Financial Results for FY2024

Results for FY2024 and Progress of Medium-Term Strategy

February 12, 2025

Nisshinbo Holdings Inc.

Results for FY2024 and Progress of Medium-Term Strategy

1. Overview of the financial results for FY2024
2. Progress of the Medium-Term Management Plan 2026 (Year 1, FY2024)
3. Outlook for FY2025 and business direction
4. Strategy for the wireless and communications business
5. New R&D structure
6. Reference materials

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1. Financial results for FY2024: Business Performance Highlights

(mil. yen)

	FY2023	FY2024	Change	rate
Net sales	541,211	494,746	-46,465	▲8.6%
Operating income	12,453	16,581	+4,128	+33.1%
Ordinary income	15,785	24,403	+8,618	+54.6%
Net income Attributable to Owners of Parent	-20,045	10,277	+30,322	-

- Net sales: Decreased due to the sale of a brake business subsidiary in the previous fiscal year.
- Operating income: Increased due to the consolidation of KOKUSAI DENKI Electric (KDE) as a subsidiary.
- Net income: Turned profitable due to the absence of the extraordinary loss recorded in the previous fiscal year associated with the sale of a brake business subsidiary.

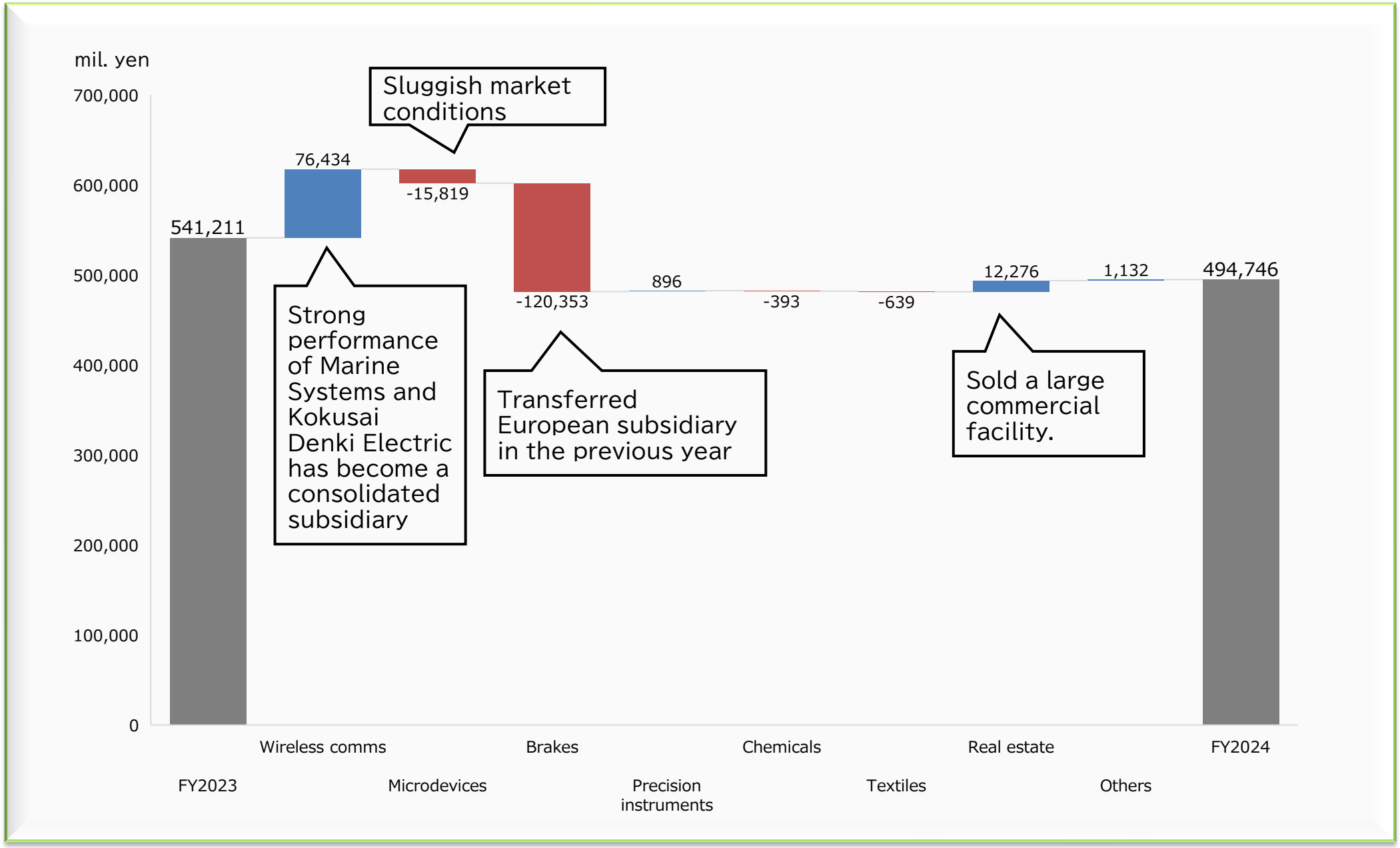
1. Financial results for FY2024： Segment Results

(mil. yen)

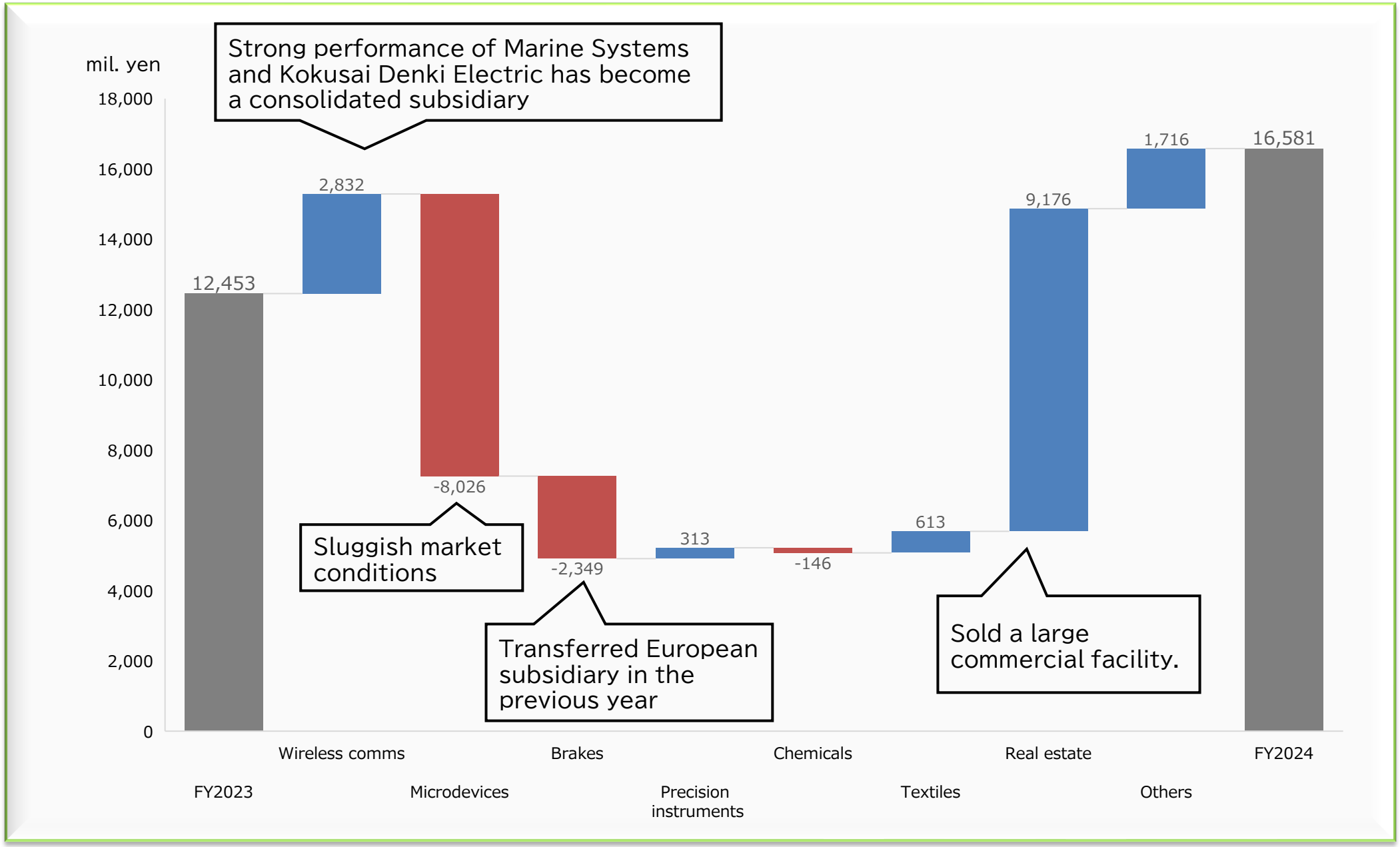
		FY2023	FY2024	Change	rate
Wireless comms	Net Sales	158,081	234,515	76,434	+48.4%
	OP	4,745	7,577	2,832	+59.7%
Micro devices	Net Sales	80,044	64,225	-15,819	▲19.8%
	OP	934	-7,093	-8,027	-
Materials	Net Sales	280,720	160,231	-120,489	▲42.9%
	OP	6,391	4,822	-1,569	▲24.6%
Brakes	Net Sales	178,541	58,188	-120,353	▲67.4%
	OP	4,682	2,333	-2,349	▲50.2%
Precision instruments	Net Sales	53,265	54,161	896	+1.7%
	OP	1,328	1,641	313	+23.6%
Chemicals	Net Sales	11,433	11,040	-393	▲3.4%
	OP	801	655	-146	▲18.2%
Textiles	Net Sales	37,481	36,842	-639	▲1.7%
	OP	-420	193	613	-
Real estate	Net Sales	11,263	23,539	12,276	+109.0%
	OP	8,518	17,694	9,176	+107.7%
Others	Net Sales	11,100	12,232	1,132	+10.2%
	OP	-8,137	-6,421	1,716	-
Total	Net Sales	541,211	494,746	-46,465	▲8.6%
	OP	12,453	16,581	4,128	+33.1%

- Wireless and Communications: In addition to the strong performance of marine systems and special equipment, sales and profits increased due to the consolidation of Kokusai Electric as a subsidiary.
- Micro Devices: Due to worsening market conditions, sales of automotive, industrial and consumer products were all sluggish, resulting in a decline in revenue and a fall into the red.
- Brakes: Revenue and profit decreased due to the sale of a European subsidiary in the previous period.
- Real estate: Increased revenue and profit due to the sale of large-scale commercial facilities

1. Financial results for FY2024： Factors affecting sales



1. Financial results for FY2024： Factors affecting operating income



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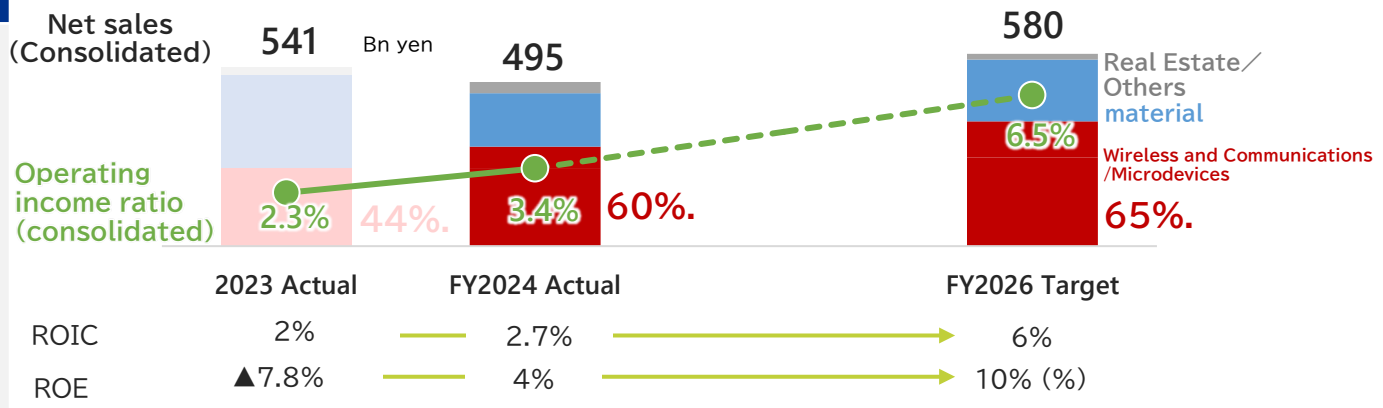
2. Progress of the Medium-Term Management Plan 2026 (Year 1, FY2024)

Medium-term Management Plan 2026 — Laying the foundation for our vision → Since 2027: Transformation of business model and realization of high profitability → what we aim: Creating Value through Connecting Technology (Connect Everything, Create Value)

	priority measures	Progress in the first year (FY2024) and future direction
1	**Pursue business portfolio transformation** ● Accelerate growth centered on wireless and telecommunications/microdevices business ● Promote growth investment and business identification ● Evaluation with awareness of corporate philosophy, growth potential, business profitability, and return on capital	● Wireless and telecommunications business will accelerate structural reforms as operating income fell short of the plan. Microdevices business was affected by delayed market recovery, but will improve by strengthening sales and other measures. ● We have made focused investments in growth businesses and evaluation of non-core areas. Going forward, we will optimize our business portfolio.
2	**Build a business model for future growth and invest management resources in a focused manner** ● Aggressive investment in wireless and telecommunications/microdevice business and creation of a business model utilizing digital technology	● In FY2024, the company steadily implemented investments in the wireless and telecommunications/microdevices business. ● Examine R&D that can create business models with wireless as core technology. Establish a new research structure that will promote business expansion through enhanced competitive advantage and innovation.
3	**Reduce management risk by further strengthening the management base** ● Respect human rights, develop business with consideration for environmental impact, attract and develop diverse human resources, promote their activities, and build a responsible supply chain. ● Improve effectiveness of corporate governance	● In FY2024, each measure was promoted and progress was generally made as planned. ● Expand initiatives in the environmental, social, and governance areas to sustainably enhance corporate value.

Cash Flow Allocation and Financial Strategy

- **Active investment in focus areas**
  - Continue to focus on wireless and communications /microdevice business (aiming for 70% investment ratio).
  - In particular, the company will aggressively invest in growth, including M&A, which will contribute to building a foundation, monetizing and expanding the scale of its wireless and communications businesses and improving the profitability of its microdevices business. (Secure investment of ¥40 billion in total for the period of Midterm Corporate Strategy 2026)
- **shareholder return**
  - There is no change in the policy of aiming for a dividend payout ratio of 40% with a minimum annual dividend of ¥36 per share.
  - While prioritizing investment for growth, the company will also flexibly implement share buybacks.



Accelerate portfolio reform and growth investments to achieve 2026 goals

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3. Outlook for FY2025 and business direction

Outlook for FY2025

(mil. yen)

	FY2024	FY2025 FC	Change	
				rate
Net sales	494,746	506,000	+11,254	+2.3%
Operating income	16,581	19,700	+3,119	+18.8%
Ordinary income	24,403	21,600	-2,803	▲11.5%
Net income Attributable to Owners of Parent	10,277	18,300	+8,023	+78.1%

Assumed exchange rate: US$1 = ¥145

Exchange sensitivity: : A depreciation of 1 yen against the U.S. dollar will have a positive impact of 250 million yen on operating income (favoring the weaker yen)

- **Expecting to see an increase in both sales and profits thanks to growth in our core wireless and communications business and the return to profitability of our microdevices business.**

3. Outlook for FY2025 and business direction

Outlook for FY2025

(mil. yen)

		FY2024	FY2025 FC	Change	rate
Wireless comms	Net Sales	234,515	242,000	7,485	+3.2%
	OP	7,577	10,000	2,423	+32.0%
Micro devices	Net Sales	64,225	72,000	7,775	+12.1%
	OP	-7,093	500	7,593	-
Materials	Net Sales	160,231	162,000	1,769	+1.1%
	OP	4,822	5,300	478	+9.9%
Brakes	Net Sales	58,188	58,000	-188	▲0.3%
	OP	2,333	2,000	-333	▲14.3%
Precision instruments	Net Sales	54,161	53,000	-1,161	▲2.1%
	OP	1,641	1,600	-41	▲2.5%
Chemicals	Net Sales	11,040	14,000	2,960	+26.8%
	OP	655	1,300	645	+98.5%
Textiles	Net Sales	36,842	37,000	158	+0.4%
	OP	193	400	207	+107.3%
Real estate	Net Sales	23,539	17,000	-6,539	▲27.8%
	OP	17,694	10,800	-6,894	▲39.0%
Others	Net Sales	12,232	13,000	768	+6.3%
	OP	-6,421	-6,900	-479	-
Total	Net Sales	494,746	506,000	11,254	+2.3%
	OP	16,581	19,700	3,119	+18.8%

- **Wireless and communications :**
  Due to the increasing severity of disasters, there is a growing demand for water management budgets and disaster prevention information systems, etc., and we expect to see an increase in orders for solutions and special equipment, etc., leading to an increase in both sales and profits.
- **Microdevices :**
  In addition to cost reduction efforts, we expect to return to profitability due to market recovery from the second half of the year.

3. Business Outlook and Business Direction for FY2025

2025 Policy: "Accelerate transformation and promote structural reforms."

= Ensure profitability + Promote creation of new business models

(Short-term promotion)

Promotion of selection, concentration and structural reform

- Implemented structural reform of wireless and telecommunications business
- Fundamental review of the business portfolio of the Microdevices business
- Material Business Policy Decision

This document outlines the strategy for the core wireless and communications business and
Report on the status of consideration of changes to the R&D structure

- Details of the plan will be announced in due course.

(Medium- to long-term initiatives)

Ensuring Profitability

Growth measures for the core wireless and communications business

- Execution of strategies for public and private demand business in the wireless and communications business
- Expansion of EMS (Electronics Manufacturing Service) business

Creation of new business models

- Start of New R&D Structure
- Enhancing Software Technology
- Strengthen new business models, M&A

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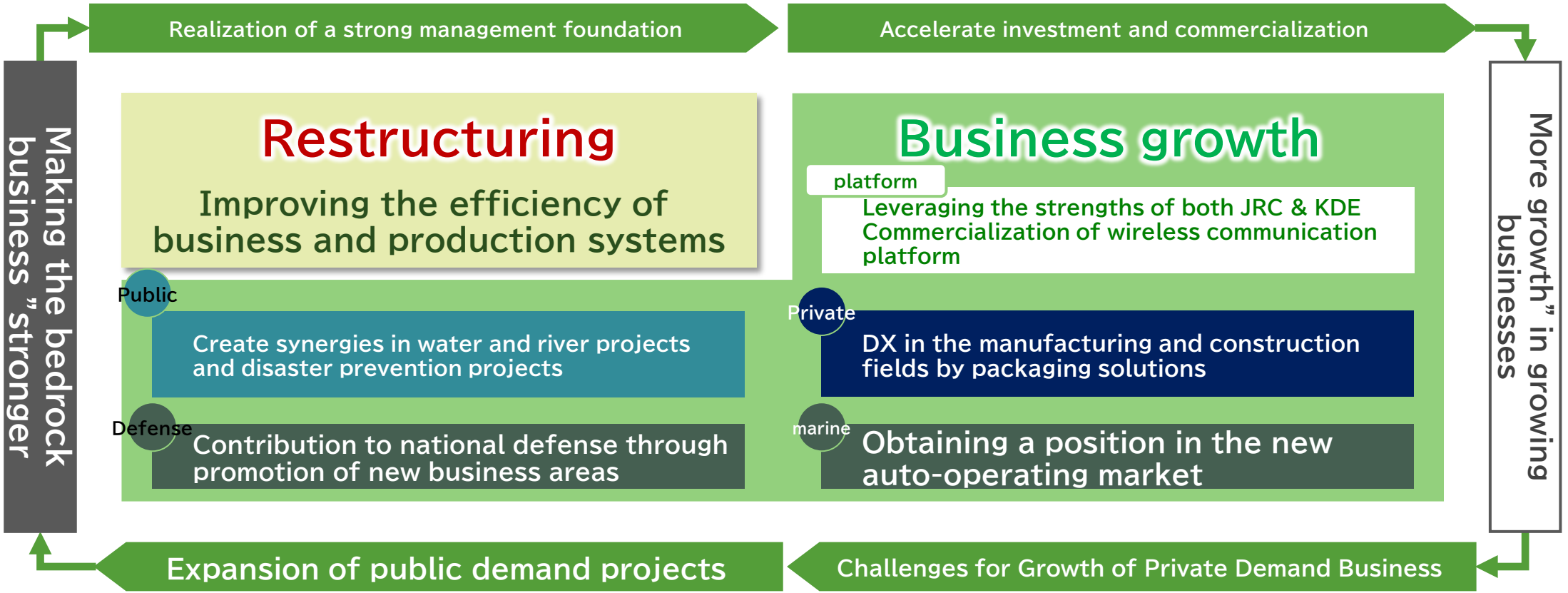
Strategies for Wireless and Communications Businesses

- After the acquisition of Kokusai Electric as a subsidiary on December 27, 2023, the strategy for the wireless and telecommunications segment will be discussed among the operating companies, including the Japan Radio Group and JRC Mobility.
- To ”strengthen” the public demand business as a bedrock business and ”expand” the private demand business as a growth business Promote structural reforms and initiatives for business growth



Strategies for Wireless and Communications Businesses

Initiatives to achieve profitability through structural reforms

- Japan Radio Group's Sanctuary-Free Structural Reforms - Using Kokusai Denki Electric as a Leading Example
  - ① Simplification of business structure
  - ② Simplification of production system

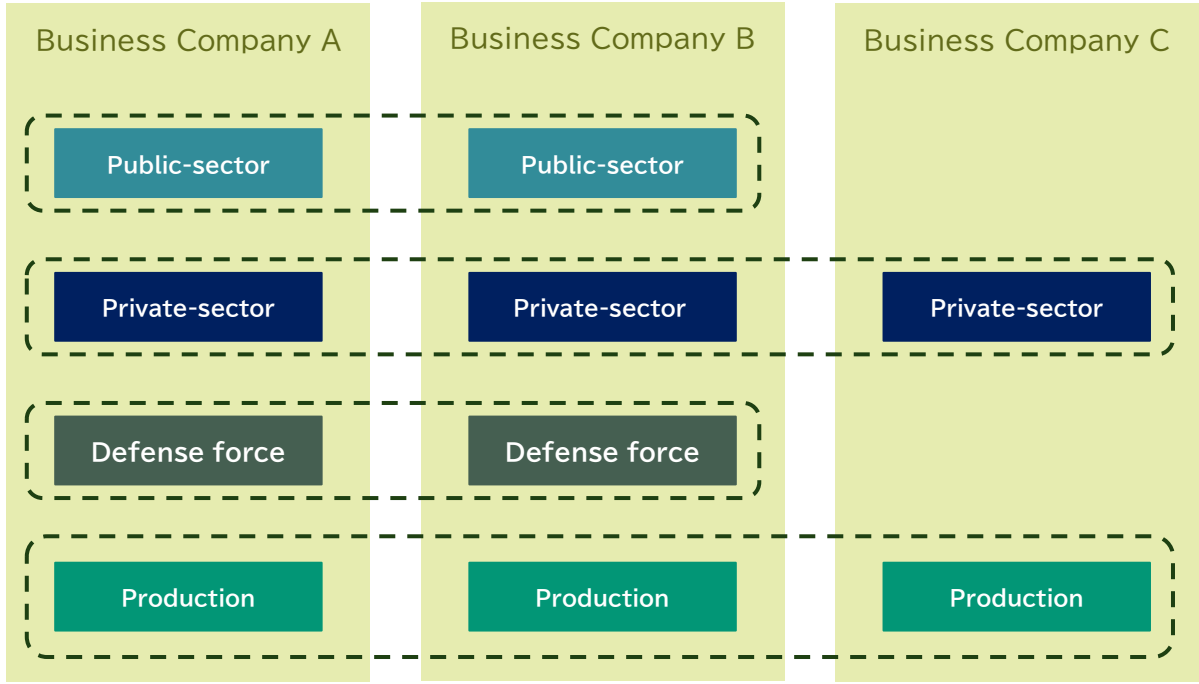
(1) Simplification/reorganization of business structure

- Integrated management of each company's related businesses
  - Integrate highly related businesses to reduce duplicated operations, enhance intra-group synergies, and expand sales opportunities.

(2)Simplification/reorganization of production system

- Integrated management of each company's production and procurement functions
  - Reduced duplicated operations, optimized inventory, and improved production efficiency by integrating production and procurement bases that had not been well coordinated.

Japan Radio Group companies (*image)



Strategies for Wireless and Communications Businesses

Initiatives to Accelerate Business Growth: Public and Private Demand Business

- Positioning the know-how and track record of ”wireless communications” that both companies have provided to customers as a platform for all business operations
- Providing solutions to solve front-line workers’ problems based on wireless communications, sensing, and AI.

Public-sector

waterworks

Application of video and AI to flood control management

river projects

SRS*1 for stream maintenance efficiency

Disaster Prevention Business

Seamless cooperation between the prefecture and municipalities

Estimated Synergies (Cumulative total through ~2026)	Net sales 4 billion yen

JRC × 国際電気

Know-how & Achievements

public　social infrastructure　industry

application

Collaborative Creation with Customers
Front Line Worker Solutions

Platform Solution Business

data collection

On-site sensing and analysis
Edge Sensor/Edge AI

accumulate analysis

Data Utilization with AI
data platform

transmission

Standardizing Know-How
Wireless communication platform

Private-sector

Improved efficiency of manufacturing sites

Smart Factory Business

The Challenge of Smart Infrastructure and Workplaces

Preventive maintenance using IoT for equipment and work vehicles at construction sites and work sites + predictive diagnostics based on AI analysis

Realization of CBM*2 for telecommunication facilities

Improved efficiency of train operations

Realization of one-man operation by AI + car-side camera

one-man operation

Estimated Business Synergies (Cumulative total through ~2026)	Net sales 3 billion yen

Strategies for Wireless and Communications Businesses

Initiatives to Accelerate Business Growth: Other Businesses

- Special equipment : Further contribution to national defense by working on new businesses in the electromagnetic wave area and security field
- Marin: ”Smart Ship” solution*1 to gain a position in the new market for automated voyages

Defense force

- Growth phase in existing businesses due to expansion of the budget of the Ministry of Defense in response to changes in the security environment
- Further contribution to national defense through initiatives in new business areas, including the urgent need to fundamentally strengthen defense capabilities and respond to new domains (space, cyber, and electromagnetic waves)

Existing business

- radar system
- communications equipment
- Avionics (Avionics onboard electronics)
- Education and Training System

New business

- Business for Electromagnetic Wave Domain
- Security Field

Marine

- Leading the world in smart ship solution development
  ~Improving operational efficiency, reducing maritime accidents, and protecting the environment

(1) Advanced automatic flight operation support

(2) Assistance in determining the optimal route

- Contribution to international standardization of ship-related equipment

International organizations such as ITU*2 , IMO *3
As the chairman of the WG, he leads the introduction of next-generation technologies for ship communications and navigation, as well as standardization recommendations and formulation.

Strategies for Wireless and Communications Businesses

- Details of structural reforms will be announced as decisions are made
- Toward business growth, promote investment and commercialization of public and private demand projects, expand projects and expand ability to solve customer issues

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5. New R&D structure

New R&D structure aimed at guiding the future of the Nisshinbo Group's operating companies

(The current research organization will be reorganized and integrated as of April 1, 2025.)

Current research organizations in the electronics field

- New Business Development Division, Nisshinbo HD
- Digital Business Promotion Office, Nisshinbo HD
- New Business Development Division, Japan Radio Co.
- Research & Development Dept. , Japan Radio Co.
- New Business Development Division, Nisshinbo Microdevices Inc.
- Kokusai Denki Electric

integration

Nisshinbo HD Future Innovation Division

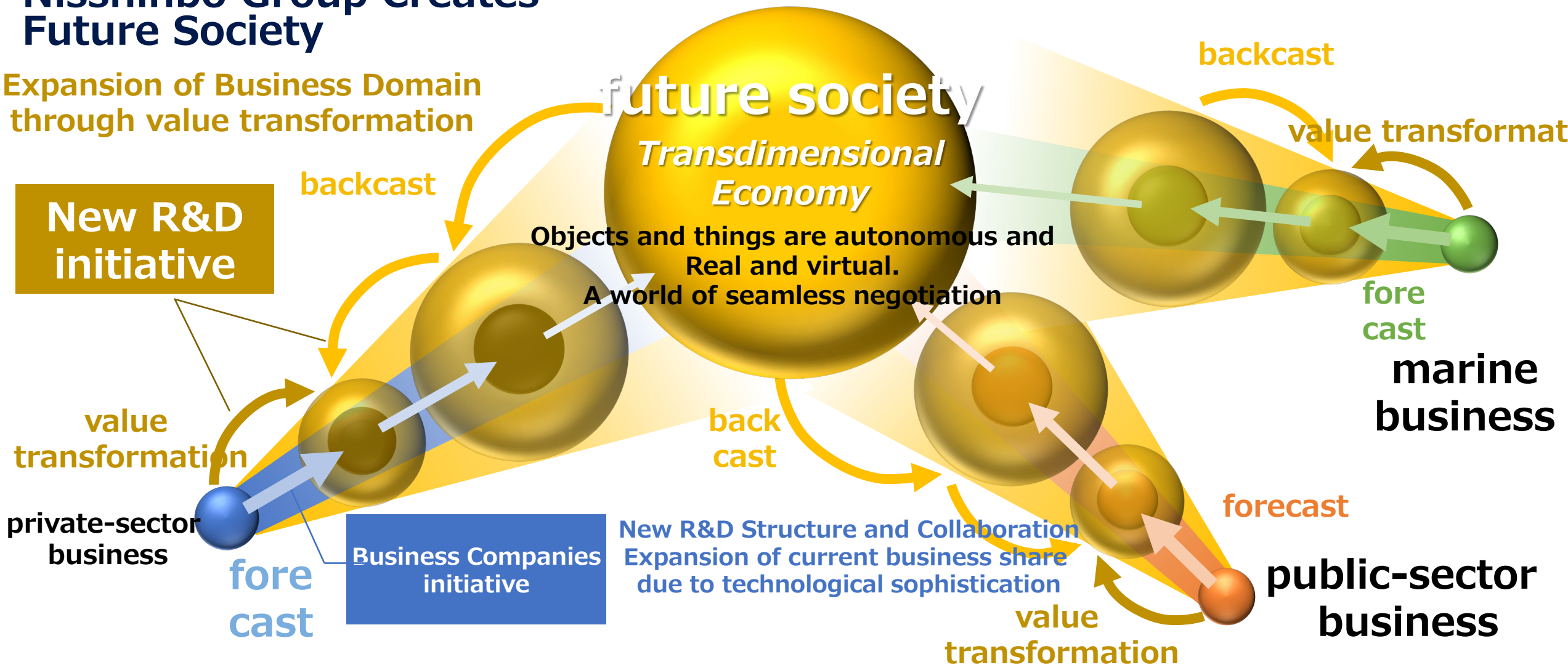
Transition from technology R&D to **business R&D**

- Strengthening the **competitive advantage of** current businesses and
  Innovation promotion (business expansion)
- Digital and AI-first approach to goods and services based on current business
  Initiatives for **goods and services**

New organization to be established in April 2025 through the consolidation of Nisshinbo HD and Japan Radio Co.
Examining how Nisshinbo Microdevices and Kokusai Denki Electric will be involved in the future.

5. New R&D structure

Nisshinbo Group Creates Future Society



《Drawing up the position and strengths of each business in the future society and backcasting》.

Net sales and Operating Income by Segments

Reference materials

(mil. yen)

Segments	Subsegments	FY2024 FC		FY2023		FY2024		Change		FY2025 FC	
		Net sales	O.P.	Net sales	O.P.	Net sales	O.P.	Net sales	O.P.	Net sales	O.P.
Wireless and Communications	Marine Systems	42,400	1,600	43,938	2,811	51,413	4,537	7,475	1,726	50,300	3,600
	(JRC)	66,300	1,200	62,792	946	63,814	233	1,022	-713	69,000	1,700
	(KDE)	68,000	3,600	-	-	71,061	3,742	71,061	3,742	70,000	4,900
	Solutions & Defense	134,300	4,800	62,792	946	134,875	3,975	72,083	3,029	139,000	6,600
	Mobilities	58,000	1,700	54,216	999	51,599	-862	-2,617	-1,861	54,900	0
	Elimination	-3,700	-100	-2,865	-11	-3,372	-73	-507	-62	-2,200	-200
	Total	231,000	8,000	158,081	4,745	234,515	7,577	76,434	2,832	242,000	10,000
Micro Devices		88,000	3,900	80,044	934	64,225	-7,093	-15,819	-8,027	72,000	500
Brakes	Nisshinbo Brake	60,000	1,400	63,155	1,760	63,050	2,116	-105	356	63,000	2,000
	TMD	0	0	122,043	2,761	-	-	-122,043	-2,761	-	-
	Elimination	-5,000	0	-6,661	160	-4,862	216	1,799	56	-5,000	0
	Total	55,000	1,400	178,541	4,682	58,188	2,333	-120,353	-2,349	58,000	2,000
Precision Instruments		57,000	2,300	53,265	1,328	54,161	1,641	896	313	53,000	1,600
Chemicals		13,000	1,300	11,433	801	11,040	655	-393	-146	14,000	1,300
Textiles		40,000	900	37,481	-420	36,842	193	-639	613	37,000	400
Real Estate		17,000	11,500	11,263	8,518	23,539	17,694	12,276	9,176	17,000	10,800
Other businesses, Coporate costs		12,000	-5,300	11,100	-8,137	12,232	-6,421	1,132	1,716	13,000	-6,900
Total		513,000	24,000	541,211	12,453	494,746	16,581	-46,465	4,128	506,000	19,700

NISSHINBO

The earnings forecasts contained in this document are based on the Company's judgments in accordance with the information currently available and do not constitute a promise that they will be achieved.