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www.nissha.com/english/

Nissha Report 2025

Leaders in Trusted Technologies

English

Leaders in Trusted Technologies

NISSHA

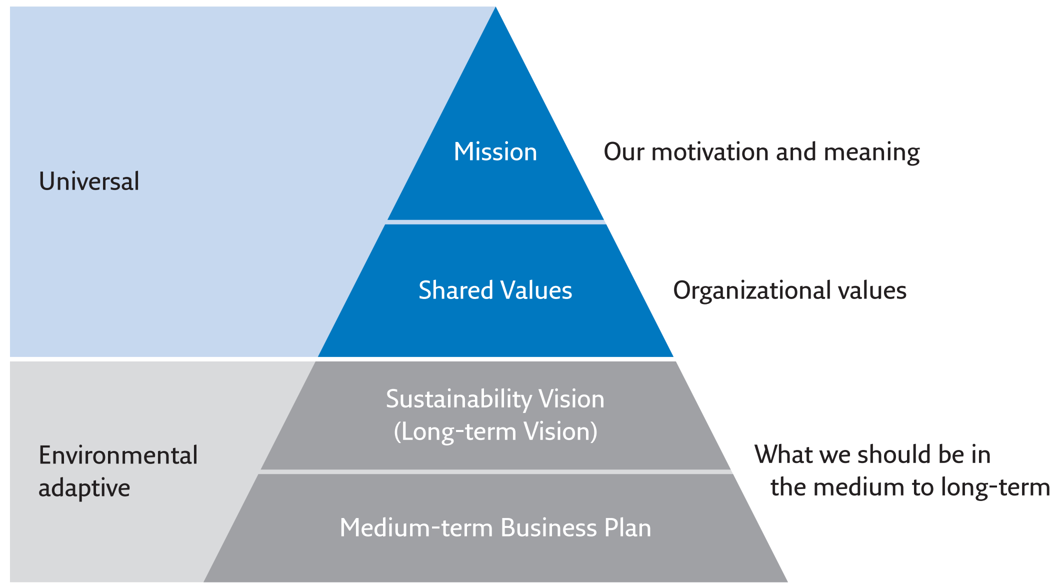
Nissha Branding Site

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.

Contents

Nissha Report 2025

Editorial Policy

Nissha Report 2025 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 and our progress related to the environment and social issues.

In the report, with the CEO message as the central focus, we discuss our approach to value creation, which leverages our unique strengths to expand economic and social value over the long term. We also provide an easy-to-understand report on our Mission, Sustainability Vision; medium- to long-term growth strategies (including the 8th Medium-term Business Plan); sustainability and materiality; financial strategy; HR strategy; technology strategy; quality and production strategy; DX strategy; and sustainability initiatives.

In preparing this report, we reference 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. Please refer to our corporate website for more detailed information.

■ Sustainability
https://www.nissha.com/english/sustainability/index.html

■ Investor Relations
https://www.nissha.com/english/ir/index.html

Unless otherwise noted, the contents of the report are current as of June 30, 2025.

Reporting Period:
January 1, 2024 – December 31, 2024
(Report includes some activities before 2023 and after January 2025)

Scope of Report (Organizations):
Nissha Group
(Nissha Co., Ltd., consolidated subsidiaries, and affiliated companies)

The Role of Nissha Report (Integrated Report)

Summarized

Nissha Report (Integrated Report)

Financial Information | Non-Financial Information

Website: Investor Relations	Website: Sustainability
Securities Report Financial Results Presentation Materials Other Materials	Sustainability Report ESG Data Corporate Governance Report Other Materials

Detailed

Nissha Report 2025 Featured Article

FEATURED ARTICLES 1

Leader's Voice

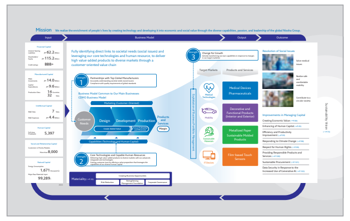
For this article, President Suzuki clarifies what we see as our current challenges with regard to our Mission, medium- to long-term growth strategies, and corporate governance. He also explains how we are addressing these challenges.

Message from the CEO P.17

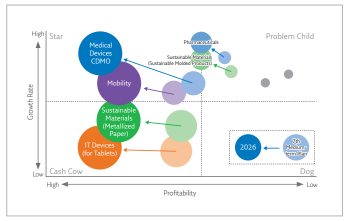
FEATURED ARTICLES 2

Nissha Value Creation

Leveraging our unique technologies, diverse human capital, and our passion enables us to provide parts and materials that add value for our customers. Furthermore, we are oriented toward stable growth through our contract development and manufacturing organization (CDMO) business model, as we all as through the selection and optimal diversification of our target markets. We will cover these initiatives from a variety of perspectives.



Value Creation Process P.11



Business Portfolio Strategy P.38

Chief Officer Cross Talk: Trusted Technologies and People P.51

Change for Growth P.07

Corporate Governance P.78

Messages from the Outside Directors of the Board P.91

We believe that a combination of robust corporate governance and strong leadership from management encourages swift, bold decision-making and, at the same time, ensures transparency and fairness in management. In this article, we cover the effectiveness of our corporate governance and include messages from our Outside Directors.

Corporate Governance

FEATURED ARTICLES 3

The Evolution of Nissha

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

» 1929–

Foundation

Aspiring to achieve high-quality photographic printing

» 1960s

Diversification

Beginning of Industrial Materials and Devices businesses

» 2000s

Globalization

Nissha brand penetrates the global market
Establish sales offices and production sites globally

*The picture is a conceptual image.

» Current

Strengthen Business Portfolio Strategy

Beginning of Medical Technologies business
Growth through optimal allocation of management capital

Founding Philosophy

"We pursue high-quality photographic printing no other can compete with, as anybody can be just a type-set printer."
—Naoki Suzuki, Founder of Nissha

Established the reputation of Nissha as a high-quality photographic printing company by producing a large number of definitive art collections of the era, picture books, and other works, including the following:

- 1949 "NEW JAPAN" (The Mainichi Newspapers)
- 1962 "Koku-Hou" (National Treasures) (The Mainichi Newspapers)
- 1966 "Genshoku Nihon no Bijutsu" (Art Collection of Japanese Cultural Inheritance) (Shogakukan)

Promoting new product development by evolving printing technologies

Expanding target markets by new products such as transfer foil and electronic components

Formed the current Industrial Materials business

- 1967 Entered home appliances market with the first woodgrain transfer foil in Japan
- 1983 Developed a simultaneous molding and decorative transfer system (IMD)

Formed the current Devices business

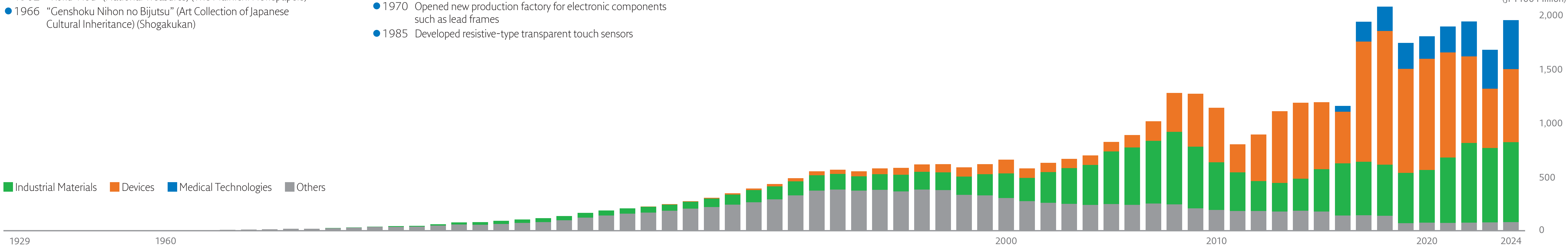
- 1970 Opened new production factory for electronic components such as lead frames
- 1985 Developed resistive-type transparent touch sensors

Expanded number of global companies Nissha deals with; growth in global market

- 2007 Overseas net sales ratio surpassed 50%
- 2007 Established global molding supply chain between Japan, US, China, and Southeast Asia through acquisition of a US molding company
- 2012 Developed capacitive-type film-based touch sensors using photolithography and adapted by top global of IT Devices manufactures

The business domain evolves and expands beyond the bounds of printing; diversification of new business domains through M&A

- 2015 Acquired top global metallized paper manufacturer (Belgium)
- 2016 Acquired mobility-related molding company (Germany)
- 2016~ Acquired medical devices manufacturer (US) and entered the medical devices market. Formed the Medical Technologies business. Strengthening our business foundation through a capital and business partnership with medical devices manufacturers and M&A.
- 2017 Changed company name from Nissha Printing Co., Ltd. to Nissha Co., Ltd.
- 2019~ Acquired pharmaceutical manufacturer (Japan) and entered the pharmaceutical market. Acquired other pharmaceutical manufacturer (Japan) in 2025, and strengthening our business foundation.



Change for Growth

Over our 90-plus year history, we have consistently focused on expanding markets and achieved growth because leading companies throughout our history have chosen to do business with us. Furthermore, by keenly understanding changing markets and customer needs, we have expanded, evolved, and integrated our core technologies to become a trusted, technologically strong manufacturer in the global market place.

Growth throughout Product and Market Changes

Foundation (1929–)

Diversification (1960's –) Expansion

Globalization (2000's –) Advancement

Strengthen Business Portfolio Strategy (Current –) Integration

Core Technologies

Printing

Patterning

Molding

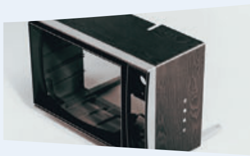
Coating

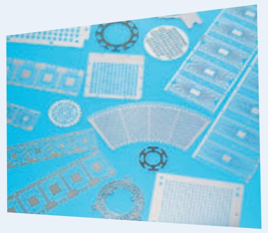
Laminating

Metal Processing

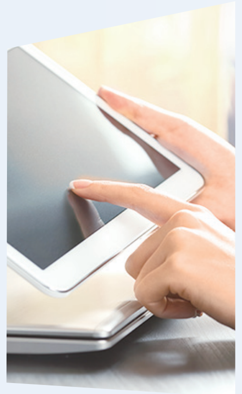
Products


Art Collections, Picture Books, and Catalogs


Decorative Film and Molded Products (Home appliances, cosmetics, stationery)

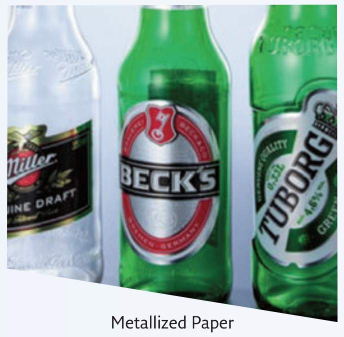

Electronic Components


Decorative Film and Molded Products (mobile phones and laptop PC casings)


Film-based Touch Sensors


Decorative Film and Molded Products (Automotive interiors)

Decorative x Functional Modules (Automotive interiors and exteriors)



Metallized Paper


Sustainable Molded Products


Medical Devices (CDMO)


Pharmaceuticals

*The picture is a conceptual image.

Markets and Customers

Publishing, newspapers

High-Quality Photographic Printing

Cosmetics, stationery, home appliances

Cosmetics, Stationery, Home Appliances

Consumer Electronics

Gaming Devices

IT Devices

Mobile phones, laptops

Tablets, smartphones

Mobility Automobiles

Sustainable Materials Beverages, foods

Medical Medical devices

Pharmaceuticals

Our Core Technologies

Printing
Processing technology for imparting designs and functional properties with ink

Coating
Processing technology for forming thin layers

Laminating
Processing technology for laminating multiple thin substrates

Molding
Processing technology for forming various shapes in three dimensions

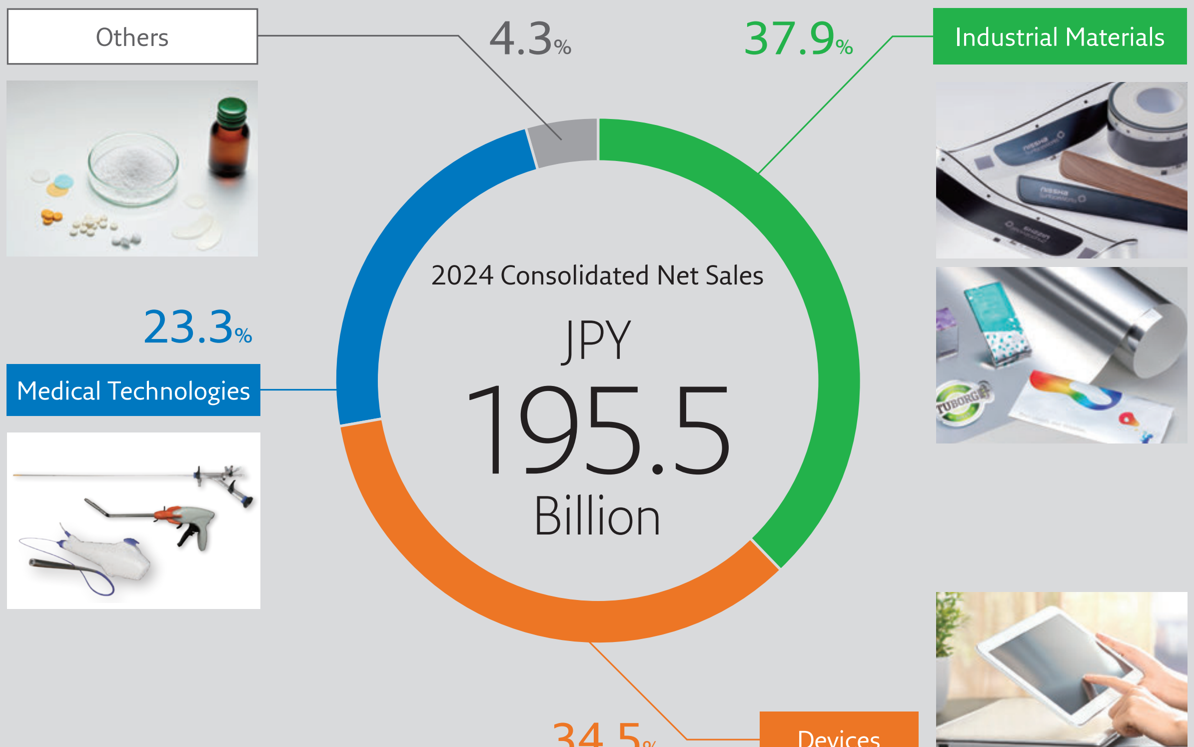
Patterning
Processing technology for forming functional patterns

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

Snapshot

We Provide Value-added Parts and Materials (Intermediated Goods), by Leveraging Our Core Technologies

We are a BtoB company that provides parts and materials (intermediate goods) used in finished products.By leveraging our unique technologies, the capabilities of our diverse human resources, as well as our passion for what we do, we are able to transform the raw materials we obtain from our suppliers into value-added parts and materials for our customers. These customers are leading global manufacturers who incorporate what we supply into their finished products across various markets, including Medical, Mobility, Sustainable Materials, and IT Devices.

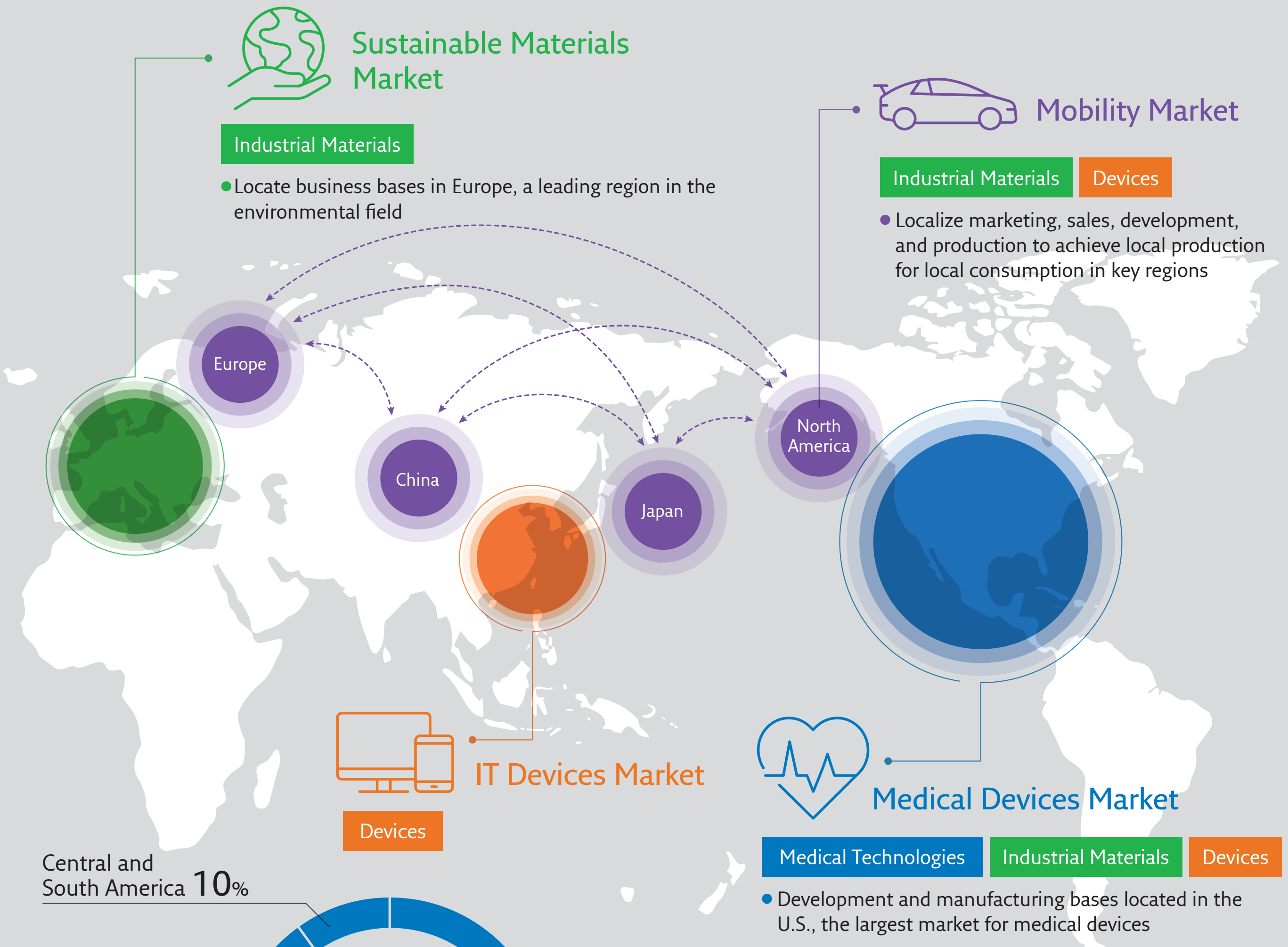


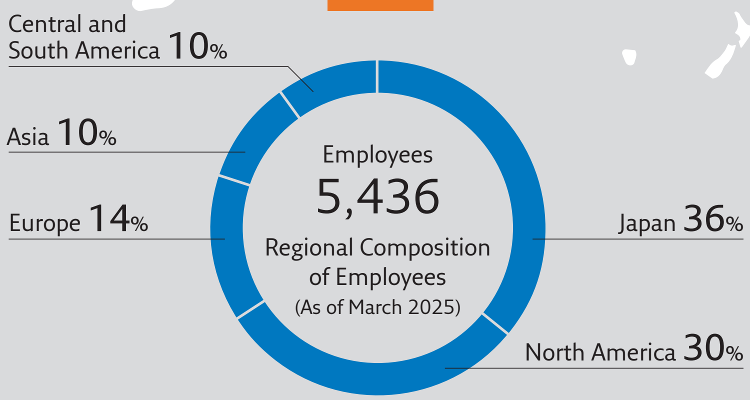
*The picture is a conceptual image.

Optimal Locations in Priority Markets Consolidation of Diverse Capabilities of Our People

49 bases around the world

Domestic **14**
Overseas **35**





Value Creation Process

We aim 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.

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.

Input → Business Model → Output → Outcome

Input

Financial Capital

Interest-bearing Liabilities	JPY 62.2 Billion
Shareholders' Equity	JPY 115.2 Billion
Credit ratings	BBB+

Manufactured Capital

M&A Investments	JPY 14.0 Billion
Capital Expenditures	JPY 9.6 Billion
Production Sites	14 Countries, 32 Sites

Intellectual Capital

R&D Sites	7 Sites
R&D Expenses	JPY 4.4 Billion

Human Capital

Full-time Employees	5,397

Social and Relationship Capital

Customers in Priority Markets	More than 8,000

Natural Capital

Energy Consumption	1,671 thousand GJ
Major Raw Materials Input	99,289 t

2024

Business Model

Fully identifying direct links to societal needs (social issues) and leveraging our core technologies and human resource, to deliver high value-added products to diverse markets through a customer-oriented value chain

Strength 1 Partnerships with Top Global Manufacturers
Accurately understanding societal needs (social issues)
Compliance with quality requirements of global standards

Business Model Common to Our Main Businesses
CDMO Business Model

Marketing (Customer-Oriented)

Customer Needs → Design → Development → Production → Products and Services

Create Added Value | Pursue Profitability and Efficiencies | Margin

Capabilities (Technology and Human Capital)

Strength 2 Core Technologies and Capable Human Resources
Delivering high value-added products to diverse markets with our advanced, integrated core technologies
Gaining customer trust by offering a value proposition that leverages the capabilities of our diverse human capital

Strength 3 Change for Growth
Actively transforming our own capabilities in response to changes in our target market(s)

Exploitation of Business Portfolio Management

Materiality (→P.33)
- Creating Business Opportunities
- Risk Reduction
- Strengthening Management Foundation
- Corporate Governance

Output

Target Markets	Products and Services
Medical Technologies	Medical Devices, Pharmaceuticals
Mobility	Decorative and Functional Products (Interior and Exterior)
Sustainable Materials	Metallized Paper, Sustainable Molded Products
IT Devices	Film-based Touch Sensors

Outcome

Resolution of Social Issues


Solve medical issues


Realize safe and comfortable mobility


Contribute to a circular society

Improvements in Managing Capital

- Creating Economic Value (→P.38)
- Enhancing of Human Capital (→P.45)
- Efficiency and Productivity Improvement (→P.59)
- Responding to Climate Change (→P.98)
- Respect for Human Rights (→P.99)
- Providing Responsible Products and Services (→P.100)
- Sustainable Procurement (→P.101)
- Data Security in Response to the Increased Use of Generative AI (→P.102)

Sustainability Vision (→P.15)

Business Model

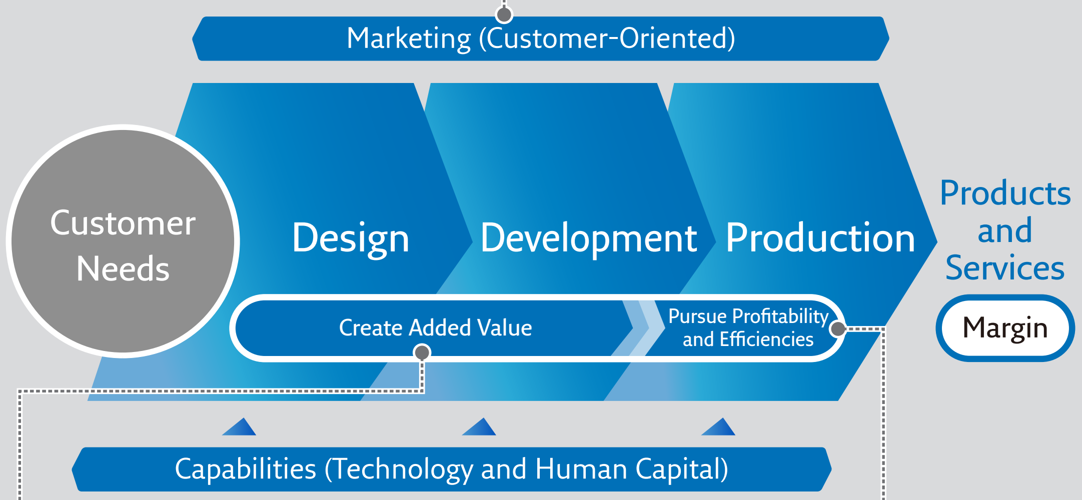
CDMO Business Model

Standard Business Model from Printing to Our Three Main Businesses

Nissha applies proprietary processing technologies (core technologies) to manufacture components and materials (intermediate goods) used in final products.
We operate as a Contract Development and Manufacturing Organization (CDMO), working across all business segments to create value throughout a customer-oriented value chain that begins with market needs and leverages our core technologies and the diverse capabilities of our people.
Our customers, who produce final products, entrust us with the full range of processes from product design and development to production. We create value by providing customized components and materials that play a critical role in those final products.

Marketing (Customer-Oriented)

We identify customer issues accurately and provide optimal products and services. As indicated in *Customer is Our Priority*, one of our Shared Values, we pursue the maximization of customer value in all processes from sales to design, development, and production. This allows us to build partnerships with top global manufacturers.



Create Added Value

We prioritize quality and added value, emphasizing safety and feasibility during the design and development stages. By leveraging data-oriented design optimization, we improve product performance and reliability, continuously delivering added value that earns customer trust and satisfaction.

Pursue Profitability and Efficiencies

We pursue lean operations to achieve low cost and quick delivery while maintaining high quality. We incorporate automation and digital transformation (DX) in production processes and administrative work, implementing best practices globally to enhance our competitiveness.

Nissha Strengths

Strength 1 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 nine of the top ten global medical device manufacturers
Mobility	More than 30 global automotive manufacturers Successful transaction relationships with more than 100 Tier 1 manufacturers
Sustainable Materials	Successful transaction relationships 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 mobile phone, PC, smartphone, and tablet manufacturers

Strength 2 Core Technologies and Capable Human Capital

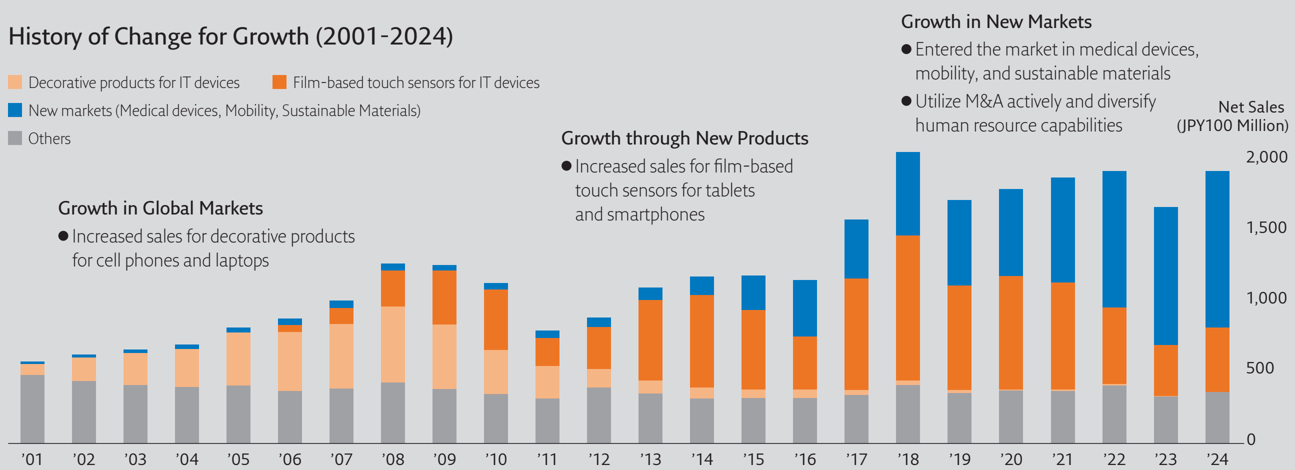
Printing | Coating | Laminating | Molding | Patterning | Metal Processing

Each of our diverse products and target markets shares a common foundation in our core technologies. Nissha seeks constantly to expand and advance these technologies, and by integrating them effectively, we create distinctive products that address diverse market needs and social challenges. We also supply custom parts and materials, accurately understanding the needs of our customers through appropriate communication. Our company then responds to those needs by leveraging our entire value chain, from design and development to production, to deliver the right solutions. We operate this process globally across a variety of markets, driven by the diversity, passion, and integrity that define Nissha.

Strength 3 Change for Growth

We have achieved continuous growth by expanding, advancing, and integrating our core technologies and adapting products and target markets. Our 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.

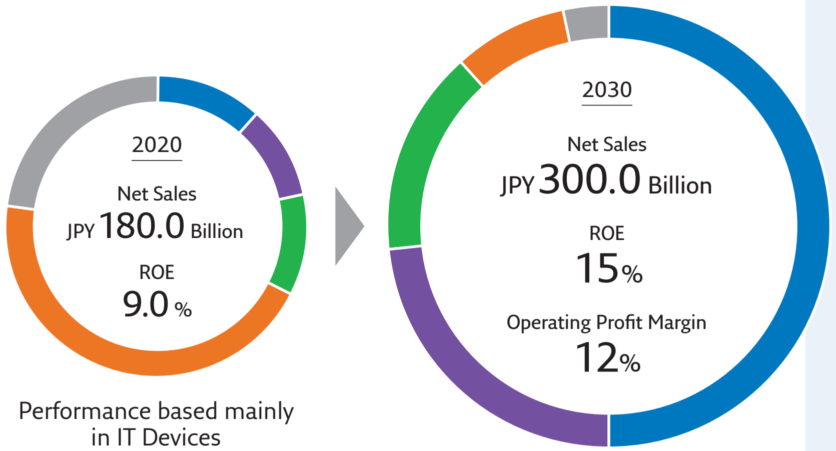
History of Change for Growth (2001-2024)



Sustainability Vision

We regard 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 achieved growth by expanding, advancing, and integrating our core technologies and realigning our target markets. Looking toward 2030, we have identified medical, mobility, and sustainable materials as our growth areas on the basis of our analysis of the magnitude of social issues and market growth and stability in these areas, as well as an assessment of the added value that our core technologies can create.



Performance based mainly in IT Devices

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

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.

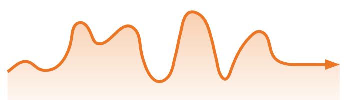
Social Value

- Solve social issues through business activities
  - Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- Reduce total CO_2 emissions, in view of becoming carbon-neutral by 2050

Economic Value

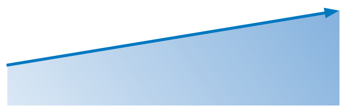
- Net sales of JPY300.0 billion (including JPY150.0 billion in the medical field)
- ROE 15%
- Operating profit margin 12%

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, Sustainable Materials

Sustainable Corporate Value Growth Initiatives

Contents

Message from the CEO

Chairman of the Board and Group 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 we will 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 based 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.

The central issue for achieving long-term growth is to execute pivots (axis shift or change in course) boldly and effectively, taking on the challenge of growth in new fields to prepare for inevitable declines in existing businesses and products. I am keenly aware that this result relies on our management strategy, the core of which is the reorganization of our business portfolio. The main focus of Nissha management and governance is to set a vision for growth from a long-term perspective in anticipation of that result, backcasting strategies for current actions to make that growth a reality.

I believe that corporate management should be marketing-oriented, in other words, adaptable to changes in the market. This is particularly true, given today's highly unpredictable global economic climate. To this end, decision-making and strategy must be more agile than ever. My conclusion is that the seeming contradiction between approach and execution in pursuing a long-term vision with integrity—but without excessive fixation—while responding to change agilely, is the mindset and skills required of managers today.

Nissha's Circle of Trust

When I assumed the position of the chairman, president, and CEO of Nissha 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 society. This concept has been one of Nissha's fundamental management principles from our beginning and will continue to be so throughout the future.

Mission

Our Mission clearly states our vision and meaning to society.

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, which 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.

We often express our mission statements and fundamental corporate concepts with a high level of abstraction as seen above. 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. This broad overview of a large number of individual events necessitates a higher level of abstraction. At the same time, we must interpret and translate our Mission in consideration of businesses and regional characteristics if we are to apply this mission in practical application in the field, to give global employees a sense of conviction, and to make their work more effective.

Nissha's Circle of Trust (Created in 2007)

The Mission must, above all, be widely accepted by employees.

Let's take diversity, an issue cited frequently as central to human capital management, as an example. In Japan, discussions of diversity lead inevitably to the empowerment of women in the workplace. The context is vastly different in the global community, where diversity focuses on inclusive contributions that transcend gender, nationality, race, age, expertise, experience, values, and other factors.

The idea of reskilling is similar. While the tone in Japan seems to be oriented strongly toward digital transformation (DX) and a government-led push toward new jobs and occupations, the tone in global society appears to one of optimal allocation, transfer, and promotion of human resources, in addition to advancements to work in current positions and taking on challenges in new fields.

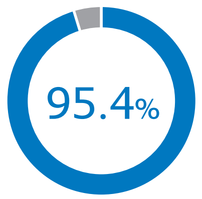
Pursuing a management strategy to reorganize our business portfolio, we are undertaking diversity and reskilling as examples of the above to ensure we never lose sight in Japan of the global perspective and that we avoid imposing Japanese-style practices on overseas offices.

The data below demonstrates how well our Mission has been received and embraced by the Nissha People globally.

2024 Engagement Survey (Global, Selected Answers) Response Rate: 96.6% (+2.4 points year on year)

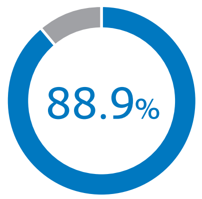
Will to Contribute to the Organization

I want to contribute to Nissha



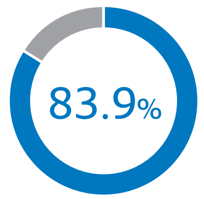
Organizational Commitment

I am proud to work for Nissha



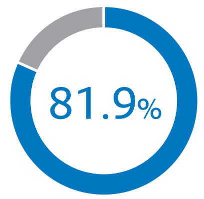
Rewarding

I find my work rewarding



Feeling of Contributing to Society

I feel I contribute to society through my work



Sustainability Vision (Long-Term Vision)

With sustainability initiatives overlapping and merging with our business activities, we defined our Sustainability Vision (long-term vision) as described below.

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.

Economic value

- ✓ Net Sales JPY300.0 billion (including JPY150.0 billion in the medical market*)
- ✓ ROE 15%

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

Social value

- ✓ Solve social issues through business activities
- ✓ Solve medical issues, realize safe and comfortable mobility, and contribute to a circular society
- ✓ Reduce total CO_2 emissions, in view of becoming carbon-neutral by 2050

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 materials) 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).

As part of our response to climate change risks, we announced a target to reduce greenhouse gas emissions by 30% by 2030 (compared to 2020 levels) as part of our efforts to achieve carbon neutrality (zero greenhouse gas emissions). However, we have already achieved this target for the most part as of 2024. We provide the details on the current state of this initiative and future ideas in a separate section of this report.

We also recognize that the time is approaching when we must conduct a multi-perspective review of the progress of our vision for 2030 to create economic value, which we announced in February 2021. We plan to summarize the recent changes in the internal and external environment during 2025 and update our outlook for the future.

(→ P.15 Sustainability Vision)

Creating Economic Value: Review and Key Issues

- Are there any changes in demand trends or the competitive environment in the target market(s)?
- Are there any changes in the dynamics of the global economy and society?
- Are there any changes in our cash flow projections?
- Are there any changes in the availability of management resources as assumed by the company?

Materiality

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 revise our materialities when necessary.

In our 2024 verification, we concluded that materialities and our responses have remained as expected. We determined to maintain materialities through 2025 without modification from the previous year. We provide more details in a separate section of this report. The following are the matters that I wish to discuss here regarding materiality. Our other officers provide information about other matters in a separate document. (→ P.33 Sustainability and Materiality)

Materialities of the Nissha Group

	Materiality	Reference
Creating Business Opportunities	✓ Solve medical issues (medical devices, pharmaceuticals)	This article
	Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)	Another article in the report
	Promotion of circular economy (Sustainable Materials)	
Risk Reduction	Respond to climate change, respect human rights, provide responsible products and services, sustainable procurement, data security in response to the increased use of generative AI	Another article in the report
Strengthening Management Foundation	Enhance human capital, improve efficiency and productivity	Another article in the report
Corporate Governance	✓ Improve the effectiveness of the Board of Directors	This article
	✓ Advancement of global governance	

Medium-Term Business Plan

Our Sustainability Vision and Materialities are visions and ideas from a long-term perspective. The nuts and bolts of business management is to conduct a business plan verification on the progress and outcomes of operations in medium-term (three-year) and short-term (one-year) cycles.

Our 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.

Key Strategies and Goals of the 8th Medium-term Business Plan

- Aim for consolidated net sales of JPY210.0 billion and consolidated operating profit of JPY15.0 billion in 2026 (profit figure includes JPY13.0 billion for non-IT devices).
- Achieve an ROE of 9% or more based on the above.
- 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 focusing on 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.

Achievements and Challenges in 2024

Achievements

- All businesses posted higher sales and profits in a trend toward recovery, as compared with 2023, when product demand was significantly lower due to inventory remaining in the industry supply chain.
- Our share of sales in priority markets (non-IT devices) increased to 56% (33% in 2020). These priority markets are the focus of our strategy to reorganize our business portfolio. Operating profit margin for the same improved to 5.1% (1.6% in 2020).
- Our aim for company-wide growth will be driven by the medical market. Here, our mainstay medical devices CDMO business enjoyed 9.4% revenue growth, and we concluded three acquisitions in the U.S. and Japan.
- Cash inflows were strong due to further sales of non-business assets (strategic shareholdings). Cash outflows for investment in growth and shareholder returns were in line with plan.

Challenges

- Demand for tablets peaked in the second quarter. Despite slowing in the second half of the year and remaining highly volatile, demand recovered for the full year.
- Share price declined in the second half of the year, as investors became wary of volatility and lacked confidence in our overall earning power. As a result, PBR did not clear 1.0 for the year.

We continue to execute the current 8th Medium-term Business Plan (2024 - 2026) to advance the reorganization of our business portfolio, building on the outcomes and challenges of the past several medium-term plans toward the ideal of our long-term vision.

We continue to shift boldly to growth markets where we can leverage strengths in technologies and other capabilities. We continue to reduce the relative ratio of sales and profits away from IT devices (tablets, smartphones, etc.), where demand fluctuates rapidly. This shift will contribute to earning power, or in other words, 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 1.0.

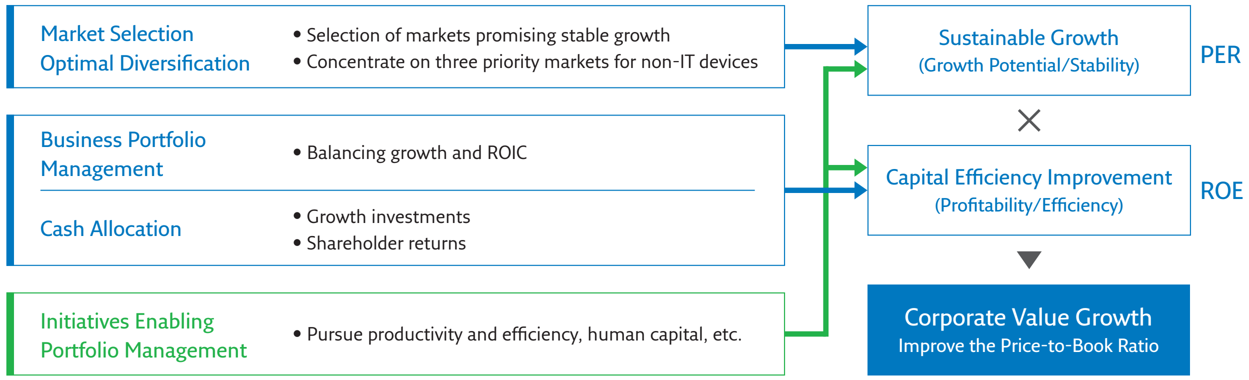
(→ P.38 Business Portfolio Strategy)

Improving Price-to-Book Ratio

The criticism of corporate price-to-book ratios less than 1.0 continues. 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 time horizon. 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 **earning power** and **share price-conscious management**. How to foster a sense of confidence and expectation in long-term (or even short-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 appropriately diversify optimal target markets**, and to eliminate **concerns about volatility** by showing stable and consistent performance.

Optimal Selection and Diversification

Selection and focus are considered the standard strategy for business in consideration of a company's strengths. However, this approach entails a number of pitfalls.

The Pitfalls of Selection and Focus

- A gradual increase in vulnerability to market changes and less flexibility
- Fatal mistake in core business selection
- Downsizing of non-core businesses resulting in an exodus of talent and a decline in organizational vitality
- Obsession over short-term results and postponement of investments in long-term growth

During the 20-odd years between the start of this century to the end of the 2010s, Nissha performance grew significantly and generated significant cash flow, as we rode the wave of market growth in IT devices (mobile phones, notebook PCs, smartphones, and tablets). Investment and growth were driven by the Industrial Materials business for mobile phones and notebook PCs, as well as by the Devices business for smartphones and tablets.

The bitter experience of slowing growth in those markets over the short to medium term, not to mention demand volatility during the payback period, has taught us to be very wary of the pitfalls of selection and focus.

To avoid this situation, we developed the concept of *selection and diversification* based on core businesses and technologies under a strategy titled, Reorganization of Business Portfolio. The following highlights the characteristics of Nissha-style strategic selection and diversification, reflecting a number of complex elements.

Our Concept of Selection and Diversification

- Focus on market sectors where we can leverage our strengths and management resources, and where we expect relevance and synergies across group companies or with existing businesses
- Analyze target markets, technology trends, and customer needs, clarifying the company's position and establishing a long-term vision based on growth potential, profitability, risk diversification, and competitive advantage
- Find new vectors of advancement
  - Horizontal and vertical integration for continued growth
  - Market acquisition or product/technology acquisition for discontinuous growth (corporate acquisitions)
- Clarify the allocation of management resources (investment funds, human capital allocation)
- Create a disciplined withdrawal mechanism (careful of conglomerate discount)

Current Assessment

Pros		Cons
• Selecting and diversifying target markets where our six core technologies operate independently or in integration • Generating synergies among business units and regions	Synergies	• Synergies between businesses and core technologies may or may not emerge expectedly and unexpectedly • Synergies between target markets may not be significant
• Seeking acquisition opportunities actively	Discontinuous Growth	• Investment returns (e.g., ROIC) not achieved in the short term
• Clarifying the allocation of investment funds in medium-term business plan	Management Resources	• The market for the key medical field is mainly in the U.S.; experiencing difficulty in transitioning personnel in Japan to the medical field
• Identifying unprofitable divisions and products that could dilute profits	Withdrawal	• How to absorb one-time withdrawal costs incurred during a fiscal period

Reorganization of Business Portfolio

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 and reallocate management capital across markets in the form of core technologies, human capital, business models, and quality control.

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, different business practices, and different mindsets. We can accelerate this shift to target markets, 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.

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 and single-use surgical devices under 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).

(→ P.38 Business Portfolio Strategy)

Business and Product Metrics Vary by Stage of Growth

We believe selecting indicators appropriate for our objectives in managing our business and product portfolio strategies is most effective, and we focus on different indicators 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.

Problem Child businesses are treated as a next Star if revenue reaches JPY5.0 billion with stable profit margins. At the same time, we keep an eye on growth rates and the competitive environment, among other factors.

We scrutinize opportunities to divest from Dog 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.

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.

Nissha Business and Product Portfolio KPIs

Growth Rate ↑ (High → Low)	Relative Market Share/Profit Margin: High	Low
High	**Star** (Growing Businesses) ● EBITDA margin, operating profit margin ● CAGR ● ROIC	**Problem Child** (Potential Next-Generation Star) ● CAGR (move to Star at sales of JPY5.0 billion) ● Established time frame for sales growth and profitability
Low	**Cash Cow** (End of Growth Cycle) ● ROIC ● Operating profit margin ● Free cash flows	**Dog** (End of Growth Cycle) ● Established time frame to fall below cost of capital, operating loss ● ROIC ● Operating profit margin

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

Medical Devices CDMOs Expected to Grow in Step with Advanced Technologies

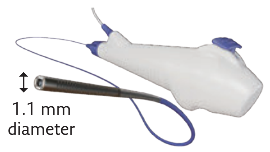
We treat the U.S. medical devices market as a growth market, and this market consists of a myriad of different products and segments for each therapeutic field. In any case, med-tech manufacturers are increasingly outsourcing development and manufacturing to suppliers. Since becoming a contract design/development and manufacturing organization (CDMO) as our main business model in 2016, we have continued to expand our capabilities, focusing on minimally invasive, single-use surgical devices.

Technological trends include increasingly advanced technologies and further miniaturization of surgical devices. Both approaches, however, must meet the needs for minimally invasive treatment. The former contributes to visualization and navigation on the tip of the surgical device. The latter consists of the further miniaturization of components to add precision and reduce the burden on the body, as typified by robotic surgery. We have developed a strategic theory that incorporating technologies related to these areas into our business will increase the relative added value of the products and services we offer and raise our long-term profitability.

Between 2023 and 2024, we made the following acquisitions to capture business opportunities related to the technology trends I discussed above. As a result, we are receiving numerous interested inquiries from potential customers in our target markets.

(→ P.68 Medical Technologies)

ENDOTHEIA
Navigation, Visualization



Endoscopic Devices

Startups
Technological game changers

ISOMETRIC
Miniaturization

Endoscope Tips

Leader in micro molding

*Photos are conceptual images.

Highlighting the Value Proposition of Our Medical Devices CDMO

- Continued absorption of new technological trends and enhanced development capabilities to meet needs (U.S., Japan)
- Low-cost solutions for product items requiring cost competitiveness (Dominican Republic)
- Highly reliable quality management and FDA certification (U.S.)
- Opportunities for supply systems and supply chains de-emphasizing China (e.g., Southeast Asia) (Japan)

A New Move: Pharmaceutical CDMO

The pharmaceuticals sector has a longer history of using CDMOs than the medical devices field, and we focus on the over-the-counter (OTC) drug market in Japan. Shigaken Pharm., which we acquired in January 2025, is a leading contract manufacturer for major Japanese pharmaceutical brands. Of course, the company possesses quality control capabilities ensuring safety and compliance with regulations. Another advantage is in efficient mass production using automated processes at the highest level in the industry.

The pharmaceutical industry is experiencing a growing shortage in the supply of ethical drugs, which means a certain portion of the industry's production capacity tends to be redirected to these products. The result is a shortage of OTC drug supplies, and the industry must find some way to increase production capacity on an ongoing basis. Shigaken Pharm. is off to a good start, receiving a series of inquiries for production outsourcing since joining our group. We believe that this business will contribute to our strategy of business portfolio reorganization while making a positive contribution to society.

(→ P.75 New Business Development Office)

Major Portfolio Businesses and Products, Basic Strategies

	Products	Basic Strategy	
Problem Child	● Contracted development and manufacture of OTC drugs ● Film formulation ● Biocompatible medical materials ● Gas sensors (detect and measure gas conditions; alcohol breathalyzers, refrigerant sensors for HVAC, expanded applications for use in hydrogen vehicles) ● Sustainable materials (packaging materials contributing to plastic-free) ● Film-type strain sensors (used in the tips of medical robots, etc.)	● Product development, open innovation ● Expand sales channels ● Acquire companies and products	
Star	● Medical devices (contract development and manufacturing for minimally invasive, single-use surgical devices, etc.) ● Mobility (decorative and functional products, materials for interior and exterior applications)	● Expand product lineups ● Grow net sales ● Establish a competitive position ● Increase production capacity	● Establish firm quality systems ● Secure firm supply chains ● Acquire companies and businesses
Cash Cow	● Film-based touch sensors (for tablet products) ● Sustainable materials (packaging materials, metallized paper contributing to plastic-free)	● Maintain net sales ● Improve productivity	● Withdraw from unprofitable business
Dog	● Currently not applicable	● Currently not applicable	

Earning Power

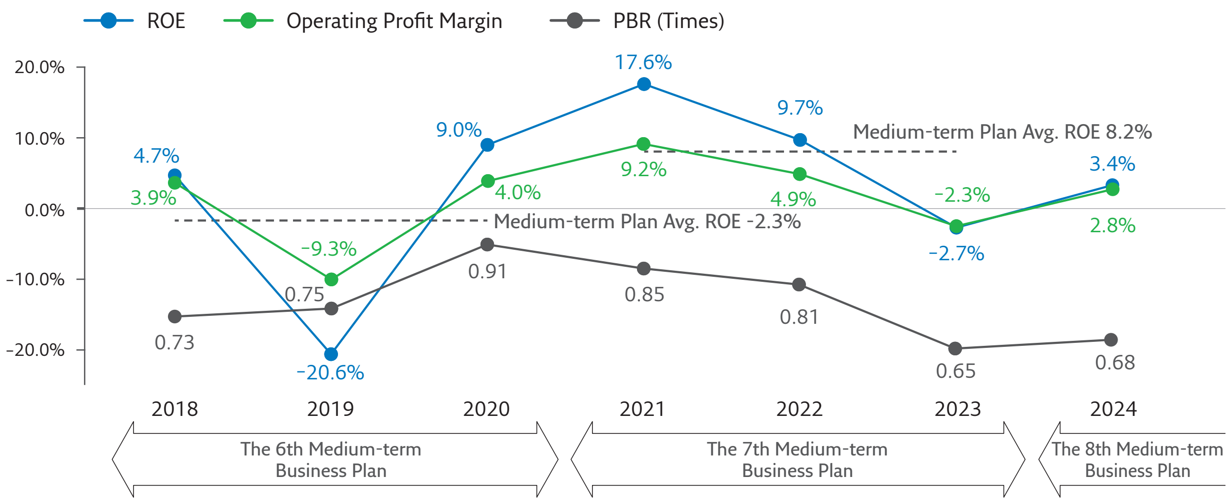
To increase **return on equity (ROE)**, which is another component of price-to-book ratio (PBR), **the biggest challenge is to improve operating profit margin**. Operating profit margin, in particular, is unstable due to fluctuations in demand when compared with other constituents of ROE, namely asset 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.

Our performance in 2024 was on track toward recovery in general compared with the previous year, when demand for our products declined significantly. However, operating profit margin continues to be less than satisfactory, and ROE remains low, which is problematic. Central issues we grapple with at present are the strategic downsizing of highly volatile businesses and transactions, as well as raising operating profit margins in stable growth areas.

Analysis of PBR (PER x ROE)



(Source) Financial Results Presentation Materials, February 13, 2025

Ghost of Volatility

A recent example of unstable, discontinuous business results performance (operating profit margin) is the fluctuating demand for IT devices (mainly tablets) in 2024.

Tablet-related products represent the mainstay of our Devices business, and tablet sales by our main customers were sluggish in 2023. This performance was due mainly to the lack of new models, and demand for our film-based touch sensors declined significantly from the previous year. Demand for our products reversed in 2024, increasing with the launch of new models in the first half of the year. Both operations in both manufacturing and sales turned favorable. Our joy was short-lived, however, as we received forecasts for sluggish sales in the second half of the fiscal year. Higher-priced items were affected in particular, resulting in film-based touch sensor sales falling quickly below initial plan.

Demand volatility is like an imperceptible ghost, glimpsed and then gone, looming over us like a nightmare and preventing us from relaxing for even a moment. We are concerned that our perception in the stock market is of volatility and unreliability. Of course, when demand turns sluggish, we cannot simply write off the extreme fluctuation in demand, even as our manufacturing divisions endeavor to minimize the negative impact through bloody rationalization.

Our strategy to reorganize our business portfolio, therefore, focuses on strategically reducing our relative dependence on IT devices. However, solving the issue of volatility will still take some time.

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.

Key Actions for Earning Power

- Relative reduction in businesses, market segments, and transactions with high volatility
- Sales growth, especially in new businesses
- Improved cost of sales ratio through price increases and production cost improvements
- Efficiency and labor savings through digital transformation, automation, and other technologies
- Improved working capital through optimized inventory levels

Growth Investments and Shareholder Returns

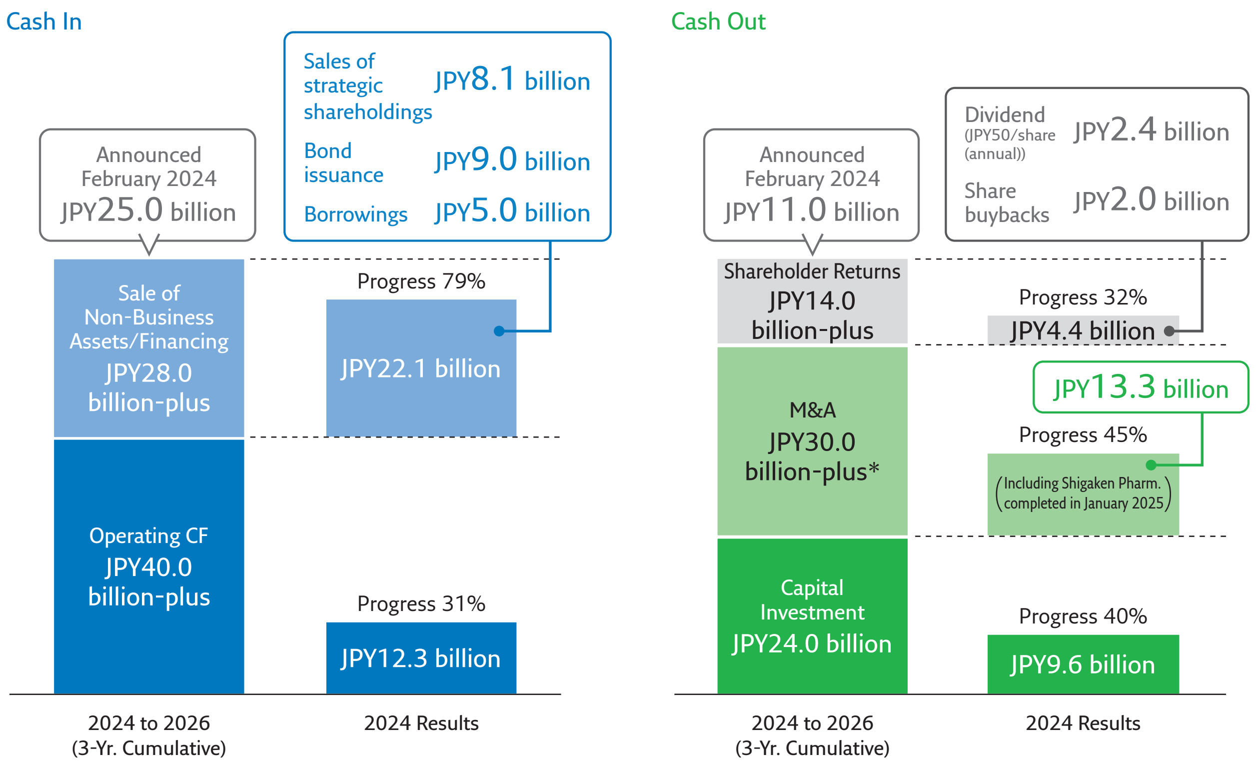
We must generate investment cash flow for growth through operating cash flow as the primary source of funds. However, as demand volatility remains high, we cannot rely solely on operating cash flow. In 2024, the pace of cash inflow exceeded the single-year plan under the 8th Medium-term Business Plan due to the sale of non-business assets and disciplined borrowing (financing cash flow) to provide flexible funding for our business. Strategic shareholders decreased to 5.5% of net assets, which we judge to be an appropriate level.

At the same time, we continue to invest actively in growth markets. In our mainstay medical market-related products, we closed three acquisitions in the U.S. and Japan (45% progress over three years, including Shigaken Pharma., which closed in January 2025), and capital investment, mainly for mobility market-related products, was at 40% progress for the three-year period.

Meanwhile, we maintained dividends at the same level as the previous year to leverage against the low stock price. We conducted share buybacks twice, instead of once per year as in the past, understanding that shareholder returns were somewhat high in relation to profits.

(→ P.41 Financial Strategy)

Cash Allocation



*Not including acquisition of Isometric Intermediate LLC

Corporate Governance

Nissha Internal and Outside Directors worked collaboratively throughout 2024 to review many of the company's practices. Through forward-looking observations and discussions, the Board further articulated key decision-making processes related to governance. Due to the nature of the topic, the Nomination and Compensation Committee (consisting of four Independent Outside Directors, two Internal Directors (including the president), and an Outside Director as chair) led most of the discussions. After deliberations, the Board passed resolutions and made approvals based on the committee's report. I feel proud of the accomplishments of this valuable work.

Governance Progress in 2024

- Revised compensation packages for Internal Directors (compensation framework approved at the general meeting of shareholders); revised evaluation indicators
- Clarified the president succession plan
- Clarified the process for appointing and dismissing Outside Directors
- Clarified the role of lead Outside Director

Revised Compensation

Establishing an acceptable compensation and evaluation system is important when performing valuable work.

Aware of the trending direction in the Corporate Governance Code of Japan, Nissha continues to increase the ratio of performance-linked compensation for Internal Directors ever since we began stock-based compensation in 2016. We increased this ratio further in 2024. As a specific example, we raised the performance-linked ratio for the president, which consists of bonus (short-term incentive) and stock-based compensation (long-term incentive), from 45% to 50%.

At the same time, we made a significant increase in monetary compensation for Internal Directors to a more appropriate level, as this figure had not been revised since 2015. Before revising the new compensation table, we found it appropriate to compare the average of Japanese companies with global reach, major companies in the industry, and companies with B2B attributes for benchmarking, given the make-up of our Internal Directors as managers of a global company executing a complex and challenging business portfolio reorganization.

While this logic should be convincing on its face, the Independent Outside Directors on the Nomination and Compensation Committee also saw that monetary compensation had not been addressed for ten years, and that the revision was particularly significant. These Directors offered strong opinions on the appropriateness of the selection of peer group companies and how to explain the increase to shareholders, as well as views on the rationality behind recent wage increases for employees. We developed a well-reasoned logic to explain each factor, and the Nomination and Compensation Committee approved the proposed revisions, which were approved in turn by a resolution of the Board of Directors.

We did not revise monthly compensation for Outside Directors this time, since said compensation is addressed roughly every three years. We also came to the agreement that Internal and Outside Director compensation will be subject to review every three years in line with the regular term of our medium-term business plans.

The general meeting of shareholders approved the total amount of the compensation tables, or compensation framework, at a meeting held on March 21, 2025.

We established net sales, operating profit, and ROE as performance-linked evaluation indicators in the short-term (one year) and medium-term (three years) categories. We also resolved to measure women's empowerment, CO_2 emissions reduction, and employee engagement as ESG categories to evaluate. (→ P.86 Director Compensation)

President Succession Planning

Succession planning for the president and CEO ("president," below) is a topic of universal concern and 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 having personal 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 president may be premature. But the more I orient my thoughts and actions to the long term in the role demanded of a president, the more I believe that training successors is a long-term task.

Aware of these issues, the Nomination and Compensation Committee, established as a voluntary committee by Nissha, discussed succession planning throughout 2024. The committee ultimately compiled and articulated the Nissha Presidential Succession Plan to this end.

We defined a succession or replacement of the president as necessary in the following cases.

- Systematic replacements: Generational change in line with changes in the company's stage of growth
- Replacements due to emergency or contingency: Replacement in the event that the president is unable to continue his or her duties (accident, illness, scandal, etc.)

In the first case, the current president submits to the Nominating and Compensation Committee one final candidate from among the candidates or groups of candidates to succeed him or her. This task is required at least one year before the president is expected to be replaced. After a certain transition period, such as one year, the Board of Directors selects a successor to the president.

In the second case, our Articles of Incorporation and the Regulations of the Board of Directors define the proper order for convening a general meeting of shareholders and acting as provisional chair at Board of Directors meetings. In accordance with the order of representation established by the Board of Directors immediately following the annual general meeting of shareholders, the chair of the Board of Directors calls an extraordinary meeting of the Board in the event of an emergency or contingency, and the Board then selects a successor to the president.

In any case, we do not deny that we may groom Directors and Executive Officers, regardless of current position or the years of experience they have served in these positions. We feel justified as long as we select the right people for our company to begin with.

Given the important nature of the topic, we describe the characteristics demanded of a president, even if somewhat practical and conceptual in content.

First, the person who may be selected as the president of Nissha must possess the values, experiences, and abilities common to the company's Directors.

Values, Experience, and Abilities Required 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

Requirements for President of Nissha

- The ability to faithfully continue the corporate characteristics of Nissha and to make the utmost commitment to the company's long-term prosperity and the enhancement of corporate value
- Deep insight into changing times and market trends, as well as the ability to identify business opportunities for Nissha
- The ability to lead and maximize the use of Nissha's tangible and intangible internal resources, particularly the company's global human capital, which requires a respect for the differences in nationalities and cultures
- A healthy respect for the Nissha history and corporate culture with the ability to create and inspire empathy among employees
- An attitude of honesty with stakeholders

The current president proposes candidates from among such individuals to the Nomination and Compensation Committee to form a pool of candidates who meet these requirements. Candidates must either be a Nissha Director or Executive Officer who has received the necessary education, professional experience, and challenging assignments producing the values, experience, and abilities required of Directors as described above. These experiences may come through internal or external careers. Candidates must also meet one of the requirements below.

(→ P.85 Nomination and Compensation Committee)

Requirements for Candidates for President

- A person from the founding family who has nurtured Nissha's corporate culture and who will continue to be a driving force behind the company's sustained growth
- A person who has led the company's business activities and delivered a record of outstanding achievements or transformations
- A person with sufficient insight and experience in industries identified as future growth markets

Selection of a Lead Outside Director

The Board of Directors stipulates clearly that they may select a lead Outside Director for the purpose of developing and deepening discussions at Board meetings. The role of this lead Director is to encourage communication and coordination between the president and Outside Directors, as well as to facilitate discussion and a shared understanding among Outside Directors. Outside Directors may select a lead Outside Director by vote (unanimous consent), and the Outside Directors report the results of their selection to the Board of Directors.

The lead Outside Director may also be selected by the chair of the Nomination and Compensation Committee if the Board of Directors approves a resolution to that effect.

(→ P.85 Nomination and Compensation Committee)

Appointment and Retirement Process for Outside Directors

Since the appointment of our first Outside Director in 2007, we have appointed Outside Directors through various relationships and strategic considerations, as well as through generational changes due to retirement. I am grateful to have had so many truly outstanding people participate in the Nissha Board over the years.

In 2024, the Nomination and Compensation Committee reviewed past practices and clarified the process for appointing and retiring Outside Directors to advance the operations of the Board further. The summary of this review is as shown below.

When the president identifies the need to change the skill set of the Board of Directors, he or she prepares a list of candidates for selection. The president prepares this list of candidates themself, with the aid of a recruitment firm, or through suggestions from Outside Directors to the president. The president shares information as appropriate with the Nomination and Compensation Committee, encouraging the committee to engage in discussions.

See the President Succession Planning section above for more about candidate qualifications (values, experiences, and abilities common to Directors). We have also defined the skill sets required for the Board as a whole in terms of corporate management, experience in our priority markets, business development and M&A, marketing, production, technology and quality, and legal and risk management.

We assume Directors will step down after a prolonged tenure (standard tenure is 5 to 12 years), when a skill mismatch arises, or when values, experiences, or when abilities misalign due to a change in growth stage of the company. Of course, Directors may request to be released as well. This exit process may also be initiated by the president or by the Nomination and Compensation Committee.

(→ P.85 Nomination and Compensation Committee)

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 Japan's CGC lie in the soft laws of a comply-or-explain approach. Personally, it appears that investor arguments and assessments tend to focus on the degree of corporate compliance, both primarily and in the external sense.

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 corporate earning power.

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 the CGC requirements, but should 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.

The evaluation begins with how well we resolved the issues identified in the previous year's evaluation. We aim to make our Board of Directors an even more powerful institution. To this end, the 2022 evaluation assessed 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.

Desirable Relationship between Internal Directors and Outside Directors

I stated in previous integrated reports that Outside Directors have been extremely supportive of corporate management. This view is consistent with the concept of collaboration. In 2022, we formalized the Desirable Relationship between Internal Directors and Outside Directors with the cooperation of both. 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 created a feeling that Directors were 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 execution and those who are not.

(→ P.81 Establishing and Practicing the Desirable Relationship between Internal Directors and Outside Directors)

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.

Evaluation of the Effectiveness of the Board of Directors

The 2024 evaluation of the effectiveness of the Board of Directors consisted of a survey of 42 questions, 25 of which were multiple choice and 17 of which were free response. We also engaged outside experts (attorneys) regarding our practice of the Desirable Relationship between Internal Directors and Outside Directors. We requested that these experts conduct interviews of Outside Directors regarding roles and expectations. The survey results indicated that the Board performed at a very high level for the areas surveyed, as in the previous year, and no outlying issues were identified (average 4.5/5.0).

The evaluation also indicated that the Board of Directors fosters an atmosphere of open and substantive proceedings, which we feel is a unique strength of Nissha. To improve effectiveness further in 2025, we are testing a casual discussion forum called *bangaichi* (neutral territory). We expect this meeting format will deepen the essential understanding of investment projects and other matters that are not time-sensitive. I was surprised to find that just treating the meeting as a casual off-site event resulted in less tension and more active communication than regular meetings.

The results also indicated that clearly stating the definition of a desirable relationship has been meaningful. The desirable relationship statement has 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-up questions when an Outside Director appears to misunderstand the nature of the business.

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.

For some time, we have reviewed the composition of the Board of Directors from the perspective of knowledge, experience, and expertise in response to management strategy and the business environment. Our Board's skill matrix is consistent with the direction of the company's long-term growth strategy. In addition, the number of Directors and the ratio of Internal to Outside Directors were judged as optimal for the size of our company.

(→ P.83 Evaluation of the Effectiveness of the Board of Directors)

Chairperson 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 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 (chairperson, 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. From the perspective of Nissha Board of Director characteristics and roles, it would be quite inefficient and counter-productive 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 chairperson 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 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 (even when I am aware of the answer, and 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 toward decisive risk-taking, such as with investments, 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 believe that the 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.

Individual Discussions on What the President Expects from Outside Directors

As is my practice, 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 2025 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.

I asked the newly appointed lead Outside Director to gather opinions from Outside Directors and discuss how best to communicate with 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, in particular when discussions become stale and rigid. In this way, I hope to foster more discipline and efficiency in Board deliberations.

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 discussions on a variety of topics.

We held a fifth annual boot camp in 2024. During the meeting, I gave a presentation titled Essentials of Nissha, acknowledging the organizational revision of Outside Directors. I presented several stories of how we have grown through change from our founding in 1929 to the present day, relating our choice of target markets to the expansion of our unique technology.

The 2025 boot camp is scheduled for July. As noted above, we expect it to be a place for casual discussions related directly to the Board's agenda, as well to consider the relationship and potential for integrating this meeting into the *bangaichi* meeting.

(→ P.82 Activities and Measures to Support Outside Directors and Outside Audit and Supervisory Board Members)

Director Meetings

Board of Directors	Institutional meetings dealing with resolutions and reports requiring a high degree of formality, etc.	Formal
Board Briefings	Meetings held immediately prior to Board meetings to discuss the main points of the agenda	
Director *Bangaichi* (Off-Site)	Meetings to share information, exchange opinions, and enhance mutual understanding in a casual atmosphere ahead of lesstime-sensitive strategic planning and investment projects	
Boot Camp	Meetings to stimulate intellectual curiosity and training for outside-the-box thinking	Casual

In Closing

We began executing under the 8th Medium-term Business Plan in 2024. Under this plan, we intend to advance the successes of business portfolio reorganization conducted under previous plans as we monitor the 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 share price weakness and a price-to-book ratio of less than 1.0.

Though I always struggle to meet the deadline for manuscript submission, I am encouraged by the tremendously positive reaction to the annual CEO message in our integrated report. I understand the challenge in reading such a long message, and I devote considerable effort and time to ensure the content reflects my energy and personal voice.

Thank you for your continued support.

May 2025

Sustainability and Materiality

Basic Approach

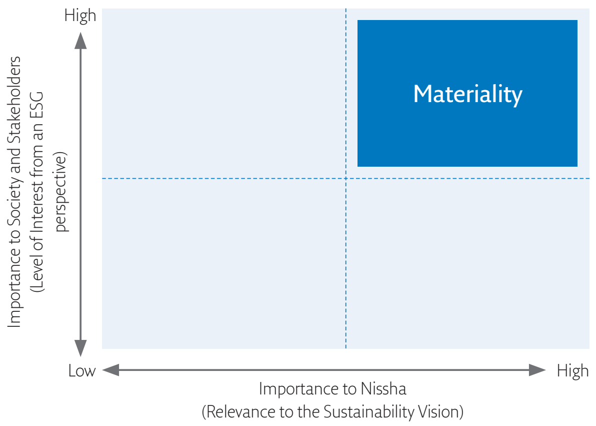
Nissha regards sustainability to be initiatives that achieve the growth and development of both the company and society. Based on this belief, we view social issues as business opportunities and leverage our strengths to continue to provide products and services that help solve these issues. We also 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.

Nissha established our Sustainability Vision to communicate 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 become carbon neutral by 2050. We also identified items of particular importance for the realization of our Sustainability Vision as materialities. We plan to set a new CO_2 emissions reduction target in 2025, as we achieved our original target in 2024 (a 30% reduction by 2030 compared to 2020 levels).

*Nissha plans to set a new CO_2 emissions reduction target in 2025, as we achieved our original target in 2024 (a 30% reduction by 2030 compared to 2020 levels).

Materiality Identification and Verification Process

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 Sustainability Committee reviews and verifies the validity of the results. The Board of Directors then deliberates and approves the final designation of the issues as materialities.



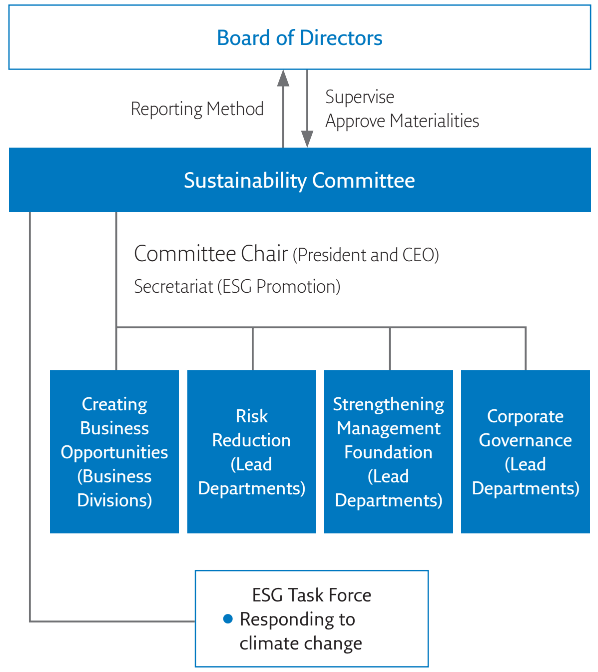
STEP 1	STEP 2	STEP 3	STEP 4
Identify related social issues	Prioritize	Verify validity	Establish materialities, KPIs, and action items
Identify social and management issues related to the realization of the Sustainability Vision by referencing SDGs, GRI Standards, RBA, etc.	Incorporate knowledge gained through dialogue with customers, shareholders, investors, and other stakeholders regarding the social and management issues identified in Step 1, while analyzing and prioritizing on two axes: importance to society and stakeholders (considering SDGs, external evaluation, etc.) and importance to Nissha.	Examine the validity of the priorities via interviews conducted with business divisions, the Sustainability Committee, ESG Task Force, and other organizations.	Based on Steps 1 to 3, materialities are identified through deliberations and resolutions by the Board of Directors. In addition, lead departments, subcommittees, and the ESG Task Force incorporate strategic items, KPIs, and action items, which are then approved by the Sustainability Committee.

Promotion Framework

We established the Sustainability Committee as a framework to advance our materiality initiatives.

The Sustainability Committee is chaired by the Group CEO and looks at matters related to materiality from the perspectives of creating business opportunities, risk reduction, strengthening management foundation, and corporate governance. The committee consists of the ESG Task Force, a cross-functional organization, as well as business organizations and relevant lead departments that address materiality. The Sustainability Committee manages the materialities as identified through the deliberations and resolutions made by the Board of Directors, and approves the strategic items, 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 items on a quarterly basis and reports to the Board of Directors once a year.

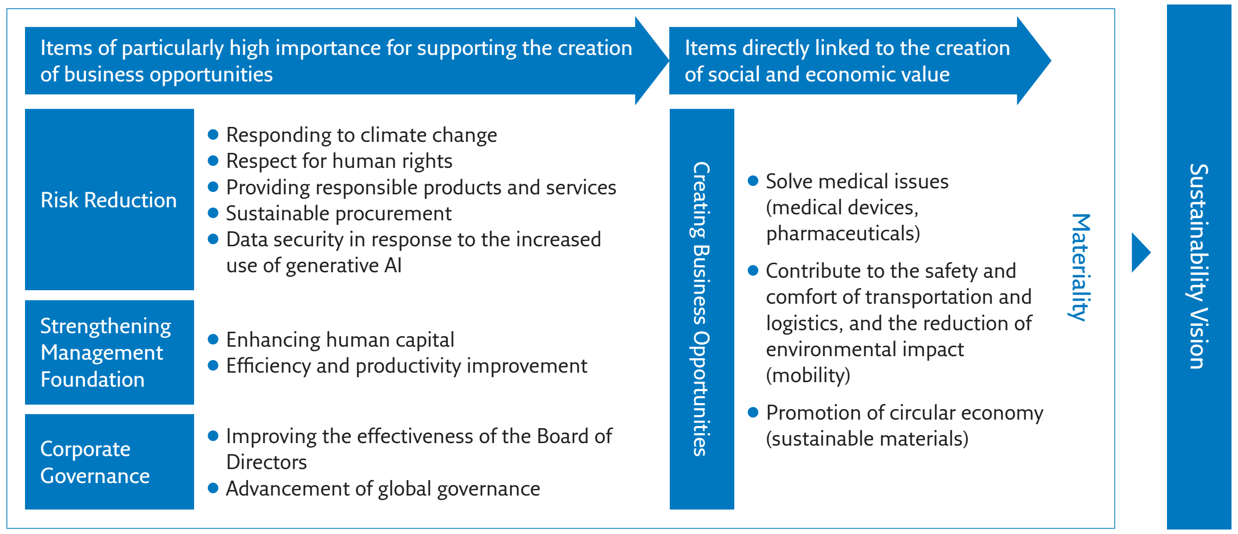
We established the ESG Task Force to address climate change, an important issue from an ESG perspective, across divisions. The task force is responsible for accelerating our efforts.



Materialities of the Nissha Group

Nissha identifies the following items as materialities. Our Sustainability Vision identifies creating business opportunities as a key element directly linked to solving social issues through business activities and creating economic value.

We also identified additional elements that support this vision, based on the perspectives of strengthening management foundation, risk reduction, and corporate governance. We also conduct periodic materiality verifications and did not make any revisions to materialities in 2025.



Materiality KPIs, Action Items, and Status

	Materiality	Where We Want to Be by 2030	Strategic Items (Scenarios for Achieving Materiality)	Achievements and Major Initiatives (2024)	KPIs and Action Items (2025)	Reference Page	Related SDGs
Creating Business Opportunities	Solve medical issues (Medical devices, Pharmaceuticals)	• Expansion of business for medical devices, pharmaceuticals, and healthcare markets • Net sales in the medical market: JPY150.0 billion	• Medical devices: Contribute to medical care through CDMO in minimally invasive surgery and acute care • Pharmaceuticals: Contribute to the stable supply of pharmaceuticals through formulation development and CDMO	Net sales in the Medical Technologies*1: JPY35.4 billion (Compared to the target: 108.5%)	Net sales in the Medical Technologies and Pharmaceuticals: JPY43.7 billion	P.68	3
	Contribute to the safety and comfort of transportation and logistics, and the reduction of environmental impact (Mobility)	• Expansion of business for mobility market • Net sales in the mobility market: JPY70.0 billion	Providing mobility products that contribute to safety and comfort and reduce environmental impact	Net sales for the Mobility segment*2: JPY26.7 billion (Compared to the target: 98.1%)	Net sales for the Mobility segment: JPY27.6 billion	P.63	11, 13
	Promotion of circular economy (Sustainable Materials)	• Expansion of business in sustainable materials market • Net sales in the sustainable materials market: JPY45.0 billion	• Promotion of circular economy • Addressing marine plastic pollution • Improving resource-use efficiency • Safeguarding biodiversity	Net sales for the Sustainable Materials segment*3: JPY31.3 billion (Compared to the target: 99.3%)	Net sales for the Sustainable Materials segment: JPY31.0 billion	P.67	12, 13, 14
Risk Reduction	Responding to climate change	Reduction of total CO_2 emissions: −30% (compared to 2020)	Reduction of total CO_2 emissions	Reduction of total CO_2 emissions: −48.4% (compared to 2020)	Reduction of total CO_2 emissions*4	P.98	13
	Respect for human rights	Risk optimization of labor and human rights	Execution of human rights due diligence	Number of child labor and forced labor cases at primary suppliers in areas with high labor and human rights risks (China, Southeast Asia, Latin America, Africa) : 0	Number of child labor and forced labor cases at primary suppliers in areas with high labor and human rights risks (China, Southeast Asia, Latin America, Africa) : 0	P.99	8
	Providing responsible products and services	Number of serious quality incidents remains zero	• Maintenance and expansion of quality management system • Improvement by incorporating by quality-oriented designing • Implementation of quality education • Monitoring of compliance with laws and regulations	Number of serious quality incidents: 1*5	Number of serious quality incidents: 0	P.100	3
	Sustainable procurement	Complete establishment and ongoing operation of sustainable procurement	Reduction in information security risks, a major CSR procurement category	• (Procurement process) Achievement of target cost reductions through global sourcing • (Procurement of goods) Revision and publication of the CSR Procurement Guidelines on the website	100% completion of information security risk assessments and corrective actions for targeted suppliers	P.101	12, 13, 17
	Data security in response to the increased use of generative AI	• Countermeasures arranged against threats to digital data from the increased use of generative AI • Governance improvement for the active use of generated AI	• Implementation of education and training and the establishment of security systems • Establishment of guidelines and education	100% company-wide implementation of training and education related to phishing e-mails	• Ongoing implementation of training and education on phishing e-mails • Implementation of a system to enhance security	P.102	9, 16
Strengthening Management Foundation	Enhancing human capital	Achievement of diversity	Activation of diverse human capital	• Female manager ratio Global consolidated: 24.4% Nissha non-consolidated: 8.9% • Dispatch of overseas trainees (P.49 Enhancing Opportunities for Learning and Growth)	• Female manager ratio Global consolidated: 23%*6 Nissha non-consolidated: 12%*6	P.45	5, 8, 10
		Enhancement of management and strategic human capital	Enhanced learning and growth opportunities and employee rotations	• Selection rate of leader candidates Nissha non-consolidated: 41.7% • Shift of human resources to priority markets	• Selection rate of leader candidates Nissha non-consolidated: 45%*6		
	Efficiency and productivity improvement	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 through generative AI	Deployment of automation and efficiency tools to overseas group companies: 11 companies	Implementation of DX education and advancement of DX projects	P.61	8
				Working hour reduction with automation and efficiency tools by 25,568 hours/year	Expanded use of generative AI		
Corporate Governance	Improving the effectiveness of the Board of Directors	Upgraded corporate and global governance	Implementation of actions defined out of the effectiveness evaluation of the Board of Directors	Development and evolution of Board discussions through the implementation of the *Desirable Relationship between Internal Directors and Outside Directors*	Implementation of actions	P.78	—
	Advancement of global governance		Enhancement of global collaboration and global risk management systems	Completed assignment of risk management coordinators*7 in Europe and China	Assignment of risk management coordinators in the Americas and completion of assignments in three major sites (Americas, Europe, and China)	P.103	—

*1 Medical devices only (excluding business media of the Medical Technologies business) *2 Total for Industrial Materials business and Devices business *3 Including metallized paper and pulp-injection
*5 There was one incident that, while not classified as a major accident under our internal regulations, was still determined to be a major quality accident due to the cost impact. *6 Target for 2026

*4 Nissha is exploring new CO_2 emissions reduction targets in 2025, as we achieved our original target in 2024 (a 30% reduction by 2030 compared to 2020 levels).
*7 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.

Growth Strategy

Contents

Business Portfolio Strategy

The 8th Medium-term Business Plan

Business Portfolio to Achieving Our Sustainability Vision

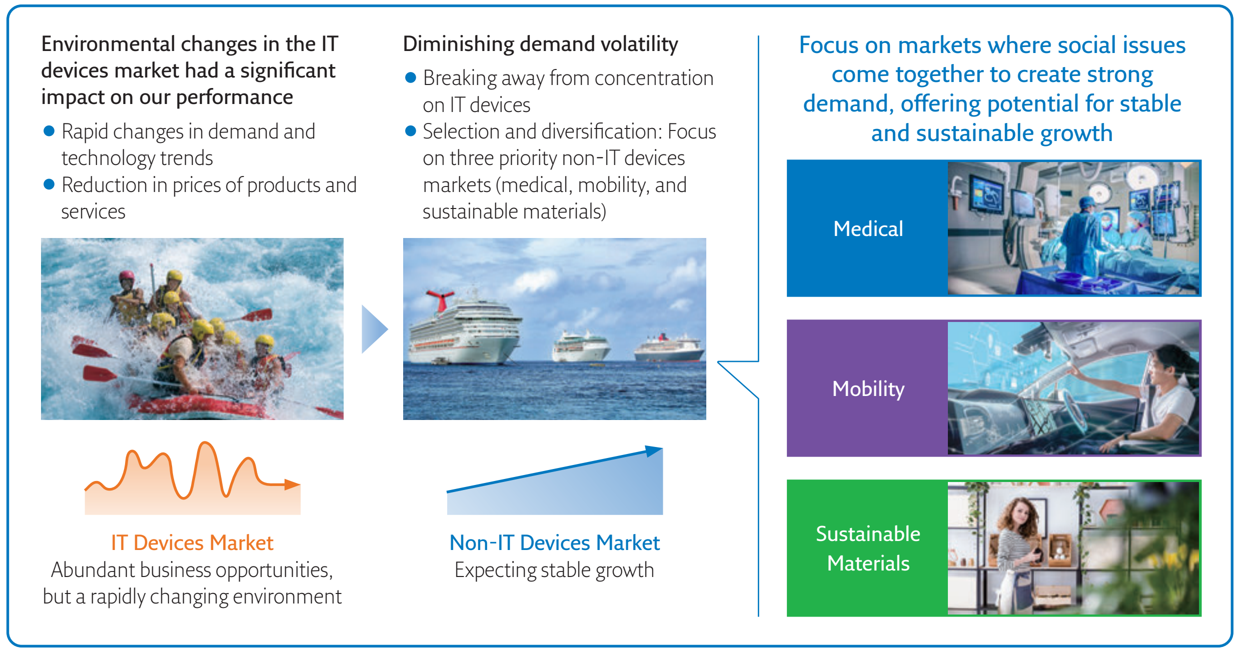
In February 2021, Nissha announced the Sustainability Vision, our long-term vision toward 2030. At the center of this vision is a bold reorganization of our business portfolio aimed at reducing reliance on IT devices, which accounted for 45 percent of net sales in 2020, to below 10 percent, while significantly increasing the share of sales from non-IT devices. These initiatives represent our proactive stance on transforming our business for a future in which we capture changes in the 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 seeing effects from the commoditization of IT devices, and we do not expect significant growth going forward. In addition, the demand for IT devices is highly volatile, making it difficult to maintain stable earnings. We recognize that the three markets we give priority to (medical, mobility and sustainable materials) among non-IT devices each have different characteristics. However, we expect to see stable and continuous growth in these markets globally. These markets also share the ability to leverage the same business model to increase added value by working with brand owners to create designs and product specifications, and provide custom intermediate goods out of our processing technologies.

Nissha established a foundation of our growth in these markets through the strategic selection and diversification in which we utilized M&A and in-house R&D in the late 2010s. By making full use of our core technologies in niche areas on a global scale, we believe Nissha can become a dominant player in specific markets.

Amid such circumstances, we position the medical market as our top priority and pursue company-wide efforts to expand our business in this field. The medical market is not only growing globally but also addresses fundamental social issues (needs) related to life and health, which are essential for enriching people's lives. The market offers a wide range of business opportunities where we can apply the core technologies we have developed over the years, and we expect these opportunities to be pillars of our future growth. Our goal is to increase the share of net sales from the medical market to over 50 percent by 2030.

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

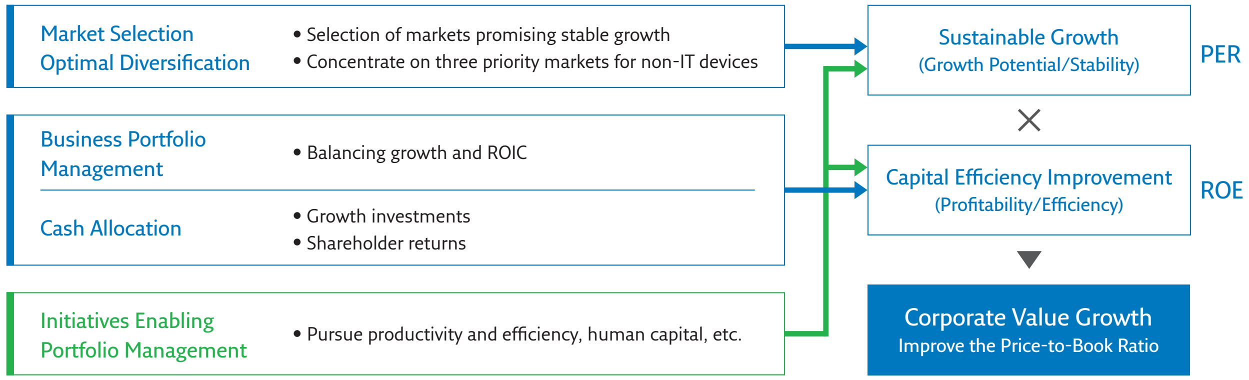


The 8th Medium-term Business Plan

The 8th Medium-term Business Plan (2024-2026), which Nissha launched in 2024, reflects the issues recognized at the time of its formulation. By 2023, sales of volatile IT devices decreased to 22% from 45% in 2020, while the share of medical and other non-IT devices increased to 78%. This shift in sales composition, with non-IT devices replacing IT devices as the main driver, marked a major achievement. However, the shift did not fully offset the profit volatility caused by IT devices. Weak demand for IT devices in certain years has significantly lowered our overall operating profit margin, and we have analyzed this as a key reason that our PBR, a common indicator of corporate value, remains low.

PBR can be broken down into return on equity (ROE) and price-to-earnings ratio (PER). However, we determined that our current situation requires a focus on improving PER. Improving PER requires continuous growth while generating stable profits over multiple years. To this end, the biggest challenge of the 8th Medium-term Business Plan is to improve profit margins while expanding businesses that expect stable growth.

Corporate Value Growth through Sustainable Growth and Capital Efficiency



The theme of the 8th Medium-term Business Plan is enhancing our portfolio management. As mentioned earlier, our key strategy is to further expand sales of non-IT devices. We organize this strategy through the traditional business framework of Product Portfolio Management (PPM).

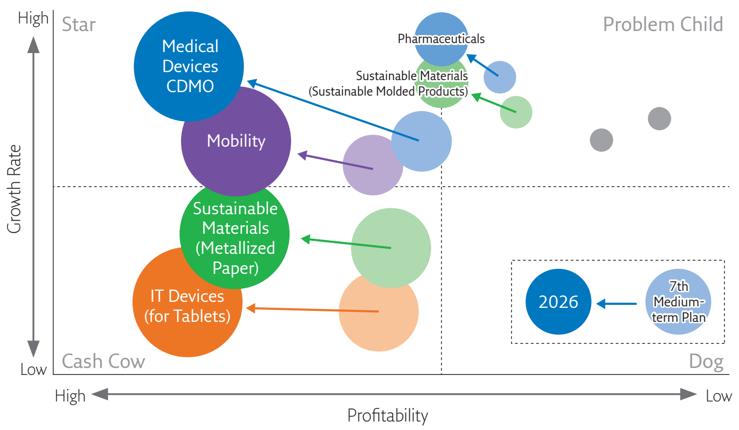
Nissha uses different KPIs depending on growth stages (positions in the portfolio). For example, we focus on the sales growth rate of a business or product in its growth stage (Star) but focus on profit margin and capital efficiency during its maturity stage (Cash Cow).

Medical devices CDMO and mobility, which are in the growth phase, will drive the business expansion for non-IT devices in the 8th Medium-term Business Plan. Nissha prioritizes M&A investment in medical devices CDMO and allocates capital expenditures primarily to mobility. We will invest to drive significant growth in these priority fields, while taking a selective and disciplined approach in the mature segment of IT devices. Instead of pursuing sales growth in the segment, we will prioritize capital efficiency and profit margins by reducing fixed costs and improving productivity.

From the viewpoint of maximizing corporate value, the 8th Medium-term Business Plan sets our top KPI as improving and stabilizing our operating profit margin. We will execute our portfolio strategy steadily by expanding non-IT devices, which can generate stable profit, while improving the profitability of IT devices, which tend to be more volatile. As a corporate group, we aim for an operating margin of at least 7.3%.

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

Balanced portfolio to improve profit margins



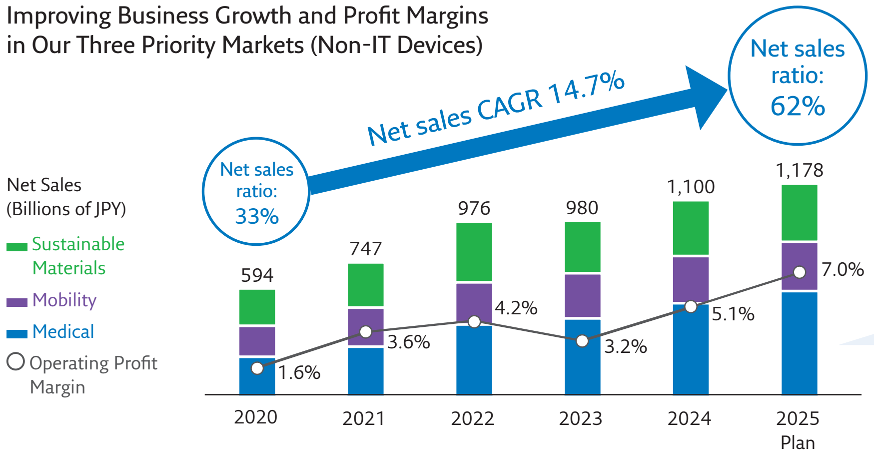
Results and Challenges in the First Year of the 8th Medium-term Business Plan

In 2024, the first year of the 8th Medium-term Business Plan, all business segments recorded year-on-year growth in revenue and profit. This result marked a clear recovery from the difficult conditions of the previous year. Revenue in our three priority markets for non-IT devices (medical, mobility, and sustainable materials) increased significantly and reached 110 billion yen. Profit margins also improved steadily. This result was mainly due to growth in the medical segment driven by continued expansion of the medical devices CDMO, as well as a strong rebound in demand for sustainable materials, which had declined the previous year.

We executed strategies in the medical market to drive revenue growth and improve profit margins from in 2025 and beyond. We acquired Isometric, a company specializing in micro molding that enables the miniaturization of minimally invasive surgical devices and surgical robots, in the medical devices CDMO area. In the pharmaceutical CDMO area, we acquired Shigaken Pharm., a major OTC drug manufacturer with a strong presence in the Japanese market.

We expect these acquisitions to make full contributions starting in 2025, driving further growth in revenue and profit across the non-IT devices.

Improving Business Growth and Profit Margins in Our Three Priority Markets (Non-IT Devices)



While the business for IT devices performed well in the first half of 2024, demand for high-end models declined sharply in the second half. As a result, our overall operating profit margin for the year was limited to 2.8%. Nissha views the weak demand for high-end IT devices as a long-term trend. In response, we implemented fixed cost reduction measures in 2024, primarily by reallocating personnel to other business areas. This effort is part of building a structure that can maintain profitability even in a weaker demand environment. Nissha intends to increase profit in 2025, supported by steady growth in non-IT devices and improved profitability in IT devices.

The third year of the 8th Medium-term Business plan targets net sales of 225 billion yen and an operating margin of 7.3%. We expect growth and profitability improvements in the three priority non-IT device markets to drive these results. Nissha aims for an operating profit margin of over 10%, a level higher than the company-wide average, in the three priority markets, which we see as a key step toward realizing our Sustainability Vision.

Plan Budget Aiming for 10% or Higher in Operating Profit Margin in the Three Priority Markets of Non-IT Devices

	The 8th Medium-term Business Plan			
(Millions of JPY)	2024 Results	2025 Plan	2026 Plan (excluding M&A)	2026 Plan (including M&A)
ROE	3.4%	3.5%	9% or higher	9% or higher
Net sales	195,598	190,800	210,000	225,000
Operating profit (Operating profit margin)	5,486 (2.8%)	6,600 (3.5%)	15,000 (7.1%)	16,500 (7.3%)
Operating profit in three priority markets of non-IT devices (Operating profit margin)	5,557 (5.1%)	8,300 (7.0%)	13,000 (10.2%)	14,500 (10.2%)
Exchange rate	¥149/$	¥140/$	¥130/$	¥130/$

Financial Strategy

Director of the Board
Senior Executive Vice President
Interim Chief Financial Officer

Daisuke Inoue

Efforts to Improve Capital Efficiency and PBR

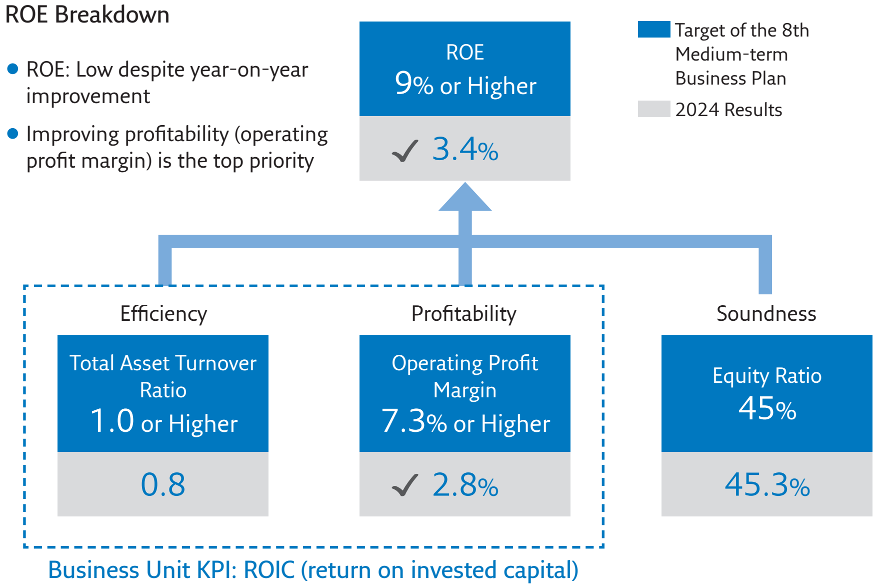
Our goal is to enhance corporate value through long-term, sustainable growth. To this end, we pursue capital efficiency (ROE) that surpasses the cost of capital while maintaining financial soundness in the 8th Medium-term Business Plan. We aim for ROE of 9.0% or higher and will focus on improving and stabilizing operating profit margin and total asset turnover, the two key components of ROE, while maintaining an appropriate level of shareholders' equity.

Our PBR has remained below 1 since 2018 and remained low at 0.68 in 2024. We believe there are two major factors behind this. First, ROE remained low at 3.4%, despite improving from the previous year. This result fell short of our estimated cost of shareholders' equity, which we recognize as being between 6.0% and 8.0%. Second, our business results remain volatile, and we have yet to dispel concerns about our earnings volatility. We also recognize that the biggest challenge to improve our ROE is to increase and stabilize our operating profit margin.

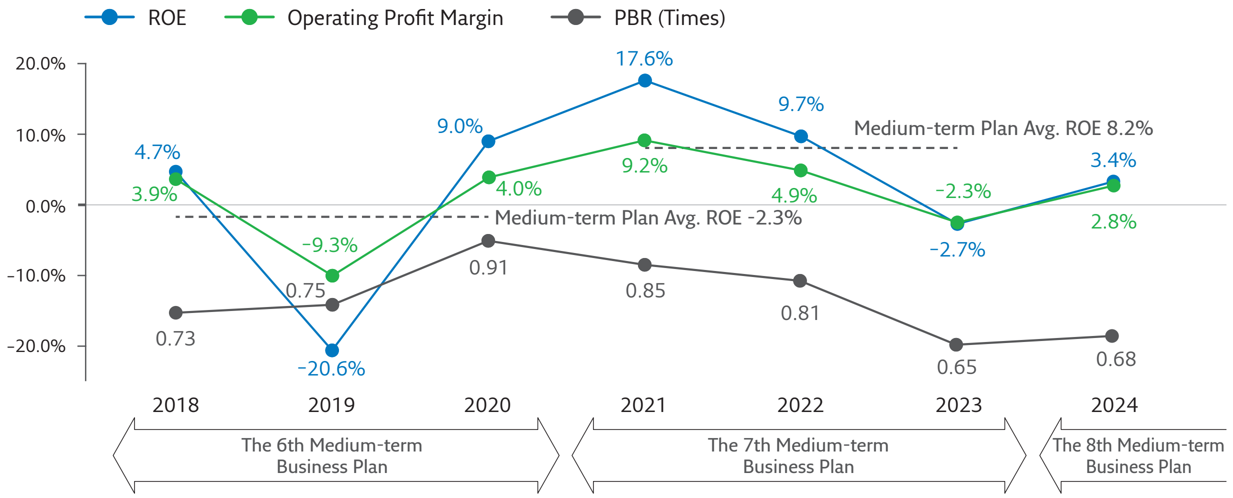
Improving and stabilizing our operating profit margin requires 1) relatively reducing the percentage of businesses, markets, and products with high volatility, and 2) identifying new growth areas where we can leverage our strengths and expand sales and profits in these areas. We aim to achieve these goals by reducing the proportion of our IT devices-related business and shifting our business portfolio toward the three priority non-IT devices markets (medical, mobility, and sustainable materials), which represent key growth areas. We will also 3) provide high value-added products and technologies, 4) improve the cost of sales ratio by raising prices and increasing productivity, and 5) increase efficiency further and conserve labor by introducing digital transformation, automation, and other technologies. From an asset efficiency standpoint, we will work to raise total asset turnover to above 1.0 by reducing working capital through lower inventory levels, improving production equipment utilization, and downsizing non-operating assets.

ROE Breakdown

- ROE: Low despite year-on-year improvement
- Improving profitability (operating profit margin) is the top priority



Analysis of PBR (PER x ROE)



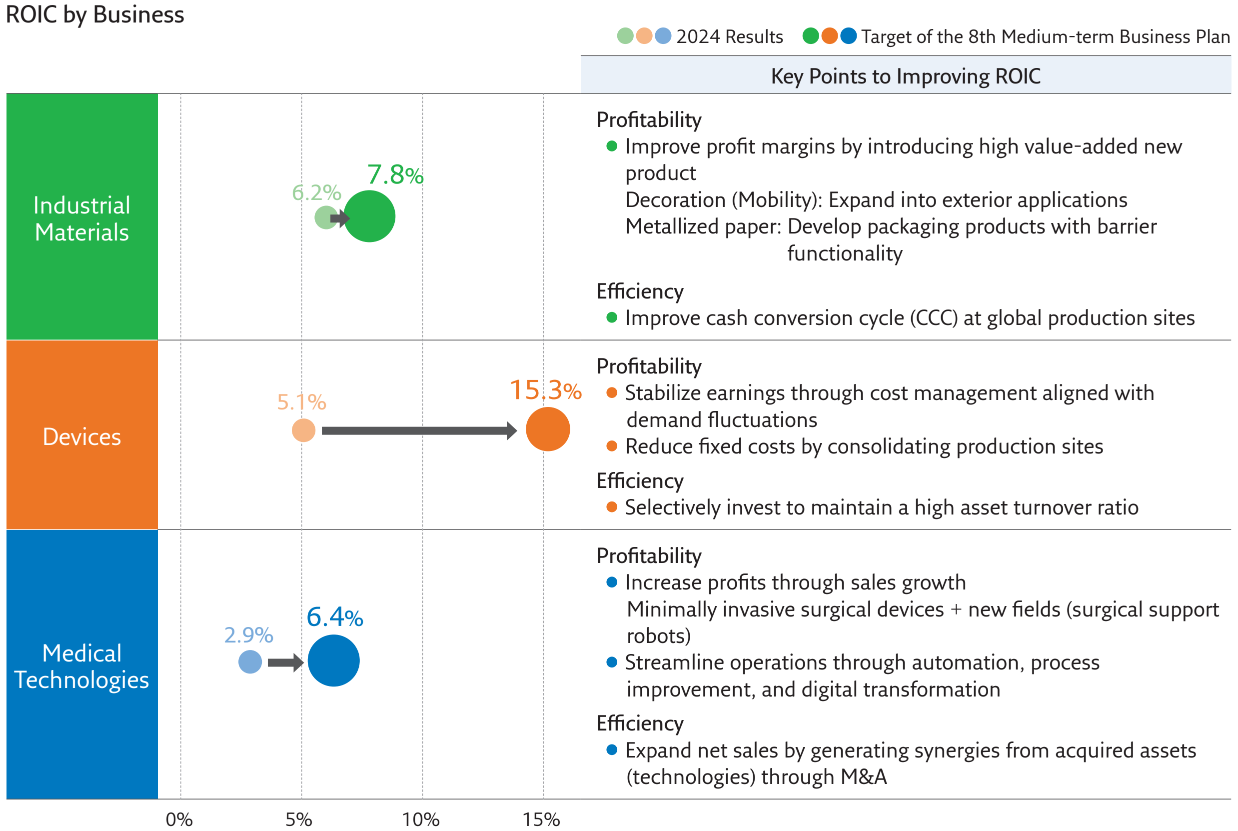
(Source) Financial Results Presentation Materials, February 13, 2025

ROIC by Business

Each business unit monitors profitability (profit margin) and efficiency (asset turnover ratio), using return on invested capital (ROIC) as a KPI to improve company-wide ROE. We break down the indicators for each business unit, identify issues according to the individual growth stage of each unit, and translate identified issues into targeted actions. We are committed to improving ROIC by implementing this PDCA cycle on an ongoing basis. Improving the ROIC of each business unit will improve ROE for the entire company.

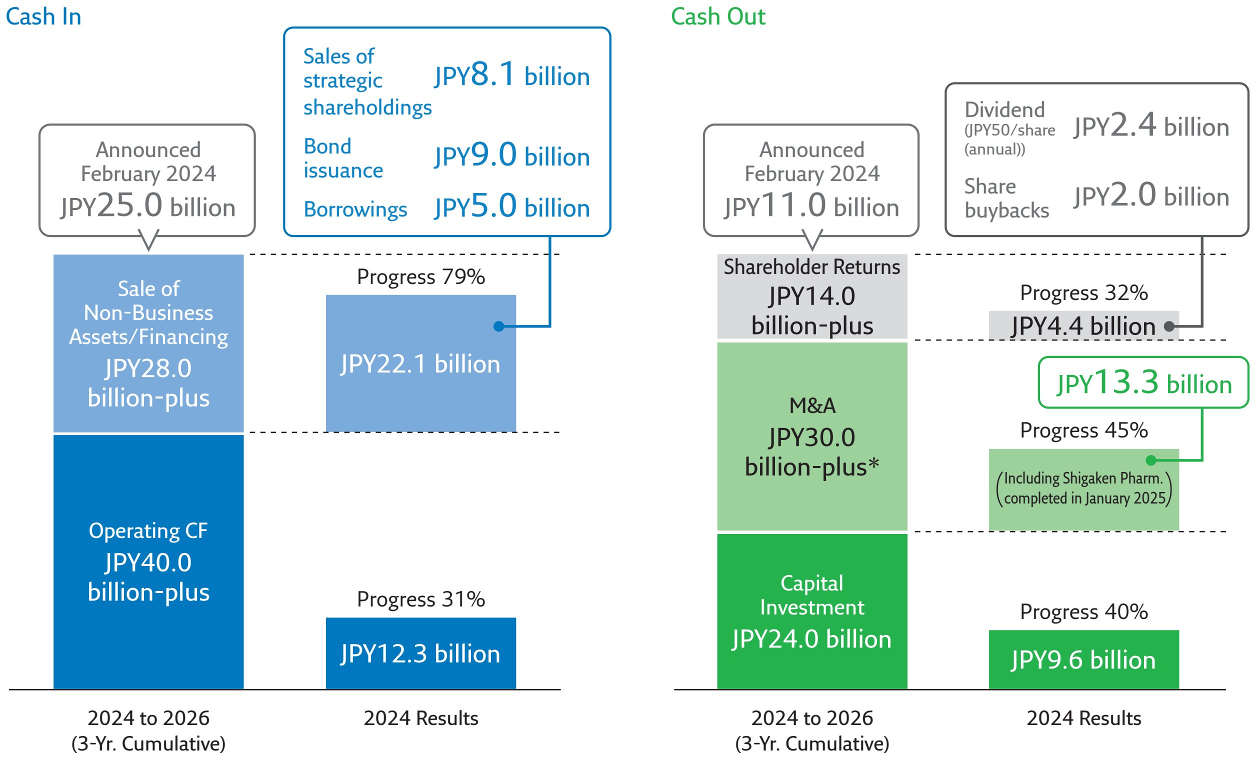
We aim to resolve our below-1.0 PBR as early as possible by steadily executing the initiatives outlined above.

ROIC by Business



ROIC = Net Operating Profit After Tax ÷ Invested Capital
Net Operating Profit After Tax = Operating Profit − Tax (Calculated at 30%)
Invested Capital = Tangible and Intangible Fixed Assets + Average of Beginning and End of Period Working Capital (Accounts Receivable, Accounts Payable, and Inventory)

Cash Allocation (The 8th Medium-term Business Plan)



*Not including acquisition of Isometric Intermediate LLC

Cash In

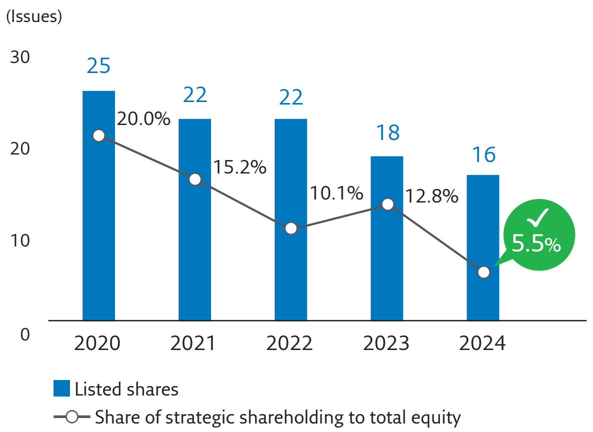
We plan to fund growth investments under the 8th Medium-term Business Plan and our longer-term vision through operating cash flow, the sale of non-operating assets, and disciplined borrowing (financial cash flow). In 2024, total cash-in exceeded the annual target set in the 8th Medium-term Business Plan. This result was due to a reduction in strategic shareholdings and funding raised through new bank borrowings and bond issuance.

The proportion of cross-shareholdings to total equity (net assets) declined to 5.5% following the sale. We believe this ratio is now at an appropriate level. We will work to improve capital efficiency further by taking proactive measures to reduce holdings of stocks that no longer have clear strategic or financial significance to the company and underutilized non-business assets.

Our efforts in financing include pursuing diversification and a multi-pronged approach across funding methods and sources to ensure flexible and stable financing. In doing so, we also seek to reduce risk by balancing long- and short-term maturities, variable and fixed interest rates, and yen- and foreign currency-denominated funding. We achieved greater diversification and stability in our funding in 2024 by not only securing bank loans but also issuing straight bonds for the first time since April 2021.

Alongside our focus on growth investments, we also pay careful attention to maintaining financial soundness and an optimal capital structure to ensure the long-term sustainability of these growth investments. The company maintained an equity ratio of 45.5 percent in 2024. The net interest-bearing debt to EBITDA ratio was 0.76, within the target of 2.0 or lower. The net D/E ratio was 0.10, meeting the target of 0.5 or lower. The liquidity ratio, based on cash and deposits relative to monthly sales, reached 3.13 months, exceeding the target of 3.0 months. As a result, all financial indicators met their respective targets. We are committed to enhancing corporate value going forward by maintaining financial soundness and securing a financial base that enables us to flexibly and sustainably execute M&A, capital expenditures, and other growth investments.

Strategic Shareholdings



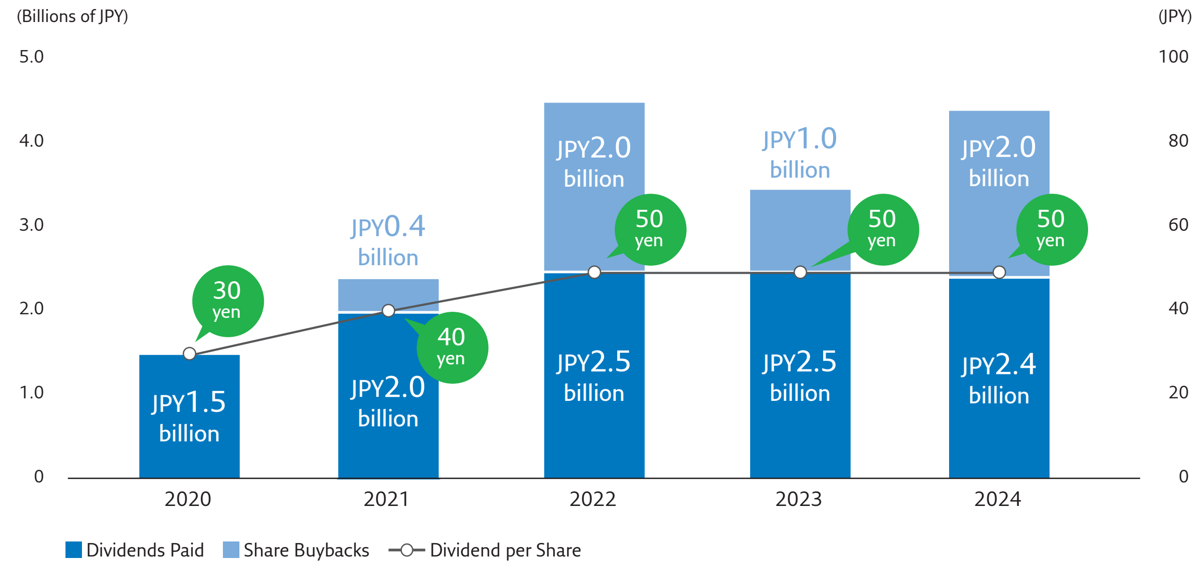
Cash Out

We aim to maximize sustainable growth and shareholder value by balancing investment in growth and shareholder returns. The 8th Medium-term Business Plan anticipates cash outflows of over 54 billion yen for M&A and capital investments, and over 14 billion yen for shareholder returns. We will secure funding flexibly while considering financial soundness to support these commitments.

Our plan for growth investments is to prioritize allocation to the three key non-IT devices markets. We plan to focus M&A on the medical market and direct capital investments mainly toward new products in mobility. We evaluate individual investment projects based on their strategic importance to the company, associated risks and countermeasures, future cash flow forecasts, and expected returns. We make investment decisions with careful attention to balance sheet soundness. Post-investment monitoring evaluates each investment based on its position in the business portfolio, using recovery status, return on investment (ROI), and other indicators. We then respond promptly and appropriately to issues identified.

In determining distributions of profits to shareholders, our basic policy is to maintain consistent dividends by taking into account business results, financial soundness, and other factors. In line with this basic policy, we paid an ordinary annual dividend of 50 yen per share for 2024. We have also been conducting timely share buybacks to improve capital efficiency. In 2024, the first year of the 8th Medium-term Business Plan, we repurchased 1.07 million shares for approximately 2.0 billion yen through two transactions. We will continue to pay consistent dividends as a basic policy and consider stock buybacks as appropriate.

Shareholder Returns



Dividends

- Gradually increased dividends since 2020
  30 yen per share ⇒ 50 yen per share
- Maintain a stable dividend policy
  (50 yen or more per share)

Share Buybacks

- Executed continuously over the past four years
  2021: JPY0.4 billion
  2022: JPY2.0 billion
  2023: JPY1.0 billion
  2024: JPY2.0 billion (JPY1.0 billion × 2)

Human Capital Strategy

Chief Human Resources Officer
Senior Vice President

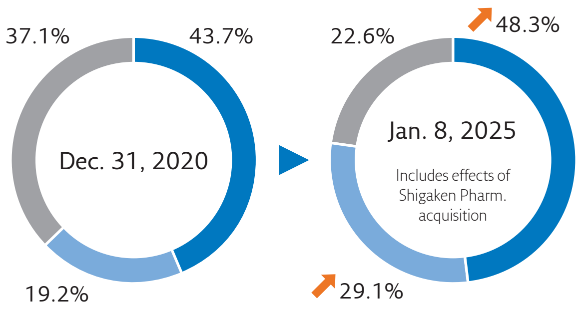
Satoshi Aoki

Aligning Our Business Strategy and Human Capital Strategy

There are no changes to the human resources strategy under the 8th Medium-term Business Plan (2024–2026). The strategy remains unchanged because our long-term vision (Sustainability Vision) and our Human Resources Policy, which we always return to when considering our medium-term human resources strategy, have not changed. 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. This growth is driven by the diverse capabilities and passion of our talent. We aim to achieve mutual growth for the company and our employees by aligning our business portfolio with our human capital portfolio.

The figure below shows employee composition (total of regular and non-regular employees) by business segment. As our business portfolio strategy progresses, corresponding shifts are also visible in our human capital portfolio. The proportion of employees has been declining in the Devices business, which has a high concentration in the IT devices market. In contrast, the proportion of employees has been increasing in the Industrial Materials business, which drives growth in mobility and sustainable materials, as well as in medical markets.

Reorganizing the Human Capital Portfolio toward Our Sustainability Vision



■ Industrial Materials ■ Medical Technologies + pharmaceuticals and cosmetics
■ Devices

Human Resources Policy

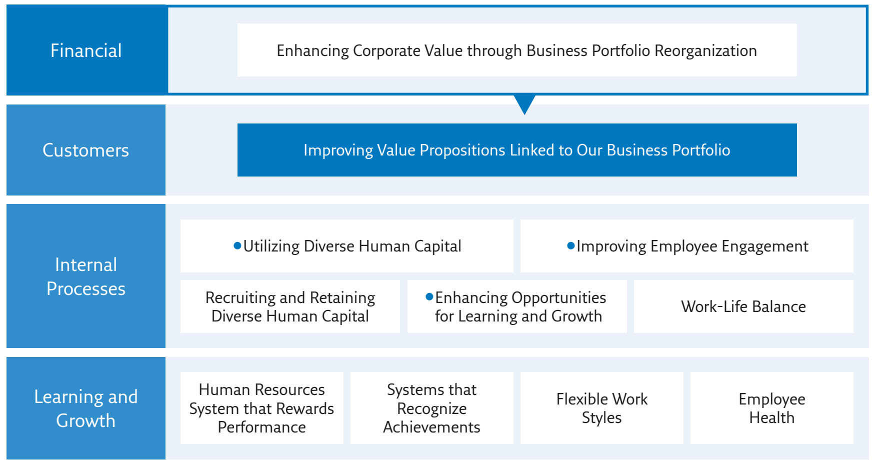
Nissha Group aims for growth both for the company and employees through diverse capabilities and passion, seeing changes in the business environment as opportunities for growth.

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.

We have long conducted planned employee transfers between the Devices and Industrial Materials businesses. These transfers were mainly supported by the segments' shared origin as a single division and by the frequent use of their combined products to deliver value to customers. Meanwhile, our workforce expansion in the Medical Technologies business places greater emphasis on local recruiting, particularly in North America, where medical devices is most active and talent mobility is high. We expect to see growth opportunities in the Japanese pharmaceutical sector through the acquisitions of Zonnebodo Pharma in 2019 and Shigaken Pharm. in January 2025. Key challenges include securing and developing talent capable of working in new markets and industries, as well as reskilling employees.

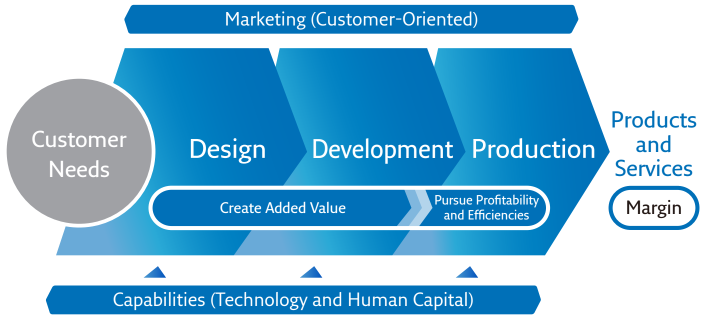
The strategy map on the right depicts the overall structure of our medium-term human capital strategy and its alignment with our business portfolio strategy. Our human capital strategy remains aligned with our commitment to developing our people's capabilities that improve our value propositions to customers.

Human Capital Strategy Map



The foundation of our value proposition, as shown in the figure below, begins with the needs of leading customers in each industry. We work closely with these customers to thoroughly explore and develop the most suitable solutions to meet those needs. Next, we translate those solutions into detailed designs and development processes by combining our unique processing technologies, including our six core technologies. We then bring these solutions to life through mass production built on advanced manufacturing technologies that ensure stable product quality. The capabilities to make proposals and solve problems to offer this type of customer value require our people's 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 capital.

Our Value Chain



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 capital strategy begins with three factors: (1) improving value propositions (2) utilizing diverse human capital; 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.

Enhancing Value Propositions in the Mobility Market

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

Yuichiro Ogura

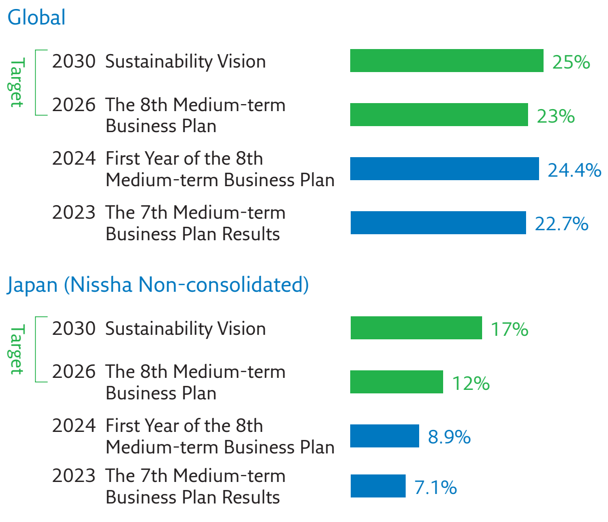
The Industrial Materials business provides decorative products to the mobility market and operates globally, not only in Japan but also in North America, Europe, China, and other parts of Asia. Interior decoration requirements in the mobility market vary by manufacturer and model, making it essential to understand customer needs precisely and engage in detailed communication on design, quality, and specifications. Nissha establishes a structure that allows close communication with customers in each region. Local staff with expertise in various areas, including engineering, design, and sales, work closely with Japanese expatriates to deliver optimal proposals tailored to each customer. We also operate an overseas trainee program that sends young employees from Japan to frontline sales offices to gain practical global experience. The growth of these trainees has contributed to the continued improvement in the quality of our value proposition.

Utilizing Diverse Human Capital

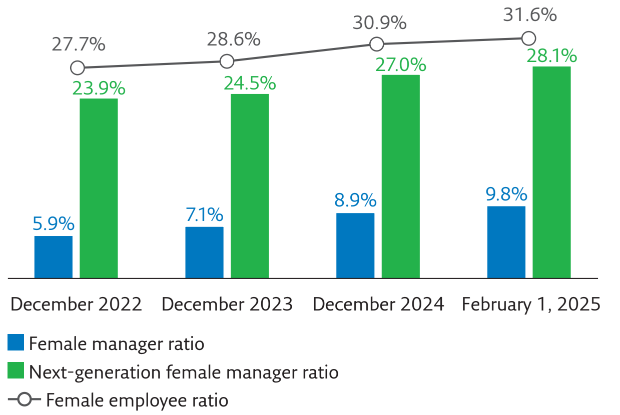
We encourage all employees to express their talents fully, regardless of nationality, gender, or age. One of our Shared Values, which are principles for employee behavior, is Diversity and Inclusion. This declaration is our belief that enabling diverse human capital to interact on an equal footing enhances our organization's ability to perform. We have set the ratio of female managers as a KPI to serve as a clear indicator of diversity, aiming to raise this ratio to a level that more closely reflects the percentage of female employees at each group company. While the ratio of female managers at Nissha Co., Ltd. in Japan remains an ongoing challenge, efforts to improve work-life balance, expand flexible workstyles, and provide more opportunities for learning and development have steadily increased the ratio of next-generation female managers, who represent the level beneath current managers.

In 2024, we introduced a new specialty allowance as a way to recognize and reward employees who contribute to the company through their professional expertise. The allowance applies to employees who hold national certifications, possess highly marketable or advanced expertise, or demonstrate specialized skills that are essential to our unique value propositions, provided the employees deliver concrete results. Around 40 employees are active as specialists under this program.

Female Manager Ratio



Female Ratio (Japan, Nissha Non-consolidated)



Contributing through My Expertise

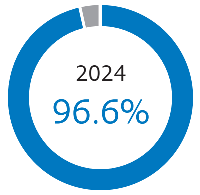
New Business Development Office, Intellectual Property Management
Patent Attorney
Kanako Shimizu

Receiving the specialty allowance made me feel that the company truly values what I bring to the organization. This program shows that career advancement is possible not only by pursuing management roles but also by building specialized expertise. My role is to support sustainable business operations through intellectual property and contribute to Nissha's growth. The structured knowledge I gained while preparing for the patent attorney qualification supports my daily work in executing intellectual property strategies, including building patent portfolios and reviewing contracts with a focus on strategic intellectual property use. Participating actively in the Nissha Academy Business School and in study groups with leaders from various companies in Kyoto has broadened both my perspective and my way of thinking. I now see intellectual property more clearly as a practical management tool. Going forward, I hope to continue applying my expertise to help expand our portfolio of compelling products and services.

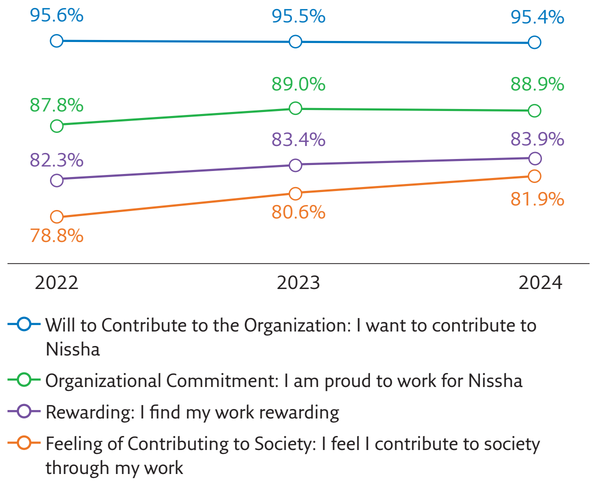
Improving Employee Engagement

Nissha conducts an annual engagement survey on a global basis. In addition to measuring four outcome indicators shown in the chart on the right, the survey also covers input indicators that influence those results. Such indicators include alignment with Nissha vision and values, satisfaction with work and the workplace, relationships with supervisors, and views on human resources systems. We analyze the correlation between outcome and factor indicators and provide feedback to each workplace, identifying factor indicators with both high correlation and high scores as factors to strengthen, and those with high correlation but low scores as factors to improve.

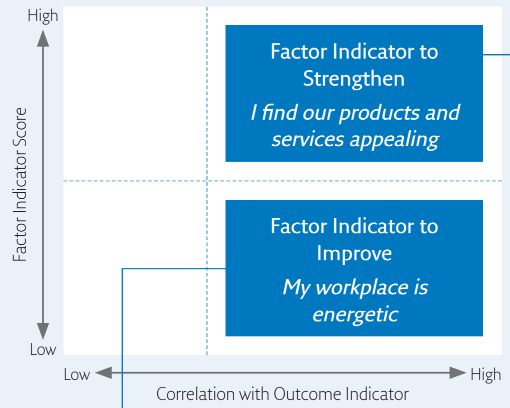
Engagement Survey Response Rate (Global, Consolidated)



Percentage of Positive Responses (Global, Consolidated)



Specific Initiatives



Product Showcase for Employees

We classify perceived attractiveness of Nissha products and services, under input factors to be strengthened. In response to this classification, Nissha Precision and Technologies Inc., which serves as the production base for the Devices business, held product showcases for employees at the Himeji and Kaga plants to help employees learn more about products from other business segments. More than 170 employees visited the special booths, which showcased actual items from the Industrial Materials, Medical Technologies, and Pharmaceuticals businesses, allowing employees to engage with company products. Nissha Metallizing Solutions, which handles metallized paper and other sustainable materials within the Industrial Materials business, also held similar product exhibitions at its sites in Italy, Germany, and Belgium. More than 230 employees participated, and the events received positive feedback. Employees gained new insights and discoveries by engaging with products and services developed by other businesses and sites. These exhibitions also provided employees with the opportunity to better understand how our diverse product portfolio contributes to society.

Launch of N Cafe: A Cafe-Convenience Store

The factor indicator *My workplace is energetic* is classified as a "factor indicator for improvement." The Kyoto Headquarters opened an in-house cafe and convenience store adjacent to the employee cafeteria to create opportunities for communication outside the workplace. The new space supports casual interaction among employees and encourages more flexible work styles by offering drinks and light meals outside of regular lunch hours.

Enhancing Opportunities for Learning and Growth

Nissha Academy, our in-house corporate 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. We use the participation rate in the basic and intermediate courses, which are intended for team leaders and assistant managers, as a KPI called the selection rate of leader candidates. Our goal is to have half of all general employees of Nissha Co., Ltd. in Japan complete either the basic or intermediate course by 2030. In 2024, we offered an intermediate course taken by 60 employees.

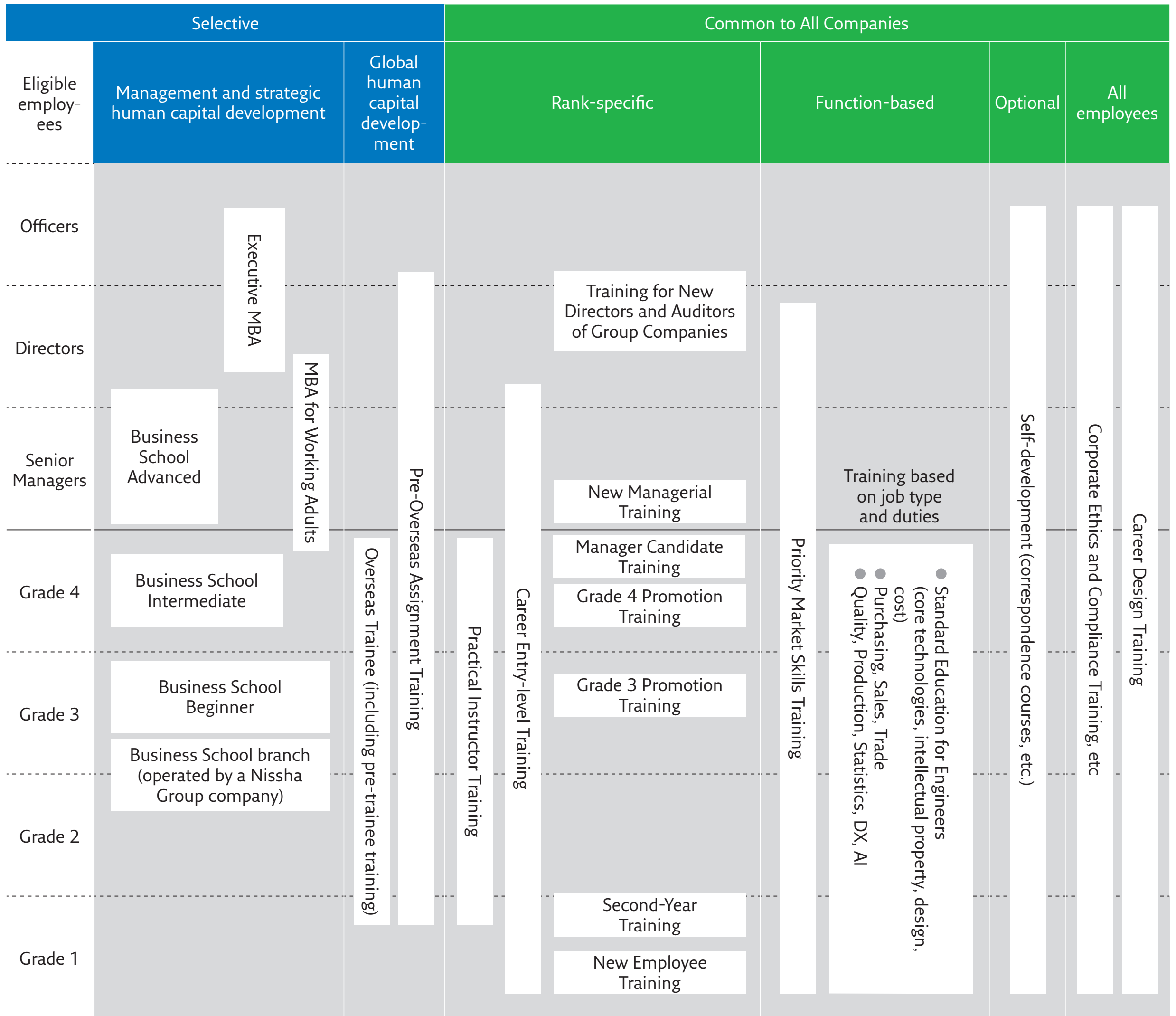
Taking a cue from the efforts in Japan, overseas versions of Nissha Academy are also in motion in North America, Europe, and China, among other regions.

In addition, we have an overseas trainee program under which young employees are sent to our overseas offices for approximately one year to train future global leaders. In 2024, the company sent three trainees to the U.S. and three to Germany, for a total of six trainees.

In order to encourage employees to develop their careers autonomously, both the Business School and the overseas trainee program allow employees to apply for these positions on their own.

NISSHA ACADEMY

Nissha Academy Program



Insights from an Overseas Trainee

Film design, Mobility, Industrial Materials Business Unit

Shota Mitsukawa

I was sent to the Chicago headquarters of Nissha USA, our U.S. subsidiary, in May 2024 as a trainee for one year. During this time, I gained hands-on experience in improving productivity at North American plants for decorative films and molded parts, as well as participating in early supplier involvement (ESI) activities from the early stages of our customers' product development.

As I gained experience on the front lines of business, I realized the importance of developing my own expertise and thereby contributing to the team. Going forward, I hope to serve as a bridge between Japan and North America by leveraging the network I built during this assignment, further enhance my specialization, and, if the opportunity arises, take on the challenge of working abroad.

Global HR Conference

The Global HR Conference is a regular forum for engagement between human resources department leaders from overseas offices and members of the Global Headquarters human resources department. The conference met at our Kyoto headquarters in September 2024 and online in February 2025, aiming to share challenges and countermeasures in our human resources strategy across group companies and foster stronger ties through member interaction. Below are highlights of human resources initiatives shared during the event.

[North America] Nissha Academy Americas, the North American branch of Nissha Academy, launched in January 2025. 20 next-generation leaders selected from across group companies in North America are participating in a six-month program designed to foster new business development and an entrepreneurial mindset.

[China] Our sites in China have been actively cultivating future leaders since 2021. In 2025, these efforts were formalized under the name Nissha Academy China. About 20 participants are currently taking part in two programs: an introductory course for younger employees and an intermediate course for managers. These programs teach participants about our Shared Values, strategies, and business literacy.

[Malaysia] All employees of our local subsidiary in Malaysia celebrate the cultural events of each ethnic group together to support mutual understanding in the workplace. These programs embodies *Diversity and Inclusion*, one of our Shared Values. (Scene from a Hari Raya event celebrating the end of Ramadan)

Chief Officer Cross Talk

Trusted Technologies and People

CROSS TALK

Our technologies and people are what support our business model for creating customer value.

The Nissha CHRO, Co-CTOs, and the CIO came together to discuss our technologies and people as they are today and what will come in the future.

First, can you highlight the characteristics of the Nissha products and business model?

CJ Taniguchi, Co-CTO: Nissha offers a variety of products to diverse markets. However, the common business model is that of contract development, design, and manufacturing, or CDMO. We communicate very closely with our customers to determine how we can productize our offerings to meet their needs.

Given the specifications, designs, and drawings received from the customer, we customize and create final specifications, considering mass production, stable quality, cost, and other factors. To this end, we interact with customers from a wide variety of perspectives and approaches.

Sonny Aoki, CHRO: There are several steps in the process of customization. Let's use a bespoke suit as an analogy. There are two types of bespoke suits: those that combine several fabrics, buttons, and base patterns and those that are made of the most suitable materials and shapes for the customer's particular usage scenario and preferences. I think Nissha is rather the latter type. Customers who have their needs met will order again. In this case, our customers are buying Nissha products, but they are also buying our solutions and responsiveness.

CJ: We are good at combining materials and processing technologies flexibly and technically. Our Industrial Materials business entered the plastic injection molding business in 1995. At the time, we outsourced the fabrication of injection molding tools to suppliers. As we worked out specifications with our customers, we relied solely on our suppliers for molding tool design, which prevented deep communications with our customers. Given the situation, we decided to move mold fabrication technology in-house. One of the characteristics of our company is our practice of acquiring capabilities to meet the needs of our customers.

Sonny Aoki — Chief Human Resources Officer (CHRO), Senior Vice President

"The commitment to always being sincere and understanding our customers intimately are characteristics of our people."

Tell us about the characteristics of Nissha people.

Sonny: The commitment to always being sincere and understanding our customers intimately are characteristics of our people. In many cases, customers consult with us from the planning stages, when design and specifications are not yet clear. We work with customers earnestly, which leads to a new project order.

Hayato Nakaya, Co-CTO: We are a group of professionals trusted by our customers. Once customers use our products, they come back again and again. It's our people we can thank for this customer loyalty. As we interact with customers, we try to understand how we can meet their demands. In the Devices business, for example, our film touch sensors have been in use for more than 30 years as we continued to add new technologies. This loyalty is a reflection of our approach to working with customers.

CJ: Of course, not every project runs exactly to plan. But even when trouble happens, we stay with the customer until the final resolution, so the sense of trust we receive when we complete a product is very great. I've been told by customers that they trust Nissha and would definitely choose us again because we never give up and see things through to the end.

Johnny Kobayashi, CIO: I often hear with the company encouragement to be the "nail" that sticks out or to act outside the box*. I would never hear those things in a company where the corporate culture punishes those who think outside the box.

Our culture won't blame someone if they fail as long the effort is there to do the right thing. I think this attitude is very important.

Another thing particularly impressive about our company is the importance we place on making products efficiently. We are conscious of producing the necessary output with the minimal input, rather than focusing entirely on output. We are willing to embrace digital transformation (DX) and do whatever else it takes, so I see a healthy appetite to adopt IT proactively.

What kind of transition did Nissha go through to become the company it is today?

Sonny: In addition to our sincere approach to serving customers, the distinctive Nissha processing technologies have allowed us to work on a continued basis with industry-leading companies. We began globalizing in the late 1990s, expanding our work with top global-level companies. Nissha has changed significantly as we pursue efforts to meet the quality requirements of global standards and customer audits.

CJ: I was involved in design at the time. It was eye-opening as an engineer to be exposed to different ways of thinking and project management among leading companies in IT devices, mobility, home appliances, cosmetics, and other industries.

Johnny: The Nissha Academy Business School, which opened in 2013, provides employees with a broad range of business knowledge. We learn about finance and marketing in detail, but Nissha Academy plays an important role in providing learning experiences that change the perspectives of our employees.

CJ: We definitely see overseas customers using a global standard framework in a variety of situations.

Hayato: Working with global companies has globalized our own company, but the globalization of our own Nissha Group colleagues has been a major factor as well. We have to understand global standards when communicating with overseas colleagues about management strategies and other matters. These experiences have been another stimulus for growth.

*A phrase coined within Nissha to encourage people to think outside the box (free of preconceived notions and stereotypes) and then take action.

CJ Taniguchi Vice President
Co-Chief Technology Officer (Co-CTO)

“We continue to aspire to new and broad-ranging challenges. Our technology and human resources improve through the high-speed cycle of hypothesis and verification.”

Let’s change the subject.
Nissha aims to grow through change, and the company is pursuing a strategy calling for the reorganization of our business portfolio. What challenges have you faced in executing this strategy?

Sonny: As an example, let’s look at business development for the mobility market, which is a priority market for Nissha. We are extending our business from interior components to exterior components, focusing on the Industrial Materials business. This is a story of continued growth built on decoration, which we can share across the group for the capabilities of our people, technologies, sales channels, and more in order to raise our competitiveness. Without this type of continuity to the story, we wouldn’t be able to share management capital effectively, making it difficult to progress.
CJ: We are creating synergies between the Devices and Industrial Materials businesses, but the nature of the products is different for each business. We exchange human resources between businesses quite frequently, but the quality of the business activity varies depending on the product. For example, where function is important, products such as film-based touch sensors in the Devices business, we have to design and execute production meticulously to guarantee 100% functionality. For the Industrial Materials business, where decorative products appeal more to the senses, we sometimes incorporate a more intuitive judgment in production. Each product has a type of culture connected or ingrained. Creating synergies among businesses is an important element in reorganizing our business portfolio, but integrating the inherent qualities of different products successfully is a challenge.

What about the medical field?

CJ: Our Medical Technologies business is similar in culture to the Industrial Materials business when it comes to production. Our medical devices CDMO handles a mix of materials and assembles molded plastic parts with metal parts and so forth. When you visit the plant, the atmosphere reminds one of the Industrial Materials business. At the same time, medical devices must perform their function. Production systems must ensure functionality, similar to the Devices business.
Sonny: Employees have tended to move back and forth between the Industrial Materials and Devices businesses. While we certainly could consider staffing plans that reflect the business environment and our business strategy, we still lack personnel with experience in medical devices and pharmaceuticals. This means we need to hire experienced professionals from outside as well.
CJ: Currently, the team responsible for running the medical-related business in Japan includes several mid-career hires with experience in the medical market. The rest are from our existing

Johnny Kobayashi Vice President
Chief Information Officer (CIO)

“Nissha embraces a culture of active information technology use.”

Hayato Nakaya Vice President
Co-Chief Technology Officer (Co-CTO)

“People must learn through real-world practice.”

businesses. We do not necessarily believe that everyone must have prior experience in the medical market.

How do you see the evolution of technology in connection with the business portfolio reorganization?

Hayato: It would be nice to use existing technologies in new businesses as-is, but that is not often the reality. We must acquire technologies in a systematic manner to avoid difficulties later. For example, the technology to manufacture touch sensor film in the Devices business is very advanced, but not directly applicable to medical device manufacturing. We must incorporate other processing technologies to seize on greater opportunities in medical devices.
CJ: The more specialized the technology and human resources involved, the less versatile it is. People, in particular, can become too specialized and focused to act outside the box. Conversely, it seems to me that the more a company takes on new challenges across wide-ranging problems—running through hypotheses and verifications at high speed—the more the company develops the skills and people necessary to open up new areas of business.

Are there issues in reorganizing a business portfolio from the perspective of IT?

Johnny: Formats are completely different depending on the business, so it’s difficult to manage operations through a simple enterprise IT system. At the same time, it’s not realistic to create separate systems for each business in terms of scale and cost. I think it’s most effective to use a shared enterprise IT system while adding conveniences tailored to the field in each business. The key is to implement IT training widely, adopting and improving systems originating in the field. However, the tendency toward partial optimization here and there means that the IT division at Global Headquarters must maintain a bird’s eye view to make sure there’s no unnecessary duplication.

Thanks to our efforts to certify DX personnel, we have developed a culture of proactive IT technology usage. In 2025, we plan to provide roughly 100 hours of IT training to more than 130 employees across various divisions to push IT technology use further in the workplace. And we plan on increasing the number of employees who receive training in the future.

What about the training of technical personnel?

Hayato: We have a well-developed training system in place. However, mastery requires putting new knowledge into practice, and our challenge is providing places for this practice. For example, copious training in medical devices does not mean one will immediately become an expert in handling medical device projects. People must learn through real-world practice.
Sonny: First, we have to select the right person, train them, and then have them practice their knowledge in real situations.
CJ: We are talking about engineers, but there’s more than one application. Production and quality are just a few of many. We have a training system for technical personnel covering quality, production, and design. However, challenges remain in training personnel in product development. General training in technology development includes logical areas such as hypothesis, verification, and design of experiments, or DOE. In addition, the mindset and character of the person in question can make a difference between success and failure in practical situations. This is another reason training development personnel is very difficult.

Also, using in-house group training can sometimes be an effective place for practice. Bringing together engineers from different divisions and encouraging networking can be helpful in fostering human resources for development.
Sonny: Back to my original point, if our strength is offering customer value based on intimate communications with the customer, the most important goal of human capital development is to improve the value proposition proposals for new markets and business opportunities, even amid the reorganization of our business portfolio.

Technology Strategy

Co-Chief Technology Officer
Vice President
Total Technology Management Office
New Business Development
Chuzo Taniguchi

Co-Chief Technology Officer
Vice President
Total Technology Management Office
Development and Technology,
Devices Business Unit
Hayato Nakaya

Our Core Technologies That Create Valuable Products

Nissha builds our business on six core technologies: printing, patterning, coating, laminating, molding, and metal processing. We continue to advance and integrate each of these technologies in ways that allow us to deliver high-performance, high-quality, and environmentally conscious products and services to a wide range of markets. The source of our competitive strength is our ability to identify the specific needs of each market, advance our core technologies accordingly, and integrate them in the most effective way to deliver the right solutions. We will continue to view changes in the market as an opportunity to create competitive products.

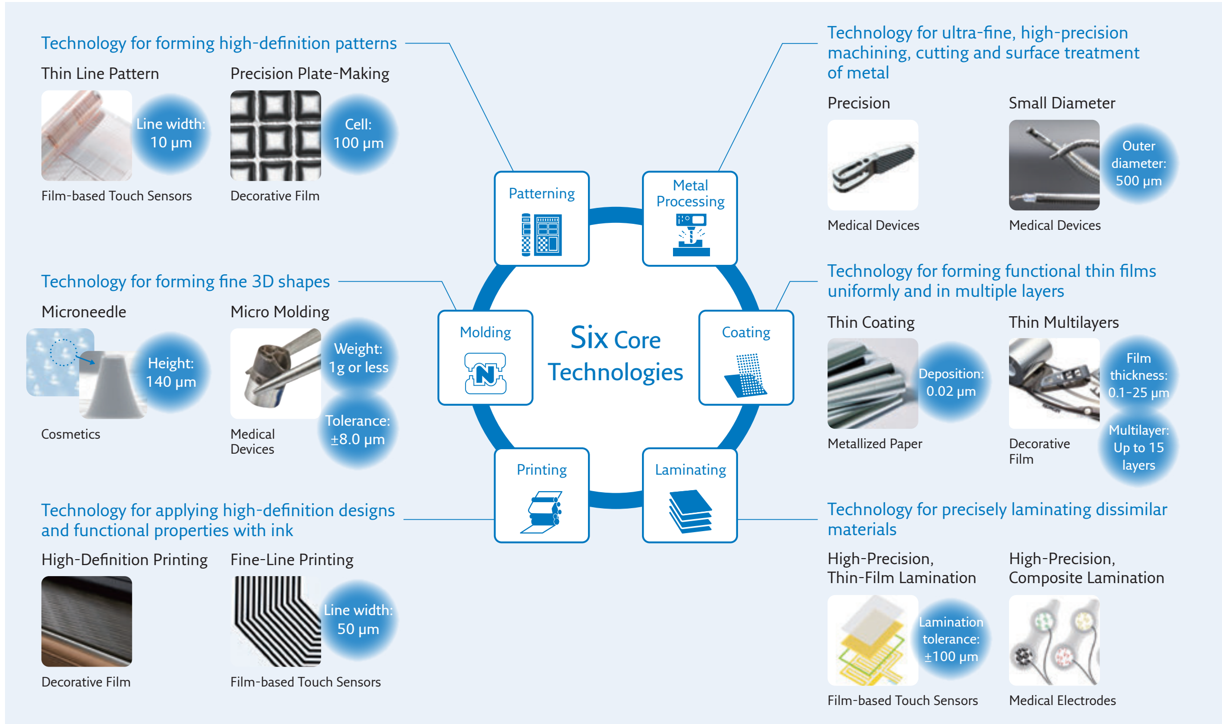
Core Technologies and Value Proposition

*Pictures are conceptual images

Advancing Our Core Technologies

We have enhanced product performance through advances in the miniaturization, precision, and thinning process of our core technologies. Miniaturization enables the formation of fine-line patterns and detailed surface textures while precision allows us to improve alignment and processing accuracy. Thinning process makes it possible to apply extremely thin functional layers evenly. These advancements in our core technologies have enabled us to develop high-resolution 3D decoration, thin and highly accurate sensors, and compact, high-performance medical devices and electronic components.

Miniaturization, Precision, and Thinning Process

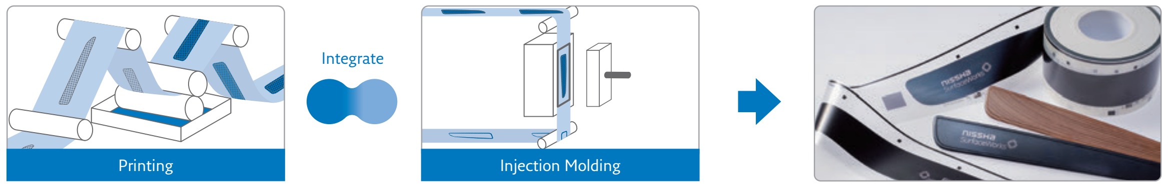


*Pictures are conceptual images

Integration of Core Technologies

Our technological strength also lies in our ability to integrate multiple core technologies to deliver complex functions and high-value-added products that a single technology alone cannot achieve. We make a wide range of product innovation possible by integrating various technologies. A few examples include our in-mold decoration and in-mold labeling (IMD/IML), which integrate decoration and molding in a single process; our decorative functional products that combine decorative surfaces with sensors or heaters; and our development of compact, high-performance medical devices.

In-Mold Decoration (IMD) and In-Mold Labeling (IML)



Decorative + Functional Modules

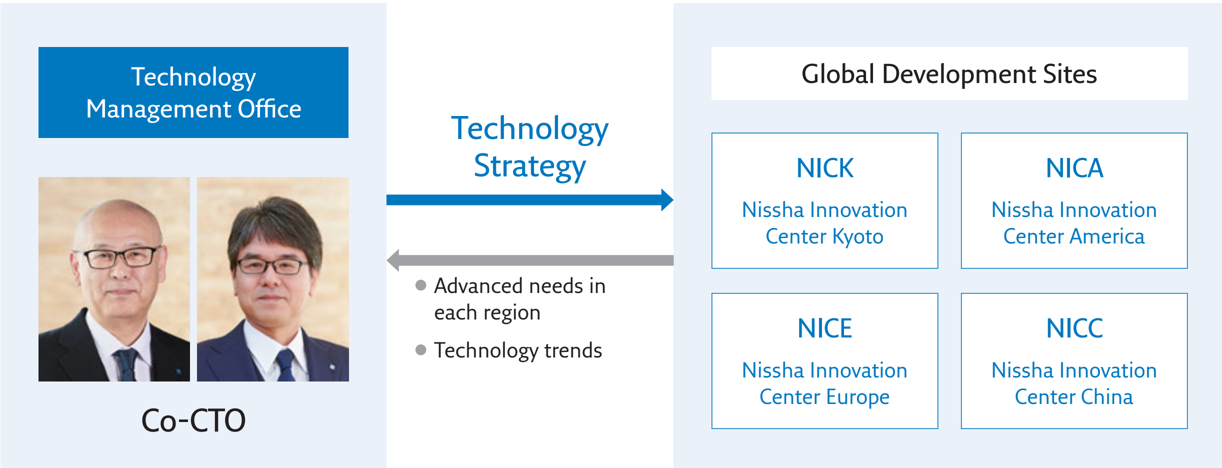
Toward Our Sustainability Vision

Developing Technologies to Meet Customer Needs

We currently operate under a Co-CTO structure, with two Chief Technology Officers leading our technology strategy. This system supports the steady execution of our business portfolio reorganization and accelerates the creation of new products and businesses in our three priority markets: medical, mobility, and sustainable materials.

The current rapidly changing market conditions demand accurate, on-the-ground insights and a high level of technical expertise to support sound strategic judgment. Each Co-CTO also serves as the head of technology for a business unit, enabling us to quickly reflect real-world frontline challenges and the latest technology trends in our management strategy. With complementary areas of expertise, our two CTOs support each other and help build a more flexible structure to meet diverse market needs.

We also leverage our globally distributed development sites to stay ahead of emerging advanced needs and technology trends in each region. We stay closely aligned with regional trends, focusing on Europe for sustainable materials, the United States for medical, and Japan, Europe, the United States, and China for mobility. The frontline needs and technical knowledge gained through these efforts are closely linked to our company-wide technology strategy, enabling a development framework that balances speed with accuracy.



Roadmap for Continuous Growth

Our technology strategy is rooted in our basic approach to develop and create products based on market needs. This approach will not change going forward. Our mindset, which forms the foundation of our technology strategy, involves listening to our customers and accurately understanding their needs, integrating a wide range of technologies and internal and external networks with flexibility to shape solutions that meet those needs, and acting with determination and passion, following through to the end even in difficult times.

We continue to actively take on challenges in new technological fields while quickly repeating hypothesis and validation cycles to identify what not to pursue and narrow our focus to the development areas that matter most. This approach sharpens our development targets and leads to the creation of more profitable products and businesses.

Looking ahead to 2030, we will aim for sustainable growth by advancing technology development under our long-term Sustainability Vision, with a focus on medical, mobility, and sustainable materials.

Technology Strategy in the Medical Market

The medical market is one of the most important areas in our growth strategy. Global demand continues to grow for products and services that improve the quality of diagnosis and treatment as populations age, healthcare workforces shrink, and advancement of medical technologies. This environment creates more opportunities for our technologies to contribute. We focus on product development in the fields of medical devices and pharmaceuticals, using the advancement and integration of our core technologies as the foundation.

In the medical devices field, we focus our technology development on supporting surgical robots and navigation systems. These technologies align with growing expectations for improved diagnostic accuracy, better treatment outcomes, greater surgical efficiency, and more standardized medical care. For example, we enable precise access to narrow and complex areas inside the body by strengthening visualization and navigation technologies that improve visibility and operability at surgical sites, advancing steerability using micro-molding and fine metal processing, and evolving assembly techniques that integrate compact sensors. These technologies also help solve diverse challenges in data utilization and remote healthcare in diagnostic support. By making procedures less invasive and easier to perform, these technologies lead to the development of products that address future medical needs.

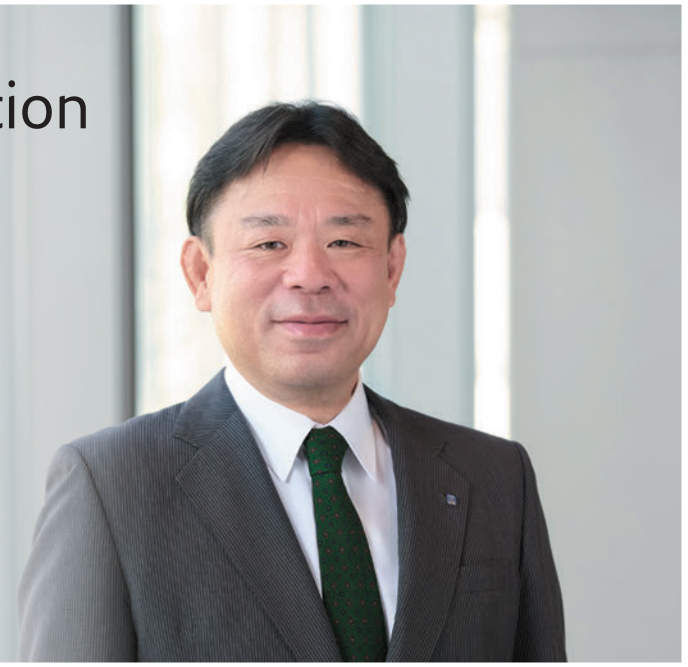
In the pharmaceutical field, we develop products that support patient-centered care. Ease of dosing and administration is especially important, as it plays a key role in ensuring consistent treatment outcomes. Nissha applies our molding and coating technologies to develop film formulations designed to make medicines easy to take or apply. We are also focused on building drug delivery systems by integrating pharmaceuticals with medical devices to create combination medical devices. These innovations help improve the quality and efficiency of healthcare, particularly in home care and self-medication.

Technology Roadmap: Continuous Growth Based on Needs

*1: Oral Thin Film (orally disintegrating film agent) *2: Biocompatible materials

*Pictures are conceptual images

Quality and Production Strategy



Director of the Board
Senior Executive Vice President
Chief Quality and Production Officer
Total Production Management

Yutaka Nishimoto

Strengthening Quality and Adding Value Throughout the 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 making and delivering responsible products and services throughout the value chain.

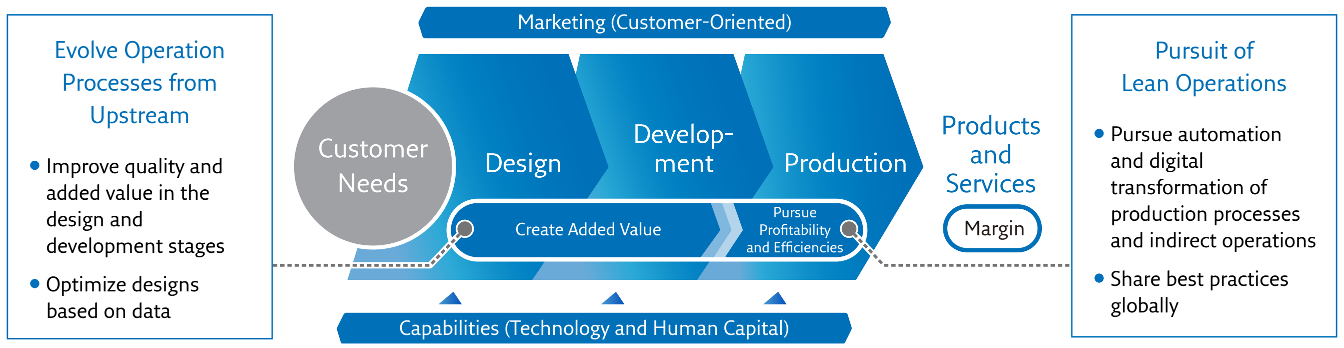
Our slogan for quality is "I am responsible for quality." Behind this slogan, each employee takes a leading role in implementing the Quality Policy and the Nissha Quality Way to ensure quality from the perspective of our customers.

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 our manufacturing structure across the globe.

Profitable Quality and Production Strategy

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

NISSHA OPERATIONAL EXCELLENCE



Nissha Quality Way

1. **CUSTOMER FOCUS**
We continuously achieve customer-defined quality.

2. **LEADERSHIP**
We are all committed to upholding and executing our Quality Policy — each and every one of us is a leader.

3. **PROCESS APPROACH**
We work based on systematic approach and continue to improve.

4. **QUALITY BY DESIGN**
We build quality into design, focusing on product safety and feasibility.

5. **VALIDATED DECISION MAKING**
We are established in evidence-based and scientific approach.

6. **QUALITY BY CONNECTED SUPPLY CHAIN**
Quality is at the core of our trusting relationship within our supply chain.

7. **BAD NEWS FIRST**
We quickly address challenges through rapid response and escalation process.

Specifically, our improvement efforts include automating our production floors.

We pursue various improvements on our production floors, including the 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 addition, we aim to optimize processing design and production planning by leveraging our stores of big data in digital twin technology. Other efforts include company growth measures and personnel development through ongoing small group activities, improvement proposals, and digital transformation projects. We are committed to fostering a corporate culture of never-ending improvement through these ongoing activities.

Digital Twin Application

Optimizing Process Design

Issue	• Inefficient equipment layout and personnel allocation lead to reduced production efficiency
Digital Twin	• Simulate various scenarios in a virtual environment
Expected Impact	• 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

Toward Our Sustainability Vision

To achieve our Sustainability Vision, we continue ongoing improvement activities to evolve in quality and production based on a quality management system that responds to changes in the target market. We engage in careful design (prevent defects), own-process completion (no defects and no passing on to the next process) in the mass production stage, and visualizing and eliminating all kinds of wastefulness. In this way, we continue to provide a stable supply of responsible products and services.

The medical market, in particular, demands a high level of quality control. We leverage the extremely high-quality control capabilities developed mainly for the IT devices market in the manufacturing of medical devices and pharmaceuticals, which gives us a significant competitive advantage in ensuring the safety and reliability of our products.

In the medical devices field, using digital twin technology optimizes production planning and process design, thereby stabilizing quality and improving production efficiency.

In the pharmaceuticals field, we strive to improve productivity and efficiency through a culture of quality based on the Nissha Quality Way and through continuous improvement activities based on Nissha Operational Excellence. In so doing, we aim to expand our production capacity and contribute solutions to the growing issue of pharmaceutical supply shortages, as well as to achieve sustainable growth of our businesses.

Digital Transformation Strategy

Chief Information Officer
Vice President
Digital Transformation

Shinichiro Kobayashi, MBA

Digital Transformation in Three Steps: Full Use of Digital Technologies to Minimize Inputs and Maximize and Create Outputs

Nissha defines digital transformation (DX) activities as efforts using digital technology to improve productivity and provide products and services that transform customer experience and solve social issues. Our DX strategy aims to ensure the reliable achievement of our medium- to long-term business plan. The strategy seeks to differentiate Nissha from competitors and establish a competitive advantage by maximizing the use of our strengths in abundant digital talent as well as recent, rapidly advancing digital technologies. We aim to improve operational efficiency and enhance customer satisfaction by not only reducing costs (inputs) but also transforming our operations to increase the value we deliver to customers (outputs). To achieve this, our group will advance DX in three steps and work to establish a supportive environment and develop talent.

	Objective	Targets and Measures
STEP1	Cost Reduction (input minimization)	We will improve productivity by digitizing internal business processes. We will then reinvest the resources gained into high value-added operations.
STEP2	Value-added Improvement (output minimization)	We will expand digitalization across the entire organization and use accumulated data to enhance the added value we deliver to customers.
STEP3	Value-added Creation (output extension)	We will leverage accumulated data, expertise, and digital technologies to create new added value and help resolve social issues.

Our initiatives in Step 1 include using Robotic Process Automation (RPA), workflow digitization software, and Business Intelligence Tool (BI Tool) to digitalize business processes efficiently. We launched full-scale implementation in 2019, automating and streamlining large volumes of work. We shift the resources freed up through these improvements toward higher value-added operations.

Step 2 initiatives in the production divisions include enhancing quality control by using IoT-generated data and improving product quality evaluation through AI. We are also leveraging robots to automate shipping operations. In the design and development division, we digitized past quality and production data to build systems that use AI to support optimal design and related engineering tasks. We also built automated quotation systems to support sales activities. These initiatives have led to meaningful results for customers, including cost reductions, greater quality stability, and shorter lead times for estimates and delivery.

The 8th Medium-term Business Plan

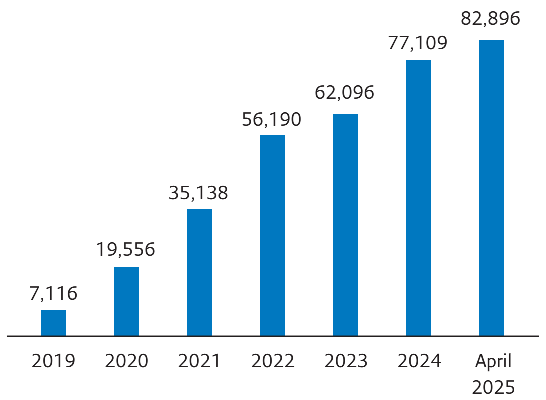
The current 8th Medium-term Business Plan is a plan for profit margin. This plan pursues thorough efficiency and rationalization to improve profitability, along with measures to generate profit with minimal input. To this end, we are strengthening our digital foundation, which includes IT infrastructure, talent, and security. We aim to complete our operational efficiency improvements by the final year of the plan in 2026 by training 300 digital human resources, deploying generative AI, and developing internal data essential to maximize such AI.

	Initiative and Results in 2024	Initiative in 2025
Cost Reduction (input minimization)	• Reduced working hours through RPA • Introduced Nissha ChatGPT	• Automate non-routine tasks through generative AI
Value-added Improvement (output Maximize)	• Applied AI technology to quality inspection	• Advance digital twin implementation
Human Capital Development	• Trained business translators • Dispatched employees to the Graduate School of Data Science, Shiga University	• Launch full-scale DX education

Reducing Working Hours through RPA

We finished building our RPA infrastructure, making the tools available across all global sites. We provided training to all domestic and overseas offices, with 350 employees having completed training by the end of 2024. Each site began developing IT programs that improve local operations, and as of the end of April 2025, 850 programs are in daily operation. Annual reductions in working hours now exceed 80,000 hours. In addition, automation has helped not only shorten task time but also reduce errors. Departments using RPA report achieving reduced labor hours, reassignment of personnel to more strategic tasks, less overtime, and fewer early morning and late-night shifts through automation.

Labor Hours Reduced through RPA (Cumulative)



Full-Scale Launch of DX Education

We aim to build a well-balanced DX talent portfolio tailored to the characteristics of each division. To this end, we continue our development of data engineers and data scientists, a long-standing strength of our organization. We also expanded efforts since 2023 to train business translators who connect business challenges with digital technologies to drive transformation. In 2025, 130 employees selected from all divisions will complete 100 hours of instruction as part of our efforts to accelerate DX training in line with rapid advances in IT. This training includes not only classroom instruction but also hands-on, project-based sessions that address actual challenges faced in each division.

Business Strategy

Industrial Materials

Director of the Board
Senior Executive Vice President
Industrial Materials Business Unit
Hisashi Iso

Business Overview — Decoration and Sustainable Materials

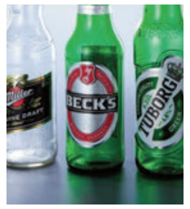
The Industrial Materials business is a global business segment leveraging proprietary technologies to add value, including design and function, to the surfaces of various materials.

Under the *Nissha SurfaceWorks* brand in the decoration field, we offer plastic molded products, as well as IMD and IML, incorporating design into the product. We also offer modular products offering functions such as heating, lighting, and sensing. These products are used in the mobility, home appliance, and other markets globally.

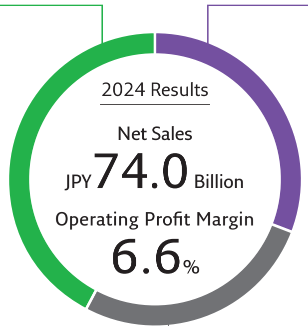
In the sustainable materials field, we conduct global development under the *Nissha ecosense* brand. We develop our current mainstay metallized paper and sustainable molded products made using plant-derived materials, which provide business opportunities and meet growing needs for reduced environmental impact.

NISSHA ecosense Sustainable Materials 42.3%


Metallized Paper


Labels for Beverages


Sustainable Molded Products



30.6% Decoration (Mobility) NISSHA SurfaceWorks

27.1% Decoration (Home Appliances and Others) NISSHA SurfaceWorks

Features of the Decoration Field — Creating Cutting-Edge Designs with Global Customers

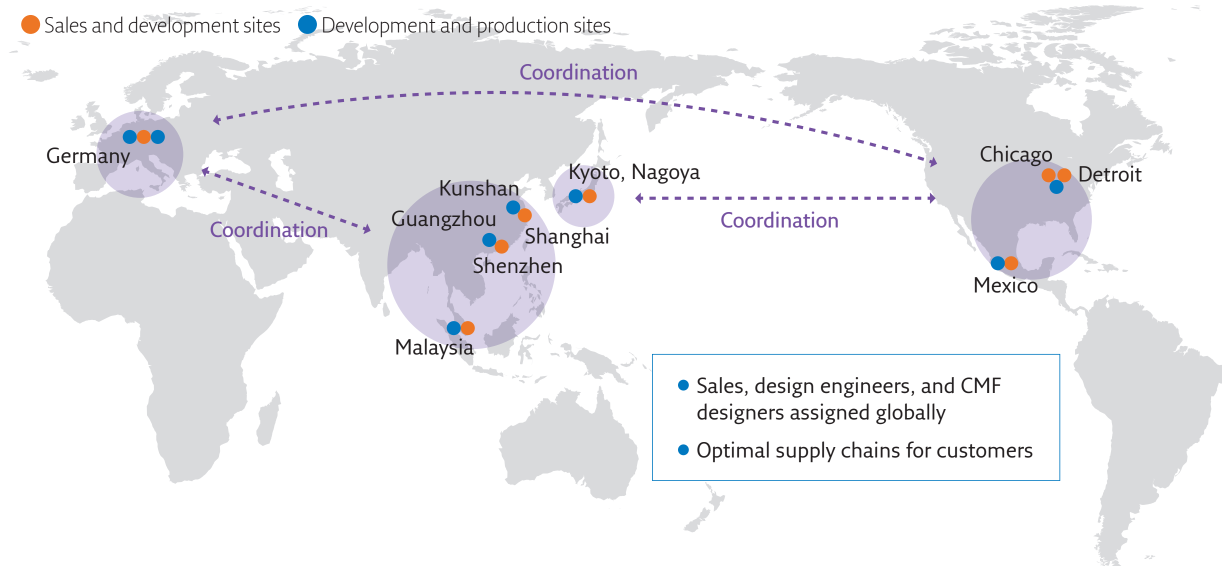
The strength of the Industrial Materials business is our capability to make comprehensive proposals and deliver not only color and design that meet new customer ideas, but also shape and function that suit these new ideas. And we can provide products and services of the same high quality in a stable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

In general, processing manufacturers deliver components to set manufacturers. This means processing manufacturers rarely have the chance to develop direct relationships with brand manufacturers. However, a key advantage at Nissha is that we establish strong connections with brand manufacturers. The fact is that our decoration products are not mere parts, but rather elements that appeal to the sensibilities of the end user in terms of color and texture. Our products are an indispensable part of the final expression and worldview of brand manufacturers. To offer this type of value, we station color, material, and finish (CMF) designers in Japan, China, Europe, the U.S., and other regions. Our system ensures we catch up quickly with emerging needs in these regions. We also hold workshops regularly, featuring our proprietary trend analysis, Nissha Trend Vision, and a collection of designs (sample book) created based on this analysis. In this way, we engage in deep dialogue and build strong relationships with brand manufacturers.

This business model relies not only on the assignment of CMF designers, but also on an organic collaboration among sales, production engineering, and other departments. Not only do we accurately reproduce the designs that our customers want to express, but we also build supply chains optimized for our customers through global molding facilities, ensuring stable quality and supply systems on a global basis.

Business Model for Decorative Film and Molded Products

Global Business Platform



Key Strategies of the 8th Medium-term Business Plan

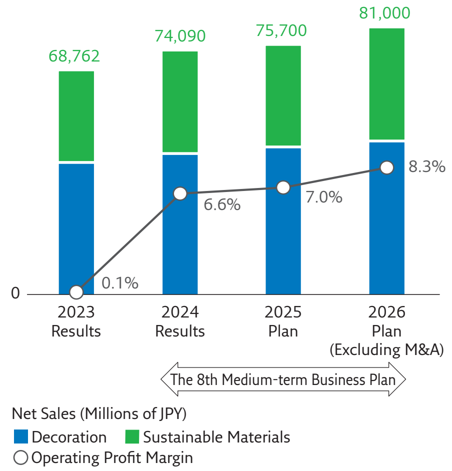
Improved Production Efficiency for Existing Products and Growth through New Products

Net Sales CAGR
5.6%

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

ROIC (2023 → 2026)
0.1% UP 7.8%

- **Decoration**
  - Mobility: Expand into exterior functional products in addition to interior decoration
  - Medical: Strengthen business foundation through M&A and expand product lineups
- **Sustainable Materials**
  - Metallized paper: Improve profitability through production efficiencies and automation
    Expand applications from labels to packaging
  - Sustainable molded products: Smooth start up of orders received



The aim of our 8th Medium-term Business Plan is to maximize cash flow by raising profitability in existing fields, using these resources to develop and market new high-value-added products and expand our product portfolio for sustainable growth.

Our aim in existing fields is to maximize opportunities to win orders by leveraging our broad customer base and global business assets. In addition, we endeavor to improve profit margins not only in manufacturing, but also across the entire value chain through AI- and DX-based productivity improvements. One example is our use of digital tools to visualize the operating status of molding facilities across the world. This system allows us to monitor facilities constantly for optimal production allocation on a global basis. As another example, we use AI-based yield prediction to implement improvements quickly at manufacturing sites. Through these efforts, we improve and stabilize profit margins.

In the decoration field, we are developing new products based on a fusion of design and functionality, with a focus on mobility. By adding functionality to design, we expect to offer higher added value and obtain improved profit margins. To strengthen our presence in the medical market, we added an injection molding business for catheters and tubing in the form of our 2024 acquisition of Cathtek, LLC in the United States. This transaction expanded our product lineup and business foundation in the medical market.

And as geopolitical risks continue to rise with an increasing shift toward economic blocs, the need for global collaboration is greater than ever. We intend to place greater emphasis on recruiting and developing global talent, matching the level of competence among locations while strengthening organic collaboration among regions.

Acquired Cathtek, a Manufacturer of Injection Molded Parts for Medical Devices

- Strengthen the molding business for the medical market
- Strengthen injection molded parts for catheters and tubing
- 2025 sales plan: JPY1.3 billion
- Create synergies through injection molding production capacity

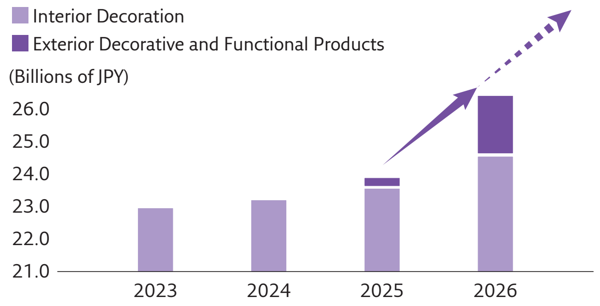
Key Strategies for Mobility — Contributing to Interior Design, Expanding into Exterior Applications

Ever since the COVID-19 pandemic, annual production in the automobile market has been sluggish. At the same time, the automotive industry is entering a once-in-a-century crossroads with the rise of specialized EV manufacturers and new value through electrification and autonomous driving. We see these market changes as a big business opportunity.

While the shift to EVs will reduce engine-related demand, certain pundits have pointed out that increasing standardization of vehicle bodies will result in a loss of individual vehicle expression. Amid these changes, we believe our decorative molded parts for automotive interiors will continue to contribute to brand differentiation as design components for both gasoline-powered and electric vehicles. In addition, progress in autonomous driving means a greater focus on in-cabin comfort and entertainment. These developments open up new business opportunities to take advantage of our decoration technology amid the need for out-of-the-box interior space design.

These changes are not limited to vehicle interiors, but extend now to vehicle exteriors as well. Using our film technology, we offer expressive designs and functions not possible with conventional decoration processes. Our discussions with customers have revealed growing expectations in this area. We see growing demand for integrated design and lighting, in particular, and our products are candidates for use in front and rear lamps, parts peripheral to car grilles, and more. We already have several projects in the process of adoption.

Exterior parts are larger in size than interior parts and have higher unit prices, which translates directly into increased sales. By adding lighting and other functions to the design features, we can offer higher added value, which will also contribute significantly to profit margin improvement. We intend to continue expanding our lineup so our products can be used in several different areas within a single vehicle.



- Mobility exterior decorative and functional products are a growth driver
- 2025 Start of mass production in the second half of 2025
- 2026 Account for 10% of our mobility business (high profit margin)

Interior

[Decoration] Wood grain, metallic, and light transmission

[Features] Touch and force sensors

- Seamless design (light transmission design)
- Improved input usability

Exterior

[Decoration] Light transmission, reduced environmental impact

[Features] Lighting, heater

- Facilitating greater design variation (light transmission design)
- Contributing to expanded functions (snow- and frost-melting heaters)

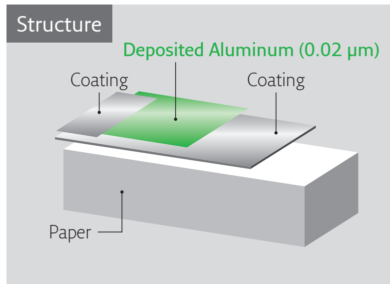
Metallized Paper — Top Global Share, Recyclable Materials

Combining metallic luster and printability, metallized paper is mainly used for beverage and food product labels and packaging. Our strength in this business lies in our capabilities to provide a stable supply of products to customers around the world from our global business bases in Europe (Italy, Belgium, Germany), the U.S., and Brazil. We also enjoy stable access to materials from suppliers in various regions.

Nissha is the preferred choice among customers for our stable global business operations and high quality, and we own the top share of the market as a metallized paper manufacturer.

Metallized paper is produced by forming a very thin layer of aluminum (0.02 μm as measured by our company) on a base material of paper. The product is recyclable as paper, representing a key feature that meets growing demands for sustainability.

New applications for metallized paper include labels to highlight customer brands and product features, as well as in packaging materials whose aluminum coating on paper offers barrier properties to protect food and other contents from moisture.



Recyclable as a single material (paper)

Beverage and Food Product Labels

Strategies for Metallized Paper — Pursuing Operational Excellence and New Applications

We are taking steps to improve the profitability of metallized paper. To this end, we must improve the production efficiency of our global manufacturing bases and make gains in total asset turnover ratio. Improvements are required, particularly for beverage applications, where demand is strong. Amid the ongoing rise in raw material and energy costs globally, we continue to advance process automation in our plants to strengthen cost competitiveness. We also take advantage of efficiencies through a local production for local consumption model that leverages locations across the globe to mitigate geopolitical risks. We intend to keep our No. 1 position in the industry through a flexible and stable supply system, even as the economy shifts increasingly toward regional blocs.

Meanwhile, the market for our mainstay beverage labels has stayed at a certain scale, even as we face the challenge of limited room for growth. Amid these developments, we see the advancement into new markets through innovative applications of metallized paper as an important measure toward the next stage of growth.

We plan to develop applications that will expand our product portfolio to encompass sustainable functional materials with barrier functions (water and oil resistance, for example) in addition to conventional label applications featuring designs that highlight the brand value of our customers. In this way, we aim to achieve stable growth and increase profit margins through new markets and enhanced product functions. To this end, we must obtain new technologies and secure direct access to customer feedback. We continue to seek strategic assets, including through M&A, and to achieve sustainable growth under a highly profitable structure via efficiency gains in existing fields and expansion into new markets.

Expanding Applications for Beverage and Food Packaging

- Barrier functions (e.g., water and oil resistance)
- Recyclability (sustainable packaging material)

Business Strategy

Medical Technologies

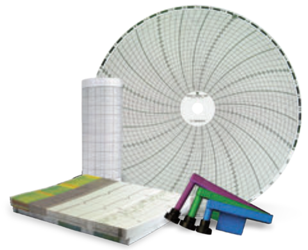
Executive Vice President
Medical Technologies Business Unit
Chief Executive Officer, Nissha Medical Technologies

Sam Heleba

Business Overview — Medical Devices CDMO for Minimally Invasive Treatment

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.

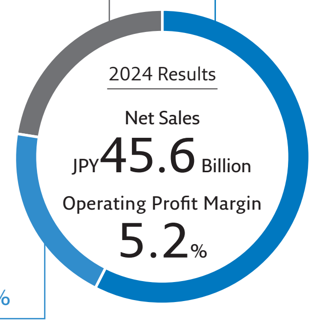
Business Media 22.3%


Industrial-use Paper for Date Recording

57.5% Medical Devices (CDMO)


Minimally Invasive Surgical Devices

Endoscopes, laparoscopes, biopsy instruments, ablation catheters, surgical robots, surgical navigation systems



Medical Devices (Own Brand) 20.2%

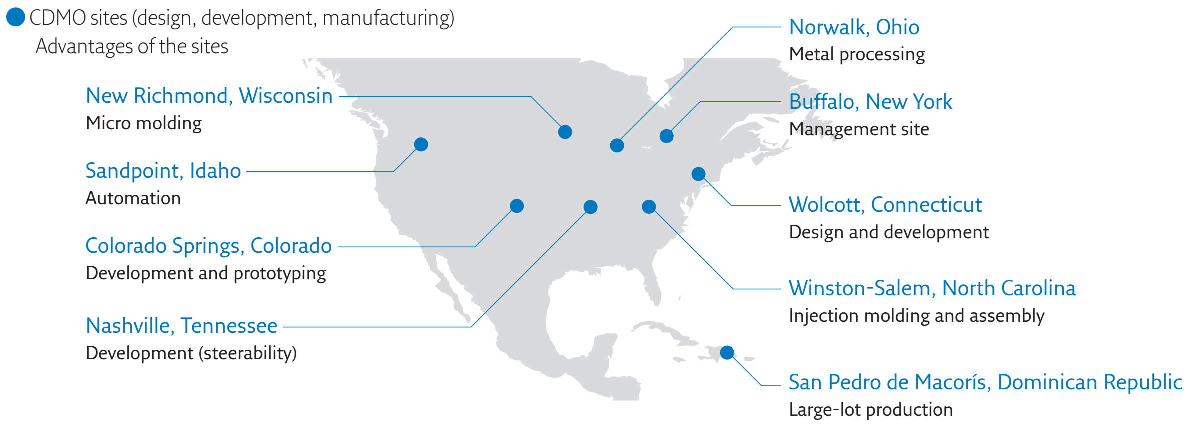

Medical Monitoring Devices

*The picture is a conceptual image

Business Features — A CDMO Supporting Medical Device OEMs in the U.S., the Largest Market for Medical Devices

The strength of our business lies mainly in the U.S., the largest market for medical devices, as well as solid partnerships with leading global medical device manufacturers. We see a growing trend for medical device manufacturers to allocate their own resources to marketing to develop innovative products. We also see more manufacturers beginning to outsource design, development, and manufacturing to trusted medical devices CDMOs. We endeavor for close communication to accurately identify needs, taking advantage of 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. We are highly regarded by medical device manufacturers as a strategic partner who makes advancements in medical device innovation. In fact, we have strong relationships with nine of the top ten global medical device manufacturers. We make use of the capabilities we acquired and strengthened through M&A to position ourselves as a specialized top tier in selected fields. Specifically, we aim to expand our business through minimally invasive surgical devices used in the fields of urology and cardiovascular diseases.

Business Foundation in the Americas, the Largest Market for Medical Devices
A Solid Track Record With Nine of the Top Ten Global Medical Device Manufacturers



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

Position in the Medical Devices CDMO Market

NISSHA MEDICAL TECHNOLOGIES

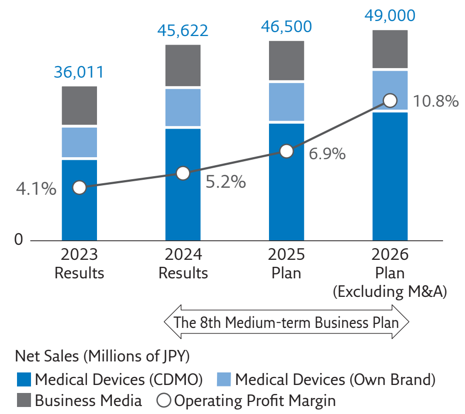
	Medium/Small Specialty Tier	Specialty Top Tier	Large and Broad Vertical Integration
Sales Scale	Up to US$300M	US$300M to US$1B	US$1B-Plus
Features	Roughly 300 companies ● Fierce competition ● Lack of vertical integration ● Narrow range of capabilities	Roughly 30 companies (High profit margins) ● Subdivided by field of specialty ● Vertical integration in specialized fields ● Between small and large lots	Roughly 10 companies ● Vertical integration in various fields ● Concentration on large lots
Medical Device Manufacturer Trends	Outsourcing being consolidated from small and medium size tiers to specialized top tier →		

Key Strategies of the 8th Medium-term Business Plan

Focus on the Growth of Medical Devices CDMO

Net Sales CAGR	Operating Profit Margin (2023 → 2026)	ROIC (2023 → 2026)
10.8%	4.1% UP 10.8%	1.9% UP 6.4%

- **Medical Devices (CDMO)**
  - Stable growth via expanding order pipeline
  - Strengthening design and development capabilities
    - Creating synergies through M&A and alliances with other business unit of Nissha
    - Developing value-added products through integrated technologies
  - Improving profitability through process automation and digital tansformation



The medical devices CDMO market is the mainstay market for the Medical Technologies business. We expect this market to continue to grow at a pace greater than the overall global medical devices market. We expect to achieve steady growth of our existing business for minimally invasive surgical devices and wearable clinical sensors.

Further, we see a growing need for the digitization of medical devices, as represented by robotic assisted surgeries and smart devices. These new areas should grow and offer profit opportunities that even exceed our existing businesses. Of course, we plan to seize these business opportunities and accelerate our growth in this business further.

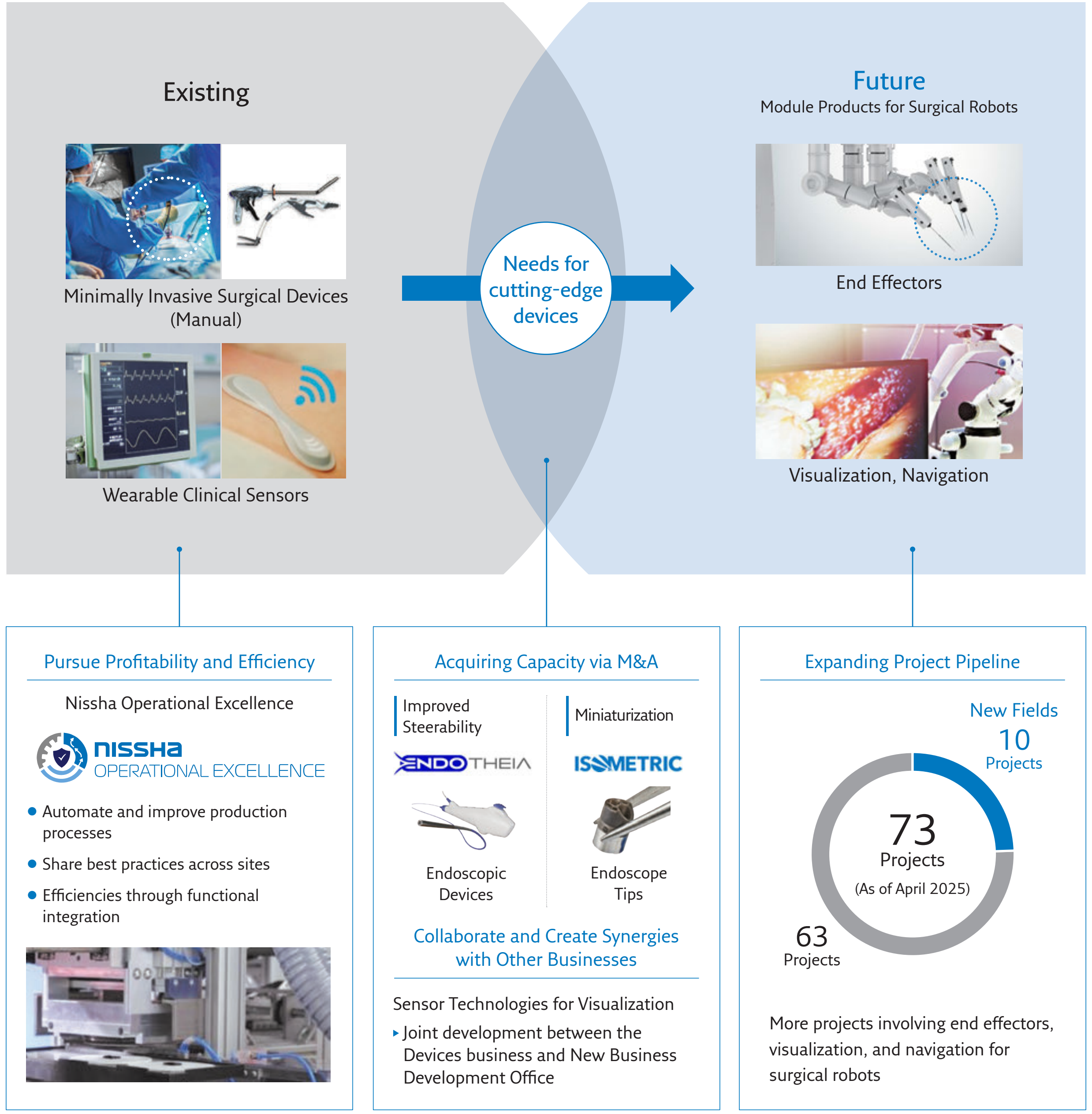
We actively pursue M&A to expand our capabilities, and we have acquired the companies with technologies that contribute to the expansion of the scalability and precision (miniaturization) of medical devices. We plan to step up activities to win orders for higher value-added products through synergies that multiply these acquired technologies.

In response to the digitization of medical devices, we launched the development of new products in collaboration with other business divisions and the New Business Development Office at the Kyoto Global Headquarters. A number of specific projects are already underway.

In terms of production, we strive to increase profit margins by streamlining operations through the automation of production processes, process improvements, and digital transformation (DX). In particular, our production improvement method, Nissha Operational Excellence (NOE), encourages the sharing of best practices and functional integration across locations, in addition to continuous improvement at each site. In this way, we strengthen profitability locally and globally.

As a result of these efforts, our order pipeline is increasing steadily, supported by expanding capacity as a medical devices CDMO and a tailwind of market trends. We expect the Medical Technologies business to contribute roughly JPY5.0 billion in operating profit by 2026, the final year of the 8th Medium-term Business Plan. We are seeing a particular contribution to profit margins through focused efforts on products for robotic assisted surgeries as part of our expanded lineup of high-value-added offerings. We continue to solidify our position further as a specialized top-tier company, aiming for stable growth and higher profit margins.

Medical Devices CDMO to Expand Target Areas



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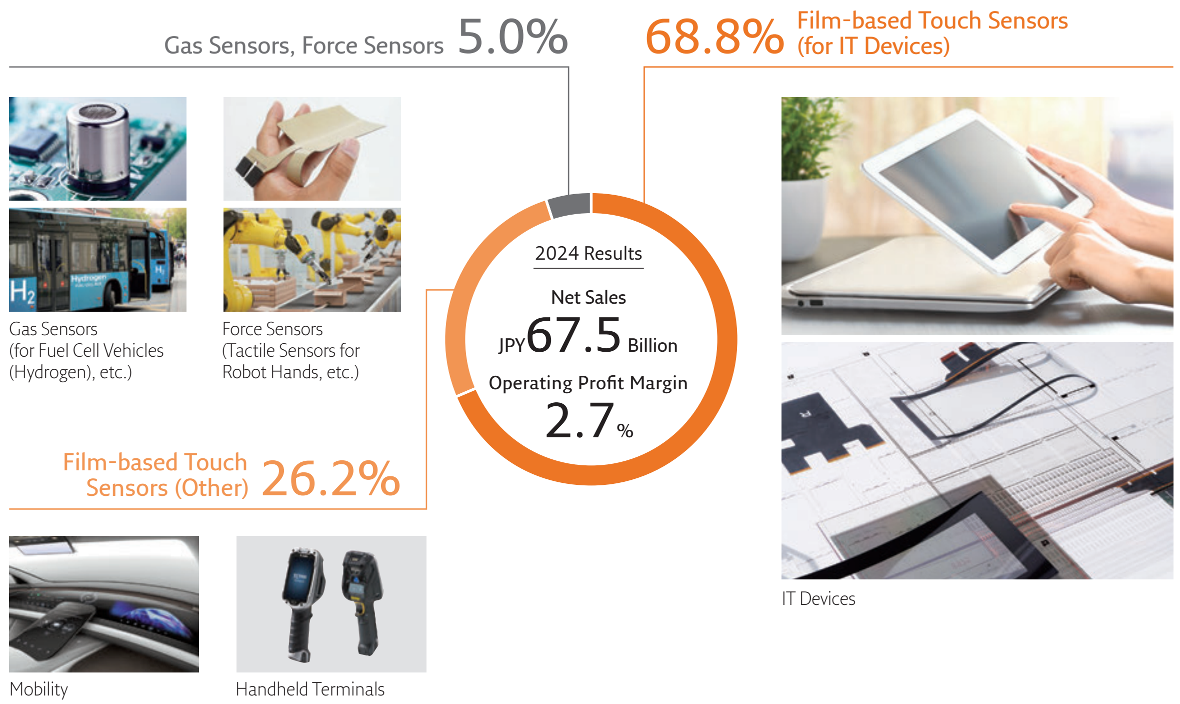
Business Strategy
Devices

Director of the Board
Senior Executive Vice President
Devices Business Unit
Representative Director, Nissha Precision and Technologies, Inc
Yutaka Nishimoto

Business Overview — Film-Based Touch Sensors and Gas Sensors

The Devices business provides functional products for consumer electronics, including products for IT devices, mobility, and handheld terminals. Our mainstay products for these markets currently are film-based touch sensors and gas sensors. Our film-based touch sensors feature high-definition, high-precision, and high-quality products that take advantage of our proprietary technologies. We develop products with different levels of integration to meet customer needs, ranging from single film-based sensors to modules with laminated glass covers and LCDs. We also provide compact, long-life, and highly sensitive gas sensors that incorporate our proprietary material expertise. In response to customer needs, we also offer gas sensor components, modules, and even complete products.

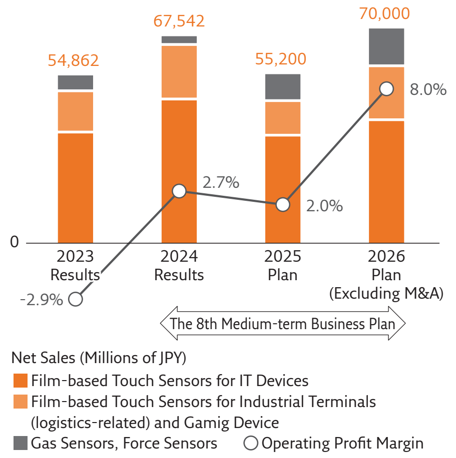


Key Strategies of the 8th Medium-term Business Plan

Pursue Lean Operations to Secure Profits and Create New Businesses Toward Regrowth

Net Sales CAGR	Operating Profit Margin (2023 → 2026)	ROIC (2023 → 2026)
8.5%	-2.9% UP 8.0%	-5.2% UP 15.3%

- **Existing Fields: Film-based Touch Sensors**
  - Automation and labor savings to respond to demand fluctuations
  - Reducing fixed costs by consolidating factory structure
- **New Fields**
  - Quick expanding sensor and force sensor applications
  - Repurposing the capabilities developed in film-based touch sensors to the medical market



Film-based touch sensors are the mainstay products of the Devices business, and these sensors have reached the mature stage in their product life cycle. In this field, we seek to secure stable earnings as a Cash Cow rather than to pursue further growth. Specifically, Nissha continues to respond to short-term fluctuations in demand by leveling production and by controlling variable costs promptly. In anticipation of further declining demand, we decided to consolidate our two-plant system into a single plant—a process we implemented very quickly. This move will reduce fixed costs, mainly power and utilities, by approximately JPY2.0 billion and ensure profitability for the business.

We aim to grow our gas sensor business as rapidly as possible through lean operations cultivated in the touch sensor business. We will launch new products consistently, ensuring stable production and supply. In other areas, we expect to incorporate our force sensors (detecting friction and strain forces on objects), which leverage film-based touch sensor technology, for collaborative robots at production bases and robotic surgical assistants in the medical field. We supply our film-based sensors to customers who recognize the value of our products, and we expect these sensors to contribute to earnings very quickly.

However, these efforts alone are not sufficient to bring the business unit back to a path of growth. We must create additional new businesses. To this end, we plan to assign a new growth strategy officer and collaborate with the New Business Development Office (→ page 75 New Business Development Office), which aims to create the next generation of star businesses. These moves will transform our business significantly to a path of regrowth.

Consolidation of Touch Sensor Factories

	2024		After 2025
Kaga Factory	Touch Sensors	Consolidate to the Kaga Factory	Touch Sensors
Himeji Factory	Touch Sensors →		
	Gas Sensors		Gas Sensors


Kaga Factory


Himeji Factory

Toward Regrowth

Strategy Planning, Devices Business Unit
Wataru Watanabe

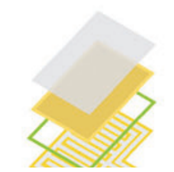
The IT devices market has driven our business performance since the 2010s. This market is now entering a mature stage of its life cycle, largely due to a wave of commoditization. Given this background, the Devices business, which relies heavily on products for the IT devices market, has been working to secure profitability through efficient production systems and plant consolidation in anticipation of declining demand.

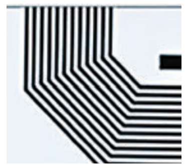
At the same time, cultivating new businesses involves issues that include particularly slow progress in identifying growth areas and taking concrete action. To achieve our Sustainability Vision, the Devices business must identify the areas in the medical market where each business unit can make the most of its capabilities. We must draw up and implement a clear growth strategy, accelerating our efforts.

Minimally invasive surgical devices demand further miniaturization and space savings to reduce the physical burden on patients undergoing diagnosis and treatment. The field increasingly requires providers capable of high-quality machining and precision assembly for extremely small components. We are also seeing a rapid acceleration in the use of smart and IT-enabled medical equipment, as typified by robotic surgical assistants. Traditional medical device manufacturers are not equipped with the advanced technologies, such as electronic components and sensors, that are indispensable for supporting these new medical devices. These manufacturers are seeking support from the IT devices and other industries. This is precisely where CDMOs such as Nissha are expected to excel. The Devices business sees market opportunities in minimally invasive medical devices, and we intend to expand in this field through acquisitions, corporate alliances, and other inorganic efforts.

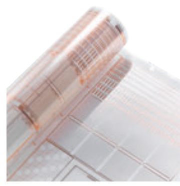
Capabilities Cultivated in the IT Devices Market → Transforming Technologies and Capabilities → **Contributing to the Cutting-Edge Needs of the Medical Market**

Technologies for Miniaturization and Precision


Thin-Film Lamination


Thin Line Pattern

Expertise in a Wide Variety of Sensors and Electronic Components


Film-based Touch Sensors

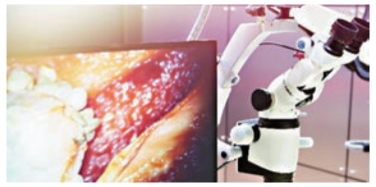

Force Sensors

- ✓ Synergies with other businesses
- ✓ Acquire and strengthen business platforms through acquisitions and alliances

Medical Device Miniaturization


End Effectors

Medical Device Digitalization


Visualization, Navigation

*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

Wataru Watanabe

Creating the Next Generation of Star Businesses

To achieve our Sustainability Vision, we designated medical, mobility, sustainable materials, and IT devices as priority markets under growth strategies for each business unit. The New Business Development Office is an organization independent of our business units. The main mission of the office is to create the next generation of Star businesses by developing Problem Child businesses in priority markets.

Our current focus is on the pharmaceuticals and medical devices sectors of the medical market, which represents a high priority in our Sustainability Vision. In pharmaceuticals, we are creating product lines based on our proprietary film formulation technology and pharmaceutical CDMO business. In the medical devices field, we conduct technology research related to smarter technology for surgical robots and engage in the medical devices CDMO business for biomaterials.

Needs and technology trends change rapidly in the current market environment. In response, we must utilize external technologies and capabilities actively, leveraging corporate alliances and business partnerships, for example, rather than focusing solely on in-house product development. In this way, we manage the time axis of business development to commercialize Problem Child businesses. In order to make the best use of our technologies in the future, the New Business Development Office constantly seeks out the points of contact between technology and the market.

Business Development Styles and Strengths

A Problem Child is a model that is discontinuous with existing businesses. Creating a Problem Child requires establishing contact with market needs and creating product lines that meet those needs, performed in parallel.

We develop businesses arising from market needs, growing through diversification and globalization to meet said market needs. We focus on growing markets that address numerous social issues (market needs) emerging in their respective times. We learn quickly through business activities by entering markets quickly at the hypothetical stage and identifying fields where our processing technologies make sense. The strength of this approach lies in creating CDMO business models that fully utilize our capabilities in design, development, production, quality control, and standards compliance.

Target Market

New businesses originating from needs; focus on growth markets addressing many social issues (= needs)

Timeline

Once the outline of the strategy is in place, enter the market and develop through experience

Target Products

Fields leveraging the company's existing processing technologies

Business Model

Model that maximizes the contract design, development, and manufacturing (CDMO) business

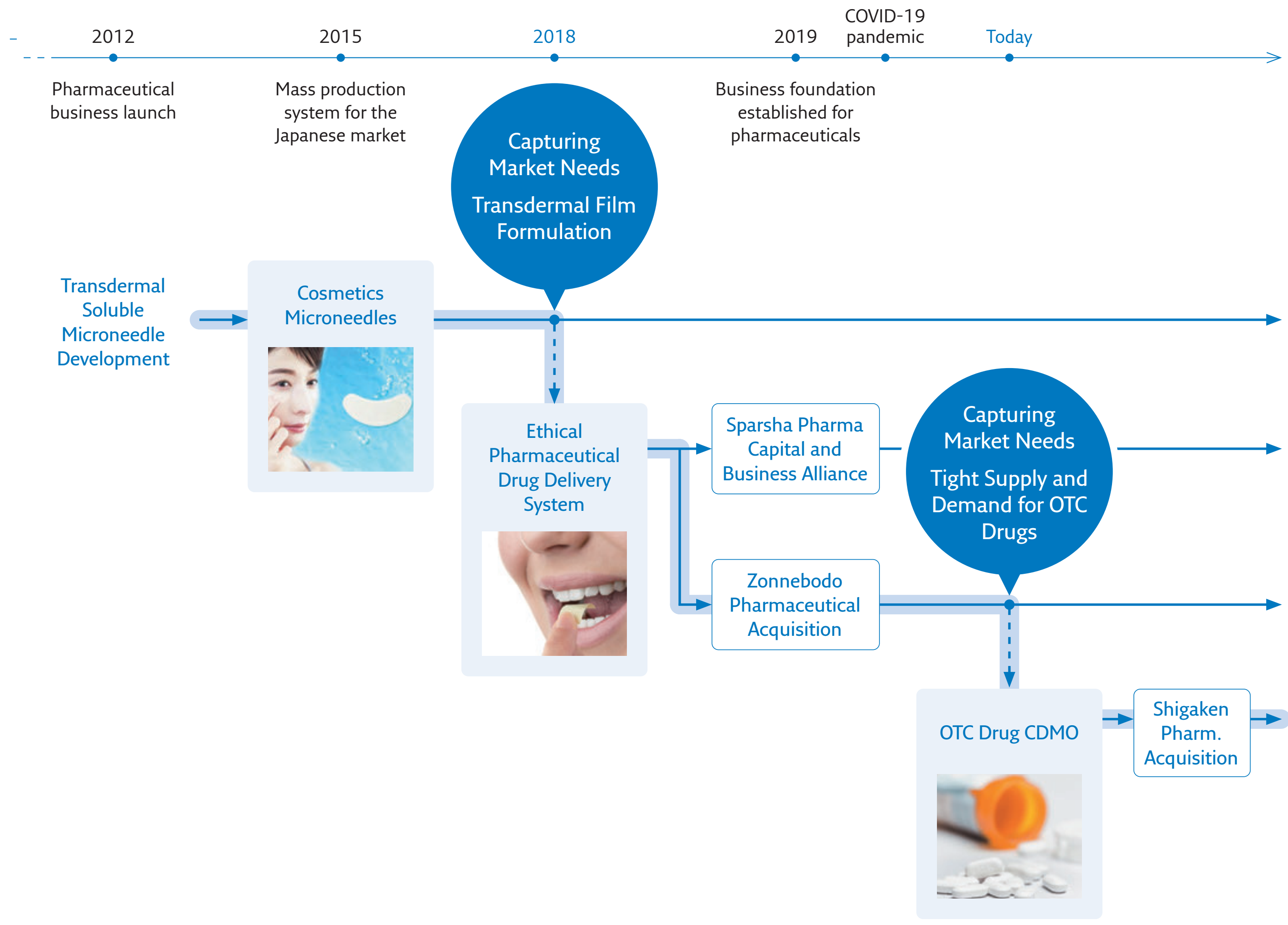
Toward the Next Generation of Star Businesses: Pharmaceutical Business

The pharmaceutical business with which the New Business Development Office is engaged currently began with soluble transdermal drug microneedles, which was a development project in 2012. In 2015, we launched a product using this technology for cosmetics in Japan and established a mass production system. During application development, we created contacts with pharmaceutical needs, and in 2018 we began developing film formulation and new production technology for pharmaceuticals. In 2019, we created a business platform in the pharmaceutical sector with the acquisition of Zonnebodo Pharmaceutical and an investment in Sparsha Pharma USA, which specializes in film formulations.

Looking at the domestic pharmaceutical market at that time, we saw the issue of tight supply and demand for ethical drugs due to the COVID-19 pandemic, as well as quality problems among pharmaceutical manufacturers. We created a business unit that integrates the global headquarters organization and group company organizations to utilize resources efficiently in the pharmaceutical field. In this way, we fostered a structure and expand our business to meet the urgent market needs of the time.

Japan's current pharmaceutical market struggles with the tight supply and demand for ethical drugs as a social issue, and the pharmaceutical giants are focusing on ethical drugs. The result is an emerging shortage of over-the-counter (OTC) drugs that are compatible with the type of self-administered medicine encouraged by the government. Amid these circumstances, major pharmaceutical companies dealing in OTC drugs are seeking to expand their OTC drug supply capacity through outsourced production. We acquired a leading OTC drug CDMO (dosage formulation of tablets and liquids), Shigaken Pharm., to meet this strong demand. With the acquisition of Shigaken Pharm., we created a business foundation that handles a variety of formulations in addition to film formulations. The New Business Development Office will continue to address needs in the market and contribute solutions to market issues through the stable supply of high-quality pharmaceutical products.

New Businesses Created in a Discontinuous Manner



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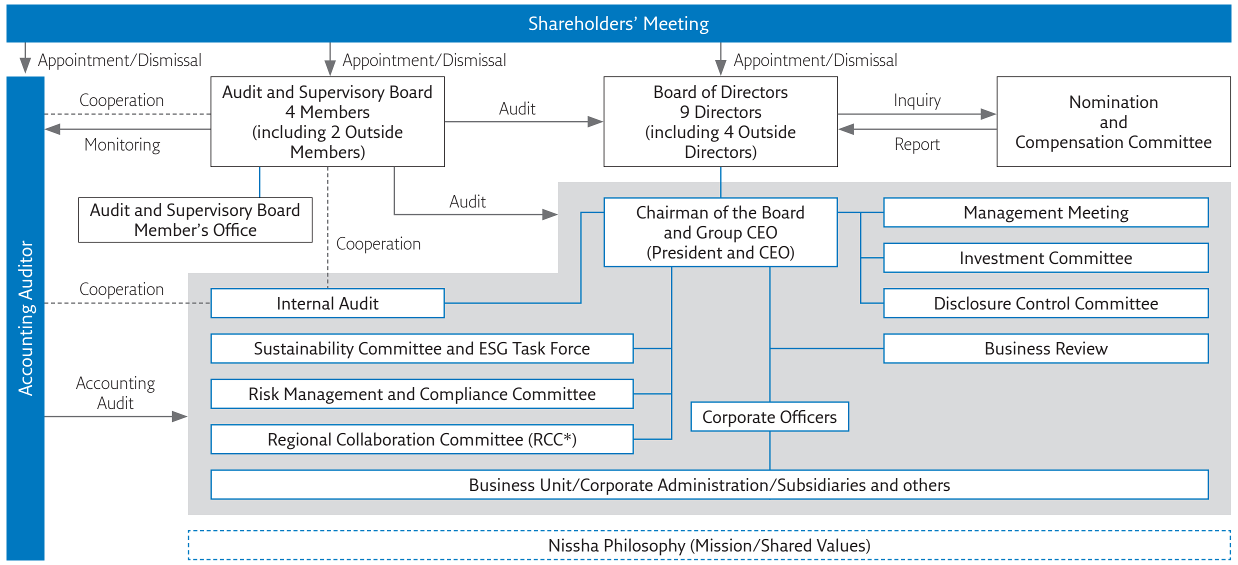
Sustainability Initiatives

Contents

Corporate Governance

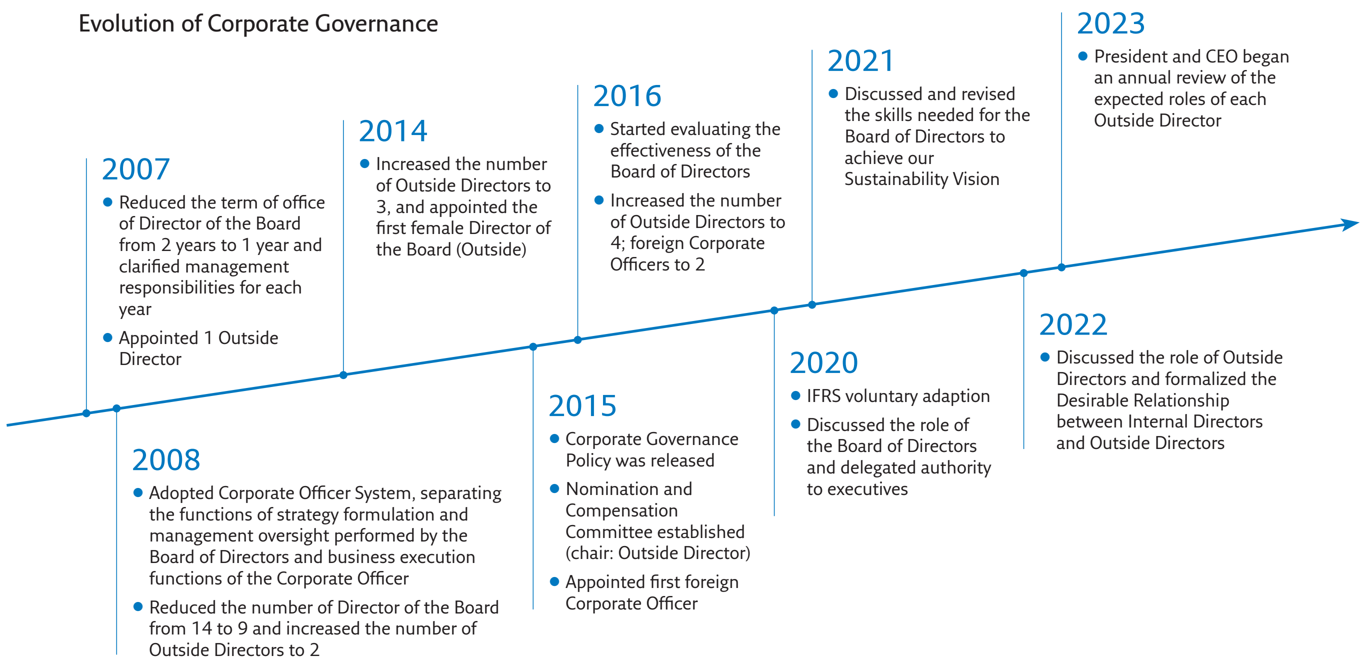
Since our founding, we have implemented strategies under the strong leadership of our management to correctly address changes in the business environment. We believe that a combination of strong corporate governance and this type of leadership encourages swift, bold decision-making that ensures transparency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

Corporate Governance Structure



*Regional Collaboration Committee (RCC): Established in the Americas, Europe, and China, the RCC follows global guidelines and acts in consideration of regional characteristics. Members selected from executives and employees of overseas group companies make plans related to human resources and administration at function-specific meetings, sharing best practices and creating synergies. The activities of the RCC are reported to the President and CEO on a regular basis.

Evolution of Corporate Governance



Directors and Board of Directors

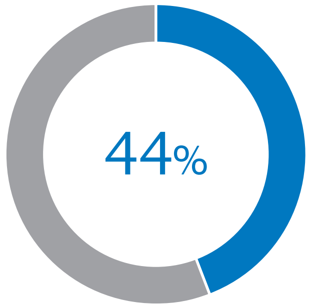
The Board of Directors is responsible for strategy formulation and supervision, deliberating and making decisions on important management matters and supervising the execution of duties by Directors and Corporate Officers.

The company must consider a balance and diversity of experience, knowledge, and abilities in the selection of directors to ensure the Board fulfills its role.

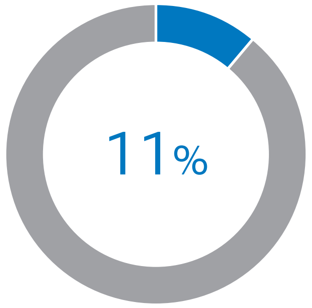
At least one-third of the Board of Directors must be Outside Directors, who meet not only the requirements for Outside Directors as stipulated in the Companies Act, but also meet the Standards for Independence of Directors as established by the Board of Directors.

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

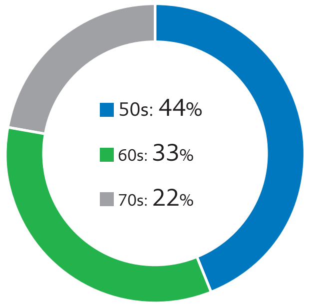
Ratio of Outside Directors



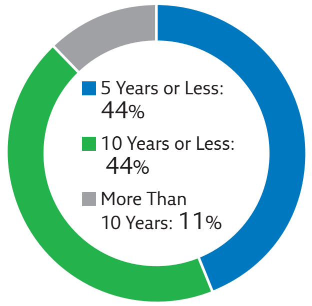
Ratio of Female Directors



Age Distribution



Tenure Distribution



Main Topics and Discussions in 2024

Topic	Discussion
Management Strategy	● Discussions prior to rolling updates of the 8th Medium-term Business Plan (2024-2026)
Corporate	● Evaluation of the effectiveness of the Board of Directors ● Revisions to monthly compensation and bonuses for Directors ● Verification of the rationale and reasonableness for 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
Investments and Monitoring	● Consultations and resolutions prior to corporate acquisitions ● Management reports from the CEOs of major overseas group companies

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, we consider the skills (experience and knowledge) in the fields of particular importance for the Board of Directors, indicated below.

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	25 years 9 months	60s	—	●	●	●	●	●		
Wataru Watanabe	7 years	50s	—		●	●	●	●		
Hisashi Iso	4 years	60s	—		●	●		●		
Yutaka Nishimoto	4 years	50s	—		●	●		●	●	
Daisuke Inoue	7 years	50s	—	●	●	●				●
Kazuhito Osugi	8 years 9 months	70s	●	—			●			●
Kazumichi Matsuki	6 years	70s	●	—	●		●			●
Juichi Takeuchi	3 years	60s	●	—	●	●	●	●		
Yukiko Hashitera	1 year	50s	●	—	●	●	●		●	

*Term and age are at the conclusion of the general meeting of shareholders on March 21, 2025
*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.

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

We believe that the Board of Directors must create sustainable growth and increase corporate value. To this end, we continue to discuss, practice, and improve the nature and role of the Board of Directors. We consider whether the Board composition is optimal for the characteristics of our business, the size and growth stage of the company, and for the achievement of our Sustainability Vision (long-term vision).

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

We have been consistently delegating authority to executives, keeping the Board focused on a narrower agenda. Under this arrangement, the Board focuses on important deliberations related to the direction of the company, management strategy, and business strategy, rather than on single issues.

In this context, we continued to discuss the role expected of Outside Directors, raising the quality of deliberations in Board meetings. As a result, we have created a clear statement regarding the *Desirable Relationship between Internal Directors and Outside Directors* ("*desirable relationship*").

These deliberations addressed the deeper meaning of the roles of advice and supervision generally expected of Outside Directors. We also reaffirmed the functions to be performed by the Board of Directors as a body, summarizing the attitudes and contributions expected of each constituent Internal Director and Outside Director making up the Board.

As a result, we confirmed that Internal Directors and Outside Directors are not in a hierarchical relationship, but rather share an equal footing and common mission of enhancing Nissha corporate value. We also confirmed that the Outside Directors play a role in supporting executive business decisions and encouraging risk-taking by raising questions and pointing out issues constructively. In addition, we reaffirmed that the Board of Directors serves as an important forum for Internal Directors and Outside Directors to engage in serious discussion and dialogue, thereby helping the company adapt to a rapidly changing business environment.

This Board of Directors practices this *desirable relationship*, which we continue to monitor and improve through a PDCA cycle that includes an evaluation of the effectiveness of the Board.

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.

Confirming and Reflecting on the Expected Role of Outside Directors

As part of our efforts to enhance the effectiveness of the Board of Directors, we communicate our expectations for the role of each Outside Director and foster a common understanding through dialogue.

More specifically, we utilize questionnaires and 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.

After confirming and discussing the results among all Internal Directors, the President and Group CEO communicates expectations to each Outside Director based on their individual expertise and experience, as well as their expected role and contributions on the Board based on their individual character. We hold these dialogues annually, and the dialogues include an annual review.

Through these efforts, we maintain an appropriate level of tension within the Board of Directors, which enhances openness and strengthens the teamwork of the Board as a whole.

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, effectively supervise and contribute to improved management.

1 Board of Directors Briefings

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. Additionally, 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, briefings serve as a forum for exchanging opinions, leading to mutual understanding and stronger cooperation.

2 Discussions Outside of Board Meetings (Off-Site Meetings)

- Director Boot Camp

In 2020, we held our first annual discussion forum, the Director Boot Camp, as a separate gathering from Board of Directors meetings. During the camp, directors exchange opinions in a free forum regarding matters of medium- to long-term importance. The event deepens our sense of unity as a team by helping understand ideas and sensitivities without the pressure of having to reach a final decision.

During the 2024 Boot Camp, President Suzuki discussed the change for growth, traced from our founding to the present. business unit directors gave presentations on the mission and challenges in their respective assignments. In addition, four Outside Directors gave presentations related to their areas of expertise.

- Director *Bangaichi*

In 2025, we added a forum for communicating background information and exchanging views on matters that may become Board agenda items in the future. Using a "neutral" location (*bangaichi*) other than the traditional Board room created an opportunity for a deeper understanding of the issues through free opinion exchange in an informal atmosphere.

- Meetings Exclusively for Outside Directors

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

3 Information Sharing and Dialogue with Corporate Officers and Employees

We provide regular opportunities for dialogue and interaction among Outside Directors, Corporate Officers, and employees to ensure that Outside Directors gain a more multifaceted understanding of the company and maintain contact with the next generation of management candidates. In this way, Outside Directors gain a deeper understanding of the front lines and our corporate culture, as well as build relationships with future leaders.

- 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 in annual kick-off meetings and events at which all group department heads gather

Evaluation of the Effectiveness of the Board of Directors

In 2016, we conducted our first annual assessment of the effectiveness of the Board of Directors and disclosed a summary of the results. The evaluation confirms improvement in issues identified in the previous year and identifies new issues to ensure the ongoing improvement of the Board of Directors. These efforts are important drivers for the evolution of corporate governance in line with the company's growth and strategy.

In recent years, the focus of issues identified in these assessments has shifted from executive-related issues to the qualitative enhancement of the Board itself. Since creating the *Desirable Relationship between Internal Directors and Outside Directors ("desirable relationship")*, our focus has been on confirming the status of the implementation of this policy and discussions of priority agenda items to address in the next year.

The Process of Evaluating of the Effectiveness of the Board of Directors in 2024

Questionnaire and Individual Interviews
- All Directors and Audit and Supervisory Board Members answered a questionnaire
- Individual interviews were conducted with Outside Directors and Outside Audit and Supervisory Board Members

Analysis
- Analyzed questionnaire responses and individual interviews

Discussion and Evaluation
- Reported and discussed analysis details at the Board of Directors and evaluated Board effectiveness
- Confirmed operating policy and priority agenda items for the next year

*Questionnaires and individual interviews were designed and conducted by a third party

Evaluation Questionnaire and Individual Interviews

Questionnaire
- Review of the previous year based on the *desirable relationship* (2023 operating policies)
- Composition, role, and operation of the Board of Directors
- Information sharing and the support system for Outside Directors and Audit and Supervisory Board Members
- Dialogue with shareholders and investors

Individual Interviews
- Review of the previous year and status of role as Director based on the *desirable relationship*




Evaluation and Challenges Identified in 2024 and Operating Policy and Priority Agenda Items for 2025

Evaluation and Challenges Identified in 2024

- **General evaluation**
  - Confirmed that the Board of Directors is functioning appropriately and effectively
    - More than 90% of the respondents to the quantitative section of the questionnaire answered *adequate/sufficient* or *generally adequate/sufficient*
    - Interviews confirmed that formulating the *desirable relationship* has contributed to improving the effectiveness of the Board of Directors
- **Review of the previous year based on the *desirable relationship* (fiscal 2023 operating policies)**
  - Clarifying the *desirable relationship* has led to more open and equal discussions between Internal Directors and Outside Directors, and the company is seeing the impact of these discussions
  - The chair takes even greater care to confirm the purpose and background of questions from Outside Directors, encouraging deeper and more interactive discussions; Internal Directors also have significantly more opportunities to speak than in the past
  - Comments and questions from Outside Directors have become more precise, leading to constructive discussions
  - In some cases, Outside Directors have encouraged risk-taking on the part of the executives in acquisition deals and other situations; the relationship of trust between Inside Directors and Outside Directors continues to grow
  - Directors, whether Internal or Outside, do not merely express their opinions, but also share responsibility for the results of their discussions, always with an awareness of the need to improve corporate value
- **Composition, role, and operation of the Board of Directors, and other**

Composition
- 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 ensures that the Board of Directors skill matrix is consistent with the direction of company-wide strategies
- The number of directors and the ratio of Internal Directors to Outside Directors is optimal; there is no need for a company the size of Nissha to have a majority of Outside Directors

Role
- The Board of Directors holds regular and active discussions on medium- to long-term strategies and management issues

Atmosphere
- The evaluation also indicated that the Board of Directors fosters an atmosphere of genuine open and constructive discussions, which we feel is a unique strength of Nissha

Role of Chair of the Board
- The chair properly fulfills their role, and there are no issues with the current operation of Board meetings
- The chair maintains an awareness of his or her own role and communicates to Outside Directors appropriately to their level of understanding; the chair conducts meetings considering effectiveness, making a point to ask additional questions of the speaker to encourage understanding, even when the chair is familiar with the topic personally
- Appointing the company president to serve concurrently as chairperson of the Board of Directors is appropriate from the perspective of improving corporate value and management 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 reflected as necessary in management

Operating Policy and Priority Agenda Items for 2025

The Board of Directors agreed that while the agenda for 2024 was appropriate, discussions did not result in improvement in PBR, and that more in-depth discussions are needed in 2025.

- **Operating policy**
  - Continue to practice the *desirable relationship* between Internal Directors and Outside Directors to develop and deepen discussions at the Board of Directors meetings
  - Create opportunities for informal discussions at off-site locations, etc., depending on the nature of the matters to discuss and the stage of the discussion, rather than limiting discussions to formal Board of Directors meetings.
- **Priority agenda items**
  - Interim verification of Sustainability Vision (long-term vision)
  - Optimize business portfolio, product portfolio, and resource allocation

Nomination and Compensation Committee

We 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 in Director compensation. This committee is chaired by an Outside Director and consists of a majority of Outside Directors.

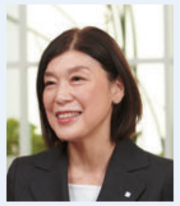
Members (As of March 21, 2025)

4 Outside Members


Kazuhito Osugi
Committee Chair
Outside Director


Kazumichi Matsuki
Committee Member
Outside Director


Juichi Takeuchi
Committee Member
Outside Director


Yukiko Hashitera
Committee Member
Outside Director

2 Internal Members


Junya Suzuki
Committee Member
Chairman of the Board and Group CEO


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

Main Topics and Discussions in 2024

Topic	Discussion	
Nomination	• Director candidates to be presented to the general meeting of shareholders • Representative Director, appointed Directors, and the President and CEO after the general meeting of shareholders	• Skill set needed for the Board of Directors • President succession planning
Compensation	• Policy for determining individual Director compensation, etc. • Design and level of compensation for Directors	• Proposal on compensation to be submitted to the general meeting of shareholders • Amount of compensation for individual Directors
Other	• Role of the lead Outside Director	• Appointment and retirement process for Outside Directors

Discussions during 2024

President Succession Planning

● Background

The Nomination and Compensation Committee has regularly discussed president succession plans in the past, driven by President Suzuki's own awareness of the issues. The purpose of these discussions was to organize and clarify the concept, while taking into account the details of previous discussions.

● Main considerations and opinions

In addition to reiterating requirements for Directors (shared values, experience, and skills; see P. 80), discussions included opinions on the requirements for president. An outside committee member commented that in a company that operates globally such as Nissha, the experience and ability to manage the leaders of overseas group companies are extremely important. A president of the company should have global management skills at a level one level higher than other Directors.

Another outside committee member suggested that the process for nominating a successor candidate should be clarified in advance, with the current president being responsible succession planning and proposing candidates to the Nomination and Compensation Committee.

● Direction confirmed

The committee organized and formulated a clear plan based on these discussions, called the Nissha Presidential Succession Plan. The document clarifies the importance of selecting a successor to the president and lays out the requirements and selection process for our future leadership.

Appointment and Retirement Process for Outside Directors

● Background

We appointed a first Outside Director in 2007, reaching a total of nine to date. Outside Directors have played an important role in the evolution of the corporate governance. Outside directors must represent an independent viewpoint from shareholders and investors, and must be replaced at regular cycles. The purpose of this discussion was to review the effectiveness of the current appointment and retirement process and to clarify policies and procedures for future appointments and retirements.

● Main considerations and opinions

The Nomination and Compensation Committee reviewed the appointment and retirement process for each of the Outside Directors to date. During the discussion, several outside committee members commented that the orientation given during the six months prior to appointment in the selection process was very effective in helping Outside Directors understand the company. Members also exchanged views on the tenure of Outside Directors in light of recent shareholder and investor trends.

● Direction confirmed

The committee determined that the company's current appointment and retirement processes were valid and concluded that it would be favorable to proceed with further clarification in accordance with these processes.

The committee also confirmed that appointments should be made by the president and proceed in consultation with the Nomination and Compensation Committee as necessary. Resignations should be allowed either by the president or by the Nomination and Compensation Committee.

In addition, the committee established a common understanding of the importance of flexibility depending on the situation, although the committee agreed to produce a clear statement.

Lead Outside Director

● Background

The chair of the Nomination and Compensation Committee initiated discussions on this topic, suggesting that the company discuss the role and leadership of a lead Outside Director. The Corporate Governance Code of Japan calls for strengthening the function of Outside Directors. When Outside Directors are viewed as a team, the preference is to have a leader who can consolidate opinions and serve as a bridge between the Outside Directors and the president on the executive side. Further, we consider that as Outside Directors are replaced in an ongoing cycle, the ranking of Outside Directors should not be determined by the length of tenure, but rather by knowledge and experience.

● Main considerations and opinions

The discussion was based on the *Desirable Relationship between Internal Directors and Outside Directors*, referencing the roles actually played by Outside Directors who have served for the longest period of time.

● Direction confirmed

As a result of the discussion, the company confirmed that the role of the lead Outside Director is to preside over meetings among Outside Directors, encouraging the sharing of opinions and understanding among Outside Directors. The lead Outside Director is also responsible for liaison and coordination with the president, as well as to convey the opinions of Outside Directors effectively to the president and executives.

The committee also agreed that a lead Outside Director may be selected on a voluntary basis as necessary by mutual vote of the Outside Directors.

Director Compensation

Basic Approach

- Design to encourage the sustainable growth of the company and enhance corporate value over the medium- to long- term
- Consideration to ensure that each Director fulfills their role appropriately
- Compensation levels designed for market competitiveness to ensure growth as a global company
- To ensure objectivity and fairness, the Nomination and Compensation Committee (chaired by an Outside Director) deliberations reflect the knowledgeable input of Outside Directors after which the Board of Directors passes a resolution

Major Initiatives to Date

2007
- Abolished the executive retirement benefits system

2015
- Nomination and Compensation Committee established (chair: Outside Director)

2016
- Introduced a performance-linked board benefit trust for stock-based compensation, etc. (for Directors and Corporate Officers, excluding Outside Directors)

2019
- Began participation in an external compensation survey to compare compensation levels with similarly sized companies in Japan

2021
- Raised the ratio of stock-based compensation, etc., (from roughly 10% to roughly 20%)

2024
- Established new benchmark company cohort, reviewed compensation levels of Internal Directors
- Increased the ratio of performance-linked compensation to approximately 50%
- Introduced ESG indicators to stock-based compensation (climate change, women's empowerment, employee engagement)

Discussion in 2024: Reviewing Internal Director Compensation

Background

We continue to participate in external compensation surveys in which many other publicly listed companies participate. We compared and verified compensation levels with those of similarly sized companies in Japan. We periodically revise compensation for Outside Directors based on this survey.

Internal Directors face a changing management environment for Nissha as a global company and their role in managing a complex business portfolio. Considering these factors, the company raised the issue of whether current compensation for Internal Directors was market-competitive and would attract the right people for the type of company to which Nissha aspires.

We reexamined the selection of benchmark companies referenced, as well as the appropriateness of the performance-linked ratio and evaluation indicators in the current compensation structure.

Considerations and Opinions of the Nomination and Compensation Committee

During the review, we first reevaluated the appropriateness of compensation levels by establishing a new benchmark peer of companies appropriate for the type of company to which Nissha aspires. The benchmark peer includes global companies with complex business portfolios, global client management, companies with BtoB attributes, and leading companies in our industry sector. Comparisons with these benchmark companies revealed a gap with current compensation levels and led us to conclude that a revision was necessary.

We also discussed compensation structure, and confirmed a policy to strengthen the incentives by increasing the ratio of performance-linked compensation. As evaluation indicators, we kept the elements of bonuses (short-term performance-linked compensation), consolidated net sales, consolidated operating profit, and ROE. As stock-based compensation (medium- to long-term performance-linked compensation), we added ESG factors (climate change, women's empowerment, and employee engagement) as new indicators.

The Nomination and Compensation Committee held a frank discussion related to revising compensation levels. Topics included the appropriateness of selecting new benchmark companies, accountability to shareholders for raising compensation levels, and balancing the rate of salary revisions for employees. The company provided explanations and rationale for these matters, eventually gaining the understanding and acceptance of all committee members.

Revisions

Based on discussions at the Nomination and Compensation Committee, the Board of Directors resolved to adopt and implemented the following revisions.

- Expanded monetary compensation
- Increased the ratio of performance-linked compensation to approximately 50% (*when 100% of performance targets achieved)
- Added ESG indicators to stock-based compensation

Compensation Plan

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

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.

Compensation Plan	Cash		Stock-Based
	Fixed	Performance-Linked Compensation	
	Base Compensation	Bonus (Short-Term Performance-Linked)	Stock-Based (Medium-Term Performance-Linked)
Summary	• Fixed monthly compensation • Determined based on the significance of role and status	• Achieve performance targets for each year and incentives for proper management • Bonuses determined based on progress toward targets according to profit and loss for the period	• Incentives to encourage a sense of contribution for the sustainable growth of the company and the enhancement of corporate value over the medium to long term • Board Benefit Trust (BBT) • Points awarded for the three-year period of the 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 business plan. Points 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
Indicator	—	• Consolidated net sales • Operating profit margin • Consolidated ROE	Fiscal Year Results • Consolidated net sales • Operating profit margin Medium-term Business Plan • Consolidated ROE • ESG Indicators* E: Climate change S: Women's empowerment (non-consolidated) S: Employee engagement

*Indicators related to climate change (Nissha Group CO_2 emissions reduction percentages), indicators related to Nissha (non-consolidated) women's empowerment (ratio of female managers, ratio of next-generation female managers), and Nissha Group employee engagement (willingness to contribute to the organization and organizational commitment)

Change in Compensation Structure

*When the chairman of the Board, president and CEO achieves 100% of performance targets

Compensation to Directors of the Board for 2024

Position	Number of Applicable Persons	Total Compensation (Millions of JPY)	Compensation by Category (Millions of JPY)		
			Fixed	Performance-Linked Compensation	
			Base Compensation	Bonuses	Stock-based (Non-Monetary Compensation, etc.)
Directors (No. of Outside Directors)	10 (5)	477 (36)	252 (36)	150 (—)	74 (—)

• The above includes compensation, etc., for one director who retired at the conclusion of the 105th Ordinary General Meeting of Shareholders held on March 22, 2024.
• Stock-based compensation is the provision for share awards for directors (and other officers) recorded for 2024. Actual delivery of shares will take place on a certain date upon the conclusion of the 8th Medium-term Business Plan (2024 to 2026).

Management Team

Directors of the Board

Junya Suzuki, MA

Chairman of the Board and Group CEO
Chairman of Sustainability Committee
Internal Control
ESG Promotion

1990	April	Entered The Dai-ichi Kangyo Bank, Limited (currently, Mizuho Financial Group, Inc.), Ginza Branch Office
1995	March	Acquired credits from the Doctoral Program, Graduate School of Business and Commerce, Keio University
1996	March	Los Angeles Branch Office, The Dai-ichi Kangyo Bank, Limited
1998	March	Entered Nissha Co., Ltd.
1999	June	Directors of the Board
2003	April	General Manager of International Sales, Industrial Materials and Input Devices Business Unit
2006	April	General Manager of Corporate Strategy
2007	June	Chairman of the Board, President and CEO (present post)

Wataru Watanabe, MBA

Director of the Board
Chief Strategy Officer
Senior Executive Vice President
New Business Development
Corporate Strategy Planning
Strategy Planning, Device Business Unit

1996	March	Entered Nissha Co., Ltd.
2010	April	Chief Executive Officer, Nissha USA, Inc.
2011	September	Completed MBA, Kellstadt Graduate School of Business, DePaul University
2011	October	Director of Corporate Strategy Planning
2016	August	Chief Strategy Officer (present post)
2018	March	Director of the Board (present post)
2021	January	Senior Director of New Business Development Office (present post)

Hisashi Iso

Director of the Board
Senior Executive Vice President
Industrial Materials Business Unit

1987	April	Entered Nissha Co., Ltd.
2007	April	Director of PC Marketing and Sales, Industrial Materials and Input Devices Business Unit
2011	April	Director of Procurement and Sourcing, Devices Business Unit
2013	October	Senior Director of Devices Business Unit (Customer Relationship Management)
2019	July	Senior Director of Industrial Materials Business Unit (Customer Relationship Management) and Senior Director of Devices Business Unit (Supply Chain Management and Procurement)
2020	June	General Manager of Industrial Materials Business Unit (present post)
2021	March	Director of the Board (present post)

Yutaka Nishimoto

Director of the Board
Chief Quality and Production Officer
Senior Executive Vice President
Devices Business Unit
Total Production Management
Representative Director,
Nissha Precision and Technologies, Inc.

1993	March	Entered Nissha Co., Ltd.
2008	April	Director of Foil Printing Production, Kameoka Factory, Nitec Industries, Inc.* (currently, Nissha Industries, Inc.)
2015	April	Senior Director of Devices Business Unit (Production), the Company Representative Director and CEO, Nitec Precision and Technologies, Inc. (currently, Nissha Precision and Technologies, Inc.) (present post)
2021	January	Chief Quality and Production Officer (present post)
2021	March	Director of the Board (present post)
2025	April	General Manager of Devices Business Unit (present post)

Daisuke Inoue, MBA

Director of the Board
Senior Executive Vice President
Legal Affairs
Interim Chief Financial Officer
Pharmaceutical and Medical Device Affairs
Corporate Procurement and Logistics
Chairman of Risk Management and Compliance Committee

1989	April	Entered The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation)
2006	April	Entered Nissha Co., Ltd.
2007	April	Director of Strategies for Subsidiaries and Associates, Corporate Strategy
2010	March	Completed MBA, Graduate School of Management, Ritsumeikan University
2011	April	Director of Corporate Strategy Planning
2015	April	General Manager of Devices Business Unit
2018	March	Director of the Board (present post)
2025	April	Interim Chief Financial Officer (present post)

Kazuhito Osugi, MBA

Independent Outside Director of the Board

1977	April	Entered the Bank of Japan
2001	May	Deputy General Manager, the Bank of Japan Osaka Branch
2003	May	Senior Director, Industrial Revitalization Corporation of Japan
2005	July	Deputy Director-General, Head of Center for Advanced Financial Technology, the Bank of Japan Financial System and Bank Examination Department
2006	May	Director-General, the Bank of Japan Internal Auditors' Office
2007	April	Director-General, the Bank of Japan Secretariat of the Policy Board
2011	September	Auditor, the Bank of Japan
2016	June	Independent Outside Director of the Board, Nissha Co., Ltd. (present post)

[Major positions concurrently held]
Independent Outside Director of the Board (Audit and Supervisory Committee Member),
Frontier Management Inc.
Independent Outside Director of the Board, The Gunma Bank, Ltd.

Kazumichi Matsuki, LL.M.

Independent Outside Director of the Board

1976	April	Entered Mitsubishi Corporation
1979	June	Harvard Law School, LL.M. (Master of Laws)
2009	April	Senior Vice president, Senior Assistant to Corporate Functional Officer and General Manager of Compliance Dept., Mitsubishi Corporation
2007	May	Chairman, The Association of Corporate Legal Departments
2009	October	Temporary member of International Jurisdiction Legislation Subcommittee, Legislative Council of the Ministry of Justice
2011	June	Member of Special Committee on Criminal Justice System of New Age, Legislative Council of the Ministry of Justice
2013	June	Managing Director, Hokuetsu Kishu Paper Co., Ltd. (currently, Hokuetsu Corporation)
2019	March	Independent Outside Director of the Board, Nissha Co., Ltd. (present post)

[Major positions concurrently held]
Independent Outside Director of the Board (Audit and Supervisory Committee Member), ANEST IWATA Corporation
Independent Outside Director, Toyo Construction Co., Ltd.
Director, Japan Criminal Policy Society
Councilor, International Civil and Commercial Law Centre Foundation

Juichi Takeuchi

Independent Outside Director of the Board

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

Yukiko Hashitera, MPH, MBA

Independent Outside Director of the Board

1989	April	Entered UENO FINE CHEMICALS INDUSTRY, LTD.
2006	April	Representative Director and President, R-Tech Ueno, Co., Ltd.
2012	March	Completed MPH (Master of Public Health) program, Kyoto University School of Public Health
2013	March	Completed MBA, Graduate School of Management, Kyoto University
2018	March	CEO, Phoenixi Co., Ltd. (present post)
2024	March	Independent Outside Director of the Board, Nissha Co., Ltd. (present post)

[Major positions concurrently held]
Management Director, Cyn-K Bio, Inc.
Independent Outside Director of the Board, Tosoh Corporation

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

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

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

Satoshi Aoki, MBA
Chief Human Resources Officer
Senior Vice President
General Affairs
Health and Productivity Management
Director, Tokyo Division Headquarters

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

Chuzo Taniguchi
Co-Chief Technology Officer
Vice President
Total Technology Management
New Business Development
Advanced Basic Technology Development

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

Shinichiro Kobayashi, MBA
Chief Information Officer
Vice President
Digital Transformation

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

Hayato Nakaya
Co-Chief Technology Officer
Vice President
Total Technology Management
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

Fellows

Keiji Kishi
Nissha Senior Fellow
Director, Kishi Laboratory

Volker Schuster
Nissha Fellow, Nissha Innovation Center Europe
Director, R&D, Nissha Innovation Center Europe

Messages from the Outside Directors of the Board

Taking on the Challenge to Strengthen Profitability and Restore Confidence

The most urgent task at Nissha is to quickly rebuild a stable and promising base of earnings while regaining investor trust.

As I see it, the strengths of Nissha human capital are integrity, diligence, and intellectual capacity. The remarkable improvements in corporate governance over the last decade is a perfect example of the company's human capital. Unfortunately, the company has yet to leverage these strengths fully into business performance. To convince investors that the company is making steady progress toward achieving our long-term vision, the company must demonstrate tangible results in the form of business performance. As an Outside Director, I am keenly aware of my own responsibility in this regard, measuring progress in light of the unbending rule that only results matter in the world of business.

We understand the two most urgent issues for the company to clear are (1) improving Medical Technologies business profit margins further and (2) downsizing and balancing the Devices business. Leaving specific tactics to the executive side, I want to say a few words from the standpoint of philosophy as an Outside Director. I would like to see Nissha embrace a company-wide obsession on achieving targets—hoping to see the emergence of a band of indomitable warriors.

Ikujiro Nonaka was a professor of management who passed away in January this year. He once pointed out that Japanese companies have fallen into the trap of over-planning, over-analysis, and over-compliance. He further said that this development is probably the cause of Japan's stagnation. This is a sentiment well worth embracing.

Nissha's most pressing challenge is to link strengths in integrity and intellectual capabilities to business performance, rebuilding a stable and promising base of earnings.

Outside Director of the Board Kazuhito Osugi

By creating the *Desirable Relationship between Internal Directors and Outside Directors*, all directors on the board are in the same boat, now, ready to engage in active discussions and move ahead with "aggressive" governance toward greater corporate value.

Outside Director of the Board Kazumichi Matsuki

The Nissha Board of Directors, After Creating the *Desirable Relationship*

Since deliberating and writing the *Desirable Relationship between Internal Directors and Outside Directors ("desirable relationship")*, the Nissha Board of Directors has become more active in its discussions. Outside Directors have been more open in sharing insights based on their respective backgrounds, while Internal Directors have begun to participate in discussions from a company-wide perspective, regardless of their responsibilities. I feel that the Directors are all in the same boat, now, well positioned to work together as a unified board for greater value of Nissha.

The tendency in recent years has been to emphasize the monitoring model of boards, which emphasizes the supervisory function. The *desirable relationship* is, in a sense, the antithesis of this conventional view. Of course, supervision is an important function. However, if the sharp sword of supervision is brandished constantly in board discussions, the "untamed" spirit of the executive side, necessary in the pursuit of creative business to increase corporate value, may rather be stifled. Instead, a format similar to the Nissha Board, in which all directors work in concert to fulfill the overall supervisory function, may contribute to a form of "aggressive" governance.

For my part, I will continue to strive to bring out the "untamed" spirit of the executive side through board meeting discussions.

The Best Corporate Legal Affairs

For the Board of Directors to function effectively in the manner described above, a company must fully develop its corporate and administrative departments, especially the legal department.

The main daily activities of the legal department are not limited to dotting the i's and crossing the t's of contracts. Duties involve collaborating with business department, providing support as well as checks and balances. The essential function behind such daily activities is to provide a wide range of advice to management to enhance corporate value. Of course, another legal affairs function is to say a clear *no* when a clear *no* is needed.

In the U.S., the head of the legal department is called the general counsel. This name exquisitely expresses the essence of the role of corporate legal affairs, and U.S. companies expect that not only the head of the legal department, but also all members of the legal department, will act with an awareness of their role as general counsel.

The Nissha legal department is moving closer to performing the essential functions of such a legal department. As the company's business becomes increasingly global, it must develop a global legal structure, secure and train human capital, and collaborate with outside law firms—all from a strategic perspective.

Initiatives and Challenges Facing Nissha

The business portfolio reorganization at Nissha has progressed step by step over the past few years, reflecting a focus on three priority markets for non-IT devices. The challenge lies in the speed and results of implementation.

Take the current variance between results and targets under the 8th Medium-term Business Plan. We think fundamental discussions are needed to verify the strategy, and began open discussions in April 2025 outside of the normal venue for Board of Directors meetings. To improve capital efficiency indicators such as ROE and ROIC, as well as to foster a higher opinion of the company on behalf of investors and shareholders—meaning a PBR of less than 1.0—we cannot avoid discussions about management strategy and the allocation of management resources.

We acquired several companies, including Isometric, Endothecia, and Cathtek, to become the company of choice in the growing field of contract design/development and manufacturing (CDMO) for medical devices. These acquisitions strengthened our design, development, production, and quality value chain, creating a platform to provide customers with added value. The key to the future will be to execute a speedy growth strategy through a deeper understanding of customer needs and synergies as one Nissha Group, leveraging our unique technological and service capabilities.

I am committed personally to helping accelerate our growth strategy by encouraging the executive side to deliver results through better discussions and questions on overall strategy, the balance of management resource allocation, and M&A strategy.

Challenges and Expectations for Further Growth

As an Outside Director, dealing with information asymmetries and gaining a deep understanding of the corporate culture is always a challenge. I am encouraged that the executive side is always prompt in providing information and opportunities to explain and discuss matters. I am confident that this attitude of sincerity will continue.

We are committed to evolving from *think outside the box* to *act outside the box* in 2025. We expect the Board of Directors to continue improving the quality of discussions on M&A and other important topics, follow-up on the medium-term business plan, and discuss global management personnel. As a result, Nissha will draw nearer to sustainable growth and the improvement of corporate value over the medium to long term.

Nissha is making steady progress in business portfolio reorganization; however, the issue is the speed and results of implementation.
Through better discussions/questions, we will encourage the executive side to deliver results.
We will contribute to the acceleration of the growth strategy.

Outside Director of the Board **Juichi Takeuchi**

Outside Director of the Board **Yukiko Hashitera**

Under a new, more *desirable relationship*, internal and outside directors discuss issues on a more equal footing.
I expect that board *bangaichi* (off-site meeting) will contribute to the quality of future discussions.

Looking Back after One Year in Office

Board meetings offer an atmosphere in which directors can speak frankly. Important matters, such as M&A, are explained in detail using materials that are neither too excessive nor lacking in detail.

I have brought my own medical field career experience to deliberations regarding the acquisition of medical device and pharmaceutical manufacturers, bringing attention to potential business risks and the means of avoiding them. Shigaken Pharm., acquired in January 2025, is a specialized contract design/development and manufacturing organization (CDMO) for OTC drugs. I have high expectations for the profit and growth of the company, given the aging demographics and rise in self-administered medicine. These challenges are in an area where we have little business experience, and the Board of Directors has engaged in careful discussions of this area as a narrative strategy in line with our vision for 2030.

We will continue to closely monitor the Nissha's business operations from an objective perspective to help ensure a stable supply of products in compliance with the high-quality standards required for pharmaceutical products, as well as the efficient development and manufacture of new products in collaboration with client companies.

Start of *Bangaichi* (Off-site Meetings) and Expectations for the Future

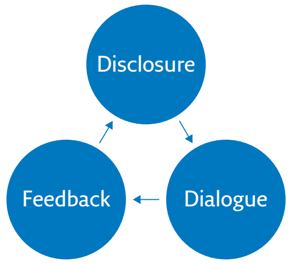
In 2023, Nissha articulated the *Desired Relationship between Internal Directors and Outside Directors*, which clarifies the relationships and encourages open discussions between Internal and Outside Directors on a more equal footing.

In my first year, there were times I could not fully understand the background details of a business based solely on formal questions during Board meetings. Therefore, I proposed a preliminary off-site meeting as a venue for frank discussions based on background information on the issues to be discussed. We called the meeting *bangaichi* (neutral territory), and began immediately after my proposal. These meetings encouraged free and vigorous questioning that transcended the framework of Internal and Outside Directors. I think we have more efficient and multifaceted discussions at regular board meetings now that we identify issues and organize points for discussion.

In my first year as an Outside Director, I witnessed Nissha leadership driving innovation in diverse areas. As Outside Directors, we have a renewed commitment to contribute to developing management strategies for the sustainable growth and value creation of Nissha.

Dialogue with Shareholders and Investors

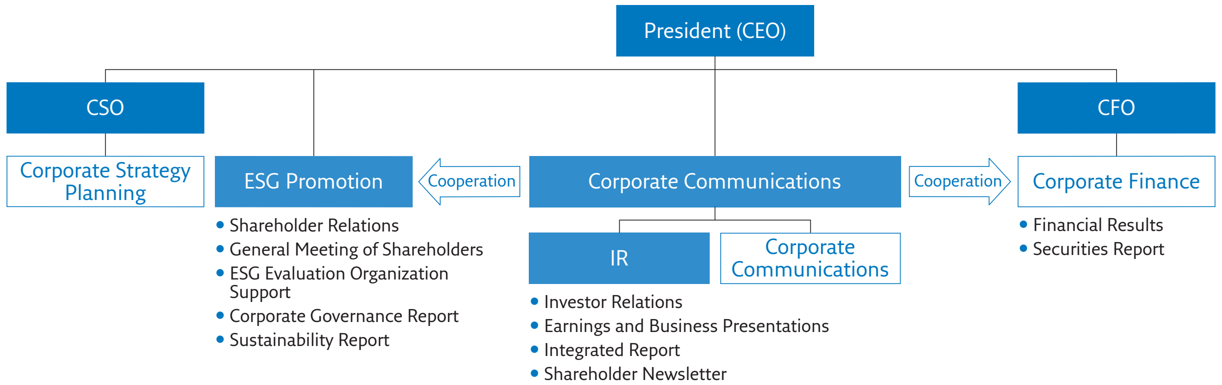
Basic Approach



We value the mutually beneficial relationships we have with our stakeholders, which includes customers, shareholders, investors, employees, suppliers, and society. Our aim is to build a prosperous 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 Group 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 president and Group CEO together with other members of the management team directly engage with institutional investors through earnings presentations and individual meetings to explain our performance. In addition to quarterly earnings presentations, we hold both business and management strategy briefings for analysts and institutional investors with the aim of deepening their understanding of Nissha. In February 2024, we held an important briefing on our 8th Medium-term Business Plan, which commenced in January of the same year. In September 2024, we also gave a presentation on our Medical Technologies business, which was of great interest to analysts and institutional investors, and it was attended by many analysts in the medical sector. This presentation provided participants with a better understanding of the market environment for medical device CDMOs, our business strengths, and our growth strategy.

Earnings Presentation


Business Briefing for Medical Technologies

Activities	2021	2022	2023	2024
Individual meetings with institutional investors	211	188	208	257
Presentations for analysts and institutional investors regarding financial results and medium-term business plan	4	4	4	5
Presentations for analysts and institutional investors regarding business information	1	1	1	1
Overseas roadshows (companies)	18*	9*	7	8
Investor conferences sponsored by securities firms (companies)	1	5	4	5
ESG meetings (companies)	11	17	15	18
Company information sessions for individual investors	–	–	–	1
Small brokerage-sponsored Medical Technologies meetings	–	–	–	1

*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 (creating a hybrid meeting that is both virtual and in-person) for shareholders who are unable to attend in person.

We also participate in presentations to individual investors hosted by securities firms. At such events, our president is a speaker and directly explains our business and growth strategies to individual investors.


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.

Activities	Frequency	Reporting Details	Summary
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 summaries	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

Risk Reduction

Contents

Responding to Climate Change

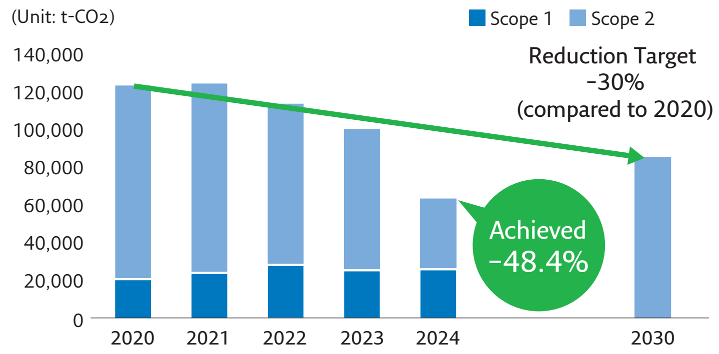
Achieved 2030 CO_2 Emissions Reduction Target Ahead of Schedule

In our Sustainability Vision, we set a target of a 30% reduction in total CO_2 emissions by 2030 (compared to 2020), and have been promoting various group-wide initiatives to reach this goal. These various initiatives enabled us to achieve our target reduction in 2024, six years ahead of schedule.

We reduced CO_2 emissions by 48.4% to 64,086 t-CO_2 in 2024 (compared to 2020), substantially exceeding our actual reduction target of 12%. A major contributing factor to this reduction was our year-round full reliance on renewable electricity at our main Japanese production sites.

In 2025, we will evaluate new targets and continue advancing energy conservation initiatives in Japan, alongside renewable energy measures at our production sites outside Japan. Going forward, we will continue to promote such initiatives while evaluating their cost-benefit.

CO_2 Emission Reduction Targets and Results (Scope 1 and 2)



Please refer to the Nissha Sustainability Report 2025 (7. CO_2 Emissions and Reduction Efforts) for information on our CO_2 emissions performance and associated reduction activities.

https://www.nissha.com/english/sustainability/pdfdownload.html

Major Reduction Initiatives for Scope3 Emissions

Given that our business activities fall under 1–7, 11, and 12 of the fifteen Scope 3 categories, we have set Scope 3 emissions reduction targets and are proceeding with measures to achieve these targets.

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.

Please refer to the sections titled *7-2 Initiative in Scope 3 Management* and *7-7 Coverage and Calculation Method of CO_2 Emission Calculation* of the Nissha Sustainability Report 2025 for more information on Scope 3 initiatives.

https://www.nissha.com/english/sustainability/pdfdownload.html

Scope 3: Major Reduction Initiatives

Category 1 (Purchased goods and services)

- Request for submitting primary CO_2 emissions data
- Request suppliers with high emissions to consider reduction measures

Category 4 (Transportation and distribution)

- Expand modal shift* (introduced in 2023)
  - Switch part of transport from air to sea for shipments from China to Japan

*A method in which CO_2 emissions are reduced by switching from trucks and other automobile-based freight transport to rail and marine transport.

Addressing TCFD Recommendations

We use the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) to analyze the risks and opportunities that climate change poses to our business. Furthermore, we follow the same framework when we disclose the financial impact of these risks and opportunities.

Please refer to the section titled *6. Responding to Climate Change (Addressing the TCFD Recommendations)* in the Nissha Sustainability Report 2025 for more details on our disclosure in accordance with the TCFD recommendations.

https://www.nissha.com/english/sustainability/pdfdownload.html

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. An inadequate response to human rights issues on our part may expose us to significant business risks. For example, customers and suppliers may cease to do business with us. Furthermore, as we engage in M&A as part of our growth strategy, it is vital we understand and mitigate human rights risks in companies targeted for acquisition and their suppliers.

In June 2025, we revised our Human Rights Policy, which sets out our approach and stance on respecting human rights. We will use this revision as an opportunity to make sure once again all our employees are aware of the policy. Furthermore, we will continuously engage with our suppliers and other business partners to ensure they also understand and respect human rights.

[Revision Points] Support the Guiding Principles on Business and Human Rights of the United Nations and strengthen our commitment to respecting human rights by establishing the following new provisions:

- Conduct human rights due diligence in accordance with the Guiding Principles on Business and Human Rights
- Expand existing consultation services regarding human rights in Japan and overseas as needed
- Advocate and implement appropriate corrective measures when human rights are adversely affected
- Engage in dialogue and consultation with stakeholders on initiatives related to respecting human rights

Refer to Nissha Sustainability Report 2025 (13.*Human Rights*) for details on our revised Human Rights Policy

https://www.nissha.com/english/sustainability/pdfdownload.html

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

We have established KPIs and action items regarding the most serious human rights violations, which are those concerning child and forced labor.

We established rules for selecting suppliers to investigate in 2022. Since then, we have investigated suppliers selected on the basis of these rules by having them complete questionnaires. In addition, since 2023, we have been conducting on-site audits of some of our suppliers.

In 2025, we will continue to have suppliers complete questionnaires and also carry out on-site audits. In accordance with our Human Rights Policy, we will also continue to refine how we identify and assess human rights risks and implement ever more effective prevention and mitigation measures.

	2024 Initiatives
Survey based on questionnaires 106	● Conducted for suppliers that satisfy both (1) and (2) below (1) Supplier with sites in areas with high labor and human rights risks (China, Southeast Asia, Latin America, Africa) (2) Suppliers that account for the top 80% of our purchasing value by business unit or group company, or suppliers without alternative sources ● Confirmed important items (e.g., health and safety, environment, information security, ethics) including labor and human rights from the perspective of CSR procurement
On-site audits 10	● Conducted for suppliers in China (4 companies), Malaysia (2 companies), Mexico (2 companies), and Brazil (2 companies) ● Completed corrective actions for the following major points related to labor and human rights • No rules were in place regarding working hours, overtime, or holidays • No whistleblower rules were in place

Target
Child and Forced Labor 0

Relief System: Hotline Consultation Service

We established a hotline consultation service (internal reporting desk) to which all employees of group companies in Japan, including temporary and similar non-regular employees, can make reports on human rights issues. Overseas, all group companies have established consultation services where employees can seek advice in English or their own language. The existence of these services is widely known among employees.

In addition, we have had a consultation service for suppliers in Japan, and we will expand this service as necessary in line with our Human Rights Policy.

Please refer to Nissha Sustainability Report 2025 (28-7. Hotline Consultation Service) for details on our track record regarding consultations and dealing with concerns raised by employees.

https://www.nissha.com/english/sustainability/pdfdownload.html

Providing Responsible Products and Services

Basic Approach

We manufacture and sell a diverse range of products in Japan and overseas, some of which are safety critical. Our approach and attitude toward quality are expressed in our Quality Policy. The Quality Policy describes the necessity of establishing and operating a quality management system. In addition, the Nissha Quality Way provides guidelines for quality assurance and productivity improvement.

On the basis of this approach and attitude, the Chief Quality and Production Officer (CQPO) sees that factory assessments are implemented for all domestic production sites and also major overseas production sites. The Basic Quality Policy and the Nissha Quality Way are disseminated throughout our group companies. There are various opportunities for this dissemination to take place, including training sessions at domestic and overseas sites, programs for new employees and newly promoted employees, and publication in internal company magazine (in Japanese, English, and Chinese).

[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] →P.59 Quality and Production Strategy

Initiatives to Achieve Zero Serious Quality Incidents

With regard to the priority markets identified in our Sustainability Vision, we fully recognize that poor quality in our products and services can significantly impact human life and well-being, particularly those offered to the medical and mobility markets. A response consistent with that recognition is necessary. These responses include identifying providing responsible products and services as a materiality and implementing the actions necessary to achieve zero serious quality incidents. In 2025, compliance-related measures were added to our basic approach with the acquisition of Shigaken Pharm.

We define major quality accidents as quality accidents or violations of laws and regulations that have the potential to become serious incidents.

In 2024, there was one incident that, while not classified as a major accident under our internal regulations, was still determined to be a major quality accident due to the cost impact. Immediately after the incident, the quality assurance department of the business unit concerned and the Total Quality Management Office, in accordance with regulations, promptly made contact with the customer; took actions regarding the product; investigated the cause; implemented corrective measures; and conducted an effectiveness audit. Subsequently, these measures were expanded to other similar locations and sites, thereby completing the response. As a result of our actions, there was no impact on production at the customer, and we were able to confirm our response system was fit for purpose.

	Perspective	Strategic Items (Scenarios for Achieving Materiality)	Action Items (2025)
All Markets	Improve productivity and the quality of products and services through a scientific approach and accumulated data	Improvement of quality assurance by incorporating quality-oriented designing	● Operate and enhance product-specific design reviews
All Markets	Develop human capital that create and improve operational schemes, and grow through their implementation	Maintenance and expansion of quality management systems in accordance with business strategy	● Maintain and expand management systems for overall quality (ISO 9001), medical devices (ISO 13485), and the automotive industry (IATF 16949)
All Markets		Fostering of a quality mindset	● Implement standard and role-specific education on quality
Medical Market		Monitor compliance with laws and regulations	● Conduct quality assessments of production sites ● Confirm compliance status at regular meetings ● Confirm information on amendments to laws and regulations

Target
Major Quality Accidents 0

Sustainable Procurement

Basic Approach

We procure the materials, devices, and services necessary for our business activities from suppliers in various locations. We promote sustainable procurement in accordance with our Purchasing Principles, aiming to deal fairly and equitably with all our suppliers; share an understanding of social challenges; and mutually enhance corporate value.

We ask all our suppliers to comply with the CSR Procurement Guidelines as well as our Purchasing Principles. These guidelines are based on the Responsible Business Alliance (RBA), a code of conduct for the electronics and automotive industries among others, and other codes of conduct required of us by our customers.

Sustainable Procurement

Purchasing Principles | CSR Procurement Guidelines

Refer to the Nissha Sustainability Report 2025 (21. *Partnership with Suppliers* for details on the Purchasing Principles and CSR Procurement.

https://www.nissha.com/english/sustainability/pdfdownload.html

Establishment and Operation of Stable Procurement

To provide highly competitive products and services, we in turn procure distinctive materials and services ourselves, and it is essential that we have a stable supply of these materials and services. As the reorganization of our business portfolio shifts key components from the IT devices market to the non-IT devices market, it is important to evaluate and select new suppliers.

Furthermore, we are also building business bases close to our customers and establishing a supply system of local production for local consumption, which requires us to do business with suppliers in various regions. Against this background, we have identified sustainable procurement as a materiality and are working to create and operate a stable procurement system.

In 2024, in addition to those already completed, we undertook additional actions related to *procurement of goods* and *procurement processes*.

With regard to procurement items, we are promoting green procurement, giving priority to the purchase of environmentally friendly products and services. To that end, we have revised our CSR Procurement Guidelines and posted them on our website. With regard to our procurement processes, we improved purchasing power and optimized costs throughout the entire group through global sourcing and other actions, and thus we achieved our cost-reduction targets.

In 2025, we will address the reduction of information security risks at our suppliers in response to an increase in cyberattacks targeting vulnerabilities in IT systems in the supply chain.

	Strategic Items (Scenarios for Achieving Materiality)	Action Items	Target
2024	• 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 of goods: Switch to Green Procurement Procurement process: Reduce costs through global sourcing	Establishment and operation of stable procurement
2025	• Reduction in supplier information security risks	Information security risk assessments and corrective actions for targeted suppliers	

Data Security in Response to the Increased Use of Generative AI

Basic Approach

Under our Information Security Policy and the Information Security Principles that outline specific actions and disciplines, we have established an information security management system (ISMS) based on ISO27001, and we are implementing the security measures required for the so-called new normal era.

For more information on our Information Security Principles and ISMS, please refer to the Nissha Sustainability Report 2025 (29. Information security).

https://www.nissha.com/english/sustainability/pdfdownload.html

[Information Security Policy]

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

Security Measures to Be Strengthened in the 8th Medium-term Business Plan

We have always considered information security to be a crucial part of our business activities, and we continue to address it as such. In light of the recent rapid spread of generative AI, we have reorganized data security as a risk specific to our company that must be addressed if we are to achieve our Sustainability Vision, and have identified this risk as a materiality. We are tackling this from two primary perspectives: (1) threats to digital data from the proliferation of generative AI, and (2) addressing risks in the use of generative AI.

Regarding (1), cyberattacks are expected to become more sophisticated and complex, with the actual number of attacks themselves also expected to increase. We are strengthening our security system globally while at the same time maintaining a high level of security awareness and literacy through periodic training for all employees. By tackling the risk from these two primary perspectives, we are committed to improving data security. In 2024, the security system was installed and training and education on dealing with phishing e-mails was implemented. Although the training pass rate was higher than the average for manufacturing industry, we will continue with the training in 2025, emphasizing the risk that even a single breach can impair corporate value. Furthermore, we plan to have system to enhance data security throughout our company by the end of 2025.

Regarding (2), we believe the use of generative AI will dramatically improve our productivity, leading to differentiation from our competitors and the enhancement of our competitiveness. To this end, we are actively promoting the use of generative AI, such as by providing it as a tool to improve the efficiency of non-routine tasks. However, since the use of generative AI entails risks such as information leakage, we will develop our own guidelines by referring to regional regulations and guidelines and educate our employees accordingly.

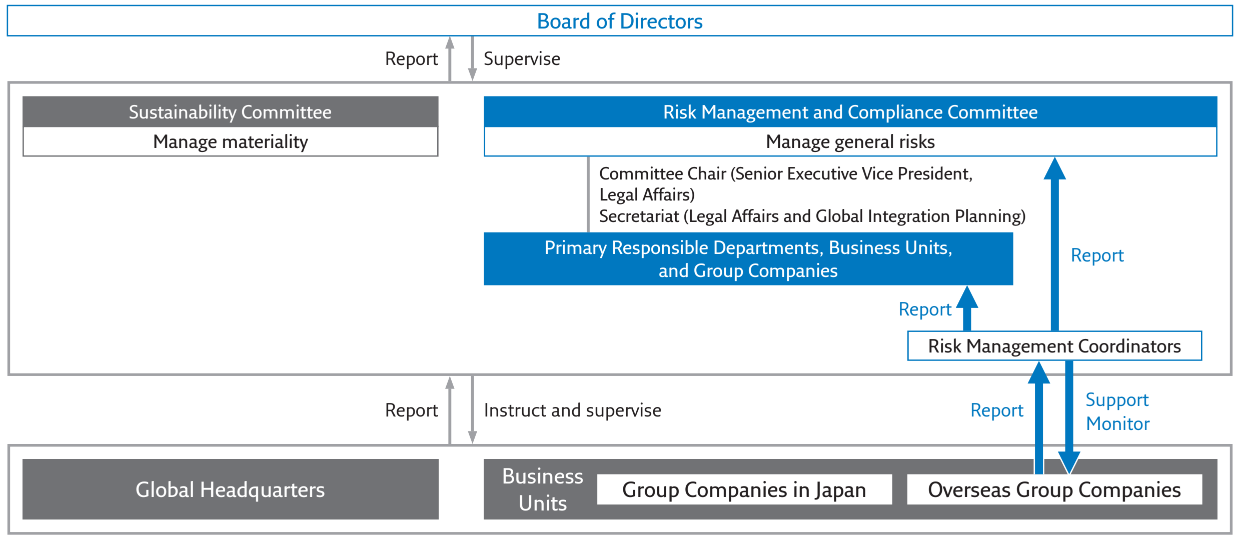
Strategic Items (Scenarios for Achieving Materiality)	Action Items	Target
Increase employee security awareness and literacy	Implement a system and conduct training on phishing e-mails (2024-)	(1) Countermeasures arranged against threats to digital data from the increased use of generative AI
Establish a security system	Implement a system to enhance security (2025)	
Establish guidelines and education	Established own guidelines and education (2024-)	(2) Governance improvement for the active use of generated AI

Risk Management

Approach and Structure of Risk Management

We manage risk 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.

The Risk Management and Compliance Committee centrally manages general risks, which are categorized as follows: group-wide risks, business risks, and financial risks. For group-wide risks, a risk assessment is conducted to identify significant risks that are relevant to the head office and our domestic and international group companies. For significant risks, the committee monitors the progress of established KPIs and action items each quarter, and reports on the overall situation to the Board of Directors once a year.



Appointment of Risk Management Coordinators

General risks are managed on a global basis at Nissha. Since 2024, risk management coordinators have been assigned to the main regions—the Americas, Europe, and China—to complement communication between primary responsible departments at the Headquarters and overseas group companies and to promote risk reduction.

The coordinators work in conjunction with those departments to assist overseas group companies in selecting significant risks, setting KPIs and action items, as well as confirming and providing feedback on the appropriateness of the selected risks. The progress status of the selected KPIs and action items is monitored and reported to the Risk Management and Compliance Committee. If improvement directives are necessary, the committee informs the relevant group companies and provides corrective guidance.

Addressing Priority Group-wide Risks for 2025

The five items in the table have been identified as priorities common to the group for 2025. The items are taken from the list of significant group-wide risks selected by domestic and overseas group companies.

Major Items to Address

- Business continuity
- Labor and human rights (occupational safety and health)
- Information systems
- Trade management
- Intellectual property rights

Reference

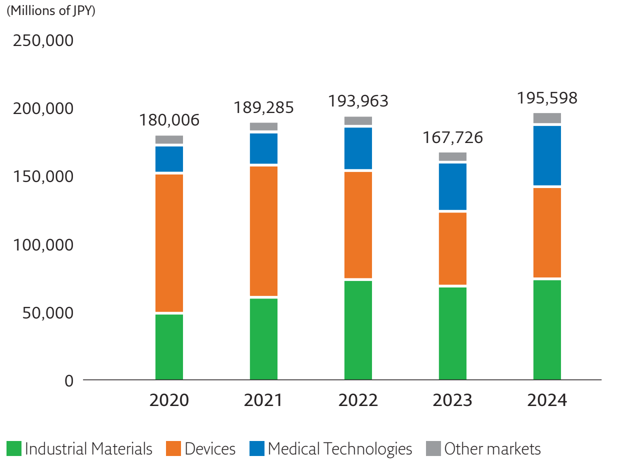
Contents

Financial Highlights

We adopt the International Financial Reporting Standards (IFRS).

Growth

Net Sales JPY 195.5 Billion

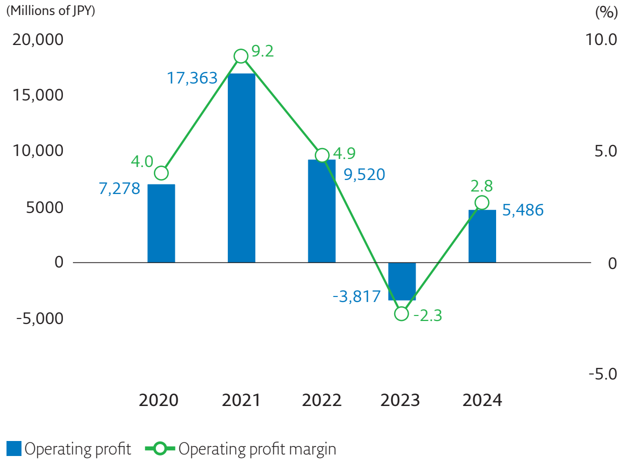


In 2024, all businesses recorded increases in net sales compared to the previous year.

Demand for film-based touch sensors for tablets in the Devices business and for metallized paper in the Industrial Materials business recovered from the slump of the previous year, while demand remained robust in the Industrial Materials business for applications in mobility components. In addition, there was continued growth in the medical devices CDMO of the Medical Technologies business, as well as contributions to our business results from acquired companies.

Profitability

Operating Profit/
Operating Profit Margin JPY 5.4 Billion

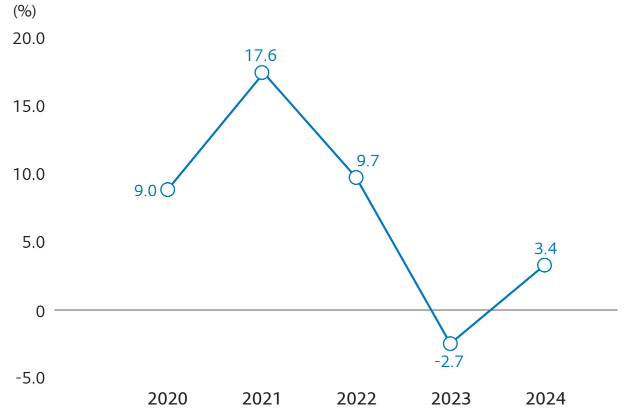


In 2024, all businesses recorded increases in operating profit compared to the previous year.

Profitability improved due to increased productivity and efficiency, in addition to recovering demand in the Industrial Materials and Devices businesses; continued growth in the Medical Technologies business; and contributions to our business results from acquired companies.

Profitability and Efficiencies

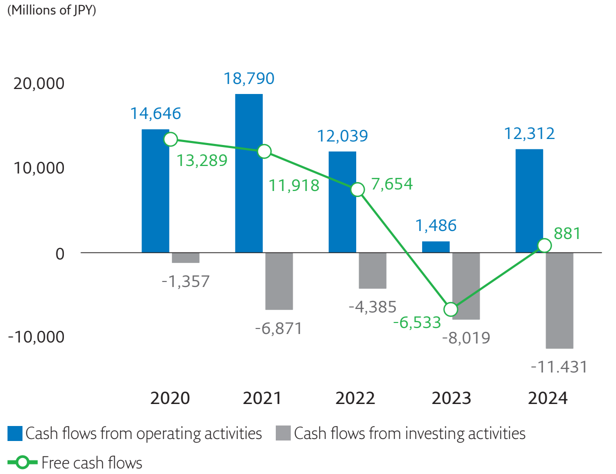
ROE 3.4%



In 2024, the net profit margin, which indicates profitability, was 2.0% (-1.8% in the previous year). This increase was due to improved operating profit margins. The asset turnover ratio, which indicates efficiency, was 0.83x (0.75x in the previous year), due to an increase in both net sales and total assets. Financial leverage was 2.21x (1.96x in the previous year). Consequently, ROE was 3.4%.

Stability

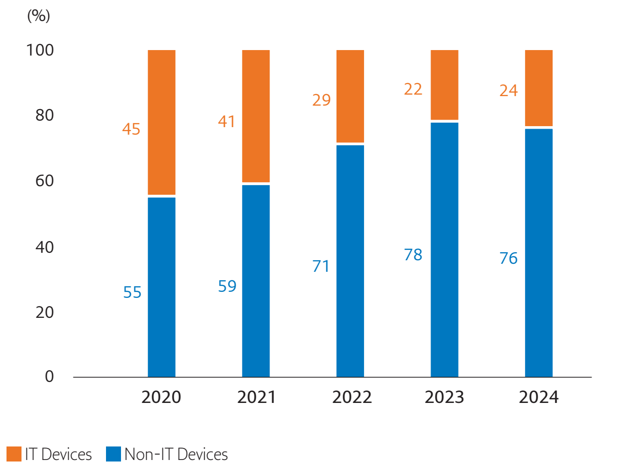
Net Cash Provided
by (Used in) Operating Activities JPY 12.3 Billion



Operating cash flow increased from the previous year, due to an increase in profits before tax, among other factors. Investing cash flow increased from the previous year, mainly due to expenditures of JPY6.7 billion for the acquisition of tangible fixed assets and JPY11.3 billion for the acquisition of subsidiaries, while JPY8.1 billion was recorded as proceeds from the sale of strategic shareholdings.

Growth and Stability

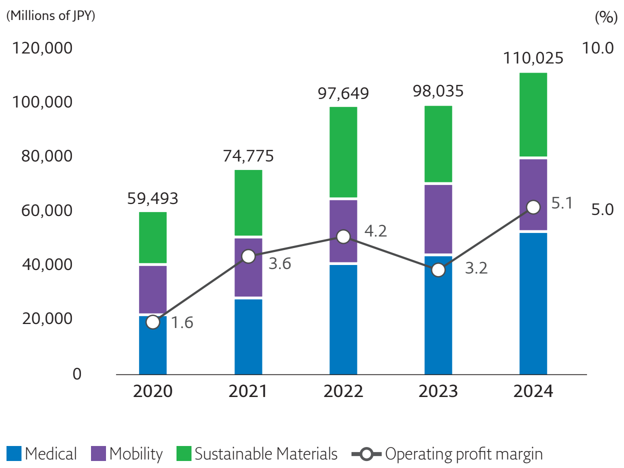
Net Sales Ratio of Non-IT Devices 76%



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 (2021–2023) to curb our exposure to the excessive demand volatility in that market. Non-IT devices increased to 76% of consolidated net sales in 2024.

Growth and Stability

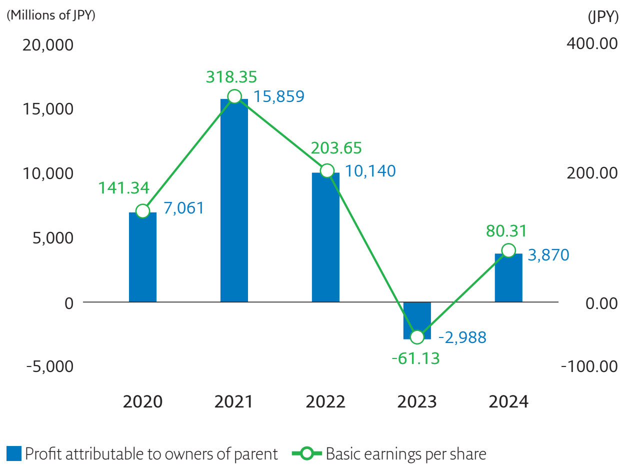
Non-IT Devices
Three Priority Markets
Net Sales/Operating Profit Margin JPY 110.0 Billion/5.1%



Growth continued in our three priority non-IT devices markets (Medical, Mobility, and Sustainable Materials). Sales in 2020 were JPY59.4 billion and grew at an average annual rate of 16.6%, reaching JPY110.0 billion in 2024. Profitability also began contributing to the overall performance of the Company.

Profitability

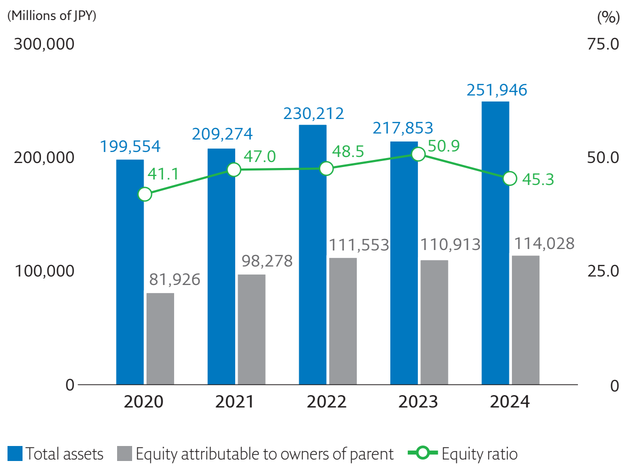
Profit Attributable to Owners of
Parent/Basic Earnings per Share JPY 3.8 Billion/JPY 80



Profit attributable to the owners of parent amounted to JPY3.8 billion due to a recovery in operating profit from the end of the previous year, among other factors. Basic net income per share was JPY80.31.

Soundness

Total Assets/Ratio of Equity Attributable to Owners of Parent
to Total Assets/Equity Ratio
JPY 251.9 Billion/JPY 114.0 Billion/45.3%



Total assets increased compared to the end of the previous year due to an increase in cash and cash equivalents and an increase in goodwill from corporate acquisitions, among other factors.

Equity attributable to owners of the parent also increased compared to the end of the previous year. This was mainly due to an increase in retained earnings; to the recording of net income attributable to owners of the parent; and to an increase in other components of equity due to foreign currency translation, among other factors. Consequently, the equity ratio was 45.3%.

11-Year Financial and Non-Financial Summary

Fiscal Year		J-GAAP FY2015.3	FY2016.3	FY2017.3	FY2017.12	FY2018.12	IFRS FY2018.12	FY2019.12	FY2020.12	FY2021.12	FY2022.12	FY2023.12	FY2024.12
J-GAAP	IFRS				9 months								
Net sales		118,775	119,222	115,802	159,518	207,404	204,210	174,035	180,006	189,285	193,963	167,726	195,598
Japan		28,889	31,530	30,250	29,443	33,538	31,059	25,840	25,593	22,553	22,683	22,534	21,145
Overseas		89,885	87,692	85,552	130,075	173,866	173,150	148,194	154,412	166,731	171,280	145,192	174,453
Cost of sales		93,713	90,121	98,885	133,292	170,113	166,337	149,900	143,195	144,814	151,540	135,103	151,800
Selling, general, and administrative expenses		16,311	18,558	20,820	19,948	29,210	29,152	27,672	25,999	27,161	31,147	33,000	37,126
Operating profit		8,750	10,541	-3,904	6,278	8,080	6,954	-16,253	7,278	17,363	9,520	-3,817	5,486
EBITDA*1		18,610	18,952	5,451	14,509	17,343	17,745	9,738	15,864	26,735	20,468	8,042	14,999
Ordinary profit		12,494	9,237	-4,914	7,578	7,380	—	—	—	—	—	—	—
Profit before income taxes	Profit before tax	10,761	7,883	-6,130	7,323	6,097	6,367	-16,634	7,039	19,499	12,373	-2,762	6,221
Total income taxes	Income tax expense	-482	985	1,299	594	1,911	2,113	588	-22	3,658	2,253	252	2,185
Profit attributable to owners of parent		11,245	6,898	-7,408	6,734	4,318	4,523	-17,183	7,061	15,859	10,140	-2,988	3,870
Net cash provided by (used in) operating activities		21,590	14,815	-2,570	28,784	4,232	5,737	1,636	14,646	18,790	12,039	1,486	12,312
Net cash provided by (used in) investing activities		-4,141	-21,476	-23,290	-11,685	-14,181	-14,225	-4,948	-1,357	-6,871	-4,385	-8,019	-11,431
Net cash provided by (used in) financing activities		-11,063	19,633	6,826	-11,216	-2,448	-3,909	3,680	-5,997	2,609	1,082	-12,629	9,147
Capital expenditures		3,207	4,885	12,267	9,063	10,622	14,572	8,948	7,855	7,040	7,359	7,559	9,611
Depreciation	Depreciation and amortization	9,687	7,847	8,351	7,105	7,671	10,325	10,074	8,401	9,258	9,487	9,137	9,513
R&D expenses		2,334	2,519	2,422	2,387	3,865	3,949	3,659	2,869	2,947	3,973	4,656	4,437
At Year-end													
Net assets	Total equity	66,313	70,096	74,606	94,054	90,326	91,546	75,002	81,924	98,264	111,518	110,852	115,212
Total assets		115,430	156,107	182,670	225,160	202,596	214,895	186,762	199,554	209,274	230,212	217,853	251,946
Cash and cash equivalents		29,484	41,688	22,090	29,291	16,757	16,757	17,499	25,067	42,330	54,325	37,854	50,970
Interest-bearing liabilities*2		10,114	36,537	46,583	28,480	28,940	28,894	36,411	32,412	39,885	47,609	45,048	62,296
Net interest-bearing liabilities*2		-19,370	-7,184	24,460	-844	12,183	12,137	18,912	7,345	-2,445	-6,755	7,194	11,326
Closing stock price (JPY)		2,195	1,648	2,638	3,280	1,312	1,312	1,121	1,498	1,670	1,830	1,473	1,631
Financial Indicators													
Operating profit to net sales (%)		7.4	8.8	-3.4	3.9	3.9	3.4	-9.3	4.0	9.2	4.9	-2.3	2.8
Return on assets (ROA) (%)		11.3	6.8	-2.9	3.7	3.5	2.8	-8.3	3.6	9.5	5.6	-1.2	2.6
Return on equity (ROE) (%)		19.1	10.1	-10.3	8.0	4.7	4.8	-20.6	9.0	17.6	9.7	-2.7	3.4
Equity ratio	Ratio of equity attributable to owners of parent to total assets (%)	57.4	44.9	40.7	41.7	44.5	42.6	40.2	41.1	47.0	48.5	50.9	45.3
Total asset turnover (times)		1.07	0.88	0.68	0.78	0.97	0.91	0.87	0.93	0.93	0.88	0.75	0.83
Net interest-bearing liabilities/EBITDA (times)		-1.04	-0.38	4.49	-0.06	0.70	0.68	1.94	0.46	-0.09	-0.33	0.89	0.76
Net D/E ratio (times)		-0.29	-0.10	0.33	-0.01	0.14	0.13	0.25	0.09	-0.02	-0.06	0.06	0.10
Liquidity ratio (months)		2.98	4.40	2.29	1.65	0.97	0.98	1.21	1.67	2.68	3.36	2.71	3.13
Per Share Information													
Basic earnings per share (JPY)	Equity per share attributable to owners of parent (JPY)	262.05	160.75	-169.10	139.72	85.70	89.79	-344.27	141.34	318.35	203.65	-61.13	80.31
Net assets per share (yen)		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	2,388.39
Dividend per share (JPY)		20	30	30	30	30	30	35	30	40	50	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)		114,937	103,970	128,430	129,345	184,570	184,570	179,002	124,204	125,244	114,691	100,963	62,689
Number of employees		3,596	4,034	5,133	5,322	5,844	5,844	5,718	5,390	5,409	5,325	5,221	5,397
Ratio of overseas employees (%)		34.1	41.5	54.4	55.8	59.6	59.6	59.8	63.1	63.2	64.0	63.2	64.6
Female employee ratio (%)		29.4	27.5	32.8	32.4	34.4	34.4	35.4	36.3	35.8	36.9	38.5	39.1

*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 and Group CEO
Junya Suzuki

Founded
October 06, 1929

Established
December 28, 1946

Capital
JPY12,119.79 million

Employees
737 (consolidated number of employees: 5,436)
*As of the end of March, 2025

Consolidated Subsidiaries
65

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 2024)

Total Number of Authorized Shares
180,000,000 shares

Number of Shareholders
9,114

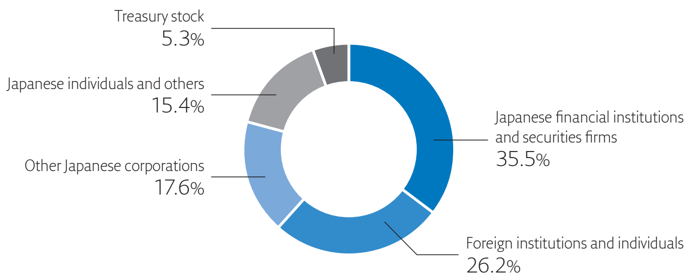
Total Number of Outstanding Shares
50,855,638 shares

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)	4,458	9.25
Custody Bank of Japan, Ltd. (Trust Account)	3,203	6.65
Suzuki Kosan Co., Ltd.	2,563	5.32
Meiji Yasuda Life Insurance Company	2,107	4.37
Mizuho Bank, Ltd.	2,076	4.31
The Bank of Kyoto, Ltd.	1,442	2.99
STATE STREET BANK AND TRUST COMPANY 505227	1,386	2.87
TAIYO FUND, L.P.	1,352	2.80
TAIYO HANEI FUND, L.P.	1,271	2.63
Nissha Kyoeikai	1,096	2.27

Breakdown of Shareholders by Type (Ratio of shares owned)



Participation in Initiatives

Signed the United Nations Global Compact in April 2012

Task Force on Climate-related Financial Disclosures (TCFD)

Japan Clean Ocean Material Alliance (CLOMA)

ESG Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
ESG Select Leaders Index

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

SOMPO Sustainability Index

External ESG Evaluations

Received an A- rating under the CDP Climate Change Questionnaire (2nd of 8 rating levels)

Received an AA rating in the MSCI ESG ratings (2nd of 7 rating levels)

Received a badge of commitment in the EcoVadis Sustainability Survey

Recognized as a Certified Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry

Received Platinum Kurumin Certification

DX-Certified Operator

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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.
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