

NIFCO Report
2022

Nifco Philosophical Framework

Purpose

**Sparking Innovation by fastening small insights
with technology for a better world**

Connect, bundle, and tie.

Nifco's unique industrial plastic fasteners took full advantage of the rustproof, lightweight, and easy-to-handle characteristics of plastic and caused a big surprise in an industry where metal products were the norm.

Nifco's parts not only lighten the workload at manufacturing sites of products, such as automobiles, but also contribute to the weight

reduction of such products and the improvement of their performance in terms of the "environment, safety and comfort."

Going forward, Nifco will continue to create comfortable lifestyles and a sustainable society by connecting small insights with technologies generated by confronting issues faced by customers and society in diverse fields, such as automobiles, housing, home appliances, and sports.

Philosophical Framework



Nifco Philosophy

Nifco has established a corporate philosophy to achieve sustainable growth and evolution. Our corporate philosophy incorporates both the beliefs that have sustained Nifco up to the present and which should be passed on and the determination for the future that Nifco will need.

Mission

Nifco generates ideas and cultivates technology to turn your expectations into excitement.

Vision

Driving change with growing inventiveness

Values

— This is Nifco —

Be proactive and break through

[Take a forward-looking attitude in acting: disrupt common sense to realize new paradigms]

Communicate and collaborate

[Exchange ideas with others freely and frankly: work together as one team]

Challenge and innovate

[Take on new challenges adventurously: explore and implement new ideas]

Nifco Group Charter of Corporate Behavior

Based on the following ten principles, Nifco will act with high ethical standards while complying with relevant laws, regulations, international rules, and the spirit of such laws and regulations in order to create a sustainable society.

*Nifco: All companies across Nifco Group

1. As a creative company, Nifco will develop and provide safe, comfortable, and environmentally friendly products and services through innovation, contributing to sustainable economic growth and solutions to social issues.
2. Nifco will engage in fair and free competition, appropriate transactions, and responsible procurement. Nifco will also maintain sound political and governmental relationships.
3. Nifco will disclose corporate information as appropriate and engage in constructive interaction with a wide range of stakeholders, both internal and external, in order to continue to enhance our corporate value.
4. Nifco will conduct management that respects the human rights of all people. Nifco prohibits discrimination and infringement of human rights on any grounds, including nationality, race, age, gender, sexual orientation, gender identity, and disability. Nifco does not recognize slave labor, forced labor, or child labor.
5. Nifco will provide customers and consumers with appropriate information about its products and services, and will communicate with them in good faith to gain their satisfaction and trust.
6. Nifco will actively promote diversity and inclusion by realizing a working style that respects diversity, personality and individuality, believing that making the most of differences in personal attributes and values will lead to new ideas, innovation and creativity, which is also our company's philosophy. Nifco will also aim for a comfortable working environment that takes health and safety into consideration.
7. Nifco is aware that addressing environmental issues is a common challenge for all humankind and an essential requirement for both a company's activities and existence. We will contribute to the protection of the global environment through all of our corporate activities.
8. Nifco, as a good corporate citizen, will both actively participate in, and contribute to society's development in all the countries where it operates.
9. Nifco will strive to implement organizational crisis management to readily respond to the actions of antisocial forces, terrorism, cyber attacks and natural disasters that threaten the lives of citizens and corporate activities. In addition, we will give all due consideration to the protection and safeguard of personal information and customer information.
10. Nifco's top management will embody the spirit of this Charter when managing the company, and will establish effective governance to ensure that all employees are aware of it, and will encourage all employees to act in accordance with the spirit of this Charter. In addition, in the event of a situation that violates the spirit of this Charter resulting in a loss of trust from society, top management will work to resolve the problem, investigate the cause, and prevent a recurrence.



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Chairman and CEO
Toshiyuki Yamamoto



President and COO
Masaharu Shibao





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About the Cover

Nifco's components are used in a wide variety of products. The graphic on the cover introduces some of them, while the images represent the values of "the environment, safety and comfort" that Nifco provides. It expresses Nifco's commitment to solving customers' problems with ideas and technologies and contributing to the development of a sustainable society through its business activities.

Editorial Policy

The purpose of this report is to disclose the Nifco Group's environmental, social, and financial policies and initiatives to all stakeholders. We will make this report our annual "Nifco Report," and we aim to enhance information disclosure. Please also refer to our official website (<https://www.nifco.com/en/>) for the latest ESG information and more detailed shareholder and investor information.

Reference Guidelines

- Integrated Reporting Framework (VRF)
- Value Creation Guidance (Ministry of Economy, Trade and Industry)
- GRI Standard (Global Reporting Initiative)

Applicable Period

April 1, 2021 – March 31, 2022
(Past initiatives and recent information are included where necessary.)

Applicable Scope

The report is based on Nifco's domestic bases and includes the sustainability activities of some Group companies, including those overseas.

Date of Issue

Issued: February 2023

Disclaimer

While every effort has been made to ensure the accuracy of the information contained in this report, the accuracy and timing of updates are not guaranteed, and we assume no responsibility for any problems, losses, or damages resulting from updates, errors, or other causes.

How to use this report



Nifco's History

The Pioneering Era

1967 → 1976

Nippon Kogyo Fastener Co., Ltd. was established in February 1967 as a joint venture between Nichiei Bussan Corporation, founded by Toshiaki Ogasawara at the young age of 20, and ITW Corporation of the United States. In 1970, the company name was changed to Nifco Inc. Nifco developed a series of plastic industrial fasteners that gave shape to ideas and achieved rapid growth, reaching sales of one billion yen in its fifth year of operation and nearly five billion yen in its tenth year.

The Era of Growth

1977 → 1986

In 1979, the company was listed on the Second Section of the Tokyo Stock Exchange, and the following year sales exceeded 10 billion yen. In 1984, the company was reassigned to the First Section of the Tokyo Stock Exchange, and its sales grew to over 20 billion yen. The company began moving toward globalization, establishing joint ventures with a Taiwanese company in 1983 and a Korean company in 1985. The company also opened a Hong Kong sales office to serve as a base for its subsequent business expansion in China and Southeast Asia.

The Era of Expansion

1987 → 1996

Nifco products were greatly received by the market, and by 1988, sales exceeded 30 billion yen.

Aiming for a further leap forward, Nifco focused on developing new markets and new products while also accelerating globalization.

As a result, Nifco achieved consolidated sales of 50 billion yen in 1992 despite the impact of the bursting of the bubble economy.

In 1996, the company also diversified its business by acquiring Simmons, Inc.

Product Development History

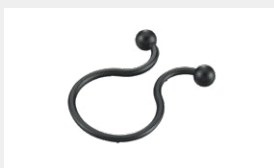
1969

Our first original product, PLASTI RIVET, was adopted by Matsushita MFG (now Panasonic Eco-Systems) to fix the blades of ventilation fans.



1970

PURSE LOCK, used in large quantities for color televisions, fastens by simply bundling and twisting the wires. Safe and fast operations were realized.



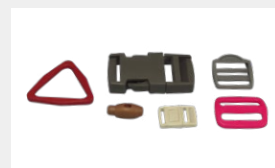
1976

The first commercialized gasoline filter in fuel system. Mass production was improved by integrating stainless steel mesh and resin.



1979

Nifco buckles have become an indispensable part of the sports and outdoor scene. They are widely used as functional products for backpacks, apparel, and shoes.



1995

A one-touch nut that fastens the toilet tank and toilet seat. It can be easily fastened and removed without the use of tools, even in tight spaces, reducing construction work.



1997

An earthquake-proof latch that detects shaking and locks the door in the event of a large earthquake. It is an excellent safety product that prevents stored items from falling.



2006

Sliding door closer that slowly pulls the interior sliding door to the end. It is equipped with an internal damper to create a smooth, luxurious movement.



2011

A camera cover that protects the advanced driver assistance system (ADAS) camera. It has an improved design with a grained finish and other textures.



Consolidated sales
in FY2021**283.7** billion yen achieved

The Era for a New Leap Forward

1997 → 2006

Pursuing the "manufacture close to the user" approach that has been in place since the company's pioneering days, Nifco has further globalized and expanded its production and sales bases throughout Asia, North America, and Europe, including the United States, Belgium, Spain, China, Thailand, and Poland. In 2001, Nifco surpassed its long-standing goal of 100 billion yen in consolidated sales. Nifco's performance since then has also been favorable.

The Era of Reform

2007 → 2016

In the wake of the Great Financial Crisis, the company experienced its first operating loss since its founding in the January–March 2009 quarterly results.

This crisis changed the cost consciousness of employees and became the driving force for company-wide reforms. In particular, the company achieved a V-shaped recovery in the April–June period as a result of rapid reforms at manufacturing sites. This was also the moment when all employees, including management, realized anew the importance of high value-added management.

Era of Long-term Value Creation

2017 →

Over the past five years, the ESG has become common knowledge, and in addition to the financial information that has been used in the past to enhance corporate value, non-financial information has become important. Nifco will continue to concentrate its development resources in the fields of "the environment, safety and comfort," which are constant market trends, and it will make further progress by providing new value to customers and contributing to society through the creation of original products and initiatives.

1979

The world's first grease damper was used in Sharp's boom box. In 1983, the company achieved miniaturization of the damper, and in 1990 it developed an ultra-compact micro damper.



1981

NIFLOCK can be secured using a hammer and was used on the space shuttle Columbia.



1982

A push latch that allows operation doors to be pushed open, especially useful for AV equipment. Door handles are eliminated, resulting in a superior design.



1987

Cup holders for a comfortable cabin space. Various types are available to suit different usage scenarios. They are designed for ease of use and contribute to the creation of a sense of luxury.



2012

A bumper retainer that allows the bumper to be fastened to the vehicle body with one-touch, tool-less fastening. It adjusts the clearance with the fender and improves the design.



2018

SPLC®, also a brand name for B-to-C, can be simply tightened without tying shoelaces and improves fitting without loosening due to its locking function. SPLC® was launched through crowdfunding.



2019

A product for 2-wheeled scooters. The windscreen adjuster allows you to adjust the height of the windscreen according to your riding situation.



2019

A multifunctional combo valve that integrates the following three functions: stops refueling, prevents fuel leaks if the vehicle rolls over, and prevents the emission of air pollutants.



Nifco as of Now

Nifco develops and manufactures rustproof, lightweight, and easy-to-handle products, including lightweight, easy-to-install and easy-to-remove industrial plastic fasteners, interior and exterior products for automobiles, and buckles used in fashion and sports. Our customers' needs span the globe, and we are working with our Group companies to build a system that can respond on a global scale to create further growth in the global market. Our goal is to continue to create comfortable lifestyles and a sustainable society by fastening small insights with technology generated by confronting the challenges of our customers and society.

Business Segment

Synthetic Resin Molding Products Business



Fasteners



Dampers



Buckles

Used for

- Automobiles •Motorcycles •Housing equipment
- Home appliances and OA •Fashion •Sports

Bedding and Furniture Business



Simmons Co., Ltd. (Group Company)

Areas of Operation

Europe

Number of companies: 4
Net sales: 34.1 billion yen
Sales composition ratio: 12.0%

Japan

Number of companies: 5
Net sales: 89.7 billion yen
Sales composition: 31.6%

North America

Number of companies: 4
Sales: 58.1 billion yen
Sales composition ratio: 20.5%

Asia

Number of companies: 26
Net sales: 99.6 billion yen
Sales composition: 35.1%

Others

Number of companies: 11
Net sales: 2.1 billion yen
Sales composition: 0.7%

Number of companies
Consolidated subsidiaries: **50**

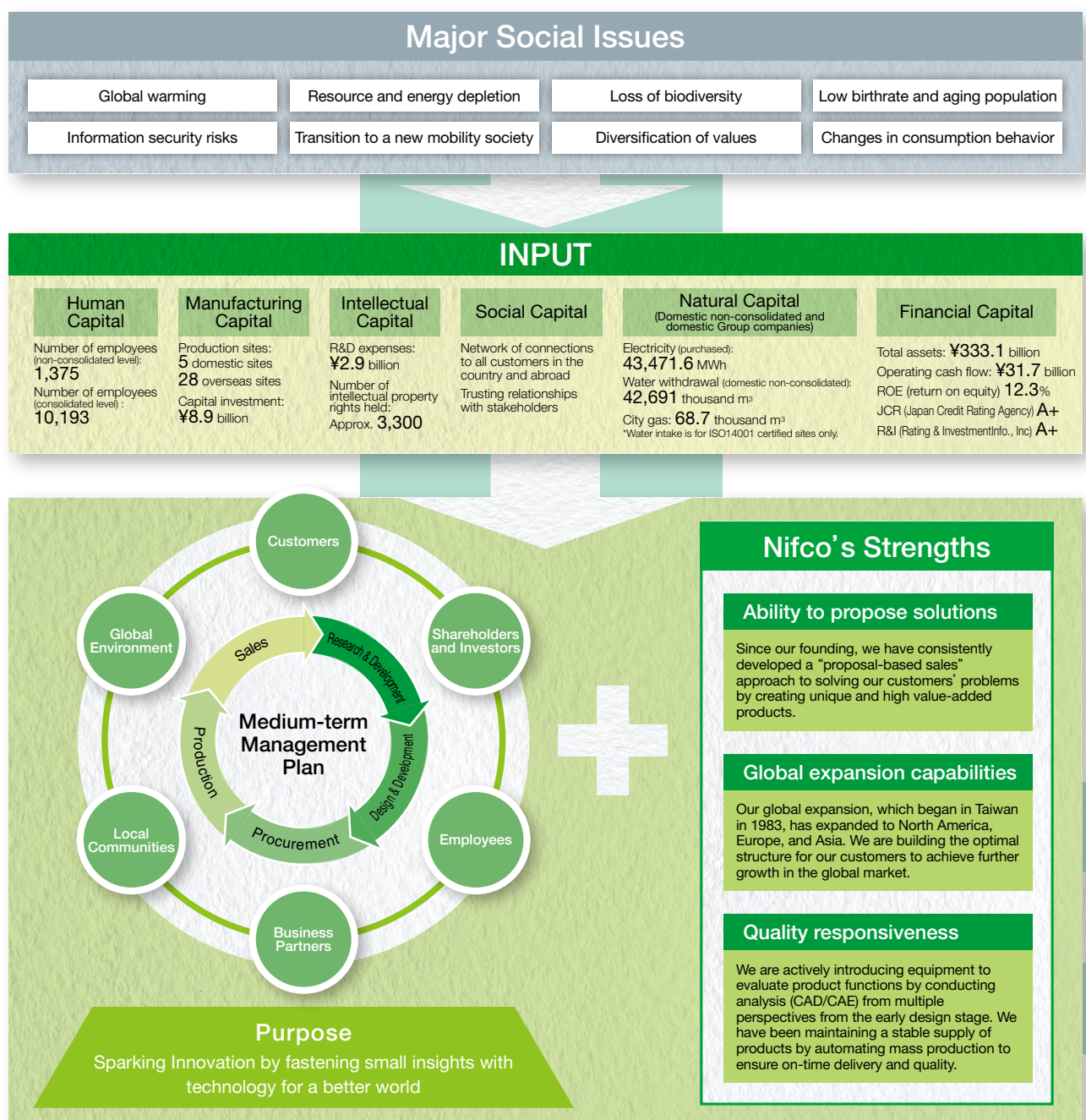
Number of employees: **10,193**



Value Creation Process

With the purpose of “Sparking Innovation by fastening small insights with technology for a better world,” the Nifco Group creates unique and high value-added products. It also creates new value for the world on the strengths of its ability to propose solutions, global expansion capabilities, and quality responsiveness.

We will realize our Long-term Vision of “a seamlessly growing global company with unique positioning and strong presence” by creating value for stakeholders through our business and by turning the cycle of anticipating and responding to environmental and social changes, mitigating and solving social issues, and strengthening capital.



Our Goals

Long-term Vision

A seamlessly growing global company with unique positioning and strong presence

The Value We Provide to Our Stakeholders

Customers

Providing value for the environment, safety and comfort to people around the world through our products and services

Shareholders and investors

Maintaining a strong financial base, a stable return of profits, and the enhancement of corporate value

Employees

Providing opportunities for individual and organizational growth and creating a highly engaged and healthy work environment where a diverse workforce can maximize their capabilities

Business partners

Building win-win relationships that mutually enhance the corporate value of business partners

Local communities

Achieving a sustainable community through economic development and contributions to employment

Global environment

Helping to solve environmental problems such as reducing CO₂ emissions through the production of lightweight and environmentally friendly products

OUTPUT (Providing Value through Our Business)

Nifco Products



Nifco will provide people around the world with value for the environment, safety, and comfort through its unique products and services to face and solve social issues.

Aiming to achieve sustainable growth as a company with a unique presence in society

Our will for the future

Starting this fiscal year, we are revamping our Sustainability Report and shifting to the Nifco Report, which is geared toward integrated thinking.

This is our corporate story to realize a sustainable society, and in light of the importance of solving social issues and enhancing corporate value through the promotion of our business activities, we have enhanced the disclosure of both financial and non-financial information.

This inaugural issue for fiscal year 2022 communicates our “will” for the future that we, Nifco, should aim for.

We have incorporated the valuable opinions we received from our stakeholders in the editing of this report, which reflects the times in a way that is uniquely Nifco.

Toward the realization of our purpose and Long-term Vision

A year has passed since the start of our three-year Medium-term Management Plan. The market remains chaotic and feels uncertain. Despite these circumstances, we were able to achieve remarkable results in FY2021.

This was the result of the contribution to sales by each of our global bases as well as the growth of our bed business, which responded immediately to changing lifestyle patterns and values in the wake of the prolonged COVID-19 pandemic.

One of our strengths is our constant awareness of balanced management, which has enabled us to perform even in these uncertain times, including our entry into Taiwan in 1983, our overseas expansion to realize local production for local consumption, and our portfolio strategy based on global regions.

In order to achieve sustainable growth while moving forward with society, we at Nifco have set forth our Purpose and Long-term Vision for 2030.

Purpose

Sparking Innovation by fastening small insights with technology for a better world

Long-term Vision

A seamlessly growing global company with unique positioning and strong presence

As the Purpose explicitly states, our future is not possible without a close connection to people’s lives and society. Nifco has built a unique position in the automotive domain and has contributed to the development of industry and society by providing unique products.

In the next generation, when the industrial structure is likely to undergo major changes, we will continue to expand our range of attractive products and services and connect with society in more diverse areas while achieving our Purpose and Long-term Vision.

To continue to be a unique company with a strong presence

Nifco’s strength lies in its ability to create products that embody ideas and to propose “surprises” by leveraging its marketing capabilities.

Since its establishment, Nifco has introduced tens of thousands of products to society. Nifco’s innovative ideas and development capabilities have created relationships of trust with customers by solving their real problems, leading to the further expansion of our product range.

Going forward, in addition to these strengths, Nifco will simultaneously promote the transformation from products to services, aiming to become a company with a strong presence with all its stakeholders. To this end, it will be increasingly important for us to be a company where our human resources, which we call human capital, can live up to their potential.

To this end, it is essential to foster a corporate culture in which unconventional ideas that generate surprise are welcomed and ideas are given shape. Therefore, I would like to make Nifco a company where unconventional ideas are welcomed, where ideas can take shape, and where every employee can realize the value of his or her own existence.

This report is a new step forward for Nifco. We are determined to continue to build a strong management foundation, including a human resource strategy that will take Nifco forward, and to remain a unique company with a strong presence.

Toshiyuki Yamamoto

Chairman and Representative Director,
CEO



Growth Strategy

COO Message



Masaharu Shibao

President and Representative Director,
COO

We are working on new reforms to further deepen Nifco's unique strengths and are looking ahead to the next stage of growth.

Looking back at FY2021 and increased sales and profits

Nifco launched a new Medium-term Management Plan in 2021. Looking back over the year, I see that the business environment remained uncertain due to the impact of the COVID-19 pandemic and supply chain disruptions. Despite this environment, we were able to increase both net sales and operating profit by more than 10%. Compared to before the pandemic in FY2019, sales did not reach higher levels, but operating profit exceeded previous levels. Nifco has faced a difficult business environment many times in the past, and each time it has developed a muscular management structure that has led to steady profits. I feel that Nifco's performance in FY2021 demonstrates its unique strengths.

Looking at the breakdown of operating profit by region, we have increased profits in all regions except Japan and North America. The decrease in automobile production volume in Japan and the increase in costs due to production disruptions caused by material supply difficulties in North America, although transient, are the main reasons for the decrease in profit. In the bedding business, our profits significantly increased by 34.2%. Demand expanded significantly in China and Southeast Asia, and in Japan, while demand from hotels was sluggish, demand from consumers grew. (See p. 28)

The average installed value per vehicle in the automotive domain, Nifco's core business, also continued to increase. Nifco's growth story is alive and well, with a diverse range of customers that includes not only Japanese but Korean and European customers as well.

Strengthening the domestic businesses to build a solid foundation

FY2021 was also my first year as president and COO. Although the pandemic has restricted my activities, I feel that I have been able to focus my efforts on strengthening the domestic business structure and building a foundation for new reforms.

In addition to the business divisions that belong to the headquarters, there are six other business divisions in the domestic business that can be relatively easily separated.

We have established a total system for these six

divisions, from sales to development and manufacturing, and delegated authority and responsibility to them. By giving them ownership, I feel that their awareness of sales and profits has changed.

Meanwhile, in the development division, we are reforming the organizational structure so that resources can be used efficiently through development by the product group.

In the future, we will continue to restructure our domestic business with an eye toward an independent profit-making system.

In addition, Nifco will continue its efforts to reform its organization, including the introduction of a unique job-based employment personnel system for management-level personnel, following that of directors and executive officers.

Nifco's domestic business has already built a solid business foundation, but there is room for improvement. We intend to continue with reforms that are aimed at the next stage of growth and that further solidify Nifco's strengths.

Sharing issues to promote global management

Meanwhile, looking overseas, issues that need to be resolved urgently have become apparent. The Nifco Group conducts global management with each Group company by overseeing its own six regions: Japan, Korea, North America, Europe, Southeast Asia, and China. We are working closely with the management of the Group companies, but over the past two years, due in part to the pandemic, I have had fewer opportunities to visit the regions and speak directly with them, and I feel that there are areas where management control is not as thorough as it should be.

In fact, looking at operating profit for FY2021, we saw a significant, albeit temporary, decline in profits in North America, and in Europe, we have not fully recovered from the decline in profits caused by the pandemic.

Strengthening our global management foundation is also an extremely important initiative for improving corporate governance in the future.

In 2022, I will actively visit each region to gain a thorough understanding of the situation at Group companies, share information on issues, and work to make immediate improvements.

Growth Strategy

COO Message

Aiming for record-high operating profit in FY2022

In FY2022, the second year of our Medium-term Management Plan, we aim to improve both sales and profits by increasing the installation price per vehicle and thoroughly managing fixed costs despite the impact of cost increases and uncertainty in the number of vehicles produced.

In terms of operating profit, we will challenge the record high of 31.5 billion yen.

In addition, we will continue to emphasize cash flow and expect both operating cash flow and free cash flow to increase. We are fully aware that we have accumulated cash, and we will actively invest in growth areas and new businesses in the future.

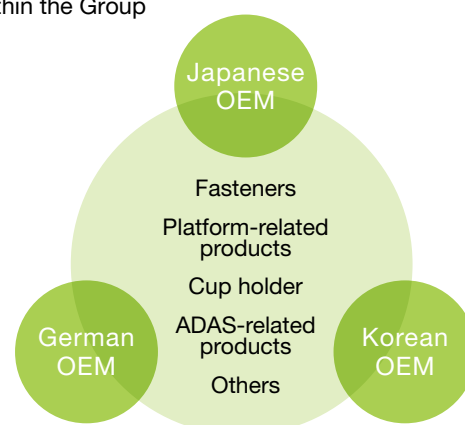
In addition, we have adopted a rolling plan since the Medium-term Management Plan started in FY2021.

We have now reviewed the fiscal year and postponed our original target date of FY2023 by almost a year. This is the result of our assumption that the recovery will take time, taking into account geopolitical influences. Thus, our new targets for FY2024 are net sales of 330 billion yen and operating profit of 38 billion yen.

Forecast for FY2022

	FY2021 results	FY2022 forecast
Net sales	¥283.7 billion	¥305.0 billion
Operating profit (operating profit margin)	¥30.5 billion (10.8%)	¥31.5 billion (10.3%)
Net income	¥22.9 billion	¥20.0 billion
Net income per share	¥227.27	¥200
ROE	12.3%	10%
ROIC	11.8%	13%

Horizontal expansion of strong automotive products within the Group



Expanding the existing businesses by cultivating markets in depth

In our current Medium-term Management Plan, we aim to maximize corporate value by striking a balance between strengthening existing businesses and developing new businesses in the automotive field.

In existing businesses, we will concentrate our development resources on the three areas of “the environment, safety and comfort,” which are expected to remain market trends in the automotive field.

Nifco will also further focus on the development of products related to EVs and automated driving.

Nifco has a diverse range of customers around the world, including Japanese, Korean, and German companies. At present, however, each of these customers tends to have its own strengths in different products. From another perspective, this means that there is room to expand orders. In the future, we will work to further increase the amount of products installed per vehicle by horizontally deploying the products and development expertise in which each of these customers has strengths. Global automobile production is expected to increase by 2–3% in the future. Nifco aims to grow faster than the growth in automobile production by concentrating management resources and efficiently cultivating markets in depth.

As costs are expected to remain high, further strengthening profitability is another important theme. We will continue our efforts to build a muscular business structure that maintains a stable operating profit margin.

of 10% or more by reducing the cost of newly launched products through strengthening our production process design capabilities, improving the cost of existing mass-produced products by optimizing production and logistics, and, furthermore, thoroughly managing fixed costs.

In the bedding business, we will further accelerate growth by expanding our business structure in China and Southeast Asia and restructuring our sales channels in Japan.

■ Risk management

	Risk factors	Situation/Response
Demand	<ul style="list-style-type: none"> Plant shutdown due to continued lockdown because of the COVID-19 pandemic Prolonged automobile production adjustments due to supply chain issues, the international situation, etc. 	<ul style="list-style-type: none"> Risks mitigated due to the diverse customer mix Fixed-cost management is appropriate for the situation
Supply	<ul style="list-style-type: none"> Increase production when automobile production recovers Supply chain risks (tight marine transportation, the international situation, etc.) 	<ul style="list-style-type: none"> Ensuring production capacity when production increases Cost of securing a stable supply source
Costs	<ul style="list-style-type: none"> Soaring raw material costs Other costs (logistics costs, labor costs, etc.) 	<ul style="list-style-type: none"> Promotion of price optimization initiatives Thorough cost reductions and fixed cost management

Considering aggressive business investment in growth areas

In order for Nifco to achieve sustainable growth in the future, expanding business domains by launching new businesses will be an indispensable strategy. Nifco will leverage its proprietary technologies, expertise, and proposal capabilities cultivated in the automotive domain to expand its business in a variety of areas.

Currently, Nifco is promoting a business utilizing ICT/IoT technology in partnership with NTT East and other companies, and we intend to take on new challenges, for example, in areas closer to the lives of ordinary consumers.

In new businesses, we intend to make aggressive business investments while conducting in-depth studies in order to promptly seize business opportunities. To this end, we are considering various methods, such as alliances, M&A, and CVC. In addition, in order to realize prompt and accurate decision-making, we are also strengthening our promotion system by establishing a dedicated organization.

Aiming to become a seamlessly growing global company with unique positioning and a strong presence

ESG initiatives are an extremely important management strategy for Nifco to enhance its corporate value and achieve its aim of becoming a unique company with a strong presence in society.

Nifco has set ESG management in its Long-term Vision for 2030, and in the current Medium-term Management Plan, we are reviewing the entire range of ESG issues, studying responses to climate change, and otherwise laying the groundwork for such initiatives. In my opinion, ESG management should be integrated with business operations and practiced through day-to-day operations rather than us being overly preoccupied with SDG targets. We will strive to achieve ESG management that is unique to Nifco.

Nifco's Long-term Vision is to become a seamlessly growing global company with unique positioning and a strong presence. As already stated, I intend for us to become a company with a strong presence with our customers and various other stakeholders. For our shareholders, in addition to stable shareholder returns, we will strive to meet their expectations by further growing our business and increasing our corporate value. For our employees, we are creating an environment in which every one of them can work in a variety of ways while maintaining a high level of motivation and commitment to their work. We aim to be a company that is unique and valuable to society by uniting all of our employees so that they are on a single vector.



Growth Strategy

CFO and CSO Message



Toshiki Yauchi

Director and Senior Executive
Managing Officer,
CFO and CSO

With a sound financial base, the Medium-term Management Plan aims to maximize corporate value through improved capital efficiency and long-term corporate growth.



First, please tell us about Nifco's basic financial strategy.

Nifco has been profitable since its establishment and has never posted a loss in its full-year financial results. As you can see from its history, Nifco's financial strategy is characterized by its high-management efficiency, with an emphasis on cash flow, ROIC, and its continued pursuit of high profitability that provides added value.



How is it possible to maintain that financial strategy?

This strategy of pursuing management efficiency is an attitude we inherited at our founding, and it is deeply related to Nifco's unique business model. Nifco is a manufacturing company, but its essential strength lies in its ability to propose solutions to customers' problems. As an independent affiliate in the automotive parts industry, Nifco has grown by honing this

unique ability. This ability to make proposals is, so to speak, a software capability that does not necessarily require large capital investments. In manufacturing, Nifco does not undertake the entire production process in-house. Nifco has also built a "fables" business structure from the early stages of its development.

Furthermore, as is characteristic of Nifco, its capital investment is highly efficient. In other words, the amount of money to be employed per vehicle is determined at the vehicle development stage, and the supply system is prepared in accordance with the 'production plan of the vehicle. In other words, the amount of money to be spent per vehicle is almost determined at the stage of vehicle development. Therefore, capital investment can be made after sales are finalized. Nifco's continued pursuit of this type of business model has made possible a financial strategy that is unique to Nifco.



Looking back on the results for FY2021, what are your thoughts?

Operating profit for FY2021 was 30.5 billion yen. Despite the impact of increased costs due to higher sales, we were able to increase profits by 10.3%, exceeding the level before the COVID-19 pandemic (FY2019). These are figures that should be positively evaluated to a certain degree.

However, as the head of finance, I feel that we had a very challenging year. In addition to the impact of the pandemic, supply chain disruptions, soaring raw material and logistics costs, and uncertainty about the number of automobiles produced made it difficult to forecast the future.

One of the factors that enabled us to increase profits amid such circumstances was the control of fixed costs. Capital expenditures decreased significantly to 8.9 billion yen in FY2021 compared to 15.6 billion yen in the previous year. This was partly due to managerial strategies, but, above all, it was due to the strength of the frontline, where all employees had a sense of crisis and worked to strengthen fixed cost management. Nifco's unique muscular business structure can be seen in the results for FY2021.

Free cash flow in FY2021 is projected to be 22.3 billion yen, with an equity ratio of 59.5%. We think we have built a sound financial base in an uncertain business environment.



What are your thoughts on investments for growth?

As mentioned above, Nifco's current business is doing reasonably well, and I think it will continue to do so in the future. In other words, there is ample potential for steady growth. On the other hand, I think that over the long term we should aim for further growth and increased corporate value. In our newly rolling Medium-term Management Plan, we plan to achieve 75 billion yen in investment cash flow over the three-year period from FY2022 to FY2024. This includes a certain amount of investment in new businesses. On the other hand, we expect capital expenditures to remain on par with the past three years (47.9 billion yen). In other words, the plan is to steadily harvest while at the same time making solid investments for the next phase.

Nifco has achieved growth to date by accurately reading economic and social trends and making bold business investments.

This is a major characteristic of Nifco, as is its strong financial base. We will continue to ensure our finances are sound so that we can make appropriate decisions and promptly invest in businesses for the next stage of growth.

We also intend to actively invest in human resources. Nifco is a company with strengths in intangible assets and software.



As I mentioned at the beginning of this presentation, the ability to make unique proposals is the source of Nifco's competitiveness. In order to further enhance this creativity, expanding investment in human resources is an indispensable growth strategy.



Finally, what is your message to shareholders?

We aim to achieve a dividend payout ratio of approximately 30%. In addition, we aim to return profits to shareholders in excess of the dividend payout ratio by continuing to buy back our own shares. In FY2021, we flexibly conducted three share buybacks. As a result, the total return ratio was 48%, including dividends of 62 yen per share. For FY2022, although Nifco expects a decrease in net income, it plans to continue to maintain the dividend at 62 yen per share, taking the issue of stability into consideration.

Nifco has achieved a strong financial base, but we feel that there are still many areas that need to be improved. ROIC and ROE, for example, are by no means satisfactory when compared to global standards. They should be further improved. I think that maximizing Nifco's corporate value is the most important contribution we can make to our shareholders. I will do my utmost to help Nifco achieve sustainable growth over the long term.

Medium-term Management Plan “Nifco Global Growth Strategy” (FY2021–FY2024)

With the aim of achieving our Long-term Vision for 2030, “A seamlessly growing global company with unique positioning and strong presence,” we have promoted our Medium-term Management Plan, “Nifco Global Growth Strategy,” for FY2021, the first year of a three-year plan to implement reforms for the next stage of growth while leveraging Nifco’s strengths.

What we aim to achieve in the Medium-term Management Plan

We aim to become a unique Tier 1.5 supplier that provides products of universal value to the world based on the following three pillars: the ability to make advanced proposals, outstanding products, and global management. We will maximize corporate value through “ambidextrous management” of existing and new businesses, leading to sustainable growth as an excellent company.

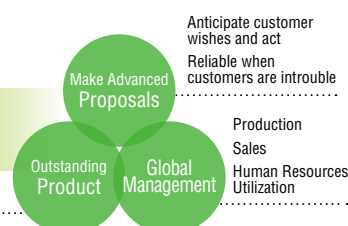
Vision

A seamlessly growing global company with **unique** positioning and **strong presence**

Goal

**Unique
Tier 1.5 supplier**

Universal and indispensable



Targets and Achievements

Starting from FY2021, Nifco’s Medium-term Management Plan adopts a three-year rolling target setting. This is to ensure that the most appropriate numerical targets are set, taking into account each year’s results and changes in the business environment, and that the entire company is united in its efforts to achieve them. This rolling Medium-term Management Plan clarifies the latest management targets and challenges the achievement of those targets.

The Medium-term Management Plan formulated in the previous fiscal year covered the three-year period from FY2021 to FY2023 and set targets for FY2023, the final year of the plan. In FY2022, we formulated a three-year plan covering the period from FY2022 to FY2024. This incorporates the conditions that can be assumed at the present time, based on the results of FY2021, while also taking into account the impact of the COVID-19 pandemic, supply chain issues, raw material price hikes, and geopolitics.

Quantitative Targets

	FY2021 results	FY2022 forecast
Net sales	¥283.7 billion	¥305.0 billion
Operating profit	¥30.5 billion	¥31.5 billion
Operating profit margin	10.8%	10.3%
Net income	¥22.9 billion	¥20.0 billion
ROE	12.3%	10.0%
ROIC	11.8%	13.0%
Operating cash flow (3-year combined total)	¥107.4 billion	¥110.0 billion
Exchange	\$1 = ¥109.9 €1 = ¥129.9	\$1 = ¥115 €1 = ¥130

FY2024	
Target	VS. FY2021
¥330.0 billion	+16.3%
¥38.0 billion	+24.6%
11.5%	+0.7% pts
¥26.5 billion	+15.7%
13.0%	+0.7% pts
15.0%	+3.2% pts
¥120.0 billion	11.7%
\$1 = ¥115 €1 = ¥130	

Medium-term Management Plan Strategies

In addition to strengthening the profitability of products for the automotive industry, which is an existing business field, and promoting growth in the bedding business, we will search for new growth areas and maximize corporate value through ambidextrous management that responds to changes in the business environment.

At the same time, as part of the management structure, we will both strengthen our foundation and governance and promote efficient ROIC management with an emphasis on cash flow.

	Automotive field	Non-automotive field
Continued growth	1 Top-line expansion	
	2 Profitability enhancement	Promote growth of Simmons
	Search for new growth areas	
Sustainable management structure	4 Strengthen management foundation	Nifco's JOB-style personnel system
	5 Strengthen governance	Strengthen board of directors
	6 Cash flow / ROIC management	Maximize management cash flow

Continued growth

1 Top-line expansion

Maximize the installation price in automobiles. By concentrating management resources and efficiently searching for new needs and developing markets, we aim to achieve growth that exceeds the growth in automobile production volumes.

2 Strengthen profitability

We aim to achieve stable operating profit of 10% or more by reducing costs and thoroughly controlling fixed costs in each process, such as manufacturing, quality, and design.

3 Promote growth of Simmons and search for new growth areas

As for new growth areas, we will promote the development of growth businesses in the areas of automotive and new areas.

Sustainable management structure

4 Reinforcement of management base

Reinforcement of management base
We will move forward with the transition to a Nifco-style JOB-style personnel system and aim to develop human resources by improving operational efficiency and work styles based on the concept of sustainable management.

5 Strengthen governance

We will strengthen our governance structure and continue our efforts to maximize corporate value.

6 Cash flow and ROIC management

We will conduct balanced allocations and investments for growth through management that emphasizes cash flow and efficiency.

Toward further growth

In the existing automotive field, we will steadily increase sales and strengthen profitability to generate solid profits and solidify our foundation. Specifically, we will concentrate our development resources on products in the fields of "the environment, safety and comfort," which are constant themes in the automotive industry. By investing the funds generated through these efforts in future growth businesses, we will promote the creation of new pillars of business outside of the automotive field. For the Simmons business, we are already developing new markets using new

Further growth

- Further strengthen the solid foundations of existing businesses
- Anticipate customer needs, identify issues, and make proposals (Issue-creating proposal sales)

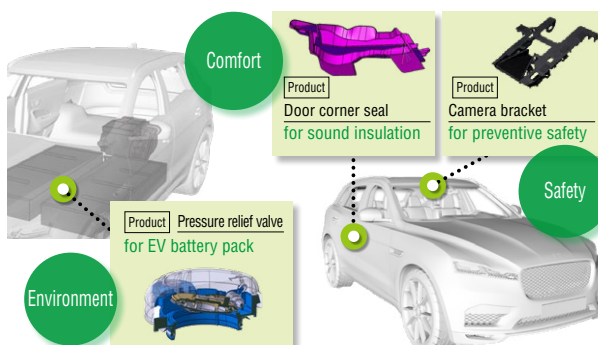
Changes in the industry

Changes in society

Changes in business forms

technologies, restructuring sales channels, and opening stores in the Chinese and Southeast Asian markets. In addition, efforts are underway in ICT/IoT technologies as a new area of business.

Develop new products consistent with management and business strategies



Review of ESG Issues

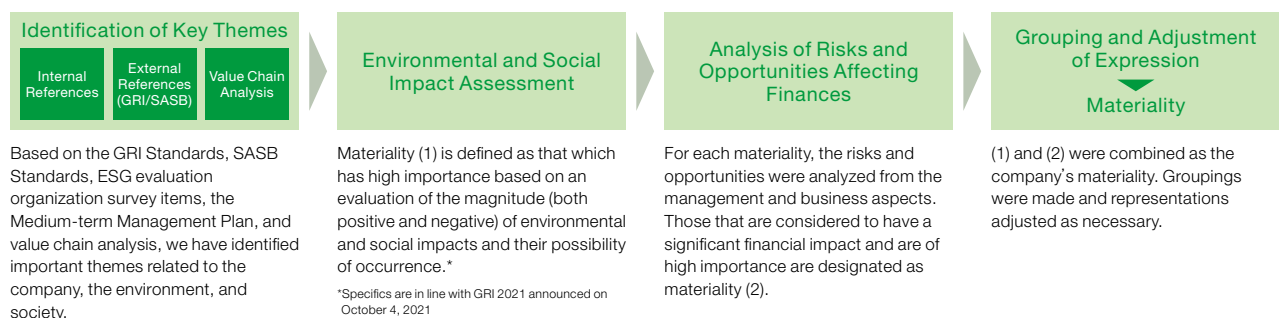
Nifco first identified ESG issues in 2020 to strengthen the foundation of its ESG management, and it has now conducted its third review and identified these issues as materiality. The revision was made in order to implement our Medium-term Management Plan, to realize our Long-term Vision and the purpose that lies ahead, and to respond flexibly and appropriately to drastically changing social conditions.

Review process

First, we conducted a value chain analysis to understand and reorganize the impacts Nifco's business has on society and the environment. Based on the results of this analysis, we identified key themes, assessed environmental and social impacts, and analyzed risks and opportunities that affect the company's finances.

Materiality Identification Process

We reviewed ESG issues and identified materialities through the following process:

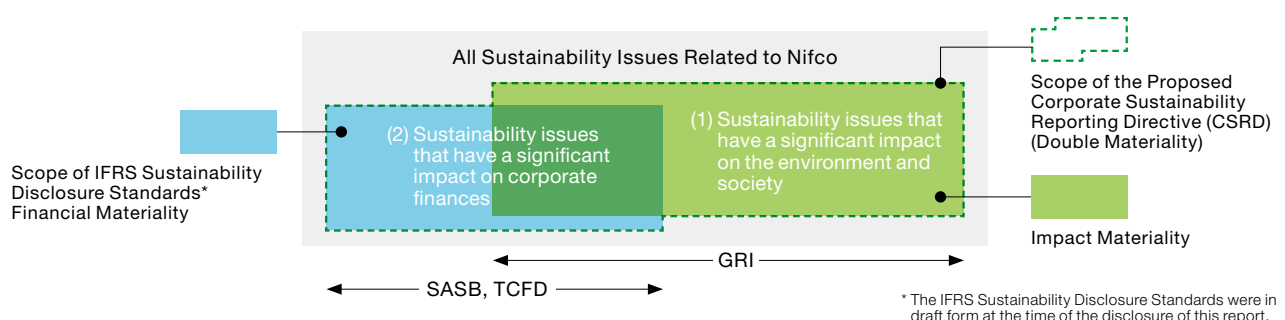





Materiality Regarding Sustainability

The Nifco Group has decided to refer to the double materiality approach in identifying materialities in its response to the Corporate Sustainability Reporting Directive (CSRD) published by the European Commission (EC) because in addition to having business in Europe, it responds to changes in society and manages its business in a way that is more responsive to its stakeholders.

● Double Materiality

Double materiality is a way of identifying "sustainability issues with significant environmental and social impacts," as required by the Global Reporting Initiative (GRI), and "sustainability issues with significant financial impacts," as required by International Financial Reporting Standards (IFRS), as materialities.



	Materiality	Issues	Medium- to long-term goals	Related SDGs	Pages
G (Governance)	Strengthening sustainability management	Strengthening governance	Manage with awareness of the corporate governance code		 P.21 P.34-38
		Compliance	Ensuring compliance	  	 P.38
	Ensuring information security	Ensuring information security	Maintenance and improvement of information security measures	—	 P.39
E (Environment)	Responding to climate change	Reduction of CO ₂ emissions in the entire business	1. CO ₂ emissions reduction Process targets: 2. Energy conservation promotion 3. Introduction of renewable energy	 	P.24-27  P.42 P.57
		Research and development, manufacturing, and the sale of products that contribute to the reduction of CO ₂ emissions	Product development to improve environmental performance	  	 P.43
	Zero waste (circular economy) initiatives	Zero waste (circular economy) initiatives	Waste reduction		 P.44
S (Society)	Improving worker safety and job satisfaction	Improvement of human resource system, employment conditions, etc.	Workstyle reform	 	 P.48-49
		Promotion of occupational health and safety	Promotion of occupational health and safety	 	 P.48-49
	Promotion of human resource development	Promotion of human resource development	Promotion of human resource development	 	 P.50-51
	Prevention of human rights violations and promotion of equal opportunities	Improve understanding of human rights and prevent violations	Human rights-oriented management	  	 P.46
		Ensuring diversity and promoting equal opportunities	Respect for diversity 1. Promotion of women's activities 2. Promotion of global human resources 3. Promotion of the activities of people with disabilities 4. Understanding and responding to LGBT people 5. Promotion of mid-career employment	   	P.47  P.54 P.57
	Ensuring product safety and quality	Ensuring product safety and quality	Ensuring product safety and quality		P.10-11  P.30-31 P.57

Response to Climate Change

As per the disclosure request in the Prime market, Nifco is studying and responding to the clarification of governance related to climate change, the analysis of risks and opportunities, and the development of risk management and other measures.

Governance

The Board of Directors deliberates and sets sustainability policies, strategies, plans, and measures, including those for addressing climate change, as well as targets and indicators, and it shares the progress and results to determine and promote improvements and new initiatives.

In addition, the Sustainability Committee has been established as an advisory body to the Board of Directors. The Committee advises and makes recommendations to the Board of Directors on

matters related to sustainability.

Sustainability-related proposals approved by the Board of Directors are communicated directly or through the Management Committee to each of our business units and Group companies and are reflected in their respective management plans and business operations. Depending on the content of such proposals, we also request cooperation from our business partners.

 P.35 For a diagram of Nifco's corporate governance structure, please click here.

Strategy

We have conducted an analytical assessment of the business risks and opportunities arising from climate change against projecting changes in the environment from 2021 to 2040 using a scenario analysis approach based on internationally recommended guidelines. Based on those results, we then developed policies to address each risk and opportunity.

Scenario Analysis Overview

Scope of coverage	Group consolidated companies (excluding the bedding and furniture business)	<p>*1 IEA The International Energy Agency was established in November 1974 after the first oil crisis. It operates within the framework of the Organization for Economic Cooperation and Development (OECD) for the purpose of achieving energy security centered on oil. Currently, it is working on climate change analysis, energy efficiency and conservation policies, and clean energy promotion policies with the aim of achieving a sustainable energy supply.</p> <p>*2 IPCC The Intergovernmental Panel on Climate Change is an intergovernmental organization that was established by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) in August 1988 to provide a scientific basis for governments' climate change policies. It publishes reports summarizing the latest scientific findings on climate change.</p>
Time line	Present–2040	
Scenario development	<p>1] The scenario in which the increase in global average temperature is kept within 1.5°C of pre-industrial levels (the 1.5°C scenario)</p> <p>Reference information</p> <ul style="list-style-type: none"> ● IEA^{*1} WEO2021 NZE and SDS scenarios ● IPCC^{*2} Sixth Assessment Report, Working Group I Report SSP1-1.9, 2.6 ● Other <p>2] The scenario in which the average global temperature rises by about 4°C above pre-industrial levels (the 4°C scenario)</p> <p>Reference information</p> <ul style="list-style-type: none"> ● IEA WEO2021 STEPS scenario ● From IPCC Sixth Assessment Report, Working Group I Report SSP2-4.5, SSP3-7.9, SSP5-8.5 ● PLAT S8 Climate RCP8.5 ● Other 	

Assumed Changes in the Business Environment Related to Climate Change

【1】Assumed Changes in the Business Environment in the 1.5°C Scenario (Mitigation Against Climate Change)

The 1.5°C scenario assumes that the average temperature in the environment may rise about 1°C above the current level by around 2040, that typhoons and cyclones may intensify, and that flooding may become twice as frequent. It is assumed that government investment will increase in response to the intensifying wind and flood damage and companies will be forced to meet more stringent standards for reducing CO₂ emissions.

There is a possibility that the use of internal combustion engines may decline and there is a shift to electric vehicles, as well as the entry of new companies into the automotive industry, as the global response to climate change progresses.

In that case, customers are likely to place fewer orders for products for internal combustion engines that use fossil resources and more orders for parts

required for vehicles that use electricity as well as for products designed and manufactured on the premise of reducing environmental impacts.

In addition, there is a possibility that the growing environmental awareness of automobile end-users may lead to a shift from car ownership to car sharing, which will contribute to lower global automobile production. There is a possibility that in procurement and manufacturing, the introduction of a carbon tax may increase the procurement price of raw materials, and manufacturers may increasingly switch to raw materials such as recycled plastic and biomass plastic in response to customer demand. The possibility of damage to supply chains and manufacturing facilities due to severe wind and flood damage may increase, resulting in irregular responses and shutdowns.



【2】Changes in the Business Environment Expected under the 4°C Scenario (Adaptation to Climate Change)

The 4°C scenario assumes that around 2040 average temperatures may rise about 2°C above the current level, typhoons and cyclones may intensify, and floods may occur about four times more frequently.

It is believed there is a possibility that government measures may be strengthened in response to increasingly severe wind and flood damage and that the number of people suffering from heat stroke may

double due to rising temperatures, in addition to increasing numbers of mosquito-borne and other infectious diseases.

There is a possibility that fossil prices and energy rates will rise and that the frequency of damage to supply chains and manufacturing facilities due to severe wind and flood damage may increase, resulting in irregular responses and shutdowns.

Growth Strategy

Response to Climate Change

Key Risks and Opportunities Related to Climate Change Response

We have identified business risks and opportunities that may arise from changes in the environment under the 1.5°C and 4°C scenarios and examined their estimated degree of financial impact. As a result, the following table shows the estimated risks and opportunities that may have significant impacts on our operations.

The scenario analysis shows that while our business will be partially affected by social and market changes related to climate change, there will also be significant business opportunities, such as the expanding market for renewable energy-related products. We assess that for sustainability and the

development of our business, we need to take prompt actions while keeping an eye on the future business environment. As shown in the table below, there are various possible impacts, but we will take appropriate measures to maximize our corporate value.

The terms “short term,” “medium term,” and “long term” are defined as the last one to three years for the short term, four to 10 years for the medium term, and 11 to approximately 20 years for the long term. In addition, risk classifications are made in accordance with internationally recommended guidelines.

Risks with significant financial impacts		Timing of emergency	Main policies
Market risks	There is a possibility that as electric vehicles become more widespread, functional parts that are unique to gasoline-powered vehicles, such as parts for conventional engines and oil supply ports, may gradually decrease.	Medium to long term	<ul style="list-style-type: none"> • Appropriately allocate resources in response to market contractions • Planning and development of products compatible with electrification technologies • Create new businesses • Promote product strategies that focus on electrification among universal elements, such as the environment, safety, and comfort
	There is a possibility that as more and more companies from other industries enter the automotive industry, mega-suppliers that used to supply other industries may become new competitors.	Medium to long term	<ul style="list-style-type: none"> • Possess and utilize proprietary technologies to enhance competitiveness • Complement our strengths through alliances with other companies, CVC, M&A, etc. as needed. • Create new businesses • Promote product strategies focusing on universal elements, such as the environment, safety, and comfort, and improve the competitiveness of existing product lines
	There is a possibility that sales may decrease and procurement costs increase due to the inability to respond to customer requests to use recycled raw materials (e.g., biomass plastics) in a timely and appropriate manner.	Short to long term	<ul style="list-style-type: none"> • Research and develop new materials • Promote the use of non-fossil resource materials, recycled plastic materials, and materials using natural resources • Improve our immediate response to customer requests, paying attention to changes in materials, manufacturing methods, and laws and regulations • Develop product shapes and production methods that meet the specifications of products using recycled materials and biomass plastics
Market risks / Technology risks	There is a possibility that Nifco's business with existing and emerging car makers decreases due to the emergence of alternative products with lower CO ₂ emissions.	Short to long term	<ul style="list-style-type: none"> • Improve our immediate response to customer requests, paying attention to changes in materials, construction methods, and laws and regulations • Create new businesses • Create proactive proposals based on analyses of environmental changes • Promote product strategies focusing on universal elements, such as the environment, safety, and comfort, and improve the competitiveness of existing product lines
Acute risks	There is a possibility that the likelihood of supply chain disruptions due to severe weather events, such as storms, snow, and freezing temperatures, has increased. This could increase the cost of purchases of expensive materials and transportation to avoid supply risks to customers caused by shortages of materials.	Short to long term	<ul style="list-style-type: none"> • Secure multiple procurement channels and equivalent products • Procure raw materials considering climate forecasts
Opportunities with significant financial impacts		Timing of emergency	Main policies
Markets / Products / Services	There is a possibility that CO ₂ emission reductions may lead to a rapid expansion of lighter vehicles, non-ICE vehicles, and opportunities for renewable energy use, which could increase demand for specific functional components, such as motors, batteries (including all-solid-state batteries), and braking systems.	Short to long term	<ul style="list-style-type: none"> • Early understanding of customer needs • Accumulation of information and experience in materials, manufacturing methods, regulations, etc. to respond immediately to customer needs • Rapid development of functional parts and resources as necessary to take the initiative • Promotion of a product strategy focused on universal elements, such as the environment, safety, and comfort

Resilience to Mitigation and Adaptation to Climate Change

The analysis of our operations against the two scenarios, a 1.5°C scenario with mitigated climate change and a 4°C scenario with more intense climate change, identified relatively high-impact issues in markets, technology, and acute risks.

However, we believe that we can avoid both market and technological risks if we keep abreast of future market changes and make prompt decisions, as well as avoid acute risks if we take proactive measures. Therefore, we believe that we have a certain degree of resilience to climate change.

Reduction of CO₂ Emissions through Business Activities

● [1] Reduction of CO₂ Emissions from the Company

We will undertake the following three initiatives:

- To reduce energy consumption by identifying and eliminating energy losses and waste throughout our operations.
- To consider gradually switching from fossil-based electricity to electricity from renewable energy sources at both our domestic and overseas sites.
- At Nifco's Nagoya Plant, Sagamihara Plant and NTEC*, Nifco Kumamoto, and Nifco Kitakanto, we have already installed solar power generators to generate and use renewable energy and will consider further expansion of solar power generators in the future.

*Nifco Technology Development Centre

● [2] CO₂ Emissions Reduction in the Supply Chain

We are currently considering how to reduce CO₂ emissions by our suppliers.

Risk management

General sustainability matters, including those related to climate change, are directed and reported through the Board of Directors to the Risk Management Committee, which is responsible for managing the Group's risk of losses. The Risk Management Committee considers and manages the

implementation of proactive preventive measures in response to the risks indicated and reported to it.

Depending on the risk, the Board of Directors may issue instructions directly or through the Management Committee to the relevant executive officers.

Indicators and targets

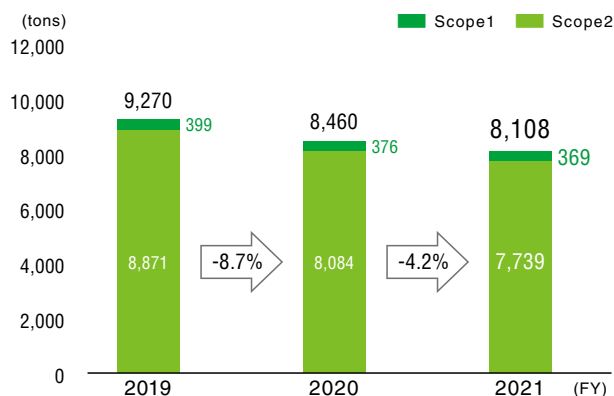
● [1] Indicators and Targets Required to Manage Risks and Opportunities

Indicators and targets required for the management of risks and business opportunities will be set after determining the measures to address each risk and opportunity.

● [2] Indicators and Targets for CO₂ Emission Reductions

As a participating company in the SBT (Science Based Targets) target-setting support program, we have set a medium-term target of a 2°C scenario, but we are currently considering a new CO₂ emission reduction target based on the recognition that it is important to move to the 1.5°C scenario, which is the latest trend. CO₂ emissions for the last three years on a stand-alone basis in Japan are as follows.

■ Scope 1 and Scope 2 (Domestic Non-Consolidated and Domestic Group Companies)



*The calculation of Scope 3 is currently being adjusted.

☰ P.42 For CO₂ emissions, including domestic Group companies, please click here.

Business Overview

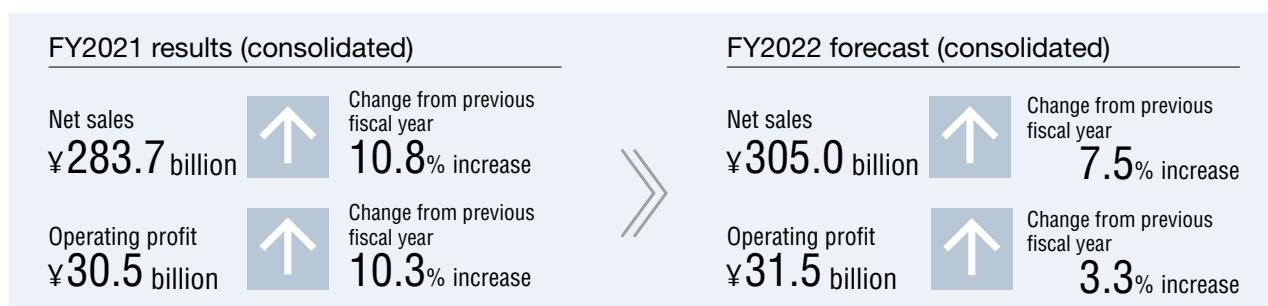
The global economy is facing an uncertain outlook due to concerns over geopolitical risks, as well as new trends with the COVID-19 pandemic and rising prices worldwide as a result of increased demand and supply-side constraints.

Against this backdrop, sales for FY2021 totaled 283.7 billion yen, despite the impact of global automobile production cuts. Although sales were below the level before the pandemic (FY2019), it increased by 10.8% from the previous year.

Meanwhile, operating profit was 30.5 billion yen, and the operating profit margin was 10.8% higher than in FY2019. Fixed costs, ordinary income, and profit attributable to owners of parent reached record highs, due in part to the effects of a strengthened

structure that reduced fixed costs and foreign exchange gains.

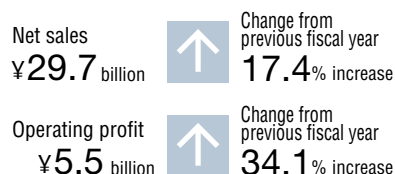
For FY2022, we forecast net sales of 305.0 billion yen (up 7.5% year-on-year) and operating profit of 31.5 billion yen (up 3.3% year-on-year). In products for the automobile industry, despite uncertainties in the production volume forecast and expected increases in raw material costs, transportation costs, and other expenses, we aim to achieve a record-high operating profit by increasing the amount of Nifco products installed in each vehicle and by continuing to manage fixed costs. In the bedding and furniture business, we will strive to maintain the strong performance to date.



► Segment information

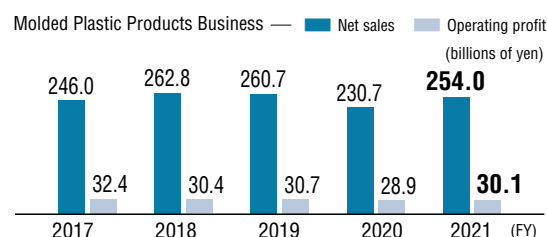
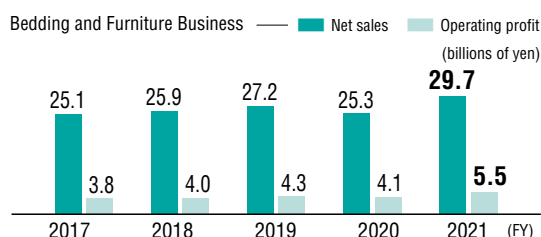
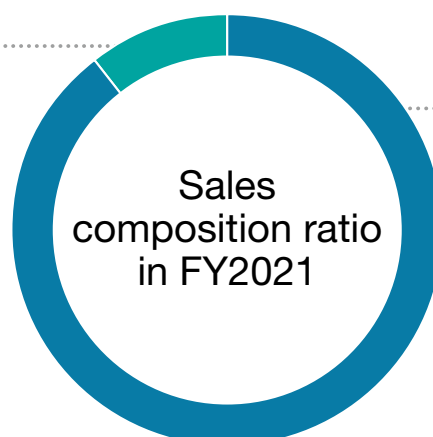
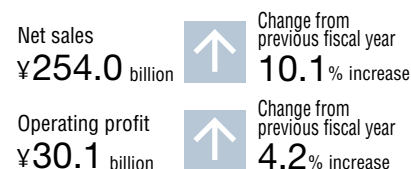
Bedding and Furniture Business

10.5%



Molded Plastic Products Business

89.5%



*Operating profit for the segment above is before adjusting for general and administrative expenses that do not belong to the segment.

Synthetic Resin Molded Products Business

Principal Businesses

The Group's main business is engineering plastic products, mainly industrial fasteners, and it manufactures and sells products mostly related to automobiles and household environments on a global basis. Engineering plastic products are lightweight, corrosion-resistant, and easy to process, making them a major contributor to weight reduction and cost savings, especially in the automotive industry. In addition to interiors and exteriors, we also supply products for a wide range of areas including advanced driver assistance systems (ADAS) and electrically powered vehicles (xEV).

Business Conditions

Domestic automobile industry

Production fell far short of the initial plan, especially in the second quarter, due to a decrease in production caused by the pandemic. Although production recovered slightly from the third quarter onward, it was not enough to achieve the plan, and in the fourth quarter, production declined again due to a rise in infections, resulting in lower-than-planned results.

Overseas automotive industry

In addition to the impact of the pandemic, a shortage of semiconductors and soaring raw material and logistics costs resulted in a difficult year for the company.

In North America, the business performance was sluggish due to additional costs incurred in securing raw materials as raw material makers shut down their operations due to abnormal weather conditions.

The North American business for German OEMs saw sales growth, but overall profits in North America fell sharply due to manufacturing disruptions caused by

the COVID-19 pandemic.

Europe was also affected by a shortage of semiconductors and high raw material prices, resulting in sluggish overall sales and profit growth. However, the ASEAN region, particularly Thailand, remained strong with only minor impacts from these issues. China also performed well as a whole although sales varied from base to base. Business for Korean OEMs remained strong worldwide, with the exception of China, and this compensated for the sluggish performance of Japanese- and German-affiliated businesses in Europe and the United States.

In Europe and China, we have been proceeding with the consolidation and elimination of bases, particularly those that are performing poorly, and together with fixed cost reductions that we have been promoting since the previous fiscal year, we are working to strengthen our structure to minimize the downward swing in profits caused by fluctuations in sales.

Other industries

In the housing and lifestyle field, conditions remained unstable throughout the year due to lockdowns overseas and supply shocks for wood. However, sales increased from the previous fiscal year due to the introduction of new products. In the buckle field, orders temporarily declined due to a lockdown in Vietnam, but overall sales increased from the previous year due to brisk sales in sports and outdoor activities because of the easing of restrictions on going out in mainly the United States and European markets.

As a result, net sales in the plastics molding business increased 10.1% from the previous fiscal year to 254,044 million yen, and segment income rose 4.2% to 30,157 million yen.

Bedding and Furniture Business

Principal Businesses

Simmons Corporation manufactures and sells beds and imports and sells furniture. In addition, Simmons Bedding & Furniture (HK) Ltd. and other overseas companies are engaged in the bedding and furniture business.

Business Conditions

In the bedding and furniture business, both domestic and

overseas sales and profits increased significantly due to strong growth in domestic sales to retailers and strong wholesale and retail sales in China and Singapore, despite a decrease in hotel demand compared to the previous period. As a result, net sales in the bedding and furniture business increased 17.4% from the previous year to 29,732 million yen, and segment income increased by 34.2% from the previous year to 5,564 million yen.

Business Strategy

Synthetic Resin Molded Products Business



Masaharu Shibao

President and Representative
Director,
COO

We are aiming to build a solid position as a global supplier through the product development and production process.

The Group is promoting the development of new products for each of its core markets and actively entering related markets. To promote faster and more specialized development activities, we have established an independent fastener division for our main product, fasteners, and development divisions for other automotive related parts, such as Interior, Exterior, and ADAS (Advanced Driver Assistance Systems). We will collaborate with each of these divisions on a global basis to promote developments that solve customers' problems.

In the area of manufacturing, we have strengthened the Production Process Development Department, which promotes optimization of the entire process from material inputs to customers' production lines, and we are working to further improve start-up quality. In addition, for fuel system parts, powertrain-related parts, and special composite parts, which require advanced functions and quality, we are conducting developments by linking digital analysis and evaluation analysis functions. We will continue to enhance the trust of our customers and build a solid position as a global supplier.

Strengths

Development Capability Since our establishment, we have consistently conducted proposal-based sales. The number of new products we manufacture every year is approximately 3,300. We create numerous high value-added products.

Proposal Ability We create high value-added products and then create new value by linking the value of various products and services. By proposing creative products in this way, we have responded to the challenges and demands of our customers. Nifco currently holds approximately 3,400 intellectual property rights worldwide.

Quality Responsiveness In order to meet quality requirements that are becoming stricter every year, Nifco is actively introducing equipment that can analyze products from multiple perspectives and evaluate product functions from the early stages of design. In addition, Nifco has automated mass production to ensure on-time delivery and quality, and it continues to supply stable, high-quality products to its customers.

Solving Social Issues

To address social issues, such as the declining birthrate and aging population, we are collaborating with NTT East and Marubeni Information Systems to promote solution services to bridge the digital divide. Major initiatives include verification experiments with Yokosuka City, where our head office is located, and various other municipalities to create solutions for monitoring the elderly, disaster prevention, and infection prevention. And in November 2021, a showroom was opened

in Haneda Innovation City in a collaboration with NTT East and Marubeni Information Systems. In the same month, together with German sensor manufacturer EnOcean, we held the 1st Open Forum on Sustainability Innovation Technology to promote solutions using environmentally friendly battery-less sensor devices.

Strategies to Achieve the Medium-term Management Plan

Regarding the top line for growth, we will invest resources in "the environment, safety and comfort" fields, which are constant market trends. We will build a business area of stable and continuous growth by taking advantage of our customer-oriented proposal-based sales approach to introduce products of universal value and increase the amount of new installations.

In addition, we have strengths in Japanese, Korean, and German automobiles and in their respective industries. For this balanced group of customers, we have different product groups with different strengths, which will reduce the development load and allow for efficient horizontal development. As a result, we hope to increase each customer's installed value and grow beyond the number of automobiles produced. We do not expect significant growth in global production volumes. However, Nifco's top line can always be expected to grow faster than the growth in the number of vehicles produced by greatly increasing the amount of vehicle installations, as stated above. In addition, Nifco will continue to reduce costs and control fixed costs thoroughly in each process, such as manufacturing, quality, and design, and we are aiming for a stable operating profit margin of 10% or more at all times.

Bedding and Furniture Business



Masafumi Ito

President and
Representative Director,
Simmons Co., Ltd.

We will continue to create beds that will always be chosen by our customers by taking on the challenge of disposal while preserving the traditions and advanced technology of a long-established company.

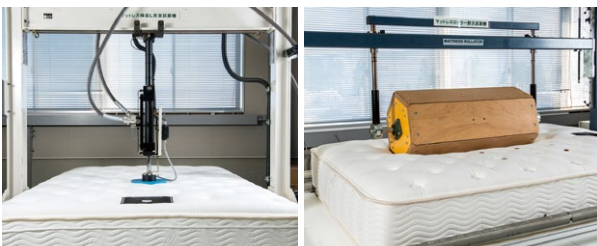
Simmons Bedding Company (Simmons) is a bed manufacturer established in the United States in 1870. The company has a 150-year history of constantly pursuing the ideal beds demanded by the customers of the time. Simmons Co., Ltd. was established in 1964 as a subsidiary of Simmons. In 1987, Simmons Co., Ltd. became independent and entered into a licensing agreement with Simmons to produce Simmons brand beds and mattresses in its own factories in Japan. We have taken over the sales licenses in 23 countries and regions in Asia and export products. Our products have received numerous accolades and are created by skilled engineers who value handmade products that are based on a philosophy nurtured by long traditions and technology.

Strengths

Unique Technology Beautyrest® has attracted worldwide attention and trust as an innovative mattress. The secret lies in the unique technology used in each element that forms a mattress, such as the material and firmness of the coil springs, the pouch of pocket coils, the coil arrangement, and the number of coils.

Production System Fuji Oyama Plant has expanded and increased its floor space with the establishment of a new distribution center. The factory has added another floor and is now equipped with the latest facilities for mattress production.

Quality Assurance While passing periodic and renewal inspections, we strive to maintain and improve quality by establishing our own standards, which are stricter than JIS. Our new Simmons Fuji Oyama Plant has an R&D room for strict quality control. We analyze and evaluate data from fatigue tests and spring characteristics under repeated dynamic loadings tens of thousands to hundreds of thousands of times to design the optimal mattress.



Mattress Durability Test

Solving Social Issues

What is manufactured is used and then discarded. In this consumption process, we think that the reuse of resources and care for the environment is the social responsibility of manufacturers. We have initiated a recycling project in which almost 100% of waste spring mattresses and waste (woodworking) frames can be used as alternative fuels for steel and industrial production, and we are promoting manufacturing that protects the environment.



RPF (solid fuel) through the
recycling process



Simmons Fuji Oyama Plant aims
to be a zero-waste plant

Strategies to Achieve the Medium-term Management Plan

In order to ensure healthy and restful sleep, we are conducting research so that we can supply products that include not only scientific analysis but also sensitivity and feeling. We are also focusing on the development of multifunctional beds that have movement controls for the senior market, which is expected to grow. In addition, we will restructure and strengthen our domestic sales channels and accelerate growth in the Chinese and Southeast Asian markets, by, for example, aggressively opening new stores and considering new production bases.

Governance

Directors and Executive Officers

Directors



Toshiyuki Yamamoto

Chairman and Representative Director, CEO

October 11, 1949

April 1973 Joined the Company
January 1995 Head of Sagami-hara Plant of the Company
June 2002 Executive Officer of the Company
April 2008 Executive Officer of the Company, President of Nifco America Corp.
June 2012 President and Representative Director, COO of the Company
June 2016 Chairman, President and Representative Director, CEO and COO of the Company
June 2017 President and Representative Director, CEO and COO of the Company
June 2020 Representative Director, CEO of the Company
April 2021 Chairman and Representative Director, CEO of the Company (to present)



Masaharu Shibao

President and Representative Director, COO

December 14, 1961

April 1985 Joined the Company
April 2010 President of Nifco Deutschland GmbH
June 2015 Executive Officer of the Company, President of Nifco America Corp.
June 2016 Director and Executive Managing Officer, CMO, Head of Sales of the Company
June 2019 Director and Senior Executive Managing Officer, CMO, Head of Sales, In charge of Technology and Platform Business Division of the Company
June 2020 Vice President and Representative Director, Head of Sales, COO of the Company
April 2021 President and Representative Director, COO of the Company (to present)

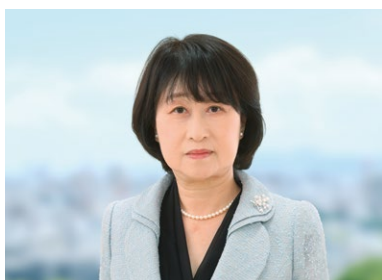


Toshiki Yauchi

Director and Senior Executive Managing Officer, CFO and CSO

July 16, 1961

April 1985 Joined the Company
July 2007 Divisional General Manager of Corporate Strategy Division of the Company
June 2015 Executive Officer, Divisional General Manager of Corporate Strategy Division of the Company
June 2018 Director and Executive Managing Officer, Divisional General Manager of Corporate Strategy Division, In charge of Administration and Finance of the Company
June 2019 Director and Senior Executive Managing Officer, Divisional General Manager of Corporate Strategy Division, In charge of Administration and Finance of the Company
June 2020 Director and Senior Executive Managing Officer, Divisional General Manager of Corporate Strategy Division, CSO and CIO, In charge of Administration and Finance of the Company
June 2021 Director and Senior Executive Managing Officer, CFO and CSO of the Company (to present)



Yoshiko Nonogaki

External Director

July 31, 1957

April 1980 Joined Sony Corporation (current Sony Group Corporation)
September 1992 President and Representative Director of Sony Poland
April 2009 Manager of Planning & Marketing Department, Business & Professional Enterprise HQ of Sony Corporation (current Sony Group Corporation)
April 2013 Director of Global Diversity, Personnel HQ of the company
June 2015 External Director of Jolly-Pasta Co., Ltd.
June 2019 External Director of the Company (to present)
June 2020 Outside Director of GS Yuasa Corporation (to present)
June 2021 External Director of SATO HOLDINGS CORPORATION (to present)



Brian K. Heywood

External Director

January 9, 1967

September 1991 Joined J.D. Power and Associations
September 1997 Director of Belron International
August 1999 Vice President of Citibank, N.A.
January 2001 CEO of Taiyo Pacific Partners, L.P. (to present)
November 2014 External Director of Roland Corporation
March 2020 Outside Director of Roland DG Corporation (to present)
June 2020 External Director of the Company (to present)
Outside Director, Maxell Holdings, Ltd. (current Maxell, Ltd.)
March 2022 Outside Director of Roland Corporation (to present)



Masayuki Abe

External Director

October 5, 1956

April 1980 Joined Kao Soap Co., Ltd. (current Kao Corporation)
March 2003 General Manager of Information Technology Group of the company
May 2010 General Manager of Strategic Planning Division of the company
December 2013 Head of Information Systems of the company
March 2015 Executive Officer of the company
April 2018 Senior Advisor of General Digital Business Division (current General IT Division) of Toppan Forms Co., Ltd. (to present)
June 2021 External Director of the Company (to present)



Junji Honda

Director
(Audit and Supervisory Committee)

November 10, 1952

April 1988 Joined the Company
June 2002 General Manager of Accounting Department of the Company
June 2004 Executive Officer and General Manager of Accounting Department of the Company
April 2013 Executive Officer, Head of Global Business Administration Division of the Company
June 2014 Executive Managing Officer, Deputy Head of Administration Division, General Manager of Finance & Accounting Department of the Company
June 2015 Executive Managing Officer, Chief Financial Officer, Deputy General Manager of Administration Division, and General Manager of Finance & Accounting Department of the Company
April 2017 Executive Managing Officer, CFO, and Head of Finance Division of the Company
April 2021 Executive Managing Officer, Head of Management Control, CFO of the Company
June 2021 Director of the Company (member of the Audit and Supervisory Committee) (to present)



Toshiyuki Arai

External Director
(Audit and Supervisory Committee)

February 5, 1970

April 1997 Registered as attorney-at-law (to present)
May 2003 Registered to the New York State Bar Association (to present)
February 2013 Established Arai Tokyo Law Office, Director Attorney (to present)
June 2013 External Corporate Auditor of the Company
June 2014 External Director of Spiber Corporation (to present)
September 2019 External Corporate Auditor of Moneytree, Inc.
June 2021 External Director of the Company (member of the Audit and Supervisory Committee) (to present)



Mitsuhiro Matsumoto

External Director
(Audit and Supervisory Committee)

May 7, 1969

October 1992 Joined Aoyama Audit Corporation
April 1996 Registered as a certified public accountant (to present)
October 1999 Representative Director of Matsumoto Certified Public Accountant (current Finnport Accounting Group) (to present)
September 2008 External Corporate Auditor of Suzuki Corporation (currently External Director and Audit and Supervisory Board Member of the company) (to present)
August 2014 External Corporate Auditor of EDM Precision Machining Laboratory Corporation (currently External Director and Audit and Supervisory Board Member of the company) (to present)
June 2019 External Corporate Auditor of the Company
June 2021 External Director of the Company (member of the Audit and Supervisory Committee) (to present)

Executive Officers

Fukuo Iwasaki

Senior Executive Managing Officer
Head of Manufacturing & CPO
In charge of Production & Purchasing

Masanobu Kawamoto

Executive Managing Officer
Head of Technology & CTO
General Manager, Business Creation Office

Masashi Koizumi

Executive Managing Officer
Head of Sales
In charge of Japanese OEM

Masaya Nagaoka

Executive Managing Officer
Head of Management Control
In charge of Finance & Overseas Management Control

Goro Asami

Executive Officer
In charge of Start-up Quality
Digital Innovation Promotion Office
(in charge of Technology Purchasing)

Choi Hyun-don

Executive Officer
NKO Group Business Control Officer
President & CEO (Nifco Korea Inc.)

Norihiko Murata

Executive Officer
Deputy General Manager, ESG Promotion Office
Digital Innovation Promotion Office
(in charge of Indirect Business)

Tsutomu Mannari

Executive Officer
Regional Chief Financial Officer, North America

Yuji Kubota

Executive Officer
Digital Innovation Promotion Office
(in charge of Manufacturing)

Jin Jing-Jun

Executive Officer
Control Officer of five plants in China
President & CEO (Donguan Nifco Co., Ltd.)

Joan Oliveras

Executive Officer
Europe Business Control Officer

Kumi Sano

Executive Officer
Head of Administration
In charge of HR/General Affairs/Legal Affairs

Michael Rodenberg

Executive Officer
North America Business Control Officer
CEO (Nifco America Corporation)

Ken Yokota

Executive Officer
Deputy Head of Manufacturing
General Manager, Nagoya Plant
In charge of Manufacturing for Fastener Business Unit

Kazuomi Sakata

Executive Officer
Deputy Head of Technology Divisional
General Manager, Engineering Center
In charge of Optimization Production process

Akihiko Hirose

Executive Officer
Head of Quality Assurance & CQO
In charge of Quality

Corporate Governance

Basic Philosophy of Corporate Governance

We want to be beneficial to all of our stakeholders, including employees, customers, shareholders, investors, users, collaborating companies, and local communities.

In 2018, Nifco established a new corporate philosophy (see p. 2). Under the new corporate philosophy, Nifco will continue to develop innovative businesses under the corporate message “WOWING THE WORLD,” with the aim of being a company that meets the demands of stakeholders and continues to

be trusted by society.

We think it is important for a company to respond flexibly and appropriately to the drastically changing socioeconomic environment by practicing thorough compliance and appropriate risk management.

Based on the above basic approach, Nifco has positioned the enhancement of corporate governance as a management priority and will continue to strengthen group management.

Corporate Governance Structure

Effective June 24, 2021, the company transitioned from a company with a board of corporate auditors to a company with an audit committee system in order to enhance the audit and supervisory functions of the board of directors and further strengthen corporate governance by creating an Audit and Supervisory Committee that is responsible for auditing the directors’ performance of their duties and members of the board of directors and also giving them voting rights at board meetings.

As of the end of the current fiscal year, the company has nine directors (including five external directors).

Furthermore, in order to embody a “system that ensures the duties performed by directors comply with laws, regulations, and the Articles of Incorporation, as well as other systems that ensure the appropriateness of the company’s operations,” we have established and operate a “Risk Management Committee,” a “Compliance Committee,” and an “Information Security Committee” under the board of directors. The company has also adopted an executive officer system to ensure the speedy execution of business operations.

We have adopted an executive officer system to ensure the prompt and smooth execution of business operations, and internal directors also serve as executive officers. Therefore, the board of directors not only supervises the execution of operations by representative directors and directors who concurrently serve as executive officers but also supervises the execution of operations by executive officers.

Board of Directors

The board of directors makes decisions for the company and strives not only to improve the performance and growth of the Group but also to strengthen corporate governance through the formulation of management strategies for subsidiaries.

In particular, external directors provide useful views from a different perspective, independent of the company, to further enhance and strengthen corporate governance.

In principle, the board of directors meets regularly once a month and holds extraordinary meetings when necessary. On the other hand, matters that are not agenda items for the board of directors, but which are of relatively high importance, are deliberated and reported at the Management Committee meeting (consisting of internal directors, executive officers, and other senior management), which is held every month, in principle.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three members: one director who is a full-time member of the Audit and Supervisory Committee from within the company with expertise in finance and accounting and two directors who are outside members of the Audit and Supervisory Committee with expertise in legal, financial and accounting matters.

The Audit and Supervisory Committee formulates and implements audit policies and plans, and it conducts audit activities in accordance with the audit standards it



has established, including the division of duties, in order to ensure the sound and sustainable growth of the company and to establish a high-quality corporate governance system that will live up to the trust placed in it by society.

Nomination, Compensation and Governance Committee

The Nomination, Compensation and Governance Committee was established as an advisory body to the board of directors, with its chairman and a majority of its members being independent external directors.

In principle, the Committee meets at least four times a year to deliberate on criteria for the selection and dismissal of directors, succession planning for the CEO and other matters, as well as to provide advice and recommendations to the board of directors.

Sustainability Committee

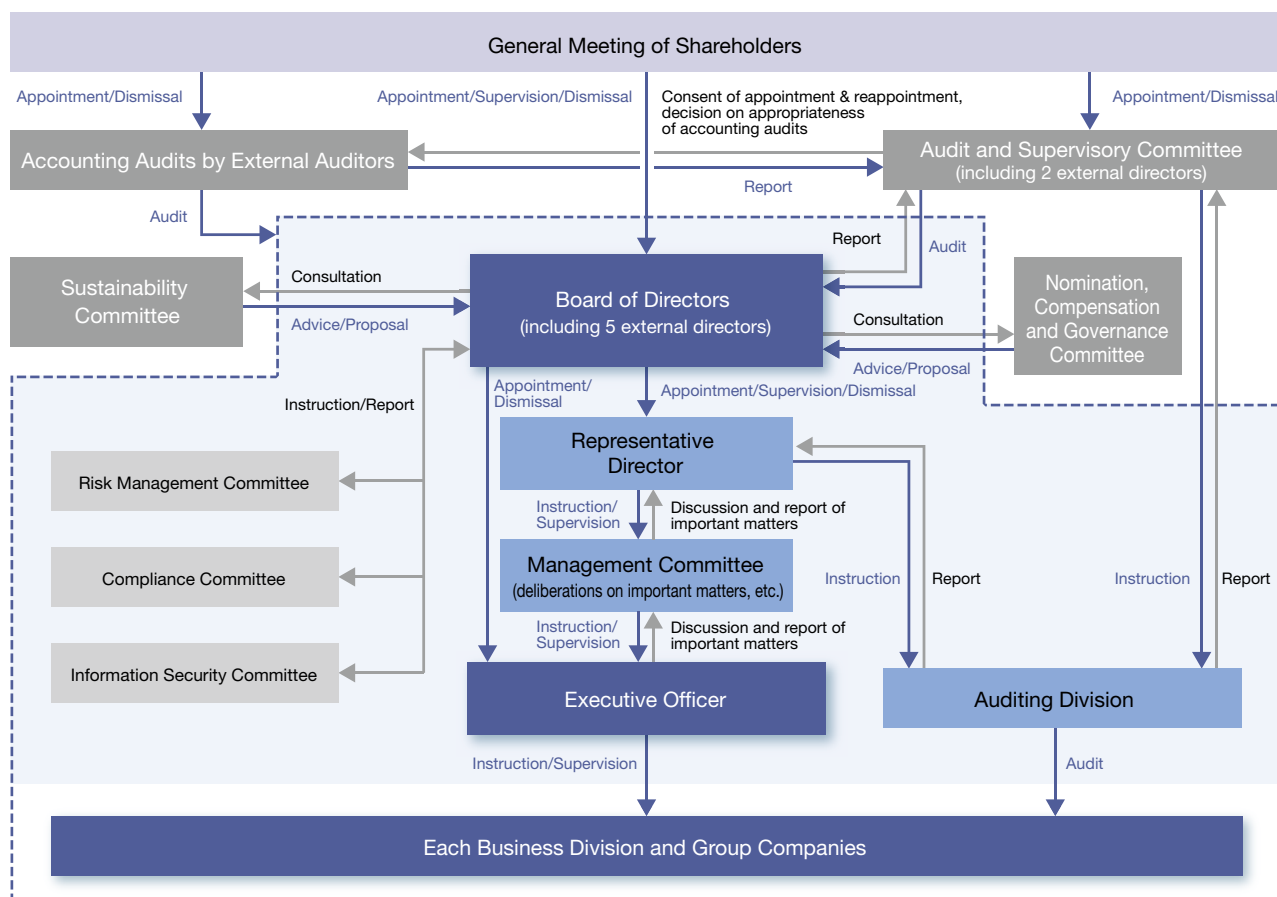
The Sustainability Committee was established in July 2022 as an advisory body under the board of directors to support the independence, objectivity, transparency and accountability of the board's functioning regarding sustainability in general.

External Auditor

Nifco has engaged KPMG AZSA LLC as its accounting auditor.

In accordance with the provisions of the Companies Act, decisions regarding the reappointment or non-reappointment of accounting auditors are made by the Audit and Supervisory Committee. The company has established "Operating Rules for Selection and Dismissal of Accounting Auditors," and each year it proceeds with reappointments or non-reappointments in accordance with the practical procedures and comprehensively determines the suitability of the accounting auditors based on the evaluation criteria.

■ Corporate Governance Framework



Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

In accordance with the Corporate Governance Code, Nifco conducts an annual evaluation of the effectiveness of its Board of Directors.

1 Process

The company conducted a questionnaire to all the directors with the following items as the main contents, reported the analysis results to the board of directors evaluated the effectiveness of the board of directors, and considered future measures. We utilized an external organization to conduct the questionnaires and analyze the results to ensure transparency and effectiveness.

● Questionnaire item

- 1) Roles and functions of the board of directors
- 2) Structure and size of the board of directors
- 3) Management of the board of directors
- 4) Cooperation with auditing organizations
- 5) Communication with management
- 6) Relationship with shareholders / investors
- 7) Nomination, Compensation and Governance Committee Management (its members only respond)

2 Effectiveness analysis / Evaluation results

It was confirmed that the strengths of the board of directors of the company are that they are of an appropriate size and structure, that they are sufficiently diverse, that they have appropriate dialogue with shareholders and investors, that the mid- to long-term discussions are open and active. Thus, it was evaluated that the effectiveness of the board of directors was generally ensured.

On the other hand, we received opinions that, in order to further deepen discussions on individual important themes such as medium-to-long-term growth strategies or human capital business portfolio, it is necessary to further strengthen the function of the board of directors secretariat and systematically train the executives, which we recognized as a future issue.

3 Future response

Based on the results of effectiveness analysis and evaluation, in order to further deepen discussions on important themes at the board of directors, we will consider to further strengthen the secretariat function, review the meeting agenda, provide the meeting materials earlier, share the information in advance and implement systematic executive training.

Remuneration for Directors and Corporate Auditors

Basic Policy

The basic policy, based on the fundamental policy of corporate governance for compensation of directors and executive officers of the company (hereinafter the "Officer Compensation") is as follows.

- (1) Officers' compensation shall be designed to contribute to our Mission: "Nifco generates ideas and cultivates technology to turn your expectations into excitement."
- (2) Officers' compensation shall be designed as an independent, objective, and transparent compensation system that is held accountable to our stakeholders, including employees, customers, and shareholders.
- (3) Officers' compensation shall be designed to be attractive to our employees.

Compensation Level

The level of officers' compensation is determined based on the above-mentioned basic policy for officers' compensation in consideration of the business environment of the company, and performing annual investigation and analysis of the compensation level of other companies in the same industry and major companies of the same size as a peer group, using an external database, etc.

Specifically, we also refer to the level, etc. of companies that have similar operating profit and market capitalization, and companies which have introduced stock compensation systems among the JPX-Nikkei Index 400, and take the dividends for shareholders, highest annual salary of employees, and pay ratio (deviation between the CEO compensation and

average salary of employees) into consideration in order to examine an appropriate compensation level.

Composition of Compensation

Compensation for the chairman and the president consists of 47% base compensation, 20% executive bonuses, and 33% stock-based compensation. Compensation for directors and executive officers who are not members of the Audit and Supervisory Committee consists of “base compensation,” “executive bonuses,” and “stock-based compensation.” Compensation for independent external directors and directors who are members of the Audit and Supervisory Committee consists of “base compensation” only.

Process for Determining Executive Compensation

In order to improve the independency, objectivity, and transparency of the contents of the officer

compensation system, the Nomination, Compensation and Governance Committee has been established as an advisory body of the board of directors.

The committee is supposed to hold four meetings or more annually as a general rule, where the compensation amount for individuals and quantitative evaluations are also discussed in the meetings, in order to provide advice and make proposals to the board of directors.

The board of directors shall pass a resolution on the compensation amount for individuals, in response to the report from the committee. In addition, in order to introduce external objective viewpoints and expert opinions concerning the officer compensation system, the compensation levels and compensation system will be discussed in consideration of external data, economic environment, industry trends, and financial condition, based on advice from external consultants appointed by the Nomination, Compensation and Governance Committee.

■ Compensation by category of officer

Millions of yen

Officer classification	Total amount of consolidated compensation, etc.	Amounts by type of consolidated compensation, etc.				*
		Fixed remuneration	Performance-linked remuneration	Lump-sum payment for retirement benefits	Non-monetary compensation, etc., on the left	
Directors (excluding Audit and Supervisory Committee members and external directors)	377	205	172	–	156	4
Directors (Audit and Supervisory Committee members) (excluding external directors)	28	18	9	–	–	1
Corporate auditors (excluding external corporate auditors)	10	10	–	–	–	2
External directors and external corporate auditors	53	53	–	–	–	7
Total	469	287	182	–	156	14

*Number of eligible directors

Name / Officer classification	Total amount of consolidated compensation, etc.	Amounts by type of consolidated compensation, etc.			
		Fixed remuneration	Performance-linked remuneration	Lump-sum payment for retirement benefits	Non-monetary compensation, etc., on the left
Toshiyuki Yamamoto Chairman and Representative Director, CEO (Chairman of the Board, Nifco Korea Inc.)	169	81	73	–	64
		14	–	–	–
Masaharu Shibao President and Representative Director, COO	101	56	45	–	38

Skills Matrix of Directors

Name	Position at the company	Fields expected of directors by the company					
		Management strategy	Financial and Capital Management	Overseas Business	Legal affairs Risk management	IT & DX	ESG, Sustainability
Toshiyuki Yamamoto	Chairman & Representative Director, CEO	○		○		○	○
Masaharu Shibao	President & Representative Director, COO	○		○			○
Toshiki Yauchi	Director, Senior Executive Managing Officer, CFO & CSO	○	○		○		○
Yoshiko Nonogaki	External Director	○		○			○
Brian K. Heywood	External Director	○	○	○			○
Masayuki Abe	External Director					○	○
Junji Honda	Director (Audit and Supervisory Committee)		○				
Toshiyuki Arai	External Director (Audit and Supervisory Committee)				○		
Mitsuhiro Matsumoto	External Director (Audit and Supervisory Committee)		○				

Governance

Corporate Governance

Reasons for Proposing the Candidate for External Director

Yoshiko Nonogaki	Ms. Nonogaki has a wide range of insights to supervise overall management based on her business experience in the business divisions of a large corporation, management experience of overseas subsidiaries and experience as external director at other listed corporations. Her expected role will be to improve the quality of the company's corporate governance, by reflecting these broad experience and insight.
Brian K. Heywood	Mr. Heywood is proposed as a candidate for external director because he has extensive experience and knowledge as a corporate management and investment expert, and the company expects him to leverage his expertise in corporate management and perspective as a shareholder/investor in the company's management. His expected role will be to contribute to improving corporate value, by incorporating his perspective as a shareholder/investor.
Masayuki Abe	Mr. Abe is proposed as a candidate for external director because he has extensive experience and insight in the IT field cultivated through his career in a large corporation, and the company expects him to leverage his expertise in the company's management. His expected role will be to promote the company's management in the fields related to IT and DX.
Toshiyuki Arai	As an attorney, he is well versed in domestic and foreign laws and will conduct audits with a particular focus on compliance in order to improve the quality of the company's corporate governance.
Mitsuhiro Matsumoto	He will improve the quality of our corporate governance by conducting audits with a particular focus on accounting, given his extensive knowledge and experience in auditing corporate management as a certified public accountant.

*All of the above five persons meet the criteria for independence set forth by the TSE, and there is no risk of a conflict of interest between them and general shareholders.

Governance

Compliance

Development and Strengthening of Internal Control System

We have established a system to ensure that the execution of duties by directors complies with laws and regulations, the Articles of Incorporation, and other systems to ensure the appropriateness of the company's business operations.

Specifically, under the Nifco Group Charter of Corporate Behavior, and with the Compliance Committee playing a central role based on the Compliance Regulations, we have established an internal system in which directors and employees execute their duties with high ethical standards, taking compliance with laws and regulations as a matter of course.

In the event of approaches, etc., by antisocial forces, we, under the supervision of the Compliance Committee, will never accept any unreasonable demands, etc., and will block and eliminate the antisocial forces.

In addition, in accordance with the Nifco Group Internal Reporting Regulations, an internal and external whistleblower contact point has been established to collect information on compliance violations.

Whistleblowers who make a report to the whistleblower desk shall be reported to the Audit and Supervisory Committee, and they shall be assured that they will not be subjected to any prejudicial punishment or unfair treatment because of their report.

Respect for property rights

We respect the intellectual property rights of other companies and strive to avoid infringement of their intellectual property rights by conducting patent searches from the development stage, thereby reducing the risk of intellectual property-related litigation.

In the period under review, there were no cases of lawsuits filed by third parties concerning intellectual property rights.

Governance

Risk Management

Basic Approach to Risk Management

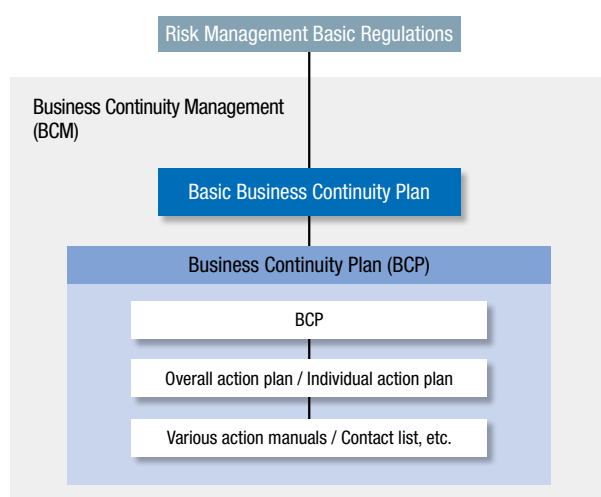
Based on the Risk Management Basic Regulations, the Risk Management Committee plays a central role in identifying and analyzing the Group's major risks, and it examines and implements preventive measures for each risk while establishing a post-response system to minimize losses in the event that a risk materializes.

Main Initiatives

Business continuity plan (BCP) initiatives

Nifco is working on BCP measures based on a basic business continuity plan in accordance with the Risk Management Basic Regulations to deal with various emergencies, such as earthquakes, floods and other large-scale natural disasters, and infectious diseases, such as COVID-19. In addition to ensuring the safety of our employees and their families, we also conduct drills to ensure the following: the supply of products to our customers is not interrupted; damage in the event of an emergency is minimized; operations are restored as quickly as possible.

Documentation system for business continuity management



Safety confirmation system

Nifco has introduced a safety confirmation system to confirm the safety of employees in the event of disasters, such as earthquakes and typhoons. The safety confirmation system has also been introduced as part of the system of managing of subcontractors, enabling the company to quickly ascertain information on subcontractors in the event of an earthquake or typhoon.

Supply chain risk management system

Nifco is in the process of introducing a supply chain risk management system. This will make it easier to understand the supply chain for each product, and in the event of an emergency, the system will be used to quickly assess the situation and shorten the lead time for restoring production and procuring alternative products.

Information security system

Information security system is managed by the Information Security Committee based on the information security policy.

As for education, Nifco conducts e-learning on information security for all employees, and there is a system in place to repeatedly teach employees how to handle confidential information and deal with cybersecurity.

Environmental Initiatives

Environmental Policy

Nifco's vision for the future is a prosperous and sustainable society, and manufacturing environmentally friendly products is a strong driving force to achieve this.

Basic environmental policy

We realize that the conservation of the global environment is one of the most important issues faced by all human beings, and we devote ourselves to the conservation of the environment in all aspects of our business activities. Nifco endeavors to establish and maintain systems to reduce the environmental impact of our business activities related to the design, development, manufacture, and sales of resin molded products, electronic parts, packaging materials, and other products.

Code of Conduct

- 1 We comply with all laws, regulations, and rules in relation to the environment, and we strive for environmental conservation.
- 2 We set and fulfill our environmental management goals and review them periodically in order to continuously improve our systems and prevent pollution.
- 3 We make efforts to reduce the amount of plastic and general waste generated in all our activities from design to sales.
- 4 We endeavor to save resources and energy.
- 5 We carefully consider the environment and resource conservation when developing and providing our products.
- 6 We take measures to raise awareness among all employees regarding environmental conservation, and we take part in social activities as a member of the local community.
- 7 In order to implement and maintain this basic environmental policy, we will document it and make it known to all employees.

Environmental Management System

We have established an Environmental Management System (EMS) based on the international standard ISO 14001. Since obtaining ISO 14001 certification in March 2001, we have been developing systems, establishing mechanisms, and promoting environmental activities as an EMS linked to our business activities.


In particular, we plan, implement, evaluate, and improve activities on a PDCA cycle on a division-by-division basis, with a focus on contributing to society through our products and reducing the environmental impact of our business activities.

The effectiveness of the EMS is confirmed through periodic internal audits and management reviews, and improvements are made to address issues in order to raise the level of our efforts.

System for promoting EMS

Environmental activities managers have been appointed at all sites to which the EMS is applied and are working on a management program that takes into account the characteristics of their operations. In addition, reviews are conducted by management as a summary of annual activities to evaluate conformity, appropriateness, and effectiveness.

52% of our Group companies have obtained the ISO 14001 certificates, including three companies (eight sites) in Japan and 23 companies overseas.

 P. 44 ISO 14001 Certification Status

Compliance with environmental laws and regulations

We regularly check the status of compliance with applicable environmental laws and regulations at each domestic business site, and there were no violations of environmental laws and regulations in FY2021.

Toward the development of expert personnel

We conduct training for EMS practitioners to enhance the expertise of employees who promote environmental activities and to improve their ability to promote EMS by learning about the concept of EMS, how to implement PDCA, regulations, etc. In FY2021, 81 employees participated in the training.

We also consider the effective use of internal audits to be an important theme and conducted training for 52 internal auditors in FY2021 to upgrade their skills using employees qualified as associate auditors by IRCA, an accreditation and registration organization for auditors, to provide the training.

Supply chain collaborations

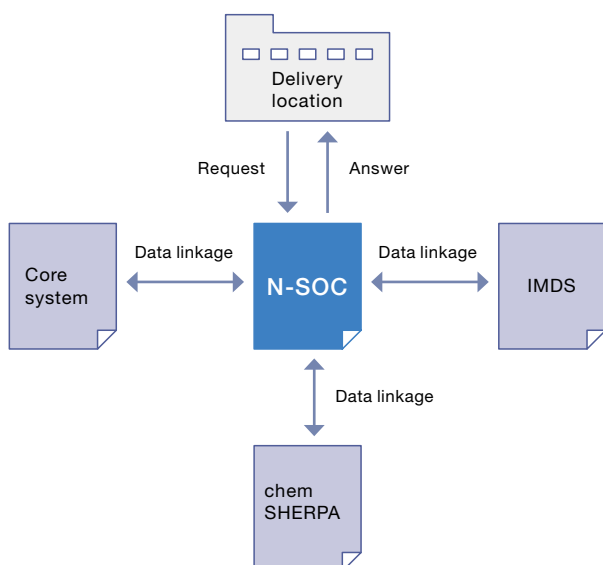
Nifco promotes environmental initiatives together with its suppliers, who are important business partners. In FY2021, we revised our environmental preservation standards to make them more legally compliant.

To confirm compliance with the environmental preservation standards, we audited 13 suppliers on site during the year, and 67 suppliers conducted voluntary audits. After the audits, we share the issues and measures taken by each company with our employees and work to make further improvements.

Introducing IT tools for substances of concern (SOC) management

We have been actively using IT tools for SOC management since 2004, which is ahead of other companies in the industry. And in 2018, we revamped them as “N-SOC” and introduced them to all of our sites in Japan. In 2018, we renewed them as “N-SOC” and introduced them to all domestic bases. By linking the system with our core system, IMDS, a reporting tool for the automotive industry, and chemSHERPA, a reporting tool for all industries, we are now able to respond promptly to environment-related regulations, which have recently been tightened, especially in Europe. We plan to introduce these systems to our overseas offices in the future.

■ Concept Chart of N-SOC System

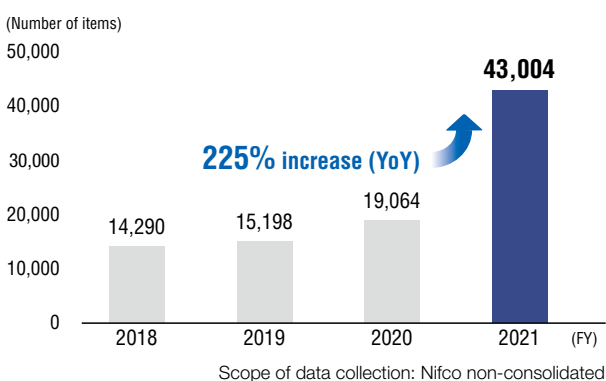


Results of SOC-related surveys in FY2021

Following the revision of the POPs Convention,* which is the basis of SOC-related regulations in various countries, Europe and other countries are strengthening their SOC-related regulations. In response, Nifco received many inquiries and survey requests from customers regarding PFCAs (organic fluorinated compounds), UV-328 (ultraviolet absorbers), and other substances. We received requests for 43,004 items, a 225% increase over the previous year. We investigated all of them and confirmed that there were no violations of laws and regulations.

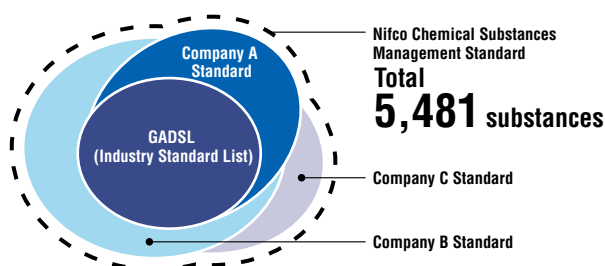
*The Stockholm Convention on Persistent Organic Pollutants (POPs) is an international convention for the control and management of persistent organic pollutants, particularly toxic substances.

■ Number of SOC investigation requests



Publication of NCSL: Nifco Chemical Substances List Rev 5.0

In addition to the chemical substances that are required to be banned or reported by environmental regulations, Nifco also deals with chemical substances that suppliers are required to ban or report on their own as customer-specific requirements. Every year, we prepare the Nifco Chemical Substances List (NCSL) and distribute it to all suppliers, requesting that they prohibit and report these substances.



Global Warming Initiatives

Basic Approach

Our approach is to provide society with environmentally friendly products through activities and innovations aimed at reducing CO₂ emissions. Through these efforts, we contribute to a sustainable society and our growth.

Our objectives

- Rationalization of energy use (reduction of loss and waste)
- Promotion of the use of renewable energy
- Development of environmentally friendly products

Our CO₂ emissions

From the perspective of global environmental conservation, Nifco and its domestic Group companies monitor and disclose the amount of CO₂ emissions (Scope 1 and Scope 2) from their business activities.

■ Nifco non-consolidated and domestic Group companies
CO₂ emissions (FY2021)
Unit: tons

19,790.5

Scope 1

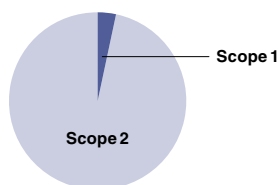
629.7

Greenhouse gas emissions directly emitted by the company itself (e.g., oil, city gas)

Scope 2

19,160.8

Indirect greenhouse gas emissions (e.g., purchased electricity)



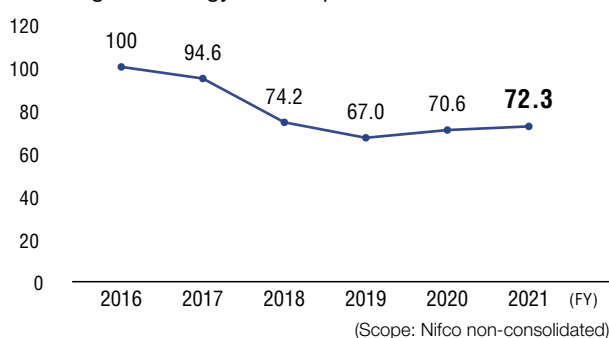
Rationalization of energy use (loss and waste reduction)

In the "Business Classification Evaluation System," which is based on the periodic report of the "Act on the Rational Use of Energy" in FY2021, we were evaluated as an excellent energy-saving business (S class) for the sixth consecutive year. In the next fiscal year, the evaluation method will be revised, and the introduction of renewable energy and improvement of usage efficiency will also be subject to evaluation. Nifco will continue its efforts to reduce energy consumption by increasing the efficiency of its total energy use.

■ Act on Rationalizing Energy Use: energy consumption unit

Target: **1 %** reduction (YoY)

■ Changes in energy consumption unit



Promotion of the use of renewable energy

● Installation of solar power generators

We are promoting the installation of solar power generators to create renewable energy.

Amount of renewable energy generated (FY2021)

612.6 MWh

Amount of power generated at each location (in order of largest to smallest)

Nifco Kumamoto	424.00 MWh
Sagamihara Plant	67.68 MWh
Nifco Kitakanto	64.14 MWh
Nagoya Plant	47.75 MWh
NTEC	9.07 MWh

● Offsetting with FIT non-fossil certificates

We procured FIT Non-Fossil Certificates for Scope 2, which certify the environmental value of non-fossil power sources, such as renewable energy. This procurement allows us to offset the CO₂ emissions of the electricity we use. In FY2021, we effectively reduced CO₂ emissions by 135 tons* out of 19,790.5 tons of CO₂ emissions.

*The latest correction rate as of May 2022

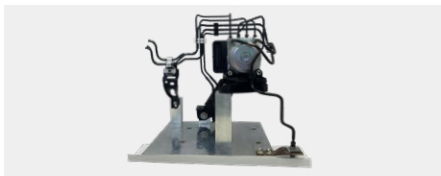



Related SDGs



Developing new products with consideration for the global environment

We are working to reduce CO₂ emissions and solve environmental problems, such as air pollution, by providing lightweight, high-performance resin products.

Our approach is to ensure these efforts to reduce CO₂ emissions and prevent air pollution are a step toward our sustainable growth. By responding to changes in the environment and continuing to provide environmentally friendly products, we aim to ensure a sustainable environment for future generations.

Environmental	Product Name	Function Overview
Contribution to improved fuel efficiency and reduced CO ₂ emissions through vehicle weight reduction	 ABS actuator bracket / Toyota Motor Corporation	Until now, metal brackets have been used to secure the ABS actuator because of the need for heat resistance and vibration durability performance. This bracket is the first in Japan to be made of resin, reducing weight by approximately 60%.
Contributing to improved fuel economy and reduced CO ₂ emissions through improved vehicle running performance (reduced aerodynamic drag)	 Front spats / Nissan Motor (Qashqai)	Airflow from the front of the vehicle is channeled under the vehicle floor and in the direction of the tires, thereby reducing air resistance.
	 Ducted Air / Nissan Motor (Qashqai)	Reduces aerodynamic drag on the bumper by allowing wind from the front of the vehicle to enter. By discharging the inhaled wind through the wheel arch, vortex flow generated in the wheel arch is prevented, thereby improving aerodynamic performance.
Efficient environmental management is possible by utilizing the data measured under the environment where the sensor is installed, enabling a more complex contribution to the environment.	 Multi sensor (three-company cooperative project) *Cooperative project of Nifco, NTT East, and Marubeni Information Systems *For more information on the contribution of battery-less IoT devices to solving various social issues, please refer to P.52.	Self-powered sensor, eliminating the need for a power supply from a power outlet or batteries. Functions: Temperature, humidity, illuminance, acceleration (3 axes) and contact detection*, NFC (Near Field Communication) *Contact detection = function to detect the proximity of a magnet (used in door open/close detection)

For more information on environmentally friendly products, please click here. <https://nifcoexhibition.com/en/>

Direction of new product development

Nifco will continue to concentrate its development resources in the fields of the “environment, safety and comfort,” which are constant market trends.

By introducing products of universal value to various

markets, Nifco will strive to build a business with stable and continuous growth, and it will continue to provide environmentally friendly products to realize our Purpose, “Sparking Innovation by fastening small insights with technology for a better world.”

Basic Approach

In order to contribute to a circular society, we believe it is important to do the following: 1) reduce waste generation, 2) establish recycling methods for resources, and 3) dispose of waste appropriately.

By working on these, we aim to reduce resource consumption and contribute to the realization of a society with a reduced burden on the environment.

Our objectives

We will implement the 3Rs to reduce waste and contribute to the realization of a circular society, where resources are used effectively and repeatedly. 3Rs is the term for the three Rs of Reduce, Reuse, Recycle.

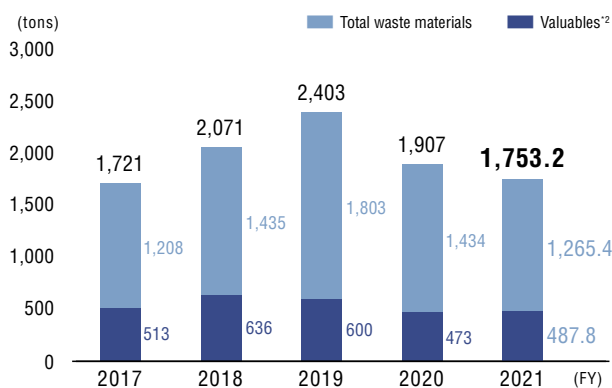
We will tackle the problem of marine plastic litter from the perspective of the 3Rs through beach cleanup activities and other activities that we can do in our own neighborhoods. We will also work to reduce waste generated through our business activities in order to realize a circular society.

Resource conservation and effective use of waste

In reducing our environmental impact, we are planning to work on more effective reductions by considering resource protection and promoting it as an improvement activity that is basically linked to our business activities. We have started initiatives for the effective use of plastic waste from the perspective of the 3Rs. And in order to promote further reduction of environmental burdens, not only in the production and use of our products but also by requesting cooperation from our business partners, we are striving to reduce waste emissions and promote

recycling by checking the status of their initiatives and providing support to them.

Total waste emissions^{*1}



Scope of data collection: Nifco non-consolidated and domestic Group companies (ISO 14001 certified sites)

*1 Total waste emissions = Total waste materials + Valuables

*2 Valuables are items of value that can be purchased by others.

CASE Resource conservation initiatives

We have started checking the disposal of waste plastics at each site.

- We conducted internal audits and pointed out areas for improvement.
- We have started considering developing products using recycled materials (material recycling).

Status of ISO 14001 certification

Domestic Operations (6 sites)

Nagoya Plant (Toyota City)
Sagamihara Plant (Sagamihara City)
Head Office (Yokosuka City)
Osaka Sales Department (Suita City)
Nifco Technology Development Centre (NTEC) (Yokosuka City)
Hiroshima Sales Department (Hiroshima City)

Domestic Group Companies (3 sites of the following two companies)

Nifco Yamagata Inc. (Yamagata City)
Nifco Kumamoto Inc. (Kikuchi City, Yamaga City)

Overseas Operations (23 companies)

Nifco America Corporation (U.S.)
Nifco Central Mexico S.de R.L.de C.V. (Mexico)
Nifco Korea USA Inc. (Mexico)
Nifco Poland Sp. z o.o. (Poland)
Nifco U.K. Ltd. (UK)
Nifco Germany GmbH (Germany)
Dongguan Nifco Co., Ltd. (China)
Tifco (Dongguan) Co., Ltd. (China)
Shanghai Nifco Plastic Manufacturer Co., Ltd. (China)
Nifco (Jiangsu) Co., Ltd. (China)
Nifco (Tianjin) Co., Ltd. (China)
Beijing Nifco Co., Ltd. (China)



Environment

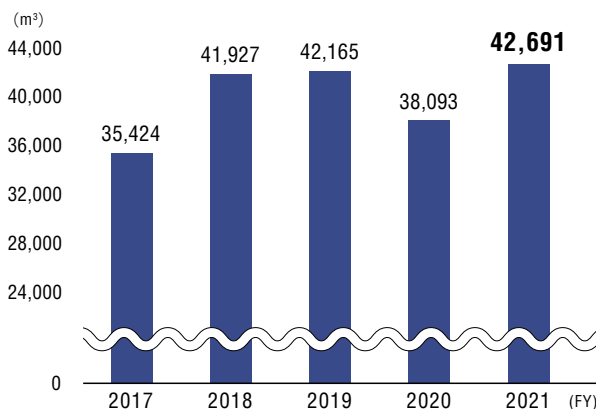
Water Resource Initiatives

Effective Use of Water Resources and Prevention of Pollution

We monitor the amount of water used in our business activities and work to conserve water and prevent wastewater pollution.

Cooling water is mainly used in air conditioners, molding machines, and some thermostatic chambers. We strive to reduce the amount of water used by improving the efficiency of production processes and using rainwater while complying with effluent standards to ensure that public water bodies are not adversely affected.

Water usage



Scope of data collection: Nifco non-consolidated and domestic Group companies (ISO 14001 certified sites)

CASE Collecting and using rainwater

Nifco head office and Nifco Technology Development Centre (NTEC)

After primary storage of rainwater in an underground cistern, it is filtered and disinfected before being used as toilet flushing water. Since rainwater can fulfill this role well, this initiative has reduced consumption of the water supply, leading to water savings of about 20%.



Rainwater filtration system at NTEC

Nifco Yancheng Co., Ltd. (China)
Nifco (Chongqing) Limited Liability Company (China)
Nifco (Hubei) Co., Ltd. (China)
Nifco Korea Inc. (Korea)
Union Nifco Co., Ltd. (Thailand)
Nifco (Thailand) Co., Ltd. (Thailand)
Nifco Manufacturing (Malaysia) Sdn. Bhd. (Malaysia)
Nifco Taiwan Corporation (Taiwan)
PT. Nifco Indonesia (Indonesia)
Nifco India Private Ltd. (India)
Nifco South India Manufacturing Private Ltd. (India)

Environmental data

Nifco non-consolidated and domestic Group companies
Electricity consumption and CO₂ emissions

Item	2019	2020	2021
Electricity consumption (MWh)	42,085.1	41,562.3	43,471.6
CO ₂ emissions (tons)	18,983.5	18,332.3	19,160.8

*Nifco Sustainability Report 2021 contained numerical errors in the results, which have been corrected.
Asaka Sales Office, Suzuka Sales Office, Ota Sales Office, and Kyushu Office have been added to the scope.

Initiatives for Respecting Human Rights and Diversity

Respect for Human Rights

Nifco's basic stance is that, regardless of whether we are operating in or outside Japan, we must respect human rights, adhere to relevant laws and regulations, comply strictly with the letter and spirit of international rules, and act in accordance with common-sense societal norms. In 2021, we revised the Nifco Group Human Rights Policy for voluntary action toward the creation of a sustainable society.

Nifco Group Human Rights Policy

1 Basic Concept

Nifco* will contribute to the realization of a sustainable society. As part of these efforts, Nifco places importance on attaining a society in which human rights are respected and, to this end, has established the Nifco Group Human Rights Policy. Nifco will actively support and respect the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and promote initiatives pertaining to human rights.

In addition, we will ensure we are in compliance with laws and regulations applicable in the countries and regions where we conduct our business activities. In cases where conflicts arise between the laws and regulations of each country or region and international norms, we will pursue a path that maximizes respect for internationally recognized human rights.

Nifco prohibits discrimination on the basis of nationality, race, age, gender, sexual orientation or gender identity, disability, ethnicity, religion, ideology, creed, or any other grounds, prohibits harassment, and prohibits human rights violations. We do not tolerate slavery, forced or compulsory labor, including any form of human trafficking, or child labor. We will eliminate discrimination in employment and occupation, and respect freedom of association and the right to collective bargaining.

*Nifco: All companies across Nifco Group

2 Scope of Application

Nifco will apply this policy throughout all of its business locations and require that all employees both understand and comply with this policy. Nifco will also encourage all of its business partners to support the Policy, and together with them, will promote activities to fulfill its responsibilities relating to human rights.

3 Corrections and Remedies

In cases where it becomes clear that Nifco's business activities have caused a negative impact on human rights, Nifco will strive to correct and remedy the situation through dialogue and appropriate procedures in accordance with international standards. Nifco will also establish an internal hotline for reporting concerns about its business activities and continue with its development of a system for responding to such reports.

4 Education and Guidance for Employees

Nifco will provide appropriate education and training to employees to ensure that this policy is understood and effectively implemented in order to prevent or reduce human rights risks throughout our business activities.

Harassment prevention

Nifco does not tolerate any form of harassment in the workplace. It is essential that all employees be respected as individuals and work in an environment conducive to mutual trust, improved work efficiency, and smooth business operations. In addition to measures to prevent and eliminate harassment in the workplace and appropriate responses and solutions to problems arising from harassment, Nifco stipulates necessary matters in the "Anti-Harassment Regulations." In addition, we are striving to understand the actual situation through surveys and other means.

Establishment of a harassment consultation system

In accordance with the regulations regarding the prevention of harassment, we have established a

harassment consultation system and assigned a person in charge at each office. In addition to the internal disclosure of the consultation response flow, we also protect the privacy of those involved and stipulate that no one will receive disadvantageous treatment due to initiating a consultation or cooperating with the confirmation of facts.

Implementation of internal training

In FY2021, we conducted harassment prevention training by external lecturers for expatriate employees and department managers and e-learning for other employees. Specific cases and countermeasures were used to raise awareness of harassment issues and efforts to prevent harassment. We will continue to provide training in the future.

Related SDGs



Respecting Diversity

The utilization of diverse human resources is an important management strategy that further enhances Nifco's global competitiveness. Nifco is committed to generated by individuals with different attributes and values that lead to innovation and the development of new products and technologies, which are among Nifco's strengths, will create significant added value. In addition, from FY2021, all employees are required to take an e-learning course on diversity and inclusion.

Promoting the professional advancement of women

As for the promotion of female employees, the ratio of female managers on a non-consolidated basis in Japan was 6.3% (20.8% at Nifco Global) as of April 1, 2022, and we are continuing company-wide activities with the goal of achieving a 10% ratio of female managers by the end of FY2027.

In FY2019, we appointed an independent external female director and we are strengthening measures to further increase the diversity of our organization.

■ Number and ratios of female directors, managers, and employees

	No. of people	Ratio
Female directors	1	11.1%
Female in management	26	6.3%
Female employee	200	14.4%

(As of April 1, 2022, Nifco non-consolidated)

Promoting the professional advancement of global human assets

We encourage the professional development of non-Japanese employees. We actively look not only for people who have studied in Japan, but for graduates of overseas universities as well. We have implemented workshops to help employees understand different cultures. In addition to these steps, we are taking measures so that non-Japanese employees can exercise their abilities to contribute to the global business, thereby fortifying the power of the organization through diversity.

Additionally, we actively hire talented local staff overseas and focus on helping them acquire skills and

technologies, as well as develop as human assets. In 2022, four non-Japanese employees were appointed as executive officers.

Promoting the professional advancement of persons with disabilities

We make use of initiatives in our employment and labor management with the aim of creating a workplace where persons with disabilities can work without excess worry.

In the past three years we have hired eight new people. Three of these employees were hired through the farm-based employment program that began in FY2021.

■ Employment status in FY2021

Statutory No. of employees with disabilities	Calculated based on the employment rate of employees with disabilities	Employment rate
44	515	2.40%

(As of March 31, 2022, Nifco non-consolidated)

■ Employment status over the past three years

Fiscal year	FY2019	FY2020	FY2021
Number of new hires	1	0	7
Category	New high school graduates	-	Mid-career
Employment status	Permanent employees	-	Contract employees Support staff
Type	Physical disabilities	-	Intellectual disabilities Psychiatry
Employment rate	2.20%	-	2.40%

(As of March 31, 2022, Nifco non-consolidated)

Respect and inclusion of LGBTQ people

We are promoting internal measures to create a comfortable work environment for LGBTQ and other sexual minority employees.

In FY2021, we stipulated the prohibition of discrimination in the Charter of Corporate Behavior and the Human Rights Policy, and we plan to conduct internal training for all levels of employees to ensure correct understanding.

Ensuring a Safe and Fulfilling Workplace Environment

Basic Approach

Nifco places the highest priority on the safety and health of its employees, and is working to strengthen occupational safety and health and create a rewarding work environment so that each employee can fully demonstrate their abilities.

Employment, working conditions and social protection

Aiming to be a company where all employees can work according to their motivation and ability, we have established internal rules and manuals, including compliance with Japanese laws and regulations related to employment and labor. Regarding major changes in our business, we hold dialogues with employees through employee representatives and employee briefings. We are also committed to the social protection of our employees, including the elimination of intentional or discriminatory dismissal practices and the protection of personal data and privacy.

Health and safety at work

Nifco has established a set of safety and health management rules. To ensure the safety and health of employees, these rules seek to eliminate unsafe elements in work environments and involve implementing comprehensive, planned measures for preventing workplace accidents. They also aim to actively maintain and improve the health of employees.

● Establishment of

a Safety and Health Management Committee —

The Safety and Health Management Committee, which meets at least once a month at each site, discusses the matters shown on the right, and works towards creating safe workplace environments.

- Fundamental measures to prevent danger and health hazards to employees
- Creation of plans for implementing safety and health education
- Regular medical check-ups and measures to take based on the results of those check-ups
- Preventing danger and health hazards associated with newly adopted equipment, facilities, and raw materials

● Number of workplace accidents

In the event of a workplace accident, responding immediately is the first priority. Steps are then immediately taken to prevent reoccurrences. Information gathered from any accidents is shared with other business sites. And based on the information, voluntary inspections are carried out to make sure that similar risks and hazards do not exist at other business sites.

■ Occurrence of workplace accidents

	FY2019	FY2020	FY2021
Those resulting in closure (no.)	0	0	1
Those not resulting in closure (no.)	7	3	8

(As of March 31, 2022, Nifco non-consolidated)

● Mental health

Once a year, employees undergo a stress check to ascertain their mental health status, and their departments are informed of the results of the check. Additionally, in anticipation of employees experiencing difficulties, we have established support systems including the appointment of industrial physicians specializing in psychiatry, interviews once a month, the establishment of an outside counseling service, and support for employees who are on leave.

■ Number of employees on leave

	FY2019	FY2020	FY2021
Number of employees on leave	22	10	8

(As of March 31, 2022, Nifco non-consolidated)

*Includes persons on mental health and other medical leaves of absence

Creating a rewarding work environment

Aiming to create a rewarding work environment that leads to corporate growth and increased employee motivation, we are promoting reforms in the way we work and implementing a variety of measures.

● Reduction of working hours

From FY2022, we have reduced the prescribed working hours from 8 to 7.75 hours and expanded the flextime system, which had been introduced in some areas, to all workplaces not directly involved in manufacturing.

With regard to overtime hours, we continue to set a goal of limiting overtime hours to 30 hours or less per month, and the entire company is working continuously to achieve this goal.

● Introduction of a telework system

We introduced a telework system throughout the company to meet the latest working style trends. Those who wish to do so may telework for a set number of days after consulting with their supervisors. Currently, nearly half of the back-office departments are implementing this system.

● Promoting the use of paid leave

In FY2021, we reviewed our leave system to improve employees' work-life balance by expanding the scope of use of the accumulated paid leave system and refreshment leave.

The paid leave utilization rate was 77.3% against a target of at least 80%. However, 100% was achieved for the 5-day per-year requirement that went into effect in April 2019.

■ Acquisition of Annual Paid Leave

	FY2019	FY2020	FY2021
Target percentage for taking paid leave	80% or more	80% or more	80% or more
Actual percentage	76.8%	67.1%	77.3%

(As of March 31, 2022, Nifco non-consolidated)

*Definition of taking paid leave: Number of days of paid leave taken for the relevant fiscal year/Number of days of paid leave granted for the relevant year
(Applicable: regular employees, contract employees, and part-time employees)

● Conducting an employee engagement survey

We have been conducting the Employee Engagement Survey in order to evaluate various initiatives that aim to improve awareness of ESG and employee engagement. In 2020, 71% of employees answered that Nifco was a great company to work for. Based on the results of the 2020 survey, we are strengthening and improving each organization globally, and we plan to analyze the results of the next survey scheduled for FY2022 to identify issues and continue strengthening and improving each organization globally.

We will continue to conduct the survey every two years to further improve engagement in a sustainable manner.

● Various systems and welfare benefits

Nifco has created a variety of systems to encourage all employees to play an active role in the company. These include maternity leave, childcare leave, nursing care leave, family care leave, a shortened working hour system, and shifted starting or finishing times for employees with children aged between three and elementary school age, promotion of support employees to full-time employees, reemployment after retirement, various types of social insurance, defined contribution pension plan, employee savings program, employee shareholding association, housing loan system, retirement pension, membership-based benefit services, and scholarship repayment support system.

Human Asset Development

Training System

Nifco has clearly set out the requirements and guidelines for the action of human assets able to excel at a global level based on the keywords “challenge,” “transformation,” “future,” “cooperation,” and “overcoming.” Our employee training and development systems have been established with the aim of cultivating these kinds of human assets, and we make revisions and improvements to the system as necessary while listening to employee feedback and taking the changing times into consideration.

Various training programs based on the circumstances of each employee

Our training system ranges from new employee training held with everyone proceeding at the same pace to long-term development designed to cultivate global human assets. In FY2021, 3,267 employees participated in training programs hosted by the Training Center. In addition, we have established a system that

facilitates self-development through a qualification acquisition incentive program and a subsidy program for external e-learning course fees.

Self-assessment system

This is a system where employees submit requests to the company through their supervisors regarding requests or feedback on their job and the workplace, their occupational aptitude, their own career plan, and so forth. The system has been implemented yearly as a means of collecting information to ensure that employees can lead a more fulfilling work life. As well as helping encourage communication with supervisors, the details of the input are fed back to management and are utilized to make improvements to the workplace environment and implement job rotations from the perspective of human asset development. There are also mechanisms for the personnel section to respond directly to individual employees as needed.

■ Training system chart for FY2022

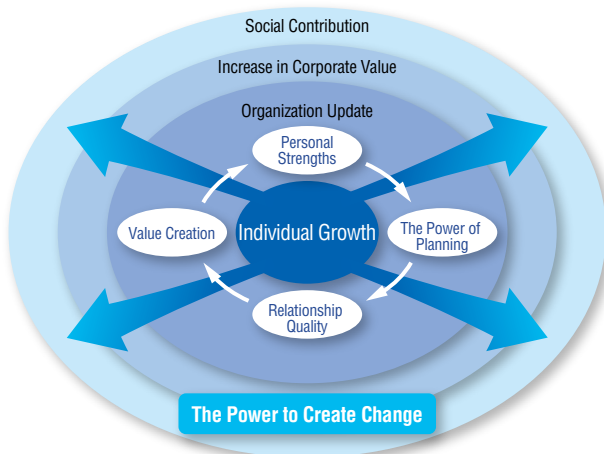
Job level	Position/Rank		Indispensable						Personal development					Language learning	Selection based training									
M4 M3	K4 K3	General Manager Deputy General Manager General Manager in charge of particular area Senior Project manager		Mid-career Training	Diversity & Inclusion	e-Learning	Pre-retirement Career Development Training	Qualifications Pre-retirement Career Development Training	Visioning Training	Proactive Problem-solving Training	Teaching & Coaching Training	Facilitation Training	Anger Management Training	Business Skills	e-Learning	Resilience Training	Japanese Language Training for Foreign Employees	e-Learning and Online English Conversation	Talent Management	Training for Members of the Harassment Consultation Desk	Pre-assignment Training (Cross-cultural Understanding and Language)			
M2	K2	Manager and Assistant Manager Assistant Manager (deputy)																				Personnel Evaluation Training	Harassment Prevention Training for new M2s	LGPD Training for Section Managers and Above
M1	K1	Section Chief, Chief Specialist																				Training for new M2s		
	E2 E1	Full-time service																				Training for new M1s and K1s		
C5																								
C4																								
C3																								
C2																								
C1																								
New employees				New Employee Training (Business Mindset and Manners)																				

Developing Creative Engineers

In creative human resource development, flexibility is required to respond to the changing times. We are working to encourage autonomy and self-direction by having each employee have a sense of ownership and future thinking. Learning new things by taking

everything into our own hands leads to our own change and growth, and repeatedly updating the organization through individual growth leads to increased corporate value. We train our employees to look for problems on their own and to work at their own discretion.

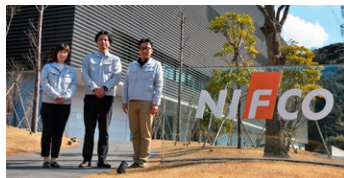
Individual growth leads to the power to create change



Individual growth propagates the organization, and by involving others, it spreads to increase corporate value and contributes to society.

Cross-border program to hone your strengths

Cross-border programs are used to develop human resources who will pioneer the future. In order to gain the various insights that give rise to the power to create change, observation, insight, and communication skills are required. By being exposed to different industries, participants will be able to recognize their strengths and hone their ability to co-create business with different industries in the future.



The company was featured in the web media site **HOWHERE**, which introduces companies that work hard on work styles and work environments. Please click here to see the article.

Check the article of "HOWHERE" from the following URL.

 <https://howhere.jp/articles/nifco> (Japanese only)

Developing planning skills in the unpredictable age of VUCA

From now on, it will be important to discover issues on one's own. We are focusing on fostering the ability to plan from a future-oriented mindset and an observant eye for small insights to find such potential needs. The Planning



Friends spread through a chain of connections

Skills Program is for people who want to think about and create the future of their companies together, and it has created a chain of connections among its members.

The quality of relationships of the in-house social networking community strengthens the organization

We are working to improve engagement by enhancing cross-departmental connections and dialogue online, promoting learning and tolerance from the insights of other employees, and actively communicating with them to share awareness and thoughts. The program is also used as a "community space" within and outside the company, with 450 participants working to strengthen the organization by building the quality of relationships to achieve common goals with their peers.



Visualizing the status of many teams' activities and sharing insights from members' messages

Value creation training for new employees

As part of the creative company's human resource development, this program helps participants acquire the ability to run on their own through their will to grow. The 11 days of training



New employees working together to create value

help participants acquire the thinking and skills of value creation through conceptualization, leadership, team building, and communication skills. In the process of creating a plan with the help of senior employees as advisors, participants create a proposal and draw by hand an idea diagram, learn how to express their ideas in a communicative manner, and gain confidence by presenting their proposals in a team setting.

Community Involvement and Development

We aim to be a company that continues to grow not only as a global enterprise with a unique presence, but also as a good corporate citizen. We are promoting social contribution activities in each region, which we hope leads to the development of all stakeholders.

CASE Battery-less sensor visualizes COVID-19 pandemic control in restaurants Nifco Head Office

In response to the situation where sales at retail stores, represented by restaurants and drinking establishments, have been significantly decreasing due to the COVID-19 pandemic, we collaborated with NTT East and Marubeni Information Systems to implement a project to visualize COVID-19 pandemic measures for stores.

The visualization uses CO₂ concentration measurements, temperature, humidity, illumination, acceleration (three axes), and contact detection^{*1} by Nifco devices with built-in self-powered sensors made by EnOcean.

This has resulted in the following initiatives:

- "3 density measures" alert the storeowner when CO₂ concentrations exceed a certain level, enabling environmental management for employees and customers under installation conditions.
- The number of times sterilized bottles are used in the store and the temperature inside the refrigerator and freezer are displayed, thereby reducing the number of people required to comply with HACCP^{*2}, a sanitation management system that will become mandatory for all food management businesses in 2021.



YOKOSUKA Mobility Marche

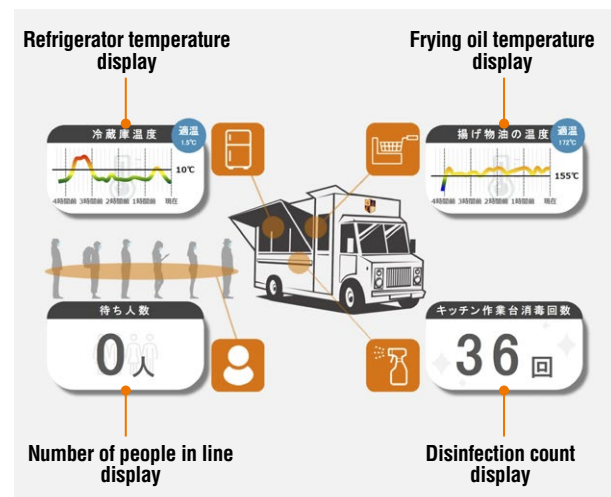
In March 2021, the same sensors were installed in two kitchen cars for a trial at a kitchen car event hosted by Yokosuka City, Kanagawa Prefecture. The owners and staff of the kitchen cars gave high marks to the sensors and said there was no change or hindrance to their operations due to their installation; they appreciated that they could operate the sensors automatically without any hassle; and that the fact that they did not have to replace batteries was also an advantage in operations. The event was a great success, with approximately 1,000 visitors over the two days.

We hope that the COVID-19 pandemic will be brought under control as soon as possible, and we will continue to make efforts to contribute to society.

^{*1} Contact detection: A function that detects the proximity of a magnet (used for door open/close detection)

^{*2} HACCP is "a method of sanitation management in which food business operators identify hazards, such as food poisoning contamination and foreign material contamination, and then control the most important processes, from receiving raw materials to shipping products, in order to eliminate or reduce those hazards, thereby ensuring product safety" (from the Ministry of Health, Labour and Welfare website). Sanitation management has been mandatory for all food management businesses since 2021.

■ HACCP system for kitchen cars



CASE Donation of 816 liters of stockpiled water to a children's cafeteria

Nagoya Plant

We registered as a Toyota City "Toyota SDGs Partner" and donated 816 liters of stockpiled water to a children's cafeteria.

"Toyota SDGs Partners" are companies and organizations that, in cooperation with Toyota City, utilize their respective resources and knowledge to promote sustainable initiatives to achieve the SDGs goals and solve regional issues, as well as to spread awareness of the SDGs.

CASE Participation in a tree-planting event

Nifco Taiwan Corporation

A tree-planting event was held in conjunction with World Earth Day on April 22 to help spread sustainability to all employees and promote internal understanding.



CASE Litter pickup activity at World Natural Heritage Sites

Tifco (Dongguan) Co., Ltd.

Following the lessening of the COVID-19 pandemic, a company trip was held, and all the participants picked up trash at the World Natural Heritage site (Shaoguan Danxia Mountain) as a social contribution activity.



CASE Donation of food to the Thai government

Nifco (Thailand) Co., Ltd.

We participated in the Thai Ministry of Labor's COVID-19 Healing Project and donated 300 sets of rice, instant noodles, soy beverages, and canned tuna. These supplies were distributed to industrial parks, self-quarantine centers, unemployed people, and churches affected by the COVID-19 pandemic.



CASE Donation of food to the village where our site is located

PT. Nifco Indonesia

In response to the situation of poverty caused by the COVID-19 pandemic, we donated 100 sets of rice, oil, sugar, and cup noodles to the village.



ESG Initiatives

Society

Social Data

Each FY: April 1 to the end of March

Number of Nifco Group Employees

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of Nifco Group employees Nifco non-consolidated	1,244	1,290	1,355	1,388	1,375
Overseas operations and Group companies	10,343	10,514	10,131	9,357	8,818
Total	11,587	11,804	11,486	10,745 (3,359)	10,193 (3,004)

*The number of employees excludes employees seconded from Nifco Group to outside the Group and includes employees seconded from outside the Group to Nifco Group and permanent part-timers. The number of temporary employees includes part-timers and temporary employees, and excludes permanent part-timers. The average number of temporary employees for the year is shown in parentheses. In addition, there are 13 employees on secondment to affiliated companies.

Non-consolidated data in Japan is as follows.

Employees

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees	Overall	1,244	1,290	1,355	1,388 (468)	1,375 (411)
	Female	190	192	208	209	222
	Male	1,054	1,098	1,147	1,179	1,153
Average age	Overall	40.7	39.6	40.0	40.2	41.1
Average years of service (years)	Overall	13	14.2	14.7	15	15.7
Employee classification	Regular employees	1,170	1,207	1,264	1,292	1,266
	Non-regular employees	30	36	42	43	93
	Loaned employees	44	47	49	53	16
	Temporary employees	409	494	503	468	411
	Percentage of non-regular employees	2.4%	2.7%	3.0%	3.0%	6.7%

*The number of employees excludes employees seconded from Nifco to outside the company and includes employees seconded from outside the company to Nifco and permanent part-timers. The number of temporary employees includes part-timers and temporary employees, and excludes permanent part-timers. The average number of temporary employees for the year is shown in parentheses. In addition, there are 13 employees on secondment to affiliated companies.

Employment and Turnover

		FY2017	FY2018	FY2019	FY2020	FY2021
New graduate recruitment	Overall	56	52	50	29	37
	Female	10	11	9	2	9
	Male	46	41	41	27	28
Mid-career recruitment	Overall	83	71	59	13	10
	Female	4	11	12	2	3
	Male	79	60	47	11	7
Number of employees leaving	Overall	30	41	43	29	69
	Employee turnover rate	2.3%	3.0%	3.0%	2.0%	4.8%

*Turnover rate is the ratio of employees who left the company during the FY compared to the average number of employees during the FY.

Manager Promotion Status

		FY2017	FY2018	FY2019	FY2020	FY2021
All managers (employees ranked section chief and higher)	Overall	410	415	426	428	412
	Female	20	22	22	21	22
	Male	390	393	404	407	390
	of which, non-Japanese employees	4	4	6	10	10
	Overall	256	256	267	261	260
Manager or higher	Female	6	6	7	9	10
	Male	250	250	260	252	250
	of which, non-Japanese employees	2	2	2	5	7
	Overall	91	101	100	95	85
General manager or higher	Female	0	0	0	1	0
	Male	91	101	100	94	85
	of which, non-Japanese employees	0	0	0	0	0
	Section chief or higher	4.9%	5.3%	5.2%	4.9%	5.3%
	Manager or higher	2.3%	2.3%	2.6%	3.4%	3.8%
Percentage of female managers	General manager or higher	0%	0%	0%	1.1%	0%

Board of Directors

		FY2017	FY2018	FY2019	FY2020	FY2021
Directors	Overall	6	7	6	7	6
	Female	0	0	1	1	1
	Male	6	7	5	6	5
	of which, non-Japanese employees	0	0	0	1	1
	of which, external directors	2	2	2	3	3
Executive officers	Overall	15	14	12	13	15

*Corporate auditors are not included.

Ratio of Base Salary and Total Compensation Per Employee by Gender

	Category	Class	Male	Female
Base Salary	Employees in managerial positions	M1	100	98
	General employees	C4	100	97
Total compensation	Employees in managerial positions	M1	100	98
	General employees	C4	100	95

*Calculate the ratio of males to females in the same grade

*Total compensation does not include overtime

Total Annual Actual Working Hours Per Employee

	FY2017	FY2018	FY2019	FY2020	FY2021
Regular and general employees	2,118.3	2,124.5	2,133.6	2,119.2	2,134.5

Percentage of Employees Covered by Collective Bargaining Agreements

FY2017	FY2018	FY2019	FY2020	FY2021
71.1%	70.9%	71.3%	71.6%	75.8%

Employment of Employees with Disabilities

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees with disabilities	38	39	38	38.5	36
Employment rate	2.38%	2.31%	2.20%	2.20%	2.40%

*Part-time workers are counted as 0.5 employees.

Health-related Indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Stress check inspection rate	88.0%	89.0%	83.0%	86.0%	85.1%

Employees Taking Childcare Leave / Caregiver Leave

		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees taking maternity leave		8	7	6	8	7
Number of employees taking childcare leave	Overall	9	9	11	14	11
	of which, male	1	2	1	6	4
	Rate of male employees taking childcare leave	4.0%	10.0%	5.9%	14.6%	9.7%
Number of employees working shorter hours due to pregnancy and childcare		14	7	14	20	16
Number of employees taking caregiver leave		0	0	0	0	0
Number of employees working shorter hours due to caregiving		0	0	0	0	0

*Number of employees to whom the system was newly applied in the relevant fiscal year

Employees Returning to Work after Childcare / Caregiver Leave

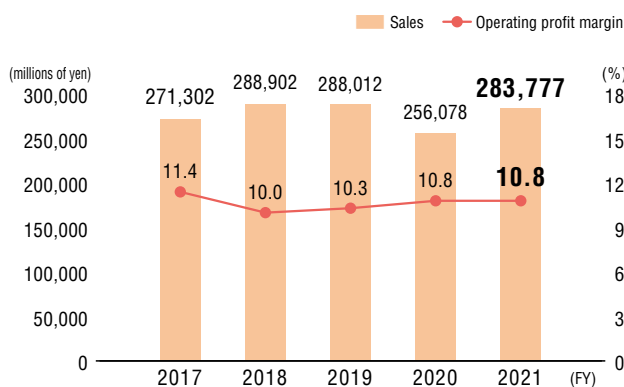
		FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees who returned to work after taking childcare leave	Overall	9	9	11	13	11
	of which, male	1	2	1	5	4
	Return to work rate	100%	100%	100%	92.9%	100%
	Fixation rate	100%	100%	100%	100%	100%
Number of employees who returned to work after taking caregiver leave	Overall	0	0	0	0	0
	Return to work rate	0%	0%	0%	0%	0%

Financial and Corporate Information

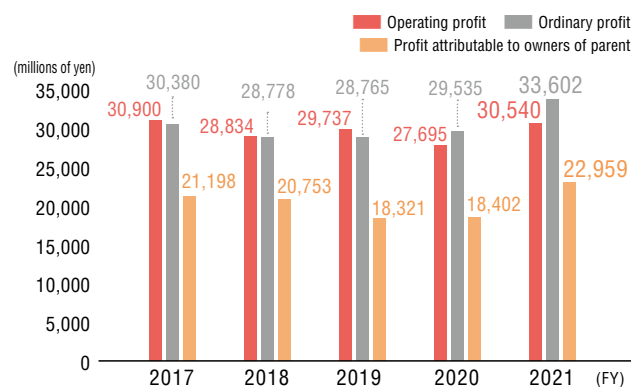
Key Financial Data

	66th term FY2017	67th term FY2018	68th term FY2019	69th term FY2020	70th term FY2021
Results of operations (millions of yen)					
Net sales	271,302	288,902	288,012	256,078	283,777
Operating profit	30,900	28,834	29,737	27,695	30,540
Operating profit margin	11.4%	10.0%	10.3%	10.8%	10.8%
Ordinary profit	30,380	28,778	28,765	29,535	33,602
Profit attributable to owners of parent	21,198	20,753	18,321	18,402	22,959
Consolidated financial position (millions of yen)					
Total assets	278,547	284,842	304,184	307,127	333,068
Consolidated cash flows (millions of yen)					
Cash flows from operating activities	28,042	37,371	35,829	39,922	31,743
Cash flows from investing activities	(17,425)	(14,884)	(21,617)	(12,570)	(9,479)
Cash flows from financing activities	(31,112)	(7,076)	1,040	(20,273)	(13,516)
Cash and cash equivalents at end of year	60,663	74,200	88,552	95,744	109,992
Key management indicators					
ROE (return on equity)	14.9%	13.2%	11.3%	10.7%	12.3%
ROIC (return on invested capital)	11.0%	10.7%	10.6%	10.0%	11.8%
Per share information (unit: yen)					
Net assets per share	1,484.19	1,538.96	1,630.57	1,737.80	1,978.36
Net income per share	208.19	199.90	177.87	181.09	227.27
Annual dividend per share	62	62	62	53	62
Dividend payout ratio	Apprx. 30%	Apprx. 30%	Apprx. 30%	Apprx. 30%	Apprx. 30%

Sales / Operating profit margin



Operating profit / Ordinary profit / Profit attributable to owners of parent



Company Information

Company Profile

Company name	Nifco Inc. Toshiyuki Yamamoto Chairman and Representative Director, CEO Masaharu Shibao President and Representative Director, COO
Establishment	February 13, 1967
Paid-in Capital	7.29 billion yen (as of March 31, 2022)
Net sales	283.7 billion yen (consolidated) 83.3 billion yen (non-consolidated) (as of the fiscal year ended March 31, 2022)
Number of employees	10,193 (consolidated) 1,375 (non-consolidated) (as of March 31, 2022)
Scope of business	Engineering Plastic Products (Industrial fasteners, precision molded products), etc.
Head office	5-3 Hikarinooka, Yokosuka-shi, Kanagawa, 239-8560 Japan



Nifco Head Office (Yokosuka City, Kanagawa Prefecture)

Business Network

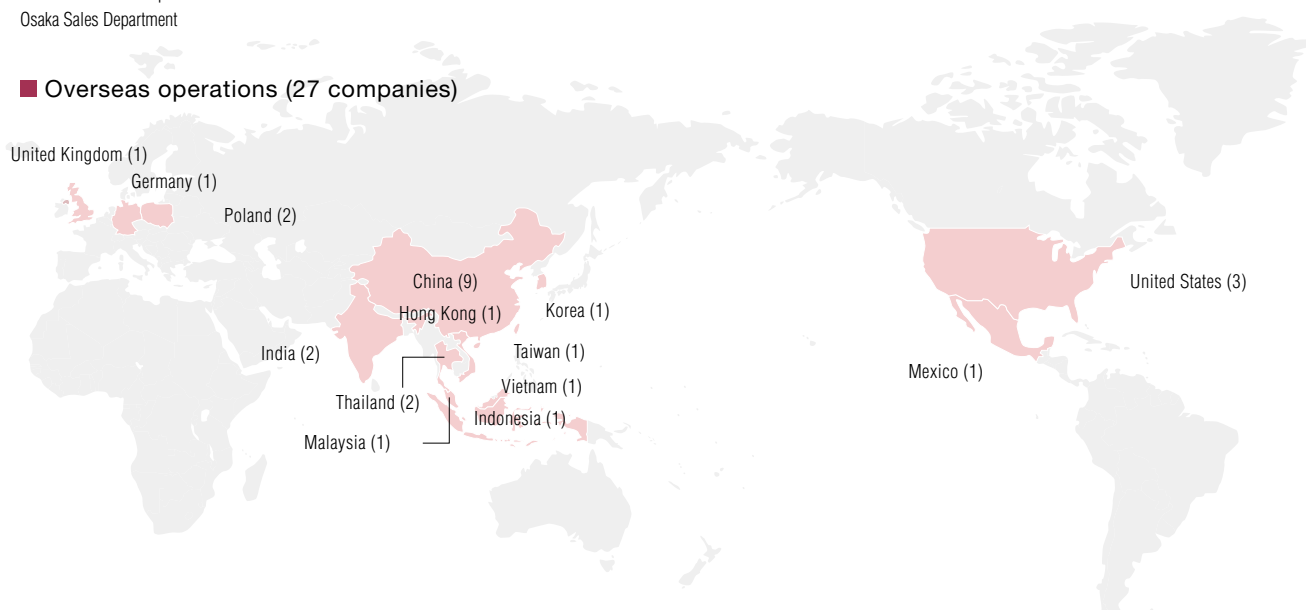
Domestic operations (16 sites)

Head office (Yokosuka City)	Hiroshima Sales Department
Tokyo Headquarters	Ota Sales Office
Nifco Technology Development Center (NTEC)	Saitama Sales Office
Nagoya Plant	Suzuka Sales Office
Sagamihara Plant	Asaka Sales Office
Utsunomiya Sales Department	Kyushu Office
Hamamatsu Sales Department	2 other locations
Osaka Sales Department	

Domestic Group companies (5 companies)

Nifco Yamagata Inc.
Nifco Kumamoto Inc.
Simmons Co., Ltd.
Nifco Trading Ltd.
Nifco Kitakanto Inc.

Overseas operations (27 companies)

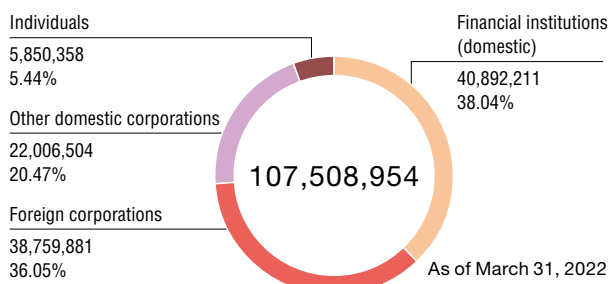


Stock Information

Listed stock exchange	Tokyo Stock Exchange Prime Section
Securities code	7988
Number of authorized shares	233,000,000 shares
Total number of issued shares	107,508,954 shares
Total number of shareholders	4,253
Number of shares consisting one unit	100 shares
Shareholder register administrator	Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo

As of March 31, 2022

Shareholder Distribution



As of March 31, 2022

Status of Major Shareholders

Name	Number of shares held	Ratio of the number of shares held to the total number of issued shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,216,600	21.59%
Ogasawara Toshiaki Memorial Foundation	10,343,665	9.62%
The Custody Bank of Japan, Ltd. (Trust Account)	7,464,700	6.94%
GOLDMAN, SACHS & CO. REG	5,969,135	5.55%
Nippon Life Insurance Company	2,915,390	2.71%
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	2,779,300	2.58%
The Dai-ichi Life Insurance Company, Limited	2,065,400	1.92%
TAIYO FUND, L.P.	1,837,300	1.70%
J.P.MORGAN BANK LUXEMBOURG S.A. 381572	1,371,600	1.27%
NORTHERN TRUST CO.(AVFC)RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	1,325,721	1.23%

The company holds 6,881,200 shares of treasury stock. In addition, the Stock Benefit Trust Account for the Directors' Compensation BIP Trust Account holds 413,221 shares of the company's stock, and the Stock Benefit Trust Account for the Stock Grant ESOP Trust Account holds 41,200 shares of the company's stock.

As of March 31, 2022

External Evaluations

Quality awards

	Company name (titles omitted)	Award name
Domestic	Toyota Motor Corporation	SSA Promotion Excellence Award
	Honda Motor Co.	Excellent Appreciation Award Quality Award
	Nissan Motor Co.	Certificate of Appreciation for Excellent Quality -FY20 SSC Top Rank-
Overseas	P.T. Suzuki Indomobil Motor	The best Vendor Performance 2019 - 2020
	P.T. ADM (Daihatsu)	"Good Quality Supplier" Plastic & Injection category
	General Motors	Supplier Quality Excellence Award
	Sanoh UK	Supplier of the year 2021 Most Improved Supplier

External assessments on ESG

MSCI Japan ESG Select Leaders Index^{*1}

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

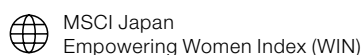
Selected as a constituent of the MSCI Japan ESG Select Leaders Index, a stock price index for ESG investment developed by MSCI, Inc. of the United States.



MSCI Japan Empowering Women Index (WIN)^{*1}

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

The company was selected as a constituent of the MSCI Japan Empowering Women Index (WIN), which is composed of companies that excel in gender diversity.



CDP climate change program^{*2}



Score C in the CDP Climate Change Program, which evaluates activities for climate change disclosures in 2021.

^{*1} Nifco's inclusion in the MSCI indexes and use of the MSCI logos, trademarks, service marks and index names do not indicate sponsorship, advertising or promotion of Nifco by MSCI or its affiliates. Index names and logos are trademarks or service marks of MSCI or its affiliates.

^{*2} CDP is an international non-profit based organization in London. It rates the environmental performance of companies and cities on an eight-point scale (A, A-, B, B-, C, C-, D, D-).



For inquiries regarding this report —————

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