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Nippon Seiki Co., Ltd.

Fiscal year ended March 2026

Transcript of financial results briefing session (Q & A included)

<Day and Time>

From 15:30 to 16:30 on May 28, 2026

<Speakers>

Keiichi Nagano Representative Director, President & CEO

Tatsuo Kase Managing Officer,

<Inquiry>

Nippon Seiki Co., Ltd. Corporate Communication dept.

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Fiscal Year Ended March 31, 2026 Financial Results Presentation

Nippon Seiki Co., Ltd.(Ticker:7287)
May. 28 2026

Thank you for taking time out of your busy schedule to attend our company's financial results briefing today.

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1. Fiscal Year Ended March 31, 2026 Financial Results
2. Fiscal Year Ending March 31, 2027 Forecast
3. Capital Policy
4. Implement Management that is Conscious of
Cost of Capital and Stock Price
5. Initiatives for the Fiscal Year Ending March 31, 2027

As shown on the screen, I, Kase, will first explain the financial results for the fiscal year ending March 2026 and the forecast for the fiscal year ending March 2027. After that, President Nagano will explain the specific initiatives for the fiscal year ending March 2027.

Highlights of Business Results for the Fiscal Year Ended March 2026. Although there was a decrease in unit sales due to a loss of market share by a customer in the Chinese market and a decrease in sales of head-up displays in North America, this was offset by an increase in the number of units produced for motorcycle instruments in the ASEAN and India regions, resulting in an increase in both sales and profit. In particular, the number of units for motorcycle instruments exceeded expectations in all regions including ASEAN, Brazil, and India, and cost reduction activities also contributed. As a result, revenues were 327.8 billion yen and operating profit was 11.6 billion yen.

As announced on May 21, the Board of Directors approved a year-end dividend of 40 yen per share at the meeting held on the same day.

For the fiscal year ending March 2027, we project sales of 320 billion yen and operating profit of 14 billion yen. We expect the Chinese market to remain in a challenging environment. In addition, we anticipate an unstable business environment, including soaring memory prices, heightened geopolitical risks, and rare earth supply risks.

As announced on May 15, we plan to pay a dividend of 90 yen per share for the fiscal year ending March 2027.

Financial Results for Fiscal Year Ended March 2026

Million Yen	Q4 (3 months)			Cumulative Q4 (12 months)			Initial Plan	
	FYE2025	FYE2026	YoY	FYE2025	FYE2026	YoY	FYE2026	Achievement rate
Revenue	88,597	93,532	+5.6%	316,397	327,894	+3.6%	320,000	102.5%
Gross Profit	13,500	13,700	+1.5%	46,339	48,852	+5.4%	-	-
Gross Profit Margin	15.2%	14.6%	-	14.6%	14.9%	-	-	-
Operating Profit	3,958	3,058	-22.7%	9,584	11,624	+21.3%	11,300	102.9%
Operating Profit Margin	4.5%	3.3%	-	3.0%	3.5%	-	3.5%	-
Profit before Tax	4,535	3,034	-33.1%	9,344	13,875	+48.5%	-	-
Profit Attributable to Owners of Parent	3,755	1,612	-57.1%	6,122	8,220	+34.3%	8,000	102.8%

1 USD = 150.67 JPY (FYE2025:152.64 JPY)



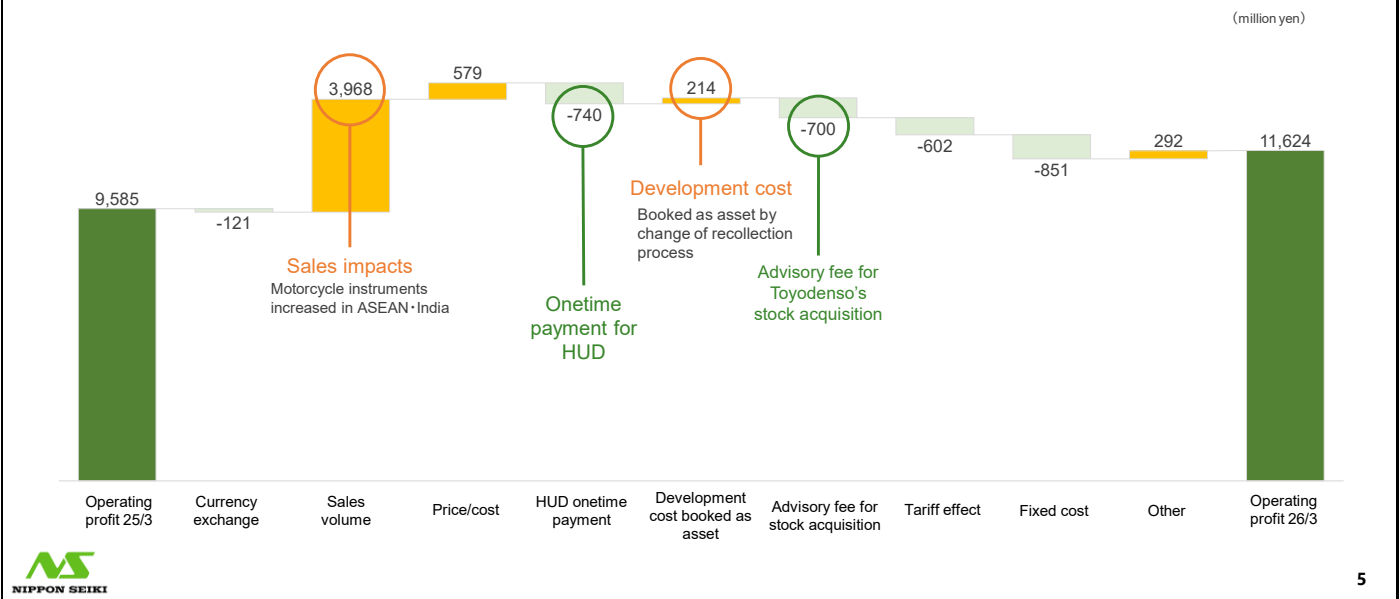
The following is a detailed explanation of the results for the fiscal year ended March 2026. Revenue was 327.8 billion yen, an increase of 11.5 billion yen, or 3.6%, from the previous fiscal year. Excluding foreign exchange, which had a negative impact of 900 million yen, revenue increased by 12.4 billion yen.

Operating profit was 11.6 billion yen, an increase of 2 billion yen from the previous fiscal year. The operating profit margin was 3.5%. Despite increases in raw material costs and labor and utility costs, both operating profit and operating profit margin improved year on year as a result of internal cost reduction activities, increased production of instruments for motorcycles in the ASEAN region, and optimization of selling prices through negotiations with customers.

Profit attributable to owners of parent was 8 billion yen, an increase of 2.1 billion yen from the previous fiscal year. One of the factors contributing to the increase in profit was the conversion of foreign exchange loss of 2.1 billion yen recorded in the previous fiscal year to foreign exchange gain.

Change in Operating Profit

FYE March 31, 2026: YoY Change in Operating Profit



This page shows the year-on-year changes in operating income. Operating profit increased 2 billion yen from 9.5 billion yen in the previous fiscal year to 11.6 billion yen. The increase in sales volume increased 3.9 billion yen and the effect of price negotiations increased 600 million yen.

In addition, a one-time charge of 700 million yen was recorded for various expenses related to the acquisition of Toyodenso. The increase in fixed costs (800 million yen) was mainly due to increases in labor and expenses at domestic and abroad.

Revenue and Operating Profit by Segment and Region for Fiscal Year Ended March 2026

Segment

Segment	million yen	Revenue			Operating Profit		
		FYE2025	FYE2026	YoY	FYE2025	FYE2026	YoY
Automotive Components	Automobile	177,542	174,316	-1.8%	-674	-1,785	-
	Motorcycle	70,569	82,291	+16.6%	7,572	9,560	+26.2%
	Other automotive	10,007	10,627	+6.2%	-31	739	-
Consumer		13,572	13,881	+2.3%	-344	-307	-
Resin compound		9,168	8,374	-8.7%	699	565	-19.1%
Car sales		26,276	27,000	+2.8%	1,461	1,332	-8.8%
Other (Software·logistics)		9,260	11,401	+23.1%	1,114	1,667	+49.6%

Region

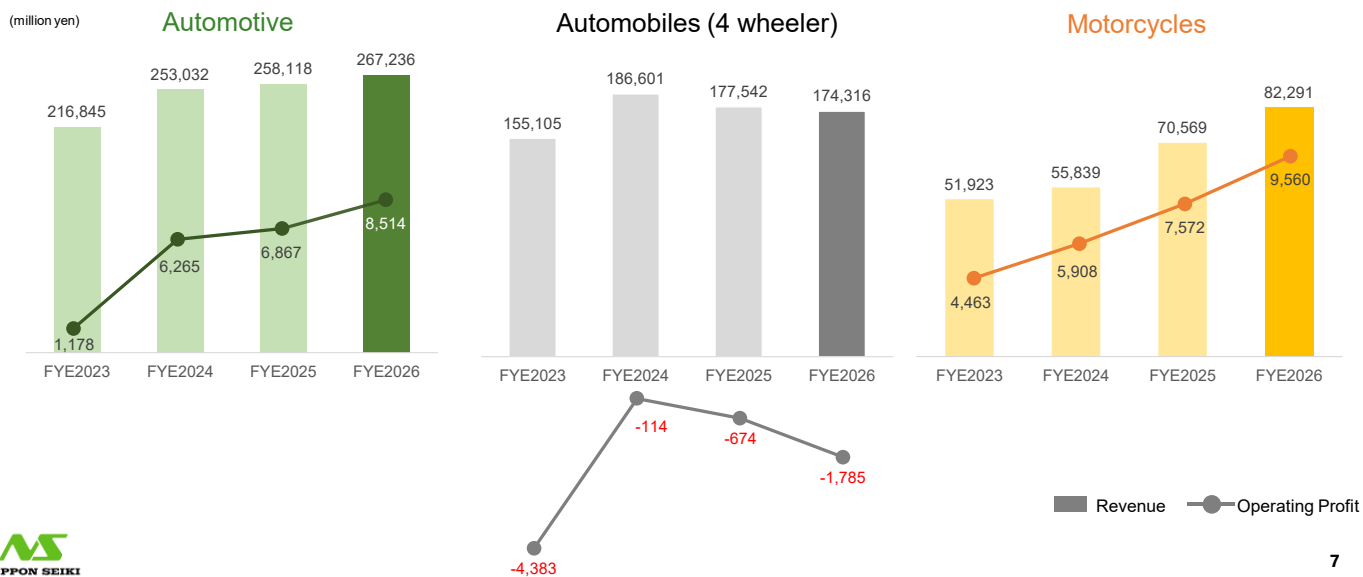
Region	million yen	Revenue			Operating Profit		
		FYE2025	FYE2026	YoY	FYE2025	FYE2026	YoY
Japan		123,155	123,368	+0.2%	2,972	1,188	-60.0%
Americas		87,477	89,269	+2.0%	5,170	5,555	+7.4%
Europe		26,851	28,630	+6.6%	-3,495	-3,577	-
Asia		78,913	86,625	+9.8%	5,149	8,605	+67.1%

This slide shows sales and operating profit of major segments by region and customer. Sales of motorcycle instruments, general and other automotive parts, consumer, and automobile sales increased. Operating

profit increased by 2 billion yen, or 26%, from the previous fiscal year to 9.5 billion yen for motorcycle instruments, which was contribution of increased sales. By region, sales and profit increased in the ASEAN region, where is a major market of motorcycles.

Financial Results by Business Segment 1

- Automobiles:** Decreased revenue and profit due to reduced sales of HUDs to European and American OEM, as well as one-time payments and impairment of some advanced development assets.
- Motorcycles:** Increased revenue and profit due to the rise in sales of motorcycle instruments in ASEAN, India, and Brazil.

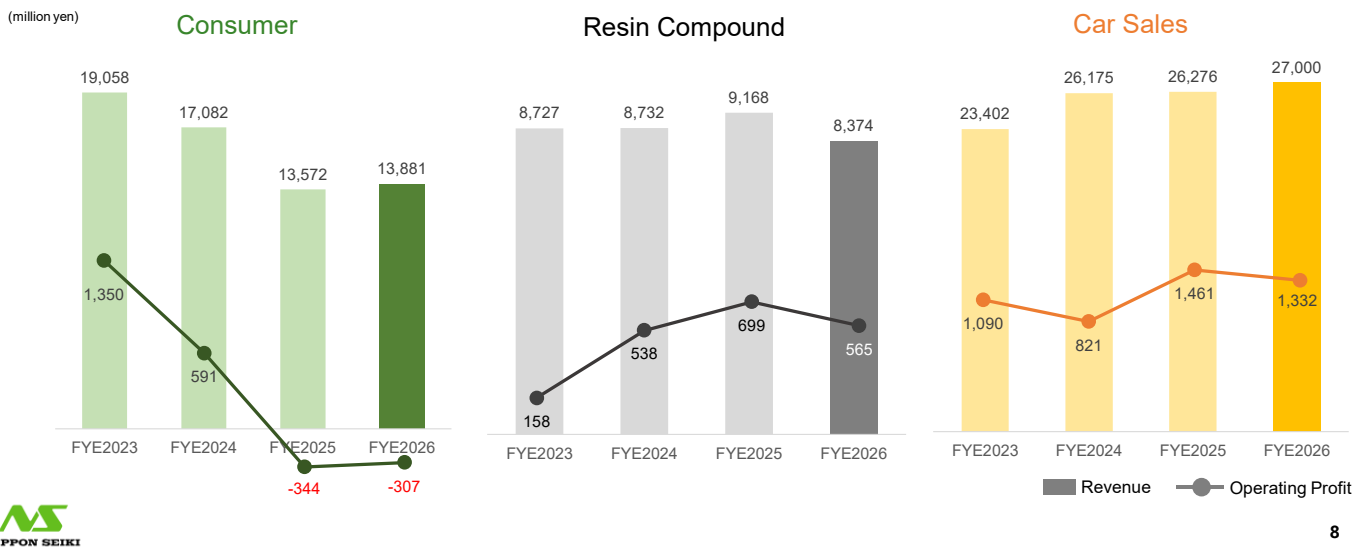


Next, I would like to discuss revenue and operating profit by business over the past 4 fiscal years. In the fiscal year ended 2026, revenue of instruments for motorcycles was 82.2 billion yen, increased 11.7 billion, or 16% from the previous year. The launch of a new model for Yamaha in Indonesia and an increase in the production volume of instruments for Honda drove overall sales and revenue.

In automobile instruments, revenue decreased by 3.2 billion yen year-on-year to 174.3 billion yen, and operating profit also recorded a deficit of 1.7 billion yen. In addition to the decrease in sales of head-up displays, the announcement of a revision of the EV strategy by some of our customers resulted in a write-down (700 million yen) of the capitalized development expenses for our products for EV.

Financial Results by Business Segment 2

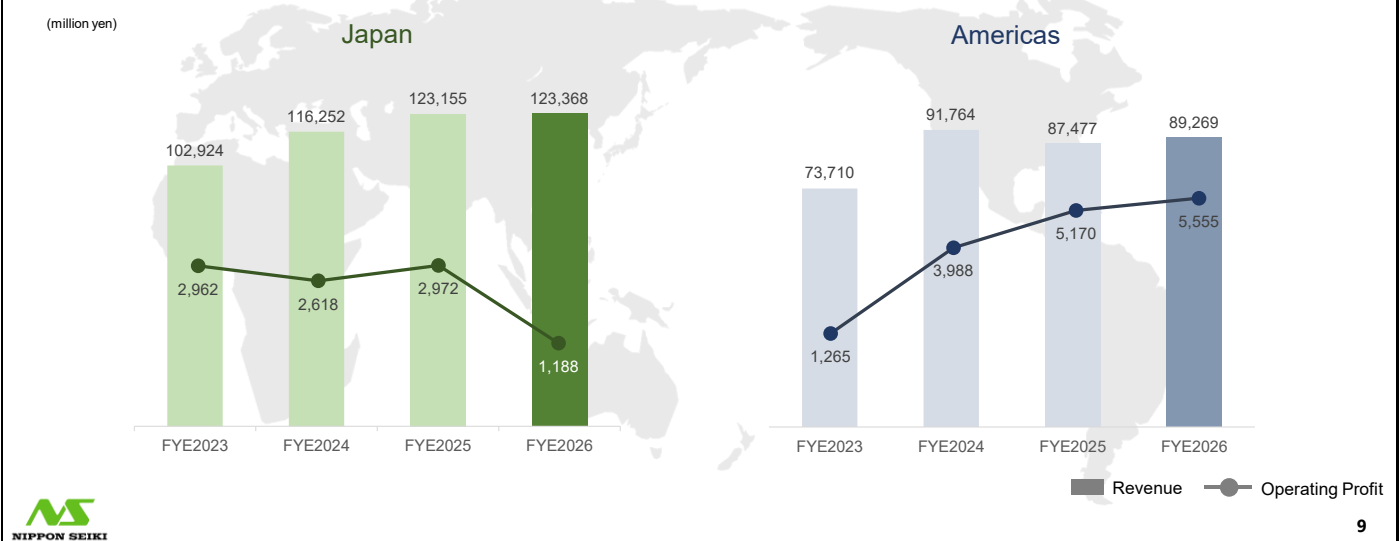
- Consumer** : In 4Q, sales of air conditioners and home equipment controllers turned to an increase, resulting in a slight rise in both revenue and profit.
- Resin compound** : Decrease in revenue and profit due to a decline in orders for coloring processing of resin materials.
- Car Sales** : Revenue increased due to higher sales related to maintenance, but profit declined due to a decrease in new car sales.



In the consumer products business, revenue was 13.8 billion, resulting in a loss for 2 consecutive years, due to a lack of progress in customer inventories. In the resin compounds business, profit decreased due to a decrease in orders for coloring. In automobile sales, revenue were 27 billion yen and operating profit was 1.3 billion yen.

Financial Results by Region 1

- Japan** : Profit decreased due to lower sales of automotive instrument components and impairment of some advanced development assets due to customer OEM's EV strategy revise.
- Americas** : In addition to the impact of tariffs, although there were increases and decreases for automobile instrument among OEMs, revenue and profit ended at the same level as the previous fiscal year.

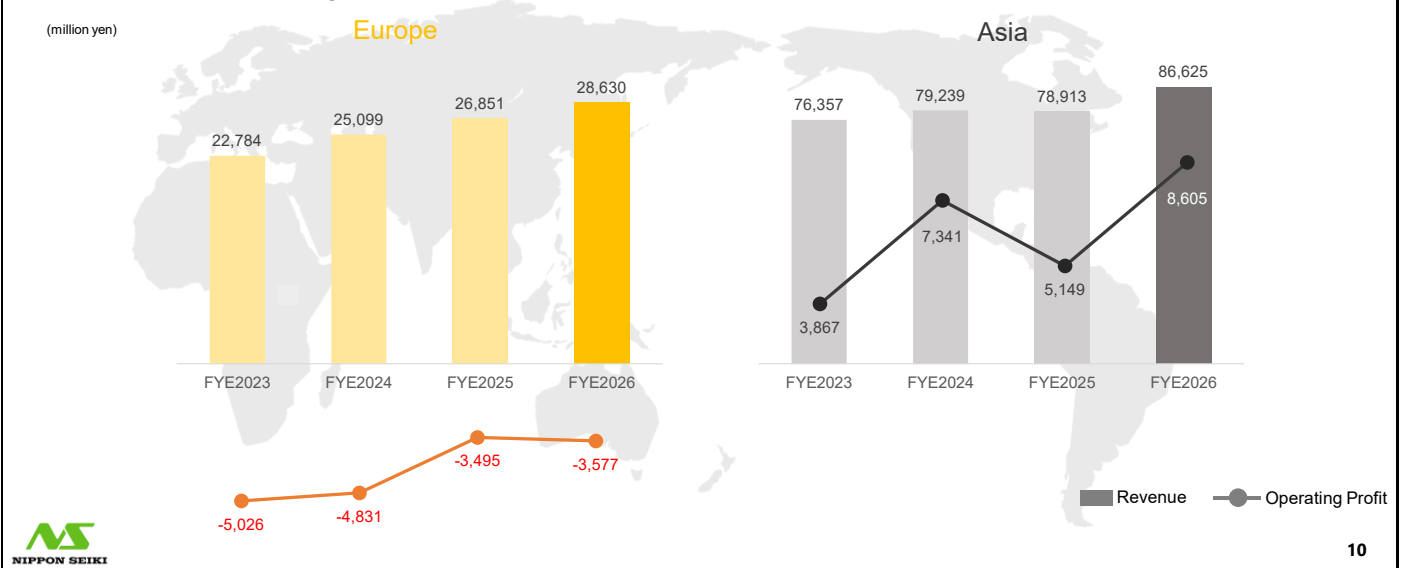


Next, I will explain revenue and operating profit by region. In Japan, operating profit decreased to 1.1 billion yen, mainly due to a write-down of the capitalized development expense of 700 million yen due to a revision of the EV strategy of customers. In the Americas, revenue was 89.2 billion yen as sales recovered in the second half of the fiscal year. Operating profit was 5.5 billion yen as customs duty burden remained at 600 million yen (our payment is 1.2 billion yen and compensation from the customer is 600 million yen.)

Financial Results by Region 2

- **Europe** : Revenue increased due to the launch of new HUD models despite sluggish sales of European vehicles in the Chinese market. Operating loss increased due to a one- time payment to customer.
- **Asia** : Revenue and profit increased due to a rise in motorcycle instrument in ASEAN and India, despite a decline in automobile instrument in China.

(million yen)

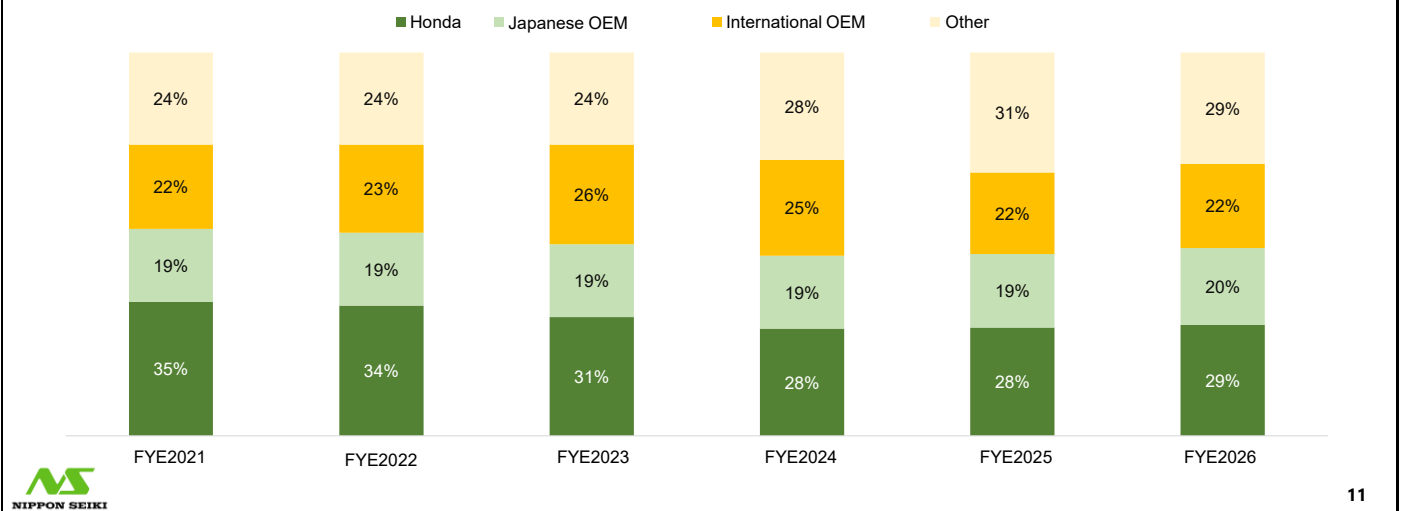


In Europe, despite one-time payments to customers (Q1, 700 million yen), the operating loss remained unchanged at 3.5 billion yen. Revenue and profit in Asia increased due to increased motorcycle production, particularly in the ASEAN region.

Sales Revenue Composition by Major Customers

FYE2026 Sales Revenue Composition

- Share of Honda increased due to increased sales of Honda motorcycles
- Among Japanese vehicle manufacturers, sales of Yamaha motorcycles increased
- Among international vehicle manufacturers, sales of BMW and GM decreased, while sales of Stellantis recovered in the second half



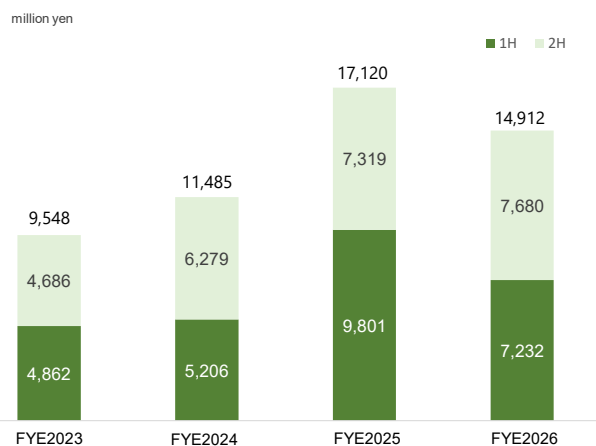
The breakdown of sales by major customer is as shown in the table below. Due to an increase in sales of motorcycles, Honda's share of sales increased 1% to 29%. Sales to other Japanese manufacturers increased 20%, mainly due to an increase in sales to Yamaha.

Capital Investment and Depreciation

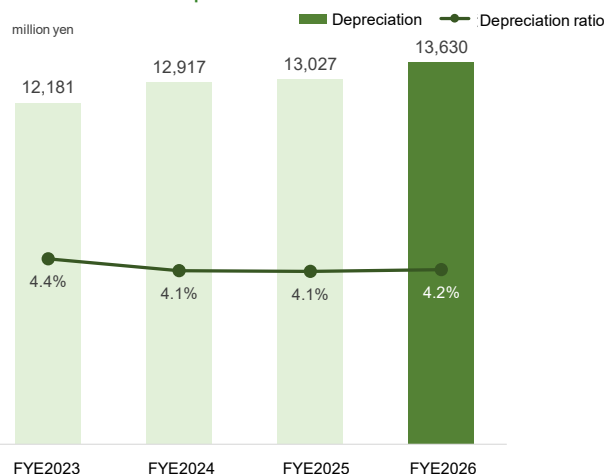
FYE2026 Capital Investment 14,912 million yen

- In FYE 2026, although investments were made in new equipment models and new ERP systems in Japan and Europe, the amount of capital expenditures decreased compared to the previous fiscal year.

Capital Investment (Consolidated)



Depreciation



Changes in capital investment and depreciation and amortization expenses. In the fiscal year ended March 2025, we invested 17.1 billion yen for the launch of new models of head-up displays, but in the fiscal year ended March 2026, we invested 14.9 billion yen for new models and new ERP systems, a decrease of 2.2 billion yen from the previous fiscal year. Depreciation and amortization expenses increased 600 million yen to 13.6 billion yen.

Consolidated Balance Sheets

- Cash and cash equivalents increased as a result of continued improvement in earnings
- Inventory of parts and raw materials declined due to efforts to optimize inventories

million yen

	Mar. 31 2025	Mar. 31 2026		Mar. 31 2025	Mar. 31 2026
Cash and cash equivalents	35,305	51,922	Trade and other payables	46,065	50,456
Trade and other receivables	52,780	50,709	Borrowings	18,440	11,309
Other financial assets	12,503	13,179	Other current liabilities	14,113	18,030
Inventories	99,567	95,690	Total current liabilities	78,621	79,799
Other current assets	16,343	14,691	Borrowings	13,838	15,137
Total current assets	216,499	226,193	Other non-current liabilities	19,401	18,446
Property, plant and equipment	78,370	82,163	Total non-current liabilities	33,242	33,585
Goodwill and Intangible assets	6,746	5,632	Total liabilities	111,864	113,384
Trade and other receivables	1	-	Share capital	14,494	14,494
Other financial assets	24,379	26,614	Capital surplus	5,395	3,836
Deferred tax assets	5,835	6,301	Retained earnings	154,320	158,795
Other non-current assets	262	360	Treasury shares	△1,445	△1,296
Total non-current assets	115,595	121,071	Other components of equity	43,930	55,762
Total assets	332,095	347,265	Equity attributable to owners of parent	216,694	231,592
			Non-controlling interests	3,536	2,288
			Total equity	220,230	233,880
			Total liabilities and equity	332,095	347,265

Next, I will explain the major changes in the balance sheet. Cash and deposits increased 16.6 billion yen year on year to 51.9 billion yen, short- and long-term borrowings decreased 5.8 billion yen to 26.4 billion yen, and net cash amounted to 25.5 billion yen. On the other hand, inventories decreased 4.1 billion yen to 95.6 billion yen. Retained earnings increased 4.4 billion yen before payment of dividends, but total

dividends paid are expected to be 2.3 billion yen.

The equity ratio was 67%. The balance sheet, including net cash, is expected to change significantly due to the announced acquisition of Toyodenso.

Consolidated Cash Flow

- Operating cash flow increased mainly due to an increase in income before taxes.

million yen	FYE2025	FYE2026	FYE2025	FYE2026
Profit before tax	9,344	13,875		
Depreciation and amortization	13,027	13,630		
Impairment losses	264	896		
Interest and dividend income	(2,103)	(1,841)		
Interest expenses	220	321		
Loss (gain) on sale of fixed assets	(498)	(173)		
Decrease (increase) in trade and other receivables	427	5,205		
Decrease (increase) in inventories	1,321	7,930		
Increase (decrease) in trade and other payables	(304)	201		
Increase (decrease) in provisions	(117)	(51)		
Increase (decrease) in retirement benefit liability	235	296		
Foreign exchange loss (gain)	(24)	34		
Other	354	2,296		
Interest and dividend of received	2,054	1,905		
Interest paid	(213)	(342)		
Income taxes paid	(8,717)	(3,704)		
Net cash provided by (used in) operating activities	15,271	40,481		
			FYE2025	FYE2026
Net decrease (increase) in time deposits			(623)	503
Purchase of property, plant and equipment, and intangible assets			(17,120)	(14,912)
Proceeds from sale of property, plant and equipment, and intangible assets			1,432	2,115
Purchase of investment securities			(139)	(660)
Proceeds from sale of investment securities			8,212	0
Payments for loans receivable			(14)	(8)
Collection of loans receivable			8	18
Other			(64)	(0)
Net cash provided by (used in) investing activities			(8,309)	(12,945)
Net increase (decrease) in short-term borrowings			6,197	(7,398)
Proceeds from long-term borrowings			8,000	8,500
Repayments of long-term borrowings			(7,064)	(6,953)
Repayments of lease liabilities			(1,717)	(2,014)
Dividends paid to non-controlling interests			(562)	(113)
Net decrease (increase) in treasury shares			(2,649)	157
Dividends paid			(2,955)	(3,727)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation			(3,981)	(2,317)
Redemption of bonds			(20)	-
Net cash provided by (used in) financial activities			(4,754)	(13,866)
Net increase (decrease) in cash and cash equivalents			2,048	16,617
Cash and cash equivalents at end of period			35,305	51,922



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This is the cash flow statement. Operating cash flow was 40.4 billion yen, reflecting an increase in profit before tax, a decrease of 5.2 billion yen in trade receivables, and a decrease of 7.9 billion yen in inventories.

Fiscal Year Ending March 2027 Forecasts

- Increasing uncertainties, such as the heightened geopolitical risks in the Middle East, are affecting the stability of supply chains.

- Revenue are planned to decrease due to a decline in sales of automobile instruments, affected by the reduced market share of Japanese and European OEMs in the Chinese market.
- Operating profit is planned to increase due to the contribution of motorcycle instruments and the promotion of cost reduction activities. However, the medium-term target value was lowered in consideration of the impact of rising oil prices caused by soaring memory prices and increased geopolitical risks.

Million yen	FYE2026	FYE2027		
		FYE2027 target at medium term management plan 2026	FYE2027 Forecast	YoY change From FYE2026
Revenue	327,894	330,000	320,000	-2.4%
Operating Profit	11,624	16,500	14,000	+20.4%
Operating Profit Margin	3.5%	5.0%	4.4%	-
Profit Attributable to Owners of Parent	8,220	-	10,000	+21.6%

1 USD = 150.00 JPY (FYE2026:150.67 JPY)

Regarding the acquisition of Toyodenso

As for Toyodenso Co., Ltd., which is scheduled to become a wholly-owned subsidiary during the FYE2027, the impact of this change has not been reflected in the current consolidated financial forecast. The impact of the acquisition on the consolidated financial results and financial position will be disclosed promptly once it becomes clear.



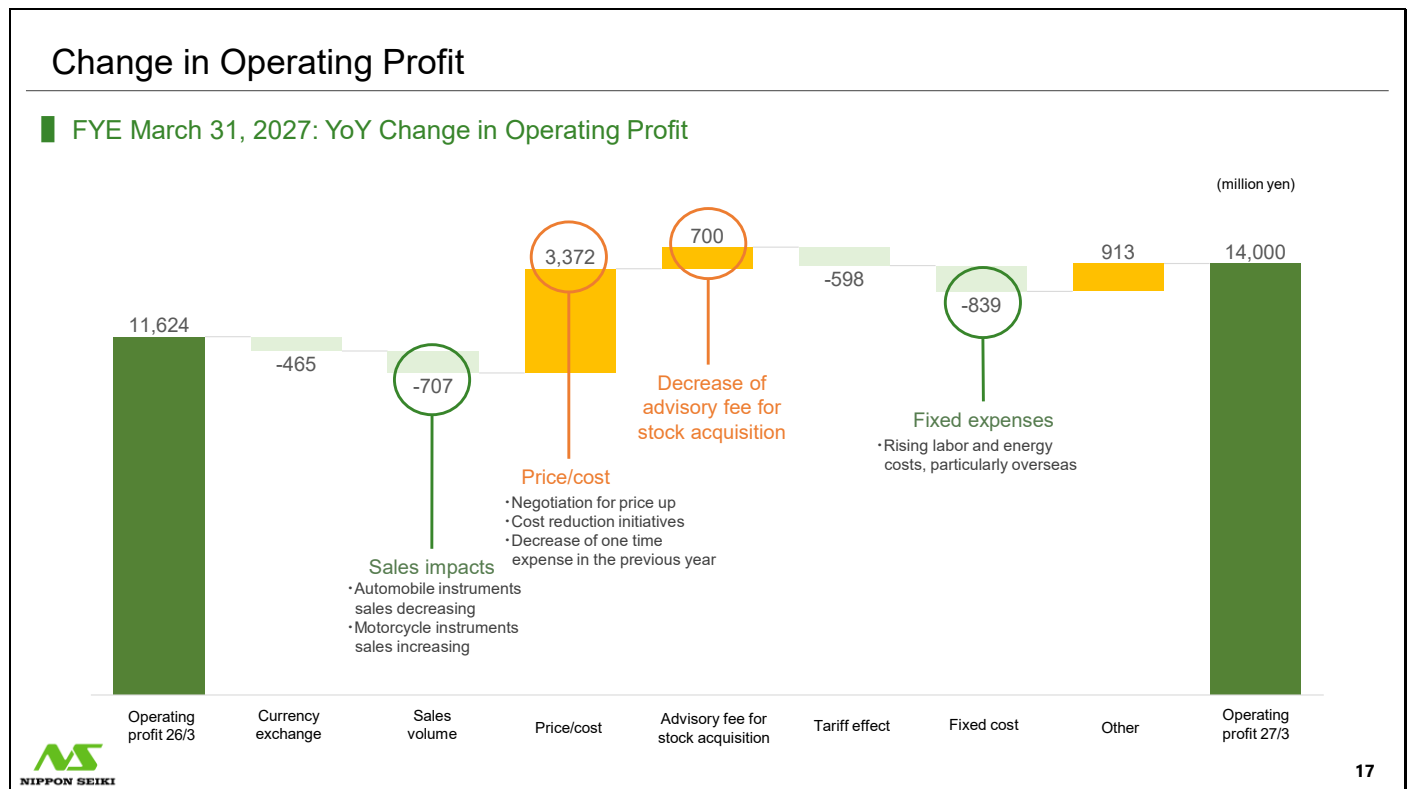
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I will now explain the forecast for the fiscal year ending March 27. We forecast revenue of 320 billion yen, operating profit of 14 billion yen, and profit attributable to owners of parent of 10 billion yen. The exchange

rate is assumed to be 1USD = 150 yen.

In the current fiscal year, we are in an environment with many uncertain factors, such as the soaring price of raw materials due to geopolitical risks, unstable supply of rare earths and memory, in addition to the expected continued slump in the Chinese market, and we have lowered our medium-term business forecast.

We will continue to make efforts to reduce costs and pass on price increases, and aim to achieve our operating profit plan of an increase of 2.4 billion yen year-on-year.



Operating profit for the fiscal year ending March 2027 is expected to be 14 billion yen, and the main factors for the increase and decrease are as shown in this slide. Operating profit is expected to decrease by 700 million yen due to a decrease in the sales of instruments mainly for automobiles, while operating profit is expected to increase by 3.3 billion yen due to cost reductions and price adjustments.

Revenue and Operating Profit by Segment and Region for Fiscal Year Ending March 2027

Segment

million yen		Revenue			Operating Profit		
		FYE2026	FYE2027	YoY	FYE2026	FYE2027	YoY
Automotive Components	Automobile	174,316	157,100	-9.9%	-1,785	-500	-
	Motorcycle	82,291	84,000	+2.1%	9,560	9,700	+1.5%
	Other automotive	10,627	12,000	+12.9%	739	900	+21.8%
Consumer		13,881	14,700	+5.9%	-307	-200	-
Resin compound		8,374	9,400	+12.3%	565	600	+6.2%
Car sales		27,000	28,700	+6.3%	1,332	1,500	+12.6%
Other (Software·logistics)		11,401	14,100	+2.4%	1,667	2,000	+20.0%

Region

million yen		Revenue			Operating Profit		
		FYE2026	FYE2027	YoY	FYE2026	FYE2027	YoY
Japan		123,368	128,000	+3.8%	1,188	4,300	+262.0%
Americas		89,269	80,500	-9.8%	5,555	4,300	-22.6%
Europe		28,630	29,800	+4.1%	-3,577	-2,500	-
Asia		86,625	81,700	-5.7%	8,605	7,900	-8.2%



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This slide shows revenue and operating profit by business and region for the fiscal year ending March 2027.

Shareholder Returns

Shareholder return policy:

Maintaining a total shareholder return ratio of 80% during the current medium-term management plan period

- We recognize profit returns to shareholders as one of the key management priorities to achieve sustainable enhancement of corporate value, as well as the early attainment of a PBR level of 1.0. During the current medium-term management plan period, we maintain the basic policy of shareholder returns with a total return ratio of 80%*1 and implement return measures accordingly.

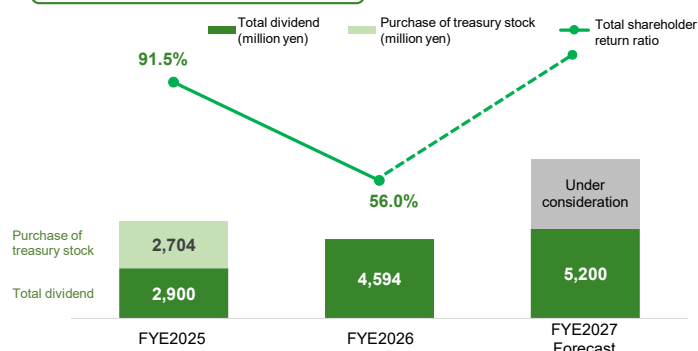
*1: (We plan to conduct shareholder returns at 80% of 3 years total net profit from FYE2025-2027, the current medium-term management plan period).

Dividends

- The year-end dividend for FYE 2026 is set at 40 yen.
- The annual dividend for FYE 2027 is planned to increase by 10 yen to 90 yen.

Dividend per share	Interim dividend	Year-end dividend	Total
FYE2026	40 yen	40 yen	80 yen
FYE2027 Forecast	45 yen	45 yen	90 yen

Total shareholder return ratio



Policy

- During the medium-term management plan (FYE2025~2027)
- Implement shareholder returns with a total payout ratio of 80% based on the total net profit over three years.



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In the fiscal year ended March 2026, we decided to pay a dividend of 80 yen per share. In addition, we announced a 2 billion yen share buyback, but we were unable to do so in order to avoid violating insider trading regulations. For the fiscal year ending March 2027, we will increase the dividend by 10 yen to 90 yen. In addition, we plan to implement the 80% total return ratio announced in the medium-term management plan in the fiscal year ending March 2027, the final year of the medium-term management

plan.

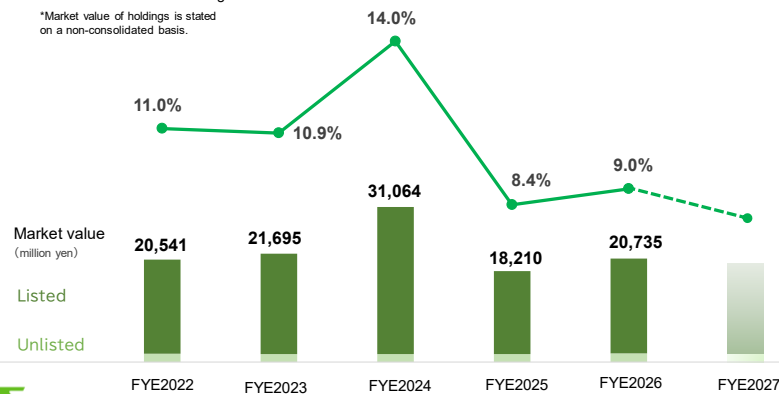
Reduction of cross-shareholdings

■ Although share sales remained at zero for the FYE 2026, the dissolution of the capital and business alliance with Alps Alpine was announced.

- Since the previous medium-term management plan period, we have been promoting reduction activities based on the policy to reduce cross-shareholdings.
- In the FYE 2027, we will advance the sale of Alps Alpine and continue reduction activities for other cross-shareholdings.

Reduction of cross-shareholdings

— Ratio of cross-shareholdings to consolidated net assets
*Market value of holdings is stated on a non-consolidated basis.



● January 27, 2026: Announced the dissolution of the capital and business alliance with Alps Alpine

- Given the increasing importance of reducing cross-shareholdings in corporate governance, after repeated discussions between the two companies, it was determined that there would be no problem in continuing the business alliance as before even after the dissolution of the capital and business alliance, and it was decided to dissolve the capital alliance. The business alliance with Alps Alpine will continue, with strengthened collaboration to enhance the corporate value of both companies.
- Our company plans to gradually sell the Alps Alpine shares it holds on the market. Additionally, Alps Alpine holds 3,000,000 shares of our company's common stock (5.21% of the total issued shares excluding treasury shares) as of December 31, 2025, and has confirmed its intention to sell these shares on the market in the future.



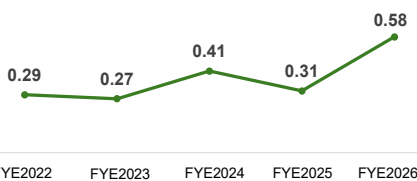
I would like to talk about changes in strategic shareholdings. In January 2026, we announced the dissolution of our capital alliance with Alps Alpine, and we have decided to sell our 2.6 million shares of Alps Alpine.

Implement Management that is Conscious of Cost of Capital and Stock Price

Current perception: improving but still low level

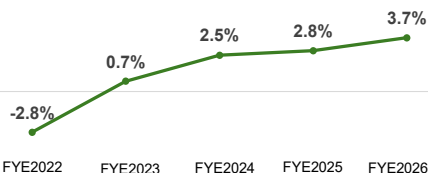
PBR

- Increased to about 0.6x PBR while aiming to reach 1x PBR



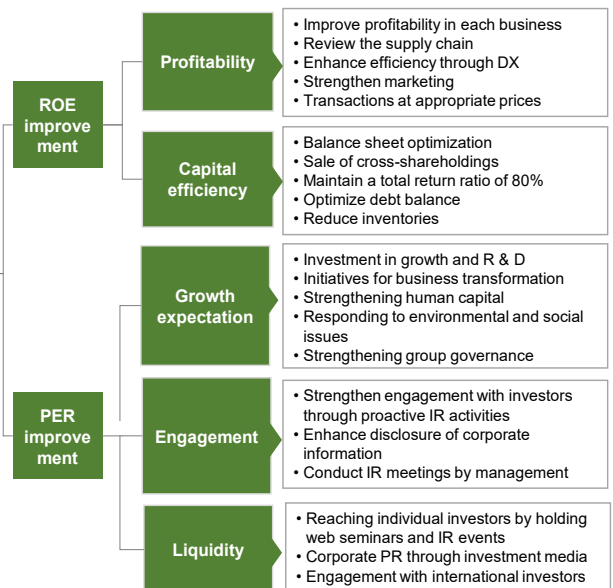
ROE

- Aim to achieve a 5% ROE in this medium-term management plan.



■ Initiatives for corporate value improvement in FYE 2027

Corporate value improvement (PBR)



The PBR was 0.58 times as of the end of March, and we are still halfway to our target of 1 times. We will continue to implement various measures toward 1 times PBR.

Enhancement of IR Activities

■ Dialogue with Investors (FYE 2026)

Events	Speaker	Number of times
Financial results briefing	Representative director・CFO	2
Small meeting with institutional investors	Representative director	1
1 on 1 with institutional investors	CFO・accounting / IR dept.	124
SR meeting	CFO・accounting / IR dept.	11

■ Enhancement of disclosure content and communication

- To strengthen IR, we have newly established the Corporate Communications dept. to promote the following initiatives.

	Initiatives
Disclosure content	<ul style="list-style-type: none"> • Enhanced English disclosures • Transcription of financial results briefing and publication of Q&A • Issuance of sponsored reports
Communication	<ul style="list-style-type: none"> • Conducting institutional investor perception survey • Enhancing communication for individual investors (web seminars and IR events) • Distribution to investment media

■ Enhancing communication with internal stakeholders

- Report and discuss opinions from shareholders and investors obtained through IR activities at the Board of Directors (twice a year)
- Holding IR briefings for employees every quarter

As you can see, we have held 138 dialogues with investors to strengthen our IR activities. In addition, from this April, we newly established the Corporate Communications Department and are working to enhance disclosure and communication.

5. Initiatives for the Fiscal Year Ending March 31, 2027

I'm Nagano, President and Representative Director. Thank you for taking time out of your busy schedule to attend our company's financial results briefing today. Now, I would like to explain our initiatives for the fiscal year ending March 2027. From here on, I would like to explain the fiscal year ending March 2027 as the "current fiscal year" and the completed fiscal year ending March 2026 as the "previous fiscal year."

Review of Fiscal Year Ended March 2026




The weak performance of automobile instruments was offset by the strong performance of motorcycle and the consolidated results ultimately landed at the planned level.

- FYE2026: Revenue 327,894 million yen (+3.6% YoY), operating profit 11,624 million yen (+21.3% YoY)
- Sales of motorcycle instruments grew, supported by strong growth in the motorcycle markets in ASEAN countries, India, and Brazil.
- On the other hand, the profitability improvement of the European business and the growth strategy for HUD stagnated due to the declining market share of Japanese and European OEMs in China.

Business Results (million yen)

	Sales Revenue	Operating Loss
Automotive Instruments* HUD <small>*HUD : Head Up Display</small>	174,316 -1.8% YoY	-1,785 -674 on previous year
Motorcycle Instruments	82,291 +16.6% YoY	9,560 +26.2% YoY
Other <small>*General purpose-EMS- consumer-resin- car sales etc.</small>	71,287 +4.5% YoY	3,849 +35.7% YoY

Review

- 
 Due to sluggish sales of Japanese and European automakers in China, sales of automobile instruments and HUDs fall below expectations
- 
 Due to strong sales by Japanese customers in ASEAN countries (Indonesia and Thailand), India, and Brazil, we exceeded our target.
- 
 Sales of consumer, resin compounds, and automobiles struggled, but general-purpose instruments and software services saw increased profits.

First, I would like to review the previous fiscal year. In the previous fiscal year, we operated our business in an extremely unstable environment, including the Trump tariffs, semiconductor shortages during the year, and the increasingly tense situation in the Middle East at the end of the year. However, we were able to achieve roughly the same level as our initial plan. On the other hand, when we look at each of our businesses, it was a year in which there were very clear differences.

In the motorcycle instrument business, both revenue and profits increased, supported by strong growth in the motorcycle market in ASEAN, India, and Brazil. In the business other than automotive components, general-purpose instruments and software services performed well. On the other hand, in the automobile instrument and head-up display business, although there was some good news, such as the start of deliveries to Toyota Motor Corporation's new RAV4, business performance fell short of expectations due to a decline in the share of Japanese, American and European OEMs in the Chinese market. In the business other than automotive components, consumer components, resin compounds, and automobile sales struggled.

Amid such an uncertain environment in which emergencies become a regular occurrence, the reality of our group is that difficult areas coexist with areas for growth. In the current fiscal year, we aim to strengthen the competitiveness of our business portfolio as a whole by expediting efforts to address areas in which profitability needs to be improved and by concentrating personnel, facilities, and funds in growth areas.

Plan for the Fiscal Year Ending March 2027 and the environment surrounding our group

Market environment and sales outlook for the FYE 2027

(million yen)	FYE 2026 Revenue	FYE 2027 Revenue plan	Sales outlook
Automotive Instruments· HUD	174,316	157,100	<ul style="list-style-type: none"> • Sales of HUDs are expected to increase due to contributions from the Toyota RAV4 and new models • Sales of automobile instruments are expected to decline in China, North America, ASEAN
Motorcycle Instruments	82,291	84,000	<ul style="list-style-type: none"> • Sales in the Global South are expected to expand gradually
Other <small>*General purpose·EMS·consumer·resin·car sales etc.</small>	71,287	78,900	<ul style="list-style-type: none"> • Sales are expected to increase in general-purpose instruments, consumer components, car sales, software services

Environment surrounding our group

- Lowered the operating profit target set for the final year of the medium-term management plan (FYE 2027 initial target: 16,500 million yen → 14,000 million yen)

OEM EV strategy revise	Memory & rare earth procurement risk	Increase in crude oil prices due to the situation in the Middle East
<ul style="list-style-type: none"> • Following the announcement of OEM's EV strategy revision, the Company recorded an impairment loss on development assets for developing models in FY 2026 • For FYE 2027, the Company is considering compensation negotiations 	<ul style="list-style-type: none"> • Determining the appropriate procurement volume • Continuing price negotiations to ensure proper reflection in sales prices 	<ul style="list-style-type: none"> • Promotion of local sourcing • Continuing price negotiations to ensure proper reflection in sales prices

Mr. Kase explained the financial forecast figures for the current fiscal year, so I would like to explain the outlook for our main businesses and the environment surrounding our group.

In the current fiscal year, while we expect sales to increase in head-up displays, motorcycle instruments, and other businesses, we plan to decrease sales in automobile instruments.

First, head-up displays. We expect revenue to increase due to the start of full-scale deliveries to the Toyota RAV4 and the launch of new models by European OEMs. Although sales of head-up displays were sluggish in the previous fiscal year due to sales difficulties in the Chinese market, we plan to put them back on a growth track in the current fiscal year.

On the other hand, sales of instruments for automobiles are expected to decrease significantly from the previous fiscal year due to a decline in the share of Japanese, American and European OEMs in the Chinese market and a decrease in orders in major areas.

As for instruments for motorcycles, we plan to continue to increase revenue and profits against the background of expected moderate market growth in the Global South area.

From the middle of the slide onward, we summarize the risks and responses that are expected in the current fiscal year.

Regarding OEMs' withdrawal from EVs, we recorded a write-down of development assets for canceled models in the previous fiscal year. In the current fiscal year, we will proceed with compensation negotiations and consider responses in line with OEMs' EV strategic revision. Regarding procurement risks for memory and rare earths, we will continue price negotiations to appropriately reflect in sales prices, while we continue to ascertain the appropriate procurement volume. Regarding crude oil price increases, we will also promote local procurement and proceed with negotiations to reflect sales prices in the same way.

Although the fiscal year ending March 2027 will be the final year of the current medium-term management plan, we have decided to lower the profit target considering the operating profit level of the previous fiscal year, which was only 11.6 billion yen, the impact of the decrease in the number of gauges for automobiles, and various risks. The operating profit target has been revised from 16.5 billion yen initially set in the medium-term management plan to 14 billion yen.

Focus areas for the Fiscal Year Ending March 2027

- Promptly address emerging risks to minimize their impact while steadily implementing growth strategies to achieve profit targets

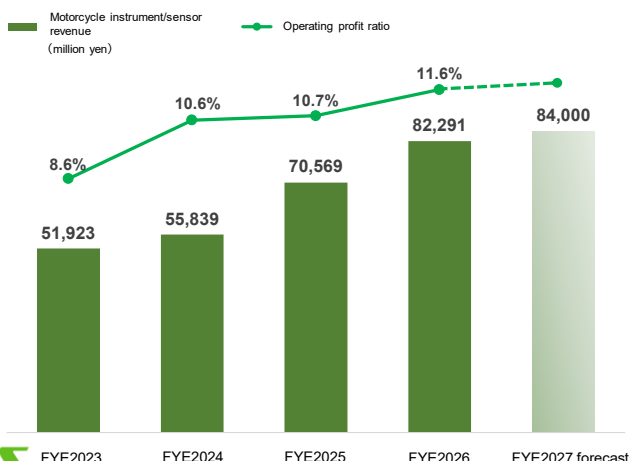


These are our focus areas for the current fiscal year. I will explain each initiative on the following pages.

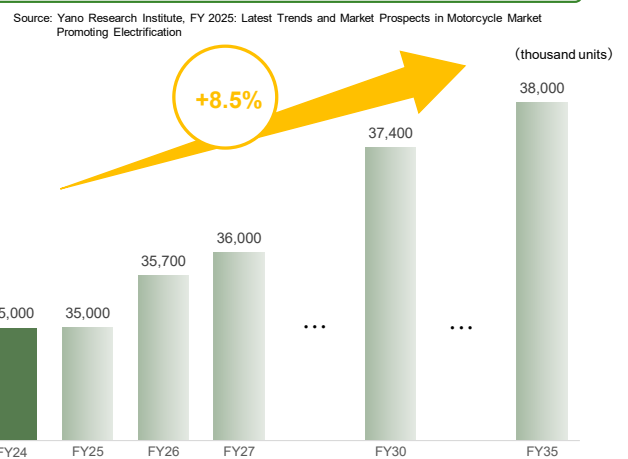
Focus area 1: Accelerating sales of motorcycle instruments in emerging markets

- Accelerate product development to meet the diverse needs of each region and establish a globally optimized supply system.
 - The Global South regions, such as India, ASEAN, and South America, are strategic growth markets where future demand increases for motorcycles are expected.
 - aim to expand market share by enhancing production capacity and thoroughly improving cost competitiveness.

Performance of Motorcycle (Instruments (Including Sensors))



Forecast of Motorcycle Demand in ASEAN, India and Brazil



The first priority is to accelerate sales of motorcycle instruments in emerging markets. The Global South, including India, ASEAN, and South America, is a strategic growth market in which demand is expected to increase substantially in the future.

In order to seize this growth opportunity, our group will accelerate product development to meet the diverse needs of each region and establish a globally optimized supply system to gain a competitive advantage in the market. In India in particular, we aim to expand our market share by strengthening production capacity

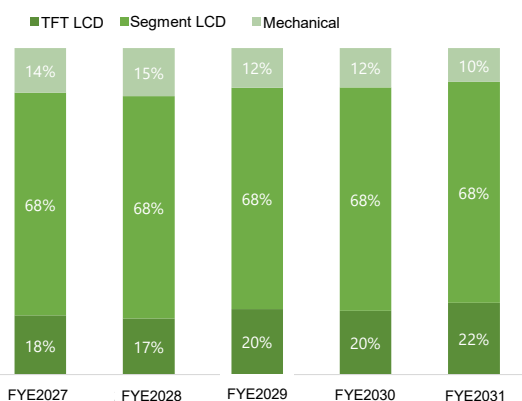
and thoroughly improving cost competitiveness through the development of smart factories and the in-house production of TFT LCD components through the establishment of a joint venture with a Taiwanese TFT LCD manufacturer.

Focus area 1: Accelerating sales of motorcycle instruments in emerging markets

Digital type instruments (with TFT LCDs) are expected to increase in the medium term.

- With the digitalization of instruments and the adoption of TFT LCDs progressing, durability under harsh conditions such as vibration, rain, heat, and dust is becoming increasingly important.
- In this context, our company's strengths in high durability and airtightness serve as significant advantages for product adoption.
- And the widespread use of TFT LCDs has expanded the importance of software development. By shifting to sales of both hardware and software, sales prices are expected to increase.

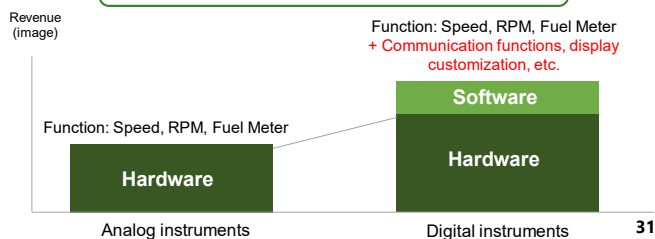
Expected percent distribution of our motorcycle instruments by type



Our motorcycle instruments advantage



Changes in sales price structure by the adoption of TFT LCDs



I would like to explain our response to the digitalization of motorcycle instruments.

The graph on the left of the slide shows the projected composition ratio of our company motorcycle instruments by type. As you can see in the graph, we expect that the number of digital meters equipped with TFT LCDs will increase in the medium term. Motorcycles are often used in harsh environments such as vibration, rain, direct sunlight, and dust, so even digital instruments require high durability.

Our company has been manufacturing meters for motorcycles since its foundation. We are proud of our strength in product durability and airtightness thanks to the technology we have cultivated over many years, and we believe that the spread of digital meters will give us a significant advantage in the adoption of our products. The spread of TFT LCDs has also increased the importance of software development. By selling software in addition to hardware through digitalization, we expect sales prices to rise. By capitalizing on our technological strengths and seizing the wave of digitalization in the motorcycle market, we will contribute to our next growth.

Focus area 2: Automobile and HUD: Implementing business strategies to enhance growth and profitability

■ Securing HUD's growth potential and improving profitability are key management challenges for our sustainable growth.

- Expand sales through the introduction of new high-value-added models and increase unit prices through the development of advanced functions, while promoting optimization of design and production processes and cost reductions in raw materials, manufacturing, logistics, and fixed expenses.
- Developing new customer and diversified proposals to existing customers through the strategic deployment of HUDs for compact cars.

HUDs for the new RAV4 has started

Our company's HUD was adopted for the first time in the Toyota, full-year product supply will be in the FYE 2027



Slope view for enhanced intuitive visibility

- By presenting information on a sloped surface with a sense of depth and perspective, the display is more intuitive and easier to perceive compared to conventional HUDs.
- The display with depth realized by our expertise in optical design and mass production technology provides a new driving experience.

The second priority is to implement strategies to increase the growth and profitability of head-up displays.

Ensuring growth and improving profitability of head-up displays, which are future growth drivers, is one of the key management issues for our group's sustainable growth. We will expand sales by introducing new high-value-added models, raise unit prices through the development of advanced functions, optimize design and production processes, and reduce costs such as raw material costs, manufacturing costs, logistics costs, and fixed costs. In addition, through strategic development of head-up displays for compact vehicles, we will seek new customers and strengthen multifaceted proposals to existing customers, aiming to expand our company's presence and share in the market.

Automotive sensor products

■ Enhancing the development and sales expansion of new sensor products in response to changes in market trends and customer needs.

Market needs for sensors and our products

	Market needs	Powertrain	Our products
Environment	Bio-fuel	ICE	 <ul style="list-style-type: none"> • Hall IC-type fuel level sensor • • • Improved resistance to electrolytic corrosion by using contactless technology
	Electrification (motor control)	EV	 <ul style="list-style-type: none"> • Inductive type motor angle sensor • • • Reduced procurement risk by not using rare earth elements
Safety	ADAS/ARAS	Common	 <ul style="list-style-type: none"> • 6-Axis IMU (Inertial Sensor) • • • Contributing to Posture Control for Safe Motorcycle Riding Support
	ABS legislation in India	Common	 <ul style="list-style-type: none"> • ABS rotation sensor • • • The rotational state of the wheels can be measured continuously
Comfortable	Adoption of electric clutches	ICE	 <ul style="list-style-type: none"> • Quick shifter • • • Shifting can be done using only the pedal, without clutch operation.

Next, I will explain our automotive sensor products.

Although we have not had many opportunities to explain this before, our company provides a wide range of sensors in the market, including liquid level sensors that detect the remaining fuel in the fuel tank and rotation sensors that detect the gear rotation speed and position of the engine and transmission. For example, we boast a record of mass production of more than 15 million liquid level sensors and 5 million rotation sensors annually.

In response to market trends and changing needs, our company is stepping up the development of new automotive sensor products. In environmental measures, we are developing Hall IC fuel level sensors in response to the spread of biofuels in emerging countries. These products are contact-free and can enhance electrocorrosion resistance.

In electrification, we are developing motor sensors for EVs. Because they do not use rare earths, they reduce procurement risk. In motorcycles, we are developing 6-axis IMUs, so-called inertial sensors and ABS rotation sensors, in response to the spread of safety driving support and the trend toward ABS legislation.

Comfort is also required for sports bikes and tourer bikes in developed countries, so we plan to expand sales of quick shifters that enable shift changes without clutch operation. We will develop and expand sales of new in-vehicle sensor products by accurately capturing changes in market needs for the environment, safety, and comfort.

Focus area 3: Creation of innovative products, services and businesses

Accelerating challenges in new growth areas to reduce dependence on the automotive industry

3D machine guidance for excavators "Holfee3D"

Machine guidance sensor kit for hydraulic excavators that contributes to improving construction efficiency and safety at construction sites (orders accepted from February 2026)



Advantages of Holfee3D

- Retrofit type with low cost and easy installation
- Supports high-precision construction with intuitive operation even for beginners
- Simple setup through photo calibration using a smartphone
- Earthwork support linked with surveying and measurement apps [Industry first]

LED projector "LumiPATH"

High-visibility LED projector suitable for outdoor use, utilizing optical design technology and high-durability design technology (sales of pre-release models to begin in February 2026)



Advantages of the LumiPATH

- Dustproof, waterproof, and highly durable for outdoor use
- High visibility through animated display
- Intended for use in transportation and social infrastructure requiring high reliability

The third is the creation of innovative products, services, and businesses. I would like to introduce 2 new products announced in the previous fiscal year.

The first is the Holfee3D machine guidance for excavators. This retrofit machine guidance circuit for hydraulic excavators contributes to improving construction efficiency and safety at construction sites. We started receiving orders in February 2026. Its strength is that it is a retrofit type, low cost, and easy to install. Even beginners can operate easily, and it supports high-precision construction. It is also easy to set by photo calibration using a smartphone.

The other is "LumiPATH" LED projector. Utilizing our company's optical design technology and high-durability design technology, this is a high-visibility LED projector that can be used outdoors. In February

2026, we began selling an advanced development product. It is dustproof, waterproof, and highly durable, and can be used outdoors. It has high visibility thanks to its animated display. It is intended for use in areas with high reliability requirements, such as transportation and social infrastructure.

We will expand our business by applying our company's technological strengths to multiple industries.

Focus area 4

Toyodenso: Completion of the acquisition process and proper execution of post-merger integration

The fourth is Toyodenso. During the current fiscal year, we plan to complete the acquisition procedures and appropriately implement post-acquisition integration operations.

The execution of the share acquisition is subject to the completion of necessary procedures such as approval of competition laws in Japan and other countries. Therefore, today's explanation is limited to the scope of the disclosure materials announced on April 20.

Corporate Profile of Toyodenso

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

- Developing and manufacturing switches, HMI systems, and electronic control equipment for automobiles, motorcycles, and power products on a global scale
- Handling everything from molding to assembly in-house, and their strength lies in their commitment to innovation and supply systems that meet the needs of each region.

General Information

Name	Toyodenso Co., Ltd.
Head office	10-4, 2-Chome, Shinbashi Minato-ku, Tokyo
Representative	Kiyoshi Koide, President and CEO
WEB site	https://www.toyo-denso.co.jp/
Establishment	November 1, 1960
Share capital	JPY 596 million
Sales Revenue	JPY 100,038 million (FYE2025)
Number of employee	8,716 (March 31, 2025)
Stock	Unlisted
Business	Research, development, production, and sale of automobiles, motorcycles, and general-purpose products
Main Customers	HONDA·TOYOTA·ISUZU·KAWASAKI etc.

Business Characteristics

- **Technical capabilities and responsiveness cultivated through relationships with major OEM companies**
 - Having a record of stable sales with the technological expertise and responsiveness cultivated over business with Honda and other OEM
- **Research, development, and manufacturing capabilities for products that gently connect people and vehicles through innovative technologies**
 - Design and development capabilities aimed at realizing comfortable interior spaces
 - Advanced development (R&D) to create new value for the next generation
 - Production technologies with high innovation awareness and the search for new technologies

Consolidated Financial Results

(million yen)

	FYE2023	FYE2024	FYE2025
Sales Revenue	95,988	105,290	100,038
Operating Profit	1,884	3,343	2,530
Operating Profit Margin	2.0%	3.2%	2.5%



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Established in 1960, Toyodenso develops and manufactures a variety of switches, HMI systems, and electronic control devices for automobiles, motorcycles, and power products on a global scale. Its distinctive feature is that it handles everything from molding to assembly in-house.

Thanks to the technological capabilities and responsiveness cultivated through its relationships with major OEM companies, Toyodenso has achieved stable sales. In addition, the company has built a strong customer base through long-standing business relationships, led by Honda.

Products of Toyodenso

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

- Developed switches for automobiles and motorcycles (70% of sales for automobiles and 25% for motorcycles)
- Large volume of transactions with Honda, and products are used in many models of automobiles and motorcycles (over 80% of sales to Honda)

For Automobile



For Motorcycle



For Power Products



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This shows Toyodenso's products.

As you can see here, Toyodenso is developing mainly switches for automobiles and motorcycles.

Approximately 70% of our sales are for automobiles and 25% for motorcycles. In addition, our business with Honda is very strong, and the sales ratio to Honda exceeds 80%. Toyodenso is a company with a wide range of product groups and a track record of mass production in the fields of operation and input.

Vision and Objectives for the Transaction

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

- Mutually leveraging the customer bases to strengthen proposals to customers and expand sales opportunities
- Both companies will work to enhance our presence in the motorcycle market, which is expected to continue growing, and strive to expand profit
- Establish a foundation for long-term growth in the HMI domain, aiming to improve the competitiveness and corporate value



1 Expanding Product Portfolio and Mutual Use of Customer Base

2 Creation of Technological Synergies in the HMI Domain

3 Improving Business Efficiency through Group Collaboration



Next, I would like to explain the purpose of the acquisition. We expect three major effects from the acquisition.

1 Expanding Product Portfolio and Mutual Use of Customer Base

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

- Toyodenso's input system products (switches for automobiles and motorcycles) are added to the product portfolio
- Mutually leveraging the customer bases to strengthen proposals to customers and expand sales opportunities

Product Portfolio Expansion

Growth Opportunity

MS NIPPON SEIKI

Core Domain :
Display·Output



Automotive meter

HUD



Motorcycle meter



Sensor



Construction/agricultural machinery

TEC TOYODENSO

Core Domain :
Manipulation·Input



Combination switch



Steering switch



Tourer motorcycle switch

Stable demand for automotive input systems

Demand is expected to remain steady as automakers return to mechanical switches.

Initiatives in area ECU development

Developing simple and functional products by advancing physical switch products, achieving seamless integration of area ECUs, and consolidating functions.

Growth potential in the motorcycle business

Expansion of motorcycle demand in the Global South

Mutual leverage the customer bases

Building stronger relationships with customers by combining the relationships of trust each company has built up.

(Example)

Opportunities to leverage customer bases in Japan and expand sales to international customers

Opportunities to enter truck manufacturers and construction equipment and agricultural machinery manufacturers



First, I would like to explain how we are expanding our product portfolio and leveraging our customer base.

By combining our company's display and output areas, such as meters and HUDs, with Toyodenso's manipulation and input areas, such as switches, we will be able to offer a broader range of proposals to

customers. The first growth opportunity is stable demand for automotive input systems. Automakers are returning to mechanical switches, and demand is expected to remain firm. In the motorcycle business, we believe there is room for growth by capturing growing demand in the Global South.

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

2 Creation of Technological Synergies in the HMI Domain

- Creating synergies between our display and manufacturing technologies and Toyodenso's strengths in developing mechanisms that enable reliable and comfortable manipulation
- Utilizing the technologies and expertise of both companies to develop HMI solutions that contribute to the safety and reliability of users

NIPPON SEIKI

Core Domain : Display・Output

- HMI design for the entire vehicle
- Display technology, optical design, and manufacturing technology
- Mass production of meters and display devices

TOYODENSO

Core Domain : Manipulation・Input

- Pursuit of instantaneous recognition, intuitive operation, and optimal feel
- Mechanical development technology to achieve reliable and comfortable manipulation
- Extensive experience in development and mass production of ECUs, including switches

Deepening of HMI spatial value



- Proposing a safer and more secure HMI space by combining the knowledge of both companies
- Promoting the development of products that realize new styling, such as motorcycle handle module that provide both visibility and feel

NIPPON SEIKI

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Next, I will explain the creation of technological synergies in the field of HMI (Human Machine Interface).

Our company's instruments and Toyodenso's switches are both products that serve as human machine interfaces connecting people and vehicles. We believe that by combining our company's expertise in display technology, optical design, and mechanism development technology, we will be able to offer even safer and more secure HMI spaces.

Specifically, we will promote the development of products that realize new styling, such as motorcycle handle modules that provide both visibility and operation feeling. We will promote the development of new HMI solutions from the perspectives of display/output and manipulation/input.

3

Improving Business Efficiency through Group Collaboration

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

- Promoting joint purchasing by utilizing the commonality of parts procurement between our group and Toyodenso
- Improving efficiency of the entire supply chain through sharing of design resources and production collaboration at international plants

Expected Operational Synergy

Purchasing	•Purchase volume advantage through joint purchasing
Development	•Sharing design and development resources, outsourcing reduction
Parts Commonization	•Integration of specifications and standardization of parts for common products, such as sensors
Global Collaboration	•Production cooperation at international plants, improving capital expenditure efficiency
Collaboration in Japan	•Business collaboration and resource utilization at sales locations and supporting operation

Next, I will explain the improvement of business efficiency through group collaboration.

Our group and Toyodenso share similarities in parts procurement. By utilizing this commonality and promoting joint purchasing, we will create economies of scale. In addition, we will promote sharing of design resources, integration of specifications and commonality of parts for common products such as sensors, and production collaboration at international plants, which will lead to improvement of asset efficiency and efficiency of capital investment.

Through these initiatives, we will realize efficiency of the entire supply chain and lead to improvement of profitability of the entire group.

Overview of the Transaction

Excerpt from Notice Concerning Execution of Share Transfer Agreements for the Acquisition of Shares of Toyodenso Co., Ltd. on April 20, 2026

- Nippon Seiki Co., Ltd. (the "Company") resolved to acquire all shares of Toyodenso Co., Ltd. and make it a wholly owned subsidiary of the Company at a meeting of its Board of Directors held on April 20, 2026. The Company has executed a share transfer agreement as of today.
- The Company plans to build an agreement on the transfer of shares with shareholders other than those who entered into the share transfer agreement on the same date, and eventually acquire all of T's issued shares.

Overview of the Transaction

Subject Company	Toyodenso Co., Ltd.
Acquisition Costs	49,850 million yen
Funds for Acquisition	All funds for the share acquisition are planned to be procured entirely through borrowing from financial institutions. The borrowing amount and other conditions will be determined through consultations with the financial institutions. ※No equity finance
Date of execution of the share transfer agreement	April 20, 2026
Date of execution of the share acquisition	October 1, 2026

The following is an outline of the transaction.

The amount of shares to be acquired by Toyodenso as a subsidiary is approximately 50 billion yen. All of the funds for the acquisition will be procured by borrowing from financial institutions, and no equity financing is planned. The scheduled closing date is October 1, 2026. We will continue to work steadily toward the completion of the acquisition procedures.

Focus area 5: Planning new medium-term management plan (FYE 2028 to 2030)

- The new medium-term management plan (FYE 2028 to 2030) is scheduled to be disclosed in May 2027.
- Discussions are ongoing within the company regarding the new medium-term management plan.
- Consideration of synergies with Toyodenso is scheduled to begin after the acquisition procedures are completed.

Investors' expectations regarding the new medium-term management plan

Held a small meeting with institutional investors in March 2026 to reflect the opinions of capital markets in the new medium-term management plan

Date: Thursday, March 26, 2026 13:30-15:00

Agenda: New medium-term management plan (launched in April 2027), future management strategy, capital policy, etc.

Our company Attendee: President & CEO Keiichi Nagano

Participants: 5 people

Key Opinions

- Motorcycle digital instrument is expected to be a growth driver as its unit price is higher than analog.
- Regarding HUD, the perception that "unprofitable despite being a growing market" has led to low valuation, so showing a path to profitability and revenue expansion is important.
- The direction of expanding external sales in the software development business is understood. It is essential to ensure how profitability will be secured.
- Given the high uncertainty in the market environment, establishing a stable operational framework that considers procurement risks and supply responsibilities is crucial.
- The 80% total return ratio and the increase in dividends are evaluated to have contributed to the improvement in the stock price. This should be kept in mind in the next medium-term management plan as well.
- Measures to raise the ROE above the capital cost (such as business portfolio optimization and capital efficiency improvements) should be presented.

Lastly, I would like to explain the formulation of the new medium-term management plan.

The new medium-term management plan covers the period from the fiscal year ending March 2028 to the fiscal year ending March 2030, and is scheduled to be disclosed in May 2027. Discussions are currently underway internally. We plan to begin examining synergies with Toyodenso after the completion of the acquisition procedures.

In formulating the new medium-term management plan, we held a group discussion with institutional investors in March 2026 to reflect the opinions of capital markets. I would like to take this opportunity to thank all the investors who participated. We received various opinions at the meeting.

Specifically, we received opinions such as, "In the next medium-term management plan, it is necessary to clearly indicate improvement in profitability and capital efficiency, not merely sales targets." These opinions were shared at the Board of Directors. We will take these opinions seriously and move forward with formulating a new medium-term management plan that clearly shows improvements in growth, profitability, and capital efficiency.

This concludes my explanation.

Questions and Answers

Question 1: Could you please explain how major risks, such as the situation in the Middle East, are factored into the guidance for the new fiscal year by each factor? Also, could you quantitatively explain by factor any differences from the mid-term plan aside from the major risk factors?

(Answer: Kase)

Regarding the impact of major risks in the current fiscal year, we have factored in approximately 1 billion yen due to the surge in naphtha prices and cost increases for memory and rare earths caused by the situation in the Middle East, and approximately 1.2 billion yen due to the impact of the Trump tariffs in the United States.

Regarding the Trump tariffs, applications for refunds of reciprocal tariffs will begin, but we have separately estimated the tariff impact based on Article 122 of the Trade Act. If the refund application for last fiscal year's tariffs is completed in time for the current fiscal year, it will have a positive impact of 600 million yen. Additionally, the 1.2 billion yen tariff impact for the current fiscal year will be discussed with customers going forward, but recovery is not factored in.

Next, I will explain the factors causing the gap with the medium-term management plan targets announced in November 2023. In the medium-term management plan, we announced a final fiscal year target of 330 billion yen in revenue and 16.5 billion yen in operating profit. In contrast, the forecast for the current fiscal year is 320 billion yen in revenue and 14 billion yen in operating profit, representing a 10 billion yen shortfall in revenue and a 2.5 billion yen shortfall in operating profit.

First, regarding the 10 billion yen decrease in revenue, head-up displays declined by 21 billion yen from the plan (including a 10 billion yen decrease in China) due to production cuts and other factors. On the other hand, motorcycle and automobile meters increased by 11 billion yen, including foreign exchange effects. The 2.5 billion yen decrease in operating profit compared to the medium-term management plan is estimated to be due to a 2.5 billion yen loss in Europe, where we are aiming for profitability; a 1 billion yen loss from supply chain impacts related to the Middle East situation, as previously explained; a 1.2 billion yen loss from the Trump tariffs; and a 1 billion yen loss in the China business. On the other hand, the main factors contributing to profit increases are estimated at about 3.2 billion yen in total, due to internal cost reduction activities, strengthened earnings in motorcycle meters, and improved earnings in automobile meters.

Question 2: Please explain your progress in strengthening the HUD business, improving earnings in the European business, and expanding the motorcycle business in ASEAN.

(Answer: Kase)

In the head-up display business, mass production of newly acquired models started as planned when the medium-term management plan was announced in November 2023. However, the head-up display business mainly targets European OEMs, and sales fell short of expectations as European OEMs lost market share in the Chinese market. As a result, revenue decreased 12 billion yen.

Although we aimed to eliminate the deficit in the European business during the medium-term management plan, we expect a deficit of 2.5 billion yen for the current fiscal year. Internal efficiency improvements, such as the relocation of design functions, the relocation of the Munich office, and personnel efficiency, produced

results commensurate with the plan. However, production volume of Japanese and European OEMs remained below the initial condition due to a decline in market share in China. As a result, sales fell far short of the plan in the mid-term plan.

We planned to improve profit and loss in the European business from the perspective of unit price and unit volume, and revised the selling price and reviewed cost. However, improvement in profit and loss was delayed as a result of the significant impact of a decline in unit sales of head-up displays due to a decline in market share of European OEMs in the Chinese market.

In the motorcycle business, both sales and operating income exceeded expectations in the medium-term management plan. This was mainly due to strong sales by Honda and Yamaha in ASEAN, India, and Brazil. In addition, the weak yen against ASEAN currencies has been a tailwind, and unit price increases due to the adoption of TFT monitors have also contributed.

As the market is expected to continue to expand moderately, we will surely capture demand by strengthening production capacity and improving cost competitiveness.

Question 3: I understand that you cannot discuss the details of the acquisition of Toyodenso before the closing, but please tell us what you want to achieve through this M & A as much as you can. Also, will this type of M & A be developed in the future?

(Answer: Nagano)

The M & A has three objectives, which are the same as the previous explanation.

The first is to expand our product portfolio and utilize our customer base. By adding Toyodenso's strengths in the operation and input domains to our company's strengths in the display and output domains, we will strengthen our ability to offer proposals to customers.

The second is to create technological synergies in the human machine interface (HMI) domain. We will promote the development of new HMI solutions by combining our company's display, optical design, and manufacturing technologies with Toyodenso's mechanism development technologies.

The third is to improve business efficiency through group collaboration. We hope to improve the efficiency of the entire supply chain through joint purchasing, sharing of design resources, and production collaboration at overseas plants.

As for our future M & A policy, if there are any projects that contribute to growth, we will consider.

Question 4: You said that you will maintain a total return ratio of 80%. Will you consider increasing dividends along with share buybacks? Please tell us how you expect to return the shortfall.

(Answer: Kase)

Our policy is to maintain a total return ratio of 80% for the 3 years of the Mid-term Management Plan, but we will make decisions regarding specific return measures based on various circumstances. We will inform you when we can disclose them.

Question 5: Closed Please tell us about the sales and profit of the Head-up Display Business for the fiscal year ended March 2026.

(Answer: Kase)

Revenue was 57.2 billion yen. Operating profit is still in the red, but specific figures are not disclosed.