



Financial Results for FY2024 2Q

August 7, 2024

Nisshinbo Holdings Inc.



1. **FY2024 2Q Results Overview**
2. **Sales and Operating Income by Segment**
3. **Hitachi Kokusai Electric Inc.
Business Introduction**

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.

Financial Highlights (y/y)

	FY2023 2Q	FY2024 2Q	Change		(mil. yen) FY2024 FC
				rate	
Net sales	269,367	240,022	-29,345	▲10.9%	513,000
Operating income	12,000	6,715	-5,284	▲44.0%	24,000
Ordinary income	15,771	11,092	-4,679	▲29.7%	26,000
Net income Attributable to Owners of Parent	11,627	8,936	-2,691	▲23.1%	19,000

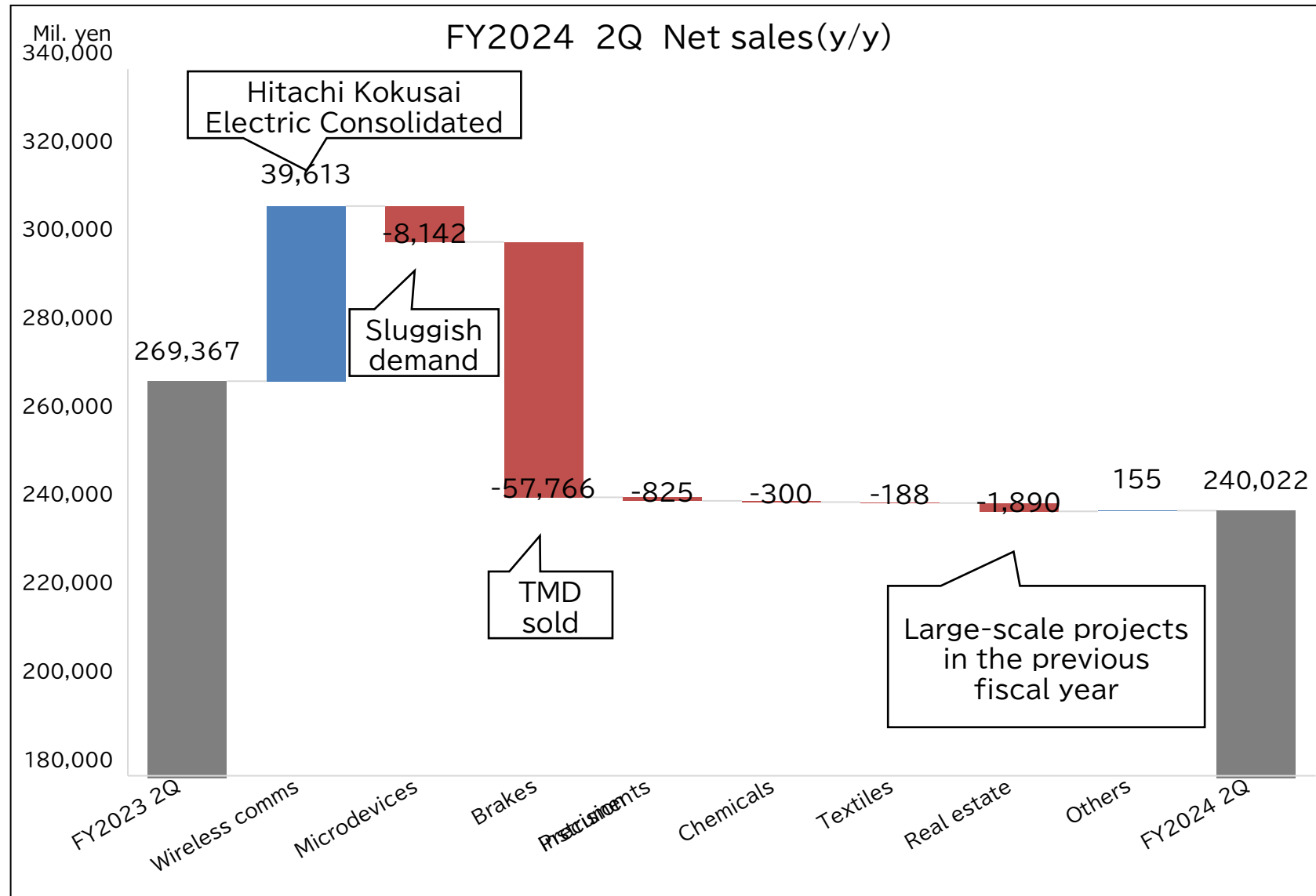
- Both sales and profits increased in the Wireless and Communications segment, mainly due to the inclusion of the Hitachi Kokusai Electric Group's operating results from the beginning of the fiscal year. However, overall group sales and income decreased due to a decline in the brake business following the transfer of the TMD Group in the previous fiscal year, deteriorating profits in the Micro Devices business, and lower income in the real estate business.
- Although there will be increases and decreases for each segment, the Group as a whole will maintain its initial forecast for the full year.

FY2024 2Q Results by segments (y/y)

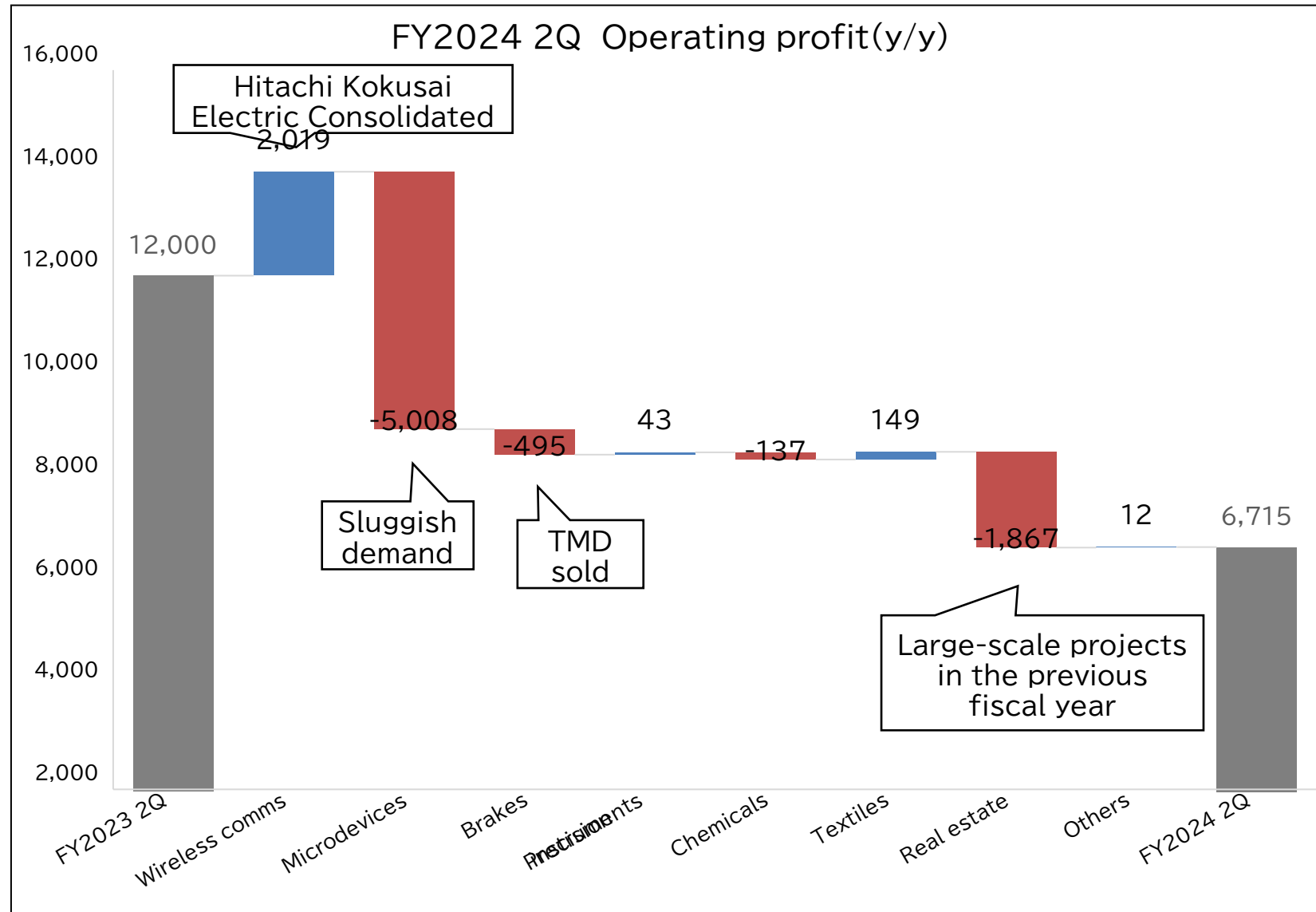
(mil. yen)

		FY2023	FY2024	Change	
		2Q	2Q		rate
Wireless comms	Net Sales	78,414	118,027	+39,613	+50.5%
	OP	3,753	5,772	+2,019	+53.8%
Micro devices	Net Sales	39,275	31,132	-8,142	▲20.7%
	OP	2,261	-2,747	-5,008	-
Brakes	Net Sales	86,527	28,761	-57,766	▲66.8%
	OP	1,605	1,110	-495	▲30.9%
Precision instruments	Net Sales	26,586	25,761	-825	▲3.1%
	OP	423	467	+43	+10.1%
Chemicals	Net Sales	5,774	5,474	-300	▲5.2%
	OP	452	315	-137	▲30.3%
Textiles	Net Sales	18,574	18,386	-188	▲1.0%
	OP	-313	-163	+149	-
Real estate	Net Sales	8,744	6,853	-1,890	▲21.6%
	OP	7,089	5,222	-1,867	▲26.3%
Others	Net Sales	5,470	5,625	+155	+2.8%
	OP	-3,273	-3,260	+12	-
Total	Net Sales	269,367	240,022	-29,345	▲10.9%
	OP	12,000	6,715	-5,284	▲44.0%

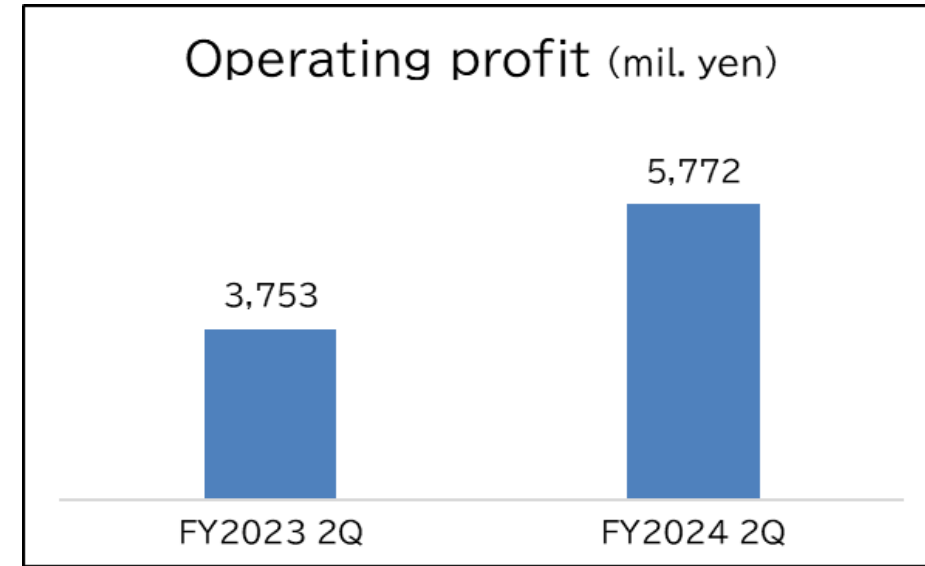
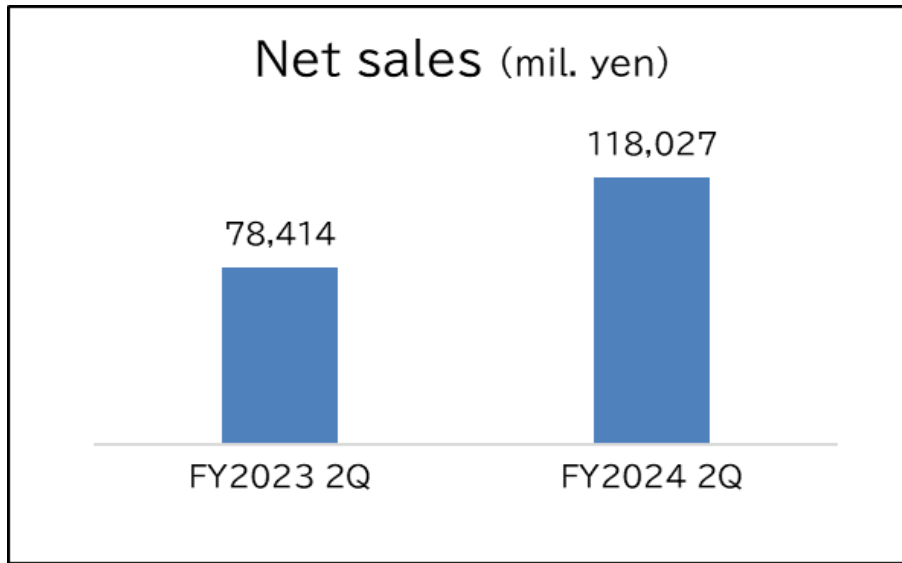
FY2024 2Q Net sales (y/y)



FY2024 2Q Operating profit (y/y)

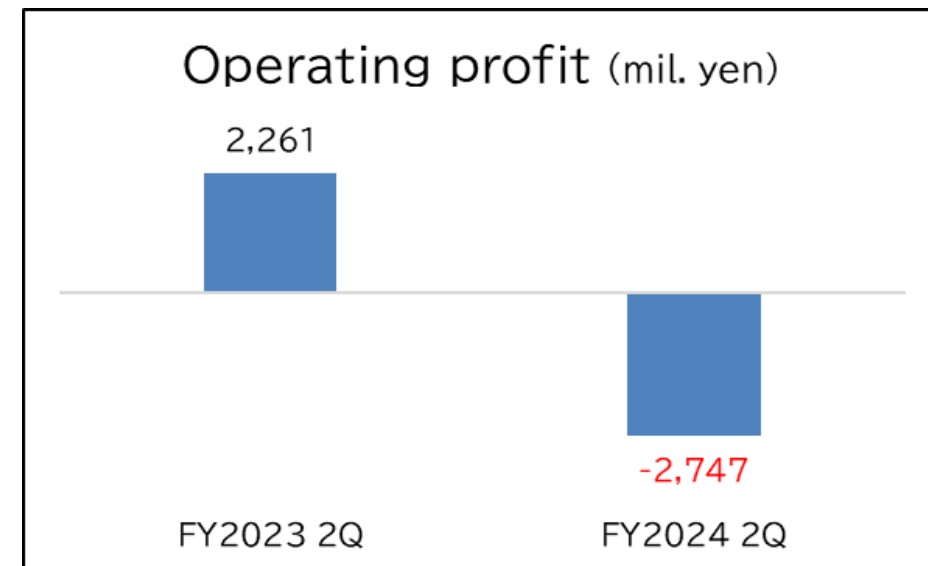
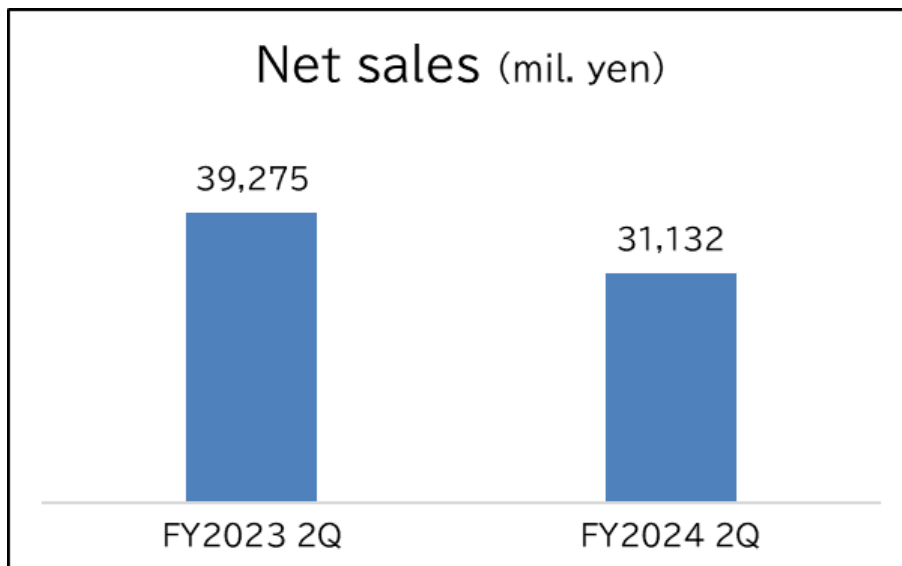


FY2024 2Q Wireless & Comms



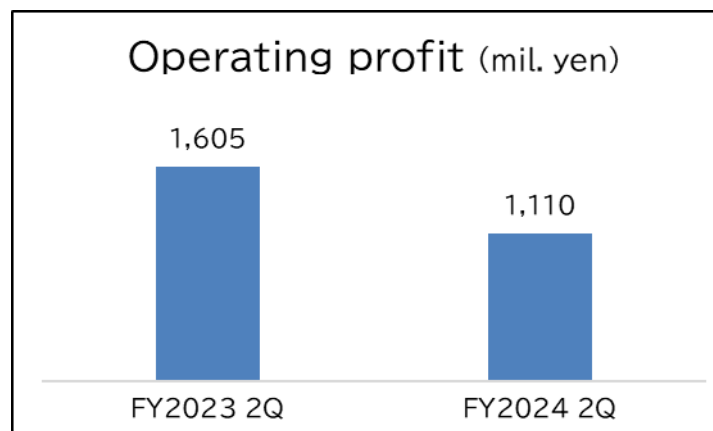
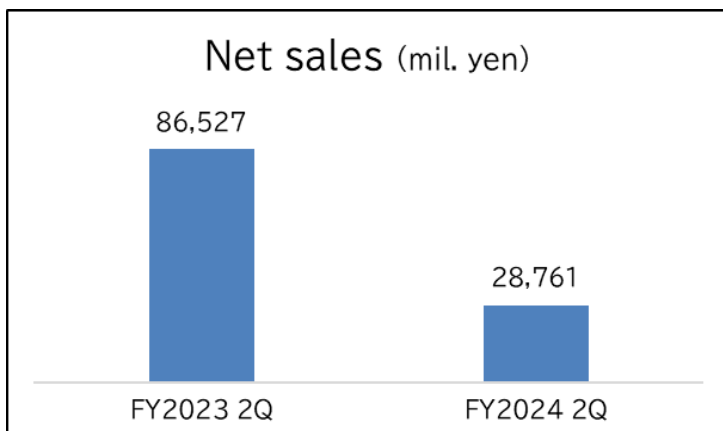
- Consolidation of Hitachi Kokusai Electric:
Sales +36.5 billion yen, Operating income +3.3 billion yen
- In marine systems, new shipbuilding equipment for merchant vessels, conversion equipment for merchant vessels, and workboat equipment for the European river market performed well:
Sales +5.3 billion yen, Operating profit +1.2 billion yen

FY2024 2Q Micro Devices

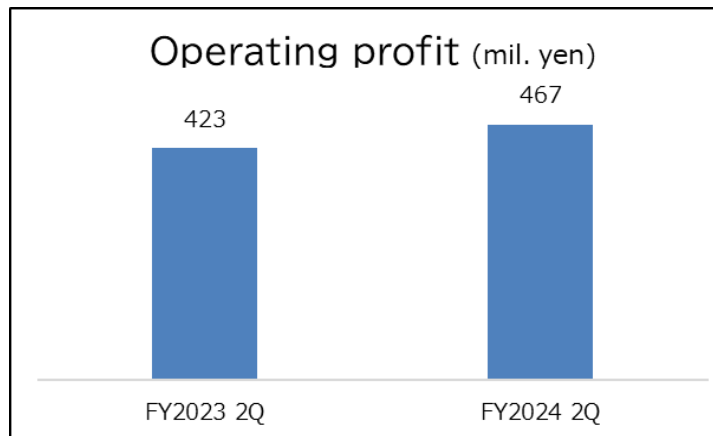
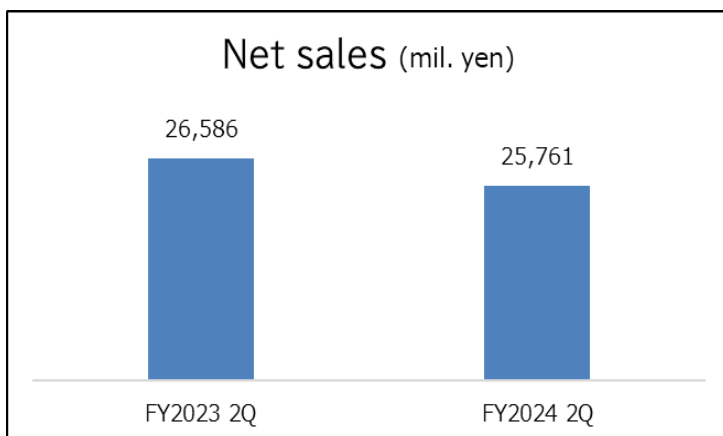


- In-vehicle products: Decreased due to slowing EV market growth
- Industrial machinery products: Decreased due to inventory adjustments mainly by domestic customers in response to sluggish demand from China
- Consumer products: Although the smartphone and PC-related market bottomed out, the momentum of recovery is slow due to customers' inventory adjustments.

FY2024 2Q Brakes, Precision & Instruments

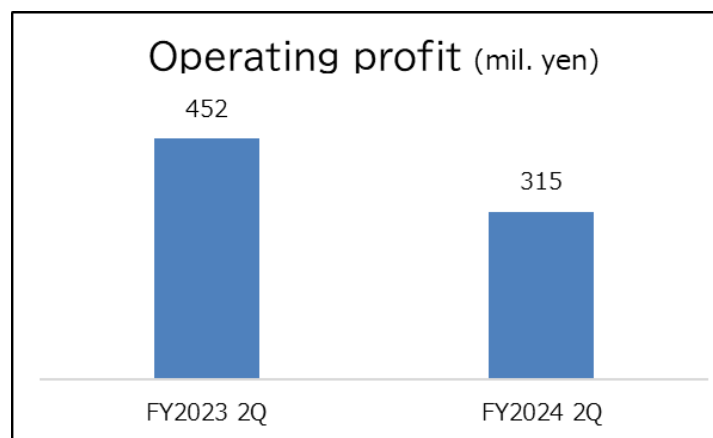
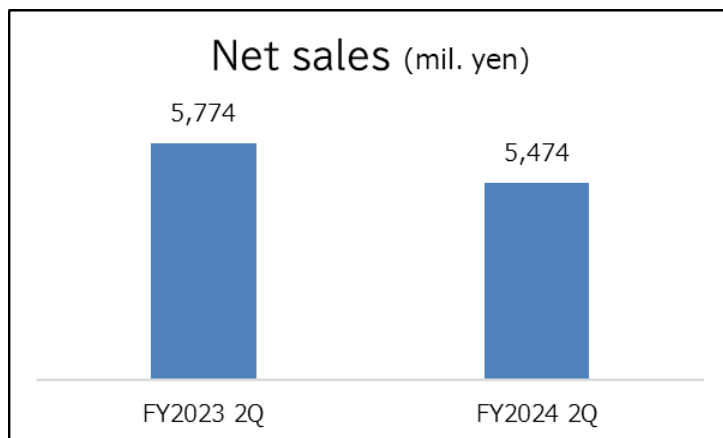


- **Brakes:** Overall brake business sales and income decreased due to the impact of the transfer of the TMD Group. Sales and income increased at bases in Japan, the U.S., and South Korea due to recovery in production by automakers and progress in price pass-through.



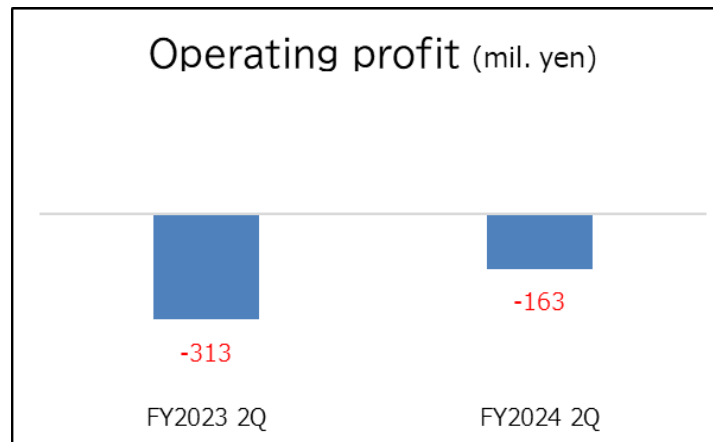
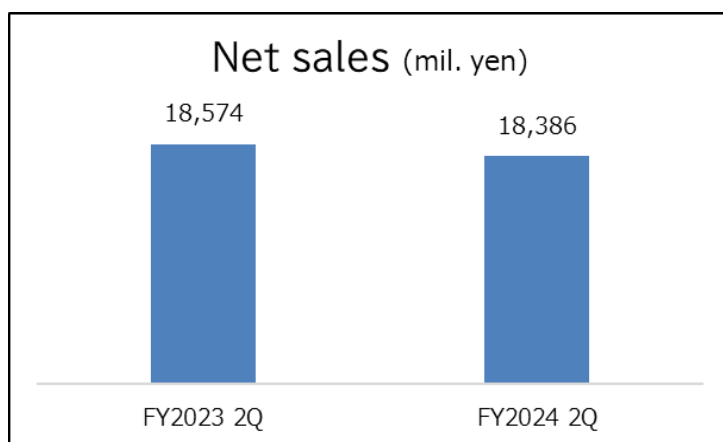
- **Precision & Instruments:**
Sales and income of precision components increased due to steady sales of EBS components for automobiles. In the molded products business, sales decreased due to delay in recovery of production by customers of air-conditioning-related products and temporary decrease in orders for automotive-related products, but income increased due to cost reductions by automation and labor saving.

FY2024 2Q Chemicals, Textiles



➤ **Chemicals:**

Sales and loss of carbon separators for fuel cells increased due to decrease in orders for stationary applications overseas. Sales and earnings of Specialty Chemicals increased due to higher orders for biodegradable resins, water-based resins, and automotive parts for overseas markets.



➤ **Textiles:** Sales and loss in shirt business and uniform business declined and expanded due to delay in market recovery, but sales and loss decreased due to recovery of orders at the Brazilian base.

1. FY2024 2Q Results Overview
2. Sales and Operating Income by Segment
3. Hitachi Kokusai Electric Inc.
Business Introduction

2. Sales and Operating Income by Segment

Sales and Operating Income by Segment



(mil. yen)

当期

Segments	Subsegments	FY2023	
		Net sales	O.P.
Wireless and Communications	Marine Systems	43,938	2,811
	(JRC)	62,792	946
	(KDE)	-	-
	Solutions & Defense	62,792	946
	Mobilities ※1	54,216	999
	Elimination	-2,865	-11
Total		158,081	4,745
Micro Devices		80,044	934
Brakes	Nissinbo Brake	63,155	1,760
	TMD	122,043	2,761
	Elimination	-6,661	160
	Total	178,541	4,682
Precision Instruments		53,265	1,328
Chemicals		11,433	801
Textiles		37,481	-420
Real Brakes		11,263	8,518
Other businesses, Coporate costs		11,100	-8,137
Total		541,211	12,453

FY2023 2Q		FY2024 2Q		Change	
Net sales	O.P.	Net sales	O.P.	Net sales	O.P.
19,131	1,025	24,459	2,257	5,328	1,232
36,441	2,970	34,226	304	-2,215	-2,666
-	-	36,565	3,339	36,565	3,339
36,441	2,970	70,791	3,643	34,350	673
24,326	-212	24,472	-39	146	173
-1,486	-31	-1,695	-89	-209	-58
78,414	3,753	118,027	5,772	39,613	2,019
39,275	2,261	31,132	-2,747	-8,142	-5,008
29,124	315	31,427	988	2,303	673
60,033	986	-	-	-60,033	-986
-2,630	304	-2,668	119	-38	-185
86,527	1,605	28,761	1,110	-57,766	-495
26,586	423	25,761	467	-825	43
5,774	452	5,474	315	-300	-137
18,574	-313	18,386	-163	-188	149
8,744	7,089	6,853	5,222	-1,890	-1,867
5,470	-3,273	5,625	-3,260	155	12
269,367	12,000	240,022	6,715	-29,345	-5,284

FY2024FC (Feb. 9)		FY2024FC (Aug. 7)		Change	
Net sales	O.P.	Net sales	O.P.	Net sales	O.P.
42,400	1,600	45,700	2,700	3,300	1,100
66,300	1,200	63,000	100	-3,300	-1,100
68,000	3,600	68,000	3,600	0	0
134,300	4,800	131,000	3,700	-3,300	-1,100
58,000	1,700	58,000	1,700	0	0
-3,700	-100	-3,700	-100	0	0
231,000	8,000	231,000	8,000	0	0
88,000	3,900	78,000	-2,400	-10,000	-6,300
60,000	1,400	64,000	2,200	4,000	800
-	-	-	-	0	0
-5,000	0	-5,000	0	0	0
55,000	1,400	59,000	2,200	4,000	800
57,000	2,300	57,000	2,300	0	0
13,000	1,300	13,000	1,300	0	0
40,000	900	40,000	900	0	0
17,000	11,500	22,500	17,000	5,500	5,500
12,000	-5,300	12,500	-5,300	500	0
513,000	24,000	513,000	24,000	0	0

※1 JRC Mobility, ICT Mechatronics, Medical Equipment, Others

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Hitachi Kokusai Electric

Hitachi Kokusai Electric Business Overview

Kaichiro Sakuma

Representative Director, President and CEO

August 7, 2024

Our Position within the Nisshinbo Group

Nisshinbo Group's Aims = Our Aims

1. What We Are Aiming For

The Nisshinbo Group's Aims



- The Nisshinbo Group's mission is to contribute to society through business activities, and we have continued to reconfigure our business around areas where we can contribute to society.
- We aim to continue working to resolve social issues by providing solutions that leverage the Group's strengths.

Aims

Connect Everything, Create Value

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

Medium- to long-term changes in our business environment and business opportunities

Growing demand for action to counter climate change

- ✓ Expanding need for products that help reduce greenhouse gas emissions and save energy
- ✓ Growing importance of solutions to cope with increasingly severe disasters

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

- ✓ Increased demand for automation of industrial equipment and transportation to save labor and improve safety
- ✓ Increased needs for telemedicine and monitoring services, etc.

Development of a digital society

- ✓ A society in which cyberspace and physical space are seamlessly connected has arrived.
- ✓ Increased provision of information, products, and services that meet the needs of individuals, as well as labor-saving, automation, and efficiency

Nisshinbo Group Corporate Philosophy

Change and Challenge!

For the creation of the future of Earth and People.

Medium-Term Management Plan 2026

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Our Position within the Nisshinbo Group

Our Aims

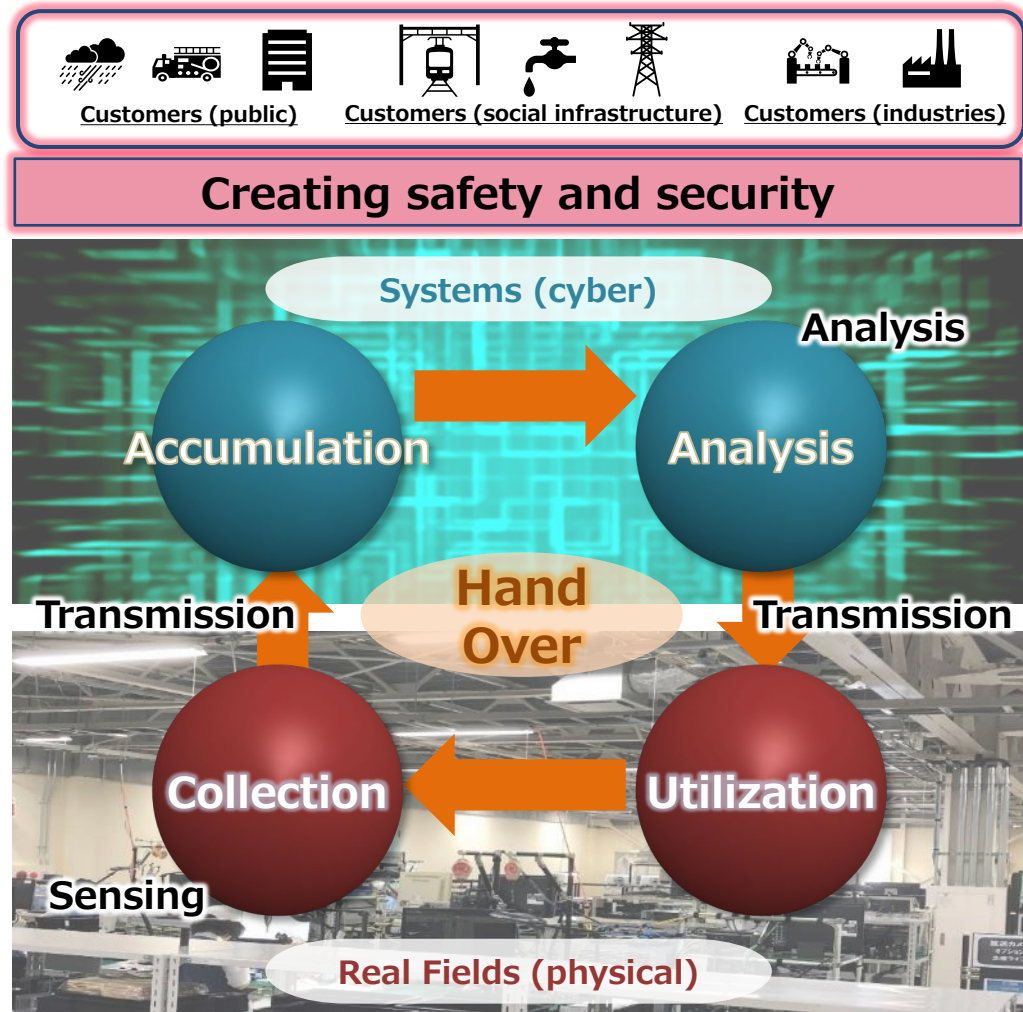
Solving problem and
Creating value through
collaboration between

Systems (cyber space)

and

Real Fields (physical space)

- Digitalization of the "Real Fields" through sensing
- Collected data is transmitted and stored in the "Systems"
- Analyzing accumulated data to create knowledge
- Deploying knowledge to the "Real fields"

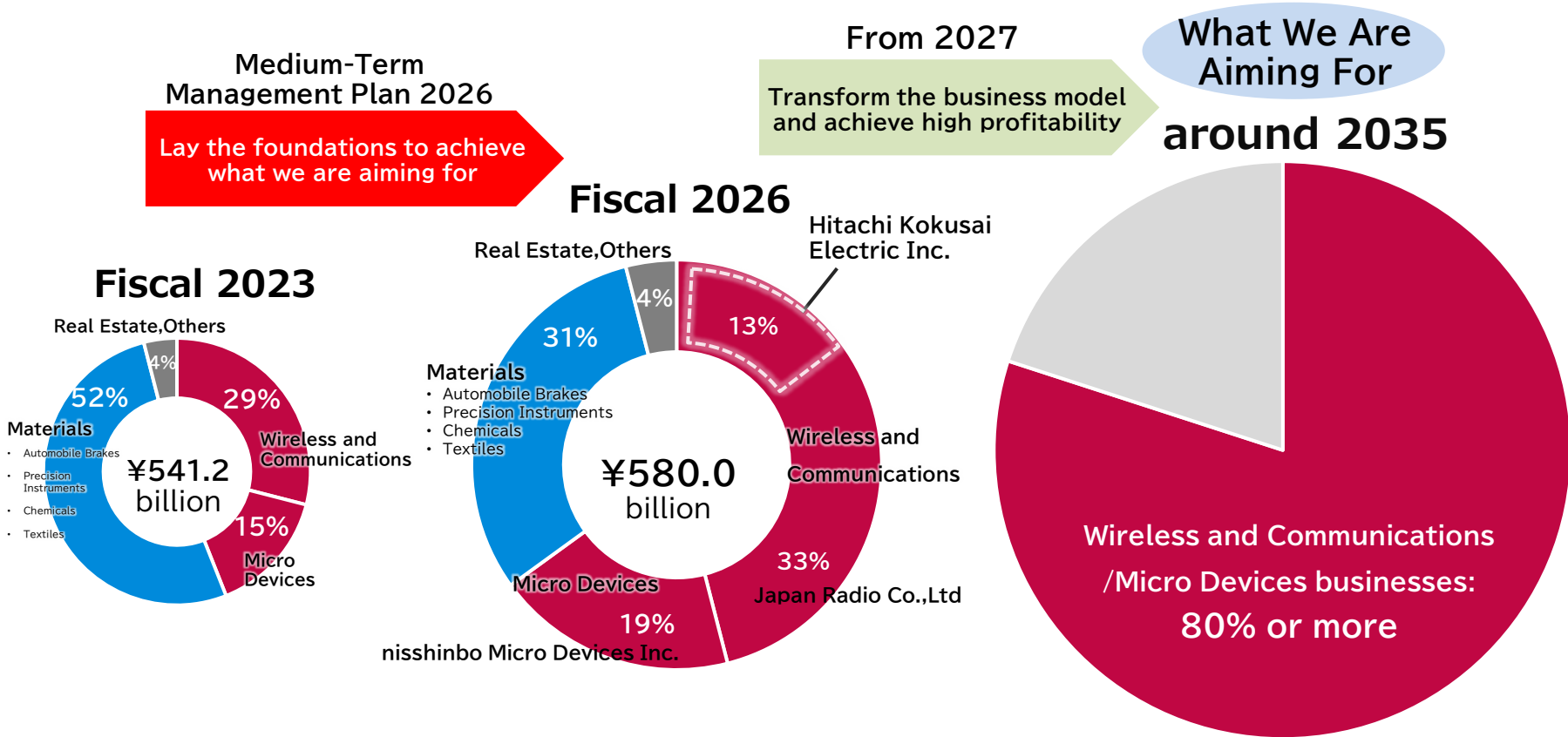


Supporting a sustainable society through "manufacturing" and creating safety and security

Promoting research and development of cutting-edge technologies and
product development based on video and wireless technologies

Our Position within the Nisshinbo Group

As one of the core companies,
we will contribute to the realization of
the Group's "goal" for around 2035,
with wireless and communications/microdevices businesses
accounting for 80% of the total.



The challenge for growth

Taking on the challenge for growth by developing new businesses and fields

- Collaborating with customers in fields centered on 5G/AI-related technologies, we aim to discover customer needs, focus on the creation and commercialization of solutions, and work to transform our business portfolio.
- Drive a new business strategy through collaboration within the Nisshinbo Group and promote the following business activities.

Solutions Business

In addition to the conventional public sector market, we will strive to develop domestic and global private sector markets by making proposals that meet changing market needs, and strive for growth.

Product Business

We will reorganize the value chain across the entire product lifecycle across the entire group, and promote product development through manufacturing that can be proud of the future of 'Japanese quality' based on Hi-MA*.

*Hi-MA: Our standardized manufacturing architecture

Defense Business

We aim to expand our business by strengthening our organization to respond to Japan's new defense strategies (communications, cyberspace, and electromagnetic waves) and developing new products and systems.

Hitachi Kokusai Electric's Four Strong Points in Business

By Leveraging Hitachi Kokusai Electric's strengths,
Contributing to the growth of the Nisshinbo Group's
wireless and communications business.

- i. Promoting the development of products and systems that comply with Hi-MA*
- ii. One-stop business by Hitachi Kokusai Electric Group
- iii. Promoting solutions business
- iv. Continuous efforts toward structural reform

Hi-MA: Our standardized manufacturing architecture. All development, from our products to system solutions, conforms to this architecture. A system form that realizes business operations as IT systems on a hierarchical, common platform.

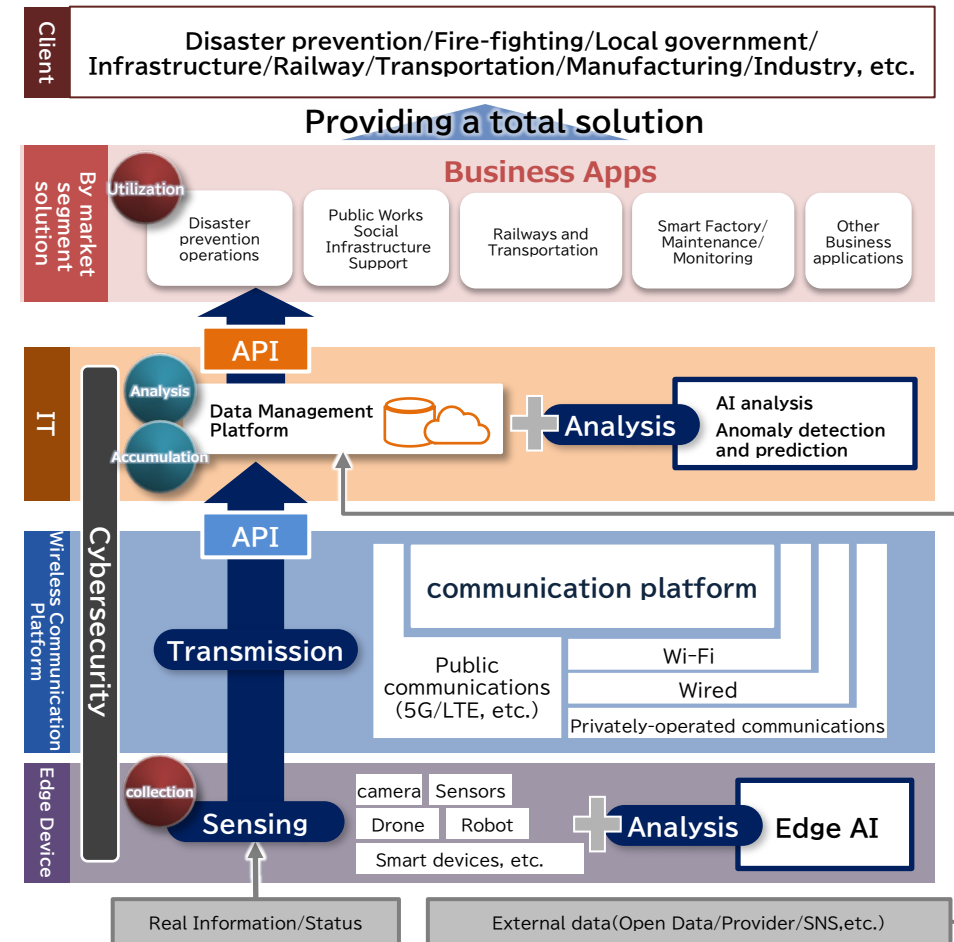
i. Promoting the development of products and systems that comply with Hi-MA

Providing total solutions and creating value by utilizing systems compliant with Hi-MA products to meet customer needs.

Features of Hi-MA

- Manufacturing that can be proud of the future of Japanese quality.
- High-performance, high-quality products and systems through hierarchical and common design.
- Highly reliable wireless communication platform that totally supports various wireless communication protocols in a unified manner.
- Optimal wireless communication environment based on experience in building various wireless communication environments.
- Various solutions according to customer needs and building optimized systems through flexible customization using APIs.
- Data management platform enables the use of big data from business applications, and realizes advanced information analysis and control through collaboration with edge AI analysis.

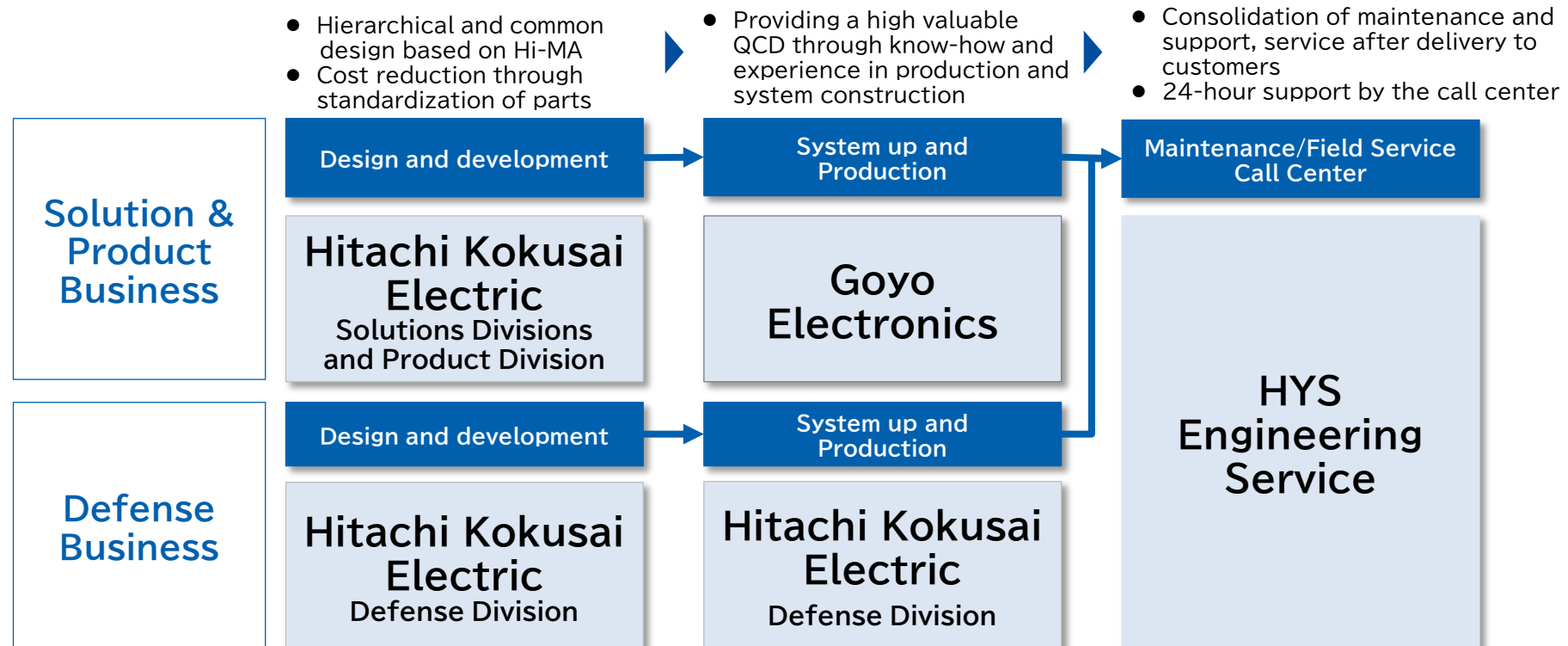
Hi-MA: Our standardized manufacturing architecture. All development, from our products to system solutions, conforms to this architecture. A system form that realizes business operations as IT systems on a hierarchical, common platform.



ii. One-stop business

One-stop and approach to development, production, and maintenance, realizing a one-stop service for the entire Hitachi Kokusai Electric Group

- Promote optimization of the entire group and provide high-quality manufacturing through a manufacturing system of various solution businesses.



(Note) Goyo Electronics and HYS Engineering Service are wholly owned subsidiaries of Hitachi Kokusai Electric

iii. Promotion of solutions business

Promoting our solutions business with the aim of transforming from products to services,
Taking on the challenge of digital transformation

- Accelerate the shift from 'Hop and Step' to 'Jump' by promoting 'triple jump' operations.



New Business (Jump)

Leveraging our core competencies, we approach social issues and provide **value-creating solutions** such as **labor saving, automation, and productivity improvement**



IT Utilization (Step)

By utilizing the experience gained in responding to operational life cycles, we will **solve various problems by fusing IT** with **conventional business** to meet growing needs



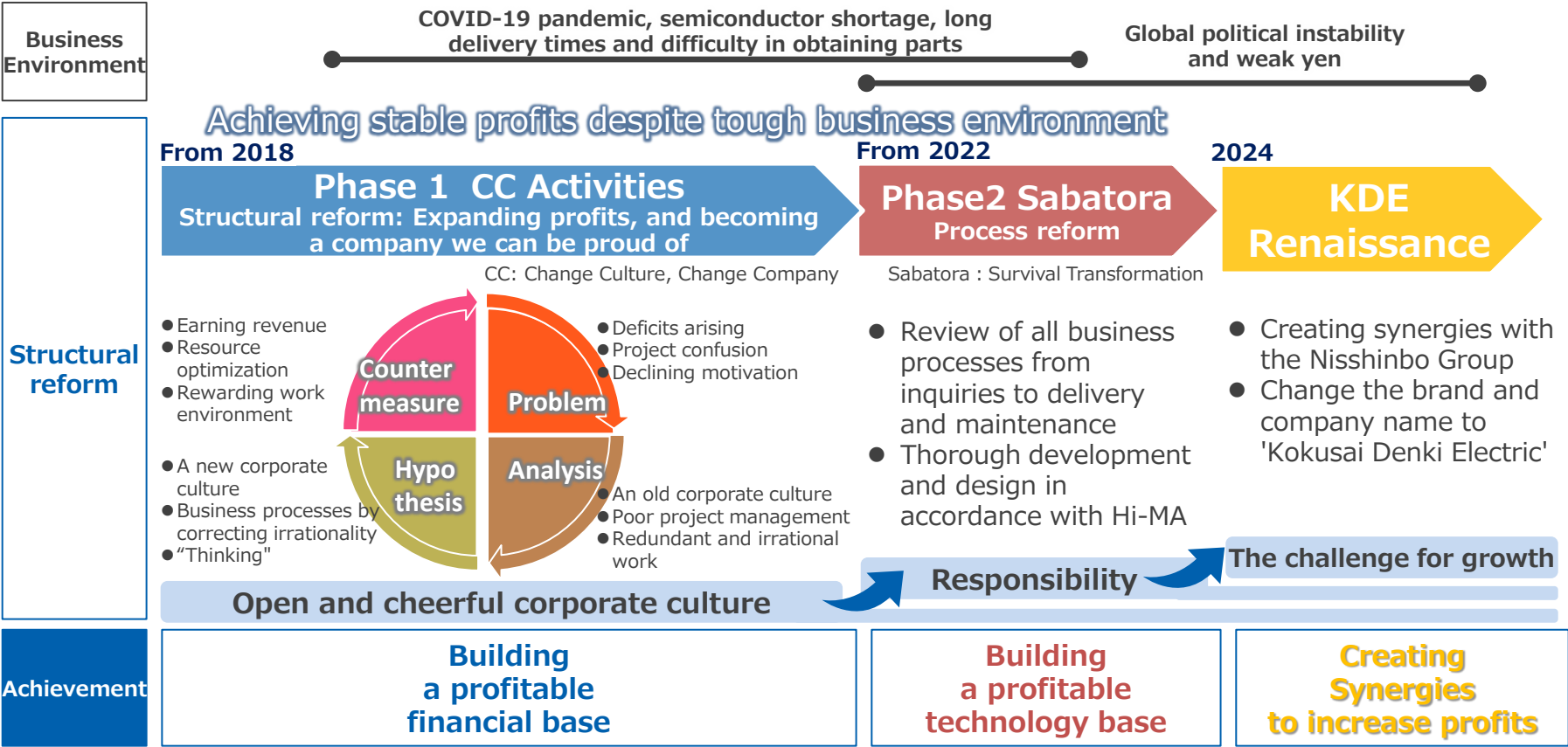
Conventional business (Hop)

We provide not only product and system implementation but also **maintenance services to continue operation as business value** to users and support the operation life cycle

iv. Continuous efforts toward structural reform

Since going private, we have continuously implemented structural reforms to strengthen our business foundation

- By ‘CC’ and ‘Sabatora’ activities, we have transformed into a sustainable company
- Through ‘KDE Renaissance’, we challenge ourselves to further evolve as a member of the Nisshinbo Group.



- After working in PMI, we are currently developing a strategy for the Nisshinbo Group's Wireless and Communications business
- We are also preparing to launch a new R&D structure for the Nisshinbo Group, centered on the Wireless and Communications business.



Topics

Topics

Launch of "Disaster Prevention Support Service"

(July 2024)

- Supports decision-making and information gathering regarding action plans and case information established by local governments, evacuation shelter management, and staff decision-making
- Reduce the burden of issuing work instructions, checking progress, and gathering information during disaster response
- Used in a wide range of disaster prevention work processes, from peacetime to before and after a disaster occurs, the system provides support for implementation suited to each local government, as well as post-operation support from specialized operators



Sharing Design begins deployment of Hitachi Kokusai Electric's DAS*, which is compatible with both local 5G and carrier 5G

(July 2024)

- This product allows the design and development of carrier 5G and local 5G service areas to be carried out simultaneously, making it possible to carry out these tasks more optimally and efficiently than before, when they had to be considered separately
- The construction industry is facing problems such as the aging of workers, a shrinking labor force, and rising material costs. However, by consolidating all of these into one product, it is possible to improve work efficiency, reduce construction costs by reducing materials and wiring labor, and achieve space and power savings

* DAS: Distributed Antenna System

Topics

Smart Factory Solution (April 2024)

- We released IT solution with our core competencies of "sensing," "data transmission," and "AI analysis," and are providing solutions that accelerate our customers' digital transformation.
- For the industrial sector, we are developing smart factory solutions, and as our first step, we are releasing the "Location Management Service"
- Real-time transmission of location information collected by sensors, visualization and display, and centralized management of on-site resources
- Linking with customers' information systems to realize more advanced on-site operations

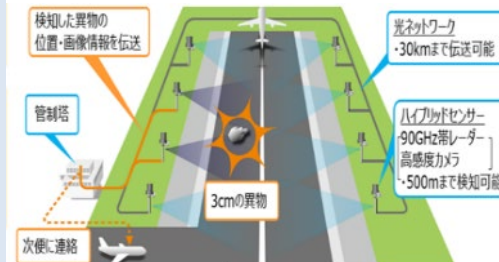


The 35th "Minister of Internal Affairs and Communications Award for Achievement in Radio Waves" (June 2024)

- We recognized for their efforts in the "Development and Demonstration of a 90 GHz Band Runway Surface Foreign Object Detection System" and received the 35th "Radio Achievement Award from the Minister of Internal Affairs and Communications" from the Association of Radio Industries and Businesses
- "Significant contributions to the effective use of radio waves were made through the development and demonstration of a 90 GHz radar system for ensuring aircraft safety during takeoff and landing, advancing international standardization (ITU-R WP5B), and establishing an industry-academia-government collaboration scheme between Japan and Malaysia for social implementation."

90GHz帯ミリ波レーダーを活用して空港の滑走路面に落下している金属片等の異物を検知するシステム

- 滑走路面に落下している異物により航空ダイヤ遅延、滑走路閉鎖、上空待機便増加抑制効果
- 3,000mの範囲にある異物を10秒で検知する高性能が評価される



Hitachi Kokusai Electric

Appendix

Business sectors

- **Solutions business
(DX Solution/ Core Solution/ Railway Solution)**
- **Product Business**
- **Defense Business**

Solutions business – DX Solution

Developing business utilizing IT and data, mainly in the industrial sector

- Focus on creating new businesses through collaboration with customers, primarily in the industrial sector (manufacturing and distribution), and developing a new customer base
 - Manufacturing and industrial solutions: Expanding product lineup through collaboration with business partners and utilizing IT, Collaborating with customers to advance digital transformation at work sites, contributing to visualization and greening.
 - Broadcasting Solutions: Supporting the creation and operation of systems that facilitate IT-based program production and content management.
 - Securities and financial solutions: Support for building and operating systems that optimize business flows and streamline operations.

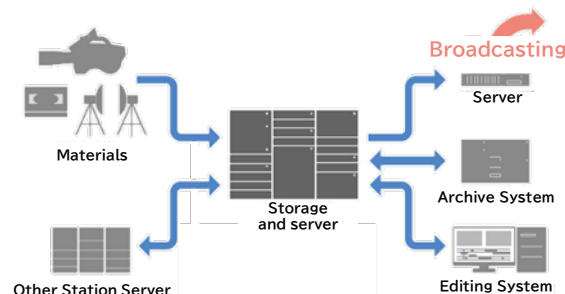
Digital transformation at production sites, visualization of manufacturing processes, etc

- In order to meet the growing demand for digital transformation and smart services, we are proposing new solutions utilizing local 5G technology in collaboration with Nokia



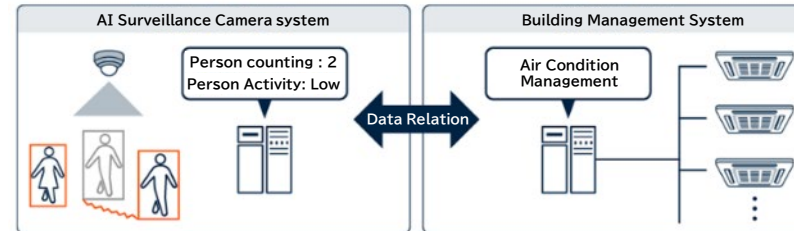
Broadcasting Solutions: Simplifying program production and content management

- Supports TV and radio broadcasting operations, from converting footage into materials, editing, producing program files, and transmitting the footage



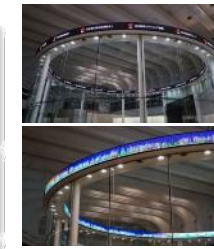
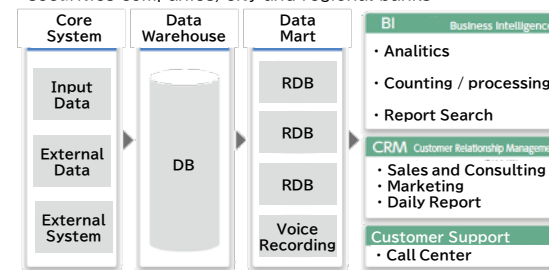
Greening and energy-saving workplaces through digital transformation

- Leveraging the knowledge of imaging and image processing technologies cultivated in the surveillance field, we will promote the on-site introduction of AI-based image analysis and provide solutions that reduce manpower and improve operational efficiency through digital transformation



Securities and Financial Solutions Improve efficiency of securities and financial operations

- Provides systems development and construction, operation services, business support, and shared system construction for the financial industry, including securities companies, city and regional banks



Tokyo Stock Exchange Large LED "Ticker"

※RDB: Relational Database

Solutions business – Core Solution

Develop existing businesses for government agencies, local governments, and private companies

- We have been providing private wireless and video surveillance systems in the public and social infrastructure sectors for many years. In recent years, we have been working to improve added value by utilizing IT to ensure safety and security, which has become increasingly important
 - Disaster prevention radio solutions: Construction and operation support of disaster prevention radio systems that support local government disaster prevention and mitigation operations
 - Private wireless solutions: Support for the construction and operation of autonomous wide-area wireless networks that support the operation and management of manufacturing and critical facilities
 - Surveillance solutions: Detection of disaster signs for local governments and the Ministry of Land, Infrastructure, Transport and Tourism, and detection of intrusions of suspicious individuals into important facilities such as nuclear power plants

Disaster Prevention Radio Solutions

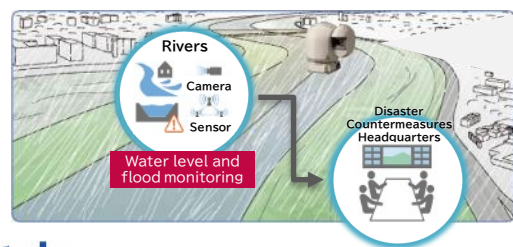
- Comprised of municipal disaster prevention administrative radio and digital regional disaster prevention radio systems, this system ensures communication between the control station of the town hall, local offices, disaster prevention-related organizations, and other necessary facilities and equipment during disasters, and enables the collection and dissemination of disaster-related information



Surveillance Sensor solutions:

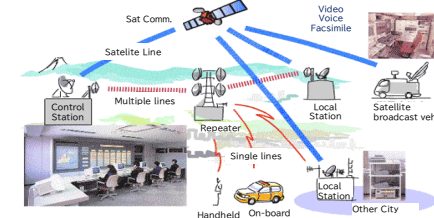
River monitoring and disaster early warning detection

- A monitoring system that combines cameras, recorders, and image processing devices that can withstand 24/365 operation even in harsh outdoor environments, enabling monitoring of river and road conditions, and detection and maintenance of deterioration and abnormalities in important facilities and equipment.



Private radio solutions: Fire department radio systems etc.

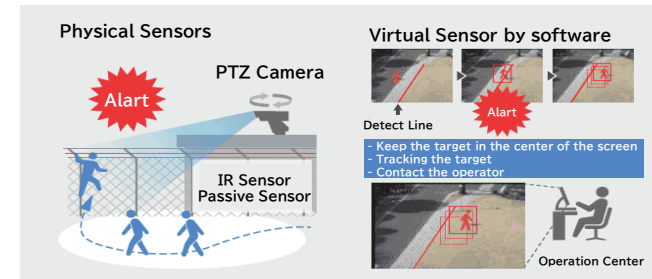
- Consists of terminal stations, relay stations, local stations, relay vehicles, vehicle-mounted modules, etc., equipped with unique functions such as base station synchronization and use of multiple wireless communication standards. Integrates multiple wireless systems over a wide area, enabling diverse data communications



Surveillance Sensor solutions:

Detecting suspicious persons or foreign objects in critical facilities

- A surveillance system that combines highly sensitive rotating cameras and detection functions using image analysis software to ensure security at important facilities and manufacturing sites (intruder detection, worker management, etc.)



Solutions business - Railway Solution

Developing wireless communication and surveillance video solutions for railway operators

- A one-stop business that provides railway operators with products and systems that utilize private wireless, millimeter wave, and video technology, and also supports their operations
 - Train radio solutions: Construction and operation support of radio systems such as on-board stations and command stations that ensure safe train operation through traffic control, etc..
 - Train monitoring solutions: Support for building and operating a monitoring system that helps to check the safety of station platforms, trains, etc..
 - New business venture through collaborative creation with customers: Advanced surveillance systems using AI and 3D sensors to detect suspicious objects in stations and improve service quality for wheelchair users, etc..

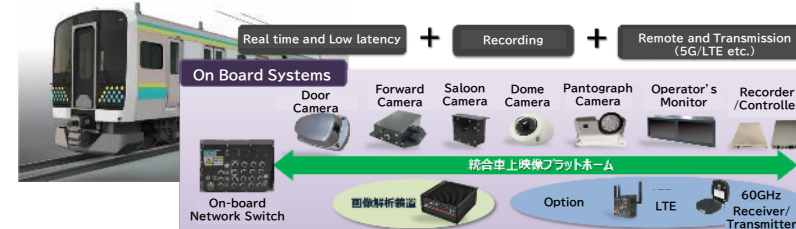
Supporting on-time train operations

- Consists of ground and on-board radio systems for train operation command/management, and radio systems for train operation control



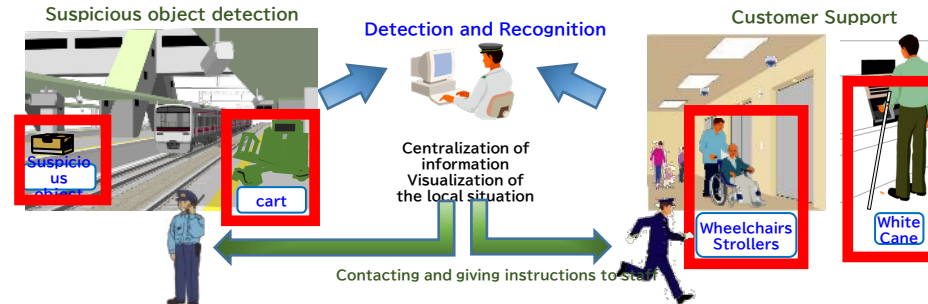
Assistance with safety checks on platforms and during operations

- It is composed of surveillance cameras and wireless transmission equipment for monitoring the platform and safety inside the train, and a video transmission system that makes it easy to operate the train by one person and check the safety around the train



New business: Detection of suspicious objects and abandoned items, and improved support and services for wheelchair and white cane users

- A support service that uses AI-based object detection to detect left behind or suspicious objects in stations and on platforms, notifying the monitoring center and instructing local staff to respond
- In order to ensure the safety of railway passengers at stations and platforms, AI technology will be used to quickly support people in wheelchairs, with strollers, and with white canes



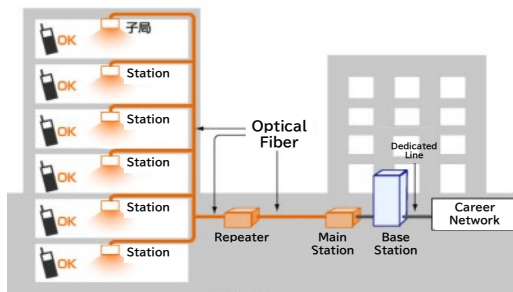
Product Business

Develop solution core (transmission, sensing, AI analysis) products

- Development, manufacturing, and sales of our own branded products and systems using wireless, video, and broadcasting technologies
 - **Mobile communications:** Contract manufacturing of mobile communications parts for communications carriers, communication antenna sharing equipment, etc., as well as sales and operation support of our own brand products such as indoor mobile communications systems and wireless transmission equipment.
 - **Video equipment:** We sell high-definition (4K) cameras and peripherals such as lenses and camera heads to broadcasting stations and program production companies. We also provide industrial cameras to be incorporated into inspection equipment and video equipment for surveillance systems for the manufacturing, logistics and other industrial sectors.
 - **Broadcasting equipment:** Providing radio transmission devices and transmitters to broadcast stations to send and receive recording materials for program production, and supporting their operation

Mobile Communications

- Base station peripheral equipment that eliminates radio dead zones such as offices and underground malls
- The parent station and child stations are connected with optical fiber cables to create an environment in which mobile communications are possible throughout the building



Mobile systems for indoor spaces

Video equipment

- High-definition (4K) camera for broadcasting stations and program production companies, suitable for creating high-definition, high-quality programs
- Small and lightweight industrial camera with low power consumption
- A surveillance camera that can clearly see the subject even at long distances, in bad weather, or in low-light conditions



Full 4K camera



Surveillance cameras



Industrial Cameras

Broadcasting Equipment

- Providing wireless transmission equipment to send broadcast program materials from sports and news sites to broadcast stations
- Providing transmitters that deliver TV broadcast signals with stable transmission output



Wireless Transmission Device



Transmitter

Defense Business

Providing equipment suitable for various situations, including environmental resistance and operational status

- We provide the Ministry of Defense with communication systems used in the Self-Defense Forces' daily activities, avionics such as navigation support systems essential for aircraft flight, and training systems that support and improve the effectiveness of training conducted in preparation for emergencies.

Relationship between the four priorities in the basic policy of the Mid-Term Defense Program* and the Defense Systems Business Segment

Four priorities		Defense Business Segment	Our technologies and achievements
1	Next Generation Electronic Warfare System	1 Communication Segment	<ul style="list-style-type: none">• Providing equipment and systems suited to operational purposes and environmental resistance• Entering the electronic warfare market using advanced radio technology Products: Software radio systems for ships, Radio Systems for Airbases, etc.
2	Active investment in labor saving	2 Training Segment	<ul style="list-style-type: none">• Familiar with the unique operations of the Self-Defense Forces and providing highly effective training systems for many years Products: Training systems for the Japan Ground Self-Defense Force, etc.
3	Strengthening rapid deployment capabilities	3 Avionics Segment	<ul style="list-style-type: none">• Extensive delivery track record and advanced design and development technology for electronic devices that contribute to mobility and deployment capabilities• A leading company in the maintenance of aircraft electronic equipment Products: Aircraft radio equipment, navigation equipment, maintenance systems, etc.
4	Strengthening maintenance and repairs		

Hitachi Kokusai Electric

NISSHINBO

