



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.

Nisshinbo Group Corporate Philosophy

**Change and Challenge!
For the creation of the
future of Earth and People.**

Aims

**Connect Everything,
Create Value**

CONTENTS

Value Creation

- Corporate Philosophy
- 01 Message from the President
- 06 CFO Message
- 08 History of Business Portfolio Transformations
- 10 Financial and Non-Financial Highlights
- 12 Value-Creation Process
- 14 Medium-Term Management Plan 2026 Progress
- 18 Wireless and Communications Business Strategies
- 20 Research and Development / Intellectual Properties

Sustainability

- 24 Materiality, Risks and Opportunities
- 26 Sustainability Approach and Planning

- 28 Contribution to the Environmental and Energy Field
- 30 Information Disclosure Based on TNFD Recommendations
- 34 Human Resources Strategy
- 38 Human Rights
- 39 Supply Chain Management
- 40 Dialogues with Shareholders and Investors
- 42 Board of Directors, Audit & Supervisory Board Members and Managing Officers
- 45 Corporate Governance
- 50 Compliance
- 51 Risk Management

Overview of Business Segments

- 52 Performance by Business
- 54 Strategies by Business

- 54 Wireless and Communications
- 56 Micro Devices
- 58 Automobile Brakes
- 59 Precision Instruments
- 60 Chemicals
- 61 Textiles
- 62 Real Estate

Data Section

- 63 Five-Year Non-Financial Summary
- 64 Eleven-Year Financial Summary
- 66 Financial Statements
- 70 Key Companies in the Nisshinbo Group
- 71 Major External Assessments
- 72 Corporate Data
- 73 Integrated Report 2025 Publication

We will present a blueprint for improving performance and promoting portfolio transformations.

Appointment as President

My name is Yasuji Ishii, and I was appointed President and Representative Director in March 2025. Since joining Nisshin Cotton Spinning Co., Ltd. (now Nisshinbo Holdings Inc.) in 1988, I have been involved in production engineering, primarily in the field of brake friction materials. I was also involved in the establishment and expansion of overseas plants. I have management experience as a production general manager, and I was in charge of all aspects of the Automobile Brakes business.

While focused on production engineering, I was also involved in new business almost every year. With each project, I learned a tremendous amount and attained a sense of accomplishment that was very enjoyable and rewarding. At the same time, however, I have also considered, from an objective and logical perspective, various views and ideas about the growth potential of the Nisshinbo Group as it strives to transform its portfolio in response to the rise and fall of businesses and industries amid the rapidly changing global business environment.

In 2009, the Group transitioned to a holding company structure comprising five separate businesses—Textiles, Automobile Brakes, Papers, Precision Instruments, and Chemicals—and has since reshuffled its business portfolio to focus on the electronics field, with the Wireless and Communications and Micro Devices businesses positioned as engines of growth. A look back over the past 16 years alone will demonstrate that the Group has undergone some very drastic changes.

However, as performance continues to struggle, I have a strong sense of crisis with regard to the Group's growth potential.

Upon assuming office, I shared with employees my vision as new president: Turning crisis into strength, and challenges into growth, as we forge a path toward the future together. To ensure the entire Group is fully aware of our damaged financial base, and to turn this crisis into a springboard, will require financial restructuring as well as the transformation of our business and the business model itself.

In *The Analects*, Confucius uses the term “*shimuja*,” which means “not having any ulterior motives” when attempting difficult tasks. With this in mind, and to determine how to make changes from current conditions, management will first draw up a blueprint for realizing the corporate philosophy of “Change and Challenge,” then promote portfolio transformation and other major reforms in line with this blueprint. In recognition of the urgency of improving business performance, we will engage in management with the intention of clearly demonstrating the actions and outcomes that result from this vision.

Yasuji Ishii

**President and Representative Director
Nisshinbo Holdings Inc.**

PROFILE

- | | |
|--|--|
| Apr. 1988: Joined the Company | June 2015: Managing Officer of the Company |
| Apr. 2011: Managing Officer and General Manager of Production of Friction Materials Division of Nisshinbo Brake Inc. | June 2017: President and Representative Director of Nisshinbo Brake Inc. |
| Apr. 2013: Executive Managing Officer, Senior Manager of Strategy Office, and General Manager of Product Division (served concurrently) and Engineering Division of Nisshinbo Brake Inc. (served concurrently) | Mar. 2019: Director and Managing Officer of the Company |
| June 2013: Director and Executive Managing Officer of Nisshinbo Brake Inc. | Mar. 2023: Chairman and Director of Nisshinbo Brake Inc. |
| Jan. 2015: Senior Manager of Brake R&D Division of Nisshinbo Brake Inc. | Apr. 2024: Director and Executive Managing Officer of the Company |
| Apr. 2015: Vice President and Director of Nisshinbo Brake Inc. | Mar. 2025: President and Representative Director of the Company (to the present) |



Fiscal 2024 Performance

In 2024, the sale of an Automobile Brakes business subsidiary in the previous fiscal year among other factors led to a decline in net sales, while the impact of acquiring KOKUSAI DENKI Electric Group as a consolidated subsidiary caused operating income to increase. Net income also increased, but this was due to the absence of extraordinary losses related to the aforementioned Automobile Brakes business subsidiary sale recorded in the previous fiscal year. In my view, these results were quite disappointing. Although business performance fluctuates slightly each year due to factors such as changes in the external environment, we have failed to achieve our targets for the past few years and continue to fall short of market expectations, which adds to my strong sense of crisis. In particular, despite substantially higher sales and income in our core Wireless and Communications business due to the acquisition of the KOKUSAI DENKI Electric Group as a consolidated subsidiary, we fell short of plans for operating income, and recognize that there are many areas that require serious reflection.

As my primary goal is to improve business performance, we will first accelerate the restructuring of the Wireless and Communications business. We then plan to carefully determine future policies based on market trends and an industry-wide perspective for businesses where no growth is expected going forward.

Medium-Term Management Plan 2026

Fiscal 2024 was also the first year of Medium-Term Management Plan 2026, which promotes priority measures that include to 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. In fiscal 2026, the plan targets net sales of ¥580.0 billion, operating income of ¥38.0 billion, consolidated ROIC of 6%, and consolidated ROE of 10%.

At present, we have not made any major changes to the direction of the medium-term management plan, nor to its numerical targets. In the event the initial assumptions change, we will announce the relevant details as appropriate.

Pursue a Transformation of the Business Portfolio

In terms of the priority measure to “pursue a transformation of the business portfolio,” we will continue to focus on the Wireless and Communications business and accelerate structural reforms. Regarding KOKUSAI DENKI Electric, which was acquired in 2023, management from KOKUSAI DENKI Electric and Japan Radio have participated in the development of business strategies for over a year, and the post-merger integration (PMI) is progressing smoothly.

As initial action is extremely important for smooth

PMI, I personally visited KOKUSAI DENKI Electric from the outset of the M&A process to openly discuss all aspects of our company and build relationships of trust with its management and staff.

The Wireless and Communications business can be broadly divided into public-sector demand and private-sector demand. By creating synergistic effects through the mutually complementary technologies of KOKUSAI DENKI Electric and Japan Radio, we will further strengthen the public sector as our core business while expanding private-sector business as a growth business. We will establish a strong management foundation through structural reforms that streamline business and production structures. We will also leverage the strengths of both companies to invest in initiatives that include the creation of a platform for wireless communications infrastructure, thereby taking on the challenge of achieving growth in both public- and private-sector business.

Based on fiscal 2024 results, we recognize that a fundamental revision of the Micro Devices business is an urgent priority. The semiconductor industry structure involves large inventory cycles, and its business model is said to be easily affected by fluctuations in market conditions. However, looking at the global semiconductor industry today, we can also see unstable elements that could undermine conventional business theories; for example, Chinese companies are catching up with industry leaders in terms of technologies and equipment. While the term “semiconductors” encompasses a wide range of fields, we must revise our business portfolio in light of the positioning of micro devices, one of the Group’s focus areas.

Within Materials, I have been involved in the Automobile Brakes business for a considerable amount of time, and the carve-out of the European subsidiary has been completed, with future plans already in place. At the same time, to accelerate the transformation of our business portfolio for businesses other than Automobile Brakes, we will incorporate the business theories and marketability of each industry, and proceed with activities while making institutional decisions on future directions from 2025 onwards. Every industry experiences ups and downs, but if personnel have no conviction, they will not take action. Accordingly, we will ask management and employees to engage in research and consider the future growth potential and social contributions that can be expected from each business, then move forward with policy decisions.

Build a Business Model That Looks to Future Growth and Invest Management Resources in a Focused Manner

With regard to management resources, we will continue to proactively invest in the electronics field. Under Medium-Term Management Plan 2026, we plan to allocate a total of approximately ¥40.0 billion to M&A and other strategic investments. Investment in local 5G, which uses wireless as its core technology, is already well underway, and we are also making inroads into the vast U.S. market while investing in human resources. The greatest feature of 5G is its ability to provide data in real time, and the combination of this data with the smart business approach to DX employed by the Nisshinbo Group will lead to the development of specific services.

That being said, the majority of future investments will be in R&D under the new R&D structure recently announced. On April 1, 2025, we reorganized and integrated our existing research organization to establish the new Future Innovation Division. Our aim is to shift the focus of R&D activities from technologies to businesses.

Up to now, R&D was conducted mainly by the R&D Center using a product-out approach (technological R&D). However, in light of upcoming trends, this approach has its limitations, and as demand shifts from physical objects to experiences, while promoting a more marketing-oriented approach to business R&D, it is important we focus on creating a platform that uses AI and software to bundle various communication methods into one.

For example, in public sector business, amid the increasing severity of natural disasters, we will develop businesses that utilize AI to quickly provide information on water and river conditions, thereby strengthening our competitive advantage in existing businesses while building a framework that utilizes digital technologies and AI to link these efforts to physical objects and services.

As someone with a technical background, I am personally committed to this R&D structure and will focus on working with researchers to quickly build new business models. Regarding the R&D personnel structure, we will improve agility by establishing a system in which pure technical researchers, software and AI engineers, and market researchers can exchange information with each other. This new research structure was not included when formulating the medium-term management plan, but we intend to provide specific details along with examples during 2025.

In terms of holding company governance, we will shift

from the existing pyramid-shaped organizational structure headed by the Corporate Strategy Center Chief, to one in which each executive officer is granted decision-making authority, enabling us to swiftly make decisions and simultaneously promote priority efforts.

Reduce Management Risk by Further Strengthening the Management Base

The third key management foundation is related to sustainability management. I recognize that environmental considerations and contributions to the SDGs are an essential aspect of corporate activities.

At the same time, having had many opportunities to work with people overseas, I believe that respect for human rights is the most complex and important aspect of sustainability management. This naturally includes promoting diversity and inclusion, and eradicating all forms of harassment. Once a person's heart has been hurt, it is not easy to restore to its original state. While it is important to establish an ethics reporting hotline and other systems, education is even more important. As a global company, management must take the lead in demonstrating a commitment to respect for human rights, taking into consideration the human rights background, including the cultural and historical contexts, of each country.

With regard to the environment, while the path to achieving carbon neutrality by 2050 will not be easy, we recognize this as a vital goal and will explore every possible option, including changes to our electricity contracts and, if necessary, relocating factories.

At the same time, we will focus on the development of fuel cell components and other technologies that contribute to reducing greenhouse gas emissions, conduct research aimed at reducing energy consumption in our core analog semiconductor field, and develop products that contribute to the environment. Strengthening the Electronics Manufacturing Service (EMS) business and promoting smart manufacturing will also contribute to the environment and society.

While promoting the R&D of products themselves, we will also continue working steadily to reduce water usage.

Employing human resources with diverse perspectives leads to innovation. Human resources are the most important aspect of promoting business portfolio transformation. Retaining software engineers and AI engineers essential for creating the future is an urgent issue, and we will promote a global human resource utilization strategy that includes the introduction of a job-based human resources system, with a view to utilizing personnel

from Japan as well as the United States, India, and other countries.

At the same time, we will also repeatedly conduct communications training and other programs while focusing efforts on cultivating a corporate culture that embraces new ideas. As all corporate activities are conducted by humans, it is important to deepen mutual understanding through communication while respecting human rights as mentioned above.

Another important factor is safety. Having always worked on-site, I view safety as the basis of all our business activities. The improvement activities undertaken at each site are primarily aimed at reducing costs, but education is also an important aspect that must not be overlooked. Safety is our goal, and we must not allow even one accident to occur. To ensure zero accidents, a variety of ongoing education and training are important, and this applies to employees as well as the senior management team and other management personnel. We will also conduct regular reviews and implement safety measures, including audits and other checks, as part of our basic safety activities.

With regard to governance, we will focus on making operations more efficient and practical, centering on the Board of Directors. We conduct an annual Board of Directors effectiveness evaluation, and going forward, we will improve this process to enable more in-depth discussions on specific business strategies with the participation of outside directors. Opportunities to exchange opinions with outside directors will not be limited to monthly Board of Directors meetings, as they will also be invited as observers to attend Board of Management (business execution meetings) held prior to Board meetings so that outside directors can share detailed business trends and provide specific opinions and suggestions for improving business performance. Additionally, in terms of how the Board of Directors is operated, we will implement comprehensive revisions starting from agenda items to devise ways to reduce the time spent on reporting matters, and increase the time spent on business strategy discussions.

Fiscal 2025 Business Environment Outlook and Key Measures in Year Two of Medium-Term Management Plan 2026

In fiscal 2025, our policy is to accelerate transformation and redouble efforts to promote structural reforms. While implementing structural reforms in the Wireless and Communications business, we will also fundamentally revise

the Micro Devices business portfolio and determine policies for the Materials business.

In terms of business performance, we expect increased sales and profit driven by growth in the core Wireless and Communications business and a return to profitability in the Micro Devices business.

The Wireless and Communications business is expected to see an increase in orders for solutions and special equipment due to the increasing frequency of natural disasters, which has led to an uptick in water and river management budgets and demand for disaster prevention information systems, as well as the expansion of defense projects.

At the same time, with regard to the Micro Devices business, there are still uncertainties surrounding market conditions and other factors. Specifically, amid export restrictions between the United States and China, we view China's efforts to enhance its manufacturing capabilities in cutting-edge semiconductors as a major risk factor. Furthermore, we believe that U.S. tariff trends could potentially disrupt the way business has been conducted in the semiconductor industry up to now. We will continue working to reduce costs as we aim to return the Micro Devices business to profitability in anticipation of a market recovery from the second half of fiscal 2025 onwards.

Management Awareness of Capital Costs and Share Price

We recognize that the low level of our PBR is a significant management issue. To resolve this situation, our most urgent priority is to improve business performance. To this end, it is important to first present a management blueprint, then act in accordance with it.

We are aware that the targets under our current medium-term management plan do not meet the expectations of capital markets, but as a first step, we must at the very least achieve these targets. It is essential that we clearly present a management blueprint, including structural reforms, and then demonstrate each individual result to validate the reliability of that blueprint.

If we can execute these measures properly and demonstrate their efficacy in financial results, I believe we will be able to meet the expectations of capital markets.

At the same time, I feel that we have not sufficiently communicated the social significance of our core Wireless and Communications business to the rest of the world. For example, ultrasound diagnostics used in medical settings would not be possible without wireless technology, and although the technologies we provide are invisible, they



make significant contributions to society. We want to explain in an easily understandable manner how our business contributes to various areas of society. We also want to quickly present our blueprint for company management, including the research we will conduct under the new structure.

With regard to shareholder returns, there are no changes to our policy of providing shareholders with a minimum dividend of ¥36 per share, while aiming to achieve a dividend payout ratio of 40% through fiscal 2026. We plan to prioritize growth investments while flexibly conducting share buybacks, and also aim to increase dividend levels through profit growth.

Message to Stakeholders

The Nisshinbo Group is currently engaged in a period of self-transformation. The business portfolio transformations implemented under the leadership of former President Murakami have significantly changed our sales composition, but as these are not yet sufficient, further changes are necessary to strengthen profitability. I am convinced that the Group has the potential to achieve these changes.

The blueprint we will present going forward will involve major reforms. By acting in accordance with this blueprint, we will achieve transformation throughout the Group while maintaining profitability. We also aim to provide stakeholders with a clear picture of our business activities, future direction, and the changes we are implementing, accompanied by a recovery in performance.

I would like to thank all our stakeholders for their continued support.



Shuji Tsukatani

Director, Executive Managing Officer

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.

Improving profitability is a particularly urgent issue. We will encourage efforts to generate profits in all segments. This includes Micro Devices, which posted a large loss; however, if we can turn all sub-segment business losses to profit in each segment, we can increase profits by around ¥5.0 billion. It is also important that we maintain efforts to further increase the profitability of businesses that are already generating profits. From the perspective of efficiency, we will also focus on Wireless and Communications, an assembly-based industry with higher investment efficiency compared to process-based industries.

The generation of profits is also a prerequisite for financial soundness. We will continue to reduce liabilities to the extent possible within the scope of profits and depreciation expenses. This should lead to medium- to long-term investment and risk preparedness.

At the core of our corporate philosophy is the concept of being a "public entity." This means that we generate profits by providing value to society, and clinging to businesses that do not generate profits can be interpreted as failing to fulfill our responsibility as a public entity. I will reflect on the significance of being a public entity as we move forward with business portfolio transformations focused on future growth.

Fiscal 2024 Performance

Fiscal 2024 was a milestone year in which we sold our

We Will Work Urgently to Improve Profitability and Enhance Corporate Value through Business Portfolio Transformations

Automobile Brakes business subsidiary, TMD Friction Group, and acquired KOKUSAI DENKI Electric Inc., resulting in the elimination of a large portion of our process industry business, and the strengthening of our assembly industry business. Although net sales decreased with the sale of TMD, operating income increased with the addition of KOKUSAI DENKI Electric to the Group. Net income attributable to owners of the company also returned to profitability due to the elimination of an extraordinary loss associated with the sale of TMD recorded in fiscal 2023. At the same time, in terms of results by segment, although deteriorating market conditions caused the Micro Devices business to fall into the red, this was offset by the Real Estate housing lot sales business. We must also increase profitability in the Wireless and Communications business.

Additionally, total assets have increased since the end of fiscal 2023. Although this is partly due to an increase in overseas asset value driven by yen depreciation, the main issue here is inventory. Due to supply uncertainties for electrical components and supply chain disruptions, inventories have remained high for the past few years, totaling ¥163.5 billion at the end of fiscal 2024, and placing pressure on cash flows. While expanding sales, we must also accelerate business restructuring to improve efficiency.

Business Portfolio Transformations

Business portfolio transformations are also being discussed in depth at Board of Directors meetings. Our company is a conglomerate engaged in a wide range of businesses, from Textiles to Wireless and Communications. However, given differences in the business environments and strategies of each, the process of deepening understanding and advancing discussions among Board members, and especially outside directors, requires considerable effort, both to explain and understand. In 2025, we began providing various opportunities for outside directors to receive briefings directly from each segment. Holding companies in particular are entrusted with important management decisions, and they are expected to make those important decisions quickly. In terms of making decisive management decisions quickly, I sometimes feel there is an element of conglomerate discount.

For each business, we have promoted management that takes capital costs into consideration utilizing weighted

average cost of capital (WACC) and ROIC. We are now able to understand trends in ROIC for each segment, and I think it is important to continue tracking these trends going forward. As a conglomerate, it is somewhat frustrating that we cannot apply a single WACC or ROIC across all Group companies. However, taking into account the rise in interest rates in fiscal 2024, we recognize that the WACC for the entire Group has risen from the 5.7% disclosed in the medium-term management plan, and is now above 6.0%. Some businesses are even incorporating WACC into their ROIC trees to promote understanding and awareness among employees.

In promoting business portfolio transformations, we conduct quantitative analyses such as whether we are meeting hurdle rates set through ROIC management. Ultimately, whether a business will recover depends on its competitive capabilities, including technologies. Competitiveness is the key aspect of business strategy. As CFO, I pay close attention to how each business competes with rivals in their respective competitive environments, what resources they allocate and on what timescale, and whether these efforts are in line with sales and profit plans. Whether the business should remain part of the Nisshinbo Group is an entirely separate decision. As a constituent of the Nisshinbo Group, we believe it is important a business generates synergies within the Group. With regard to our business portfolio, we will formulate and execute a solid growth strategy for Wireless and Communications, an assembly-based industry, while at the same time reorganizing business, primarily in the materials domain, to reduce the proportion of business in process-based industries.

Capital Allocation

The medium-term management plan was based on the assumption that cumulative operating cash flow over three years and asset sales would generate approximately ¥290 billion in cash, of which approximately ¥190 billion would be allocated to capital investment and research and development expenses, and approximately ¥40 billion to strategic investments in focus areas. Results in the first year of the plan show lackluster cash generation, and at present, we are deviating from our planned trajectory. We recognize that we must revise to more realistic targets to instill confidence in investors.

At the same time, with regard to strategic investments comprising mainly M&A, despite investing a modest ¥1.0 billion in fiscal 2024, we acquired ARGONICS GmbH, a German venture company that possesses technology essential for advancements in the automated navigation of ships on rivers. In the future, we will combine this technology with radar owned by Alpatron Marine Beheer B.V., a subsidiary of Japan Radio in the Netherlands, to facilitate automated navigation on rivers.

Regarding shareholder returns, we will set a minimum annual dividend of ¥36 per share and aim for a dividend payout ratio of 40% through fiscal 2026. Additionally, we believe our current level of interest-bearing debt, which exceeds ¥200.0 billion, is too high, and we intend to reduce it.

Measures to Increase PBR

PBR remains under 1x, and we continue to feel a strong sense of crisis. With regard to PBR, our approach is to improve both the numerator and denominator that comprise PBR, but most important are measures to improve the numerator, which is profitability. With the exception of the Real Estate business, we must double profit levels in all businesses. If we can accomplish this, achieving ROE of 10% is not an unattainable goal. At present, our top priority is to continue demonstrating results through action, thereby earning the trust of capital markets.

To achieve an operating margin of 10% and ROE of 10% or more by around 2035, our top priority is to improve profitability. We need to identify and develop growth businesses and improve profits. This also involves ROA, and we believe that unless we reduce total assets, which currently stand at around ¥680 billion, it will be difficult to achieve ROE of 10%. While working to steadily increase revenue, it is essential to reduce inventory, dispose of unnecessary assets, and make uncompromising decisions regarding the liquidation of unprofitable businesses.

Newly appointed President Ishii and I, along with other current executives, have been working for about two years to identify and share the various issues facing the Group while developing measures to resolve them. We are now entering the implementation phase with greater speed than ever before.

Expanded Disclosure of Non-Financial Indicators

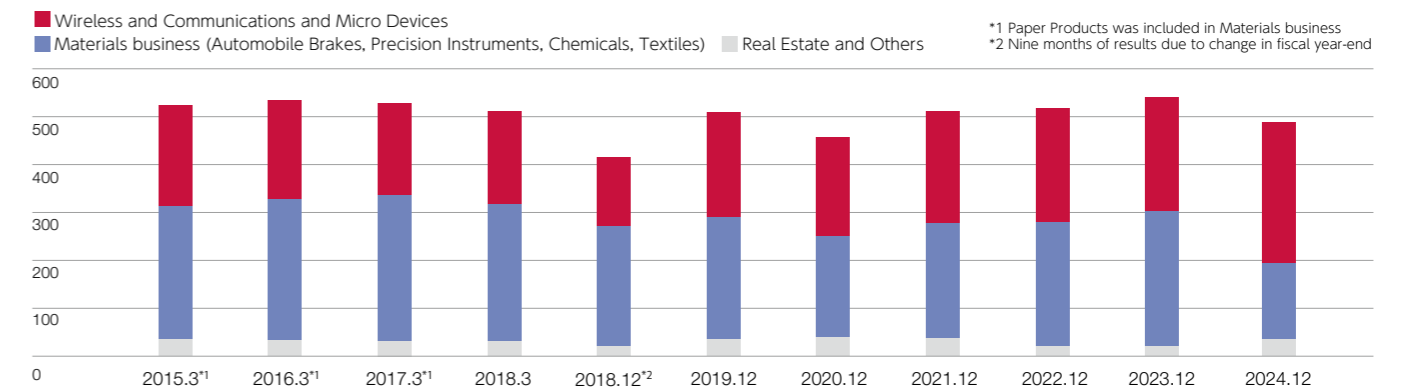
With regard to non-financial indicators, I have been leading a disclosure project in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Over the past three years, we have made progress in analyzing risks and opportunities based on future scenarios in all segments, and we are now within reach of our goal of halving CO₂ emissions by 2030 compared to 2014 levels, with a view to achieving net-zero by 2050. We are currently considering which policies should be adopted for each segment in relation to the Taskforce on Nature-related Financial Disclosures (TNFD), and we will proceed with TNFD disclosure efforts in all segments from fiscal 2026 onwards. I believe strengthening sustainability initiatives is essential to enhancing our corporate resilience. We are moving forward with this initiative based on the belief that it will lead to lower capital costs over the medium to long term.

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

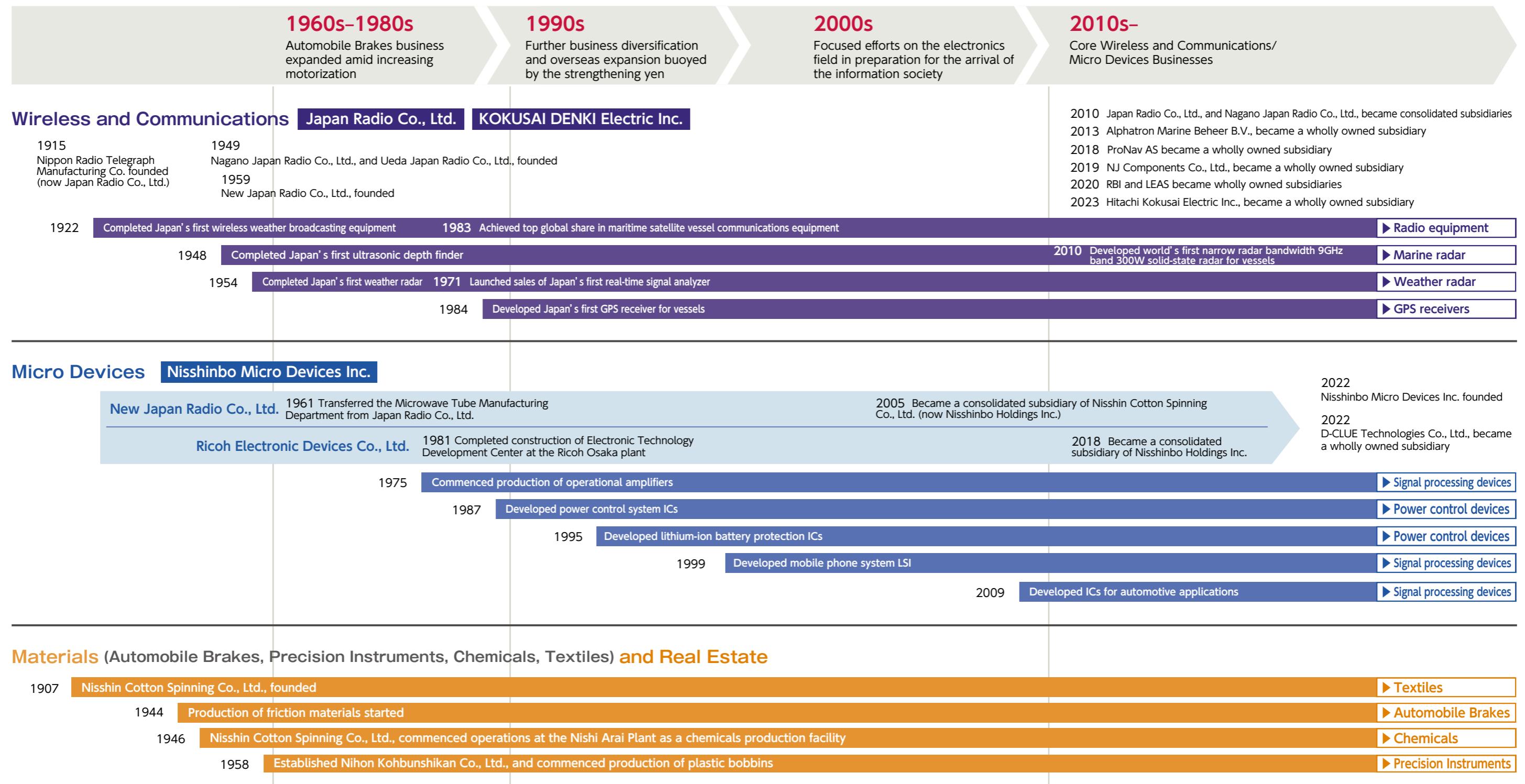
The enhancement of technological capabilities in the mainstay Wireless and Communications and Micro Devices businesses constitute the genealogy of our current main product lines.

We will continue to pursue a transformation of the business portfolio, which is one of the priority measures under Medium-Term Management Plan 2026.

Nisshinbo Group Net Sales (Billions of yen)

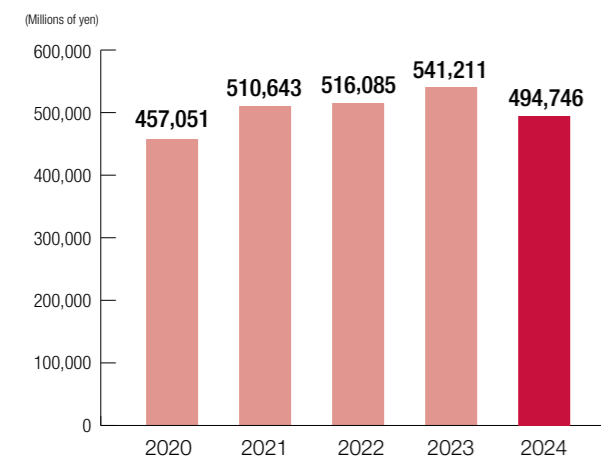


History of Business Portfolio Transformations

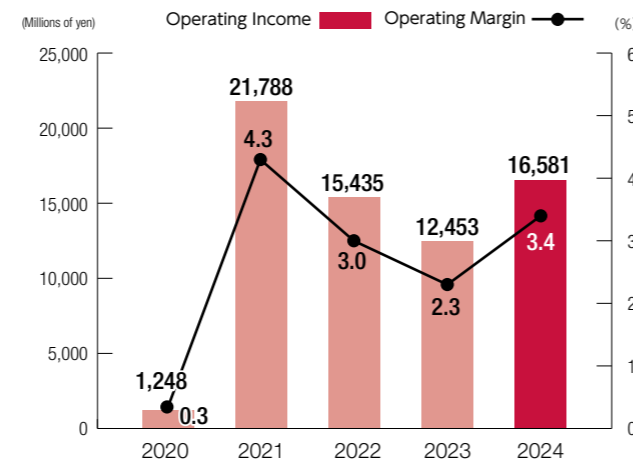


Financial and Non-Financial Highlights

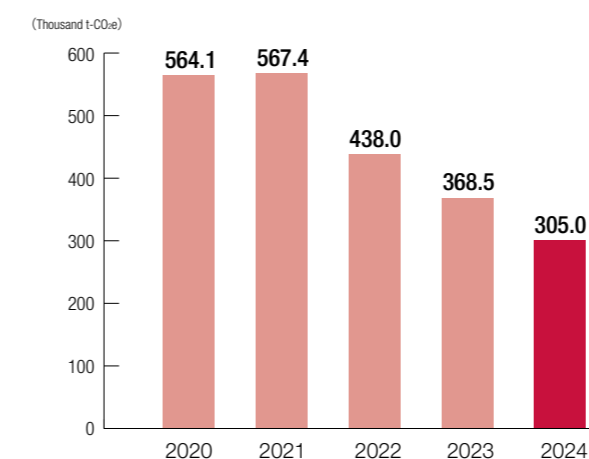
Net Sales



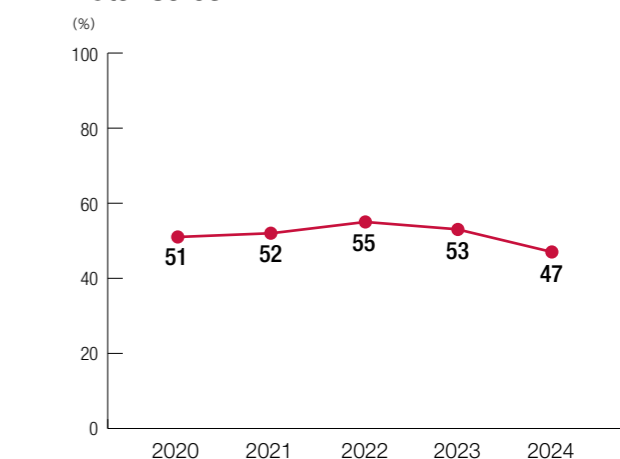
Operating Income and Operating Margin



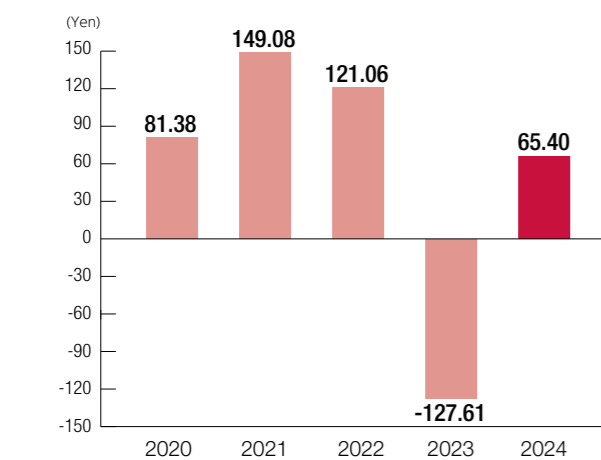
GHG Emissions (Scope1 + Scope2)



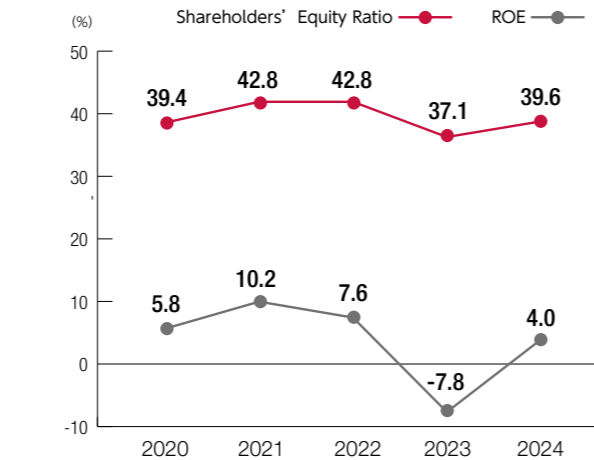
Percentage of Sales of Products That Contribute to a Sustainable Society to Total Sales



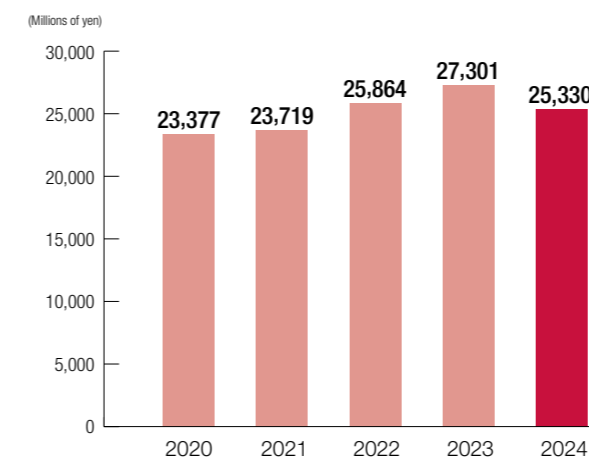
EPS



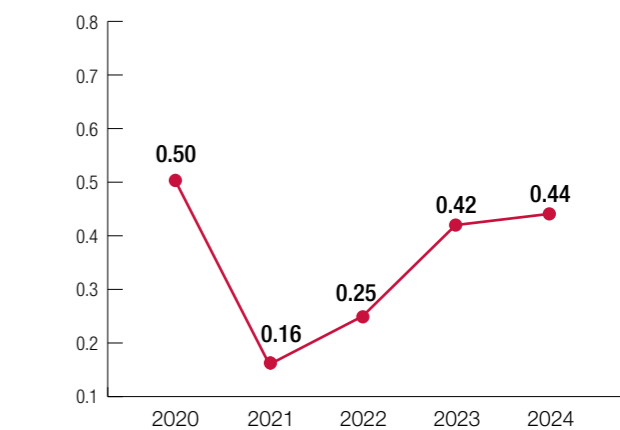
Shareholders' Equity Ratio and ROE



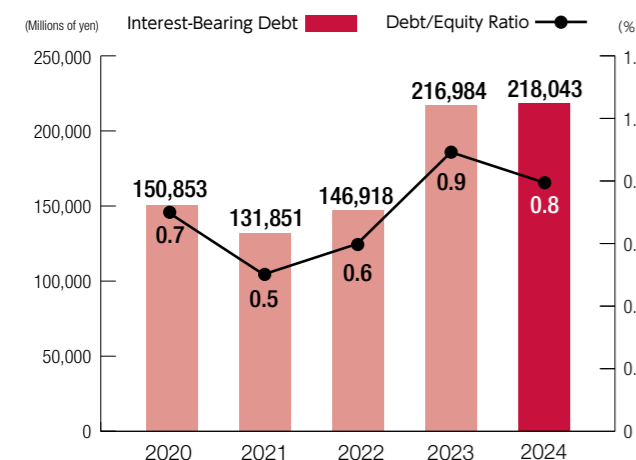
R&D Expenses



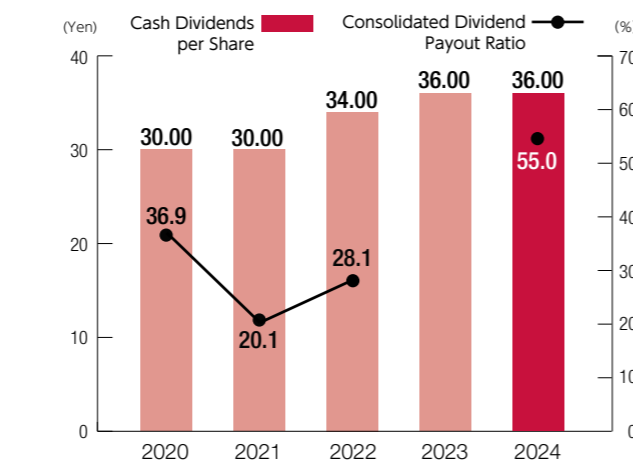
Frequency of Injuries with Lost Workdays



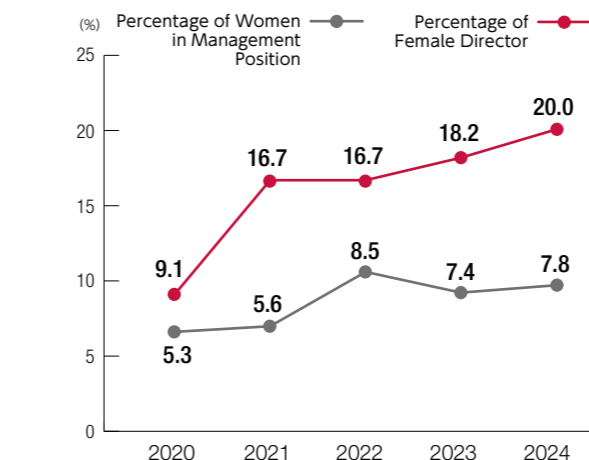
Interest-Bearing Debt and Debt/Equity Ratio



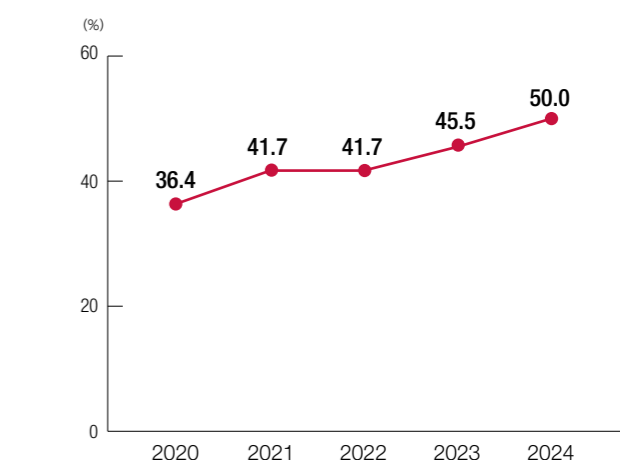
Cash Dividends per Share/ Consolidated Dividend Payout Ratio



Percentage of Women in Management Position and Percentage of Female Director



Percentage of Outside Directors



The Nisshinbo Group'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
- Movements toward a decarbonized society
- Need for accident-free, safe transportation
- Demographic changes (falling birthrate, aging population, labor shortages)
- Development of a digital society
- DE&I incultation
- Pandemics, wars

INPUT

Financial capital

Shareholders' equity
¥209.3 billion
As of December 31, 2024

Cash flows from operating activities
¥28.3 billion

Human capital

Number of consolidated employees
18,630 people

Social capital

Countries/regions where we operate
20 countries and regions

Respect for human rights within the supply chain

Manufacturing capital

Domestic production sites
39 sites

Overseas production sites
58 sites

Capital investment
¥27.9 billion

Intellectual capital

R&D expenses
¥25.3 billion

Natural capital

Amount of energy consumed
6.41 million GJ

Water usage
5,753 thousand m³

BUSINESS MODEL

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

OUTPUT

Products and solutions

GHG emissions (Scope 1 + Scope 2)

305.0 thousand t-CO₂e

Volume of waste generated

31.1 thousand t

Wireless and Communications

Micro Devices

Material
Automobile Brakes
Precision Instruments
Chemicals
Textiles

Real Estate

OUTCOME

Financial results

Operating income **¥16.5 billion** ROE **4.0%** Total dividends **¥5.657 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

Aims

Connect Everything, Create Value

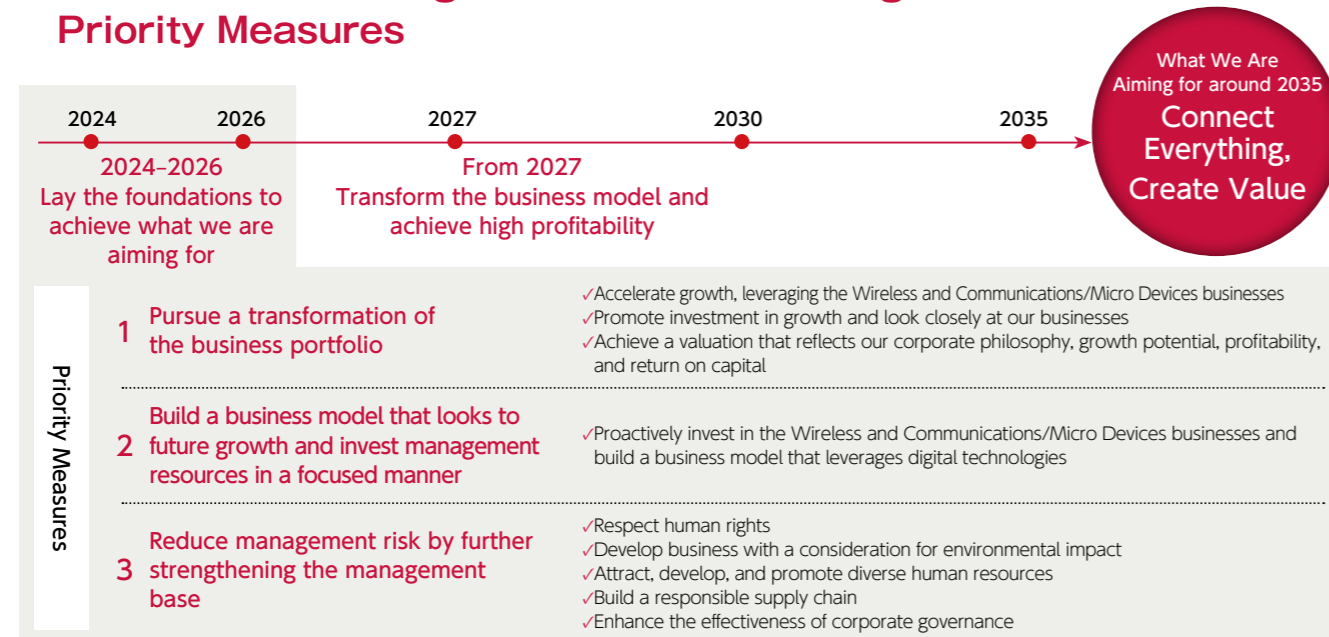
We provide solutions to social challenges through sensing, wireless communication, and information processing technologies.

Medium-Term Management Plan 2026 Progress

In fiscal 2024, the first year of the Medium-term Management Plan 2026, which targets improved profitability through business model transformation, we steadily promoted priority measures and made solid progress in transforming our business portfolio.

Going forward, we will continue to accelerate portfolio transformation and growth investments to achieve our 2026 targets.

Medium-Term Management Plan Positioning and Priority Measures

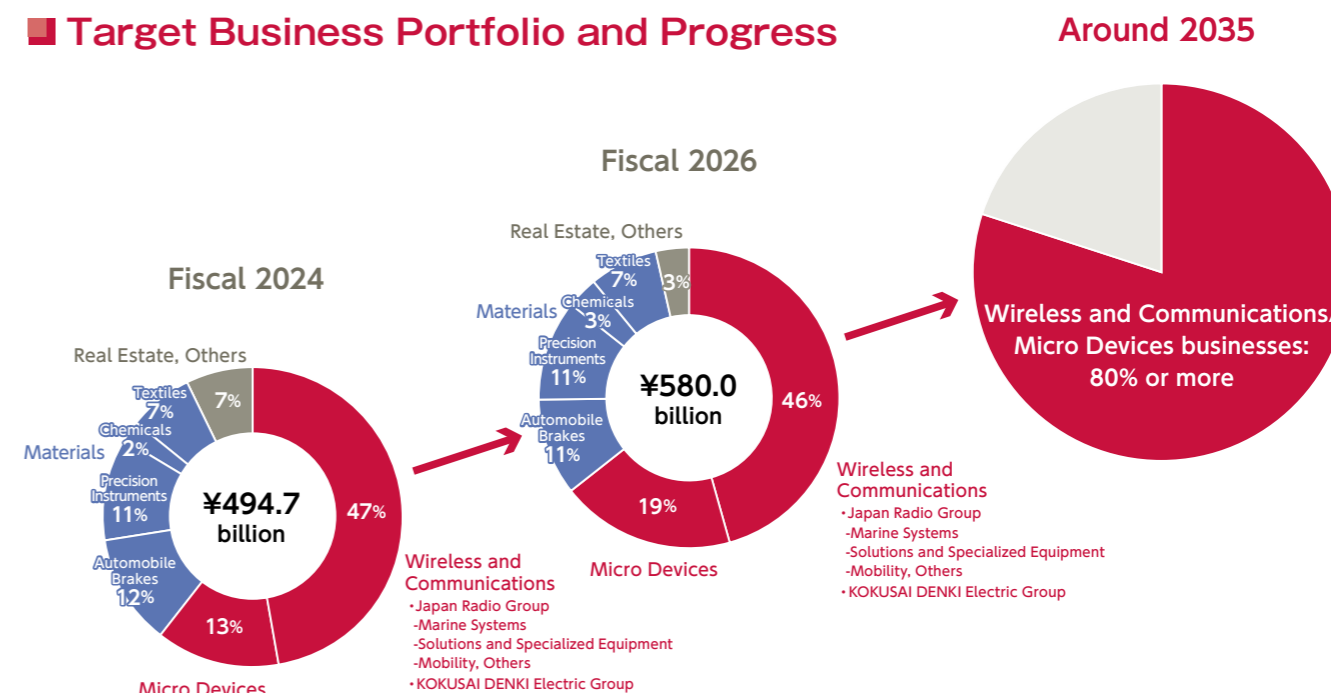


Management Targets (Financial) and Progress

	Metrics	Fiscal 2024 results	Fiscal 2026 targets	Progress
Growth	Net sales	¥494.7 billion	¥580.0 billion	85%
	Percentage of net sales from the Wireless and Communications and Micro Devices businesses	60%	65%	92%
Profitability	Operating income	¥16.5 billion	¥38.0 billion	43%
	Percentage of operating income from the Wireless and Communications and Micro Devices businesses	3%	70%	4%
	Operating margin	3.4%	6.5%	52%
Efficiency	ROE	4.0%	10.0%	40%
	ROIC	2.7%	6.0%	45%
Soundness	D/E ratio	0.8 times	0.7 times or less	—
Shareholder returns	Dividend payout ratio	55%	40%	—

► Please refer to P26 for non-financial management targets (Sustainability Promotion Plan) and progress.

Target Business Portfolio and Progress



Fiscal 2024 Initiatives Targeting Business Portfolio Transformation

Business Overview and Strategies

Wireless and Communications

- In terms of business performance, operating income fell short plans, necessitating the acceleration of structural reforms.
- In marine systems, there was strong demand for small- to medium-sized vessels in Europe and newly built merchant vessels. Specialized equipment and KOKUSAI DENKI Electric performance was also strong.
- The solutions business struggled to acquire orders, and mobility and other businesses were sluggish amid declining demand for wireless systems and other products.
- Going forward, we will secure stable earnings by leveraging our strengths in public-sector projects, while promoting expansion in specific growth areas in the private sector business.
- We will revamp our research and development structure and shift to a highly competitive business model centered on wireless technologies.

Micro Devices

- Although sales fell short of plans due to a delayed market recovery, we will continue to strengthen sales and shift resources to growth areas.
- Amid ongoing challenges in the operating income environment, we will promote selection and concentration with the aim of quickly restoring profitability.
- We will promote production base optimization and strengthen marketing and technical development capabilities to reinforce our business foundation.
- Further, we will revise our product portfolio and build a business structure that can respond flexibly to market changes.

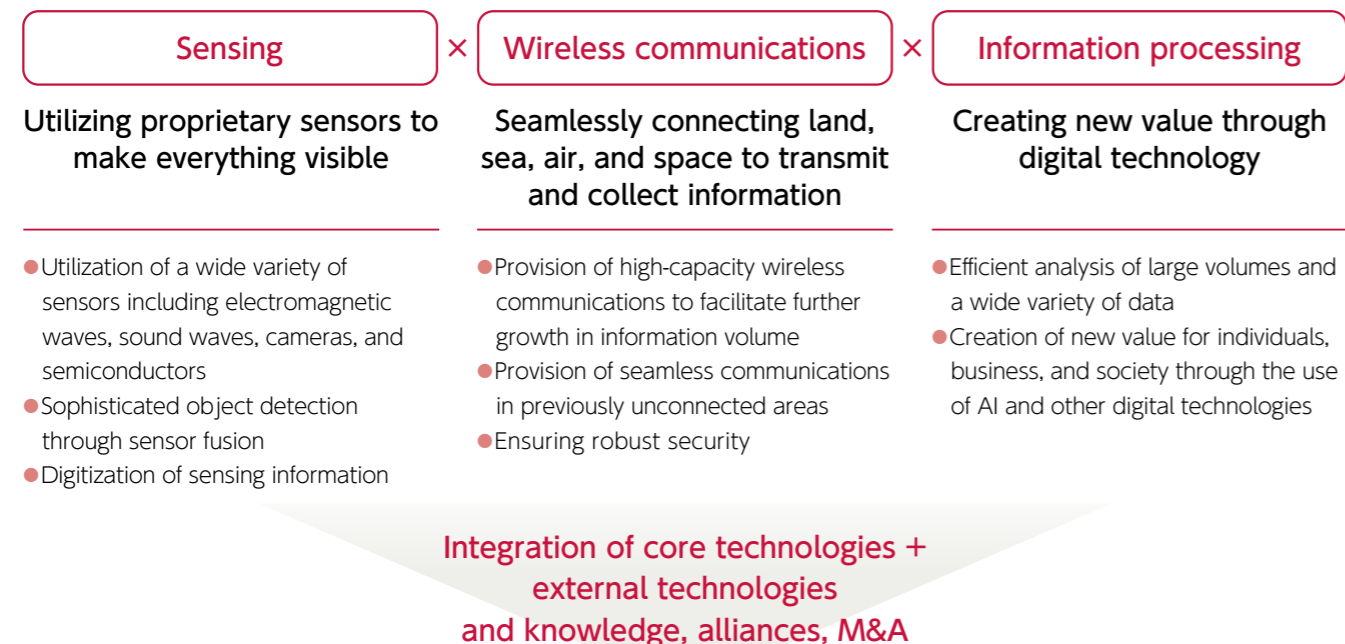
Materials (Automobile Brakes, Precision Instruments, Chemicals, Textiles) and Real Estate

- The Automobile Brakes business maintained stable orders and continued to perform well. The Precision Instruments, Chemicals, and Textiles businesses are revising their business portfolios and shoring up their competitiveness amid the ongoing impact of market conditions.
- In the Real Estate business, asset sales are proceeding as planned, strengthening our financial base and ensuring long-term stability.
- To achieve sustainable growth, we will steadily proceed with structural reforms in non-core areas and optimize resources.

■ 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.

The Nisshinbo Group's core technologies



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, beyond 5G/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)		

The Future Innovation Division, established in April 2025, will generate multiple business startups

► For details regarding the Future Innovation Division, please see P20–23.

■ Financial Strategy and Shareholder Return Policy

Progress in Fiscal 2024		
Target Capital Structure	D/E ratio: Aim for 0.7 times or lower	0.8 times
Policies under the Medium-Term Management Plan	<ul style="list-style-type: none">● Aim for both optimal capital efficiency and financial soundness to allow for strategic financing.● The Company's basic policy is to invest and return profits to shareholders within the scope of operating cash flow and we will prioritize investments in focused areas to create the business portfolio that we aim for.● From the viewpoint of improving capital efficiency, we will systematically reduce assets and use the proceeds from sales as a source of funds for investment and shareholder returns.	Proactive investment in focus areas <ul style="list-style-type: none">● Continued focus on Wireless and Communications and Micro Devices businesses (investment ratio target: 70%)● Specifically, we will proactively pursue M&A and other growth investments to contribute to establishing a foundation, monetizing, and expanding the scale of the Wireless and Communications business, and improving profitability in the Micro Devices business (secure investment of ¥40.0 billion for the duration of Medium-Term Management Plan 2026)
Shareholder Return Policy	<ul style="list-style-type: none">● We aim for a dividend payout ratio of 40% by fiscal 2026 and will increase dividends as profit grows.● Our basic policy is to maintain or increase dividends, using ¥36 per share as our minimum annual dividend.● We will be flexible on share buybacks based on our capital structure, the medium- to long-term outlook for free cash flow, and other factors, while securing the necessary funds for investment in growth.	Shareholder returns <ul style="list-style-type: none">● No change to policy targeting a minimum annual dividend of ¥36 per share and a dividend payout ratio of 40%● While prioritizing growth investments, we will also flexibly implement share buybacks

■ Reinforcing the Management Base (Sustainability):

Key themes and policy initiatives for reinforcing the management base

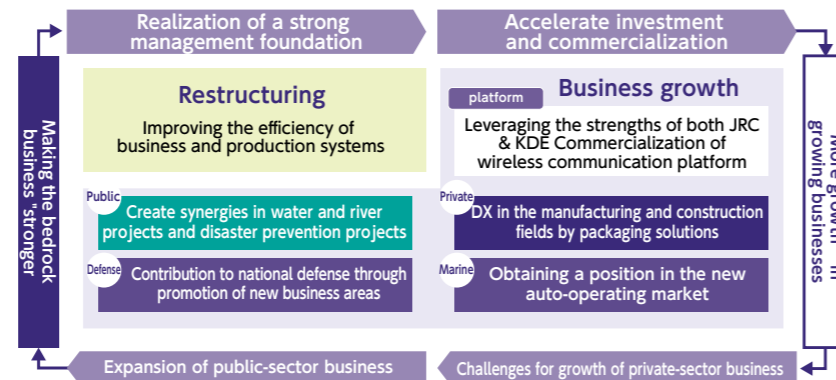
Progress in Fiscal 2024		
Respect for human rights	<ul style="list-style-type: none">● Strengthen management systems that foster a consciousness toward respecting, protecting, and promoting human rights through human rights due diligence efforts	<ul style="list-style-type: none">● Introduced and promoted human rights due diligence in areas of high human rights risk ► For details, see P38
Develop business with consideration for environmental impact	<ul style="list-style-type: none">● Consider opportunities and risks related to reduction of greenhouse gas emissions and natural capital● Steadily promote business to expand sales of products that contribute to a sustainable society	<ul style="list-style-type: none">● Achieved a 55% reduction in greenhouse gas emissions compared to target of 35% or more compared to fiscal 2014● Products that contribute to a sustainable society accounted for 47% of net sales, compared to target of 60% ► For details, see P28–33
Promote the acquisition, development, and advancement of diverse human resources	<ul style="list-style-type: none">● Promote the acquisition, development, and success of diverse human resources based on the Nisshinbo Group Human Resources Strategy	<ul style="list-style-type: none">● Successor program participation rate: 52%● Ratio of mid-career hires: 44.3%● Continued to conduct global survey● The ratio of female managers was 7.8%, compared to target of 6.0%● Percentage of male employees taking childcare leave: 42% compared to target ► For details, see P34–37
Build a responsible supply chain	<ul style="list-style-type: none">● Promote sustainable procurement initiatives throughout the supply chain	<ul style="list-style-type: none">● 94% of major suppliers (80% or more of transaction value) were assessed as having made improvements based on the results of the sustainable procurement survey● Studied and implemented building a responsible supply chain for overseas suppliers and key overseas locations ► For details, see P39
Improve the effectiveness of corporate governance	<ul style="list-style-type: none">● Continue corporate governance reforms to establish effective governance	<p>We enhanced the effectiveness of Board of Directors deliberations by providing opportunities outside Board meetings for discussions between executive members and outside directors.</p> <p>► For details, see P45–49</p>

Wireless and Communications Business Strategies

The future of the Nisshinbo Group depends on our core Wireless and Communications business. Strengthening this business as a next-generation growth driver, concentrating the allocation of management resources to it, and nurturing it into a growth engine are urgent management issues. Accordingly, we have formulated new business strategies.

Formulating Business Strategies that Maximize Synergies

In June 2024, we launched a business strategy review project involving KOKUSAI DENKI Electric Inc., and each of the Wireless and Communications business companies, to examine business strategies aimed at creating synergies. This resulted in the decision to promote structural reforms and business growth initiatives with the aim of strengthening the public-sector business as a bedrock business, and further expanding the private-sector business as a growth business.



Initiatives to Achieve Profitability through Structural Reforms

(1) Simplification/reorganization of business structure

■ Integrated management of each company's related businesses

Integrate highly related businesses to reduce duplicated operations, enhance intra-group synergies, and expand sales opportunities.

(2) Simplification/reorganization of production system

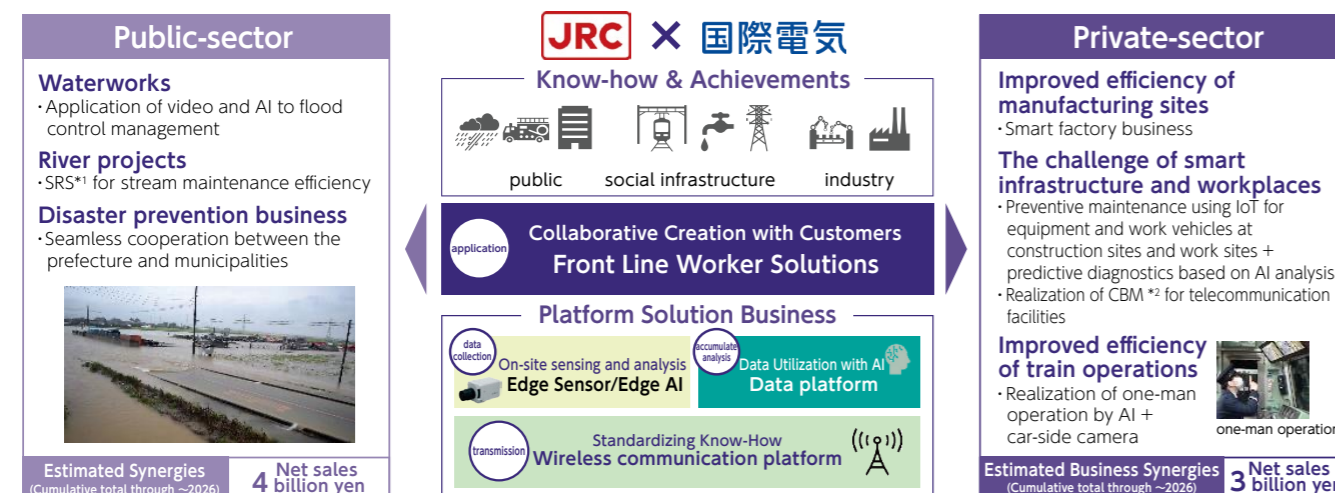
■ Integrated management of each company's production and procurement functions

Reduced duplicated operations, optimized inventory, and improved production efficiency by integrating production and procurement bases that had not been well coordinated.

The review project revealed differences in Japan Radio Co., Ltd., and KOKUSAI DENKI Electric business and production structures. Japan Radio has a particularly complicated production system with some inefficiencies, and we concluded that correcting and resolving these issues will generate higher profits. On the other hand, KOKUSAI DENKI Electric has a history of proactively implementing structural reforms to address similar issues. These efforts serve as a precedent that will be implemented at Japan Radio, even as we continue to pursue further structural reforms at KOKUSAI DENKI Electric.

Japan Radio Group initiatives are depicted in this diagram, and involve simplifying and reorganizing business and production structures. With this as a first step, Japan Radio and KOKUSAI DENKI Electric will learn from one another in an effort to improve their respective manufacturing capabilities, with the ultimate aim of the full-scale commercialization of electronics manufacturing services (EMS).

Initiatives to Accelerate Business Growth: Public- and Private-Sector Business



*1 Smart River Spot. Refers to measures promoted by the Ministry of Land, Infrastructure, Transport and Tourism to develop high-speed communication environments in river spaces, thereby improving the stability of video transmissions and remote operations, enhancing resilience in the event of disasters, and realizing the unmanned and automated operation of construction machinery.
*2 Condition Based Maintenance. A system that monitors equipment status, detects deterioration and abnormalities, and performs optimally timed maintenance, contributing to higher operating efficiency and lower maintenance costs.

■ Platform Solution Business

As shown in the center of the diagram, in targeting business growth, we will leverage our Wireless and Communications business track record and know-how to promote platform solution commercialization as the foundation of all our efforts.

We position a common platform comprising a wireless communications platform, edge sensors and edge AI facilitating rapid terminal sensing and analysis, and a data platform supporting data utilization as the operational foundation of our entire business. We will develop business applications based on this platform and provide them to public and private sector markets as Front Line Worker Solutions resolving customer issues in a variety of scenarios.

Front Line Worker Solutions will maximally leverage Japan Radio and KOKUSAI DENKI Electric product systems, knowledge, and experience to create synergies and ensure market competitiveness. Proofs of concept (PoC) will also be utilized with customers as appropriate.

■ Public Sector Business

Although market growth in the public sector business is limited, in the fields of waterworks, river projects, and disaster prevention, in light of Japan Tourism Agency budget increases in line with increasingly severe natural disasters in recent years, as well as the fact that Japan Radio and KOKUSAI DENKI Electric maintain a certain share in each of these fields, we anticipate various synergies in product storage, reuse, and other areas, and will engage in the themes indicated in the diagram as focus areas. We aim to shift from a traditional product supply business to a DX-based model that resolves customer issues.

We will also make effective use of personnel and sales bases to maintain fixed cost efficiency, and at present, we expect to generate synergies amounting to ¥4.0 billion in net sales by 2026.

■ Private Sector Business

In the private sector business, we will utilize the aforementioned sensing and wireless communication platforms in areas where synergies can be expected. We will identify issues in manufacturing, construction, and other fields, develop solutions to resolve them, package these solutions together, and engage in the themes indicated in the diagram.

We also aim to provide services throughout the entire lifecycle, from considering the introduction of solutions, to design, operations, and maintenance, with the aim of commercializing services that customers can use safely with peace of mind.

Although we are currently still in the investment phase, we will strive to develop a vast consumer market and take on the challenge of achieving business growth going forward through commercialization. In terms of synergistic effects, at present, we expect to generate synergies amounting to ¥3.0 billion in net sales by 2026.

Initiatives to Accelerate Business Growth: Specialized Equipment and Marine



The rapidly growing Specialized Equipment and Marine businesses are also characteristic of the Nisshinbo Group. The Specialized Equipment business, amounting to over ¥30.0 billion for Japan Radio and KOKUSAI DENKI Electric combined, plays a critical role in Japan's national defense. Although wireless technologies constitute the core of both businesses, Japan Radio is focused on radar, while KOKUSAI DENKI Electric focuses on communications equipment, resulting in little overlap between the two businesses. At present, orders are robust due to increased defense spending in response to changes in the security environment. This trend is expected to continue for the foreseeable future, and in addition to existing businesses, we will aim for further growth by expanding business into the fields of outer space, cyberspace, electromagnetic waves, and security.

The Marine business is a global business supported by Japan Radio technological capabilities accumulated over the past 100 years. We are currently focused on the development of smart ship solutions that improve vessel operational efficiency, reduce marine accidents, and protect the environment.

Furthermore, we chair the working groups of various international organizations, including the International Telecommunication Union (ITU) and International Maritime Organization (IMO), to promote international standard specifications related to automated navigation. We also lead the introduction of next-generation technologies and the formulation of standardization recommendations, while focusing efforts on acquiring a global leading position in new markets for automated vessel navigation.

We will continue to announce detailed business strategy measures and progress as appropriate in an effort to bring the Nisshinbo Group growth story into sharper focus.

Research and Development

For the Nisshinbo Group to achieve growth going forward, we must build new business models. The medium-term management plan also positions initiatives to generate innovation as a medium- to long-term growth strategy. As one concrete initiative, we launched a new research and development structure in April 2025.

Takuya Noda
Managing Officer



New Research and Development Structure: Future Innovation Division

■ New R&D Structure Aimed at Guiding the Future of the Nisshinbo Group's Operating Companies

(Current research organization was reorganized and integrated on April 1, 2025)

Nisshinbo Holdings Future Innovation Division	
Switching from technological R&D to business R&D	
<ul style="list-style-type: none"> ● Enhance the competitive advantages of existing businesses, promote innovations (business expansion) ● Based on current businesses, promote product and service initiatives incorporating a digital/AI-first approach 	

In April 2025, Nisshinbo Holdings and Japan Radio were reorganized and integrated to form a new organization. Going forward, we will review the relationship between Nisshinbo Micro Devices and KOKUSAI DENKI Electric.

■ Differences between the Former and New Structures

Former Structure		Three Wireless and Communications business companies
Nisshinbo Holdings <ul style="list-style-type: none"> Research contributing to the Nisshinbo Chemicals business New electronics field (Initiatives unrelated to business companies) 	Independent Initiatives	(Japan Radio, KOKUSAI DENKI Electric, and Nisshinbo Micro Devices) <ul style="list-style-type: none"> Wireless and Communications business Sets research topics based on current business know-how Three companies conduct research separately

R&D structural reforms
Focused on Wireless and Communications business R&D

New Structure		Three Wireless and Communications business companies
Nisshinbo Holdings: FI Div. established <ul style="list-style-type: none"> Research contributing to the Wireless and Communications business Initiatives contributing to new business among the three Wireless and Communications business companies Collaborative efforts between the three Wireless and Communications business companies Sets research topics based on future predictions using marketing information 	Collaborative efforts	(Japan Radio, KOKUSAI DENKI Electric, and Nisshinbo Micro Devices) <ul style="list-style-type: none"> Wireless and Communications business Advanced technological developments based on current business know-how

■ Organization

FI Div. research comprises three functional groups



The Nisshinbo Group positions Wireless and Communications as its core business and is promoting reforms in this area with a view to further growth going forward. One of these reforms involves "creating new business models and preparing for future challenges," and to this end, we integrated the electronics research organizations of each operating company to create the Future Innovation Division (FI Div.).

The previous research organization structure was based in the Business Development Division of Nisshinbo Holdings Inc., and was responsible for developing technologies that would primarily contribute to the Chemicals business. The Japan Radio Co., Ltd., Business Development Division was focused on new electronics fields not being researched by other business companies, technologies that would be difficult for a division to commercialize on its own, while the Digital Business Promotion Department of Nisshinbo Holdings Inc., was working with startups to promote DX business. Although the objectives of each department were different, they shared the same goal of taking the first steps toward business expansion, and had been working independently.

These departments, including the Japan Radio Co., Ltd., R&D Department, comprise cutting-edge technological personnel who were dispersed across multiple divisions.

For these reasons, we decided to integrate these departments and launch the Future Innovation Division in April 2025 as a single organization that will blaze a trail toward the future for the Nisshinbo Group.

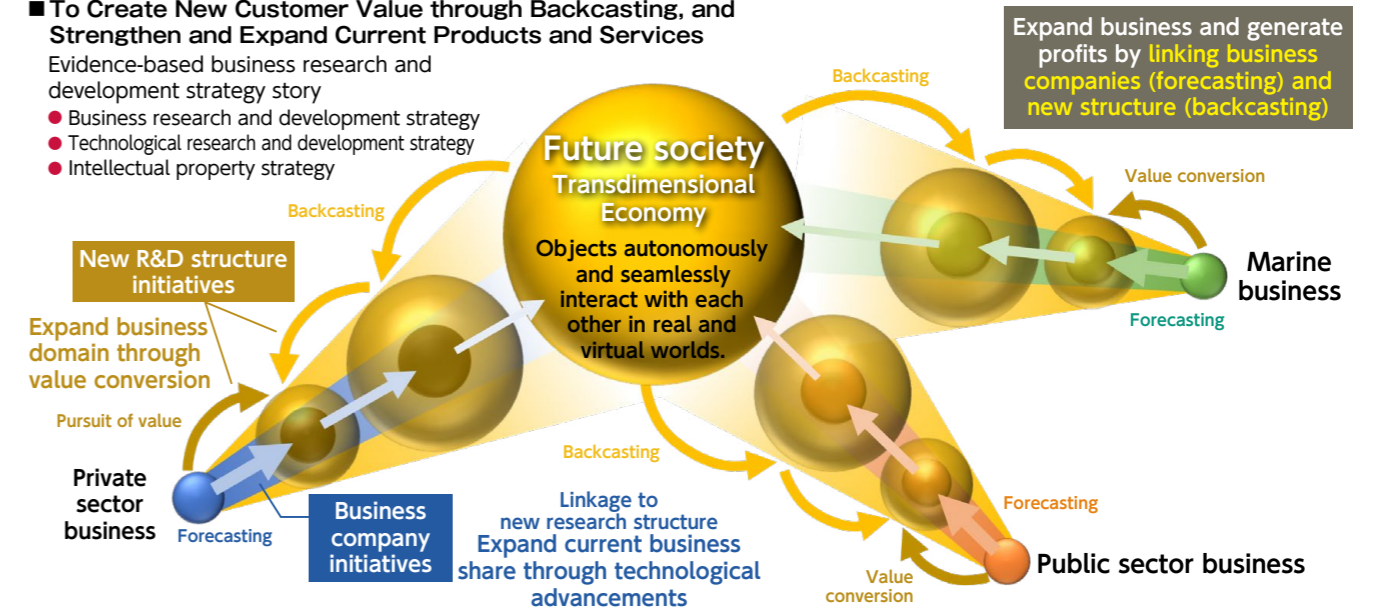
The FI Div. has three functional groups. As an organization taking the next steps forward in research, we will establish a structure that embodies the flying geese paradigm, and engage in cross-sectional collaborations between each group while promoting multiple themes in parallel. We will provide marketing support-based data, including technologies, intellectual properties, and market trends, seen in business information obtained from each business company, and jointly promote business research with business companies that will create products and services based on these research efforts.

Role of the Future Innovation Division

■ To Create New Customer Value through Backcasting, and Strengthen and Expand Current Products and Services

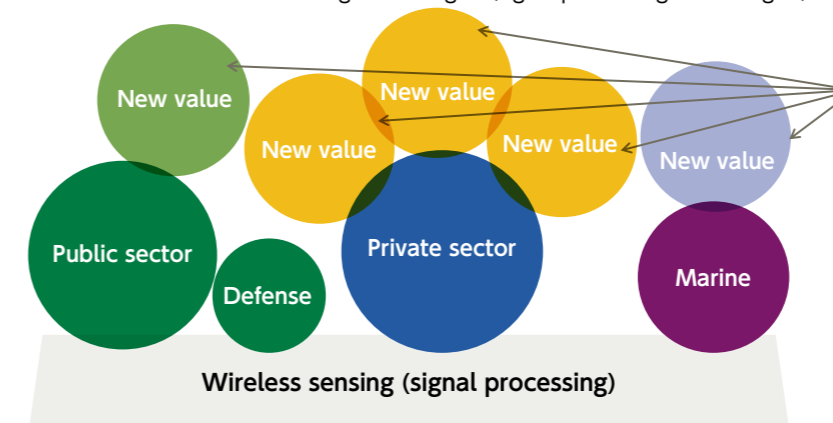
Evidence-based business research and development strategy story

- Business research and development strategy
- Technological research and development strategy
- Intellectual property strategy



■ Expand Wireless and Communication Business

Foundation is wireless sensing technologies (signal processing technologies)



The FI Div. will create multiple seeds of businesses that will develop and expand current business.

The Future Innovation Division will shift focus from technological developments to business research and development. We will improve business company profitability and reform existing businesses, leading to competitive advantages and business expansion, while promoting the research and development of products and services using DX and AI, which will lead to the establishment of Nisshinbo's manufacturing foundation and productization.

Future Innovation Division Initiatives

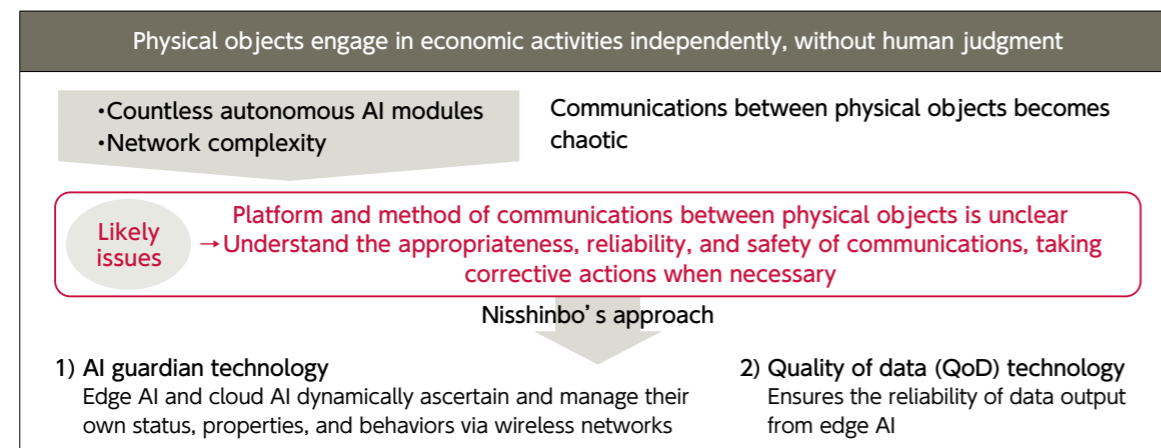
■ Aim of the Future Innovation Division: Assumptions about Future Society

Transdimensional Economy
An economic society in which physical objects autonomously and indiscriminately negotiate with other physical objects and people seamlessly in real and virtual worlds
<ul style="list-style-type: none"> ● Complexly interconnected physical objects ● Enormous amounts of multifaceted data ● Proliferation of virtual worlds
Resolving future social issues through the orchestration of physical objects
<ul style="list-style-type: none"> ● Structuring the mechanisms by which physical objects negotiate ● Internal structuring of physical objects
Challenges in resolving issues (creating value) with individual physical objects
<ul style="list-style-type: none"> ● Based on core physical object manufacturing business ● Strength in wireless networks ● Service (software) expansion

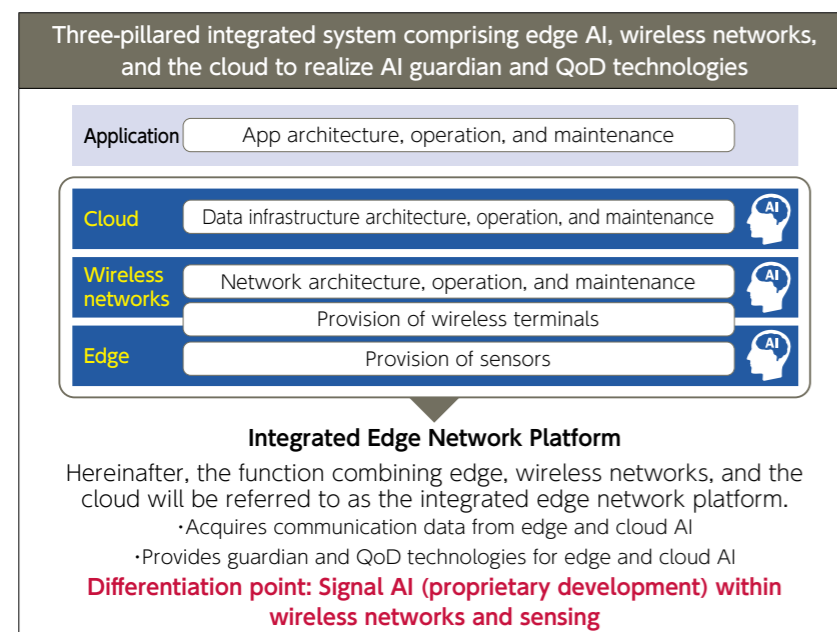
Business companies aim to expand their share of worksite operations by advancing technologies envisioned through forecasts based on existing business. In response, the Future Innovation Division will make future predictions based on marketing information, then backcast from that future and determine what to develop and what to work on from the perspective of expanding business domains by conversion of the value of existing businesses.

These forward- and backward-looking perspectives must be connected, and the Future Innovation Division will serve as a platform for collaborations with operating companies. One future envisioned by the Nisshinbo Group at present is a world referred to as the Transdimensional Economy. We envision a world in which physical objects engage in economic activities, where physical objects engage in economic negotiations that transcend the real and virtual worlds. In such a world, Future Innovation Division's role will be to consider what Nisshinbo, with expertise in wireless and sensing technologies, should do next.

■ Issues in the Transdimensional Economy



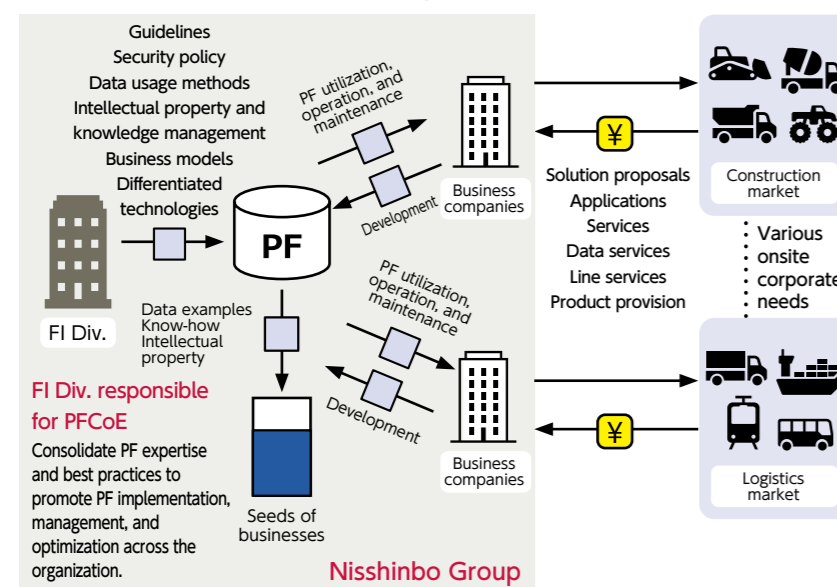
■ Initiative Details



The Future Innovation Division will address Transdimensional Economy issues using two approaches, the first of which is AI guardian technology. This function dynamically monitors and manages the status, properties, and behavior of edge AI and cloud AI via wireless networks. The second approach, quality of data (QoD) technology, ensures the reliability and security of high-quality data output from the edge AI to the communication destination (recipient). The FI Div. will enhance wireless networks through the use of AI and convert the management of physical object communications into value.

We will create a three-pillared integrated system comprising edge AI, wireless networks, and the cloud to realize AI guardian and QoD technologies.

■ Use Platform in Business Companies



One business we will expand based on backcasting from the Transdimensional Economy is the edge infrastructure vertical integration service business. We will accelerate the shift from a conventional "product sales model," to a "continuous revenue service model." In promoting edge infrastructure vertical integration services, it is critical that platforms connect business companies and support edge infrastructure. The Future Innovation Division will consolidate expertise and best practices related to platforms and promote the introduction, management, and optimization of platforms across the entire Group.

We aim to acquire the technologies necessary for future society on each level—edge, wireless networks, cloud, and applications—and will create and implement a roadmap for introducing these technologies.

Intellectual Properties

■ Basic Concept

Intellectual property is an extremely important management resource. The Group is engaged in a wide range of businesses and utilizes its creative value in many different ways. Therefore, the Group is committed to providing value to society by implementing strategies for acquiring, protecting, and utilizing intellectual property in accordance with each business. The Group also respects the intellectual property of other companies and actively conducts surveys to avoid intellectual property risks. Through the analysis of intellectual property information, the Group supports business direction and the promotion of new businesses.

■ Promotion System

As with research and development, we revised our intellectual property structure in April 2025, establishing a system headed by the Executive Officer in Charge of Legal & IP Department, and promoting intellectual property activities with a view to global business development, led by the Intellectual Property Group. As the driving force behind this initiative, the Intellectual Property Group of the Legal & IP Department and the Future Innovation Division work together to formulate intellectual property strategies for the entire Nisshinbo Group and ensure the efficient, cross-organizational use of intellectual property.

■ Intellectual Property Activity Focus Fields

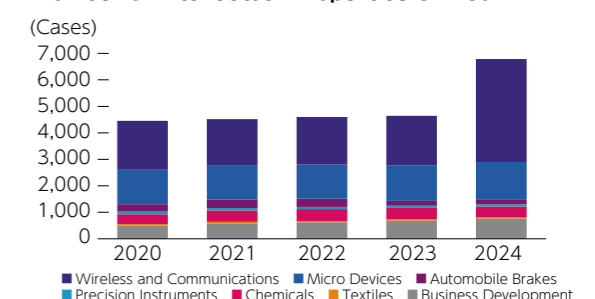
The Nisshinbo Group conducts intellectual property activities with the aim of establishing sustainable competitive advantages by acquiring, protecting, and utilizing intellectual property in the fields of sensing, wireless communication, and information processing, which are core technologies of the Group, and by building a network of rights that are appropriate for business.

■ Number of Intellectual Properties Owned

In this summary, KOKUSAI DENKI Electric Inc. has been added. In addition, the number of holdings of Japan Radio Co., Ltd., has increased, which resulted in a 109% increase in the number of holdings in the Wireless and Communications segment. The total number of holdings for the Nisshinbo Group as a whole has increased by 46% compared to the previous fiscal year. Overseas holdings increased by 187% in the Wireless and Communications segment. Also, overseas holdings in the Micro Devices segment and Businesses Development also increased.

* Number of intellectual properties owned: the total number of registrations, applications and cases under examinations of patents, utility models and designs.

Number of Intellectual Properties Owned*

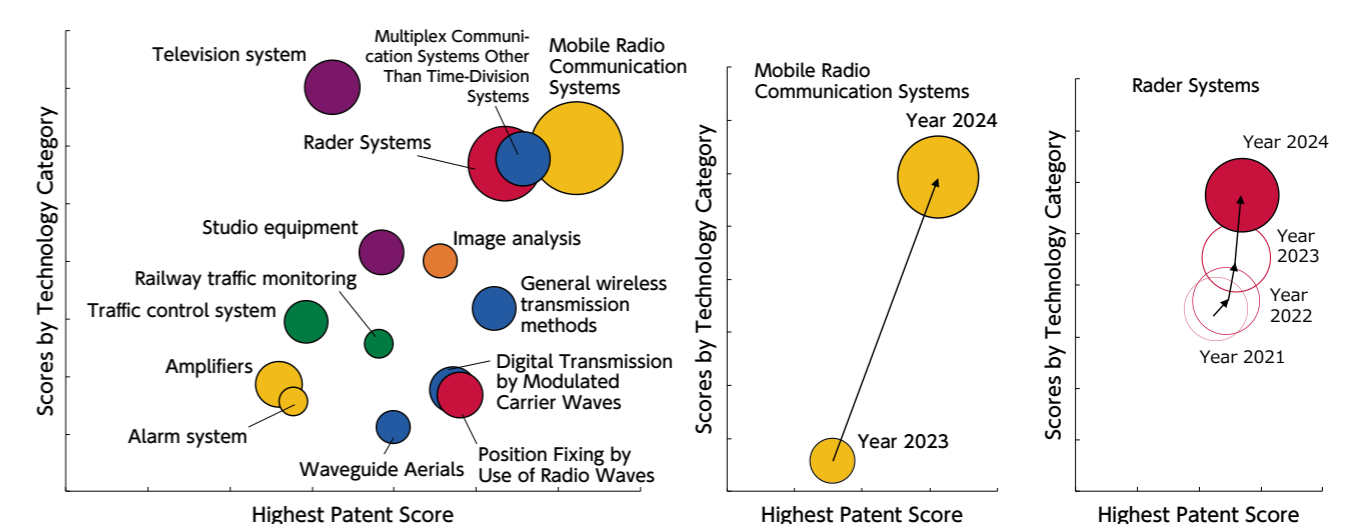


■ Analysis of Patents Owned in Wireless and Communications Segment

The figure below shows that the Wireless and Communications segment has strength in patents related to radar technology. With the participation of KOKUSAI DENKI Electric Inc. in the Nisshinbo Group, the strengths in patents related to television systems, image analysis, and mobile wireless communication systems have increased. The figure on the right shows that the strength of patents related to radar technology is increasing year by year.

Radar products in the Wireless and Communications segment include marine radar and weather radar. The segment has invested aggressively in research and development of these product lines and has protected the results.

Analysis of Patents Owned in Wireless and Communications Segment



* In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle indicates the number of patents.

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.

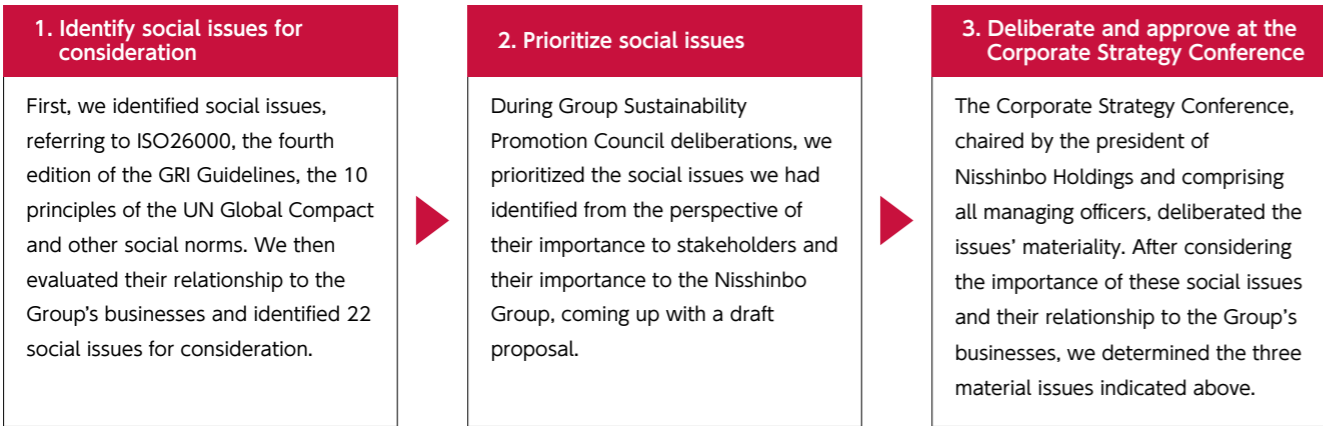
Nisshinbo Group Materiality and Process of Determining Materiality

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

For risks related to business, please see pages 32–34 of the 182nd Securities Report.

Sustainability Approach and Planning

Message from the Managing Officer for Sustainability

We are working on sustainability activities in tandem with the Nisshinbo management strategy to contribute to the resolution of social issues.



Tetsuya Kumakawa
Managing Officer

Nisshinbo Holdings reorganized its structure to centralize the planning and execution of its corporate strategy and sustainability promotion activities. The Company will advance its sustainability initiatives in tandem with the corporate strategy by identifying core issues and implementing focused measures tailored to the opportunities and risks presented. The management team will continue to evolve toward sustainability unique to Nisshinbo, while ensuring that all employees and other stakeholders understand and agree with the significance of the Company's activities.

What is sustainability for Nisshinbo? Sustainability is linked to the basic spirit that has been passed down since the company's founding: *Public Entity and Consistent Integrity*. Nisshinbo has changed its business portfolio in response to social issues, but its basic spirit, which is the source of its intangible asset of the *trust* accumulated over its history, remains unchanged. Based on this spirit, Nisshinbo will continue to contribute to the resolution of social issues. Above all, the most important factor is *people*. At Nisshinbo, the belief that *business is people* has been deeply rooted in the corporate culture for many years. We believe that a company is made up of people, and that all employees, or human resources, are the most important source of value creation for the company. The attitude of each and every one of the employees is to respond to the expectations of customers and society has led to the cultivation of trust over the long history of the Company.

I believe that it is important for companies to be recognized for their value to society in order to conduct business activities. By advancing the management strategy and sustainability activities in tandem, we will enhance corporate value. Going forward, we will continue to steadily advance sustainability management while responding to the expectations of all shareholders, employees, and other stakeholders.

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 70% or more of total sales	Global warming countermeasures Reduce greenhouse gas emissions by 56% or more compared to fiscal 2014	Contribute to the realization of a recycling society Improve the recycling ratio to 95% or more	Water resource countermeasures Reduce water usage per unit of sales by 80% or more compared to fiscal 2014

6th Sustainability Promotion Plan (Target Year: Fiscal 2027)

In October 2024, Nisshinbo formulated the 6th Sustainability Promotion Plan (FY2025-2027) and revised upward the KPIs for two of the four medium-term environmental targets (target year: 2030) that were expected to be achieved by the end of fiscal 2024: "Reduction of greenhouse gas emissions" and "Reduction of water usage per sales."

6th Sustainability Promotion Plan (FY2025-2027) Targets

Environmental Initiatives ■ Materiality: Contribution to the environmental and energy field

Highlights of the 6th plan For the environmental goals, the Company continued the initiatives from the 5th plan as milestones toward achieving the medium-term environmental goals and only raised KPI values.

Key Action Items	The Nisshinbo Group's Initiative	Target-KPI	Coverage
Promote environmental management	Improvement of the sales percentage by the products that contribute to the development of the sustainable society	65% or more of total sales	All companies in Japan and overseas
	Reduction of greenhouse gas emissions	Reduce by 53% or more compared to FY2014	All companies in Japan and overseas
	Reinforcement of the maintenance of biodiversity	Activities that contribute to achieving the goals of the Kunming-Montreal global biodiversity framework, more than 5 new activities	All companies in Japan and overseas
	Reduction of water usage per unit of sales	Reduce by 77% or more compared to FY2014	All companies in Japan and overseas
	Promote Life Cycle Assessment*1 (LCA)	70% or more of total sales	All companies in Japan and overseas
	Reduction of the energy consumption per unit of sales	Reduce by 30% or more compared to FY2014	All companies in Japan and overseas
	Reduction of the volume of PRTR substances*2 emissions per unit of sales	Reduce by 40% or more compared to FY2014	All companies in Japan and overseas
	Improvement of recycling rate	Increase the recycling rate to 93% or more	All companies in Japan and overseas

*1 Life Cycle Assessment: Grasping the amount of environmental impact throughout the product life cycle, from raw materials to production, use, and disposal.

*2 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."

Social Initiatives ■ Materiality: Creation of a safe and secure society

Highlights of the 6th plan Regarding the social goals of the 6th Sustainability Promotion Plan, Nisshinbo reviewed its initiatives to enhance activities in response to external demands by primarily expanding its goals and raising KPI values.

Key Action Items	The Nisshinbo Group's Initiative	Target-KPI	Coverage
Respect Human Rights	Promoting human rights awareness-raising activities	(In Japan) Rate of implementation of Group Human Rights Training: 100% (In overseas) [Qualitative Target] Implementation of human rights awareness-raising activities	All companies in Japan and overseas
	Promoting business and human rights activities	[Qualitative Target] Ongoing human rights due diligence activities (Identification of human rights risks and appropriate responses)	All companies in Japan and overseas
Human Resource Acquisition and Training	Training of management candidates necessary for business promotion	Successor candidate readiness rate for each operating company director-equivalent position: 100%	All companies in Japan
Engagement	Conducting the Group employee surveys	Engagement score of at least 80% in the Group employee survey	All companies in Japan and overseas
Promote diversity	Promoting diverse human resources	(i) Rate of managers hired as mid-career employees to total managers: 20% (ii) Rate of female managers to total managers: 10%	All companies in Japan*3
	Create a comfortable workplace environment for employees	Rate of male employees taking childcare leave: 100% of eligible male employees	All companies in Japan*3
Promotion of sustainable procurement	Improving sustainable procurement in collaboration with suppliers	Feedback of questionnaire results based on procurement guidelines to major suppliers (over 80% of transaction value): 100%	All companies in Japan and overseas with manufacturing sites
Promote activities for occupational safety and health	Prevent occupational injuries	The number of serious accidents 0	All companies in Japan and overseas
Cultivate employee health	Promote health management	(i) Rate of patients receiving detailed examinations after regular health checkups, 85% or more	All companies in Japan
		(ii) Implementation rate of health guidance for high-risk workers: 100%	All companies in Japan
Improve quality and customer satisfaction	Continuously promote measures to improve customer satisfaction	[Qualitative Target] Understand and share the status of customer satisfaction for each segment	All companies in Japan and overseas
Development of social contribution activities	Participate in local contribution activities	[Qualitative Target] Expand participation in local contribution activities	All companies in Japan and overseas

*3 KPIs are those of Nisshinbo Holdings Inc.

Corporate Governance ■ Materiality: Global compliance

Key Action Items	The Nisshinbo Group's Initiative	Target-KPI	Coverage
Practice the Group's Corporate Philosophy	Communicating management's messages based on the Group's Corporate Philosophy	Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in the Group employee survey: 80% or more)	All companies in Japan and overseas
Thorough compliance	Raising awareness of compliance	Rate of compliance training participation by management-level personnel: 100%	All companies in Japan and overseas
	Operating the corporate ethics reporting systems	Response rate to corporate ethics reporting system: 100%	Companies with a Corporate Ethics Reporting System
Promote risk management activities	Operating a risk management system that responds to changes in the environment	[Qualitative Target] Continuous operation of the risk management system in response to changes in the environment	All companies in Japan and overseas
Strengthen information security measures	Defending against external threats	[Qualitative Target] Strengthen protection against external threats and continuously training employees on information security	All companies in Japan and overseas

Contribution to the Environmental and Energy Field

The Nisshinbo Group is aiming to increase corporate value as a unified corporate group by promoting diversity among its employees and realizing its corporate philosophy — "Change and Challenge! For the creation of the future of Earth and People." With "Awareness and Concern towards our Environmental Impact" as the Group's Business Conduct Guidelines, the Group has a deep understanding of environmental behavior and actively engages in and acts on environmental activities. The Group 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.

5th Three-Year Environmental Target Results in Fiscal 2024

We achieved six of the eight key actions items comprising the 5th Three-Year Environmental Targets, which ended in fiscal 2024.

•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" accounted for 47% of the Group's FY2024 sales, falling short of the 60% or higher target. This was due to the inclusion of KOKUSAI DENKI Electric Group, which began operations in FY2024, in the scope of the initiative. The breakdown of "products contributing to a sustainable society" is as follows: friction materials compliant with copper and antimony regulations* in the Automobile Brakes business account for 10%, semiconductor products (contributing to energy saving and smaller chip size in electrical appliances) in the Micro Devices business account for 9%, disaster prevention and mitigation-related products in the Wireless and Communications business account for 6%, non-iron shirts in the Textiles business account for 2%, and others account for 20%.

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

Nisshinbo Group Initiatives Example Copper-reduced and Copper-free Brake Friction Materials Production Facility Enhancements

In response to tightening environmental regulations in the United States, the Group has worked as one to develop copper-reduced and copper-free brake friction materials, with full-scale market launch completed in 2017.

Going forward, Nisshinbo Brake Inc., will steadily expand production facilities for copper-free products at its Tatebayashi Plant and at sites in the United States and other overseas markets, with the aim of expanding business through contributions to environmental preservation.



Friction materials (disc pads, brake linings)

•Reduction of Greenhouse Gas Emissions

Greenhouse gas emissions in FY2024 were 55% lower than in FY2014, surpassing our target of a 35% or greater reduction. The main reasons for the reduction were a decrease in greenhouse gas emissions following the transfer of the TMD Group, which was a consolidated subsidiary, and the installation of additional PFC (perfluorocarbon) and other gas abatement equipment and reduced production in the Micro Devices business.

The Nisshinbo Group's actual greenhouse gas emissions (Scope 3) in FY2024 were approximately 1,305 thousand t-CO₂e, down 32% from the previous fiscal year's greenhouse gas emissions.

Nisshinbo Group Initiatives Example Promoting the Use of Renewable Energy

In FY2024, 16% of the electricity used by the Group was derived from renewable energy. Solar power generation equipment installed by the Nisshinbo Group remained steady, generating 6.8 thousand MWh of power in FY2024.

•Reinforcement of the Maintenance of Biodiversity

As part of its efforts to strengthen biodiversity conservation activities, the Nisshinbo Group launched nine new biodiversity conservation activities in Japan and overseas. These include the protection and cultivation of endangered species, removal of invasive species to protect rare native organisms, and conservation of natural habitats. Through these efforts, we achieved our target of implementing new initiatives at five or more business sites globally.

The Nisshinbo Group believes that it is important to capture business opportunities and respond appropriately to the potential risks arising from nature-related issues. Therefore, starting in FY2024, the Nisshinbo Group will conduct risk assessments in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

Nisshinbo Group Initiatives Example

The Nisshinbo Group is engaged in various biodiversity conservation efforts, including participation in conservation activities conducted in protected areas and initiatives to protect and preserve endangered species. As of the end of FY2024, we are carrying out 13 such activities in Japan and 5 overseas.



Tree planting and conservation activities (Ueda Japan Radio Co., Ltd.)

•Reduction of Water Usage per Unit of Sales

The Nisshinbo Group's water consumption in FY2024 was 5,753 thousand m³, a decrease of 8% from the previous fiscal year. Water consumption per sales was 11.6 m³/million yen, a decrease of 1% from the previous fiscal year. As a result, water consumption per sales in FY2024 was reduced by 78% compared to FY2014, achieving the targeted reduction on of 65% or more. The main reasons for this reduction were the transfer of the TMD Group, which was a consolidated subsidiary, and production cuts in the Micro Devices and Textiles businesses.

Nisshinbo Group Initiatives Example Reduction in Groundwater Use

Nagano Japan Radio Co., Ltd. has been working to reduce groundwater consumption by switching from water-cooled to air-cooled air conditioners when updating air conditioners since 2014. The company's annual groundwater consumption in FY2022 was 315,000 m³, but as a result of the replacement of 18 units in FY2023, groundwater consumption in FY2023 was approximately 204,000 m³, a reduction of approximately 35% (111,000 m³) compared to FY2022. In addition to this, in FY2024, 12 water-cooled air-conditioners were replaced with air-cooled air-conditioners, reducing groundwater consumption by 40,000 m³/year; in FY2025, the company plans to replace three of the remaining 11 water-cooled air-conditioners it owns.

•Promote Life Cycle Assessment

The promotion of life cycle assessment (LCA) accounted for 51% of the Group's sales in FY2024, falling short of the target of 60% or higher. This was due to the inclusion of the KOKUSAI DENKI Electric Group, which began operations in FY2024, within the scope of the initiative.

Nisshinbo Group Initiatives Example Life Cycle Assessment (LCA) Education

At Goyo Electronics Co., Ltd., we are continuously providing life cycle assessment (LCA) training for engineers in the design department in order to expand the number of personnel with LCA experience. By actively incorporating LCA at the development stage, we aim to drive the development of products that adopt technologies and materials designed to reduce environmental impact.

•Reduction of the Energy Consumption per Unit of Sales

The target for energy used in FY2024 was achieved with a 39% reduction in energy used per sales compared to FY2014, surpassing the targeted reduction of 15% or more. In addition to the successful implementation of energy conservation measures in all businesses, the main reasons for this reduction were the transfer of TMD Group, a consolidated subsidiary with high energy use, and reduced production in the Micro Devices business.

Nisshinbo Group Initiatives Example Energy-Saving Measures in the Assembly Process

Nisshinbo Micro Devices (Thailand) Co., Ltd., installed central vacuum pumps to save energy in the vacuum generation system for the IC (integrated circuit) 1 assembly process. As a result, we achieved a reduction of 606 MWh (greenhouse gas emissions: 287 t-CO₂) in FY2024 over a six-month period.

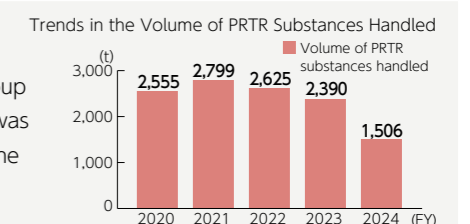


•Reduction of the Volume of PRTR Substances Emissions per Unit of Sales

In FY2024, emissions of PRTR substances per sales were reduced by 41% compared to FY2014, achieving the targeted reduction of 30% or more.

Nisshinbo Group Initiatives Example

In FY2024, the volume of substances subject to PRTR handled by the Nisshinbo Group was 1,506 t, down 37% year-on-year (YoY). The transfer of the TMD Group, which was a subsidiary engaged in the Automobile Brakes business, resulted in a decrease in the volume of antimony and the handled compounds.



•Improvement of Recycling Rate

In terms of the target for improvement of the recycling rate, the Group as a whole achieved 92% in FY2024, which met the three-year environmental target of 90% or higher. This was mainly due to the transfer of the TMD Group, a consolidated subsidiary, which had a low recycling rate.

Nisshinbo Group Initiatives Example 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 FY2024, 32 locations achieved zero emissions.



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

Information Disclosure Based on TNFD Recommendations

Outline of TNFD Response

The Nisshinbo Group believes that it is important to capture business opportunities and respond appropriately to the potential risks arising from nature-related issues. Therefore, starting in fiscal 2024, the Nisshinbo Group will conduct risk assessments in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

The Nisshinbo Group plans to conduct analyses and evaluations of nature-related issues by systematically expanding the scope of analyses by conducting scenario assessments with the aim of enhancing the level of analyses. In addition, the Group plans to consider countermeasures for the nature-related risks identified in the current analysis, as well as additional targets and management indicators.

Through risk assessments based on the TNFD, the Group will identify the potential risks and opportunities posed by nature-related issues for the Group in the future and use this information in the formulation of business strategies to develop more flexible and robust strategies and enhance resilience to future risks.

Governance

The Nisshinbo Group has established and operates systems within its governance framework to appropriately address nature-related risks and opportunities. Responsibility for nature-related issues lies with executive bodies such as the Board of Management, which consists of the president and executive officers. These bodies discuss responses to nature-related issues and oversee the setting and progress of relevant targets. Key matters are reported to the Board of Directors as appropriate.

Note: Refers to the Governance Structure chart on page 45, "Corporate Governance"

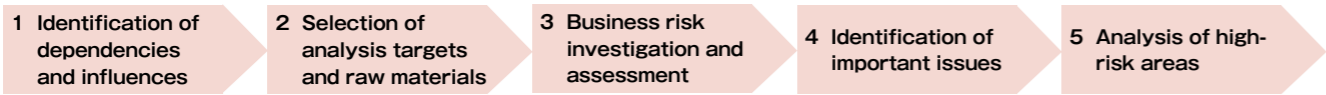
Risk and impact management

The Nisshinbo Group identified its dependencies on and impacts of key nature-related issues, as well as associated risks, and then conducted an analysis in the following steps for six businesses—Wireless and Communications, Micro Devices, Automobile Brakes, Precision Instruments, Chemicals, and Textiles—starting in fiscal 2024.

As the first step in assessing natural risks, the Nisshinbo Group evaluated the dependence on and impact of the business on nature using the nature risk assessment tool ENCORE*. Next, the Nisshinbo Group selected the raw materials to be analyzed and conducted a risk survey and assessment of the entire value chain related to the business. Based on the results of this assessment, the Nisshinbo Group identified key issues related to natural risks. Nisshinbo analyzed areas surrounding its manufacturing sites and upstream in the corporate value chain where there are potential risks related to the identified key issues. For details on the analysis of areas where there are potential risks, please refer to the "Strategy" section.

* ENCORE: A tool developed by the international financial industry association NCFA and the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCSC) to enable the results of the various existing tools related to nature-related risks to be evaluated collectively.

Steps for Analyzing Nature-Related Dependencies, Impacts, Key Issues, and Regional Characteristics



Strategy

An Overview

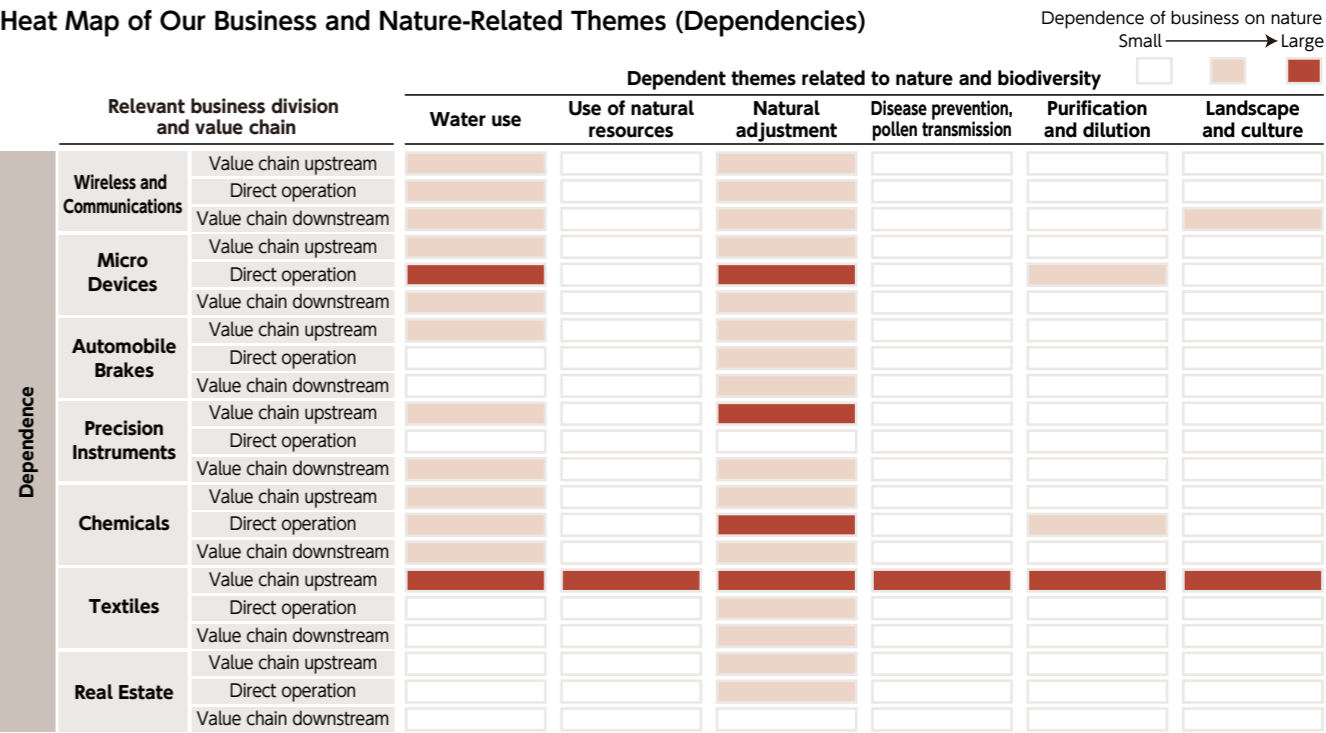
The Nisshinbo Group operates a wide range of businesses, so the Group analyzed the important nature-related dependencies, impacts, risks, and opportunities in the value chains of the target businesses for fiscal 2024, taking into account the scale of the businesses. The Nisshinbo Group also used nature risk assessment tools provided by the United Nations Environment Programme in conducting this analysis.

Furthermore, the TNFD framework recognizes indigenous peoples and local communities as important rights holders with regard to the natural environment and considers it important to take into account not only nature but also the human rights of rights holders.

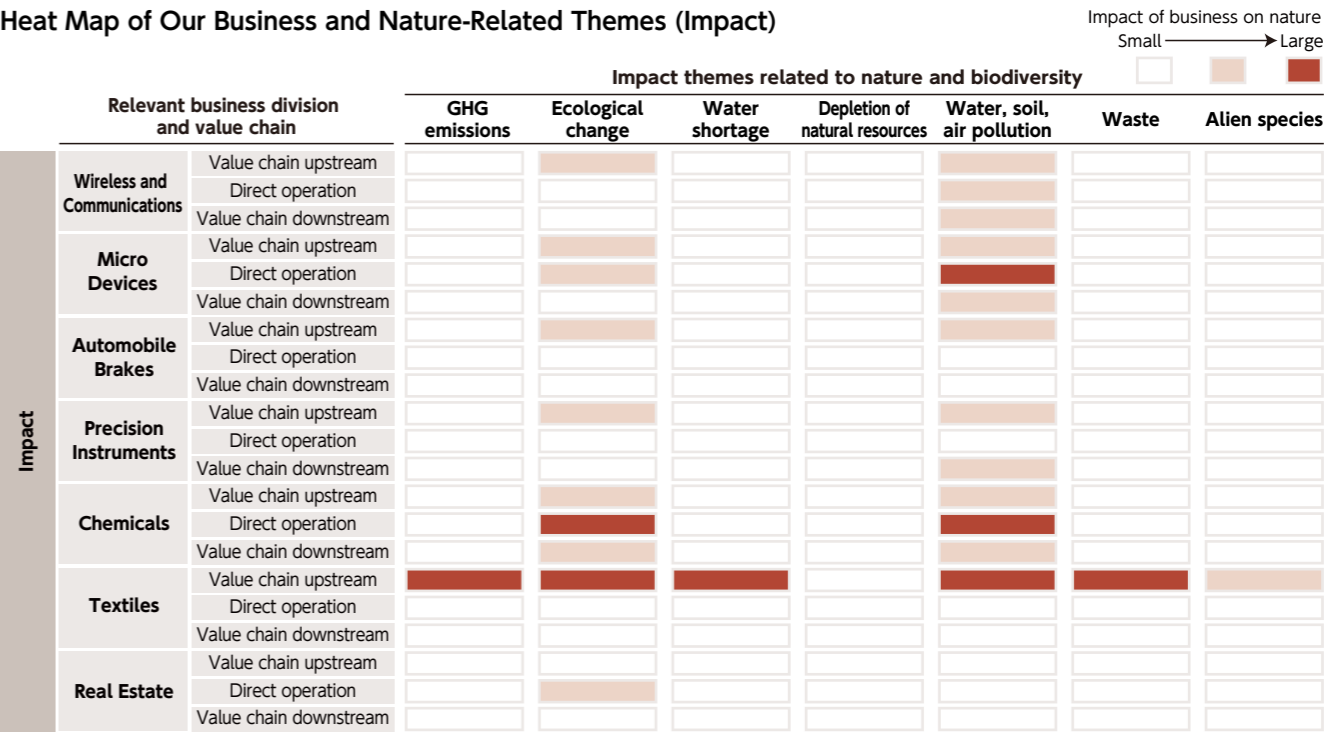
1. Dependence on Natural Capital and Understanding Its Impact

Referring to the TNFD classification, the Nisshinbo Group conducted an analysis of the potential dependencies and impacts within the value chain, including upstream and downstream operations, for each of the business segments. The nature risk assessment tool ENCORE was used for the analysis.

Heat Map of Our Business and Nature-Related Themes (Dependencies)



Heat Map of Our Business and Nature-Related Themes (Impact)



2. Risks That Nature-Related Issues May Affect Business

Referring to the TNFD's classification of nature-related risks, the Nisshinbo Group examined nature-related risks and opportunities that could affect the Nisshinbo business. In conducting this examination, the Group investigated what risks and opportunities exist in each of the upstream, direct operations, and downstream stages of the value chain.

In this analysis, Nisshinbo focused on risk analysis as an initial step. Going forward, the Group will conduct scenario analyses based on the risks identified in this assessment to analyze the risks to Nisshinbo in greater detail and will also examine opportunities.

List of Risks

📶

📱

🚗

⚙️

🧪

👕

📶 : Wireless and Communications📱 : Micro Devices🚗 : Automobile Brakes⚙️ : Precision Instruments🧪 : Chemicals👕 : Textiles

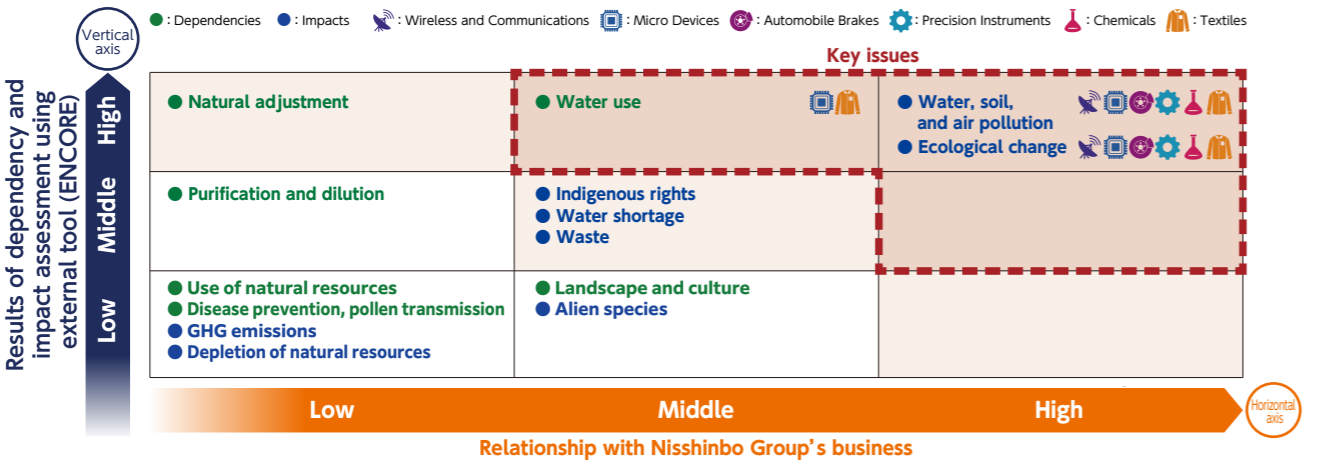
Risk type	Evaluation items		Risks	Value chain
	Major category	Small category		
Transition risk	Policy/ regulation	• Mining permit📶📱🚗⚙️	• Measures to revoke mining permits due to water pollution, soil contamination, air pollution, and destruction of ecosystems caused by mining operations.	Upstream
		• Water restriction📶📱🚗⚙️🧪👕	• Suspension of factory water intake rights due to protests over the impact of water suction on surrounding organisms	Direct operation
	Reputation	• Use of water and pesticides in cotton cultivation👕	• Criticism of the destruction of surrounding ecosystems caused by the use of large amounts of water and pesticides in cotton cultivation	Upstream
		• Environmental destruction caused by mining📶📱🚗⚙️	• Criticism of water pollution, soil contamination, air pollution, and ecological destruction caused by mining	Upstream
		• Effluent from manufacturing plants📶📱🚗⚙️🧪👕	• Criticism of the destruction of the surrounding ecosystem caused by industrial wastewater from manufacturing plants	Direct operation
		• Microplastic discharge🚗⚙️🧪👕	• Criticism of microplastic discharge from synthetic fibers	Downstream
	Litigation	• Environmental destruction caused by mining📶📱🚗⚙️	• Compensation order for water pollution, soil contamination, air pollution, and destruction of ecosystems caused by mining	Upstream
		• Emission of hazardous substances from factories📶📱🚗⚙️🧪👕	• Order to pay fines for discharging hazardous substances from manufacturing plants	Direct operation
Physical risk	Acute	• Drought📶📱🚗⚙️🧪👕	• Suspension of operations at semiconductor factories due to water shortages	Direct operation
		• Flooding📶📱🚗⚙️🧪👕	• Flooding causing suspension of operations • Compensation order for damage to the surrounding ecosystem and local residents caused by the discharge of harmful substances due to flooding	Direct operation

3. Important Issues Related to Nature

Based on the results of surveys and analyses regarding dependencies and impacts, risks and opportunities, the Nisshinbo Group organized a materiality map using two axes: the vertical axis reflects the results of the assessment of dependencies and impacts using the ENCORE nature risk assessment tool, which indicates the concerns of external stakeholders; the horizontal axis reflects the results of the assessment of the degree of impact of risks on our business, expressed as the relationship with Nisshinbo Group's business. From the materiality map, Nisshinbo identified three issues related to nature as important issues for the Group: water, soil, and air pollution; ecosystem change; and water use.

The Nisshinbo Group identified strong links in terms of dependence, impact, and risk with regard to water, soil, and air pollution and ecosystem change in the procurement of raw materials used in the businesses that are the subject of the analysis. In addition, the Nisshinbo Group identified strong links between water use and semiconductor manufacturing in the Micro Devices business and cotton procurement in the Textiles business.

Nature-Related Materiality Map—Relevance to Each Business



Human Resources Strategy

Human resources that generate value are key to the Nisshinbo Group's achievement of sustainable growth. We consider the retention and development of human resources to be the most important issue facing management, and implement human resource strategies accordingly.

Message from the Director in Charge of Human Resources

The Nisshinbo Group is engaged in a wide range of businesses, and while each Group company implements unique human resource strategies, the Group's common objective is for all employees to welcome change and target lofty goals. We believe this mindset and behavior leads to sustained value generation through the practice of Change and Challenge, leading to the achievement of business strategies and profit generation, as well as social contributions through business activities (for the creation of the future of Earth and People). To achieve this, we will promote initiatives in **five categories**.



Masashi Sato
Managing Officer
Chief of Talent & D&I Development
Department

- ① **Empowerment:** Formulate human resource strategies and human resource portfolios for each Group company, while improving work engagement and developing the human resources required by the organization. The mindset and behavior we seek in our employees is self-directed growth.
- ② **Inclusion:** Create an organization and corporate culture that encourages the active participation of diverse human resources* by integrating diverse values to create new value, increasing empathy with our corporate philosophy and policies, and heightening organizational engagement.
- ③ **Support:** Support the active participation of diverse human resources* through effective talent matching, accommodation of diverse work styles, and other initiatives.
- ④ **System (human resource system):** Establish a well-balanced human resource system that encourages employees to welcome change and target lofty goals.
- ⑤ **HR function and data (human resources system and data):** Strengthen HRBP functions and promote the strategic use of HR data.

The success or failure of a business depends on its human resources. We will boldly implement measures that maximize the value of Nisshinbo human resources to ensure sustainable Group growth.

Note: "Diverse human resources" refers to a group of people with a variety of values, skills, and experiences.

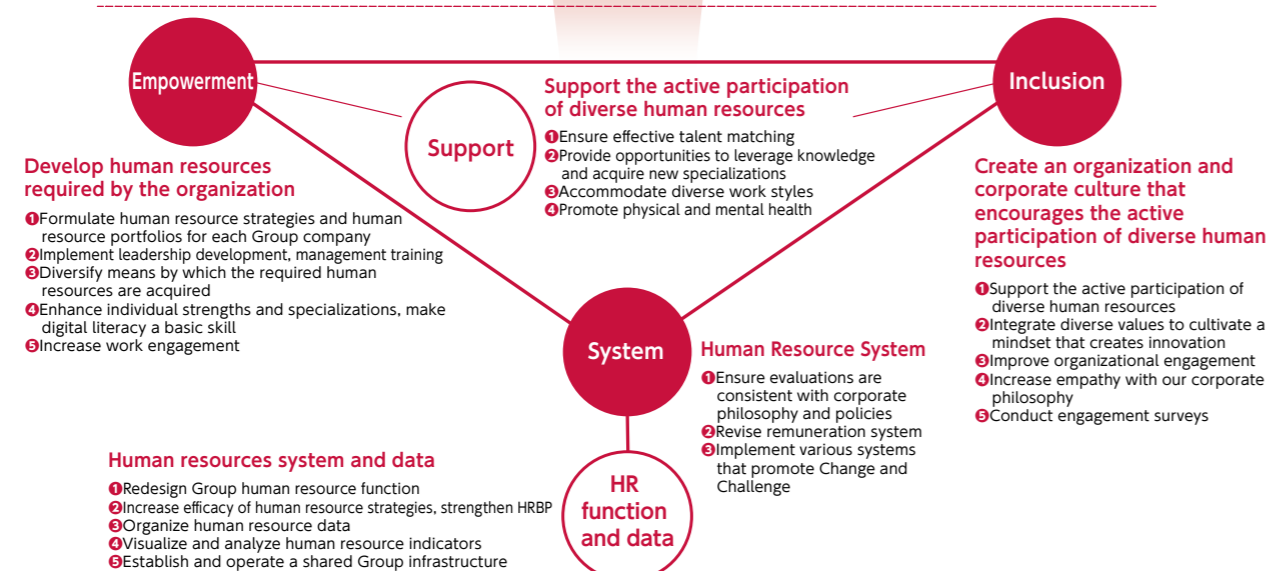
Long-Term Vision

Excerpt from "NISSHINBO Group E&I Report 2025"

Social Contributions through Business Activities
(For the creation of the future of Earth and People)
Achieve business strategies and generate profits

Results Generate sustained value through Change and Challenge

Mindset and behavior All employees welcome change and target lofty goals



Empowerment

The Nisshinbo Group is working to acquire and develop human resources with a focus on future business developments.

In the 5th Sustainability Promotion Plan with fiscal 2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote human resource acquisition and training as a priority activity and achieve the goals of training of management candidates necessary for business promotion and strengthen mid-career recruitment to improve the age structure of human resources.

	Quantitative Targets FY2024 Results
• Increase the participation rate of senior management posts (executive officers or above) in the future leader program: Rate of the program participation	52.0%
• Strengthen efforts to recruit mid-career employees to rectify the employee age imbalance: Rate of mid-career hires	44.3%

The 6th Sustainability Promotion Plan, which targets fiscal 2027, sets the following targets for human resources acquisition and development as priority activities to develop the management candidates necessary for business promotion.

- Successor candidate readiness rate for each operating company director-equivalent position: 100%

Development of Management Candidates Necessary for Business Promotion

The Nisshinbo Group set the ideal profile for its employees as *co-creative leaders* who lead the creation of customer value, and the company is implementing a selective leadership development program.

Implementation of a selective leadership development program

- ① Advanced (Managing Officer level) and executive (Department Manager level) programs

The Advanced (Managing Officer level) program includes management lectures and practical training courses to help participants acquire management knowledge, the appropriate mindset, and role-specific behaviors.

The Executive (Department Manager level) program includes management lectures and practical training courses, as well as technical management graduate school (MOT) courses and practical workshops to cultivate management talent with both technical knowledge and management skills.

- ② Middle (Section Manager level) and Basic (Next-Generation Leader level) Programs

At lower levels, Nisshinbo implements the Middle and Basic programs based on company recommendations. For the Middle (Section Manager level) program, Nisshinbo conducts management programs, financial leadership programs, and marketing programs through external assignments, and internally, Nisshinbo conducts business strengthening workshops. For the Basic (Next-Generation Leader level) program, the company implements leadership programs.

Initiatives to Improve Work Engagement

The Nisshinbo Group supports the growth of each employee by providing a variety of training programs and educational tools to promote self-development and skill enhancement, opportunities for career review (career training by age group, career sheet completion, and career interviews), and appropriate feedback. In addition, the Group is developing human resource systems and compensation systems based on our human resource policy.

Recruitment, Retention, and Support for Human Resources

In order to create a group of human resources with more diverse backgrounds and 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.

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

Inclusion

"Always change!" — The Nisshinbo Group aims to create an organization where everyone can thrive and be themselves by making it normal to update values and behaviors. To achieve this, the Group is working on three areas: 1) the state of the organization, 2) the state of individuals, and 3) the environment and systems. To monitor progress, the Group conducts engagement surveys, analyzes the results based on scores and free-form comments, and continuously improves the organizational culture.

1. State of the organization

Within the Nisshinbo Group, the Company aims to foster a culture that respects diversity and encourages challenges based on psychological safety.

2. Individual status

The Nisshinbo Group believes that when each individual feels a sense of fulfillment and satisfaction in their work and is able to work autonomously while expressing their individuality and

strengths, such a mindset serves as a driving force to enhance the vitality of the entire organization.

3. Environment and systems

An environment and systems that support diversity are essential for realizing diversity. Therefore, the Nisshinbo Group will further review work styles and improve systems with the aim of realizing a more diverse range of work styles.

Initiatives to Enhance Organizational Engagement

The Nisshinbo Group is united in its efforts to strengthen its competitiveness and facilitate an environment in which all employees can maximize their abilities. To this end, we are focusing on engagement and the implementation of our Group philosophy as key activities.

In the 5th Sustainability Promotion Plan with fiscal 2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote engagement and practicing the Group's Corporate Philosophy and achieve the goals of conducting a global survey and communicating management's messages based on the Group's Corporate Philosophy.

1. Continue implementing the global survey	
	Quantitative Targets FY2024 Results
2. Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in global survey: 80% or more)	Affirmation rate: 77%

For point 1, Nisshinbo took steps to visualize the state of the organization in terms of instilling the corporate philosophy. The Group will continue to conduct global surveys through FY2024 and use the results to improve the organizational culture of each company. Regarding point 2, the approval rating in the global survey for the entire group, including both domestic and overseas operations, was 77% in fiscal 2024, a slight improvement from 76% in fiscal 2023.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, to achieve the goals of conducting the global surveys and communicating management's messages based on the Group's Corporate Philosophy, The Nisshinbo Group will continue to promote the following two initiatives.

1. Engagement score of at least 80% in the global survey
2. Promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in the Group employee survey: 80% or more)

Each company appointed a survey coordinator to share best practices across the Group. In addition, Nisshinbo will continue to provide training on psychological safety, which was started in 2022, to ensure that all employees have a common understanding. Furthermore, in fiscal 2025, Nisshinbo plans to implement measures for senior management and managers led by the holding company.

Active Participation of Diverse Human Resources

In the 5th Sustainability Promotion Plan with fiscal 2024 as the

target year, the Nisshinbo Group set the following five items as targets and KPIs to promote diversity as a priority activity and achieve the goals of Group-wide D&I penetration initiatives, Securing diverse human resources, and Promoting diverse human resources.

1. Disseminate top management messages and implement measures contributing to the success of diverse human resources		Quantitative Targets FY2024 Results
2. Women among overall hires*		
Mid-career: Managers:	50%	35%
New graduates: Clerical positions:	50%	50%
Technical positions:	20%	23%
3. Mid-career hires among management:*(end of fiscal 2024 target)	11%	19%
4. Female manager ratio*(end of fiscal 2024 target)	6%	7.8%
5. Participation in psychological safety training:	100%	100%

Note: KPIs are for Nissinbo Holdings Inc.

Regarding 1, after conducting an engagement survey, the Nisshinbo Group provided feedback on the results from top management and implemented organizational culture improvement activities that will be ongoing. The Company advanced initiatives to address gender gaps and promote diversity and inclusion. Regarding 2, the Company achieved the target for the proportion of women in new graduate hiring, but the target for the proportion of women in managerial roles among career hires was not met. Regarding 3, 4, and 5, the Group achieved the targets.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will focus on promoting diversity and will set the following two goals to achieve promoting diverse human resources and creating a comfortable workplace environment for employees.

1. Rate of managers hired as mid-career employees to total managers: 20% or more
2. Rate of female managers to total managers: 10% or more (eliminate gender gap [promote active participation of women])

Implementation of a Female Leadership Development Program

In order to identify issues related to promoting the participation of women in the workplace, Nisshinbo conducted interviews with female employees and their supervisors. The following three issues were raised: 1) gaining experience and individual training, 2) providing role models and part models, and 3) enhancing internal networks to connect women.

To address these issues, Nisshinbo launched a Women's Leadership Development Program in 2023 for female managers, the next generation of managers, and veteran employees in their 40s and 50s who are in a position to mentor junior employees.

Implementation of Training for Managers

Going forward, Nisshinbo will introduce training for managers to

raise awareness of unconscious bias and enable the managers to respond appropriately, as well as training to strengthen management skills for utilizing diverse human resources.

The Company believes that these initiatives will increase the number of role models, expand the opportunities for women of the next generation, and ultimately contribute to the elimination of the gender gap.

Initiatives Supporting the Active Participation of Diverse Human Resources

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.

In the 5th Sustainability Promotion Plan with FY2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote diversity as a priority activity and achieve the goals of creating a comfortable workplace environment for employees.

		Quantitative Targets FY2024 Results
• Annual paid leave utilization:	More than 70%	68.3%
• Male employees utilizing childcare leave among all male employees:	More than 30%	42%

Note: KPIs are for Nisshinbo Holdings Inc.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will continue to focus on promoting diversity as a priority activity. To achieve the goal of creating a comfortable workplace environment for employees, Nisshinbo will promote the creation of a more comfortable and rewarding work environment with the following goals.

• Rate of male employees taking childcare leave: 100% of eligible male employees
--

Preventing Occupational Injuries

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.

In the 5th Sustainability Promotion Plan with fiscal 2024 as the target year, the Nisshinbo Group set the following item as targets and KPIs to promote activities for occupational safety and health as a priority activity and achieve the goals of preventing occupational injuries.

	Quantitative Targets FY2024 Results
• Number of serious accidents:	0 incidents

In fiscal 2024, we focused on strengthening safety and health activities, and in particular, we made efforts aimed at preventing serious accidents, strengthening chemical substance management, and promoting measures to prevent behavioral accidents.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will continue to focus on promoting activities for occupational safety and health as a priority initiative and will work to prevent occupational injuries. The Nisshinbo Group is working toward the following goals through a PDCA cycle.

• Number of serious accidents:	0 incidents
--------------------------------	-------------

Promotion of Health Management

The aim of the Nisshinbo Group is to be a corporate group that continues to be trusted and needed by society through the protection of the health of each and every employee and the enhancement of the vitality of the entire organization. Creating an environment where employees can work in good health and with vitality is an important theme that is directly linked to the sustainable growth of the company and the happiness of its employees. To this end, Nisshinbo is promoting measures to resolve employee health issues and achieve zero work loss.


In the 5th Sustainability Promotion Plan with fiscal 2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to cultivate employee health as a priority activity and achieve the goals of promoting health management.

	Quantitative Targets FY2024 Results
• Rate of patients receiving detailed examinations after regular health checkups: 85% or more	86.5%
• Implementation rate of health guidance for high-risk workers: 100%	98.7%

As in years since fiscal 2021, we were certified in fiscal 2024 under the 2025 Certified Health & Productivity Management Outstanding Organizations recognition program, in both the large enterprise and SME categories.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will continue to focus on cultivating employee health as a priority activity and will set the following two goals to achieve promoting health management.

1. Rate of patients receiving detailed examinations after regular health checkups: 85% or more
2. Implementation rate of health guidance for high-risk workers: 100%



For more information, please see the Sustainability section of the Nisshinbo Group website.

<https://www.nisshinbo.co.jp/english/sustainability/>

Human Rights

Basic Concept

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, to protect these rights, 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.

Respect for Human Rights

The Nisshinbo Group engages in activities aimed at realizing a society in which human rights are respected.

In the "5th Sustainability Promotion Plan with fiscal 2024 as the target year, the Nisshinbo Group set the following two items as targets and KPIs to promote respect for human rights as a priority activity and achieve the goals of promoting human rights awareness-raising activities and promoting business and human rights activities.

	Quantitative Targets FY2024 Results
1. (Japan) Group human rights training: 100% (Overseas) Human rights education and training	97%
2. Formulate human rights policy, introduce and promote human rights due diligence in areas with high human rights risks	

In fiscal 2024, The Nisshinbo Group also created explanatory videos aimed at promoting a better understanding of business and human rights and then distributed the videos throughout the company.

As part of other initiatives related to human rights due diligence, Nisshinbo worked to strengthen human rights-related systems and remedial measures at domestic and overseas group companies. Additionally, the company revised its Sustainable Procurement Basic Policy in accordance with the human rights statement and is disseminating and implementing it alongside the Sustainable Procurement Guidelines.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will continue to focus on respect for human rights as a priority activity and will set the following two goals to achieve promoting human rights awareness-raising activities and promoting business and human rights activities. The Nisshinbo Group will promote these initiatives with a focus on human rights due diligence activities.

1. Rate of implementation of Group Human Rights Training: 100% (In Japan), Implementation of human rights awareness-raising activities (In overseas)
2. Ongoing human rights due diligence activities (Identification of human rights risks and appropriate responses)

Specifically, starting in fiscal 2025, the Nisshinbo Group will identify human rights risks and consider and implement appropriate measures for each risk. The Group will continue

to focus on awareness-raising activities of group human rights training, training to deepen the understanding of different human rights issues, and training to prevent harassment.

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.

Through its focus on human rights due diligence activities, the Nisshinbo Group aims to raise awareness among all employees of their responsibility to fulfill the company's responsibility to contribute to the realization of a society that respects human rights.

Prevention of Harassment

To prevent harassment, the Nisshinbo Group sets up "Harassment Consultation Counters" at the group companies in Japan and established a system in which multiple contact persons are assigned to provide consultations to employees. Each business site will appoint personnel who meet the requirements for handling consultations as consultation desk staff. Newly appointed personnel will attend the Harassment Consultation Desk New Staff Training to acquire consultation skills. In order to make consultation response more effective, we also offer training mainly through role-playing as a follow-up. The Nisshinbo Group is working to standardize the consultation skills of its frontline staff by requiring all personnel in charge of customer service throughout the Group to attend training sessions.

Since 2017, the Nisshinbo Group has provided anger management training for employees of all Group companies in Japan with the aim of preventing power harassment through appropriate emotional control and the promotion of good communication within the workplace.



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>

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. The basic policy was revised in 2024, at the same time, we established 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

Promoting Sustainable Procurement

In the 5th Sustainability Promotion Plan ended in fiscal 2024, we set and made efforts to achieve the following three items as targets and KPIs for efforts aimed at the promotion of sustainable procurement as a key action item.

The Nisshinbo Group's Initiatives	Targets・KPI	Quantitative Targets FY2024 Results
Improving sustainable procurement in collaboration with suppliers	1.Evaluation of improvement efforts based on the results of the sustainable survey to major suppliers (more than 80% of transaction amount): 100%	94%
Implementation of global initiatives	[Qualitative Target] 2.Consideration and implementation of deployment methods to the supply chain at overseas business connection and critical overseas locations	Listed below
Expanding internal awareness-raising activities	3.Implementation rate of training for purchasing staff (annual theme): 100%	54%

In FY2024, we convened procurement manager meetings in July and December, targeting production plants with domestic and overseas Procurement Divisions as target sites for the rollout of the supply chain at the overseas bases mentioned in 2 above. In addition, we reviewed the sustainable procurement questionnaire mentioned in 1 based on the Nisshinbo Group Sustainable Procurement Guidelines for both domestic and overseas sites.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will continue focusing on the promotion of sustainable procurement as a key action item, and work toward the following targets.

- Feedback of questionnaire results based on procurement guidelines to major suppliers (over 80% of transaction value) : 100%

At the procurement manager meeting, it was decided that activities for the 6th term would continue to focus on supplier surveys. Additionally, from fiscal 2025, KOKUSAI DENKI Electric Inc. would join the procurement manager meeting.

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 fiscal 2024 survey covers suppliers that account for 80% of the transaction amount of each core company. Many suppliers who participated in multiple surveys and provided feedback in the past saw an increase in their evaluation scores. However, for group companies that conducted the survey with the new questionnaire, direct comparisons were not possible, and because of the increase in the number of questions, scores showed a trend toward equivalence or a slight decline. Going forward, Nisshinbo will continue to share survey results with suppliers and utilize them for improvement, thereby advancing sustainable procurement initiatives.

In fiscal 2025, Nisshinbo plans to implement activities in accordance with the new questionnaire content based on the Nisshinbo Group Sustainable Procurement Guidelines, including overseas offices and suppliers.

Implementation of Training for Purchasing Managers

In fiscal 2024, Nisshinbo conducted internal training on responsible mineral procurement in July for purchasing personnel at Group companies in Japan.

Declaration to Build Partnerships and Compliance with the Subcontract Act

At the end of December 2024, Nisshinbo Holdings Inc. and Nisshinbo Micro Devices Inc. announced a partnership agreement.

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.



Dialogues with Shareholders and Investors

Dialogues Held and Main Participants

- Results briefings (semiannual): President and directors (business segment representatives, CFO)
- 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
What specific issues prompted structural reforms in the Wireless and Communications business? How long will these reforms be implemented?	These structural reforms are focused on Japan Radio Co., Ltd. Despite implementing structural reforms at Japan Radio in the past, KOKUSAI DENKI Electric Inc., remains dominant in terms of profitability. This indicates that Japan Radio structural reforms were insufficient. We will implement KOKUSAI DENKI Electric initiatives at Japan Radio, including the elimination of redundant operations, to simplify the business structure and production system, and boost profits. We expect to begin seeing results in fiscal 2026.	P.18-19 Wireless and Communications Business Strategy
Are increases in the national defense budget a tailwind for the Wireless and Communications business? What is your outlook for fiscal 2027 onward?	Recent disaster prevention-related budget increases have provided support for this business, and we are focused on increasing profit margins and acquiring new orders in line with expectations for further growth going forward.	
What factors are driving favorable performance in the Marine business? What is your outlook for the future?	While yen depreciation and market conditions were factors, we believe the increased demand for vessels that contribute to reduced CO ₂ emissions in the marine transport industry was also a factor. Demand for vessel maintenance and replacements tend to increase when the marine transport industry is booming, thus we expect the market to remain stable. We also expect the market for autonomous ships to expand, contributing to addressing labor shortages and preventing accidents.	

Q	A	Related page
How does your new R&D structure (Future Innovation Division) differ from past R&D efforts? How will personnel allocation and R&D expenses be affected?	We revamped our R&D structure, which up to now had mainly involved the Chemicals business, and established a new business model focused on Wireless and Communications research and engineering personnel. The new structure was launched in April with about 50 personnel. In terms of R&D expenses, going forward we plan to increase both expenditures and investments associated with the Future Innovation Division.	P.20-23 R&D/Intellectual Properties
Aside from the impact of market conditions, are there any proactive measures that can be taken in Micro Devices?	Up to now, we have implemented cost reduction measures, and in consideration of an expected recovery in demand, we do not currently plan to reduce personnel. Measures going forward will mainly aim to increase sales, which we have been working at since 2024. Specifically, we have been conducting intensive sales activities in Asia, including China, and through domestic caravans and other efforts, we are beginning to see results in terms of strengthening our position in Asia for products with relatively little competition. We have already begun analyzing the market and other factors, and recognize that a comprehensive revision is necessary.	
How have investors reacted to Medium-Term Management Plan 2026? Do you plan to make any revisions?	As performance fell substantially short of initial forecasts in 2024, many investors have indicated they think it difficult for us to achieve plan targets. We have begun internal discussions on how to proceed with the plan in order to earn the trust of investors.	
What is the future outlook for the Real Estate business?	The Real Estate business is based on the utilization of idle domestic plants in Japan. As the land was acquired many years ago, its book value is very low, resulting in high profit margins. While we have traditionally focused on the leasing business, we have proactively expanded subdivision (i.e., sales) operations over the past decade to improve asset efficiency. As a result, while the leasing business has been contracting, we have continued to record operating income of around ¥10.0 billion in the leasing business in fiscal 2023 and fiscal 2024. However, large-scale sales projects will conclude for the time being in fiscal 2026, and from fiscal 2027 onward, we expect the leasing business alone to generate several billion yen in full-year operating income. In fiscal 2025, we forecast Real Estate business operating income of ¥10.8 billion in line with subdivision projects, and in the first quarter (January–March), we exceeded this plan with operating income of ¥11.5 billion. However, this is as expected, and there are no changes to the full-year plan as we anticipate increased expenses for large-scale renovation work on commercial properties for lease going forward.	
What efforts are you making to achieve PBR of 1x?	As requested by the Tokyo Stock Exchange, rather than temporary measures, we will implement fundamental changes to achieve a return on capital that exceeds capital costs on an ongoing basis and realize sustainable growth. To this end, we will continue to transform our business portfolio and, in fiscal 2025, will restructure the Wireless and Communications business to improve profitability.	Message from the President P.5 Management Awareness of Capital Costs and Share Price
What is your approach to shareholder returns?	Our basic policy on shareholder returns is to ensure: 1. Stable and continuous dividends (aiming for a dividend payout ratio of 40% by 2026), and 2. Flexible decision-making regarding share buybacks based on capital structure, FCF outlook, and other factors, while securing cash for strategic investments, capital expenditures, and R&D expenses.	Message from the President P.5 Management Awareness of Capital Costs and Share Price

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

(As of March 28, 2025)

Board of Directors



Director and Chairman
Masahiro Murakami

Number of Company's shares held: 95,325 shares
Board of Directors meeting participation:
Attended 16/16 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
Mar. 2025: Director and Chairman of the Company (to the present)



President and Representative Director
Yasuji Ishii

Number of Company's shares held: 23,695 shares
Board of Directors meeting participation:
Attended 16/16 meetings

Apr. 1988: Joined the Company
Apr. 2011: Managing Officer and General Manager of Production of Friction Materials Division of Nisshinbo Brake Inc.
Apr. 2013: Executive Managing Officer, Senior Manager of Strategy Office, and General Manager of Product Division (served concurrently) and Engineering Division of Nisshinbo Brake Inc. (served concurrently)
June 2013: Director and Executive Managing Officer of Nisshinbo Brake Inc.
Jan. 2015: Senior Manager of Brake R&D Division of Nisshinbo Brake Inc.
Apr. 2015: Vice President and Director of Nisshinbo Brake Inc.
June 2015: Managing Officer of the Company
June 2017: President and Representative Director of Nisshinbo Brake Inc.
Mar. 2019: Director and Managing Officer of the Company
Mar. 2023: Chairman and Director of Nisshinbo Brake Inc.
June 2024: Director and Executive Managing Officer of the Company
Mar. 2025: President and Representative Director of the Company (to the present)



Director and Executive Managing Officer
Takeshi Koarai

Number of Company's shares held: 14,773 shares
Board of Directors meeting participation:
Attended 16/16 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
Mar. 2025: Director and Executive Managing Officer of the Company (served concurrently, to the present)



Director and Executive Managing Officer
Shuji Tsukatani

Number of Company's shares held: 24,185 shares
Board of Directors meeting participation:
Attended 16/16 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
Apr. 2020: Senior Manager of Finance, Accounting & IT Service Department of Corporate Strategy Center of the Company
Mar. 2024: Deputy Chief of Corporate Strategy Center
Mar. 2025: Chief of Corporate Strategy Center Director and Executive Managing Officer of the Company (to the present)



Director (Outside Director)
Keiji Taga

Number of Company's shares held: 0 shares
Board of Directors meeting participation:
Attended 16/16 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.
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 16/16 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)



Director (Outside Director)
Naoko Tani

Number of Company's shares held: 0 shares
Board of Directors meeting participation:
Attended 16/16 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: 1,800 shares
Board of Directors meeting participation:
Attended 16/16 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)



Director (Outside Director)
Yuki Ikuno

Number of Company's shares held: 0 shares
Board of Directors meeting participation:
Attended 16/16 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)

Audit & Supervisory Board Members



Audit & Supervisory Board Member
Kazunori Baba

Number of Company's shares held: 30,965 shares
Board of Directors meeting participation:
Attended 16/16 meetings
Audit & Supervisory Board meeting participation:
Attended 10/10 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 Nisshinbo Textile Inc.
June 2016: 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: 17,645 shares
Board of Directors meeting participation:
Attended 16/16 meetings
Audit & Supervisory Board meeting participation:
Attended 15/15 meetings

Mar. 1990: Joined New Japan Radio Co., Ltd. (currently Nisshinbo 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 Nisshinbo Micro Devices Inc.
Mar. 2023: Standing Auditor & Supervisory Board Member (to the present)



Outside Audit & Supervisory Board Member
Atsushi Yamashita

Number of Company's shares held: 0 shares
Board of Directors meeting participation:
Attended 16/16 meetings
Audit & Supervisory Board meeting participation:
Attended 15/15 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 16/16 meetings
Audit & Supervisory Board meeting participation:
Attended 15/15 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)

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.

Skill* Name	Management experience	International experience and knowledge	Business and industry knowledge	ESG	Technology and innovation	Legal and risk management	Finance and accounting
Masahiro Murakami	●		●	●			●
Yasuji Ishii	●	●	●		●		
Takeshi Koarai	●		●		●		
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

Chairman
Masahiro Murakami*

President
Yasuji Ishii*

Executive Managing Officers
Takeshi Koarai*
Shuji Tsukatani*

*Concurrent board member

Executive Managing Officer
Kaichiro Sakuma
Representative Director,
President and Chief Executive Officer,
KOKUSAI DENKI Electric Inc.
Chairman and Director,
Japan Radio Co., Ltd.

Managing Officer
Keiichi Yoshioka
Representative Director and President,
Nisshinbo Micro Devices Inc.

Managing Officer
Takuya Noda
General Manager of Future
Innovation Division

Managing Officer
Yasuki Hattori
President,
Nisshinbo Brake Inc.

Managing Officer
Toshihiro Masuda
President,
Nisshinbo Mechatronics Inc.

Managing Officer
Kaoru Murata
President,
Nisshinbo Textile Inc.

Managing Officer
Makoto Ashida
General Manager of Legal & IP
Department and Chief of Legal Affairs
Group

Managing Officer
Tetsuya Kumakawa
General Manager of Corporate Strategy Department
and Chief of Corporate Planning Group

Managing Officer
Masashi Sato
General Manager of Talent &
D&I Development Department

Corporate Governance Global compliance

Basic Stance

The Nisshinbo Group corporate philosophy, “Change and Challenge! For the creation of the future of Earth and People,” is at the core of all our business activities. Nisshinbo is aiming to increase corporate value over the medium to long term by operating its various businesses based on global business management and cash flow management. 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

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

Corporate Governance Policy

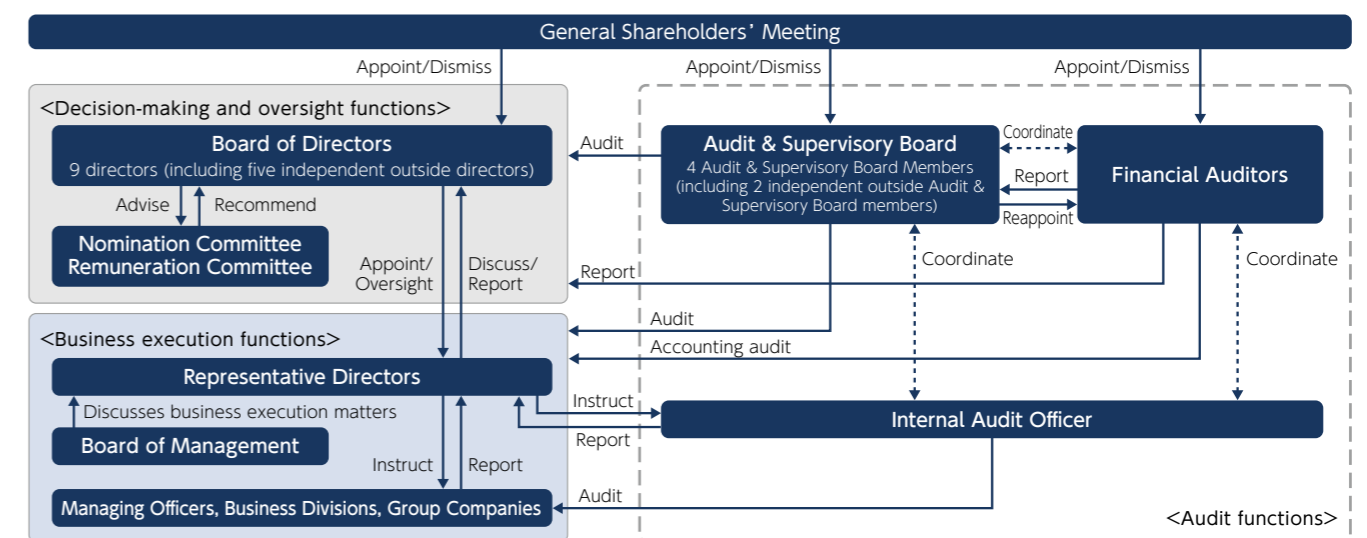
URL: <https://www.nisshinbo.co.jp/english/ir/governance/policy.html>

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	Chairman (Except when concurrently serving as president)
Number of directors (including outside directors)	9 (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 Directors 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, 2025, the Board of Directors was composed of nine directors, of which five are independent outside directors (including two women and one foreign national). The skills and expertise of each Board member are listed in the Skill Matrix on page 44.

Composition of the Directors

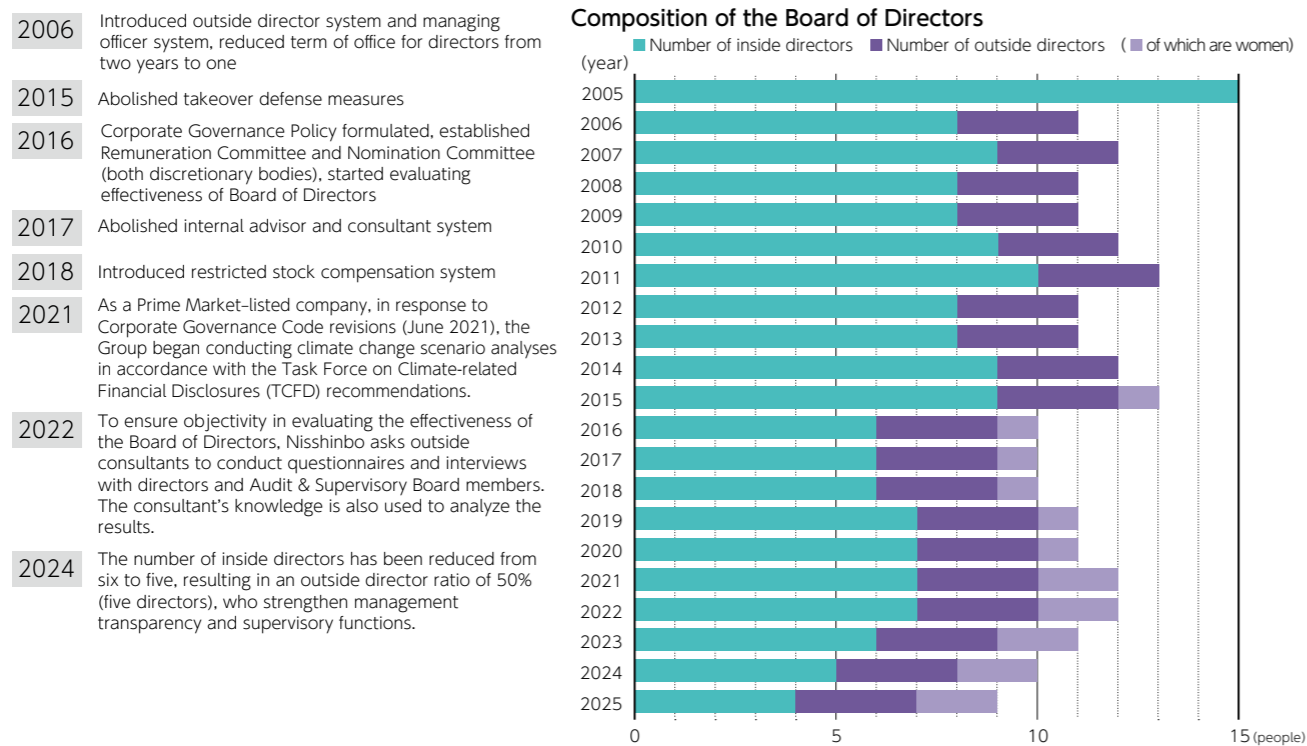
Independence	Diversity
Ratio of Outside Directors: 55%	Ratio of women: 23%

Note: Percentages of the total are as of March 28, 2025.

Corporate Governance Reforms

Improvement Efforts in 2025

- The number of inside directors was reduced from five to four, with outside directors (five) making up the majority of the Board of Directors, further strengthening management transparency and oversight functions.



Evaluating the Effectiveness of the Board of Directors

In 2024, 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. Nisshinbo's Board of Directors was highly

commended for comprising members with diverse backgrounds, whose candid comments stimulated and invigorated discussions. With regard to important topics deliberated by the Nomination Committee, the Board held numerous meetings on important topics proposed by committee members, and ensured sufficient time for constructive discussions. As a result, the Board of Directors was

evaluated as functioning effectively. The three priority issues set for 2024 were as follows.

- To improve the productivity and profitability of each business and strengthen the Group's overall profit structure, the Board of Directors will share the policies of each Group company and engage in careful monitoring.
- To promote sustainability management across the entire Group, the Board of Directors 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.

These initiatives were highly evaluated for providing opportunities for discussion outside Board of Directors meetings as well as interaction among outside directors, thereby stimulating discussion. At the same time, the evaluation indicated that more effort should be made to encourage discussions between executive members and outside directors. Further, in terms of

important management issues, the Group is working to improve the productivity and profitability of each business and strengthen the profit structure of the entire Group, and the evaluation highlighted effective contributions by the Board of Directors in light of their fiduciary responsibilities to shareholders. In 2025, we will engage in the following initiatives.

- The Board of Directors will support Nisshinbo Holdings in formulating and promoting strategies for Group management, as well as in providing leadership to operating companies, thereby contributing to the enhancement of Group corporate value.
- The Board of Directors will attempt to share their awareness of current conditions and sense of urgency throughout the Company, while supporting the identification of essential issues in each business and the implementation of drastic measures, thereby contributing to sustainable Group growth.
- The Board of Directors will obtain appropriate input regarding the business environment and management issues that are required and useful for fulfilling its monitoring function, thereby strengthening its alliance with the executive side.

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, 2025, the committee comprised the president and five outside directors. The committee chairman is selected by members of the committee.

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) 63%–68%	Variable remuneration (standard bonus amount and stock-based compensation) 32%–37%
---	--

Remuneration for Directors and Auditors (fiscal period ended December 2024)

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)	178	127	38	13	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	39	39	—	—	3
Outside directors and outside Audit & Supervisory Board members	73	73	—	—	7

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 nine directors (including five outside directors) and four Audit & Supervisory Board members (including two outside members of the Audit & Supervisory Board) as of March 28, 2025.
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 2024, 10,665 shares (with a compensation value of ¥12 million) were allocated to the five directors (excluding outside directors) on May 14, 2024, with conditions including a transfer period restriction from May 14, 2024, to May 14, 2027.

Remuneration Committee Activities

Please refer to Nisshinbo Corporate Governance Policy II-2.

In the fiscal year ended December 2024, the Remuneration Committee met two times (October and December 2024) 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. Fiscal 2024 Remuneration Committee composition and attendance rates are shown on the right.

Committee Members in Fiscal 2024

	Attendance (times)
Chairman: Keiji Taga, Outside Director	2/2
Members: Hiroaki Yagi, Outside Director	2/2
Naoko Tani, Outside Director	2/2
Richard Dyck, Outside Director	2/2
Yuki Ikuno, Outside Director	2/2
Masahiro Murakami, President and Representative Director (current Chairman and Director)	2/2

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, 2025, the committee comprised the president and five

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.

Nomination Committee Activities

Please refer to Nisshinbo Corporate Governance Policy II-2.

In the fiscal year ended December 2024, the Nomination Committee met four times (May, July, September, and November 2024) 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. When nominating the President and Representative Director, the committee discussed the candidates' knowledge of production and technologies, management experience and achievements, and insights, then submitted the results to the Board of Directors. Fiscal 2024 Nomination Committee composition and attendance rates are shown on the right.

Committee Members in Fiscal 2024

	Attendance (times)
Chairman: Keiji Taga, Outside Director	4/4
Members: Hiroaki Yagi, Outside Director	4/4
Naoko Tani, Outside Director	4/4
Richard Dyck, Outside Director	4/4
Yuki Ikuno, Outside Director	4/4
Masahiro Murakami, President and Representative Director (current Chairman and Director)	4/4

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

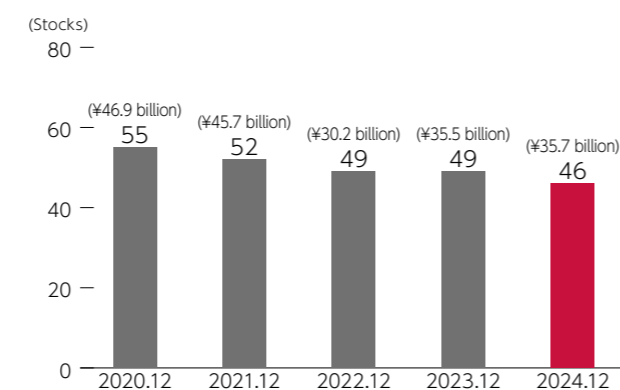
Please refer to the Nisshinbo Corporate Governance Policy section III-2.

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.

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 2024 activities)	Key department/site
Customers	● Corporate website and social media ● Exhibitions ● Online seminars ● Activities aimed at increasing customer satisfaction ● CM	Marketing/Engineering, Corporate Communications
Shareholders/ Investors	● General Meeting of Shareholders (one time) ● Results briefings (two times) ● Individual meetings with institutional investors and analysts (about 120 times) ● IR tools (e.g., Integrated Report, Sustainability website, Shareholder newsletter) ● Online information for shareholders and investors	Corporate Communications
Employees	● Internal newsletter, Intranet ● ESG-related education (637 cases) ● Employee health measures ● Internal whistleblower system (20 cases) ● Improvement proposal meetings ● Disaster prevention and BCP drills	Corporate Communications All departments Health Management Department Corporate Ethics Department All departments
Suppliers	● Spread awareness of sustainable procurement basic policies ● Implementation of sustainability procurement questionnaires, etc. (93 cases)	Procurement Division
Regional communities	● Factory tours, work experience, workshops ● Cleanup, biodiversity preservation, and other activities (190 cases)	Business sites
NPOs, NGOs, schools, research institutions, etc.	● Various donation activities (36 cases)	Business sites

Compliance

The Nisshinbo Group is working to establish corporate governance based on its corporate philosophy to ensure sustainable growth and enhance corporate value. Also, the Nisshinbo Group included “Thorough-Going Compliance” in its Business Conduct Guidelines, which clearly states that the Group will act in constant fairness and sincerity across a broad range of issues, respecting social norms and corporate ethics, and in addition to establishing a system, will provide education to all employees.

Corporate Ethics Committee and Corporate Ethics Reporting System

Nisshinbo has established a Corporate Ethics Committee to handle all compliance matters across the Group.

Guided by its Corporate Philosophy, the Nisshinbo Group endeavors to instill and firmly establish corporate ethics among all employees in all aspects of its business activities. The Group has established a “Corporate Ethics Reporting System” with the aim of promptly discovering and preventing violations of laws and regulations and alleged violations of corporate ethics. Group employees can report their concerns internally to the Corporate Ethics Committee or directly to an outside corporate attorney. All information provided by whistleblowers is treated in the strictest of confidence, and every effort is made to protect whistleblowers from unfair treatment. Under the 5th Sustainability Promotion Plan ended in fiscal 2024, we set and carried out the following activities as targets and KPIs.

	Quantitative Targets	FY2024 Results
•Response rate to corporate ethics reporting system: 100%		100%

The number of reports made to the Corporate Ethics Reporting Desk of Nisshinbo Holdings Inc. in fiscal 2024 is as follows.

FY2024	Number of cases	Disciplinary action for facts
Harassment Related	3(1)	0
Violation of Law	5(0)	0
Labor Issues	4(2)	0
Accounting Irregularities	0	0
Others (Moral Violations, etc.)	8(2)	0
Total number of reports	20	
Total number of reports handled by the committee	20(5)	
	100% Responded	

* The number of reports in parentheses is the number of confirmed violations and other specific facts.

Under the 6th Sustainability Promotion Plan with fiscal 2027 as the target year, as in the 5th Plan, we set the same targets and KPIs in an effort to ensure thorough compliance.

Compliance Education

To ensure fair and honest business practices, the Nisshinbo Group conducts compliance training for different employee levels and work sites and provides training to employees prior to overseas assignments. Under the 5th Sustainability Promotion Plan ended in fiscal 2024, we set and carried out the following activities as targets and KPIs.

	Quantitative Targets	FY2024 Results
•Rate of compliance training participation by management-level personnel: 100%		99.4%

New educational videos are released and repeated every year through the Learning Management System introduced in 2021.

In fiscal 2024, Nisshinbo conducted two compliance

training sessions and released new videos to further strengthen governance and raise ethical awareness. Nisshinbo distributed four videos as part of its export control training. Furthermore, in response to the growing global focus on economic security, which has led to strengthened export control regulations both domestically and internationally, Nisshinbo compiles and distributes monthly updates on regulatory information and other relevant topics through each business company within the group.

Under the 6th Sustainability Promotion Plan with fiscal 2027 as the target year, as in the 5th Plan, we set the same targets and KPIs in an effort to ensure thorough compliance.

Anticorruption Efforts

In recent years, international legislation on bribery and corrupt practices have been strengthened, and detection has grown more rigorous. Nisshinbo Holdings Inc. formulated the “Guide to Prevent Corruption” in response to related legislation in other countries. The Group has rolled out the guide across the Group, including all subsidiaries in other countries. This guide encompasses Article 18 of Japan’s Unfair Competition Prevention Act (Prohibition to Provide Illicit Gain, etc. to Foreign Public Officers, etc.), the United Nations Convention against Corruption (UNCAC), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the United States Foreign Corrupt Practices Act (FCPA) and related guidelines, and the United Kingdom Bribery Act, Unfair Competition Prevention Law of the People’s Republic of China, and other international anticorruption treaties and laws, including criminal laws and anti-corruption laws in Asian countries. The Group reviewed the content of the guide in fiscal 2024 and uses it for group-wide anticorruption efforts.

Ensuring Business Confidentiality

Nisshinbo signs non-disclosure agreements with suppliers to prevent any leak of confidential information such as intellectual property, technologies and expertise disclosed during the product design and development stage and across all points of the supply chain.

We also conduct annual internal audits to check whether the Group’s trade secrets are being managed appropriately.

Internal Control

We cultivate a sound corporate culture throughout the Nisshinbo Group based on our corporate philosophy. We established and operate an internal control system to identify and rectify business execution process issues. Under the 5th Sustainability Promotion Plan ended in fiscal 2024, we set and carried out the following activities as targets.

• Continuously developing and operating internal control systems

Risk Management

Risk Management System

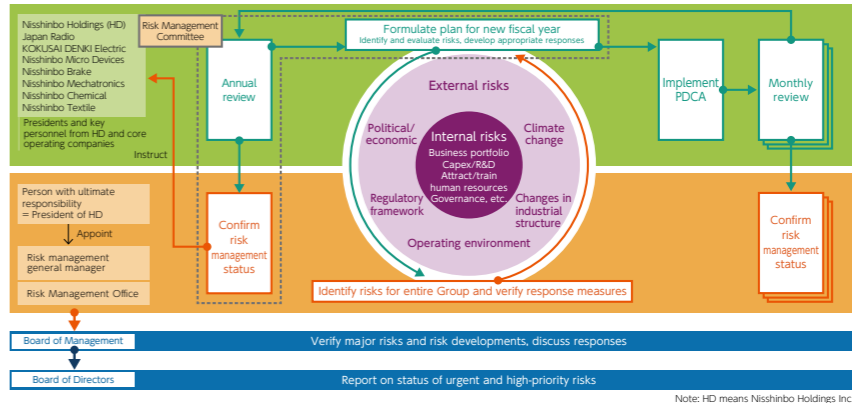
The Nisshinbo Group has established a risk management system, shown in the diagram below, to appropriately address business risks and minimize any losses associated with those risks. Under the 5th Sustainability Promotion Plan ended in fiscal 2024, we set and carried out the following activities as targets.

• Continuous operation of the risk management system in response to the external environment

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group will strive to enhance the level of its activities in line with the following qualitative target.

• Operating a risk management system that responds to changes in the environment

Risk Management Structure



Identification of Emerging Risks

In the risk management regulations, Nisshinbo Group established standards by listing specific examples of risks that should be reported. By identifying and sharing risks as soon as they become apparent, Nisshinbo Group is prepared to implement the necessary countermeasures before they have a significant impact on business.

In fiscal 2024, there were 36 reported risks, a decrease of 5 from the previous fiscal year (because of the decrease in the number of natural disasters). But fortunately, the majority of events were at a level that could be handled by each company and did not have a significant impact on business continuity.

Thorough Information Security

The Nisshinbo Group regards information security as a critical risk, and we are working to improve information security and establish an information security operation system. Under the 5th Sustainability Promotion Plan ended in fiscal 2024, we set and carried out the following activities as targets.

• Strengthen protection against external threats and continuously training employees on information security

Along with subsidiary inspections covering the entire Nisshinbo Group, vulnerabilities in servers and network equipment are checked and systematic vulnerability countermeasures are implemented. Going forward, the Group will promote comprehensive countermeasures that take into account early detection, response, and recovery, assuming that it is difficult to completely defend against attacks. The Group has compiled rules to be kept by information system users into educational materials and is working to raise awareness of information security measures among all Group users through a

Learning Management System that includes periodic education and comprehension tests. At the same time, group training is provided for new employees and those dispatched overseas.

In the 6th Sustainability Promotion Plan, which targets fiscal 2027, the Nisshinbo Group set the same targets in the 5th plan with the aim of ensuring thorough information security.

Responding to Disaster Risk

The Nisshinbo Group has established an emergency response system in the “Risk Management Regulations” in order to promptly respond to emergencies, such as earthquakes and fires. Furthermore, to prepare for large-scale earthquakes and other emergencies from the perspective of business continuity, the Group conducts annual information communication training necessary for confirming the safety of employees and quickly recovering from disasters. A “safety confirmation and emergency contact system” was developed and introduced to confirm safety quickly and reliably.

In fiscal 2024, the Nisshinbo Group added the functions of sending emails to all employees and displaying a summary list of safety information to the safety confirmation and emergency contact system. In preparation for the occurrence of a large-scale disaster, the company is further upgrading the system to speed up employee safety confirmation by conducting company-wide training for inputting and responding to such requests.

In addition, during the fiscal 2024, emergency response training conducted by Nisshinbo Holdings Inc., two types of business continuity management (BCM) drills were conducted simulating two scenarios: one where communication infrastructure and power supply were functioning normally, and another where communication infrastructure and power supply were restricted.

▶ Please see Major Risks and Opportunities on page 25.

■ Performance by Business

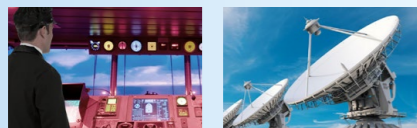
The Nisshinbo Group is made up of seven Chemicals, Textiles, and Real Estate.

We are reorganizing our business portfolio

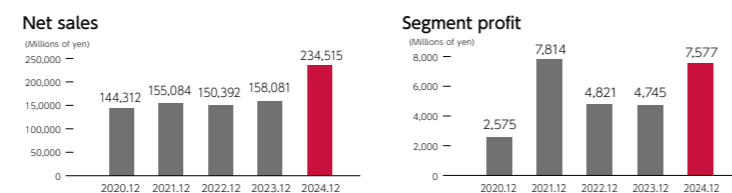
Wireless and Communications

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/endoscope oscillators



The Wireless and Communications business reported sales of ¥234,515 million (up 48.4% year on year), and segment profit of ¥7,577 million (up 59.7% year on year). Solutions and specialized equipment saw a significant increase in sales and profit in fiscal 2024, reflecting a full year of contribution of the KOKUSAI DENKI Electric Group to operating performance, among other factors. Sales and profit also increased in marine systems due to favorable sales of equipment for new-built commercial vessels, commercial vessel retrofits, and European river workboats. In the mobility business, sales and profit declined due to a slowdown in demand for commercial wireless products in overseas markets, as well as declining demand for automotive Intelligent Transport Systems (ITS).



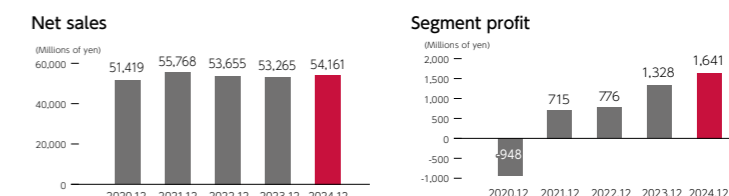
Precision Instruments

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 ¥54,161 million (up 1.7% year on year) and segment profit of ¥1,641 million (up 23.6% year on year). Despite higher sales of automotive electronic brake system (EBS) parts in the precision parts business, profit declined due to increased start-up costs at our base in India, among other factors. In the molding products business, although sales declined due to delays in the resumption of customer air conditioning-related production activities and fewer orders of automotive-related parts, profit increased in line with automation, labor reductions, and other cost structure improvement efforts.



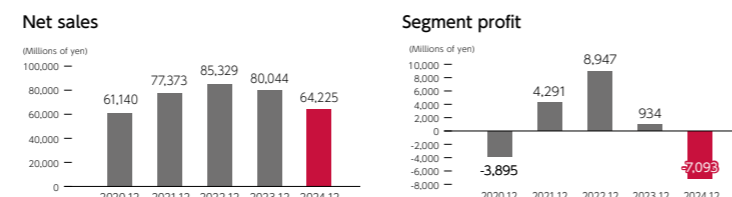
Micro Devices

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 ¥64,225 million (down 19.8% year on year) and a segment loss of ¥7,093 million (a deterioration of ¥8,028 million year on year). In electronic devices, sales declined, and profit deteriorated significantly, as orders for automotive products, which had performed well in FY2023, decreased due to a slowdown in the EV market and customer inventory adjustments, while products for industrial equipment and the consumer market also saw lower sales. In microwave products, sales and profit decreased due to sluggish sales of satellite communications-related products for vessels and fixed terrestrial base stations for the United States and South Korea.



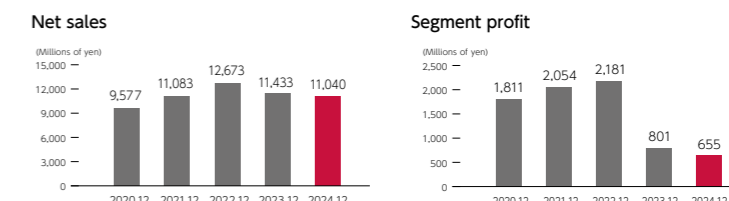
Chemicals

Main products and services

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



The Chemicals business reported sales of ¥11,040 million (down 3.4% year on year) and segment profit of ¥655 million (down 18.2% year on year). Sales and profit declined due to fewer orders of thermal insulation products for refrigerators and freezers, and undiluted solutions for civil engineering and residential applications. In bipolar plates for fuel cells, overseas fixed and automotive application orders declined, resulting in decreased sales and increased losses. In functional materials, sales and profit increased due to a recovery in orders for automotive-related products and biodegradable plastics for overseas markets, in line with the completion of inventory adjustments by customers.



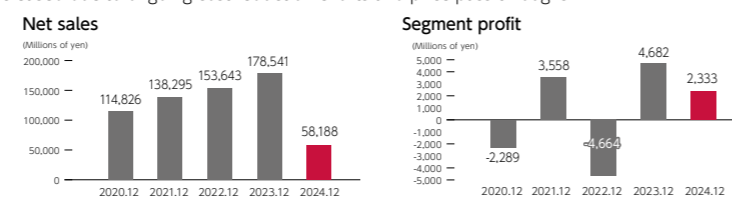
Automobile Brakes

Main products and services

Friction materials▶ Disc pads and brake linings



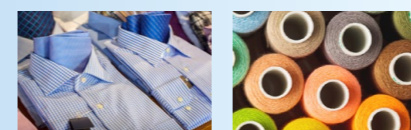
The Automobile Brakes business reported sales of ¥58,188 million (down 67.4% year on year) and segment profit of ¥2,333 million (down 50.2% year on year). The sale of the TMD Group at the end of fiscal 2023 resulted in lower sales and profit for the business as a whole. Despite differences in market conditions and customer trends in Japan, the United States, South Korea, and other countries, overall Automobile Brakes business sales were on par with fiscal 2023, excluding TMD Group performance in the previous fiscal year. Profitability improved and profit increased due to ongoing cost reduction efforts and price pass-throughs.



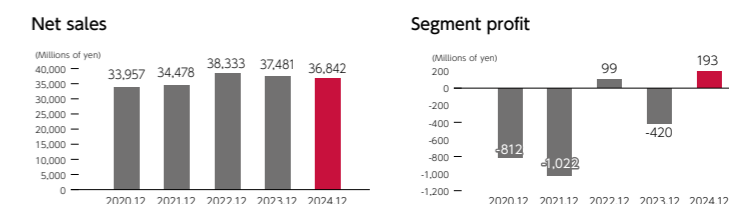
Textiles

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 ¥36,842 million (down 1.7% year on year) and segment profit of ¥193 million (an improvement of ¥613 million year on year). In shirts and uniforms, which includes TOKYO SHIRTS CO., LTD., sluggish market recovery was a factor in lower sales and deteriorating profit, but this was covered by robust demand at the Brazil base that drove sales higher and improved profit.



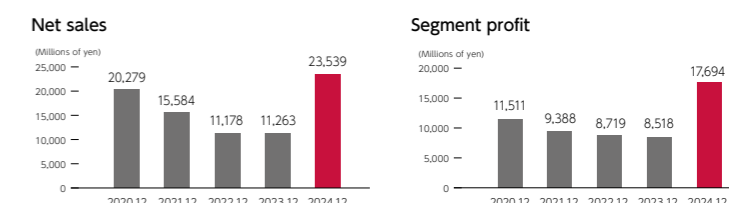
Real Estate

Main products and services

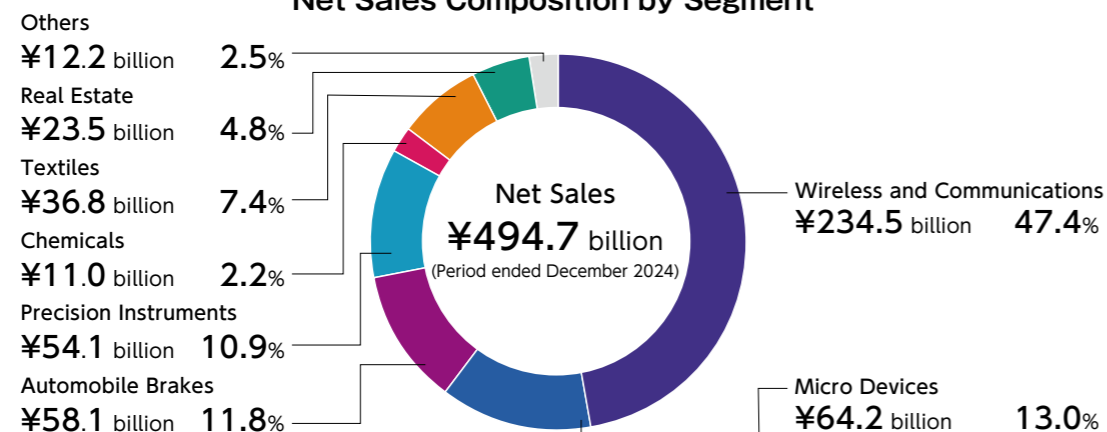
Leasing▶ Leasing of commercial facilities, offices, condominiums, and other properties through the redevelopment of unused assets and vacant business sites
Sales▶ Planned sales of land and buildings that have been leased or redeveloped



The Real Estate business reported sales of ¥23,539 million (up 109.0% year on year) and segment profit of ¥17,694 million (up 107.7% year on year). In addition to residential property sales in Shimada, Shizuoka Prefecture, and Okazaki, Aichi Prefecture, we also sold large commercial facility Ario Nishiarai (Adachi-ku, Tokyo), resulting in significant increases in sales and profit.

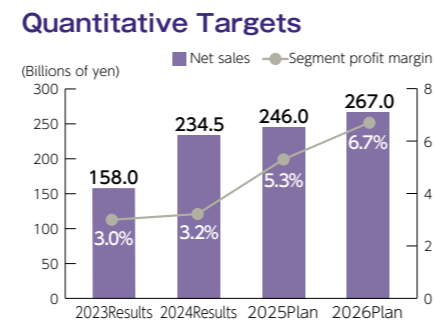


Net Sales Composition by Segment



distinct businesses—Wireless and Communications, Micro Devices, Automobile Brakes, Precision Instruments, to meet modern demands, and providing high value-added products that meet customer needs.

Strategies by Business Wireless and Communications



Business Policy under the Medium-Term Management Plan

Marine Systems

We make 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 Analysis

Strengths

Marine: Industry-leading share in equipment installations
Solutions: Industry-leading share in disaster prevention networks and water river systems

Opportunities

Marine: Growth in the new shipbuilding market, expanding demand for autonomous ships
Solutions: Robust demand backed by increased budget for national resilience, and accelerated utilization of digital technologies

Medium- to Long-Term Business Strategy

In the Wireless and Communications business, we will combine core technologies such as sensing, communication networks, and data analysis, with AI, DX, IoT, and other technologies and focusing on the research and development of various solution technologies, as we continue to build a highly profitable portfolio centered on the provision of social infrastructure systems and after-sales services.

Marine Systems

We will provide high-value-added products and services to the thriving merchant vessels market driven mainly by new shipbuilding. Regarding automatic ship operations, we will continue to participate in Stage 2 of The Nippon Foundation Fully Autonomous Ship Program MEGURI2040, and proceed with the construction of a mobile Fleet Operating Center (FOC) using vehicles to enable continuous support for the safe operation of vessels regardless of location, even during disasters or other emergencies. Further, to improve the convenience of this mobile FOC, we are engaged in the development of applications that facilitate monitoring from navigation planning to port arrivals and departures, as well as operational support functions based on predicted conditions.

Solutions and Specialized Equipment

We provide solutions that address social issues such as the intensification of disasters caused by climate change, as well as measures to combat the aging of social infrastructure, and labor shortages caused by declining birthrates and aging populations. To ensure a stable earnings base, we will work to increase our market share in core businesses that include water and river management and disaster prevention networks. In addition, we will promote digital transformation activities within national policies on water and rivers, where the Nisshinbo Group holds the top market share, including the establishment of drone communications infrastructure and the usage of AI image detection, to improve profitability.

Regarding specific research and development activities, in weather radar, we are developing X-band weather radar for use in cold regions that will be used to make observations at Showa Station in Antarctica, employing the world's first dual-polarization weather radar. Additionally, to reduce damage caused by typhoons, rainbands, and other wide-scale meteorological disasters, we developed a C-band dual-polarization phased array weather radar, installed an experimental radio station in Toyama Prefecture, and have begun demonstration experiments for meteorological observations. In river entrant detection systems, we have developed and begun demonstration testing functions that support river patrol operations prior to water release through the use of AI to analyze images captured by drones and detect people in rivers.

In the mobility field, we conducted research and development focused on the advancement of train radio systems supporting railway operators, and the advancement of monitoring systems combining video, 3D sensors, and AI. We have developed an AI edge controller model that uses AI image recognition in combination with network surveillance cameras and is equipped with an application that detects people who need assistance or are engaged in dangerous behaviors, and are promoting efforts to provide driving assistance facilitating one-man operations.

We have developed a disaster prevention support service that collects and centrally manages disaster-related information to support the work of local government officials during disaster response, as well as a disaster prevention surveillance camera equipped with a battery and wireless transmission capabilities that maintain working order even when the power source or cables are submerged in water. Targeting the creation of a smart manufacturing industry, we are developing a SaaS-based on-site optimization solution that utilizes location information to manage onsite resources. To facilitate the widespread adoption of 5G communications infrastructure, we have developed antenna multiplexers compatible with both carrier 5G and local 5G, and have begun providing it to sharing operators.

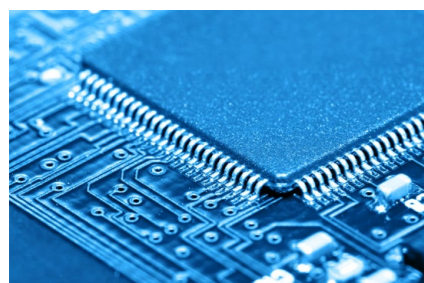
Medical Equipment

We aim to achieve sustainable growth and improve profitability by strengthening our revenue base, as we concentrate resources in areas where we can maximally leverage our strengths. As part of our ongoing research and development into advanced ultrasonic sensing technologies, we have developed an intravascular ultrasound device that can efficiently detect vascular branching points, thereby shortening the time required for percutaneous coronary intervention. We are also developing image processing technologies that provide clear images of diagnostic areas for urinary care probes and portable ultrasound diagnostic probes.

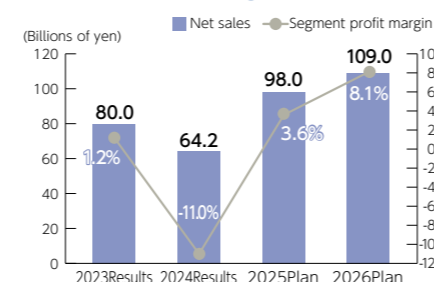
Mobility

We will focus on expanding our connected business, improving profitability in the mobility infrastructure business, and launching the sensing business. On land, we are developing radar with enhanced 3D resolution to accurately detect the location of obstacles, with the aim of improving construction and agricultural machinery safety functions, an area where autonomous driving and robotization are advancing. Additionally, in the field of remote communications technologies, we are developing communication devices and small antennas that support LTE, 5G, Wi-Fi, satellite, and a variety of other communication methods, with the aim of realizing mobility that remains connected anywhere in the world.

Strategies by Business Micro Devices



Quantitative Targets



Business Policy under the Medium-Term Management Plan

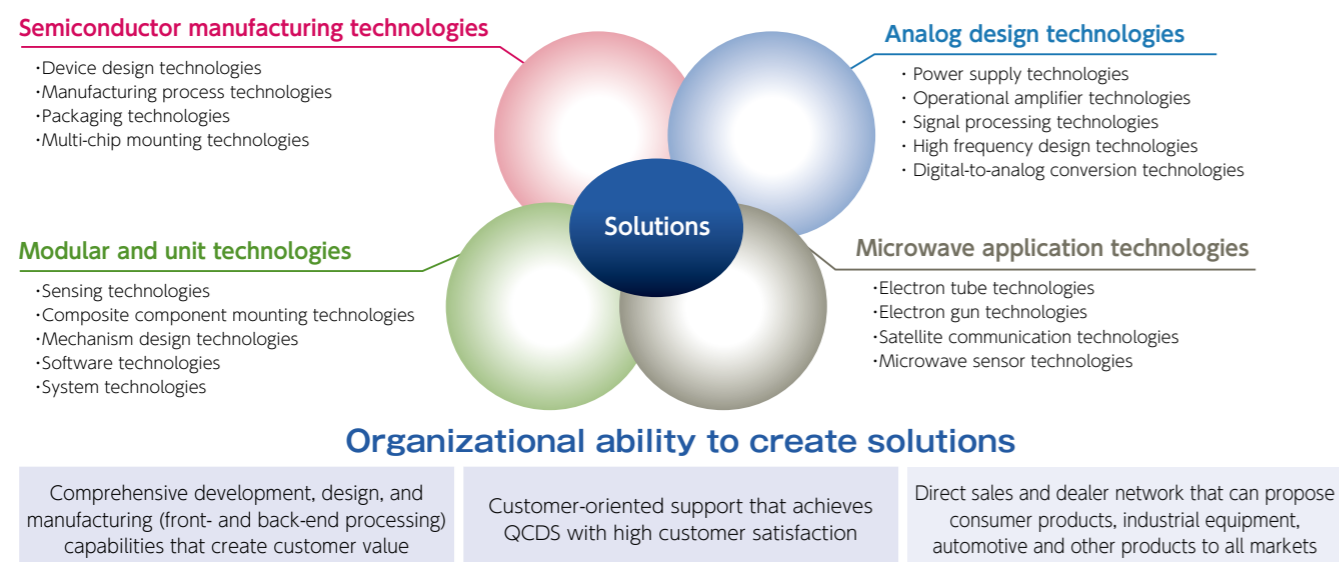
In the Micro Devices business, Nisshinbo Micro Devices Inc., will “contribute toward the resolution of issues faced by society and customers by creating customer value leveraging the value we have provided through analog technology.” To this end, we will expand sales by capitalizing on analog semiconductor market growth, and improve profitability by shifting to high-performance products such as multi-function ICs and modules. We will also develop analog devices utilizing unique sensors incorporating sound and microwaves, and through technical collaborations within and outside the Group, we will develop unit digital businesses focused on the future, in addition to existing technologies in electronic devices and microwaves.

Business Analysis

Strengths	•Ability to create solutions using Micro Device products that integrate four elemental technologies Analog design technologies offering low power consumption, low noise, and high precision Semiconductor production technologies enabling flexible response and stable quality through integrated front- and back-end manufacturing processes Microwave application technologies Composite design technologies for module/unit development with a proven track record in the development of satellite communication devices and sensor modules
	•Organizational ability to create solutions Comprehensive development, design, and manufacturing (front- and back-end processing) capabilities that create customer value Customer-oriented support that achieves QCDS with high customer satisfaction Direct sales and dealer network that can propose consumer products, industrial equipment, automotive and other products to all markets
Opportunities	Multiple high-share products in niche markets (including operational amplifiers, comparators, LDOs, lithium battery protection ICs, microwave electron tubes, microwave sensors)
	•Expanding demand for electric vehicle (EV) and other automotive applications •Expanding demand for improved energy efficiency and reduced environmental impact •Expanding demand for smart sensing driven by the evolution and expansion of AI and IoT

Micro Devices Business Core Competence

Ability to create solutions using Micro Device products that integrate four elemental technologies



Medium- to Long-Term Business Strategy

Electronic Devices

In fiscal 2024, electronics devices posted an operating loss due to sluggish market conditions, mainly in the industrial equipment sector. In fiscal 2025, we promoted initiatives aimed at returning this business to profitability. Although the industrial equipment market is still in a prolonged adjustment phase, there are signs orders are resuming. Additionally, in the automotive product market, although the growth in sales of electric vehicles has entered a plateau, demand for hybrid and internal combustion engine vehicles remains strong. The consumer products market is expected to remain stable overall, with strong demand seen in some areas, such as new game console and smartphone models.

Although geopolitical impacts are a particular concern, the market is expected to recover in the second half of the fiscal year.

We are planning to implement structural reforms in this business to achieve stable growth from 2026 onwards. We will review its organization and products, and move forward with selection and concentration. One specific area we will focus on is the automotive field, where we aim to increase sales by market, which currently accounts for around 30% of total sales, to more than 50% in the medium to long term. However, as it takes approximately three to four years from adoption to mass production in the automotive field, we will in the meantime maintain our base among consumer products that have the highest sales volume. In addition, although power supply ICs have mainly been used in consumer and automotive applications up to now, we are developing high-voltage, high-current products with the aim of developing business in the AI server market. We aim to commercialize products within the next one to two years.

As another product development initiative, we are developing a number of custom modular products realizing multiple functions. Achieving high added value will help us boost profitability. We have also established a Module Business Expansion Task Force as a specialized organization to expand our business.

Going forward, we will consider investments to consolidate and improve the efficiency of our facilities. For example, we anticipate that small-diameter lines at Nisshinbo Micro Devices Fukuoka Co., Ltd., and the Kawagoe Plant will be consolidated into large-diameter lines due to future difficulties in procuring silicon wafers. At the same time, we also expect to use small-diameter lines in compound foundries. Adjusting product manufacturing between these bases and revising production lines are issues we will face going forward. In addition, our manufacturing process currently supports 0.18 μm , and can be refined to approximately 0.13 μm using our own equipment. Below that, we plan to outsource and will strengthen collaborations with foundries.

Further, the Japan OSAT Federation has been established to strengthen cooperation among domestic OSATs^{*1}.

^{*1}. Outsourced Semiconductor Assembly and Test. A company that undertakes packaging and testing, the final stages of semiconductor manufacturing, on behalf of semiconductor and fabless manufacturers.

Microwave Products

We will continue to support global marine transportation through the stable supply of electron tubes for vessel radar, for which we have a large market share, and also strengthen efforts to expand market share for electron gun and cathode products, which serve as electron beam sources that generate high-energy, high-definition X-rays derived from electron tube technology. With regard to satellite communications products, we will accelerate market development by leveraging our strengths that include high-frequency, high-output design technologies cultivated through past development efforts, and design and manufacturing technologies used to create highly environmentally resistant products for outdoor use. Sensors utilizing micro- and millimeter waves are increasingly being adopted as intelligent modules that integrate antennas and signal processing. Going forward, we will further strengthen our proposal capabilities for unique radio wave lenses and functional, easy-to-use case structures that have been adopted for river water level gauges, as well as a supply chain cultivated over many years, to expand the development of sensor units that are easy to use and offer high customer value. These technologies and know-how will also be shared with the Module Business Expansion Task Force, contributing to the modularization of electronic device products.

Additionally, a new building will be completed onsite at the Kawagoe Plant in July 2025. We will streamline product development by integrating the development, prototyping, evaluation, and manufacturing of microwave products as well as sensor modules and unit products.

Expanding the Unit Business and Accelerating Commercialization through Integration

● **Design capabilities, supply chain, and procurement capabilities** based on a proven track record in the microwave business

Cumulative production units (2005-2025)

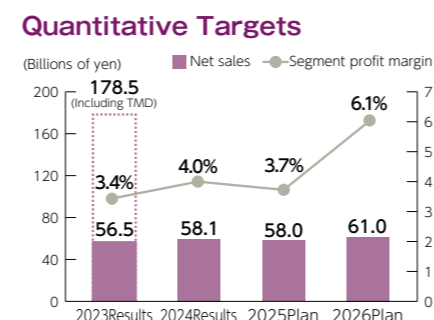


● **Electronic Device business design and manufacturing capabilities**

● **Development of sensors utilizing core technologies and creation of data business systems**



Strategies by Business Automobile Brakes



Business Policy under 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 comply with copper regulations in the United States and dust regulations in Europe, and will anticipate other environmental responses focused on achieving carbon neutrality. We will also focus efforts on reducing costs to improve cost competitiveness and expand profitability.

Business Analysis

Strengths

- Expansive network comprising OEMs and Tier 1 companies. Extensive global sales experience, expansion into emerging markets, and strong response capabilities
- Proprietary technologies including the compositional development of friction materials, vehicle testing analysis and raw material analysis capabilities. Advanced response to environmental regulations

Opportunities

- Response to environmental regulations (carbon neutrality, PFAS)
- Growth in India and other developing markets

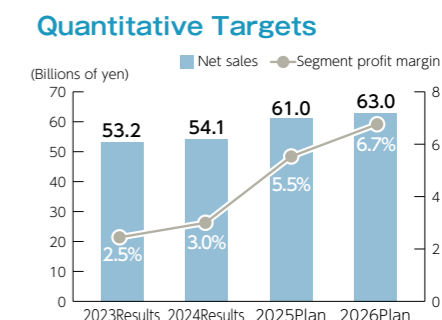
Medium- to Long-Term Business Strategy

In the Automobile Brakes business, orders for copper-free friction materials (disc pads) that comply with U.S. copper regulations aimed at reducing environmental impact continue to grow. Nisshinbo products already maintain a high market share, and we expect sales to increase even further in line with ongoing growth in the sales of copper-free friction materials going forward. Additionally, through efforts to reduce production costs by optimizing production bases and expanding new production lines focused on the development of new materials, we will continue investing in automation and labor-saving measures while addressing labor shortages.

In research and development activities, we are working on the development of friction materials for automobiles with the aim of providing cost-competitive, differentiated products and strengthening our technological capabilities. In developing products that maintain high reliability as important safety parts and reduce environmentally hazardous substances in response to copper regulations and other restrictions, we focus on meeting customer needs, such as (1) eliminating noises and vibration to ensure compatibility with new generation vehicles that are becoming quieter with the shift to xEVs, (2) ensuring stable braking performance, and (3) providing excellent wear characteristics that suppress brake dust emissions. The materials we have developed have a strong reputation among customers, having been selected for use in numerous vehicle programs in Japan and overseas, and mass production is underway.

In the development phase, we aim to shorten development time, improve product performance, reduce labor, and minimize development costs—in other words, maximize development efficiency—by adding data-driven research and development based on CAE friction simulation, molecular simulations, and data mining to the traditional PDCA cycle focused on manufacturing and evaluation. To support the realization of this goal, we have established a dedicated DX department and, in addition to establishing a development environment that includes a data platform, we are implementing educational programs aimed at cultivating digital human resources. We have also set our own target of zero CO₂ emissions by 2050 and are conducting research and development on materials and manufacturing processes. In addition, through collaborations within the Nisshinbo Group, we are promoting marketing and research into vehicle suspension sensors with a focus on automobile safety and autonomous driving.

Strategies by Business Precision Instruments



Business Policy under 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 Analysis

Strengths

- Transparent molding and mold micromachining technologies
- High-precision metal cutting and provision of finished products

Opportunities

- Expansion of market for healthcare-related plastic products, growing need for the repair of aging social infrastructure
- Increased automobile production in line with economic growth in India

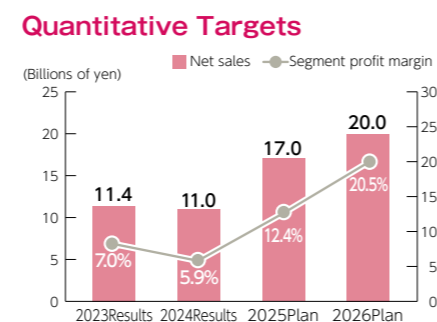
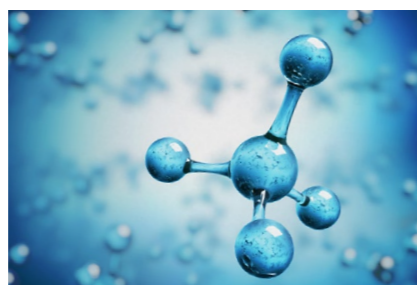
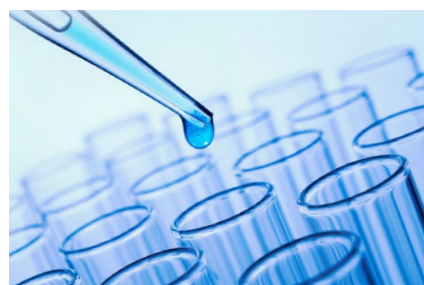
Medium- to Long-Term Business Strategy

In the molded products business, profitability is recovering in line with the shift to profit-oriented business operations and the closure of unprofitable overseas bases. Given these conditions, we are accelerating measures that include automation, labor reduction, and shorter molding cycles to enhance the competitiveness of existing products for existing customers. In terms of priority measures, we are making efforts to acquire new orders for medium- and large-sized fans for industrial equipment, expand our lineup of energy-saving fans, and acquire orders for xEV components. We will also accelerate the development of InMold Electronics (IM-E) molded products with integrated wiring functions based on injection molding technologies, insert molding technologies, and electronics technologies.

In the automotive field, the number of lens components per vehicle is rising in response to increasingly sophisticated and pantoscopic headlights, demand for condenser lenses and light-guiding lenses is growing, and we are working to enhance the competitiveness and increase the productivity of aspherical lenses. In the medical field, we are developing and launching new products using super engineering plastics offering excellent biocompatibility and other properties, as well as products that contribute to preventive, prognostic and regenerative medicine. We are also expanding our manufacturing area to increase production. In the home appliance and housing equipment field, we are developing fans for air-conditioning and other equipment that facilitate comfortable living spaces and conserve energy. We will continue contributing to society by responding to the growing demand for aging infrastructure repairs. 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 where the precision parts business develops business, we have expanded overseas by establishing joint ventures from Japan to China and India. With regard to India in particular, the market for motorcycles and cars is expected to expand as consumer demographics increase in line with economic and population growth. We will establish a production system in line with market growth and sales plans, and work to strengthen the profitability of our valve block business.

Strategies by Business Chemicals



Business Policy under 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 Analysis

Strengths

- Facilitates various functions, including safety, durability, adhesion, water resistance, quick drying, and low dielectric properties
- Relationships with customers, developmental and proposal capabilities

Opportunities

- Demand for safer resin materials in response to environmental regulations in various countries
- Demand for energy-saving products that contribute to carbon neutrality

Medium- to Long-Term Business Strategy

In the performance chemical products business, we will expand development and new applications for high-performance chemical additive Carbodilite, while at the same time continuing to follow large-scale new projects. With growing global awareness of environmental issues such as marine pollution caused by microplastics and air pollution caused by volatile organic compounds (VOCs), demand is rising for the promotion and use of water-based paints and biodegradable resins. Against this backdrop, Carbodilite is on the rise as a material essential to resolving environmental issues. We are making efforts to achieve business growth by meeting the high demand for environmentally friendly products. Additionally, with the aim of contributing to carbon neutrality, we are developing waterborne cross-linking agents facilitating lower temperatures in the automotive painting process.

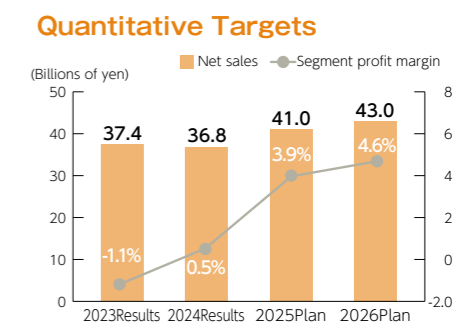
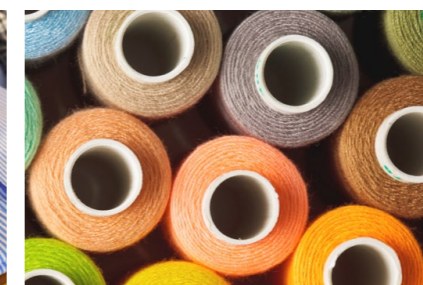
In the thermal insulation business, we aim to achieve continuous growth in the thermal insulation field and expand our business domain into the infrastructure field. In addition to residential applications, we are working to bring highly flame-resistant thermal insulation products to market and expand sales, while also developing high-performance thermal insulation materials for the transportation and storage of next-generation energy. 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. We are 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.

In the fuel cell business, we are focusing efforts on new production methods and performance improvements for fuel cell carbon separators used in mobility applications, and advancing development toward mass production using new production methods.

In the carbon business, we anticipate long-term market growth in the semiconductor market, where demand for glass-like carbon products is strongest, due to the spread of 5G communications and data center expansion in line with demand for AI and the metaverse. We aim to grow this business by increasing production capacity and responding to demands for increasingly sophisticated and advanced semiconductor components.

In April 2025, a portion of the development work conducted by the Business Development Division was transferred to Nisshinbo Chemical Inc. in an effort to build a flexible organization and accelerate management and decision-making, and realize rapid commercialization that capitalizes on market expansion driven by recent environmental regulations.

Strategies by Business Textiles



Business Policy under 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 Analysis

Strengths

- Name recognition, customer product proposal capabilities, quality control, stable quality, functionality, credibility
- Product variations and OMO services linked to e-commerce and physical stores

Opportunities

- Growing demand for environmentally friendly products
- Transition to a resource recycling society

Medium- to Long-Term Business Strategy

In the Textiles business, we have set contributing to the environment and health of society as priority initiatives, as we work to strengthen our earnings base by promoting R&D in close collaboration with partners within and outside the Group.

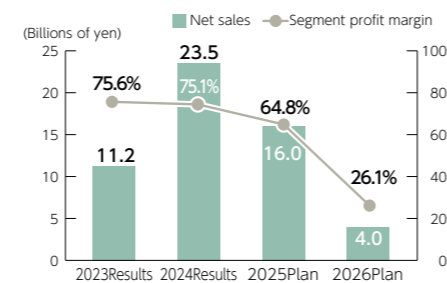
Over the medium to long term, we will expand the APOLLOCOT series of products, represented by noniron shirts, and focus efforts on the development of functional processing products that are stain-resistant, cool, and non-formalin as environmentally friendly next-generation products. In addition, we will expand global sales by leveraging our strengths in environmental responsiveness and transparent traceability through in-house 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 e-commerce and OMO sales. We will expand our range of healthy and comfortable products, such as non-permeable, antibacterial, anti-odor, antiviral, and 100% cotton stretch fabrics providing safety, peace of mind, and comfort. Additionally, in collaboration with the Nisshinbo Group's Micro Devices business, we are engaged in the development of smart textiles such as fetal monitoring belly bands and communication devices for noisy workplaces.

The NEDO Feasibility Study Program, Shirt Revitalization Project, which aims to realize a circular economy by recycling discarded shirts into new fibers and transforming them into new shirts, has ended now that the basic technologies for producing regenerated cellulose fibers from cotton have been established. As part of the Ministry of Economy, Trade and Industry's Resilience Enhancement Project for Resource Circulation System towards Resource Autonomy, we are conducting research and development into basic technologies for separating and extracting cellulose components from composite materials such as cotton and polyester.

Strategies by Business Real Estate



Quantitative Targets



Business Policy under 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 lot sales and systematically selling off assets. By reducing assets, we will increase capital efficiency Group-wide and contribute to enhancing corporate value.

Medium- to Long-Term Business Strategy

In the Real Estate business, we will continuously subdivide the assets held to facilitate flexible conversion to cash.

In 2025, 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.

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

	2023	2024
Leasing profit (loss)	2,639	2,150
Amount on the consolidated balance sheet (At fiscal year-end)	10,247	10,318
Fiscal year-end market price	14,402	14,341

Five-Year Non-Financial Summary

FY2024 data: On November 28, 2024, the Company included ARGONICS GmbH and ARGONAV GmbH within the scope of consolidation as subsidiaries in the Wireless and Communications business. However, data for these companies is not included in the FY2024 data.
FY2023 data: Nisshinbo Holdings Inc. (the "Company") excluded TMD Group, which was a consolidated subsidiary, from the scope of consolidation, due to its transfer, which took place on November 30, 2023. As a result, data for TMD Group is included in the aggregation up to November 2023.
On December 27, 2023, the Company included KOKUSAI DENKI Electric Group within its scope of consolidation, and data for the group is included from FY2024.

	Unit	2020	2021	2022	2023	2024
Environmental Data						
Net Greenhouse Gas Emissions (Scope1+Scope2)*	Thousand t-CO ₂ e	564.1	567.4	438.0	368.5	305.0
Greenhouse Gas Emissions (Scope 3)*	Thousand t-CO ₂ e	1,611.0	1,692.1	1,604.5	1,914.5	1,304.6
Total Energy Consumption (Nisshinbo Group)	Million GJ	9.72	9.96	8.94	8.62	6.41
Raw Material Inputs (Nisshinbo Group)	Thousand t	229.5	264.2	204.5	251.7	138.6
Volume of Waste Generated (Nisshinbo Group)	Thousand t	53.0	55.7	51.8	52.4	31.1
Recycling Rate (Nisshinbo Group)	%	84.7	87.8	83.9	87.9	91.9
Water Usage (Nisshinbo Group)	Thousand m ³	8,346	7,042	6,176	6,240	5,753
Water Effluents Discharged (Nisshinbo Group)	Thousand m ³	7,942	6,707	5,554	5,511	5,150
Volume of PRTR Substance Emissions (Nisshinbo Group)	t	23.9	17.5	21.2	23.6	20.8
Social Data						
Number of Regular Employees (Nisshinbo Group)	People	19,550	20,917	20,384	17,084	18,537
Male (Nisshinbo Group)	People	14,118	15,337	14,558	11,970	13,568
Female (Nisshinbo Group)	People	5,432	5,580	5,826	5,114	4,969
Number of Hires (Regular Employees)(Nisshinbo Group)	People	2,954	3,055	3,363	1,982	1,764
(New graduates hired in Japan) (Male)	People	175	167	202	189	234
(New graduates hired in Japan) (Female)	People	42	41	58	60	66
Ratio of Female to Management Employees (Nisshinbo Group)	%	6.1	6.6	7.5	7.2	7.7
Acquisition Rate of Childcare Leave (Male) (Nisshinbo Group)	%	0.0	40.0	30.0	100.0	Not applicable
Acquisition Rate of Childcare Leave (Female) (Nisshinbo Group)	%	100.0	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	72.9
Number of Serious Accidents (Nisshinbo Group)	Number of incidents	0	0	0	0	0
Ratio of Regular Health Examination (Nisshinbo Group in Japan)	%	98.8	99.1	98.5	98.3	98.3
Governance Data (Nisshinbo Holdings)						
Total directors	People	11	12	12	11	10
Outside directors	People	4	5	5	5	5
(Outside director ratio)	%	36.4	41.7	41.7	45.5	50.0
Female directors	People	1	2	2	2	2
(Female director ratio)	%	9.1	16.7	16.7	18.2	20.0

Note: Calculation standard and method for calculating greenhouse gas emissions are as follows.
The Nisshinbo Group has changed its calculation standards from FY2024.
•Until FY2023, calculations were primarily based on the Act on Promotion of Global Warming Countermeasures (Japanese Law).
•From FY2024 onward, calculations are primarily based on the GHG Protocol, with reference to the Act on Promotion of Global Warming Countermeasures.
•Scope 1:Energy related Greenhouse Gas Emissions = Σ [Fuel Consumption \times CO₂ Emission Factor*1]
Non-Energy related Greenhouse Gas Emissions = Non-Energy related CO₂ Emissions + Σ [Greenhouse Gas Emissions other than CO₂ \times 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-CO₂/t is used for FY2024.
*2 Global warming potential based on the Act on Promotion of Global Warming Countermeasures.
•Scope 2:Energy-related Greenhouse Gas Emissions = Σ [Purchased Electricity and Purchased Steam Volume \times CO₂ 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 relevant year 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 (0.0526 t-CO₂/GJ in FY2024) calculated by the purchaser is used for purchased steam.
•Scope 3:In FY2024, calculations are based on the Basic Guidelines Related to Calculating Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.7), Ministry of the Environment. Some information is taken from LCA results.

Eleven-Year Financial Summary

	2015.03	2016.03	2017.03	2018.03	2018.12	2019.12	2020.12	2021.12	2022.12	2023.12	2024.12
Operating Results (Millions of yen)											
Net Sales	¥523,757	¥533,989	¥527,274	¥512,047	¥416,221	¥509,660	¥457,051	¥510,643	¥516,085	¥541,211	¥494,746
Electronics	209,115	205,367	190,851	193,620	—	—	—	—	—	—	—
Wireless and Communications	—	—	—	—	90,427	152,212	144,312	155,084	150,392	158,081	234,515
Micro Devices	—	—	—	—	53,776	65,285	61,140	77,373	85,329	80,044	64,225
Automobile Brakes	161,886	165,037	146,061	154,204	135,007	131,338	114,826	138,295	153,643	178,541	58,188
Precision Instruments	28,607	29,525	60,687	64,918	62,219	65,428	51,419	55,768	53,655	53,265	54,161
Chemicals	8,138	8,285	9,482	11,285	8,173	9,390	9,577	11,083	12,673	11,433	11,040
Textiles	51,072	60,127	55,842	54,639	43,659	49,505	33,957	34,478	38,333	37,481	36,842
Papers	31,280	32,584	32,647	—	—	—	—	—	—	—	—
Real Estate	9,246	8,357	8,083	8,405	4,236	11,655	20,279	15,584	11,178	11,263	23,539
Other Businesses	24,410	24,703	23,616	24,973	18,720	24,844	21,538	22,974	10,879	11,100	12,232
Operating Income (Loss)	13,744	12,617	4,890	15,085	△2,505	6,482	1,248	21,788	15,435	12,453	16,581
Net Income (Loss) Attributable to Owners of the Company	13,693	10,775	3,574	26,352	△7,182	△6,604	13,540	24,816	19,740	△20,045	10,277
Financial Position (Millions of yen)											
Equity	¥306,937	¥284,471	¥275,753	¥290,434	¥264,849	¥252,535	¥242,067	¥272,631	¥278,498	¥277,459	¥297,449
Total Assets	678,486	651,793	646,288	651,958	622,381	617,527	581,204	604,799	616,273	675,042	679,956
Capital Expenditures	36,909	22,861	30,505	30,103	27,199	32,387	25,869	26,481	29,016	31,266	27,908
Depreciation and Amortization	23,110	22,570	22,263	22,183	19,816	24,954	22,124	23,165	25,087	25,841	25,937
Cash Flows (Millions of yen)											
Net Cash Provided by Operating Activities	¥37,120	¥39,566	¥26,768	¥32,414	¥15,495	¥26,249	¥42,590	¥39,827	¥19,585	¥23,512	¥28,371
Net Cash Provided by (Used in) Investing Activities	△21,271	△22,793	△31,429	△1,797	△20,723	△21,759	△6,321	△16,767	△11,692	△46,512	△20,861
Net Cash Provided by (Used in) Financing Activities	△6,238	△9,044	3,595	△34,784	11,935	△10,065	△24,230	△30,818	△8,888	25,387	△8,750
Per Share (Yen)											
Net Income (Loss) Attributable to Owners of the Company	¥80.33	¥67.93	¥22.52	¥160.59	¥△43.26	¥△39.45	¥81.38	¥149.08	¥121.06	¥△127.61	¥65.40
Shareholders' Equity	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	1,714.44
Cash Dividends	15.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	34.00	36.00	36.00
Key Ratios (%)											
Shareholders' Equity Ratio	38.2	35.9	35.5	41.2	40.1	38.6	39.4	42.8	42.8	37.1	39.6
Return on Assets (ROA)	2.1	1.6	0.6	4.1	△1.1	△1.1	2.3	4.2	3.2	△3.0	1.5
Return on Equity (ROE)	5.5	4.4	1.5	10.6	△2.8	△2.7	5.8	10.2	7.6	△7.8	4.0
Payout Ratio	18.7	44.2	133.2	18.7	—	—	36.9	20.1	28.1	—	55.0

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, 2024 and 2023

(Millions of yen)

	2023.12	2024.12
ASSETS		
Current assets:		
Cash and cash equivalents	¥52,502	¥50,411
Notes and accounts receivable - trade, and contract assets	114,613	129,992
Electronically recorded monetary claims - operating	16,303	16,140
Merchandise and finished goods	58,390	53,277
Work in process	66,700	64,181
Raw materials and supplies	44,813	45,369
Other	14,158	12,846
Allowance for doubtful accounts	△961	△1,102
Total current assets	366,519	371,117
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	59,251	61,374
Machinery, equipment and vehicles, net	50,096	49,375
Land	38,738	39,351
Construction in progress	8,561	13,409
Other, net	15,380	14,980
Total property, plant and equipment	172,028	178,491
Intangible assets		
Goodwill	949	1,587
Other	11,573	11,624
Total intangible assets	12,522	13,211
Investments and other assets		
Investment securities	68,566	69,917
Long-term loans receivable	3,152	1,587
Retirement benefit asset	16,176	22,138
Deferred tax assets	17,370	2,855
Other	20,850	20,996
Allowance for doubtful accounts	△2,145	△359
Total investments and other assets	123,971	117,137
Total non-current assets	308,522	308,839
TOTAL ASSETS	¥675,042	¥679,956

(Millions of yen)

	2023.12	2024.12
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	¥40,549	¥38,274
Electronically recorded obligations - operating	26,686	22,443
Short-term borrowings	83,892	47,311
Commercial papers	30,000	30,000
Current portion of long-term borrowings	13,395	9,714
Income taxes payable	2,377	2,736
Provision for product warranties	1,233	1,140
Provision for bonuses	1,849	3,301
Provision for bonuses for directors (and other officers)	66	103
Provision for loss on construction contracts	492	1,170
Provision for contingent loss	437	475
Other	46,826	42,210
Total current liabilities	247,806	198,881
Non-current liabilities:		
Long-term debt	88,749	130,160
Deferred tax liabilities	12,108	7,788
Retirement benefit liability	38,654	38,168
Asset retirement obligations	830	808
Other	9,433	6,700
Total non-current liabilities	149,775	183,625
TOTAL LIABILITIES	397,582	382,507
NET ASSETS		
Shareholders' equity:		
Share capital	27,774	27,807
Capital surplus	18,915	18,948
Retained earnings	171,211	175,832
Treasury stock	△13,236	△13,237
Total shareholders' equity	204,665	209,349
Accumulated other comprehensive income:		
Net unrealized (loss) gain on available-for-sale securities	23,923	25,436
Deferred (loss) gain on derivatives under hedge accounting	△14	31
Foreign currency translation adjustments	18,215	28,145
Postretirement liability adjustments	3,808	6,488
Accumulated other comprehensive income	45,932	60,103
Stock acquisition rights	38	—
Non-controlling interests	26,823	27,996
TOTAL NET ASSETS	277,459	297,449
TOTAL	¥675,042	¥679,956

Consolidated Statement of Profit or Loss

Years Ended December 31, 2024 and 2023

(Millions of yen)

	2023.12	2024.12
NET SALES	¥541,211	¥494,746
COST OF SALES	421,841	385,413
GROSS PROFIT	119,369	109,332
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	106,916	92,751
OPERATING INCOME	12,453	16,581
NON-OPERATING INCOME:		
Interest income	845	1,314
Dividend income	1,030	1,251
Equity in earnings of unconsolidated subsidiaries and affiliates	4,639	3,639
Foreign exchange gains	1,066	2,438
Miscellaneous income	2,082	3,004
Total non-operating income	9,664	11,649
NON-OPERATING EXPENSES:		
Interest expenses	4,619	2,385
Miscellaneous losses	1,712	1,442
Total non-operating expenses	6,331	3,827
ORDINARY PROFIT	15,785	24,403
EXTRAORDINARY INCOME		
Gain on sale of non-current assets	318	390
Gain on sale of investment securities	1,593	2,251
Subsidy income	563	174
Gain on reversal of share acquisition rights	30	38
Total extraordinary income	¥2,505	¥2,855

(Millions of yen)

	2023.12	2024.12
EXTRAORDINARY LOSSES:		
Loss on sale of non-current assets	¥24	¥56
Loss on abandonment of non-current assets	245	91
Impairment losses	29,704	564
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	368	261
Loss on liquidation of business	8,723	1,648
Business restructuring expenses of subsidiaries	762	715
Provision for business restructuring	291	—
Loss on revision of retirement benefit plan	67	—
Total extraordinary losses	40,187	3,338
INCOME BEFORE INCOME TAXES	△21,895	23,919
INCOME TAXES - CURRENT	3,043	4,415
INCOME TAXES - DEFERRED	△5,298	8,551
TOTAL INCOME TAXES	△2,254	12,966
NET INCOME (LOSS)	△19,640	10,953
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	404	675
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	¥△20,045	10,277

Consolidated Statement of Comprehensive Income (Loss)

Years Ended December 31, 2024 and 2023

(Millions of yen)

	2023.12	2024.12
NET INCOME (LOSS)	¥△19,640	¥10,953
OTHER COMPREHENSIVE INCOME (LOSS):		
Net unrealized (loss) gain on available-for-sale securities	7,243	1,497
Deferred (loss) gain on derivatives under hedge accounting	48	45
Foreign currency translation adjustments	6,120	9,410
Postretirement liability adjustments	361	2,670
Equity in earnings of unconsolidated subsidiaries and affiliates	△656	1,242
Total other comprehensive income	¥13,117	¥14,867

(Millions of yen)

	2023.12	2024.12
COMPREHENSIVE INCOME (LOSS)	¥△6,523	¥25,820
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	△7,732	24,448
Non-controlling interests	¥1,209	¥1,371

Consolidated Statement of Cash Flows

Years Ended December 31, 2024 and 2023 (Millions of yen)

	2023.12	2024.12
OPERATING ACTIVITIES:		
Income (loss) before income taxes	¥△21,895	¥23,919
Depreciation and amortization	25,841	25,937
Impairment losses	29,704	564
Amortization of goodwill	367	404
Provision for (reversal of) doubtful receivables	305	△1,302
Increase (decrease) in liabilities for retirement benefits	△1,624	△2,029
Interest and dividend income	△1,875	△2,566
Interest expenses	4,619	2,385
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	△4,639	△3,639
Loss (gain) on sale of investment securities	△1,593	△2,250
Loss (gain) on valuation of investment securities	368	261
Loss (gain) on sale of property, plant, and equipment, net	△48	△242
Loss (gain) on revision of retirement benefit plan	67	—
Subsidy income	△563	△174
Loss on liquidation of business	8,723	1,648
Business restructuring expenses of subsidiaries	762	715
Provision for business restructuring	291	—
Decrease (increase) in trade receivables and contract assets	△4,759	△13,389
Decrease (increase) in inventories	△5,776	7,940
Increase (decrease) in trade payables	△3,422	△7,590
Other—net	5,555	△2,754
Subtotal	30,406	27,837
Interest and dividends received	3,906	4,866
Interest paid	△5,042	△2,357
Subsidies received	563	174
Business restructuring expenses of subsidiaries paid	△769	△328
Income taxes paid	△5,613	△4,376
Income taxes refund	61	2,555
Net cash provided by (used in) operating activities	¥23,512	¥28,371

(Millions of yen)

	2023.12	2024.12
INVESTING ACTIVITIES:		
Payments into time deposits	¥△2,666	¥—
Proceeds from withdrawal of time deposits	79	2,515
Purchase of property, plant and equipment	△25,291	△24,848
Proceeds from sale of property, plant and equipment	2,459	609
Purchase of investment securities	△1,229	△114
Proceeds from sale of investment securities	3,091	3,640
Decrease (increase) in short-term loans receivable	△182	△162
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△11,179	△1,110
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	△10,236	—
Other—net	△1,357	△1,392
Net cash provided by (used in) investing activities	¥△46,512	¥△20,861
FINANCING ACTIVITIES:		
Increase (decrease) in short-term bank loans—net	¥10,829	¥△36,799
Proceeds from long-term debt	129,534	51,200
Repayment of long-term debt	△105,706	△13,528
Proceeds from long-term deposits received	121	110
Refund of long-term deposits received	△737	△1,785
Purchase of treasury stock	△2	△1
Cash dividends paid	△5,497	△5,657
Dividends paid to non-controlling interests	△190	△328
Other—net	△2,962	△1,960
Net cash provided by (used in) financing activities	25,387	△8,750
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,438	1,552
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,826	311
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	45,092	49,918
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN SCOPE OF CONSOLIDATION	—	181
CASH AND CASH EQUIVALENTS, END OF YEAR	¥49,918	¥50,411

Segment Information

Years Ended December 31, 2024 and 2023

2023

(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	¥326,850	¥86,679	¥91,403	¥82,036	¥11,880	¥41,633	¥38,278	¥678,762	¥40,369	¥719,132
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

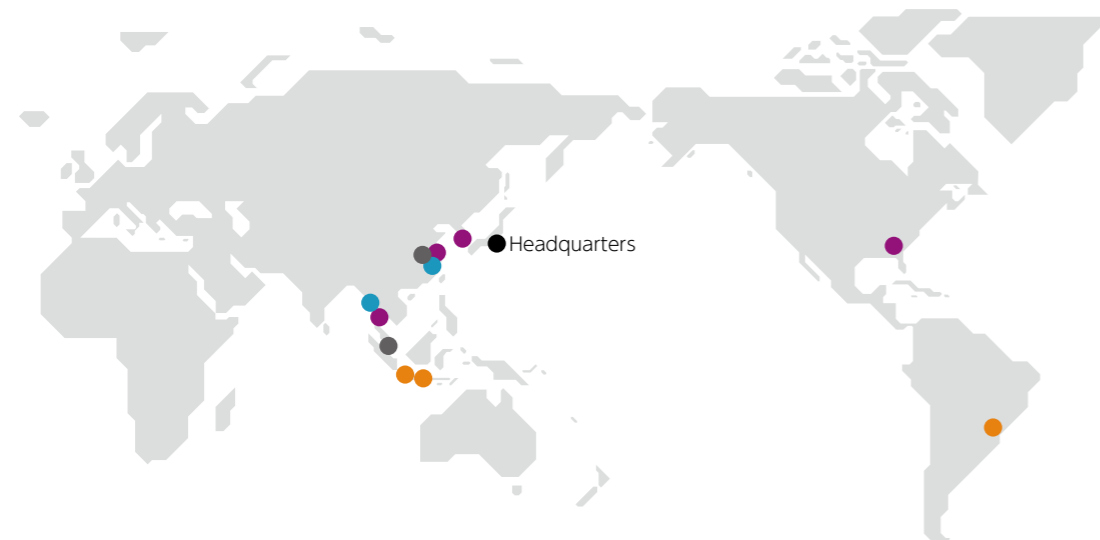
Note: The "Other Businesses" includes business segments such as trading function of foods, industrial materials, etc. that are not included in reporting segments.

2024

(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	¥234,515	¥64,225	¥58,188	¥54,161	¥11,040	¥36,842	¥23,539	¥482,513	¥12,232	¥494,746
Intersegment sales or transfers	757	833	5	445	287	38	1,448	3,815	2,379	6,195
Total	¥235,272	¥65,059	¥58,193	¥54,606	¥11,327	¥36,880	¥24,988	¥486,329	¥14,612	¥500,941
Segment profit (loss)	¥7,577	¥△7,093	¥2,333	¥1,641	¥655	¥193	¥17,694	¥23,002	¥381	¥23,383
Segment assets	¥337,385	¥86,424	¥94,789	¥86,530	¥11,462	¥41,860	¥40,245	¥698,697	¥42,055	¥740,752
Other:										
Depreciation and amortization	¥7,107	¥5,171	¥5,145	¥5,084	¥476	¥1,580	¥902	¥25,467	¥179	¥25,647
Increase in property, plant, and equipment and intangible assets	¥5,630	¥7,671	¥3,538	¥4,311	¥2,743	¥627	¥3,021	¥27,544	¥131	¥27,676

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
● Wireless and Communications		
Japan Radio Co., Ltd.	Japan	Disaster prevention systems, mobile communications equipment
KOKUSAI DENKI Electric Inc.	Japan	Wireless communications and information systems, video systems
JRC Mobility Inc.	Japan	Automotive radar, ultrasound sensors
● Micro Devices		
Nisshinbo Micro Devices Inc.	Japan	Electronic devices, microwave products
● Automobile Brakes		
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
● Precision Instruments		
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
● Chemicals		
Nisshinbo Chemical Inc.	Japan	Urethane products, high-performance chemical products
● Textiles		
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
● Real Estate		
Nisshinbo Urban Development Co., Ltd.	Japan	Real estate operations
● Other		
Nisshinbo Singapore Pte. Ltd.	Singapore	Group company support
Nisshinbo Business Management (Shanghai) Co., Ltd.	China	Group company support

ESG Index

MSCI ESG RATINGS

MSCI
ESG RATINGS

CCC B BB BBB **A** AA AAA



THE USE BY NISSHINBO HOLDINGS INC. OF ANY MSCI ESG RESEARCH LLO OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF NISSHINBO HOLDINGS INC. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED "AS-IS" AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

FTSE Blossom Japan Sector Relative Index



FTSE Blossom
Japan Sector
Relative Index

FTSE Russell (trading name of FTSE International Limited and Frank Russell Company) certifies that Nisshinbo Holdings, Inc., has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index based on the results of a third-party survey and has become a constituent of this index. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products.

MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

THE INCLUSION OF NISSHINBO HOLDINGS INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NISSHINBO HOLDINGS INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI Japan Empowering Women Index (WIN)

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF NISSHINBO HOLDINGS INC. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF NISSHINBO HOLDINGS INC. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index



SOMPO Sustainability Index



Sompo Sustainability Index

External Assessments of ESG Activities

In the CDP 2024 ratings, we received a "B" rating for climate change and water, and a "C" rating for forest issues.



We received an overall rating of four stars in the Nikkei Sustainable Comprehensive Survey "6th Nikkei SDGs Management."



We received an overall rating of three stars in the Nikkei Sustainable Comprehensive Survey "8th Nikkei Smart Work Management."



Highly rated in the Toyo Keizai CSR Company Rankings (2025)



We received an overall ranking of "A" in the "Buna no Mori" Environmental Questionnaire 2024 conducted by Sampo Risk Management Inc.

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



Selected as a 2025 Certified Health & Productivity Management Outstanding Organization



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



Certified as "Eruboshi" as a company that promotes women's activities



Japan Radio Co., Ltd.



Nisshinbo Micro Devices Inc.

Founded February 5, 1907

Common Stock ¥27,807 million

Employees

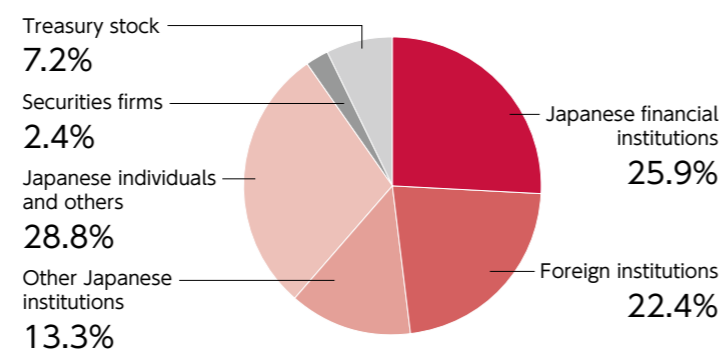
Parent Company 236
Subsidiaries 18,394
Total 18,630

Head Office

2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku,
Tokyo 103-8650, Japan

Shareholders 55,909

Composition of Shareholders



Basic Stock Information

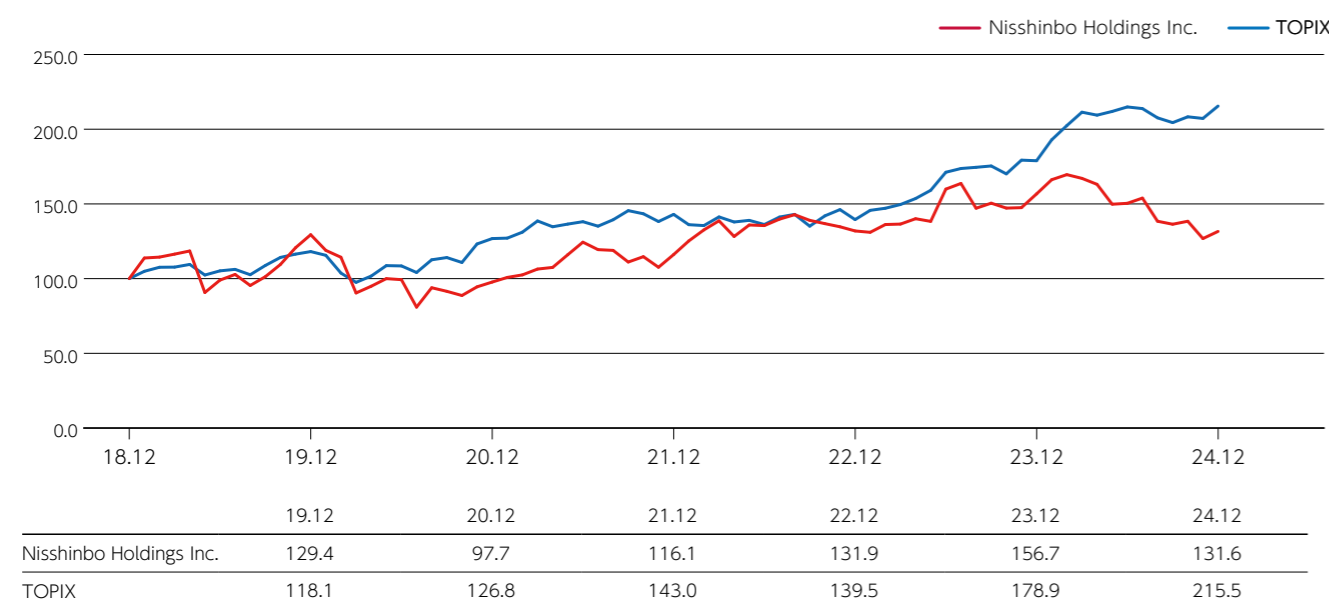
Sector	Electrical equipment
Stock code	3105
Number of shares per trading unit	100 shares
Business year	January 1 to December 31
Shareholder record date for dividends	December 31 (June 30 for interim dividend)
Total shares authorized	371,755,000 shares
Total shares issued	169,246,174 shares (As of December 31, 2024)
Treasury stock	12,079,169 shares (As of December 31, 2024)
Transfer agent	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation: P.O. Box 29, Shin-Tokyo Post Office 137-8081, Japan

Major Shareholders

(As of December 31, 2024)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,430	14.9
Fukoku Mutual Life Insurance Company	9,000	5.7
Custody Bank of Japan, Ltd. (Trust Account)	7,098	4.5
STATE STREET BANK AND TRUST COMPANY 505001	5,910	3.8
Teijin Limited	3,158	2.0
SHIKOKU KASEI HOLDINGS CORPORATION	2,600	1.7
Nisshinbo Group Employees' Shareholding Association	2,325	1.5
Japan Wool Textile Co., Ltd.	2,282	1.5
DFA INTL SMALL CAP VALUE PORTFOLIO	2,090	1.3
Nisshinbo Holdings Business Partners' Shareholding Association	1,770	1.1

Total Shareholder Return (5-Year Period)



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

Thank you for reading the Nisshinbo Group's Integrated Report 2025.

This integrated report introduces our pursuit of portfolio transformation, one of the priority measures under Medium-Term Management Plan 2026, details on Wireless and Communications business structural reforms and other initiatives, and efforts aimed at creating innovation, including a new research and development structure and the formulation of intellectual property strategy. We have also enhanced sustainability management content with the addition of details on human resource strategies and TNFD-related initiatives.

In preparing this report, we shared the results of interviews with institutional investors regarding Integrated Report 2024, as well as various opinions received from shareholders and investors through IR activities, with the departments in charge of report creation and senior management from the initial planning stages, then worked with relevant departments to enhance the report's content as described above, with the aim of reflecting voices from the market. 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 growth story, as well as the medium-to long-term value creation capabilities that will facilitate the realization of my vision as president: Turning crisis into strength, and challenges into growth, as we forge a path toward the future together.

Yasuji Ishii
President and Representative Director
Nisshinbo Holdings Inc.

Guidelines Used to Prepare the Report

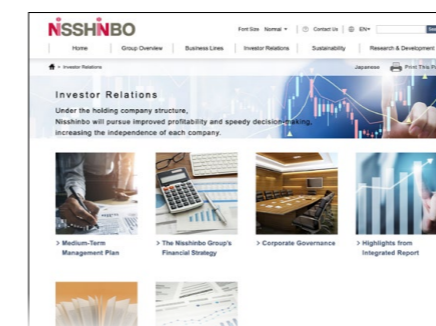
"International Integrated Reporting Framework," Value Reporting Foundation (VRF)
"Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation," Ministry of Economy, Trade and Industry (METI)
"Sustainability Reporting Standards," Global Reporting Initiative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



Corporate Website Guidance

Investor Information

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



Sustainability

- Environment
- Social
- Governance

