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Nippon Seiki Co., Ltd.

Fiscal Year Ending March 2027, Interim Period

Transcript of Financial Results Briefing Session (Q & A Included)

Date and Time: 15:30–16:30, November 26, 2026

Speakers: Keiichi Nagano, Representative Director, President & CEO,

Masashi Torigoe, Executive Officer, General Manager of Business Management Division; Motoki Kaneko, Executive Officer, General Manager of Accounting Department

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NIPPON SEIKI

Financial Results Presentation for the First Half of the Year Ending March 2027

Nippon Seiki Co., Ltd. (Ticker: 7287)

Nov. 26, 2026

Thank you for taking time out of your busy schedule to attend Nippon Seiki's financial results briefing for the interim period of the fiscal year ending March 2027. I am Torigoe of the Corporate Management headquarter. I will now explain the results along with the presentation materials.

Index

1. H1 FYE2027 Financial Results
2. FYE2027 Full-Year Forecast
3. Capital Policy
4. Review of H1 FYE2027

I will first explain the financial results for the interim period of the fiscal year ending March 2027, the full-

year forecast, and our capital policy. After that, President Nagano will review the first half of the fiscal year ending March 2027.

1. H1 FYE2027 Financial Results

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Let me begin with an overview of the financial results for the interim period of the fiscal year ending March 2027.

Executive Summary of Financial Results for FYE2027 H1

FYE2027 H1 Result Revenue and profit increased due to higher head-up display sales and steady motorcycle instrument sales.

1. Revenue 171.2 billion yen (+9.6% YoY), Operating Profit 6.1 billion yen (+16.5% YoY)
   - Increased sales of HUD, IT Solution and Car Sales, along with the depreciation of the yen, contributed to revenue growth.
   - Sales of motorcycle instruments remained strong, mainly in ASEAN.
   - Operating profit increased due to the revenue growth from motorcycle instruments.
2. Progress toward full-year forecast
   - Revenue 53.5% Operating Profit 43.7% Profit attributable to owners of parent 34.7%.
3. Interim dividend decided at 45 yen (same as the initial plan)

FYE2027 Forecast No change to the full-year forecast for FYE2027

1. No change to the full-year forecast for FYE2027
   - Revenue: 320,000 million yen, Operating Profit: 14,000 million yen, Profit attributable to owners of parent: 10,000 million yen.
   - The impact of making Toyodenso a wholly owned subsidiary is under review and not reflected in the forecast (to be disclosed once determined).
   - The year-end dividend is expected to be 45 yen, for an annual dividend of 90 yen (an increase of 10 yen from FYE2026).

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In the interim period, both revenue and profit increased, driven by higher sales of head-up displays and

motorcycle instruments and strong performance in the IT solutions and automobile sales businesses.
Revenue was 171.2 billion yen, an increase of 15.0 billion yen, or 9.6%, year on year. Of this, foreign exchange contributed an increase of 8.6 billion yen; excluding foreign exchange, revenue increased by 6.3 billion yen.
Operating profit was 6.1 billion yen, an increase of 0.8 billion yen, or 16.5%, year on year.
Progress against the full-year plan is 53.5% for revenue, 43.7% for operating profit, and 34.7% for profit for the interim period attributable to owners of parent. Operating profit is progressing at roughly the same level as our internal plan.
The interim dividend is 45 yen per share, as planned at the beginning of the fiscal year.
We have left the full-year forecast unchanged. The impact of making Toyodenso a wholly owned subsidiary is currently under review.

Financial Results for FYE2027 H1

Million Yen	Q2 (3 months)			H1 (6 months)			Initial Plan	
	FYE2026 Q2	FYE2027 Q2	YoY	FYE2026 H1	FYE2027 H1	YoY	FYE2027	Progress
Revenue	80,018	**87,998**	+10.0%	156,242	**171,250**	+9.6%	320,000	53.5%
Gross Profit	12,439	**12,706**	+2.1%	22,676	**24,358**	+7.4%	-	-
Gross Profit Margin	15.5%	**14.4%**	-	14.5%	**14.2%**	-	-	-
Operating Profit	3,725	**3,923**	+5.3%	5,247	**6,114**	+16.5%	14,000	43.7%
Operating Profit Margin	4.7%	**4.5%**	-	3.4%	**3.6%**	-	4.4%	-
Profit before Tax	4,287	**3,019**	-29.6%	6,163	**6,225**	+1.0%	-	-
Profit Attributable to Owners of Parent	3,033	**1,951**	-35.7%	3,735	**3,468**	-7.1%	10,000	34.7%

1USD = 159.41 JPY FYE2026 H1: 146.02 JPY

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Details of the consolidated results are as shown. Operating profit increased due to solid sales of motorcycle instruments and growth in the IT solutions business and others. On the other hand, profit for the interim period attributable to owners of parent was 3.4 billion yen, a decrease of 7.1% year on year, mainly reflecting a foreign exchange loss recorded in this interim period.

Financial Results for FYE2027 H1 (by Business Segment and Region)

By Business Segment

Million Yen		Revenue			Operating Profit		
		FYE2026 H1	FYE2027 H1	YoY	FYE2026 H1	FYE2027 H1	YoY
Automotive	Automobiles	81,832	**89,420**	+9.3%	-968	**-1,007**	-
	Motorcycles	41,351	**44,507**	+7.6%	4,875	**5,367**	+10.1%
	General Instruments & EMS	5,083	**5,705**	+12.2%	271	**130**	-52.1%
Consumer		6,450	**6,495**	+0.7%	-233	**-464**	-
Car Sales		12,669	**13,766**	+8.7%	508	**687**	+35.2%
IT Solutions		3,047	**4,461**	+46.4%	365	**593**	+62.3%
Others		5,807	**6,893**	+18.7%	608	**758**	+24.7%

By Region

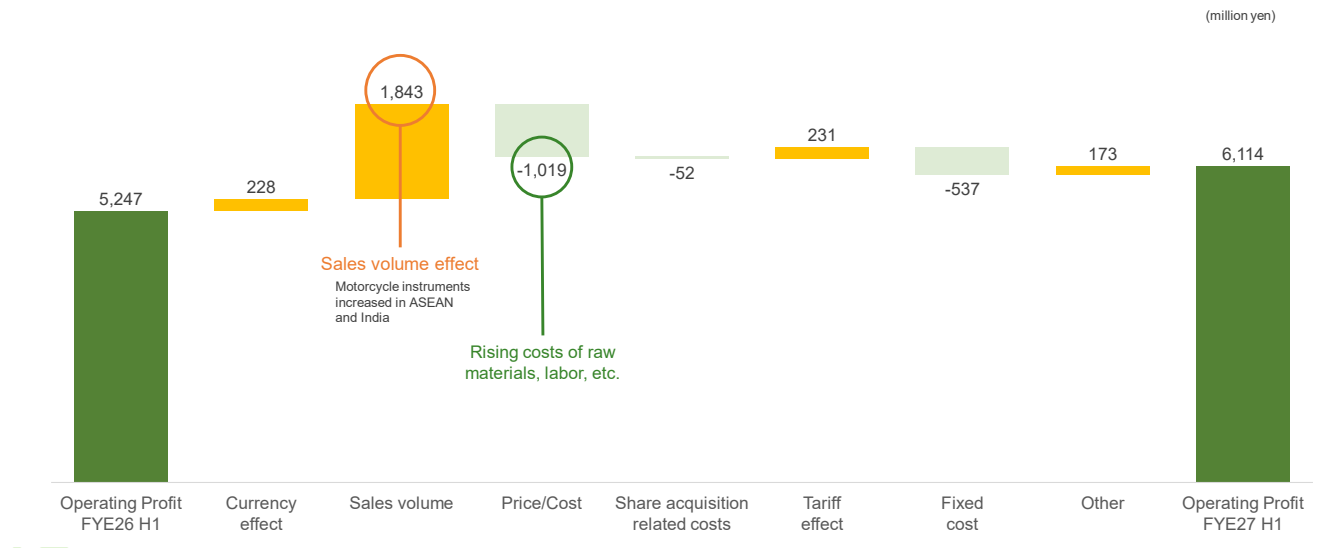
Million Yen	Revenue			Operating Profit		
	FYE2026 H1	FYE2027 H1	YoY	FYE2026 H1	FYE2027 H1	YoY
Japan	57,512	**64,492**	+12.1%	940	**465**	-50.5%
Americas	43,304	**45,823**	+5.8%	2,654	**2,648**	-0.2%
Europe	13,315	**16,074**	+20.7%	-2,708	**-2,264**	-
Asia	42,110	**44,860**	+6.5%	4,540	**5,215**	+14.9%

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Results by business segment and by region are as shown. I will explain the main points on the following pages.

Factors behind the Change in Operating Profit

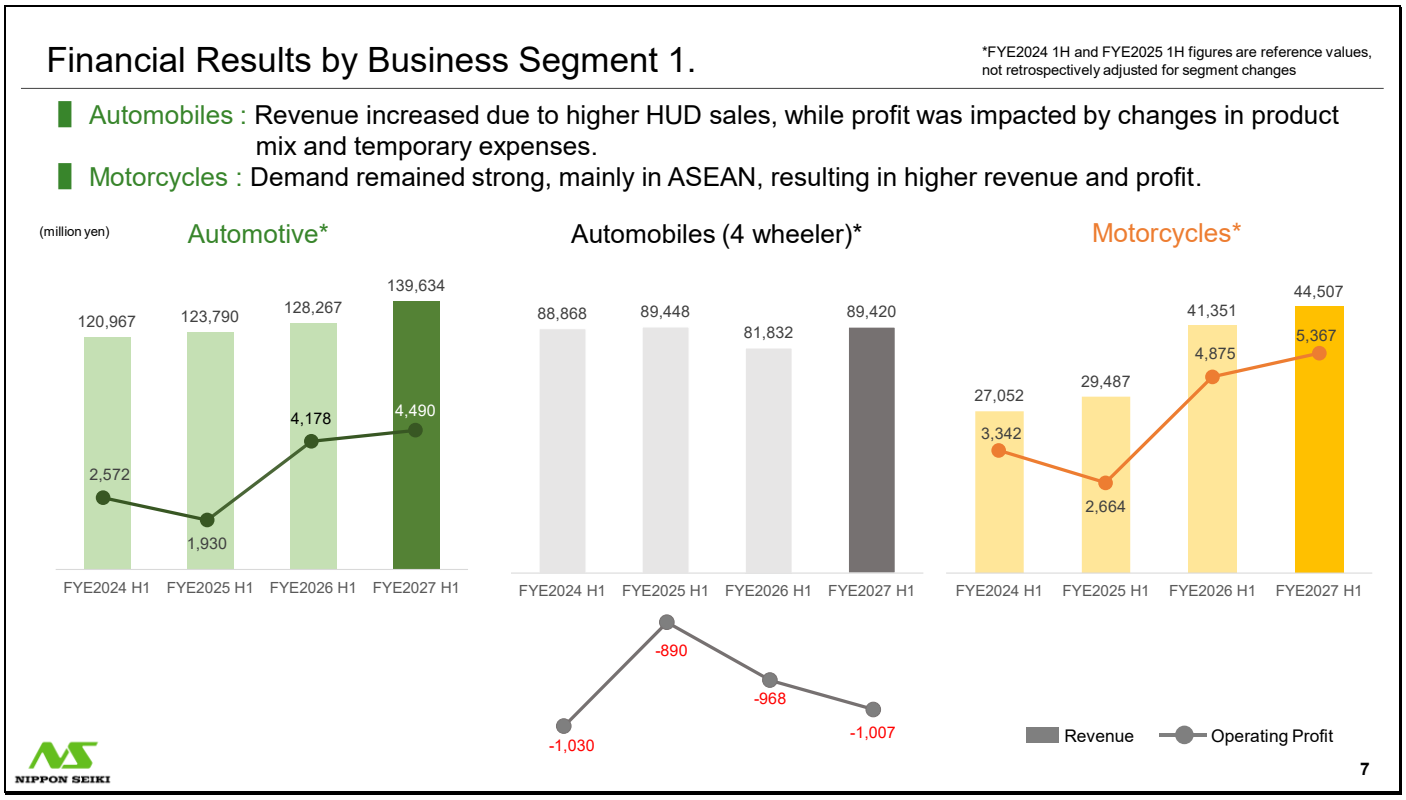
H1 FYE2027: YoY Change in Operating Profit



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Operating profit increased by 0.8 billion yen, from 5.2 billion yen in the same period last year to 6.1 billion yen. The main factor behind the increase was the sales volume effect, centered on higher sales of motorcycle instruments in ASEAN and India.

On the other hand, despite our efforts to improve selling prices, higher raw material and labor costs and other cost increases were negative factors. Taking these together, we secured operating profit higher than in the same period last year.



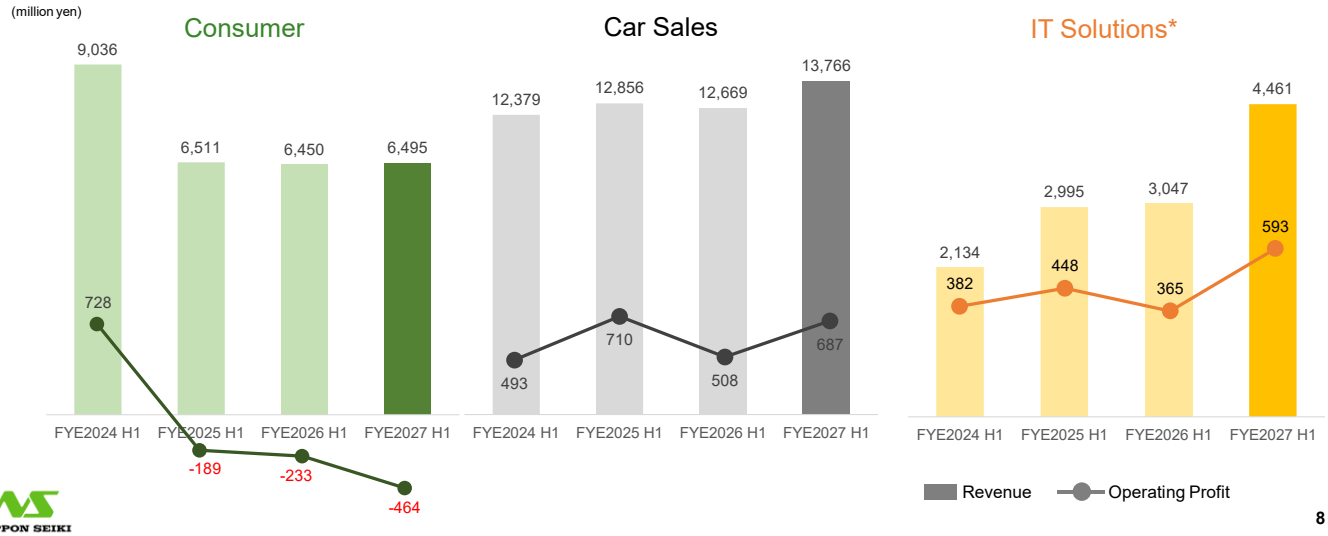
In automobile instruments, revenue increased to 89.4 billion yen due to higher sales of head-up displays. However, owing to a worsening sales mix and the impact of temporary expenses, we recorded an operating loss of 1.0 billion yen, slightly worse than in the same period last year.

In motorcycle instruments, demand remained solid, centered on ASEAN, resulting in revenue of 44.5 billion yen and operating profit of 5.3 billion yen, with both revenue and profit increasing. This business continues to underpin the Group’s earnings.

Financial Results by Business Segment 2.

*FYE2024 1H and FYE2025 1H figures are reference values, not retrospectively adjusted for segment changes

- Consumer : Sales of air conditioners and home equipment controllers remained flat, but profit declined due to higher import costs from the weak yen.
- Car Sales : Revenue and profit increased due to higher sales of new and used vehicles.
- IT Solutions : Revenue and profit increased due to higher sales to local governments.

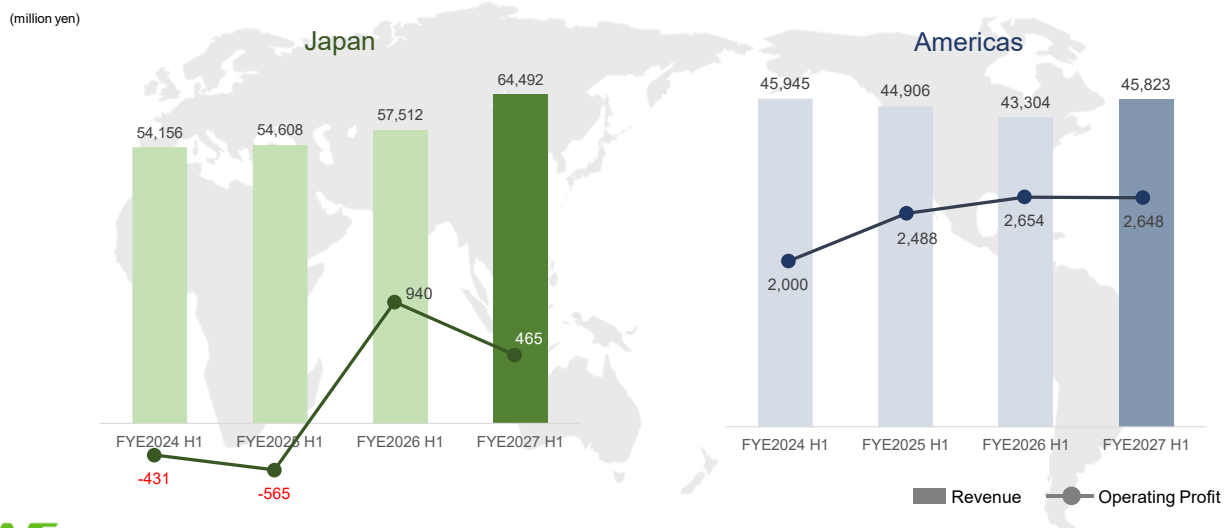


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In consumer products, sales of air conditioning and housing equipment controllers and others were flat, and higher import costs for products due to the weak yen resulted in an operating loss of 0.4 billion yen.
In automobile sales, both revenue and profit increased, helped by higher sales of new and used cars. The IT solutions business also saw increases in both revenue and profit, owing to higher sales to local governments.

Financial Results by Region 1.

- Japan : Higher sales from new model launches increased revenue, but lower parts sales to affiliates reduced profit.
- Americas : Profit remained flat due to cost reductions, despite lower sales of automobile instruments/HUDs in North America.



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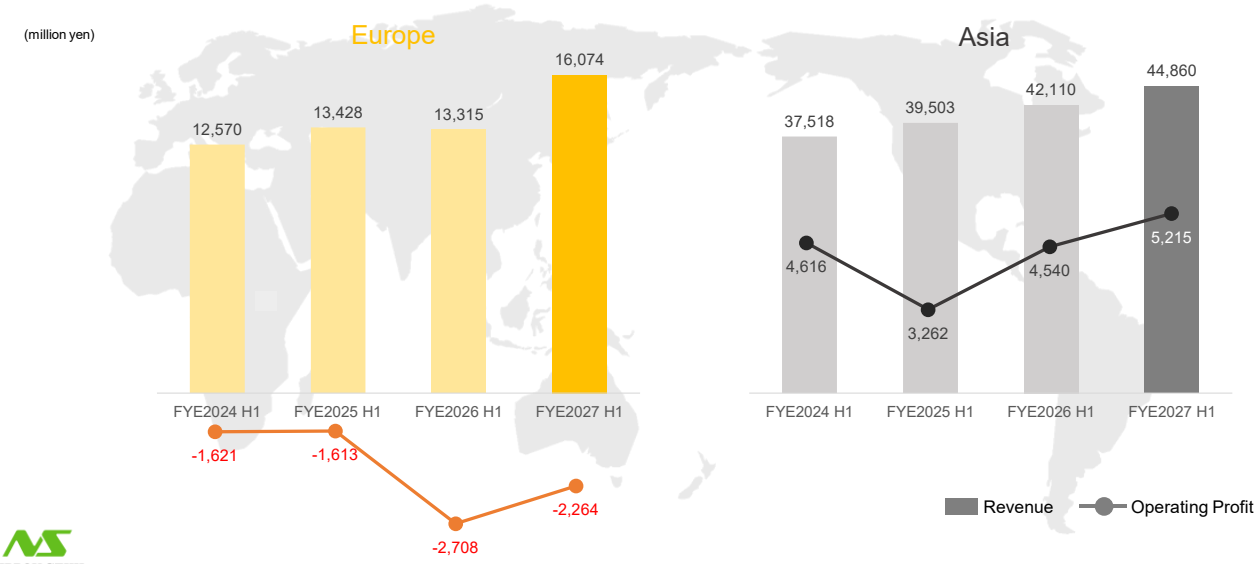
Next, results by region. In Japan, revenue increased owing to higher sales accompanying the launch of new models, but operating profit decreased year on year to 0.4 billion yen, due to a decline in parts sales to

related companies and other factors.

In the Americas, sales of automobile instruments and head-up displays for North America declined, but through cost reduction activities, revenue was 45.8 billion yen and operating profit was 2.6 billion yen, keeping profit at about the same level as in the same period last year.

Financial Results by Region 2.

- Europe : Operating loss narrowed on higher HUD sales, despite temporary expenses as in the previous year.
- Asia : Strong motorcycle instrument sales in ASEAN and India offset weaker sales in China.



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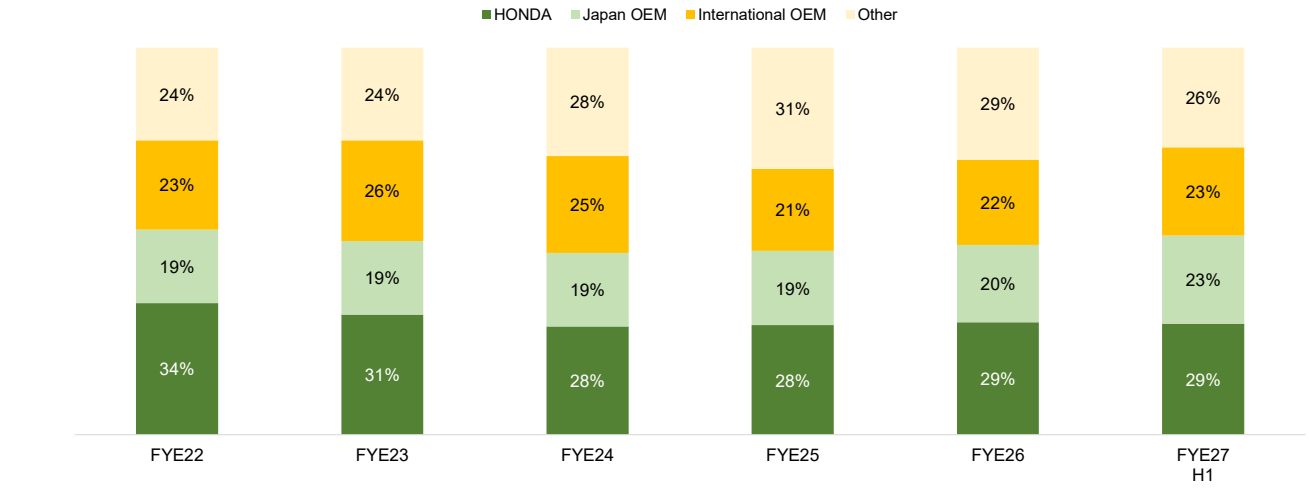
In Europe, although there were temporary expenses as in the previous period, higher sales of head-up displays and other factors resulted in revenue of 16.0 billion yen and an operating loss of 2.2 billion yen, narrowing the loss.

In Asia, increased sales of motorcycle instruments in ASEAN and India offset lower sales in China. As a result, revenue was 44.8 billion yen and operating profit was 5.2 billion yen, with both revenue and profit increasing.

Sales Revenue Composition by Major Customers

H1 FYE2027 Sales Revenue Composition

- Among Japanese OEMs, sales to Yamaha Motor, Mazda and Toyota increased.
- Among overseas OEMs, sales to BMW and Stellantis recovered.



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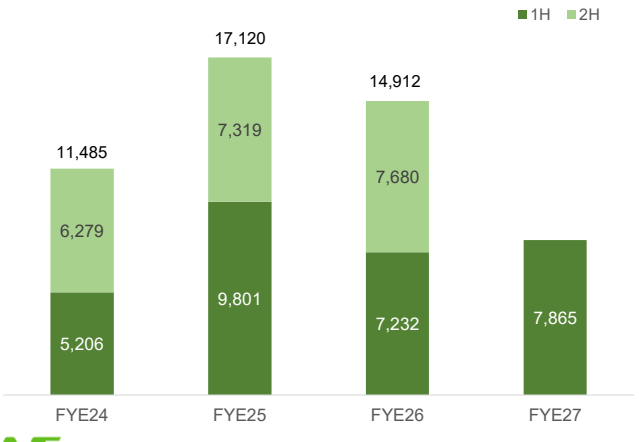
The revenue breakdown by major customer is as shown. Among Japanese OEMs, sales to Yamaha Motor, Mazda, and Toyota increased, and among overseas OEMs, sales to BMW and Stellantis recovered.

Capital Investment and Depreciation

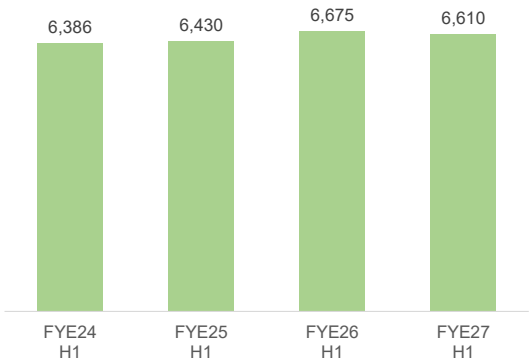
H1 FYE2027 Capital Investment: approx. 7.8 billion yen

- Capital investment increased slightly YoY, as investment centered on equipment for new models in Europe and India.

Capital Investment (Consolidated)



Depreciation



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Capital expenditure for the interim period was 7.8 billion yen, a slight increase year on year, as we mainly invested in new models in Europe and India.

Going forward, while monitoring the business environment and the returns on investment, we will continue to make the investments necessary for growth areas, new models, and strengthening our production base.

Consolidated Balance Sheets

- Inventories increased due to securing parts and materials in light of demand trends.
- Borrowings increased due to financing for treasury share acquisition.
- Equity decreased due to treasury share acquisition, despite higher retained earnings.

(million yen)	FYE2026 (Mar. 31, 2026)	FYE2027 (Sep. 30, 2026)
Cash and cash equivalents	51,922	48,586
Trade and other receivables	50,709	48,255
Other financial assets	13,179	12,917
Inventories	95,690	99,279
Other current assets	14,691	13,492
Total current assets	226,193	222,531
Property, plant and equipment	82,163	82,887
Goodwill and intangible assets	5,632	4,720
Other financial assets	26,614	32,378
Deferred tax assets	6,301	6,609
Other non-current assets	360	427
Total non-current assets	121,071	127,022
Total assets	347,265	349,554

	FYE2026 (Mar. 31, 2026)	FYE2027 (Sep. 30, 2026)
Trade and other payables	50,456	51,627
Borrowings	11,309	21,001
Other current liabilities	18,030	16,899
Total current liabilities	79,799	89,531
Borrowings	15,137	12,413
Other non-current liabilities	18,446	21,327
Total non-current liabilities	33,585	33,742
Total liabilities	113,384	123,273
Share capital	14,494	14,494
Capital surplus	3,836	3,836
Retained earnings	158,795	159,970
Treasury shares	△1,296	△11,257
Other components of equity	55,762	57,043
Equity attributable to owners of parent	231,592	224,087
Non-controlling interests	2,288	2,192
Total equity	233,880	226,280
Total liabilities and equity	347,265	349,554

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Inventories increased by 3.5 billion yen, reflecting securing of parts and raw materials in light of demand trends, as well as the impact of foreign exchange fluctuations.

On the liability side, borrowings increased, owing to funding related to the share buyback and other factors.

Equity decreased due to the acquisition of treasury shares of approximately 10.0 billion yen, despite an increase in retained earnings.

Consolidated Cash Flows

- Operating cash flow decreased due to higher income taxes paid and an increase in inventories.

(million yen)	H1 FYE2026	FYE2027 H1
Profit before tax	6,163	6,225
Depreciation and amortization	6,675	6,610
Impairment losses	83	133
Interest and dividend income	△901	△1,123
Interest expenses	134	185
Loss (gain) on sale of non-current assets	30	△11
Decrease (increase) in trade and other receivables	5,528	1,646
Decrease (increase) in inventories	△562	△4,566
Increase (decrease) in trade and other payables	△2,482	2,701
Increase (decrease) in provisions	8	△5
Increase (decrease) in retirement benefit liabilities	179	200
Foreign exchange losses (gains)	△697	607
Other	4,242	1,931
Interest and dividends received	856	1,101
Interest paid	△81	△177
Income taxes paid	△563	△3,520
Net cash provided by (used in) operating activities	18,613	11,938

	H1 FYE2026	H1 FYE2027
Net decrease (increase) in time deposits	3,361	△238
Purchase of property, plant and equipment and intangible assets	△7,232	△7,865
Proceeds from sale of property, plant and equipment and intangible assets	166	124
Purchase of investment securities	△361	-
Proceeds from sale of investment securities	0	106
Payments for loans receivable	△3	△4
Proceeds from collection of loans receivable	3	4
Other	△1	△1
Net cash provided by (used in) investing activities	△4,067	△7,874
Net increase (decrease) in short-term borrowings	△1,009	10,400
Repayments of long-term borrowings	△3,448	△3,429
Repayments of lease liabilities	△901	△972
Dividends paid to non-controlling interests	△27	△78
Net decrease (increase) in treasury shares	3	△9,979
Dividends paid	△1,433	△2,298
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	△6
Effect of exchange rate changes on cash and cash equivalents	741	△1,036
Net cash provided by (used in) financing activities	△6,816	△6,363
Net increase (decrease) in cash and cash equivalents	8,471	△3,336
Cash and cash equivalents at end of period	43,777	48,586

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Consolidated cash flows are as shown.

2. FYE2027 Full-Year Forecast

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From here, I will explain the full-year forecast for the fiscal year ending March 2027.

Key Risk Factors Affecting H2 Performance

Procurement cost pressure, mainly for electronic components, continues, and inventory is also being held to ensure stable supply. Although we are advancing price pass-through and cost reduction, depending on when their effects materialize, this could become a downside factor for H2 earnings.

Risk Factors	Response Policy
1 **Inventory levels remain elevated** Inventory held at a certain level to address demand swings and supply risks	1 **Continue appropriate inventory management and supply-demand control**
2 **Rising procurement cost pressure** Procurement costs for electronic components remain high	2 **Promote cost reduction activities and procurement measures**
3 **Uncertain pass-through timing** Earnings may be pressured depending on pass-through progress	3 **Continue price pass-through negotiations with customers**

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There are three main risk factors that could affect results in the second half.

First, we continue to hold a certain level of inventory to address demand fluctuations and supply risks for electronic components such as memory. Customers are increasingly demanding stable supply, and

inventory levels remain high.
Second, upward pressure on procurement costs for electronic components and other items continues amid changes in the demand environment.
Third, although we continue to negotiate price pass-through in response to rising raw material prices, there is uncertainty over when the effects will materialize.
In response, we will promote appropriate inventory management, cost reduction activities, and procurement measures, and continue price pass-through negotiations with customers. We recognize that delays in progress on price pass-through and other measures could become a downside factor for second-half earnings.

FYE2027 Financial Forecast

No change to the FYE2027 full-year forecast

- In H2, we will continue to focus on promoting price pass-through and delivering the effects of earnings improvement measures.
- Consolidated results including Toyodenso will be reflected and disclosed from the Q3 results (scheduled for mid-February 2027).
- The full-year forecast including Toyodenso will be announced promptly once the calculation becomes possible.

Million yen	FYE2027		
	FYE2027 H1	FYE2027 Forecast	Progress Rate
Sales Revenue	**171,250**	**320,000**	**53.5%**
Operating Profit	**6,114**	**14,000**	**43.7%**
Operating Profit Margin	**3.6%**	**4.4%**	**-**
Profit attributable to owners of parent	**3,468**	**10,000**	**34.7%**

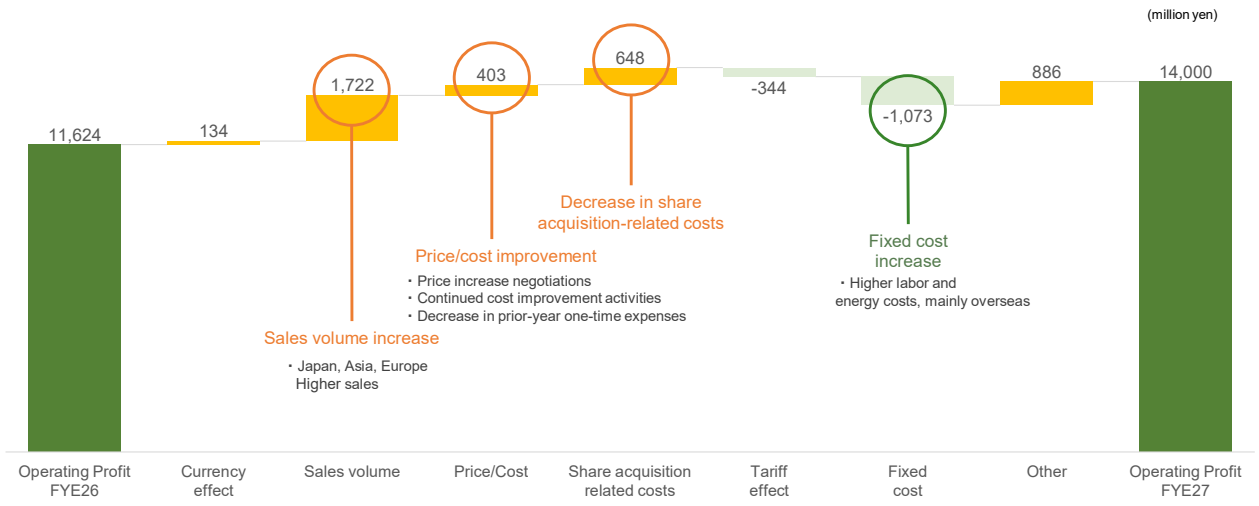
*The above forecast does not include the earnings impact of Toyodenso Co., Ltd.
*Exchange rate assumption for the full-year forecast: 1 USD = 150.00 JPY (previous year actual: 150.67 JPY)

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Although there are procurement environment risks, we have not revised the full-year forecast for the fiscal year ending March 2027 from the initial forecast at this point. In the second half, we will focus on promoting price pass-through and generating the effects of earnings improvement measures, and aim to achieve the full-year plan.
Please note that this forecast does not include the earnings impact of Toyodenso. Consolidated results including Toyodenso will be reflected from the third quarter and disclosed in the financial results announcement scheduled for February 2027. In addition, we will announce the full-year forecast including Toyodenso promptly once the calculation becomes possible.

Factors Behind the Change in Operating Profit

FYE2027 Operating Profit: YoY Change



This slide shows the factors behind the difference between the full-year operating profit plan of 14.0 billion yen and the previous fiscal year's results. We expect increases from higher sales volume, improved selling prices and cost reductions, and a decrease in one-time expenses in the previous year, while factoring in increases in fixed costs such as labor and energy costs.

To reiterate, progress in price optimization is an important premise for achieving the plan. Delays in price negotiations or procurement cost increases exceeding our assumptions could affect our results.

3. Capital Policy

Next, I will explain our capital policy.

Shareholder Returns

Based on the shareholder return policy for the current medium-term management plan period, we repurchased approximately 10 billion yen of treasury shares in H1 FYE2027

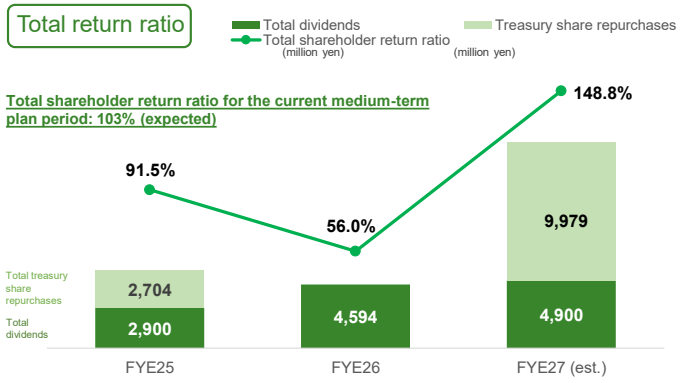
- Interim dividend for FYE2027 set at 45 yen (year-end dividend planned at 45 yen).
- Cumulative total payout ratio over the medium-term management plan period is expected to exceed 100%.

Dividends

- Interim dividend for FYE2027 set at 45 yen
- Year-end dividend planned at 45 yen

Per share dividend	Interim dividend	Year-end dividend	Total
FYE2026	40 yen	40 yen	80 yen
FYE2027	45 yen	45 yen (planned)	90 yen (planned)

Total return ratio



Basic policy: Return to shareholders with a total return ratio of 80% to total net income for the 3 years of the medium-term management plan (FYE2025 to FYE2027).

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Under our current medium-term management plan, we intend to implement shareholder returns at a total return ratio of 80% of the aggregate net profit for the three years from the fiscal year ended March 2025 to the fiscal year ending March 2027.

In line with this policy, we acquired approximately 10.0 billion yen of treasury shares in the first half of the fiscal year ending March 2027. As for dividends, we set the interim dividend at 45 yen per share, and plan to pay a year-end dividend of 45 yen as well, for an annual dividend of 90 yen, an increase of 10 yen from the previous fiscal year.

At this point, the cumulative total return ratio for the three years of the current medium-term management plan is expected to exceed the basic policy of 80%. Going forward, we will continue to work toward sustainable improvement of corporate value while balancing growth investment, financial soundness, and shareholder returns.

That concludes my explanation. Next, President Nagano will continue.

4. Review of H1 FYE2027

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From here, I will explain the first-half results and the key measures implemented over the past six months. Through these measures, I will explain what kind of company Nippon Seiki aims to become.

1. Review of H1 FYE2027 Performance

- H1 FYE2027 Sales Revenue 171.2 billion yen (+9.6% YoY), Operating Profit 6.1 billion yen (+16.5% YoY).
- Sales exceeded plan on solid HUD and motorcycle instrument sales; operating profit was in line with plan.
- Procurement costs, mainly for semiconductors and electronic component materials, remain elevated, which we recognize as one of the issues for improving profitability.

Results of Major Businesses

	Sales Revenue	Operating Profit/Loss
Automobile & HUD *HUD: Head-up Display	¥89.0B +9.3% YoY	-¥1.0B Prior year: operating loss of 0.9 billion yen
Motorcycles	¥44.5B +7.6% YoY	¥5.3B +10.1% YoY
Other General-purpose instruments, EMS, consumer, car sales, IT Solutions, other	¥37.3B +12.2% YoY	¥1.7B +30.8% YoY

Review

Automobile instruments in China continued to struggle, but performance tracked at about the initial plan level thanks to new HUD models

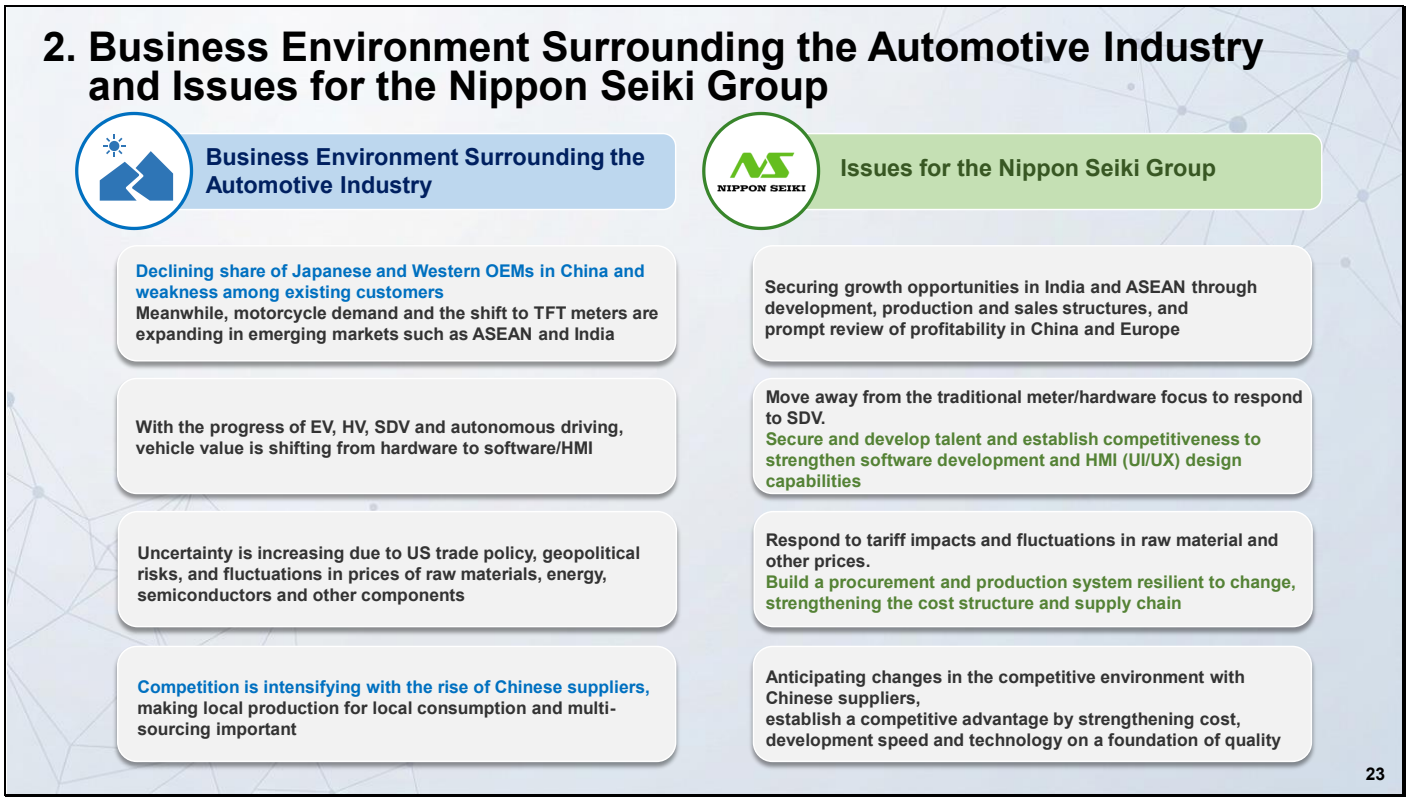
Supported by solid sales by Japanese OEMs in ASEAN (Indonesia, Thailand), India and Brazil

While car sales and IT Solutions grew, the Consumer business continued to struggle, partly due to currency effects

First, a review of the first half.

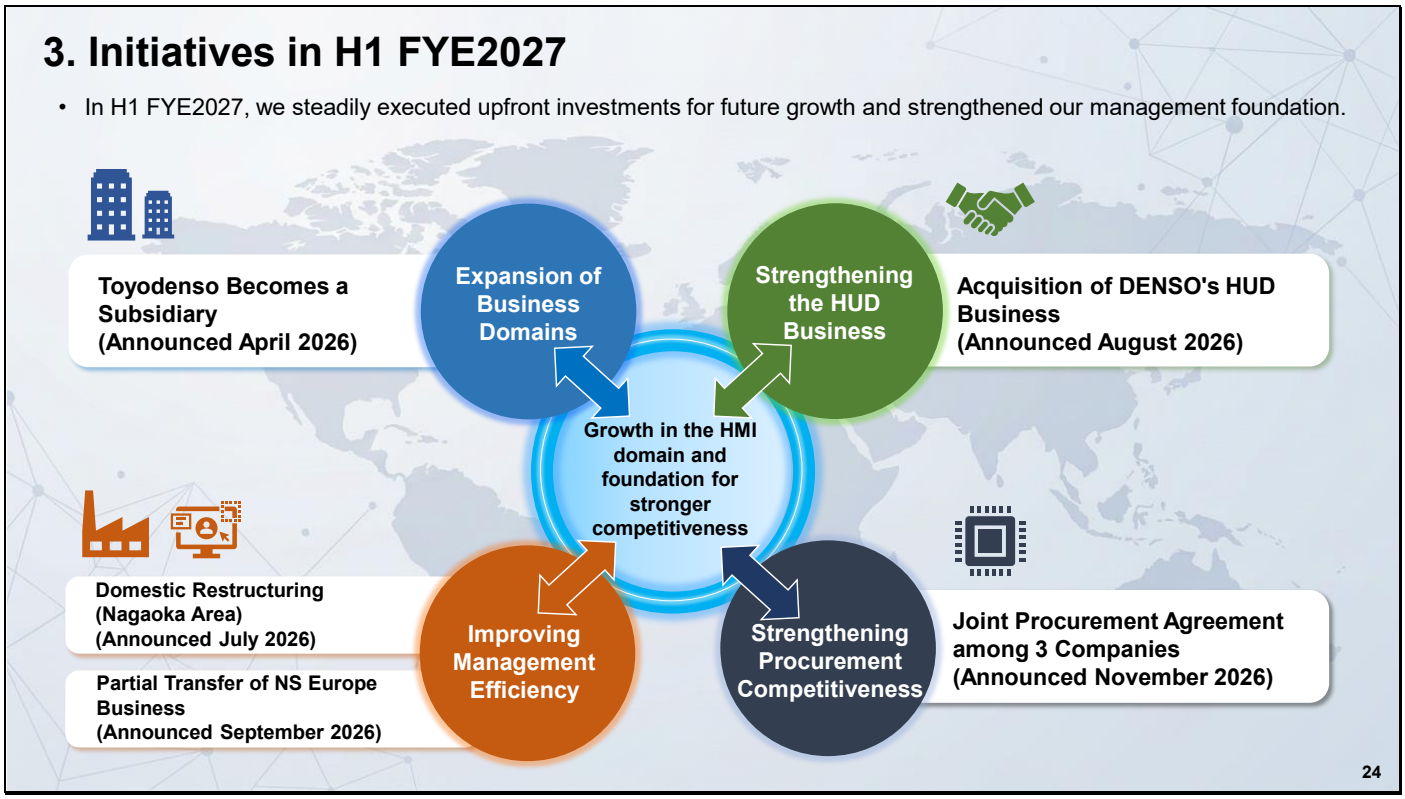
In the first half, revenue was 171.2 billion yen and operating profit was 6.1 billion yen. By segment, automobile instruments and HUD had revenue of 89.4 billion yen and an operating loss of 1.0 billion yen; motorcycle instruments had revenue of 44.5 billion yen and operating profit of 5.3 billion yen; and other

businesses had revenue of 37.3 billion yen and operating profit of 1.7 billion yen.
In automobile instruments and HUD, automobile instruments in China continued to struggle, but performance was in line with the original plan thanks to the contribution of new HUD models. Motorcycle instruments were supported by solid sales by Japanese manufacturers in Indonesia, Thailand, India, and Brazil. In other businesses, automobile sales and IT solutions grew, while consumer products continued to struggle, partly due to foreign exchange effects.

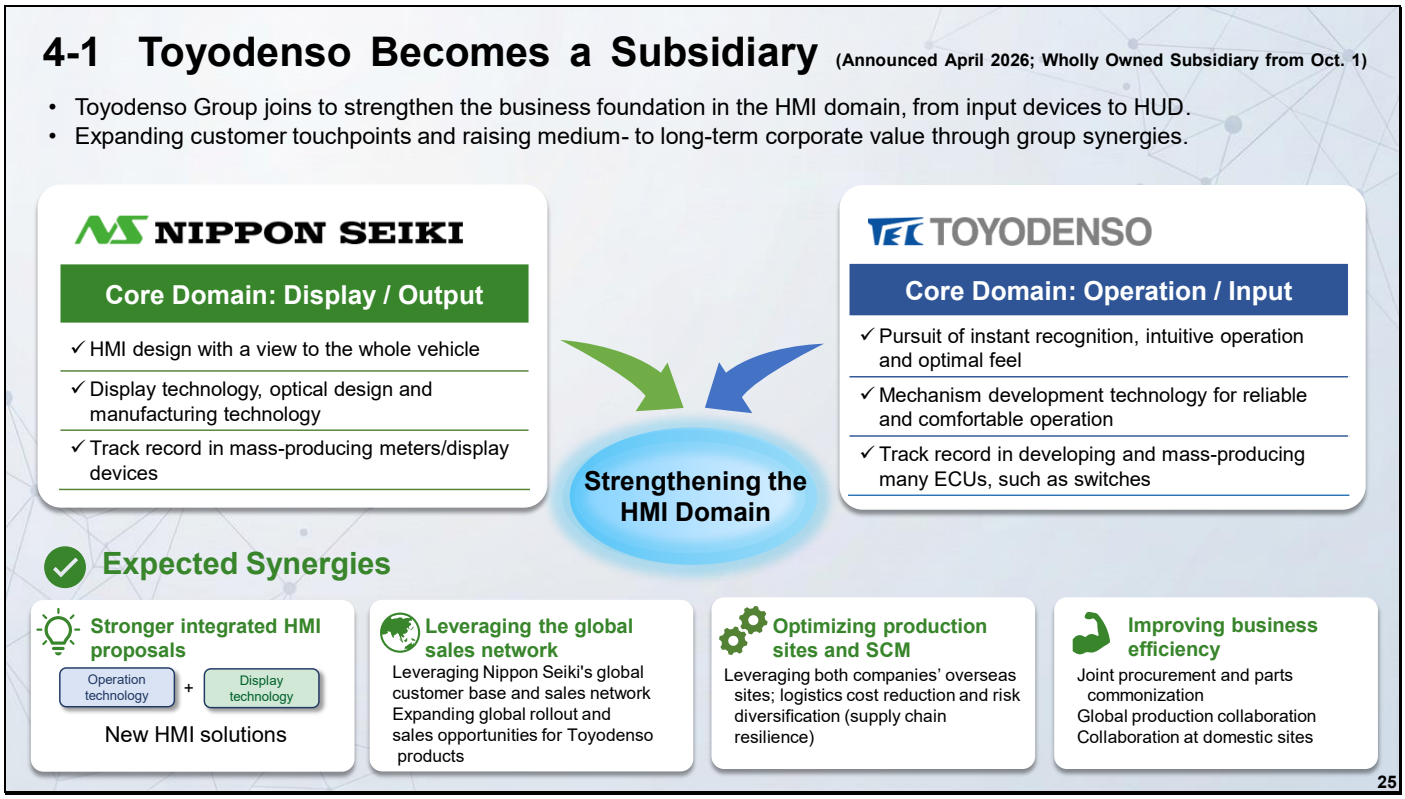


Next, I will explain the changes in the environment surrounding the automotive industry and the Group's issues in response.
First, the market environment. In China, the sales share of Japanese, American, and European automakers is declining due to the rise of local manufacturers, which is affecting our unit sales. On the other hand, in emerging markets such as ASEAN and India, demand for motorcycles is expanding against the backdrop of rising income levels and population growth, creating new growth opportunities.
In the automotive industry, in addition to the spread of EVs and hybrid vehicles, SDVs (software-defined vehicles) and autonomous driving technologies are advancing. Accordingly, the value of automobiles is shifting from a traditional hardware focus to software and HMI (human-machine interface). Furthermore, geopolitical risks are rising, and prices of raw materials, energy, semiconductors, and other items continue to fluctuate, so uncertainty in the business environment has increased further.
In light of these changes in the environment, our key issues are to strengthen our development, production, and sales structure in India and ASEAN and to reliably capture demand in growth markets. In addition, for our China and Europe businesses, we will review the earnings structure and aim for early improvement in profitability.
In addition, to respond to the SDV era, we will strengthen our software development and HMI design capabilities while securing and developing talent. Furthermore, amid intensifying competition from Chinese

suppliers, we will improve cost competitiveness, development speed, and technological capabilities on the foundation of quality, and build a procurement and production structure that is resilient to change, thereby enhancing our competitiveness.



Next, I will explain the main initiatives implemented in the first half of the fiscal year ending March 2027.
For future growth and stronger competitiveness, the Group has been advancing the expansion of its business domains, the strengthening of the HUD business, the improvement of management efficiency, and the strengthening of procurement competitiveness. We are steadily executing measures that lead to growth and stronger competitiveness in the HMI domain, including the acquisition of Toyodenso as a subsidiary, the acquisition of Denso’s HUD business, the reorganization of our domestic production structure, and the start of joint purchasing by three companies.
Let me explain each initiative in turn.



First, the M&A of Toyodenso to strengthen the HMI domain. As originally planned, Toyodenso became a wholly owned subsidiary on October 1, 2026.

Toyodenso’s core strength is in the operation and input domain, while ours is in the display and output domain, so the two companies are complementary.

By combining Toyodenso’s operation and input device technologies with our display and output technologies, we will build a structure that can propose everything from driver operation to information display as an integrated whole, and strengthen our business base in the HMI domain.

We will also work on creating various synergies, such as strengthening proposals for integrated HMI solutions, expanding sales channels through mutual use of global sales networks, optimizing production bases and supply chains, and improving cost competitiveness through joint purchasing and parts commonality.

Vision of Nippon Seiki and Toyodenso

- Combining both companies' strengths to realize "Innovation in the Passenger Space".
- Providing "safer and more comfortable mobility experiences" to the global mobility society, aiming for sustainable growth and higher corporate value.

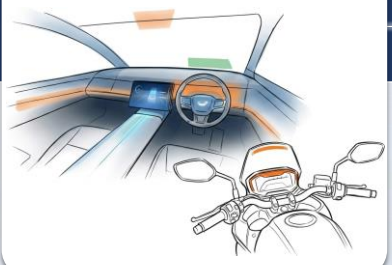
PHASE 1 Short term: 1–2 years

Leveraging existing channels and each other's customer bases



PHASE 2 Medium term: 3–5 years

Next-generation cockpit products, joint development of integrated steering-area systems



PHASE 3 Long term: 5+ years

Establish our position as a total solution provider supporting safety and comfort in the passenger space



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Next, I will explain what Nippon Seiki and Toyodenso aim to become.

In the short term, we will use both companies' sales channels and customer bases to expand sales opportunities for existing products.

In the medium term, we will combine the technologies of both companies and advance joint development of next-generation cockpit products for automobiles and integrated systems for motorcycles. Beyond that, we aim to evolve into a total solution provider that supports safety and comfort in the vehicle interior. These initiatives will not be carried out sequentially along the timeline but promoted in parallel, leading to early synergy creation and enhancement of corporate value.

PMI Progress with Toyodenso

- Following the Oct. 1 merger, the integration process toward synergy creation is now in full swing
- Accelerating the concretization and execution of key themes under the PMO to maximize synergies early

Current Progress and Initiatives

Building structure and foundation (from Oct. 1)

- Launch of PMO structure and building governance
- Subcommittees: Sales, Technology Development, Design, Procurement, Production & QA, SC, Accounting, Administration, Site Strategy

Synergy Creation Themes

- Joint development: Joint study of new technologies and products
- Productivity improvement: Review of structures for greater efficiency
- Joint procurement: Cost optimization through stronger purchasing power

Future Roadmap

Step 1 [Establish integration foundation]

- Establish PMO; clarify accountability and KPIs
- Concretize integration and synergy themes

Oct–Dec 2026

Step 2 [Integrate operations & execute measures]

- Integrate and stabilize both companies' business processes
- Execute priority measures and realize early results

Jan–Mar 2027

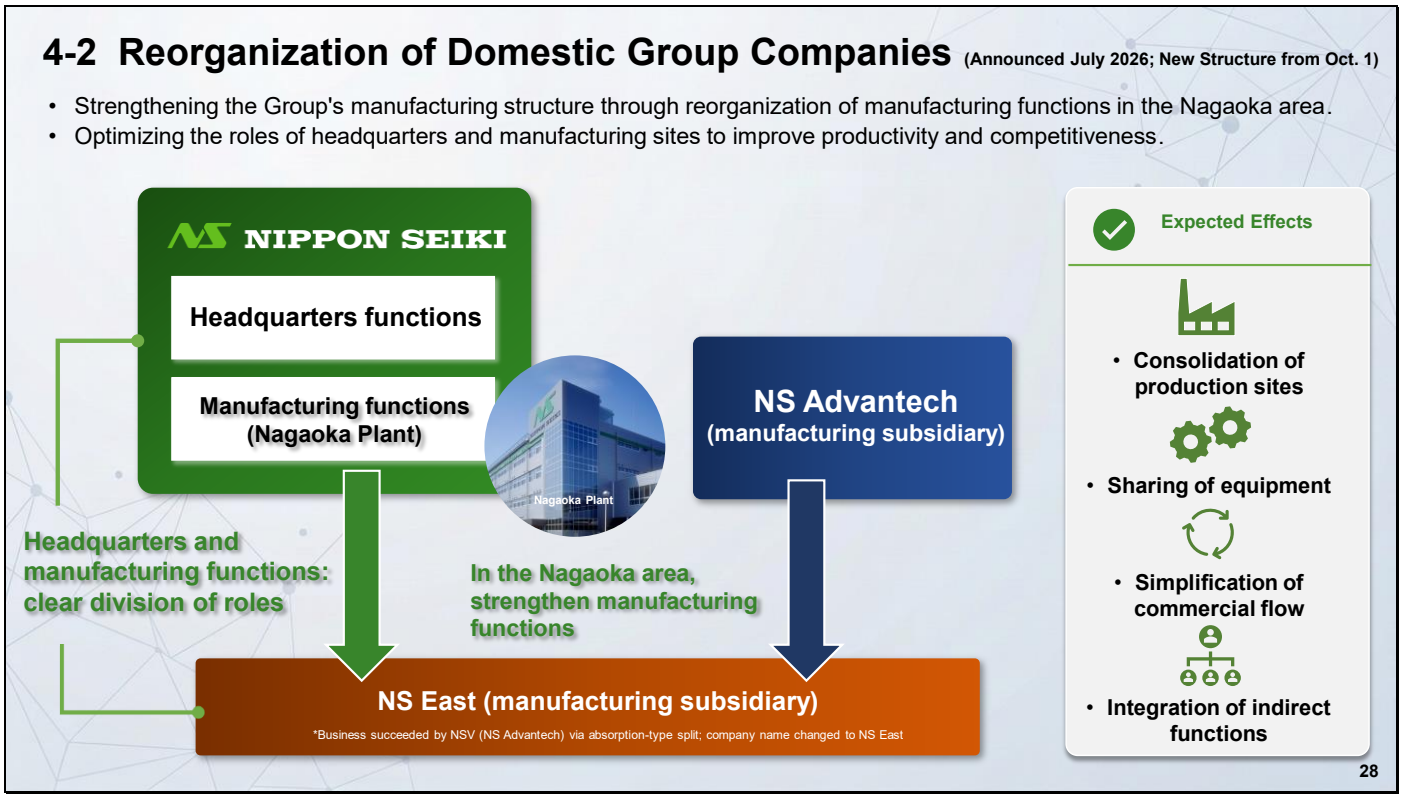
Step 3 [Create & expand synergies]

- Full-scale creation of integration effects and synergies
- Mutual use of customers, technologies, resources and sites

Apr. 2027 onward

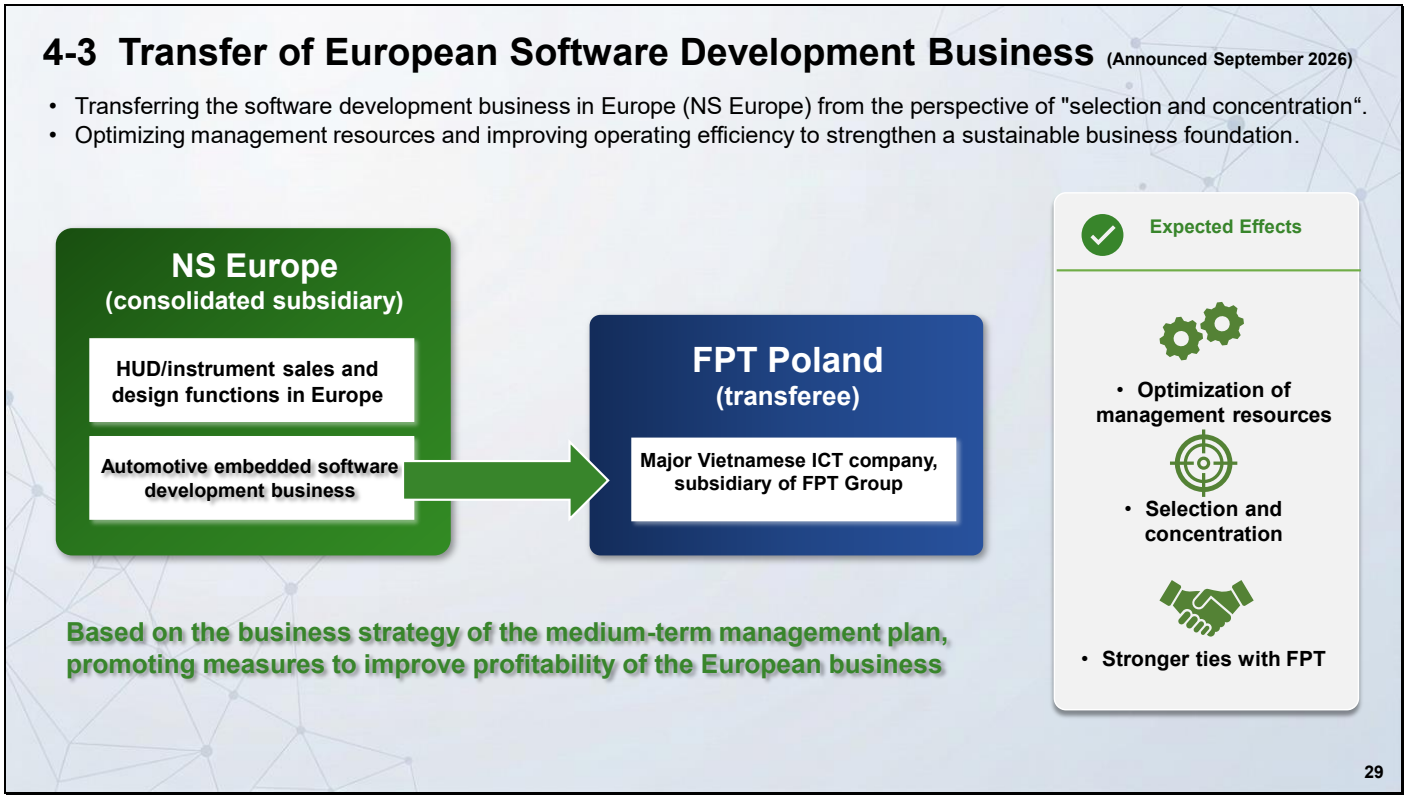
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Next, I will explain the progress of PMI with Toyodenso.
After the two companies came together on October 1, we launched a PMO to steadily realize synergies and set up working groups on sales, technology development, design, purchasing, production and quality assurance, supply chain, accounting, administration, and site strategy. We are now clarifying the responsibilities and KPIs for each theme and building the integration foundation. We are also making concrete the synergy themes such as joint development, productivity improvement, and joint purchasing.
From the beginning of 2027, we will move to the phase of integrating business processes and executing priority measures, aiming to produce results early. Furthermore, from April 2027, we will make full use of both companies' management resources, including customers, technologies, and production bases, to create and expand synergies in earnest.
Specific projects and collaboration themes are already emerging in various regions in Japan and overseas, and we will promote promising projects as special projects to realize synergy effects early.



Next, as an initiative to improve management efficiency, I will explain the reorganization of our domestic group companies.
In this reorganization, we reviewed the roles of headquarters functions and manufacturing functions with the aim of strengthening our manufacturing structure in the Nagaoka area and improving management efficiency.
Specifically, Nippon Seiki will focus on headquarters functions, and the manufacturing functions of the Nagaoka Plant and NS Advantech have been consolidated into NS East, our manufacturing subsidiary. At the same time, NS Advantech changed its name to NS East and has started operating under the new structure.
Through this reorganization, we will unify manufacturing functions in the Nagaoka area and improve productivity and competitiveness by consolidating production bases, sharing equipment, simplifying

commercial flows, and integrating indirect functions. In addition, drawing on the insights gained from this initiative, we will go beyond Japan and consider optimizing our organization and production structure globally across regions and group boundaries.



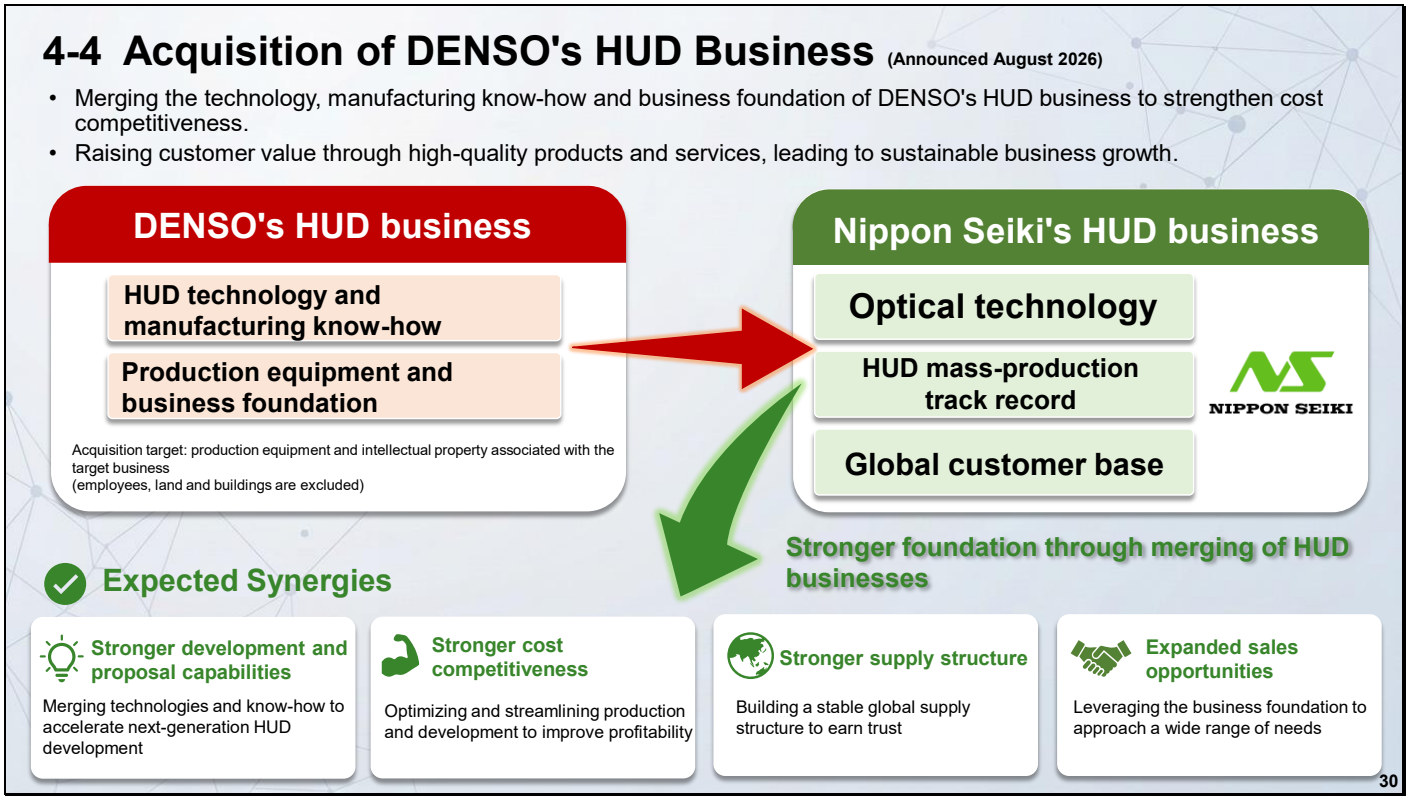
Next, I will explain our initiatives to improve the efficiency of the European business. While we have reorganized our production structure in Japan, we are also reviewing our business portfolio overseas from the perspective of improving management efficiency.

As part of this, we transferred the automotive embedded software development business held by Nippon Seiki Europe to FPT Poland, a subsidiary of FPT Group, a major Vietnamese ICT company.

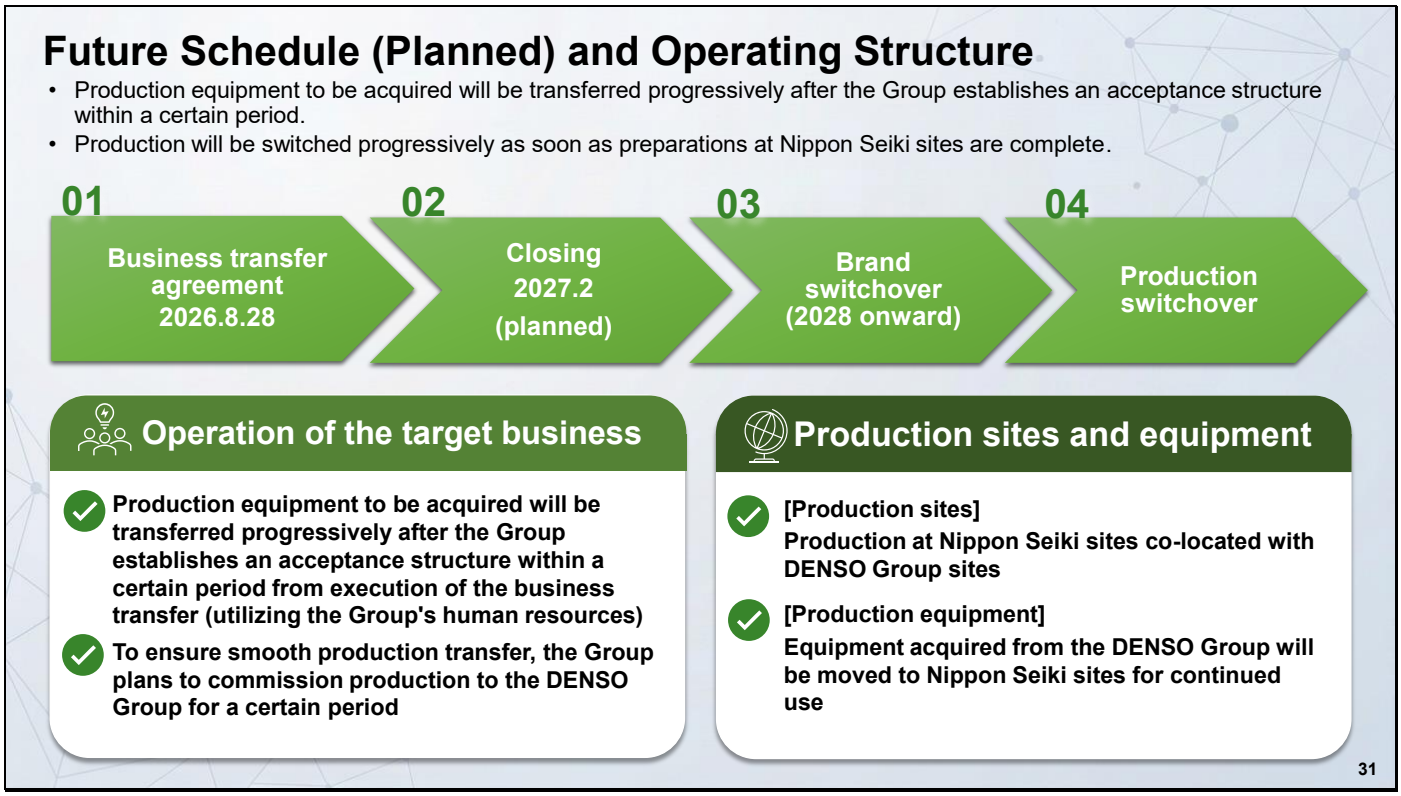
FPT Group provides software development and digital technology services globally and has strong development capabilities and a rich talent base. We believe that through this transaction we can operate more efficiently while maintaining and strengthening our software development structure.

Also, we continue our collaboration with FPT Group after the business transfer, and have built a structure that allows us to flexibly use the necessary software development resources.

As a result, we will concentrate management resources on the core HMI domain and profitability improvement measures, while improving profitability and operating efficiency of the European business.



Next, I will explain the acquisition of Denso's HUD business, which we announced in August.
As automobiles become electrified and shift to SDVs, HUDs are an important HMI device that conveys necessary information to drivers safely and clearly, and the market is expected to expand. We position the HUD business as a core business, and we carried out this transaction to further strengthen its competitiveness and grow the business.
Through this transaction, we will take in business assets owned by Denso, such as HUD technologies, manufacturing know-how, production facilities, and customer base. By combining these with the optical technologies, mass-production track record, and global customer base we have built over many years, we will further strengthen the foundation of our HUD business. In addition, by combining the technologies and know-how of both companies, we will speed up development and strengthen our proposal capabilities for next-generation HUDs, and also strengthen cost competitiveness through more efficient production and development, and strengthen our global supply structure.



Next, I will explain the future schedule and operating structure.

Because this transaction is subject to regulatory approvals and customer consent, I will limit my explanation to the content already disclosed. Closing is scheduled for February 2027, after which the facilities and business assets to be acquired will be transferred to our Group in sequence.

For production, until our Group is ready to receive it, we plan to outsource production to the Denso Group for a certain period, and carry out a smooth transfer while maintaining stable supply. After that, we will relocate facilities and switch production in stages, improving production efficiency and strengthening the supply structure, which will lead to early creation of synergies.

Details will be announced at an appropriate time after obtaining the necessary clearances.

4-5 Promotion of Joint Procurement with Alps Alpine and Tokai Rika

- Signing a Basic Agreement on Joint Procurement to advance collaboration in procurement and strengthen supply chain resilience.
- Strengthening the procurement foundation by leveraging the procurement expertise and networks of the three companies.

Background and Objectives of the Partnership

■ **Responding to an uncertain external environment**



Geopolitical risks



Natural disasters



Shortages of raw materials and parts

Risk of supply chain disruption

■ **Purposes**

1. Improving adaptability to a changing business environment
2. Strengthening supply chain resilience
3. Strengthening the procurement foundation

Stronger adaptability to change

■ **Partnership of the three companies**

- Alps Alpine
- Tokai Rika
- Nippon Seiki

Promoting collaboration in procurement

■ **Specific Initiatives**

1. Joint purchasing of common parts and raw materials
2. Reducing supply chain risks and strengthening BCP

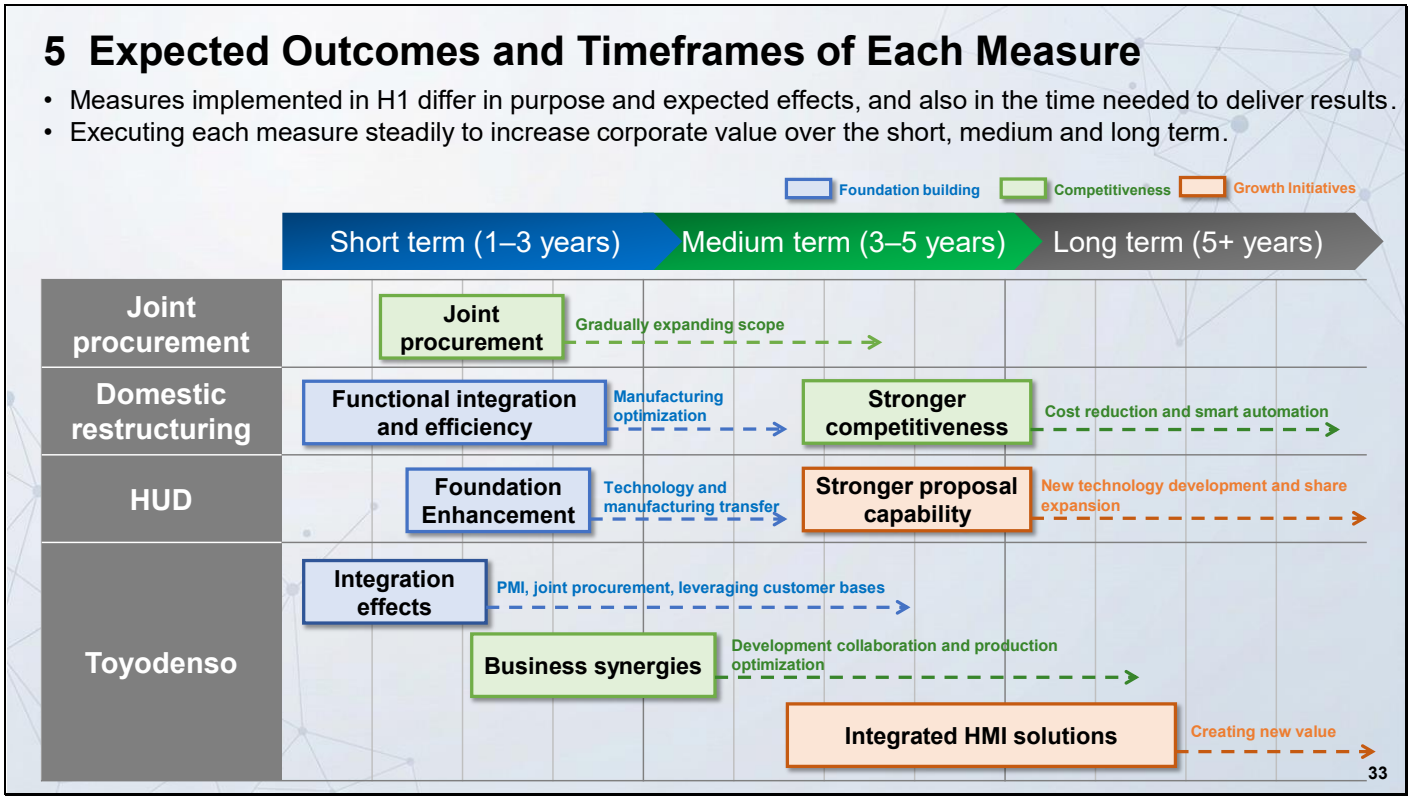
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Finally, I will explain the joint purchasing initiative by three companies: Alps Alpine, Tokai Rika, and Nippon Seiki.

In recent years, uncertainty surrounding supply chains has increased, including geopolitical risks, parts shortages, and fluctuations in raw material prices. To improve our ability to respond to these changes, we decided to promote joint purchasing by leveraging the procurement expertise and supplier networks of the three companies.

First, we will consolidate purchasing of common parts and raw materials to optimize procurement costs, strengthen negotiating power, and ensure stable supply. In addition, by sharing information on supply risks and diversifying suppliers, we will strengthen the resilience of our supply chain, including BCP.

Through this initiative, we will improve procurement competitiveness and build a business foundation that is resilient to change.



Lastly, I will explain the main expected results of each measure and their timelines.

The measures implemented in the first half will deliver their effects over different time horizons: short, medium, and long term.

Through joint purchasing, we will first achieve cost reductions and stable supply, and then strengthen the procurement base itself. Through the domestic reorganization, starting from functional integration and efficiency improvement, we will lead to improved manufacturing competitiveness.

For the acquisition of the HUD business, we will start with the integration of the business base, then develop it into stronger proposal capabilities, new technology development, and share expansion. For the integration with Toyodenso, starting from creating integration effects through PMI, we will expand business synergies and ultimately aim to create new value through integrated HMI solutions. In this way, we will build up the effects of each measure step by step to realize stronger competitiveness and sustainable growth.

That concludes my explanation.

Through the integration with Toyodenso, the strengthening of the HUD business, the optimization of our production structure, and the strengthening of our procurement base, we will evolve from a company centered on instruments into a company that provides new value through integrated HMI solutions.

By steadily executing each measure and realizing stronger competitiveness and sustainable growth, we will lead to enhancement of corporate value over the medium to long term. Thank you for your attention.

Questions and Answers

Question 1: How likely is it that you will achieve full-year operating profit of 14.0 billion yen, and what are the main risks?

Answer (Torigoe): At this point, we have left the full-year operating profit plan of 14.0 billion yen unchanged. In the second half, we expect progress in price optimization and the effects of earnings improvement measures, and aim to achieve the plan. On the other hand, we are closely watching the progress of price pass-through, production trends at major customers, cost trends such as component prices and labor costs, and foreign exchange fluctuations. In particular, delays in price pass-through, lower-than-expected customer production, and larger-than-expected rises in component prices could become downside factors for the profit plan.

Question 2: To what extent have you factored the rise in procurement costs into the full-year forecast?

Answer (Torigoe): At the beginning of the fiscal year, we factored approximately 1.0 billion yen of procurement cost increases into the full-year forecast. However, prices have continued to rise, mainly for memory, and in some cases have moved beyond our original assumptions. We have also built up inventory from the perspective of ensuring stable supply.

We are continuing cost reduction activities, the use of alternative parts, and price optimization discussions with customers, but depending on future market price trends and progress in price pass-through, additional cost increases may occur, and we will continue to monitor the situation closely.

Question 3: What does the worsening sales mix in automobile instruments refer to?

Answer (Nagano): The main factors were a decrease in automobile instruments and HUDs for North America, which had relatively stable profitability, while HUDs for Europe, which have profitability challenges, increased.

Question 4: What specifically is progressing in your initiatives with Toyodenso?

Answer (Nagano): After Toyodenso became a wholly owned subsidiary on October 1, we launched a PMO and are making concrete the short-, medium-, and long-term themes. Specific projects have already emerged in each region, and we are promoting them as special projects where necessary, aiming to produce results early.

Question 5: How were first-half HUD sales compared with the company plan?

Answer (Moderator): First-half HUD sales were approximately 33.0 billion yen. Compared with the same

period last year, there was a foreign exchange effect of approximately 2.8 billion yen from the weak yen, but excluding this effect, progress is roughly in line with the plan.

Question 6: What are the scale, profitability, and post-acquisition investment burden of the HUD business to be acquired from Denso?

Answer (Torigoe): The sales scale, profitability, and post-acquisition earnings impact of the target business are not disclosed due to confidentiality obligations under the contract. This transaction is not aimed at generating short-term profit, but is a strategic investment to strengthen the competitive advantage of the HUD business and for future growth. By combining Denso's technologies, manufacturing know-how, and business base with our optical technologies, mass-production track record, and customer base, we will lead to future order expansion and improved development and production efficiency.

Question 7: Which regions are particularly strong for motorcycle instruments?

Answer (Nagano): In ASEAN, sales to Yamaha in Indonesia and to Honda in Thailand were strong. Brazil also grew, and we expect expansion in India, where investment is advancing.

Question 8: What is behind the strong performance of IT solutions and automobile sales?

Answer (Nagano): In IT solutions, projects introducing core systems such as ERP for mid-sized and small companies, and public sector projects such as device sales support for schools, have grown. In automobile sales, in addition to new car sales, gross profit from used cars and vehicle inspection and maintenance increased.

Question 9: What is your medium- to long-term outlook for the HUD business, and how will you counter Chinese suppliers?

Answer (Nagano): In addition to expanding HUDs for new customers, the acquisition of Denso's HUD business will strengthen our technologies, manufacturing know-how, intellectual property, and production scale. Against Chinese suppliers, we will maintain our advantage by combining advanced optical technologies, a global supply structure, and region-specific procurement and regulatory compliance.

Question 10: What is the key to HUD technology against Chinese suppliers?

Answer (Nagano): In addition to large-screen AR-HUDs, we are developing products using advanced optical technologies, such as slope-display HUDs that give displayed information a sense of depth. We believe it is important not only to compete on cost, but to commercialize new technologies early and lead the market with added value.

End