transform itself and compete on a global scale through these initiatives.

Governance Advancement Challenges

Since the pandemic, Nisshinbo Board of Directors meetings are, in principle, held online, but outside directors have regular

opportunities for face-to-face discussions. Although I have only been in office for one year, the outside directors have already established good teamwork and are discussing various ways of improving P/B ratio among other topics.

In the same way that the shareholder composition of Japanese companies has become closer to that of U.S. companies, the separation of management execution and supervision has advanced, and governance structures, such as nomination and compensation committees, have been incorporated into the institutional design of Japanese companies. Going forward, the issue we face involves the nature of the Nomination Committee. In the U.S., CEO reappointments or new CEO nominations are the duty of outside directors. Nisshinbo considers the selection of candidates for the future management positions and the preparation of succession plans as an important part of the duty of outside directors, and I would like to discuss this issue further.

Enhancing Corporate Value

In fiscal 2023, Hitachi Kokusai Electric became part of the Nisshinbo Group. In the areas of 5G and radar, along with Japan Radio, Hitachi Kokusai Electric possesses highly competitive seed technologies. I believe that firmly linking these seeds to economic value is also important from the perspective of enhancing corporate value. In the semiconductor industry, which is a growth market, Nisshinbo's Micro Devices business faces an uphill battle, as its profit level is lower than that of foreign companies of similar size. To compete on a global level in terms of marketing and competitiveness, Nisshinbo must make investments. We must also analyze the factors behind low gross profit margins, such as whether productivity is a problem or whether sales prices are too low, and take measures to improve profit margins.

Improving profitability and productivity are always at the center of Board meeting discussions. I have been involved in the medium-term management plan from the formulation stage, and I think there are many steps that can be taken by utilizing DX for operations such as inventory management and productivity improvements. While I have focused on the challenges Nisshinbo faces with regard to enhancing corporate value, we also face challenges in terms of opportunities for further growth.

Nisshinbo's senior management, along with the IR team, will proactively communicate with capital markets to firmly convey our growth story and enhance corporate value.

# Dialogues with Shareholders and Investors

## Dialogues Held and Main Participants

- Results briefings (semiannual): President and directors (business segment representatives, CFO)
- Business briefings (semiannual): Directors (business segment representatives), department senior managers
- Individual interviews (about 120 times per year): Directors (CFO), IR managers

## Shareholder and Investor Details

- Japanese institutional investors: 80%; overseas institutional investors: 20%

## Main Dialogue Topics

- Medium- to long-term business strategies
- Business portfolio orientation
- Business models, market environments and competitive advantages in each business
- Shareholder returns

## Feedback to Management

	Frequency	Details
Shareholder, investor and analyst comments	As necessary	Individual interview summaries reported via e-mail or other methods
Analyst reports	As necessary	Analyst report summaries reported via e-mail or other methods
Share price, shareholder and stock-related information	Every six months	Share price trends and volume reported at management meetings
Status of IR activities	Quarterly	Main comments and requests summarized and reported via e-mail or other methods
	All year	Reported as a management review at Board of Director meetings

## Overview of Answers to Questions from Shareholders and Investors

Q	A	Related page
Nisshinbo has many businesses, but which will you focus on going forward?	The vector of all our business is aligned with the environment. We will continue to expand our range of products and services that contribute to reducing environmental impacts. We are specifically positioning the Wireless and Communications and Micro Devices businesses as drivers of growth. The combined sales ratio of both businesses is expected to be over 60% in fiscal 2026, and over 80% around 2035.	P.14-15 Medium-Term Management Plan 2026: Our Target Portfolio
What KPIs are you focused on over the medium to long term?	We regard ROE as an important indicator, and in the future we would like to consistently exceed 10%. We are making efforts to change both the numerator and denominator when calculating ROE, but basically, the numerator, or increased profit, is important. We also calculate WACC and ROIC by business, and will continue to manage the company with an awareness of return on capital.	P.3 Message from the President, Medium-Term Management Plan Positioning: Three Years of Foundation Building
How was Medium-Term Management Plan 2024 received by investors?	Many are skeptical about our ability to achieve these plans, based on the degree to which we achieved past earnings forecasts. We will continue working hard to earn the trust of the market. Some have pointed out that Nisshinbo has not done enough to reform its business portfolio, but these reforms will not be completed during this medium-term. We will continue to engage in dialogue with the market in an effort to be better understood.	

Q	A	Related page
What are the leading indicators of business performance?	Many of our businesses are part of the automobile-related supply chain, including Automobile Brakes and in-vehicle Wireless and Communications equipment, semiconductors, and Precision Instruments, and there is a high correlation between global automobile production and Nisshinbo's performance. In addition, around two-thirds of the destinations for Micro Devices products are consumer products such as smartphones and PCs, as well as various industrial equipment including handling robots, so it is also useful to refer to supply and demand conditions in those areas.	
What are the strengths of the Wireless and Communications business?	One of its strengths is telemetering systems that automatically measure water levels in dams and rivers, precipitation in watersheds and a variety of other remote data, collected automatically via wireless lines and other means. Nisshinbo has been involved in this field since the 1950s, and as a leading telemeter company, currently holds approximately 30% of the water and river information system market.	
What synergies will you achieve with Hitachi Kokusai Electric, and when do you expect to realize them?	The Hitachi Kokusai Electric Group specializes in AI image recognition technologies, while the Japan Radio Group specializes in information processing technologies, and these two groups intend to provide total solutions that combine these specialties, with the manufacturing, development, and indirect departments of each company involved in the discussions. We hope to compile a report on specific synergies by the end of the year, and present concrete strategies.	
Will the increase in the defense budget be a tailwind for the Wireless and Communications business?	Annual sales to the Ministry of Defense are approximately ¥20 billion for Japan Radio and approximately ¥10 billion for Hitachi Kokusai Electric. These sales are expected to be the driving force behind our performance in the medium-term plan, with improved profit margins in line with the budget increase and new orders.	
What are the strengths of the Micro Devices business?	Strengths include signal processing ICs, such as sensor products, the market for which is expanding, and power supply control ICs, which are increasingly required to achieve low power consumption. Nisshinbo can provide analog solutions combining multiple functions.	
How does the spread of EVs impact the Automobile Brakes business?	We do not expect installation in new vehicles to disappear due to reliability and other factors. Furthermore, EVs are about 30% heavier than conventional vehicles, so the friction materials used are also larger than in conventional vehicles. At the same time, the use of regenerative braking reduces the frequency of physical braking, so the replacement cycle of friction materials is expected to lengthen.	
What is the future outlook for the Real Estate business?	The Real Estate business has been engaged in the leasing and sales of properties through the redevelopment of idle domestic plant sites, but we have changed this policy to improve asset efficiency. We increase the value of properties before selling them. As a result, the Real Estate business is expected to generate operating income of over ¥10 billion in 2024 and 2025, and this has been incorporated into the medium-term plan. We do not expect to sell any properties in fiscal 2026, when Real Estate operating income is forecast to be approximately ¥1 billion.	
The P/B ratio is still below 1x. How will you respond to the TSE's request?	As requested, rather than taking a one-off approach, we will make thorough efforts to achieve a return on capital that exceeds the cost of capital on an ongoing basis, and to achieve sustainable growth. To this end, we must reform our business portfolio. In 2023, we made significant progress with the TMD business transfer and the conversion of Hitachi Kokusai Electric into a consolidated subsidiary, but this is not the end of our efforts. We will continue implementing reforms to fundamentally improve our profit structure.	P.4 Message from the President, PBR Improvement Measures and Shareholder Returns
What is your approach to shareholder returns?	Our basic policy for returning profits to shareholders, after ensuring sufficient cash for strategic investments, capital expenditures, and R&D expenses, is to: 1. Provide stable and continuous dividends (targeting a payout ratio of 40% by 2026 compared to the current 30% level), and 2. Engage in flexible decision-making with regard to share buybacks based on capital structure, FCF forecasts, and other factors.	P.4 Message from the President, PBR Improvement Measures and Shareholder Returns



Board of Directors, Audit & Supervisory Board Members and Managing Officers

(As of March 28, 2024)

Board of Directors



President and Representative Director  
**Masahiro Murakami**  
Number of Company's shares held: 85,620 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1982: Joined the Company  
Apr. 2008: Managing Officer, Senior Manager of Corporate Governance Department of Corporate Strategy Center, Senior Manager of Human Resources & Administration Service Department of Business Support Center (served concurrently) and General Manager of Property Management Department of the Company (served concurrently)  
Apr. 2009: Deputy Chief of Business Support Center (served concurrently), Senior Manager of Corporate Strategy Department of Corporate Strategy Center (served concurrently) and Senior Manager of Finance, Accounting & IT Service Department of Business Support Center of the Company (served concurrently)  
June 2010: Director, Managing Officer and Chief of Business Support Center of the Company (served concurrently)  
Jan. 2012: Responsible for Property Management Department of the Company (served concurrently)  
June 2012: Director, Executive Managing Officer and Deputy Chief of Corporate Strategy Center of the Company (served concurrently)  
June 2014: Chief of Corporate Strategy Center of the Company (served concurrently)  
June 2015: Director and Senior Executive Managing Officer of the Company  
June 2016: Representative Director and Senior Executive Managing Officer of the Company  
June 2018: Vice President and Representative Director of the Company  
Mar. 2019: President and Representative Director of the Company (to the present)



Representative Director and Senior Executive Managing Officer  
**Takeshi Koarai**  
Number of Company's shares held: 11,523 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1982: Joined Japan Radio Co., Ltd.  
Apr. 2010: General Manager of Technical Development Department of Research and Development Headquarters of Japan Radio Co., Ltd.  
Apr. 2011: Director of Laboratory of Research and Development Headquarters of Japan Radio Co., Ltd.  
Apr. 2012: Executive Officer and General Manager of Research and Development Headquarters of Japan Radio Co., Ltd.  
June 2012: Director of Laboratory of Japan Radio Co., Ltd.  
Apr. 2017: Deputy General Manager of Technical Headquarters of Japan Radio Co., Ltd.  
June 2017: Director, Executive Officer, General Manager of Technical Headquarters, and Executive of Research and Development of Japan Radio Co., Ltd.  
Apr. 2019: General Manager of Technical Development Headquarters, and Executive of Business Creation of Japan Radio Co., Ltd.  
Mar. 2020: President and Representative Director of Japan Radio Co., Ltd. (to the present)  
Mar. 2021: Director and Senior Executive Managing Officer of the Company  
Mar. 2022: Representative Director and Senior Executive Managing Officer of the Company (served concurrently, to the present)



Director and Executive Managing Officer  
**Satoru Taji**  
Number of Company's shares held: 8,730 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1981: Joined Ricoh Company, Ltd.  
Apr. 2008: General Manager, Imaging System LSI Development Center, Ricoh Company Ltd.  
Apr. 2014: Corporate Associate Advisory Officer and Deputy General Manager, Electronic Devices Division of Ricoh Company, Ltd. (served concurrently)  
Oct. 2014: Director, Ricoh Electronic Devices Co., Ltd.  
Apr. 2015: Group Executive Officer, Ricoh Company, Ltd.  
President, Ricoh Electronic Devices Co., Ltd.  
Jun. 2018: Director of New Japan Radio Co., Ltd. (currently Nishinbo Micro Devices Inc.)  
Mar. 2021: Managing Officer of the Company  
Jan. 2022: Executive Managing Officer of the Company  
President, Nishinbo Micro Devices Inc.  
Mar. 2022: Director and Executive Managing Officer of the Company (to the present)  
Mar. 2024: Chairperson and Director of Nishinbo Micro Devices Inc. (served concurrently, to the present)



Director (Outside Director)  
**Naoko Tani**  
Number of Company's shares held: 0 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1978: Joined Suntory Limited  
June 1980: Joined Marcom International Inc.  
Sept. 1985: Joined SEMI Japan  
Apr. 2001: Joined Semiconductor Portal, Inc. Director of Semiconductor Portal, Inc.  
Nov. 2002: Representative Director of Semiconductor Portal, Inc.  
June 2007: President and Representative Director of Semiconductor Portal, Inc. (to the present)  
Mar. 2021: Outside Director of the Company (to the present)



Director (Outside Director)  
**Richard Dyck**  
Number of Company's shares held: 700 shares  
Board of Directors meeting participation:  
Attended 14/14 meetings\*  
June 1975: Assistant Professor at Harvard University  
Sept. 1976: Assistant Professor at The Ohio State University  
Dec. 1976: Chief of Tokyo Representative Office of Government of U.S. State of Ohio  
Aug. 1978: North Pacific Sales Manager of Special Material Business Unit of General Electric Japan Ltd.  
Dec. 1982: Representative Director of Teradyne K.K.  
Sept. 1988: Vice President of Teradyne, Inc.  
Mar. 1999: Representative Director of TCS Japan K.K.  
Sept. 2008: Chairman and Director of Alpha Technology Co., Ltd.  
Feb. 2009: Representative Director of TGK K.K. (to the present)  
Jan. 2010: Director of Mattson Technology, Inc.  
Mar. 2013: Representative Director of Levitronix Japan K.K.  
Mar. 2023: Outside Director of the Company (to the present)  
\*Mar. 2023 Since appointment as director



Director (Outside Director)  
**Yuki Ikuno**  
Number of Company's shares held: 0 shares  
Board of Directors meeting participation:  
Attended 14/14 meetings\*  
Apr. 1986: Joined Salomon Brothers Asia Limited  
Sept. 1994: Joined Bankers Trust Asia Limited  
Jan. 1996: Managing Director, Bankers Trust Asia Limited  
July 1999: Joined Deutsche Securities Limited (currently Deutsche Securities Inc.)  
Managing Director, Fixed Income Division, Deutsche Securities Limited  
May 2007: Joined UBS Securities Japan Ltd. (currently UBS Securities Japan Co., Ltd.)  
Managing Director, Investment Banking Division, UBS Securities Japan Ltd.  
May 2020: Hitotsubashi University Business School, School of International Corporate Strategy Visiting Lecturer  
Nov. 2022: Hitotsubashi University Business School, School of International Corporate Strategy Visiting Associate Professor (to the present)  
Mar. 2023: Outside Director of the Company (to the present)  
\*Mar. 2023 Since appointment as director

Audit & Supervisory Board Members



Director and Executive Managing Officer  
**Yasuji Ishii**  
Chief of Corporate Strategy Center  
Number of Company's shares held: 20,055 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1988: Joined the Company  
Apr. 2011: Managing Officer and General Manager of Production of Friction Materials Division of Nishinbo Brake Inc.  
Apr. 2013: Executive Managing Officer, Senior Manager of Strategy Office, and General Manager of Product Division (served concurrently) and Engineering Division of Nishinbo Brake Inc. (served concurrently)  
June 2013: Director and Executive Managing Officer of Nishinbo Brake Inc.  
Jan. 2015: Senior Manager of Brake R&D Division of Nishinbo Brake Inc.  
Apr. 2015: Vice President and Director of Nishinbo Brake Inc.  
June 2015: Managing Officer of the Company  
June 2017: President and Representative Director of Nishinbo Brake Inc.  
Mar. 2019: Director and Managing Officer of the Company  
Mar. 2023: Chairman and Director of Nishinbo Brake Inc. Deputy Chief of Corporate Strategy Center of the Company  
Mar. 2024: Director and Executive Managing Officer of the Company (to the present)  
Chief of Corporate Strategy Center (to the present)



Director and Managing Officer  
**Shuji Tsukatani**  
Deputy Chief of Corporate Strategy Center  
Senior Manager of Finance, Accounting & IT Service Department of Corporate Strategy Center  
Number of Company's shares held: 21,255 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1986: Joined the Company  
Jan. 2014: Senior Manager of Finance and Accounting Group of Finance, Accounting & IT Service Department of Business Support Center of the Company  
June 2015: Senior Manager of Finance, Accounting & IT Service Department of Business Support Center of the Company  
Apr. 2018: Managing Officer of the Company  
Mar. 2020: Director and Managing Officer of the Company (to the present)  
Apr. 2020: Senior Manager of Finance, Accounting & IT Service Department of Corporate Strategy Center of the Company (to the present)  
Mar. 2024: Deputy Chief of Corporate Strategy Center (served concurrently, to the present)



Director (Outside Director)  
**Keiji Taga**  
Number of Company's shares held: 0 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1973: Joined Japan Development Bank (currently Development Bank of Japan Inc.)  
Oct. 1999: General Manager of Urban Development Department of Development Bank of Japan Inc.  
June 2002: General Manager of General Affairs Department of Development Bank of Japan Inc.  
June 2004: Executive Director of Development Bank of Japan Inc.  
Oct. 2008: Director and Executive Managing Officer of Development Bank of Japan Inc.  
June 2009: Vice President and Representative Director of Tokyo Ryutsu Center Inc.  
President and Representative Director of TRC Service Co., Ltd.  
June 2013: President and Representative Director of Tokyo Ryutsu Center Inc.  
Director of TRC Service Co., Ltd.  
June 2017: Chairman and Director of DBJ Asset Management Co., Ltd.  
June 2018: Adviser of DBJ Asset Management Co., Ltd.  
Mar. 2019: Outside Director of the Company (to the present)



Director (Outside Director)  
**Hiroaki Yagi**  
Number of Company's shares held: 0 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1981: Appointed as Public Prosecutor  
Jan. 2007: Special Investigation Director of Tokyo District Court Public Prosecutors Office  
Dec. 2015: Chief Prosecutor of Tokyo District Court Public Prosecutors Office  
Sept. 2016: Deputy Prosecutor-General of Supreme Public Prosecutors Office  
July 2018: Superintending Prosecutor of Tokyo High Public Prosecutors Office  
Mar. 2019: Registered as attorney-at-law (to the present)  
June 2019: President of Japan International Training Cooperation Organization (JITCO) (currently Japan International Trainee & Skilled Worker Cooperation Organization) (to the present)  
Mar. 2020: Outside Director of the Company (to the present)



Audit & Supervisory Board Member  
**Kazunori Baba**  
Number of Company's shares held: 29,865 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Apr. 1983: Joined the Company  
Apr. 2009: Managing Officer, Senior Manager of Corporate Governance Department of Corporate Strategy Center and Senior Manager of Human Resources & Administration Service Department of Business Support Center of the Company (served concurrently)  
June 2013: Deputy Chief of Business Support Center of the Company  
June 2014: Director and Managing Officer of the Company  
President and Representative Director of Nishinbo Textile Inc.  
June 2015: Executive Managing Officer of the Company  
Mar. 2019: Director and Executive Managing Officer, and Chief of Corporate Strategy Center of the Company  
Mar. 2024: Standing Auditor & Supervisory Board Member (to the present)



Audit & Supervisory Board Member  
**Kenichi Morita**  
Number of Company's shares held: 16,545 shares  
Board of Directors meeting participation:  
Attended 14/14 meetings\*  
Audit & Supervisory Board meeting participation:  
Attended 10/10 meetings\*  
Mar. 1990: Joined New Japan Radio Co., Ltd. (currently Nishinbo Micro Devices Inc.)  
Apr. 2005: General Manager of Accounting Department, General Affairs Division of New Japan Radio Co., Ltd.  
Apr. 2011: Managing Officer and General Manager of Corporate Planning Department, General Administration Headquarters of New Japan Radio Co., Ltd.  
June 2012: Head of General Administration Headquarters of New Japan Radio Co., Ltd.  
Apr. 2014: Executive Managing Officer and Deputy General Manager of Electronic Device Division of New Japan Radio Co., Ltd.  
June 2015: Director, Managing Officer and Deputy General Manager of Electronic Device Division of New Japan Radio Co., Ltd.  
Apr. 2016: General Manager of General Administration Headquarters of New Japan Radio Co., Ltd.  
Apr. 2018: Director, Executive Managing Officer and General Manager of Business Divisions of New Japan Radio Co., Ltd.  
Sept. 2018: Representative Director and President of New Japan Radio Co., Ltd.  
Mar. 2021: Managing Officer of the Company  
Jan. 2022: Representative Director, Senior Executive Managing Officer and General Manager of Corporate Administration Headquarters of Nishinbo Micro Devices Inc.  
Mar. 2023: Standing Auditor & Supervisory Board Member (to the present)  
\*Mar. 2023 Since appointment as Audit & Supervisory Board Member



Outside Audit & Supervisory Board Member  
**Atsushi Yamashita**  
Number of Company's shares held: 0 shares  
Board of Directors meeting participation:  
Attended 17/17 meetings  
Audit & Supervisory Board meeting participation:  
Attended 14/14 meetings  
Apr. 1988: Registered as an attorney-at-law (to the present), joined Tanaka & Takahashi Law Office  
May 2001: Joined Clifford Chance Law Office  
May 2011: Joined K&L Gates LLP  
Oct. 2014: Joined Sonderhoff & Einsel Law and Patent Office  
Mar. 2019: Outside Audit & Supervisory Board member (to the present)  
July 2023: Joined Aquaxis Law Office (to the present)



Outside Audit & Supervisory Board Member  
**Noriko Ichiba**  
Number of Company's shares held: 0 shares  
Board of Directors meeting participation:  
Attended 13/14 meetings\*  
Audit & Supervisory Board meeting participation:  
Attended 9/10 meetings\*  
Oct. 1992: Joined Deloitte Touche Tohmatsu International (currently Deloitte Touche Tohmatsu LLC)  
July 1997: Joined Tadao Kato Accounting Office  
Aug. 1999: Joined Taiyo Audit Corporation (currently Grand Thornton Taiyo LLC)  
May 2000: Registered as Certified Public Accountant (to the present)  
Nov. 2002: Established Ichiba Certified Public Accountant Office  
Representative of the Office (to the present)  
Aug. 2008: Registered as Certified Public Tax Accountant (to the present)  
Oct. 2008: Established UPRISE Certified Tax Accountant's Co.  
Representative Partner of UPRISE Certified Tax Accountant's Co. (to the present)  
July 2022 Supervisory Director of Ichigo Office REIT Investment Corporation (to the present)  
Mar. 2023: Outside Audit & Supervisory Board member (to the present)  
\*Mar. 2023 Since appointment as Audit & Supervisory Board Member

Expertise and Experience Required of Nisshinbo Directors (Skill Matrix)

Selecting the skills required for directors to supervise and guide various businesses from a variety of expert perspectives, and incorporating diversity into the Board of Directors enables Nisshinbo to realize highly effective governance.

<div>Skill*</div> <div>Name</div>	Management experience	International experience and knowledge	Business and industry knowledge	ESG	Technology and innovation	Legal and risk management	Finance and accounting
Masahiro Murakami	●		●	●			●
Takeshi Koarai	●		●		●		
Satoru Taji	●		●		●		
Yasuji Ishii	●	●	●		●		
Shuji Tsukatani	●	●	●				●
Keiji Taga	●					●	●
Hiroaki Yagi				●		●	
Naoko Tani	●	●	●				
Richard Dyck	●	●	●		●		
Yuki Ikuno		●				●	●

\*Up to four major skills are listed for each Board member. Not all skills are represented.

Managing Officers

President  
Masahiro Murakami\*

Senior Executive Managing Officer  
Takeshi Koarai\*

Executive Managing Officers  
Satoru Taji\*  
Yasuji Ishii\*

Managing Officer  
Shuji Tsukatani\*

\*Concurrent board member

Executive Managing Officer  
Makoto Sugiyama  
Senior Manager of Sustainability Development Department, Corporate Strategy Center

Managing Officer  
Kaichiro Sakuma  
Representative Director, President and Chief Executive Officer, Hitachi Kokusai Electric Inc.

Managing Officer  
Toshihiro Masuda  
President, Nisshinbo Mechatronics Inc.

Managing Officer  
Kazuo Saito  
Managing Director, Nisshinbo Singapore Pte. Ltd.

Managing Officer  
Kaoru Murata  
President, Nisshinbo Textile Inc.

Managing Officer  
Ikuo Takahashi  
President, Nisshinbo Chemical Inc.

Managing Officer  
Nobuyuki Adachi  
General Manager, Business Development Division

Managing Officer  
Makoto Ashida  
General Manager of Legal Affairs Group, Human Resources and Administration Service Department, Corporate Strategy Center

Managing Officer  
Yasuki Hattori  
President, Nisshinbo Brake Inc.

Managing Officer  
Tetsuya Kumakawa  
Director, Executive Officer, Nisshinbo Brake Inc.

Corporate Governance

Global compliance

Basic Stance

Nisshinbo is aiming to increase corporate value over the medium to long term as an *Environment and Energy Company* group by operating its various businesses based on global business management and cash flow management. We follow the Nisshinbo Group corporate philosophy: “Change and Challenge! For the creation of the future of Earth and People.” To achieve this, we are improving the quality of corporate governance and other aspects of our organizational culture. In parallel, we are striving to deliver quantitative growth in earnings and shareholder value, focusing on ROE to improve profitability and placing importance on the share price in management decisions.

By making rapid and bold decisions based on risk-taking in line with our management principles, we are working to enhance management efficiency while ensuring transparency, as well as improve accountability, act ethically and build a stronger corporate governance structure founded on our Corporate Philosophy.

►Details regarding Nisshinbo corporate governance are as follows.

Corporate Governance Report at [https://www.nisshinbo.co.jp/nish/ir/governance/pdf/governance/c\\_governance\\_en.pdf](https://www.nisshinbo.co.jp/nish/ir/governance/pdf/governance/c_governance_en.pdf)

Nisshinbo Corporate Governance Policy at <https://www.nisshinbo.co.jp/english/ir/governance/policy.html>

Corporate Governance Policy

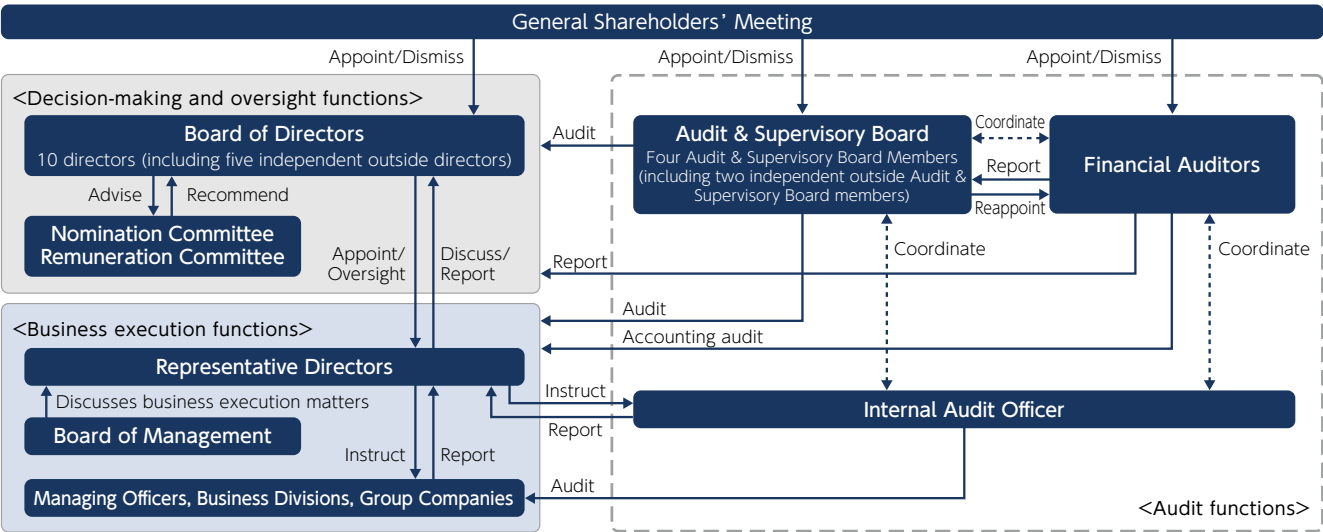
URL: <https://www.nisshinbo.co.jp/english/ir/governance/policy.html>

We have formulated the Nisshinbo Corporate Governance Policy, which clearly states our basic thinking on corporate governance and related initiatives. By steadily implementing the principles of the policy and revising and improving its content as needed, we aim to improve the effectiveness of governance and create a framework for rapid and bold decision-making that contributes to sustained growth and increased corporate value over the medium to long term.

Matters Concerning the Composition of Governing Bodies and Organization Management

Organizational form	Company with Auditors
Number of directors under the Articles of Incorporation	14
Term of office for directors under the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of directors (including outside directors)	10 (5)
Outside director appointment status	Appointed
Number of outside directors designated as independent officers	5
Number of Audit & Supervisory Board Members under the Articles of Incorporation	5
Number of Audit & Supervisory Board Members (including outside members)	4 (2)
Number of outside corporate auditors designated as independent officers	2

Corporate Governance Structure



Corporate Governance Structure

Please refer to the Nisshinbo Corporate Governance Policy sections II-1, II-3, II-6 and II-7.

The Group has adopted a Company with Audit & Supervisory Board system. In addition, Nisshinbo has separated decision-making and oversight from business execution and adopted a managing officer system to reinforce those functions.

By transferring responsibility for business execution to managing officers and strengthening oversight by the Board of Directors, we are improving management efficiency and transparency and creating an effective governance structure that will support the Group's sustained growth and enhance corporate value over the medium to long term.



Board of Director Duties and Diversity

Please refer to the Nisshinbo Corporate Governance Policy sections II-1 and II-4.

Directors and the Board of Directors recognize that they have a fiduciary duty to shareholders and thus strive to appropriately reflect shareholders' intentions within the board. By overseeing the preparation and management of internal control and risk management systems, directors and the board help to monitor business execution and decision-making. At the same time, the Company fearlessly confronts risk and works to achieve governance that is focused on quick and bold decision-making. In this manner, the Company aims to achieve greater accountability to stakeholders, increased profitability and higher returns for shareholders.

To promote the globalization of each Nisshinbo company

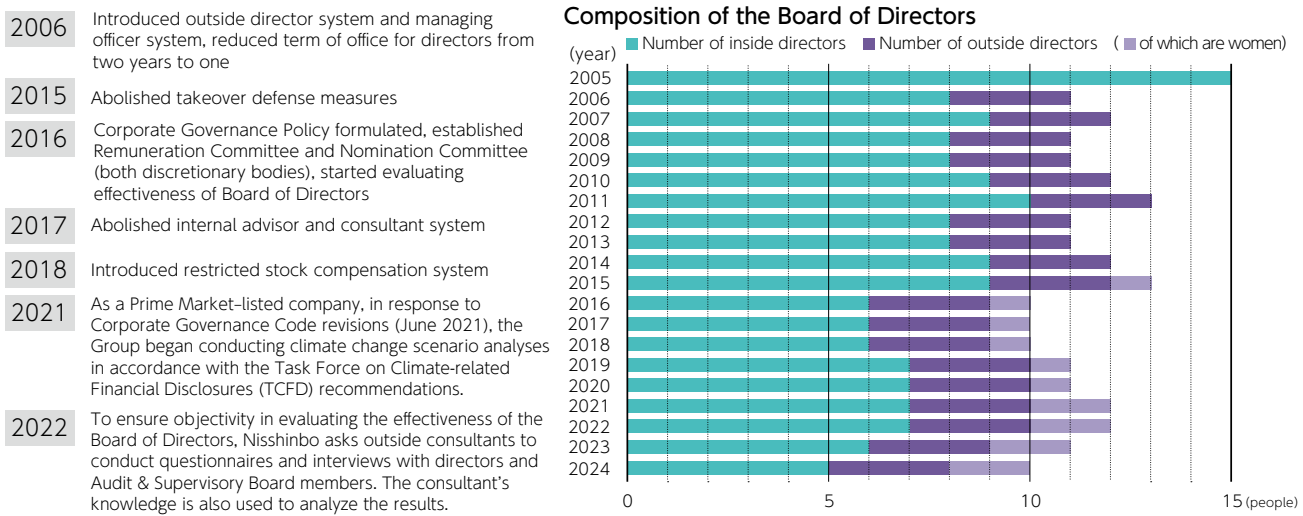
along the lines of environment and energy, the Board of Directors selects management talent as candidates for directors who possess outstanding management experience, have the necessary firm commitment and ability to realize the Company's Corporate Philosophy and increase corporate value, and who enhance the composition of the board through greater diversity in areas such as gender, nationality, professional experience, and age. Furthermore, the Nomination Committee, which includes outside directors, deliberates the experience, knowledge, expertise and other skills required for the Board of Directors, as well as the skills of each Board member. As of March 28, 2024, the Board of Directors was composed of 10 directors, of which five are independent outside directors (including two women). The skills and expertise of each Board member are listed in the Skill Matrix on page 48.

Composition of the Directors	Independence	Diversity
	Ratio of Outside Directors: 50%	Ratio of women: 20%

Corporate Governance Reforms

Improvement Efforts in 2023

- The number of inside directors has been reduced from six to five, resulting in an outside director ratio of 50% (five directors), who strengthen management transparency and supervisory functions.



Evaluating the Effectiveness of the Board of Directors

In 2023, we again requested the insights of an outside consultant to conduct an evaluation aimed at more objectively confirming the effectiveness of the Board of Directors. The outside consultant conducted a survey of all directors and auditors, and the Board of Directors discussed the results of this analysis based on the aggregated results. As a result, Nisshinbo's Board of Directors, which comprises members from diverse backgrounds, was evaluated as functioning effectively, with discussions being

stimulated and invigorated by the candid comments of each officer, serving as a cornerstone for enhancing the objectivity and transparency of the executive decision-making process. At the same time, we confirmed that further progress is expected with regard to the promotion of sustainability management and strengthening of the profit structure across the Group, which were priority initiatives in the previous fiscal year. In light of the issues identified, we will engage in the following efforts in 2024 to contribute to sustainable growth and the enhancement of corporate value over the medium to long term.

2024 Priority Issues

- To improve the productivity and profitability of each business and strengthen the Group's overall profit structure, we will share the policies of each Group company and engage in careful monitoring.
- To promote sustainability management across the entire Group, we will continue to discuss relevant themes in a systematic manner.
- To improve the effectiveness of deliberations at Board meetings, we aim to realize further improvements and innovations in the overall operation of Board meetings, and by setting up opportunities outside Board meetings for discussions between executive members and outside directors.

Remuneration for Directors and Senior Managers

Please refer to the Nisshinbo Corporate Governance Policy section II-2.

To increase transparency and objectivity in processes for determining remuneration, Nisshinbo has established a Remuneration Committee as an advisory body for the Board of Directors. As of March 28, 2024, the committee comprised the president and five outside directors. The committee chairman is selected by members of the committee.

(Reference) 2023 Priority Issues

- Deepen strategic discussions from a broad perspective to strengthen Group profit structure and promote sustainability management
- Select and thoroughly discuss effective monitoring themes to ensure objectivity and transparency of strategies
- Strive to ensure two-way communication between directors and executive members to effectively monitor strategy execution

Remuneration for directors comprises basic remuneration (monthly payment) and bonuses and stock-based remuneration (restricted stock compensation plan), both of which are set within the maximum limits approved by the General Shareholders' Meeting. Stock-based remuneration for each role is set within separate maximum limits for amounts and shares determined by resolutions of the General Shareholders' Meeting. However, outside directors receive only basic remuneration (monthly payment) and retirement benefits are not paid to directors. Remuneration for managing officers is based on the same policies and procedures.

Director (Excluding Outside Directors) Remuneration Breakdown

Fixed remuneration (basic remuneration) 67~70%	Variable remuneration (standard bonus amount and stock-based compensation) 30~33%
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Remuneration for Directors and Auditors (fiscal period ended December 2023)

Classification	Total remuneration (millions of yen)	Remuneration breakdown (millions of yen)			Total number of payees
		Basic remuneration (Fixed)	Bonus (Performance-linked)	Restricted stock compensation plan	
Directors (excluding outside directors)	199	137	45	15	7
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	34	34	—	—	3
Outside directors and outside Audit & Supervisory Board members	62	62	—	—	10

Notes: 1. Total maximum remuneration for directors: No greater than ¥400 million per year (Employee salaries of individuals simultaneously appointed as employee and director are not included in payments to directors. Directors are also eligible to receive compensation through a restricted stock compensation plan, up to a maximum value of ¥40 million per year.)  
2. Total maximum remuneration for members of the Audit & Supervisory Board: No greater than ¥70 million per year  
3. The Company had 10 directors (including five outside directors) and four Audit & Supervisory Board members (including two outside members of the Audit & SupervisoryBoard) as of March 28, 2024.  
4. The actual amount of bonus payments reflects degree of achievement regarding performance targets such as net sales, pretax profits, operating cash flow and other indicators related to the Group or businesses remitted at a fixed rate according to position.  
5. Restricted stock is allocated to each director (excluding outside directors) as stock-based compensation. In the fiscal year ended December 2023, 14,405 shares (with a compensation value of ¥14 million) were allocated to the six directors (excluding outside directors) on May 16, 2023, with conditions including a transfer period restriction from May 16, 2023, to May 16, 2026.

Remuneration Committee Activities

Please refer to Nisshinbo Corporate Governance Policy II-2.

In the fiscal year ended December 2023, the Remuneration Committee met three times (October, November, and December 2023) to confirm and analyze remuneration levels and composition at benchmark companies through an outside research organization's database. It also examined the need for a review and revision of the remuneration table (which stipulates compensation structure, amount, and ratio) applied to directors and executive officers, and determined individual remuneration (basic remuneration and standard bonus amount) for each. Further, an outside director was appointed Chair of the Remuneration Committee for fiscal 2023.

Selection and Dismissal of Directors and Senior Managers

Please refer to the Nisshinbo Corporate Governance Policy section II-2.

To increase transparency and objectivity in processes for selecting and dismissing directors, Nisshinbo has established a Nomination Committee as an advisory body for the Board of Directors. As of March 28, 2024, the committee comprised the president and five

Nomination Committee Activities

Please refer to Nisshinbo Corporate Governance Policy II-2.

In the fiscal year ended December 2023, the Nomination Committee met five times (May, July, September, November, and December 2023) to discuss the appointment of directors, Audit & Supervisory Board members, and executive officers at the company and its main subsidiaries, and formulated a draft of candidates to be submitted to the Board of Directors. Further, an outside director was appointed Chair of the Nomination Committee for fiscal 2023.

Protecting the Rights and Ensuring the Equal Treatment of Shareholders, and Dealing with Cross-Shareholdings

Please refer to the Nisshinbo Corporate Governance Policy section III-2.

The Company shall ensure that the exercise of minority shareholder rights is not impeded and will take appropriate measures to fully protect shareholder rights. The Company will implement various measures related to communication with shareholders and investors and ensure the appropriate operation of the General Shareholders' Meeting.

The Company has set out a policy for cross-shareholdings. In line with that policy, it regularly assesses the purpose and economic rationale for cross-shareholdings based on capital costs and other indicators.

Shares with diminished strategic value are sold incrementally and systematically.

Committee Members in Fiscal 2023

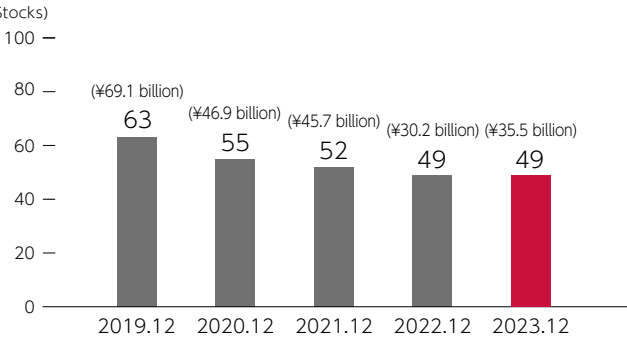
- Chairman: Keiji Taga, Outside Director  
Members: Hiroaki Yagi, Outside Director  
Naoko Tani, Outside Director  
Richard Dyck, Outside Director  
Yuki Ikuno, Outside Director  
Masahiro Murakami,  
President and Representative Director

outside directors. Regarding senior management, directors and executive officers, the Nomination Committee informs the Board of Directors of candidates based on prescribed criteria. If reasons for ineligibility arise with respect to senior management, directors or executive officers, their dismissal or removal is reported to the Board of Directors.

Committee Members in Fiscal 2023

- Chairman: Keiji Taga, Outside Director  
Members: Hiroaki Yagi, Outside Director  
Naoko Tani, Outside Director  
Richard Dyck, Outside Director  
Yuki Ikuno, Outside Director  
Masahiro Murakami,  
President and Representative Director

Changes in Cross-Shareholdings



Dialogue with Shareholders

Please refer to the Nisshinbo Corporate Governance Policy section III-2.

The director in charge of IR supervises numerous measures aimed at communicating with shareholders and investors, actively

engaging in IR activities that include accurate and fair information disclosure outside the Company and various types of direct dialogue.

Stakeholder Engagement

Please refer to the Nisshinbo Corporate Governance Policy sections III-1 and III-3.

Nisshinbo recognizes that continuous dialogue with stakeholders is key to supporting sustained growth in corporate value. In

line with the aims of our VALUE commitment, we work hard to resolve any issues by emphasizing dialogue with customers, shareholders, employees and all other stakeholders connected to the Nisshinbo Group.

Stakeholder Engagement Initiatives

Stakeholder	Examples of approaches (fiscal 2023 activities)	Key department/site
Customers	●Corporate website and social media ●Exhibitions ●Online seminars	Marketing/Engineering
	●Activities aimed at increasing customer satisfaction ●CM	
Shareholders/ Investors	●General Meeting of Shareholders (one time) ●Results briefings (two times) ●Business briefings (two times)	Corporate communications
	●Individual meetings with institutional investors and analysts (about 120 times)	
	●IR tools (e.g., Integrated Report, Sustainability website, Shareholder newsletter)	
Employees	●Online information for shareholders and investors	
	●Group internal newsletter, Intranet	Corporate communications
	●Dialogues between company presidents (including subsidiaries) and employees	All departments
	●Employee health measures (about 30 times)	Health Management Department
	●Internal whistleblower system (11 cases)	Corporate Ethics Department
	●Improvement proposal meetings	All departments
Regional communities	●Disaster prevention, BCP and other emergency drills	
	●Factory tours, work experience, workshops (54 times)	Business sites
	●Cleaning activities	
Suppliers	●Participation in projects to protect biodiversity	
	●Spread awareness of sustainable procurement basic policies	Procurement Division
	●Sustainable procurement surveys	
NGOs, NPOs, government agencies	●Various donation activities	Business sites





Performance by Business



The Nisshinbo Group is made up of seven distinct businesses—Wireless and Communications, Micro Devices, Nisshinbo supplies high-value-added products that meet customer needs, driven by innovation born out of the

Automobile Brakes, Precision Instruments, Chemicals, Textiles and Real Estate. business collaboration and portfolio reorganization that has kept the Group aligned with changing needs.

Wireless and Communications

Main products and services

Marine systems▶ Marine navigation and communications equipment  
Solutions and specialized equipment ▶Disaster prevention systems and weather radar ICT and mechatronics▶ Communications and office equipment, electronic components for automotive applications  
Medical equipment▶ Portable ultrasound analyzers, intravascular/endscope oscillators



The Wireless and Communications business reported sales of ¥158,081 million (up 5.1% year on year) and segment profit of ¥4,745 million (down 1.6% year on year). In marine systems, sales and profits increased due to strong orders from the beginning of the fiscal year, and in addition to higher sales of equipment for newly built merchant vessels and workboats for the European river market, the weak yen also provided a tailwind. In solutions and specialized equipment, sales and profits declined despite higher sales of radar equipment to the Ministry of Defense. This was due to lower sales of prefectural and municipal disaster prevention systems and aeronautical and meteorological systems, which had been robust in fiscal 2022, as well as fading demand for dam management equipment upgrades and water and river information systems that monitor water levels and rainfall in rivers.


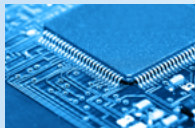
Net sales

Segment profit

Micro Devices

Main products and services

Operational amplifiers, comparators, power management ICs, lithium-ion battery protection ICs, optical semiconductors, RF devices, audio ICs, etc.



The Micro Devices business reported sales of ¥80,044 million (down 6.2% year on year) and segment profit of ¥934 million (down 89.6% year on year). In mainstay electronics devices, despite strong sales of automotive products, sales of products for industrial equipment and the consumer market were weak, resulting in lower sales and profits. In microwave products, despite robust sales of electron tubes, sales of microwave sensors and satellite communications components for overseas markets were weak, resulting declines in sales and profits.



Net sales

Segment profit

Automobile Brakes

Main products and services

Friction materials▶ Disc pads and brake linings



The Automobile Brakes business reported sales of ¥178,541 million (up 16.2% year on year) and segment profit of ¥4,682 million (¥9,346 million year on year improvement). In the Nisshinbo Brake Group, automaker production recoveries led to higher sales and profits at subsidiaries in Japan and China, but higher sales and lower profits at subsidiaries in the US and South Korea due to the impact of soaring raw material and energy costs. Although the Thai subsidiary saw a decrease in sales and profits due to sluggish sales of new cars, sales and profits increased at the TMD Group in line with the strong performance of its aftermarket business.



Net sales

Segment profit

Precision Instruments

Main products and services

Fans for air-conditioning equipment, lenses for automobile headlamps, millimeter-wave transparent emblems, automotive electronic brake system (EBS) parts



The Precision Instruments business reported sales of ¥53,265 million (down 0.7% year on year) and segment profit of ¥1,328 million (up 71.1% year on year). Despite an earnings boost from higher sales of next-generation model "MKC x" valve blocks in the precision parts business, the Precision Instruments business as a whole saw lower sales year on year due to the impact of production adjustments caused by customers in the molding products business holding excessive inventories bound for North America, as well as a decrease in orders due to customer production cutbacks in China. However, segment profit increased in line with the completion of goodwill amortization in fiscal 2022.

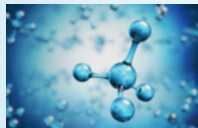

Net sales

Segment profit

Chemicals

Main products and services

Bipolar plates for fuel cells  
Carbodilite high-performance chemical additive  
Thermal insulation products  
Glass-like carbon products



The Chemicals business reported sales of ¥11,433 million (down 9.8% year on year) and segment profit of ¥801 million (down 63.3% year on year). Despite increased orders of thermal insulation products for refrigerators and freezers, and glass-like carbon products for semiconductor manufacturing equipment, sales and profits declined on fewer orders for the fixed application of bipolar plates for fuel cells overseas, as well as fewer orders of Carbodilite high-performance chemical additive in Japan and overseas.



Net sales

Segment profit

Textiles

Main products and services

Shirts▶ Dress shirts, casual shirts and fabric, thread  
Textiles▶ Uniform fabric, etc.  
Developed materials ▶ Non-woven fabrics, polyurethane products



The Textiles business reported sales of ¥37,481 million (down 2.2% year on year) and a segment loss of ¥420 million (down ¥519 million from fiscal 2023 segment profit of ¥99 million). In the shirts segment, sales of APOLLOCOT shirts and other form-stabilized products remained strong, while TOKYO SHIRTS CO., LTD., also enjoyed steady sales in its physical stores. However, sales and profits declined in the Textiles business overall, reflecting lower sales of face mask components bound for overseas and sluggish Brazilian subsidiary yarn sales in the developed materials segment, and increased imported raw material costs in line with the weaker yen in the uniform segment.



Net sales

Segment profit

Real Estate

Main products and services

Leasing▶ Leasing of commercial facilities, offices, condominiums, and other properties through the redevelopment of unused assets and vacant business sites  
Sales▶ Planned sales of land and buildings that have been leased or redeveloped



The Real Estate business reported sales of ¥11,263 million (up 0.8% year on year) and segment profit of ¥8,518 million (down 2.3% year on year). Despite a decrease in the sale of residential land in Hamamatsu, Shizuoka Prefecture, sales and profits were on par with fiscal 2023 due to the sale of condominiums in Higashiomi, Shiga Prefecture and renovated condominiums, among other factors.

Net sales

Segment profit

Net Sales Composition by Segment

Others  
¥11.1 billion 2.1%

Real Estate  
¥11.2 billion 2.1%

Textiles  
¥37.4 billion 6.9%

Chemicals  
¥11.4 billion 2.1%

Precision Instruments  
¥53.2 billion 9.8%

Wireless and Communications  
¥158.0 billion 29.2%

Micro Devices  
¥80.0 billion 14.8%

Automobile Brakes  
¥178.5 billion 33.0%

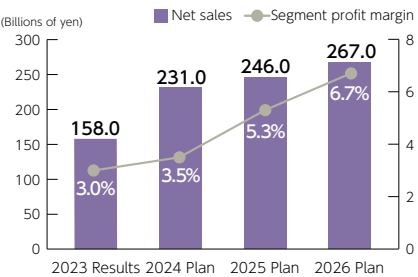
Net Sales  
¥541.2 billion  
(Period ended December 2023)



Strategies by Business Wireless and Communications



Quantitative Targets



Business Policies within the Medium-Term Management Plan

Marine Systems

Nisshinbo makes efforts to provide solutions that resolve customer issues through improved operational efficiency and optimization in the maritime industry, which is seeing an expansion in new shipbuilding in line with the trend of increasing maritime trade and the move towards zero emissions vessels, as well as growing expectations for systems that will realize autonomous vessels. We aim to become an indispensable presence for our customers, primarily by focusing on the research and development of core technologies for automated navigation, proactively launching them in the market, and utilizing digitalization in our global service network.

Solutions and Specialized Equipment

To expand market share in government agency infrastructure projects involving water, rivers, and disaster prevention, we have created a medium- to long-term roadmap that will lead to the steady acquisition of orders. The profits earned through these efforts will then be used to invest in growth businesses. Specifically, we will focus on expanding business in the areas of disaster prevention network solutions for government agencies and aviation solutions in overseas business. In the private sector area, we will work to expand our market share of relay equipment and other products in line with demand for digital broadcasting equipment updates. In specialized equipment, we aim to expand business by focusing on new business in the electromagnetic domain, one of three new domains identified by the Ministry of Defense as being space, cyber, and electromagnetic.

ICT and Mechatronics

In the ICT business field, we aim to expand business and strengthen profitability through the expansion of smart meters, original product enhancements, and developments in the upper layers of information communication. In the mechatronics business field, we will focus on the rapid establishment of new smart factory businesses and the shift away from the office equipment business with the aim of improving profitability. In the components business field, we will focus on laying the foundations for expanding our global market share of automotive power supply components for use in electric vehicles (xEVs), as we focus on the rapidly expanding xEV market. We will work to cultivate overseas customers, develop differentiated products, and build sales and logistics bases in Europe.

Medical Equipment

In the portable ultrasound field, we aim to expand sales of Handy Echo by promoting plans that clarify market targets, and by further improving product capabilities. In the fields of prevention, prognosis and medical systems, we aim to expand sales by strengthening our sales and product capabilities and enhancing our lineup of systems for the monitoring of elder care. In the fields of analysis equipment and intravascular/endoscopic ultrasound, we aim to increase sales and enhance profitability by strengthening our product capabilities as well as our ability to respond to overseas expansion plans.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

Marine Systems

Nisshinbo will provide products and added value in the bustling merchant vessels market focusing on robust demand for new ships. We will strive to increase business profitability by optimizing personnel resources through organizational restructuring, while also strengthening our market competitiveness, promoting Group-wide human resource development, and providing customers with a sense of security through the worldwide revitalization of sales and services.

We will continue to develop next-generation navigation equipment that can be used as base equipment on board vessels, as well as digital content that will contribute to reducing customers' operational and maintenance costs and resolve customer issues in preparation for the arrival of automated navigation.

Solutions and Specialized Equipment

With regard to the public sector, which is a major customer of the solutions business, public works budgets remain on par with previous years, and the Five-Year Acceleration Measures for the Fundamental Plan for National Resilience are ongoing. In response to the intensification of

disasters due to climate change, measures to address aging social infrastructure, and the problem of labor shortages due to declining birthrates and an aging population, these budgets will place greater emphasis on efforts to promote digital transformation (DX).

Given these conditions, in 2024, the solutions business will begin creating a roadmap for major nationwide projects focused on the medium term. While laying the foundations for increasing our market share in government and public sector projects, we will roll out the following three nationwide initiatives as growth businesses.

First, we will expand sales of wireless infrastructure for Ministry of Land, Infrastructure, Transport and Tourism drone navigation over rivers to customers nationwide. We have already received an order from the Kyushu Regional Development Bureau for the first such communications infrastructure project in Japan, and based on this achievement, we will expand operations nationwide to other regional development bureaus in an attempt to increase scale.

Second, we will accelerate DX business initiatives for government agencies. In implementing disaster prevention countermeasures, government agencies utilize and manage a variety of data, but often each piece of information is managed in an independent and vertical manner, which has become a problem due to the complexity of managing equipment during normal operations, and understanding and communicating information in times of emergency. As a solution to this problem, the DX Information Sharing System facilitates the sharing and visualization of information, as well as the easy issuing and transmission of instructions, while also providing centralized management of various data. Further, it supports operator actions, reduces the need for manpower, and mitigates the risk of information leaks and omissions in times of emergency. In this way, Nisshinbo uses DX to contribute to human safety and security.

Third, we will develop new technologies that reduce the disaster risks posed by linear rain bands and other meteorological disasters. Compared to conventional radars, new dual-polarization phased array weather radars have the ability to observe and analyze rainfall and weather conditions in three dimensions and at high densities, making it possible to detect weather phenomena that could cause disasters in the next few minutes or tens of minutes in advance. This will ensure sufficient time for evacuation in the event of a disaster, as well as dramatically improve the accuracy of low-level wind shear observations, which is a particular threat at airports. Through the demonstration experiment currently being planned in Toyama, we will contribute to river water level predictions and the safe takeoff and landing of aircraft.

ICT and Mechatronics

In the ICT business field, we will expand smart meters by meeting needs for labor-saving meter reading and more advanced meter reading functions. In addition to further developing the existing gas meter reading field, we will also promote the development of the electricity and water meter reading fields. We are also focusing on the development of information and communications system products for logistics and tracking-related applications. Through the development of system products, we aim to develop businesses in higher layers, including data utilization services.

In the mechatronics business field, we will strive to expand smart factory production equipment products by leveraging differentiated products, such as automatic wire harness soldering equipment and IoT system products, amid the growing need for plant automation and DX. At the same time, we will work to improve profitability by revising our contract manufacturing system for office equipment.

In the components business field, given that several global suppliers of xEV power supplies are based in Europe, Nisshinbo will establish a sales base in Europe to strengthen differentiated product proposal activities. We will also establish a logistics base in Europe and improve our product supply system to acquire orders from new customers. Further, we will introduce low-cost production equipment for in-house production focused on promoting the mass production of new products for new customers in Japan.

Medical Equipment

In the portable ultrasound business field, we will launch the new Handy Echo model and aim to expand sales to new areas, starting with specialized hospital departments. We will also focus on acquiring ODM and OEM projects, in which we have excelled up to now. In the field of prevention, prognosis and medical system nursing care patient monitoring systems, we will attempt to differentiate Nisshinbo products from those of other companies by adding functions and services that meet market needs, while also utilizing subsidies for hospitals and other facilities, with the aim of developing a proposal-based sales approach and increasing sales. In the analysis equipment business, we seek to expand business by launching sales of desktop analysis equipment currently under development, and expanding sales of our popular compact analysis equipment to customers overseas. In the intravascular/endoscopic ultrasound business field, we will attempt to improve profitability by revising the processing of existing intravascular devices, while also focusing efforts on the acquisition of new customers for endoscopic products.

Sustainability Initiatives

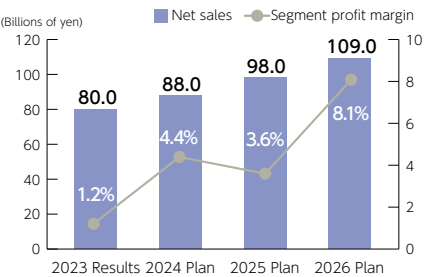
Provision of Social Infrastructure Systems

In the Wireless and Communications business, Nisshinbo provides social infrastructure systems such as weather radar, management systems for dams and rivers, and video systems in response to increasingly severe disasters caused by climate change. Going forward, we will continue utilizing 5G-related wireless communication technologies and image recognition technologies, in our aim to become a true solutions provider supporting a safe and secure society.

Strategies by Business Micro Devices



Quantitative Targets



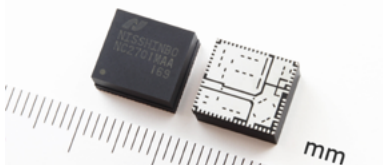
Business Policies within the Medium-Term Management Plan

In the Micro Devices business, Nisshinbo Micro Devices Inc., aims to “contribute toward the resolution of issues faced by society and customers by creating customer value leveraging the value we have provided through analog technology,” and will work to increase sales by capturing growth in the analog semiconductor market, and improve profitability by shifting to high-function products such as multi-functional ICs and modules. We will also develop analog solution devices utilizing distinctive sensors such as sound, smell, and microwave, while developing unit and digital business with a view to the future through collaborations utilizing technologies within and outside the Group, in addition to existing technologies in the areas of electronic devices and microwaves.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

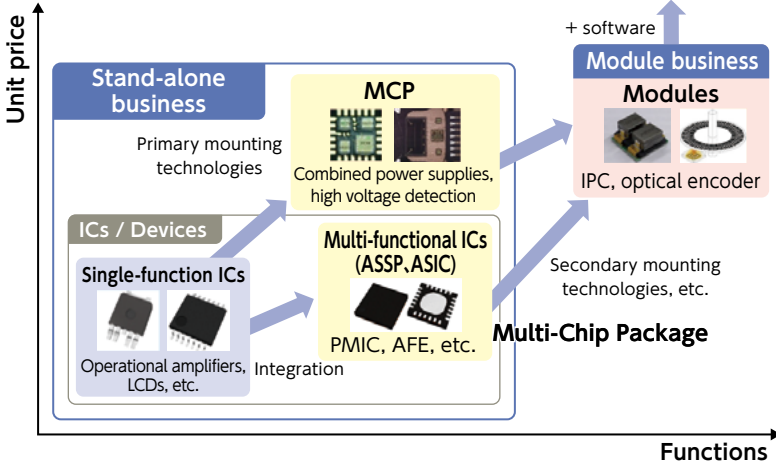
Electronic Devices

In electronic devices, we will implement the Three SINKAs and promote measures to provide new customer value. In mainstay single-function signal processing (SP) and energy management (EM) products, we will establish a competitive advantage by further “deepening” our strong proprietary products to achieve high basic performance that exceeds customer requirements. Further, in multi-functional products, we will resolve customer system issues and create high customer value through “evolution” fusing single-function products with our various proprietary technologies. We will improve our ability to propose application-specific integrated circuits (ASICs), application-specific standard products (ASSPs), kit proposals, modularization, and other composite technologies while attempting to strengthen the competitiveness of our modular products through the triple fusion of circuit, device, and packaging technologies.



In addition to strengthening our components business, we will also promote the creation of new business models. As part of our “renewal,” we aim to provide customer satisfaction from a systems perspective through solutions leveraging small-scale systems that utilize unitization (analog ICs + sensors + processors), hardware + software, AI, and other technologies. We will achieve our transformation into an analog solutions provider through M&A and business alliances aimed at strengthening digital technologies, as well as through the integration of our electronic device and microwave businesses.

Electronic Device Business Strategy



Shifting our portfolio from conventional product groups centered on single functions, to product groups with high functionality.  
MCP: Multi-Chip Package. A substrate that has multiple semiconductor chips or elements mounted or built in a single package or module.

In terms of sales, we are working to expand business in the areas of automotive and industrial equipment to ensure that we have well-balanced coverage of the automotive, industrial equipment, and consumer markets and achieve stable earnings. We will also build relationships with customers who will become new strategic partners, and strengthen the planning and development of customer-oriented, high-performance ASIC/ASSP products for automotive and industrial equipment. We will be entering new markets with high-value-added products, such as automotive power control units, using 0.18  $\mu$  m CMOS achieving miniaturization and a high withstand voltage process being mass production at the Yashiro Plant. Regarding production, we will consolidate and strengthen specialized process at the Kawagoe Plant, Yashiro Plant, and Nisshinbo Micro Devices Fukuoka Co., Ltd., front-end plant

and strengthen our production system utilizing foundries. We will also focus capital expenditure on back-end processes, such as packaging and modular technologies, to realize high added value products. We will respond to increased demand by expanding Group production capacity in the back-end processes handled by Nisshinbo Micro Devices AT Co., Ltd., and Nisshinbo Micro Devices (Thailand) in the same way as in the front-end processes, as well as by utilizing outsourced semiconductor assembly and test (OSAT) services. To flexibly keep up with the rapidly changing demand for semiconductors, we will strengthen our production and sales matching system, reduce inventories, and operate an efficient production management system.

Microwave Products

In the field of electron tubes and radar components, while demand for replacement magnetrons for marine radar over the past two to three years has shown some signs of slowing down, manufacturers of radar equipment are moving towards solid-state alternatives to magnetrons. In this environment, we will continue to work with main customers to combine multiple functions into units, while also preventing the loss of business opportunities through the analysis of industry and customer information, while aiming to secure orders for magnetron replacement demand. We will work to further improve profit margins by restructuring production lines to enhance efficiency. We will also strive to increase sales by expanding our market share in electron guns and cathodes and increasing production.

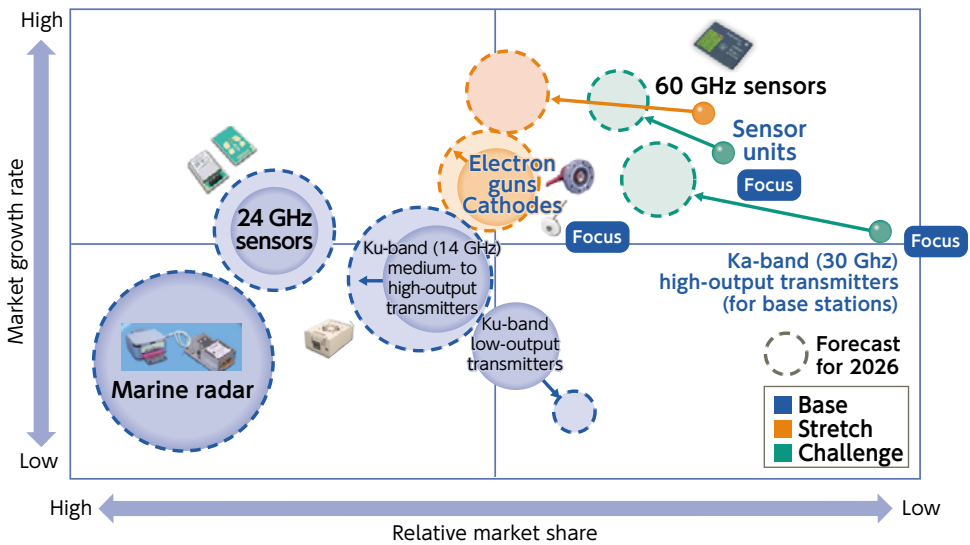


In satellite communications, despite the unavoidable impact of low-orbit satellites on the geostationary satellite business, we will maintain and expand market share by introducing high- and medium-output products in the Ku-band (14GHz) for existing VSAT (small ground stations) and capturing demand for trunk lines, while transforming our portfolio by developing and launching high-power transmitters in line with the trend toward Ka-band (transmission 30GHz) products for base stations, and accelerating the creation of high added value.

In the field of microwave sensors, in addition to expanding sales of millimeter wave (60GHz) modular products ready for mass production, we will develop products in the form of units that make use of antenna technologies, establish a general-purpose platform, and expand collaborations within companies and the Group. Additionally, we expect to expand production of 24GHz sensors in 2024, after a temporary decrease in orders from major customers due to the impacts of the economic downturn in 2023, and will work to further expand sales through enhanced price competitiveness.

Further, in fiscal year 2024, we will be moving forward with full-scale information gathering, planning, and verification work with the aim of creating businesses that will follow on from these three main segments.

Microwave Business Strategy



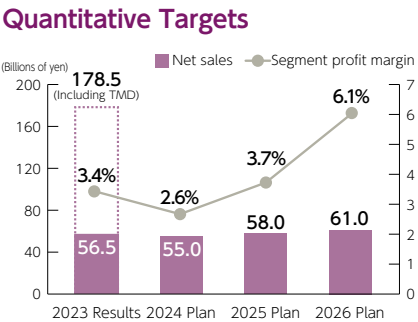
We will revise our current product portfolio, selecting and focusing on fields that have potential for profitability and growth based on market trends. We will create new businesses by leveraging an inventory of existing technologies and utilizing market research and forecasting.

Sustainability Initiatives

In the Micro Devices business, we are targeting a 38,000-ton reduction in greenhouse gas emissions by 2030, and systematically installing solar power generation and energy-saving equipment. We are also enhancing efforts to prevent human rights violations in the supply chain, including ensuring that managers receive thorough harassment prevention training.



Strategies by Business Automobile Brakes



Business Policies within the Medium-Term Management Plan

As the top global supplier of friction materials that reduce impacts on the global environment, the Automobile Brakes business will continue contributing to human safety as it strives to become the No. 1 provider of solutions to customer problems.

In addition to reducing the unpleasantness of brake noise and other discomforts felt by drivers, we also comply with copper regulations in the US and dust regulations in Europe, and will anticipate other environmental responses focused on achieving carbon neutrality. We will also implement cost reduction efforts to improve cost competitiveness and expand profitability.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

The automobile industry is seeing a recovery in demand following the pandemic. Although global automobile sales have yet to reach pre-pandemic levels, they are on the rise, mainly in the US and China. Advances by Chinese EV manufacturers have been especially noteworthy, with EVs expanding to comprise about half the Chinese auto market.

Demand for Nisshinbo copper-free friction materials (disc pads) continues to grow due to their compliance with US copper regulations aimed at reducing environmental impacts. Nisshinbo products already maintain a high market share, and we expect to achieve further sales growth through the ongoing expansion of copper-free friction material sales. In terms of our environmental initiatives, in addition to reducing greenhouse gas emissions with the aim of achieving carbon neutrality, we are also searching for and considering the adoption of alternative raw materials as a way to respond to future chemical substance regulations. Since fiscal 2020, we have been researching alternative methods for brake pad adhesives to comply with volatile organic compound (VOC) regulations, and are working to minimize the impact of these regulations on the operations of our Chinese subsidiary.

Given this external environment, we continue to manufacture consistently high-quality products while also promoting measures to develop and expand the sales of friction materials that comply with the next round of European emissions regulations, including EURO7, as well as various chemical substance regulations, leveraging know-how accumulated up to now, including our ability to develop friction material compositions, build supply chains appropriate for each country and region, and gather information from customers. Further, in response to the recent increase in severe disasters caused by climate change, we will also work to strengthen the resilience throughout the supply chain by strengthening the implementation of business continuity plans (BCPs) and business continuity management (BCM) to ensure that business can continue even in the event of a disaster.

We are currently investing in equipment to expand sales of copper-free materials, and this is expected to be largely completed by the end of fiscal 2024. We will make maximum use of the applicable facilities and streamline production bases, including integrating our two subsidiaries in China, with aim of reducing production costs. We will also continue to invest in additional automation and labor-saving going forward through the expansion of new production lines focused on the development of new materials, and at the same time, we will attempt to address labor shortages.

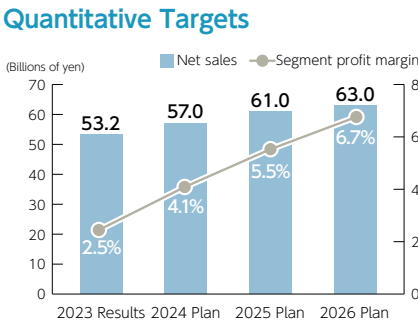
With regard to R&D, we will continue promoting the research and development of friction materials that comply with environmental and regulatory requirements, including products that reduce environmentally hazardous substances in line with copper regulations.

Additionally, amid the ongoing shift to xEVs, we will also focus on meeting customer needs, including eliminating noises and vibration to ensure compatibility with new-generation vehicles that achieve a high level of quietness, ensuring stable braking performance, and providing excellent wear characteristics that suppress brake dust emissions. Materials developed have already been selected for use in numerous vehicle programs in Japan and overseas, and are moving toward mass production.

Sustainability Initiatives

We are engaged in manufacturing focused on reducing environmental and energy usage, as well as the research and development of safe, secure, and high-quality products, with the aim of achieving carbon neutrality and reducing greenhouse gas emissions to zero by 2050. To utilize resources efficiently, we have also commenced efforts toward the creation of a circular economy while collaborating within the Nisshinbo Group.

Strategies by Business Precision Instruments



Business Policies within the Medium-Term Management Plan

With the aim of expanding earnings through business and product innovations, the Precision Instruments business has formulated four basic strategies: (1) Strengthen core businesses and product competitiveness; (2) Strengthen technological and marketing capabilities; (3) Accelerate new product development and strengthen commercialization capabilities; (4) Determine products and businesses, utilize bases. We will also focus on continuously implementing *kaizen* activities to strengthen our management base, conducting ROIC management to improve asset efficiency, promoting environmental management and diversity, improving internal controls and corporate ethics, and strengthening our safety management system.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

In the home appliance field, which includes air conditioning fans handled by the molded products business, in 2023, orders were sluggish in Japan and Thailand due to excess customer inventory, as well as in China, due to a decrease in demand for commercial air conditioners. Although Japan and Thailand are expected to recover from 2024 onwards, demand in China is expected to remain at the same level in 2024 as in 2023. Meanwhile, in India, in addition to promoting local procurement, it is expected that, given economic growth, demand for residential air conditioners will continue to rise in 2024. Given this business environment, Nisshinbo will strengthen the competitiveness of existing products for existing customers by accelerating measures such as automation, labor saving, and shortening of molding cycles. Specifically, Nisshinbo Mechatronics (Thailand) Ltd. is also working to strengthen its facilities to create a production system capable of producing five million cross-flow fans per year. We are also working to bring products to market in the renewable energy field, such as the development of resin blades for small wind turbines. In response to the growing need for clean and comfortable indoor environments, we are developing antifouling fans, as well as molded products with integrated wiring functions that combine in-mold electronics (IM-E) 3D wiring molding technologies with injection molding technologies, insert molding technologies, and electronics technologies.

The Nanbu Plastics Group develops business in the automotive, medical, housing, and infrastructure fields. In the automotive field, demand for condenser lenses (PES lenses: aspherical lenses) and light-guiding lenses is increasing due to trends in headlamp design and the use of LEDs. We will continue to develop and launch new products that make use of our film insert technology cultivated through the production of PES lenses and millimeter-wave transparent emblems.

In the medical field, demand for products such as preventative and prognostic testing products is particularly strong, and we are working to create new revenue pillars by developing and launching new products such as medicine bottles using new manufacturing methods and implant products made from super engineering plastics.

In the housing equipment field, demand for renovations and remodels is strong, and given that compliance with energy-saving standards will become mandatory from April 2025, demand for plastic sashes and composite sashes using plastic and aluminum is expected to grow. Given these conditions, Nisshinbo is focusing on the automation of molding, assembly, inspection, and inspection processes, and is working to strengthen competitiveness through improved productivity.

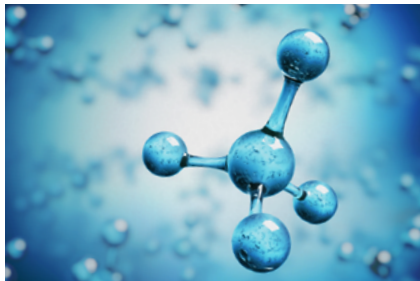
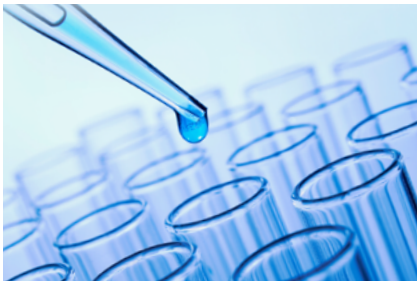
In the infrastructure field, we will expand sales of extrusion insertions for submarine cables used in offshore wind power generation, where demand is expected to increase in line with the expansion of the offshore wind power generation market. We are also promoting joint developments with customers aimed at bringing refurbished sewer pipes to market.

In the automotive field handled by the precision parts business, the number of next-generation new energy vehicles (NEVs), including the MKCx, is on the rise as the world shifts towards NEVs. In India, the market for motorcycles and cars is expected to expand due to an increase in the number of middle- and high-income consumers as a result of economic growth and population increases. In this context, Nisshinbo-Continental Precision Machining (Yangzhou) Co., Ltd. will work to strengthen its production technologies and quality assurance capabilities with the aim of enhancing the profitability of its valve block business, while also strengthening the competitiveness of its next-generation model for NEV, the MKCx, through ongoing *kaizen* activities. Additionally, NISSHINBO COMPREHENSIVE PRECISION MACHINING (GURGAON) PRIVATE LIMITED will begin mass production of valve blocks for four-wheeled vehicles in 2024, and plans to increase production to two million units per year by 2025. In addition to increasing facilities and preparing for a smooth launch, we will also focus on strengthening our quality assurance capabilities.

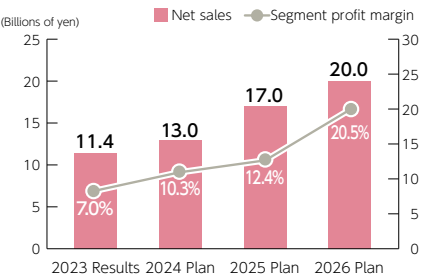
Sustainability Initiatives

In the Precision Instruments business, we are promoting educational activities enabling employees to understand and disseminate the SDGs through the identification of materiality and the formulation of priority initiatives. To achieve environmental target KPIs, we are working to increase the ratio of sustainable products sold, while also promoting various initiatives including the reduction of GHG emissions.

Strategies by Business Chemicals



Quantitative Targets



Business Policies within the Medium-Term Management Plan

In the Chemicals business, amid growing calls for action on climate change, we are working to develop products that contribute to reducing greenhouse gas emissions and conserving energy by bringing together a diverse range of specialized technologies in the chemicals field. We aim for sustainable growth by cultivating and enhancing environment and energy-related products centered on Carbodilite, a high-performance chemical additive that improves the durability and chemical resistance of fuel cell separators and water-based resin, and by enhancing and expanding the profitability of thermal insulation and carbon products.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

With regard to carbon separators for fuel cells, Nisshinbo will work to acquire new customers for stationary products and build a mass production system through strengthened marketing. Amid the acceleration of global efforts to achieve a carbon-neutral, hydrogen society, fuel cell carbon separator inquiries from customers in Japan and overseas remain firm. Investment in plant expansion decided in 2022 is progressing smoothly, with building construction and the introduction of equipment scheduled for completion by the end of 2024. We are also focusing efforts on the creation of a mass production system and cost reductions, including the automation of production processes and the development of next-generation products. In preparation for the coming phase of market expansion, Nisshinbo is making efforts aimed at responding flexibly to various changes going forward.

Regarding the high-performance chemical additive Carbodilite, we will continue following up on large new projects while at the same time expanding development and new applications through enhanced marketing efforts. With global environmental awareness on the rise in line with concerns that include global warming, marine pollution caused by microplastics, and air pollution caused by volatile organic chemicals (VOCs), there is a growing demand for the promotion and use of water-based paints and biodegradable resins. Given this environment, demand for highly safe Carbodilite is on the rise as a material essential to resolving environmental issues. We are making efforts to realize the mass production of new, large-scale projects while achieving business growth by meeting the high demand for environmentally friendly products.

Regarding thermal insulation products, we aim to achieve continuous growth in the thermal insulation field and expand our business domain into the infrastructure field. Demand for thermal insulation materials continues to increase amid the growing popularity of frozen foods, the ongoing rebuilding of cold storage warehouses, the construction of a succession of semiconductor factories, and a variety of other factors. In addition to residential applications, we are working to bring highly flame-resistant thermal insulation products to market and expand sales, while also developing high-performance thermal insulation materials for the transportation and storage of next-generation energy. In addition to thermal insulation applications, there is growing demand for deterioration countermeasures and upgrades in the infrastructure field, including urethane for preventing tunnel collapses, new products that contribute to measures that address the increasing severity of natural disasters, and railway vibration-damping materials. Nisshinbo is also focusing on developing products that contribute to safety measures in the infrastructure field, and we are expanding our business domain by promoting product development that goes beyond thermal insulation applications.

Long-term growth is expected in the semiconductor market, the main application for glass-like carbon products, driven by factors such as the spread of 5G communications and the expansion of data centers in line with demand for AI and the metaverse. While focusing on future growth in demand, Nisshinbo aims to grow its business by increasing production capacity and providing key materials that support the mass production of miniaturization processes in response to the demand for increasingly sophisticated advanced semiconductor components.

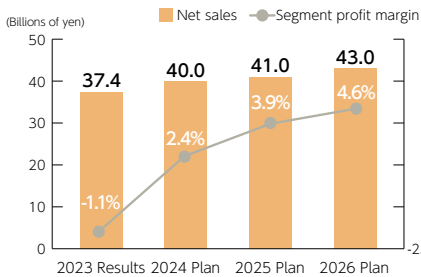
Sustainability Initiatives

In the Chemicals business, we are promoting environmental management by focusing efforts on expanding the sales of environmentally-friendly products and working to conserve energy and improve the efficiency of production equipment. Further, in terms of acquiring and developing human resources, we are working to strengthen the formation of diverse perspectives and internal Group connections by implementing work training in other departments. As a member of the Nisshinbo Group, we are also proactively working to promote DEI, respect human rights, and engage in sustainable procurement.

Strategies by Business Textiles



Quantitative Targets



Business Policies within the Medium-Term Management Plan

In the Textiles business, Nisshinbo will cultivate new customers such as major apparel manufacturers and retailers by promoting value to customers in terms of wrinkle resistance, design, comfort, and functionality, while promoting the Shirt Revitalization Project, which creates new cellulose fibers from collected discarded shirts and recycles them into new shirts. In the retail business, we will shift to an OMO business model that integrates physical stores and e-commerce sites. We will reform these business portfolios and steadily enhance business profitability.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

After emerging from the disruptions caused by the pandemic, the domestic apparel market is expected to remain stable. However, we also anticipate the increased passing on of costs at each stage, from materials to retail, amid growing personnel expenses, high raw material and fuel costs, and rising costs due to a weak yen. The e-commerce market, which expanded during the pandemic, is expected to maintain steady growth, although the rate of growth is slowing. In the global apparel market, there is a growing interest in environmentally-friendly products and manufacturing.

In this environment, the shirts segment will accelerate business expansion by launching new products such as the non-formalin APOLLOCOT shirt and the APOLLOCOT shirt with added stain-resistance and other functional processing. We will also expand global sales by leveraging the environmentally friendly and highly transparent traceability of our in-house integrated production. TOKYO SHIRTS CO., LTD., aims to accelerate the transformation of its business model and enhance profitability through further streamlining of store operations and the expansion of EC and OMO sales.

In uniforms, amid expectations of a gradual market recovery, we will focus on increasing market share by steadily implementing price revisions and introducing new products utilizing newly introduced energy-saving innovative spinning machines.

In developed materials, in the Oikos non-woven fabric segment, we will focus on developing new applications for agricultural materials such as 100% cotton seedling pots, as well as exploring new uses for wet hand towels with added functionality. In the MOBILON field, we will acquire international certifications for products made from biomass materials and recycled environmental products and expand exports and sales to the environmentally conscious markets of Europe and North America. In the elastomer field, we will continue to acquire new orders for environmentally friendly products through biomass and recycling efforts.

With regard to capital expenditures, at our Indonesian subsidiary, we will enhance dyeing facilities (investment amount: ¥182 million) and introduce innovative spinning machines (investment amount: ¥168 million). Further, the Shirt Revitalization Project plans to introduce testing equipment, including cellulose separators and recovery equipment (investment amount: ¥77 million) as part of a demonstration project aimed at strengthening the resource recycling system.

Regarding R&D, in the Life & Healthcare domain, we are working with a wide range of partners within and outside the Group to focus on the environment and contribute to healthy and comfortable living. We will expand the APOLLOCOT series of products, represented by non-iron shirts, and focus on developing functional processing products such as stain resistance, cooling, and non-formaldehyde as environmentally friendly next-generation products. We will also expand our range of functional products, such as non-permeable, antibacterial, anti-odor, anti-virus, and 100% cotton stretch fabrics providing safety, security, and comfort.

We will also continue to take on the challenge of establishing circular economy-related businesses. In the Textiles business, we aim to establish recycling system technologies that will enable the recycling of textile products that would otherwise be disposed of as waste, as part of the Shirt Revitalization Project, and we will continue to engage in R&D aimed at establishing these technologies and commercializing them as part of the NEDO Feasibility Study Program, selected in fiscal 2022, and the Ministry of Economy, Trade and Industry Resource Recycling System Resilience Demonstration Project, selected in fiscal 2023.

Sustainability Initiatives

While promoting the Shirt Revitalization Project, we will continue to further improve environmental responsiveness from the perspective of manufacturing. Specifically, at our production bases in Indonesia, we are reducing the amount of chemicals used through spray-type resin processing and glue-free weaving, and we are also reducing the amount of water used by recycling wastewater emitted during the dyeing process. We are also aiming for sustainable manufacturing processes by reducing our environmental impact through efforts that include switching to electricity generated from geothermal power and reducing CO<sub>2</sub> emissions.



Strategies by Business Real Estate



Business Policies within the Medium-Term Management Plan

In the Real Estate business, we will reduce assets and actualize unrealized profits by shifting our business policy from property leasing to housing lots sales and systematically selling off assets. By reducing assets, we will increase capital efficiency Group-wide and contribute to enhancing corporate value.

Business Strategy in the First Year of the Medium-Term Management Plan (Fiscal 2024)

The real estate market is currently strong due to the Bank of Japan's low interest rate policy, but a major change in direction is possible during the second half of the Medium-Term Management Plan period due to a shift toward tighter monetary policies. Amidst a strong and lingering sense of uncertainty about future monetary policies and market conditions, we recognize that it will be important to assess each project individually, taking into account regional disparities between urban and rural areas, the relative merits of location conditions, and other factors.

Given these conditions, in the Real Estate business, we will continuously subdivide the assets held to facilitate flexible conversion to cash.

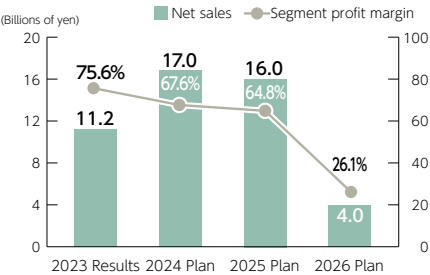
In 2024, we expect to continue securing high profits as in the previous fiscal year, by securing stable earnings from the land, office buildings, commercial facilities and other properties leasing business, and expanding the subdivision business, including the sale of residential land.

For the redevelopment of the former Miai Plant site (Aichi Prefecture), we will continue sales of all 357 detached homes. Further, at the site of Shibaura Nissin Building (Tokyo) owned by Nisshinbo Urban Development Co., Ltd., we are moving forward with construction plans for rental condominiums (115 units) in collaboration with a major housing manufacturer, and plan to commence sales in 2025.

Leasing Profit (Loss) Related to Leased Real Estate, Amount on the Consolidated Balance Sheet, Fiscal Year-End Market Price (Millions of yen)

	2022	2023
Leasing profit (loss)	2,666	2,639
Amount on the consolidated balance sheet (At fiscal year-end)	11,865	10,247
Fiscal year-end market price	27,076	14,402

Quantitative Targets



Five-Year Non-Financial Summary

The TMD FRICTION GROUP S.A. (TMD), formerly a subsidiary in the Automobile Brakes business, and 21 other companies were removed from the scope of consolidation in line with the transfer of all TMD shares on November 30, 2023. Environmental data for TMD and the 21 other companies covers the period through November 2023, however, social data is not included in the 2023 data compilation. On December 27, 2023, HVJ Holdings Inc., its subsidiary Hitachi Kokusai Electric Inc., and seven other companies were included in the scope of consolidation, however, they are not included in the 2023 data compilation.

	Unit	2019	2020	2021	2022	2023
Environmental Data						
Greenhouse Gas Emissions (Scope 1)* (Nisshinbo Group)	Thousand t-CO <sub>2</sub> e	243.8	246.7	237.9	134.6	109.3
Greenhouse Gas Emissions (Scope 2)* (Nisshinbo Group)	Thousand t-CO <sub>2</sub> e	348.6	317.4	329.4	303.4	259.2
Greenhouse Gas Emissions (Scope 3)* (Nisshinbo Group)	Thousand t-CO <sub>2</sub> e	1,870.5	1,611.0	1,692.1	1,604.5	1,914.5
Total Energy Consumption (Nisshinbo Group)	Million GJ	10.55	9.72	9.96	8.94	8.62
Raw Material Inputs (Nisshinbo Group)	Thousand t	284.1	229.5	264.2	204.5	251.7
Volume of Waste Generated (Nisshinbo Group)	Thousand t	59.4	53.0	55.7	51.8	52.4
Recycling Rate (Nisshinbo Group)	%	81.9	84.7	87.8	83.9	87.9
Water Usage (Nisshinbo Group)	Thousand m <sup>3</sup>	9,384	8,346	7,042	6,176	6,240
Water Effluents Discharged (Nisshinbo Group)	Thousand m <sup>3</sup>	8,893	7,942	6,707	5,554	5,511
Volume of PRTR Substances Handled (Nisshinbo Group)	t	2,817	2,555	2,799	2,625	2,390
Social Data						
Number of Regular Employees (Nisshinbo Group)	People		19,550	20,917	20,384	17,084
Men (Nisshinbo Group)	People		14,118	15,337	14,558	11,970
Women (Nisshinbo Group)	People		5,432	5,580	5,826	5,114
Number of Hires (Regular Employees) (Nisshinbo Group)	People		2,954	3,055	3,363	1,982
(Graduated in Japan) (men)	People		175	167	202	189
(Graduated in Japan) (women)	People		42	41	58	60
Ratio of Female Managers (Nisshinbo Group)	%		6.1	6.6	7.5	7.2
Acquisition Rate of Childcare Leave (Male) (Nisshinbo Group)	%		0.0	40.0	30.0	100.0
Acquisition Rate of Childcare Leave (Female) (Nisshinbo Group)	%		100.0	100.0	100.0	100.0
Ratio of Employees Taking Paid Leave (Nisshinbo Group in Japan)	%		56.7	57.2	64.1	64.2
Number of Serious Accidents (Nisshinbo Group)	Number of incidents		0	0	0	0
Participation rate of regular health examination (Nisshinbo Group in Japan)	%		98.8	99.1	98.5	98.3
Governance Data (Nisshinbo Holdings)						
Total directors	People	11	11	12	12	11
Outside directors	People	4	4	5	5	5
(Outside director ratio)	%	36.4	36.4	41.7	41.7	45.5
Female directors	People	1	1	2	2	2
(Female director ratio)	%	9.1	9.1	16.7	16.7	18.2

Note: The method for calculating greenhouse gas emissions is as follows.

•Scope 1:Energy related Greenhouse Gas Emissions = ∑ [Fuel Consumption × CO<sub>2</sub> Emission Factor\*1]  
Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO<sub>2</sub> Emissions + ∑ [Greenhouse Gas Emissions other than CO<sub>2</sub> × Global Warming Potential\*2]

\*1 Emission factors based on the Act on Promotion of Global Warming Countermeasures are used. Coal, however, uses a factor calculated based on actual calorific values is used, and 1.870 t-CO<sub>2</sub>/t is used for FY2023.

\*2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.

•Scope 2:Energy-related Greenhouse Gas Emissions = ∑ [Purchased Electricity and Purchased Steam Volume x CO<sub>2</sub> Emission Factor\*3]

\*3 Purchased electricity uses, in Japan, adjusted emission factors for each electric company based on the Act on Promotion of Global Warming Countermeasures, and in foreign countries, the emission factors for each electric company, and if unavailable, the latest country-specific emission factors of IEA Emissions Factors. Data for FY2021 and earlier use country-specific emission factors for each year from "IEA Emissions Factors 2021". The emissions factor (0.0583 t-CO<sub>2</sub>/GJ in fiscal 2023) calculated by the purchaser is used for purchased steam.

•Scope 3:Calculations are based on the Basic Guidelines Related to Calculating Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.6), Ministry of the Environment. Some information is taken from LCA results.

Eleven-Year Financial Summary

	2014.03	2015.03	2016.03	2017.03	2018.03	2018.12	2019.12	2020.12	2021.12	2022.12	2023.12
Operating Results (Millions of yen)											
Net Sales	¥494,350	¥523,757	¥533,989	¥527,274	¥512,047	¥416,221	¥509,660	¥457,051	¥510,643	¥516,085	¥541,211
Electronics	187,742	209,115	205,367	190,851	193,620	—	—	—	—	—	—
Wireless and Communications	—	—	—	—	—	90,427	152,212	144,312	155,084	150,392	158,081
Micro Devices	—	—	—	—	—	53,776	65,285	61,140	77,373	85,329	80,044
Automobile Brakes	148,699	161,886	165,037	146,061	154,204	135,007	131,338	114,826	138,295	153,643	178,541
Precision Instruments	28,655	28,607	29,525	60,687	64,918	62,219	65,428	51,419	55,768	53,655	53,265
Chemicals	8,810	8,138	8,285	9,482	11,285	8,173	9,390	9,577	11,083	12,673	11,433
Textiles	54,629	51,072	60,127	55,842	54,639	43,659	49,505	33,957	34,478	38,333	37,481
Papers	31,685	31,280	32,584	32,647	—	—	—	—	—	—	—
Real Estate	10,567	9,246	8,357	8,083	8,405	4,236	11,655	20,279	15,584	11,178	11,263
Other Businesses	23,560	24,410	24,703	23,616	24,973	18,720	24,844	21,538	22,974	10,879	11,100
Operating Income (Loss)	13,175	13,744	12,617	4,890	15,085	△2,505	6,482	1,248	21,788	15,435	12,453
Net Income (Loss) Attributable to Owners of the Company	9,011	13,693	10,775	3,574	26,352	△7,182	△6,604	13,540	24,816	19,740	△20,045
Financial Position (Millions of yen)											
Equity	¥276,865	¥306,937	¥284,471	¥275,753	¥290,434	¥264,849	¥252,535	¥242,067	¥272,631	¥278,498	¥276,578
Total Assets	611,310	678,486	651,793	646,288	651,958	622,381	617,527	581,204	604,799	616,273	672,217
Capital Expenditures	19,895	36,909	22,861	30,505	30,103	27,199	32,387	25,869	26,481	29,016	31,266
Depreciation and Amortization	21,485	23,110	22,570	22,263	22,183	19,816	24,954	22,124	23,165	25,087	25,841
Cash Flows (Millions of yen)											
Net Cash Provided by Operating Activities	¥26,075	¥37,120	¥39,566	¥26,768	¥32,414	¥15,495	¥26,249	¥42,590	¥39,827	¥19,585	¥23,512
Net Cash Provided by (Used in) Investing Activities	△19,862	△21,271	△22,793	△31,429	△1,797	△20,723	△21,759	△6,321	△16,767	△11,692	△46,512
Net Cash Provided by (Used in) Financing Activities	△2,321	△6,238	△9,044	3,595	△34,784	11,935	△10,065	△24,230	△30,818	△8,888	25,387
Per Share (Yen)											
Net Income (Loss) Attributable to Owners of the Company	¥51.60	¥80.33	¥67.93	¥22.52	¥160.59	¥△43.26	¥△39.45	¥81.38	¥149.08	¥121.06	¥△127.61
Shareholders' Equity	1,369.78	1,634.07	1,472.26	1,444.94	1,659.29	1,457.26	1,431.35	1,375.19	1,556.01	1,679.53	1,595.00
Cash Dividends	15.00	15.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	34.00	36.00
Key Ratios (%)											
Shareholders' Equity Ratio	39.1	38.2	35.9	35.5	41.2	40.1	38.6	39.4	42.8	42.8	37.3
Return on Assets (ROA)	1.5	2.1	1.6	0.6	4.1	△1.1	△1.1	2.3	4.2	3.2	△3.0
Return on Equity (ROE)	4.0	5.5	4.4	1.5	10.6	△2.8	△2.7	5.8	10.2	7.6	△7.8
Payout Ratio	29.1	18.7	44.2	133.2	18.7	—	—	36.9	20.1	28.1	—

Notes: 1. In the fiscal year ended March 2017, Iwao & Co., Ltd., was merged with Nisshin Toa Inc., both of which are consolidated subsidiaries. The apparel textile operations of Iwao & Co., Ltd., included in the Other Businesses segment were reclassified under the Textiles business segment as a result. Figures from the fiscal year ended March 2013 have been adjusted to reflect this change.  
2. The Group's elastomer operations were transferred from the Chemicals business to the Textiles business in the fiscal year ended March 2016. Figures from the fiscal year ended March 2015 have been adjusted to reflect this change.  
3. The Company changed its fiscal year-end from March 31 to December 31, effective from the fiscal period ended December 31, 2018.  
4. The electronics business segment was separated into Wireless and Communications and Micro Devices as part of adjustments to earnings management classifications in the fiscal period ended December 2019.



Consolidated Balance Sheet

December 31, 2023 and 2022 (Millions of Yen)

	2022.12	2023.12
ASSETS		
Current assets:		
Cash and cash equivalents	¥45,172	¥52,502
Notes and accounts receivable - trade, and contract assets	102,978	114,613
Electronically recorded monetary claims - operating	16,115	16,303
Merchandise and finished goods	56,304	58,390
Work in process	55,522	66,700
Raw materials and supplies	37,575	44,813
Other	12,148	14,158
Allowance for doubtful accounts	△779	△961
Total current assets	325,036	366,519
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	60,356	59,126
Machinery, equipment and vehicles, net	58,317	50,096
Land	33,817	32,514
Construction in progress	6,629	8,561
Other, net	18,981	15,380
Total property, plant and equipment	178,103	165,679
Intangible assets		
Goodwill	1,257	4,473
Other	12,618	11,573
Total intangible assets	13,876	16,046
Investments and other assets		
Investment securities	60,491	68,566
Long-term loans receivable	217	3,152
Retirement benefit asset	9,580	16,176
Deferred tax assets	13,170	17,370
Other	16,664	20,850
Allowance for doubtful accounts	△866	△2,145
Total investments and other assets	99,257	123,971
Total non-current assets	291,237	305,697
TOTAL ASSETS	¥616,273	¥672,217

	2022.12	2023.12
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	¥46,880	¥40,549
Electronically recorded obligations - operating	23,121	26,686
Short-term borrowings	59,344	83,892
Commercial papers	30,000	30,000
Current portion of long-term borrowings	46,179	13,395
Income taxes payable	3,319	2,377
Provision for product warranties	1,321	1,233
Provision for bonuses	2,306	1,849
Provision for bonuses for directors (and other officers)	243	66
Provision for loss on construction contracts	38	492
Provision for business restructuring	749	—
Provision for contingent loss	417	437
Other	45,631	46,826
Total current liabilities	259,554	247,806
Non-current liabilities:		
Long-term debt	10,854	88,749
Deferred tax liabilities	9,990	10,164
Provision for business restructuring	967	—
Provision for loss on overseas litigation	437	—
Retirement benefit liability	42,377	38,654
Asset retirement obligations	771	830
Other	12,823	9,433
Total non-current liabilities	78,221	147,831
TOTAL LIABILITIES	337,775	395,638
NET ASSETS		
Shareholders' equity:		
Share capital	27,737	27,774
Capital surplus	18,878	18,915
Retained earnings	196,754	171,211
Treasury stock	△13,240	△13,236
Total shareholders' equity	230,129	204,665
Accumulated other comprehensive income:		
Net unrealized (loss) gain on available-for-sale securities	16,702	23,923
Deferred (loss) gain on derivatives under hedge accounting	△62	△14
Foreign currency translation adjustments	13,529	18,215
Postretirement liability adjustments	3,451	3,808
Accumulated other comprehensive income	33,619	45,932
Stock acquisition rights	70	38
Non-controlling interests	14,678	25,942
TOTAL NET ASSETS	278,498	276,578
TOTAL	¥616,273	¥672,217

Consolidated Statement of Profit or Loss

Years Ended December 31, 2023 and 2022 (Millions of Yen)

	2022.12	2023.12
NET SALES	¥516,085	¥541,211
COST OF SALES	400,737	421,841
GROSS PROFIT	115,348	119,369
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	99,913	106,916
OPERATING INCOME	15,435	12,453
NON- OPERATING INCOME:		
Interest income	873	845
Dividend income	1,291	1,030
Equity in earnings of unconsolidated subsidiaries and affiliates	3,656	4,639
Foreign exchange gains	568	1,066
Miscellaneous income	2,482	2,082
Total non-operating income	8,872	9,664
NON- OPERATING EXPENSES:		
Interest expenses	1,680	4,619
Provision for product warranties	537	29
Miscellaneous losses	1,692	1,683
Total non-operating expenses	3,910	6,331
ORDINARY PROFIT	20,397	15,785
EXTRAORDINARY INCOME		
Gain on sale of non-current assets	812	318
Gain on sale of investment securities	7,277	1,593
Gain on liquidation of subsidiaries and associates	376	—
Gain on revision of retirement benefit plan	847	—
Subsidy income	8	563
Gain on reversal of share acquisition rights	53	30
Total extraordinary income	¥9,376	¥2,505

Consolidated Statement of Comprehensive Income (Loss)

Years Ended December 31, 2023 and 2022 (Millions of Yen)

	2022.12	2023.12
NET INCOME (LOSS)	¥19,914	¥△19,640
OTHER COMPREHENSIVE INCOME (LOSS):		
Net unrealized (loss) gain on available-for-sale securities	△9,115	7,243
Deferred (loss) gain on derivatives under hedge accounting	△67	48
Foreign currency translation adjustments	7,874	6,120
Postretirement liability adjustments	1,855	361
Equity in earnings of unconsolidated subsidiaries and affiliates	682	△656
Total other comprehensive income	¥1,229	¥13,117

	2022.12	2023.12
EXTRAORDINARY LOSSES:		
Loss on sale of non-current assets	¥318	¥24
Loss on abandonment of non-current assets	195	245
Impairment losses	1,384	29,704
Loss on valuation of investment securities	50	368
Loss on valuation of shares of subsidiaries and associates	12	—
Loss on liquidation of business	137	8,723
Business restructuring expenses of subsidiaries	792	762
Provision for business restructuring	137	291
Extra retirement payments	116	—
Loss on revision of retirement benefit plan	—	67
Amortization of goodwill	775	—
Loss related to COVID-19	92	—
Total extraordinary losses	4,015	40,187
INCOME BEFORE INCOME TAXES	25,758	△21,895
INCOME TAXES - CURRENT	5,066	3,043
INCOME TAXES - DEFERRED	777	△5,298
TOTAL INCOME TAXES	5,844	△2,254
NET INCOME (LOSS)	19,914	△19,640
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	173	404
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	¥19,740	¥△20,045

Consolidated Statement of Cash Flows

Years Ended December 31, 2023 and 2022 (Millions of Yen)

	2022.12	2023.12
OPERATING ACTIVITIES:		
Income (loss) before income taxes	¥25,758	¥△21,895
Depreciation and amortization	25,087	25,841
Impairment losses	1,384	29,704
Amortization of goodwill	2,122	367
Provision for (reversal of) doubtful receivables	△647	305
Increase (decrease) in liabilities for retirement benefits	△4,608	△1,624
Interest and dividend income	△2,164	△1,875
Interest expenses	1,680	4,619
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	△3,656	△4,639
Loss (gain) on sale of investment securities	△7,277	△1,593
Loss (gain) on valuation of investment securities	50	368
Loss (gain) on sale of property, plant, and equipment, net	△298	△48
Loss (gain) on revision of retirement benefit plan	△847	67
Subsidy income	△8	△563
Loss on liquidation of business	137	8,723
Business restructuring expenses of subsidiaries	792	762
Provision for business restructuring	137	291
Decrease (increase) in trade receivables and contract assets	6,565	△4,759
Decrease (increase) in inventories	△23,024	△5,776
Increase (decrease) in trade payables	2,506	△3,422
Other—net	△4,410	5,555
Subtotal	19,279	30,406
Interest and dividends received	4,173	3,906
Interest paid	△1,612	△5,042
Subsidies received	8	563
Business restructuring expenses of subsidiaries paid	△662	△769
Income taxes paid	△5,601	△5,613
Income taxes refund	4,000	61
Net cash provided by (used in) operating activities	¥19,585	¥23,512

	2022.12	2023.12
INVESTING ACTIVITIES:		
Payments into time deposits	¥△0	¥△2,666
Proceeds from withdrawal of time deposits	2,462	79
Purchase of property, plant and equipment	△22,399	△25,291
Proceeds from sale of property, plant and equipment	2,095	2,459
Purchase of investment securities	△221	△1,229
Proceeds from sale of investment securities	9,241	3,091
Purchase of shares of subsidiaries	△12	—
Purchase of shares of affiliates	△108	—
Decrease (increase) in short-term loans receivable	△256	△182
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△11,179
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	△10,236
Other—net	△2,494	△1,357
Net cash provided by (used in) investing activities	¥△11,692	¥△46,512
FINANCING ACTIVITIES:		
Increase (decrease) in short-term bank loans—net	¥16,602	¥10,829
Proceeds from long-term debt	625	129,534
Repayment of long-term debt	△7,019	△105,706
Proceeds from long-term deposits received	53	121
Refund of long-term deposits received	△980	△737
Purchase of treasury stock	△10,002	△2
Cash dividends paid	△5,290	△5,497
Dividends paid to non-controlling interests	△190	△190
Other—net	△2,685	△2,962
Net cash provided by (used in) financing activities	△8,888	25,387
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,486	2,438
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,491	4,826
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	42,596	45,092
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM MERGER WITH UNCONSOLIDATED SUBSIDIARIES	4	—
CASH AND CASH EQUIVALENTS, END OF YEAR	¥45,092	¥49,918

Segment Information

Years Ended December 31, 2023 and 2022

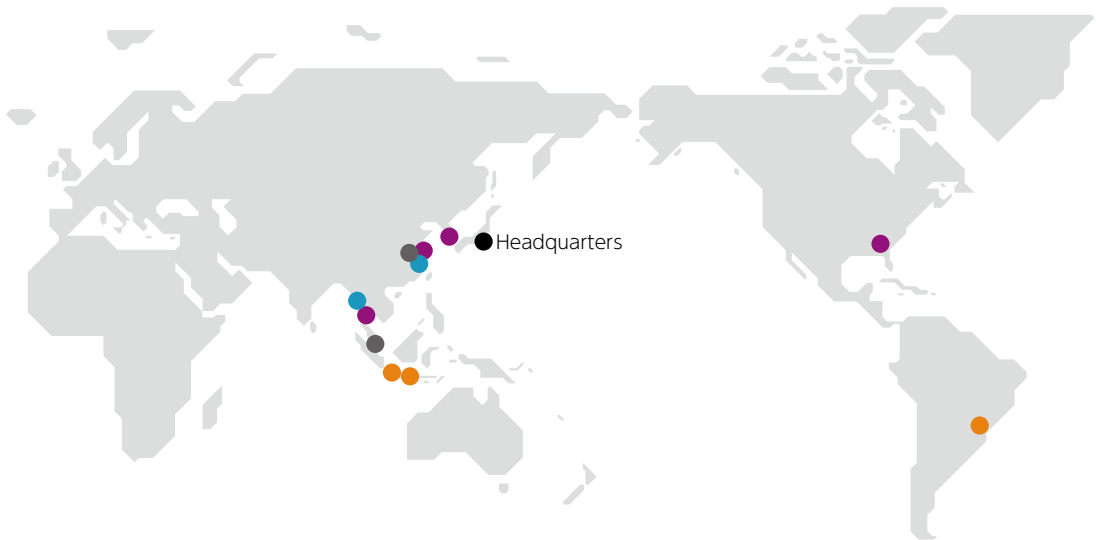
(Millions of Yen)										
	Reporting Segments								Other Businesses*	Consolidated
	Wireless and Communications	Micro Devices	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Subtotal		
Sales:										
Sales to external customers	¥150,392	¥85,329	¥153,643	¥53,655	¥12,673	¥38,333	¥11,178	¥505,206	¥10,879	¥516,085
Intersegment sales or transfers	803	1,213	10	393	217	27	1,381	4,046	1,816	5,862
Total	¥151,196	¥86,542	¥153,653	¥54,048	¥12,891	¥38,360	¥12,559	¥509,252	¥12,695	¥521,948
Segment profit (loss)	¥4,821	¥8,947	¥△4,664	¥776	¥2,181	¥99	¥8,719	¥20,882	¥283	¥21,165
Segment assets	¥174,643	¥82,098	¥156,344	¥78,880	¥12,243	¥41,870	¥39,240	¥585,322	¥35,733	¥621,055
Other:										
Depreciation and amortization	¥4,066	¥4,340	¥8,849	¥4,717	¥348	¥1,407	¥833	¥24,563	¥220	¥24,784
Increase in property, plant, and equipment and intangible assets	¥5,071	¥4,989	¥11,139	¥5,002	¥541	¥683	¥1,177	¥28,605	¥30	¥28,635

Note: The "Other Businesses" includes business segments such as trading function of foods, industrial materials, etc. that are not included in reporting segments.

(Millions of Yen)										
	Reporting Segments								Other Businesses*	Consolidated
	Wireless and Communications	Micro Devices	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Subtotal		
Sales:										
Sales to external customers	¥158,081	¥80,044	¥178,541	¥53,265	¥11,433	¥37,481	¥11,263	¥530,111	¥11,100	¥541,211
Intersegment sales or transfers	543	1,256	13	330	181	21	1,341	3,688	1,941	5,629
Total	¥158,625	¥81,301	¥178,555	¥53,595	¥11,614	¥37,502	¥12,605	¥533,799	¥13,041	¥546,840
Segment profit (loss)	¥4,745	¥934	¥4,682	¥1,328	¥801	¥△ 420	¥8,518	¥20,590	¥374	¥20,964
Segment assets	¥324,025	¥86,679	¥91,403	¥82,036	¥11,880	¥41,633	¥38,278	¥675,937	¥40,369	¥716,307
Other:										
Depreciation and amortization	¥4,737	¥4,853	¥8,087	¥4,915	¥420	¥1,503	¥808	¥25,326	¥203	¥25,530
Increase in property, plant, and equipment and intangible assets	¥4,146	¥7,698	¥9,841	¥6,007	¥1,207	¥714	¥1,312	¥30,929	¥79	¥31,008

Note: The "Other Businesses" includes business segments such as trading function of foods, industrial materials, etc. that are not included in reporting segments.

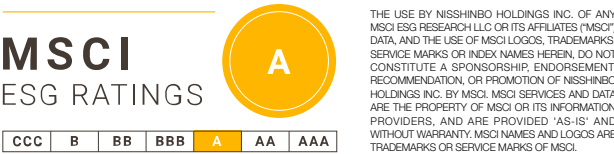




Company	Location	Main Products and Services
<b>● Wireless and Communications</b>		
Japan Radio Co., Ltd.	Japan	Disaster prevention systems, mobile communications equipment
Hitachi Kokusai Electric Inc.	Japan	Wireless communications and information systems, video System
JRC Mobility Inc.	Japan	Automotive radar, ultrasound sensors
<b>● Micro Devices</b>		
Nisshinbo Micro Devices Inc.	Japan	Electronic devices, microwave products
<b>● Automobile Brakes</b>		
Nisshinbo Brake Inc.	Japan	Automobile brake friction materials
Saeron Automotive Corporation	South Korea	Automobile brake friction materials
Nisshinbo Automotive Manufacturing Inc.	USA	Automobile brake friction materials
Nisshinbo Somboon Automotive Co., Ltd.	Thailand	Automobile brake friction materials
Nisshinbo Saeron Changshu Automotive Co., Ltd.	China	Automobile brake friction materials
<b>● Precision Instruments</b>		
Nisshinbo Mechatronics Inc.	Japan	Molding products, automotive precision parts
Nanbu Plastics Co., Ltd.	Japan	Molding products
Nisshinbo Precision Instrument & Machinery Hiroshima Corporation	Japan	Automotive precision parts
Nisshinbo-Continental Precision Machining (Yangzhou) Co., Ltd.	China	Automotive precision parts
Nisshinbo Mechatronics (Thailand) Ltd.	Thailand	Molding products
Continental Automotive Corporation	Japan	Automotive precision parts
<b>● Chemicals</b>		
Nisshinbo Chemical Inc.	Japan	Urethane products, high-performance chemical products
<b>● Textiles</b>		
Nisshinbo Textile Inc.	Japan	Shirt fabric, developed materials
NISSHINTOA IWAO INC.	Japan	Textile products
TOKYO SHIRTS CO., LTD.	Japan	Shirts
Nisshinbo Do Brasil Industria Textil Ltda.	Brazil	Textile spinning
PT. Nikawa Textile Industry	Indonesia	Textile spinning and weaving
PT. Nisshinbo Indonesia	Indonesia	Textile weaving and dyeing
<b>● Real Estate</b>		
Nisshinbo Urban Development Co., Ltd.	Japan	Real estate operations
<b>● Other</b>		
Nisshinbo Singapore Pte. Ltd.	Singapore	Group company support
Nisshinbo Business Management (Shanghai) Co., Ltd.	China	Group company support

ESG Index

MSCI ESG RATINGS



FTSE Blossom Japan Sector Relative Index



MSCI NIHONKABU ESG SELECT LEADERS INDEX



MSCI Japan Empowering Women Index (WIN)



S&P/JPX Carbon Efficient Index



SOMPO Sustainability Index



External Assessments of ESG Activities

CDP Climate Change 2023  
CDP Water Security 2023



Received a 4-star overall rating in the Fifth Nikkei's 2023 SDG Management Survey



Received a 3.5-star overall rating in the Seventh Nikkei Smart Work Management Survey



Highly rated in the Toyo Keizai CSR Company Rankings (2024)



Selected as a "Company Taking on the Zero-Emission Challenge" by the Ministry of Economy, Trade and Industry (METI)



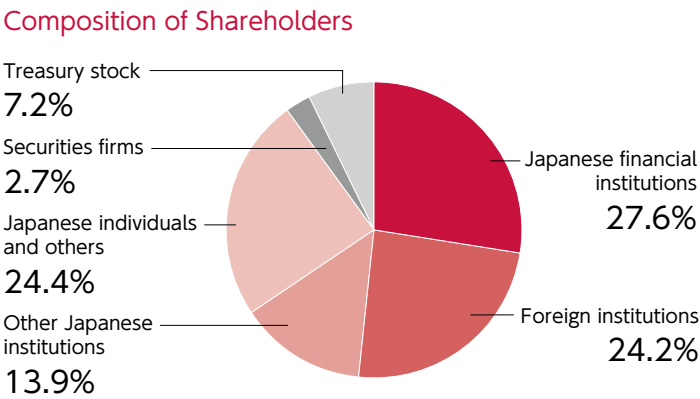
Selected as a 2024 Certified Health & Productivity Management Outstanding Organization



Selected as a "Kurumin" Certified Child-Rearing Support Company



**Founded** February 5, 1907  
**Common Stock** ¥27,774 million  
**Employees**  
Parent Company 231  
Subsidiaries 19,185  
Total 19,416  
**Head Office**  
2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku,  
Tokyo 103-8650, Japan  
**Shareholders** 40,613



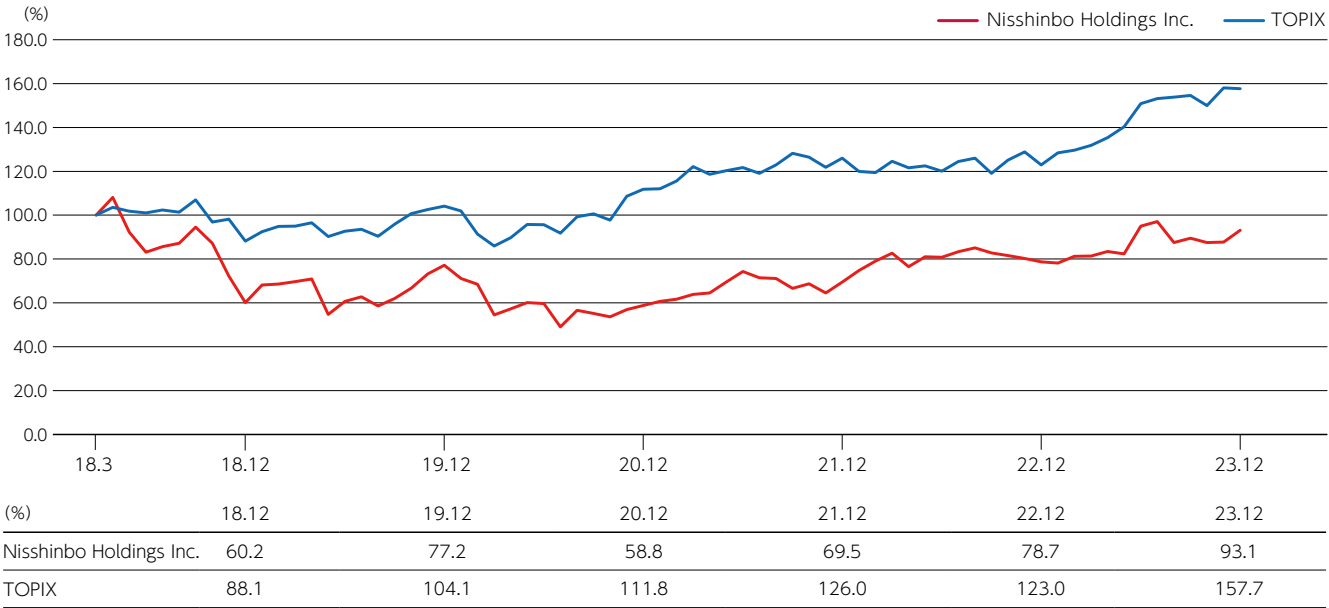
Basic Stock Information

Sector	Electrical equipment
Stock code	3105
Number of shares per trading unit	100 shares
Business year	January 1 to December 31
Shareholder record date for dividends	December 31 (June 30 for interim dividend)
Total shares authorized	371,755,000 shares
Total shares issued	169,192,654 shares (As of December 31, 2023)
Treasury stock	12,077,767 shares (As of December 31, 2023)
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation: 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Major Shareholders

(As of December 31, 2023)			
Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)	
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,997	15.2	
Fukoku Mutual Life Insurance Company	9,000	5.7	
Custody Bank of Japan, Ltd. (Trust Account)	8,030	5.1	
STATE STREET BANK AND TRUST COMPANY 505001	5,869	3.7	
Aya Nomura	3,884	2.4	
Teijin Limited	3,158	2.0	
DFA INTL SMALL CAP VALUE PORTFOLIO	2,840	1.8	
SHIKOKU KASEI HOLDINGS CORPORATION	2,600	1.6	
Japan Wool Textile Co., Ltd.	2,282	1.4	
JP MORGAN CHASE BANK 385781	1,904	1.2	

Total Shareholder Return (5-Year Period)



Note: Share price index trends including dividends (March 31, 2018 = 100)

Thank you for reading the Nisshinbo Group's Integrated Report 2024.

The integrated report focuses on explaining our business portfolio transformation strategy, centered on the Wireless and Communications and Micro Devices business, through an introduction to the Medium-Term Management Plan 2026, which was formulated with the aim of realizing the Group's vision of connecting everything to create value. Additionally, to further strengthen our management base, we are also working to enhance the quality of information related to sustainability management, which is based on the fundamental premise of respect and protection of human rights.

In creating this report, departments responsible for report creation and senior management shared feedback on Integrated Report 2023 from institutional investors, incorporated their opinions from the initial planning stages to ensure the report reflects the voice of the market, and collaborated with the relevant departments to improve report content as described above. I attest that the editing process and published content are appropriate and honest.

My hope is that this report aids in understanding the Nisshinbo Group's medium- to long-term value creation capabilities.

Masahiro Murakami  
President and Representative Director  
Nisshinbo Holdings Inc.

Guidelines Used to Prepare the Report

"International Integrated Reporting Framework," Value Reporting Foundation (VRF)  
"Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation," Ministry of Economy, Trade and Industry (METI)  
"Sustainability Reporting Standards," Global Reporting Initiative (GRI)



Corporate Website Guidance

Investor Information

- Financial results
- Securities Report
- Presentation materials
- Integrated Report/Annual Report
- Corporate Governance Report, etc.



Sustainability

- Environment
- Social
- Governance

