

Nippon Seiki Co., Ltd. FYE Mar. 2025 Financial Results Presentation

Summary of Questions and Answers

<Time & Date> 2025 May 30th 15:30 ~ 16:30

<Speaker> Representative Director, President: Koichi Sato

Representative Director, Vice President: Keiichi Nagano

Managing Officer: Tatsuo Kase

Q : You explained that the impact of U.S. tariffs is factored into the business forecast for the FYE Mar. 2026. How is that factored in? And what is the status of the transfer of tariffs to sales prices?

A: The estimation is based on the assumption that 10% of the country-specific tariffs and 25% of the steel and aluminum tariffs currently in effect will continue for 12 months until March next year. Our company supplies Mexican products and parts to the United States, but we have not factored in any negative impact on these products on the assumption that the current USMCA framework will continue. Negotiations to pass the price on to the selling price are different for each customer, and there are various customers who accept and do not accept requests to pass the price. At present, the future of tariffs is uncertain, so we will actively negotiate while closely monitoring the situation. Since tariffs affect the entire industry, we will make our own efforts, including in-house production in the United States, local procurement of parts, and proposals for low-cost parts.

Q : What are your efforts to reduce the deficit in Europe?

A: Currently, the European deficit is affected by the slowdown in German car sales in China. Therefore, we are negotiating compensation for the fact that the actual sales volume is lower than the initial agreement with the customer. We are also working together with the customer on a program to reduce parts costs.

Q : Please tell us about HUD's sales and efforts to improve profitability.

A: As we explained in the presentation about the development of wedgeless HUD, a special film is inserted between the windshield of a car with a normal HUD. As a wedgeless HUD can eliminate the need for special film, customers benefit from lower vehicle costs. We will sell this as our differentiating technology and aim to receive new model nomination at a better cost ratio than before. We are working to recruit mainly small cars. We are working to adoption to mainly small segment cars. As for HUD's sales, actual sales for the 25/3 fiscal year are 57 billion yen, and the sales forecast for the 26/3 fiscal year is 64 billion yen, an increase of 7 billion yen. However, compared to the sales forecast at the time of the announcement of the Medium-Term Management Plan, sales are down by about 5 billion yen. Sales decreased due to the impact of the slowdown in Japanese and European automobile sales in China. We plan to launch new products within the current fiscal year, and we expect to see an increase in sales from the next fiscal year onward as these products flow throughout the year.

Q : Please tell us about your efforts to improve profitability of motorcycle instruments.

A: In the presentation, we introduced the establishment of a joint venture for TFT LCD modules with EDT to improve the profit margin of motorcycle instruments. Many TFT LCD modules are supplied from China, but if they are imported from China to India, they are subject to high tariffs. We will reduce tariffs by in-house manufacturing in India. The plant of the joint venture will be established on the premises of our

Indian plant, and the TFT LCD module line and meter line will be connected to reduce the cost of inventory management and shipping and packaging. As new competitors for motorcycle instruments have emerged in India, we will strive to offer added value rather than price competition, and will expand sales of handle modules and instruments for mounting smartphones.

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