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Integrated Report 2026

Fiscal Year Ended December 2025

Accelerate Transformation,
Drive Innovation

Publication of Integrated Report 2026

The main editorial policy for Integrated Report 2026 is to present the business restructuring and path toward renewed growth based on the "blueprint for transformation," as well as the initiatives being undertaken to achieve them. In addition to perspectives from frontline leaders driving these initiatives, the report features messages from outside directors responsible for management oversight, helping readers understand that the entire Group is working together to advance transformation.

In producing this report, the departments responsible for its preparation and management shared, from the initial planning stage, the results of institutional investor interviews regarding Integrated Report 2025 as well as the wide range of opinions received from shareholders and investors through IR activities. In cooperation with relevant departments, we worked to enhance the content of the report so that it would reflect the voice of the market. I hereby state that this editorial process and the content presented are appropriate and faithfully reflect the intent of the "Blueprint for Transformation."

I hope this report will help deepen readers' understanding of our growth story based on the "Blueprint for Transformation," including our efforts to accelerate profitability improvements and transform our businesses and business models, as well as the medium- to long-term value creation capabilities that underpin this growth.

Tetsuya Kumakawa
Director, Managing Officer
Nisshinbo Holdings Inc.

Guidelines Used to Prepare the Report

"International Integrated Reporting Framework." International Financial Reporting Standards Foundation (IFRS)
"Guidance for Collaborative Value Creation." Ministry of Economy, Trade and Industry (METI)
"Guidelines for Governance of Intellectual Property and Intangible Assets." Cabinet Office

Covered Organizations

Nisshinbo Holdings Inc. and its Group companies in Japan and overseas

Reporting Period

Fiscal 2025 (January 1 to December 31, 2025)
The report covers some activities and information occurring in fiscal 2026 and later.

Cautionary Statement Regarding Forward-Looking Information

The forward-looking statements contained in this report reflect the Company's judgments and assumptions based on information available at the time of publication and are subject to risks and uncertainties. Actual outcomes might differ materially from those expressed or implied by these statements due to various factors, including economic conditions, fluctuations in foreign exchange rates, and changes in market conditions.

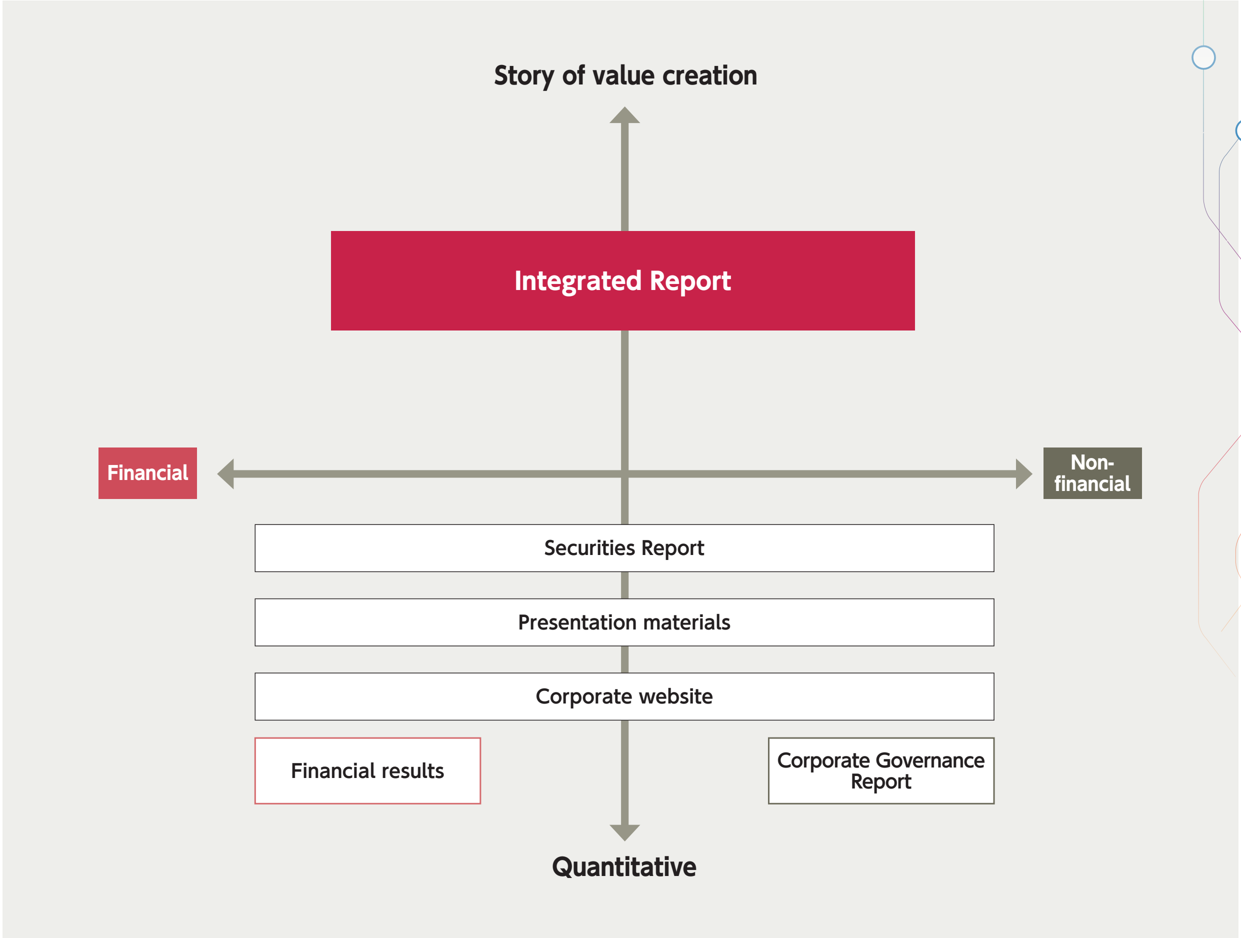
CONTENTS

Value Creation

Sustainability

Performance and Corporate Data

Disclosure Framework



Nisshinbo Group Corporate Philosophy and Aims

The Nisshinbo Group mission is “to contribute to society through business activities,” and we have continued to reorganize our business around areas where we can contribute to society. Going forward, we will continue contributing to the resolution of social issues through the provision of solutions leveraging Group strengths.

Aims

Connect Everything, Create Value

Nisshinbo Group Corporate Philosophy

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

A Blueprint to Drive Growth

My Vision as President

A year has passed since I assumed the position of President and Representative Director in March 2025. Even within the span of a single year, however, the management environment surrounding the Nisshinbo Group has continued to change rapidly on a global scale.

For the Nisshinbo Group, the highest-priority management issue—one that must be addressed above all else—is our insufficient earning power. The Group has long pursued proactive portfolio transformation in response to shifts in businesses and industries. At the same time, amid the extremely rapid pace of change in the business environment, we have undeniably lagged in addressing businesses with weak earning power. While we possess technologies and business foundations, there are significant differences among our businesses in terms of profitability and future potential. If this structure remains unaddressed, we will not be able to achieve sustainable growth amid a rapidly changing economic environment.

Based on this understanding, I came to view changes in the external environment not as threats, but as a driving force behind the transformation of our business model. Soon after assuming the presidency last year, I shared with employees my vision as president: “turning crisis into strength and challenges into growth.” After ensuring that the entire Group recognized the issue of weak earning power, I presented this vision as a compass to help us overcome this crisis and return the Nisshinbo Group to a growth trajectory.

To achieve transformation, the following three elements are essential:

- A vision that indicates the direction we should pursue
- A logical blueprint for realizing that vision
- The human resources and organizational culture needed to execute it

Since sharing my vision, I have focused on developing a clear blueprint for transformation. This is an action plan to enable the Group to grow into a company with strong earning power, and I presented it during the full-year earnings announcement on February 10 of this year. After briefly looking back on our performance in fiscal 2025, I would like to discuss the Blueprint for Transformation and the human resources and organizational culture that will support it.

Yasuji Ishii
President and Representative Director
Nisshinbo Holdings Inc.

Value Creation
Sustainability
Performance and Corporate Data

Fiscal 2025 Performance

In fiscal 2025, which ended December 31, the Nisshinbo Group recorded net sales of ¥502.3 billion, an increase of ¥7.5 billion year on year, while operating income rose ¥9.8 billion year on year to ¥26.4 billion. Ordinary income increased 20.2% to ¥29.3 billion, and net income attributable to owners of the Company increased 35.4% to ¥13.9 billion.

The primary driver of this increase in both sales and profits was expanding demand in the Wireless and Communications business, where an increase in high-margin projects led directly to profit growth alongside higher sales. In the Micro Devices business, we announced a policy to implement structural reform similar to that undertaken at Japan Radio Co., Ltd. (JRC), with the effects expected to begin appearing from the second half of fiscal 2026.

In addition, from the perspective of building a foundation for future growth, in 2025 we thoroughly prioritized investment expenditures and restrained spending we considered less important. In this way, fiscal 2025 marked a vital first step toward strengthening our earnings structure while laying the groundwork for the next stage of growth.

Blueprint for Transformation Evaluating Businesses by Their Ability to Achieve a 10% Operating Margin

The purpose of the Blueprint for Transformation is not to improve performance for a single fiscal year, but to transform our business structure into one capable of generating sustainable profits over the medium to long term.

The benchmark is clear: whether we can consistently achieve an operating margin of 10% and a return on invested capital (ROIC) of 7%.

These criteria do not necessarily align with investor perspectives. Investors tend to place primary emphasis on maximizing capital efficiency and investment returns, and to expect increases in corporate value, dividends, and share prices. In contrast, the Nisshinbo Group's criteria place emphasis on sustainable business growth and strengthening earning power, with a focus on building a stable management foundation for the Group as a whole.

Based on the premise that ROIC must exceed the weighted average cost of capital (WACC) (ROIC ≥ 7%), we determined this as a key financial condition.

In addition, to improve earning power while reducing interest-bearing debt and improving capital efficiency, we established a consolidated operating margin of at least 10% as our earnings target.

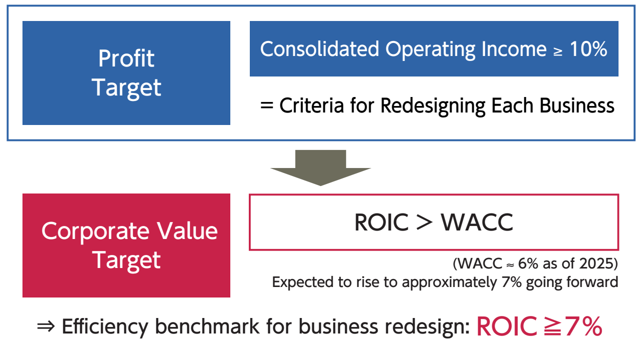
How will we achieve an operating margin of 10%? First, I instructed each business to organize the assumptions and measures necessary to generate profits and present a reproducible path toward achieving them. This is because capital should be allocated to businesses with a clear path to sustainable profitability and growth.

Based on this thinking, in October 2025 we decided to withdraw from the nonwoven textile business. Even if we expand high-value-added products in the high-price range, we determined that it would be difficult to maintain sustainable competitiveness against competitors, including overseas manufacturers, unless we could secure high-volume products. I also believed that making this decision early would help ensure future opportunities for employees involved in the business.

In assessing whether a business can generate an operating margin of 10%, we will carefully evaluate each technology and market based on product categories and the growth potential of their global markets. Decisions such as withdrawals and transfers are difficult, but we cannot execute this blueprint if we hesitate.

While reassessing the materials and production technologies we have cultivated over many years and conducting a thorough inventory of technologies, we will also redeploy and better utilize talent associated with high-potential technologies.

Note: In parallel, we are also formulating the Blueprint for Transformation (financial strategy), which organizes capital allocation and financial policies.



Three Business Transformations

The business transformations outlined in our Blueprint for Transformation fall broadly into three areas:

(1) Accelerating growth in the Wireless and Communications business

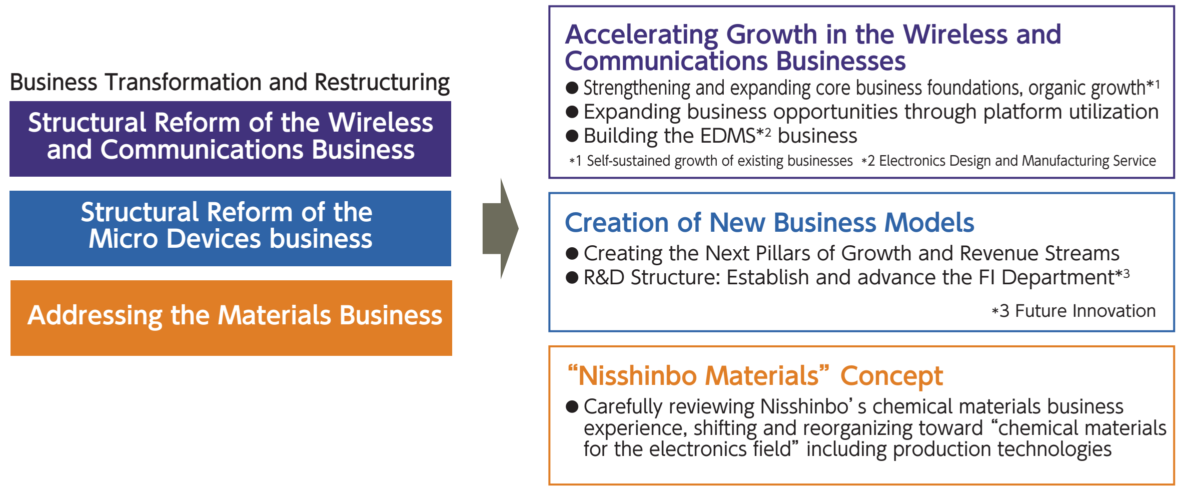
(2) Achieving structural reform of the Micro Devices business

(3) Addressing the Materials business

R&D at Nisshinbo Holdings has historically focused on the chemical field. We have reorganized this approach and shifted toward wireless and communications technologies, and in April we launched the Future Innovation Division to create new business models that will become the next pillar of growth, centered on wireless and communications technologies.

Let me explain each of these initiatives.

Redesigning for Transformation and Growth

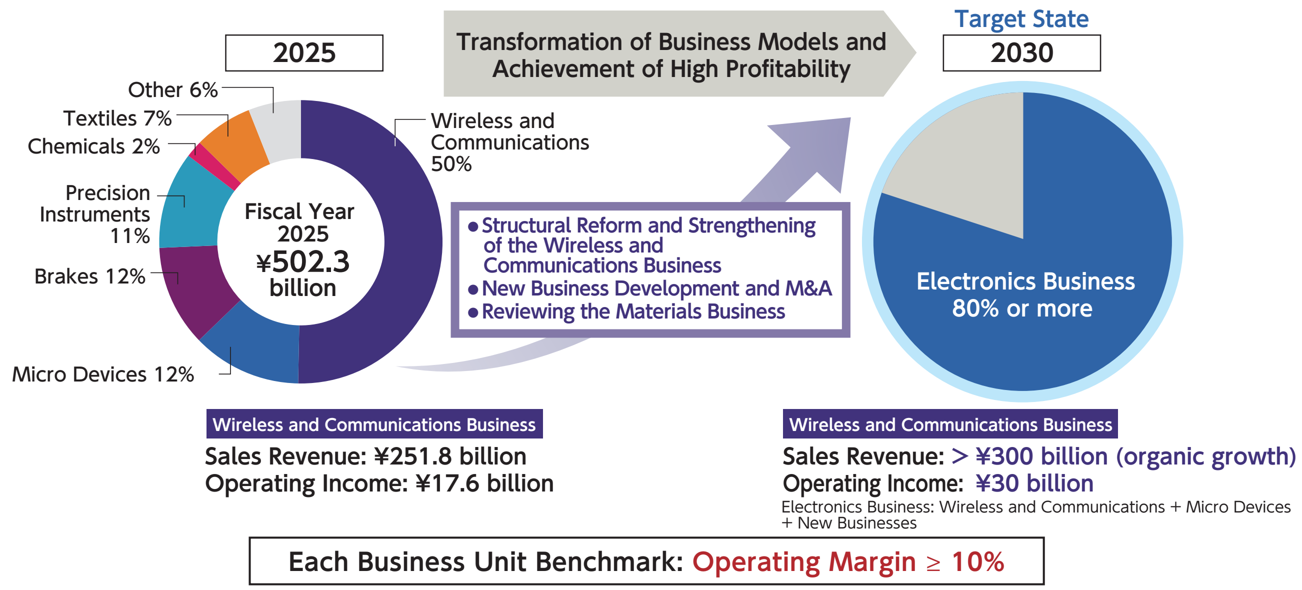


●Accelerating Growth in the Wireless and Communications Business/ Creating New Business Models

Within our Blueprint for Transformation, we regard the Wireless and Communications business as the business with the greatest potential to strengthen "earning power." In 2025, Japan Radio Co., Ltd., moved quickly to carry out structural reform and improve its profitability, and the structural reform project is progressing steadily. While advancing organizational restructuring from July 2025, we implemented an early retirement incentive program at the end of November 2025, which helped reduce fixed costs. In 2026, as Phase 2 of the structural reform project, we will further advance organizational restructuring and other initiatives, with Japan Radio Co., Ltd., and KOKUSAI DENKI Electric Inc. (KDE) acting as the two core drivers of our transformation into a Wireless Communications Total Engineering Company. Through organic growth in the Wireless and Communications business, we are targeting net sales of ¥300.0 billion and operating income of ¥30.0 billion in 2030. Demand for defense-related special equipment, public-sector, and marine businesses remains extremely strong, and we see strong business opportunities. For this reason, I am confident in achieving these targets. We also aim to achieve them ahead of fiscal 2030.

At the same time, net sales of ¥300.0 billion and operating income of ¥30.0 billion are not the end goal. To achieve further growth, we must also accelerate research and development in new fields. To grow the Nisshinbo Group as a whole to an operating margin of 10%, research and development in new fields will be critical. We therefore established the Future Innovation Division as an R&D organization responsible for creating new businesses. Details regarding our priority fields and related areas are provided on the Research and Development section on page 30.

Vision for Achieving Transformation: Evolution of the Business Portfolio



●Achieving Structural Reform of the Micro Devices Business

In the Micro Devices business, we will first prioritize improving profitability and advance structural reform at Nisshinbo Micro Devices Inc. As Phase 1, we implemented an early retirement incentive program. As we reduce fixed costs through this initiative, we will also move forward with a fundamental review of business operations and structures as Phase 2. At the same time, regarding the future vision for the semiconductor business, we will reset our previous policies and start from a blank slate and redraw the blueprint from scratch. Looking broadly at the global semiconductor industry, Japanese companies are relatively weak in chip manufacturing, while demonstrating strengths in materials. The Nisshinbo Group's Micro Devices business is centered on analog semiconductors. Unlike digital semiconductors, which require enormous capital investment in cutting-edge processes, the source of competitiveness in analog semiconductors lies in the quality of development talent with expertise in circuit design and systems knowledge. Leveraging the strengths of the Nisshinbo Group's human resources, we will redesign this business into one with higher value.

●Addressing the Materials Business

We have redefined the Materials business under the concept of "Sustainable Smart Materials—Materials Industry Supporting a Sustainable Society." While the Automobile Brakes business is not large in terms of market size, its operating margin is already approaching the 10% target. The Textiles and Chemicals businesses are leveraging their core technologies while focusing on expanding the use of chemical materials in electronics applications related to growth areas such as decarbonization, electrification, communications, and renewable energy. We have also continued materials research, accumulating technologies and expertise in these areas. Globally, chemical materials are a field in which Japanese companies demonstrate strengths, and the Nisshinbo Group also has highly experienced chemists. While monitoring market trends, we will consider redesigning these businesses to connect them with new business opportunities. At the same time, we will take steps to restructure or exit businesses that do not achieve an operating margin of 10%, as well as businesses that do not align with the Materials business policies outlined in the blueprint.

Human Capital and Organizational Culture: The Driving Force behind the Transformation Described in the Blueprint

Rather than focusing on what lies 10 years ahead, which is difficult to predict, we need to identify business opportunities over the next five years and formulate the growth and talent strategies needed to support them.

In the current medium-term management plan, we have identified "reduce management risk by further strengthening the management base" as one of our key measures. I believe initiatives related to respect for human rights, business operations that take environmental impact into consideration, the recruitment and development of diverse human resources, the creation of an environment in which diverse employees can thrive, the establishment of responsible supply chains, and the enhancement of the effectiveness of corporate governance are generally progressing according to plan.

At the same time, looking ahead to medium- to long-term changes in Japanese society, the decline in the working population associated with population decline is becoming an unavoidable reality, and this issue is expected to become even more severe around 2040. In manufacturing workplaces, securing talent will become increasingly difficult. While AI-driven automation is certainly advancing, people are still the ones designing, operating, and improving those automated systems, and there remain many areas in society and at workplaces where human involvement is indispensable.

The same is true of the Blueprint for Transformation discussed earlier. Without the talent capable of realizing the initiatives described in the blueprint, nothing can be accomplished. The driving force behind transformation is empowered people and organizational culture, and I regard my vision as president, the Blueprint for Transformation, and the people and organizational culture needed to realize it as the three core elements driving reform at the Nisshinbo Group.

At the Nisshinbo Group, in addition to securing talent, we are placing emphasis on enhancing education and training opportunities so that employees with both motivation and capability can continue to grow. Regarding the engagement survey that we conduct every year, I also recognize that our scores need to improve. Employee engagement is closely linked to business performance, and creating strong businesses, achieving high profit margins, and improving employee engagement are inseparable. These efforts could take time, but by continuing to address them persistently, we will strengthen our talent foundation and improve our organizational culture.

With respect to workforce diversity, I no longer view it as a special initiative, but rather as a prerequisite for corporate management. At the same time, looking at the Nisshinbo Group's current situation, I recognize that there remains substantial room for improvement in areas such as the percentage of female managers and the rate of childcare leave taken by male employees, even compared to industry averages, making these important issues. In particular, the Wireless and Communications business tends to lag other Group businesses in these areas, and one possible reason might be the nature of the business, which involves a significant amount of on-site work. Taking these business characteristics into account, we will pursue more in-depth improvements to achieve sustainable growth.

Regarding supply chain risks, one geopolitical risk that is currently becoming increasingly apparent is the procurement of materials that depend heavily on specific regions. Various international concerns, including human rights issues, have been raised regarding supply chains involving rare metal mining, and we clearly recognize the importance of procurement in this area. Accordingly, we intend to reduce supply chain risks by diversifying procurement sources for raw materials used in a wide range of industrial products, including magnets. With respect to governance, I have been advancing various reforms regarding the operation of the Board of Directors since before becoming president. Because Board of Directors meetings had previously required significant time for reporting matters, such matters are now organized in Board of Management by the day before Board meetings, and we have revised operations so that strategic themes—including growth strategies for the Wireless and Communications business and policies for evaluating underperforming businesses—can be discussed at the Board meeting itself based on advance materials. There are also many difficult issues and time-intensive themes that cannot be fully discussed within the framework of the Board of Directors meetings, which are generally held once a month. Accordingly, in 2026 we intend to again review the management issue list discussed previously and establish a cycle for ongoing strategic discussions rather than one-time discussions. In addition, regarding the sharing of information with the Nomination Committee and Remuneration Committee, because these committees are chaired by outside directors, I would like to place particular emphasis on enhancing the information provided to them.

Message to Stakeholders

I would like to express my sincere gratitude to all stakeholders who support our company on a daily basis, including employees of the Nisshinbo Group.

Three years have passed since March 2023, when the Tokyo Stock Exchange began asking companies to maintain "management awareness of capital cost and share price." Many investors call for measures such as share buybacks and dividend increases in order to improve capital efficiency and share prices. However, I believe that the first thing the Nisshinbo Group must do is reorganize its business portfolio, improve capital efficiency, and demonstrate a recovery in business performance to shareholders and investors through actual results. Based on this approach, regarding shareholder returns, we will set the annual dividend per share at a minimum of ¥36 and aim for a dividend payout ratio of 40% by fiscal 2026. While prioritizing growth investments, there is no change to our policy of share buybacks in a flexible and timely manner.

Regarding operational sites, I am reminded that the Japanese economy is supported not only by large corporations but also by a great many small and medium-sized enterprises. Neither the Nisshinbo Group's manufacturing operations nor its supply chains could be sustained by our efforts alone; they are made possible by the support of our many partner companies and business associates. Going forward, together with all stakeholders, we will continue advancing our management by staying closely grounded in on-site realities.

I sincerely appreciate your continued understanding and support for the Nisshinbo Group's initiatives.

Blueprint for Transformation

Below, we present an overview of the blueprint for each business under the "Blueprint for Transformation" and the progress made to date. In line with the President' s vision, we will steadily execute these blueprints and complete the transformation of our business structure, enabling us to grow into a Wireless Communications Total Engineering Company.

Redesigning Businesses to Achieve a 10% Operating Margin

Under the Blueprint for Transformation, businesses are being redesigned by working backward from an operating margin of 10%. This approach involves carefully reviewing every process from the ground up and rebuilding each business into a structure capable of generating profits.

Our business transformation and restructuring initiatives can be broadly divided into the following three categories. In addition to these efforts, we are establishing a new research framework and advancing the creation of new business models that will serve as the next drivers of growth.

Our criteria for determining whether a business should be continued are clear. Decisions regarding business portfolio restructuring will be based on whether a business can achieve an operating margin of 10% and achieve ROIC above WACC.

Wireless and Communications Business

Structural Reform of Japan Radio Co., Ltd. (JRC)

Phase 1

- Reorganization of the Company Structure Toward the New One JRC
  STEP 1: July 2025～ STEP 2: January 2026～
- Fixed Cost Reduction through an Early Retirement Incentive Program
  ～November 2025

Phase 2

JRC Organizational Restructuring (April 2026～)

Design Overview

- JRC and KOKUSAI DENKI Electric Inc. will become dual engines, contributing to society by providing people's safety and security through solutions.
  We will become a Wireless Communications Total Engineering Company
- Achieve ¥300 billion in sales and ¥30 billion in operating income through organic growth by 2030

Micro Devices Business

Nisshinbo Micro Devices Structural Reform

Phase 1

Reducing Fixed Costs through an Early Retirement Incentive Program
(Implementation ongoing through June 2026)

Phase 2

Fundamental Review of Business Content and Structure

Design Overview

- Prioritizing Profitability Improvement through Structural Reform
- Redesigning the Future of the Semiconductor Business from Scratch

Materials Business

Business Review

- We are carefully reviewing our cultivated material and production technologies and conducting a technology inventory
- Focusing on materials for the electronics sector, we are selecting key themes to pursue

Businesses not aligned with the new Materials business policy
→ Decisions on spin-offs

Design Concept

"Sustainable Smart Materials
– Materials Industry Supporting a Sustainable Society"

- Positioned as a next-generation material solutions business that integrates environmental performance and functional intelligence
- Developing the "Chemical Materials for the Electronics Sector," which is directly addressing growth sectors such as decarbonization, electrification, communications, and renewable energy, while utilizing core technologies in textiles, chemicals, friction materials, etc.

Progress by Business

	Concept	Specification Development	Details Design	Parts Drawing Creation	Assembly	Operation	Status
Wireless and Communications Business	●	●	●	▲	▲	Not yet	･Structural reforms implemented; framework established ･Now entering the phase of infusing it with spirit
Micro Devices Business	●	▲	Not yet	Not yet	Not yet	Not yet	･Structural reforms have already begun ･Phase of implementing the plan and shaping its form
Materials Business	●	▲	Not yet	Not yet	Not yet	Not yet	･Assessment of the basic concept completed ･Promising projects → Proceed to the specification creation phase ･Businesses not aligned with the new Materials business policy → Decisions on spin-offs ･Otherwise, phased withdrawal from minor unprofitable businesses is underway October 2025: NIST Nonwoven business (Oikos) withdrawal complete
New Business Model Development	▲	▲	Not yet	Not yet	Not yet	Not yet	･Exploring new business models centered on wireless and communication technologies ･Currently exploring at the conceptual stage

●:completion ▲:in progress

Aiming to Become Wireless Communications Total Engineering Company

By 2026, we will complete structural reforms and strengthen our earning power
→Generate operating income independent of the Real Estate business

Implement the growth strategy based on the Blueprint for Transformation
→Achieve ¥300 billion in net sales and ¥30 billion in operating income in the Wireless and Communications business

Execute business portfolio reform
→Promote business restructuring based on the benchmark of an operating margin of at least 10%

‖

Solve societal challenges and become a sustainably growing enterprise
Wireless Communications Total Engineering Company

Please follow the link below for further details on our "Blueprint for Transformation."
https://www.nisshinbo.co.jp/nish/english/ir/library/pdf/presentation/2026_0210_full_en.pdf

Implementing the Blueprint through Financial Discipline

Tetsuya Kumakawa
Director, Managing Officer

Introduction

We have begun implementing fundamental reforms to our business portfolio and earnings structure under the Blueprint for Transformation.

Since assuming responsibility for finance and accounting in April 2026, my role as the executive officer overseeing finance and accounting has been to translate this blueprint into capital allocation and financial discipline, and connect it to concrete decision-making and outcomes.

Through my involvement in business operations both in Japan and overseas, I have come to strongly recognize that sustainable corporate growth requires both "earning power" and the optimal allocation of the capital that supports it. The concept of Public Entity that we value is likewise based on the cycle of value creation and redistribution. Going forward, we will translate this philosophy into a more effective financial strategy and execute it with greater speed.

Basic Financial Strategy

Our financial strategy is centered on improving earning power while achieving both financial soundness and capital efficiency. Recently interest-bearing debt has increased temporarily due to the progress of structural reforms. However, we will maintain disciplined control over investments within the scope of our cash-generating capacity and optimize debt levels within a funding cycle based on profits and depreciation and amortization. Financial soundness is the result; the foundation supporting it is sustainable profit-generating capability—in other words, "earning power."

From the perspective of capital efficiency, it is also important not only to improve financial indicators but also to transform our business structure into one capable of sustainably generating returns that exceed the cost of capital. Accordingly, in making investment decisions, we will evaluate profitability, growth potential, and capital efficiency in an integrated manner while optimizing resource allocation.

Fiscal 2025 Performance and Key Issues

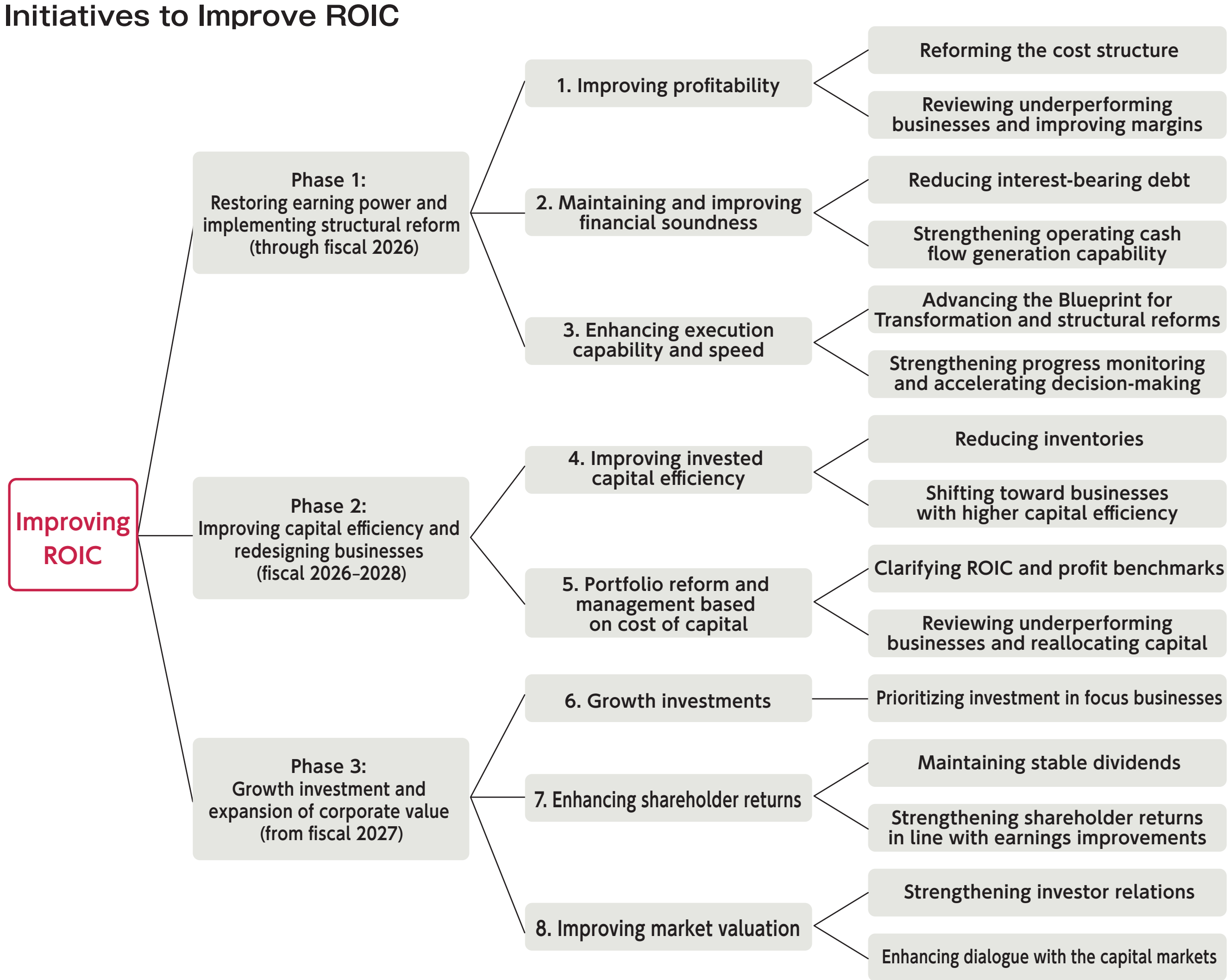
In fiscal 2025, we achieved increases in both sales and profits against the backdrop of expanding demand in the Wireless and Communications business. However, this performance was largely driven by the business environment surrounding specific businesses, and we recognize that the Group' s true earning power remains insufficient. In terms of cash-generating capability as well, we see divergence between profits and cash flow, and believe there remains room for improvement from the standpoint of capital efficiency.

In addition, the effects of the structural reforms initiated in fiscal 2025 have so far been limited, and it would not be appropriate at this stage to regard current profit levels as sustainable. There is also room for improvement from a balance sheet perspective, including inventory levels and asset efficiency, and we must improve the quality of our cash flow.

In fiscal 2026 as well, we will prioritize fundamental improvements to our earnings structure and asset efficiency while focusing on building the foundation needed to transition to the next phase of growth.

Business Portfolio Transformation and Financial Discipline

Initiatives to Improve ROIC



The targets presented by the president—an operating margin of 10% and an ROIC of 7%—will not be managed simply as numerical goals, but as disciplines for determining whether businesses should continue and grow.

Our current weighted average cost of capital (WACC) is approximately 6%, but we assume it could rise to around 7% in light of future interest rate conditions and other factors. Based on this assumption, for businesses with an ROIC that falls below the cost of capital, we will strictly monitor progress in improvement efforts and, where improvement cannot be expected, execute decisions including restructuring or withdrawal without hesitation.

In evaluating businesses, we will make multifaceted assessments based not only on quantitative indicators such as ROIC but also on qualitative factors including market growth potential, technological advantages, and the competitive environment. We must determine whether a business can continue generating returns above the cost of capital over the long term, and assessing the likelihood of this is one of our most important roles in finance.

In addition, as a conglomerate, our evaluations must consider not only the stand-alone value of each business but also synergies within the Group and the optimal allocation of capital. From the perspective of maximizing corporate value across the portfolio as a whole, we will proceed with restructuring, including portfolio reconfiguration where necessary.

Initiatives to Improve Capital Efficiency and PBR

Our price-to-book ratio (PBR) remained below 1x until recently, and we certainly recognize that we are not receiving sufficient recognition from the capital markets.

To improve PBR, we recognize that the fundamental issue lies in low capital efficiency and that improving profitability through ROIC improvement is the most important driver. Alongside achieving profit growth that does not rely on one-time factors such as real estate sales, we will improve asset efficiency through measures including reducing total assets and inventories, thereby improving return on assets (ROA) and return on equity (ROE).

In addition, when selecting investment projects or making withdrawal decisions, we will apply standards that clearly incorporate awareness of the cost of capital and improve capital turnover. Through these initiatives, we will strengthen our management foundation while carefully communicating our story for enhancing corporate value through dialogue with the capital markets, ultimately leading to improved PBR.

Capital Allocation

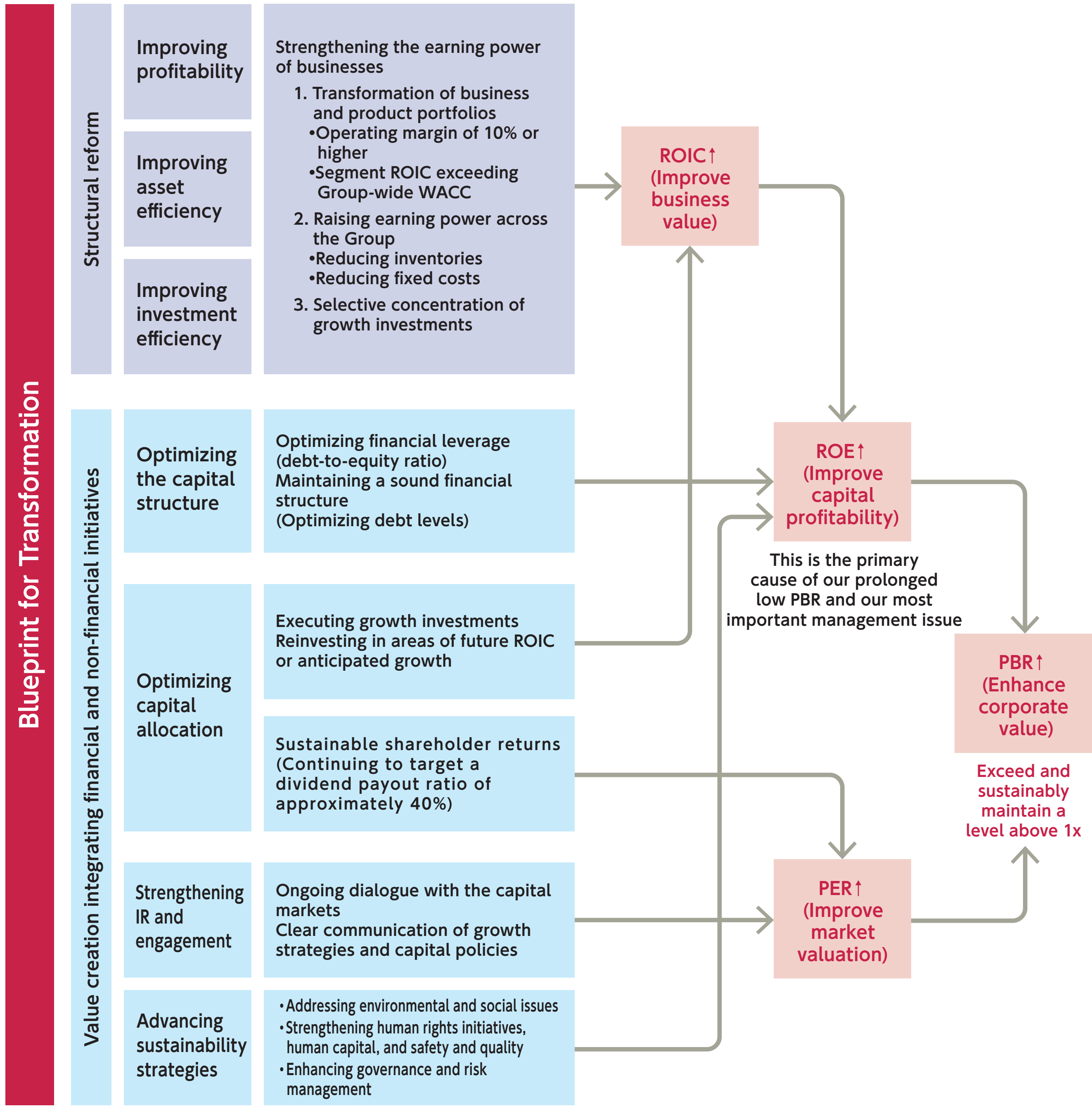
Under Medium-Term Management Plan 2026, we formulated plans for cash generation and investment allocation. However, cash generation is currently below plan, and much of the cash generated is being allocated to structural reforms.

While structural reform places short-term pressure on cash flow, we position structural reform as a priority investment for strengthening our earnings base, and we will prioritize it for the time being. Based on this, we expect to accelerate growth investments in earnest from fiscal 2027 onward.

With regard to shareholder returns, while maintaining stable dividends, we aim to increase return levels in line with improvements in "earning power." There is no change to our basic policy of setting the annual dividend per share at a minimum of ¥36 and targeting a dividend payout ratio of 40%.

After carrying out structural reforms decisively, we will first direct the cash generated toward growth investments, while also considering raising dividend levels in line with progress in "earning power." What is important is building a financial structure capable of sustainably generating cash while balancing shareholder returns and growth investments.

Initiatives to Enhance Corporate Value



Relationship between Non-Financial Value and Finance

The source of value creation lies in non-financial areas such as human capital and technological capabilities. We do not view financial value and non-financial value as separate, but rather as integrated elements that together form corporate value.

Based on the idea that the company is a Public Entity, we have long valued the philosophy that "business is people," and have regarded intellectual capital—including human capital and technological capabilities—as the essence of corporate value. Due to accounting rules, the assets recorded on the balance sheet are limited, and many of these sources of value cannot be fully captured through financial figures alone. Going forward, however, we will seek to quantify non-financial indicators wherever possible and appropriately communicate their value through dialogue with the capital markets. Sustainability initiatives not only enhance corporate resilience but also over the medium to long term contribute to reducing the cost of capital.

The Role of Finance

The role of finance is to ensure that the Blueprint for Transformation goes beyond a mere concept and is translated into corporate value through disciplined execution.

Going forward, alongside building the information infrastructure needed to support rapid decision-making, we will thoroughly enforce both investment discipline and withdrawal discipline while practicing management that remains conscious of the cost of capital while balancing growth and risk control.

By achieving both speed and discipline and steadily implementing the Blueprint for Transformation, we will realize sustainable enhancement of corporate value and pursue financial management evaluated based on results.

PROFILE

Apr. 1991 : Joined the Company
Jan. 2014 : Senior Manager of Corporate Strategy Department of Corporate Strategy Center of the Company
Senior Manager of Nisshinbo Brake Inc. (assigned to the representative office in Germany; served concurrently)
Feb. 2015 : Senior Vice President of TMD Friction Group S.A. (served concurrently)
Jan. 2018 : Senior Manager of Business Administration Department of Nisshinbo Brake Inc.
Apr. 2018 : Managing Officer of Nisshinbo Brake Inc.
June 2018 : CEO of TMD Friction Group S.A.
Oct. 2019 : Senior Managing Director of Saeron Automotive Corporation
Jan. 2024 : Managing Officer of the Company
Mar. 2024 : Director and Managing Officer of Nisshinbo Brake Inc.
Co-Representative Director of Saeron Automotive Corporation (served concurrently, to the present)
Jan. 2025 : Senior Manager of Corporate Strategy Department of Corporate Strategy Center of the Company
Mar. 2026 : Director and Managing Officer of the Company (to the present)

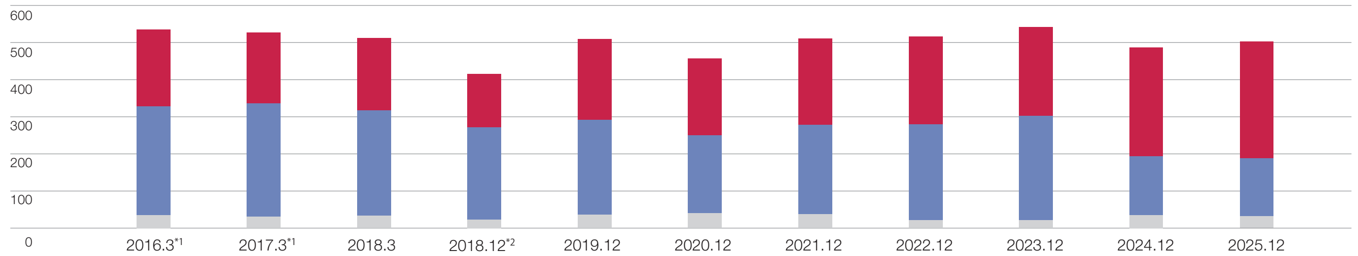
The Nisshinbo Group has responded to the needs of society and contributed to resolving social issues by transforming its business portfolio. Our enhanced technological capabilities in the mainstay Wireless and Communications and Micro Devices businesses form the foundation of our current major product lines.

Going forward, we will steadily execute our business structural reforms under the Blueprint for Transformation over a short timeframe and pursue further transformation of our business portfolio.

Nisshinbo Group Net Sales (Billions of yen)

■ Wireless and Communications and Micro Devices ■ Materials business (Automobile Brakes, Precision Instruments, Chemicals, Textiles) ■ Real Estate and Others

*1 Paper Products was included in Materials business *2 Nine months of results due to change in fiscal year-end



History of Business Portfolio Transformation

1960s–1980s
Automobile Brakes business expanded amid increasing motorization

1990s
Promoted further business diversification and overseas expansion in response to the strong yen

2000s
Focused on the electronics field in preparation for the information society

2010s–
Made Wireless and Communications and Micro Devices core businesses

Business History

Wireless and Communications — Japan Radio Co., Ltd. / KOKUSAI DENKI Electric Inc.

1915 Nippon Radio Telegraph Manufacturing Co. founded (now Japan Radio Co., Ltd.)

1949 Nagano Japan Radio Co., Ltd., and Ueda Japan Radio Co., Ltd., founded

1959 New Japan Radio Co., Ltd., founded

2010 Japan Radio Co., Ltd., and Nagano Japan Radio Co., Ltd., became consolidated subsidiaries

2013 Alphatron Marine Beheer B.V. became a wholly owned subsidiary

2018 ProNav AS became a wholly owned subsidiary

2019 NJ Components Co., Ltd., became a wholly owned subsidiary

2020 RBI and LEAS became wholly owned subsidiaries

2023 Hitachi Kokusai Electric Inc. became a consolidated subsidiary

- **1922** Completed Japan's first wireless weather broadcasting equipment — **1983** Achieved top global share in maritime satellite vessel communications equipment ▶ Radio equipment
- **1948** Completed Japan's first ultrasonic depth finder — **2010** Developed world's first narrow radar bandwidth 9-GHz band 300-W solid-state radar for vessels ▶ Marine radar
- **1954** Completed Japan's first weather radar — **1971** Launched sales of Japan's first real-time signal analyzer ▶ Weather radar
- **1984** Developed Japan's first GPS receiver for vessels ▶ GPS receivers

Micro Devices — Nisshinbo Micro Devices Inc.

New Japan Radio Co., Ltd. **1961** Transferred the Microwave Tube Manufacturing Department from Japan Radio Co., Ltd. — **2005** Became a consolidated subsidiary of Nisshin Cotton Spinning Co., Ltd. (now Nisshinbo Holdings Inc.)

Ricoh Electronic Devices Co., Ltd. **1981** Completed construction of the Electronic Technology Development Center at the Ricoh Osaka plant — **2018** Became a consolidated subsidiary of Nisshinbo Holdings Inc.

2022 Nisshinbo Micro Devices Inc. founded

2022 D-CLUE Technologies Co., Ltd., became a wholly owned subsidiary

- **1975** Commenced production of operational amplifiers ▶ Signal processing devices
- **1987** Developed power management ICs ▶ Power control devices
- **1995** Developed lithium-ion battery protection ICs ▶ Power control devices
- **1999** Developed mobile phone system LSI ▶ Signal processing devices
- **2009** Developed ICs for automotive applications ▶ Signal processing devices

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

- **1907** Nisshin Cotton Spinning Co., Ltd., founded ▶ Textiles
- **1944** Production of friction materials started ▶ Automobile Brakes
- **1946** Nisshin Cotton Spinning Co., Ltd., commenced operations at the Nishi Arai Plant as a chemicals production facility ▶ Chemicals
- **1958** Established Nihon Kohbunshikan Co., Ltd., and commenced production of plastic bobbins ▶ Precision Instruments

Nisshinbo Group Value-Creation Process (2024–2026)

Guided by the Blueprint for Transformation, the Nisshinbo Group aims to achieve sustainable growth, targeting an operating margin of 10% and ROIC of 7%. We are enhancing capital efficiency by optimizing our business portfolio, driving technological innovation, revitalizing our human resources and organizational culture, and maintaining rigorous financial discipline.

Furthermore, we aim to sustainably enhance corporate value through the creation of new businesses in the materials and communications fields that address social challenges.

External Environment/Social Issues

- Intensifying disasters and other climate change issues
- Transition toward a decarbonized society
- Need for accident-free, safe transportation
- Demographic changes (falling birth rate, aging population, labor shortages)
- Advancement of digital and AI technologies
- Promotion of D&I
- Pandemics and war
- Growing geopolitical risks

INPUT

Financial capital

Shareholders' equity
¥217.4 billion
As of December 31, 2025

Cash flows from operating activities
¥49.3 billion

Manufacturing capital

Domestic production sites
39 sites

Overseas production sites
58 sites

Capital investment
¥19.9 billion

Human capital

Number of consolidated employees
17,811 people

Intellectual capital

R&D expenses
¥23.2 billion

Social capital

Countries and regions where we operate
20 countries and regions

Respect for human rights within the supply chain

Natural capital

Energy consumption
6.26 million GJ

Water withdrawal
5,959 thousand m^3

Note: Results for 2025

BUSINESS MODEL

Strengths

- Ongoing portfolio reforms
- Core technological capabilities in sensing, information processing, and wireless communications
- Customer base
- Group synergies

Blueprint for Transformation

- Structural reform and strengthening of the Wireless and Communications business
- Development of new businesses and M&A
- Addressing challenges in the Materials business

Materiality

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

Cultivating human resources

Promotion of IT, AI, and DX

Wireless Communications Total Engineering Company

Identifying social issues and needs

Appropriate allocation of management resources, alliances, and M&A

Built on an energized workforce and organizational culture

Sustainability management

Our Vision

Connect Everything, Create Value

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

OUTPUT

Outcome for 2030

Wireless and Communications business (organic growth)

・Net sales ¥300.0 billion
・Operating income ¥30.0 billion

・Products, designs, and processes that contribute to improved resource efficiency

・Solutions that enable waste reduction and resource recycling

Wireless and Communications

Micro Devices

Materials
Automobile Brakes
Precision Instruments
Chemicals
Textiles

OUTCOME

Financial results

Dividend payout ratio: 40% ROIC ≧ 7%

Disaster prevention solutions	Development of communications infrastructure
Shipping safety and advances	Advancement of autonomous driving
Analog semiconductor solutions	Automotive parts contributing to improved safety
Infrastructure maintenance and inspection	Business models that utilize digital technologies
Result of joint R&D through open innovation	Reduction of greenhouse gas emissions

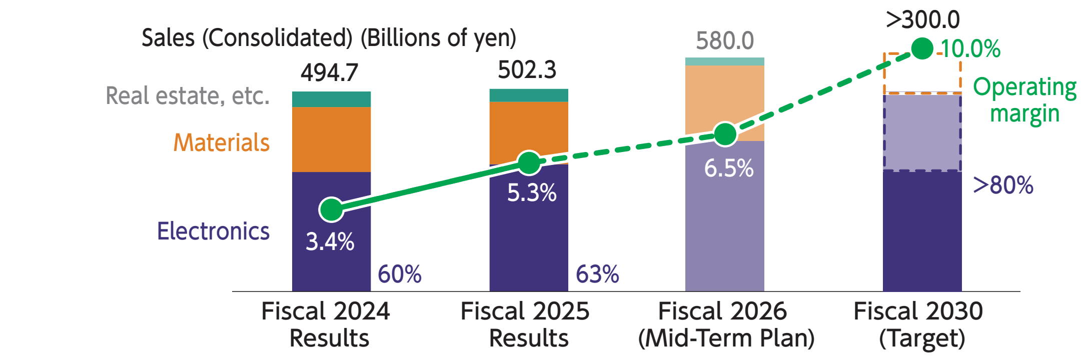
Medium-Term Management Plan 2026 Progress

During fiscal 2025, the second year of the Medium-Term Management Plan, we advanced one of our priority measures—"Build a business model that looks to future growth and invest management resources in a focused manner"—under the Blueprint for Transformation. Under this initiative, we conducted portfolio analysis and closely evaluated our businesses, formulating a strategy to achieve net sales of ¥300 billion and operating income of ¥30 billion in the Wireless and Communications business by 2030. In addition, we established the Future Innovation Division, which will be responsible for exploring future-oriented themes and conducting advanced research and development, thereby accelerating the creation of new businesses.

In the fiscal year ending December 2026, the final year of the current medium-term management plan, our current projections indicate that we will likely fall short of our targets for both net sales and operating income. With respect to this point, in 2027, after the conclusion of the current medium-term management plan period, we intend to report on the results, including a review of the lessons learned.

Priority Measures and Progress

Priority Measures		
Pursue a transformation of the business portfolio	**Build a business model that looks to future growth and invest management resources in a focused manner**	**Reduce management risk by further strengthening the management base**
•Accelerate growth, leveraging the Wireless and Communications/Micro Devices businesses •Promote investment in growth and assess our businesses •Conduct evaluations that reflect our Corporate Philosophy, growth potential, profitability, and return on capital	•Proactively invest in the Wireless and Communications/Micro Devices businesses and build a business model that leverages digital technologies	•Respect human rights •Conduct business with a consideration for environmental impact •Attract, develop, and promote diverse human resources •Build a responsible supply chain •Enhance the effectiveness of corporate governance
Fiscal 2025 Progress		
•Initiating structural reforms in the Wireless and Communications business, including an early retirement incentive program (Micro Devices business reforms scheduled for fiscal 2026) •Verifying the feasibility of achieving a 10% operating margin while refining decision criteria to redesign growth strategies	•Developed a strategy to achieve ¥300 billion in sales and ¥30 billion in operating income in the Wireless and Communications business by fiscal 2030 •Established the new Future Innovation Division to accelerate new business creation in the wireless and communications field	•Progressing largely as planned



	Fiscal 2024 Results	Fiscal 2025 Results	Fiscal 2026 (Mid-Term Plan)	Fiscal 2030 (Target)
Consolidated ROIC	2.7%	4.3%	6%	≧7%
Consolidated ROE	4%	5%	10%	

Cash Flow Allocation and Financial Strategy

- We will prioritize cash allocation for structural reforms and, after completion, redirect it to growth investments.
- However, we will maintain a minimum annual dividend of ¥36 per share and a payout ratio of 40%.

Driving Structural Reform and Business Growth Strategy to Transform JRC into a Wireless Communications Total Engineering Company

Kaichiro Sakuma

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

Message from the President

Building My Career as a Systems Engineer and Leading Structural Reform as a Business Executive

I am Kaichiro Sakuma, and in March 2026 I assumed the positions of president of Japan Radio and chairman of KOKUSAI DENKI Electric.

After joining Hitachi, Ltd., in 1979, I worked as a systems engineer and was involved in the development of a wide range of information systems. One such project was the Japan Meteorological Agency's weather forecasting system, where I had the opportunity to work with observation data from weather radar systems. Looking back, I have learned that those weather radar systems were manufactured by Japan Radio, making this appointment feel all the more meaningful.

Later, as an executive officer of Hitachi and as president of Hitachi Solutions and Hitachi Kokusai Electric Inc. (now KOKUSAI DENKI Electric Inc.), I led structural reform initiatives, including the turnaround of unprofitable businesses and organizational restructuring. When KOKUSAI DENKI Electric joined the Nisshinbo Group, I also participated in the transaction from the KOKUSAI DENKI Electric side. I never imagined that these experiences would eventually lead me to Nisshinbo and Japan Radio. Nevertheless, I regard this connection as destiny and will draw fully on the experience I have accumulated throughout my career to achieve sustainable growth and improved profitability.

My Vision for the Wireless and Communications Business

Supporting Frontline Workers in Disaster Prevention, Defense, and Other Fields as a Wireless Communications Total Engineering Company

Looking at the business environment, investment by both the public and private sectors continues to expand under Japan's growth strategies aimed at achieving strong economic growth and strengthening national security. Efforts to ensure public safety and security and address social issues are also accelerating. Against this backdrop, the Nisshinbo Group's Wireless and Communications business has defined its vision as becoming a Wireless Communications Total Engineering Company through DX solutions that leverage wireless communications, sensing, AI, and other technologies, we will support frontline workers operating at the forefront of disaster prevention, defense, maritime transportation, and many other fields.

Both Japan Radio and KOKUSAI DENKI Electric (hereinafter referred to collectively as "we") have built our businesses around wireless communications. Over many years, we have developed private wireless networks and provided reliable communications environments in locations where commercial carriers do not offer services and radio signals are difficult to access, including remote mountainous areas, manufacturing sites, construction sites, and mining operations. One of our key strengths is our ability to install base stations wherever communications infrastructure is required, build network systems, and provide dedicated wireless communications environments. We continuously develop new technologies and provide products and systems that meet the needs of the times, while responding to our customers' diverse requirements and helping solve the challenges they face. The markets we serve are centered primarily on social infrastructure fields such as disaster prevention, defense, roads, railways, and maritime operations. Because these systems often have life cycles spanning 10 to 20 years, it is essential not only to build and deploy them but also to ensure stable operation through ongoing maintenance and support. Providing customers with long-term reliability and peace of mind is therefore a critical part of our mission.

We have long provided these services on a one-stop basis. Today, however, demand for DX solutions utilizing IT systems is growing rapidly. By leveraging our strengths in wireless communications technologies, we aim to evolve into a Wireless Communications Total Engineering Company that delivers DX solutions capable of addressing a wide range of challenges faced in the field.

Strengths

Advancing to the Next Stage of Growth by Combining Wireless Communications Technologies Refined in the Field over a Century with AI

The world of radio waves and wireless communications encompasses a wide range of applications, from familiar devices such as Wi-Fi routers to large-scale telecommunications infrastructure, television broadcasting systems, and even marine radar systems. Designing and implementing these systems requires a comprehensive approach that takes into account factors such as frequency bands, transmission power, radiation angles, and the optimal placement of base stations to ensure coverage across the target area. It also demands extensive experience and expertise to address challenges such as avoiding obstacles and preventing communication disruptions. In addition, operation of these systems requires strict compliance with radio regulations and other applicable laws, as well as the acquisition of licenses and approvals through often complex regulatory procedures. Wireless communications is therefore a highly specialized field that is not easy to master. For more than 100 years in the case of Japan Radio, and nearly 80 years in the case of KOKUSAI DENKI Electric, we have continuously advanced our technologies, accumulated extensive experience through deployment in the field, and built a wealth of expertise and know-how.

The development capabilities and proven track record cultivated through these efforts represent our greatest strength. By actively incorporating cutting-edge technologies, including AI, into this foundation, we will further enhance both functionality and cost competitiveness while maintaining and strengthening our competitive advantage in global markets.

Fiscal 2030 Targets

Achieving the Fiscal 2030 Targets for the Wireless and Communications Business and Pursuing Further Growth Beyond Them

The Nisshinbo Group has established fiscal 2030 targets for the organic growth of its Wireless and Communications business of sales of ¥300 billion, operating income of ¥30 billion, and an operating margin of 10%. To achieve these targets, we are pursuing both ongoing structural reform and growth initiatives as the two pillars of our strategy.

The Nisshinbo Group's Wireless and Communications business segment consists of four fields: government and public-sector demand, private-sector demand, marine, and specialized equipment. Across all these fields, we expect the importance of the safety and security solutions we provide to continue increasing against a backdrop of increasingly severe natural disasters associated with global warming, rising geopolitical risks, Japan's declining and aging population, and growing marine-related demand driven by the revitalization of Japan's shipbuilding industry. We view these trends as significant tailwinds for our business.

At the same time, although segment performance in fiscal 2025 reached sales of ¥251.8 billion and operating income of ¥17.7 billion, the operating margin was approximately 7%, indicating that our earnings base is not yet sufficient. Our most urgent priority is the structural reform of the Japan Radio Group. In the previous fiscal year, as Phase 1 of this reform, we carried out workforce optimization measures, consolidated business functions within Japan Radio and Ueda Japan Radio, and integrated manufacturing functions into Nagano Japan Radio. Through these initiatives, the Group was reborn as a new "One JRC." In the current fiscal year, we are continuing structural reforms as Phase 2, with a particular focus on reviewing business processes, while working to establish a stronger management foundation as a true One JRC organization.

The other pillar of our strategy is the pursuit of growth. To achieve our targets, we will further strengthen our existing core businesses—including government and public-sector demand, specialized equipment, and marine—while positioning private-sector demand as a growth business and pursuing its further expansion.

Business Growth Strategy

Strengthening Our Core Businesses and Accelerating Growth Businesses—A Business Strategy Centered on Wireless Communications × DX

In the government and public-sector demand business, while dramatic market growth might be difficult to expect, the nature of the challenges that must be addressed is evolving. By responding appropriately to these changing needs, we will maintain and grow this business as one of our core businesses. Under the concept of "wireless communications × DX," we aim to realize more advanced river management and disaster prevention solutions. In river monitoring and dam management, for example, information captured by water-level sensors and cameras can be analyzed to support water-level control through gate operation and enable rapid evacuation orders based on forecasts of dangerous water-level conditions. In disaster prevention, Japan Radio has particular strengths in wide-area disaster prevention systems at the prefectural level, while KOKUSAI DENKI Electric specializes in disaster prevention systems for municipalities. By combining the strengths of both companies, we will generate synergies and deliver greater value to our customers.

The specialized equipment business is operating in a highly favorable environment, supported by tailwinds such as increased defense spending and institutional reforms driven by rising geopolitical risks. We will align our technologies with the seven priority areas identified for the fundamental strengthening of Japan's defense capabilities, while intensifying research and development in areas where additional capabilities are required. In addition to our traditional business domains, we will challenge ourselves in emerging fields such as space, cyber, and electromagnetic technologies, further contributing to a safer and more secure society. In the marine business, we will capitalize on growing demand associated with efforts to revitalize Japan's shipbuilding industry and pursue additional orders. At the same time, we will accelerate our global expansion through collaboration with Alphatron, our subsidiary with operations across Europe and other regions worldwide. We will also respond to the trend toward smart ships, including autonomous vessel operation, by rapidly developing and bringing DX solutions to market, while expanding our business into a broader range of marine-related fields. In the private-sector demand business, which we position as a growth business, we will target worksites supporting social and industrial infrastructure, including manufacturing, construction machinery, transportation, and railways. By developing a range of DX solutions for smart manufacturing and other smart infrastructure applications, we will cultivate new markets through a solutions-based approach and pursue further growth. By deploying wireless communications networks throughout worksites like a network of capillaries, we will optimize operations using sensing technologies, data analytics, and Physical AI, thereby supporting frontline workers in a wide variety of operating environments. In addition, drawing on our extensive experience in designing and manufacturing products in-house, we aim to establish an electronics design and manufacturing service (EDMS) business that goes beyond conventional ODM design and manufacturing services to encompass the construction of manufacturing lines, including the use of robotics. We intend to develop this into a new pillar of earnings as a high-value-added service supporting the entire manufacturing process.

Strengthening Human Capital and Transforming Our Corporate Culture into One That Encourages People to "Take the First Step"

Becoming a Company Filled with the Spirit of *Netsu*, *Ri*, and *Jo* That Stands for Passion, Logic and Empathy.

With respect to human capital, we are working to expand our talent base beyond our traditional hardware-centered engineering workforce by strengthening capabilities in software technologies and systems engineering. Given the rapid pace of technological advancement in these leading-edge fields, there are limits to what can be achieved through internal development alone. We will therefore further strengthen our capabilities through industry-academia collaboration where appropriate. At the same time, a mindset of "taking the first step" is essential to advancing both structural reform and business growth. Because Japan Radio and KOKUSAI DENKI Electric both have long histories, neither company can be said to possess sufficient vitality when it comes to proactively embracing change. We recognize this as a significant challenge. I continually encourage each employee to remain conscious of this issue and to take that first step with courage. Throughout my career, I have aspired to build organizations characterized by *netsu* (Passion), *ri* (Logic), and *jo* (Empathy). Without losing sight of these three principles, we will learn from the past, envision the future, think deeply about what must be done today to realize that future, and move forward step by step together with our employees with determination and conviction.

I am convinced that the accumulation of these efforts will create an organization capable of adapting to change and achieving sustainable growth, ultimately enabling us to remain a company that continues to be chosen by all our stakeholders.

To Our Stakeholders

I would like to express my sincere gratitude to all our stakeholders—including our customers, business partners, and the communities in which we operate—for the tremendous support you have shown us over the years. Guided by the spirit of *sanpo yoshi*—the principle that business should benefit all parties—we will continue to build win-win relationships based on trust. By creating value for society, our customers, and the Nisshinbo Group alike, we will strive to achieve sustainable growth and deliver stable results.

We look forward to your continued support for the Nisshinbo Group's Wireless and Communications business and sincerely appreciate your ongoing support and guidance.

Business Model of the Wireless and Communications Business

In the Wireless and Communications business, we are rebuilding our business model to provide one-stop support across the entire system life cycle through "reliable wireless communications infrastructure" and "DX solutions" based on the Hi-MA* Platform, our core business platform, while leveraging advanced technologies and extensive experience.

* Hi-MA: Hierarchical-Monozukuri Architecture

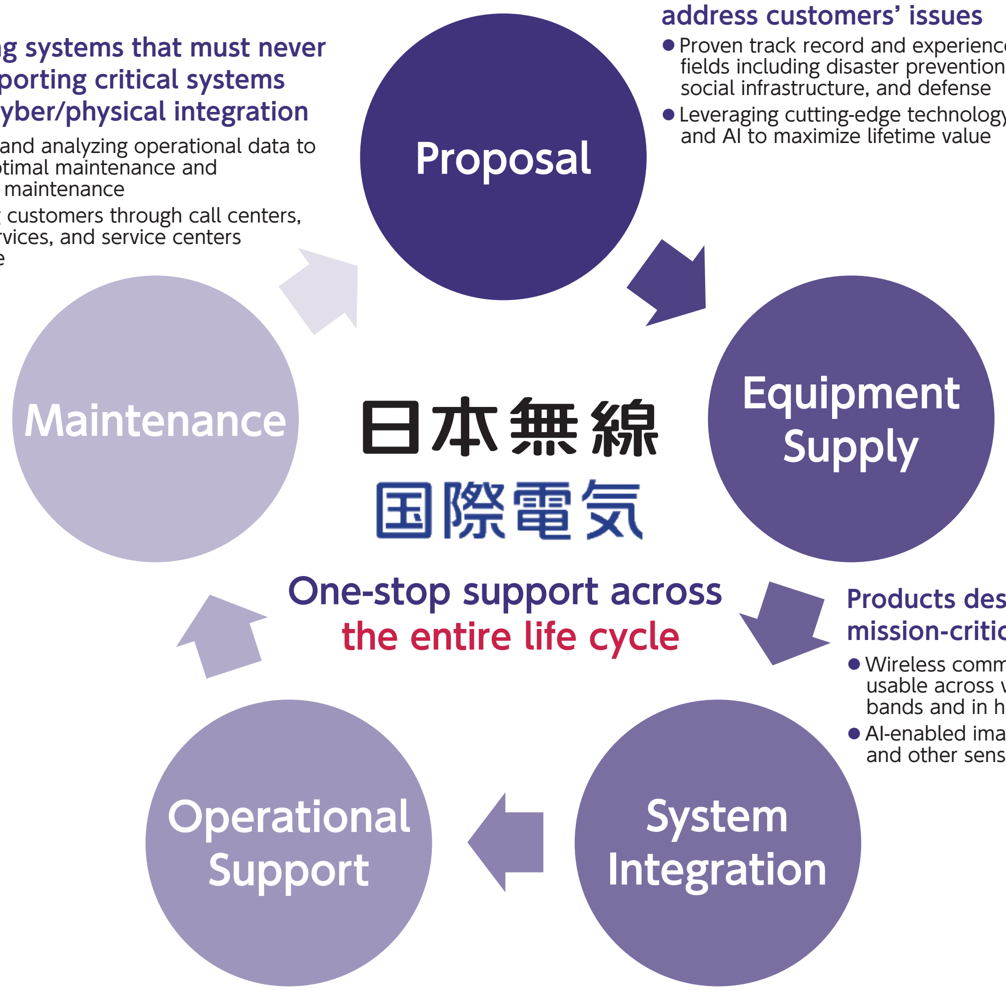
Advanced technology and extensive experience,
"reliable wireless communication infrastructure," and "DX solutions"

Supporting frontline workers

For people working on the front lines across various industries and fields in Japan

Supporting systems that must never stop; Supporting critical systems through cyber/physical integration
- Collecting and analyzing operational data to provide optimal maintenance and preventive maintenance
- Supporting customers through call centers, remote services, and service centers nationwide

Proposing solutions to address customers' issues
- Proven track record and experience across diverse fields including disaster prevention, social infrastructure, and defense
- Leveraging cutting-edge technology and AI to maximize lifetime value



Products designed for mission-critical operations
- Wireless communication products usable across various frequency bands and in harsh environments
- AI-enabled imaging, sensors, and other sensing products

Supporting solutions and wireless communication environments
- Efficiently delivering solutions through the use of diverse applications
- Implementing comprehensive wireless communication support, including network design, wireless communication environment optimization, and compliance with various regulations

Seamlessly connecting every corner of society through the Hi-MA Platform
- Providing a highly reliable wireless communication environment through the platform
- Collecting real-world on-site data through edge sensing
- Accumulating collected data and enabling advanced analysis using AI and other technologies

Business Platform: Hi-MA Platform

- A secure, high-quality platform built on three layers based on the "Hi-MA" layered architecture, bringing together the strengths and know-how of the Nisshinbo Group's Wireless and Communications business
- Enables flexible responses to broad and diverse market needs and delivers solutions for frontline workers in both the and public and private sectors

Business Applications for Each Market and Customer Segment

+

Hi-MA Platform

The advanced cybersecurity used in critical social infrastructure, including SASE*1 and PSIRT*2, enables safe and secure operation.

Data Management Platform	Wireless Communication Platform	Edge Products
"Designing" Field Operations	"Connecting" the Field	"Capturing" the Field
Centralized aggregation, accumulation, analysis, and processing of data collected from the field	Seamless, highly reliable wireless communications environments built in the optimal locations for each field site	Distinctive product lineup, including sensing technologies such as video and radar, and edge AI

*1 SASE: Secure Access Service Edge　*2 PSIRT: Product Security Incident Response Team

Strengths

Wireless Communications, Sensing, and AI

- R&D and commercialization supporting a wide range of frequencies
- Provision of highly reliable communications environments that support fields and solutions, including network design and regulatory compliance
- Total support for on-site DX through wireless communications, sensing, and AI

Experienced Engineers

- Extensive human capital and know-how in IT, OT, and products
- Long-term realization of stable operation of social infrastructure and continuous value creation

Self-Contained, Efficient Provision of Products and Services

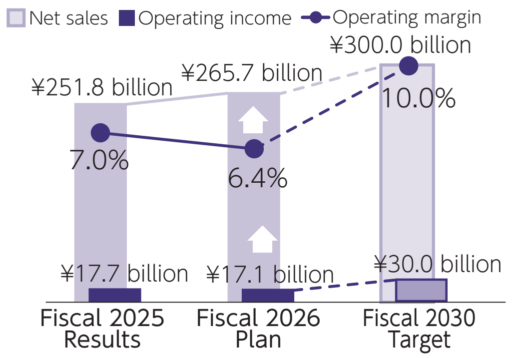
- Ensuring quality and supply responsibility across the entire life cycle
- Building highly reliable solutions on a one-stop basis

Service Provision Based on On-Site Needs

- Contributing to the resolution of social issues based on knowledge that originates on-site
- Continuous enhancement of value creation

Strategies and Progress of the Wireless and Communications Business

In fiscal 2026, we forecast that the Wireless and Communications business will generate net sales of ¥265.7 billion and operating income of ¥17.1 billion, producing an operating margin of 6.4%. For fiscal 2030, we are targeting segment net sales of ¥300.0 billion, operating income of ¥30.0 billion, and an operating margin of 10% in our aim to become a Wireless Communications Total Engineering Company that delivers safety and security.



Business Characteristics and Strengths

The Wireless and Communications business has built an extensive track record in mission-critical environments where uninterrupted operation is essential, including social infrastructure, disaster prevention and defense, and railways. Through these experiences, we have built a reputation for quality and reliability that ensures continuous connectivity even under harsh conditions. In addition, by combining wireless communications with sensing technologies—including video and various types of sensors—that capture conditions in the field, as well as AI-driven analysis, we are enhancing the value we provide as solutions that support not only connectivity but also more advanced and efficient field operations.

Leveraging the wireless communications technologies that Japan Radio and KOKUSAI DENKI Electric have cultivated over many years, we build wireless communications networks throughout customers' operating environments like a network of capillaries or a peripheral nervous system, seamlessly connecting frontline sites at the edge to core networks. By combining cameras, an area of expertise for KOKUSAI DENKI Electric, with sensing technologies such as Japan Radio's radar systems, we make real-world operating environments visible. By combining accumulated data and AI technologies, we deliver advanced support for frontline workers in the form of DX solutions. Furthermore, we provide comprehensive, self-contained support across the entire life cycle—from product supply and system construction to operational support, stable operation, and maintenance—enabling us to address our customers' challenges through end-to-end solutions.

Social Issues and the Business Environment

The environment surrounding us is constantly changing, with increasingly severe natural disasters, aging social infrastructure, frontline labor shortages due to Japan's declining and aging population, and rising geopolitical risks. To address these challenges, we recognize the growing importance across many fields of accurately understanding conditions in the field, quickly sharing and analyzing information, and linking it to decision-making.

Against this backdrop, public- and private-sector investment is expanding in disaster prevention, national resilience, and national security in the government and public-sector and specialized equipment fields, and in industrial DX in the private-sector field. Expectations are also rising for solutions that combine highly reliable communications with data utilization. In the maritime and shipbuilding sectors, as reductions in greenhouse gas (GHG) emissions and more advanced vessel operations progress, we expect the role of communications in supporting remote monitoring and predictive maintenance to expand further.

Changes in Japan's surrounding environment, including disaster prevention and national defense; Declining labor force due to a low birth rate and an aging population; Addressing the aging of social infrastructure rapidly built during the high-growth economic period

	Disaster Prevention	National Defense	Various Sites	Maritime Transport & Shipbuilding
Issues surrounding society	 As natural disasters become increasingly severe year after year, protection of national and public property	 Supporting the daily activities of the Self-Defense Forces	 Supporting the digital transformation of robot control, remote monitoring, and other business digital transformation	 Automatic navigation and GHG reduction measures
Business environment	● Public and private investment is expected to expand to realize growth strategies aimed at "strong economic growth" and "security." ● Accelerating efforts to address national security, social challenges, and public safety —including strategic sectors and national resilience			

Business Strategy

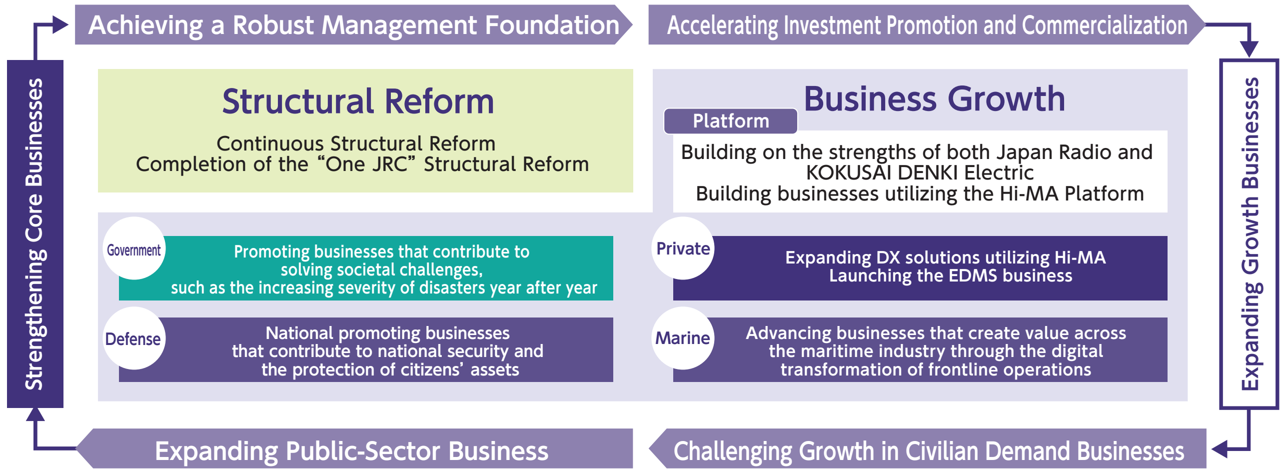
Business Environment

As a Wireless Communications Total Engineering Company our business processes are divided into Business Development, Maintenance & Services, and Manufacturing and Production. The Japan Radio Group and KOKUSAI DENKI Electric Group companies share these functions while delivering total value to customers. Each company will steadily fulfill its assigned role while strengthening group-wide collaboration, thereby enhancing the effectiveness of integrated management on a consolidated basis.

Furthermore, by utilizing the Hi-MA Platform, which serves as the business foundation for wireless communications, we will promote the layering and standardization of products and services. Through this approach, we will efficiently realize high-quality, high-value manufacturing and highly reliable, high-quality business services that can be used with confidence and peace of mind, and provide them to the market on a one-stop basis.

Business Development	**Japan Radio, KOKUSAI DENKI Electric** Stronger: Government & Public Sector / Special Equipment / Marine Further Enhancement: Private Sector Highly reliable, high-quality business services that can be used with confidence and peace of mind
Business platform	Hi-MA Platform
Maintenance Service	JRC System Service, JRC Tokki, Alphatron, HYS Engineering Service
Manufacturing・EDMS	Nagano Japan Radio, Goyo Electronics

Japan Radio and the KOKUSAI DENKI Electric Group will work together to maximize synergies, advancing both structural reform and business growth as the two pillars of our strategy. We will pursue business development by having both companies develop products and build solutions on the Hi-MA Platform, which serves as our business platform. Our policy is to make our core businesses even stronger and further expand our growth businesses. To this end, we will take on challenges in each business segment and implement a range of measures.



Structural Reform: "One JRC"

To strengthen the management foundation of the Wireless and Communications business, we launched a Japan Radio (JRC) Group structural reform initiative, called "One JRC," in 2025. Based on lessons learned from past structural reforms, we are working to restore credibility among stakeholders and transform ourselves into a "company capable of change and growing."

One JRC 熱＊理＊情

(1) Phase 1: Group Structural Reorganization　Fiscal 2025　Completed
- ●Consolidated operating companies, integrated production companies, consolidated procurement functions, and implemented an early retirement incentive program

(2) Phase 2: Business Process Reform　Fiscal 2026　Underway
- ●Transitioning to a functional organization, reviewing and streamlining business processes, improving QCD and reducing loss costs through design standardization based on the Hi-MA Platform, our business platform
- ●Reviewing and considering the consolidation of after-sales service functions

(3) Phase 3: Business Portfolio Reform　Fiscal 2027 and Beyond
- ●Launching and restructuring private-sector businesses (shifting from sales of individual items of equipment to system sales, and participating in social and industrial infrastructure sectors)
- ●Launching EDMS and service businesses

Business Growth: Full Utilization of the Hi-MA Platform

We will achieve business growth by fully utilizing the Hi-MA Platform, our business platform, and expanding the private-sector business in addition to our core government and public-sector business.

The Hi-MA Platform is a layered architecture applied across the entire development process, from product development to the construction of systems and solutions. Its purpose is to enable efficient, high-quality development and timely delivery. This platform consists of three layers: (1) a seamless, highly reliable wireless communications platform; (2) a data management platform for accumulating, analyzing, and processing field data; and (3) edge products, such as AEC, that handle sensing and simple AI processing in the field. By flexibly combining products designed through this layered and standardized architecture, we enable the utilization of field data and operation and maintenance based on operating information according to conditions in the field. In addition, the platform as a whole is equipped with cybersecurity functions, such as SASE and PSIRT, to ensure the safety and security required for application to social infrastructure, and we will develop and operate these functions in an integrated manner.

We will expand our solutions by applying a building-block approach to business applications. By using the functions of the Hi-MA Platform through common middleware and APIs, we will achieve both development speed and quality for solutions. By combining highly common business applications to configure core functions and supplementing only missing elements through individual development, we will respond flexibly to a broad range of diverse needs and promote horizontal expansion into other fields.

Building Block Approach Flexible response to the broad and diverse needs of real-world operational environments

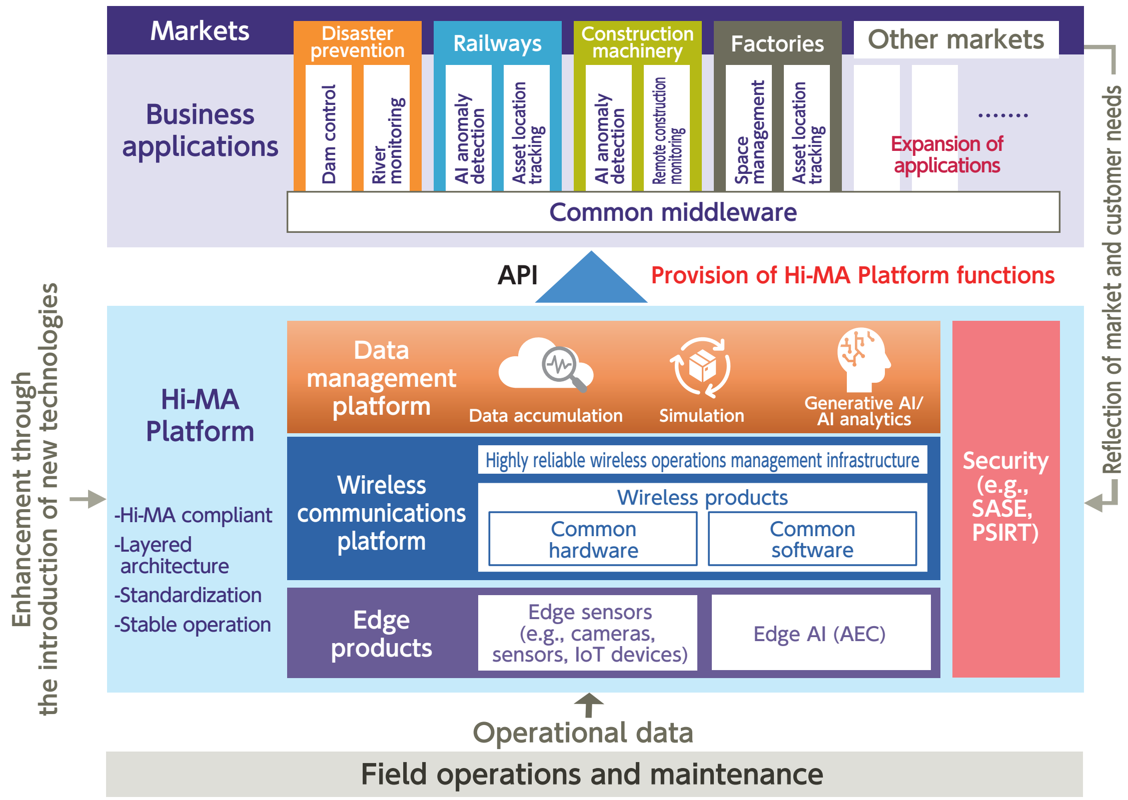


Figure: Hi-MA Platform and the Field-Based Development Approach

R&D, Capital Expenditures, and Intellectual Property

We believe that continuously enhancing the Hi-MA Platform, our business platform, will lead to improvements in quality and development efficiency in the Wireless and Communications business. Accordingly, centered on our strengths in wireless communications, sensing, and AI, we will strengthen our highly reliable wireless communications platform, data management platform, and edge products, while expanding our range of business applications.

As part of the expansion of our private-sector business, in the EDMS business related to smart factories, we will allocate resources not only to business applications but also to more advanced equipment, and establish a verification environment for co-creation with customers. In cybersecurity, which has become increasingly important in social infrastructure and many other fields, we will continue technology development and investment to enhance cybersecurity so that customers can use our solutions with confidence.

In intellectual property, we will strategically protect, manage, and utilize our core technologies and know-how, secure competitive advantages while taking industry trends into account, and promote co-creation with customers.

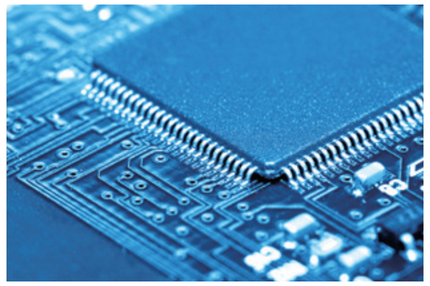
Overview of the Micro Devices and Materials Businesses

Micro Devices Business

The Micro Devices business consists of electronic devices centered on analog semiconductor products and microwave products, with electronic devices accounting for approximately 90% of sales.

Electronic device products are divided into three application areas: consumer products, automotive applications, and industrial equipment. Key products include signal processing ICs, which amplify signals captured by various sensors, and power management ICs, which control voltage and current and are indispensable for many electrical products. Historically, sales were distributed almost equally among the consumer, automotive, and industrial equipment sectors. However, as we shift toward a business structure that places greater emphasis on profitability, we are increasing the proportion of automotive products to approximately 50%, reflecting the greater visibility of demand trends and the long-term supply requirements characteristic of the automotive market. Although the automotive sector requires a longer period from development to mass production, it offers the prospect of sustained demand once products are adopted. This helps reduce sales volatility while enabling cost reductions through more efficient production planning and procurement. Going forward, we will continue working to improve profitability by increasing the proportion of automotive products in our portfolio.

The microwave business manufactures microwave electron tubes, the core component of radar systems. In particular, our magnetrons for marine radar systems have maintained the world's leading market share for many years and have established a strong position in supporting maritime safety. Even as the procurement environment becomes increasingly challenging due to factors such as rare earth regulations, we are working to maintain stable earnings by maintaining a stable supply through our design capabilities and optimization of the supply chain.



Materials Business

Automobile Brakes Business

The Automobile Brakes business is central to the Nisshinbo Group's Materials business and serves as an important source of stable earnings, centered on automotive friction materials. Leveraging the friction control technologies and quality reliability cultivated over many years, the business has earned a strong global reputation in automotive brake friction materials. Anticipating increasingly stringent environmental regulations, we began developing and mass-producing copper-free friction materials at an early stage, achieving both reduced environmental impact and high performance. In addition, through product design based on long-term mass production and optimization of production systems, we are improving production efficiency, reducing costs, and strengthening cost competitiveness. As a cash-generating business, the Automobile Brakes business will continue to support the earnings base of Nisshinbo Holdings as a whole.

Materials Business

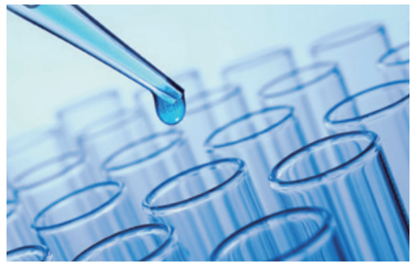
Precision Instruments Business

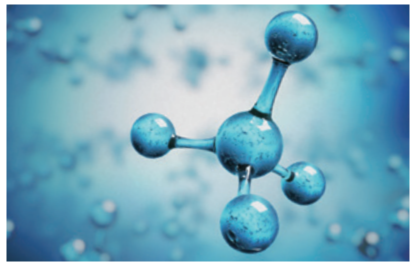
The Precision Instruments business develops operations centered on molded plastic products and precision-machined components, leveraging its established technological foundation and manufacturing expertise. In molded plastic products, we meet a broad range of customer requirements across automotive, medical, and housing equipment applications, providing everything from ultra-small components to large molded parts regardless of material or molding method. In precision-machined components, we supply products that require high levels of machining accuracy and quality reliability, particularly for electronically controlled braking systems used in automobiles. The business also includes a joint venture with a leading global supplier of automotive components, enabling it to play an important role in expanding opportunities across the Group's overall business portfolio.

Chemicals Business

Centered on Nisshinbo Chemical Inc., the Chemicals business develops, manufactures, and sells functional chemicals and high-value-added materials. Leveraging its strengths in materials development, exemplified by the functional chemical product Carbodilite, the business offers a range of products including resin modifiers, urethane materials, and carbon products. Going forward, based on a policy of creating value through materials, we will pursue materials development tailored to customer needs while also exploring opportunities for chemical materials in the electronics field.

Through material solutions that emphasize functionality and reliability, we will pursue sustainable growth and enhance business value.





Textiles Business

Centered on Nisshinbo Textile Inc., the Textiles business offers high-value-added products in the fields of shirts, textiles, and advanced materials. Drawing on the spinning, weaving, knitting, and processing technologies we have cultivated over many years, the business provides consistently high-quality products, particularly for uniforms and apparel applications, supported by its strengths in developing materials with excellent shape retention and comfort. Going forward, we will continue to promote product proposals that respond to customer needs through materials development focused on functionality and reliability. By further advancing our textile technologies, we aim to contribute to both comfortable lifestyles and a sustainable society.

▶ Please refer to pages 60–61 for detailed performance information on each business within the Electronics and Materials businesses

Intellectual Property

Basic Approach

Intellectual property is an important management resource. The Nisshinbo Group operates across a wide range of businesses, and the ways in which the value we create is utilized are equally diverse. Accordingly, we promote the acquisition, protection, and utilization of intellectual property under intellectual property strategies tailored to the characteristics of each business, thereby creating social value. We also respect the intellectual property rights of others, conduct investigations to reduce intellectual property risks, and support the enhancement of our business strategies and the creation of new businesses through the analysis of intellectual property information.

Promotion Structure

In line with the reorganization of our R&D structure, we reviewed our intellectual property management framework in April 2025. Under a structure led by the Executive Officer responsible for the Legal & Intellectual Property Office, we promote intellectual property activities that support our global business development. In addition, the Intellectual Property Group within the Legal & Intellectual Property Office works closely with the Future Innovation Division to formulate the Nisshinbo Group's intellectual property strategy and ensure the cross-functional and efficient management of intellectual property throughout the Group.

Priority Areas for Intellectual Property Activities

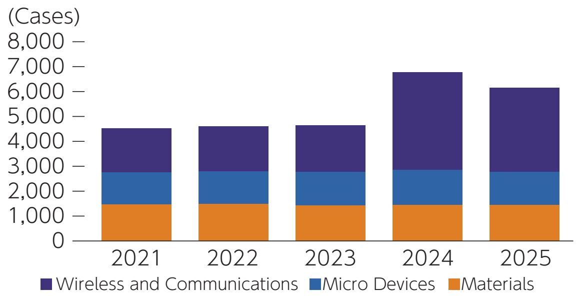
In our core technology fields of wireless communications, sensing, and information processing, we promote the acquisition, protection, and utilization of intellectual property while building a rights portfolio aligned with our business strategy, thereby establishing a sustainable competitive advantage.

Number of Intellectual Property Assets Held

The number of intellectual property assets held in the Wireless and Communications segment increased in fiscal 2024 following the addition of KOKUSAI DENKI Electric Inc. to the Nisshinbo Group. In fiscal 2025, however, the total decreased by 13.8% year on year as a result of optimizing the intellectual property portfolio. Meanwhile, the numbers of intellectual properties owned in the Micro Devices and Materials segments remained generally in line with the previous year.

As a result, the total number of intellectual property assets held by the Nisshinbo Group decreased by 9.4% compared with the previous year.

Number of Intellectual Properties Owned*



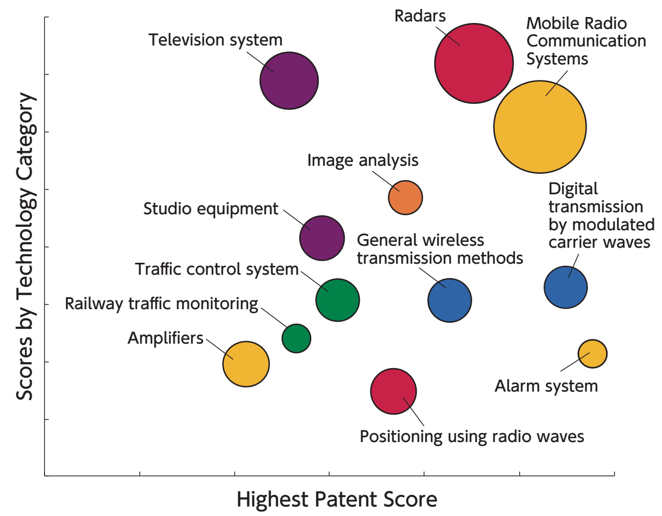
* Number of intellectual properties owned: the total number of registrations, applications under examination of patents, utility models, and designs.

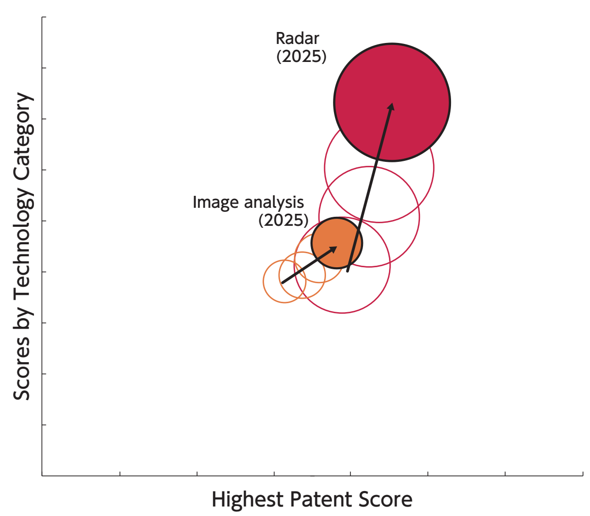
Analysis of Patents Owned in the Wireless and Communications Segment

The chart below shows that the Wireless and Communications business has particular strengths in patents related to radar technologies and mobile radio communication systems. The chart on the right also shows that the Group's strengths in patents related to radar technologies and image analysis technologies have continued to increase 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 taken steps to protect the resulting intellectual property.

Analysis of Patents Owned in the Wireless and Communications Segment





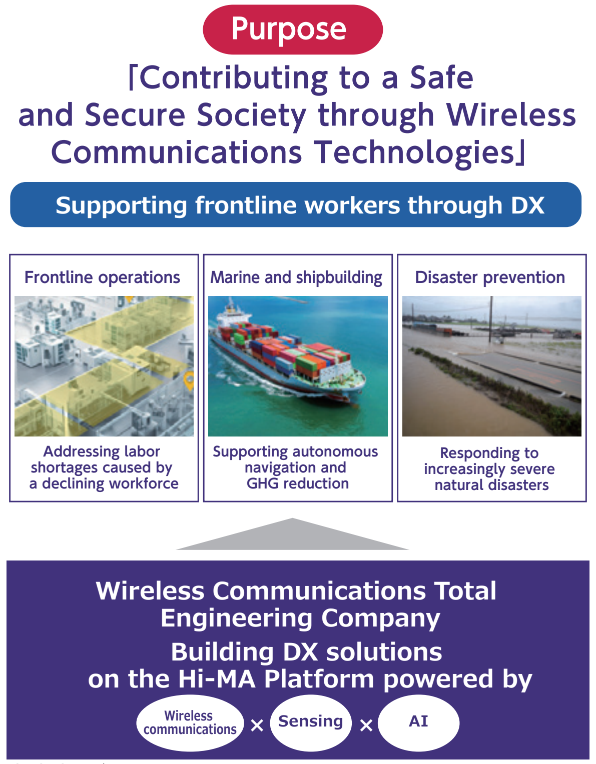
Note: In-house preparation using BizCruncher, a patent analysis tool of Patent Result Co., Ltd. The vertical axis indicates the overall strength of patents in each technology category, the horizontal axis indicates the score of the strongest patent in each technology category, and the size of the circle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

Research and Development

From Integration to Execution—Advancing Our Research and Development Structure to Accelerate New Business Creation

Creating new businesses is essential to the sustainable growth of the Nisshinbo Group. In April 2025, we integrated our research organizations in the electronics field and established the Future Innovation Division (FI Division). In fiscal 2026, we will evolve our business creation activities into a new Integrated Three-Party Framework that integrates R&D, business units, and frontline operations, enabling us to translate research outcomes into business value more reliably and rapidly. At the same time, we will concentrate our research themes on the key growth areas of the Wireless and Communications business and introduce a new R&D management framework built around our Long-Term Technology Plan, thereby accelerating research and development that leads directly to business growth.

●Purpose of the Future Innovation Division



GHG: Greenhouse gases

■ From Organizational Integration to the New Business Creation Phase

The FI Division was established by integrating the Group's previously dispersed research organizations in the electronics field into a single organization dedicated to shaping the future of the Nisshinbo Group. During fiscal 2025, we completed the organizational integration as the foundation-building phase and established a phased framework in which business R&D and technology R&D work in concert, beginning with strategic planning, to drive business creation. In fiscal 2026, the second year of the initiative, we will move into the execution phase, fully launching this business creation framework.

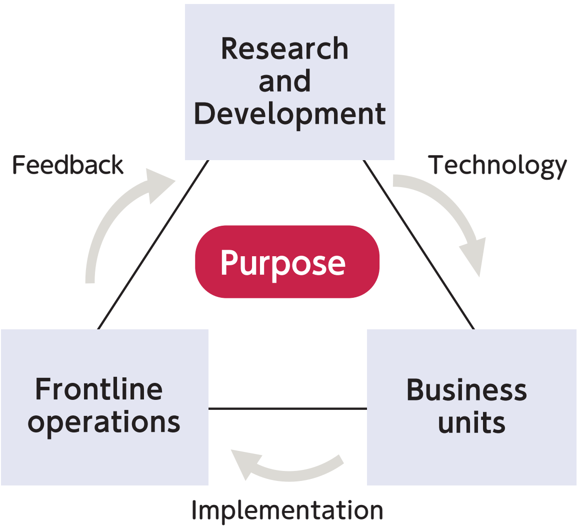
■ Our Purpose: Contributing to a Safe and Secure Society through Wireless Communications Technologies

As a Wireless Communications Total Engineering Company, we support frontline workers through DX solutions powered by wireless communications, sensing, and AI, helping solve social challenges while contributing to a safer and more secure society. Guided by this vision, we will continue strengthening our technology foundation.

■ Creating New Businesses through the Integration of R&D Across Three Core Operating Companies

By integrating the R&D capabilities of Japan Radio Co., Ltd., KOKUSAI DENKI Electric Inc., and Nisshinbo Micro Devices Inc., we will create new businesses that fulfill the purpose of the Wireless and Communications business. Leveraging the technological strengths of each company, the FI Division, operating companies, and frontline operations will work closely together to strengthen the competitiveness of our existing businesses while simultaneously expanding into new business domains.

●Integrated Three-Party Framework



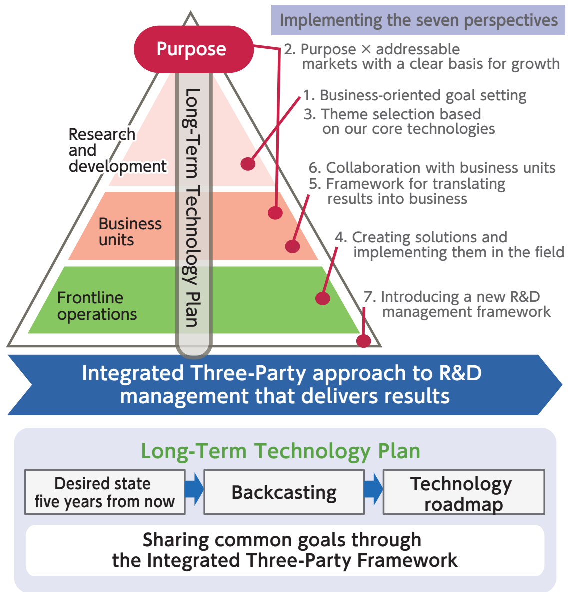
■ Current Challenges (Before)

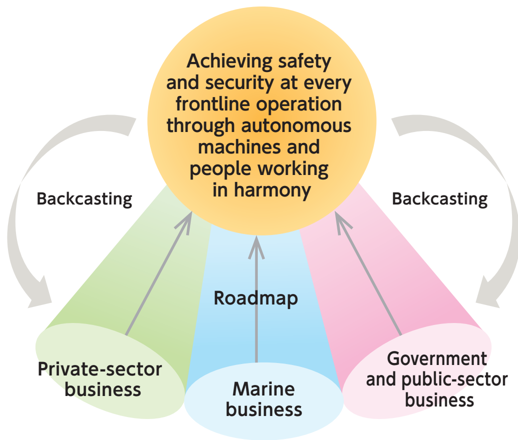
In our fiscal 2025 report, we outlined an approach that combined backcasting from a vision of the future society with forecasting by our operating companies. However, R&D, business units, and frontline operations were still functioning independently, and the organizational framework to translate research outcomes into business value was insufficient.

■ Our New Framework (After)

Our new framework places our purpose at the center of collaboration among R&D, business units, and frontline operations, creating a continuous cycle of value creation. Technologies developed through R&D in response to customer challenges are transferred to the business units and implemented in the field to solve those challenges. Practical knowledge and feedback gained through field implementation are then fed back into R&D, improving the accuracy and effectiveness of future technology development. Through this cycle, we will fulfill our purpose of contributing to a safe and secure society through wireless communications technologies while continuously creating business value.

●Putting the Integrated Three-Party Framework into Practice through the Long-Term Technology Plan





■ Implementing the Seven Perspectives

〈Our R&D Focus〉
1. Business-oriented goal setting
2. Purpose × addressable markets with a clear basis for growth
3. Theme selection based on our core technologies
— We establish business-oriented objectives by combining the social challenges derived from our purpose with our core technologies in wireless communications, sensing, and AI, focusing on markets with sustainable growth potential.

〈How We Translate R&D Outcomes into Business Value〉
4. Creating solutions and implementing them in the field
5. Framework for translating results into business
6. Collaboration with business units
— From the research stage onward, business units and frontline operations participate together, enabling seamless progression from Customer Zero/One demonstrations through commercialization.

〈Transforming R&D Management〉
7. Introducing a new R&D management framework
— We will shift from technology-driven R&D to business-oriented R&D and establish business-driven R&D management that designs research with business creation and business expansion in mind.

■ Long-Term Technology Plan: Putting the Integrated Three-Party Framework into Practice

The foundation of our new R&D management framework is the Long-Term Technology Plan. Members from R&D, business units, and frontline operations come together in integrated Three-Party Framework workshops to develop technology roadmaps by backcasting from the desired state five years into the future.

■ An Evolving Framework

The forecasting and backcasting concept introduced in fiscal 2025 has evolved into a framework in which the two are structurally integrated through the Long-Term Technology Plan. By providing a common foundation, the Long-Term Technology Plan enables all participants to share a common vision of the desired future and common objectives while developing technology roadmaps to achieve them. This framework allows business creation, business expansion, and profit generation to be pursued simultaneously.

●Research Themes

	Theme 1: Smart Factory	Theme 2: Smart Ship	Theme 3: Disaster Information Platform
Objective	Growth engine for the private-sector business	Advancing the Marine Business	Expanding the government and public-sector business
Starting Point for Implementation (Frontline)	Customer Zero (our own factories)	Customer One (customer co-creation frontline sites)	Customer One (customer co-creation frontline sites)
New Business	EDMS and manufacturing DX solutions	Autonomous navigation services	Disaster Information Platform Services

■Theme 1: Smart Factory

We will accelerate growth in the private-sector business by implementing products and services in our own factories as Customer Zero. By combining wireless communications, sensing, AI, and mechatronics through Physical AI, we will provide end-to-end solutions ranging from situational awareness to automation. Through implementation, verification, and continuous improvement within our own operations, we will drive practical solutions to customer challenges.

■Theme 2: Smart Ship

Working collaboratively with customers, we will progressively expand the value we provide and advance the Marine Business through autonomous navigation services developed from customer co-creation frontline sites. By integrating data science with our core technologies in wireless communications, sensing, and AI, we will deliver services that enable more advanced vessel operations and greater automation.

■Theme 3: Disaster Information Platform

We will develop services by leveraging our established presence in the government and public sector. By implementing our existing assets on the Hi-MA Platform, we will expand service offerings. Leveraging our core technologies in wireless communications, sensing, and AI, we will enhance information collection and analysis and use data more effectively to expand the value we provide beyond disaster response to include support for regional revitalization during ordinary times.

Value Creation
Sustainability
Performance and Corporate Data

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 this philosophy—which aligns with modern sustainability—at the core of our corporate management and proactively pursuing sustainability initiatives.

The 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. We also conduct periodic reviews in response to changes in the social environment and stakeholder expectations, striving to identify material issues more effectively.

Materiality of the Nisshinbo Group

●Contributing to the Environmental and Energy Fields ●Creating a Safe and Secure Society ●Global Compliance

Process of Determining Materiality

1. Identify social issues for consideration

First, we identified social issues, referring to ISO 26000, the fourth edition of the GRI Guidelines, the 10 principles of the UN Global Compact, and other social norms. We then evaluated their relationship to the Group's businesses and identified 22 social issues for consideration.

2. Prioritize social issues

Through deliberations by the Group Sustainability Promotion Council, we prioritized the social issues we had identified from the perspective of their importance to stakeholders and their importance to the Nisshinbo Group, and formulated a draft proposal.

3. Deliberate and approve at the Corporate Strategy Conference

The Corporate Strategy Conference, chaired by the president of Nisshinbo Holdings and comprising all managing officers, deliberated on materiality. After considering the importance of these social issues and their relationship to the Group's businesses, we determined the three material issues indicated above.

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	• 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 associated with property damage and business interruption losses caused by natural disasters such as floods	• 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	• Conduct climate change scenario analyses according to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations **Responses to Risks:** • 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 natural disasters **Responses to Opportunities:** • 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
		Natural capital	• Increased procurement costs due to rising prices of raw materials and agricultural products • Business impacts resulting from unstable supplies of raw materials and agricultural products	• Increasing demand for products and services that take into account environmental conservation and biodiversity conservation	• Implement impact assessments related to natural issues in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) **Response to Opportunities:** • Capture demand for products and services that take into account environmental and biodiversity conservation
			• Impact of water shortages on manufacturing processes	• Establish production systems capable of ensuring a stable supply of products even under increasing constraints on water resources	**Response to Risks:** • Promote water conservation and recycling
S Social Initiatives	Creation of a safe and secure society	Human rights issues	• Damage to corporate value resulting from inadequate responses to human rights risks • Work environment deterioration caused by harassment and other human rights issues	–	• Promote human rights due diligence based on the Human Rights Policy (conduct human rights risk assessments and implement corrective and preventive measures) • Promote respect for human rights throughout the supply chain in accordance with the Nisshinbo Group Sustainable Procurement Basic Policy and the Sustainable Procurement Guidelines, which stipulate respect for fundamental human rights and the prohibition of child labor, among other principles
		Human capital	• Shortage of human capital due to a shrinking labor force • Declining motivation and outflow of talent due to mismatched work assignments, etc. • Stagnation in business execution due to imbalanced personnel age structure	• Leverage the alignment between our Corporate Philosophy and the growing ESG awareness among younger generations to expand opportunities to attract talent	• Implement strategic PR activities to improve corporate visibility and reputation • Strengthen mid-career recruitment • Promote employee retention through career support and the internal job posting system • Develop human capital by enhancing training programs and expanding e-learning offerings • Implement successor development programs
S Social Initiatives	Creation of a safe and secure society	Occupational injuries	• Impacts on business operations and loss of stakeholder trust resulting from occupational injuries and accidents	• Improve employee retention and productivity by providing safe and comfortable working environments	• Implement risk mitigation measures based on risk assessments • Prevent recurrence through Group-wide education and training and the sharing of accident case studies
		Quality	• Loss of stakeholder trust, claims for damages, and product recalls resulting from quality issues or defects in products and services	–	• Promote quality assurance initiatives in manufacturing and quality assurance departments • Manage Company-wide quality assurance and product safety activities
G Corporate Governance	Global compliance	Group management	• Deterioration of governance functions resulting from managing a large number of businesses and subsidiaries • Management impacts resulting from inappropriate investment decisions, including M&A	• Improve capital efficiency through business portfolio optimization • Promote innovation by leveraging and integrating diverse technologies	• Steadily advance business portfolio reform • Strengthen management monitoring • Establish and share procedures for the M&A process
		Business management	• Business continuity risks associated with dysfunctional corporate governance and internal controls	• Achieve sustainable growth and appropriate risk-taking through effective governance	• Enhance management transparency while achieving an advanced balance with bold risk-taking through proactive governance reforms
		Compliance	• 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	–	• Communicate the importance of "earning profits the right way" through messages from the president of Nisshinbo Holdings • Provide continuous compliance training • Deal rigorously with compliance violations in accordance with Company regulations
		Fraud/ Illegal conduct	• Fraudulent financial reporting and accounting irregularities, etc. • Patent litigation and intellectual property infringement	–	• Use the internal control system and the corporate ethics reporting system to prevent misconduct • Employ regular rotation to prevent misconduct • Conduct investigations to avoid intellectual property risks and carry out monitoring activities to protect the Company's brands
		Information security	• 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.	–	• Provide ongoing information security training and conduct annual internal audits of the IT system operations of core Group companies, together with inspections of subsidiaries • Implement necessary cybersecurity measures while ensuring multilayered protection
Other		Geopolitics	• Impacts on the supply chain resulting from tighter export controls on raw materials and wireless communications equipment due to U.S.–China tensions and the deteriorating situation in the Middle East • Rising energy and raw material costs resulting from higher crude oil and fuel prices caused by the situation in the Middle East	• Growing demand related to national security • Changes in the competitive environment for supply chains resulting from production localization	• Establish a cross-functional framework for reviewing export controls and economic security • Determine appropriate investment levels by country and region, taking country risk and other factors into account • Collect risk information through business sites in each country and region and provide feedback to management
		Product markets/ Foreign exchange rates/ Raw material prices	• Risk that sales volume and profitability might fluctuate due to economic conditions and changes in customer demand • Risk that rising raw material and energy prices might put pressure on earnings • Risk that fluctuations in foreign exchange rates might affect business performance • Impacts of changes in laws, regulations, and institutional reforms in each country relating to products and services	• Opportunities to increase sales and improve profitability through agile sales strategies that respond to changes in demand • Opportunities to strengthen earnings through price optimization and profitability improvement initiatives	• Diversify the impact of changes in the external environment through a diversified business portfolio • Strengthen stable procurement systems by securing multiple suppliers • Mitigate foreign exchange risks through the use of forward exchange contracts and other hedging instruments • Review pricing negotiations and contract terms in response to fluctuations in raw material prices • Conclude pricing agreements and contracts linked to changes in raw material prices
		Infectious diseases	• Impacts on employee health and safety and business performance resulting from pandemics of emerging infectious diseases such as COVID-19	–	• Establish emergency response teams and systems to support appropriate management decision-making while ensuring employee health and safety through the collection and dissemination of information
		Rapid technological innovation	• Risk that technological innovations, including AI and generative AI, might reduce the competitiveness of existing products and technologies • Loss of opportunities to capture new demand due to delays in R&D and product development • Risk of information leakage and intellectual property infringement associated with the expanded business use of generative AI	• Capture new demand in communications and sensing fields that support the safety and security of social infrastructure • Expand earnings opportunities by creating high-value-added products and solutions utilizing new technologies, including AI	• Regularly review R&D themes in line with management strategy and flexibly allocate management resources to priority areas • Establish internal rules and guidelines for the use of generative AI to promote its appropriate use while ensuring effective risk management • Accelerate technology development and market introduction through collaboration with external partners and reform of development processes
		Reputation	• Business impacts resulting from inaccurate media reports, rumors, and online misinformation • Becoming the target of investor divestment	–	• Monitor reputation on an ongoing basis as part of risk management • Continuously exchange information with major ESG investors and ESG index research companies to monitor trends
		Strategic shareholdings/ Real estate	•Risk of fluctuations in market value	–	• Continue reducing strategic shareholdings in accordance with the Corporate Governance Policy • Conduct planned sales of real estate

For risks related to each business, please see pages 30–32 of the 183rd Securities Report.

Sustainability Promotion Plan

The Nisshinbo Group established three-year targets in its sustainability promotion plan and is promoting initiatives throughout the entire group, both in Japan and overseas, to achieve these targets. The 6th Sustainability Promotion Plan (FY2025-2027), which began in FY2025, is progressing smoothly.

Materiality: Contribution to the Environmental and Energy Field

In the contribution to the environmental and energy field, Nisshinbo confirmed that activities related to the eight targets are progressing smoothly.

Key Action Items	Nisshinbo Group Initiatives	6th Term Goals and KPIs (Target Year: FY2027)	Coverage	FY2025 Results	Progress
Promote environmental management	Improvement of the sales percentage by the products that contribute to the development of the sustainable society*1	65% or more of total sales	All companies in Japan and overseas	53%	82%
	Reduction of greenhouse gas emissions*2	Reduce by 53% or more compared to FY2014	All companies in Japan and overseas	57%	108%
	Reinforcement of the maintenance of biodiversity	Activities that contribute to achieving the goals of the Kunming-Montreal global biodiversity framework*3, more than 5 new activities	All companies in Japan and overseas	2 cases	40%
	Reduction of water usage per unit of sales	Reduce by 77% or more compared to FY2014	All companies in Japan and overseas	78%	101%
	Promote Life Cycle Assessment (LCA)*4	70% or more of total sales	All companies in Japan and overseas	50%	71%
	Reduction of the energy consumption per unit of sales	Reduce by 30% or more compared to FY2014	All companies in Japan and overseas	42%	140%
	Reduction of the volume of PRTR substances*5 emissions per unit of sales	Reduce by 40% or more compared to FY2014	All companies in Japan and overseas	57%	143%
	Improvement of recycling rate	Increase the recycling rate to 93% or more	All companies in Japan and overseas	93%	100%

*1 Products that contribute to a sustainable society: Based on the Company's own criteria.
*2 Greenhouse gas emissions: Scope 1 + Scope 2.
*3 Kunming-Montreal Global Biodiversity Framework: An international framework whose goals are to realize a world living in harmony with nature by 2050 and to take action to halt and reverse biodiversity loss by 2030.
*4 Life Cycle Assessment: Grasping the amount of environmental impact throughout the product life cycle, from raw materials to production, use, and disposal.
*5 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."

The Nisshinbo Group's greenhouse gas emissions for FY2025 were reduced by 57% compared to FY2014, and the Group has already achieved its FY2027 target. This goal was achieved by switching 100% of the electricity used at the Tokyo Works of KOKUSAI DENKI Electric Inc. to net-zero renewable energy and by increasing the volume of net-zero renewable energy purchased at many of its other locations. Furthermore, the activities related to five other targets, including the reduction of water consumption per unit of sales, are progressing smoothly, and the Group already achieved its FY2027 targets. The Nisshinbo Group will continue its efforts with the aim of achieving even more goals.

In FY2025, products that contribute to a sustainable society accounted for 53% of total sales, a 9% increase from the previous fiscal year. For the promotion of the Life Cycle Assessment (LCA), the proportion of the Group's FY2025 sales totaled 50%, a 2% increase from the previous fiscal year. To achieve these goals, the KOKUSAI DENKI Electric Group, which joined Nisshinbo's initiatives in FY2024, is implementing particularly proactive measures.

Materiality: Creation of a Safe and Secure Society

In terms of the creation of a safe and secure society, the Nisshinbo Group confirmed that business activities are progressing smoothly across the 9 quantitative targets set by the Group.

Key Action Items	Nisshinbo Group Initiatives	6th Term Goals and KPIs (Target Year: FY2027)	Coverage	FY2025 Results	Progress
Respect Human Rights	Promoting human rights awareness-raising activities	(In Japan) Rate of implementation of the Group Human Rights Training, 100% (In overseas) Implementation of human rights awareness-raising activities [Qualitative Target]	All companies in Japan and overseas	97% in Japan	97%
	Promoting business and human rights activities	Ongoing human rights due diligence activities (Identification of human rights risks and appropriate responses) [Qualitative Target]	All companies in Japan and overseas	—	Implemented as planned
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	82%	82%
Engagement	Conducting the Group employee surveys	Engagement score of at least 80% in the Group employee survey	All companies in Japan and overseas	—	KPIs under review due to methodology change
Promote diversity	Promoting diverse human resources	(i) Rate of managers hired as mid-career employees to total managers, 20%	All companies in Japan*	21.6%	108%
		(ii) Rate of female managers to total managers, 10%	All companies in Japan*	11.8%	118%
	Create a comfortable workplace environment for employees	Rate of male employees taking childcare leave, 100% of eligible male employees	All companies in Japan*	100%	100%
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	95%	95%
Promote activities for occupational safety and health	Prevent occupational injuries	The number of serious accidents "0"	All companies in Japan and overseas	0 cases	100%
Cultivate employee health	Promote health management	(i) Rate of patients receiving detailed examinations after regular health checkups, 85% or more	All companies in Japan	87.9%	100%
		(ii) Implementation rate of health guidance for high-risk workers, 100%	All companies in Japan	99.8%	99.8%
Improve quality and customer satisfaction	Continuously promote measures to improve customer satisfaction	Understand and share the status of customer satisfaction for each segment [Qualitative Target]	All companies in Japan and overseas	—	Implemented as planned
Development of social contribution activities	Participate in local contribution activities	Expand participation in local contribution activities [Qualitative Target]	All companies in Japan and overseas	—	Implemented as planned

Note: The KPIs shown apply to Nisshinbo Holdings.

The Nisshinbo Group considers that sharing a common understanding of human rights is particularly important for every employee. In FY2025, the Group rolled out the President's Message on the Group Human Rights Statement as part of its Group Human Rights Training program, which achieved a 97% implementation rate among domestic Group companies. For the overseas Group companies, the Group decided to implement this training program as an awareness-raising exercise tailored to each group company's specific circumstances in FY2025 and achieved an implementation rate of 85%.

To build a workforce with a more diverse range of backgrounds, the Nisshinbo Group is shifting away from a heavy reliance on new graduate hiring and expanding its mid-career hiring program. As of the end of FY2025, the proportion of mid-career hires in management positions at Nisshinbo Holdings, Inc. stood at 21.6%. In addition, the Group conducts training as part of our its leadership development program for women for potential managers, the next generation of leaders, and those in positions to mentor junior staff. As of the end of FY2025, the proportion of women in management positions at Nisshinbo Holdings was 11.8%.

Materiality: Global Compliance

Under "global compliance," activities related to all three quantitative targets are progressing steadily.

Key Action Items	Nisshinbo Group Initiatives	6th Term Goals and KPIs (Target Year: FY2027)	Coverage	FY2025 Results	Progress
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	65%	81%
Thorough compliance	Raising awareness of compliance	Rate of compliance training participation by management-level personnel, 100%	All companies in Japan and overseas	99%	99%
Strengthen internal controls	Operating the corporate ethics reporting systems	Response rate to corporate ethics reporting system, 100%	Response rate to corporate ethics reporting system	100%	100%
Promote risk management activities	Operating a risk management system that responds to changes in the environment	Continuous operation of the risk management system in response to changes in the environment [Qualitative Target]	All companies in Japan and overseas	—	Implemented as planned
Strengthen information security measures	Defending against external threats	Strengthen protection against external threats and continuously training employees on information security [Qualitative Target]	All companies in Japan and overseas	—	Implemented as planned

In the Global Compliance section, the Group confirmed that activities are progressing smoothly across all three quantitative targets set by the company.

The Group promoted initiatives regarding compliance training, measures to ensure strict confidentiality, and the establishment of a corporate ethics reporting system, which resulted in a compliance training completion rate of 99.8% among management. In addition, the Group continued to respond appropriately to corporate ethics reports and achieved a 100% response rate as of the end of FY2025.

Environmental Initiatives

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 engage in and act 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.

Environmental Targets

The Long-Term Environmental Target (to be achieved by FY2050)

The Nisshinbo Group aims to capture climate change-related business opportunities and reduce risks. In order to reduce climate change-related risks, the Group declared in June 2022 to be carbon neutral by 2050 and established a new long-term environmental target with 2050 as the year of achievement.

The Nisshinbo Group's Initiatives	Target and KPI
Reduction of greenhouse gas emissions*	Carbon neutral

* Greenhouse gas emissions: Scope 1 + Scope 2.

The Medium-Term Environmental Targets (to be achieved by FY2030)

The Nisshinbo Group positioned the environmental target, which is to be achieved by FY2030, as the medium-term environmental target. The Group has set four specific goals and are working together as a Group to achieve them.

The Nisshinbo Group's Initiatives	Targets and KPIs
Improvement of the sales percentage by the products that contribute to the development of the sustainable society*1	70% or more of total sales
Reduction of greenhouse gas emissions*2	Reduce by 56% or more compared to FY2014
Reduction of water usage per unit of sales	Reduce by 80% or more compared to FY2014
Improvement of recycling rate	Increase the recycling rate to 95% or more

*1 Products that contribute to a sustainable society: Based on the Company's own criteria.
*2 Greenhouse gas emissions: Scope 1 + Scope 2.

The Three-Year Environmental Targets (to be achieved by FY2027)

The Nisshinbo Group is aware of the urgent need for corporate action to address environmental issues, such as building a decarbonized society, a nature-friendly society, and a recycling-oriented society. Nisshinbo set the 8 items as its three-year environmental goals and is working to achieve them. Four items of these three-year environmental goals have been set as milestones for the medium-term goals.

The Nisshinbo Group's Initiatives	Targets and KPIs
Improvement of the sales percentage by the products that contribute to the development of the sustainable society*1	65% or more of total sales
Reduction of greenhouse gas emissions*2	Reduce by 53% or more compared to FY2014
Reinforcement of the maintenance of biodiversity	Activities that contribute to achieving the goals of the Kunming-Montreal global biodiversity framework*3, more than 5 new activities
Reduction of water usage per unit of sales	Reduce by 77% or more compared to FY2014
Promote Life Cycle Assessment (LCA) *4	70% or more of total sales
Reduction of the energy consumption per unit of sales	Reduce by 30% or more compared to FY2014
Reduction of the volume of PRTR substances*5 emissions per unit of sales	Reduce by 40% or more compared to FY2014
Improvement of recycling rate	Increase the recycling rate to 93% or more

*1 Products that contribute to a sustainable society: Based on the Company's own criteria.
*2 Greenhouse gas emissions: Scope 1 + Scope 2.
*3 Kunming-Montreal Global Biodiversity Framework: An international framework whose goals are to realize a world living in harmony with nature by 2050 and to take action to halt and reverse biodiversity loss by 2030.
*4 Life Cycle Assessment: Grasping the amount of environmental impact throughout the product life cycle, from raw materials to production, use, and disposal.
*5 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."

Response to Climate Change (TCFD)

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

Starting in FY2026, the Group is updating its climate change scenario analysis for cover the Solutions, Marine System, and Connected System businesses within the Wireless and Communications business, as well as the Chemicals business.

Response to Natural Capital and Biodiversity (TNFD)

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 Task Force on Nature-related Financial Disclosures (TNFD). Starting in FY2026, the Nisshinbo Group will systematically expand the scope of its analysis of nature-related issues and conduct scenario analyses to enhance the sophistication of its assessments. In addition, the Group will explore countermeasures for the nature-related risks identified in this analysis and consider setting 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.

For more information on the Nisshinbo Group's environmental initiatives, please visit the website below.
https://www.nisshinbo.co.jp/english/sustainability/efforts.html

Realizing the Blueprint for Transformation through Frontline Leadership and Diverse Talent

Note: Affiliations as of the time of the roundtable.

In this roundtable, four managers from Group companies gathered to share their candid views on the Blueprint for Transformation, the challenges of talent development, and the kind of leadership the Group should aim for.

Participants

——Please tell us about your current responsibilities and briefly describe your career to date.

Ito: I am responsible for the D&I Development Group in the Talent & D&I Development Department at Nisshinbo Holdings. I joined the Company mid-career in 2015 and moved from the textiles division to the Diversity Development Department at the holding company five years ago. To promote diversity and inclusion across the Group, I am working to transform and firmly establish organizations and cultures that enable diverse talent to thrive.

Kojima: I serve as senior manager of the R&D Department in the Future Innovation Division at Nisshinbo Holdings. I originally belonged to Japan Radio. I was seconded to Nisshinbo Holdings in 2020, when the Digital Business Development Department was established, and moved to my current department in 2024.

Murata: I am from KOKUSAI DENKI Electric. I joined Hitachi Kokusai Electric Inc. (now KOKUSAI DENKI Electric Inc.) in 2008. Since then, I have consistently worked as a systems engineer on monitoring systems for government agencies and expressway operators. I currently oversee the entire section as section manager.

Shinoda: I am from Nisshinbo Micro Devices. I joined the company in 2003 and have been working as a semiconductor process engineer. I am currently involved in improving manufacturing processes and quality in the production engineering department for semiconductors used in GPS and wireless communications.

The Blueprint for Transformation and Frontline Challenges

——What are your candid impressions of the Blueprint for Transformation?

Ito: I feel that it has presented a clear direction for the Group as a whole. From my position in the field of organization and talent, I believe it will become more important than ever to build organizations and formulate talent strategies that are linked to business strategy. We need to identify what kinds of talent are required in each area and clarify the kind of organization and corporate culture we should aim for. As managers, we are expected to translate that direction into action at the front line with a sense of urgency and implement it steadily.

Murata: The clear emphasis on the phrase "limited earning power" and on operating income was easy to understand and left a strong impression on me. KOKUSAI DENKI Electric has been working to improve profitability for the past 10 years, but I also sensed a change in the strong management commitment shown by the Nisshinbo Group as a whole to focusing on profitability. Collaboration with Japan Radio is now gaining momentum, partly due to personnel changes among top management and senior executives. At the same time, amid major changes in the organizational

structure, some subordinates naturally feel a degree of anxiety. I therefore want to help create an environment in which we can support such employees and maintain solid communication. By successfully incorporating the strengths of both KOKUSAI DENKI Electric and Japan Radio, I hope we can create mechanisms for generating new businesses and earnings.

Shinoda: I also felt a strong message in the phrase "limited profitability." Nisshinbo Micro Devices has long struggled with the fact that, despite having advanced technological capabilities, we have not always been able to connect them effectively to business. At the same time, as a manager, I also feel the difficulty of translating this message into action at the front line. I want to become a leader who can show the direction we should take while respecting each person's values, involving even members who might be reluctant to change, raising their motivation, and helping them realize their full potential.

Kojima: As someone from a technical background, the fact that the president presented the direction of management from the perspective of a "blueprint" made a great deal of sense to me. It showed me that management, too, can be built logically. If we compare this to system design, it operates properly only after going through requirement definitions, basic design, detailed design, implementation, and testing. I see the blueprint presented by the president as the most fundamental requirements definition. It is then our role to turn that into basic design, break parts of it down into detailed design, and put it into actual operation together with members at the front line. I believe this is what is expected of frontline managers.

——How do you view your own mission within the Blueprint for Transformation?

Kojima: A blueprint alone does not tell engineers how to act. I believe my mission is to properly shape the blueprint into something that actually works—in other words, to translate it into concrete concepts and communicate them so that the frontline members responsible for practical operations can put them into daily execution. At the same time, I believe it is important to maintain a two-way process in which we carefully align the concepts we develop from a frontline perspective with management and ensure that we are all moving in the same direction.

Shinoda: I agree. To move closer to the ideal state, a sense of speed—how quickly we can move the process forward—will also become extremely important.

Murata: In my case, my specific mission is to advance collaboration between Japan Radio and KOKUSAI DENKI Electric toward the larger vision of becoming a "Wireless Communications Total Engineering Company." From the perspective of my subordinates, however, this is still somewhat abstract. It is important to show how this will be translated into frontline work, while also creating an environment that removes the anxiety associated with change. Various working groups have already been launched, and I want to fully play my role in sharing information by communicating senior management's thinking and the progress being made to employees across the organization.

Ito: Engaged employees and energized organizations are the driving force behind change. No matter how excellent the goals or mission may be, execution will not follow unless the people working there are truly motivated. Efforts to raise engagement are also important, and I believe that creating an environment in which each person can fully demonstrate their abilities is essential to realizing the blueprint.

Talent Development: Challenges and the Road Ahead

——Please tell us about current issues and initiatives related to talent development.

Kojima: In technology and R&D, we need people who not only possess the high level of expertise we have traditionally required but also understand commercial value. In terms of talent development, it is important to create opportunities for people to gain experience that enables them to combine both expertise and business sense. This means not only pursuing technology and R&D deeply within the Company but also increasing contact with business front lines, collaboration partners, and customers, and giving people experience in bringing together diverse talent across organizational boundaries.

Murata: I strongly agree. I constantly feel that businesses become stronger when highly specialized talent gains a broader perspective that includes customers' thinking, market trends, and future potential. At the same time, looking at my own department, we have an unbalanced age structure with extremely few people in their 30s and 40s, which means there are not enough people to train younger employees. That is a major concern.

Shinoda: I understand that concern very well, because my department has a similar structure. One reason is that the generation now around their 40s entered

Value Creation
Sustainability
Performance and Corporate Data

the workforce during the employment ice age, when hiring of new graduates was extremely limited. Mid-career hiring has also tended to focus on people who can contribute immediately or younger early-career hires, and as a result, the age structure has become polarized.

Kojima: Given this environment with such large age gaps, if we reframe the issue in a more positive way—as the challenge of how to develop people in a new way—our daily approach might also become more positive.

Murata: That is true. My immediate sense of urgency is that the veteran employees aged 55 and older who are currently keeping operations running will leave in five years. I want to secure as much time as possible for them to work alongside younger employees and help develop talent.

Shinoda: For younger generations, it is not enough to simply have them learn by watching their seniors. We also need to clearly verbalize and communicate the meaning of the work and how it should be carried out. I believe it will be important to systematize work and translate it into processes that do not depend excessively on specific individuals.

Ito: It is also important to understand each person's values and skills and take an approach suited to each individual. Dialogue is essential for that. I want to value an approach that draws out the other person's views and enables each individual to move forward with genuine understanding and conviction.

——As managers, please tell us about your own thoughts and initiatives regarding growth.

Ito: I believe that leaders going forward must not simply issue instructions. They must form a vision, translate policies into language that makes sense at the front line, and support their subordinates in taking on challenges. Through dialogue, managers need to draw out diverse opinions from members and practice management that turns team results from "one plus one" into three or even four. I also believe it is important for managers themselves to maintain an attitude of continuous learning and embody change through their own actions.

Murata: I agree. Younger generations in particular will not follow an old-fashioned top-down style. We need to engage with each subordinate as an individual, understand the narrative that has shaped each individual, place people where they can make the most of their abilities, and communicate in ways suited to each person. People often call this listening skills or coaching ability. Through regular one-on-one meetings, I am deepening my understanding of my subordinates while also growing together with them.

Shinoda: I am strongly conscious of creating psychological safety so that subordinates can express their opinions with confidence, and of avoiding actions that would undermine their trust in me. I want to discipline myself with integrity—keeping meeting times, properly apologizing when I make a mistake, and so on—and do my best to serve as an example through my actions.

Kojima: I believe there are three major qualities required of leaders. The first is the ability to stand between management and the front line, articulate issues clearly, and translate them into language that others can understand and act upon. The second is the courage to make swift and decisive decisions from a broad perspective of overall optimization. The third is the ability to bring together people with different backgrounds and diverse characteristics to achieve the greatest results as an organization. I myself have not yet become a leader who can realize all three at a high level, but I want to focus on talent development that not only helps me grow but also produces many people within the organization who possess these qualities.

Ito: Rather than focusing only on short-term results immediately in front of us, considering the sustainable growth of the organization over the medium to long term is the role required of all of us as managers.

Building Organizations Where Diverse Talent Can Thrive Turning Diversity

into Organizational Strength/ Creating Organizations That Make the Most of Diversity

——How is diversity in talent being used in your work?

Murata: If an organization is made up only of people with similar ways of thinking, new businesses will not emerge. Siloed optimization can also occur, and the organization becomes conservative. Once the broad direction has been set through the Corporate Philosophy and other guiding principles, it is important to hold careful one-on-one meetings, rather than communicating in a one-to-many format, to understand the other person's thinking and values to some extent and enable each person's diversity to be demonstrated. In that sense, starting this April, KOKUSAI DENKI Electric began sharing subordinates' career histories with their supervisors, so we are now able to engage in dialogue with a better understanding of background information. The work of systems engineers involves people with expertise in a wide variety of areas, and once we step outside the Company, we interact with truly diverse stakeholders, including customers, people involved in construction work, and end users. In that respect as well, I believe it is important to work in an organization with diversity.

Shinoda: From the perspective of a woman engineer in a management position, what people value at different life stages—such as childcare, eldercare, or illness—changes from person to person. In addition to flexible assignments, work allocation, and workplace consideration suited to each individual's situation, I believe an important perspective for managers is to always think about the backup systems the organization needs so that business does not come to a halt no matter what happens.

Kojima: Even within the Nisshinbo Group, corporate cultures are diverse. I believe it is important for managers to properly manage how conflicts that arise from pursuing diversity can be transformed in a positive direction. Even when different opinions and ways of thinking collide, if people can at least respect one another, it becomes possible to align our direction. By recognizing diversity and managing it as managers, we should be able to reach a higher level of goals and results.

Murata: That is the ideal. When Japan Radio and KOKUSAI DENKI Electric, which were once rivals, come together, it is not as if there is no conflict at all. I was reminded that the real role of managers like us is to use our ingenuity and fuse the strengths of both sides.

Ito: When people with different values and corporate cultures come together, I believe it is important to connect them to a common direction while respecting their differences through mutual understanding and dialogue. By carefully understanding each person's ideas and background and bringing them together as organizational strengths, we can go beyond simply allowing diversity to coexist and strengthen the organizational capabilities of the Group as a whole. I also believe it is important for each employee to feel that the Corporate Philosophy, management policies, and other guiding principles are directly connected to the work they do every day. On that basis, creating a cycle in which people connect their work to results and gain a real sense that they are contributing to the organization and ultimately to society is important. I believe this raises engagement and ultimately leads to improved business performance.

The Leadership Required of Us and Our Aspirations
The Leadership We Aim for and Our Commitment

——Finally, please tell us about what kind of leadership is required and your own aspirations.

Shinoda: We often hear reports that fewer young people want to become managers, and I do feel there is a bit of that atmosphere within the Company as well. Part of the reason might be that managers have not shown the appeal of the job. I want to show the positive side—that becoming a manager allows you to take on interesting work and challenges. I also want to continue learning from many different people, including younger employees, keep updating myself, and become a more open-minded and well-rounded leader.

Kojima: The kind of leader I aim to become is one who possesses the three qualities I mentioned earlier. I also want to continue valuing an attitude of sincere engagement with myself and with many different people while reflecting on myself each day.

Murata: In uncertain times when there are no clear answers, it is important to broadly gather the ideas of subordinates and insights from the front line and connect them to the maximization of value for the Group. I want to become a leader who shares strengths and weaknesses with others and makes decisions by seeking the optimal solution together with the entire team.

Ito: The era in which conventional directive management can be effective has reached its limits. The employee survey conducted last year revealed that there is particular room for improvement in communication across organizational levels. As managers, in order to sustain the cycle I described earlier, I would like to raise the quality of relationships through dialogue, integrate diverse values, and promote the creation of organizations capable of achieving resilient and sustainable growth.

Human Resources Strategy

Basic Concept

The Nisshinbo Group is engaged in a wide range of businesses, and each company implements its own human resources strategy. However, as a common goal for the entire Group, the Company has formulated a long-term human resources strategy called the Long-Term Vision. The Nisshinbo Group has set the following vision for its employees in 2030: "All employees enjoy change and boldly pursue high goals." Nisshinbo believes that this mindset and actions will create *continuous value through the practice of Change and Challenge,* leading to the realization of business strategies, profit generation, and social contribution through business activities (For the creation of the future of Earth and People). To achieve these goals, the Nisshinbo Group is advancing initiatives in five categories.

(1) Empowerment:
The Nisshinbo Group will formulate human resource strategies and human resource portfolios tailored to each company and develop human resources required by the organization while improving work engagement. The mindset and behavior that the Group expects from employees is self-directed growth.

(2) Inclusion:
The Nisshinbo Group will create an organization and culture that promotes the active participation of diverse human resources by integrating diverse values to create value, enhancing the level of agreement with its philosophy and policies, and increasing organizational engagement.

(3) Support:
The Nisshinbo Group supports the active participation of diverse human resources through such initiatives as effective talent matching and support for diverse work styles.

(4) System (Human Resources System):
The Nisshinbo Group will establish a well-balanced human resources system that encourages its employees to enjoy change and boldly pursue high goals.

(5) HR Function & Data (HR Structure & HR Data):
The Nisshinbo Group will strengthen HRBP functions and promote the strategic use of HR data.

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

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 Nisshinbo Group is shifting away from a focus on hiring recent graduates and expanding mid-career hiring. Mid-career hires now account for approximately 29% of all new hires, including those in management positions. 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)

In the future, the Group will consider treatment for highly specialized and job-specific positions and plan measures to increase flexibility in terms of work location and hours.

Engagement Survey

The Nisshinbo Group conducted a global engagement survey again in FY2025. A total of 81 companies participated—36 in Japan and 45 overseas—with 19,830 respondents. The response rate was approximately 92.3%, which was exceptionally high even for a global survey. Starting in FY2025, the Group changed its survey vendor to enable each workplace to efficiently analyze the results and plan and implement improvement measures. This change was made to clarify each organization's strengths and challenges and to enhance system functionality, including the reporting features. As a result, the method for calculating scores changed from previous years.

As a result of the efforts to promote the practice of the Group's Corporate Philosophy, VALUE, and Business Conduct Guidelines (Affirmation rate in the Group employee survey, 80% or more), the approval rate in the global survey for the entire Group, including both domestic and international operations, was 65% in FY2025, a decrease from the 77% recorded in FY2024. To support the ongoing business restructuring efforts, the Nisshinbo Group will strive to achieve its goals by distributing training materials and exploring ways to increase the frequency with which employees engage with the corporate philosophy on a daily basis with the aim of fostering its shared understanding, practice, and promotion.

Initiatives to Improve Employee Engagement

To ensure that top management and employees across all companies work together as one, the Nisshinbo Group has appointed survey coordinators at each company. When providing feedback to employees on the results of the FY2025 Engagement Survey, top management issued a message to the entire Group expressing their commitment to taking the results seriously and working together to address the challenges. Nisshinbo hopes this message will serve as the driving force to translate the results into concrete actions that will help realize the organizational culture Nisshinbo aspires to achieve.

In addition, to ensure that each company and workplace can properly interpret the results and translate identified issues into concrete improvement actions, Nisshinbo shared the key points to focus on and best practices with HR representatives from each company during the Group HR Policy Meeting.

Moving forward, the Nisshinbo Group will use the survey results as a starting point to foster dialogue and establish a cycle that encompasses the selection, implementation, and evaluation of measures to address these challenges. By driving this initiative through both top-down and bottom-up approaches, Nisshinbo will further strengthen its efforts to improve employee engagement by involving leadership and middle management as well as frontline staff.

Human Rights

Human Rights Due Diligence Initiatives

Establishment and Strengthening of Grievance Mechanisms

In fiscal 2025, we focused on grievance mechanisms, which serve as a critical foundation for enhancing the effectiveness of human rights due diligence, and conducted an internal survey to assess the status of their establishment and operation across our Group companies. The purpose of this survey was to identify and assess gaps in the current state of grievance mechanisms at each Group company against the requirements outlined in the UN Guiding Principles on Business and Human Rights, and to use the findings for further improvements and enhancements.

Results

Each of the eight criteria was scored on an eight-point scale, resulting in an overall average score of 2.7, indicating room for improvement. While no major issues were identified in day-to-day operations, several challenges were identified. These include the documentation of rules and procedures, communication and awareness among users, and internal and external disclosure.

Analysis and Measures

1. Due to insufficient multilingual support, not all employees are guaranteed access to grievance channels. We will enhance multilingual support to establish grievance mechanisms accessible to all workers.
2. While multilingual support has been partially implemented, awareness of the grievance mechanism among external stakeholders and business partners remains insufficient. We will enhance awareness and promote usage through training and dissemination of guidelines.
3. User feedback is not sufficiently reflected in the design and improvement of grievance mechanisms. Through regular dialogue with stakeholders, we will establish mechanisms to incorporate their feedback into operational improvements.
4. Although grievance procedures are in place, complainants are not adequately informed about types of outcomes they can expect. We will disclose types of outcomes and expected timelines for different stages of the grievance process to enhance the credibility of our grievance mechanisms.
5. While a policy prohibiting retaliation is in place, its documentation, disclosure, and regular monitoring are insufficient. We will clearly document and disclose our non-retaliation policy and strengthen monitoring of compliance with this policy.
6. Company policies and rules regarding engagement with public grievance mechanisms are not clearly defined. We will formalize policies that ensure complainants' legal rights to access public mechanisms and communicate these policies internally and externally.
7. Disclosure of grievance procedures, types of remedies available, and measures to prevent recurrence is insufficient. We will enhance disclosure in accordance with the Guiding Principles.
8. While insights gained from grievance handling are utilized to enhance the company's human rights initiatives, information on the performance of our grievance mechanisms is not sufficiently disclosed. We will progressively disclose available data, including the number of cases handled.

Future Actions	Strengthening the capabilities of grievance officers	Establishment of grievance procedures and rules	Dialogue with grievance mechanism users	Enhancing awareness and accessibility of grievance mechanisms	Requests to business partners	Disclosure of relevant information

From 2026 onwards, we will further advance our human rights due diligence initiatives.

For more information on the Nisshinbo Group human resources strategy, please visit the website below.
https://www.nisshinbo.co.jp/english/sustainability/training.html

For more information on the Nisshinbo Group human rights due diligence, please visit the website below.
https://www.nisshinbo.co.jp/english/sustainability/human-rights/duediligence.html

Engagement with Shareholders and Investors

Engagement Activities and Main Participants

- Results briefings (twice annually): President; directors (business segment representatives and executive responsible for finance)
- Individual meetings (approximately 200 annually): President; director responsible for finance; IR personnel

Shareholder and Investor Profile

- Domestic institutional investors: 70%; overseas institutional investors: 30%

Main Dialogue Topics

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

Feedback to Management

	Frequency	Details
Shareholder, investor, and analyst comments	As necessary	Summaries of individual meetings reported at regular meetings and via e-mail, as appropriate
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 trading volume reported at Management Meetings
Status of IR activities	As necessary	Key comments and requests compiled and reported at regular meetings and via e-mail
	All year	Reported as a management review at Board of Directors meetings

Main Questions from Shareholders and Investors and Our Response

	Q	A	Related page(s)
Earnings Forecast and Outlook			
1	It is surprising that the consolidated earnings forecast for fiscal 2026 calls for higher sales but lower profits year on year, despite workforce reductions being implemented as part of structural reforms in the Wireless and Communications business and the Micro Devices business. What is the reason for this?	On a consolidated basis, we forecast that net sales will increase by ¥8.7 billion, from ¥502.3 billion to ¥511.0 billion, while operating income is expected to decrease by ¥5.4 billion, from ¥26.4 billion to ¥21.0 billion. The primary driver of higher sales is the solid performance of the solutions business within the Wireless and Communications business. Demand from government and public-sector customers remains stable, and we expect sales in this segment to increase by ¥13.9 billion, from ¥251.8 billion to ¥265.7 billion. The main factor behind the decline in profits is expected to be lower earnings in the Real Estate business due to a decrease in condominium development projects. Operating income in this segment is projected to decline by ¥6.2 billion, from ¥12.6 billion to ¥6.4 billion. Although we anticipate higher sales in the Wireless and Communications business, we expect some deterioration in the sales mix due to a decline in high-margin water and river management projects recognized in the previous fiscal year. As a result, operating income is expected to remain largely unchanged from the previous year. In addition, emergency cost-reduction measures were implemented in the previous fiscal year as part of structural reforms. This fiscal year, research and development expenditures and other investments that had been temporarily restrained are being restored to normal levels, making the cost-reduction effects of structural reforms less apparent on the surface.	
2	What is the outlook for operating income in the Real Estate business from next fiscal year onward?	We expect operating income of approximately ¥6.4 billion in 2026 and around ¥5.0 billion in 2027. From 2027 onward, large-scale condominium development projects are expected to decrease, and profits from rental properties and other sources are expected to provide a benchmark level of approximately ¥1.5 billion per year.	
3	On January 30, 2026, the Company substantially revised upward its full-year earnings forecast for fiscal 2025. However, the earnings announcement on February 10 projected an unexpected decline in profits for the following fiscal year. Because the earnings outlook changed dramatically in a short period of time, the share price fluctuated significantly. It seems this could have been anticipated as a factor increasing share price volatility and undermining corporate value. Was there any discussion regarding the timing of disclosure?	Significant changes arose in the full-year outlook between the third-quarter earnings announcement and the fiscal year-end, which ultimately resulted in substantial fluctuations in the share price. However, we ask for your understanding that disclosures were made appropriately in accordance with the Tokyo Stock Exchange's disclosure rules.	
4	In the specialized equipment business, long-term order visibility is more difficult to forecast than in private-sector businesses. To what extent is demand from government and public-sector customers incorporated into the 2026 and 2030 plans?	While it is difficult to forecast medium- to long-term figures with precision, we expect fluctuations based on the sustainability of budget increases and trends in demand for consumable products. We believe the increase in sales associated with higher budgets will eventually moderate, and we expect performance to progress broadly in line with our plans.	
Wireless and Communications Business			
5	As part of its vision, the Company has set targets for the Wireless and Communications business of more than ¥300 billion in net sales and ¥30 billion in operating income by 2030. Based on fiscal 2025 results (net sales of ¥251.8 billion and operating income of ¥17.6 billion), this appears to imply annual growth of only around 2–3% CAGR. Why are the targets relatively conservative given the Company's presence in growth markets such as defense and shipbuilding?	We sincerely acknowledge that we have repeatedly fallen short of earnings forecasts over many fiscal periods and, as a result, have lost some of the market's trust. To regain that trust, we have deliberately adopted conservative targets at this stage. The Wireless and Communications business is a promising business with technological advantages and favorable market growth prospects. As structural reforms progress and confidence in future growth increases, we will revise our targets upward accordingly.	PP. 24–26, Strategy and Progress of the Wireless and Communications Business
6	What percentage of sales in the Wireless and Communications business is attributable to defense-related demand?	Favorable conditions continue for the specialized equipment business (defense-related operations). In fiscal 2025, defense-related sales accounted for approximately 8% of segment sales, and we expect the ratio to approach 10% in the current fiscal year.	
7	Interest in high-power microwave (HPM) systems is growing amid increasing threats from drone attacks. What is the current status of development?	HPM remains at the demonstration testing stage. Sales of several billion yen are already expected to be recorded during the current fiscal year; however, it will likely be several years before it becomes clear whether this can develop into a sustainable business. Given the rapid pace of development around the world, we cannot afford to be overly optimistic.	
Structural Reforms			
8	The Company has implemented structural reforms in the past. Why were previous reforms insufficient, and how are the current reforms different?	In addition to major changes in the business environment over time, previous reforms lacked a sufficiently logical framework. Today, we place greater emphasis on carefully designing a framework for strengthening earning power through rigorous analysis and planning. Since assuming office, our president has promoted more disciplined and logical thinking, with a focus on business analysis and the development of the Blueprint for Transformation.	PP. 8–9, Blueprint for Transformation
9	Regarding the redesign of transformation and growth, what is the expected timeline for implementing structural reforms in the Wireless and Communications, Micro Devices, and Materials businesses, and what scale of impact do you anticipate?	In the Wireless and Communications business, we are now moving into the execution phase and ultimately aim to achieve net sales of more than ¥300 billion by 2030. The Micro Devices business is currently at the stage of being reconsidered and redesigned from a zero base. The Materials business will also be evaluated sequentially against the benchmark of an operating margin of 10% or higher. We have already completed the withdrawal process on several unprofitable businesses.	
10	The Company has stated that an operating margin of 10% or higher will serve as a benchmark. Will businesses that fail to achieve this level become candidates for divestiture? Most businesses currently do not achieve a 10% operating margin. Is there a timeline for portfolio replacement?	We are not considering simply divesting businesses solely because they currently fall short of the 10% threshold. We are developing logical and detailed plans for every business to achieve a 10% operating margin and will assess the feasibility of those plans going forward. We believe the Wireless and Communications business can achieve this benchmark. We also believe the Automobile Brakes business can be brought to a similar level.	

Value Creation
Sustainability
Performance and Corporate Data

Supporting the Nisshinbo Group's Transformation through Active Board Discussions

Keiji Taga
Outside Director

Evolution of the Board of Directors

The Board of Directors has evolved in terms of both its structure and the quality of its discussions.

Throughout my career at a government-affiliated financial institution, I was engaged in industrial finance and investment, always taking a long-term perspective on whether companies could remain viable and continue to grow over the long term, including 10 or 15 years into the future. That experience and perspective form the foundation of my role as an outside director of the Company.

This March marked my seventh year as an outside director. Looking back over the Company's governance during that time, the Board of Directors has undergone significant transformation, in both its structure and substance of its deliberations. Structurally, the size of the Board has been reduced from nine directors (including five outside directors) to seven (including four outside directors), increasing the proportion of outside directors. More important, however, has been the change in the substance of the Board's deliberations. Through improvements based on effectiveness evaluations and the establishment of opportunities for the executive team and outside directors to exchange views outside formal Board meetings, we have created an environment that enables more focused discussion of the Company's key management issues, significantly enhancing the effectiveness of Board deliberations.

These changes have also influenced the mindset of each director. Outside directors have always participated actively in Board discussions, but with a smaller Board, each director's comments carry greater weight, creating a heightened sense of accountability. As a result, I believe the overall quality of discussions at the Board of Directors has improved.

Appointment of the New President by the Nomination Committee

I am confident that the appointment of President Ishii was appropriate.

I serve as chair of the Nomination Committee, an advisory body to the Board of Directors. Since April 2026, the committee has consisted of five members; the president and four outside directors. In March 2025, following extensive discussions led by the outside directors, we nominated Mr. Ishii to succeed former President Murakami.

I was appointed as an outside director in 2019, the same year Mr. Ishii joined the Board of Directors, and I have had the opportunity to observe both his leadership and his judgment over the years. Once he commits to a course of action, he demonstrates the determination and leadership to overcome obstacles without hesitation and see it through. Above all, I have always sensed his strong conviction that he must be the one to lead the Company through this transformation, together with his deep commitment to the Company.

Faced with the complex and challenging management environment confronting the Company, the committee unanimously agreed that Mr. Ishii was the leader best suited to carry out the structural reforms required, and unanimously supported his appointment. Having seen the speed and decisiveness of his leadership since assuming office, I remain convinced that it was the right choice.

Steadily Executing the Blueprint for Transformation

The entire Nisshinbo Group is approaching this transformation with unwavering determination.

In February 2026, the Company announced its Blueprint for Transformation. Reflecting on the fact that our previously announced medium-term management plans were, regrettably, not always executed as planned, the blueprint sets out in much greater detail what will change in each business, how those changes will be implemented, and the progress achieved to date. This represented a first for the Company, and was groundbreaking in both its approach and substance.

The blueprint clearly shows, for example, how far the Wireless and Communications business has progressed and what remains to be done, as well as the future direction of the Micro Devices and Materials businesses. It is not only a commitment to investors but also a declaration within the Company itself that these initiatives will be carried through.

During the process of formulating the blueprint, the executive team and outside directors held repeated discussions at the Board of Directors regarding the direction of each business. Outside directors also clearly expressed their views throughout the process, and those views were reflected in the final blueprint. Management targets such as an operating margin of 10% are by no means easy to achieve, but they represent goals that the entire Company must pursue with strong determination.

Management Conscious of the Cost of Capital and Share Price

Fundamentally strengthening our earning power will ultimately be reflected in our price-to-book ratio (PBR). The importance of management that takes the cost of capital into account, as called for by the Tokyo Stock Exchange, is well understood by the Board of Directors. At the same time, we must face the fact that the Company's PBR remained below 1.0 for many years. However, I do not believe that superficial measures, such as share buybacks undertaken solely to improve the PBR, can produce lasting results. What matters most is fundamentally strengthening our earning power through the structural reforms now underway. If we can enhance future growth expectations through business portfolio transformation, PBR will naturally improve as a result.

Recent movements in our share price also suggest that the market's expectations for the transformation set out in the blueprint are increasing. As an outside director, I believe it is our responsibility to support steady management based on the blueprint so as to meet those expectations over the long term. Looking ahead, we must pursue two objectives simultaneously and without delay: optimizing our cost structure through structural reform and creating new business models—including through M&A—to drive future growth. In particular, with respect to new businesses, I will continue to engage in thorough discussions with the executive team at Board meetings to ensure that our investment direction is sound and that both the financial rationale and expected future returns have been carefully examined.

Expectations for the Nisshinbo Group

The Nisshinbo Group is amid a fundamental transformation, with the entire organization united in carrying out structural reform in pursuit of its next stage of growth. Over the past seven years, what has impressed me most is the tremendous potential the Group possesses in its human capital and technological capabilities.

As an outside director, I have had many opportunities to visit operating sites and exchange views with employees. Through those experiences, I have come to appreciate highly capable and dedicated people within the Company, as well as its deep reservoir of advanced technologies. While these strengths might not yet be fully recognized by society, our technologies make meaningful contributions to society in a wide range of fields. There remains room for improvement, however, in translating those strengths into stronger earning power, and I believe that is precisely where the Company's greatest potential lies.

Drawing on the experience and expertise I have built over my career, I intend to support the Company's transformation and contribute to enhancing corporate value. I also hope our stakeholders will continue to support us with a long-term perspective as the Nisshinbo Group realizes its full potential.

Board of Directors

President and Representative Director
Yasuji Ishii
Number of Company's shares held: **34,570 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**

Since June 2017, Mr. Yasuji Ishii has served as President and Representative Director of Nisshinbo Brake Inc. He also has served as Director of the Company since March 2019, and concurrently served as Deputy Chief of Corporate Strategy Center of the Company and Chairperson and Director of Nisshinbo Brake Inc. from March 2023, and as Chief of Corporate Strategy Center of the Company from 2024. Since March 2025, he has served as President and Representative Director of the Company and managed the Company and the Group. He has substantial knowledge, management experience and performance, and deep expertise in production and technology.

Director and Executive Managing Officer
Kaichiro Sakuma
Number of Company's shares held: **2,640 shares**
Board of Directors meeting participation: —

After serving as Senior Vice President and Executive Officer of Hitachi, Ltd., and Representative Director, President and Chief Executive Officer of Hitachi Solutions, Ltd., Mr. Kaichiro Sakuma has served as Director, Representative Executive Officer, Executive President and Executive Officer of Hitachi Kokusai Electric Inc. (currently KOKUSAI DENKI Electric Inc.) since 2016 and as Representative Director, President and Chief Executive Officer of that company since 2018. He was appointed Managing Officer of the Company in 2024, then Executive Managing Officer of the Company and Chairperson of the Board of Japan Radio Co., Ltd., in 2025. He has substantial knowledge, management experience and performance, and deep expertise regarding the information and telecommunication systems business and the wireless and communications business.

Director (Outside Director)
Hiroaki Yagi
Number of Company's shares held: **0 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**

Mr. Hiroaki Yagi held important positions at the Tokyo High Public Prosecutors Office etc., as a public prosecutor. Since retirement, he serves as an attorney-at-law and has served as president of the Japan International Trainee & Skilled Worker Cooperation Organization. He has professional knowledge in law, and substantial experience and deep expertise in the legal profession.

Director (Outside Director)
Naoko Tani
Number of Company's shares held: **0 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**

Ms. Naoko Tani has been engaged in marketing and technical research, and planning and management of academic societies and exhibitions in the semiconductor industry for a long time, and serves as President and Representative Director of Semiconductor Portal, Inc. She has management experience of Semiconductor Portal, Inc., and professional knowledge and deep expertise regarding the semiconductor industry.

Director and Managing Officer
Tetsuya Kumakawa
Number of Company's shares held: **6,920 shares**
Board of Directors meeting participation: —

Mr. Tetsuya Kumakawa has previously served as Managing Officer of Nisshinbo Brake Inc., CEO of TMD Friction Group S.A., and Senior Managing Director of Saeron Automotive Corporation. Since 2024, he has served as Managing Officer of the Company, Director of Nisshinbo Brake Inc., and Representative Director of Saeron Automotive Corporation. He has extensive knowledge and management experience, and deep expertise regarding management strategy and sales.

Director (Outside Director)
Keiji Taga
Number of Company's shares held: **0 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**

Mr. Keiji Taga has been involved in corporate management as a director of Development Bank of Japan Inc. and president and representative director of Tokyo Ryutsu Center Inc. He has substantial work experience and management experience at government-affiliated financial institutions, and management accomplishments and deep expertise in business companies.

Director (Outside Director)
Richard Dyck
Number of Company's shares held: **13,000 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**

Mr. Richard Dyck has served as a representative director of semiconductor-related companies in both the United States and Japan and as an outside director of listed companies in Japan. He currently serves as Representative Director of TGK K.K. and as an outside director of several other companies. He has extensive management experience, deep insights into the capital markets and corporate governance, and expertise and highly advanced knowledge about the domestic and overseas semiconductor industry.

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member
Kazunori Baba
Number of Company's shares held: **31,565 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**
Audit & Supervisory Board meeting participation: **Attended 14/14 meetings**

After serving as President and Representative Director of Nisshinbo Textile Inc. from June 2014 to March 2019, Mr. Kazunori Baba was appointed Director of the Company in March 2019. He has substantial management experience and performance, and extensive knowledge and deep insight about various businesses of our Group companies.

Standing Audit & Supervisory Board Member
Kenichi Morita
Number of Company's shares held: **18,845 shares**
Board of Directors meeting participation: **Attended 16/16 meetings**
Audit & Supervisory Board meeting participation: **Attended 14/14 meetings**

Mr. Kenichi Morita supervised the accounting and corporate planning departments among others at New Japan Radio Co., Ltd. (currently Nisshinbo Micro Devices Inc.), and was appointed as Director of New Japan Radio Co., Ltd., in June 2015 and assumed the office of Representative Director of New Japan Radio Co., Ltd., in September 2018. He has management experience at New Japan Radio Co., Ltd., and expertise, practical experience, and highly advanced knowledge in finance and accounting.

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 14/14 meetings**

Mr. Atsushi Yamashita has practical experience as an attorney-at-law and professional knowledge about international legal affairs.

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 14/14 meetings**

Ms. Noriko Ichiba has practical experience as a certified public accountant and tax accountant and expertise in finance and accounting.

For more detailed information on the Directors and Audit & Supervisory Board Members, please refer to the Officers page on the Nisshinbo Group website.
https://www.nisshinbo.co.jp/english/profile/outline/officer.html

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.

Name \ Skill*	Management experience	International experience and knowledge	Business and industry knowledge	ESG	Technology and innovation	Legal and risk management	Finance and accounting
Yasuji Ishii	●	●	●		●		
Kaichiro Sakuma	●	●	●		●		
Tetsuya Kumakawa	●	●		●			●
Keiji Taga	●					●	●
Hiroaki Yagi				●		●	
Naoko Tani	●	●	●				
Richard Dyck	●	●	●		●		

*Up to four major skills are listed for each Board member. The matrix does not represent all skills possessed by each director.

Managing Officers

President
Yasuji Ishii*

*Concurrent board member

Executive Managing Officer
Kaichiro Sakuma*

Managing Officer
Tetsuya Kumakawa*

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

Managing Officer
Koji Saito
Representative Director, President, and Chief Executive Officer, KOKUSAI DENKI Electric Inc.

Managing Officer
Takuya Noda
In charge of Future Innovation Division

Managing Officer
Yasuki Hattori
President and Representative Director, Nisshinbo Brake Inc.

Managing Officer
Makoto Ashida
In charge of Risk Management Department and Legal & IP Department

Corporate Governance Global Compliance

Basic Stance

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 of Nisshinbo's corporate governance are available below.
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

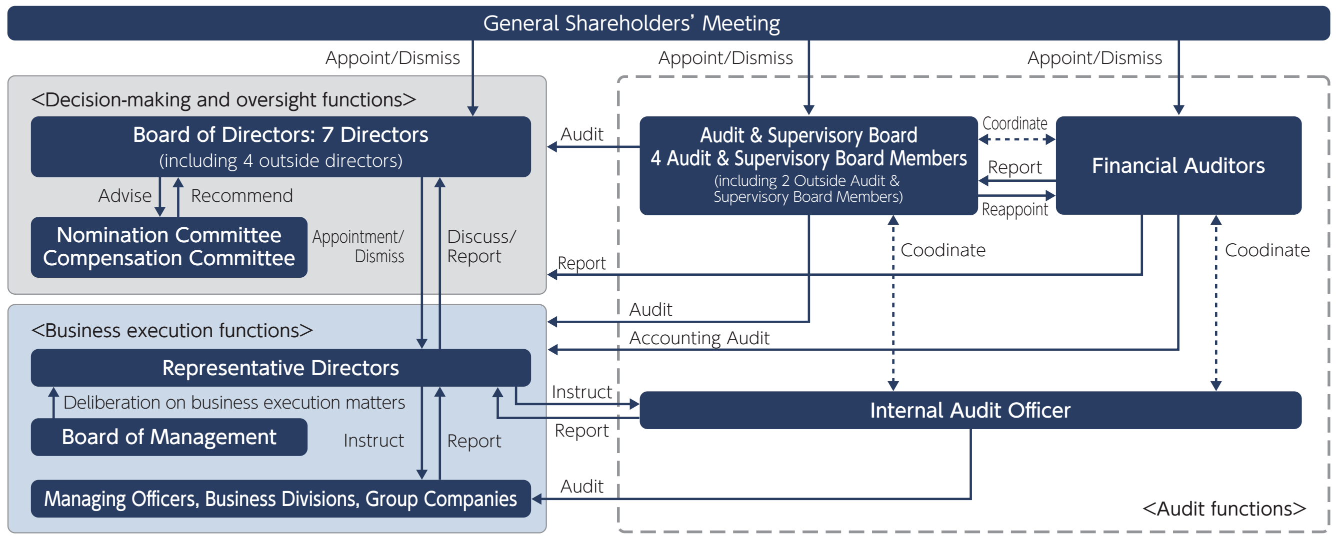
URL: https://www.nisshinbo.co.jp/english/ir/governance/policy.html

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 Audit & Supervisory Board
Number of directors under the Articles of Incorporation	14
Term of office for directors under the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of directors (including outside directors)	7 (4)
Outside director appointment status	Appointed
Number of outside directors designated as independent officers	4
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.

Composition of the Directors	Independence	Diversity
	Ratio of Outside Directors: 57%	Ratio of Female Directors: 14%

Note: Percentages of the total are as of March 27, 2026.

Corporate Governance Reforms

2026 Initiatives
Reduce the number of inside directors from four to three and outside directors from five to four, enhancing the agility of the Board of Directors while further strengthening management transparency and oversight functions.

2006	Introduced outside director system and managing officer system, reduced term of office for directors from two years to one
2015	Abolished takeover defense measures
2016	Corporate Governance Policy formulated, established Remuneration Committee and Nomination Committee, started evaluating effectiveness of Board of Directors
2017	Abolished internal advisor and consultant system
2018	Introduced restricted stock compensation system
2021	As a Prime Market-listed company, in response to Corporate Governance Code revisions (June 2021), the Group began conducting climate change scenario analyses in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
2022	To ensure objectivity in evaluating the effectiveness of the Board of Directors, Nisshinbo asks outside consultants to conduct questionnaires and interviews with directors and Audit & Supervisory Board members. The consultant's expertise is also used in analyzing the results.
2024	The number of inside directors has been reduced from six to five, resulting in an inside director ratio of 50% (five directors), thereby strengthening management transparency and supervisory functions.
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.

Composition of the Board of Directors

Status of Board Operations

During the fiscal year ended December 2025, the Board of Directors met 16 times. Each meeting lasted approximately four to five hours, with the approximate ratio of reporting, deliberation, and resolutions being 3:6:1. The principal agenda themes and average deliberation times are shown on the right.

Principal agenda themes	Average deliberation time (Minutes)
Deliberations on management policies and the direction of medium- to long-term value creation	Approx. 90
Review of the functions and roles the Board of Directors should fulfill and consideration of measures to strengthen its effectiveness	Approx. 60
Formulation of the medium-term management plan and oversight of its progress	Approx. 60
Evaluation and improvement aimed at enhancing the effectiveness of the Board of Directors	Approx. 60
Oversight of progress in structural reform across the Group	Approx. 40
Consideration of initiatives to enhance corporate value through financial strategy and capital policy	Approx. 40
Deliberations on the business environment and growth strategies of major businesses	Approx. 30
Evaluation and optimization of the business portfolio with a view to sustainable growth	Approx. 30

Evaluating the Effectiveness of the Board of Directors

In 2025, 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 Audit & Supervisory Board members, and the Board of Directors discussed the results of this analysis based on the aggregated results. As a result of this evaluation, the Company confirmed that, through its efforts to date, the Board of Directors has developed a shared understanding of the importance of structural reform and business portfolio transformation for achieving sustainable growth and has deepened discussions on the execution of its strategies. In particular, the expansion of opportunities for strategic discussions through a review of Board agendas, together with continued improvements in the information and materials provided to outside directors and outside Audit & Supervisory Board members, was highly evaluated as helping directors better understand management's transformation initiatives. In addition, greater opportunities for dialogue among outside directors enabled discussions from a broader range of perspectives. Against this backdrop, the Board of Directors confirmed that it is rigorously monitoring the execution of management from the perspective of enhancing corporate value and that the Nomination Committee is engaging in candid discussions, resulting in the steady improvement of governance effectiveness. At the same time, the Board recognized that the Nisshinbo Group's key management challenges are improving the productivity and profitability of each business and strengthening the Group's overall earnings structure, and that the Board is expected to make an even greater contribution in fulfilling its fiduciary responsibilities to shareholders. In 2026, the Board of Directors will focus on the following priorities:

- **Through effective deliberations, support the execution of structural reform, enhance the profitability of each business, and contribute to strengthening the Group's earnings structure.**
- **Clarify the management issues facing the holding company and each business, deepen strategic discussions, enhance the effectiveness of the Group's strategy, and contribute to increasing corporate value.**
- **Strengthen collaboration with the executive side to enhance the collection and analysis of information on the business environment and market trends, while further strengthening the Board's monitoring function.**

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 the Remuneration Committee as an advisory body for the Board of Directors. As of March 27, 2026, the committee comprised the President and Representative Director and four 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) 60%–69%	Variable remuneration (standard bonus amount and stock-based compensation) 31%–40%

Remuneration for Directors and Auditors (fiscal period ended December 2025)

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)	192	131	48	12	5
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	40	40	—	—	2
Outside directors and outside Audit & Supervisory Board members	76	76	—	—	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 seven directors (including four outside directors) and four Audit & Supervisory Board members (including two outside members of the Audit & Supervisory Board) as of March 27, 2026.
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 reflected at a certain 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 2025, 15,185 shares (with a compensation value of ¥12 million) were allocated to the four directors (excluding outside directors) on May 20, 2025, with conditions including a transfer period restriction from May 20, 2025, to May 20, 2028.

Remuneration Committee Activities

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

In the fiscal year ended December 2025, the Remuneration Committee met two times (October and December 2025) 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 2025 Remuneration Committee composition and attendance rates are shown on the right.

Committee Members in Fiscal 2025

		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, Chairman and Director	2/2
	Yasuji Ishii, President and Representative 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 the Nomination Committee as an advisory body for the Board of Directors. As of March 27, 2026, the committee comprised the President and Representative Director and four 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. The Nomination Committee also formulates succession plans. The Nomination Committee also formulates succession plans.

Nomination Committee Activities

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

In the fiscal year ended December 2025, the Nomination Committee met six times (May, July, September, October, and November (two times) 2025) 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. Fiscal 2025 Nomination Committee composition and attendance rates are shown on the right.

Committee Members in Fiscal 2025

		Attendance (times)
Chairman:	Keiji Taga, Outside Director	6/6
Members:	Hiroaki Yagi, Outside Director	6/6
	Naoko Tani, Outside Director	6/6
	Richard Dyck, Outside Director	6/6
	Yuki Ikuno, Outside Director	6/6
	Masahiro Murakami, Chairman and Director	6/6
	Yasuji Ishii, President and Representative Director	6/6

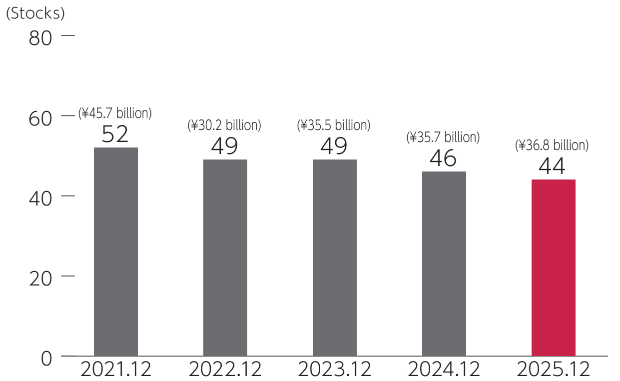
Protecting the Rights and Ensuring the Equal Treatment of Shareholders, and Dealing with Cross-Shareholdings

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 external 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 strive to address issues through dialogue with customers, shareholders, employees, and all other stakeholders connected to the Nisshinbo Group.

Stakeholder Engagement Initiatives

Stakeholder	Examples of approaches (fiscal 2025 activities)	Key department/site
Customers	● Corporate website and social media ● Exhibitions and online seminars	Marketing/Engineering, Corporate Communications
	● Activities aimed at increasing customer satisfaction ● TV commercials and advertising	
Shareholders/ Investors	● General Meeting of Shareholders (one time) ● Financial results briefings (two times)	Corporate Communications
	● Individual meetings with institutional investors and analysts (about 200 times)	
	● IR tools (e.g., Integrated Report, Sustainability website, Shareholder newsletter)	
	● Online information for shareholders and investors	
Employees	● Internal newsletter, Intranet	Corporate Communications
	● ESG-related education (712 cases)	All departments
	● Employee health measures (89 cases)	Health Management Department
	● Internal whistleblower system (79 cases)	Corporate Ethics Department
	● Improvement proposal meetings	Head Office Corporate Departments/All Business Divisions
	● Disaster prevention and BCP drills	
Suppliers	● Dissemination of the Basic Sustainable Procurement Policy	Procurement Division
	● Implementation of sustainability procurement questionnaires, etc. (95 cases)	
Regional communities	● Factory tours, work experience, workshops (32 cases)	Business sites
	● Cleanup, biodiversity preservation, and other activities (182 cases)	
NPOs, NGOs, schools, research institutions	● Various donation activities (32 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. The Nisshinbo Group sets out “Thorough-Going Compliance” in its Business Conduct Guidelines, which clearly states that the Group will act fairly and sincerely at all times across a broad range of issues, respecting social norms and corporate ethics. The Group has also established relevant systems and provides education to all employees.

Under the 6th Sustainability Promotion Plan (fiscal 2025–2027), with fiscal 2027 as the target year, the Nisshinbo Group has identified thorough compliance as one of its Key Action Items. To achieve the goals of (1) Raising awareness of compliance and (2) Proper operation of the Corporate Ethics Reporting System, the Group is pursuing initiatives to achieve these two objectives.

Through initiatives such as compliance training, efforts to ensure thorough business confidentiality, and enhancement of the Corporate Ethics Reporting Systems, the Group achieved a 99.8% rate of compliance training participation for objective (1). For objective (2), all reports submitted through the Corporate Ethics Reporting System were addressed, resulting in a 100% response rate.

The Group will further enhance these activities by continuing to raise awareness of the importance of compliance through regular compliance training and by maintaining appropriate responses to reports submitted through the Corporate Ethics Reporting System.

Corporate Ethics Committee and Corporate Ethics Reporting System

Compliance matters concerning the Nisshinbo Group as a whole are handled by the Corporate Ethics Committee, which reports directly to the President of Nisshinbo Holdings Inc. The Board of Directors receives regular reports on, and reviews, important corporate ethics-related matters, including matters reported through the Corporate Ethics Reporting System.

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 the “Corporate Ethics Reporting System” with the aim of promptly identifying violations or suspected violations of laws, regulations, or corporate ethics. Group employees can report their concerns internally to the Corporate Ethics Committee or directly to an outside legal counsel. All information provided by whistleblowers is kept strictly confidential, and every effort is made to protect whistleblowers from unfair treatment.

Under this system, reports are accepted not only from employees of the Nisshinbo Group but also from a broad range of internal and external stakeholders.

Number of Reports Made to the Corporate Ethics Reporting Desk

FY2025	Number of reports	Disciplinary actions taken
Harassment-related cases	6 (1)	0
Legal violations	5 (1)	1
Labor-related issues	4 (2)	0
Accounting irregularities	0	0
Other matters, including ethical violations	4 (1)	0
Total number of reports	19	
Total number of reports handled by the committee	19 (5)	
	100% response rate	

Note: The number of reports in parentheses is the number of confirmed violations and other substantiated facts.

Compliance Training

To ensure fair and honest business practices, the Nisshinbo Group conducts compliance training for different employee levels and worksites and provides training to employees prior to overseas assignments.

New educational videos are released each year through the Learning Management System, and training is provided on a recurring basis. In fiscal 2025, the Nisshinbo Group conducted two compliance training sessions and released new videos to further strengthen governance and raise ethical awareness.

- For all Group employees: Basic knowledge of compliance, the importance of fraud prevention and examples of misconduct, the Corporate Ethics Reporting System, and other topics
- For all management-level personnel across the Group: The compliance framework and managers’ roles, global compliance, and other topics

Anti-Corruption Efforts

In recent years, enforcement of laws and regulations concerning bribery and corruption has been strengthened internationally, and enforcement has become more stringent. Nisshinbo Holdings Inc. formulated the “Guide to Preventing Corruption” in response to related legislation in other countries. The Group has rolled out the guide to all subsidiaries, including overseas Group companies. This guide encompasses Article 18 of Japan’s Unfair Competition Prevention Act (Prohibition of the Provision of Illicit Benefits 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 U.S. Foreign Corrupt Practices Act (FCPA) and related guidelines, the UK Bribery Act, China’s Anti-Unfair Competition Law, other international anticorruption treaties and laws, including criminal laws and anti-corruption laws in Asian countries.

Ensuring Business Confidentiality

The Group enters into non-disclosure agreements with relevant parties to prevent the leakage of confidential information such as intellectual property, technologies, and know-how disclosed during the product design and development stage and across all points of the supply chain.

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

Risk Management

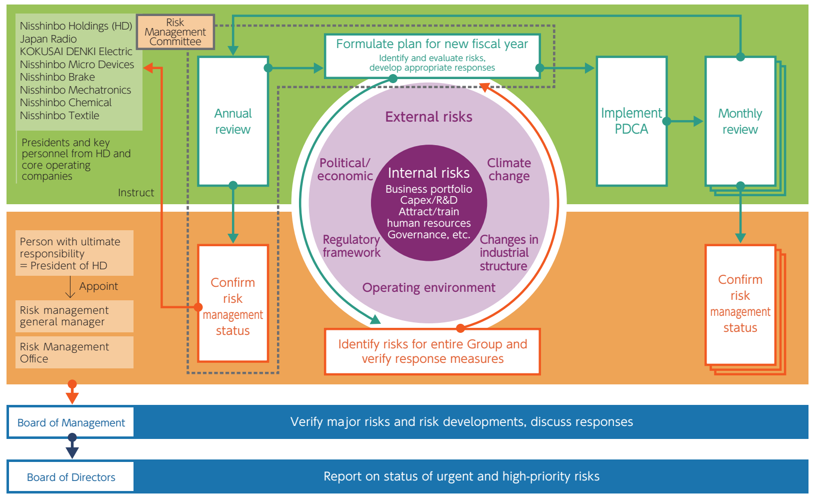
Risk Management Framework

The Nisshinbo Group has established a risk management framework, shown in the diagram below, to appropriately address business risks and minimize losses should such risks materialize.

The Representative Director and President of Nisshinbo Holdings Inc. has ultimate responsibility for risk management and appoints the executive officer responsible in charge of the Risk Management Office as the officer responsible for overall risk management. The Risk Management Secretariat is located within the Risk Management Office.

The Risk Management Committee consists of the ultimate risk management and the person responsible for overall risk management, the presidents of each core company, and other members, and meets annually in January. At these meetings, the committee reviews the previous fiscal year’s activities and discusses the risk management plan for the new fiscal year, including key risks requiring priority management across each business.

Risk Management Framework



Note: HD means Nisshinbo Holdings Inc.

Identification of Materialized Risks

Under the Group’s “bad news first” policy of promptly reporting negative information whenever an event occurs that could affect business operations, it is reported via a designated mailing list so that information is promptly shared with the President, executive officers, and the heads of the relevant departments.

The Nisshinbo Group’s risk management regulations set out standards by listing specific examples of risks that must be reported. By identifying and sharing risks as soon as they become apparent, the Group can take necessary countermeasures before such risks have a significant impact on business. In fiscal 2025, 27 risks were reported, nine fewer than in the previous fiscal year. However, the number of reported information security incidents increased. Fortunately, there were no incidents that had a significant impact on business continuity.

The Nisshinbo Group will continue to ensure that this reporting process is thoroughly understood across the Group so that it can be effectively utilized as a tool for the prompt reporting of materialized risks.

Strengthening Information Security

The Nisshinbo Group regards information security as a critical risk, and is working to improve information security and establish an information security management system.

In addition to conducting inspections of the Group companies, the Group checks vulnerabilities in servers and network equipment systematically implements countermeasures.

In fiscal 2025, subsidiary inspections and vulnerability assessments were conducted at 50 Group companies, including companies outside Japan.

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.

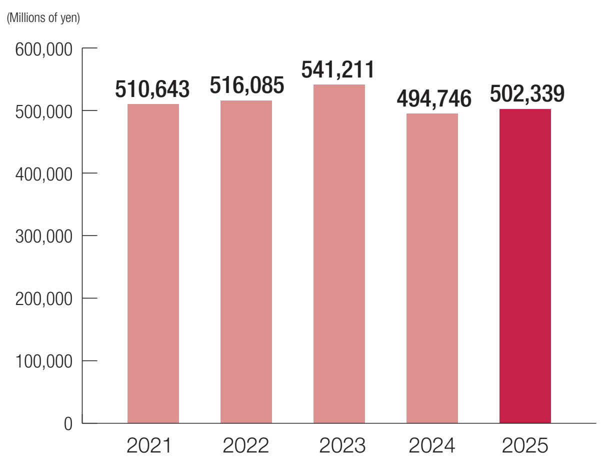
To enhance cybersecurity awareness and strengthen response capabilities, the Group conducts annual targeted e-mail attack simulations for employees of Group companies in Japan and overseas. No major information security incidents occurred in fiscal 2025.

Responding to Disaster Risk

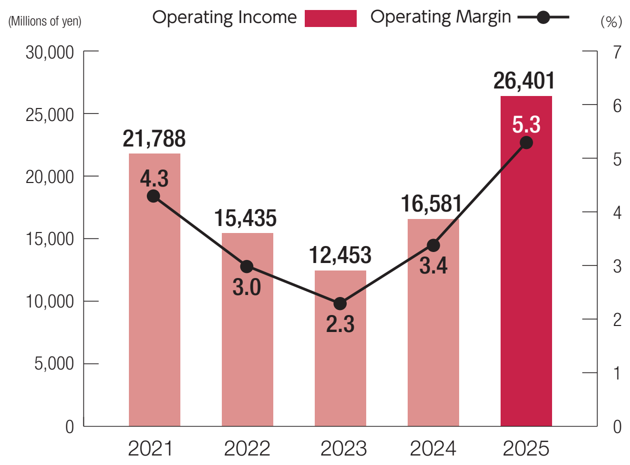
The Nisshinbo Group has established an emergency response system in the “Risk Management Regulations” in order to promptly respond to emergencies, such as earthquakes and fires. Furthermore, to prepare for large-scale earthquakes and other emergencies from the perspective of business continuity, the Group conducts annual emergency communication drills to confirm employees’ safety and support early recovery following a disasters. The Group also conducts company-level drills to ensure that employee safety can be confirmed quickly and reliably in an emergency, and we continue to improve the effectiveness of these procedures.

Financial and Non-financial Highlights

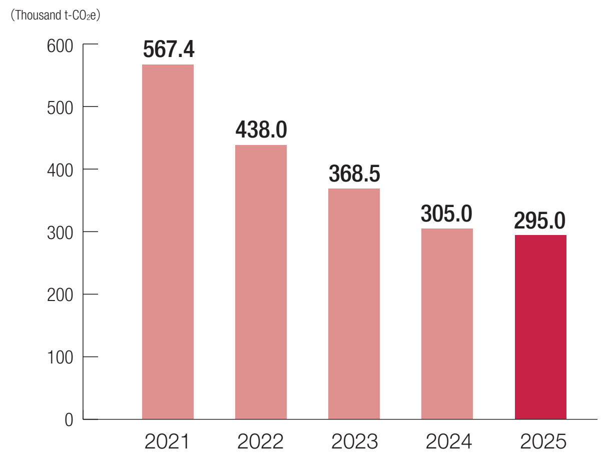
Net Sales



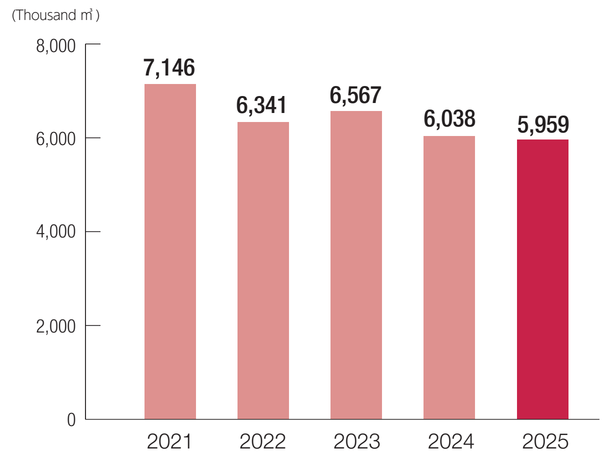
Operating Income and Operating Margin



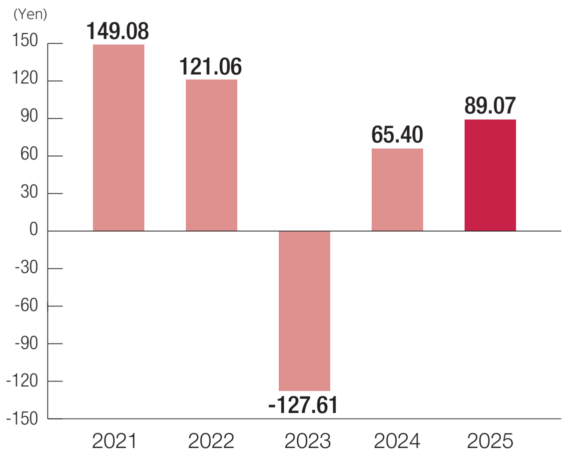
Net Greenhouse Gas Emissions
(Scope 1 + Scope 2)



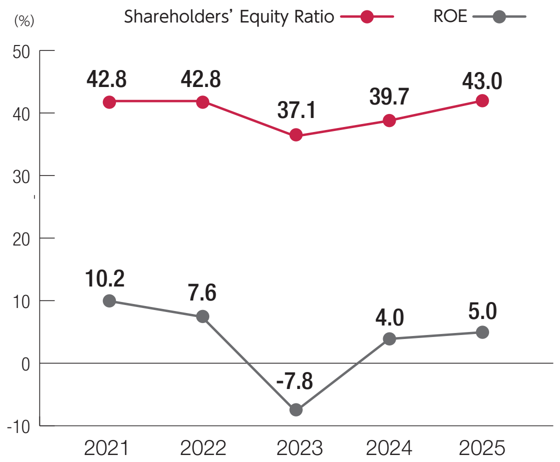
Water Withdrawal



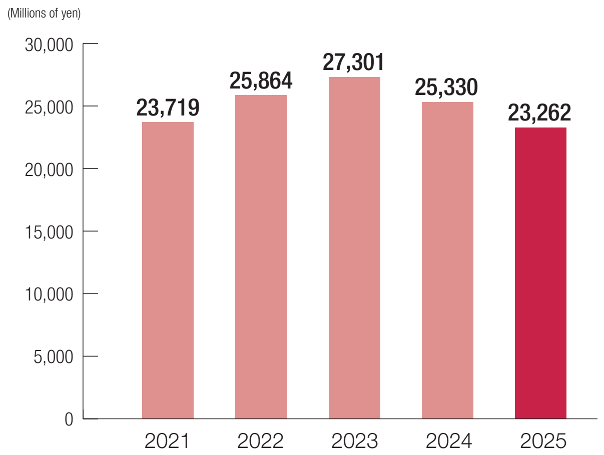
EPS



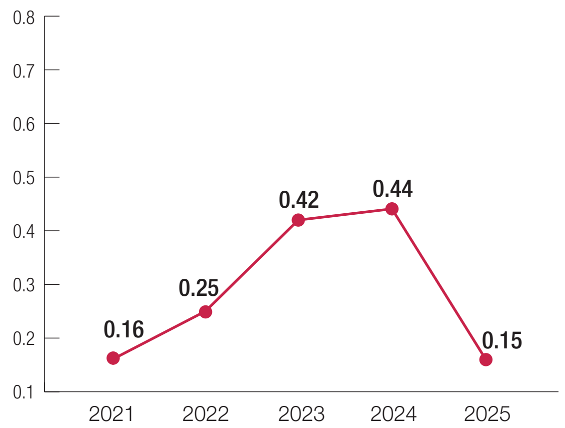
Shareholders' Equity Ratio and ROE



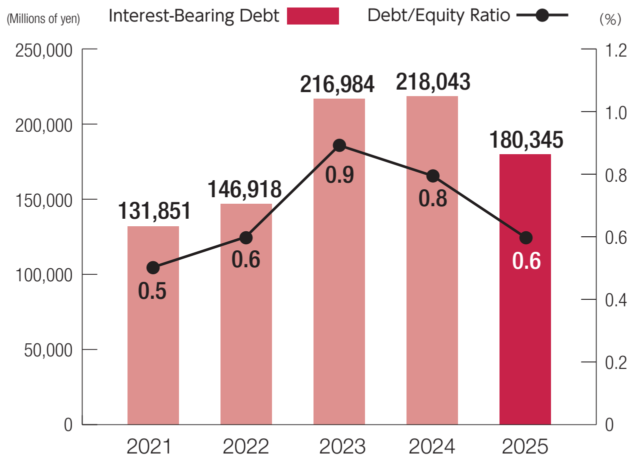
R&D Expenses



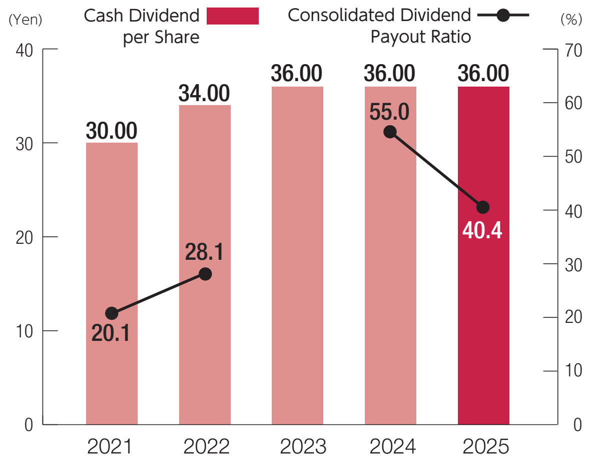
Frequency of Injuries with Lost Workdays



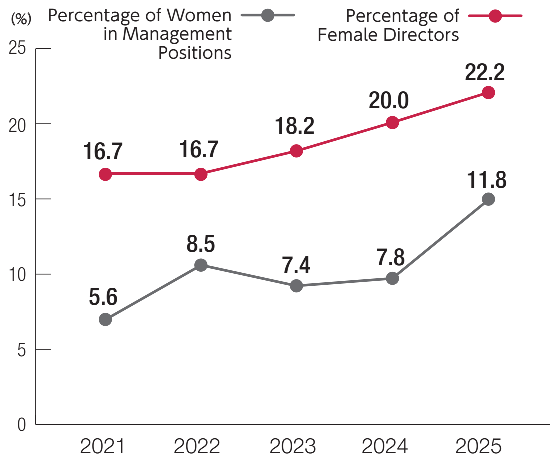
Interest-Bearing Debt and Debt/Equity Ratio



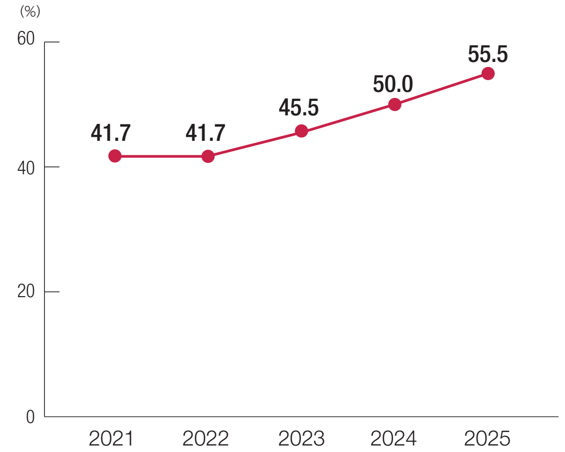
Cash Dividend per Share/ Consolidated Dividend Payout Ratio



Percentage of Women in Management Positions and Percentage of Female Directors



Ratio of Outside Directors
Note: Nisshinbo Holdings



Performance by Business

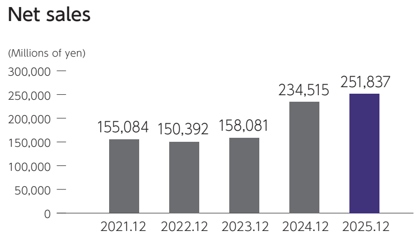
The Nisshinbo Group is made up of seven distinct businesses—Wireless and Communications, Micro Devices, Automobile Brakes, Precision Instruments, Chemicals, Textiles, and Real Estate.

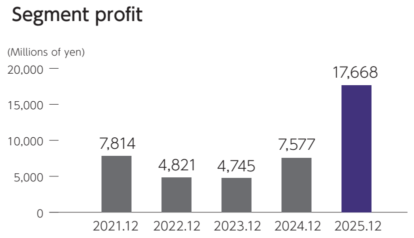
We adapt our business portfolio to changing market needs and products that meet customer needs.

Wireless and Communications

The Wireless and Communications business reported sales of ¥251,837 million (up 7.4% year on year) and segment profit of ¥17,668 million (up 133.2% year on year). In the Solutions business, sales and profit increased due to higher orders for disaster prevention systems from local governments driven by replacement demand, together with the effects of cost reductions. The Specialized Equipment business reported higher sales and profit owing to increased orders for equipment and maintenance devices from the Ministry of Defense, supported by the Basic Policy for the Defense Buildup Program based on Japan's national security strategy. The Marine Systems business posted higher sales and profit due to strong orders for aftermarket products, including replacement equipment for merchant vessels and maintenance services, in addition to equipment for newly built merchant ships. The Mobility business reported lower sales and weaker earnings due to fewer orders for repeaters (mobile phone relay equipment) resulting from specification changes and project delays, as well as sluggish overseas demand for business-use radio systems.

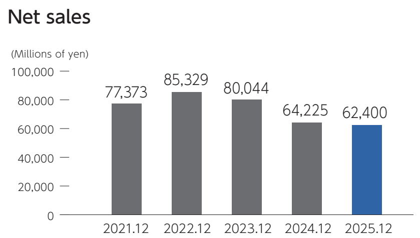
The KOKUSAI DENKI Electric Group achieved higher sales and a substantial increase in profit, driven by increased orders for products for mobile network operators and disaster prevention administrative radio systems for local governments.

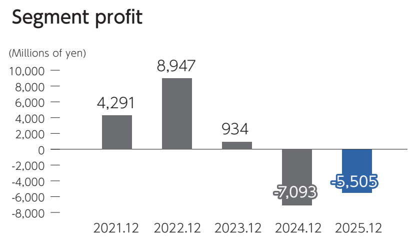




Micro Devices

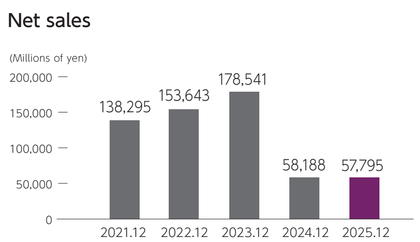
The Micro Devices business reported sales of ¥62,400 million (down 2.8% year on year) and a segment loss of ¥5,505 million (an improvement of ¥1,588 million year on year). The operating performance of electronic device products was as follows. Industrial products recorded higher sales due to increased orders for products for office automation equipment in Japan. Consumer products generated lower sales as demand remained sluggish in most markets other than amusement-related and smartphone-related applications. Automotive products also posted lower sales due to weak EV market conditions and lower orders resulting from customer inventory adjustments for sensor-related products. Microwave products reported lower sales and profit, mainly because shipments of maintenance parts for electronic tubes were delayed by difficulties in procuring components resulting from rare-earth export restrictions.

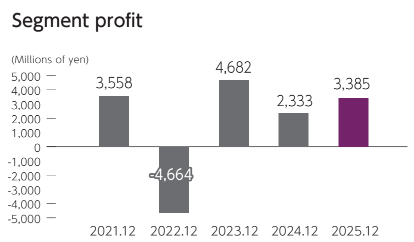


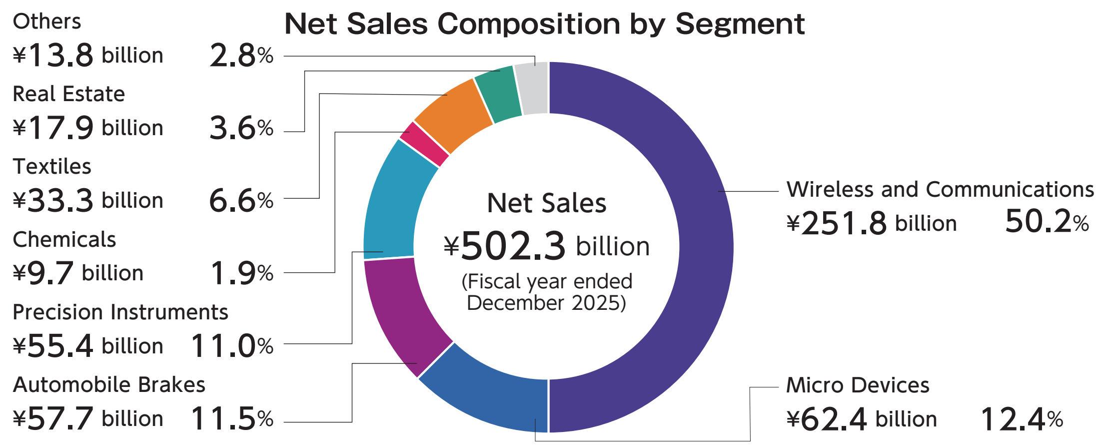


Automobile Brakes

The Automobile Brakes business reported sales of ¥57,795 million (down 0.7% year on year) and segment profit of ¥3,385 million (up 45.1% year on year). In Japan, sales and profit increased as orders from automobile manufacturers recovered. In the United States, sales and profit also increased, supported by strong orders from Japanese automobile manufacturers, particularly for hybrid vehicles. Although sales declined in South Korea, losses narrowed due to profitability improvement initiatives. Operations in China and Thailand recorded sales and profit generally in line with the previous fiscal year.

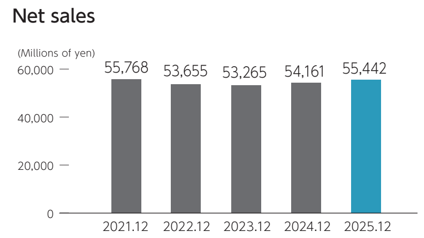


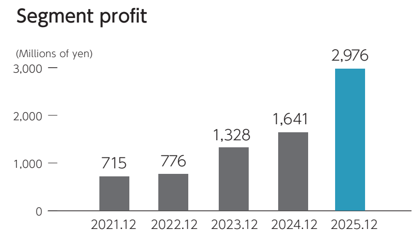




Precision Instruments

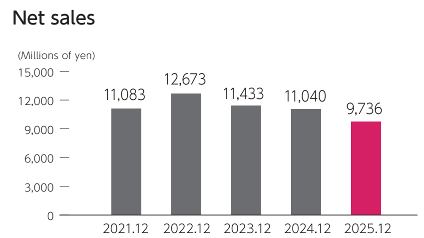
The Precision Instruments business reported sales of ¥55,442 million (up 2.4% year on year) and segment profit of ¥2,976 million (up 81.3% year on year). In the Precision Parts business, although orders for automotive electronic brake system (EBS) components declined at the China operation, higher shipments from the India operation resulted in higher sales and profit. Within the Molded Products business, sales of air-conditioning-related products were generally unchanged from the previous fiscal year, but profit increased due to cost reductions. Automotive- and medical-related products achieved higher sales and profit owing to strong orders and lower costs.

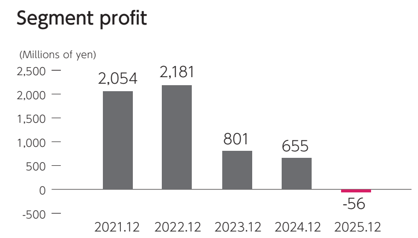




Chemicals

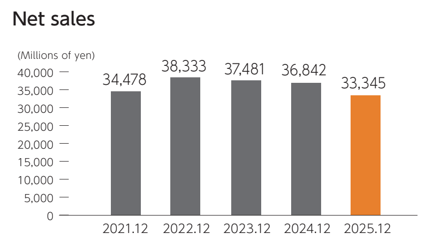
The Chemicals business reported sales of ¥9,736 million (down 11.8% year on year) and a segment loss of ¥56 million (a deterioration of ¥711 million year on year). Thermal insulation products reported lower sales and profit due to decreased orders for refrigeration and freezing facilities, liquid materials for housing, and civil engineering applications. Carbon separators for fuel cells recorded lower sales and a wider loss as orders declined amid a slowdown in the hydrogen market. Functional chemical products recorded sales generally in line with the previous fiscal year, while profit increased because of cost reductions. Research and development expenses for the Chemicals business as a whole increased as commercialization activities progressed.

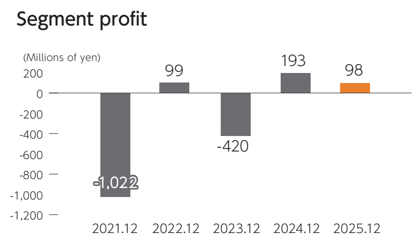




Textiles

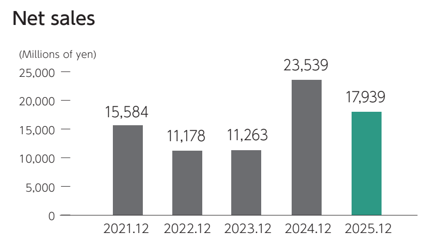
The Textiles business reported sales of ¥33,345 million (down 9.5% year on year) and segment profit of ¥98 million (down 49.0% year on year). The Shirts business, including TOKYO SHIRTS CO., LTD., reported lower sales and weaker earnings mainly due to sluggish orders for APOLLOCOT shirts (Super Shape-Retaining Treatment). The Uniforms business achieved higher sales and a smaller loss due to increased orders for custom-made corporate uniforms. The Developed Materials business recorded sales generally in line with the previous fiscal year, while losses narrowed owing to price revisions. The Brazil operation reported lower sales and profit.

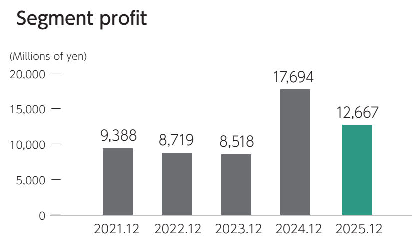




Real Estate

The Real Estate business reported sales of ¥17,939 million (down 23.8% year on year) and segment profit of ¥12,667 million (down 28.4% year on year). Although the business conducted condominium sales in Minato Ward, Tokyo, and residential land sales in the city of Okazaki, Aichi Prefecture, the year-on-year decline primarily reflects the difference in the scale of sales related to at Ario Nishiarai (Adachi-ku, Tokyo), a large commercial facility, between the previous fiscal year and the current fiscal year.





Eleven-Year Financial Summary

	2016.03	2017.03	2018.03	2018.12	2019.12	2020.12	2021.12	2022.12	2023.12	2024.12	2025.12
Operating Results (Millions of yen)											
Net Sales	¥533,989	¥527,274	¥512,047	¥416,221	¥509,660	¥457,051	¥510,643	¥516,085	¥541,211	¥494,746	¥502,339
Electronics	205,367	190,851	193,620	—	—	—	—	—	—	—	—
Wireless and Communications	—	—	—	90,427	152,212	144,312	155,084	150,392	158,081	234,515	251,837
Micro Devices	—	—	—	53,776	65,285	61,140	77,373	85,329	80,044	64,225	62,400
Automobile Brakes	165,037	146,061	154,204	135,007	131,338	114,826	138,295	153,643	178,541	58,188	57,795
Precision Instruments	29,525	60,687	64,918	62,219	65,428	51,419	55,768	53,655	53,265	54,161	55,442
Chemicals	8,285	9,482	11,285	8,173	9,390	9,577	11,083	12,673	11,433	11,040	9,736
Textiles	60,127	55,842	54,639	43,659	49,505	33,957	34,478	38,333	37,481	36,842	33,345
Papers	32,584	32,647	—	—	—	—	—	—	—	—	—
Real Estate	8,357	8,083	8,405	4,236	11,655	20,279	15,584	11,178	11,263	23,539	17,939
Other Businesses	24,703	23,616	24,973	18,720	24,844	21,538	22,974	10,879	11,100	12,232	13,841
Operating Income (Loss)	12,617	4,890	15,085	△2,505	6,482	1,248	21,788	15,435	12,453	16,581	26,401
Net Income (Loss) Attributable to Owners of the Company	10,775	3,574	26,352	△7,182	△6,604	13,540	24,816	19,740	△20,045	10,277	13,920
Financial Position (Millions of yen)											
Equity	¥284,471	¥275,753	¥290,434	¥264,849	¥252,535	¥242,067	¥272,631	¥278,498	¥277,459	¥297,785	¥316,591
Total Assets	651,793	646,288	651,958	622,381	617,527	581,204	604,799	616,273	675,042	680,112	667,817
Capital Expenditures	22,861	30,505	30,103	27,199	32,387	25,869	26,481	29,016	31,266	27,908	19,925
Depreciation and Amortization	22,570	22,263	22,183	19,816	24,954	22,124	23,165	25,087	25,841	25,937	25,599
Cash Flows (Millions of yen)											
Net Cash Provided by Operating Activities	¥39,566	¥26,768	¥32,414	¥15,495	¥26,249	¥42,590	¥39,827	¥19,585	¥23,512	¥28,371	¥49,337
Net Cash Provided by (Used in) Investing Activities	△22,793	△31,429	△1,797	△20,723	△21,759	△6,321	△16,767	△11,692	△46,512	△20,861	△10,842
Net Cash Provided by (Used in) Financing Activities	△9,044	3,595	△34,784	11,935	△10,065	△24,230	△30,818	△8,888	25,387	△8,750	△46,203
Per Share (Yen)											
Net Income (Loss) Attributable to Owners of the Company	¥67.93	¥22.52	¥160.59	¥△43.26	¥△39.45	¥81.38	¥149.08	¥121.06	¥△127.61	¥65.40	¥89.07
Shareholders' Equity	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	1,716.57	1,839.47
Cash Dividend	30.00	30.00	30.00	30.00	30.00	30.00	30.00	34.00	36.00	36.00	36.00
Key Ratios (%)											
Shareholders' Equity Ratio	35.9	35.5	41.2	40.1	38.6	39.4	42.8	42.8	37.1	39.7	43.0
Return on Assets (ROA)	1.6	0.6	4.1	△1.1	△1.1	2.3	4.2	3.2	△3.0	1.5	2.1
Return on Equity (ROE)	4.4	1.5	10.6	△2.8	△2.7	5.8	10.2	7.6	△7.8	4.0	5.0
Payout Ratio	44.2	133.2	18.7	—	—	36.9	20.1	28.1	—	55.0	40.4

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.

Five-Year Non-Financial Summary

	Subject	Unit	2021	2022	2023	2024	2025
Environmental Data							
Net Greenhouse Gas Emissions (Scope 1 + Scope 2)*[1]	Nisshinbo Group	Thousand t-CO_2e	567.4	438.0	368.5	305.0	295.0
Greenhouse Gas Emissions (Scope 3)*[1]	Nisshinbo Group	Thousand t-CO_2e	1,692.1	1,604.5	1,914.5	1,304.6	1,386.3
Total Energy Consumption	Nisshinbo Group	Million GJ	9.96	8.94	8.62	6.41	6.26
Raw Material Inputs	Nisshinbo Group	Thousand t	264.2	204.5	251.7	138.6	173.2
Volume of Waste Generated	Nisshinbo Group	Thousand t	55.7	51.8	52.4	31.1	31.2
Recycling Rate	Nisshinbo Group	%	87.8	83.9	87.9	91.9	92.5
Water Withdrawal*[2]	Nisshinbo Group	Thousand m^3	7,146	6,341	6,567	6,038	5,959
Water Effluents Discharged	Nisshinbo Group	Thousand m^3	6,811	5,719	5,838	5,435	5,379
Volume of PRTR Substance Emissions*[3]	Nisshinbo Group	t	17.5	21.2	23.6	20.8	15.4
Social Data							
Number of Regular Employees	Nisshinbo Group	People	20,917	20,384	17,084	18,537	17,479
Male	Nisshinbo Group	People	15,337	14,558	11,970	13,568	12,745
Female	Nisshinbo Group	People	5,580	5,826	5,114	4,969	4,734
Number of Hires (Regular Employees)	Nisshinbo Group	People	3,055	3,363	1,982	1,616	1,328
(New graduates hired in Japan) (Male)		People	167	202	189	234	207
(New graduates hired in Japan) (Female)		People	41	58	60	66	62
Ratio of Female to Management Employees	Nisshinbo Group	%	6.6	7.5	7.2	7.7	7.8
Acquisition Rate of Childcare Leave (Male)	Nisshinbo Holdings	%	40.0	30.0	100.0	Not applicable	100.0
Acquisition Rate of Childcare Leave (Female)	Nisshinbo Holdings	%	100.0	100.0	100.0	100.0	200.0
Ratio of Employees Taking Paid Leave	Nisshinbo Group in Japan	%	57.2	64.1	64.2	72.9	68.2
Number of Serious Accidents	Nisshinbo Group	Number of incidents	0	0	0	0	0
Ratio of Regular Health Examination	Nisshinbo Group in Japan	%	99.1	98.5	98.3	98.3	99.5
Governance Data	Nisshinbo Holdings						
Total Directors		People	12	12	11	10	9
Outside Directors		People	5	5	5	5	5
(Outside Director Ratio)		%	41.7	41.7	45.5	50.0	55.5
Female Directors		People	2	2	2	2	2
(Female Director Ratio)		%	16.7	16.7	18.2	20.0	22.2

Notes: 1. From FY2024 onward, the Nisshinbo Group has calculated greenhouse gas emissions primarily in accordance with the GHG Protocol, with reference to the Act on Promotion of Global Warming Countermeasures of Japan. Until FY2023, emissions were calculated with reference to the Act on Promotion of Global Warming Countermeasures. Net greenhouse gas emissions represent greenhouse gas emissions (Scope 1 + Scope 2) after the application of carbon offsets.
2. With reference to GRI 303: Water and Effluents 2018, total water withdrawal comprises water supplied by third parties (tap water and industrial water), groundwater, and surface water (river water and rainwater). Water reused within business sites is excluded. Rainwater withdrawal includes only quantities that can be measured.
3. Pollutant Release and Transfer Register (PRTR) substances are those subject to the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof of Japan, which requires the measurement and reporting of releases and transfers.

The data primarily cover Nisshinbo Holdings Inc. and its consolidated subsidiaries. For details of each data item, please refer to the Sustainability Data section.
https://www.nisshinbo.co.jp/english/sustainability/datadownload.html

Consolidated Balance Sheet

December 31, 2025 and 2024

(Millions of yen)

	2024.12	2025.12
ASSETS		
Current assets:		
Cash and cash equivalents	¥50,411	¥45,625
Notes and accounts receivable—trade, and contract assets	129,992	135,214
Electronically recorded monetary claims—operating	16,140	17,471
Merchandise and finished goods	53,277	55,243
Work in process	64,181	65,655
Raw materials and supplies	45,369	40,827
Other	12,846	10,495
Allowance for doubtful accounts	△1,102	△470
Total current assets	371,117	370,062
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	61,374	61,266
Machinery, equipment and vehicles, net	49,375	44,520
Land	39,351	38,297
Construction in progress	13,409	9,618
Other, net	14,980	14,150
Total property, plant and equipment	178,491	167,854
Intangible assets		
Goodwill	1,085	548
Other	12,280	10,364
Total intangible assets	13,366	10,913
Investments and other assets		
Investment securities	69,917	70,275
Long-term loans receivable	1,587	896
Retirement benefit asset	22,138	30,681
Deferred tax assets	2,855	3,487
Other	20,996	14,738
Allowance for doubtful accounts	△359	△1,091
Total investments and other assets	117,137	118,986
Total non-current assets	308,994	297,754
TOTAL ASSETS	¥680,112	¥667,817

(Millions of yen)

	2024.12	2025.12
LIABILITIES		
Current liabilities:		
Notes and accounts payable—trade	¥38,274	¥41,102
Electronically recorded obligations—operating	22,443	20,852
Short-term borrowings	47,311	19,931
Commercial paper	30,000	29,000
Current portion of long-term borrowings	9,714	14,145
Income taxes payable	2,736	5,501
Provision for product warranties	1,140	1,404
Provision for bonuses	3,301	4,713
Provision for bonuses for directors (and other officers)	103	106
Provision for loss on construction contracts	1,170	930
Provision for business restructuring	—	84
Provision for contingent loss	475	490
Other	42,210	43,444
Total current liabilities	198,881	181,707
Non-current liabilities:		
Long-term debt	130,160	116,515
Deferred tax liabilities	7,608	14,200
Retirement benefit liability	38,168	31,729
Asset retirement obligations	808	938
Other	6,700	6,134
Total non-current liabilities	183,445	169,518
TOTAL LIABILITIES	382,327	351,225
NET ASSETS		
Shareholders' equity:		
Share capital	27,807	27,841
Capital surplus	18,948	18,982
Retained earnings	176,167	184,763
Treasury stock	△13,237	△14,177
Total shareholders' equity	209,685	217,409
Accumulated other comprehensive income:		
Net unrealized (loss) gain on available-for-sale securities	25,436	25,757
Deferred (loss) gain on derivatives under hedge accounting	31	12
Foreign currency translation adjustments	28,145	31,247
Postretirement liability adjustments	6,488	12,893
Accumulated other comprehensive income	60,103	69,912
Non-controlling interests	27,996	29,269
TOTAL NET ASSETS	297,785	316,591
TOTAL	¥680,112	¥667,817

Consolidated Statement of Profit or Loss

Years Ended December 31, 2025 and 2024

(Millions of yen)

	2024.12	2025.12
NET SALES	¥494,746	¥502,339
COST OF SALES	385,413	384,789
GROSS PROFIT	109,332	117,550
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	92,751	91,149
OPERATING INCOME	16,581	26,401
NON-OPERATING INCOME:		
Interest income	1,314	980
Dividend income	1,251	1,330
Equity in earnings of unconsolidated subsidiaries and affiliates	3,639	4,078
Foreign exchange gains	2,438	—
Miscellaneous income	3,004	1,401
Total non-operating income	11,649	7,791
NON-OPERATING EXPENSES:		
Interest expenses	2,385	2,894
Foreign exchange losses	—	178
Miscellaneous losses	1,442	1,792
Total non-operating expenses	3,827	4,865
ORDINARY PROFIT	24,403	29,327
EXTRAORDINARY INCOME		
Gain on sale of non-current assets	390	690
Gain on sale of investment securities	2,251	5,304
Gain on sale of shares of subsidiaries and associates	—	941
Subsidy income	174	—
Gain on reversal of share acquisition rights	38	—
Total extraordinary income	¥2,855	¥6,936

(Millions of yen)

	2024.12	2025.12
EXTRAORDINARY LOSSES:		
Loss on sale of non-current assets	¥56	¥78
Impairment losses	564	4,908
Loss on abandonment of non-current assets	91	332
Loss on sale of investment securities	0	32
Loss on valuation of investment securities	261	1,081
Loss on liquidation of business	1,648	213
Business restructuring expenses of subsidiaries	715	4,530
Provision for business restructuring	—	84
Total extraordinary losses	3,338	11,260
INCOME BEFORE INCOME TAXES	23,919	25,002
INCOME TAXES—CURRENT	4,415	7,560
INCOME TAXES—DEFERRED	8,551	2,544
TOTAL INCOME TAXES	12,966	10,105
NET INCOME	10,953	14,897
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	675	977
NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	¥10,277	¥13,920

Consolidated Statement of Comprehensive Income

Years Ended December 31, 2025 and 2024

(Millions of yen)

	2024.12	2025.12
NET INCOME	¥10,953	¥14,897
OTHER COMPREHENSIVE INCOME:		
Net unrealized (loss) gain on available-for-sale securities	1,497	338
Deferred (loss) gain on derivatives under hedge accounting	45	△18
Foreign currency translation adjustments	9,410	3,493
Postretirement liability adjustments	2,670	6,553
Equity in earnings of unconsolidated subsidiaries and affiliates	1,242	△99
Total other comprehensive income	¥14,867	¥10,267

(Millions of yen)

	2024.12	2025.12
COMPREHENSIVE INCOME	¥25,820	¥25,164
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	24,448	23,729
Non-controlling interests	¥1,371	¥1,435

Consolidated Statement of Cash Flows

Years Ended December 31, 2025 and 2024

(Millions of yen)

	2024.12	2025.12
OPERATING ACTIVITIES:		
Income before income taxes	¥23,919	¥25,002
Depreciation and amortization	25,937	25,599
Impairment losses	564	4,908
Amortization of goodwill	404	469
Provision for (reversal of) doubtful receivables	△1,302	93
Increase (decrease) in liabilities for retirement benefits	△2,029	△4,719
Interest and dividend income	△2,566	△2,311
Interest expenses	2,385	2,894
Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	△3,639	△4,078
Loss (gain) on sale of investment securities	△2,250	△5,271
Loss (gain) on valuation of investment securities	261	1,081
Loss (gain) on transfer of stocks of subsidiaries and affiliates	—	△941
Loss (gain) on sale of property, plant, and equipment, net	△242	△278
Subsidy income	△174	—
Loss on liquidation of business	1,648	213
Business restructuring expenses of subsidiaries	715	4,530
Provision for business restructuring	—	84
Decrease (increase) in trade receivables and contract assets	△13,389	△5,733
Decrease (increase) in inventories	7,940	1,338
Increase (decrease) in trade payables	△7,590	631
Other—net	△2,754	6,467
Subtotal	27,837	49,978
Interest and dividends received	4,866	10,463
Interest paid	△2,357	△2,905
Subsidies received	174	—
Business restructuring expenses of subsidiaries paid	△328	△3,473
Income taxes paid	△4,376	△5,081
Income taxes refund	2,555	356
Net cash provided by (used in) operating activities	¥28,371	¥49,337

(Millions of yen)

	2024.12	2025.12
INVESTING ACTIVITIES:		
Payments into time deposits	¥ —	¥△1,608
Proceeds from withdrawal of time deposits	2,515	—
Purchase of property, plant and equipment	△24,848	△16,839
Proceeds from sale of property, plant and equipment	609	2,228
Purchase of investment securities	△114	△339
Proceeds from sale of investment securities	3,640	6,846
Decrease (increase) in short-term loans receivable	△162	44
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△1,110	—
Other—net	△1,392	△1,173
Net cash provided by (used in) investing activities	¥△20,861	¥△10,842
FINANCING ACTIVITIES:		
Increase (decrease) in short-term bank loans—net	¥△36,799	¥△27,555
Increase (decrease) in commercial paper	—	△1,000
Proceeds from long-term debt	51,200	700
Repayment of long-term debt	△13,528	△9,914
Proceeds from long-term deposits received	110	55
Refund of long-term deposits received	△1,785	△82
Purchase of treasury stock	△1	△939
Cash dividends paid	△5,657	△5,640
Dividends paid to non-controlling interests	△328	△161
Other—net	△1,960	△1,664
Net cash provided by (used in) financing activities	△8,750	△46,203
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,552	865
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	311	△6,842
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	49,918	50,411
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN SCOPE OF CONSOLIDATION	181	486
CASH AND CASH EQUIVALENTS, END OF YEAR	¥50,411	¥44,055

Segment Information

Years Ended December 31, 2025 and 2024

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	¥337,540	¥86,424	¥94,789	¥86,530	¥11,462	¥41,860	¥40,245	¥698,853	¥42,055	¥740,908
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.

2025

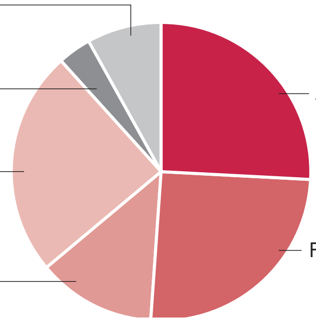
(Millions of yen)

	Reporting Segments								Other Businesses*	Consolidated
	Wireless and Communications	Micro Devices	Automobile Brakes	Precision Instruments	Chemicals	Textiles	Real Estate	Subtotal		
Sales:										
Sales to external customers	¥251,837	¥62,400	¥57,795	¥55,442	¥9,736	¥33,345	¥17,939	¥488,498	¥13,841	¥502,339
Intersegment sales or transfers	395	640	12	136	395	43	1,486	3,110	1,688	4,799
Total	¥252,233	¥63,040	¥57,808	¥55,578	¥10,132	¥33,389	¥19,426	¥491,608	¥15,529	¥507,138
Segment profit (loss)	¥17,668	¥△5,505	¥3,385	¥2,976	¥△56	¥98	¥12,667	¥31,235	¥373	¥31,609
Segment assets	¥343,608	¥89,753	¥96,240	¥80,396	¥8,290	¥40,106	¥39,805	¥698,200	¥44,933	¥743,134
Other:										
Depreciation and amortization	¥7,508	¥5,217	¥4,872	¥4,761	¥496	¥1,523	¥932	¥25,312	¥169	¥25,481
Increase in property, plant and equipment and intangible assets	¥5,183	¥5,733	¥3,844	¥3,197	¥777	¥1,159	¥338	¥20,235	¥74	¥20,309

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

Founded	February 5, 1907
Common Stock	¥27,841 million
Employees	
Parent Company	175
Subsidiaries	17,636
Total	17,811
Head Office	2-31-11, Ningyo-cho, Nihonbashi, Chuo-ku, Tokyo 103-8650, Japan
Shareholders	65,549

Composition of Shareholders



Basic Stock Information

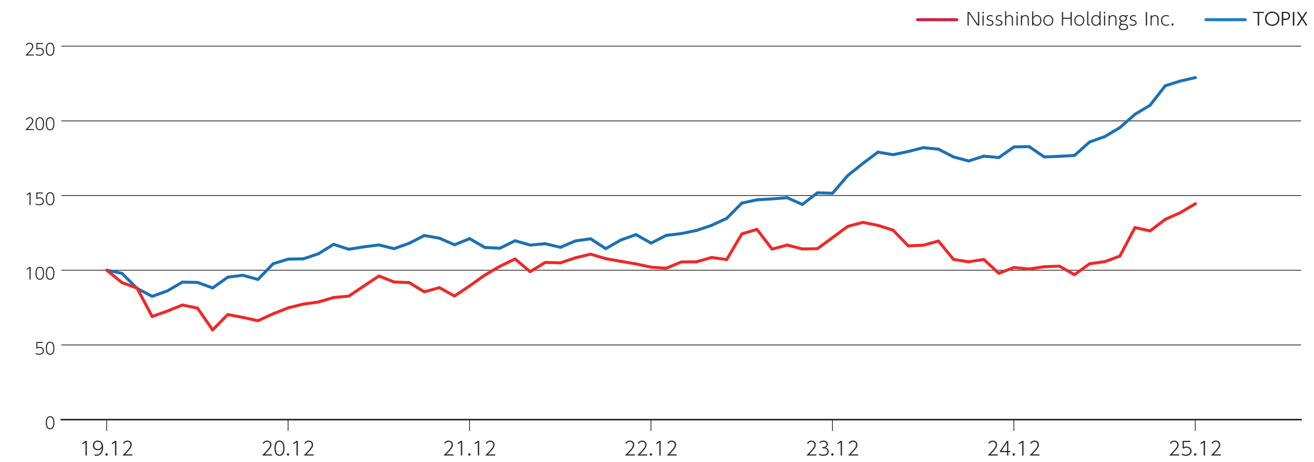
Sector	Electrical equipment
Stock code	3105
Number of shares per trading unit	100 shares
Business year	January 1 to December 31
Shareholder record date for dividends	December 31 (June 30 for interim dividend)
Total shares authorized	371,755,000 shares
Total shares issued	169,328,839 shares (As of December 31, 2025)
Treasury stock	13,130,169 shares (As of December 31, 2025)
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, 2025)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,020	14.7
Fukoku Mutual Life Insurance Company	9,000	5.8
Custody Bank of Japan, Ltd. (Trust Account)	7,924	5.1
Teijin Limited	3,158	2.0
Nisshinbo Group Employees' Shareholding Association	2,406	1.5
NORTHERN TRUST CO. (AVFC) RE WS WALES PENSION PARTNERSHIP (WALES PP) ASSET POOLING ACS UMBRELLA	2,334	1.5
Japan Wool Textile Co., Ltd.	2,282	1.5
JP MORGAN CHASE BANK 385781	1,962	1.3
STATE STREET BANK AND TRUST COMPANY 505103	1,931	1.2
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	1,918	1.2

Total Shareholder Return (5-Year Period)



	20.12	21.12	22.12	23.12	24.12	25.12
Nisshinbo Holdings Inc.	74.8	89.5	102.0	121.8	101.8	144.5
TOPIX	107.4	121.1	118.1	151.5	182.5	228.9

Note: Share price index trends including dividends (December 31, 2019 = 100)

ESG Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

FTSE Russell confirms that Nisshinbo Holdings. Inc., has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Index

FTSE Russell confirms that Nisshinbo Holdings Inc, has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

MSCI ESG RATINGS

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)

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S&P/JPX Carbon Efficient Index

S&P/JPX カーボン エフィシェント 指数

SOMPO Sustainability Index

2025 Sompo Sustainability Index

External Recognition of ESG Initiatives

Received a B rating for Climate Change and Water Security, and a C rating for Forests in the CDP 2025 ratings

CDP Discloser 2025

Received an overall rating of 3.5 stars in the 7th Nikkei SDGs Management Survey

NIKKEI SDGs

Highly rated in Toyo Keizai's CSR Company Rankings 2026

CSR TOYOKEIZAI

Certified as a 2026 Health & Productivity Management Outstanding Organization

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

2026 健康経営優良法人 KENKO Investment for Health 中小規模法人部門

Certified as a "Kurumin" Childcare Support Company

2023年認定 くるみん 子育てサポートしています

Certified as an "Eruboshi" company for promoting women's advancement

女性が活躍しています!

Japan Radio Co., Ltd.

女性が活躍しています!

Nisshinbo Micro Devices Inc.