

NISSHA

Nissha Report 2024

English



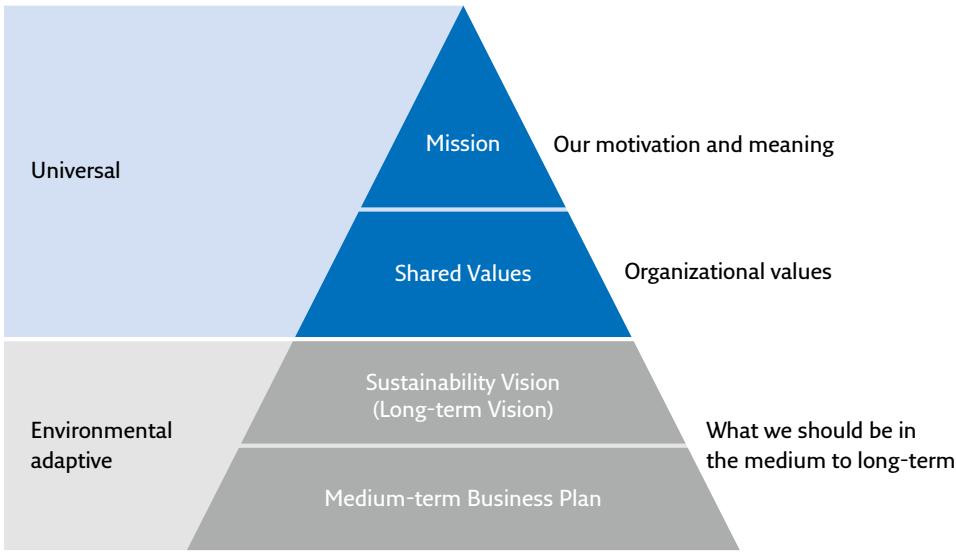
Mission

We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.



Nissha Philosophy

Nissha has integrated its standards of thought, rules of conduct, and Mission — ideals held in high regard — into Nissha Philosophy that is greatly valued.



Shared Values

Customer is Our Priority	We are committed to maximizing customer value.
Diversity and Inclusion	We welcome diverse capabilities interacting as equals and enhancing our organizational performance.
Commitment to Results	We work with diligence and deliver results.
Accomplished with Efficiency	We expedite appropriate actions to complete all endeavors.
Act with Integrity	We act with integrity and maintain the trust placed in us.

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Nissha Report 2024



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Editorial Policy

The Nissha Report presents the company's initiatives for sustainable corporate growth to our shareholders, investors, and other stakeholders. This document is an integrated report that provides a comprehensive view of financial information as well as non-financial information, including corporate governance, our progress related to the environment, and social issues.

In Nissha Report 2024, we discuss our approach to value creation, which leverages our unique strengths to expand social and economic value over the long term. We also provide an easy-to-understand report on our Mission, Sustainability Vision (Where we want to be by 2030), medium- to long-term growth strategies (including the 8th Medium-term Business Plan launched in 2024), sustainability and materiality, technology strategy, human resources strategy, financial strategy, quality, production and DX strategy, and corporate governance. The central focus of our report is the CEO message.

In our editing process, we referenced the *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation (Guidance for Collaborative Value Creation)* of the Ministry of Economy, Trade and Industry, the *International Integrated Reporting Framework* of the IFRS Foundation, as well as other documents.

Sustainability

<https://www.nissha.com/english/sustainability/index.html>
Information regarding our approach to sustainability and initiatives, our sustainability report, and the collection of ESG data.

Investor Relations

<https://www.nissha.com/english/ir/index.html>
Financial information, including the latest financial results and forecasts.
Unless otherwise noted, the contents of the report are current as of June 30, 2024.

Reporting Period

January 1, 2023 - December 31, 2023
(Report includes some activities before 2022 and after January 2024)

Scope of Report (Organizations)

NISSHA Group
(Nissha Co., Ltd., consolidated subsidiaries, and affiliated companies)

The Role of Nissha Report (Integrated Report)



Forward-looking Statements

This Nissha Report contains statements that constitute forward-looking statements regarding the intent, beliefs, or current expectations of Nissha Co., Ltd. or its management with respect to the results of operations and financial condition of Nissha and its subsidiaries. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of any number of factors. The information contained in this Nissha Report identifies those factors that could cause such differences. The forward-looking statements speak only as of the date hereof. Nissha disclaims any obligation to update or publicly announce any revisions to these forward-looking statements to reflect future events, conditions or circumstances. The results and forecast presented on this report are all consolidated basis except as otherwise noted.

The Evolution of Nissha

Growth History

Working to diversify our products and target markets through the evolution of our printing technologies and expansion of our core technologies, Nissha entered the global market and achieved growth by expanding our business domain.

Industrial Materials Devices Medical Technologies Others

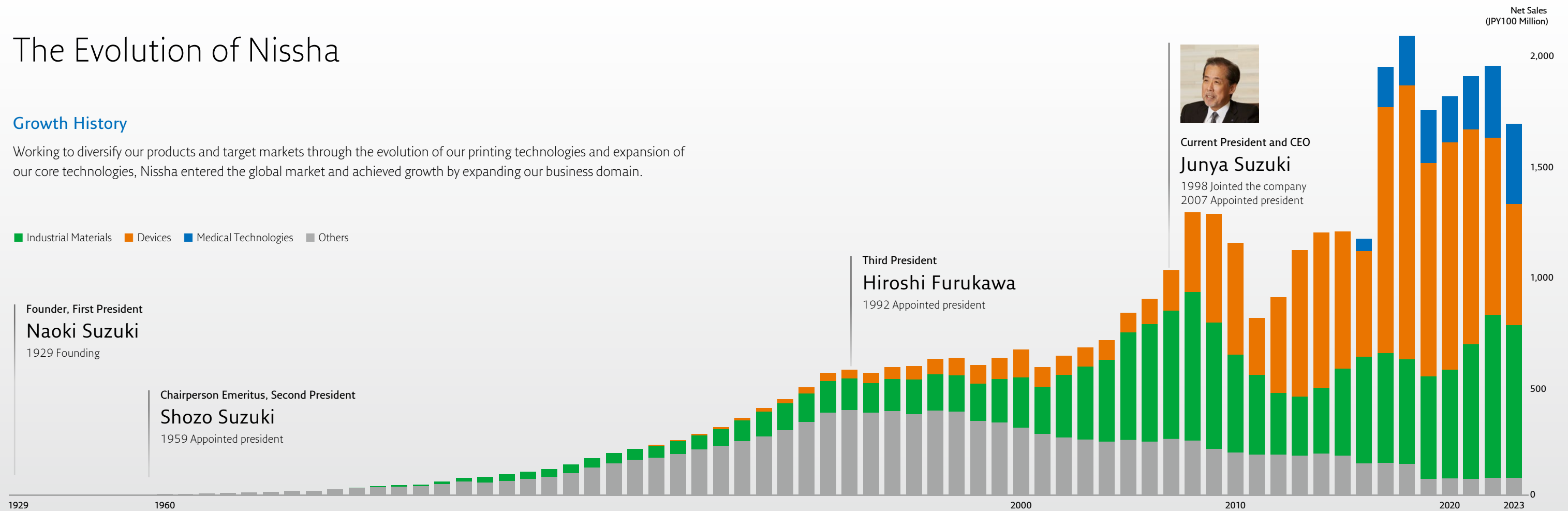
Founder, First President
Naoki Suzuki
1929 Founding

Chairperson Emeritus, Second President
Shozo Suzuki
1959 Appointed president

Third President
Hiroshi Furukawa
1992 Appointed president



Current President and CEO
Junya Suzuki
1998 Joined the company
2007 Appointed president



1929 - Foundation

Aspired of high-quality photographic printing

Founder Naoki Suzuki started the printing business at his home in 1929.

He thought, "We pursue high-quality photographic printing no other can compete with, as anybody can be just a type-set printer." As such, he focused on photographic printing using photoengraving and primary color printing technologies, which were rare at the time. This desire of his led to our current global niche strategy.

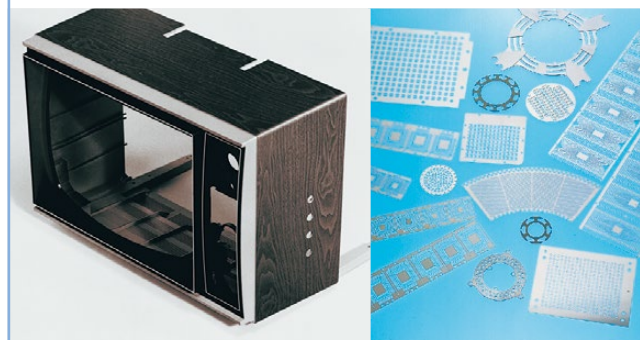


1960's - Diversification

Beginning of Industrial Materials and Devices businesses

The second CEO, Shozo Suzuki, advocated the importance of business diversification for future growth and encouraged the development of new products.

We created the first domestic wood-grain transfer foil (Industrial Materials business) in addition to electronic components, such as lead frames (Devices business). This expanded the target market to include products such as consumer devices and cosmetics. This diversification-driven business expansion was the starting point of our Change for Growth initiative.



2000's - Globalization

Our products and the Nissha brand penetrate the global market

Current CEO Junya Suzuki was convinced of the competitive advantage of our products in the global market and accelerated our overseas strategy.

He achieved dramatic growth in the Industrial Materials and Devices businesses in particular by exactly capturing worldwide demand from IT device manufacturers. In 2007, our overseas net sales ratio surpassed 50%.



Current - Strengthen Business Portfolio Strategy

Growth through optimization of management capital


After expanding our company globally, we focused our management capital on the IT devices market and saw remarkable growth. On the other hand, this market is experiencing rapid changes in product demand and technological trends. As such, we have expanded our business domain to global markets with stable growth potential, such as Medical, Mobility, and Sustainable Materials markets, to create a well-balanced business portfolio. We aim for continuous growth as we optimize the allocation of management capital to our business foundation, acquired through strategic M&A.




Change for Growth

Over our 90-plus year history, we have focused consistently on growth markets and have been selected by one of the leading manufacturers of our time. We have identified changing market trends and customer needs consistently, improved and expanded the core technologies, and adapted our target markets and products accordingly. The current core technologies are comprised of Printing, Coating, Laminating, Molding, Patterning and Metal Processing. At least one of these core technologies is used in every one of our products.


Our Core Technologies




Printing
Processing technology of applying designs and functions with ink




Coating
Processing technology of forming thin layers




Laminating
Processing technology of laminating multiple thin substrates



Molding
Processing technology of forming various shapes in three dimensions



Patterning
Processing technology of forming functional patterns



Metal Processing
Processing technology of metal machining, cutting, and surface treatment

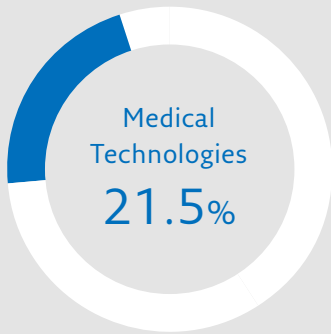
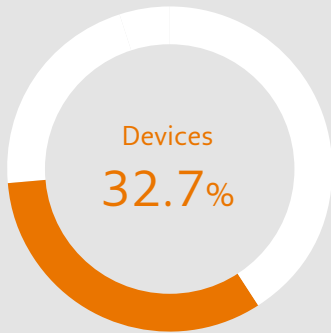
Growth throughout Product and Market Changes



Snapshot

2023 Consolidated
Net Sales
JPY167.7 Billion

Composition of Net Sales



Others 4.8%

Developing Three Businesses Utilizing
Core Technologies into Diverse Markets

Industrial Materials

The Industrial Materials business mainly offers proprietary technologies that enable it to create added value on the surfaces of various materials. We provide decorative films used in IMD, IML, IME, and other processes in addition to decorative molded products manufactured using these processes. These products are extensively adopted in mobility and home appliances in global markets. We additionally offer environmentally friendly products such as metallized paper that combine the properties of metallic luster and printability, as well as sustainable molded products made from plant-based materials.



Decorative Film/Molded Products

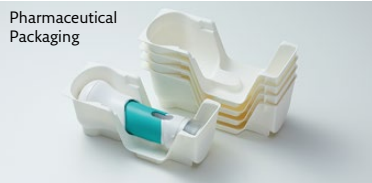


Metallized Paper



Sustainable Molded Products

Main Target Markets



Core Technologies Used



Printing



Coating



Laminating



Molding



Patterning



Metal Processing

Devices

The Devices business produce components and module products that pursue precision and functionality. Our main products, film-based touch sensors, are widely adopted mainly in tablets, handheld terminals (logistics-related), mobility components, gaming devices in global markets. In addition, we offer gas sensors that can detect gas conditions and force sensors that can detect pressure.



Film-based Touch Sensors

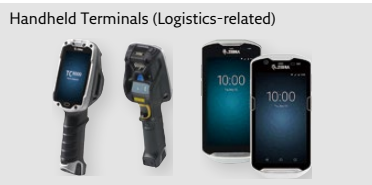


Gas Sensors



Force Sensors

Main Target Markets



Core Technologies Used



Printing



Coating



Laminating



Molding



Patterning



Metal Processing

Medical Technologies

The Medical Technologies business offers high-quality and value-added products in medical devices and other related markets to contribute to healthy and affluent life. We currently provide contract design/development and manufacturing services for major medical device manufacturers, mainly in America and Europe, with products such as minimally invasive surgical devices and wearable medical sensors used for a wide range of conditions, primarily heart disease. In addition, we manufacture and sell own brand products to medical institutions.



Minimally Invasive Surgical Devices



Wearable Medical Sensors

Main Target Markets



Core Technologies Used



Printing



Coating



Laminating



Molding



Patterning



Metal Processing

We develop businesses such as Information and Communication and Pharmaceutical and Cosmetics.

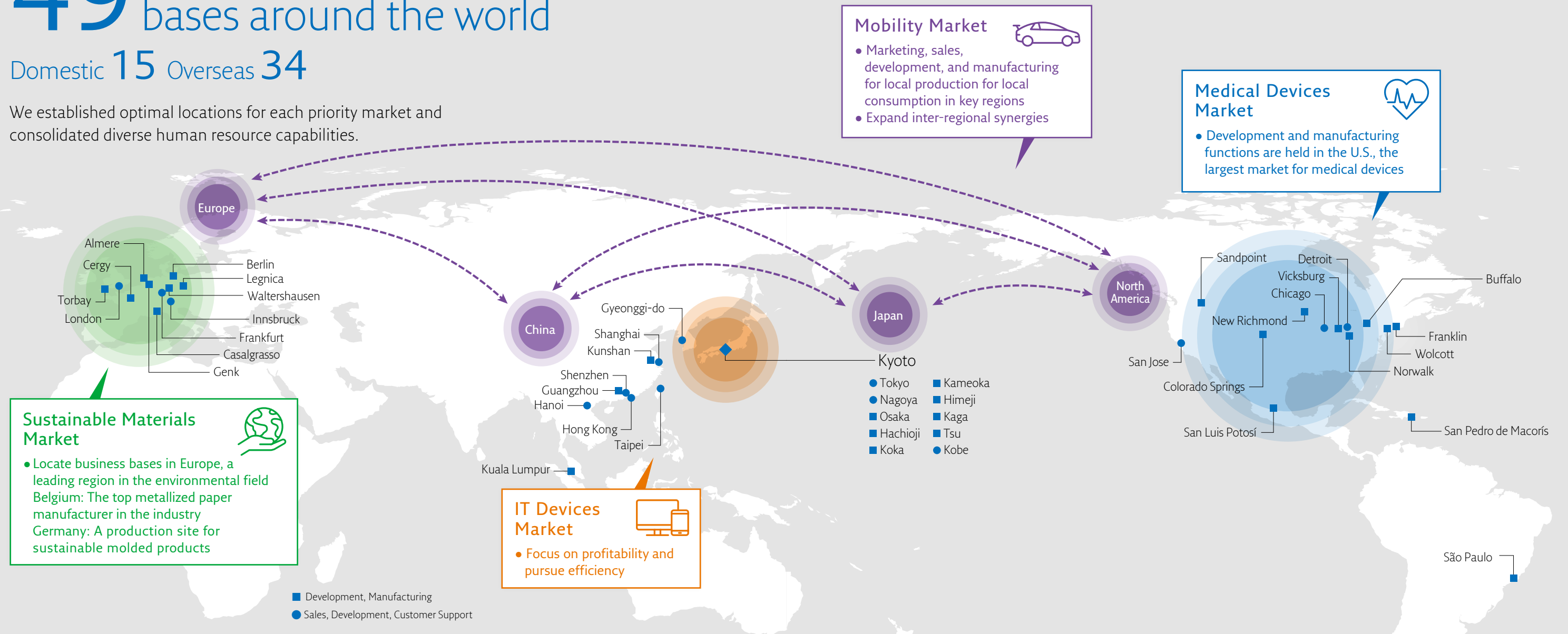
* The picture is a conceptual image.

Snapshot

49 bases around the world

Domestic 15 Overseas 34

We established optimal locations for each priority market and consolidated diverse human resource capabilities.



Global Development Centers

NICE
Nissha Innovation Center Europe



NICC
Nissha Innovation Center China



NICK
Nissha Innovation Center Kyoto

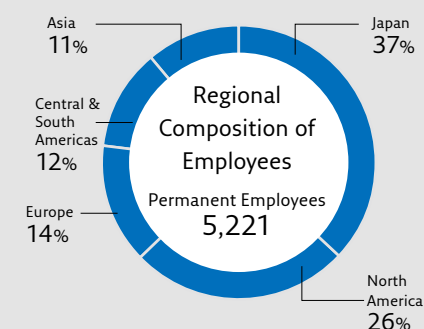


NICA
Nissha Innovation Center America



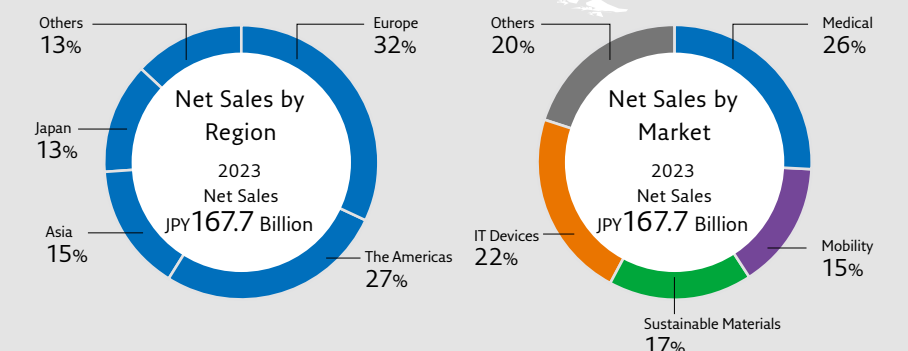
Diversity of Employees

As of December 31, 2023



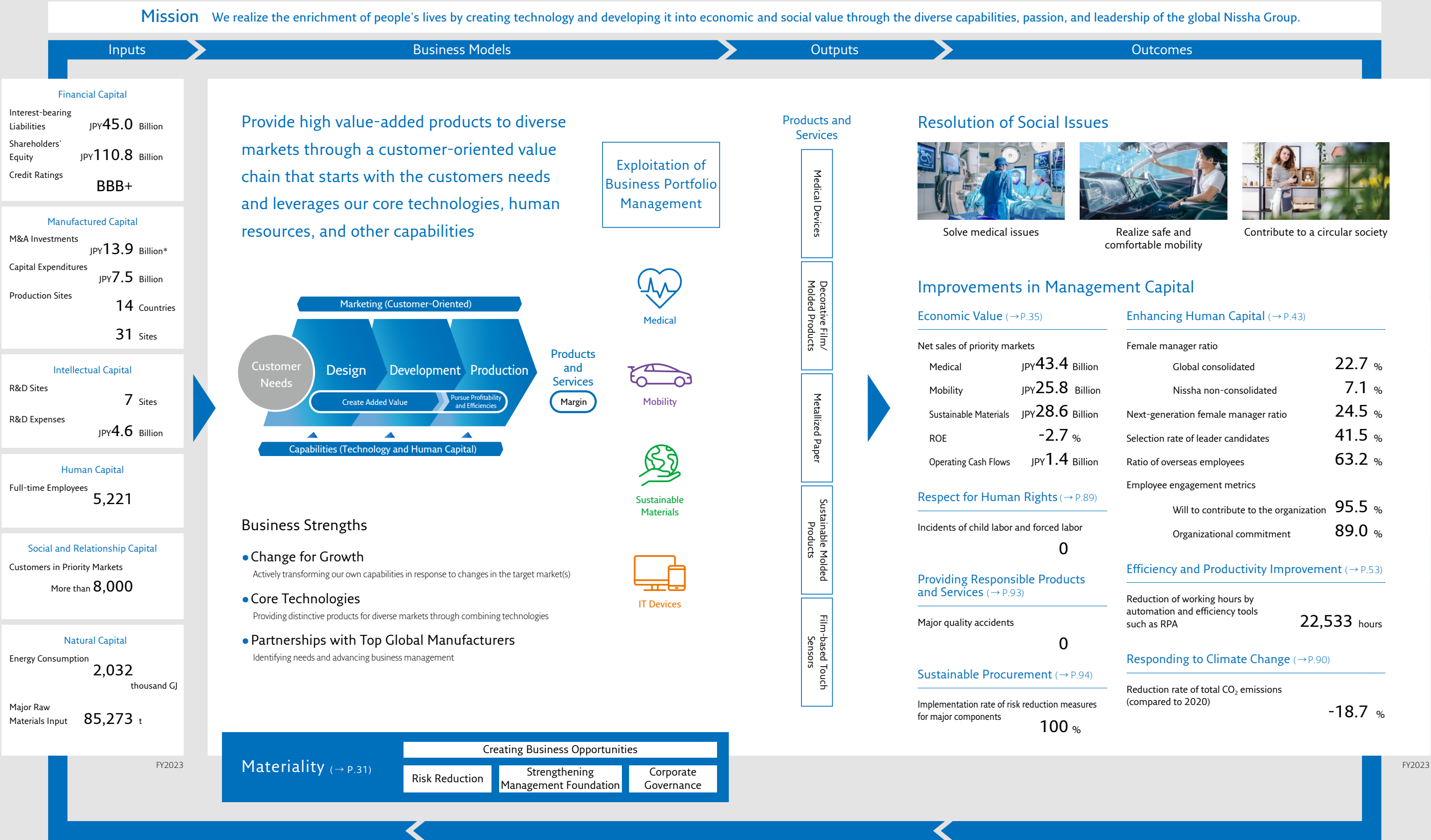
Net Sales

As of December 31, 2023



Value Creation Process

The Nissha Group aims to resolve social issues and create economic value by providing products and services, mainly in priority markets, through business activities that leverage our strengths and utilize our diverse management capital.



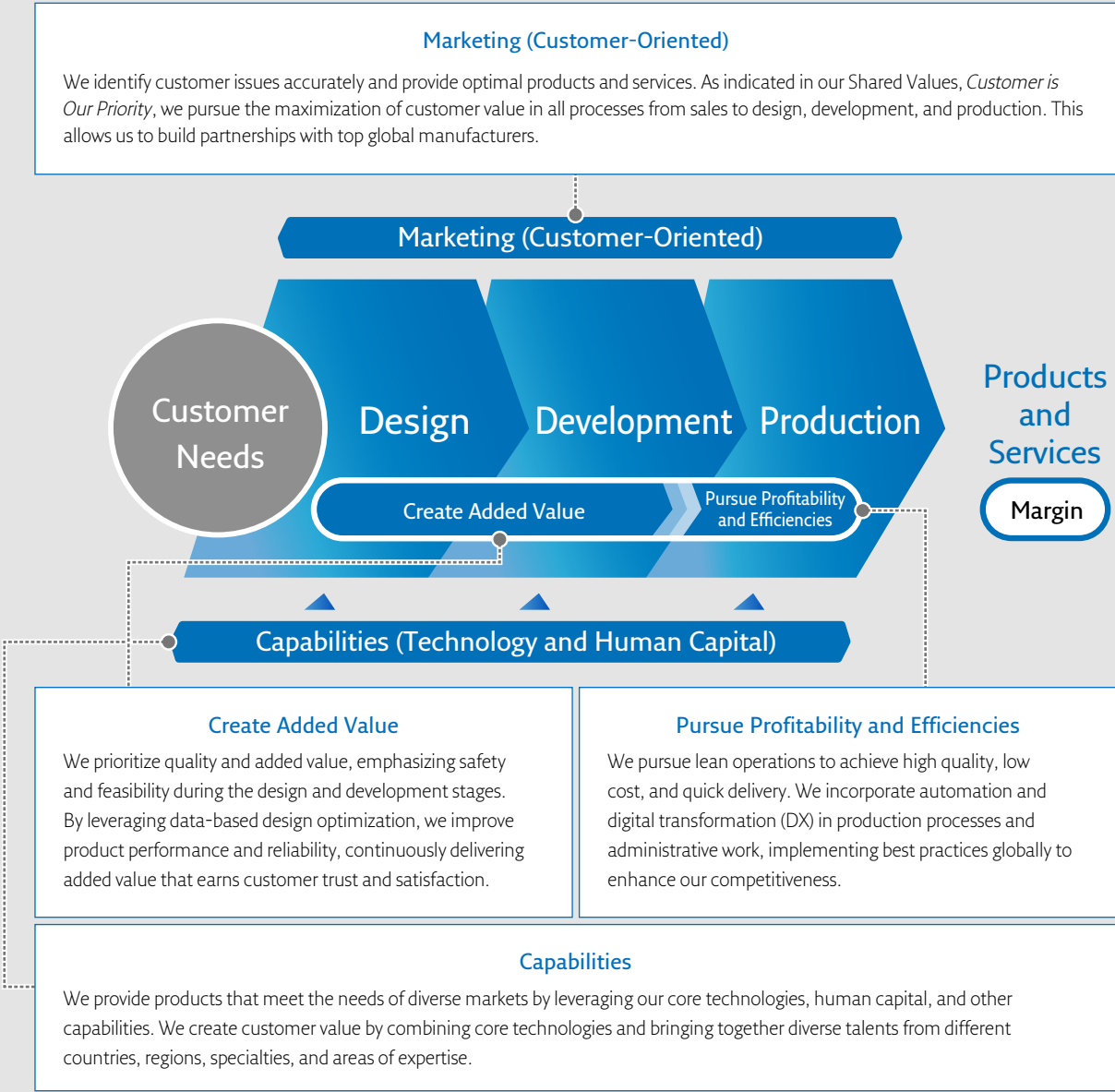
Business Model (Value Chain and Strengths)

Value Chain

We offer high-value products to various markets through a customer-focused value chain that begins with understanding customer needs and leverages our core technologies, human capital, and other capabilities.

Standard Business Model from Printing to Our Three Main Businesses

We collaborate with our customers, who are product brand owners, to create designs and product specifications, and customize essential components of their products. Throughout this process, we emphasize a marketing-oriented (customer-oriented) approach. To understand customer issues accurately and deliver customer value, we incorporate quality and added value into the design and development stages, prioritizing safety and feasibility. During production, we focus on lean operations to achieve high quality, low costs, and short delivery times. This approach enhances the added value of products and services across the entire value chain.

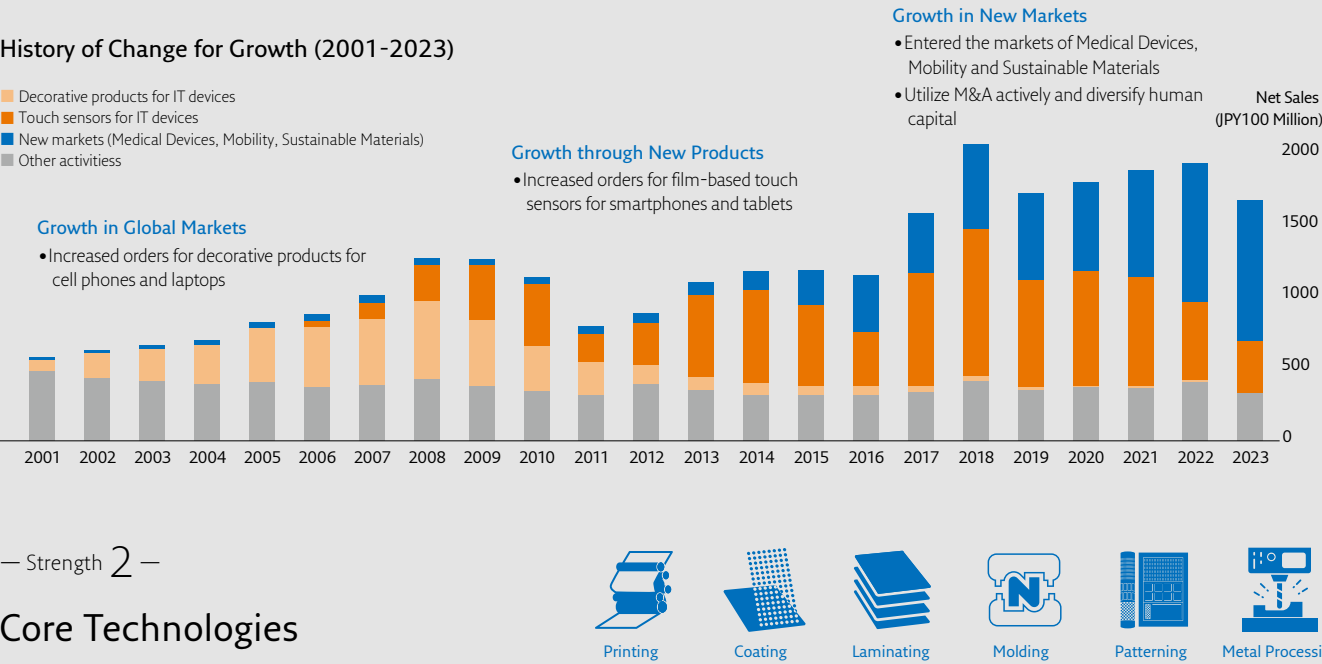


Business Strengths of Nissha

— Strength 1 —

Change for Growth

We have grown by continually enhancing core technologies and adapting products and target markets. Nissha's strategy for sustainable growth focuses on identifying high-growth, sustainable target markets, addressing needs tied to social issues, and adapting our capabilities to market changes. This approach aims to ensure the long-term growth and development of both the company and society. We have achieved sustainable growth by choosing growing markets and using a common value chain to offer value-added products in each market.



— Strength 2 —


Core Technologies

Our products and target markets are diverse and might not seem unified at first glance. However, these businesses and products share one thing in common: they all use our core technologies. We explore the range of our core technologies continually and combine them effectively to create unique products. This allows us to offer solutions to market needs and social issues in various markets.

— Strength 3 —

Partnerships with Top Global Manufacturers

Our customers are global leaders in their markets, and we are well positioned to understand market needs (social issues). We are an ideal partner to solve our customers' challenges, providing products and services across the entire value chain that support their brands and functions.

 Medical	A solid track record with eight of the top ten global medical device manufacturers
 Mobility	Successful track records with more than 30 global automotive manufacturers and more than 100 Tier 1 manufacturers
 Sustainable Materials	Successful track records with around 300 beverage and food product manufacturers across 80 countries worldwide Adopted for packaging of daily necessities
 IT Devices	Successful track records with top global cell phone, laptop, smartphone and tablet manufacturers

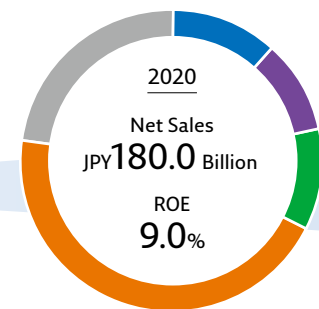
Sustainability Vision (Long-term Vision)

The Nissha Group regards sustainability to be initiatives that achieve the mutual growth and development of both the company and society. We believe that solving social issues, which are fundamental needs, will support social development and lead to corporate growth.

Throughout our 90-plus year history, we have grown by evolving and expanding our core technologies and reorganizing our target

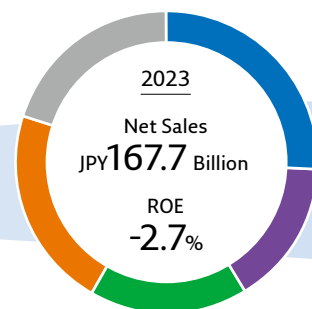
markets. Under our Mission, we have analyzed the magnitude of social issues and the stability and sustainability of market growth by 2030, relatively evaluating the added value that can be created through our core technologies. Based on this analysis, we have positioned Medical, Mobility, and Sustainable Materials as our growth areas.

The 6th Medium-term Business Plan



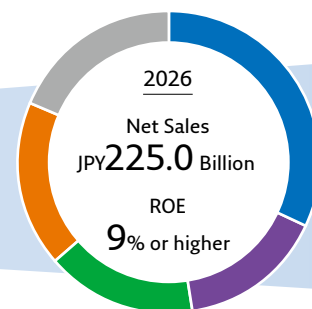
Performance consisted mainly of IT devices

The 7th Medium-term Business Plan



Expanded three priority markets for non-IT devices

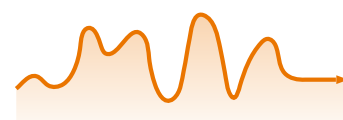
The 8th Medium-term Business Plan



Plan: Accelerate growth in three priority markets for non-IT devices
Improve and stabilize profit margin

■ Medical ■ Mobility ■ Sustainable Materials ■ IT Devices ■ Others

Solving Social Issues in Stable Growth Markets (Medical, Mobility, Sustainable Materials) for Sustainable Growth



IT Devices Market

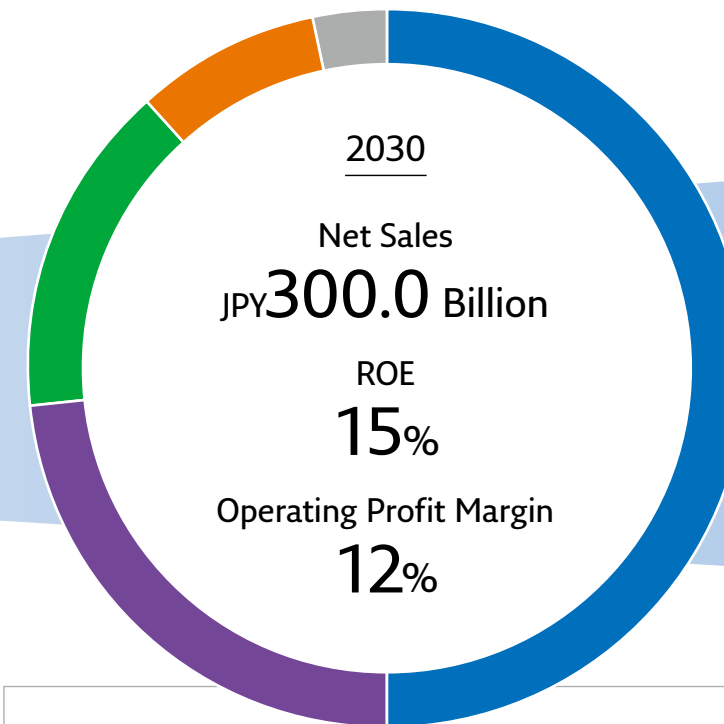
Abundant business opportunities, but a rapidly changing environment



Priority Markets for Non-IT Devices

Expecting stable growth in Medical, Mobility, and Sustainable Materials

Sustainability Vision



With the integration and orchestration of the diverse talents of our people and our technologies, we will contribute to solving global social issues in the priority markets of Medical, Mobility, and Sustainable Materials, and realize the enrichment of people's healthy and affluent lives.

Social Value

- Solve social issues through business activities
 - Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- Reduce 30% of total CO₂ emissions, in view of carbon-neutral by 2050 (compared to 2020)

Economic Value

- Aim for JPY300.0 billion of net sales (including JPY150.0 billion in Medical market)
- ROE 15%
- Operating profit margin 12%

Three Priority Markets for Non-IT Devices



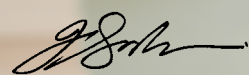
Materiality

Items of particular importance to the realization of our Sustainability Vision

Creating Business Opportunities	<ul style="list-style-type: none"> Solve medical issues (Medical Devices) Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility) Promotion of circular economy (Sustainable Materials)
Risk Reduction	<ul style="list-style-type: none"> Respect for human rights Responding to climate change Providing responsible products and services Sustainable procurement Data security in response to the increased use of generative AI
Strengthening Management Foundation	<ul style="list-style-type: none"> Enhancing of human capital Efficiency and productivity improvement
Corporate Governance	<ul style="list-style-type: none"> Improving the effectiveness of the Board of Directors Advancement of global governance

Message from the CEO

Chairman of the Board,
President and CEO




— Our Path Toward Long-term, Sustainable Growth

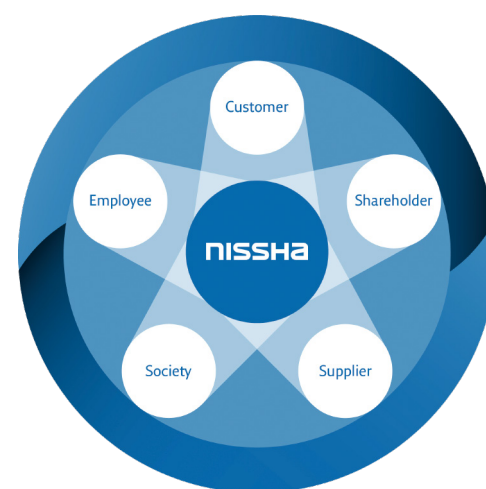
I believe it is my own responsibility to ensure Nissha achieves long-term, sustainable growth and expansion. Further, it is only through the growth and development of our company that will we make a significant contribution to society. We must gain the trust of shareholders and investors through consistent, steady short-term performance. At the same time, we must think and act on a long-term scale of 10 to 20 years if our company is to contribute to society through the impact of our business activities.

We face an increasing number of issues that cannot be solved in the short term. These issues include strategy focused on portfolio reorganization for long-term growth, climate change risks, diversity in human capital, and the skills of our employees. One could say that the main focus of management will be to create strategies for solving these issues from a long-term perspective. Nissha emphasizes backcasting from long-term goals, incorporating tactics into current actions. We believe this approach is the essence of the work and governance of management.

Coupled with rising awareness of sustainability, the noticeable trend has been toward stakeholder capitalism, a long-term perspective that takes into account all stakeholders of a company. While we welcome the emergence of this trend, Japan has practiced this management philosophy since ancient times.

When I assumed the position of Nissha chairman, president and CEO in 2007, we developed a foundation to underpin our ideas, including a

mission statement and shared values. At the same time, we developed Nissha's Circle of Trust as a concept that symbolizes our awareness of the fundamental question, *for whom do we work?* This Circle of Trust clarifies our commitment to building balanced relationships of trust with our customers, shareholders, employees, suppliers, and societies. Nissha's Circle of Trust remains one of our fundamental management principles today, and will continue to be so into the future.



Nissha's Circle of Trust (Created in 2007)

Mission

A company has several options to express a basic stance and aspirational contributions. These concepts are variously called a mission, a policy, core values, or a purpose. Certain of these concepts appear and spread like a fad at times. We are aware of the different focuses, definitions, and theories of these concepts. In general, any of these concepts can help a company define priorities.

We express the Nissha Mission in the following way.

Mission

We realize the enrichment of people's lives by creating technology and developing it into economic and social value through the diverse capabilities, passion, and leadership of the global Nissha Group.

The mission statement, that we revised wholesale in January 2018, is a three-step process involving three important perspectives. In other words, we define our role in society according to clear statements: first, regarding the ideal for diverse employee skills and work, next, the ideal for value creation through business activities, and last, how we provide value to society.

A major feature of our mission statement is that these three perspectives are connected by causality. This clear story also reflects

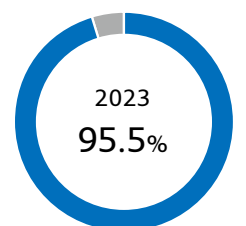
a strong awareness of the sustainability trends surrounding corporate management in recent years.

Nissha is a corporate group that operates multinational businesses in a variety of markets, so naturally, many individual events take place across our business domains. So when we express a basic stance, such as our mission, we use highly abstract expressions, generalized after gaining an understanding of these events. At the same time, we strive to engage in dialogue by translating the specific concepts of our mission and relevance to the work of the individual business units and locations where employees serve, encouraging understanding and action.

In 2023, the level of employee empathy for the Group's mission (will to contribute to the organization) remained high, as in the previous year. I think this support indicates the degree to which management and employees are working together to solve business issues.

Engagement Survey (Excerpt)

Will to Contribute to the Organization
I want to contribute to Nissha



Sustainability Vision (Long-term Vision) and Materialities

With sustainability initiatives overlapping and merging with our business activities, we defined our Sustainability Vision (long-term vision), representing our sustainability efforts and materialities related to achieving this vision, as described below.

The Nissha Group defined our Sustainability Vision that communicates **where we want to be as a corporate group by the year 2030** as we solve social issues through business activities oriented toward the long term. The key sectors we address through our business activities coincide with markets expected to offer stable growth. The target markets in which we can leverage our strengths in

core technologies include medical, mobility, and sustainable materials (plastic-free) that contribute to the creation of circular societies.

Specifically, we aim for consolidated net sales of JPY300.0 billion (including JPY150.0 billion in the broader medical market, focusing on medical devices). We also aim to become carbon-neutral (efforts to eliminate greenhouse gas emissions) as a response to climate change risk, targeting a 30% reduction in CO₂ emissions compared with 2020. The current status of these efforts is described later in the report.

(→P.17 Sustainability Vision, P.90 Responding to Climate Change)

Sustainability Vision (Announced in February 2021)

With the integration and orchestration of the diverse talents of our people and our technologies, we will contribute to solving global social issues in the priority markets of Medical, Mobility, and Sustainable Materials, and realize the enrichment of people's healthy and affluent lives.

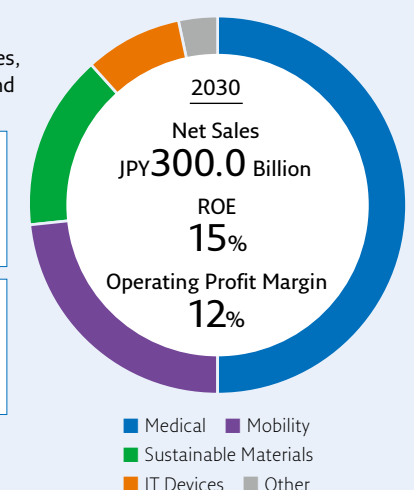
Social value

- ✓ Solve social issues through business activities
- ✓ Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- ✓ Reduce 30% of total CO₂ emissions, in view of carbon-neutral by 2050 (compared to 2020)

Economic value

- ✓ Aim for JPY300.0 billion of net sales (including JPY150.0 billion in Medical market*)
- ✓ ROE 15%
- ✓ Operating profit margin 12%

* Our Medical Technologies, Industrial Materials, and Devices business in cooperation with our New Business Development Office (business incubation), work in concert to address market opportunities in the medical market (medical devices, pharmaceuticals, healthcare products, etc.).



Materialities (Revised in 2024)

Materialities are a key component of our long-term vision. We do not review or revise materialities on an annual basis. At the same time, we keep abreast of ESG trends. The focus of our materialities may be affected by changes in the surrounding environment and stakeholder interests. Accordingly, we continue to look into the state of these changes, and we may revise our materialities when necessary.

We added data security in response to the increased use of generative AI to our 2024 edition of materialities. We described the importance of keeping a close eye on the opportunities and risks associated with the recent rapid spread of generative AI, as well as information leakage risks with the active use of DX in our organization. (→ P.31 Sustainability and Materiality)

Medium-term Business Plan

Our Sustainability Vision and Materialities are concepts with a long-term perspective. The nuts and bolts of business management is to monitor the progress and outcomes of operations in medium-term (three-year) and short-term (one-year) cycles.

The Nissha medium-term business plan reflects a very high degree of commitment. One piece of evidence is the three-year cycle for director and vice president performance-linked stock compensation. As many corporate tasks are matters that cannot be completed within a single fiscal year, we think it reasonable to evaluate performance over multiple fiscal years.

We designed the current 8th Medium-term Business Plan (2024 - 2026) to advance the reorganization of our business portfolio and increase outcomes, building on our achievements of the past several

medium-term plans toward the ideal of our long-term vision. We continue to shift to growth markets where we can leverage strengths in technology and other capabilities. We continue to reduce the relative ratio of sales and profits away from IT devices, where demand fluctuates rapidly. This shift will contribute to stronger corporate value over the medium to long term.

In addition, we believe our growth strategy should tie to the interests of our stakeholders, especially our shareholders. As we win higher levels of confidence in our growth strategy from the stock market, we expect share prices to rise, solving the issue of a price-to-book ratio less than 1 times.

(→P.35 Business Portfolio Strategy)

Achievements and Issues of the 7th Medium-term Business Plan	Key Strategies and Goals of the 8th Medium-term Business Plan
<p>[Achievement] Progress in Reorganizing Our Business Portfolio</p> <ul style="list-style-type: none">Sales of non-IT devices increased to 78% of consolidated net sales in 2023 (55% in 2020).Volatility in financial performance improved as a result of reduced dependence on the IT devices market.Expanded our business base (capital investment, acquisitions, allocation of human capital, etc.) in Medical Devices, Mobility, and Sustainable Materials. <p>[Issue] An Exhausting Year (2023)</p> <ul style="list-style-type: none">Throughout 2023, customers continued extended inventory adjustments resulting from supply chain disruptions throughout the COVID-19 pandemic (from supply constraints to excessive purchasing). Demand for our products fell sharply, and we experienced a significant decrease in sales and earnings.This result rekindled concerns in the stock market about the Company's volatility, leading to a weakness in our share price.	<ul style="list-style-type: none">Consolidated net sales of JPY210.0 billion and consolidated operating profit of JPY15.0 billion in 2026 (not including M&A; profit figure includes JPY13.0 billion for non-IT devices)Achieve an ROE of 9% or more based on the above results.Grow earnings in stable growth markets (non-IT devices) to stabilize profit margins, eliminate concerns about volatility, and solve the less than 1 times profit-to-book ratio issue.Exercise management discipline and conduct aggressive business investment while improving return on capital through business unit ROIC discipline.Give due consideration to shareholder returns while monitoring the progress of business performance improvement based on the preceding.Continue recruiting and training human capital to carry out our medium-term plan and long-term vision. In particular, strive to enhance global human resources around the world.

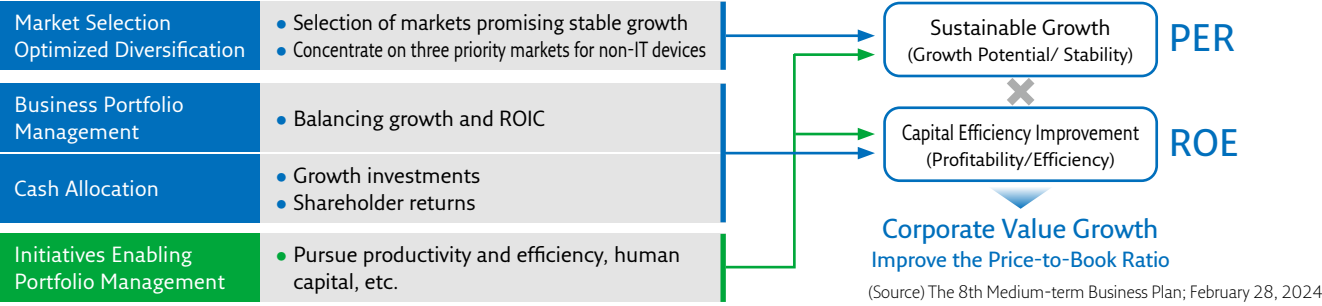
Improving Price-to-Book Ratio

Criticism of corporate price-to-book ratios less than 1 times is growing rapidly. One might object to a blanket condemnation of all companies, since different industries and firms have different balance sheets, earnings levels, and price-to-book ratios.

We are a global company, a BtoB manufacturer (intermediate

parts and materials), and a company that develops multiple businesses and recombines products, technologies, and target markets over an extended period of time. For these reasons, we are working to solve the price-to-book ratio problem through organized efforts, as shown in the accompanying diagram.

Corporate Value Growth through Sustainable Growth and Capital Efficiency



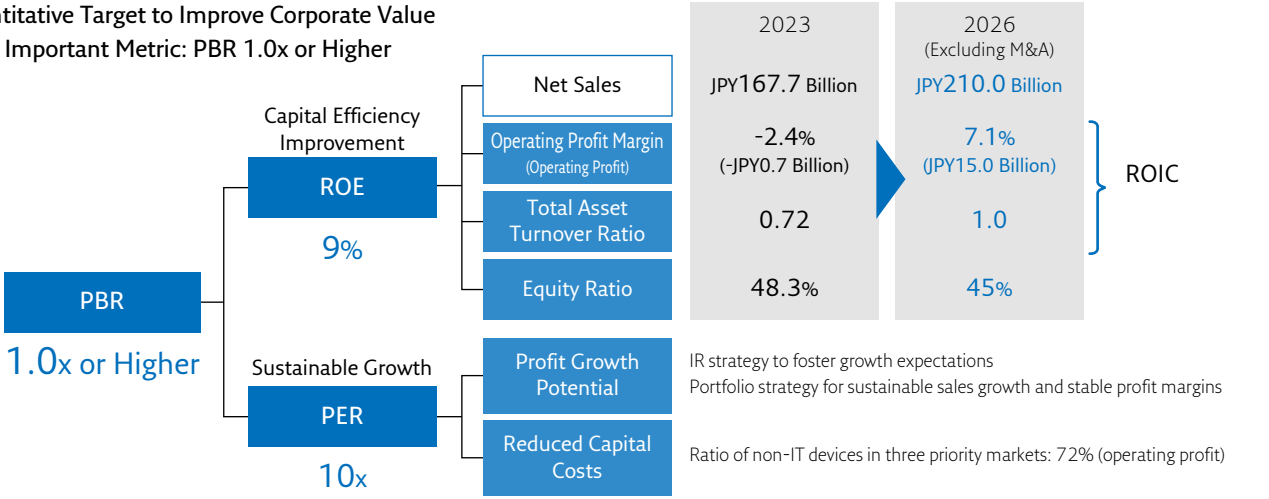
We interpret the emphasis on price-to-earnings ratio (PER), the primary determinant of price-to-book (PBR) ratio, to be exactly what is meant by **share price-conscious management**. How to foster a sense of confidence and expectation in long-term growth among investors is an important matter. The main focus of our strategy to reorganize our business portfolio, conducted so far over several medium-term business plans, is to **select and diversify optimal target markets**, and to **eliminate concerns about volatility** by showing stable and consistent performance.

A recent example of unstable and inconsistent performance happened in 2021 when net sales rose in response to pent-up demand and production efficiency increased, leading to record-high operating profit. Despite this performance, our share price did not react in any significant way. In fact, in 2023, we experienced a significant decline in profitability due to prolonged supply chain industry adjustments that occurred on the demand side in a negative rebound from previous years.

To increase return on equity (ROE), which is one component in this equation, **the biggest challenge is to improve operating profit margin**. Operating profit margin, in particular, tends to be unstable due to fluctuations in demand when compared with other constituents, namely asset turnover ratio and equity ratio.

Given the capital-intensive nature of our business model, profitability is most affected by production volume and capacity utilization. When demand crosses a certain line, we see explosive profits. But the opposite is true as well. It is not always easy for us as a BtoB manufacturer of intermediate parts and materials to control demand ourselves. Fluctuations in demand are a given in our environment. The key to profitability is our ability in the field to reduce cost ratios through daily efforts to increase production efficiency and innovative process improvements through digital transformation (DX). We must seek higher selling prices through value-added products and technologies, while shifting rising raw materials costs to customers through selling prices in this time of inflation, in particular.

Quantitative Target to Improve Corporate Value
Most Important Metric: PBR 1.0x or Higher

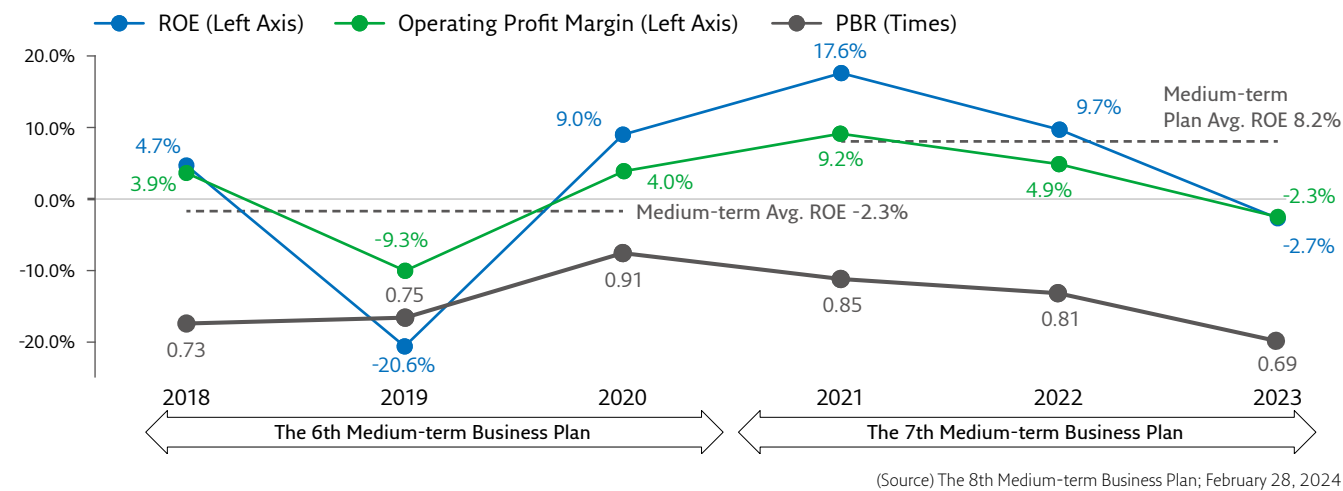


In parallel with the stable improvement of operating profit margin, we seek to improve return on invested capital (ROIC) in numerous ways, which contributes to more stable ROE. Measures here include improving asset turnover ratios by encouraging orders and increasing net sales, working capital optimization (reducing inventory levels, etc.), and reducing invested capital through disciplined capital investments.

The Nissha Group shifted away from relative dependence on IT devices under the 7th Medium-term Business Plan. As a result, volatility has

decreased when compared with our performance under the 6th Medium-term Business Plan. Average ROE under our medium-term plan improved significantly to 8.2% for the 7th plan, compared to -2.3% in the 6th plan. We aim to achieve an ROE of 9% or more by 2026, which is the final year of our current 8th plan. The Company assumes that cost of equity will be between 6% and 8%. We believe that further progress in business portfolio reorganization will not only lead to more stable profitability, but will also reduce our cost of equity through lower volatility. In our opinion, the

Analysis of PBR (PER x ROE)



current equity ratio is optimal from the standpoint of efficiency and safety.
In this section, I will address how the focus on our materialities

relates to the growth of our business, as well as my own thoughts and our approach as a company.

— Materiality: Creating Business Opportunities

Continuing to Evolve and Grow through Business Portfolio Reorganizations

Throughout our 90-year history, we have evolved and grown by delving deeper into core technologies and our selected markets. *Change for Growth* is the mainstream story behind how we create business opportunities.

When the Company was founded in 1929, we defined our business domains as photoengraving and printing (mainly high-end fine art printing). These were services few other companies could perform, and this management philosophy is the origin of our global niche strategy today. During the period of growth in our printing business, we worked with customers in all industries due to the nature of our technology and production processes. This background is consistent with our practice through the present day, where we have established a business model that avoids exclusive commitments to the supply chain of a particular industry. Rather, we transform our technologies and capabilities to provide value to a succession of promising industries in any era.

It was in the 1960s that our Industrial Materials business sprung out of our printing business. And in the 1980s, we created the Devices business. This evolution was nothing less than our ability to predict the peak of the printing market at the very early stages, searching for the next avenue of growth. Our full-scale move toward globalization in the 2000s was driven by a sense of urgency over the slowing growth in our domestic markets, as well as our conviction that our technologies could be competitive in the global marketplace. As we moved toward globalization, we encountered opportunities not available within Japan. The product of this shift was our entrance into the

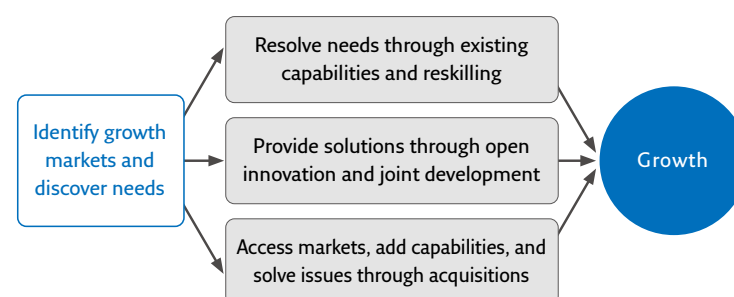
markets for metallized paper and medical devices in the 2010s through corporate acquisitions.

With greater exposure to global markets, we find more opportunities for growth, as well as threats in the form of economic volatility, foreign exchange rates, and competition. As a global company operating across multiple markets, we have been forced to refine our assessment of opportunities and risks.

We adhere to the traditional conceptual framework of product portfolio management, evaluating the relative attractiveness (growth potential) of target markets and the competitive position of existing and new products (market share and profit margins). As we go through this process, we allocate management resources in an optimal manner, and in this way, we continue to transform.

At first glance, one may think that Nissha is entering multiple markets having different characteristics. In reality, however, we can adapt

Opportunity Creation Pattern



and reallocate management capital across markets in the form of core technologies, human capital, and business models. However, it is never an easy matter to translate core technologies into the specifications and methods required by a new target market. Different target markets entail different product specifications, different laws and regulations,

and different mindsets and business practices. We can accelerate a reformation in our capabilities, for example, through practical training and by providing employees with reskilling training. We believe these efforts will take shape as a medium- to long-term business asset.

(→P.5 The Evaluation of Nissha)

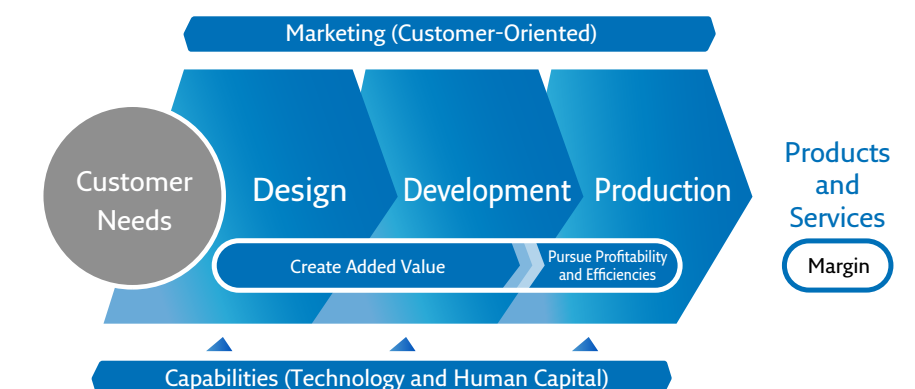
Value Chain

In recent years, the integrated reporting industry has included the value creation process—an illustration of the business model flow from inputs to outputs—as a standard report section (see separate article).

Since the 2010s, the basic philosophy behind the Nissha Group business model has been a focus on marketing. This orientation runs throughout our internal value chain.

The most important element in marketing is *input*. This input is information on market needs serving as the starting point for technological and product development (also referred to as *social issues* in the ESG industry). We create products and services as concrete economic value output through a combination of distinctive processing technologies in meeting the procurement strategies of our customers. The first half of the process is design, development, and the establishment of production engineering. We see this as the value creation part of the chain. The second half of the process is delivering

Nissha Value Chain



Business and Product Metrics Vary by Stage of Growth

Measuring performance is most effective when using indicators appropriate for the purpose. In managing our business and product portfolio strategies, we focus on different metrics according to the stage of growth.

For example, a Star business targets a growing market, which entails capital investment to catch up and offers many opportunities for acquisitions. This type of business requires an aggressive investment cash flow. The emphasis for this business is how to maintain a competitive position while gaining market share, so effective indicators measure the correlation between the size of net sales and profit margins, such as EBITDA margin and operating profit margin.

On the other hand, a Cash Cow business has reached a phase of slow growth in the target market. The emphasis for this business here is how to increase operational productivity and working capital efficiency to squeeze out cash without the need for large-scale investments, using existing production facilities and other business assets. Appropriate indicators for the Cash Cow include return on invested capital (ROIC), which evaluates the correlation between capital invested and profitability.

As described here, we use different indicators depending on the stage of growth in our portfolio, and we plan the allocation of resources—cash and human capital—to invest in each.

(→P.35 Business Portfolio Strategy)

Business and Product Portfolio KPIs

Growth Rate High Low	Star (Growing Businesses) <ul style="list-style-type: none"> EBITDA margin, operating profit margin CAGR ROIC 	Problem Child (Potential Next-Generation Star) <ul style="list-style-type: none"> CAGR (move to Star at sales of JPY5.0 billion) Set time frame for sales growth and profitability
	Cash Cow <ul style="list-style-type: none"> ROIC Operating profit margin Free cash flows 	Dog (End of Growth Cycle) <ul style="list-style-type: none"> Set time frame to fall below cost of capital, operating loss ROIC Operating profit margin

High ← Relative Market Share/Profit Margin → Low

* Vertical and horizontal axes align with the product portfolio framework developed by the Boston Consulting Group in the 1970s.

Basic Strategies and Practices for Priority Markets

Our current business and product portfolio strategy is to reduce the dependence of our performance on electronic components for IT devices (smartphones and tablets), which were our Star products in the 2010s. At the same time, we plan to expand our business in areas we expect to grow steadily in the future. These areas include medical devices (minimally invasive, single-use surgical devices and other contract design/development and manufacturing services), mobility (interior/exterior decorative and functional components and materials), and sustainable materials (environmentally friendly packaging materials and molded products, mainly for de-plasticization).

Although the fundamental market environment for IT devices remains unchanged, demand fluctuates wildly. The market is entering a Cash Cow phase, with no expected future capital investment. The exception was in 2023, when the industry supply chain experienced a significant drop in demand due to prolonged inventory adjustments. However, ROIC is generally good most of the time.

On the other hand, in Medical Devices and Mobility, where existing and new products coexist, certain products have characteristics of a Cash Cow, while most are Stars entailing strong capital investment and acquisitions. Here, we are striving to establish a competitive position to ensure profit margins increase as sales grow. We see Sustainable Materials as a relatively stable cash-generating business, as the market is

not expanding rapidly, nor is the industry subject to rapid technological innovation. Problem Child products are treated as a next Star if the product line reaches JPY5.0 billion in net sales and posts a net profit. At the same time, we keep an eye on growth rates and the competitive environment, among other factors.

An example of a product with the potential to rise to Star status is the gas sensor product line in the Devices business. Gas sensors are capable of detecting and measuring the state of gases and have traditionally been used in air purifiers. More recently, sensors are in solid demand for use in alcohol breathalyzers, useful in supporting safe driving. We also expect demand to grow for sensors used in air conditioners (refrigerant sensors), hydrogen engines, and fuel cell vehicles.

We scrutinize opportunities to divest from businesses and products based on multiple disciplined criteria, including whether profitability has declined significantly or the product has passed the peak of its life cycle. A recent example is from our Medical Technologies business, where the U.S. is our main market. Here, we sold off a product line (market area and production facilities) that no longer served a role for us. We took over a Cash Cow product line from another company to place in the vacant space. This move will improve business profitability and facilitate further automation, representing the right combination in this time of severe talent shortages.

Major Businesses and Products of Our Portfolio and Basic Strategies

Star	<ul style="list-style-type: none">Medical devices (contract development and manufacturing services for minimally invasive, single-use surgical devices, etc.)Mobility (decorative and functional products, materials for interior and exterior applications)	<ul style="list-style-type: none">Expand product lineupsGrow net salesEstablish a competitive positionIncrease production capacity <ul style="list-style-type: none">Establish firm quality systemsSecure firm supply chainsAcquire companies and businesses
Cash Cow	<ul style="list-style-type: none">Film-based touch sensors (for tablet products)Sustainable materials (packaging materials contributing to plastic-free)	<ul style="list-style-type: none">Maintain net salesImprove productivity <ul style="list-style-type: none">Withdraw from unprofitable products
Problem Child	<ul style="list-style-type: none">Pharma products (film formulations, etc.)Biocompatible medical materialsSustainable materials (molded products contributing to plastic-free)Gas sensors (detect and measure gas conditions; alcohol breathalyzer, refrigerant sensors for HVAC, expanded applications for use in hydrogen vehicles)Film-type strain sensor (used in the joints of collaborative robots, etc.)	<ul style="list-style-type: none">Product development, open innovationExpand sales channelsAcquire companies and products
Dog	<ul style="list-style-type: none">Currently not applicable	<ul style="list-style-type: none">Currently not applicable

— Materiality: Risk Reduction

Risk Reduction- Redefining Risk from the Perspective of Materiality

We are committed to reducing risks that may impede the growth of our businesses, as described to the right.

Risks can be categorized into specific risks to be resolved in light of the Nissha long-term vision and routine risks that are common. With the former in particular, we identified risk reduction as one of the four materialities mentioned above.

In this section, we provide an update regarding our response to climate change, one of the risk reductions in which we made progress during 2023.

Defining Risk Reduction (2024)

Risk Reduction as a Materiality (Specific risks to address over the long term) * Overseen by the Sustainability Committee, chaired by the president	General Risk Reduction (Excerpt) * Overseen by the Risk Management and Compliance Committee, chaired by a senior executive vice president
<ul style="list-style-type: none">Respect for human rightsResponding to climate changeProviding responsible products and servicesSustainable procurementData security in response to the increased use of generative AI	<ul style="list-style-type: none">ComplianceOccupational health and safetyHealth and productivity managementQuality controlSecurity of information assetsBusiness continuity planning

Responding to Climate Change: Progress in the Adoption of Alternative Energy Sources

How does responding to climate change contribute to maximizing corporate value?

Everyone recognizes that global warming is a problem that must be stopped. But global warming cannot be solved in the short term, and efforts to address it will have a direct impact on investments and costs—costs not expected to yield a significant return on investment. Our motivation is based on the hypothesis that customers who also place importance on responding to climate change will choose us to remain in their supply chain. These relationships will contribute to enhanced corporate value in the very long term. Also, by taking global warming seriously, we attract talented people who have the same values.

As a response to climate change risk, we set a goal to reduce total CO₂ emissions in the year 2030 by 30% compared with 2020 levels. This same goal calls for reducing CO₂ emissions to zero by the year 2050 (announced in August 2021).

In our case, we identified that the majority of our CO₂ emissions are related to electricity used in manufacturing divisions. Therefore, to reach these goals, we will engage in energy conservation efforts to curb electricity consumption relative to sales growth and incorporate the use of electricity from renewable sources (alternative energy). In Japan, alternative energy sources can be a factor in the actual rise of power costs (an estimated increase of JPY150 million in 2024). Therefore, we intend to set a 10-year milestone target, making flexible changes as we monitor cost trends.

As a result of bold efforts, the likelihood is increasing that we will achieve a 30% reduction in our total CO₂ emissions in 2024 compared to 2020, well ahead of our original plan of 2030. We look forward to issuing a formal report in early 2025, after conducting a detailed analysis and tabulation.

(→P.90 Responding to Climate Change)

— Materiality: Strengthening Management Foundation

Succession Planning

Succession planning is a topic of unanimous discussion from the perspective of strengthening and stabilizing our management foundation for the future.

We believe a change in top management at a turning point in the company's growth stage would be a healthy development. The successor need not be a clone of the predecessor, but should bring to the role a combination of talents, abilities, and cultural background appropriate for the next stage. However, being a visionary (i.e., long-term oriented and capable of communicating a vision for growth) and possessing integrity are absolute requirements for the role.

I am part of the founding family of our company and also a major shareholder. These facts, as well as my long-term orientation, relative young age, and mental health, have given rise to a general impression internally that deliberations regarding the next CEO may be premature. But the more I orient my thoughts and actions to the long term in the role demanded of a CEO, the more I believe that training successors is a long-term task.

I believe that succession planning is a matter of necessity to be considered from the following two perspectives. Thankfully, our Nomination and Compensation Committee holds a similar view.

- Emergency Succession:** The need to appoint a temporary substitute in the event that the CEO is temporarily or permanently incapacitated due to illness, accident, other unforeseen circumstances, or issues related to compliance or social ethics.
- Generational Change:** The need to replace the CEO and reorganize the management team when a new leadership structure is deemed effective in terms of competencies and cultural qualities as a company transitions to the next stage of growth.

In the case of the former, our Articles of Incorporation and the Regulations of the Board of Directors define the proper order convening party and acting chairperson of the general meeting of shareholders and meetings of the Board of Directors. As the order of specific substitutes is determined at the Board of Directors meeting immediately following the ordinary general meeting of shareholders, we do have not any issues using this system as an emergency substitute for an acting CEO. The Nomination and Compensation Committee will deliberate the procedures for transitioning from an emergency structure to a normal structure at the 2024 Nomination and Compensation Committee meeting.

Regarding the latter, the public is largely aware that we established a program for human resources development called Nissha Academy in 2013. The academy offers two types of courses: one including standard job skills and certification training and the other for training next-generation executives. The Nissha executive development course (Business School) offers a program that conforms to the syllabus of a general master of business administration (MBA) program. Topics are taught by the management team, including myself, in addition to certain topics covered by professors invited from Kyoto University Graduate School of Management and other institutions. We have created a separation of roles in recent years. The university professors teach management theory and conceptual frameworks as a science, while our management team teaches management as an art, emphasizing management practices and skills in the field. The result is a very interesting syllabus.

Nissha Academy practices the spirit of half-learning, half-teaching, in which more experienced participants teach their junior counterparts, learning together*. The lecture I teach is the last session of the

program. In addition to lecturing on the responsibilities and qualities of management from a governance perspective, I answer questions in a Q&A format from both the scientific and artistic angles. Listening to the questions and hearing the thoughts behind the questions is very

Appointment of Directors

Our goal in 2024 is to clarify the Outside Director appointment and retirement process in consultation with the Nomination and Remuneration Committee. We appointed our first Outside Director in 2007, mindful of the trends toward the current Corporate Governance Code. Since that time, our selection of candidates has been based on independence and a skills matrix consistent with our management objectives. We repeat the practice of committee deliberations based on

Diversity in Practice

In Japan, diversity is primarily associated with expectations for women’s empowerment. However, this seems to me to be a standard of activity, based on whether the person has been appointed to an executive or managerial position.

In fact, it is clear that many of our female employees contribute actively, even if they do not hold executive or managerial positions. We believe that people find their own reward in work, regardless of position. For this reason, it seems that many people are uncomfortable pursuing a uniform numerical target such as female manager ratio. There is a tendency in Japan to hire female executives and managers from outside a company for the sole purpose of improving this ratio, counting improved ratios as an achievement. But we should consider the danger of undermining the fairness of personnel affairs.

We believe that companies should operate their personnel systems in such a way that they hire and promote an individual based on their abilities, regardless of gender. At the same time, companies must consider the advantages that women bring to an organization in terms of diverse perspectives and logic.

Expanding the Roles of Female Employees (Non-Consolidated Nissha in Japan)

HR Level	2021	2022	2023	2024 Projection	Ratio of Female Employees
Female Manager Ratio	5.4%	5.9%	7.1%	8.5-9.5%	28.6%
Next-Generation Female Manager Ratio	22.3%	23.9%	24.5%	26.5-27.5%	(2023)

Attendance at the Nissha Academy Business School (NABS) is one potential requirement for promotion. The percentage of female employees attending NABS was 18.1% for advanced courses, 21.7% for intermediate courses, and 23.7% for beginner courses. This level of participation demonstrates to me that the younger the person, the more interest they have in translating success to promotions (participation in NABS is determined by corporate officer recommendation and volunteer application). We hope that the generally accepted career path for women after receiving this training extends to the level of vice presidents and

enlightening.

* Rather than separating the role of teacher and student, those who have learned first teach those who follow (inspired by Yukichi Fukuzawa, founder of Keio University)
(→P.43 Human Resources Strategy, P.69 Corporate Governance)

an original proposal by the President, which are forwarded to the Board of Directors. As for retirement of Outside Directors, the committee conducts discussions and reports to the Board of Directors, mainly from the perspective of consistency between the term of office (aiming for between five and ten years) and management goals. In any case, we intend to examine and clarify the effectiveness of this process, assuming the continued use of methods to date.

While we continue to pursue female manager ratio to meet the demands of society, **we have developed our own indicator, which is the ratio of next-generation female managers (the ratio of women who are not yet in management positions but are still active).**

While the drive toward women’s empowerment has been a noticeable trend in Japan, the Nissha Group in Japan has a noticeably lower ratio of women in managerial positions compared with our organizations in other countries. As of December 31, 2023, our global consolidated ratio was 22.7%. The non-consolidated ratio for Nissha in Japan was 7.1% (see separate section for detailed statistics).

Our vision is for the non-consolidated ratio for female managers at Nissha in Japan to be at the same level as the ratio of female employees to all employees. For this reason, we must identify and motivate a group of next-generation female employees who are actively engaged and have the potential to become managers in the future. As of December 31, 2023, the ratio of next-generation female managers was 24.5%, confirming that women are advancing at a rate close to the ratio of female employees as a whole.

directors in the future. But we know it will take time for this ratio to reach the levels required by the government.

To change the composition of a workforce (the so-called population pyramid) as a result of women’s empowerment requires an increase in the number of new graduates and other recruits in the first place. Since 2014 or so, the percentage of women among new graduate hires at Nissha (non-production roles) has increased, rising to 50% at present.

We also have a category and compensation for specialists, who are employees not necessarily in the management track, but who are highly

skilled (e.g., engineers, lawyers and CPAs, and PhDs). The percentage of female specialists in 2024 is 13.3%. The majority of these employees are not in management positions but contribute actively.

From a global perspective, rather than Japan’s characteristic “ratio of female,” diversity should mean not only a mix of gender, but also of nationality, race, expertise, skills, etc. This diversity must be commensurate with the management objectives for which employees

Putting Digital Transformation into Practice

Digital transformation is a concept coming under scrutiny rapidly as a practical means of strengthening business management foundations. Digital transformation is necessary not only in terms of work efficiency, but also in terms of creating a growing base of value-added improvements.

Due to the BtoB nature of our business, particularly our dealing in intermediate parts and materials, our primary focus of digital transformation is on improving internal efficiencies. Our production, quality design, sales, and other departments have accumulated big data over our history. From this data, we can, for example, extract variable cost ratios and factors affecting production yield ratios, in particular, the main drivers of marginal profit, and accelerate efforts to improve ratios beginning in areas that have the greatest impact.

In recent years, we have analyzed information on inquiries from

are expected to play active roles. Given our nature as a global manufacturing company, we established a strategy to implement and assess diversity by, for example, categorizing production and non-production divisions differently, as well as by drawing distinctions among countries and regions. Please refer to the separate section of this report that addresses our current state of diversity.

(→ P.43 Human Resources Strategy)

potential customers gathered via online marketing, conducting highly accurate sales strategies. Through these activities, we won new orders from industries and companies previously unreachable.

In May 2023, we concluded a comprehensive collaboration agreement with Shiga University in the field of data science and for the development of digital transformation human resources. Shiga University is a leader in this field, having established Japan’s first school of data science. As competition for employees capable of digital transformation intensifies and salaries rise, we believe this comprehensive collaboration agreement will strengthen our existing practices further and accelerate the development of human resources in-house. In April, we dispatched two employees involved in technology development to the Graduate School of Data Science.

(→ P.53 Quality, Production, and DX Strategy)

— Materiality: Corporate Governance

Practicing Corporate Governance at an Advanced Level

Our governance system is designed for optimal decision-making, supervising, and reporting between and among the Board of Directors, Audit and Supervisory Board members, the Nomination and Compensation Committee, and corporate officers responsible for business execution under the direction of the president. The Sustainability Committee, which oversees materialities related to our long-term vision, and the Risk Management and Compliance Committee, which is responsible for day-to-day and general risks, are also incorporated into this structure.

The Investment Committee, which is responsible for regulations related to investments and post-investment monitoring, and the Regional Collaboration Committee (the Americas, Europe, and China), responsible for management division functions and sharing best practices across the Group companies in global regions, are structured to work closely with the other organizations mentioned.

This system meets the requirements of Japan’s Corporate Governance Code (CGC) at an advanced level. In general, people say that the main features of the CGC lie in the soft laws of a comply-or-explain approach. Personally, it appears that the degree of corporate compliance, both primarily and in the external sense, is where investor arguments and assessments tend to focus. In addition, there seems to be a growing belief

these days that compliance as a formality is in place in most companies and that the next step is to work on governance in substance, particularly in improving the quality of the Board of Directors.

The CGC is useful for companies to use as a checklist for internal problem awareness and implementation. Companies should not pursue governance reactively in response to CGC requirements, but rather pursue governance as management evolves according to its own awareness of the issues. This approach also meets the requirements of the CGC nicely.

To verify whether our Board of Directors functions effectively from our own perspective, we conduct a board effectiveness evaluation at the end of each year.

In the 2023 evaluation, we first asked how well we resolved the issues identified in the 2022 evaluation. The main focus is to make our Board of Directors an even more powerful institution. To this end, we evaluated effectiveness related to deepening the dialogue and collaboration between Internal and Outside Directors, or in other words, **the desirable relationship between Internal Directors and Outside Directors.**

(→ P.69 Corporate Governance, P.83 Messages from Outside Directors)

Desirable Relationship between Internal Directors and Outside Directors

I stated in the previous integrated reports that Outside Directors have been extremely the supportive of corporate management.

The 2022 statement and clarification were prompted by the psychological distance that Internal Directors felt toward Outside Directors at the time. For example, Outside Directors positioned as advisors and supervisors under the CGC creates a feeling that Directors are not equals, but rather hierarchical in relationship. We also had a dilemma in that Internal Directors possess the bulk of experience and information related to business execution, the nature of our business, and experience on the front lines.

Outside Directors responded with surprise that Internal Directors felt this hierarchical relationship, as they always considered themselves equals. With respect to the expert knowledge that Outside Directors are expected to contribute under the CGC, it is the Internal Directors who have the overwhelming majority of expertise within Nissha. Comments also indicated that Internal and Outside Directors demonstrate expertise in a balanced manner depending on the nature of the issues in question. We formed a basis for understanding that the concept of equality among Directors of the Board is the division of responsibilities between those Directors who are directly responsible for business

Assessing the Effectiveness of the Desirable Relationship

The 2023 evaluation of the effectiveness of the Board of Directors showed that the Board performed at a very high level for routine matters, as in the previous years. No outlying issues were identified.

The results also indicated that clearly stating the definition of a desirable relationship was very meaningful. The statement created a common understanding that Internal and Outside Directors should establish an equal relationship, and that Outside Directors should gain a deeper understanding of the nature and practices of the Nissha management and businesses.

In the view of the Outside Directors, Internal Directors demonstrated an increased awareness of the equal nature of the relationship when making comments. The Chairperson of the Board recognized a change in meeting discourse, noting an increase in occasions of frank follow-

Individual Discussions on What the President Expects from Outside Directors

As with the 2023 evaluation, I set aside opportunities to meet individually with Outside Directors to communicate my (i.e., the company's) expectations for the new structure upon the conclusion of the 2024 general meeting of shareholders. I won't get into the details of the individual meetings, but I did communicate specifically how we want the expertise, skills and experience of Outside Directors to fit into the management of our company, based on this aforementioned desirable relationship.

Chairman of the Board of Directors

Just as it is natural for different companies to have different business domains and organizational cultures, we recognize that there is an



Desirable Relationship between Internal Directors and Outside Directors (Issued November 2022)

- The Internal Directors and Outside Directors shall contribute to the enhancement of the company's corporate value through dialogue and collaboration based on an equal relationship.
- Through dialogue with Internal Directors from a multifaceted and high-level perspective, Outside Directors shall gain a deep understanding of the essence and practices of the company's management and business, enabling swift and proactive management decisions.
- Internal Directors and Outside Directors shall collaborate to develop and deepen the discussions of the Board of Directors through comments and suggestions that are based on their expertise and experience and are the result of comprehensive and thorough consideration.

execution and those who are not.
(→ P.78 Initiatives to Further Enhance Governance)

up questions when an Outside Director appears to not understand the nature of the business, or when an Outside Director asks a question or makes a comment that is off the mark.

In the view of Internal Directors, Outside Directors have become more diligent about learning the nature of our company and the Nissha businesses than in the past.

Outside Directors noted issues to address in the future included the desire to have Internal Directors participate more actively in discussions, for example, by raising issues unprompted. Another issue is that the Outside Directors themselves would like to engage more directly with the culture and climate of the company and business organizations outside of Board meetings. This engagement would further an understanding of the nature of the Nissha businesses.

I asked Outside Directors to reach a consensus and discuss how best to communicate this consensus to the president. I also stated that I expect comments on matters that should or should not be discussed at Board meetings, as well as conscious efforts to stir the pot when discussions become stale and rigid. In this way, I hope to foster more discipline and efficiency in Board deliberations.

optimal form for how a Board of Directors operates in a given company. As noted above, Nissha meets the requirements of the CGC to an

advanced degree, and all Directors are satisfied with the independence and oversight function of the Board of Directors.

Often there are differing opinions in the world whether the Board of Directors should be chaired by a representative director (chairman, president, or CEO) or by the lead Outside Director. Reasons supporting an Outside Director as chair seem to be some variation of performing his or her duties without being tied to any internal interests. But to be honest, if the board is structured in a way that any internal interests brought into the boardroom impact objective decision-making, then the discipline of the company has already failed. It would be quite inefficient and unreasonable for an Outside Director to preside over a Board meeting if they are not familiar with the minute details of business execution.

As president of the company and chairman of the board, I bring focus and a clear understanding of the essence (balance of opportunities and risk) of our agenda items. I encourage all Directors to speak to the

Director Boot Camp

In 2020, we established a program for Internal and Outside Directors to gather in a camp format, away from the institutional meetings of the Board of Directors. We do not necessarily seek to draw conclusions during these camps, but rather focus on training and stimulating the intellectual curiosity of Directors through outside-the-box thinking and discussions on a variety of topics. We held the third camp in 2022.

Our fourth camp was in 2023. Our CTO attended to explain the conceptual framework and practical examples of the company's technology strategy. In particular, the Board was exposed to less-familiar content related to the company's integrated operations of core technologies and shift to a platform approach to products.

Hybrid Model = Dialogue and Collaboration = Desirable Relationship

As described above, the high level of governance practices within our Board of Directors are representative of the Board's unified, substantive, and pragmatic approach to management issues. When attempting to classify our Board as management-oriented or monitoring-oriented, one would quickly understand that we are not biased toward either. Instead,

In Closing

We concluded the 7th Medium-term Business Plan in 2023. During the year, extended inventory adjustments throughout the supply chain resulted in a significant decline in demand for our products. Instead of the spread of COVID-19, this outcome was the real nightmare scenario for our business. This is just one example of how the corporate environment can be transformed by unforeseeable events. In the future, companies must prepare for the possibility of recurring events that may not always be within our control. International political upheaval, inflation, and foreign exchange fluctuations are just a few such developments.

We began executing under the 8th Medium-term Business Plan in 2024. Under this plan, we intend to advance the successes of business

agenda with a strong awareness of the desirable relationship discussed above. I ask questions and offer opinions to add depth to the speaker's remarks (particularly if the speaker is speaking in English), providing openings for Outside Directors to raise questions. After a thorough discussion, if I decide that a final push is needed, I will sometimes make a general point about the significance of the matter from the standpoint of the president and encourage a decision to be made. Needless to say, not all agenda items are passed smoothly, leading to a rejection or tabling of the matter.

I am pleased to inform you that our evaluation of Board effectiveness indicated a clear distinction drawn between the positions of president and chairperson. Some responses even said there might be too much sensitivity to the separation and too much care in maintaining a clear distinction. I believe this is an endorsement of my commitment to transparent and civil proceedings in Board meetings.

Representatives from business divisions gave lectures on individual product technologies and industry structures, sharing knowledge not normally covered in a Board meeting.

Four Outside Directors gave presentations related to their areas of expertise and quotations from favorite works of literature, followed by discussions of various topics.

Through these unusual discussions, we come to know more about how each other thinks and enhance our sense of working as One Team.
(→P.75 Activities and Measures to Support Outside Directors and Outside Audit and Supervisory Board Members)

we pursue a hybrid model somewhere in the middle. The Nissha Board of Directors did not opt for the so-called company with committees structure, but rather embodies the effectiveness of a company with an Audit and Supervisory Board.

portfolio reorganization conducted under previous plans as we monitor the gradual recovery in demand. In particular, we must win the trust and expectations of the stock market and the ESG community, driven by success in our business strategies. We must also eliminate the unacceptable issue of a price-to-book ratio of less than 1 times.

I am encouraged by the tremendously positive reaction to the annual CEO message in our integrated report. I devote considerable energy and time to writing this message to ensure it reflects my energy and personal voice.

I am committed to making this message an even greater source of qualitative information for our stakeholders.

Thank you for your continued support.

Sustainability and Materiality

Basic Approach

The Nissha Group regards sustainability to be initiatives that achieve the growth and development of both the company and society. Based on this belief, we view social issues as business opportunities and leverage our strengths to continue to provide products and services that help solve these issues. We also strive to strengthen our management foundation supporting our business activities, reduce risks that impede corporate sustainability, and promote governance to appropriately advance these activities. Through these activities, we will achieve our Mission of enriching lives by creating economic and social value.

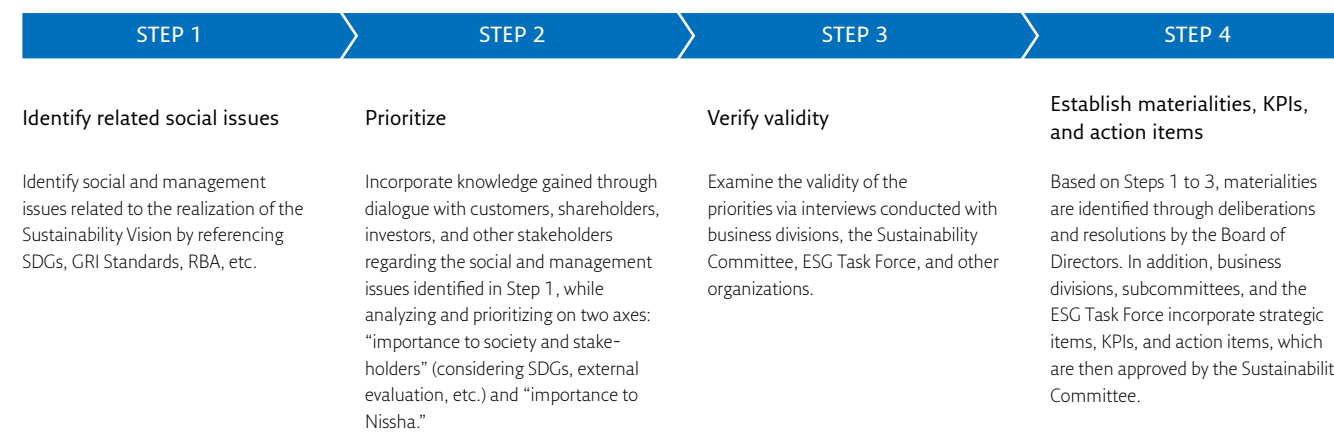
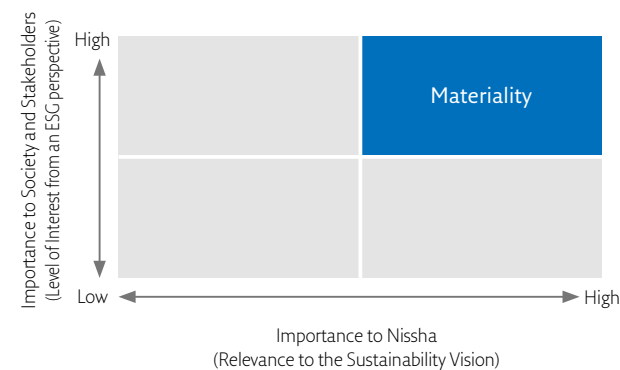
The Nissha Group has defined Sustainability Vision that communicates where we want to be as a corporate group by the year 2030. We aim to create social value by providing products and services that contribute to solving social issues in the priority markets of Medical, Mobility, and Sustainable Materials, and to achieve a 30% reduction in total CO₂ emissions by 2030 (compared to 2020) with the goal of becoming carbon neutral by 2050.

We have also identified items of particular importance for the realization of our Sustainability Vision as materialities. We are working on specific strategies and KPIs setting by reflecting backwards from our Sustainability Vision for 2030.



Materiality Identification and Process Review

We identify the various sustainability issues that are relevant to making our Sustainability Vision a reality. We then analyze and prioritize the issues we have identified from the perspectives of Creating business opportunities, Risk reduction, Strengthening management foundation, and Corporate governance using two axes: "importance to society and stakeholders" and "importance to Nissha (relevance to our Sustainability Vision)". The validity of the results is then reviewed and verified by the Sustainability Committee, and finally an issue is designated a materiality following the deliberations and a resolution made by the Board of Directors.



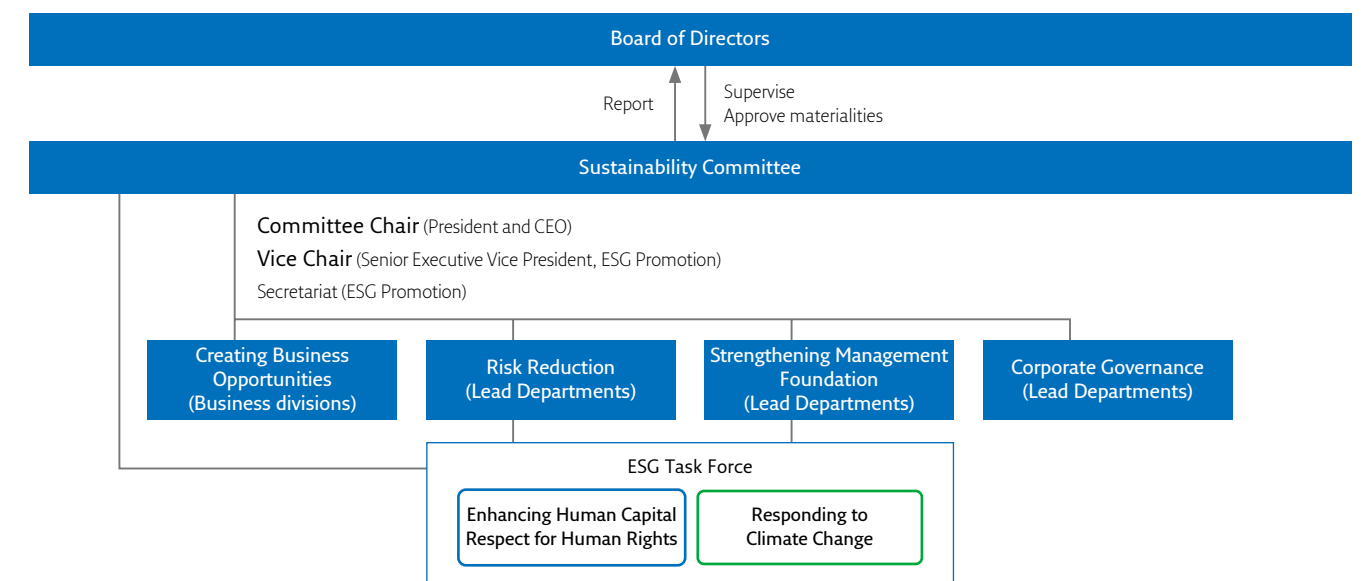
Promotion Framework

We have established the Sustainability Committee to promote our initiatives related to materialities, materialities being important to the realization of our Sustainability Vision.

The Sustainability Committee is chaired by the President and CEO, with the vice-chair being Senior Executive Vice President (ESG Promotion). The committee looks at matters related to materiality from the perspectives of Creating Business Opportunities, Risk Reduction, Strengthening Management Foundation, and Corporate Governance. It consists of the ESG Task Force, which is a cross-functional organization,

as well as business organizations and relevant lead departments that promote materiality. The Sustainability Committee manages the materialities as identified through the deliberations and resolutions made by the Board of Directors, and approves the KPIs and action items set by the respective organizations that come under the umbrella of the committee.

The Sustainability Committee reviews the progress of these KPIs and action items on a quarterly basis and reports to the Board of Directors once a year.



ESG Task Force

We have established an ESG Task Force to address materialities that are considered particularly important from an ESG perspective.

This year, we have established initiatives for enhancing human capital, respect for human rights, and responding to climate change as our company will accelerate.

Every six months, the ESG Task Force reports to the Chairman and Board of Directors (excluding Outside Directors), on activities related to the designated KPIs and action items and also discusses any necessary actions to be taken.

Major Initiatives of ESG Task Force

[Enhancing Human Capital]

- Launch systematic training and promotion of managers to increase the ratio of female managers on an area-by-area basis in Japan and overseas.
- Increase opportunities for employee learning and growth through the introduction of our own programs in Europe and the U.S. at the Nissha Academy, our corporate university, and by expanding programs to Nissha Medical Technologies.

[Respect for Human Rights]

- Human rights due diligence
 - Assessed post-audit improvement out of on-site audits of nine companies in 2023.
 - Select suppliers to be audited in 2024 and conduct audits. Selection process is based on the rule.*

* We select primary suppliers that are in regions where the ILO deems there to be a high risk of labor and human rights violations and that are also either in the top 80% of purchase value or where there are no alternative suppliers. (Regions deemed as high risk by International Labour Organization (ILO): Central and South America, Southeast Asia, and Greater China)

[Responding to Climate Change]

- Reduction of CO₂ emissions: Examine and implement energy-saving and renewable energy policies for group companies in Japan and overseas.
- Scope 3 Initiatives:
 - Suppliers that come under Category 1 are selected for auditing following a rules-based process*.
 - Examine and implement reduction policies for Category 1 and 4.

*We select suppliers in the top 80% of purchase value.

Materialities of the Nissha Group

The Nissha Group regards sustainability to be initiatives that achieve the growth and development of both the Company and society. On the basis of this thinking, we have set forth our Sustainability Vision, where we want to be by 2030, and we have identified as materialities the items of particular importance to achieve our vision. In our Sustainability Vision, we emphasize from among these identified materialities those that

create business opportunities directly linked to the creation of economic value and to the solution of social issues. We also view materialities from the perspective of strengthening our management foundation to support our vision, reducing risks that hinder corporate sustainability, and promoting governance to appropriately advance toward our goals.



















Materiality Review

Once a year, we conduct a materiality review and use the two axes of *importance to society and stakeholders* and *importance to Nissha*, with the review then being approved by the Board of Directors.

For 2024, we have added a materiality related to AI, which is described in the next paragraph.

Data Security in Response to the Increased Use of Generative AI

We have added this new materiality in response to recent increases in cyber-attack threats and breaches of some countermeasures. The additional materiality also reflects the start of our full-scale use of generated AI under our 8th Medium-term Business Plan.

	Materiality	Relevance to the Sustainability Vision	Where We Want to Be by 2030	Strategic Items (Scenarios for Achieving Materiality)	KPIs and Action Items (2024)	Achievements and Major Initiatives (2023)	Related SDGs	Reference Page
Creating Business Opportunities	Solve medical issues (Medical Devices)	Balancing the creation of economic value and solving social issues through business activities	· Contributing to medical, focusing on minimally invasive surgery and acute care · Achieving net sales in medical markets of JPY150.0 billion	· Expansion of business for Medical Devices/Healthcare market	· Net sales of Medical Technologies business*1	JPY26.5 billion (Compared to the internal plan: 102.5%)		P.64
	Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)		· Providing mobility products that contribute to safety and comfort and reduce environmental impact · Achieving net sales in mobility market of JPY70.0 billion	· Expansion of business for Mobility market	· Net sales of Mobility segment*2	JPY 25.8 billion (Compared to the internal plan: 95.5%)	 	P.55
	Promotion of circular economy (Sustainable Materials)		· Promotion of circular economy · Addressing marine plastic pollution · Improving resource-use efficiency · Safeguarding biodiversity · Achieving sales in Sustainable Materials market of JPY45.0 billion	· Expansion of business in Sustainable Materials market	· Net sales in Sustainable Materials segment*3	JPY 28.6 billion (Compared to the internal plan: 77.8%)	  	P.59
Risk Reduction	Respect for human rights	· Risk mitigation is essential in global supply chain management	· Risk optimization of labor and human rights	· Exection of human rights due diligence	· Number of child labor and forced labor cases at primary suppliers in the areas with high labor and human rights risks*4: 0	· Number of child labor and forced labor cases at primary suppliers in areas with high labor and human rights risks: 0 · Completed regular annual surveys and conducted on-site audits of selected suppliers · Revised supplier CSR audit procedures		P.89
	Responding to climate change	· Realization of Sustainability Vision (Reduction of total CO ₂ emissions)	· Reduction of total CO ₂ emissions: -30% (compared to 2020)	· Reduction of CO ₂ emissions	· Reduction of CO ₂ emissions -12% (compared to 2020)	· Reduction of CO ₂ emissions -18.7% (compared to 2020) · Switching to 100% renewable energy power at all major production facilities in Japan · Analysis of Scope 3		P.90
	Providing responsible products and services	Risk reduction is essential for providing products and services that help solve global social issues related to Medical, Mobility, and Circular Economy	· Number of serious quality incidents remains zero	· Maintenance and expansion of expansion of quality management systems in accordance with business strategy · Improvement of quality assurance levels by incorporating quality-oriented designing · Fostering of a quality mindset	· Number of serious quality incidents: 0	· Number of serious quality incidents: 0 · Maintained required certifications and obtained new certifications · Conducted Design Reviews (DR), used internal audit and reviewed opportunities to verify design work · Implemented curriculum-based education (50 lecture courses, approximately 1,500 attendees), and provided basic training related to operating vehicles		P.93
	Sustainable procurement		· Establishment of stable procurement in operation	· Suppliers: Built up of appropriate supplier networks and healthy relationships · Procurement of goods: Preservation of stable procurement of environmentally friendly goods at reasonable prices, while preserving quality · Risk response: Risk reduction in procurement and improvement of risk management capabilities · Procurement process: Establishment and maintenance of appropriate procurement processes. · Buyers: Improvement and maintenance of buyer expertise.	· (Procurement process) Cost reduction by global sourcing · (Procurement of goods) Switching to green procurement	· (Risk response) Implemented necessary risk mitigation such as multi-company purchasing and multi-plant production for 1,500 major components	  	P.94
	Data security in response to the increased use of generative AI	· Risk reduction associated with spread of generative AI and active adoption across the Group of it are essential	· Continuous enhancement of security systems · AI literacy among employees · Improved productivity through proactive use of AI	· Establishment of security system to counter threats · Expansion of training and education systems globally · Development of governance and education related to generative AI	· 100% company-wide delivery of training and education related to phishing e-mail.	—	 	P.95
Strengthening Management Foundation	Enhancing human capital	Improvement of value propositions to customers	· Achievement of diversity	· Promotion of opportunities for female employees	· Female manager ratio Global consolidated: 23%*5 Nissha non-consolidated: 12%*5	· Female manager ratio Global consolidated: 22.7% Nissha Non-consolidated: 7.1%	 	P.43
			· Management and strategic human resource development	· Enhancement of training for management/strategic human resources and employee rotation	· Selection rate of leader candidates in selective training programs Nissha non-consolidated: 45%*5	· Selection rate of leader candidates in selective training programs Nissha Non-consolidated: 41.5%		
	Efficiency and productivity improvement	Improvement of economic value (ROE 15%, operating profit margin 12%)	Improved efficiency and productivity by digitization of value creation process	Expansion of data-based decision-making mechanisms Improvement of productivity with automation and efficiency tools Working hour reduction for non-routine tasks by generative AI	Deployment of automation and efficiency tools to overseas group companies. Working hour reduction with automation and efficiency tools such as RPA by 3,000 hours/year (compared to 2023)	Embedded digitalization in indirect operations AI/DX education to improve IT literacy Working hour reduction with automation and efficiency tools by 22,533 hours/year		P.53
Corporate Governance	Improving the effectiveness of the Board of Directors	Prompt and decisive decision-making and advanced governance at overseas group companies are essential	Upgraded corporate and global governance	Implementation of actions defined out of the effectiveness evaluation of the Board of Directors	PDCA exaction Determine and implement actions	Executed Desirable Relationship between Internal Directors and Outside Directors Reaffirmed criteria for tabling items to Board of Directors and reviewed reporting of items	—	P.69
	Advancement of global governance			Enhancement of global collaboration and global risk management systems	Appointment of risk management coordinators*6 in Europe, the Americas, and China	Internal control checklist put into operation		

*1 Medical Devices only (excluding Nissha Medical Technologies' business media) *2 Total for Industrial Materials business and Devices business *3 Including metallized paper and pulp-injection
*4 Risk areas as defined by International Labour Organization: Central and South America, Southeast Asia, and China *5 (Target for 2026)
*6 This will be a function of the Risk Management and Compliance Committee at our Global Headquarters and involve supporting, facilitating, and monitoring risk management at overseas Group companies.

Business Portfolio Strategy

The 8th Medium-term Business Plan

Director of the Board
Chief Strategy Officer
Senior Executive Vice President
New Business Development
Corporate Strategy Planning
ESG Promotion

Wataru Watanabe

Business Portfolio Approach to Arriving Our Sustainability Vision

In February 2021, we announced our Sustainability Vision, our long-term management vision toward 2030. We have drawn up a bold plan to increase our sales in the medical-related market from 11% of our total sales, which was the percentage in 2020, to 50%, and at the same time we will reduce our dependence on sales of IT devices from 45% to 8%. This represents our proactive, rather than reactive, stance on reconfiguring our business for a future in which we capture sales in the disruptive markets and highly competitive environments that now exist around the world.

Since our founding, we have had a history of transformation, evolving through changes in our core business. Our Devices business (smartphones and tablets), which has driven our business results since the 2010s, is now in the mature stage of its product life cycle, brought on by the commoditization of IT devices. In addition, the demand for IT

devices is highly volatile, making it difficult to maintain stable earnings. In contrast, our three priority non-IT devices markets (Medical, Mobility, and Sustainable Materials) have become a foundation of our growth since the late 2010s, thanks to a strategic selection and diversification in which we have utilized M&A and in-house R&D. We expect these markets to be the mainstay of our growth going forward through 2030.

Moreover, we recognize that these priority markets have different characteristics and opportunities but at the same they all have high growth rates globally. We can also leverage our business model to increase added value by working with brand owners to create designs and product specifications, provide custom products, and offer them our processing technologies. By making full use of our core technologies in niche areas on a global scale, we intend to become a dominant player in certain specific markets.

Increased Share in Non-IT Devices Market for More Stable Growth

Environmental changes in the IT devices market had a significant impact on our performance

- Rapid changes in demand and technology trends
- Reduction in prices of products and services



IT Devices Market
Abundant business opportunities,
but a rapidly changing environment

Reduction in demand volatility

- Breaking away from concentration on IT devices
- Selection and diversification: Focus on three priority non-IT devices markets (Medical, Mobility, and Sustainable Materials)



Non-IT Devices Market
Expecting stable growth

Focus on markets where social issues come together to create strong demand, offering potential for stable and sustainable growth

Medical



Medical Devices CDMO Market
CAGR 11% (2022-2027)

Mobility



Global Mobility Market
CAGR 2.5% (2022-2028)
BEV Market
CAGR 26% (2022-2028)

Sustainable Materials



Pulp Molding Market
CAGR 8% (2022-2030)

The Company used various data to calculate the above CAGRs.

Review of the 7th Medium-term Business Plan

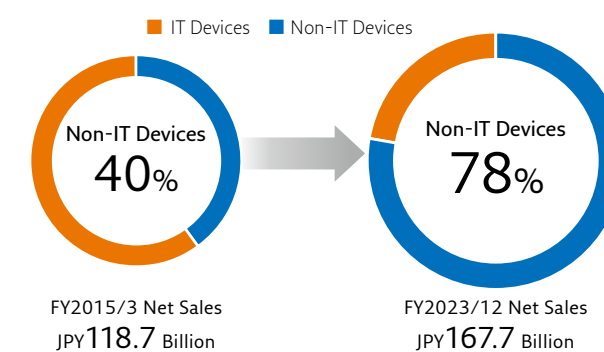
Our 7th Medium-term Business Plan (2021-2023) established strategic actions identified by backcasting from where we should be in 2030 according to our Sustainability Vision. Our goal was to maximize the added value of our products and services by incorporating our six core technologies into our products. This was achieved by establishing a foundation for growth in three priority non-IT devices markets after we had fully understood the characteristics and demands of the markets we had entered through M&A.

Over the plan's three-years run, highly volatile sales of IT devices fell to 22% of our total sales, while the share of non-IT devices increased to 78%. This significant reconfiguration of our sales mix was an excellent outcome. However, while the three non-IT devices markets have shifted to become the main drivers of our business results, the profit margins in these markets have yet to absorb the volatility of IT devices sales, which was especially true in 2023. We recognize that there are still challenges

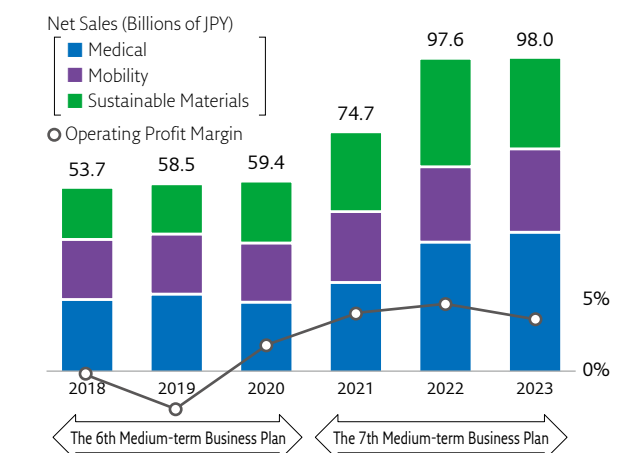
in situations where corporate value fluctuates widely, driven by declining demand in a particular segment, with the level of price-to-book ratios (PBR) reflecting this.

A PBR can be broken down into return on equity (ROE) and price-to-earnings ratio (PER), and given our sensitivity to corporate value, our analysis told us we needed to focus on improving PER. In other words, we worked to shift to a structure capable of generating stable profits as described earlier to meet the expectation of being able to grow profits steadily over several years and reinvest them in growing markets to generate a compound interest effect. However, it is not desirable to increase profits in a way that dilutes earnings per share, so we must pay particular attention to our capital efficiency. Strategies to reduce our relative dependence on IT devices, which require large capital investment are consistent with the above objectives.

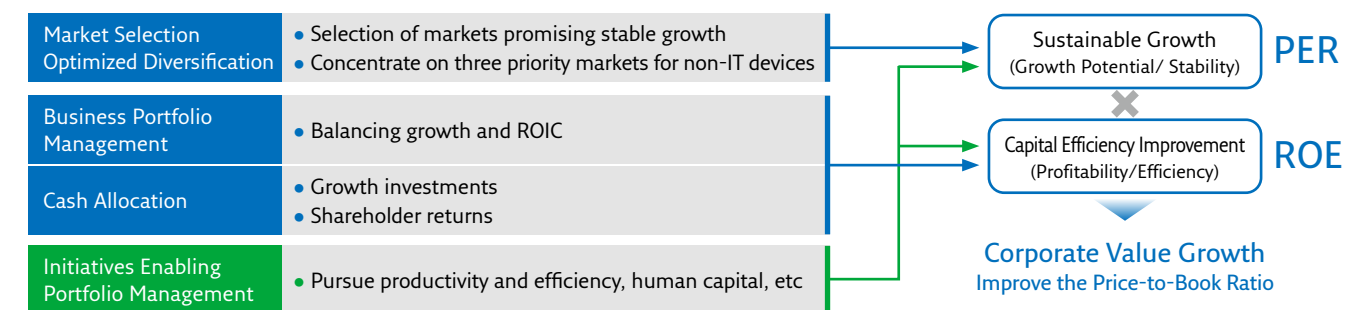
Progress in Reducing Demand Volatility through Strategic Selection and Diversification



Issues Improving Profit Margins in the Three Priority Markets for Non-IT Devices



Corporate Value Growth through Sustainable Growth and Capital Efficiency



The 8th Medium-term Business Plan

The focus of the 8th Medium-term Business Plan (2024-2026) is to grow our business portfolio. Moreover, we launched this plan with us being fully aware of the challenges involved. I believe any company will only be able to survive if it independently grows its business portfolio while at the same time its management has the discipline to weather any economic landscape. The position of each of our businesses and products has been defined and clearly located within our business portfolio. We

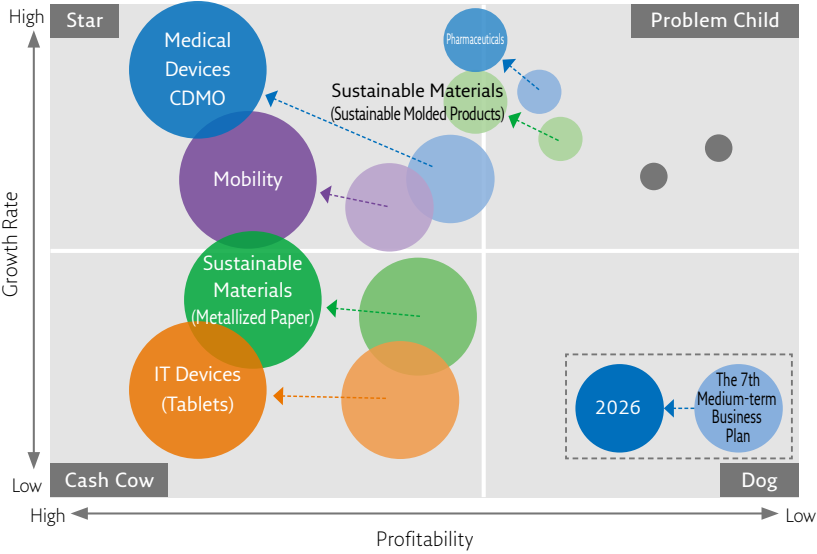
use different KPIs for each business, depending on its growth stage and location in the portfolio. For example, we focus on the sales growth rate of a business or product in its market introduction stage but focus on profit margin and capital efficiency during its maturity stage. In addition, while it is obviously important to take a snapshot when we look at our business portfolio, we are also fully aware that it has to be looked at over a past-present-future time frame as well. For example, medical devices

in our target markets have long product life cycles. It typically takes 3–5 years to go from development to mass production but many products will still be in the market 20 years after their introduction. In contrast, IT devices have much shorter product life cycles and evolve rapidly. Since

the timing of an investment and the return on that investment differs in each our target markets, we are always aware of individual time frames and endeavor to allocate growth funds appropriately.

Our Business Portfolio during the 8th Medium-term Business Plan

Balanced portfolio to improve profit margins



Cash allocations under the 8th Medium-term Business Plan are expected to include operating cash flow and cash generated from sales of non-business assets, with cash outflows of more than JPY30.0 billion for M&A, JPY24.0 billion on capital investment, and JPY11.0 billion being returned to shareholders. Cash for M&A will be allocated to medical markets, and cash used for capital investment will be prioritized for the mobility and sustainable materials markets.

The compound annual growth rate (CAGR) is designated in the plan for each of our businesses and budgets are included for organic growth

Operating Profit Margins in Three Priority Markets of Non-IT Devices

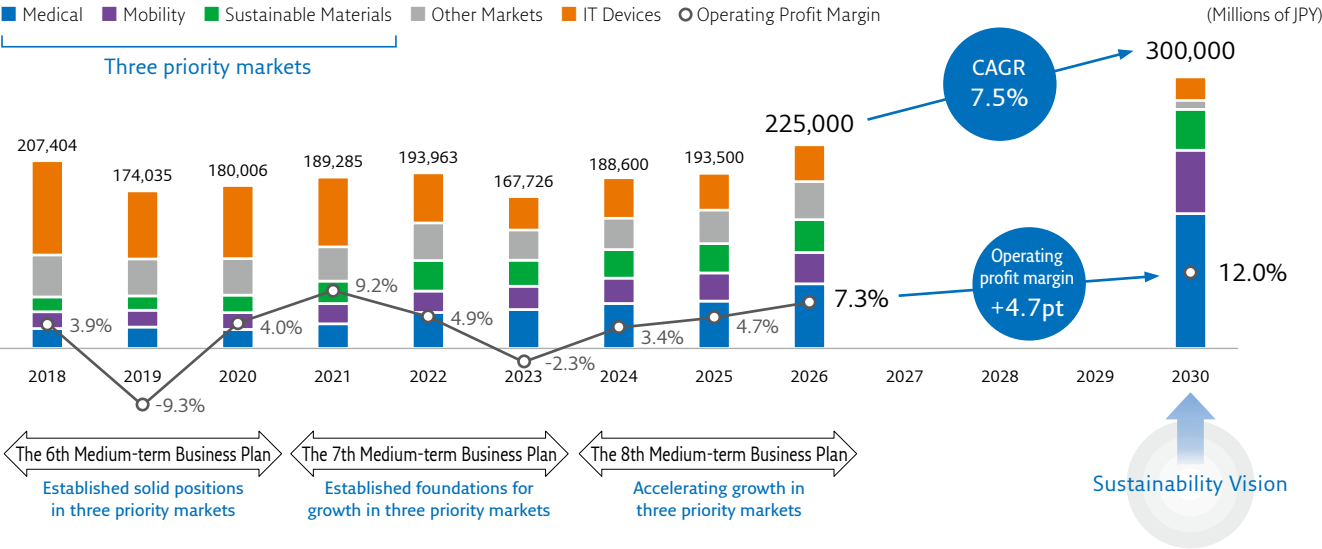
The most important KPI during the 8th Medium-term Business Plan is our operating profit margin. From our analysis of PBR and ROE, we recognize that our challenge is to steadily and sustainably improve these margins in our growth markets. We are aiming for a minimum operating profit margin of 7% across the entire company, and this will be driven by the three markets of non-IT devices.

In addition to these being growth markets through 2030, we have already established competitive positions in each of them, which will contribute to our performance over the medium term. Therefore, our target operating profit margin for these three priority markets is 10% as set out in the 8th Medium-term Business Plan ending 2026. This is higher than the average target for the company as a whole.

Badget of the 8th Medium-term Business Plan

(Millions of JPY)	The 8th Medium-term Business Plan			
	2024	2025	2026 (not including M&A)	2026 (including M&A)
ROE	4.2%	5.9%	9% or higher	9% or higher
Net sales	188,600	193,500	210,000	225,000
Operating profit (Operating profit margin)	6,400 (3.4%)	9,000 (4.7%)	15,000 (7.1%)	16,500 (7.3%)
Operating profit in three priority markets of non-IT devices (Operating profit margin)	6,600 (6.1%)	8,700 (7.5%)	13,000 (10.2%)	14,500 (10.2%)
Exchange rate	¥138/\$	¥130/\$	¥130/\$	¥130/\$

Accelerating Growth in Three Priority Non-IT Devices Markets to Arrive Our Sustainability Vision



Strategy in Three Priority Markets of Non-IT Devices



Medical

The medical market offers abundant opportunities for medical device CDMOs (business model of contract design/ development and manufacturing organization), particularly for minimally invasive surgical devices. Experts project a steady market growth rate (CAGR) of 11% for medical device CDMOs. This projection reflects a trend among major medical device manufacturers, particularly in the U.S., to invest larger budgets in marketing and R&D. Medical device manufacturing has been stretched thin in this market environment, due to a focus on basic research and development. We have also seen a shift toward the use of electronic components in medical devices over recent years. These

developments have made medical device manufacturing an increasingly sophisticated business. Traditional medical device manufacturers have adopted a strategy of responding to increasingly complex medical needs with a full lineup of products, outsourcing manufacturing to companies with expertise in their respective fields. We see growth opportunities in the field of minimally invasive surgical devices, including smart devices, treatment devices, and surgical robots involving smaller sizes and space savings that reduce the burden on the patient during surgery. We plan to invest for growth in this area through M&A and capital investment.



Mobility

The mobility market is rich with opportunities rooted in recent trends toward CASE (connected, autonomous, shared, electric). The mobility market is said to be undergoing a once-in-a-century transformation. Here, we are seeing various attempts at new technologies and models nearing a stage where they will be adopted for use in society. Our business has been traditionally in decorative films for automotive interiors. In response to trends in CASE, we have received numerous requests from customers for products that combine decoration and functionality. Many requests go beyond the traditional business domain of automotive suppliers. These requests include input functions by touch panels for seamless interiors and designs that integrate organically with

touch panels. Decorative exterior films having low environmental impact are attracting attention as a substitute for paint. We also see a growing need to mount sensors and heater circuits on decorative films, combining decoration and functionality. We possess the development capacity to quickly adapt to technological innovations by combining the expertise of our Industrial Materials business, which makes decorative products such as decorative films, with the capabilities of our Devices business, which manufactures functional products such as IT devices and touch sensors. In addition, in the mass production phase, our strength is our global network of production sites, allowing us to supply new products in large quantities with consistent quality.



Sustainable Materials

The market for sustainable materials consists of environmentally friendly materials, especially packaging materials rooted in the need for a shift away from plastics, which is growing in Europe and globally. Our mainstay product is metallized paper, where we hold the No. 1 market share with business centers in Europe, North America, Brazil, and other countries. As part of future product development, we have added new sustainable

molded products made from plant-derived materials for pharmaceuticals, medical devices, and health foods. With the tightening of regulations on plastic packaging materials, especially in developed countries, triggered by the problem of marine plastics, the market for sustainable molded products is projected to have a growth rate (CAGR) of 8%, and we will invest aggressively to seize opportunities in this expanding market.

Financial Strategy

Chief Financial Officer
Executive Vice President
Hitoshi Koya



2023 Business Results and Review of the 7th Medium-term Business Plan

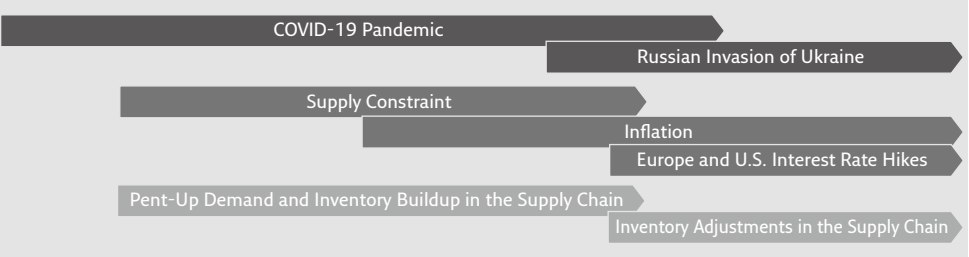
During 2023, product demand for mobility in the Industrial Materials business rose as supply constraints eased. At the same time, contract design/development and manufacturing organization (CDMO) services in our Medical Technologies business continued to grow, driven by an active market. Meanwhile, product demand for tablets in the Devices business declined significantly, mainly due to the end of special COVID-19 demand, while product demand was sluggish for sustainable materials (metallized paper) in the Industrial Materials business due to prolonged inventory adjustments in the supply chain. As a result, net sales were JPY167,726 million, down 13.5% from the previous year.

Operating loss amounted to JPY3,817 million, a significant decrease compared with the JPY9,520 million in operating profit of the previous year. Our Medical Technology business reported higher earnings supported by sustained demand growth, as well as higher productivity and improved efficiency in response to inflation and other cost increases. However, declining product demand for tablets in the Devices business

and metallized paper in the Industrial Materials business squeezed earnings. Additionally, in the Industrial Materials business, we recorded a goodwill impairment loss related to a European subsidiary that produces and sells sustainable materials. The loss was mainly due to an increase in discount rate.

During the three-year period of the 7th Medium-term Business Plan (2021-2023), we saw numerous developments, including the spread of COVID-19 infection, geopolitical issues such as the Russian military invasion of Ukraine, supply chain disruptions and supply constraints, inflation, and higher interest rates in Western countries. Product demand fluctuated significantly, given the drastic changes in the external environment. The Company posted record profits in 2021, due in part to strong sales driven by pent-up demand, the effects of production leveling, and productivity improvement measures. However, performance swung toward the negative in 2023, with a significant decline in sales and profits due to large inventory adjustments in the supply chain and other factors.

Significant Fluctuations in Demand under Extreme Changes in the External Environment

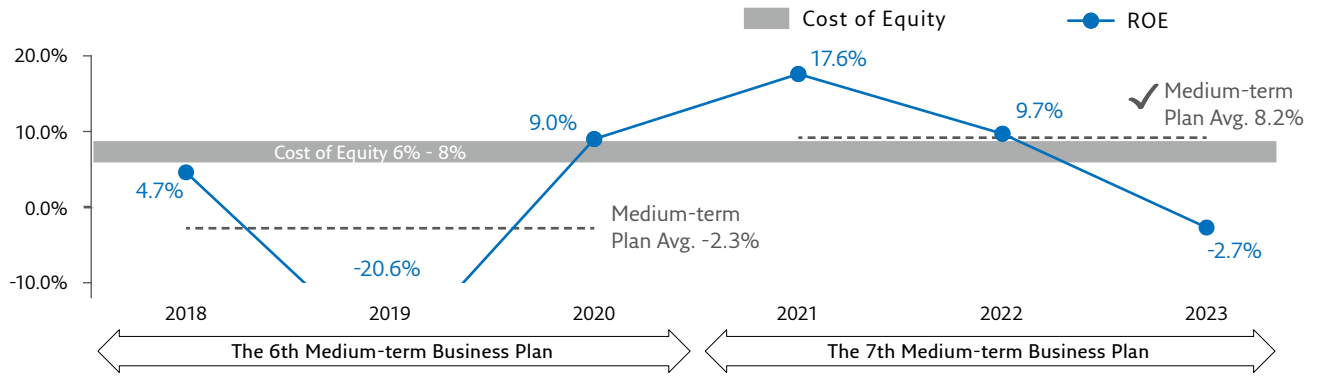


	The 6th Medium-term Business Plan	The 7th Medium-term Business Plan		
	2020	2021	2022	2023
Net Sales (Millions of JPY)	180,006	189,285	193,963	167,726
Operating Profit (Millions of JPY) (Operating Profit Margin)	7,278 (4.0%)	17,363 (9.2%)	9,520 (4.9%)	-3,817 (-2.3%)
ROE	9.0%	17.6%	9.7%	-2.4%
Exchange Rate	¥106/\$	¥108/\$	¥128/\$	¥138/\$

We did make progress in reorganizing our business portfolio during the 7th Medium-term Business Plan. We also strategically withdrew from the highly fluctuating smartphone market to reduce our dependence on the IT devices market and curb future demand volatility. Meanwhile, we expanded our business base in three priority non-IT device markets (Medical, Mobility, and Sustainable Materials) where we expect stable growth. As a result, average ROE during the 7th Medium-term Business

Plan improved to 8.2%, a significant result compared with the -2.3% average during the 6th Medium-term Business Plan. Unfortunately, demand for IT devices slumped sharply during 2023 (final year of the 7th Medium-term Business Plan), resulting in a significant decline in Company sales and profits. We recognize the challenges we face, as the profitability in the three priority markets of non-IT devices has yet to fully compensate for demand volatility in the IT devices market.

Average ROE Improvement, Change over the Three Years of the Plan



The 8th Medium-term Business Plan and Initiatives to Improve Capital Efficiency and PBR

The year 2024 is the first year of the 8th Medium-term Business Plan (2024-2026), and we expect to achieve increases in sales and profits across all businesses compared with the previous year. We plan for net sales of JPY188,600 million, operating profit of JPY6,400 million, and profit attributable to owners of parent of JPY4,700 million. Demand for tablets in the Devices business and metallized paper in the Industrial Materials business should recover with the easing of supply chain inventory adjustments and other factors. In addition to continued strong demand for decoration products for mobility applications in the Industrial Materials business, we expect continued growth in our mainstay CDMO business, along with contributions from acquired companies in the Medical Technology business.

To enhance medium- to long-term corporate value through sustainable growth, the Nissha Group pursues capital efficiency that surpasses the cost of capital while maintaining financial soundness. The 8th Medium-term Business Plan calls for an ROE of 9% or more, in addition to improving profitability through investments in growth and maintaining an appropriate level of shareholders' equity.

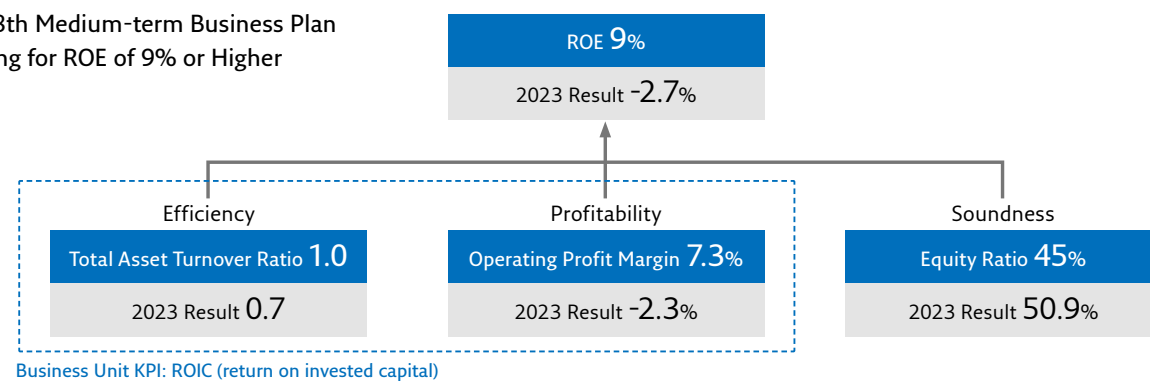
Assessments of our corporate value are reflected in our share price. Our price-to-book ratio (PBR) has remained below 1 times since 2018. We believe that the main reason for the low PBR is the high volatility of our business results, although ROE averaged 8.2% during the 7th Medium-term Business Plan, which was higher than our cost of equity of between 6.0% and 8.0% over the same period.

To improve PBR, we must focus on the three priority markets of non-IT devices. We must also achieve capital efficiency in excess of the cost of capital by pursuing productivity and efficiency in existing businesses.

To this end, the 8th Medium-term Business Plan focuses on top-line growth through concentrated investments in the three priority markets, while we raise total asset turnover ratio to 1.0 times or more by reducing working capital and non-business assets. We aim for an operating profit margin of at least 7.3%, to be achieved through productivity and efficiency improvements. The equity ratio should remain around 45% as we engage in disciplined management of interest-bearing debt levels.

Each business unit monitors its own balance sheet, using ROIC as a KPI. By focusing on indicators such as the cash conversion cycle, our business units monitor whether business assets are being used effectively and whether there are any problems with capital efficiency, thereby improving the capital efficiency of the entire company. Specifically, the Industrial Materials business will improve the profitability of decoration products through price increases for existing products, added value for new products, and improved productivity. In addition, the business plans to increase efficiency by expanding the lineup of products for mobility. The Sustainable Materials business (metallized paper) will improve profitability by controlling material costs and optimizing fixed costs. While asset efficiency is high in the Devices business, earnings stability has been an issue. We aim to stabilize earnings by optimizing production systems in response to demand trends, introducing more automation, and pursuing labor savings. The Medical Technology business plans to grow sales by developing products that meet the needs of the medical devices market, improving ROIC by increasing productivity and efficiency through automation, implementing process improvements, and executing digital transformation (DX).

The 8th Medium-term Business Plan Aiming for ROE of 9% or Higher



Cash Flow Plan

While giving consideration to financial soundness, the Group uses cash flows generated by operating activities, etc., mainly for growth investments, including M&A, capital investment, and research and development, which will contribute to the improvement of corporate value over the medium- to long-term. Under the 8th Medium-term Business Plan, we aim to improve and stabilize profitability by strengthening the business portfolio we have built to date, focusing on stable growth and capital efficiency. In the markets of medical devices, mobility, and sustainable materials, which are priority markets for Nissha, we aim to grow our businesses organically and through M&A, stepping up the pace of investments to expand product lineups and services that help solve social issues.

Our plan calls for generating in excess of JPY40.0 billion in cash flow from operating activities and more than JPY25.0 billion in cash proceeds from the sale of strategic shareholdings and other non-business assets, as well as from bank loans.

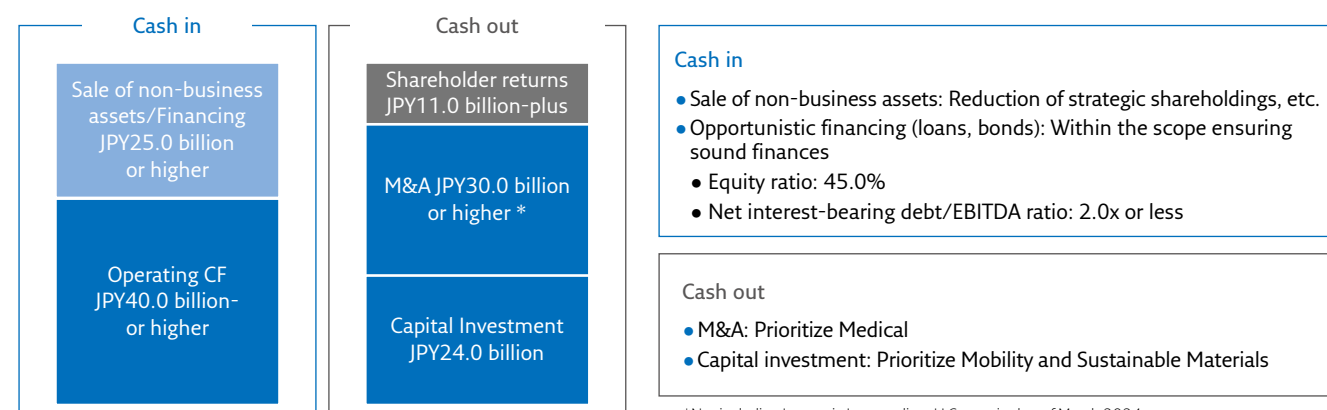
During 2023, we reduced strategic shareholdings in four companies. We will continue to reduce strategic shareholdings gradually to improve capital efficiency. Each decision will consider whether the shareholdings have diminished in significance and rationale and what impact the sale will have on the market.

We plan to invest more than JPY30.0 billion in M&A and JPY24.0 billion in capital investments toward growth. Each investment will

reflect a disciplined approach subject to the approval of the Investment Committee (internal committee). The Investment Committee deliberates on the strategic significance of an investment to the Company, as well as risks and countermeasures, verifies future cash flow forecasts and investment yields, and carefully selects investments in consideration of the soundness of our balance sheet. Post-investment monitoring evaluates each investment based on an indicator suited to the position of the investment in our business portfolio. The committee then responds promptly to issues identified as a result of these evaluations.

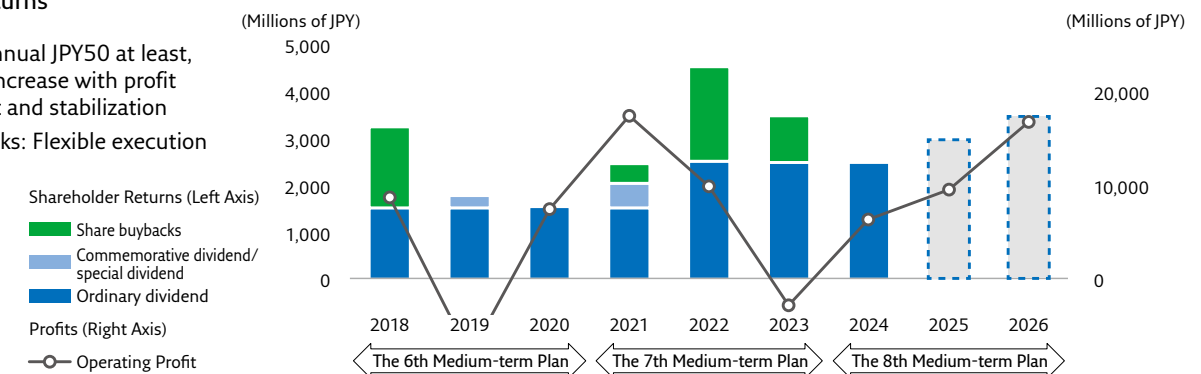
Our basic policy on shareholder returns is to maintain stable dividends, taking into consideration our business performance, financial soundness, and other factors. We intend to increase dividends as profits increase and stabilize. For 2023, we declared an annual dividend of JPY50 per share. This dividend reflected business performance, current capital needs, financial condition, and other factors. We have also been conducting share buybacks to improve capital efficiency. During the 7th Medium-term Business Plan, the Company purchased 292,900 shares in buybacks on February 22, 2021, for a total of JPY419 million, 1,100,000 shares between November 11, 2022 and March 13, 2023, for a total of JPY2,005 million, and 653,800 shares between November 10, 2023 and February 1, 2024, for a total of JPY999 million. We will continue to pay stable dividends as a basic policy and consider share buybacks as appropriate.

Cash Allocation



Shareholder Returns

- Dividends: Annual JPY50 at least, potential to increase with profit improvement and stabilization
- Share buybacks: Flexible execution



Financial Management

The Nissha Group expects a total cash outflow of more than JPY54.0 billion for M&A and capital investments under the 8th Medium-term Business Plan. In support of this plan, we intend to raise funds opportunistically to achieve our Sustainability Vision.

In addition to conventional bank borrowings, we diversified our financing methods under the 7th Medium-term Business Plan. These methods include the issuance of straight bonds and the execution of a sustainability-linked loans. During the 8th Medium-term Business Plan, we intend to leverage bank loans, bonds, and other varied sources of funds to secure funds necessary for growth investments and to increase liquidity on hand.

The focus of the plan is on improving indicators, including operating profit margin, ROE, and ROIC. At the same time, we emphasize indicators from the perspective of financial health: Net interest-bearing liabilities/

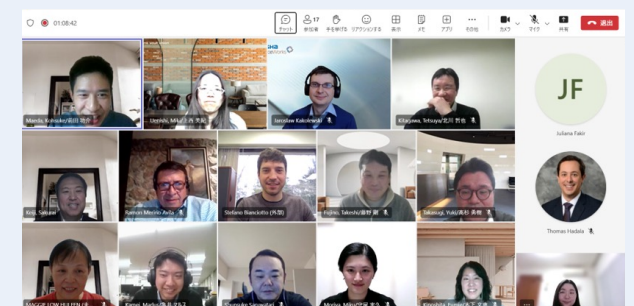
EBITDA ratio, net D/E ratio (net interest-bearing debt/equity), liquidity ratio (cash/monthly sales), and others. Of these indicators, we believe we will continue to be at target levels of financial soundness for net interest-bearing liabilities/EBITDA ratio (target of 2.0 or less; result of 0.89 for 2023) and net D/E ratio (0.5 or less, 0.06 for 2023). Our liquidity ratio (target of 3.0 months or greater; 2.71 months for 2023) was somewhat lower than 2022 due to cash-out stemming from lower operating cash flow, M&A, and capital investment in 2023. We expect to rebound under the 8th Medium-term Business Plan as we see improved operating cash flow, new funds, etc. Through these efforts, we plan to secure a financial base that will allow us to execute growth investments opportunistically, including M&A and capital investment. We will continue to balance financial soundness with growth investments in pursuit of sustainable growth and enhanced corporate value.

Global Finance Department Initiatives

The Nissha Group does business worldwide, with 34 overseas locations concentrated in the Americas, Europe, and Asia. Overseas net sales account for approximately 90% of the Group's total net sales. In response, our Corporate Finance Department is building systems for smooth communications with overseas locations and to solve issues from a global perspective. One specific initiative is a regular meeting (Global Finance Conference Online) in which finance staff from the Global Headquarters and overseas offices share the status of their respective business and financial issues. We also provide training at our Global Headquarters for finance staff from overseas offices. In addition, staff from the Global Headquarters Corporate Finance Department visit each of our domestic and overseas offices to understand the situation on the ground and strengthen communication with local employees.

We also assign support staff for each business unit from the

Corporate Finance Department at the Global Headquarters. This system provides financial support in response to business unit issues and needs, contributing to smooth business unit activities and better business results.



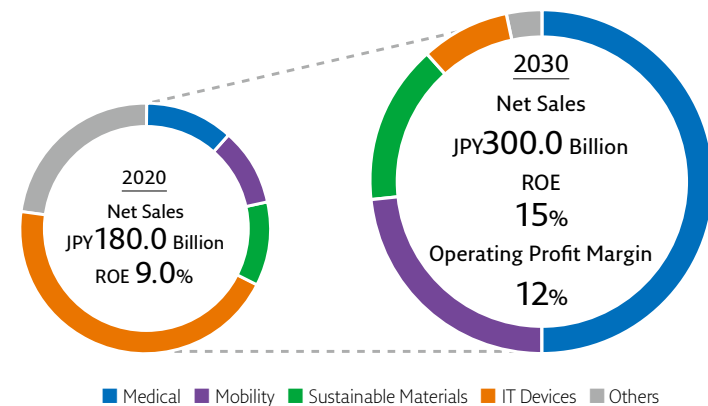
Human Resources Strategy

Chief Human Resources Officer
Senior Vice President
Health and Productivity Management
Satoshi Aoki

The human resource strategy in the 8th Medium-term Business Plan (2024-2026), which we began executing in 2024, is not so different from that of the previous years. When considering our medium-term human resources strategy, we always return to our long-term vision (Sustainability Vision), shown below, and our Basic Human Resource Policy, both of which remain unchanged. We continue to see changes in

the business environment as growth opportunities. Specifically, we intend to grow by reorganizing our business portfolio away from the IT devices market to the Medical, Mobility, and Sustainable Materials markets. Nissha aims for growth—both for company and employee—through the drive of diverse capabilities and passions, pursuing changes in the business environment as opportunities for growth.

Sustainability Vision



The following page shows the human resources strategy map, a visualization of our medium-term human resources strategy. We believe a strategy map is an effective framework for viewing each of the specific HR initiatives on a daily basis, not as a single point, but as an intrinsic component of the larger story of our human resources strategy. As in the past, the goal of our HR strategy is entirely about developing human

resources capabilities to improve the value proposition to our customers. As indicated in our Sustainability Vision, however, we want to emphasize that the target markets, represented by our collective customers, change according to business portfolio strategy. To this end, we decided to make clear the link enhancing corporate value through business portfolio reorganization and improving our value proposition.

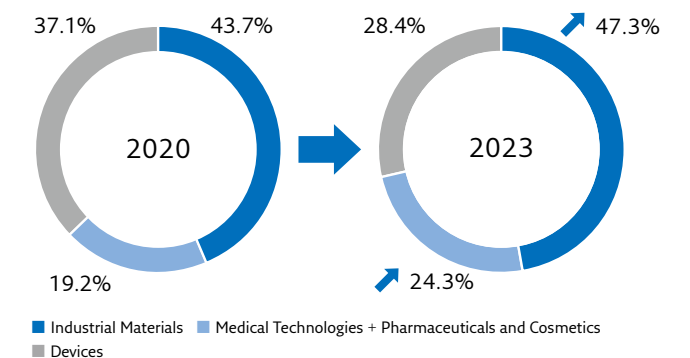
Human Resources Policy

Nissha Group aims for growth both for the company and employees through diverse capabilities and passion, seeing changes in the business environment as opportunities for growth.

1. We shall develop employees who embody Nissha Philosophy and contribute to society through our business activities.
2. We shall respect diversity of employees and utilize their individuality and strengths.
3. We shall emphasize global teamwork to achieve results.
4. We shall encourage proactive actions and unconventional innovation.
5. We shall provide rich training programs and challenging growth opportunities.
6. We shall create a workplace full of energy where employees feel safe to work.

The figure on the right shows employee composition (total of regular and non-regular employees) by business segment. We pursue a business and product portfolio strategy to reduce our dependence on IT devices (smartphones and tablets) strategically. At the same time, we endeavor to expand our businesses in Medical, Mobility, and Sustainable Materials, where we expect stable growth. The composition of our workforce is gradually changing to reflect this strategy. In other words, we confirmed a relative increase in the proportion of employees involved in the Industrial Materials business, which leads the growth of mobility and sustainable materials, the Medical Technologies business, which leads the growth of medical products, and in the development of pharmaceuticals and cosmetics.

Reorganizing the Human Resources Portfolio toward Our Sustainability Vision

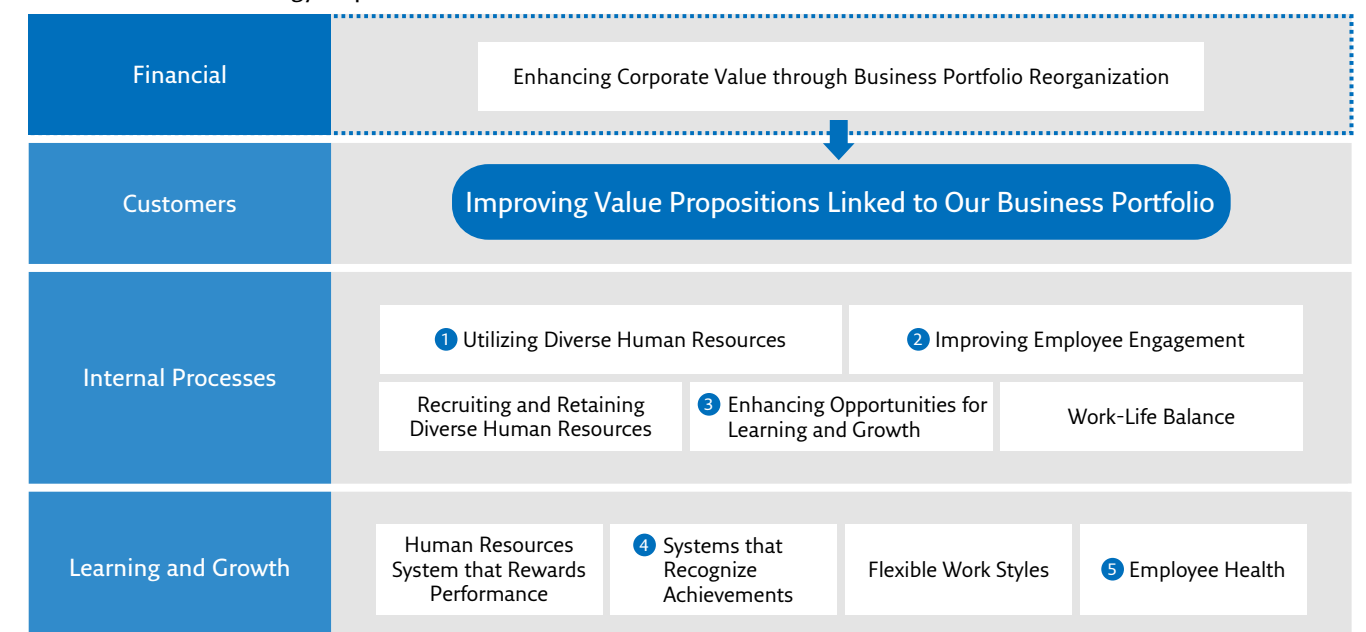


Every Nissha business customizes the products or critical components for each customer. We identify customer needs correctly, reflecting these needs in design and development that combines our processing technologies. We create a production process that achieves stable product quality, after which we begin mass production. The capabilities to make proposals and solve problems to offer this type of customer value require human resource capabilities and teamwork. Our work is made possible by the collaboration of the Nissha group companies across countries and regions, with the cooperation of our diverse human resource capabilities. The current Nissha customer base is diverse, including mobility, medical, IT devices, and home appliances. However, we expect the weight of medical and mobility products to grow as our business portfolio transitions.

To improve the value propositions we offer customers, we must bring together a diverse group of people with different specialties and fields of

expertise to work as a team. At the same time, it is important that each individual maintains a high level of motivation. Accordingly, our human resources strategy begins with three factors: (1) improving the value propositions we offer linked to our business portfolio; (2) utilizing diverse human resources; and (3) improving employee engagement. We then break down achieving these measures into factors of how to evolve our internal processes (from an internal process perspective), how to change our human resources systems and corporate culture (from a learning and growth perspective), and other cause-and-effect relationships. This time, we have added employee health to the learning and growth perspective, as we are incorporating health management initiatives into the framework of our human resources strategy. Each of these measures involves KPIs and specific action items to visualize progress. We will introduce specific examples on the next pages.

Human Resources Strategy Map



1 Utilizing Diverse Human Resources

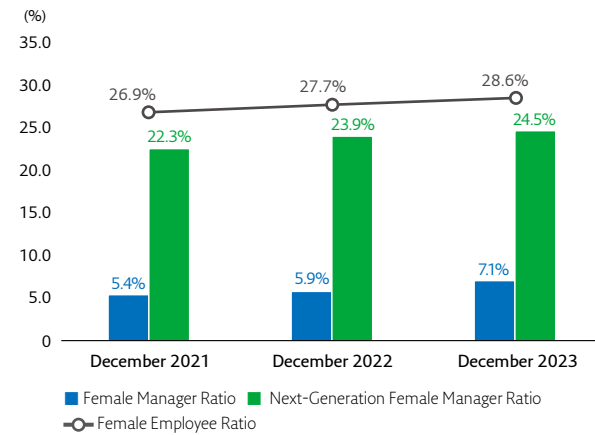
KPI Female Manager Ratio	(Reference) Female Employee Ratio	Results			Forecast
	2023	2021	2022	2023	2024
Consolidated global	38.5%	20.0%	21.5%	22.7%	23.0% - 24.0%
Japan (Nissha non-consolidated)	28.6%	5.4%	5.9%	7.1%	8.5% - 9.5%
North America	45.1%	29.9%	32.0%	32.1%	31.5% - 32.5%
Central & South America	68.5%	50.0%	44.2%	46.5%	46.0% - 47.0%
Europe	32.7%	18.0%	19.4%	23.7%	23.0% - 24.0%
China, Taiwan, Korea	53.2%	37.8%	40.2%	42.9%	42.5% - 43.5%
Southeast Asia	49.0%	36.4%	36.4%	42.9%	42.5% - 43.5%

The Nissha Group encourages all employees to express their talents fully, regardless of nationality, gender, or age. One of our Shared Values, which are principles for employee behavior, is Diversity and Inclusion. This declaration is our belief that human resources with diverse talents interact on an equal footing to enhance our organization's ability to perform.

We established the female manager ratio as one KPI symbolizing the diversity of our group. It is important to understand that Nissha Group companies are spread across the globe. The employee composition of each company is affected by the countries and regions to which they belong, as well as the different roles each company plays (e.g., sales and production). Therefore, rather than setting a uniform target for the ratio of female managers across the Nissha Group, our goal is to approach the ratio of female employees in each individual group company. Compared to overseas group companies, the ratio of female managers in Japan (Nissha, non-consolidated) remains relatively low. However, the ratio of next-generation female managers, representing level beneath current

managers, has been increasing steadily through an emphasis on work-life balance for employees as described in the strategic map. These efforts include systems for flexible work styles and enhanced learning and growth opportunities.

Female Ratio (Japan, Nissha Non-consolidated)



2 Improving Employee Engagement

Engagement Survey

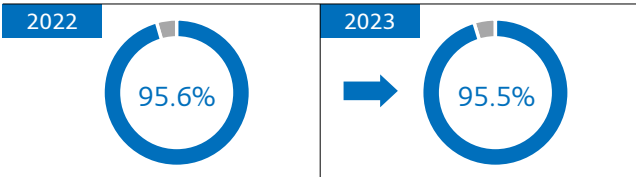
KPI	Target	Results	
		2022	2023
Response Rate (Global, Consolidated)	80%	83.0%	94.2%

We calculated the global results of our employee engagement survey for the second time since beginning in 2022, tracking changes over time. The response rate for 2023 exceeded 90%, and we will now move into a phase of tracking the percentage of positive responses to questions and actions to improve positive response rates.

Percentage of Positive Responses (Global, Consolidated)

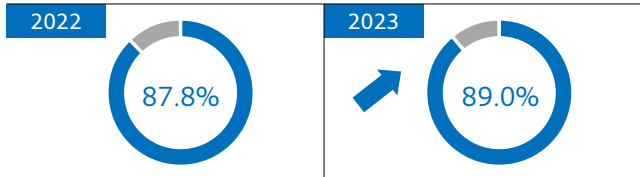
Will to Contribute to the Organization

I want to contribute to Nissha



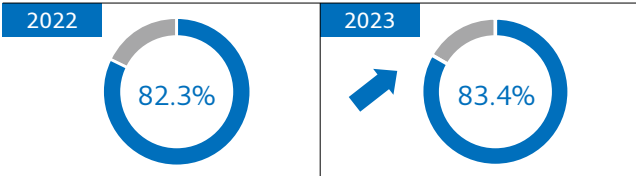
Organizational Commitment

I am proud to work for Nissha



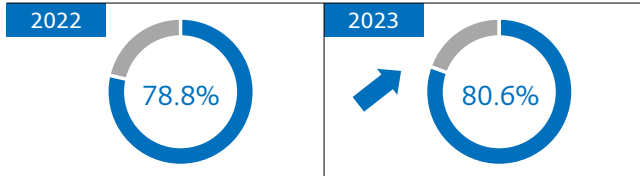
Rewarding

I find my work rewarding



Feeling of Contributing to Society

I feel I contribute to society through my work



Action Example: Employees Experiencing the Latest Company Trends

The Nissha Group continues to improve our company portal site, which any employee can access at any time. We update this global site (Japanese and English) daily with the latest company information, case studies of products, information on exhibitions in which Nissha participates, and a variety of other topics, such as the activities of our employees. Content is often enhanced with photos and videos, allowing employees to experience Nissha's dynamic global presence.



A Warm Welcome to New Employees

The Nissha Group offers a welcome gift to all new employees, regardless of whether they are new graduates or mid-career hires. The gifts include a map of our Kyoto Global Headquarters campus, designed by employees, original training textbooks, stationery with the Nissha logo, and other items.





3 Enhancing Opportunities for Learning and Growth

KPI	Target		Results		
	2023	2030	2021	2022	2023
Selection Rate of Leader Candidates (Nissha Non-Consolidated)	36%	50%	32.6%	31.2%	41.5%

We identified enhancement of human capital as a materiality to strengthening our management foundation. One strategy in this context is the enhancement of training for management and strategic human resources and employee rotations. Here, we will continue to bolster education and training, while at the same time provide more practical opportunities for trainees.

Nissha Academy, the Nissha Group in-house university, offers an extensive training program. Business School is a selective training program within the in-house university. This is an original Nissha program that focuses on providing knowledge and skills in the proposal and execution of management strategies. Three courses are available: beginner, intermediate, and advanced. In particular, we provide

opportunities for graduates of the beginner and intermediate courses (for worksite leaders and assistant managers) to put what they have learned into practice. These opportunities include participation in important projects and the formulation of medium-term business plans. We defined the selection rate of leader candidates as a KPI, and our aim is to have half of the general employees of Nissha (non-consolidated) participate in Business School (beginner or intermediate courses) by the year 2030 (selection rate of 50%). In 2023, we offered a beginner course taken by 139 employees.

Taking a cue from the efforts in Japan, overseas versions of Nissha Academy are also in motion in North America, Europe, and China, among other regions.

Nissha Academy Program

Selective			Common to All Companies			
Eligible employees	Management and strategic human resource development	Global human resource development	Rank-specific	Function-based	Optional	All employees
Officers	Executive MBA					
Directors		MBA for Working Adults	Upper Managerial Staff Training			
Senior Managers	Business School Advanced		New Managerial Training	Priority Market Skills Training		
Grade 4	Business School Intermediate		Manager Candidate Training	Training based on job type and duties		
Grade 3	Business School Beginner		Grade 4 Promotion Training	• Standard Education for Engineers (Core technologies, intellectual property, design, cost)		
Grade 2	Business School branch (operated by a Nissha Group company)	Overseas Trainee	Grade 3 Promotion Training	• Quality, Production, Statistics, DX, AI		
Grade 1			New Employee Training			



4 Systems that Recognize Achievements

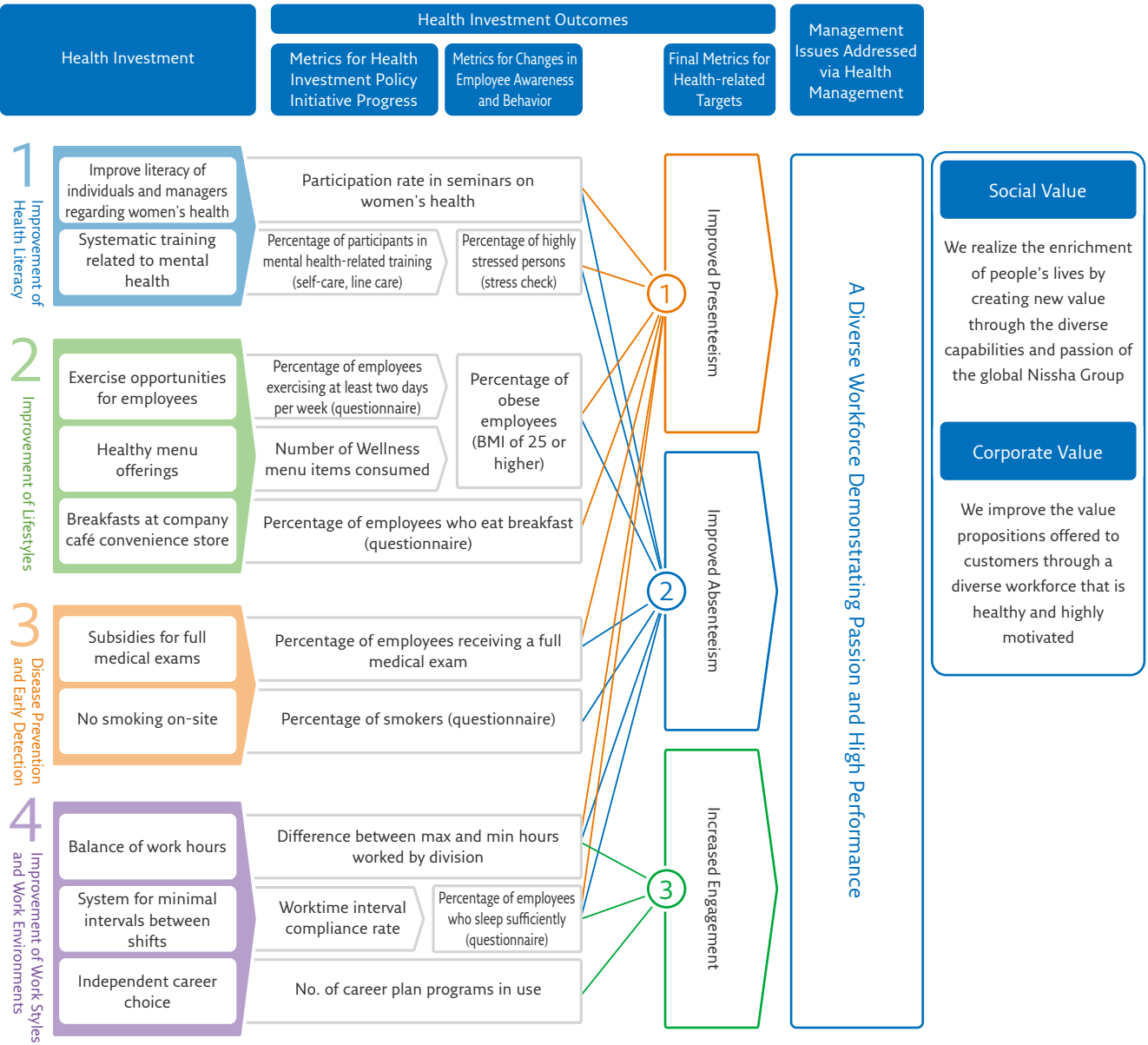
The Nissha Group has various award programs for employees who have made the most of their learning, leading to the achievement of concrete results. Nissha presents company-wide awards, including the President's Award and the General Manager's Award, which recognize outstanding contributions to global consolidated performance. These and other company-wide awards represent our most prestigious recognitions, and the recipients are selected each December based on business activities

during the year. The global tagline, Performance Champion, honors employees who have achieved notable results, and all awards within the group use this line and iconography. We encourage employee growth, labeling employees who receive education and training through the Nissha Academy as Performance Champions who put their learning into practice in the workplace and achieve outstanding results. In this way, we enjoy watching the company and employees grow together.

5 Employee Health

As indicated in the previous human resources strategy map, the Nissha Group is committed to employee health management based on the idea that a healthy and motivated workforce of diverse human resources leads to value propositions for customers and, ultimately, to enhanced corporate value. We established three KPIs in this context: Presenteeism,

absenteeism, and engagement. We will engage in specific actions across four categories to improve in these areas. Nissha offers a variety of opportunities for employees to improve their health, and employees can view these opportunities through a dedicated page on the company portal site.

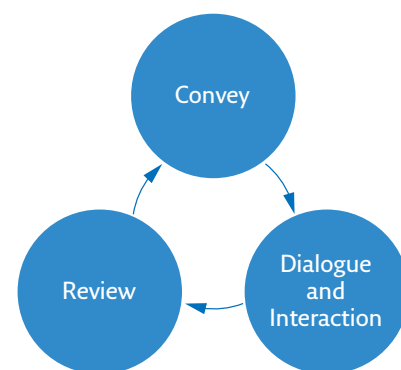


Special Feature

Communication with Employees

We view changes in the market environment as business opportunities, and we aim to increase our corporate value over the medium to long term by leveraging the talents of our diverse human resources and passion to achieve growth for both our company and employees.

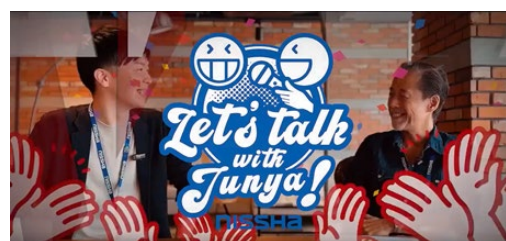
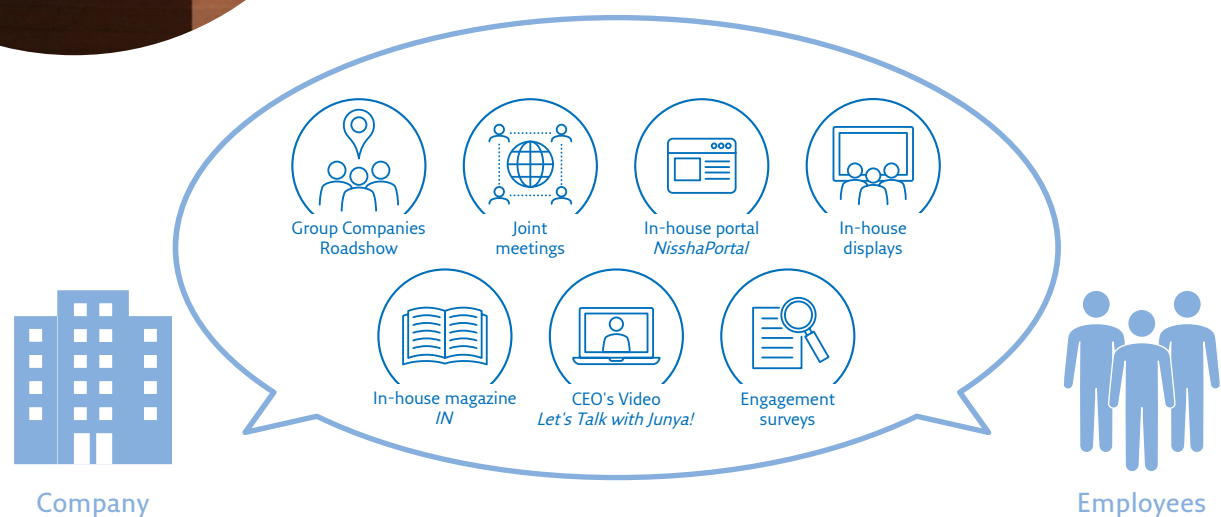
To this end, we actively convey our Sustainability Vision (long-term vision), Medium-term Business Plan, and strategy to our employees, placing importance on interactive (two-way) communication involving real dialogue, various exchanges, and engagement surveys. We also review the opinions and feedback we obtain from our employees via these processes in order to improve our communications, dialogue, and interactions in the future.



Communication Channels with Employees

In addition to the day-to-day operational communication that happens through things such as reports and meetings, we also use numerous other communication channels to promote and activate interactive communication with employees. The characteristics of each communication channel are taken into account and then the appropriate ones are utilized to ensure that the Company's message and information are disseminated to and understood by all our employees.

Depending on the communication channel, we also conduct interactive interviews and have employees answer questionnaires in order to gauge their interest and understanding of what we are conveying. Together with this, we also get suggestions, questions, and expectations regarding the company from our employees. This all leads to active two-way communication between employees and the company, rather than information merely passing one way from company to employee.



Let's Talk with Junya! A conversation between CEO and employees



Joint meeting



In-house magazine IN

Group Companies Roadshow (Town Hall Meetings)

CEO Junya Suzuki personally visits each business locations to engage in two-way dialogue with employees. In 2023, this roadshow reached 19 of the Group's bases: 7 in Japan and 12 overseas. Visiting our bases and communicating with employees in person provides a better understanding of how employees feel about working at their sites and how they view the Nissha Group. Furthermore, at each base, in addition to visiting production and other facilities, we also hold town hall meetings with production managers and other site leaders.



Employee Feedback

CEO Junya Suzuki visited us in November 2023. Since I have been in sales all of my career, I asked him about the relationship between sales activities and improving profit margins. I was impressed by his comment that the entire value chain should be marketing-oriented, and with sales sitting right in the middle of the chain, it is something that exerts a critical influence over everything. Since our meeting, I am now fully aware when I am working that sales is the center of the value chain.



David Tsao
Sales Manager,
Taiwan Nissha Co., Ltd.



In-house magazine /N		Forum
Date	Topic	
2023		
January	Social Impact through Our Business	NISSHA × Sparsha IN Forum
April	Our Kaizen	IN × DX
July	Global Integration for Future Growth	IN x Business Branding
October	We Rise Together	Professional Newscaster on Change-creating Communication
2024		
January	Profit Margin: The Proof of Our Work	IT Changes Work Styles and Improves Productivity
April	My Favorite Failure	Failures Challenge Your Very Own Self

IN Forum (In-House Magazine Forum)

Each issue of /N, our quarterly in-house magazine, has a featured topic, with in-person forums being held on the topic to discuss it further. Our in-house magazine is an important and very effective communication tool for reaching employees on a company-wide scale. In addition, the forums are opportunities for employees to think more deeply about and foster a greater understanding of the magazine's content. The forum includes presentations by employees themselves and lectures by outside speakers, as well as panel discussions based on questions and concerns raised by employees. We use these forums to promote two-way communication between employees and the company.



Feedback from a Forum Attendee

I participated in the Nissha x Sparsha IN Forum. While information on the topic featured in the in-house magazine was well laid out in print, at the forum, you can hear what the employees involved actually had to say on the matter. Listening to their presentations, which included background information and details of personal challenges, helped me better understand the topic and learn about the company's thinking on the subject. It was a memorable event that motivated me to take action on the topic discussed when I am at work.



Kanako Shimizu
New Business
Development Office
Intellectual Property
Management

Technology Strategy

Chief Technology Officer
Senior Vice President
New Business Development

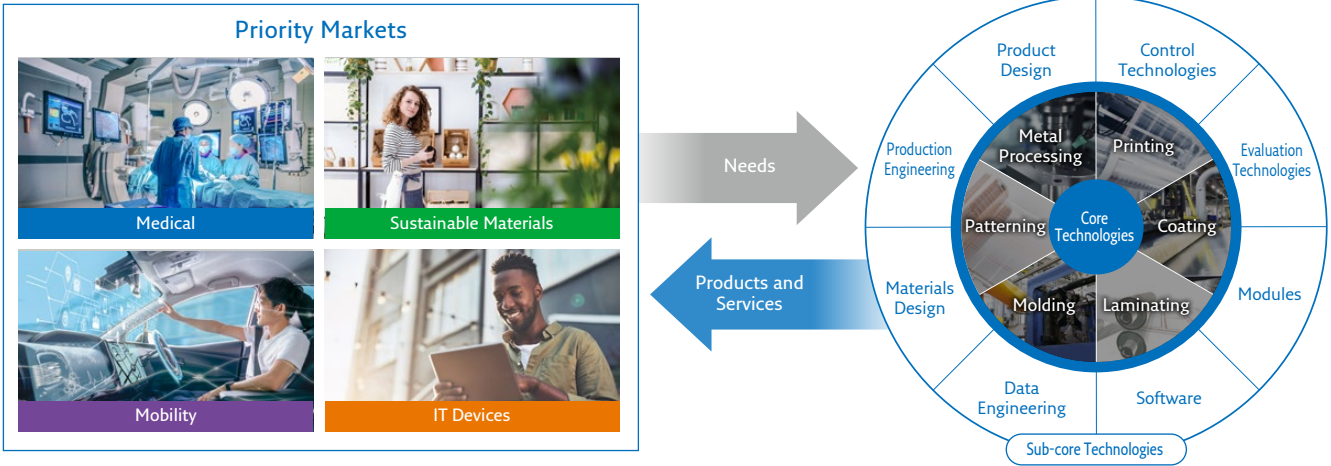
Ryomei Omote



Core and Sub-core Technologies that Create Distinctive Products

Since our founding, we have seized market changes as opportunities and created distinctive products and services inimitable for competitors through the integration of our core and sub-core technologies. In this way, we have contributed to solving the social issues of each era. We strive to grasp the needs of our priority markets, acquire new core

technologies, advance existing core technologies, and integrate these technologies with various sub-core technologies and knowledge. Through these efforts, we will continue to create new competitive products and services.



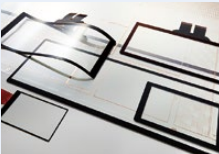
Leveraging Our Core Technologies to Provide Value in Priority Markets

In Mold Decoration (IMD) and In Mold Labeling (IML) (Mobility Market)
IMD/IML are processes referred to as In Mold Decoration and In Mold Labeling. Feeding film with added patterns or functions inside the mold during injection molding allows rich designs to be printed on the surface of 3D-shaped molded products. This technology is used across the globe for automobile interiors and exteriors of a wide range of automobile models as a method to reproduce textures and patterns otherwise difficult to achieve in a single process through painting and other conventional methods.



Core Technologies	Sub-core Technologies
<div>Printing</div> <div>Coating</div> <div>Laminating</div> <div>Molding</div> <div>Patterning</div> <div>Metal Processing</div>	<ul style="list-style-type: none">Materials designProduction engineeringProduct designEvaluation technologies

Film-based Touch Sensors (IT Devices Market)
The films of our touch sensors are not only unique for being thin, lightweight, unbreakable, and bendable, but also are as highly transparent as glass sensors. Our unique double-sided etching process creates thinner, more transparent touch panel modules with narrower frames and higher precision. These features allow for the use of our touch sensors on tablets and other IT devices.



Core Technologies	Sub-core Technologies
<div>Printing</div> <div>Coating</div> <div>Laminating</div> <div>Molding</div> <div>Patterning</div> <div>Metal Processing</div>	<ul style="list-style-type: none">Material designProduction engineeringSoftwareModules

Minimally Invasive Surgical Devices (Medical Market)

We achieve the miniaturization and high functionality sought after in medical devices by integrating our molding, metal processing, and other core technologies. Moreover, we supply surgical instruments for minimally invasive surgeries to major global medical device manufacturers by using our sub-core technologies (i.e., materials design, product design, and evaluation technologies) to ensure our competitive advantage in the medical devices market.



Core Technologies	Sub-core Technologies
<div>Printing</div> <div>Coating</div> <div>Laminating</div> <div>Molding</div> <div>Patterning</div> <div>Metal Processing</div>	<ul style="list-style-type: none">Materials designProduct designEvaluation technologiesModules

Sustainable Molded Products (Sustainable Materials Market)

We offer packaging that combines environmentally friendly materials, which replace petroleum-based plastics, with a variety of molding technologies. The Pulp-Injection method uses pulp as a raw material for injection molding to offer the same precision in complex shapes, thinness, and high strength as plastic. These materials are used by environmentally conscious customers for their packaging.



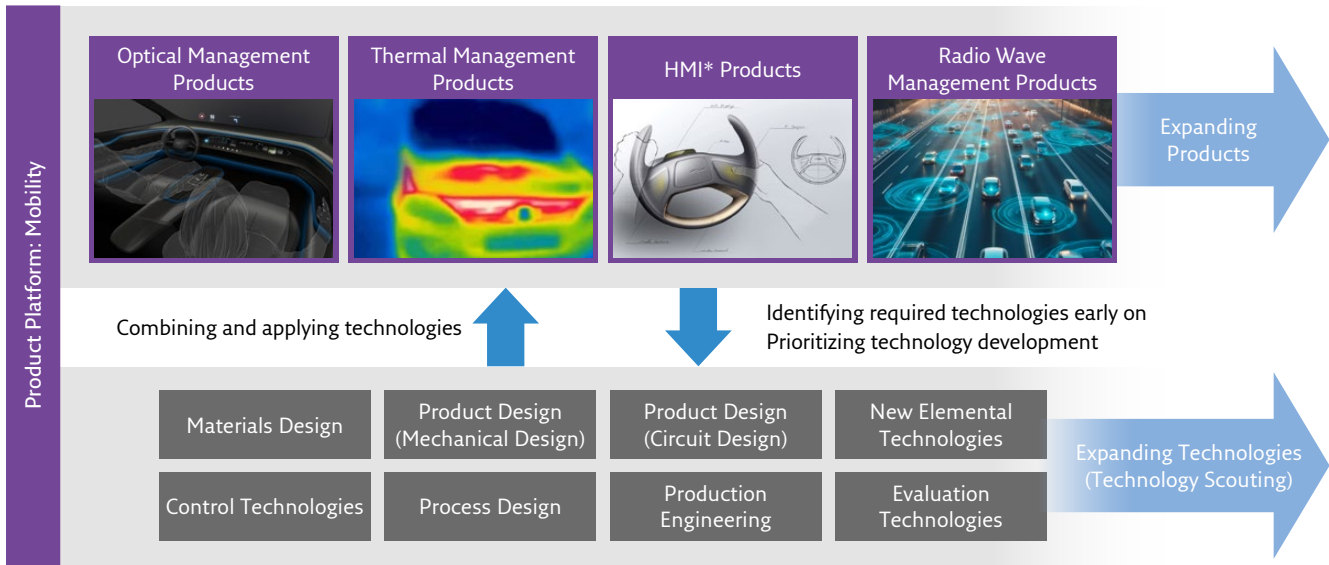
Core Technologies	Sub-core Technologies
<div>Printing</div> <div>Coating</div> <div>Laminating</div> <div>Molding</div> <div>Patterning</div> <div>Metal Processing</div>	<ul style="list-style-type: none">Materials designProduction engineeringEvaluation technologies

Technology Strategy to Achieve Our Sustainability Vision

Product Platform

While there are many business opportunities in the ever-changing and expanding growth market, technological trends and needs are constantly changing. As such, speedy and efficient product development is essential. In response, Nissha is building a product platform. Our product platform is a development platform that brings together commonly required aspects for each of our major product lines. These aspects include technology, intellectual property, expertise, and procurement abilities. Systematically building and organizing these aspects allows Nissha to develop products in a timely manner and meet the diverse needs

of the market and our customers. One of our efforts is in the Mobility market, where we are focusing our efforts. We are developing various applications, including optical and thermal management products, to respond to the major changes in the automotive industry known as CASE (connected, autonomous, shared and service, electric). Whereas each product requires different aspects, they also share many commonalities. We are able to develop applications efficiently by building them as a product platform and combining aspects according to market needs.



*Human Machine Interface

Core Technology Committee

We hold the Core Technology Committee to pursue the outer limits of our core technologies and expand our business domain while we give shape to the needs discovered in exploring and researching the application of our technologies. The Core Technology Committee creates and proposes technologies that meet market needs to address increasingly complex and diverse social issues. To do so, the committee combines core and sub-core technologies to achieve synergistic

effects. Other efforts include encouraging more active dialogues and communications with business units to grasp the real issues in our priority markets and collecting and sharing information through participation in industry associations, research societies, and academic conferences. Through these activities, the Core Technology Committee aims to help resolve global issues and achieve our Sustainability Vision.

Quality, Production, and DX Strategy

Director of the Board
Chief Quality and Production Officer
Executive Vice President
Quality Management
Total Production Management
Digital Transformation
Pharmaceutical and Medical Device Affairs
Corporate Logistics
Quality, Procurement, and Production, Devices Business Unit
Representative Director, Nissha Precision and Technologies, Inc.



Yutaka Nishimoto

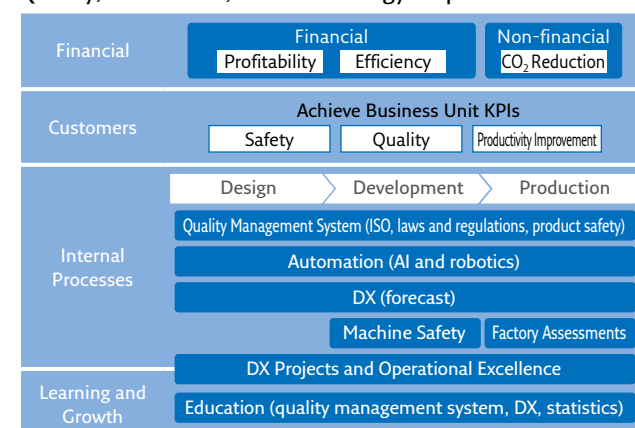
Improving Efficiency and Enhancing Quality throughout Our Value Chain

Our approach to quality and production is to incorporate quality and added value in the design phase, focusing on safety and feasibility. We also pursue lean operations at the production stage to improve quality, lower costs, and achieve shorter lead times. Through these efforts, we aim to continue to earn the trust and satisfaction of our customers by enhancing the added value of our products and services throughout the value chain. Our strategy to evolve in this way is embodied in our actions based on the four perspectives of the balanced scorecard (BSC).

We set key performance indicators (KPIs) for quality, cost, and delivery time (QCD). We then formulate plans to achieve these indicators and make continuous improvements through the PDCA cycle. Through these improvement activities, we aim to increase asset efficiency and maximize profit margins. We recommend that these indicators are drilled down to individual target indicators to allow all employees to participate. Our slogan for quality is "I am responsible for quality." Behind this slogan, each employee takes a leading role in implementing the Quality Policy and the Nissha Quality Way to ensure quality from the perspective of our customers. Following a structured work approach is important, and we believe such an approach should be one accepted globally. To this end, we establish and operate a management system based on international standards in line with our target markets. In production, we continue

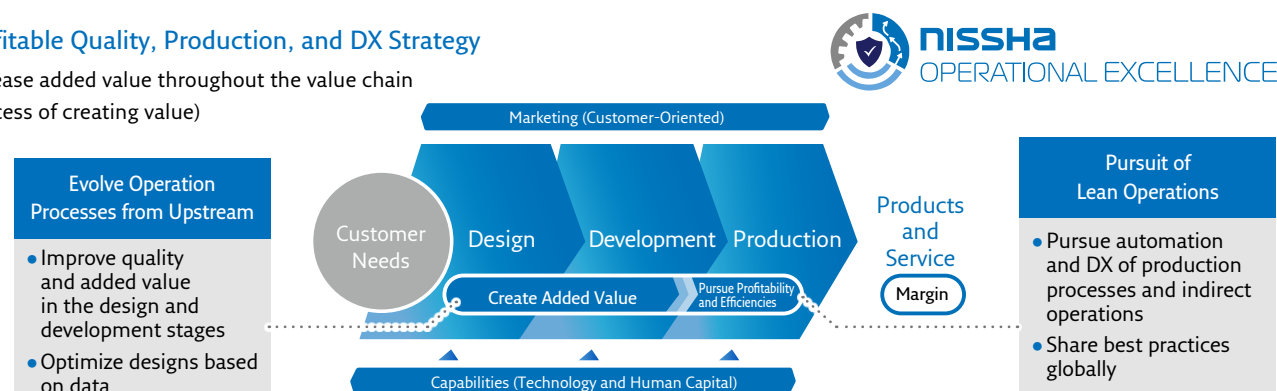
to strive for improvement by visualizing and eliminating all kinds of wastefulness. We refer to these behavioral patterns to improve profitability as Nissha Operational Excellence. The idea of Nissha Operational Excellence expresses our determination to engage in continuous improvements at each base while sharing the best practices among bases to educate others. In this way, we are determined to take our ability and will to make profits to the next level and evolve across the globe.

Quality, Production, and DX Strategy Map



Profitable Quality, Production, and DX Strategy

Increase added value throughout the value chain (process of creating value)



Evolution of Quality and Production Engineering

Historically, Nissha has engaged in various activities to continuously evolve our quality and production.

The 4th Medium-term Business Plan focused on measures to prevent the outflow of defects outside of the company (by sorting out defects) and emphasized quantity over quality. However, participating in various activities and making steady efforts over the years led us to create the 7th Medium-term Business Plan, which aimed to shift from accident management to preventive measures, focusing on robust design

initiatives that incorporate design to prevent defects in the design phase. We are working to speed up these improvements through the use of digital technologies. We continue these efforts, based on our concept of the own-process completion (no defects and no passing on to the next process), in the 8th Medium-term Business Plan. We also recognize that by starting from the design stage, we can increase the products and services we provide in the Medical and Mobility markets, where product quality is likely to impact human life and health.

	The 4th Medium-term Business Plan 2012-2014	The 5th and 6th Medium-term Business Plans 2015-2020	The 7th and 8th Medium-term Business Plans 2021-2026	Should Be
Awareness of Quality Culture	<ul style="list-style-type: none"> Restarted ISO 9000 	<ul style="list-style-type: none"> NTQM (Nissha Total Quality Management) 	<ul style="list-style-type: none"> Establish and raise awareness of the Quality Policy and the Nissha Quality Way Launch factory assessments 	<ul style="list-style-type: none"> Ensure sustainable systems and human resources that grow continuously
Productivity Improvement	<ul style="list-style-type: none"> Transited to IoT at factories Restarted small group management 	<ul style="list-style-type: none"> Documented management system (technical standard) Smart QC Pursued the automation of processes Established machine safety mechanisms 	<ul style="list-style-type: none"> Pursue DX Pursue the automation of processes Define and ensure machine safety Encourage small group management Share KAIZEN case studies 	
Structured Work	<ul style="list-style-type: none"> Focused on prevention through shipping inspections 	<ul style="list-style-type: none"> Process control management Quality slogan/5S 	<ul style="list-style-type: none"> Quality-oriented design Obtain mobility standards certification Obtain medical device business licenses 	

Specifically, our improvement efforts include automating our production floors. We are implementing automated monitoring of quality trends and early feedback to processes, as well as automated visual inspections through the use of AI. We also reduce costs on an ongoing basis by visualizing equipment utilization rates, implementing predictive maintenance of equipment abnormalities (preventive maintenance), and using industrial robots to conserve labor.

In indirect operations, we improved productivity and reduced working hours significantly through Robotic Process Automation (RPA) and

workflow digitization. Recently, we have been focusing on developing digital twin technologies to leverage our accumulation of big data to make forecasts. We aim to optimize production planning and process design through these efforts. The figure below depicts our expected results. Other efforts include company growth measures and personnel training through ongoing small group activities, improvement proposals, and DX project results presentations. We are committed to fostering a corporate culture of never-ending improvement through generating synergy based on the results of our global bases.

Digital Twin Application

Optimizing Process Design

Issue	<ul style="list-style-type: none"> Inefficient equipment layout and personnel allocation lead to reduced production efficiency
Digital Twin	<ul style="list-style-type: none"> Simulate various equipment layout and personnel allocation scenarios in a virtual environment
Expected Results	<ul style="list-style-type: none"> Improve production efficiency and reduce lead time by optimizing equipment layout and personnel allocation Identify improvement areas through virtual verification of existing lines and plan effective improvement measures

Simulation of equipment layout and personnel allocation



Business Strategy Industrial Materials

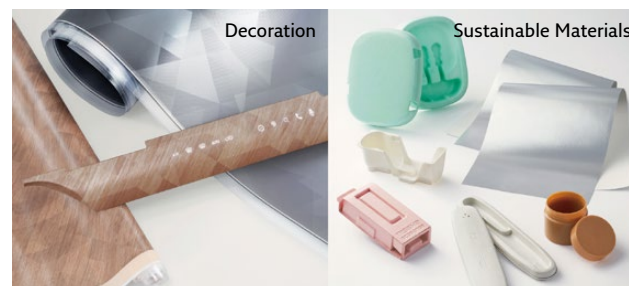
Directors of the Board
Executive Vice President
General Manager of Industrial Materials Business Unit
Corporate Supply Chain

Hisashi Iso



The Industrial Materials business is a global business leveraging proprietary technologies to add value, including design and function, to the surfaces of various materials. Under the Nissha SurfaceWorks brand in the decoration field, we offer plastic molded products, as well as IMD and IML, incorporating design (colors, patterns, graphic design, etc.). We also offer modular products offering functions such as heating, lighting, and sensing. We offer these products to the global mobility, home appliance, and other markets.

Under the Nissha ecosense brand in the sustainable materials field, we conduct global production and sales for our current mainstay metallized paper and sustainable molded products using plant-based materials. We see this sustainable business as an opportunity to meet growing needs for reduced environmental impact.



nissha
SurfaceWorks

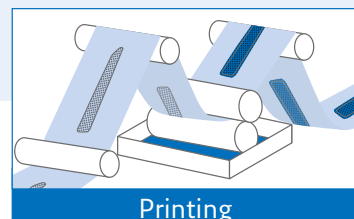
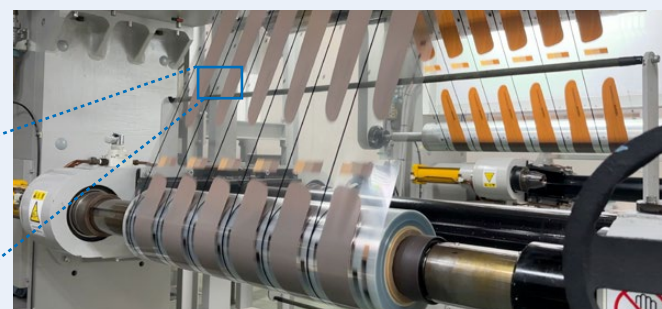
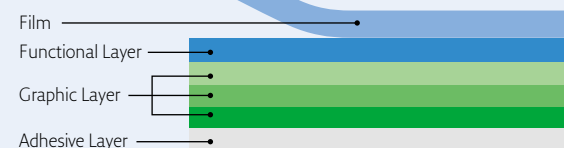
nissha
ecosense

Decoration

Overview: From Film Printing to Finished Molded Product

Graphic Layer: Detailed graphics and expressions via multi-color printing

Functional Layer: Hard coat, surface finish, light transmission, etc.



Printing

Accumulated on film during printing

Business Strengths and Value Provided

The strength of the Industrial Materials business in the decoration field is our capability to propose and deliver not only color and design that meet new customer ideas, but also shape and function that suit these new ideas. And we can provide products and services of the same high quality and stable manner across the globe.

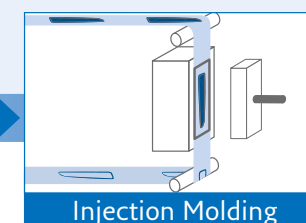
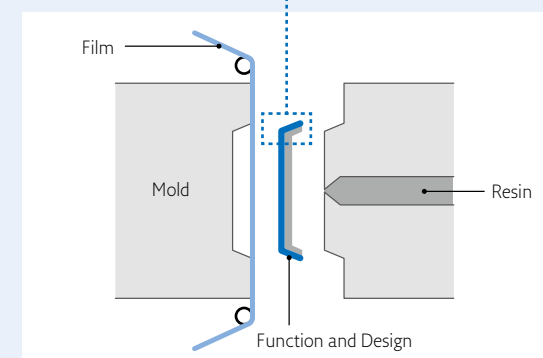
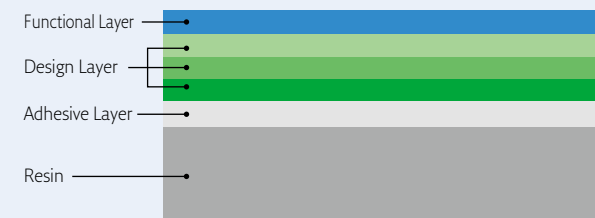
To be more specific about our products, they include decorative plastic parts for automobile interiors and control panels for home appliances. Customers require numerous added features for the surfaces of their products. These features include color, gloss, graphic design, textures that appeal to the senses, text, and functions to conduct heat or transmit light. We use printing and other technologies to provide these features on film in a specific order, forming an accumulation of varied designs and functions. Then, using heat and pressure during injection molding, these features transfer from the film to the topmost surface of the molded product, adding value to the surface of the plastic component in question. Our customers have been impressed by our

strengths in completing products in a single injection molding process. Other methods require various discrete processes for each design and function required, making the process complicated to manage and costly in terms of expense and time.

To provide these value-added products globally, we established production facilities in Japan, the U.S., Mexico, Germany, Malaysia, and China. Establishing sales offices in Korea, Taiwan, and England, and operating design and development hubs in Japan, the U.S., Germany, and China allows us to discover customer needs quickly, supplying products tailored to each region.

This market position allows us to be a converter (processor) under a BtoB business model offering intermediate parts and materials. At the same time, we enjoy an abundant customer base—including both parts manufacturers and finished goods manufacturers—across a wide variety of markets and from whom we receive direct inquiries.

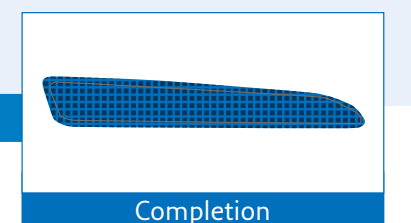
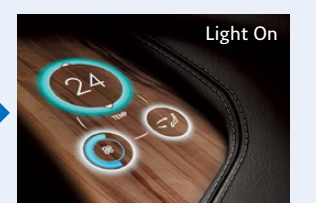
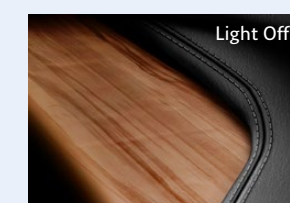
- Injection molding is completed in a single injection molding process to transfer decorations and functions to the molded product
- Reduced production time and costs



Injection Molding

Transfer of laminated materials to molded products via injection molding

- Reproduces detailed designs, expressions, and textures accurately
- Functionality added (light transmission, etc.)



Completion

The 8th Medium-term Business Plan Business Strategy

Highlights

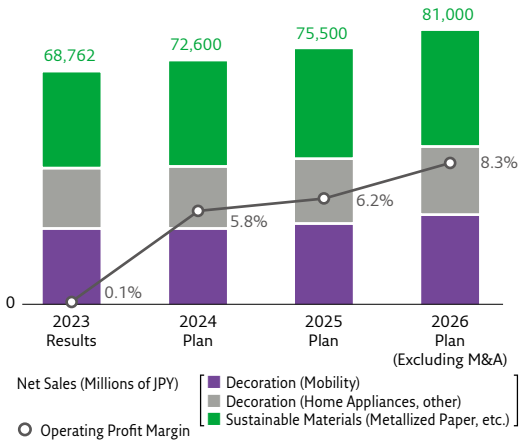
Net Sales CAGR
5.6%

Operating Profit Margin
(2023→2026)
0.1% → 8.3%

ROIC
(2023→2026)
0.1% → 7.8%

Improved Production Efficiency for Existing Products and Growth through New Products

- **Decoration**
 - Mobility: Expand into exterior functional products in addition to interior decoration
- **Sustainable Materials (metallized paper)**
 - Improve profitability through production efficiencies and automation
 - Expand applications by adding functionality
- **Sustainable Materials (sustainable molded products)**
 - Smooth startup of orders received
 - Expand product lineup through M&A



As the shift to electric vehicles (EVs) for automobiles and other vehicles continues, interior design increasingly favors advanced expressions that include incorporated lighting. The rise of autonomous driving is transforming car interiors into a space for content consumption, requiring designs offering appropriate textures and harmonization with surroundings. We believe we can continue to provide high-value-added products through our strong customer base, offering a combination of functions (lighting combined with touch input, etc.) in addition to design. Further, we plan to expand business opportunities through our technologies as needs rise for functional exterior components, including the front grille and headlamp areas—the “face” of the automobile.

As an example, heat generated by the engine has been used to melt snow stuck to the headlamps and front grille. However, motor-driven EVs do not generate sufficient heat, so some type of heating function must be provided. Our insert molding* technology can incorporate functional components without compromising the design of the molded product. For this reason, we expect to see greater use of this technology in exterior parts, where design is important.

As a recent example, we have seen the rear section of automobile bodies feature products that add a light transmission expression via film. We expect customers to hop on this new trend of brand differentiation, which will lead to more business opportunities for us.

From another perspective, our film-based design expression is superior in environmental impact to the conventional coating method used for

exterior applications. Our method reduces energy consumption for component production and halves total CO₂ emissions.

We have already made capital investments in Germany to increase production capacity in response to customer feedback of this type. In addition, we plan to respond as quickly as possible to needs of local production for local consumption. To this end, we are focusing on developing and supplying new products under similar capital investments in Japan and China beginning in 2024. Our 8th Medium-term Business Plan calls for similar capital investments in the United States as well.

Separate from mobility, we are looking for opportunities for mainstay home appliance and others. We intend to respond to trends such as pre-disease and disease prevention, recuperation and symbiosis, and more to secure new growth opportunities in markets such as medical and healthcare, where medical procedures are increasingly performed not only at medical institutions but also in the home HVAC to improve the indoor environment, and home security to ensure a safe living. From our current global business foundation, responding to a wide range of customer needs will lead to an ever broader base of business in the future.

* Insert molding: A process to produce molded products with integrated functional parts via injection molding with functional parts (e.g., metal terminals and electrodes) pre-installed in the molding die.

Seizing New Business Opportunities and Expanding Product Lineups in the Mobility Market



Developing Products for Comfort, Sustainability, and Convenience and Safety





Sustainable Materials

Metallized Paper

Combining metallic luster and printability, metallized paper is mainly used for beverage and food product labels, packaging, and other applications demanding high-quality design. Our strength lies in our capabilities to provide a stable supply of products to customers around the world from our global business centers in Europe (Italy, Belgium, Germany), the U.S., and Brazil. At the same time, we enjoy stable access to materials from suppliers in various regions.

Nissha is the first choice among customers for our stable global business operations and high quality, and we own a top-class share of the market.

Metallized paper uses a manufacturing method forming a very thin

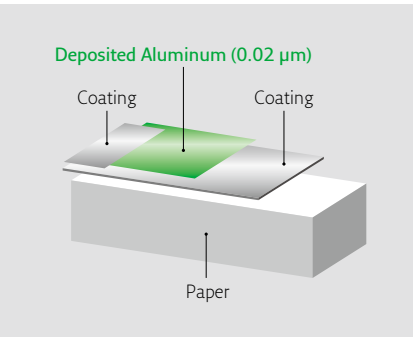
layer of aluminum (0.02 μm as measured by our company) on a base material of paper. This product can be recycled in the same way as regular paper. Another important feature of this product is that it is plastic-free, supporting needs for de-plasticization.

New applications for metallized paper include barrier packaging materials that protect the contents of confectionery and beverages from moisture by relying on properties of aluminum deposited on paper. We expect this application to be the next growth area for our business, as customers highly oriented to the environment begin adoption of this technology.

Metallized Paper



Structure



Recyclable as a single material (paper)

Metallized Paper Applications



Beverages and food products

Key Strategies

2023 was a year of sluggish demand due to customer inventory adjustments. However, demand began to recover at the end of 2023, and we expect the market to return to its original stable state. Demand for our products should increase further for our mainstay beverage and food product applications, supported by a growing global awareness of environmental issues.

We project our position as a company with locations around the world will become increasingly advantageous. To seize the many business opportunities available, increasing production efficiencies at each production site, or in other words, improving our total asset turnover ratio, will continue to be an important measure. We will continue with process automation, as well, in response to ongoing high costs around the world. We have named an individual in charge of a total of five production plants located around the world. This person is responsible for improving profitability through common KPIs.

As a product strategy, we are developing new products that incorporate water resistance and other barrier functions, seeking to expand applications in food, cosmetics, and other areas where the trend toward plastic-free materials continues to grow globally.

Improved profitability through integrated global operations



Sustainable Molded Products

Sustainable molded products use plant-based materials (pulp, starch, etc.) while exhibiting shape reproducibility similar to plastics. These products have begun to be used in the pharmaceutical and health supplement industries. Our strength is our capabilities to meet the wide range of needs for sustainable molded products across a range of markets. We do so by leveraging molding technology from the decoration field, our global production bases, and other assets, as well as by providing an abundant product lineups combining various materials and diverse processing technologies.

Recently, we began expanding production capacity to meet the demand for precision components for telecommunications, containers for cosmetics, hair care, and other beauty products, and containers for confectionery, among other applications, in response to the need to reduce environmental impact through plastic substitutes.

Key Strategies

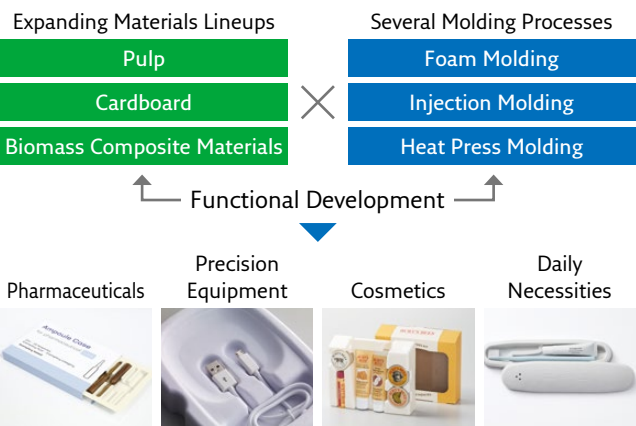
A new plant in Germany began operations in 2023 to produce pulp molded products for the pharmaceutical industry. We are also responding to trends toward de-plasticization and from single-use to recycling with several products well underway. We expect continued stable growth throughout the 8th Medium-term Business Plan and intend to expand our production facilities.

Recently, we began developing materials and other products to meet the growing demand not only for plastic substitutes and recyclables, but also for barrier functions such as waterproofing and oil resistance. Further, we endeavor to enhance value by adding functionality to our abundant product lineup combining materials and processing technologies.

Beyond developing our own products, we intend to pursue opportunistic alliances and M&A with other companies as an important means toward new products and technologies.



Expanding product lineups and enhanced functionality by combining materials and processing technologies to serve a wide range of markets



TOPIC

Sustainable Molded Product Wins Packaging Innovation Award at Pharmapack Awards 2024

In February 2024, our sustainable molded products won the Packaging Innovation Award at the Pharmapack Awards 2024 held in Paris, France.

The award, given for innovations in pharmaceutical packaging and drug administration devices, is based on judging criteria emphasizing sustainability. The award-winning product is a cap for a self-injector using the pulp-injection process. This process reproduces extremely precise and complex shapes for sustainable molded products. We produce the three-dimensional cylindrical cap with high dimensional accuracy, replacing conventional plastic caps and reducing the use of petroleum-based plastics by a significant margin.



Awards Ceremony

Business Strategy Devices

Director of the Board
Senior Executive Vice President
Devices Business Unit
Daisuke Inoue



The Devices business produces electronic components and modules that offer precision and functionality, with sensors as our mainstay product. Many tablets, handheld terminals (logistics-related), mobility components, gaming devices, and other devices in the global market use our film-based touch sensors. Our sensors take advantage of film characteristics, are thin, light, flexible, have excellent transparency,

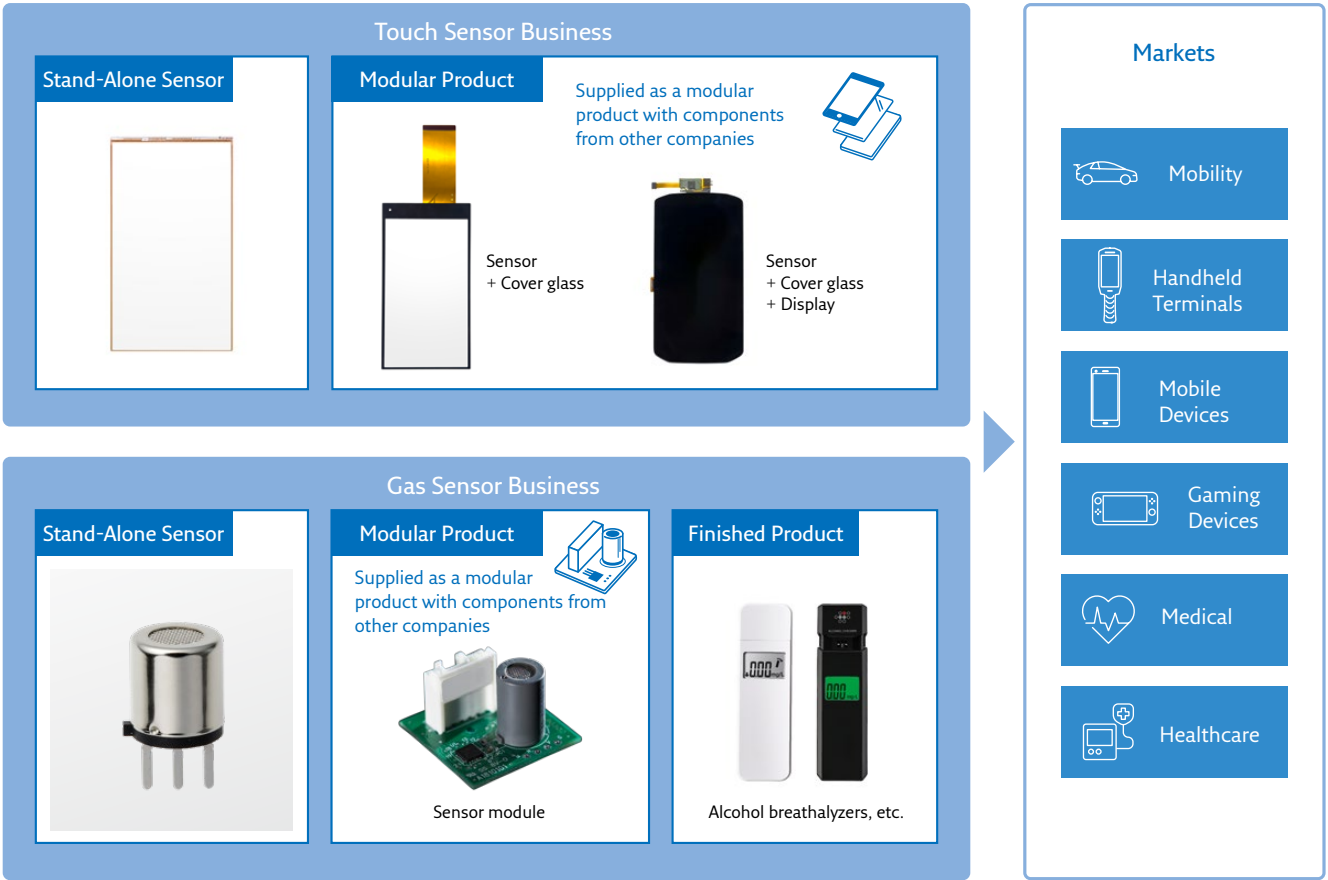
offer high resolution, and provide durability. Our force sensors use this film-based touch sensor technology to measure frictional force, strain, and pressure applied to objects. Demand is also growing for our gas sensors, which detect trace amounts of gases, for alcohol breathalyzers, refrigerant leak detectors in air conditioners, and hydrogen detectors for fuel cell vehicles.

Main Products and Applications

Products	Applications	Strengths
Film-based Touch Sensors 	Tablets, Handheld Terminals (logistics-related), Mobility Components, Gaming Devices 	<ul style="list-style-type: none">• Thinner and lighter than glass touch sensors• Highly transparent, narrow frame• Available in various sizes (from smartphones to mobility)• Available for curved and flat surface designs
Gas Sensors 	Hydrogen Detectors for fuel cell vehicles, Refrigerant Leak Detection in air conditioners, Alcohol Breathalyzers 	<ul style="list-style-type: none">• Detects trace amounts of gases• Small size• Long life• Low cost
Force Sensors 	Tactile Sensors for robot hands and input interfaces 	<ul style="list-style-type: none">• Simultaneous detection of vertical pressure and horizontal friction and shear force• Thin• Measures forces acting on curved surfaces



Supplying Products to Meet Customer Needs



Business Strengths and Value Provided

Our strengths lie in our design capabilities and processing functions through which we achieve high functionality, high quality, and stable supply. We provide a wide variety of products by selecting materials that meet customer needs and combining these materials with appropriate processing.

Our film products are characterized by their thinness, lightness, and bendable flexibility. Using film to make various types of sensors allows us to offer products with a high degree of freedom in shape for use in a variety of applications. To make a sensor, we form a very fine electrode line (pattern) on the film. Processing narrower and finer lines allows for more precise sensors. The use of highly transparent film in touch sensors enables us to add touch functions without compromising the image quality, brightness, or visibility of the display (e.g., LCD and OLED). Furthermore, we process film in rolls of hundred-meter units, which enables the stable production of homogeneous products and reduces costs.

Our many years of experience have led us to excel in the microfabrication of such film products. We have provided film-based touch sensors using this technology to customers for over 10 years,

contributing to thinner, lighter, and higher-resolution high-end tablets. We also develop and produce products in compliance with the quality standards of the automotive industry, achieving numerous accomplishments in touch sensors for automotive use.

For our gas sensors, our strengths lie in our comprehensive operations from preparing materials that react to various gases to the final assembly of finished products. We select materials according to the target gas (e.g., hydrogen, ammonia, carbon dioxide, propane, alcohol, acetone, and many others) and produce sensor elements. Based on the sensor element, we typically supply our products as modular products that incorporate microcontrollers, other electronic components, and even software. We also assemble finished products to meet customer needs.

Our business model for both types of sensor products aims to build direct relationships with global end-product customers, understand their needs, design and commercialize products, and supply customers through an optimal supply chain. We are committed to developing products to meet market demands for even smaller, thinner, and more power-efficient sensors going forward.

The 8th Medium-term Business Plan Business Strategy

Highlights

Net Sales CAGR
8.5%

Operating Profit Margin
(2023→2026)
-2.9% → **8.0%**

ROIC
(2023→2026)
-5.2% → **15.3%**

Pursue Lean Operations and Expand Product Portfolio

Film-based Touch Sensors

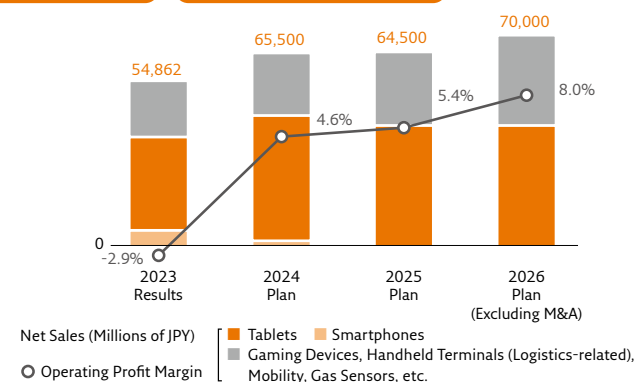
- Tablets: Improve ROIC and ensure profitability by pursuing automation, labor saving, and lean operations
- Mobility: Increase adoption among OLEDs

Force Sensors

- Expand applications (e.g., cooperative working robot and surgical assistant robot)

Gas Sensors

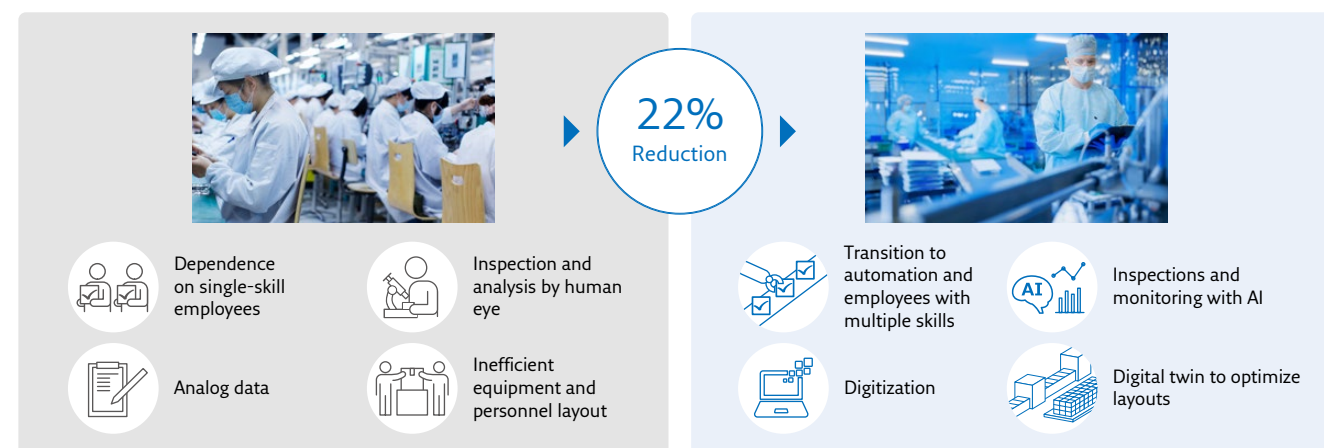
- Expand applications (e.g., refrigerant sensors for air-conditioners)



The key strategy of the Devices business in the 8th Medium-term Business Plan aims to create a stable foundation for growth by expanding our product portfolio. Although the film-based touch sensors, our current mainstay product, are used in the variety of applications in the global market, these sensors are seen to be approaching maturity in terms of product lifecycle. Among these sensors, we expect to see more business opportunities for our touch sensors in the mobility market as OLED (Organic Light Emitting Diode) displays become more popular in high-end model vehicles. This expected increase in business opportunities is because our touch sensors offer high visibility in high-quality OLEDs. We will maintain the scale of our film-based touch sensor business and aim for high profit margins through the pursuit of lean operations. In our efforts, we reduced the number of personnel working in touch sensor production by approximately 22% over the past five years through process review and automation. We will continue to pursue labor savings and streamline operations to increase production efficiency and improve profit margins.

On the other hand, it is essential to expand product lines other than touch sensors to achieve future growth. To this end, we identify new needs in markets with promising stable growth and develop products in areas in which we can leverage our strengths. For example, we expect to incorporate our force sensors (detecting friction and strain), which leverage film-based touch sensor technology, to provide added value in cooperative working robot at our production bases and surgical assistant robots in the medical field. We also expect gas sensor applications to expand in various markets due to tighter regulations and growing needs for safety and security in the wake of environmental issues. This demand includes new environmentally friendly refrigerant gases for use in air conditioners and the growing use of hydrogen fuel as an alternative energy source to oil and coal. We aim to increase these new sensor product lines to achieve stable growth as a business unit.

Twenty-Two Percent Reduction in the Number of Production Personnel per Line through Labor-Saving and Efficiency Initiatives (2018→2023)



Business Strategy Medical Technologies

Executive Vice President
Medical Technologies Business Unit
Chief Executive Officer, Nissha Medical Technologies

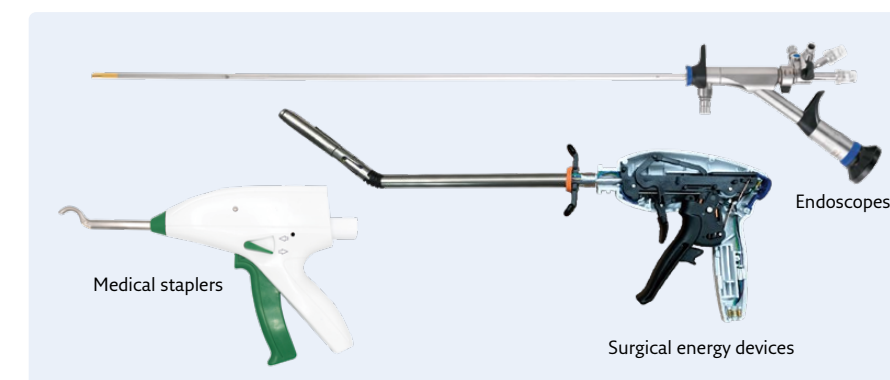
Sam Heleba

The Medical Technologies business is a global provider of high-quality, value-added products in medical devices and related markets, led by the Nissha Medical Technologies Group, which is headquartered in the U.S. Our comprehensive mainstay medical devices CDMO business model encompasses the design, development, and manufacturing of minimally

invasive surgical devices and wearable clinical sensors, primarily for major medical device manufacturers.

We also manufacture and sell products under our own brand, including single-use medical electrodes.

Main Products and Uses



Minimally Invasive Surgical Devices



Wearable Medical Sensors

* The picture is a conceptual image.

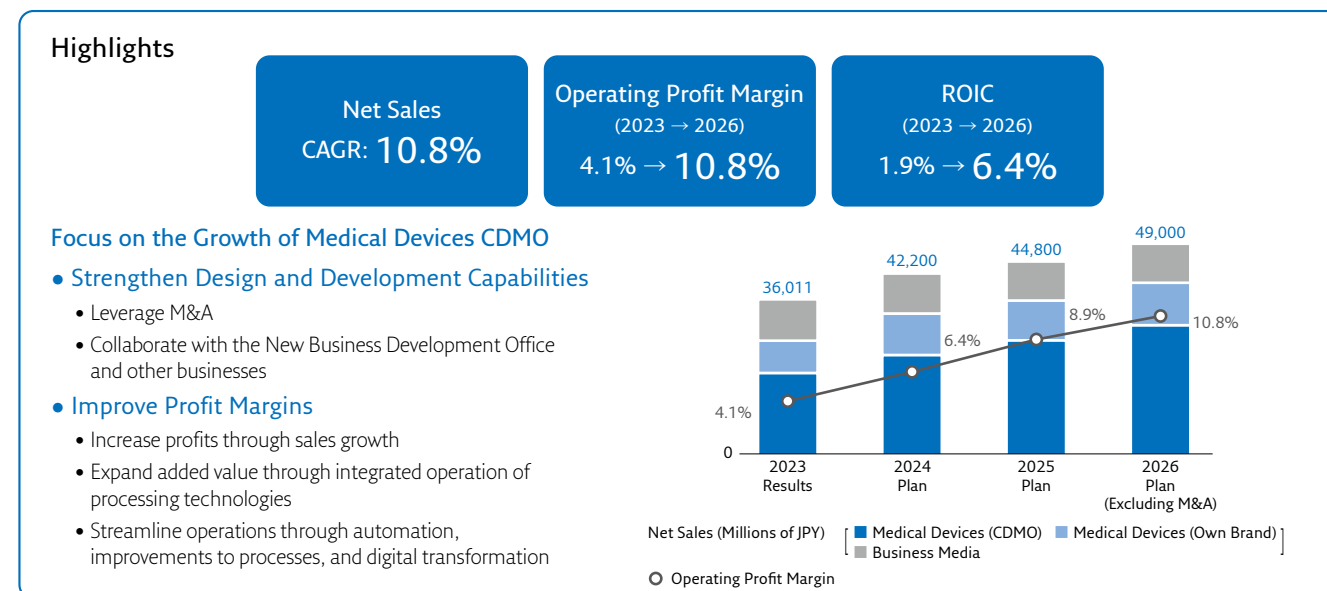
Business Strengths and Values Provided

The strength of the Medical Technologies business lies in our business in North America, the largest market for medical devices, as well as solid partnerships with leading global medical device manufacturers.

Recently, medical device manufacturers are allocating more of their own resources to marketing to develop innovative products and outsource design, development, and manufacturing to trusted medical device CDMOs. In response to this trend, we work to understand customer needs accurately through close communication, leveraging our vertically integrated capabilities and accumulated expertise to

create highly functional products, including minimally invasive surgical devices and wearable clinical sensors. We also have a global network of manufacturing bases that accommodate a wide range of specifications and quantities. By leveraging these bases flexibly on a case-by-case basis, we shorten delivery times and reduce costs, helping to strengthen the competitiveness of medical device manufacturers. Medical device manufacturers hold us in high regard as a strategic partner that facilitates innovation in medical devices.

Medical Devices CDMO: Providing a One-Stop Service from Design to Production

The 8th Medium-term Business Plan Business Strategy


The medical devices CDMO market is the mainstay market for the Medical Technologies business. We expect this market to continue to grow on a greater level than the overall global medical devices market.

We will achieve steady growth in existing minimally invasive surgical devices and wearable clinical sensors over the medium to long term through our extensive pipeline.

Medical Devices CDMO Market Expected to Grow at a High Rate
 2022 - 2027 (Forecast)

Global Medical Devices Market

CAGR: 6%

Global Medical Devices CDMO Market

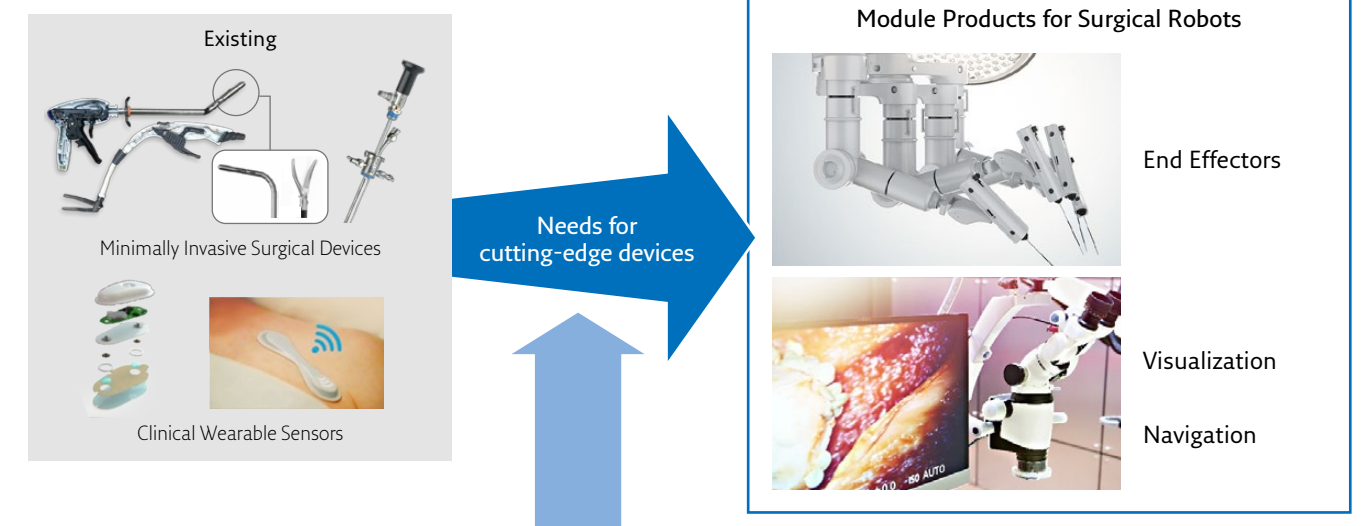
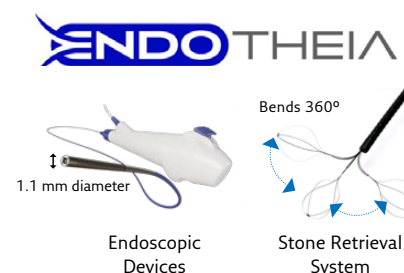
CAGR: 11%

Demand for the digitization of medical devices is also growing, mainly for surgical robots and smart devices. The Medical Technologies business will take advantage of business opportunities in these new areas to accelerate growth, as we expect these areas to grow at an even greater level than existing areas.

We consider M&A one way to expand our capabilities necessary to achieve these goals, acquiring companies that possess technologies that contribute to the steerability and miniaturization of medical devices. Furthermore, we aim to increase pipeline potentials for value-added products by collaborating with the corporate division (New Business

Development Office) of the Global Headquarters in Kyoto and other businesses to strengthen our capabilities.

At the same time, we strive to increase our profit margin by streamlining operations through the automation of production processes, process improvements, and digital transformation (DX). We will not only make continuous improvements at our bases under the appointed leaders in our supply chain and operation, but we will also share the best practices across bases and integrate functions. Through these efforts, we strive to evolve our capabilities to increase profits on a global level.

Medical Devices CDMO to Expand Target Areas

Acquiring and Enhancing Our Technologies through M&A
Steerability


In November 2023, we entered into a pivotal capital and business partnership with EndoTheia, Inc. ("EndoTheia"), an endoscopic device company in the United States. EndoTheia has a specialized focus on the design and development of endoscopic devices used in minimally invasive treatment.

Conventional endoscopic devices have a limited range of motion and require advanced steering techniques to ensure the device reaches affected areas properly. Products that leverage EndoTheia technology enable the tip of the instrument to be steered freely and bent, dramatically improving the steerability and precision of endoscopic devices. This technology is available for not only endoscopic devices, but also end effectors* for surgical robots.

* End effector: A device attached to the end of a robot that performs actions such as sampling, grasping, and resection

Miniaturization


In March 2024, the Company acquired Isometric Micro Molding ("Isometric"), a U.S.-based micro molding company (injection molding to form micro shapes on a precise micrometer level) for medical devices.

Demand is growing in the expanding field of minimally invasive treatment for smaller medical devices to reduce the physical burden on patients during surgery. Miniaturization is widely sought after for surgical robots and in various fields expected to grow in the future.

Isometric utilizes proprietary tooling and process technologies for micro molding. Isometric contributes to miniaturization by providing micro molded components for a wide range of applications, including endoscopic devices and other minimally invasive surgical devices and wearable clinical sensors.

* The picture is a conceptual image.

New Business Development Office

Director of the Board
Chief Strategy Officer
Senior Executive Vice President
New Business Development Office
Corporate Strategy Planning
ESG Promotion

Wataru Watanabe

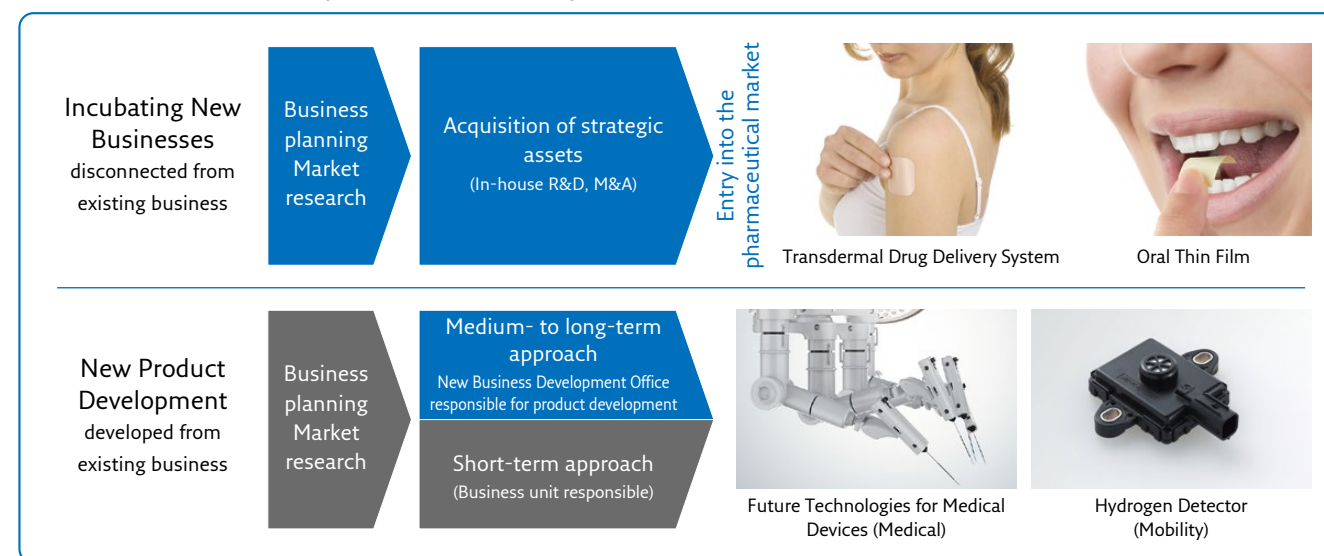


Role of the New Business Development Office

The Nissha Group has designated the four priority markets in which our business units engage: Medical, Mobility, Sustainable Materials, and IT Devices. The New Business Development Office has three major roles in achieving our Sustainability Vision. The first is to develop new products that generate new business in our designated priority markets. The pharmaceutical business is a typical example. By deploying our core technologies in the pharmaceutical business, we are contributing to growth in the medical market, which is stated in our Sustainability Vision. The second is to be responsible for medium- to long-term product development in accordance with requests from our business units. For example, we are involved in the development of technologies and products related to the smart medical devices that will emerge in the future, and we are developing hydrogen detectors for fuel cell vehicles. We also support our business units in their marketing activities. The third is to promote the research

and development of advanced technologies that will lead to new products and new business. We will enhance the value proposition of our products by expanding and aligning our core and sub-core technologies. The role of the New Business Development Office will be to strengthen cooperation with business units both domestic and overseas offices, and accelerate the development of new business and products by marketing that comes from a prospective that is both strategic and technological. In addition, in a world where demands and technology are changing rapidly, rather than restricting ourselves to in-house development of our own technologies, we must actively utilize ideas and technologies obtained from outside our company through corporate acquisitions, business alliances, and other means. In order to make the best use of our technologies, the New Business Development Office will constantly seek out the points of contact between technology and the market.

Role of New Business Development Office; Nurturing the Problem Child



Leveraging M&A

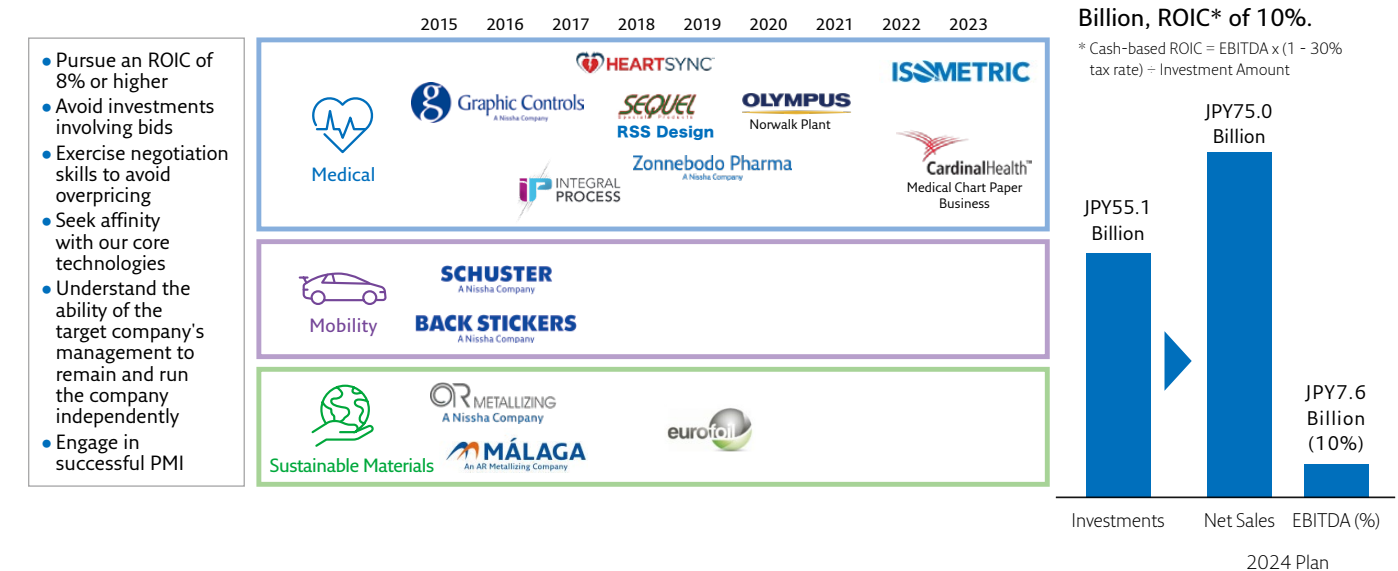
We see M&A and business alliances as effective strategic actions to transform a company's portfolio through discontinuous growth strategies, and we continue to advance our own capabilities in the execution of this approach to growth.

We relied on M&A to establish a business foundation in non-IT devices priority markets (Medical, Mobility, and Sustainable Materials) under the 5th Medium-term Business Plan (2015-2017). Since then, we have continued to grow our business by using M&A to increase our capabilities and scale, strengthening the foundation we have built.

When doing M&A, our specialized M&A team takes advices from outside experts. We plan carefully and make disciplined decisions on

acquisition prices, considering the cost of capital, risk assessments, and post-merger integration plans. Our financial indicators show that our investment is paying off, with an expected high EBITDA return of JPY7.6 billion this year, compared to the JPY55.1 billion we have invested since 2015. And we continue to maintain the discipline of executing only those projects that are consistent with our vision and growth strategy toward 2030. In this way, we gain greater discernment of the target markets in which we invest and the competitive position of the companies in which we invest.

M&A to Establish a Business Base in Non-IT Device Priority Markets



Toward Our Sustainability Vision

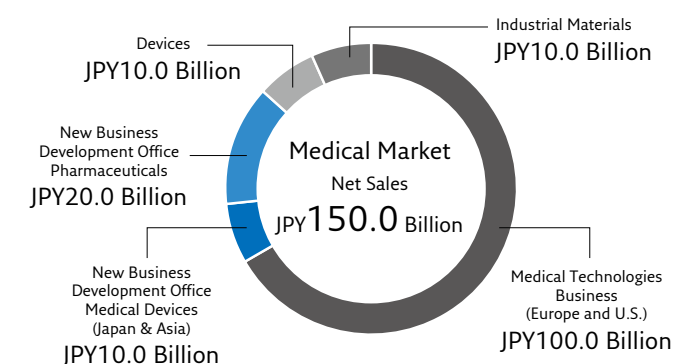
We pursue activities in the medical market to achieve our Sustainability Vision. In the New Business Development Office, we engage in strategic initiatives in two areas: pharmaceuticals and medical devices.

First, in the Pharmaceutical business, we focus on Drug Delivery Systems (DDS) and develop film formulations, such as orally disintegrating films and transdermal absorption films, using our core technologies. In 2019, we made a significant entry into the Japanese pharmaceutical market by acquiring Zonnebodo Pharmaceutical Co., Ltd. In addition, in anticipation of the growth of DDS in the U.S. market, we purchased a stake in Sparsha Pharma USA and proceeded with the technology transfer. Since then, we have completed the initial clinical trial for regulatory approval. We will expand our business in the U.S. and Japanese markets.

Second, the focus of our Medical Devices business is on the Japanese and Asian markets. Japan has the world's second-largest medical device market, which is expected to keep growing as the population ages. At the same time, Japan has an excessive import balance of medical devices from US and Europe, leaving Japanese manufacturing less than fully utilized. Therefore, we focus on the material technologies of Japanese

chemical manufacturers and combining biocompatible materials (e.g., tissue regeneration materials) with our processing technologies to solve Japan's medical issues. We also concentrate on growth in Southeast Asian countries. With local medical device manufacturers developing more advanced devices, we aim to address medical issues through collaboration and alliances with these companies.

2030 Sales to the Medical Market



Corporate Governance

— Nissha Corporate Governance System

Since our founding, Nissha has implemented strategies under the strong leadership of our management to correctly address changes in the business environment. We believe that a combination of strong corporate governance and this type of leadership encourages swift, bold decision-making that ensures transparency and fairness in management.

Our company views corporate governance as a top management priority. Guided by this awareness, we endeavor to ensure sustainable growth and improve corporate value over the medium- to long-term by maintaining and improving our corporate governance structure.

Evolution of Governance

2022

- Discussed the role of Outside Directors and stipulated the Desirable Relationship between Internal Directors and Outside Directors

2021

- Discussed the skills needed for our Board of Directors to realize our Sustainability Vision and revised the skills matrix

2020

- IFRS voluntary adoption
- Revised the criteria for tabling items at meetings of the Board of Directors and reviewed the operations of the Investment Committee

2019

- Developed a skills matrix

2016

- Started analysis and evaluation of the effectiveness of the Board of Directors
- Increased the number of Outside Directors from 3 to 4
- Increased the number of foreign Corporate Officers from 1 to 2
- Started operation of performance-linked stock compensation plan for Directors of the Board (excluding Outside Directors) and Corporate Officers

2015

- Corporate Governance Policy was released
- Established the Nomination and Compensation Committee, Outside Directors account for the majority of the committee members and serve as the chairman, and started operation
- Appointed 1 foreign Corporate Officer

2014

- Increased the number of Outside Directors from 2 to 3, and appointed a female Director of the Board (Outside)

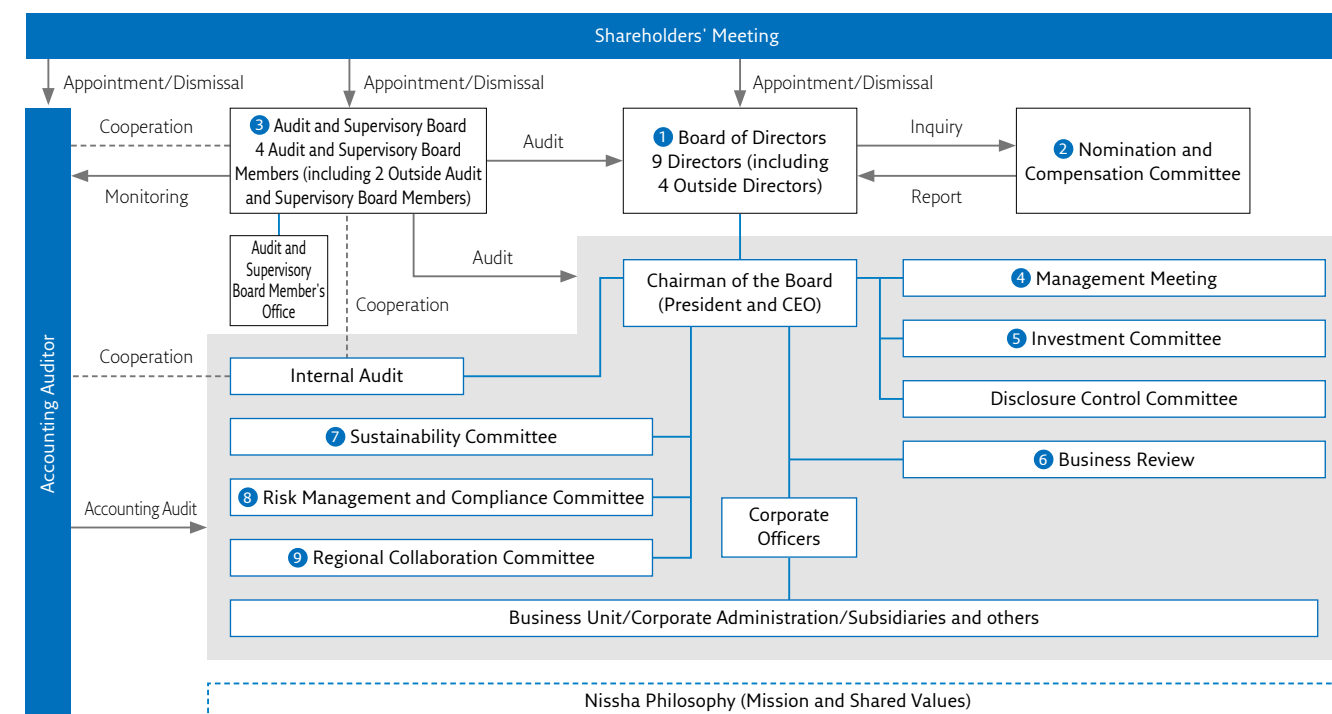
2008

- Adopted Corporate Officer System, separating the functions of strategy formulation and management oversight performed by the Board of Directors and business execution functions of the Corporate Officer
- Reduced the number of Director of the Board from 14 to 9 and increased the number of Outside Directors from 1 to 2

2007

- Reduced the term of office of Director of the Board from 2 years to 1 year and clarified management responsibilities for each year
- Appointed 1 Outside Director
- Abolished the executive retirement benefits system

Corporate Governance Structure



1 Board of Directors 18 meetings in 2023 → P.71

2 Nomination and Compensation Committee 4 meetings in 2023 → P.76

3 Audit and Supervisory Board Members and Audit and Supervisory Board 13 meetings in 2023

In accordance with laws, regulations, the Articles of Incorporation, and various rules, our Audit and Supervisory Board Members and the Audit and Supervisory Board make appropriate judgments from an independent and objective standpoint with regard to the decision-making process of Directors, auditing of management conditions, appointment and dismissal of the accounting auditor, and exercise of authority concerning audit fees. Full-time Audit and Supervisory Board Members conduct audits from the perspective of their extensive business experience at the Company. Outside Audit and Supervisory Board Members conduct audits from the perspective of their advanced expertise as certified public accountants and lawyers. In this way, they both contribute to the maintenance and improvement of our corporate governance system. In addition to making resolutions on statutory matters, the Audit and Supervisory Board also enhances information sharing through explanations of important matters and reports on the status of audit activities by each Audit and Supervisory Board Member.

Triangle QBR (Quarterly Business Review) 4 meetings in 2023

A quarterly meeting to exchange information among Internal Directors, full-time members of the Audit and Supervisory Board, and the Internal Audit Office. Full-time Audit and Supervisory Board Members share information and awareness of issues gained in the course of their own duties and audits, and the Internal Audit Office shares information and awareness of issues gained in the course of audits as the third line of defense. Through information sharing and enhanced communication among the three parties, we are strengthening the auditing and supervisory functions of Directors and members of the Audit and Supervisory Board, respectively. In addition, a summary of the discussions in this Triangle QBR is reported to the Board of Directors twice a year.

4 Management Meeting 12 meetings in 2023

The Management Meeting consists mainly of Internal Directors who deliberate on the direction of important management matters within the scope of authority of the chairman of the board, president and CEO.

5 Investment Committee 8 meetings in 2023

For highly important investments, we ensure the integrity of our investment decisions by discussing the strategic rationale for the investment and the appropriateness of the investment reclamation strategy plan before submitting them to the Board of Directors, and conducting regular monitoring of executed investments on a quarterly basis.

6 Business Review 74 meetings in 2023

Business review is convened by the chairman of the board, President and CEO. These meetings are attended by Internal Directors and management members (Corporate Officers) from each business. Held on a monthly and quarterly basis, it reviews business strategies based on KPIs and discusses actions to be taken in the short term. Its purpose is to monitor the execution of business by Corporate Officers and to respond promptly to changes in the business environment.

In addition, the company appoints managers from important group companies as executive vice presidents and senior vice presidents within the head office. These officers report on a monthly or quarterly basis to the chairman of the board, president and CEO, and the chief strategy officer (CSO) on the progress of performance plans and management issues.

7 Sustainability Committee (→ P.31 Sustainability and Materiality)

8 Risk Management and Compliance Committee (→ P.96 Risk Management)

9 Regional Collaboration Committee(RCC) 10 meetings in 2023

The Regional Collaboration Committee is an organization we established in the Americas, Europe and China. This committee aims to equalize and homogenize the capabilities of group companies located in these regions in terms of matters related to the Nissha Group strategy and administration. To do so, the committee cooperates with each region to exercise their respective capabilities. Based on our globally applicable basic guidelines, activities are planned and implemented by function-specific councils whose members are selected from the executives and employees of overseas group companies in order to take into account the specific characteristics of each region. We also aim to share good practices within the region and create synergies.

The activities of the RCC are reported to the President and CEO on a regular basis.

— Directors and Board of Directors

Policies and Procedures for Appointment and Dismissal of Directors of the Board

The Board of Directors consists of an appropriate number of up to 12 members. When appointing Directors, we consider the balance of skills and diversity required for our Board of Directors.

At least one-third of the Board of Directors must be Outside Directors, who meet not only the requirements for Outside Directors as stipulated in the Companies Act, but also meet the Standards for Independence of Directors* as established by the Board of Directors. The term of office for Directors is one year to better clarify management

responsibilities for each year. Candidates for the Board of Directors are selected based on the above policy and after deliberation by the Nomination and Compensation Committee. The Nomination and Compensation Committee then reports to the Board of Directors, which makes a decision based on the report.

* Reference: Corporate Governance/ Standards for Independence of Directors
<https://www.nissha.com/english/company/governance/index.html>

Shared Values, Experiences, and Skills of Directors; Skill Sets Necessary for the Board of Directors

We require all Directors to share certain values, experiences, and skills to make important management decisions, exercise high levels of effectiveness in supervising the execution of the Company's business, and contribute to the enhancement of our corporate value. Moreover, we consider the optimal and balanced distribution of skills (experience and knowledge) among the Board of Directors in those fields that are necessary based on our management strategy to be key for the Board. In addition, those fields will change as the business environment changes.

Where we want to be by 2030 is presented in the form of our Sustainability Vision (long-term vision for 2030). In addition, we have

established a medium-term strategy reflecting our Sustainability Vision for 2030, and formulated strategies to take us there in the form of three-year medium-term business plans. To achieve these plans, the Company considers the skills (experience and knowledge) in the fields of particular importance for the Board of Directors, indicated on the right.

The following skills matrix illustrates our approach to the values, experience, and skills required of all Directors, as well as the distribution of skills (experience and knowledge) necessary for the Board of Directors as a whole.

Shared Values, Experiences, and Skills of Directors

Global	Directors must have experience in overseas management or other experience and knowledge to recognize management issues from a broad perspective to accelerate global business development
Finance	Directors must have experience and knowledge in finance to improve the profitability and capital efficiency of the business as well as to secure a stable financial base to increase corporate value over the medium to long term
Changes and Discontinuous Growth	Directors must be able to take appropriate risks and branch out into new areas without being bound by preconceived notions to adaptively cope with changes in the business environment and ensure the survival and development of the business
Long-term Strategic Orientation	Directors must have the ability to develop long-term visions and backcasts to formulate strategies aimed at growth through the reorganization of our business portfolio
Communication Skills	Directors must have the ability to ensure mutual understanding and respect through communication to build trust with stakeholders



Skills Matrix for the Board: Distribution of Required Skills (Experience and Knowledge)

	Term	Age	Independence *Outside Directors	Career at other companies *Internal Directors	Areas of Particular Specialty for Each Director					
					Corporate management	Experience in priority markets	Business development and M&A	Marketing	Production, technology, and quality	Legal, risk management
Junya Suzuki	24 years 9 months	50s	—	●	●	●	●	●		
Daisuke Inoue	6 years	50s	—	●	●	●		●		●
Wataru Watanabe	6 years	50s	—		●	●	●	●		
Yutaka Nishimoto	3 years	50s	—		●	●			●	
Hisashi Iso	3 years	50s	—		●	●		●		
Kazuhito Osugi	7 years 9 months	70s	●	—			●			●
Kazumichi Matsuki	5 years	70s	●	—	●		●			●
Juichi Takeuchi	2 years	60s	●	—	●	●	●	●		
Yukiko Hashitera	—	50s	●	—	●	●	●		●	

* Term and age are at the conclusion of the general meeting of shareholders on March 22, 2024
* The above fields are those where Directors can particularly exercise their specialties based on the experiences, etc., of each member of the Board. It does not show all the experiences, knowledge, or skills possessed by each Director.

Role of the Board of Directors and Initiatives to Enhance the Content of Discussions

Our Board of Directors convenes for regular meetings once a month and for extraordinary meetings as needed. The meetings are chaired by the President.

The Board of Directors is responsible for strategy development and supervision, making decisions on matters requiring resolutions of the Board of Directors pursuant to laws, regulations, and the Articles of Incorporation. The Board also makes decisions on important management matters, in accordance with the Board of Directors Regulations, and supervises the execution of Director and Corporate Officer duties. Discussions at the Board of Directors are active and substantive.

Outside Directors provide accurate suggestions and opinions based on their respective deep insights. The appointment of Outside Directors improves management transparency and strengthens the supervisory function of the Board of Directors. The Company sends agenda items and related materials for Board of Directors meetings in advance, aiming to improve the quality of discussions and the role of the Board in strategy development and supervision. In addition, the Company provides Outside

Directors and Outside Audit and Supervisory Board Members with advance briefings, focusing on important agenda items.

The Board discusses important agenda items, such as medium-term business plans and corporate acquisitions of a certain scale, as reportable items a number of times before being brought up for resolution, to ensure thorough discussions. The Board enhances and improves management efficiency by allocating time for explanations and deliberations in light of the importance and nature of the agenda items. The local management of companies of a certain scale or other major overseas group companies reports regularly to the Board of Directors on management within their companies. The Board of Directors reviews this information and directs the companies as necessary. In this way, the Board enhances the monitoring function of the Board of Directors further.

To secure attendance by Directors of the Board and Audit and Supervisory Board Members, the secretariat of the Board of Directors creates an annual schedule of board meetings and notifies members in advance.

Major Deliberations in 2023

Topic	Agenda
Management strategy	● Formulation of the 8th Medium-term Business Plan (2024-2026)
Corporate	● Evaluation of the effectiveness of the Board of Directors ● Verification of reasonableness of strategic shareholdings ● Operational status of the internal control system and activity reports of the Sustainability Committee and the Risk Management and Compliance Committee ● IR and SR reports
Investment projects and monitoring	● Prior consultation and resolution on corporate acquisitions ● Management reports from CEOs of major overseas group companies

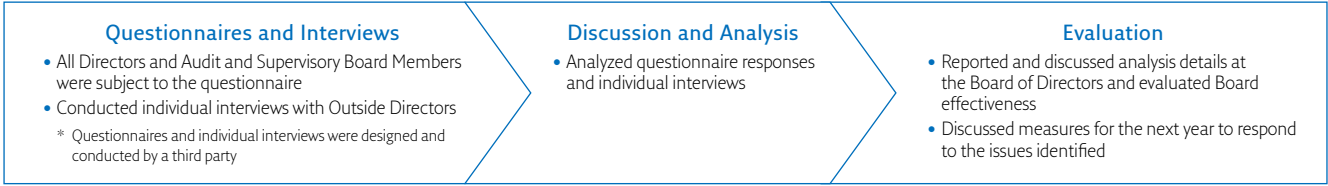
— Efforts to Improve the Effectiveness of the Board of Directors

Once a year, our Board of Directors analyzes and evaluates the composition, roles, and operation of the Board of Directors for the previous year, striving to make continuous improvements to enhance corporate governance. Based on the following analysis and evaluation process, we summarize that our Board of Directors functions properly

and ensures Board effectiveness.

* Reference: Corporate Governance> Summary of Our 2023 Board of Director Effectiveness Evaluation Results (Japanese Only)
https://www.nissha.com/company/had98i000001helq-att/2023_evaluationoutline.pdf

Analysis and Evaluation of the Effectiveness of the Board of Directors in 2023



Evaluation Questionnaire and Individual Interviews

Questionnaire

- Progress in issues identified in the previous year (2022)
 - Further enhancement of discussions on medium- to long-term strategies and management issues
 - Further enhancement of information sharing from Audit and Supervisory Board Members and reporting from the Internal Audit Office as well as further improvement of oversight of internal controls
- Composition, role, and operation of the Board of Directors
- Information sharing and the support system for Outside Directors and Outside Audit and Supervisory Board Members
- Dialogue with shareholders and investors
- Reflection on the previous year based on the Desirable Relationship between Internal Directors and Outside Directors

Individual Interviews

Reflection on the previous year based on the Desirable Relationship between Internal Directors and Outside Directors (significance and effectiveness of the relationship, personal changes, and changes among the chairperson and other Directors)

Evaluation and Issues of the Initiatives in 2023 and Measures in 2024

Evaluation of the Initiatives in 2023

- **Composition of the Board of Directors**
 - In response to changes in the business environment, the Board of Directors reviews the composition of the Board of Directors from the perspective of knowledge, experience, and expertise, and the Board of Directors skill matrix is consistent with the direction of company-wide strategies.
 - The current ratio of Internal and Outside Directors is appropriate for the current size of the Company, as it is not ideal to have too many Outside Directors
- **Role of the Board of Directors**
 - The Board of Directors holds regular and active discussions on medium- to long-term strategies and management issues
 - The Board discusses the formulation of medium-term business plans and rolling plans through careful processes, allowing Outside Directors to follow the flow of discussions easily, ensuring plans are formulated based on appropriate discussions
 - The Board analyzes and evaluates acquisitions from both quantitative and qualitative perspectives, taking decisive actions while considering the cost of capital and minimizing risk
 - The level of the overall risk management system of the Group is improving dramatically through cooperation among corporate divisions, despite the differences in size and characteristics of the global group companies
- **Operation of the Board of Directors**
 - The operational aspect of the Board of Directors, characterized by an informal, open, and collaborative environment that encourages frank and productive discussions, is the Company's greatest strength
 - The Board explains and discusses overseas projects in English, without interpreters, which speaks to our competitiveness. Discussing in other languages, rather than focusing exclusively on thinking in Japanese, helps expand discussions from a variety of perspectives. The Board should continue strengthening efforts to further our global development in the future.
 - The chairperson encourages Directors to speak by asking additional questions to the presenters, even if the chairperson is already familiar with the content. These efforts demonstrate that the Board works as a team to produce outputs
 - Appointing the president to serve concurrently as chairperson of the Board of Directors is the appropriate form for a company of our current size in terms of corporate value and operational efficiency
- **Dialogue with shareholders and investors**
 - Nissha values dialogue with shareholders and investors, engaging actively in investor relations and shareholder relations activities led by the President and other Executive Officers
 - The opinions of shareholders and investors obtained through dialogue are reported appropriately to the Board of Directors, and necessary matters are reflected in management

Measures in 2024

- **Reflection on the previous year based on the Desirable Relationship between Internal Directors and Outside Directors**
 - The Board of Directors operated based on the Desirable Relationship between Internal Directors and Outside Directors in 2023, as we stipulated in 2022
 - The chairperson changed in meeting discourse as a result of their awareness of equal relationships, making more comments to prompt discussions by questioning the purpose of Outside Directors' questions, etc. In this way, the chairperson contributes to deepening two-way discussions and encouraging mutual understanding
 - Internal Directors were more active than ever, contributing more developed and deeper discussions
 - Outside Directors made a conscious effort to properly understand the nature of our business, striving to understand the Company better
 - The Board treats Internal and Outside Directors the same. Directors do not merely express their opinions, but also share responsibility for discussion outcomes and participate in discussions with an eye to improving corporate value
- **Ensuring both Internal and Outside Directors continue practicing the Desirable Relationship between Internal Directors and Outside Directors**
 - Shift from focusing on the efforts of the executive side of the Board of Directors to focusing on enhancing the quality of the Board in our ongoing annual efforts to evaluate and improve the Board beginning in 2015
 - Continue to practice the Desirable Relationship between Internal Directors and Outside Directors inside and outside the Company, working together to develop and deepen discussions at the Board of Directors meetings

Activities and Measures to Support Outside Directors and Outside Audit and Supervisory Board Members

We implement various measures to reduce the asymmetry of information between internal and outside officers. These measures aim to ensure that Outside Directors and Outside Audit and Supervisory Board Members, who are responsible for auditing and supervising management, can maximize their functions and contribute to the Company management.

(1) Briefings and distribution of materials in advance of meetings of the Board of Directors

In an effort to improve the quality of discussions at meetings of the Board of Directors, materials related to the agenda and proposals are distributed in advance. On the day of the Board of Directors' meeting, the President and CEO and the officers in charge of the agenda provide supplementary briefings to Outside Directors and Outside Audit and Supervisory Board Members. In addition to explaining the background and key points of important agenda items, the briefings also provide an opportunity for Outside Directors and Outside Audit and Supervisory Board Members to meet and frankly exchange opinions, thereby deepening mutual cooperation.

Furthermore, if the Chairman believes that he or she does not have a sufficient understanding of the background information for a particular agenda item (e.g., trends in the M&A market, the Company's development structure, etc.) during discussions of the Board of Directors, he or she instructs the executive side to set a new agenda which explains the overall picture regarding that topic. Minutes of the Management Meetings and Investment Committee meetings are provided prior to meetings of the Board of Directors to ensure Outside Directors and Outside Audit and Supervisory Board Members have access to internal information.

(2) Opportunities for discussion outside of board meetings

• Director Boot Camp (off-site meetings)

Since 2020, we have held an annual Director Boot Camp separate from the Board of Directors, where topics of medium- to long-term importance are discussed over the course of a day. Through these discussions, we do not necessarily seek to draw conclusions. We stimulate the intellectual curiosity of participants and come to know more about how each other thinks and enhance our sense of working as One Team.

At our fourth camp in 2023, we explained the conceptual framework and practical examples of the Company's technology strategy. Business units also explained and discussed the competitive environment surrounding our business. As in the previous year, four Outside Directors gave presentations on our medium- to long-term growth from their respective areas of expertise.

• Meetings exclusively for Outside Directors

In 2021, we began holding meetings exclusively for Outside Directors once a quarter to provide a forum for the free exchange of ideas and opinions.



(3) Opportunities for information and communication

• Appointment orientation

In order for newly appointed Outside Directors and Outside Audit and Supervisory Board Members to deepen their understanding of the company, we conduct orientation sessions, including visits to our main plants, before or after their appointment. After appointment, they are duly provided with the information necessary to fulfill their roles and responsibilities. This information includes the status of the company business.

• Dialogue and exchange with Corporate Officers and employees

We provide regular opportunities for dialogue and interaction between Outside Directors, Corporate Officers, and employees. We ensure that Outside Directors have a multifaceted understanding of the company and various opportunities to gather information. At the same time, we also provide opportunities for them to meet with candidates for the next generation of management executives.

- Business reports to the Board of Directors by the CEOs of major overseas group companies (Nissha Medical Technologies Group and Nissha Metallizing Solutions Group)
- Presentations by Corporate Officers at the meetings of the Board of Directors

- Attendance of Corporate Officers and other Directors at lunch with Outside Directors on the day of the Board meeting
- Participation and discussion in joint meetings every six months at which all group department heads gather
- Participation in the Company events (e.g., new product launch ceremonies, internal forums, etc.)

• Visits to business locations

In order for Outside Directors and Outside Audit and Supervisory Board Members to deepen their understanding of our business operations, we provide opportunities for them to make on-site visits to our business locations, particularly our main factories.



— Nomination and Compensation Committee

Nissha established the Nomination and Compensation Committee as an advisory panel to the Board of Directors. The role of this committee is to ensure objectivity and fairness in the appointment and dismissal of Directors, the appointment of Audit and Supervisory Board Members,

and as a means to incorporate the knowledge of Outside Directors. This Committee is chaired by an Outside Director who represents the majority of its members.

Members (As of March 22, 2024)

4 Outside Members

Kazuhiro Osugi
Committee Chair
Outside Director of the Board

Kazumichi Matsuki
Committee member
Outside Director of the Board

Juichi Takeuchi
Committee member
Outside Director of the Board

Yukiko Hashitera
Committee member
Outside Director of the Board

2 Inside Members

Junya Suzuki
Committee member
Chairman of the Board, President and CEO

Wataru Watanabe
Committee member
Senior Executive Vice President
Director of the Board

Major Deliberations in 2023

Topic	Agenda
Nomination	<ul style="list-style-type: none">• Director and Audit and Supervisory Board Member candidates• Representative Director, appointed Directors, and the President and CEO
Compensation	<ul style="list-style-type: none">• Director compensation for the 8th Medium-term Business Plan• Amount of compensation for Directors

— Compensation System for Directors Linked to Medium- to Long-term Corporate Value

Director Compensation Policy

The compensation system for Directors and members of the Audit and Supervisory Board is structured to allow these individuals to exercise their authority appropriately in the supervision of business execution and management. Compensation is also designed to encourage sustainable growth of the group and the enhancement of corporate value over the medium- to long-term.

Compensation for Directors responsible for business execution consists of base compensation, bonuses, stock-based compensation, and other forms of compensation.

Nissha introduced a performance-linked stock compensation plan in 2016. Specifically, we use a stock-based compensation trust (BBT = Board Benefit Trust). By doing so, we will further share the benefits and

risks of stock price fluctuations with our shareholders, while working to achieve sustainable growth for the Nissha Group and increase our corporate value over the medium- to long-term.

Since Outside Directors supervise management from a standpoint independent of business execution, compensation for Outside Directors does not include performance-linked compensation. Rather, compensation for these Directors is entirely base compensation determined according to the career experience and responsibilities of the Outside Director in question.

* Reference: Securities Report > 105th Annual Securities Report
<https://www.nissha.com/english/ir/library/securities.html>

Overview of the Compensation System and Limits on Compensation

Fixed/ Variable	Type	Summary	Scope of Compensation	General Meeting of Shareholders Resolution
Fixed	Base compensation	<ul style="list-style-type: none">Fixed monthly compensationDetermined based on the significance of the role and its status	JPY430 million per year (Including JPY40 million per year for Outside Directors)	June 17, 2016
Variable	Short-term performance-linked compensation (Bonuses)	<ul style="list-style-type: none">Achieve performance targets for each year and incentives for proper managementBonuses are determined based on progress toward targets according to profit and loss for the period		
Variable	Medium-term performance-linked compensation (Stock-based compensation, etc.)	<ul style="list-style-type: none">Incentives to encourage a sense of contribution are designed to encourage sustainable growth of the group and the enhancement of corporate value over the medium- to long-termBoard Benefit Trust (BBT)Points are awarded for the three-year period of the company's medium-term business plan in accordance with the level of achievement of the position, the consolidated performance targets for each year, and the medium-term performance targets. These points are determined on a specified date during the final year of each medium-term business plan. The trust delivers and transfers shares of the company's stock in proportion to the points awarded and money equivalent to the amount of the company's stock converted at market value	<p>Maximums every three years:</p> <ul style="list-style-type: none">Maximum amount of company contribution to trust: JPY226 millionMaximum total number of points awarded to officers: 411,000 (1 point = 1 share)	March 19, 2021

2023 Compensation Structure (Chairman of the Board, Model Compensation of Performance Targets Achieved)

Fixed Pay	Approx. 55%	Performance-linked Compensation	Approx. 45%
Base compensation		Short-term performance-linked compensation (Bonuses)	Medium-term performance-linked compensation (Stock-based compensation, etc.)
		Approx. 28%	Approx. 17%

Compensation to Directors of the Board for 2023

Executive Position	Total Compensation (Millions of JPY)	Compensation by Category (Millions of JPY)			Number of Applicable Persons
		Fixed	Performance-Linked Compensation		
		Base Compensation	Bonuses	Stock Compensation, etc. (Non-Monetary Compensation, etc.)	
Directors (excluding Outside Directors)	257	171	45	40	5
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	33	33	—	—	2
Outside Officers	54	54	—	—	6

Discussion on Revising the Compensation System for Directors

The Nomination and Compensation Committee began discussing Executive Director compensation in November 2023 in light of the start of the 8th Medium-term Business Plan.

Revising management compensation levels

Nissha is a global company. Our business with global customers, global presence, and multinational and diverse workforce requires our management team to have strong management oversight capabilities.

We have historically determined compensation levels by referencing companies in Japan as benchmarks based on the nature and size of the business. The Nomination and Compensation Committee is reviewing appropriate benchmarks, taking into account the responsibilities of the Company's management team. Specifically, the committee considers global companies in Japan as benchmarks and keeps overseas companies in mind when discussing ideal compensation levels. Based on these discussions, the committee aims to establish market-competitive compensation levels to help attract and retain talented management personnel and further enhance our management team's commitment to

achieving challenging management goals.

Revising the Board Benefit Trust (BBT)

Our current performance-linked stock compensation plan uses evaluation indicators and periods linked to the medium-term business plan. The trust delivers and transfers shares of the Company's stock and money equivalent to the amount of the Company's stock converted at market value in proportion to the points awarded every three years.

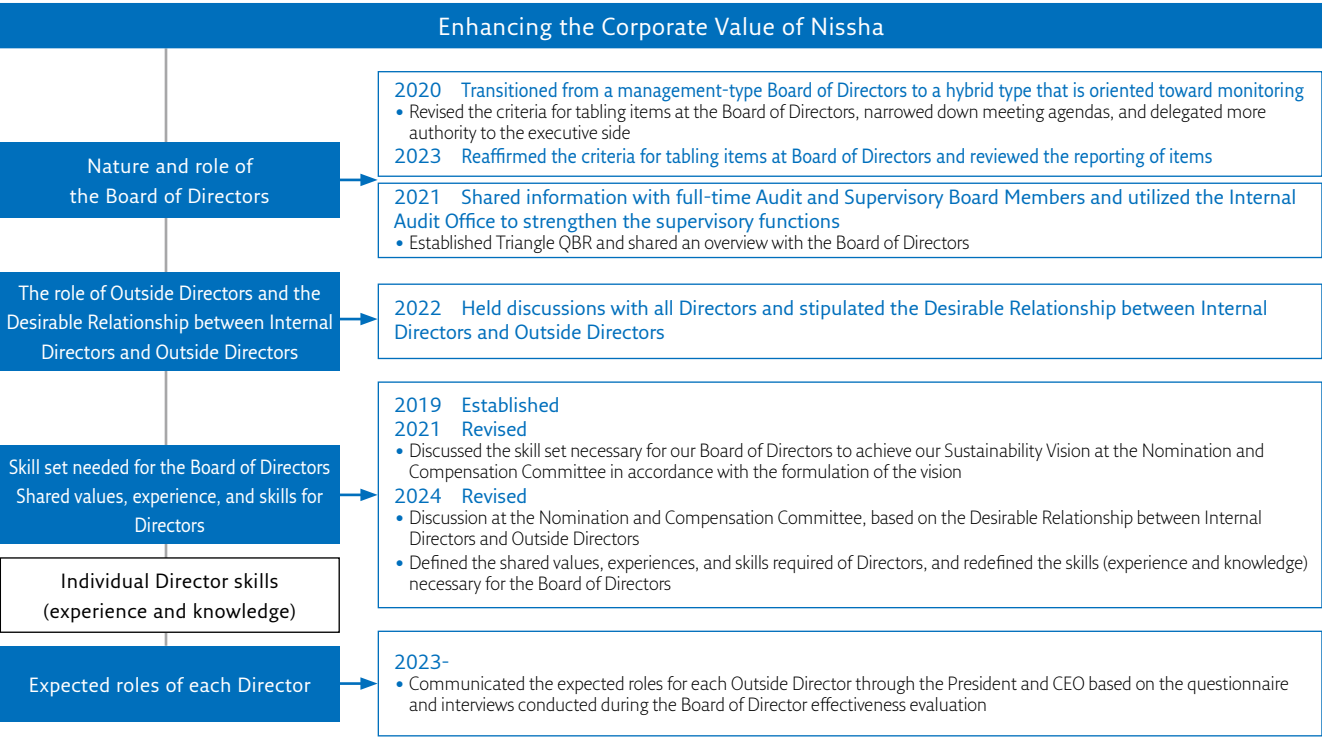
In our current revision to this plan, we are discussing the addition of relevant ESG metrics to the evaluation indicators. This addition would ensure Directors are highly aware of materiality in achieving our Sustainability Vision, in addition to the existing medium- to long-term shareholder value sharing. We are considering the addition of five specific indicators in three areas: CO₂ emission reduction, women's empowerment metrics (ratio of female managers and its preceding indicator of the ratio of next-generation female managers), and employee engagement metrics (willingness to contribute to the organization and organizational commitment).

Initiatives to Further Enhance Governance

A Board of Directors that Changes and Evolves in Line with Growth and Strategy

We believe that the Board of Directors should support our sustainable growth and contribute to the enhancement of corporate value, and we have repeatedly discussed the nature and role of the Board of Directors

from the perspective of whether it is in line with the nature of our business, the size and growth stage of our Company, and whether it is optimal for realizing our Sustainability Vision (long-term vision).



Nature and Role of the Board of Directors: Transitioning to a Hybrid Board Oriented Toward Monitoring

In 2020, we revised the Board of Directors criteria for tabling items at meetings before launching the 7th Medium-term Business Plan. This revision aimed to devote more time at Board meetings to discussing major initiatives, such as management and business strategies, rather than individual issues. By narrowing down discussion topics at Board meetings and delegating more authority to the executive side, we are transitioning from a so-called management-type Board of Directors to a hybrid type that is oriented toward monitoring. As a result, the Board has seen a significant increase in substantive discussions on medium- and long-term strategic issues when compared to the past.

In 2023, the Board of Directors reflected on the three-year period of the 7th Medium-term Business Plan and reexamined the criteria for tabling items at the Board of Directors and the status of such criteria. The Board of Directors effectiveness evaluation conducted in the previous year indicated that agenda items to be tabled and their explanations were relatively detailed, particularly with regard to reporting items. In light of this result, the Board of Directors examined the details of the agenda items tabled and improved the efficiency of the actual reporting process.

We also established regular information exchange meetings between Internal Directors and full-time Audit and Supervisory Board Members at the suggestion of the President and CEO in 2021. These meetings aim to strengthen the supervisory functions of the Board of Directors. In 2022, we reorganized these information exchange meetings into the Triangle Quarterly Business Review (QBR), which we operate with Internal Directors, full-time Audit and Supervisory Board Members,

and the Internal Audit Office. Full-time Audit and Supervisory Board Members are familiar with the status of the Group business execution through audits and have a wealth of information from various resources. At the Triangle QBR, these members make an active effort to share information and their awareness of issues gained in their own execution of duties and audits. The Internal Audit Office, which reports directly to the President and CEO, receives reports and instructions as needed on audit plans and activities. At the same time, the office reports and discusses its activities regularly with the full-time Audit and Supervisory Board Members. The office also reports at the Triable QBR on information and their awareness of issues gained in the course of audits as the third line of defense. The details of these meetings are reported regularly to the Board of Directors.



Triangle QBR

Establishing and Practicing the Desirable Relationship between Internal Directors and Outside Directors

In 2022, we discussed the role we expect our Outside Directors to play based on our awareness of the challenges we face in further improving the quality of discussions held at the Board of Directors. Our Board of Directors is specialized and diverse in terms of the skills and attributes of its members. We felt that it would be beneficial for all Directors to reaffirm their understanding of the role we expect Outside Directors to play and share a common awareness regarding the need to engage in discussions at the Board of Directors to make progress towards the shared goal of enhancing corporate value. Specifically, we held multiple discussions and Director Boot Camps for all Directors regarding the specific meaning of 'supervisory' and 'advisory' roles, as commonly understood for Outside Directors, and how they apply within our Company. Additionally, we explored the expected roles, expertise, experiences, and attributes of each Outside Director when considering them as a unified team.

Based on such discussions, we created a document entitled the Desirable Relationship between Internal Directors and Outside Directors. This document reaffirms that Internal Directors and Outside Directors do not stand in a hierarchical relationship, and that they contribute to the enhancement of the Company's corporate value through dialogue and collaboration within the Board of Directors. In addition, Outside Directors are expected to deepen their understanding of the Company and the

essence of our business by asking questions, gathering information on their own, and contributing to discussions based on their expertise and experience. For Internal Directors, we emphasized the importance of active participation and collaboration to advance and deepen discussions within the Board of Directors. As a result, we shared a collective commitment to support the executive team in making prompt and decisive decisions, providing checks and balances when required. We began practicing these desirable relationships during the 2023 Board meetings.

Desirable Relationship between Internal Directors and Outside Directors (Issued November 2022)

- The Internal Directors and Outside Directors shall contribute to the enhancement of the company's corporate value through dialogue and collaboration based on an equal relationship.
- Through dialogue with Internal Directors from a multifaceted and high-level perspective, Outside Directors shall gain a deep understanding of the essence and practices of the Company's management and business, enabling swift and proactive management decisions.
- Internal Directors and Outside Directors shall collaborate to develop and deepen the discussions of the Board of Directors through comments and suggestions that are based on their expertise and experience and are the result of comprehensive and thorough consideration.



Shared Values, Experiences, and Skills of Directors; Skill Sets Necessary for the Board of Directors

We hold annual dialogues with institutional investors on corporate governance and sustainability. These dialogues led us to compile and disclose a skills matrix in 2019 of the experiences, knowledge, and skills we consider necessary for the Board of Directors, as well as the distribution of such qualities.

In 2021, we presented where we want to be as a company by 2030 in the form of our Sustainability Vision (long-term vision). In response to this vision, the Nomination and Compensation Committee discussed what experiences, knowledge, and abilities our Board of Directors needs to achieve our Sustainability Vision, and whether the current Board possesses these qualities. The committee then reflected on the necessary skill areas (experience and knowledge) and their reasons in the skills matrix. The committee confirmed through these discussions that we require Directors to have practical experience and knowledge in the medical industry, a

priority market for the Company. This discovery led to the appointment of a new Outside Director.

Through discussions on desirable relationships in 2022, we shared that our approach to the diversity of our Board of Directors is to work together toward the shared goal of enhancing the Company's corporate value, even with the differentiating expertise and personalities of the directors. The Nomination and Compensation Committee discussed these issues again in 2024 based on the idea that this approach should also be reflected in our skills matrix. In response, the Company realized that we may require Directors to possess certain shared values, experiences, and skills as a premise to the skill set (experience and knowledge) necessary to the Board of Directors. We decided to present these items and ideas separately from the skill matrix. (→ P.71)

Explaining Expected Roles to Each Outside Director

The Company utilized questionnaires and individual third-party interviews with Outside Directors to evaluate the effectiveness of the Board of Directors. In this evaluation, Outside Directors confirm their expected roles and self-assessment of those roles, as well as the roles expected of other Directors and their performance. We analyze these questionnaires and individual interviews, discussing content with all Internal Directors. The President and CEO then informs each individual Outside Director of their

expected roles.

In 2024, the second year since of this initiative, we also conducted a yearly reflection on the status of the desirable relationship practice. The President and CEO communicates our expectations to each Outside Director based on their individual expertise and experience, as well as their expected role on the Board based on their individual characteristics.

Through these repeated discussions, our Board of Directors strives to change and evolve in line with our growth stage and strategy. We will enhance our governance further by continuing to practice, reflect back on, and improve the desirable relationship between Internal

Directors and Outside Directors as the Board of Directors contributes to sustainable growth and the medium- to long-term enhancement of corporate value.

Management Team

Nissha Report 2024



Management Team

Directors of the Board



Junya Suzuki, MA
Chairman of the Board, President and CEO
Chairman of Sustainability Committee
Internal Control



Daisuke Inoue, MBA
Director of the Board
Senior Executive Vice President
Devices Business Unit
General Affairs and Legal Affairs
Chairman of Risk Management and Compliance Committee
Director, Tokyo Division Headquarters



Wataru Watanabe, MBA
Director of the Board
Chief Strategy Officer
Senior Executive Vice President
New Business Development
Corporate Strategy Planning
ESG Promotion



Yutaka Nishimoto
Director of the Board
Chief Quality and Production Officer
Executive Vice President
Industrial Materials Business Unit
Quality Management
Total Production Management
Digital Transformation
Pharmaceutical and Medical Device Affairs
Corporate Logistics
Quality, Procurement, and Production, Devices Business Unit
Representative Director, Nissha Precision and Technologies, Inc.



Hisashi Iso
Director of the Board
Executive Vice President
Industrial Materials Business Unit
Corporate Supply Chain



Kazuhito Osugi, MBA
Independent Outside Director of the Board



Kazumichi Matsuki, LL.M.
Independent Outside Director of the Board



Juichi Takeuchi
Independent Outside Director of the Board



Yukiko Hashitera, MPH, MBA
Independent Outside Director of the Board

Audit and Supervisory Board Members



Tetsuya Taniguchi
Audit and Supervisory Board Member



Kenji Imai
Audit and Supervisory Board Member



Yusuke Nakano, Certified Public Accountant
Independent Audit and Supervisory Board Member



Yusaku Kurahashi, Ph.D.
Independent Audit and Supervisory Board Member

Corporate Officers



Sam Heleba, MBA
Executive Vice President
Medical Technologies Business Unit
Chief Executive Officer, Nissha Medical Technologies



Hitoshi Koya
Chief Financial Officer
Executive Vice President



Ryomei Omote
Chief Technology Officer
Senior Vice President
New Business Development



Atsushi Sugihara, MBA
Senior Vice President
Production, Product Engineering and Quality, Industrial Materials Business Unit
Representative Director, Nissha Industries, Inc.



Masaru Terashita
Senior Vice President
Global Development, Industrial Materials Business Unit



Giorgio Bosso, MA
Senior Vice President
Nissha Metallizing Solutions Group, Industrial Materials Business Unit
Chief Executive Officer, Nissha Metallizing Solutions



Satoshi Aoki, MBA
Chief Human Resources Officer
Senior Vice President
Health and Productivity Management



Kazuhiro Nishikawa
Vice President
Exterior Functional Panel for Mobility, Industrial Materials Business Unit



Chuzo Taniguchi
Vice President
New Business Development
Advanced Basic Technology Development



Shinichiro Kobayashi, MBA
Vice President
Chief Information Officer



Ayumu Takashiba
Vice President
Business Strategy, Sustainable Molding, Medical Molding and Life Products Sales, Industrial Materials Business Unit



Hayato Nakaya
Vice President
Development and Technology, Devices Business Unit



Yuichiro Ogura, MBA
Vice President
Global Customer Relationship Management (Mobility), Industrial Materials Business Unit



Kanako Oshita
Vice President
Gas Sensor, Devices Business Unit

Messages from the Outside Directors of the Board



We are moving steadily toward achieving a price-to-book ratio (PBR) of 1 times by focusing on operating profit margin.

As the lead Outside Director, I believe that one of my most important roles is to offer advices from a larger picture, helping the Board benefit from the knowledge and experience of the Outside Directors.

Independent Outside Director of the Board
Kazuhito Oslugi



Outside Directors are playing a reliable role in supporting and driving appropriate risk-taking, fostering more active discussions in Board meetings and imposing greater discipline in the good sense of the word.

We are also discussing succession plans for the future of the Company.

Independent Outside Director of the Board
Kazumichi Matsuki

Operating Profit Margin as the Center of the 8th Medium-term Business Plan

From the viewpoint of the Outside Directors, we support the detailed Nissha focus on operating profit margin in making steady progress toward a price-to-book ratio of 1 times under the 8th Medium-term Business Plan (2024 - 2026). In the process of formulating this business plan, President Suzuki emphasized repeatedly that the 8th plan is a plan for profit margin. Not one iota of difference exists between senior management's awareness of the issues at hand and my interpretation.

The 8th Medium-term Business Plan defines an ROE target 9% or more by 2026, the final year of the plan. This level is high enough to provide a sufficient margin for the cost of capital (6% to 8%) on which the Company operates. Among the determinants of ROE, the highest priority on securing operating profit margin in the three priority markets (Medical, Mobility, and Sustainable Materials). The Company's strategy is to improve ROE by strengthening earning power without relying on financial leverage.

Price-to-book ratio is ROE multiplied by price-earnings ratio (PER). So, improving PER represents another major management issue on the path to achieving PBR of 1 times. From this perspective, the goal of the 8th Medium-term Business Plan includes improving PER. To this end, the plan centers on two elements: stabilizing earnings by shifting away from an overreliance on IT devices, a market of extremely high demand volatility, and accelerating earnings growth through focused investments in the three priority markets referenced above. The higher the ROE, the easier the Company can invest sufficient funds in growth opportunities. As these growth investments are recognized by the market, PER rises further, creating a strong virtuous cycle that the Company hopes to generate during the current business plan.

Eliminate Information Asymmetry through Enhanced IR Activities

Another important measure in improving PER is to increase investor confidence in the Company through the disclosure of sufficient management information, eliminating information asymmetry to the greatest extend possible. From my view as an Outside Director, I feel that the Company conducts well-organized IR activities. The Company's IR materials excel in presenting issues and building a story. I sense a strong desire on the part of the Company to have investors understand the strategy as much as possible.

It is worth mentioning that Nissha Report 2023 was selected as an Excellent Integrated Report by the Government Pension Investment Fund (GPIF), a Japanese capital management firm. The report also received the Award for Excellence in the Nikkei Integrated Report Awards.

Greater Participation by Outside Directors

In my eight years as Outside Director, I have seen a dramatic evolution in the Company's corporate governance thanks to the strong leadership and proactive reform efforts of President Suzuki. The Board of Directors is proud of discussions and documented conclusions regarding the relationship between Internal and Outside Directors.

In my opinion, the use of Outside Directors for the growth of the Company depends solely on the strategic thinking of management. I have always advised President Suzuki on the idea of using Outside Directors to the fullest extent possible. To question whether the Board of Directors fully utilizes the knowledge and experience of the Outside Directors. I am aware that one of my important roles as lead Outside Director is to offer meta-level observations and give advice necessary president and the Board of Directors.

April	1977	Entered the Bank of Japan
May	1984	Completed MBA, Graduate School of Business Administration, University of Michigan
November	1986	Economist, BIS (Bank for International Settlements)
June	1999	General Manager, the Bank of Japan Matsumoto Branch
May	2001	Deputy General Manager, the Bank of Japan Osaka Branch
May	2003	Senior Director, Industrial Revitalization Corporation of Japan
July	2005	Deputy Director-General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department
May	2006	Director-General, the Bank of Japan Internal Auditors' Office
April	2007	Director-General, the Bank of Japan Secretariat of the Policy Board
April	2009	Guest professor, Ochanomizu University
September	2011	Auditor, the Bank of Japan
October	2015	Advisor of Security Transport Business Division, NIPPON EXPRESS CO., LTD.
June	2016	Outside Director of the Board, the Company (present post)
August	2018	Outside Director, Frontier Management Inc.
June	2021	Outside Director, The Gunma Bank, Ltd. (present post)
March	2024	Outside Director (member of the Audit and Supervisory Board), Frontier Management Inc. (present post)

Nissha Board Meeting Discussions

Looking back on Board discussions for the past year, we see that the Outside Directors, running in tandem with executives, have supported appropriate risk-taking while acting as a check and balance, or in other words, being an accelerator and brake, participating in the Desirable Relationship between Internal and Outside Directors. The comments of Internal Directors are increasingly focused not only on the scope of their own duties, but also give increasing weight to enhancing corporate value from an organization-wide perspective.

As a result, expressed opinions in Board meetings, whether from Internal or Outside Directors, demonstrate a greater shared sense of responsibility for the outcome of the ship's course as people in the same boat together, rather than a simple opinion of one person. In a positive sense, Board meeting discussions have become more disciplined, while the Board as a whole is more active.

At Nissha, overseas business managers provide explanations regarding acquisitions and other overseas projects. Further, all Board meetings are conducted in English, without the use of an interpreter. This approach is not something easily imitated by other companies, and represents one of our strengths.

Chair of the Board

From the textbook perspective, it is often argued that the Board of Directors should be chaired by an Outside Director, modeled after the Western model of separating supervision and execution. Personally, I think the optimal Board is determined by the given situation of a company at a given time. There is no one-size-fits-all answer that applies uniformly at all times.

In this sense, under the Company's current structure, in which the president and CEO also serves as chair of the Board of Directors, the supervisory function of the Board operates effectively. This structure considers the size of the Company, the current situation, and the fact that the Board of Directors conducts its business reflecting unflinching discussions of the Desirable Relationship between Internal and Outside Directors.

In situations where the president and CEO not only has extensive business experience, but is also capable of conducting fair discussions with a view to the future of the company as a whole, then the best system is for that person to lead and review Board discussions. Conversely, separating the two roles could potentially have a negative effect on the Company from the perspective of improving operational efficiency and maximizing corporate value.

Discussions on Management Succession Plan

The first point of discussion in management succession planning often centers on the succession of the president and CEO. In our case, we believe succession planning should focus on the development of business unit managers and other individuals who are capable of supporting the CEO. This point has been discussed by our Nomination and Compensation Committee.

Most recently, we conducted a partial generational change among Vice Presidents. The Board of Directors discusses the appointment of vice presidents for candidates presented under the leadership of President Suzuki. Before a final decision on appointments, the Company provides Outside Directors with several opportunities to meet and get to know the candidates. These opportunities include having candidates for future management positions present matters and answer questions at Board meetings and inviting candidates to lunch on the day of a Board meeting. As a result, President Suzuki's presentations at Board of Director meetings regarding candidate development plans and the reasons behind an individual's candidacy are easier to understand, foster better discussions, and contribute to the development of future plans by Outside Directors.

April	1976	Entered Mitsubishi Corporation
June	1976	Harvard Law School, LL.M. (Master of Laws)
January	2003	General Manager of Legal Dept., Mitsubishi Corporation
April	2007	Senior Vice President
May	2007	Chairman, The Association of Corporate Legal Departments
April	2009	Senior Vice President, Senior Assistant to Corporate Functional Officer and General Manager of Compliance Dept., Mitsubishi Corporation
October	2009	Temporary member of International Jurisdiction Legislation Subcommittee, Legislative Council of the Ministry of Justice
April	2010	Visiting Professor, The University of Tokyo Graduate Schools for Law and Politics
April	2011	Corporate Officer, Hokuetsu Kishu Paper Co., Ltd. (currently, Hokuetsu Corporation)
June	2011	Director
June	2011	Member of Special Committee on Criminal Justice System of New Age, Legislative Council of the Ministry of Justice
June	2013	Managing Director, Hokuetsu Kishu Paper Co., Ltd.
June	2016	Outside Director of the Board (Audit and Supervisory Committee Member), Dream Incubator Inc.
June	2016	Audit and Supervisory Board Member, SANDEN HOLDINGS CORPORATION (currently, SANDEN CORPORATION)
June	2017	Director, Japan Criminal Policy Society (present post)
June	2018	Outside Director of the Board, ANEST IWATA Corporation
March	2019	Outside Director of the Board, the Company (present post)
June	2020	Outside Director of the Board (Audit and Supervisory Committee Member), ANEST IWATA Corporation (present post)
June	2023	Outside Director, Toyo Construction Co., Ltd. (present post)



I recognize Nissha's efforts in pursuing growth strategies and improving profitability in three priority markets for non-IT devices under the 8th Medium-term Business Plan. I also recognize the Company's efforts in development management personnel on a global basis. We are committed to helping the Board of Directors evolve into a more constructive forum for discussion.

Independent Outside Director of the Board
Juichi Takeuchi



I visited major plants in Japan and conversations with employees, gaining a greater appreciation of the Company's capabilities on the front lines. The front lines are where employees combine core technologies skillfully to create one-of-a-kind products. Sharing the experience of drug development in Japan and the U.S., I am also in a position to contribute in the medical and healthcare fields.

Independent Outside Director of the Board
Yukiko Hashitera

Assessment and Challenges of the 8th Medium-term Business Plan

This was the first time I participated in the process of developing a medium-term business plan for the Company. I pointed out certain matters and participated in Board of Director discussions based on my knowledge and experience regarding the Company's transitional stage in business portfolio transformation, overall strategy for the Medical Technologies business, which we expect to generate sustainable, stable growth and profit, and the global management resources required to make it happen.

In particular, developing the contract design/development and manufacturing organization (CDMO) business, which is a growth market expanding at more than 10% per annum requires that Nissha become the company of choice among customers, and that the Company differentiates itself in the value chain of design, development, manufacturing, and quality. To this end, Nissha must continue to acquire unique technologies through M&A and strengthen systems and human resources capable of providing differentiated value to new and existing customers.

Achieving the 8th Medium-term Business Plan will be a touchstone for toward the Company's 2030 Sustainability Vision (JPY300.0 billion in net sales and 15% ROE). Nissha is already implementing a growth strategy and improving profitability in the three priority markets for non-IT devices (Medical, Mobility, and Sustainable Materials). For example, the Company's plant-based sustainable molded products (ecosense molding) used in pharmaceutical packaging provides customers with unique added value, and we expect this technology to create new markets.

I believe Nissha is conducting development, training, and assignments of global management personnel in a conscientious and systematic manner. These personnel will be responsible for implementing the Company's Medium-term Business Plan. I also feel that the Company is making progress in developing human resources on a global basis. These efforts include fostering human resources with a broad perspective, high-level vision, and unique viewpoints through an expatriation program, as well as opportunities for up-and-coming managers from overseas and Japan to make presentations at Board of Directors meetings.

During discussions we had when developing the Medium-term Business Plan, I sensed that management and leadership teams were working together and moving in a unified vector. To accomplish the 8th Medium-term Business Plan, the key to growth will be managing short-term performance and medium- and long-term measures in a balanced manner, implementing these measures with speed.

The Deliberation Process for M&A and Challenges in Creating Future Business Synergies

The Board of Directors received reports and proposals regarding the most recent EndoTheia and Isometric acquisitions at a relatively early stage.

This communication was rooted in the close collaboration between Nissha Medical Technologies (NMT), the core company of the Medical Technologies business, and Nissha Group Global Headquarters. This process allowed for several frank discussions from a variety of angles—including opportunities and—on strategies, business viability, and post-merger integration (PMI). The project head was the CEO of NMT, leading a local leadership team, and as a Board, we asked for their firm commitment. PMI aims to achieve an acquisition effect of 1+1=2+α through exchange and collaboration, leveraging the strengths and elemental technologies of other businesses in the Nissha Group. As an Outside Director, I am committed to continue in monitoring the results of acquisitions on a regular basis.

Reflecting on 2023 Board Performance

In 2022, we discussed the format of the Board of Directors and formulated the Desirable Relationship between Internal Directors and Outside Directors, putting the policy into practice in 2023.

An awareness of this equal relationship provides an opportunity for Internal Directors to engage in debate, rather than uncritically accept statements made by Outside Directors. This relationship deepens two-way discussions and promotes mutual understanding. As an Outside Director, understanding the heart of a matter takes more time and effort due to information gaps and unfamiliarity with the corporate and organizational climate. However, improved discussions and active communications outside of Board meetings have been helpful. Through continued dialogue and collaboration, we will evolve the Board of Directors from a forum for explanation and reporting to one of more constructive discussion. I am committed to meeting the expectations of all stakeholders, including investors, striving to enhance corporate value and improve governance.

April	1983	Entered Terumo Corporation
July	2006	VP & COO, Terumo Medical Corporation
April	2007	President & CEO
November	2010	President (Europe and the United States), D&D Group, General Hospital Company, Terumo Corporation, and President & CEO, Terumo Medical Corporation
June	2011	Executive Officer, Terumo Corporation
October	2014	Executive Officer, President, Terumo Pharmaceutical Solutions, and General Manager, Overseas Promotion Office, General Hospital Company, Terumo Corporation
April	2015	Executive Officer, President and CEO, Terumo Americas Holding, Inc., and Regional Representative, Latin America
October	2016	Executive Officer, President and CEO, Terumo Americas Holding, Inc., Regional Representative, Latin America, and President, Terumo Latin America Corporation
April	2018	Senior Executive Officer, Terumo Corporation
April	2020	Senior Executive Advisor, Terumo Corporation (present post)
March	2022	Outside Director of the Board, the Company (present post)

Experience and Approach to Work as a Corporate Manager

I experienced a major career change in my 30s, transitioning from researcher to manager. I had been fortunate to develop and launch first-in-class ethical drugs in Japan and the U.S., spending many fulfilling days in research and development. But, following a business carve-out, I shifted focus to a support role in the development of a new company, including corporate governance, finance, and contract negotiations with alliance partners. In 2008, the company conducted an IPO on the Osaka Securities Exchange Hercules market (now the Tokyo Stock Exchange Standard Market). Since 2019, I have been operating a social incubator in Kyoto to foster businesses and entrepreneurs who take on social issues. My aspiration is to pass on the experience of innovation and IPOs to the next generation.

There is a driving force that produces cooperation from those around us and a co-creation of value that transcends status. I believe this force is the ability to gather information about challenges from a broad perspective, analyze that information, determine the risks, and conduct serious investigations without giving up. This is how I approach my work.

Nissha Features and Strengths

Under the leadership of President Suzuki, Nissha is at a stage of major business portfolio transformation. As medical care becomes more sophisticated in our aging society, the 8th Medium-term Business Plan, launched this fiscal year, defines a clearer shift to the medical and healthcare arena, which promises high profitability and growth. In these fields, the CDMO model is a very unique business. This model involves contract development and manufacturing services for medical devices and pharmaceuticals. I have my own experience working with a U.S. CDMO for ethical drugs. As we transferred manufacturing technology developed in Japan, we refined each process and evolved more efficient production methods, allowing us to provide a stable supply to the global market. CDMOs compress product development cycles and costs, creating an environment in which front-runners can focus on R&D.

Nissha has accumulated experience and expertise in-house by responding to the expectations of customers and the market. The Company is involved in integrated manufacturing—from development to —not only in the medical field, but also in the fields of mobility, sustainable materials, and IT devices. As described in the Company's mission, Nissha enriches lives by functioning as an ecosystem creating innovative technologies and original products.

I was appointed as an advisor in October 2023, prior to my appointment as an Outside Director at the March 2024 General Meeting of Shareholders. In the course of my duties, I visited the Koka, Kameoka, and Kaga plants, having an opportunity to talk with workers. The common thread through each plant was the strength of the workplaces. These plants skillfully combine six Nissha core technologies and continue to create unique products through constant improvement and refinement. I also realized that the Nissha Philosophy is shared in every corner of the Company.

Having started my career in the manufacturing industry, I am pleased to be a part of Nissha People movement as an Outside Director. My role is independent of business execution. From this perspective, I will work with the management team to create management strategies for sustainable growth, with an eye toward the Company's future in light of changes in the market and industry structure over the medium to long term. I will also share my experience and contribute to new business initiatives and in the highly regulated medical field.

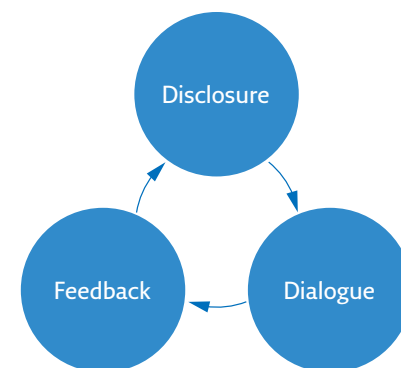
April	1989	Entered UENO FINE CHEMICALS INDUSTRY, LTD.
April	2003	General Manager of Quality Assurance Office, R-Tech Ueno, Co., Ltd.
August	2003	Director, General Manager of Business Management Department
June	2004	Representative and Executive Director, General Manager of Business Management Department
April	2006	Representative Director and President
March	2012	Completed MPH (Master of Public Health) program, Kyoto University School of Public Health
March	2013	Completed MBA, Graduate School of Management, Kyoto University
March	2018	CEO, Phoenixi Co., Ltd. (present post)
January	2023	Management Director, Cyn-K Bio, Inc. (present post)
March	2024	Outside Director, Nissha Co., Ltd. (present post)
June	2024	Outside Director, Tosoh Corporation (present post)

Dialogue with Shareholders and Investors

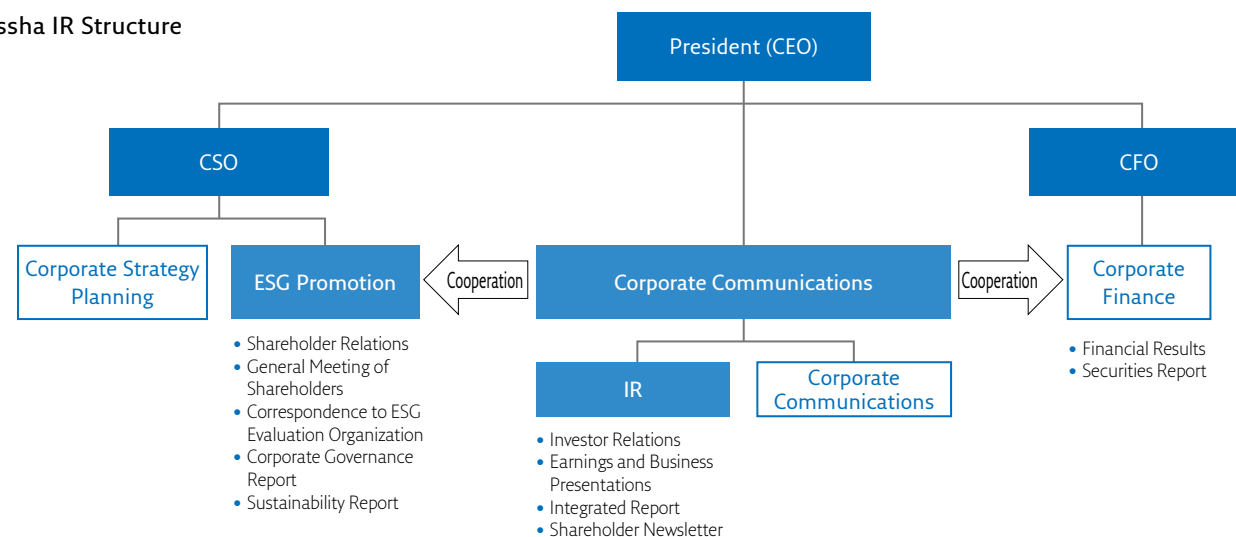
Basic Approach

The Nissha Group values the relationship we have with our stakeholders, including customers, shareholders, investors, employees, suppliers, and society. Our aim is to create a valuable future together. We disclose corporate information actively and engage in dialogue with shareholders, investors, and other stakeholders to foster understanding and facilitate an appropriate evaluation of our corporate value.

We have the IR department directly under the control of the President and CEO. This department communicates our management strategies and progress to shareholders and investors, promptly relaying feedback to management based on discussions.



Nissha IR Structure



Dialogues with Institutional Investors

The management team, including the President and CEO, meets directly with institutional investors to explain the Company's performance during earnings presentations and individual meetings.

In addition to quarterly earnings presentations, we hold briefings on our Medium-term Business Plan for analysts and institutional investors. These meetings help them understand our group's medium- and long-term strategies and allows for more constructive dialogues. In late February 2024, we held a briefing on the 8th Medium-term Business Plan, which commenced in January of the same year.

Aiming to create a more in-depth understanding of our business, we hold a business presentation annually to provide an overview of our

business and medium- to long-term business strategies. In May 2023, Sam Heleba, general manager of the Medical Technologies Business Unit, along with Junya Suzuki, the President and CEO, gave a detailed explanation of the business strategy for the Medical Technologies Business Unit. This unit has attracted a lot of interest from shareholders and investors.

We hold these briefings for institutional investors either online or in a hybrid format, allowing both on-site and online participation. We post video clips and summaries of the Q&A sessions on our website. This setup enables participants to understand our earnings and business without being restricted by time or location.



Business Briefing for Medical Technologies



Activities	2020	2021	2022	2023
Individual meetings with institutional investors	203	211	188	208
Presentations for analysts and institutional investors regarding financial results and medium-term business plan	4	4	4	4
Presentations for analysts and institutional investors regarding business information	0	1	1	1
Overseas roadshows (companies)	0*	18*	9*	7
Investor conferences sponsored by securities firms (companies)	3	3	13	13
ESG meetings (companies)	11	11	17	15

*To prevent the spread of COVID-19, we suspended overseas travel between 2020 and 2022. During that time, we conducted individual meetings online.

Dialogue with Individual Investors

We consider the annual general meeting of shareholders as an opportunity for dialogue. After the conclusion of meetings, we hold management briefings and provide product exhibits to deepen an understanding of our business and medium- to long-term strategies. Since 2021, we have offered live streams of the general meeting of shareholders (hybrid of virtual and in-person general meeting of shareholders) for shareholders who are unable to attend meetings in person.



General Meeting of Shareholders

Internal Feedback

We report the opinions and suggestions we receive through dialogue with our shareholders and investors to the Board of Directors on a regular basis. The Board of Directors discusses issues raised through dialogue

and incorporates these matters in management policies and measures, leading to enhanced corporate value and sustainable growth.

	Frequency	Reporting Method	Reporting
IR reports	Quarterly	Report to the Board of Directors	Explanation of feedback and matters of interest based on financial results presentations and individual meetings with securities analysts and institutional investors
Analyst report summary	As needed	E-mail	Summaries of analyst reports issued by securities firms shared via e-mail and other channels
ESG meeting reports	Annually	Report to the Board of Directors	Explanation of ESG topics of high interest of investors, assessments of Nissha, and issues from the perspective of long-term investors, based on one-on-one meetings with institutional investor professionals involved in engagement

Matters of Interest to Investors from ESG Meetings in 2023

- Sustainability Vision and business portfolio management
 - Progress of Sustainability Vision
- Human capital
 - Our approach to employee engagement survey results and changes over time
 - Reorganizing human capital to align with the reorganization of business portfolios
- Corporate governance
 - Our company highly values initiatives such as discussions on fostering positive relationships between Internal and Outside Directors
 - Succession plans

Respect for Human Rights

Basic Approach

Human rights issues such as child labor, forced labor, and accidents caused by poor working conditions have become major social problems in recent years. Unless we cope with human issues, it may cause major risks to management, such as the suspension of transactions with customers and suppliers. It is also crucial for the Nissha Group makes actively conducts M&A. To this end, the Group must understand and mitigate human rights risks in target companies and suppliers. Therefore, we established an ESG Task Force to strengthen our human rights risk reduction efforts.

We established a Basic Policy on Labor and Human Rights to clarify our approach and stance on the respect for human rights. To formulate this policy, we referenced the Ten Principles of the UN Global Compact and the RBA*.

* Responsible Business Alliance: A global code of conduct primarily used in the electronics and automotive industries

We translated this policy into several languages and distributed it to all employees of our group companies, conducting company-wide simultaneous training on labor and human rights. In addition, we declare

our commitment to respecting human rights in our Basic Purchasing Principles and CSR Procurement Guidelines and ask our suppliers for their compliance.

Basic Policy on Labor and Human Rights

Nissha Group will observe the international norms, laws and ordinances related to human rights and labor standards and will make efforts to continually improve human rights and labor standards.

1. Child labor

2. Forced labor

3. Health and safety

4. Freedom of association and the right to collective bargaining
5. Discrimination

6. Punishment

7. Working hours

8. Remuneration

Excerpt of topics only. Please refer to the Nissha Sustainability Report 2024 for more details.
<https://www.nissha.com/english/sustainability/pdfdownload.html>

Human Rights Due Diligence: Confirming Improvements to Items Identified during On-site Supplier Audits

The Nissha Group sets KPIs and action items on child labor and forced labor, focusing our efforts on these areas due to their severe negative impacts on human rights.

We established rules on selecting suppliers* to survey regarding labor and human rights and began surveying applicable suppliers in 2022 based on the survey questionnaire in accordance with these rules. Aside from labor and human rights, questionnaires also cover a wide range of items important in terms of CSR procurement, including health and safety, the environment, information security, and ethics. We surveyed 95 companies in 2022 using these questionnaires.

In 2023, we selected and surveyed 131 applicable suppliers using the same method. As in 2022, we confirmed that there was no use of child or forced labor at any suppliers surveyed in 2023. Out of these suppliers, we conducted on-site audits at nine companies. We followed up on issues found during audits and confirmed that corrective actions have been completed. Major items related to labor and human rights found during

on-site audits are as follows.

- No rules were in place against working hours or overtime
- No rules were in place regarding hiring minors
- Opinion boxes were established to receive feedback from employees, but were operated inadequately

To correct these issues, we guide companies in formulating rules and confirm the proper implementation of enacted rules.

In 2024, we plan to use the same method to conduct surveys through questionnaires and on-site audits. We will also refine our identification of risks related to labor and human rights and conduct more effective human rights due diligence in light of swifts toward legislation in Europe and the U.S. and the increasing public demand for human rights due diligence.

* Suppliers that meet both (1) and (2) of the following
(1) Located in areas of high labor and human rights risk (ILO Standard: China, Southeast Asia, etc.).
(2) Top 80% of purchase value per base or there is no alternative procurement source.

Relief System: Establishment and Expansion of Hotline Consultation Contacts

The Nissha Group established hotline consultation contacts (internal reporting desk) for all employees of domestic group companies, including temporary employees, to receive reports on labor and human rights issues. Overseas, we began operating reporting desks for our North American and European bases in 2023 in addition to the operation

of reporting desks established previously at certain Group companies in China and Southeast Asia. These contacts are widely known to employees.

For more information on the results of consultations and reports, see the section titled Non-Financial Highlights (P.99).

Responding to Climate Change

Reduced Total CO₂ Emissions by 18.7% through Group-wide Efforts (Compared to 2020)

In our Sustainability Vision, we aim to reduce total CO₂ emissions by 30% by 2030 (compared to 2020).

We reduced CO₂ emissions by 18.7% to 100,963 t-CO₂ in 2023, exceeding our 9% reduction target compared to 2020. Among various initiatives pursued throughout the Group, the introduction of renewable energy at production bases in Japan and overseas contributed

significantly to these results.

We focused on initiatives to switch to renewable energy, as approximately 75% of our total CO₂ emissions come from electricity use. Initiatives pursued at the Nissha Group in Japan and overseas are as follows.

[Japan]

- Koka Factory, Nissha Industries, Inc.:
Switch electricity to 100% renewable energy
- Himeji and Kaga Factories, Nissha Precision and Technologies, Inc.:
Switch electricity to 100% renewable energy

[Overseas]

- Nissha (Kunshan) Precision IMD Mold Co., Ltd. (China):
Continue operation of solar power generation
- Nissha Metallizing Solutions (Europe):
Switch part of electricity generation to wind power at the Belgian base
Switch part of electricity to solar power generation at the Italian base

As we shift to renewable energy at our companies across the globe, we also pursue energy conservation measures expected to reduce

costs. Nissha will continue to encourage efforts based on cost versus performance considerations.

[Japan]

- Koka Factory, Nissha Industries, Inc.:
Operate thermal storage deodorizers that help conserve gas

[Overseas]

- Nissha Medical Technologies (USA):
Upgrade to energy-efficient HVAC equipment



Solar power operations:
Nissha Metallizing Solutions (Belgium)



Introduction of energy-saving equipment
(thermal storage deodorizers):
Nissha Industries, Inc. (Japan)



Energy-saving equipment (HVAC) to be installed:
Nissha Medical Technologies (USA)

Exploring Reduction Measures for Scope 3 Emission

The Nissha Group is exploring reduction measures to set reduction targets for Scope 3 emissions.

Scope 3 emissions in the Group fall under categories 1-7, 11, and 12 of the 15 categories. We implemented a modal shift* of certain transportation to marine transportation in 2023 to reduce Category 4 emissions and confirmed reduction effects. Therefore, we plan to increase the volume of transportation subject to the modal shift in 2024.

To reduce emissions in Category 1, we confirm emission reduction measures in our periodic CSR survey of suppliers and propose specific measures to encourage suppliers with high emissions to consider reduction measures. We will continue to work with suppliers to reduce Category 1 emissions throughout our supply chain, as Category 1 accounts for approximately 60% of our Scope 3 emissions.

* A method in which CO₂ emissions are reduced by switching from trucks and other automobile-based freight transport to rail and marine transport.
Refer to the sections titled 7-6 *Initiative in Scope 3 Management* and 7-7 *Coverage and Calculation Method of CO₂ Emission Calculation* of the Nissha Sustainability Report 2024 for more information on Scope 3 initiatives.
<https://www.nissha.com/english/sustainability/pdfdownload.html>

Scope 3 Categories Applicable in the Group

1. Purchased goods and services

2. Capital goods

3. Fuel and energy-related activities (not included in Scope 1 and 2)

4. Upstream transportation and distribution of purchased products and shipments

5. Waste generated in operations

6. Business travel

7. Employee commuting

11. Use of sold products

12. End of life treatment of sold products

Addressing TCFD Recommendations

We analyzed the financial impact of climate change-related risks and opportunities on our business using the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). Please refer to the section titled 6. *Responding to Climate Change (Addressing*

the TCFD Recommendations) in the Nissha Sustainability Report 2024 for more details on our disclosure in accordance with the TCFD recommendations.
<https://www.nissha.com/english/sustainability/pdfdownload.html>

Governance (→ P.31 Sustainability and Materiality) (→ P.96 Risk Management)

The Nissha Group manages its response to climate change by distinguishing between materiality (risks and opportunities related to the

realization of our Sustainability Vision), which are material issues for Nissha, and general risks (risks related to smooth business operations).

Materiality Management	General Risk Management
<ul style="list-style-type: none">• We identify materialities through deliberation and resolution by the Board of Directors. Materialities are managed by the Sustainability Committee, chaired by the President and CEO and vice-chaired by the Director of the Board and Senior Executive Vice President in charge of ESG.• The Sustainability Committee manages identified materialities. We established the ESG Task Force to pursue addressing climate change, a topic considered particularly significant from an ESG perspective.• The ESG Task Force sets KPIs and action items, reports progress to the Sustainability Committee, and holds semiannual discussions with directors (excluding Outside Directors) and the President and CEO on how to address climate change.• The Board of Directors oversees the activities of the Sustainability Committee, which manages (KPIs and action items) related to materialities. The board also discusses the details of the yearly report from the committee and instructs improvements as necessary.	<ul style="list-style-type: none">• The Risk Management and Compliance Committee, chaired by the Director of the Board and Senior Executive Vice President in charge of legal affairs, manages risks that hinder smooth business operations.• The Risk Management and Compliance Committee centrally manages risks. The committee conducts risk assessments and determines significant risks. The BCM Subcommittee oversees business continuity (natural disasters: earthquakes, typhoons, floods, etc.), a significant risk that includes risks related to climate change.• The BCM Subcommittee sets KPIs and action items to pursue risk mitigation measures. The subcommittee prepares for emergencies caused by natural disasters, develops and updates response plans in the event of such occurrences, and reports progress to the Risk Management and Compliance Committee.• The Board of Directors supervises the activities of the Risk Management and Compliance Committee, which manages significant risks including climate change-related risks. The board also discusses the details of the yearly report from the committee and instructs improvements as necessary.

Strategy

We conducted scenario analyses for the three main businesses of the Company. We identified risks and opportunities on short-, medium-, and long-term time horizons, and analyzed their financial impact on our business as of 2030. We then analyzed the 1.5°C scenario, in which more progress is made in decarbonization, and the 3°C scenario, in which no progress is made in addressing climate change.

While no significant risks due to climate change impacts were identified at this stage in either scenario, we will continue to implement appropriate measures to address the risks identified. In terms of

opportunities presented by climate change, we confirmed an increase in demand that may lead to business opportunities for the Company.

The recent analysis included the Medical Technologies business and found that the risks associated with climate change and the degree of financial impact are smaller than those of the other businesses. To this end, we expect our growth strategy of expanding business in the Medical market, which the Group engages in based on our Sustainability Vision (long-term vision), to also contribute to mitigating the group climate change risks.

Risks out of Scenario Analysis

Type	Changes in External Environment	Target Business	Timeline	Risks to Nissha	Risk Magnitude *1, *2	
					3°C	1.5°C
Transition Risk	Policies/Laws and Regulations	Industrial Materials Devices Medical Technologies	Medium to long term	Increase in production and countermeasure costs due to carbon taxation on CO ₂ emissions	Small	Medium
				Increase in the cost of procuring raw materials needed to produce products due to the carbon taxes	—	Medium
		Industrial Materials Devices Medical Technologies	Medium to long term	Increase in electricity procurement costs due to switch to renewable energy sources for electricity and soaring levies, etc.	Small	Small
				Cost of reducing CO ₂ emissions in logistics (procurement and shipping) increases	—	Small
		Industrial Materials	Medium to long term	Increase in the cost of procuring raw materials needed to produce products due to the progression of plastics-related regulations	—	Small
	Industries and Markets	Devices	Medium to long term	Increase in capital investment due to restrictions on use of specified CFCs and their substitutes used at production bases	Small	Medium
		Industrial Materials	Medium to long term	Increase in petrochemical material costs due to changes in crude oil demand	Medium	—
				Increase in raw material costs due to increased use of reprocessed plastic	—	Small

Transition Risk	Industries and Markets	Increase in EV sales	Industrial Materials	Short to long term	Decrease in sales opportunities for EV-related products due to changes in market structure	Small	—
		Changes in customer behavior (increase in requests from customers to reduce CO ₂ emissions)	Devices	Short to medium term	Sales decline due to lost business opportunities caused by insufficient responses to customer requests	Small	Medium
	Technologies	Transition to materials and technologies with lower environmental impact	Devices	Short to medium term	Costs increase due to replacing product packaging materials	—	Small
					Sales decline due to substituting our products for low-carbon products made by other companies	Medium	Medium
					Sales decline due to lost business opportunities resulting from delays in the development of low-carbon technologies	Medium	Medium
	Reputation	Growing importance of ESG assessment in customers' supplier selection	Devices	Short to medium term	ESG evaluation declines due to delays in addressing climate-related issues, and we are not chosen as a supplier resulting in a decline in sales	—	Small
Physical Risks *3	Acute	Intensification of extreme weather	Industrial Materials Devices	Short to long term	<ul style="list-style-type: none">• Sales decline due to production delays or suspensions resulting from damage to production bases, and incidence of repair costs due to damage to company assets such as buildings, facilities, and inventory• Sales decline due to the impact of the suspension of the supply of raw materials and parts due to disasters at suppliers	Small	Small

*1 Risk magnitude evaluation horizon: Annual decrease in net sales large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen, annual decrease in operating profit: large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen
*2. Scenarios in which no risks are incurred are indicated with a "—"
*3. Physical risks are evaluated by considering the degree of financial impact and frequency of occurrence

Opportunities out of Scenario Analysis

Type	Changes in External Environment	Target Business	Timeline	Opportunities to Nissha	Opportunity Magnitude *1, *2	
					3°C	1.5°C
Policies/Laws and Regulations	Carbon price changes in national carbon emission targets and policies	Industrial Materials Devices	Medium to long term	Expansion of demand for products that contribute to GHG emission reductions (highly recyclable decorative film molded products, gas sensor modules for refrigerant detection, etc.)	Medium	Medium
		Industrial Materials	Medium to long term	Increase in sales opportunities for plant-based sustainable molded products due to the progression of plastics-related regulations	—	Small
Industries and Markets	Increase in EV sales	Industrial Materials Devices	Short to long term	Increase in sales opportunities for EV-related products due to changes in market structure (decorative film molded products and functional products for exteriors, touch sensors, etc.)	Small	Small
	Fluctuations in raw material prices	Industrial Materials	Medium to long term	Increase in sales opportunities due to increased demand for sustainable molded products as a result of the lower costs of plant-based plastics	—	Small
	Arrival of a hydrogen based society	Devices	Medium term	Demand for fuel cell vehicles (FCVs) expands (such as hydrogen detectors)	Small	Small

*1. Opportunity magnitude evaluation horizon: Annual increase in net sales large: 20 billion yen or more, medium: 5 to 20 billion yen, small: less than 5 billion yen, annual increase in operating profit: large: 3 billion yen or more, medium: 1 to 3 billion yen, small: less than 1 billion yen
*2. Scenarios in which no opportunities are incurred are indicated with a "—"

Risk Management (→ P.31 Sustainability and Materiality) (→ P.96 Risk Management)

The Nissha Group manages risks related to climate change by distinguishing between materiality (risks related to the realization of our Sustainability Vision), which are material issues for Nissha, and general

risks (risks related to smooth business operations). The Sustainability Committee and the Risk Management Committee manage these risks through the following processes.

Risk Management by the Sustainability Committee	Risk Management at the Risk Management and Compliance Committee
<ul style="list-style-type: none">• Identify Responding to Climate Change as a materiality to realize the Sustainability Vision• Evaluate and prioritize social and management issues based on the importance to society and stakeholders, and Nissha, identify materialities through deliberations and resolutions by the Board of Directors	<ul style="list-style-type: none">• Identify business continuity (natural disasters: earthquakes, typhoons, floods, etc.) as significant risks related to smooth business operations• Evaluate and prioritize targeted risks for Global Headquarters and each group company, taking into account the risk occurrence frequency, the impact level should the risk occurs, and the control activity status; business units or general managers confirm the appropriateness of risks from a business management perspective and select significant risks for Global Headquarters and each group company

Indicators and Goals (→ P.17 Sustainability Vision) (→ P.99 Non-Financial Highlights)

Nissha uses total CO₂ emissions as an indicator for assessing and managing risks related to climate change. In our Sustainability Vision,

our goal is to reduce total CO₂ emissions by 30% by 2030 (compared to 2020), with a broader aim to become carbon-neutral by 2050.

Providing Responsible Products and Services

Basic Approach

Our approach and attitude toward quality are expressed in our Quality Policy and the Nissha Quality Way. The Quality Policy describes the necessity of establishing and operating a quality management system, while the Nissha Quality Way provides guidelines for quality assurance and productivity improvement.

In accordance with these policies, we will establish a system of quality assurance and productivity improvement as the foundation of our Sustainability Vision.

Quality Policy

Nissha Group's products and services enhance value for customers and society through the establishment and operation of quality management system that is designed to ensure quality, cost, robust supply chains, and compliance with relevant laws and regulations.

Nissha Quality Way

- CUSTOMER FOCUS** — We continuously achieve customer-defined quality.
- LEADERSHIP** — We are all committed to upholding and executing our Quality Policy – each and every one of us is a leader.
- PROCESS APPROACH** — We work based on systematic approach and continue to improve.
- QUALITY BY DESIGN** — We build quality into design, focusing on product safety and feasibility.
- VALIDATED DECISION MAKING** — We are established in evidence-based and scientific approach.
- QUALITY BY CONNECTED SUPPLY CHAIN** — Quality is at the core of our trusting relationship within our supply chain.
- BAD NEWS FIRST** — We quickly address challenges through rapid response and escalation process.

KPI/Target: Continue to Report Zero Serious Quality Incidents

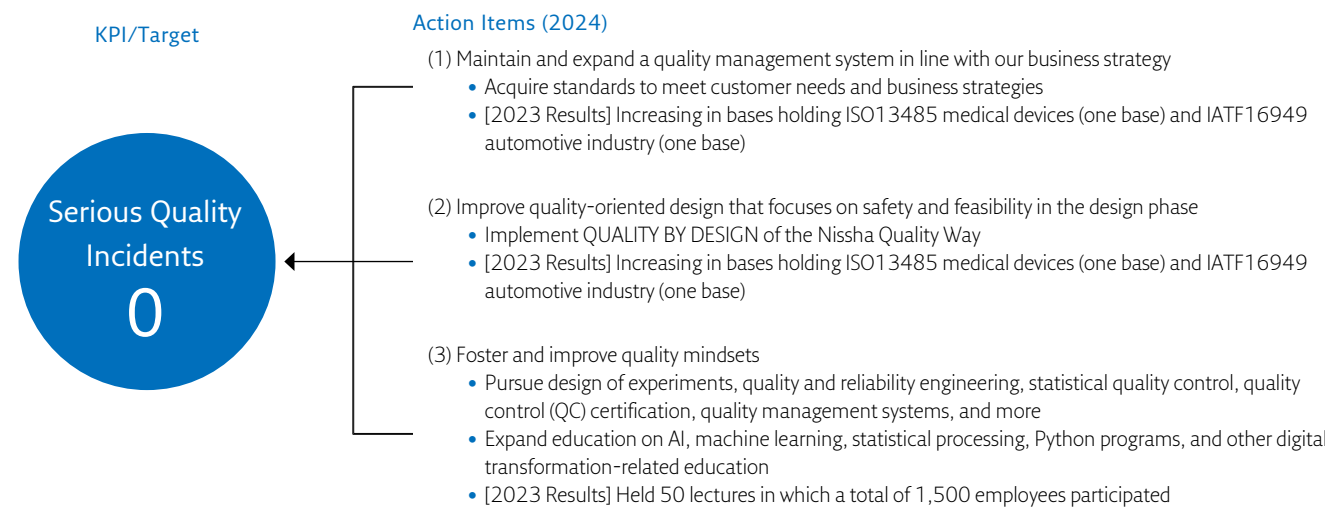
We must assume that poor quality causes significant impacts on human life and health. This is especially true for products and services in the Medical and Mobility markets, which are priority markets in our Sustainability Vision.

As such, we identified providing responsible products and services as a materiality. We plan and implement quality-related measures necessary to achieve our Sustainability Vision for 2030 from the following two perspectives.

- Develop human resources capable of creating and improving operational schemes and grow through their implementation (Action Items 1 and 3)
- Improve productivity and the quality of products and services through a scientific approach and accumulated data (Action Item 2)

The Nissha Group defines major quality accidents as quality accidents or violations of laws and regulations that have the potential to become serious incidents. Under the 8th Medium-term Business Plan, we aim to maintain and improve quality further, reduce quality costs, and report zero major quality incidents.

There were no serious quality incidents in 2023. We will continue to strive to maintain zero serious quality incidents through the following initiatives (action items).

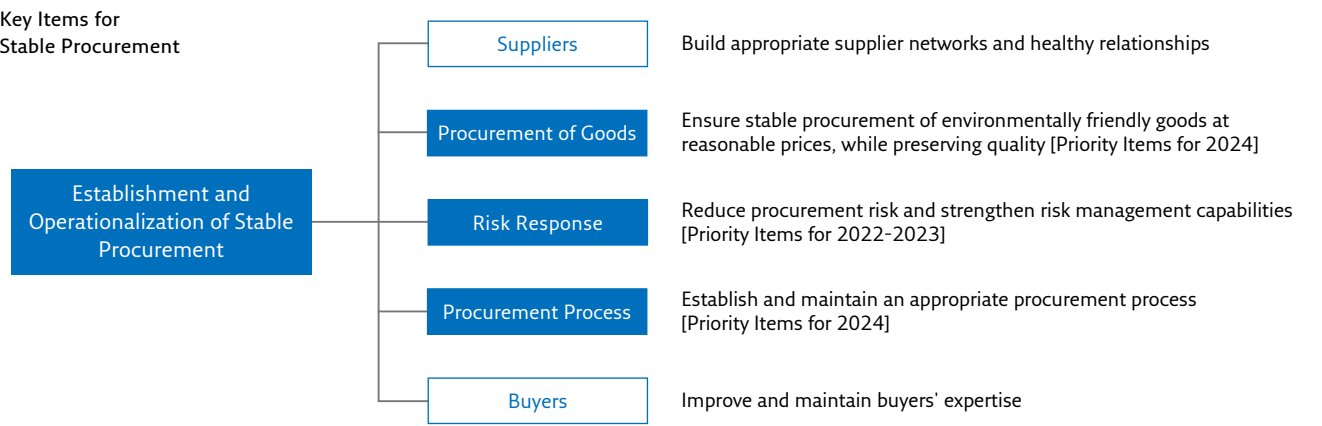


Sustainable Procurement

Basic Approach

The Nissha Group procures numerous distinctive materials, devices, and services to ensure we provide highly competitive products and services. Stable procurement of such materials and services is crucial to the Group. Ensuring the proper evaluation and selection of new suppliers is also important to the Group. The importance of these efforts is increasing as major components transition from IT Devices to Medical, Mobility, and Sustainable Materials due to progress in our business portfolio reorganization strategy. Furthermore, we do business with suppliers in various regions as we establish bases near customer locations in our efforts to develop a product supply system through local production for local consumption.

Given these circumstances, the Nissha Group identified sustainable procurement as a materiality to achieve our Sustainability Vision for 2030. We work continually on the following five items to establish and operate a stable procurement system.



Executing Risk Response (Priority Item for 2022-2023)

We face higher risks of supply constraints, rising raw material and energy prices, and other procurement risks due to climate change-related disasters, pandemics, and international situations. In response to these high risks, we assessed and analyzed supply chain risks in 2022 and 2023, focusing on strengthening efforts to reduce such risks.

In 2023, we achieved our 100% target for our 2022 KPI of implementing the rate of risk reduction measures for major components requiring countermeasures (specifically, the number of risk reduction measures implemented / the number of major components requiring countermeasures).

Establishing and Operating Environmentally Friendly Procurement and Appropriate Procurement Processes (Priority Item for 2024)

Based on the needs of society and our customers, our top priority items for 2024 include the procurement of goods (to provide more environmentally friendly products) and procurement processes (from the perspective of supporting the improvement and stabilization of profit margins set forth in the 8th Medium-term Business Plan.)

We will pursue green procurement for the procurement of goods, prioritizing the purchase of environmentally friendly products and services.

The Group defines green procurement based on the following three perspectives.

Perspective	Definition
Environmental consideration	Working proactively on reducing environmental impact
Chemical substance management	Managing chemical substances through a management system for chemical substances contained in products
Management system	Establishing and operating environmental management systems (e.g., ISO 14001)

Green procurement enables the Group to respond to customer business strategies and environmental requirements. We will revise and publish our CSR Procurement Guidelines based on green procurement, share these guidelines with our suppliers, and discuss proposed measures.

For procurement processes, we will engage in global sourcing and other measures to increase the purchasing power of the Group as a whole and optimize costs.

Data Security in Response to the Increased Use of Generative AI

Basic Approach

The Group established an information security management system (ISMS) based on ISO27001 under the Information Security Policy and the Information Security Principles, which outline specific conduct and

regulations. The entire group adopts this system, implementing security measures that serve as the new normal.

Information Security Policy

The Nissha Group conducts a reliable and safe information security management system (ISMS) based on an understanding of the importance of information security in business activities. We improve this system continually to be a company that provides economic and social value to our stakeholders.

For more information on our Information Security Principles and ISMS, please refer to the Nissha Sustainability Report 2024. <https://www.nissha.com/english/sustainability/pdfdownload.html>

We have always handled information security as one of the most important matters in our business activities. At the start of the 8th Medium-term Business Plan, we identified data security as an inherent risk and new materiality to be addressed over the long term to achieve our Sustainability Vision in light of the rapid spread of generative AI in recent years.

The number of cyber attacks is expected to increase due to more advanced and sophisticated attacks using generative AI. The Group works to strengthen our security system on an ongoing basis throughout our global companies and maintain a high level of security awareness and

literacy through periodic employee training for all employees. In these ways, we are committed to improving data security.

We also strive to be proactive in leveraging generative AI. We expect that this technology will lead to drastic improvements in corporate productivity, differentiate the Group from our competitors, and improve our competitiveness. Using generative AI may lead to information leaks and other risks. Therefore, we will enhance employee training to ensure a thorough understanding of regulations and guidelines in each country.

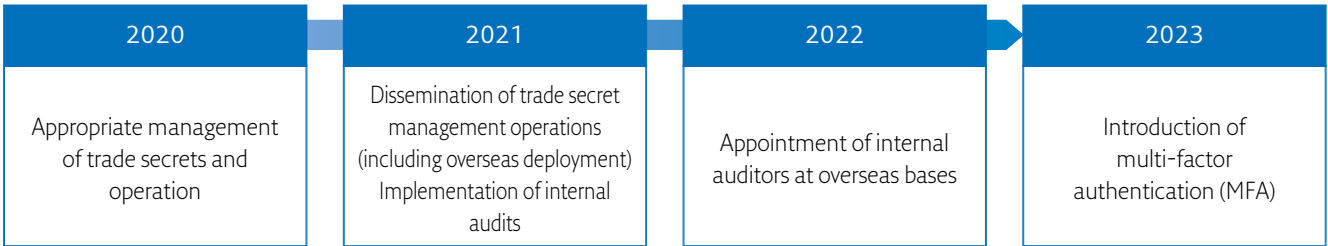
Ongoing Security System Enhancements and Regular Trainings

The Group works on the following topics each year to reduce risk.

The Group also conducts annual employee training for all employees as it is crucial to ensure each employee is fully aware and conducts themselves in a disciplined manner. We conduct training through

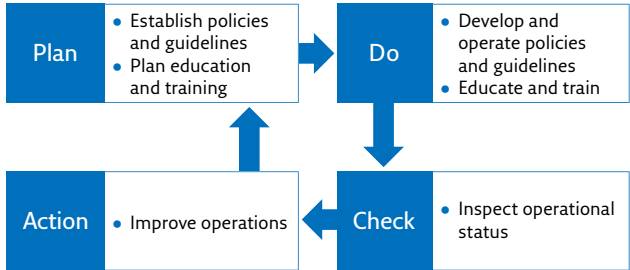
e-learning and other methods using educational materials that reflect the Nissha Information Security Policy. Participation rates reach over 98% every year and reached 100% in 2023.

Plans for Enhancing Education and Training and Formulating Guidelines



In 2024, we are advancing our plans to strengthen the educational aspect of our business. We conduct education and training on phishing e-mails and business e-mails compromises at all companies throughout the Group to improve employee security awareness and literacy further.

We are also working on guidelines and educational plans to be adapted throughout the Group to establish governance regarding generative AI.



Risk Management

Approach and Structure of Risk Management

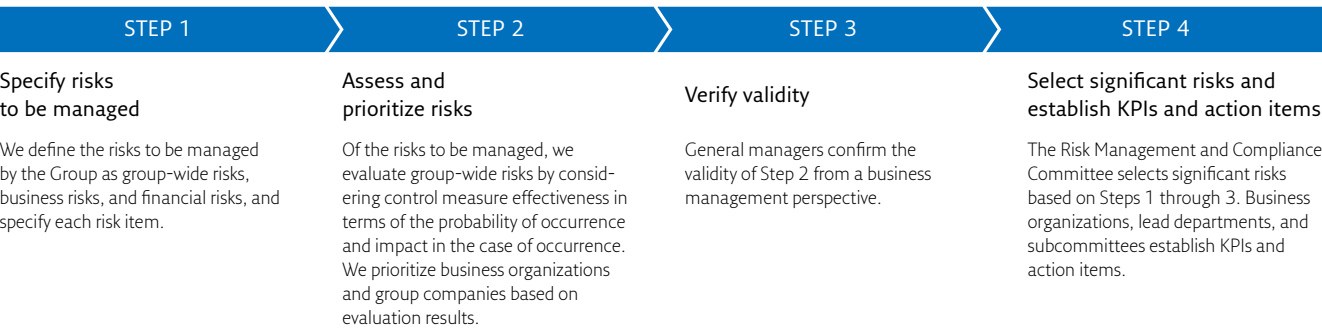
The Nissha Group manages risks by distinguishing between materialities (risks related to the achievement of our Sustainability Vision), which are material issues for Nissha, and general risks (risks related to smooth business operations). The Sustainability Committee manages risks designated as materialities, while the Risk Management and Compliance Committee manages general risks.

For more information on materiality, see page 31.

The Risk Management and Compliance Committee conducts risk assessments on risks related to smooth business operations (risks other than those related to the achievement of our Sustainability Vision). The committee then manages significant risks selected by the global headquarters and each group company in Japan and overseas. For significant risks, the committee monitors the progress of established KPIs and action items each quarter, and reports on the activities to the Board of Directors once a year.



Significant Risk Selection Process



Initiatives of Risk Management and Compliance Committee

The Risk Management and Compliance Committee centrally manages risks that may impede business operations (see table on the right).

The Risk Management and Compliance Committee works with business divisions, lead departments, and subcommittees that manage risk. Through this collaboration, the committee identifies, analyzes, and evaluates risks, selects and reviews significant risks, and monitors work to avoid or reduce risks.

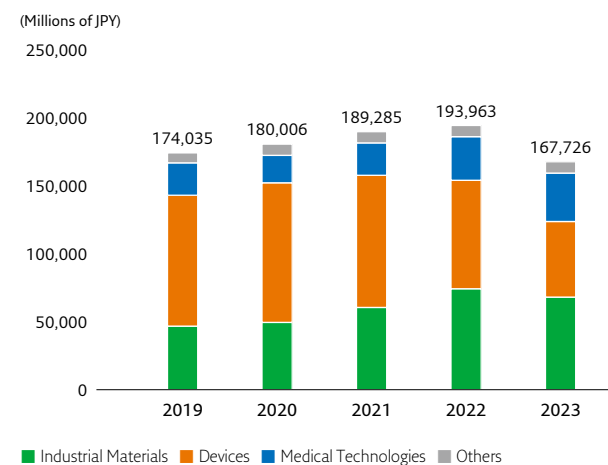
Group-wide Risks	<ul style="list-style-type: none">Fair business activitiesLabor and human rightsEnhancing human capitalEnsuring the quality and safety of products and servicesEnsuring quality and safety of medical products and servicesIntellectual property rightsSupply chain managementEnvironmental conservationTrade managementInformation systemsAsset managementBusiness continuity
Business Risks	<ul style="list-style-type: none">Business strategiesBusiness developmentProduction activities
Financial Risks	<ul style="list-style-type: none">Finance

Financial Highlights

We adopt the International Financial Reporting Standards (IFRS).

Growth

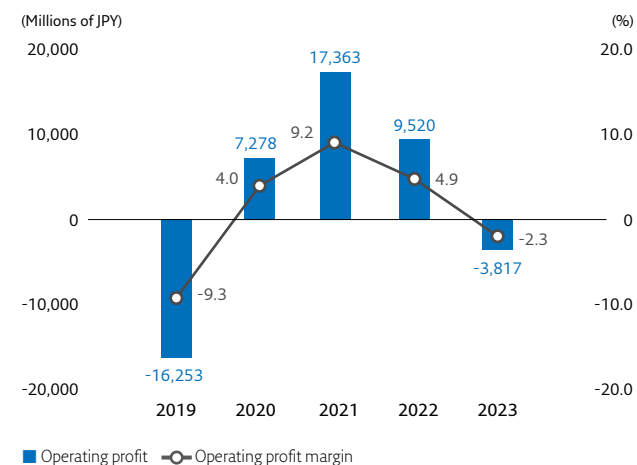
Net Sales JPY167.7 Billion



In 2023, product demand for mobility in the Industrial Materials business remained strong, driven by easing supply constraints, while demand for contract design/development and manufacturing organizations (CDMO) in the Medical Technologies business expanded under an active market environment. On the other hand, product demand for tablets in the Devices business declined significantly mainly due to the saturation of special COVID-19 demand while product demand was sluggish for sustainable materials (metallized paper) in the Industrial Materials business due to prolonged supply chain inventory adjustments.

Profitability

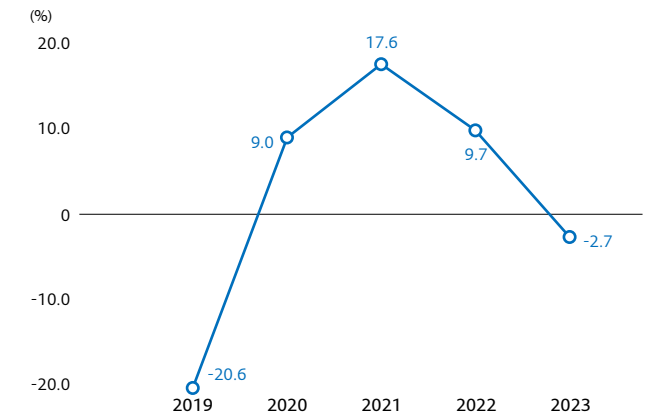
Operating Profit/Operating Profit Margin JPY-3.8 Billion



Demand for tablets, metallized papers, and other products declined in 2023, pressuring profits. Additionally, in the Industrial Materials business, we recorded a goodwill impairment loss related to a European subsidiary that produces and sells sustainable materials. The loss was mainly due to an increase in the discount rate.

Profitability and Efficiencies

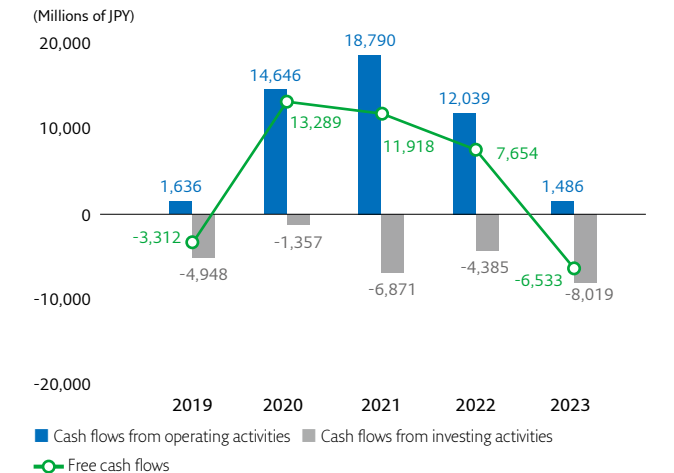
ROE -2.7%



We break down ROE into net profit ratio, total asset turnover, and financial leverage (total assets divided by equity attributable to owners of parent). In 2023, the net profit ratio, which indicates profitability, was -1.8%, compared to 5.2% in the previous year. This reduction was due to deteriorating operating profit margins. The asset turnover ratio, which indicates efficiency, was 0.75 times (0.88 times in the previous year) due to a decrease in net sales. Financial leverage was 1.96x (2.06x in the previous year). As a result, ROE was -2.7%.

Stability

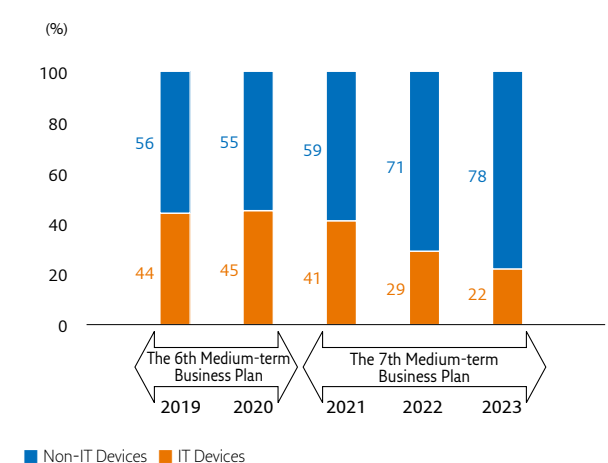
Free Cash Flows JPY-6.5 Billion



Net cash generated by operating activities amounted to JPY1,486 million (down 87.7% from the previous year), mainly due to decreases in income before taxes and operating debt. Cash flows from investing activities amounted to JPY8,019 million (up 82.9% from the previous year). This reduction was mainly due to the acquisition of tangible fixed assets, including the refurbishing and upgrading of production facilities in Japan and overseas, and the acquisition of shares of affiliates. Consequently, free cash flow totaled JPY-6,533 million.

Growth and Stability

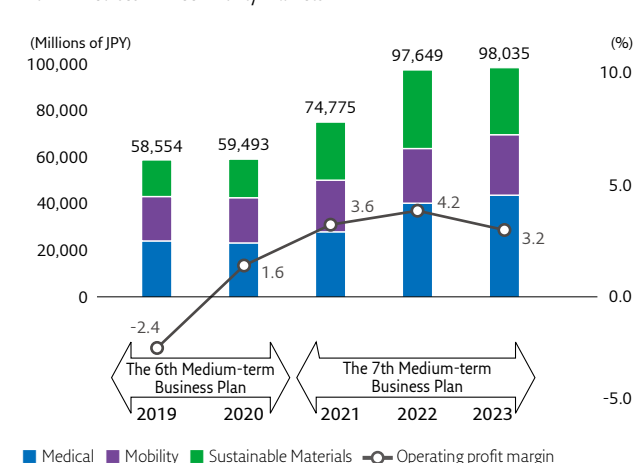
Net Sales Ratio of Non-IT Devices 78%



We reorganized our business portfolio and reduced our dependence on the IT devices market. We also strategically withdrew from the smartphone market during the 7th Medium-term Business Plan to curb future demand volatility given the rapid fluctuations in demand in the market. Non-IT devices increased to 78% of consolidated net sales in 2023.

Growth and Stability

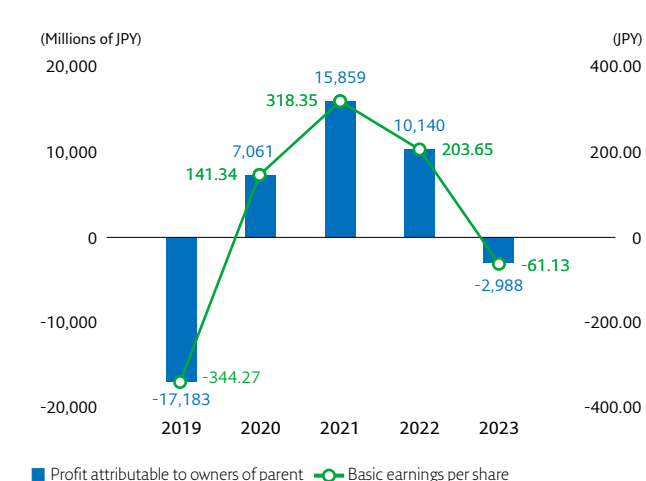
Net Sales/Operating Profit Margin Non-IT Devices Three Priority Markets JPY98.0 Billion/3.2%



Sales expanded in the three priority non-IT devices markets (Medical, Mobility, and Sustainable Materials) during the 7th Medium-term Business Plan. Sales in 2020 (the final year of the 6th Medium-term Business Plan) amounted to JPY59.4 billion and grew at an average annual growth rate of 18.1%, amounting to JPY98.0 billion in 2023 (the final year of the 7th Medium-term Business Plan). Profitability also begun contributing to overall performance of the Company.

Profitability

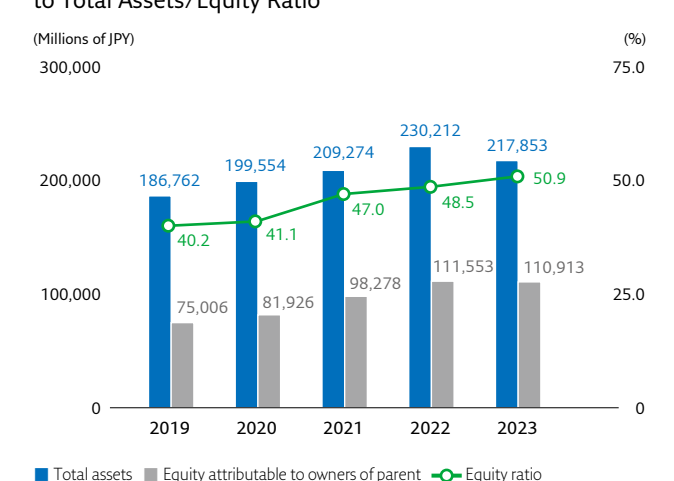
Profit Attributable to Owners of Parent/Basic Earnings per Share JPY-2.9 Billion/JPY-61



Loss attributable to the owners of parent amounted to JPY2,988 million due in part to a decrease in operating profit. Basic net loss per share was JPY61.13.

Soundness

Total Assets/Ratio of Equity Attributable to Owners of Parent to Total Assets/Equity Ratio JPY217.8 Billion/JPY110.9 Billion/50.9%

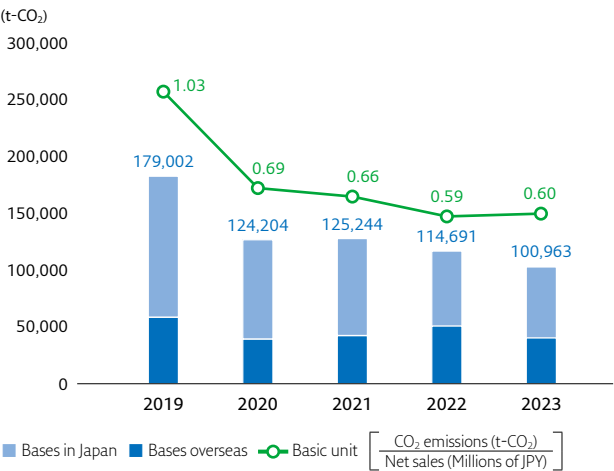


Total assets amounted to JPY217,853 million, down JPY12,359 million from the previous year, mainly due to decreases in current assets such as cash, cash equivalents, and inventories. While other components of equity increased mainly due to foreign currency translation, equity attributable to owners of the parent amounted to JPY110,913 million due to recording a net loss attributable to owners of parent and acquiring treasury stock. As a result, the equity ratio was 50.9%.

Non-Financial Highlights

E: Responding to Climate Change

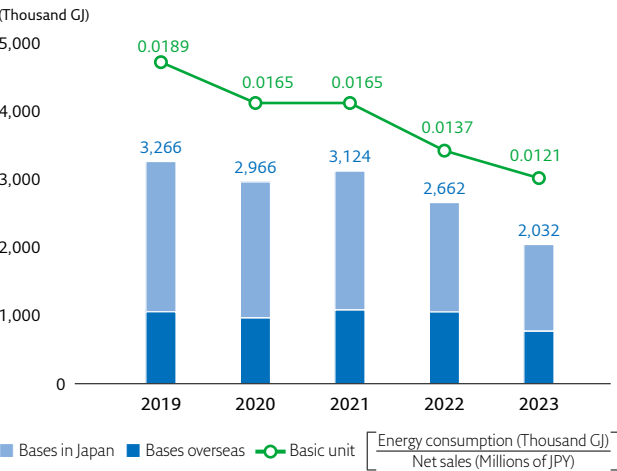
Total CO₂ Emissions and Basic Unit



In 2023, the Nissha Group's total CO₂ emissions (Scope 1+2) were 100,963t-CO₂, a decrease of 18.7% that exceeded our target of a 9% reduction compared with emissions in 2020. We will continue our commitment to reducing CO₂ emissions while at the same time evaluating the cost and effectiveness of the measures we take.

* Through 2019, CO₂ emission coefficients were fixed values. However, in 2020 and beyond, these are derived from data calculated using market standards for Japan and location standards for overseas areas.

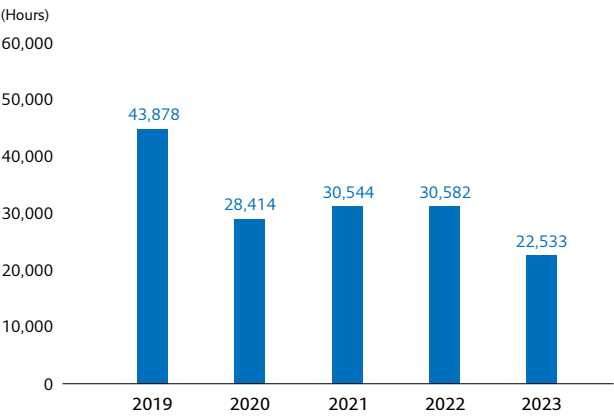
Energy Consumption and Basic Unit



The Nissha Group's energy consumption in 2023 was 2,032 thousands GJ, which gives a basic unit of 0.0121. We will consider installing additional renewable energy and energy-saving equipment to curb our energy use.

S: Efficiency and Productivity Improvement

Reduction of Working Hours by Automation and Efficiency Tools

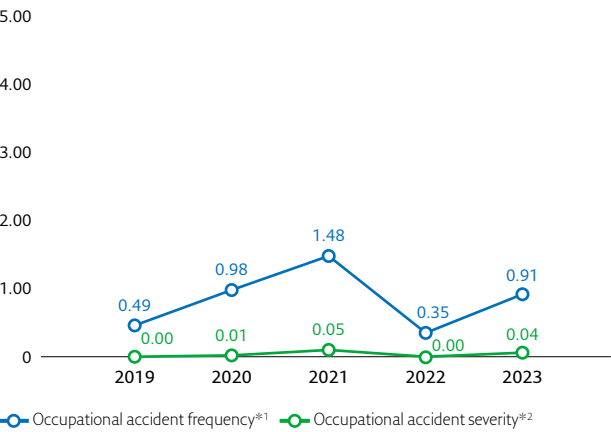


The Nissha Group works to digitalize our production bases and the departments that handle indirect operations. We expanded operation automation and efficiency through the introduction of robotic process automation (RPA), electronic approval systems, and AI-based chatbots. RPA has produced particularly significant benefits after the full-scale introduction in 2019. We completed all items for operational automation and streamlining at bases in Japan, resulting in fewer new labor hours saved in 2023. We will expand digitization within the Nissha Group overseas going forward.

* Data aggregation includes newly reduced work hours in each year due to expansion of the scope of services, etc.

S: Health and Safety

Occupational Accidents
(Nissha Group in Japan, Permanent and Temporary Employees)



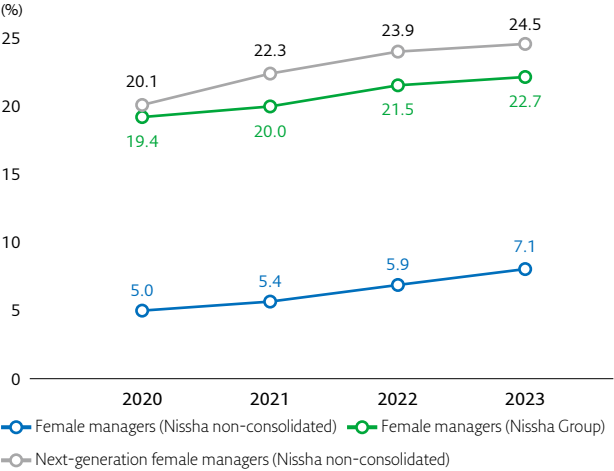
In 2023, the number of occupational accidents requiring one or more days leave increased, resulting in higher occupational accident frequency and severity rates compared to the previous year. We are strengthening our close call activities and other efforts to prevent occupational accidents, engaging in continuous activities to achieve zero occupational accidents.

*1 Occupational accident frequency: Refers to the number of injuries and casualties resulting from occupational incidents (one or more days of leave) per one million working hours.

*2 Occupational accident severity: Refers to the severity of occupational accidents in terms of the number of working days lost per one thousand working hours.

S: Enhancing Human Capital

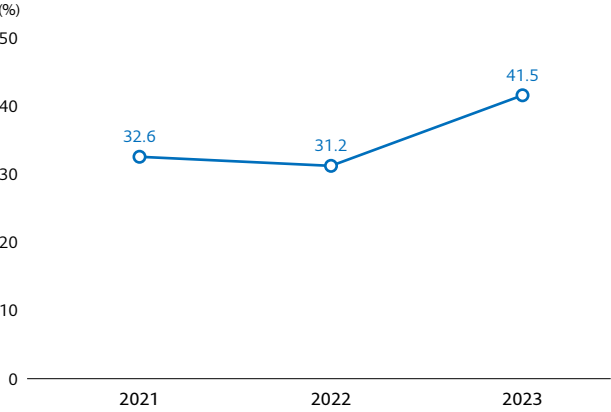
Ratio of Female Managers and Next-Generation Female Managers



The female manager ratio was 22.7% for the Nissha Group and 7.1% for Nissha (non-consolidated). The ratio of next-generation female managers was 24.5% for Nissha (non-consolidated). All of these figures were higher than in the previous year. The Nissha Group in Japan transitioned to a job-based personnel system which focus on roles and abilities. We are developing a system that supports diverse and flexible employee work styles. Nissha is also enhancing our training programs to ensure the systematic development of next generation management candidates.

* Only four years are shown due to a revision of the data aggregation method made in accordance with the disclosure in our annual securities report.

Selection rate of leader candidates (Nissha Non-Consolidated)

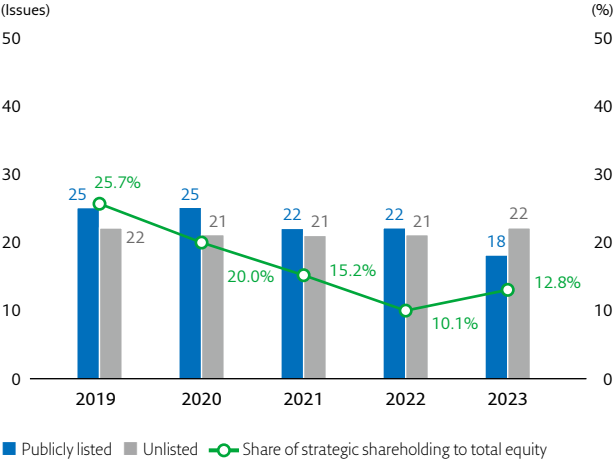


We offer beginner, intermediate, and advanced Business School training as part of the Nissha Academy, the Nissha Group in-house university. The Business School is a selective training program focused on gaining knowledge and skills needed to plan and implement management strategies. Our aim is to have half of the general employees (Nissha non-consolidated) participate in the beginner and intermediate levels of the Business School (selection rate of 50%) by the year 2030.

* Only three years are listed due to a reorganization of the Business School in 2021.

G: Corporate Governance

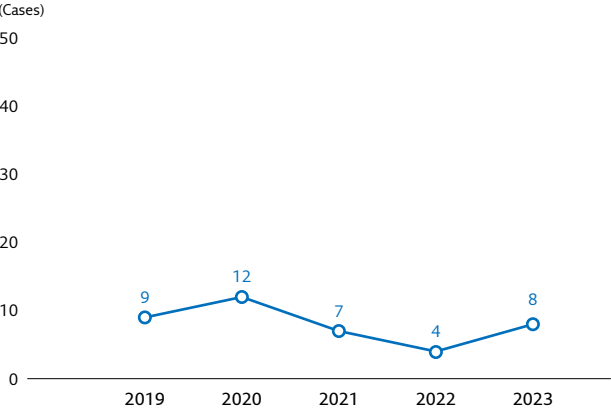
Strategic Shareholdings



Once a year, the Board of Directors validates the significance and rationale of each holding. As a result, shares of stock with diluted significance and rationale have gradually been reduced. As of December 31, 2023, Nissha held shareholdings in 18 publicly listed companies and 22 unlisted companies, together representing 12.8% of total equity. While we eliminated shareholding in four listed companies from the previous year, we added shareholdings in one unlisted company by acquiring stocks to maintain and strengthen business relationships in the Industrial Materials business. Our share of strategic shareholdings to total equity increased due to higher stock prices of the companies in which we invested.

G: Corporate Ethics and Compliance

Number of Reports to Consultation Hotline (Internal Reporting Desk)



In accordance with the Whistleblower Protection Act, we established an Internal Reporting Code in our companies Japan and appointed external lawyers to operate the consultation hotline. This office also offers consultation on harassment and human rights. Major Group companies overseas established and operate whistleblower hotlines. In 2023, we received eight consultations, including reports from overseas offices. These consultations were mainly regarding workplace relationships and harassment. For each case, we issued warnings, implemented improvement measures, and completed corrective actions.

11-Year Financial and Non-Financial Summary

(Millions of JPY)														
		J-GAAP					IFRS							
Fiscal Year		FY2014.3	FY2015.3	FY2016.3	FY2017.3		FY2017.12	FY2018.12	FY2018.12	FY2019.12	FY2020.12	FY2021.12	FY2022.12	FY2023.12
J-GAAP	IFRS					9 months								
Net sales		110,922	118,775	119,222	115,802		159,518	207,404	204,210	174,035	180,006	189,285	193,963	167,726
Japan		29,956	28,889	31,530	30,250		29,443	33,538	31,059	25,840	25,593	22,553	22,683	22,534
Overseas		80,966	89,885	87,692	85,552		130,075	173,866	173,150	148,194	154,412	166,731	171,280	145,192
Cost of sales		93,898	93,713	90,121	98,885		133,292	170,113	166,337	149,900	143,195	144,814	151,540	135,103
Selling, general, and administrative expenses		15,089	16,311	18,558	20,820		19,948	29,210	29,152	27,672	25,999	27,161	31,147	33,000
Operating profit		1,935	8,750	10,541	-3,904		6,278	8,080	6,954	-16,253	7,278	17,363	9,520	-3,817
EBITDA ^{*1}		13,154	18,610	18,952	5,451		14,509	17,343	17,745	9,738	15,864	26,735	20,468	8,042
Ordinary profit		5,182	12,494	9,237	-4,914		7,578	7,380	-	-	-	-	-	-
Profit before income taxes	Profit before tax	5,151	10,761	7,883	-6,130		7,323	6,097	6,367	-16,634	7,039	19,499	12,373	-2,762
Total income taxes	Income tax expense	1,185	-482	985	1,299		594	1,911	2,113	588	-22	3,658	2,253	252
Profit attributable to owners of parent		3,967	11,245	6,898	-7,408		6,734	4,318	4,523	-17,183	7,061	15,859	10,140	-2,988
Net cash provided by (used in) operating activities		14,413	21,590	14,815	-2,570		28,784	4,232	5,737	1,636	14,646	18,790	12,039	1,486
Net cash provided by (used in) investing activities		-16,149	-4,141	-21,476	-23,290		-11,685	-14,181	-14,225	-4,948	-1,357	-6,871	-4,385	-8,019
Net cash provided by (used in) financing activities		-4,634	-11,063	19,633	6,826		-11,216	-2,448	-3,909	3,680	-5,997	2,609	1,082	-12,629
Capital expenditures		12,287	3,207	4,885	12,267		9,063	10,622	14,572	8,948	7,855	7,040	7,359	7,559
Depreciation	Depreciation and amortization	11,219	9,687	7,847	8,351		7,105	7,671	10,325	10,074	8,401	9,258	9,487	9,137
R&D expenses		2,351	2,334	2,519	2,422		2,387	3,865	3,949	3,659	2,869	2,947	3,973	4,656
At Year-end														
Net assets	Total equity	51,676	66,313	70,096	74,606		94,054	90,326	91,546	75,002	81,924	98,264	111,518	110,852
Total assets		106,140	115,430	156,107	182,670		225,160	202,596	214,895	186,762	199,554	209,274	230,212	217,853
Cash and cash equivalents		20,272	29,484	41,688	22,090		29,291	16,757	16,757	17,499	25,067	42,330	54,325	37,854
Interest-bearing liabilities ^{*2}		17,170	10,114	36,537	46,583		28,480	28,940	28,894	36,411	32,412	39,885	47,609	45,048
Net interest-bearing liabilities ^{*2}		-3,102	-19,370	-7,184	24,460		-844	12,183	12,137	18,912	7,345	-2,445	-6,755	7,194
Closing stock price (JPY)		1,359	2,195	1,648	2,638		3,280	1,312	1,312	1,121	1,498	1,670	1,830	1,473
Financial Indicators														
Operating profit to net sales (%)		1.7	7.4	8.8	-3.4		3.9	3.9	3.4	-9.3	4.0	9.2	4.9	-2.3
Return on assets (ROA) (%)		4.7	11.3	6.8	-2.9		3.7	3.5	2.8	-8.3	3.6	9.5	5.6	-1.2
Return on equity (ROE) (%)		8.3	19.1	10.1	-10.3		8.0	4.7	4.8	-20.6	9.0	17.6	9.7	-2.7
Equity ratio	Ratio of equity attributable to owners of parent to total assets (%)	48.7	57.4	44.9	40.7		41.7	44.5	42.6	40.2	41.1	47.0	48.5	50.9
Total asset turnover (times)		1.00	1.07	0.88	0.68		0.78	0.97	0.91	0.87	0.93	0.93	0.88	0.75
Net interest-bearing liabilities/EBITDA (times)		-0.24	-1.04	-0.38	4.49		-0.06	0.70	0.68	1.94	0.46	-0.09	-0.33	0.89
Net D/E ratio (times)		-0.06	-0.29	-0.10	0.33		-0.01	0.14	0.13	0.25	0.09	-0.02	-0.06	0.06
Liquidity ratio (months)		2.19	2.98	4.40	2.29		1.65	0.97	0.98	1.21	1.67	2.68	3.36	2.71
Per Share Information														
Basic earnings per share (JPY)	Equity per share attributable to owners of parent (JPY)	92.46	262.05	160.75	-169.10		139.72	85.70	89.79	-344.27	141.34	318.35	203.65	-61.13
Net assets per share (yen)		1,204.17	1,545.30	1,633.47	1,594.70		1,852.67	1,807.34	1,834.50	1,502.74	1,638.46	1,972.89	2,257.47	2,281.64
Dividend per share (JPY)		5	20	30	30		30	30	30	35	30	40	50	50
Diluted earnings per share (JPY)		-	-	158.44	-		129.37	83.57	87.55	-344.27	137.78	317.16	-	-
Non-Financial Data														
Total CO ₂ emissions (t-CO ₂)		115,702	114,937	103,970	128,430		129,345	184,570	184,570	179,002	124,204	125,244	114,691	100,963
Number of employees		3,383	3,596	4,034	5,133		5,322	5,844	5,844	5,718	5,390	5,409	5,325	5,221
Ratio of overseas employees (%)		32.2	34.1	41.5	54.4		55.8	59.6	59.6	59.8	63.1	63.2	64.0	63.2
Female employee ratio (%)		28.4	29.4	27.5	32.8		32.4	34.4	34.4	35.4	36.3	35.8	36.9	38.5

*1 (Japanese GAAP) EBITDA = Operating profit + depreciation + amortization of goodwill
(IFRS) EBITDA = Operating income + depreciation and amortization + impairment loss - gain on bargain purchase

*2 Interest-bearing liabilities and net interest-bearing liabilities do not include lease liabilities

We switched from the year-end rate to the average rate for converting the results of overseas subsidiaries in the fiscal year ended March 2017. However, we have not applied these changes retroactively to results prior to the fiscal year ended March 2016.

Company Outline

Nissha Co., Ltd.

Global Headquarters
3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan

Chairman of the Board, President and CEO
Junya Suzuki

Founded
October 06, 1929

Established
December 28, 1946

Capital
JPY12,119.79 million

Employees
738 (consolidated number of employees: 5,314)
*As of the end of March, 2024

Consolidated Subsidiaries
64

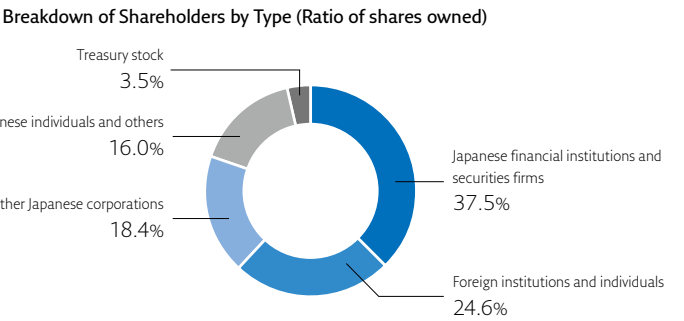
Stock Exchange Listings
Tokyo Stock Exchange, Prime Market (TSE Code: 7915)

Contact for Investors
Investor Relations, Corporate Communications
3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan
T +81 75 811 8111 (main switchboard)

Status of Stocks (as of the end of December 2023)

Total Number of Authorized Shares 180,000,000 shares	Number of Shareholders 9,049
Total Number of Outstanding Shares 50,855,638 shares	Number of Shares per Trading Unit 100 shares

Major Shareholders		
	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,093	10.37
Custody Bank of Japan, Ltd. (Trust Account)	4,079	8.31
Suzuki Kosan Co., Ltd.	2,563	5.22
Meiji Yasuda Life Insurance Company	2,107	4.29
Mizuho Bank, Ltd.	2,076	4.23
TAIYO FUND, L.P.	1,737	3.54
The Bank of Kyoto, Ltd.	1,442	2.93
TAIYO HANEI FUND, L.P.	1,387	2.82
STATE STREET BANK AND TRUST COMPANY 505227	1,171	2.38
Nissha Kyoekai	1,127	2.29



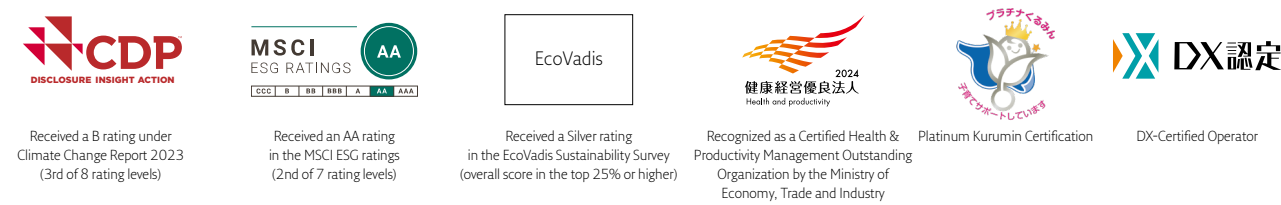
Participation in Initiatives



ESG Index



External ESG Evaluations



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Nissha Report 2024 (For the Year Ended December 31, 2023)

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	Corporate Communications	Ryuhei Sakaguchi	
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	Corporate Communications Group	Shungo Shibahara	Mai Miyoshi
	ESG Promotion	Hiroyuki Hayashi	
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Nissha Co., Ltd.

Global Headquarters: 3 Mibu Hanai-cho, Nakagyo-ku, Kyoto 604-8551, Japan

T +81 75 811 8111 (Main switchboard)

www.nissha.com/english/