

# Integrated Report 2024





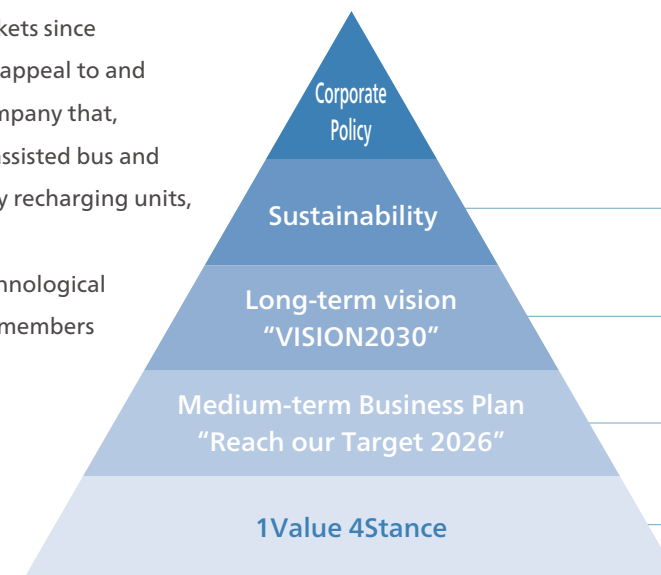
# Corporate Policy System

## Corporate Policy

Bearing in mind the need for energy conservation, environmental mitigation, and improved security, LECIP provides products and services that help members of society enjoy a comfortable daily life.

The LECIP Group has specialized in meeting the demands of niche markets since its foundation in 1948. It is constantly working to create products that appeal to and satisfy customers. From our humble beginnings, we have become a company that, more than any other enterprise in Japan, sells more equipment for unassisted bus and railcar drivers, as well as more onboard lighting systems, forklift battery recharging units, and many other key products.

The Group will strive to create new added value through relentless technological innovation, as it helps support a safe, secure, and optimal daily life for members of society.



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## Derivation of Company Name

Lighting

**LECIP**

Electric power conversion

Information processing

LECIP is an acronym, formed from the first letters of the Company's three core business domains: lighting, electric power conversion, and information processing.

### Scope of report

The LECIP Group's Integrated Report 2024 was produced and published to explain to the public how the Group is working to solve societal issues and improve sustainable corporate value through its business.

In preparing this report, we have referred to the International Integrated Reporting Framework, recommended by the IFRS Foundation, and the Guidance for Integrated Disclosure and Dialogue for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry.

### Reporting period

FY2023 (April 1, 2023 – March 31, 2024)

\* Partially includes activities prior to fiscal 2022 and after April 2024.

### Reporting companies

LECIP HOLDINGS CORPORATION and its Group companies

\* Related companies are listed on the following URL.

[https://www.lecip.co.jp/hd/company/company\\_02.html](https://www.lecip.co.jp/hd/company/company_02.html)

### Contact

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### Note regarding forward looking statements

This report contains projections based on forward-looking statements and plans. Please be aware that actual results and achievements may differ.

### Information disclosure system

#### Financial information

LECIP HOLDINGS website  
Investor relations information  
[https://www.lecip.co.jp/hd/ir/ir\\_top.html](https://www.lecip.co.jp/hd/ir/ir_top.html)

IR materials/stock information, etc.

#### Sustainability

LECIP HOLDINGS website  
Sustainability  
[https://www.lecip.co.jp/hd/esg/esg\\_top.html](https://www.lecip.co.jp/hd/esg/esg_top.html)

#### Integrated report

Environment/Society/Governance, etc.

Please visit the website for the PDF version.

IR Library > Integrated Report

[https://www.lecip.co.jp/hd/ir/ir\\_04\\_lib.html#report](https://www.lecip.co.jp/hd/ir/ir_04_lib.html#report)

## Message from the President

[Top Message](#)



**We will promote the  
business structure reform by  
developing the challenge toward  
PRODUCTS + SERVICES in the  
second phase of realizing  
VISION2030 to new values**

LECIP HOLDINGS CORPORATION  
President and CEO

### Stable and Continuous Growth by Offering Value with PRODUCTS + SERVICES

In FY2023, transportation demand in Japan fully recovered with COVID-19 being re-designated as a Category V Infectious Disease. The LECIP Group received a wide range of orders as performance, trend of capital investments of bus, and railway operators, which are our major business partners, recovered. Demand related to the release of new banknotes in July 2024 is also increasing. Due to these specific factors, we achieved increased sales and profits in fiscal 2024. Changes in the demand for transportation and the external environment make stable and continuous growth difficult for the LECIP Group, whose major business is public transport. Major changes in society such as the population decline in Japan, changes in climate, and advancement in digitization have an impact on the business itself, it is the responsibility of the president to reform the company into one that can respond to such changes.

The LECIP Group renewed its management policy in 2001 and clearly promised to society that it will contribute to achieving comfortable daily lives as a company. Furthermore, we formulated the long-term vision "VISION2030" in 2021 and clarified our vision for 2030. LECIP has been developing and manufacturing equipment related to fare collection for transport agencies but for us to be a company needed by the society, which faces various issues and is undergoing tremendous changes, we thought it was necessary for us to provide not only value through manufacturing but also through providing new values of PRODUCTS + SERVICES. In other words, providing methods of comfortable transportation to passengers by linking information and services to products. To that end, we need to reform our structure from hardware-centered business to a business that combines software and services. This is a big challenge for us. We are offering sufficient opportunities for employees that have been dedicated in manufacturing to think about what

### Corporate Policy

Bearing in mind the need for energy conservation, environmental mitigation, and improved security, LECIP provides products and services that help members of society enjoy a comfortable daily life.



## Top Message

PRODUCTS + SERVICES is from their standpoint and urge them to conduct trial and error without being afraid to fail. We are formulating and promoting a human resources strategy based on how the employees who support the business create value. LECIP is unique in a way that it has a diverse, flexible human capital composition that consists of many mid-career hires, which include officers, as well as engineers recruited in Tokyo and other areas. In the current age, technology-based companies such as GAFAM have drastically changed the social structure and business, requiring the entire society to change their way of thinking. It is normally not easy for the employees to capture trends in society face changes in the company and their work, and take action. However, after experiencing the COVID-19 pandemic, I feel that the LECIP Group is making steady progress toward achieving VISION2030.

## New Medium-term Business Plan “RT2026” for Ensuring the Growth of Small Businesses

Fiscal 2023 was the final year of the Medium-term Business Plan “CN2023 (Challenge to the Next Stage)” (April 2021 to March 2024), which is an action plan for the VISION2030. Everything during the COVID-19 pandemic in the past three years was out of the norm. As capital investments by bus and railway operators, which are our business partners, did not progress due to their performance struggling, sales and profits struggled during the first half of the plan. Despite this, investment demand of our business partners bounced back in fiscal 2023 and demand emerging from the issuing of new banknotes have improved sales and profits. As a result, we were able to achieve targets of consolidated net sales of 20 billion yen, operating profit margin of 5% or more, and ROE of 8% or more. However, we strongly re-affirmed that the issue of our Group’s sales and profits being very

susceptible to the trends of demand in the market, and that they tend to greatly fluctuate. The LECIP Group is currently aiming to reform its business structure to PRODUCTS + SERVICES and expand its businesses and fields. In CN2023, we were able to find and grow sources of income we never had before. We have developed and released QUICK RIDE, a new ticketing system that uses smartphones, as well as its technology as a base for releasing a new service for the tourism market. We think that QUICK RIDE will be a product that symbolizes the LECIP Group’s realization of DX. In addition, we have made great progress in expanding business overseas, such as receiving two orders to introduce large automated fare collection (AFC) systems from the bus market in the United States. While we continue to sow these kinds of seeds, the three-year period of the new Medium-term Business Plan “RT2026 Reach Our Target 2026” (April 2024 to March 2027) is for watering the small buds that have sprouted.

The LECIP Group’s Medium-term Business Plan was formulated by back-casting from VISION2030. The previous Medium-term Business Plan CN2023 was the first phase and the new Medium-term Business Plan RT2026 is the second phase, which we will focus on developing businesses that we have been investing in from the previous plan and aim for a consolidated net sales of 24 billion yen, operating profit margin of 5% or more, and ROE of 9% or more. These numbers may look conservative but the three years of RT2026 is a period in which significant contribution to sales and profits cannot be expected despite the required investment and development costs. The targets for the current three-year period have to be conservative. Still, we plan to reap the benefits of the business that we developed and invested in during the third phase, the three years of the next Medium-term Business Plan.

We will be addressing the following five important issues during RT2026 which started in April 2024.

Establishment of overseas businesses  
Expansion of new areas  
Pursue profitability and efficiency

Improve management efficiency  
Nurture a new corporate culture

### Establishment of overseas businesses

In response to the anticipated decline in demand in Japan caused by the declining population, we will work to grow our business by expanding overseas. The LECIP Group has bases and engages in business in the United States, Singapore, Thailand, and Sweden. We have the biggest expectation for the public transport business in the United States to continue growing as the population is expected to grow due to immigration. We aim to achieve an overseas sales ratio of 20% or more by expanding sales mainly in the United States market.

As public transport agencies are operated by government agencies, capital investments are decided through bidding. This places weight on achievements and requires a long investment phase. After establishing LECIP INC. in 2010, the first time our Group was able to introduce AFC in the bus market in the United States in 2016. Since then, we gradually built our track record and our project for introducing our system in the North County Transit District (California) in 2023 received high praise. Thanks to this, we were able to receive a large-scale project order from the Metropolitan Transit Authority of Harris County (Texas) and the Tri-County Metropolitan Transportation District of Oregon (Oregon) in 2025. When I went on buses several times in the United States during a business trip, I felt that public transport has a role as a social benefit for those who do not own vehicles in the United States, where it is very much a car-based society. Many workers commute by public transport to work, and in most cases, they pay fares with cash instead of cashless methods. It is fair to say that demand for cash payment will steadily continue going forward in the United States, where there is a large working population. On the other

hand, the farebox industry in the United States is becoming an oligopoly market, where large, multi-function cashless payment equipment is the norm, and products that thoroughly respond to the needs of users are not provided. Looking at the situation, our Group developed a farebox specializing in collecting cash to differentiate ourselves. In the United States, we aim to ensure continuous, stable sales and profits by continuing to build our track record to not just deliver the products but also receive contracts for their operation and maintenance (O&M). Furthermore, we will also bring businesses that succeeded in the Japanese market to the United States. Using the introduction of AFC as a launch pad, we will identify the troubles that customers are facing and expand our reach by offering and developing optimal products to spread the LECIP brand in the United States and grow our business.

### Expansion of new areas

To realize our vision for the LECIP Group in 2030, we are aiming to turn a profit within the current Medium-term Business Plan (by fiscal 2027) by taking on the challenge of creating new services through utilizing the strengths that we cultivated in our existing businesses. One of the services is entering the tourism market. We have been providing products focusing on buses, railways, and other public transports used in people’s daily lives, but we have also begun providing services for the tourism market, which has a strong connection with bus and railway operators, as our new target. We have utilized the technologies used in QUICK RIDE, a mobile ticket app for commuters, released in 2020 to develop QUICK TRIP for tourists, which was released in March 2024. This is a system that can issue, sell, and manage various tickets for boarding, facilities, and events online. The system is easy to use for tourists in Japan and inbound as it currently supports six languages and is a web application that does not require to be downloaded. In the tourism market, business operators are in demand for solutions to the lack of personnel, lack of information in multiple languages, and other issues. We think that this service can be used by



Medium-term Business Plan Reach our Target 2026



Smartphone ticket app “QUICK RIDE”



North County Transit District (California)



Farebox for the U.S. “LF-7000”

## Top Message

travel agencies and tourism associations as a solution to such issues. QUICK TRIP is already used in various sightseeing scenes including the Nagaragawa EX Ticket that can be used in sightseeing facilities along the Nagaragawa River Basin in Gifu Prefecture. Previously, the Nagaragawa EX Ticket required a paper ticket to be purchased at tourist centers, hotels, or stores before use, but with QUICK TRIP, tickets can be purchased anywhere at any time and even searching for and using experience programs is possible from this single application. Through the use of the application, business operators can not only benefit from reducing the load of managing inventory of paper tickets and the number of tickets used per facility, it can also flexibly make changes and settings during the travel or peak seasons, or according to changes in the contents provided. QUICK TRIP, which realized DX in tourism, has contributed to improving the convenience for both the operators and users.

LECIP established a business development center in April 2023 with the aim of establishing new businesses. This organization operates at the same level as the development headquarters at the Gifu Head Office and going forward, both organizations will coordinate and promote the creation of new services through company-wide efforts. The provision of services that make use of products is not just limited to the tourism market and can be applied to various variations. We hope to make a significant contribution to solving social issues by providing PRODUCTS + SERVICES that are unique to the LECIP Group.

### Pursue profitability and efficiency

The LECIP Group is currently planning to reform its business structure but we will continue manufacturing, which is the foundation of our business, by improving its profitability and efficiency and balancing it with new businesses. Existing businesses already have high shares in niche markets but we determined that we can raise it even higher. We are planning to expand shares by improving customer satisfaction through expanding the lineup of products that solve issues that customers face, improving

added value, and other initiatives. In return, we will improve profitability, efficiency, and increase sales as well as profits.

LECIP ELECTRONICS, which is responsible for mounting printed circuit boards, is currently constructing a new plant that is planned to start operation in January 2025 to strengthen its production capability. Demand for mounting printed circuit boards is increasing in the automotive industry due to the progress of digitalizing parts. At the new plant, we plan to build a line that is capable of handling the entire process of manufacturing printed circuit boards, from accepting parts to production, inspection, packaging, and shipping. In addition, we can expect demand for use in not only in-vehicle equipment but also in growth markets such as semiconductor manufacturing equipment and robots. With the construction of new plants, we expect our production capability to increase by 1.5 times, allowing us to not only respond to the increase in existing orders but also cultivate new clients to expand sales.

### Improve management efficiency

During the current Medium-term Business Plan, we are engaged in the two themes of “promoting DX” and “optimizing organizational system and improving the efficiency of decision making” to improve management efficiency as a company-wide strategy. We are aiming to achieve an efficient management by improving the efficiency of operations, utilization of data, and revising organizational systems through the use of digital technology. Digital technology is used in the Development, Manufacturing, Sales and all other departments. The Sales Department has already implemented a sales force automation (SFA) system to visualize and automate its sales activities. For new businesses that require different approaches than the past, we will build a system that enables efficient sales by visualizing data. At work sites, we will continue promoting automation and labor-saving methods to improve productivity and reduce man-hours. In regard to the organizational system, we are implementing a business unit system (cross-departmental organization),

reorganizing existing organizations, and other measures to build and implement a system that enables cross-departmental activities and quick decision-making. We will build a resilient management foundation that can achieve VISION2030 through these initiatives.

### Nurture a new corporate culture

We recognize that corporate culture also needs to be reformed to achieve VISION2030 and the Medium-term Business Plan. This is because we believe it would be extremely difficult to achieve the transition into a business structure of PRODUCT + SERVICES as the LECIP Group is a company that has been involved in manufacturing for many years. In response, the LECIP Group has completely revised the vision for its employees and clarified how each employee engages with the Company and its business and makes reforms. “Take Ownership & Initiative” is to create an evolved LECIP Group by each employee taking ownership and exerting their full potential. As a company, we will promote the creation of an environment where everyone’s talent can be maximized by implementing human resources system reform, re-skilling, and other initiatives (Please see page 25 for details). The first step in reforming awareness is promoting the use of “san”, a generic honorific in Japanese, when addressing each other. When vastly changing the human resources system in April 2024, we changed the title names to English names to make it easier to use “san”. We are hoping that the workplace will become a place for open discussion by awareness that titles do not necessarily mean superiority and it is just a human resource responsible for a specific role to take root, and everyone working to fulfill their roles.

### Becoming a Company Needed by Society and Which Employees Can Be Proud Of

I enjoy riding vehicles and using the local Gifu Bus at least twice a week. Even on business trips overseas, I use buses, subways, and all other public transport in the area. Simply put, I love riding trains. Through riding vehicles and trains,



I feel changes in society. In the modern era, IC cards, QR codes, credit cards, and various other new tools can be used as payment methods in railways.

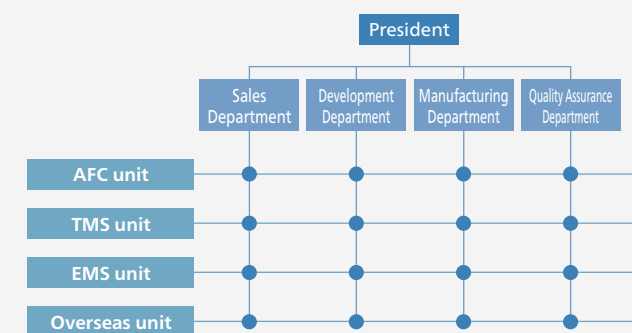
The use of various payment methods has become a norm in supermarkets, convenience stores, and other facilities used in people’s daily lives. While the world is shifting to such a state, I believe that we have to avoid a situation where a bus farebox does not accept a certain payment method. I believe that the LECIP Group needs to develop products in an encompassing way to achieve a comfortable daily life for people that use public transport. In addition to manufacturing, we must conduct research and development of services that realize comfortable transportation. The LECIP Group hopes to continue to be a company that is indispensable in people’s daily lives by reforming its business model to match the changes in society. My biggest mission is to simultaneously make the Company an entity that employees can be proud of. We will continue our challenge to achieve VISION2030 without changing our focus on the business of contributing to public transport and tackling social issues. Please look forward to the LECIP Group’s entry into the second phase of that challenge. We would like to ask our stakeholders for their continued support.



Mobile ticket for tourism “QUICK TRIP”



New plant at LECIP ELECTRONICS (concept)



Reorganization of existing organizations and implementation of business units



LECIP Philosophy “1 Value 4 Stances”



# History of the LECIP Group

## Aiming to achieve comfortable daily lives

Since its foundation in 1948, the LECIP Group has enjoyed steady growth. Not being a part of a conglomerate, it is free of any limits that might be imposed on it from outside and, to date, has undertaken on its own all facets of business—from development to manufacturing and sales. As an independent entity, we remain firmly committed to creating new markets that emerge from the enhancement of advanced technologies. We have been taking on challenges to contribute to various needs and social issues to date based on the philosophy of helping members of society enjoy a comfortable daily life. Today, our business areas have expanded to buses, railways, automobiles, and industrial equipment, and further beyond to communities and overseas.

### 1970

#### Development of fareboxes for buses

Transitions to “one-person (driver-only) operation”, in which the drivers also handle operations of conductors in route buses, has spread. Following the equipment for one-person (driver-only) operation, we developed new products, such as fare display devices, to replace the fare collection, ticket issuing, and guidance announcements that had traditionally been handled by conductors. Many of the products developed for the bus market during this period continue to be leading products that represent the Company.



Automated farebox with a note and coin exchange function

### 1983

#### Received exclusive contract for in-vehicle ticket issuing equipment for buses in Singapore

We have participated in the bidding to learn about the latest technologies in Singapore, where it has one of the world's most advanced public transportation system. We have succeeded in introducing the first magnetic prepaid cards in Japan by utilizing the technology used for the magnetic prepaid cards we delivered in Singapore. We currently continue to maintain 100% of the shares for fareboxes and receipt printers in Singapore.



### 2007

#### Delivery of IC card readers for buses to integrate them into the cross-modal smartcard transit network in the Tokyo metropolitan area

We were one of the first to adopt technologies related to contactless IC card systems, which was advanced technology at the time. This greatly increased our share in the Tokyo metropolitan area when we launched our IC cross-modal ticket service.



Contactless IC card reader/writer

### 2020

#### Development of Smartphone Ticket App “QUICK RIDE”

We developed the smartphone ticket app “QUICK RIDE”, which only requires showing the smartphone screen, as a new method for collecting fares to contribute to reducing the operational load of business operators and improving the convenience of passengers. In 2024, we added “QUICK TRIP”, a web application that does not require downloading for the tourism market, to the lineup. We are aiming to establish business model that can continuously make profit by increasing businesses selling services that have high-added value instead of one-time sales of products.



Native app for daily use QUICK RIDE



Web application for use in sightseeing and events QUICK TRIP

### 1940

Initial period after foundation  
Market entry led by transformer technology

### 1970

Become a supplier  
of electronic devices  
for buses

### 1990

Quickly adapt to cashless  
technology

### 2000

Establish position as a  
top niche manufacturer

### 2010

Expands overseas business  
as a new growth opportunity

### 2020

Creating new value  
Helping solve societal issues and  
achieving sustainable growth

### 1950

#### Launch of sales of neon transformers

We have developed neon transformers for neon tubes that became popular for use in outdoor signs. We originally focused our business on converter technology to provide a sufficiently high voltage to light fluorescent tubes.

Since the introduction of LEDs, neon signs which are difficult to handle have been disappearing, but the transformer technology we cultivated for them is a foundation for various in-vehicle products used in environments with unstable voltage.



Coil-type neon transformers

### 1951

#### Entrance into the bus market originating from lighting

Lighting systems used for buses and railways are required to have the capability of being constantly turned on even in environments with different voltages than households and regular vehicles and unstable voltage. The development of fluorescent lighting that can respond to such in-vehicle environments has led us to enter the bus market, and later launch transactions in the railway and automobile markets.



Bus lighting

### 1985

#### Develop forklift battery recharging units

We developed a forklift battery recharging unit utilizing the transformer technology that we started with. Compared to engine-type forklifts, battery-type forklifts are more environmentally considerate as well as quiet and do not emit exhaust gas.

The sales of recharging units are on a steady trend thanks to the backdrop of the electrification trend toward realizing a decarbonized society.



Rechargers for forklifts

### 2016

#### Delivery of fare collection systems for the U.S.

We became the first Japanese manufacturer to deliver fareboxes in the United States. The fare collection business is greatly affected by the country, culture, and governmental policy. We aim to expand our business overseas by understanding local needs and developing products that are accepted overseas.



Farebox for the U.S. "LF-9000"

Farebox for the U.S. "LF-7000"

**1948** Found Sanyo Electric Works.  
**1953** Establishes Sanyo Electric Works  
**1968** Starts building a production facility in the Itonuki region of Motosu District, Gifu Prefecture (Current Motosu City, Gifu Prefecture)

**1974** Establishes Sanyo Trading Co., Ltd. as a trading company specializing in trade in preparation for overseas sales expansion  
**1989** Establishes SANYO ELECTRONICS CO., LTD. (Current LECIP ELECTRONICS CORPORATION)

**1996** Acquires Quality Management System ISO 9001

**2000** Acquires Environmental Management System ISO 14001  
**2001** Acquires Sanyo Trading Co., Ltd. as a fully owned subsidiary and transfers its Sales Department to the Company  
**2002** The Company changes its name from Sanyo Electric Works to LECIP CORPORATION  
**2005** Lists stock on the JASDAQ Securities Exchange  
**2007** Lists stock on the Second Section of Tokyo Stock Exchange and the Second Section of Nagoya Stock Exchange

**2010** Establishes LECIP INC. in the United States  
**2010** Transitions to a pure holding company structure  
**2010** Changes company name to LECIP HOLDINGS CORPORATION  
**2010** Establishes GIFU DS OPERATION LTD. (Current LECIP DIGITAL SIGNAGE CORPORATION)  
**2011** Establishes LECIP ENGINEERING CORPORATION  
**2011** Acquires Information Management System ISO 27001  
**2012** Establishes LECIP (SINGAPORE) PTE LTD in Singapore.  
**2013** Completes the acquisition of Arccontia International AB (current LECIP ARCONTIA AB) in Sweden  
**2013** Establishes LECIP THAI Co., Ltd. in Thailand as a joint venture with the Thai company THAI INDUSTRIAL PARTS LTD.  
**2014** Selected for the First Section of Tokyo Stock Exchange and the First Section of Nagoya Stock Exchange

**2016** LECIP HOLDINGS CORPORATION transitions into a company with a committee structure  
**2019** Increases capital stock to 1,190.95 million yen  
**2022** Transitions to the Prime Market of Tokyo Stock Exchange and Premier Market of Nagoya Stock Exchange  
**2023** Transitions to the Standard Market of Tokyo Stock Exchange  
**2024** Transfers business related to high-voltage transformer

# At a Glance



## Four business units related to business portfolio reform

### AFC (Automated Fare Collection System)

- Contribute to the realization of abundant public transport that connects areas with buses and railways by providing comfortable and stress-free ticketing methods
- Offer market-leading products and services and build positioning as a top manufacturer



Payment terminals

#### > Specific examples

Fare collection systems (fareboxes, IC card systems, multi-payment terminals, etc.) and mobile tickets

### TMS (Transit Management System)

- Offer total solutions by achieving PRODUCTS + SERVICES through utilizing the strengths as a hardware manufacturer
- Propose solutions for social issues (lack of crewmembers, carbon neutrality, etc.) by contributing to the realization of a safe, secure, and sustainable public transport



Bus crewmember support system

#### > Specific examples

Bus crewmember support, bus location systems, CMP, etc.

### EMS (Energy Management System)

- Redefine business domains to match market trends using charging and power storage technologies
- Offer high-quality manufacturing technology focusing on mounting printed circuit boards
- Develops EV mobility and contributes to the realization of safe, secure, and optimal communities



Rapid chargers

#### > Specific examples

Recharge management and printed circuit board mounting

### Overseas (U.S./Singapore/Thailand/Sweden)

- Supporting sustainable public transport as a local corporate partner that is rooted in each local base.
- Collect overseas technological trends using overseas bases



Fareboxes for the U.S.

#### > Specific examples

Lighting for railways and fare collection system for route buses in the U.S.

## Transportation Equipment Business

LECIP is a comprehensive manufacturer of mechanisms for use on buses and railways. We enhance passenger convenience by providing tangible and intangible support for products and services used in the operation of public transportation. In addition to manufacturing and selling lighting systems for buses and railways, we also offer them for trucks and other automobiles.

We will expand our business by utilizing the know-how we have cultivated as a total supplier which started from focusing on on-board systems for the bus market, which is a mode of public transport, by offering products for railway and automotive markets.

### Subsegment

Bus, railway, and automobile markets

### Major products

Fare collection system (fareboxes, IC card systems, etc.), LED destination signs, in-vehicle display, bus crewmember support system, and on-board lighting systems for buses, railways, and automobiles



## Industrial Equipment Business (Energy Management System Business)

In addition to providing industrial power supply-related equipment based on inverter technology, our subsidiary LECIP ELECTRONICS CORPORATION mounts printed circuit boards for automotive electrical components and industrial equipment.

We have been involved in the electrification of industrial equipment from an early stage through offering forklift battery recharging units. We aim to contribute to the realization of a sustainable society by using charging and power storage technologies we have cultivated for the electrification of industrial equipment, whose importance is increasing more and more, to achieve a carbon-neutral society.

### Subsegment

Power supply solution market and EMS market<sup>\*1</sup>

### Major products

Forklift battery recharging units, LED power supplies, outdoor uninterruptible power supplies, and installing printed circuit boards



### Summary of business performance in FY2023

Net sales	22,684 million yen
Gross profit	7,864 million yen
Operating profit	3,164 million yen
Ordinary profit	3,557 million yen
Net income	2,416 million yen

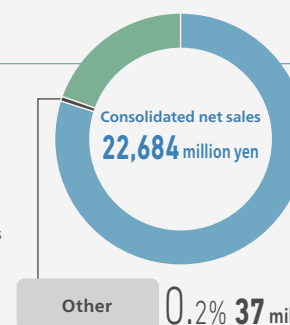
### Net sales by segment

FY2023

Industrial Equipment business (Energy Management System Business)

20.1%  
4,551 million yen

- Forklift battery recharging units
- Outdoor uninterruptible power supplies
- LED power supplies
- LED straight tube lamps
- Neon transformers
- Printed circuit board mounting business



Transportation equipment business

79.8%  
18,096 million yen

- Fare boxes for buses and trains
- IC card systems
- In-vehicle display "OBC-VISION"
- LED destination signs
- Onboard lighting systems

### Business areas of segments and business units

Business unit		AFC	TMS	EMS <sup>*2</sup>	Overseas	LECIP ELECTRONICS CORPORATION	LECIP ENGINEERING
Segments							
Transportation equipment business	Bus market	●	●	●	●		●
	Railway market	●	●	●	●		●
	Automobile market		●	●	●		
Industrial Equipment business	Power supply solution market			●	●		●
	EMS market <sup>*1</sup>					●	

<sup>\*1</sup> EMS (Electronic Manufacturing Services)

<sup>\*2</sup> EMS (Energy Management System)



# Value Creation Process

The Group believes its value lies in its efforts to resolve societal issues based on the corporate policy of helping members of society enjoy a comfortable daily life. We will use our understanding of the present situation and changes in the broader environment to craft a vision for the Company. By imagining the company we would like to be, and the society in which we want to exist, the Group will engage in appealing, distinctly LECIP-like business activities to realize our vision and thereby create new value.

## Inputs

## Value Creation Activities

## Output

## Outcomes

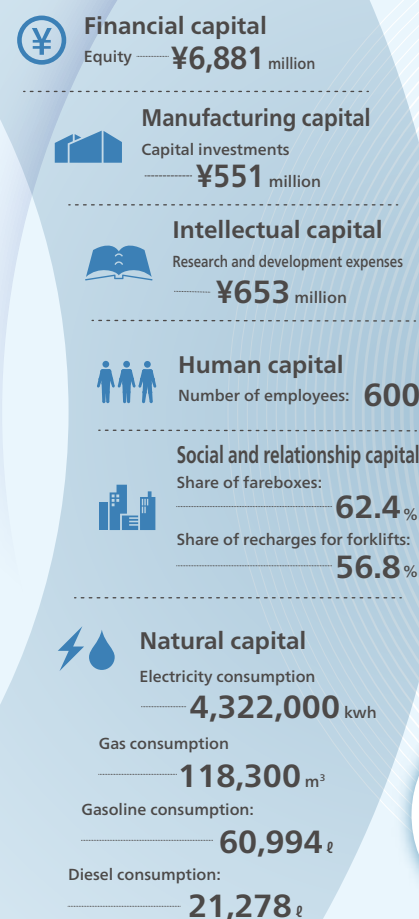
### Corporate Policy

Bearing in mind the need for energy conservation, environmental mitigation, and improved security, LECIP provides products and services that help members of society enjoy a comfortable daily life.

### Risks and opportunities for the LECIP Group

- Shrinking Population: Declining Birthrate, Aging Citizenry
- Changes in Social Conditions
- Climate Change, Carbon Neutrality
- Progress of Digitization
- Greater Sustainability Awareness

Please see page 18 for details



**Expansion of overseas business**  
**Business structural reform for PRODUCTS + SERVICES**  
**Development of Energy Management System Business**

**Reach our Target 2026**

### Basic strategy

Establishment of overseas businesses

Expansion of new areas

Pursue profitability and efficiency

### Company-wide strategy

Improve management efficiency

Nurture a new corporate culture

## AFC

Automated Fare Collection System

Provides stress-free ticketing



## TMS

Transit Management System

Provides safe, secure, and optimal movement for passengers and drivers



## EMS

Energy management system

Develops EV mobility and contributes to the realization of safe, secure, and optimal communities



## GROUP

Overseas, LECIP ENGINEERING, and LECIP ELECTRONICS

Utilization of the Group's comprehensive capabilities  
Expansion of overseas business



User-friendly, seamless transportation

Peripheral technologies that support a decarbonized society

Building safe and secure communities

## VISION2030

The LECIP Group seeks to help provide a safe, secure, and optimal daily life for societies undergoing change by connecting technology and ideas.

Please see page 15 for details

### Goal

Realizing optimal systems that have the safety and security required by future generations by linking products and information services

SDGs goals whose accomplishment we seek to contribute to through our business



Material Issues Please see page 32 for details

Provide convenient, sustainable transport systems

Contribute to the achievement of a decarbonized society

Sustainable manufacturing

Secure and develop human resources that support corporate growth

Build a system to ensure high corporate ethics



# Long-term Vision "VISION2030"

Long-term vision for 2030

## VISION2030

Vision

The LECIP Group seeks to help provide a safe, secure, and optimal daily life for societies undergoing change by connecting technology and ideas.

Goal

Realizing optimal systems that have the safety and security required by future generations by linking products and information services

Quantitative targets

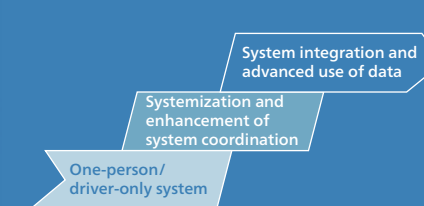
Net sales: ¥30 billion/Operating margin: 10%

Expansion of overseas business



Expand businesses focusing on bus and railway businesses in the U.S. and ASEAN regions where public transportation is expanding

Business structural reform for PRODUCTS + SERVICES



We aim to transform our business structure into one that adds value by transitioning from a hardware-centered structure to using hardware-based systems and services that incorporate software.

Develop industrial equipment (energy management system) business



Horizontal deployment of recharger business to respond to the social shift to EVs in line with the global trend toward reducing greenhouse gases.

## Topics Activities toward achieving the long-term vision

### Expansion of overseas business

#### Full entry into AFC business in the U.S.

We aim to expand sales in the U.S., where demand for public transport is increasing due to the population growth, by increasing the orders received for AFC (fare collection system) projects and expanding the product lineup.

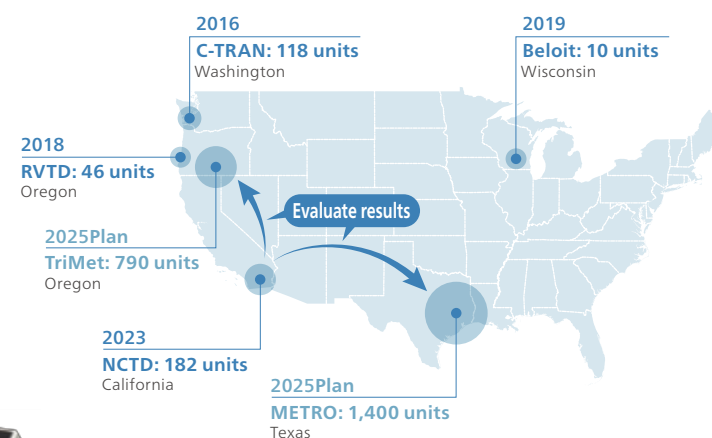
#### Content of activity

As multi-purpose fareboxes (cash and cashless payments, magnetic cards, etc.) are generally distributed in the U.S., we are differentiating our fareboxes from competitors by specializing in collecting cash.

Due to the public transportation in the U.S. being operated by government agencies, capital investments are decided by bidding. As there is a heavy weight on the track record for entering bids, we had been in an investment phase for a long time until we built a sufficient track record. After the implementation in the State of California in fiscal 2023 was highly praised, we have been able to continuously acquire new projects.

#### Characteristics of fareboxes in the U.S.

- Differentiate from competitors by specializing in cash
- Simple functions and ease of operation and maintenance
- Can be operated with cashless terminals of other manufacturers



### Business structural reform for PRODUCTS + SERVICES

#### Proposal of mobile ticket system

We are entering into the growing tourism market by utilizing the sales channels for bus and railway operators and the ticketing systems.

#### Content of activity

We are advancing the introduction of "QUICK RIDE," a smartphone ticket app, focusing on route buses to digitize commutation tickets, commuter passes, and other paper tickets. Utilizing this technology, we have developed "QUICK TRIP," a web app specialized for tourists that does not require downloading, in response to the recent increase in tourism demand. It can handle tickets for tours and events as well as combine them with facility entrance tickets. As being paperless and having multi-language support reduces the load on the operators, we will limit ourselves to public transportation operators and take on the challenge of offering proposals for tourism DX to tourism operators and new markets.

#### Characteristics of mobile tickets

- Can be easily introduced without capital investments
- Three types are offered to match the characteristics of the operator or use
- Contributes to reducing the load on operators through multi-language support and being paperless

#### Service to digitize paper tickets

- 24 Can be sold at anytime
- No need for inventory management
- Automation of sale calculations
- Can be purchased at anytime
- Prevention of misuse

#### 1. For commuters

**QUICK RIDE**

#### 2. For tourism and temporary use

**QUICK TRIP**

#### 3. Offer ticket system for development

**QUICK RIDE API**



## Review Previous Medium-term Business Plan

The previous three-year Medium-term Business Plan CN2023 “Challenge to the Next Stage 2023” launched in fiscal 2021 aimed to achieve business structural reform for PRODUCTS + SERVICES by 2030. We worked on expanding new businesses and offering new values during the plan.

Most of the previous Medium-term Business Plan overlapped with the COVID-19 pandemic and the business environment continued to be harsh for a long period.

Meanwhile, during fiscal 2023, the final year of the plan, the overlap of capital investment trend recovering from the COVID-19 pandemic and demand related to new bank notes led to reaching the numerical targets set for sales and profits.





While reaffirming that our sales and profits are easily impacted by the market trend, we were able to find and start growing the seeds of new profit sources that will drive business structure reform.

	24/3 (Interim targets)	24/3 (Results)
Net sales	20 billion yen	22.6 billion yen
Operating margin	5.0%	13.9%
ROE	8.0%	41.8%

The impact of the COVID-19 pandemic lingered during the first half of the plan, but transport demand recovered after COVID-19 was re-designated as a Category V Infectious Disease in May 2023.

In fiscal 2023, the trend of capital investments by bus and railway operators recovered due to the increase in transport demand. Achieved plan due to increase in sales related to the new banknotes.

### Priority issues of CN2023 and their results and issues

	Priority issues in the previous Mid-term Management Plan	Major achievements and results	Issues
Domestic	New business expansion into products and services	<ul style="list-style-type: none"><li>Expand implementation of payment terminals</li><li>Enter the tourism market with new services (CMP, QUICK TRIP)</li><li>Respond to new needs (bus crewmember support and bus location systems, etc.)</li></ul>  	<ul style="list-style-type: none"><li>Achieve stable income</li><li>Improve the profitability of existing businesses</li><li>Review values offered by energy management system-related products</li></ul>
	Offer new values for MaaS and smart cities		
Overseas	Merger and spread of overseas and domestic businesses	<ul style="list-style-type: none"><li>Completed delivery of AFC Project in California, U.S., and acquired new orders originating from track records</li><li>Delivery of railway lighting for NY Subway</li></ul> 	<ul style="list-style-type: none"><li>Establish delivery and support systems for large projects</li><li>Stably acquire orders in the U.S. market</li><li>Expand the lineup of products for overseas</li></ul>
Strengthen foundation	Reform business processes for business structure transition	<ul style="list-style-type: none"><li>Create a monitoring process for prices</li><li>Improve productivity and operations by introducing operation navigations and RPA</li></ul>	<ul style="list-style-type: none"><li>Respond to supply chain risks</li><li>Strengthen product businesses (transforming products into services)</li><li>Create customer contact points in new markets</li></ul>
	Smoothly shifting management resources to growth areas	<ul style="list-style-type: none"><li>Build a cross-departmental management system</li><li>Transfer specialized transformer business</li><li>Begin construction of new plants at LECIP ELECTRONICS</li><li>Conduct recruitment activities through various channels</li></ul> 	<ul style="list-style-type: none"><li>Optimize the organization according to changes in the environment</li><li>Develop human resources that can propose solutions</li><li>Redefine the mission, vision, and value</li></ul>

## Awareness of Business Environment/Risks and Opportunities

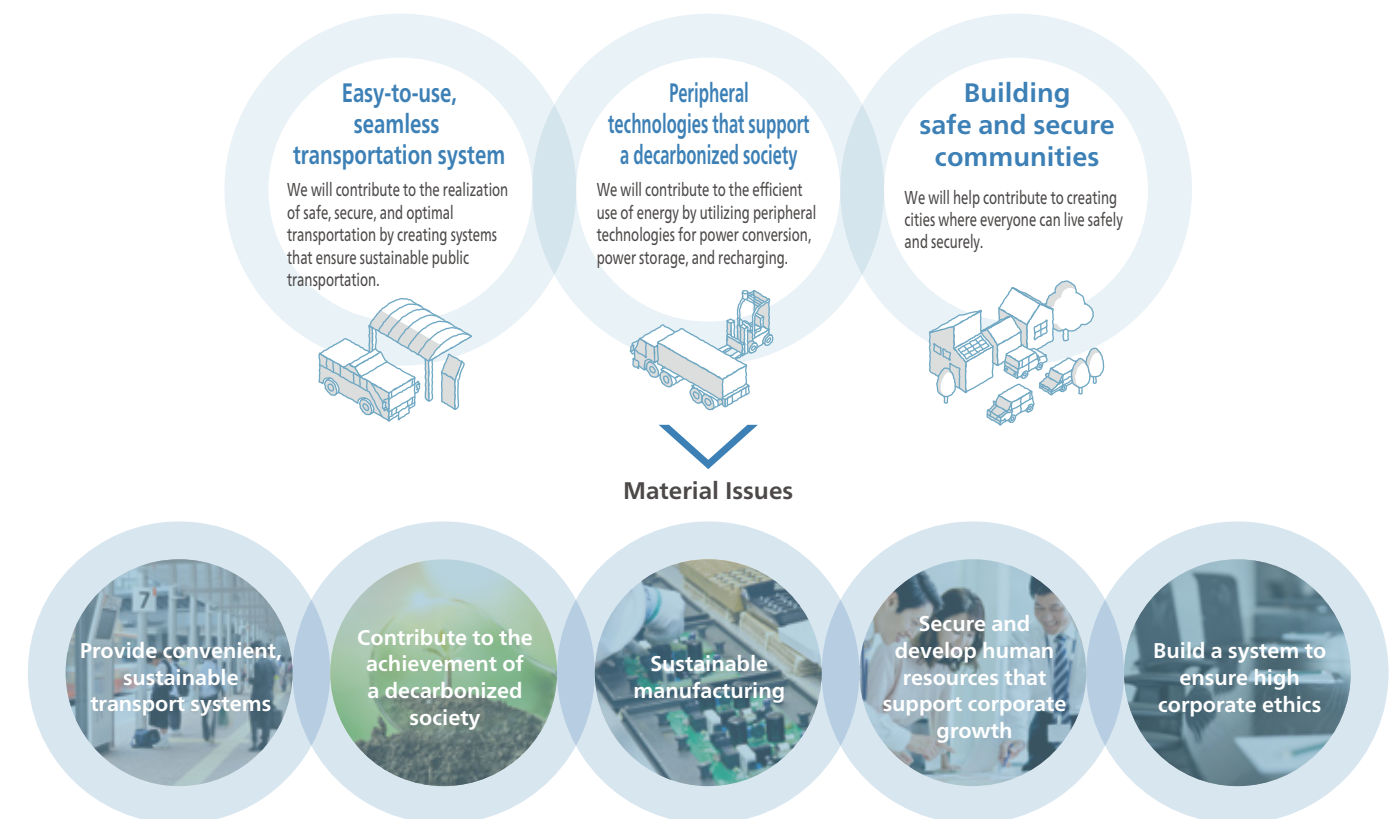
The Group is continuing to deal with the risks and opportunities it faces resulting from the impact of external environmental changes. These include new lifestyles, due to the COVID-19 pandemic; the move to attain carbon neutrality; and responses to the UN's SDGs. In short, we respond to risks and turn opportunities into business.

In this way, the Group aims to remain a company that contributes to society by providing value as it helps solve societal issues and achieve a sustainable world.

At the same time, this will ensure the Group's ongoing growth.

Shrinking Population: Declining Birthrate, Aging Citizenry	Changes in Social Conditions	Climate Change, Carbon Neutrality	Progress of Digitization	Greater Sustainability Awareness
<b>Risks</b> <ul style="list-style-type: none"><li>Declining trend of investments by operators due to the shrinking of public transportation demands</li><li>Shrinking existing domestic market due to population decline</li><li>Decrease in labor force, difficulty in maintaining technological capabilities</li></ul>	<b>Risks</b> <ul style="list-style-type: none"><li>Changes in demand structure reflecting economic, social changes</li><li>Higher costs due to policy changes, tightening of export controls</li><li>Supply chain disruptions</li></ul>	<b>Risks</b> <ul style="list-style-type: none"><li>Increase in environment-related costs</li><li>Higher resource and energy prices</li><li>Suspension of business activities due to natural disasters</li></ul>	<b>Risks</b> <ul style="list-style-type: none"><li>Decline in demand for cash due to spread of cashless payments</li><li>System failures due to cyberattacks or unauthorized use</li><li>Shortage of digital human resources</li></ul>	<b>Risks</b> <ul style="list-style-type: none"><li>Decline of employee engagement</li><li>Reputational damage</li><li>Loss of business opportunities due to delays in response</li></ul>
<b>Opportunities</b> <ul style="list-style-type: none"><li>Increased investment in use of streamlined and driverless vehicles</li><li>Increase in new transportation demand (where public transportation is poor)</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>Greater inbound demand as economy recovers</li><li>Higher capital investment due to increased demand for public transportation abroad</li><li>More need for logistics solutions</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>Promotion of public transportation as a low-carbon choice</li><li>Growing need for automobile and industrial vehicle electrification</li><li>New trading opportunities</li><li>Increased investment in recharging and power storage to improve energy efficiency</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>Spread and sophistication of mobility as a service</li><li>Creation of new businesses through digitization</li><li>Productivity improvement through digital transformation</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>Increase in sustainability-related business opportunities</li><li>Greater competitiveness resulting from promoting sustainability</li><li>More environmental, social, and governance investment</li></ul>

### Value Provided to Society



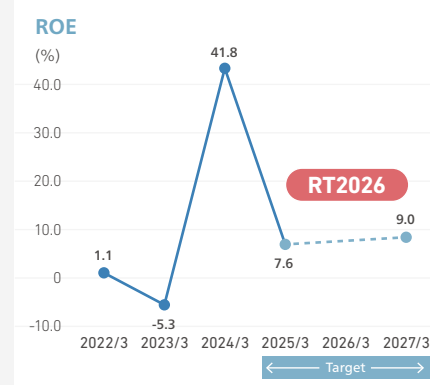
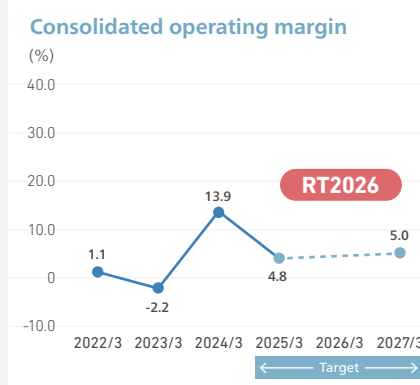
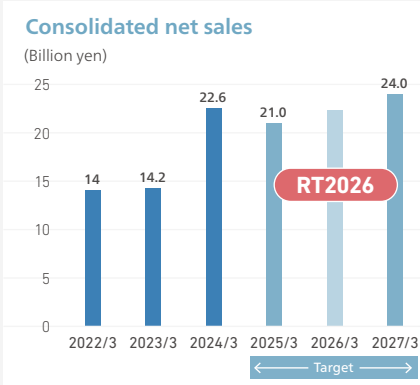
Medium-term Business Plan **Reach our Target 2026**



# Medium-term Business Plan



We aim to become a company with stable sales and profits by reforming the business structure by growing overseas businesses and creating new businesses.



(Unit: million yen, %)

	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3
Net sales	14,075	14,253	22,684	21,000	24,000	24,000
Operating profit	149	-310	3,164	1,000	1,200	1,200
Operating margin	1.06%	-2.17%	13.9%	4.8%	5.0%	5.0%
Net income	53	-249	2,416	550	750	750
ROE	1.1%	-5.3%	41.8%	7.6%	9.0%	9.0%
EPS	4.2	-19.2	178.0	38.8	55.1	55.1

Medium-term performance targets  
(2027/3)

Consolidated net sales  
**24 billion yen**

Consolidated operating margin  
**5% or more**

ROE  
**9% or more**

Basic strategy

## Establishment of overseas businesses

- Establish stable delivery of projects in the U.S. and businesses structure
- Continuously acquire new projects
- Enhance product lineup

## Expansion of new areas

- Growth of products and services
- Full entries into new markets
- Release products in surrounding markets

## Pursue profitability and efficiency

- Develop customer-oriented products and services
- Optimize product portfolio
- Pursue unit prices and quality
- Expand sales channels for LECIP ELECTRONICS

Company-wide strategy

## Improve management efficiency

- Promote DX
- Optimize organizational structure and improve efficiency of decision-making
- Strengthen KPI and budget control
- Financial strategy that aims to improve corporate value

## Nurture a new corporate culture

- Disseminate mission, vision, and value
- Reform of human resources system
- Develop proposal-type human resources

Please see pages 25 to 30 for details

## Establishment of overseas businesses

### Basic policies related to overseas

#### U.S. market

Increase sales by increasing the number of orders received

- Stable delivery of received projects
- Build and enhance production, procurement, and support systems
- Continuously acquire new projects and expand sales channels
- Expand product lineup and sales channels (Other than fare collection systems and railway lighting)

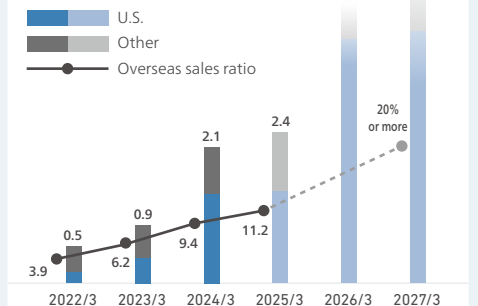
▶ Improve profitability with stable sales of O&M

#### Other markets

- Expand in countries near each base
- Develop products that match the characteristics of each region

Target: Overseas net sales ratio 20% or more

(Billion yen / %)



## Expansion of new areas

### Challenge toward new services that utilize strengths cultivated in existing businesses (products)

#### Enter tourism market

AFC / TMS

Expand new services under the theme of tourism DX (Mobile ticket and digital signage)

Provision of data utilization services including location information, and expansion to modes of transportation beyond buses

TMS

Proposal of solutions that utilize vehicle data

#### Release passenger information system in the railway market

TMS

Release digital signage and broadcasting equipment that utilize knowhow in the bus market

Release products for recharging systems in growth markets (forklifts, AGV, EV buses, etc.)

EMS

Transition from rechargers to recharging solutions

## Pursue profitability and efficiency

### Enhance product lineup

### Improve the added value of products

### Expand shares

### Basic policies related to existing businesses

#### Bus market

- Maintain top share
- Product proposals as a top supplier

#### Railway market

- Cultivate new business partners (train market)
- Propose high-value-added products for express trains

#### Automobile market

- Continue being selected as genuine products by strengthening relationships with vehicle manufacturers
- Strengthen sales of display-related products for specially-equipped vehicles

#### Power supply solution market

- Improve costs by reviewing the supply chain
- Expand into the logistics market (AGV, AMR, etc.)

#### EMS (LECIP ELECTRONICS) market

- Increase sales of in-vehicle equipment and improve productivity
- Cultivate new business partners (For semiconductor equipment, robots, and other growth markets)

# Financial Strategies

## We have started our new Medium-term Business Plan for our future growth.

In fiscal 2023, we were able to significantly exceed the targets of the Medium-term Business Plan CN2023 (Challenge to the Next Stage 2023) due to the trend of capital investments by bus and railway operators, our main business partners, recovering on the backdrop of a recovering transportation demand.

In RT2023 (Reach Our Target 2026), we will actively tackle challenges based on the basic strategies of establishing overseas businesses, expanding new areas, and pursuing profitability and efficiency. Each fiscal year, we make investments to ensure profits and achieve VISION2030, and promote activities to improve the corporate value of the Group.

### Review of FY2023 and Previous Medium-term Business Plan and Details on the New Medium-term Business Plan

In fiscal 2023, transportation demand finally recovered in Japan with COVID-19 being re-designated as a Category V Infectious Disease, and demand for capital investments increased in the bus and railway markets. In addition, the Transportation Equipment Business, our major source of profit, performed very favorably due to several extraordinary factors, such as the increase in sales related to the issuance of new banknotes in July 2024. As a result, net sales of the entire Group increased by 59% to ¥22.684 billion, operating profit of ¥3.164 billion, and net income of ¥2.416 billion. We achieved a record high in both operating profit and net profit. With regard to operating profit, we greatly exceeded the target of ¥1 billion and sales profit of 5% for fiscal 2023, the final year of the Medium-term Business Plan. For ROE, net income significantly grew to 41.8%, and exceeded the target of 8%.

The Japanese market is shrinking due to the declining population, and sales may decline after the sales related to new banknotes settle down. To maintain stable sales and profits and achieve a ROE of 9%, the Company is required to continue growing and improve its corporate value. To that end, we will

establish businesses overseas, particularly in the United States, where medium- to long-term growth can be expected and actively invest in future growth fields in Japan based on the basic strategy of the Medium-term Business Plan.

In the United States, we received orders for two large projects in 2023 and expect their sales to be included in fiscal 2025. We are aiming to achieve an overseas sales ratio of 20% or more by continuing to acquire projects that will follow the ongoing projects for the bus and railway markets in the United States and increasing sales by expanding the product lineup for the United States. We are also enhancing the human resource system for business in the United States by capitalizing on the large-scale order we received.

In Japan, the entire Group aims to increase profit with capital efficiency in mind by improving profitability through revising prices and rationalizing production, selecting and focusing on businesses with high profitability through business transfers (transferred the High Voltage Transformer Business in March 2024), and other means.

### Growth Investments

The LECIP Group has formulated a long-term vision, "VISION2030" to continuously enhance its corporate value. The VISION2030 aims to solve social issues through user-friendly, seamless transportation systems; peripheral technologies that support a decarbonized society; as well as safe and secure urban development. Our current Medium-term Business Plan RT2026 is positioned as an action plan to achieve our long-term vision.

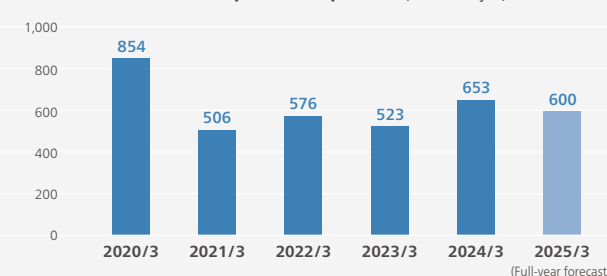
In RT2026, our basic strategy is to establish overseas businesses, expand new areas, and pursue profitability and efficiency. Based on the strategy, we will promote business structure reforms with the aim of nurturing the growth fields and improving the profitability of existing businesses, and continue to invest in R&D in the fields required for the continuous growth of corporate value.

The R&D costs in fiscal 2023 were allocated to the development of multi-payment terminals and other systems that support cashless payments, digital signage systems (CMP), and mobile tickets for the tourism market, as well as enhancing the functionality of AFC systems for the United States. In fiscal 2024, we will continue research and development to grow and

improve these growth fields.

In the capital investment plan, we are advancing the construction of a new plant of LECIP ELECTRONICS. The plant is planned to start operations in January 2025 with the purpose of increasing the production capability to respond to the increase in orders and improving operational efficiency.

### Research and Development Expenses (Millions of yen)



### Maintaining Financial Soundness

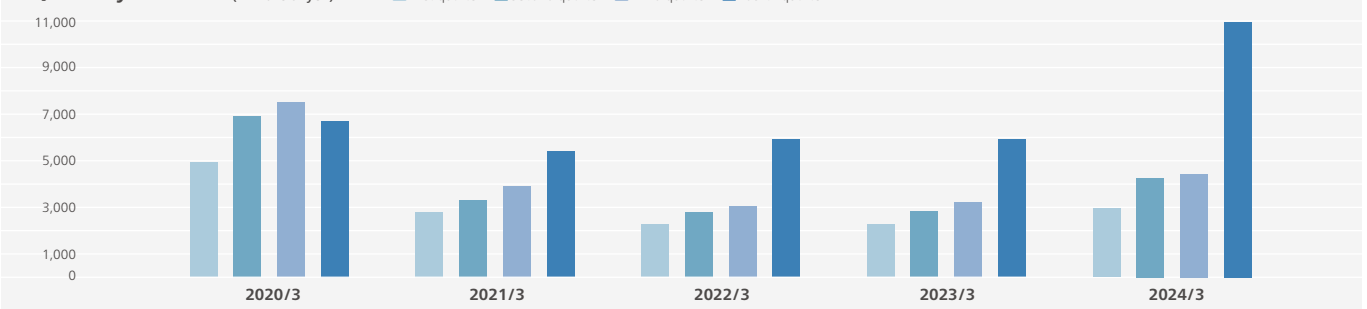
The LECIP Group's main business is transportation equipment, a segment subject to seasonal fluctuations in net sales, which rise at the end of a fiscal year because the public transportation sector represents the bulk of our business. In an effort to stabilize funds in response to these risks, we maintain a balance between short-term and long-term interests as we raise capital. LECIP HOLDINGS CORPORATION manages and raises funds for Group subsidiaries. It distributes them to the main domestic subsidiaries through a cash management system in a bid to unify and streamline the system. In fiscal 2023, with favorable business results and signs of improvement in the financing, we actively repaid the short-term borrowings. We will continue to

conduct flexible and efficient financing and ensure necessary investments are made.

### Cash and Deposits, Interest-bearing Debt and D/E ratio

	2020/3	2021/3	2022/3	2023/3	2024/3
Cash and deposits (millions of yen)	2,194	3,333	4,094	3,179	2,964
Interest-bearing debt (millions of yen)	2,861	5,764	4,521	5,479	3,108
D/E ratio (times)	0.56	1.17	0.95	1.17	0.45
Equity (millions of yen)	5,078	4,912	4,775	4,688	6,881

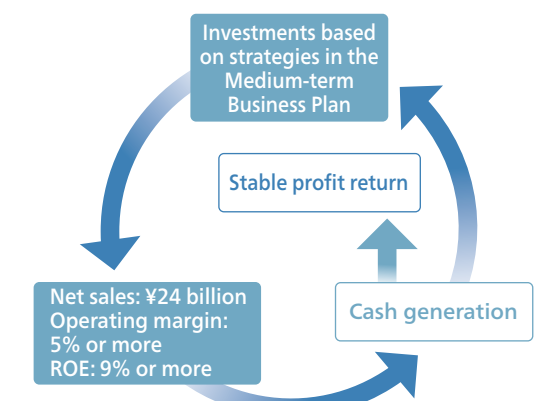
### Quarterly Net Sales (Millions of yen)



### Policy Related to the Distribution of Cash Flow

Our basic policy is to maintain an optimal capital structure by distributing management resources while also ensuring a balance between growth investments, shareholder returns, and restoring financial soundness. In addition, the generated cash flow will be used to make R&D investments above a certain amount in fields that are required to realize the continuous growth of profits and improvement of corporate value, and achieve our vision. We will also make investments related to maintaining and renewing plant facilities and improving productivity to ensure competitiveness by maintaining the structure and quality as a manufacturing company. As a next step, we consider the level of dividends based on the profit and capital plans and performance.

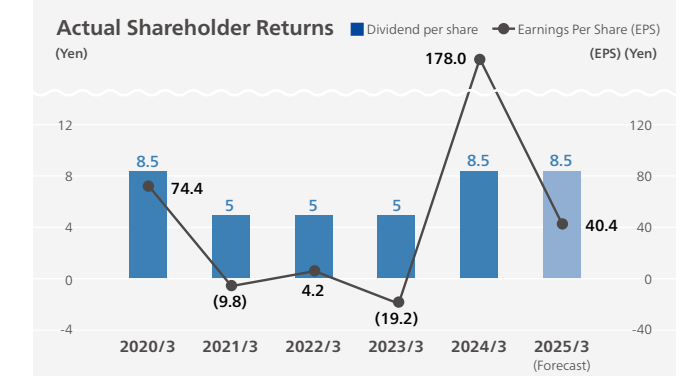
We are aiming to build a positive cycle of making R&D and capital investments and re-investing the cash generated to achieve continuous growth of the Company.



### Shareholder Returns

Based on the recognition that stable and continuous dividends is an important management issue, the LECIP Group comprehensively considers factors such as business performance, financial structure, and securing a certain amount of internal reserves for future growth.

Based on this, we have decided on a dividend of ¥8.5 in fiscal 2023, +¥3.5 from fiscal 2022. In fiscal 2024, we plan on a dividend of ¥8.5 yen. We will continue to stably return profit to our shareholders.





# Business Overview

## Transportation Equipment Business

We have been growing by expanding our business into the railway and automobile markets by utilizing the know-how cultivated as a supplier of in-vehicle equipment and systems in the bus market. LECIP is a comprehensive manufacturer of electrical mechanisms for use on buses and railways. We enhance passenger convenience by providing tangible and intangible support for products and services used in the operation of public transportation.

Aiming to create a business comprising not merely conventional products, but also what we call PRODUCTS + SERVICES, we provide solutions to the issues faced by individual business operators. In this way, we contribute to the realization of sustainable transportation systems, as well as safe and secure urban development.



### Business Environment/Risks

- Decrease in demand due to consolidation of regional transportation reflecting the declining population
- Fewer people using public transportation—due to lifestyle changes
- Intensifying domestic price competition
- Changes in capital investment policies for public transport according to changes in governmental policies

### Business Environment/Opportunities

- Increased demand for capital investment due to the issuance of new banknotes
- Increased demand due to recovery of flow of people and increase in inbound demand
- Increased demand for transition to cashless transactions
- Increased investment for streamlining operations and promoting driver-less vehicles
- Increased public support for maintaining and revitalizing public transportation

### FY2023 Results

#### Bus market

- Recovery of trend of capital investments by bus operators due to the increase in transportation demand.
- Increase in the sales of modification of fareboxes and software revision due to the issuance of new banknotes

#### Railway market

- LED lighting for railcars in the U.S. maintain its sales level
- Increase in the sales of modification of fareboxes and software revision due to the issuance of new banknotes

#### Automobile market

- Increase in sales of LED lighting for automobiles

### Strengths (competitive advantages)

#### As a comprehensive supplier of electrical equipment for buses

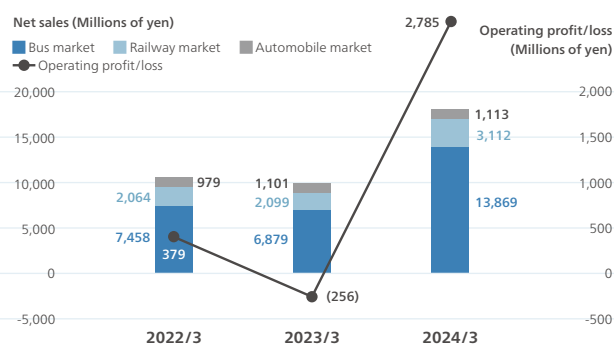
- Wide range of systematically linked products for buses
- Direct sales system through sales offices around Japan
- Development of in-house systems utilizing our expertise in fares and operational data

#### Track record and having a high share in the one-person (driver-only) operation in the railway market

- Track record in the railway industry where reliability is required
- Sales activities that leverage sales channels with high shares and track record

#### Having expertise in development to meet overseas specifications

- Know-how in exporting railway infrastructure abroad
- Track record in the AFC market in the U.S. (Only company that has entered in Japan)
- Developmental framework with a global perspective



### Strategy Toward Realizing the New Medium-term Management Plan

#### Bus market

- Maintain top share and make product proposals as a top supplier
- Offer location information and other data utilization services
- Expand new services under the theme of tourism DX

#### Railway market

- Expand into markets other than the one-person (driver-only) market (train market)
- Horizontal expansion of passenger information system utilizing the know-how in the bus market

#### Automobile market

- Continue being selected as genuine products by strengthening relationships with vehicle manufacturers
- Strengthen sales of display-related products for specially equipped vehicles

#### Overseas market

- Build and enhance production, procurement, and support systems for a stable delivery
- Continuously acquire new projects and expand sales channels
- Enhance product lineup according to market needs and cultivate new needs

### Progress of strategies

#### Acquired a large AFC project in the U.S.

We were able to receive a large project thanks to the introduction of the AFC project in California in 2023 receiving high praise.

We are anticipating the introduction of more than approximately 2,000 units for bus operators in the states of Oregon and Texas, and their sales to be included in 2025. Starting with this project, we will strengthen our personnel system for the business in the United States with the aim of making stable delivery for the projects that we have already received as well as receiving more projects.

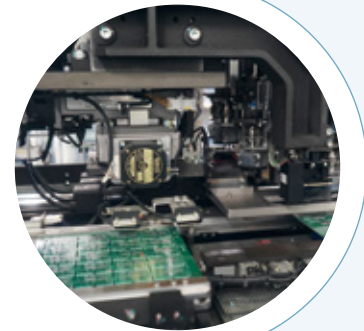


North County Transit District (California)

## Industrial Equipment Business

Based on inverter technology, we provide industrial power supply-related equipment and chargers for industrial vehicles (such as forklifts). Additionally, our subsidiary LECIP ELECTRONICS CORPORATION performs printed circuit board assembly for a wide range of industries, including automotive electrical components and industrial equipment.

As the momentum for electrification grows across all industries in pursuit of a carbon-neutral society, we are leveraging our accumulated charging and energy storage technologies to contribute to the realization of a sustainable society. We aim to achieve this by developing and providing products and services that promote decarbonization and efficient energy utilization.



### Business Environment/Risks

- Rise in purchase price of iron, copper, and other metals
- Intensifying price competition with overseas manufacturers
- Replacement of lead-acid batteries with lithium-ion batteries
- Emergence of new technologies and standards

### Business Environment/Opportunities

- Growing need for electrification to achieve carbon neutrality
- Growth of the logistics market accompanying the increase in shipment and steady demand for forklifts
- Increase in the demand for wireless charging due to growth of AGV/AMR (autonomous mobile robot)
- On-shoring of production bases in Japan

### FY2023 Results

#### Power supply solution market

- Steady trend of sales of rechargers for forklifts due to a booming logistics market
- Result of price negotiations based on the increase in material prices contributing to the increase in profits

#### Eco-lighting and high-voltage solutions market

- Growth in the sales of transformers for combustion equipment and electronic neon transformers

#### EMS market

- Increase in sales of circuit board mounting for industrial equipment

### Strengths (competitive advantages)

#### Major market share in forklift battery rechargers

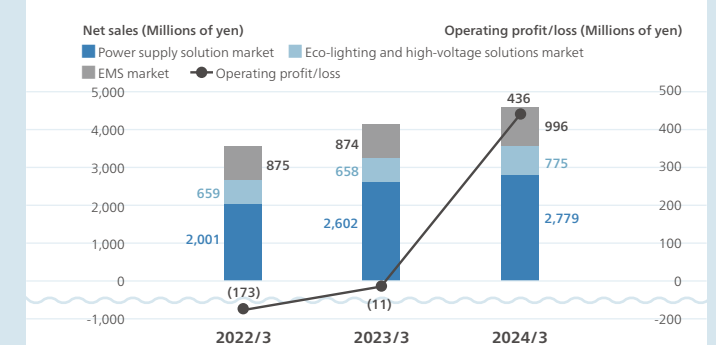
- Sales activities leveraging name recognition and sales channels in the Japanese market

#### Power conversion technology

- Charging (inverter) and power storage technologies
- High safety and durability based on dustproofing and waterproofing technologies

#### Expertise in automotive product development and production

- High-quality and highly reliable board mounting capabilities cultivated in the onboard equipment market
- Production bases that utilize the benefits of being located near industrial clusters



### Strategy Toward Realizing the New Medium-term Management Plan

#### Power supply solution market

- Expand sales into the logistics market (for AGV/AMR)
- Expand products into growth markets as recharging systems (logistics, EV buses, etc.)
- Improve costs by reviewing the supply chain

#### EMS market

- Increase in sales of in-vehicle equipment and improvement of productivity
- Development of new business partners (semiconductor manufacturing equipment, robots, etc.)
- Set up an integrated system for receiving orders, to include procurement and design

### Progress of strategies

#### Construction of new plants at LECIP ELECTRONICS

Construction of a new plant for mounting printed circuit boards to respond to the increase of orders due to the increase in electronic parts coinciding with the advancement in the electrification of automobiles. We plan for the construction to be complete in October 2024 and the operation to start in January 2025. With the new plant starting operation, we aim to increase the production capability by 1.5 times. A one-stop production system for in-vehicle products will be built in the new plant as well as aim to increase sales by cultivating new business partners.



Image of the plant

## New philosophy 1Value 4Stance

### Becoming an organization where all employees act autonomously and grow together with the organization to realize VISION2030

Hiroko Mitsui  
LECIP HOLDINGS CORPORATION  
Senior Managing Director

#### Organizational Reform Focused on Realizing VISION2030

To achieve the Long-term Vision “VISION2030”, the LECIP Group needs to capitalize their strengths to its maximum and further evolve. Strengths of the LECIP Group are the ability to materialize customer needs and approach to see it through to the end. Although we worked hard on matters originating from customer requests, we did not have a corporate culture of pointing out the issues and proposing their solutions. As stated in the VISION2030, we recognize that we need to create a new corporate culture utilizing the strengths we cultivated so far to expand our roles for the customers and society and become a company that provides new values for PRODUCTS + SERVICES.

The VISION2030 formulated in 2021 recognizes the importance of clarifying how we should grow going forward and what kind of targets we should achieve from the perspective of employees and co-created our vision through repeated cross-departmental discussions led by department heads. Over the following three years, we continued to discuss what to aim for and what actions to take to achieve the long-term vision from individual perspectives at workshops participated by all employees and formulated the new philosophy of the LECIP Group in December 2023. Through these processes, we determined to cultivate a culture in which all employees have a sense of ownership, think for themselves, and autonomously act. We have also strengthened coordination between departments by introducing a business unit (BU) as a cross-departmental organization to create an environment where members can

actively express their opinions.

The numerical targets of the long-term vision cannot be achieved just by being conservative. It is indispensable for us to make proposals and create new businesses to achieve the targets. It is also necessary for all employees to take on new challenges to continuously provide value in addition to our conventional style of business which ends after selling to realize a stable management.

To that end, we needed to incorporate a new approach that everyone can think autonomously and relate to. We believe that each employee having a sense of ownership and paving the way toward the future by themselves will lead to enriching their lives, and become a source of LECIP's further growth.

#### The Vision for LECIP Group's New Philosophy : The Aspiration Behind '1Value 4Stance'

The philosophy of “1 Value and 4 Stances” that we formulated is a vision for employees of LECIP to become to achieve our long-term vision as well as the values LECIP provides to its customers and society.

For “1 Value”, which expresses the value of LECIP, we positioned “Take Ownership & Initiative”. This expresses that all employees engage in their work with a sense of ownership. We believe autonomy and a sense of responsibility are important aspects of ownership. Autonomy is a motivation that inherently courses through within you, and responsibility is the will to better the themes introduced from outside that you deem important. As our employees already have a sense of responsibility that



#### Formulation of new philosophy “1 Value 4 Stances”

##### LECIP Value

##### Take Ownership & Initiative

Step forward with a sense of ownership

##### Our Stance

##### Customer Success

Identify Fundamentals through Customer Success as an Origin

##### Data Driven

Correctly understand facts based on data

##### Trust & Open mind

Heighten each other with an open mind

##### Fail Fast

Make failures lead to successes

they are supporting the social infrastructure, we hope to increase the sense of responsibility throughout the Company by each team having clear targets toward achieving the long-term vision and widening our perspective. In regards to autonomy, we believe it was suppressed to an extent under a conventional business structure that focused on products which was a top-down structure for efficient management. We will create a system that enables more autonomy and further increases the sense of responsibility by collecting various ideas and know-how from within the Company and putting them into action to create value.

For “4 Stances”, which expresses attitudes of each employee, we positioned “Customer Success”, “Data Driven”, “Trust & Open Mind”, and “Fail Fast”. It encompasses the aspects required for “1 Value”, or having a sense of ownership.

The philosophy of “1 Value 4 Stances” is not just a slogan. It is a guiding principle for the everyday work of every employee that nurtures a culture to think and act autonomously, which we aim to make our strength going forward.

##### Take Ownership & Initiative:

Autonomously address various issues in the changing society and the environment by widening and raising the perspective through their themes in their operations and career with the “perseverance” and “customer-oriented mindset” that LECIP has cultivated over the years as foundations.

##### Customer Success:

The LECIP Group needs to actively propose new values that originate from customer success.

##### Data Driven:

We will respond to changes by correctly understanding the facts based on data and not by intuitions.

##### Trust & Open Mind:

We will increase teamwork within and outside the Company by having a flexible mindset to incorporate things that we currently do not have.

##### Fail Fast:

Challenge new things without being afraid to fail and engage things through trial and error.

Furthermore, we will link this new value with the human resources system reformed in April 2024. We will position “1 Value 4 Stances” as a standard for the new expected actions under the human resources system, and support the challenges of each employee and introduce a system that appropriately evaluates the results. (Please see page 27 for details)

#### Becoming an Organization that Grows Together

We hope to become an organization where all its employees have a high sense of ownership for their role, realize an environment that contributes to the autonomous growth of the employees and development of the organization, and constantly pursue innovation. We will realize sustainable growth by not only pursuing profit for the Company but also by solving social issues through all employees working as one with a mindset of taking on new challenges. In addition, we aim to achieve VISION2030 through each employee having pride as a member of LECIP and striving to grow as an individual and as an organization. Through these, we will build an organization in which all employees act autonomously and grow together with the employees.



# Human Resources Strategy

## Approach Toward Human Capital Management

Our Group recognizes human resources as important intangible assets required to achieve the continuous growth of a company. Thus, we build an environment and offer growth opportunities based on individual career vision to enable all human resources to exert their full potential.

To achieve the VISION2030, we overhauled the human resources system to align with the human resources vision (1 Value 4 Stances) in 2024. We have worked to enable diverse human resources to advance in the same vector based on a common corporate culture and values.

We will continue to implement a personnel policy of continuously securing the quality and quantity of human resources required to promote the business strategy focusing on the business units of AFC, TMS, and EMS.



Materiality in human resources	Item	Initiatives in the previous Medium-term Business Plan (fiscal 2021 to 2023)	Initiatives in the current Medium-term Business Plan (fiscal 2024 to 2026)
Supply human resources required by business units	Human resource recruitment	<ul style="list-style-type: none"> <li>Strengthen recruitment activities by capitalizing on new employee training and other strengths</li> <li>Create a system for alumni activities, employee referral program, and other activities based on the concept of a human resource ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen recruitment marketing for selecting and being selected</li> </ul>
	Human resource development	<ul style="list-style-type: none"> <li>Offer opportunities for re-skilling and autonomous learning to improve skills necessary to execute strategies</li> </ul>	<ul style="list-style-type: none"> <li>Human resource portfolio and operation of succession plan for continuous growth</li> <li>Build a system for autonomous careers and strengthen training</li> </ul>
	Maintain human resources	<ul style="list-style-type: none"> <li>Create new allowance for employees with special IT skills</li> </ul>	
Nurture organizational culture that develop human resources with a sense of ownership (= building proposal-type organization)	—	<ul style="list-style-type: none"> <li>Clarify human resources vision and expected actions through the philosophy and human resources system revision</li> <li>Accumulate knowhow by conducting engagement surveys</li> </ul>	<ul style="list-style-type: none"> <li>Disseminate new VALUE and expected actions by policy sharing activity and operation of the new personnel system</li> <li>Continuously improve values based on the results of the engagement surveys Strengthen manager training as its key</li> </ul>
Create a workplace where employees can continue working	—	<ul style="list-style-type: none"> <li>Implement measures focusing on balancing work and childcare</li> <li>Improve the ratio of male employees taking childcare leaves</li> <li>Support flexible work styles</li> </ul>	<ul style="list-style-type: none"> <li>Define and implement well-being in the Company</li> </ul>

## Introduction of a new personnel system

### Background and concept in introducing a new personnel system

We are challenging to enter new business areas to achieve the long-term Vision “VISION2030”. In doing so, reforming from a conventional customer-oriented organization to an organization that makes proposals. The changes made to the human resources system are to reform the organizational culture for realizing the Vision.

We mostly focused on two aspects of changing the human resources system. First is clarifying what proposal type-actions are and defining what expected actions are, and second is to make the new philosophy (1 Value 4 Stances) consistent. For example, the first step of expected actions is to have a deep understanding of users and their surrounding environment. As a manufacturer, we tend to prioritize seeds that we have but doing so is not proposals that truly align with customer needs. To accelerate the cycle of making proposals, we included a step to contact customers at an early stage and receive their response based on the new value of not being afraid to fail (fail fast).

We have also clarified individual roles that were unclear before. Especially in terms of managers, we renewed types of positions and levels and clarified the roles by position.

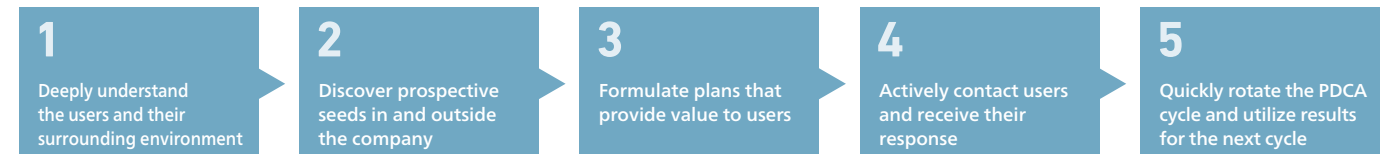
We focused on clarifying expected actions and expected roles to each employee as described above for this change in the human resources system.



### Gist of human resources system reform

Level system	Evaluation system	Wage system
We have set the content of the responsibility for managerial positions and expected roles for general (non-managerial) positions as a focus of their positions and clarified what is expected by position. We have implemented a multi-path human resources system by establishing a course for specialists, etc.	We created a system that evaluates results and actions that lead to results. We changed the evaluation method for managers and non-managers to provide feedback on the state of employees' performance and actions and stimulate their growth.	We have made a system that clearly differentiates treatment based on the content of work and expected roles and accurately compensates based on results (evaluations). To ensure competitive recruitment, we have raised the wage base of young employees.

### Five steps of expected actions



## The slogan for the human resources system change “Three ‘Makes’”

make <u>difference</u> Bring change	<ul style="list-style-type: none"> <li>Clarify expected actions for reforming the customer-oriented organization to making proposals.</li> <li>Clarify individual roles and targets based on their roles.</li> <li>Differentiate remuneration based on the role, difficulty, and result.</li> </ul>
make <u>sense</u> Sink in	<ul style="list-style-type: none"> <li>A system that can be explained thoroughly from strategy, vision for human resources, and expected actions, to system design with logic.</li> <li>A system that is fair for everyone and makes them hopeful.</li> <li>Increase transparency by making the human resources system public as much as possible.</li> </ul>
make <u>a new culture</u> Create new culture	<ul style="list-style-type: none"> <li>Nurture a corporate culture that is not afraid to fail by disseminating the expected actions.</li> <li>Prepare multiple career paths to enable employees to design their careers autonomously.</li> <li>Create a culture that respects each other and accepts the choices each employee makes.</li> </ul>

## Strategy

### Recruitment/Training

We are diversifying the recruitment channels to secure the quality and quantity of human resources required by the business units.

In regard to new graduate recruitment, we coordinate with universities, conduct early internships, and implement other measures to improve recognition among students from an early stage. We also describe the career path after joining the Company as much as possible during the selection stage to increase their desire to join the Company as well as prevent early turnover. Furthermore, as our characteristic, we implement six months of new employee training after joining, during which

we offer a wide range of training from training for new members of society to specialized training in corporation with various external agencies. By utilizing this thorough new employee training in new graduate recruitment, we ensure the acquisition of talented students.

In regards to mid-career recruitment, we strive to acquire talented human resources by strengthening recruitment marketing as well as securing a wide range of channels, such as employee referral and alumni. Of note, we are actively recruiting mid-careers with rich experience in overseas business in anticipation of future expansion of the overseas business.

#### New Employee Training

In our new employee training, the new employees learn the content of our business and the roles of each organization by mid-April. A temporary assignment is determined based on an assignment interview in late April. From May to September, OJT at the temporary assignment and specialized training led by the Personnel Department are conducted in parallel while also creating a prototype of a new product that incorporates ideas of new employees in teams called "Manufacturing Training".

In addition to students who majored in mechanical and electrical engineering and IT, many students who majored in humanities and other majors join the Company every year, but they acquire useful skills in actual work in the six months of training.

	April	May	June	July	August	September
Company entrance orientation						
Determination of temporary assignment	●					
OJT at temporary assignment						
Specialized training						
Manufacturing training						
Presentation on manufacturing						●

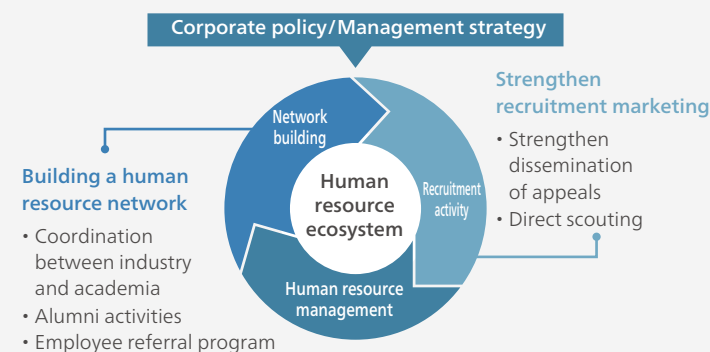
My name is Miyabe, and I am in charge of new employee training. I have been in charge of new employee training for over ten years now. Recruits learn the importance of cooperating with a manufacturer in conjunction with manufacturing training and improving their skills. As a recent initiative, we prepare a training curriculum based on individual skill levels from the group training stage. Seeing the growth of the 20 or so young employees who join every year motivates me in my work.



Kenji Miyabe Human resources Department

#### Career Recruitment

We are actively recruiting mid-careers and approximately 75% of the employees are mid-career hires. In addition, the re-joining of former employees is increasing, and they are welcomed as immediate assets. The Company is also supporting the re-joining through the alumni activities. Furthermore, the number of recruits through the employee referral program is increasing and seven recruits entered the Company in the previous fiscal year.



Alumni activities

### Human resource development

In addition to increasing the base level of experiences and skills required for proposal-type organization, we are also engaged in human resource development to improve specific skills required to execute our business strategy.

To achieve the targets for 2030 set in VISION2030, we need to reform from a customer-oriented business model to a model that originates from customers that develop new products and services based on the market and customer feedback. To that end, the Business Development Center,

which has a mission to create new businesses, offers opportunities for growth for young employees by actively assigning them and allowing them to learn many things through actual work as well as implement training on marketing and other matters in existing businesses. In the field of technology, we are also striving to offer opportunities for growth by planned job rotations as well as promoting the acquisition of certifications to develop and secure human resources that can design IT architecture.

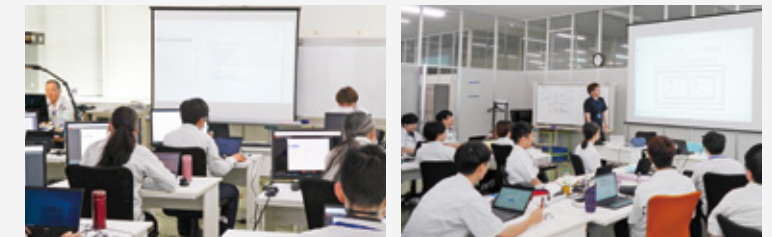
#### Develop and Secure IT Human Resources

We are promoting the development of necessary IT human resources that are required to execute our business strategy. We are especially focusing on improving the skills of IT architecture design that convert customer needs to products and services, and conduct training by inviting external lecturers for re-skilling training and using our services as educational material. In addition, we provide an allowance for IT Architect Allowance based on skill level and results to increase the motivation to acquire new skills and maintain human resources.

Furthermore, we also conduct a wide range of training for low literacy levels to highly specialized training, such as lectures on embedding technologies for servers and networks and programming courses for employees of related departments. The relationships built with various training agencies through new employee training are also utilized in the re-skilling courses.

##### IT Architect Allowance

Target	All full-time employees excluding managers
Criteria for judging	Generation of results x Skills x Designated certifications
Allowance	¥10,000 to ¥100,000 per month based on Levels 1 to 4



Reskilling

		Indicators and targets	Fiscal 2022	Fiscal 2023	Target for 2025
Supply human resources required by business units	Human resource recruitment	Number of recruits*	21	22	Not set
		Number of mid-career recruits	47	42	Not set
	Human resource development	Number of participants in in-house re-skilling courses	17	125	50 people or more
		Online course self-learning rate	25%	30%	50% or more
	Maintain human resources	Certified IT architects (non-managers)	6	9	15 people or more
Nurture organizational culture that develop human resources with a sense of ownership	Employees engaged in overseas business		45	61	Not set
	* Indicators are undetermined		-	-	-
Create a workplace where employees can continue working	Post-childcare leave return rate		100%	100%	100%
	Men taking childcare leave		11%	67%	100%
	Percentage of paid leave taken		75%	69%	75% or more

\* Number of recruits are those that joined the company in April of the following fiscal year

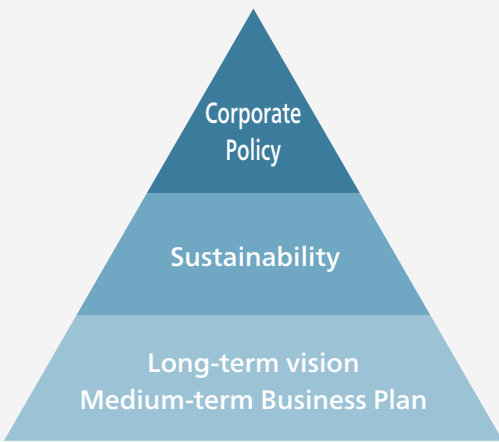


# Sustainability Management

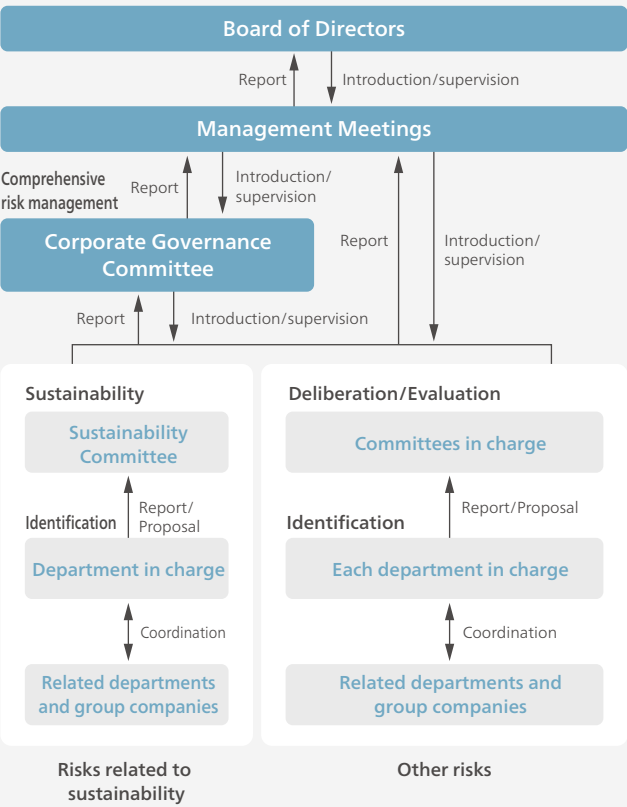
## LECIP Group’s Materiality

The LECIP Group has identified material issues and combined business strategies with sustainability issues and targets in an effort to improve corporate value and help realize a sustainable society based on its corporate policy.

Based on these material issues, we will develop business based on our long-term vision and mid-term business plan, in an effort to help resolve societal issues by leveraging our strengths to create new value.



## Promoting Sustainability

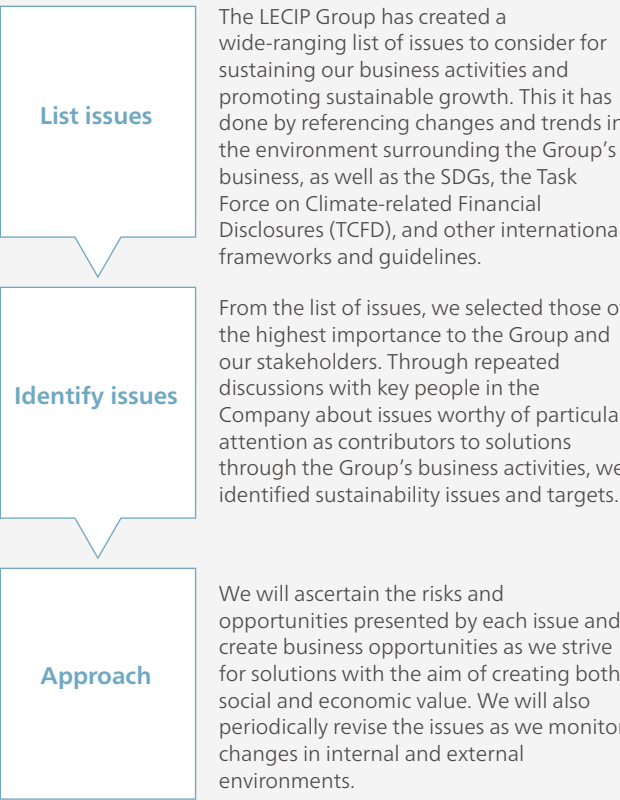


In April 2022, the LECIP Group established a Sustainability Committee chaired by an executive officer to strengthen its sustainability promotion across the Group and to implement initiatives. Members from all Group companies take part in committee meetings—held as required—at which specific activities are discussed and decided. The discussions focus on sustainability-related risks and opportunities considered important for the Group. When it comes to major projects, the Sustainability Committee submits any significant findings to the Management Meetings and the Board of Directors, which incorporate them into management policies and decision-making.



## Identifying Material Issues

The Group implements the following process to identify and then analyze which material issues to tackle. The list of issues is revised as necessary.




### Process of identifying material issues






## Sustainability Issues and Targets (Material Issues)

Material Issues	Targets	Relevant SDGs
<ul style="list-style-type: none"> <li>• Improve convenience of public transportation</li> <li>• Promote transition to cashless transactions</li> <li>• Help cut crewmember workloads</li> </ul>	<ul style="list-style-type: none"> <li>• Expand bus location system lineup</li> <li>• Develop New Cashless ticketing system</li> <li>• Enhance functions; expand adoption of bus crewmember support system</li> <li>• Expand language support for information systems and bus crewmember support systems for users</li> <li>• Visualize route bus income data, etc.</li> </ul>	 




## Contribute to the achievement of a decarbonized society

<ul style="list-style-type: none"> <li>• Develop energy management system business</li> <li>• Promote use of renewable energy</li> <li>• Lower product size/weight/CO<sub>2</sub></li> <li>• Reduce greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Develop new products utilizing storage and charging technologies</li> <li>• Invest in in-house solar power generation facilities; convert company-owned vehicles to EVs</li> <li>• Design products that reduce environmental burdens</li> <li>• Reduce energy consumption by improving productivity</li> <li>• Reduce emissions by cooperating with suppliers (Scope 1 and 2)</li> </ul>	  
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## Sustainable manufacturing

<ul style="list-style-type: none"> <li>• Reduce environment-damaging substances</li> <li>• Improve product quality</li> <li>• Establish relationships with suppliers</li> <li>• Coexist with local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Develop products based on environmental design guidelines</li> <li>• Use quality management systems to provide reliable products</li> <li>• Promote and realize green procurement guidelines</li> <li>• Interact with local residents for mutual understanding</li> </ul>	  
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## Secure and develop human resources that support corporate growth

<ul style="list-style-type: none"> <li>• Supply human resources required by business units</li> <li>• Human resources development to reform into a customer-oriented organizationHuman resource development</li> <li>• Improve employee engagement</li> <li>• Create a workplace where employees can continue working</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen recruitment marketing for selecting and being selected</li> <li>• Operate human resource portfolio and succession plan</li> <li>• Disseminate the 1 Value 4 Stances and expected actions</li> <li>• Continuously improve values based on the results of the engagement surveys</li> <li>• Define and implement well-being in the Company</li> </ul>	  
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## Build a system to ensure high corporate ethics

<ul style="list-style-type: none"> <li>• Fair and honest business activities</li> <li>• Strengthen corporate governance based on the Corporate Governance Code</li> <li>• Enhance information security</li> </ul>	<ul style="list-style-type: none"> <li>• Establish rules and improve awareness of compliance</li> <li>• Respond to revisions of the Corporate Governance Code</li> <li>• Upgrade information security management systems (ISMSs)</li> </ul>	
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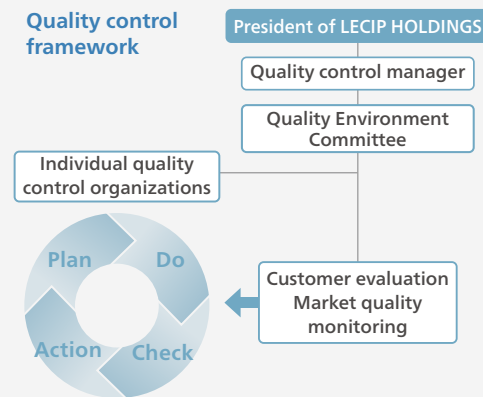
## Stakeholder Relations

### Customer Relations

#### Quality policy

We will constantly challenge to make reforms to ensure product and service quality expected by customers from a customer perspective.

The LECIP Group has built and operates a quality environment system to improve and maintain quality. In doing so, we especially listen to the valuable feedback and requests from customers and are actively implementing them in the products and services we develop.



### Relations with Business Partners

#### Basic policy

We will enhance our communication with our business partners and implement activities to improve quality, realize carbon neutrality, and reduce environment-damaging substances.

The LECIP Group will continue its activities to achieve QCDSE (Quality, Cost, Delivery, Safety, and Environment) while coordinating not only within the Company but with our business partners and achieving the realization of a sustainable society and environment.

### Respect for human rights

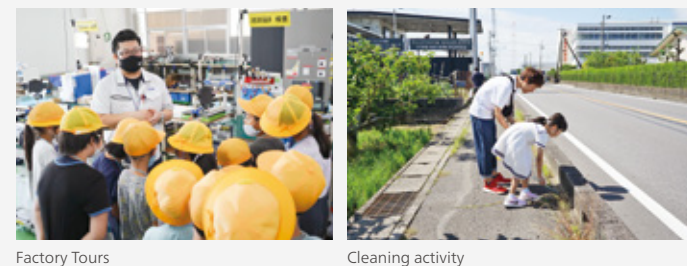
In the LECIP Group Charter of Conduct, we established an item addressing respect for human rights in the supply chain with a recognition of our social responsibility as a global company. We are striving to encourage the improvement of the working environment in the supply chain as well as conducting necessary training in the Company.

#### Excerpt of the LECIP Group Charter of Conduct (respect for human rights)

Conduct management that respects the human rights of everyone. We do not tolerate forced labor, child labor, or allow young workers to engage in operations that may be harmful to their health or safety.

### Community relations

As a member of the communities in which we operate, we promote partnerships and offer support. This involves factory tours; providing work experience placements for neighboring children and students; engaging in environmental conservation; cleaning activities in areas neighboring the plants, interacting with community members, and more.



Factory Tours

Cleaning activity

### Dialogue with shareholders

We believe that it is important to engage in constructive dialogue with shareholders and investors to increase corporate value over the medium to long term. We will continue striving to disclose the appropriate information required to make decisions on investments and enhance information disclosure to increase their understanding. In fiscal 2023, we held results briefings twice, issued shareholder reports twice, issued an integrated report, and held individual meetings with institutional investors.

#### Disclosure policy

##### Information Disclosure Standards

We disclose information as required by the Companies Act, the Financial Instruments and Exchange Act, and the timely disclosure rules stipulated by stock exchanges. In addition, even if the information does not fall under the timely disclosure rules, we provide information that leads to a deeper understanding of our Company and ensures transparency.

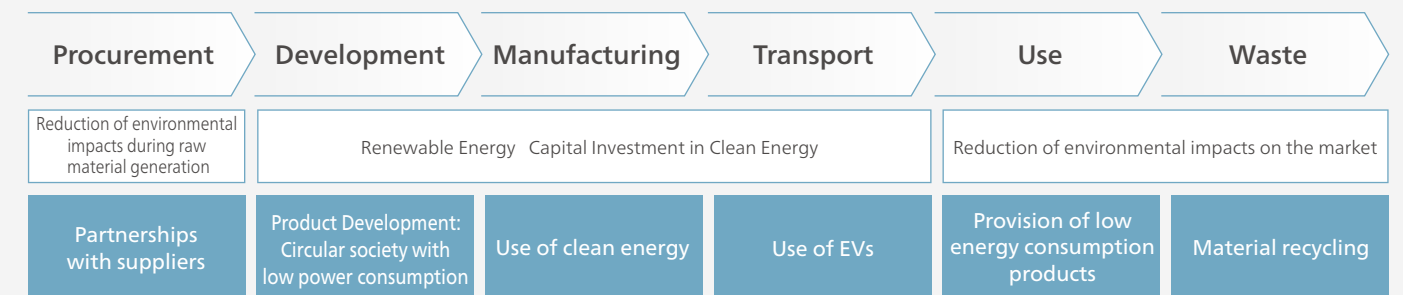
## Environmental Initiatives

### LECIP Group's Environmental Vision

The LECIP Group will provide appealing products and services that consider the environment to realize a sustainable society.



We will promote business activities that consider the environment during each process.



The LECIP Group is conducting activities that consider the environment through the entire life cycle process. In the upstream, we will enhance partnerships with suppliers, cooperate in promoting carbon neutrality of the suppliers, and promote the transition to materials with lower CO<sub>2</sub> emissions and materials with reduced environment-damaging substances.

In product development, we are promoting the development of products that use materials with lower CO<sub>2</sub> emissions, use of materials with reduced environment-damaging substances, and products with lower power consumption to reduce CO<sub>2</sub> emissions in the downstream. We are also promoting design that considers active use of recycled materials and a structure that is easy to recycle.

In production activities, we are promoting the installation

of photovoltaic panels in offices to replace 30% of the electricity used in production activities with electricity generated by photovoltaic panels by fiscal 2030.

Furthermore, we are aiming to achieve zero CO<sub>2</sub> emissions from business activities by introducing next-generation clean energy and purchasing clean energy.

In business activities and product transport, we are promoting switching company cars to EVs to achieve zero combustible fuel use as well as transitioning to a transport system that corresponds to the reforms in the logistics industry.

Through these activities, we aim to achieve zero CO<sub>2</sub> emissions in the entire supply chain and life cycle while also engaging in conserving the global environment by supplying products with a lower environmental impact.

### Sustainability activities during the Medium-term Business Plan RT2026

#### Product development



The LECIP Group will promote the reduction of environmental impact on its product development.

- Reducing energy consumption of products
- Product design that enables recycling
- Active use of recycled materials
- Eliminate the use of environmentally hazardous substances

#### Production and business activities



The LECIP Group will make active capital investments to realize carbon neutrality.

- Scope1: Reduce fuel combustion through the introduction of EVs
- Scope2: Plan to install rooftop solar panels in the new No. 1 Plant

We are aiming for a renewable energy rate of 12.3%.

#### Partnerships



The LECIP Group is actively working to disclose information and enhance its communication.

- Implementation of environmental impact evaluation, auditing, and disclosure
- Active participation in biodiversity conservation activities rooted in the community



# Toward Carbon Neutrality

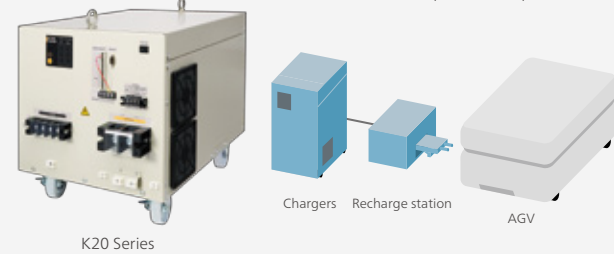
The LECIP Group is promoting the planned reduction of fuel usage and expansion of renewable energy use to achieve carbon neutrality by fiscal 2050.

## Examples of activities conducted in FY2023 and FY2024

### Development of low energy consumption products

- **K20 Series with vastly lower standby power**  
[Start of Sales in FY2024]

Reduction of standby power consumption by **approximately 70%**  
Compared to the previous K29 Series



We are promoting the development of products with reduced CO<sub>2</sub> emissions during customer use

### Switch modes of transport and travel to environmentally considerate vehicles (EVs, HVs)

- **Replaced six gasoline-fueled vehicles with three EVs and three HVs** [FY2023 Results]
- **Introduction of rapid chargers for future shift to EVs**

Amount of annual CO<sub>2</sub> emissions after switching six vehicles with EVs and HVs **Reduction of 9 t-CO<sub>2</sub>**



EVs introduced

### Addition of photovoltaic panels

- **Introduction of solar carports** [FY2023]  
Install solar carport with 267.52kW panels inside the head office

Total renewable energy generation of 320Mwh/year is expected

Amount of CO<sub>2</sub> emission reductions **Reduction of 145 t-CO<sub>2</sub>**



East parking lot of Gifu Head Office



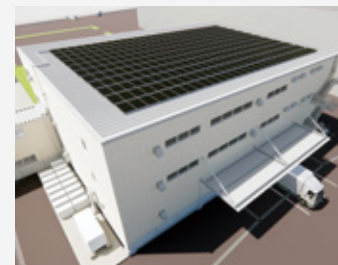
Central parking lot of Gifu Head Office

- **Addition of photovoltaic panels** [FY2024 Plan]  
Added 127.8kW panels on the roof of the No. 1 Plant (under construction)

Total renewable energy generation of 150MWh/year is expected

Amount of CO<sub>2</sub> emission reductions

**Reduction of 70 t-CO<sub>2</sub>**



Conceptual drawing at completion

### Expected effects of the initiatives by FY2024

- Amount of renewable energy generated: 610MWh/year

➡ **Amount of CO<sub>2</sub> emission reductions: Reduction of 280t-CO<sub>2</sub>**

### Further activities toward achieving the fiscal 2030 target

- We are considering the introduction of additional photovoltaic panels
- We are discussing the introduction of a power storage system for the effective use of energy generated by solar power generation
- We are beginning to consider the introduction of next-generation clean energy facilities
- We will transfer to an energy-saving facility

## Disclosure of information related to climate change based on the TCFD Recommendations

The LECIP Group made its endorsement of the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations public in October 2021. We will continue to promote the disclosure of the following four items.

### Governance

- As an auditing system by the Board of Directors, the Board receives a report on the issues and responses related to climate change discussed at important committees at least once a year at the Management Meetings, which are discussed and deliberated in the Board of Directors meetings.
- Establishment of the Sustainability Committee chaired by a director. Share and discuss measures to address business risks and opportunities related to climate change and other issues as well as consideration and determination of policy on corporate information disclosure and management of its progress.
- Establishment of the Quality Environment Committee chaired by the Executive Officer responsible for quality. We are promoting the maintenance and management of quality and environment and solving quality and environmental issues related to the Group.

### Strategies

- We have set 2030 as a target year for analyzing the transportation equipment and industrial equipment businesses in the Group companies in Japan and evaluating the impacts of climate change on business activities to categorize the impacts on business activities.
- In the transportation equipment business, while the number of automobiles produced is declining due to the tightening of the regulations on car ownership, the use of public transportation is promoted, and its convenience is in demand. In the industrial equipment business, we recognized that the increase in the demand for making products more energy efficient and highly efficient power conversion due to the rising need for electrification are opportunities.
- We recognize that the rise in material and resource costs, suspension of plant operations due to disasters, and other issues are risks for the entire business that need to be addressed.
- Address these opportunities and risks through business strategies in the Medium-term Business Plan and long-term vision.

Risk and Opportunity		Impact
Risks	Changes in policy/laws and regulations	<ul style="list-style-type: none"> <li>• Introduction of carbon taxes will cause rise in procurement (e.g., of raw materials) and distribution costs</li> <li>• Clients' capital investments will slow as fuel prices rise and ownership of fossil fuel-using vehicles is increasingly restricted</li> <li>• Purchases of green electricity will drive up energy procurement costs</li> </ul>
	Ever-changing client behavior	<ul style="list-style-type: none"> <li>• Changes in clients' environmental awareness will cause rise in demand for eco-friendly (energy- and resource-saving) products; delayed responses will result in lost opportunities</li> </ul>
	Intensification of extreme weather events	<ul style="list-style-type: none"> <li>• Distribution network disruptions will compromise procurement and production capacity</li> <li>• Extreme weather events will cause factory shutdowns</li> </ul>
Opportunities	Promotion of electrification	<ul style="list-style-type: none"> <li>• The ongoing electrification of automobiles and industrial vehicles (forklifts, AGVs) will prompt the replacement of existing products and expand business opportunities for EV-related products</li> <li>• Demand for better energy-efficient rechargers will rise, the need for more efficient operation will grow</li> </ul>
	Promotion of public transportation	<ul style="list-style-type: none"> <li>• Increasing ridership rooted in the promotion of public transportation will drive up capital investment</li> <li>• MaaS-related business opportunities will expand</li> <li>• Public funds will be used to maintain/enhance public transportation networks</li> <li>• The need for efficient public transportation (cashless transactions, reduced operation and managementworkloads) will increase</li> </ul>

Note: Scenario analysis based on information from the International Energy Agency, the Intergovernmental Panel on Climate Change, and other sources.

### Risk management

- The department in charge of items related to climate change coordinates with related departments in the Company and Group companies to grasp the situation and makes reports and proposals at the Sustainability Committee and other important committees in the Company.
- Identified risks and opportunities are reported to the Board of Directors at the Management Meetings. (Once a year or more)
- The Sustainability Committee and other important committees make reports and proposals to the Corporate Governance Committee as necessary.
- The Board of Directors receives reports on the state of comprehensive risk management and response, including for climate change, from the Sustainability Committee and other important committees in the Company.

### Indicators and targets

- Set a reduction target for FY2030 as a milestone for realizing carbon neutrality by FY2050.
- Reduction of Scope 1 and 2 emissions by FY2030.

# Corporate Governance

## Basic Approach to Corporate Governance

The LECIP Group recognizes that our priority management issues are to respect the interests of our customers, shareholders, and all other stakeholders, as well as to enhance corporate governance. To do so, the Group must provide society with products and services that help members of society enjoy a comfortable daily life through energy conservation, environmental mitigation, and improved security. Our initiatives are based on the five basic policies listed below. We use the holding company format and make every effort to strengthen Group-wide governance by managing and supervising member companies in addition to providing guidance in line with Group management strategies.

## Basic Policies of Corporate Governance

### (1) Ensure shareholder rights and equality

We will ensure the substantial rights and substantive equality of all shareholders in part by creating a proper environment for exercising those rights at the General Meeting of Shareholders.

### (2) Cooperate with stakeholders

We will achieve sustainable growth and create medium- to long-term corporate value by fostering a corporate culture and climate of respect for stakeholders, as well as through cooperation with customers, shareholders, employees, suppliers, communities, and other stakeholders.

### (3) Disclose pertinent information and ensure transparency

We will establish a foundation for constructive dialogue with shareholders by proactively and fully disclosing and providing not only financial information, but also management policies, management issues, business activity status updates, CSR activities, and other useful information about the Company.

### (4) Execution of duties by the Board of Directors

The Board promotes the Company's business strategies to create leading products in each business segment by gathering

management resources in our three core business domains: lighting, electric power conversion, and information processing. To actualize the strategies, the Board strives to increase profitability, capital efficiency, and more. This it does by promoting sustainable growth and the medium- to long-term improvement of corporate value, while fulfilling its roles and responsibilities. These involve creating supportive environments for appropriate risk-taking by management and executives, as well as effectively supervising management and directors.

### (5) Engage in dialogue with shareholders

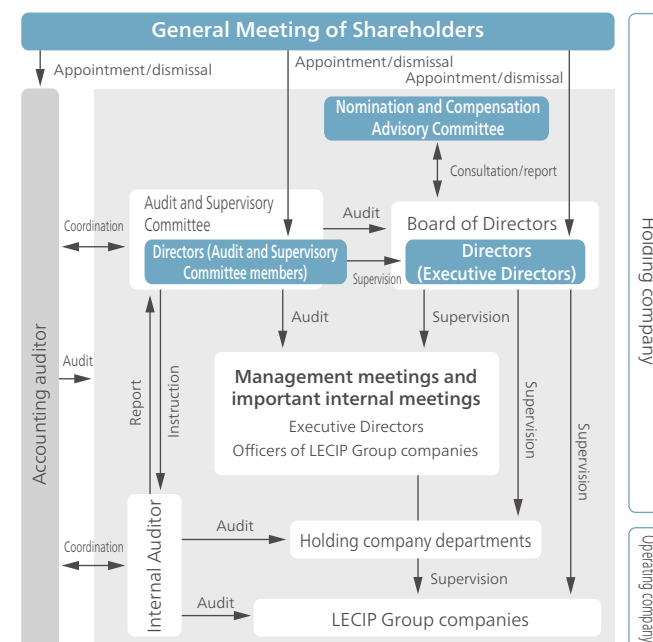
Using briefings that grab the attention of investors, as well as carrying out other IR activities—such as publishing annual reports, communicating with shareholders, and disseminating information through mass media—we promote constructive dialogue between the Company and shareholders. In this way seek to earn shareholders' understanding of our management strategies and plans, achieve sustainable growth, and improve our medium- to long-term corporate value.

## Corporate Governance System

To further strengthen the Board's supervisory functions, we set up an Audit and Supervisory Committee mostly comprising outside directors and gave directors who are also Audit and Supervisory Committee members the right to vote on resolutions of the Board of Directors. In addition, the Board was given wide-ranging authority to make decisions on the execution of operations, to expedite management decision-making and increase efficiency. We transitioned to being a company with an audit and supervisory committee in June 2016, to further improve corporate value.

The Group's holding company structure unifies common, indirect, Group-wide operations—such as HR, general affairs, accounting—and strengthens governance through the management and supervision of Group companies, while at the same time providing guidance in line with Group management strategies.

We have set up a Nomination and Remuneration Advisory Committee, under the Board of Directors, to nominate Representative Directors, Directors, and Executive Officers. It also enhances the impartiality, objectivity, and accountability of the Board concerning the remuneration of directors and other matters. This committee comprises at least five members, a majority of whom are independent outside directors.



## Directors (as of June 21, 2024)



## Skills matrix

Our skills matrix combines skills and diversity, including the knowledge, experience, and abilities of each director, so that the Board might properly exercise its supervisory functions. Given the Company's management strategy, the matrix makes it easy to: compare the knowledge, experience, and skills of each director as required; disclose whether the composition of

the Board is, on the whole, well-balanced; and reveal whether the appointed directors are appropriate.

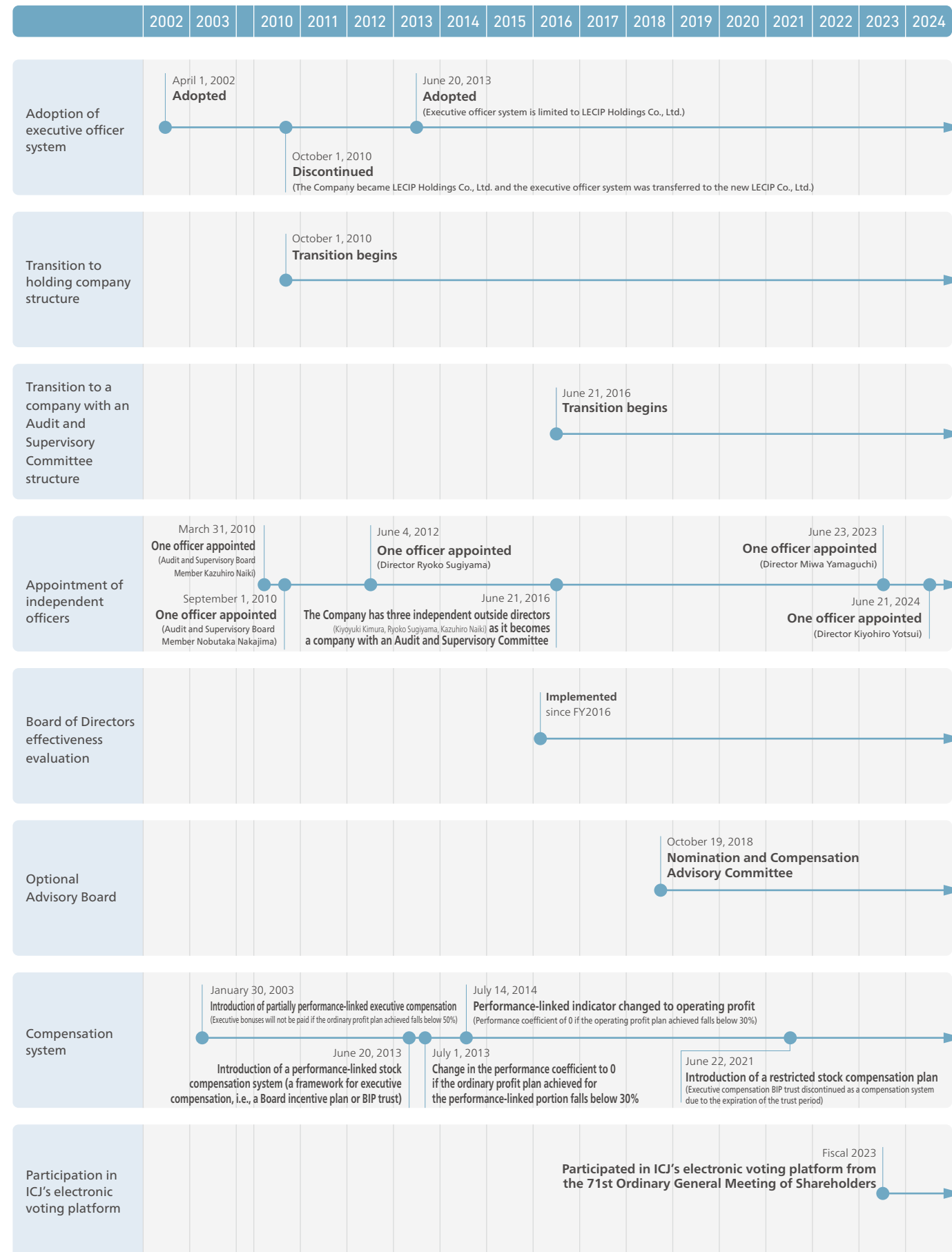
The LECIP Group nominates director candidates with due consideration for the balance of knowledge, experience, ability, and diversity. The skills matrix for each LECIP Group director is as follows.

	Management	Finance / accounting	Legal affairs / risk / compliance	Global	Sales / marketing	IT / digital	Sustainability / diversity	Personnel / labor affairs	Research / development
Makoto Sugimoto	●	●		●	●	●	●	●	
Hiroko Mitsui	●			●	●	●	●	●	
Haruo Nagano	●			●		●			●
Norihiro Shinagawa	●	●	●	●		●	●	●	
Koji Iwasa	●		●	●	●	●			●
Motoaki Kitano	●				●	●			
Kiyoyuki Kimura			●						
Miwa Yamaguchi	●				●	●	●		
Kiyohiro Shii		●	●						



## Corporate Governance

### Strengthening of Our Corporate Governance



### Strategic Shareholdings

#### 1. Policy on strategic shareholdings

The LECIP Group may strategically hold shares of other publicly listed companies only if it has judged the holding of such shares to be necessary for improvement of its medium- to long-term corporate value, based on such factors as their importance from the perspective of business strategy and relationships with business partners. The Company shall review the rationale for such holdings in a timely manner, and reduce any holdings that lack major strategic benefits or are inconsistent with the its capital policies.

The Board conducts annual assessments of these holdings, checking their specific benefits and making sure they are

consistent with the risk–benefit evaluations based on the cost of capital and other factors. The Company will disclose an overview of its assessments.

Through the assessments carried out at the Board meeting in May 2024, the LECIP Group confirmed that it has sufficient rationale for all of its strategic shareholdings. That said, we will reduce any share holdings should they come to lack sufficient strategic benefits or be inconsistent with our capital policies, based on such factors as their importance to business strategy and relationship to business partners.

#### 2. Standard on exercising voting rights for strategic shareholdings

In exercising voting rights related to strategic shareholdings, the Company reviews individual proposals and, rather than making uniform judgments on whether to approve or reject a given proposal based on formulaic standards, it makes such

determinations from the perspective of whether a proposal will lead to medium- to long-term growth in corporate value, based on sufficient consideration of the relevant investee's management policy, strategies, and other factors.

### Independence of Outside Directors

#### Criteria for determining independence

In addition to the independence standards stipulated by the Tokyo Stock Exchange, the LECIP Group judges persons who meet any of the following criteria to lack independence.

- (1) A person who is a major business partner of the Company or a subsidiary of the Company (hereinafter referred to as "the Group"),\*1 or an executive thereof.
- (2) Major business partners of the Group\*2 or their executives.
- (3) Consultants, accounting experts, or legal experts who receive a large amount of cash\*3 or other assets from the Group, other than executive compensation (if the person receiving such assets is a corporation, union, or other organization, this item refers to a person who belongs to such organization).
- (4) A person to whom any of the following three items have recently applied\*4
  - i. Persons listed in (1), (2), or (3).
  - ii. An executive or non-executive director of the Company's parent company.
  - iii. An executive of the Company's sister company.
- (5) A close relative of a person matching any of the following five descriptions (excluding immaterial persons).
  - i. Persons listed in (1) to (4) above.
  - ii. An executive of a Company subsidiary.
  - iii. An executive or a non-executive director of the Company's parent company.
  - iv. An executive of the Company's sister company.
  - v. A person who matched ii. within the past three years, or an executive of the Company.
- (6) Any other person who may have a conflict of interest with general shareholders.

\*1: "Person who is a major business partner" refers to parties whose transaction amount in the most recent fiscal year is 2% or more of the annual consolidated total sales of the said person.

\*2: "Major business partner" refers to a business partner whose transaction amount in the most recent fiscal year is 2% or more of the annual consolidated total sales of the Group.

\*3: "Large amount of cash" means when the total value exceeds an average of ¥10 million over the past three years.

\*4: "Recently" refers to any point in the past three years.

### Nomination and Compensation Advisory Committee: Concept, Authority, Roles, and Independence

The LECIP Group has established a Nomination and Remuneration Advisory Committee under the Board of Directors to nominate representative directors, directors, and executives, as well as to enhance the functional impartiality, objectivity, and accountability of the Board regarding director remuneration and other matters.

This committee comprises at least five members, a majority of whom are independent outside directors.

The committee discusses the following matters on inquiries from the Board, providing it with advice and recommendations.

- (1) Proposals for the General Meeting of Shareholders regarding the appointment and dismissal of directors.
- (2) Appointment and dismissal of the president (CEO) and succession plan.
- (3) Appointment and dismissal of representative directors other than the president and CEO.
- (4) Appointment and dismissal of executives.
- (5) Criteria for independence of independent officers.
- (6) Establishment, change, or discontinuation of basic policies, rules, procedures, etc. necessary for resolutions of the preceding items.
- (7) Other matters deemed necessary by the Nomination and Compensation Advisory Committee regarding each of the preceding items.
- (8) Policies for determining individual remuneration packages for directors and executive officers (including the selection of performance indicators used to assess performance-linked remuneration and criteria for granting stock-related remuneration, etc.).
- (9) Details of remuneration for individual directors and executives.
- (10) Establishment, change, or discontinuation of basic policies, rules, procedures, etc. necessary to resolve the preceding two items.
- (11) Other matters deemed necessary by the Nomination and Compensation Advisory Committee regarding remuneration, etc. for directors and important employees.

## Corporate Governance

### Management

We work to ensure rigorous compliance, ongoing risk management, and swift, proper disclosures based on our basic corporate governance policy: the promotion of business management that is fair and transparent.

#### Internal control

To ensure the proper execution of operations based on the Companies Act, we established a Basic Policy for Developing an Internal Control System, and are working to develop such a system for the entire Group. Each fiscal year, we draft basic plans according to which we carry out activities, as well as create and disclose reports on internal controls.

This we do with the following goals: developing and operating a system to ensure the effective implementation of audits by the Audit and Supervisory Committee; devising an internal control evaluation system; setting up systems to create and maintain the necessary internal controls; and improving operational efficiency by establishing and evaluating internal controls.

#### Risk management

The Group makes every effort to gather and share information internally to prepare for emergencies.

In a bid to minimize the damage by having organizational systems at the ready, we have prepared a crisis management manual. This is necessary since we constantly face the risk of an earthquake or other major disaster.

In addition, to ensure rigorous compliance with laws and regulations and to prevent disputes with other companies, our legal affairs department gathers information on legal revisions, reviews agreements before they are concluded, researches the intellectual property rights of other companies, conducts compliance training, and makes other efforts to reduce the Company's legal risks.

#### Information security

As management assets in and of themselves, the information assets owned by the LECIP Group are critical to the continuity of the Company. Ensuring the confidentiality, integrity, and availability of this information is a key management issue.

In terms of customer relations, information security incidents and accidents can destroy trust, cost business opportunities, and have other major negative impacts. With the recognition that data operating systems, computer equipment, networks, and other information systems are information-related assets, the transportation equipment manufacturing company LECIP CORPORATION (for a portion of its business segments) and LECIP ENGINEERING CORPORATION have established and introduced, and continue to operate, monitor, review, maintain, and improve information security management systems based on ISO/IEC 27001, thereby working to fulfill the Group's corporate social responsibilities.

#### Compliance

The LECIP Group has established regulations for compliance, to clarify the Company's stance towards, and means of complying with laws and regulations. It also has rules regarding employee stance. Additionally, to promote compliance, we expend every effort on informing our officers and employees of the details of relevant laws and regulations, our compliance regulations, and our code of compliance. In conjunction with our earnest efforts to expand business overseas, we proactively promote the establishment of internal regulations for compliance in overseas business and compliance training for employees at our subsidiaries abroad and departments involved in overseas matters. We do this so that they will comply with local and international laws and regulations and take appropriate actions.

#### Business continuity plan (BCP)

We regularly review action plans, procedures, and more to increase the certainty of our business continuity and position ourselves to resume business by the target recovery time after a disaster, accident, or other unforeseeable event.

We minimize the risk of our IT infrastructure experiencing a crash and ensure that we can swiftly implement recovery measures by backing up our data in several ways, including storing emails and other data on the cloud, ensuring the redundancy of wiring, supplying server rooms with electricity generated by in-house systems, outfitting those rooms with gas-fire extinguishing systems, and storing data remotely. We also conduct yearly drills to practice confirming the safety of employees in the aftermath of a disaster.

#### Protecting personal information

The LECIP Group has a Personal Information Protection Principles, which it has published on its website, together with a document titled "Reason for Using Personal Information." We undertake safety measures to prevent the loss and leakage of personal information. Given the importance of the 12-digit ID number assigned to each resident of Japan, and other specific personal information, we have set up control zones to ensure the information is handled properly, keeping a record of when it is used and managing it strictly according to legal requirements.

LECIP CORPORATION earned PrivacyMark certification in April 2022. We intend to make every effort to increase the rigor of our protection and use of personal information.

## Messages from Outside Directors

Please allow us to tell you, from the perspective of outside directors, about what we believe to be the roles that LECIP should fulfill to attain sustainable corporate growth and ensure the medium- to long-term improvement of corporate value, at a time when we see drastic changes in society and the business environment.



**Kiyoyuki Kimura**

Outside Director,  
Audit and Supervisory  
Committee Member

With the recent recovery of capital investments of transportation business operators, performance in the previous year was favorable. DX has also been progressing in public transport, which the LECIP Group takes part in, and is increasing the convenience of people's lives and benefiting the entire society. Going forward, I expect steady performance every year by expanding into the sightseeing business and stabilizing the overseas business. Development of employees' abilities and making contributions to SDGs and other global issues are some of the issues companies must address. For the Company, we are already addressing these issues by setting long-term targets, such as the VISION2030. It is necessary to build and enhance risk management and governance for the sound growth of a company. I will provide my perspective from the outside as an outside officer and monitor that appropriate management is conducted from a legal perspective as an attorney to further increase the corporate value of the LECIP Group.



**Miwa Yamaguchi**

Outside Director,  
Audit and Supervisory  
Committee Member

In the age of VUCA, companies are required to take appropriate strategies to spontaneously respond to the rapid changes in the social environment and new needs. Under such an environment, we have been able to expand sales channels by building trust in the United States, by addressing important issues of establishing overseas businesses and expanding new areas in the Medium-term Business Plan. With the launch of the QUICK TRIP and other new services, business structure reforms toward PRODUCTS + SERVICES included in the VISION2030 is making steady progress. We hope to contribute to solving social issues by expanding the technological capabilities of the Company around the world, improving brand value, and its sustainable growth. Going forward, I will utilize my various experiences in product development, marketing, and other fields to actively provide advice from an objective and neutral standpoint as well as strive to strengthen governance through fulfilling my role as an auditor.



**Kiyohiro Shii**

Outside Director,  
Audit and Supervisory  
Committee Member

A strength of the LECIP Group is being able to contribute to the growth of society through public transportation while also improving corporate value by providing products and services with better qualities. On the other hand, we need to respond to the environment that surrounds the LECIP Group, which is prone to drastic changes and changes in various issues (declining population, social conditions, etc.), with a sense of foresight. Building on this, we need to build a resilient organization, superior human resource training, and effective corporate governance to realize the VISION2030. As an outside director, I hope to contribute to the LECIP Group's growth and improving corporate culture by utilizing my experience in tax affairs, increasing my skills, smooth communication, and actively making recommendations.

Report related to corporate governance

<https://www.lecip.co.jp/hd/esg/pdf/2024corporate-governance-report.pdf>



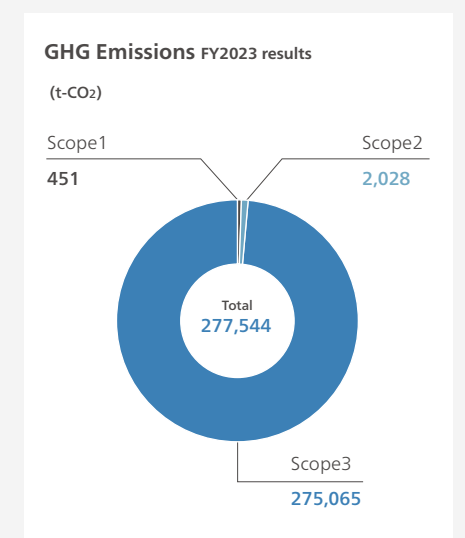
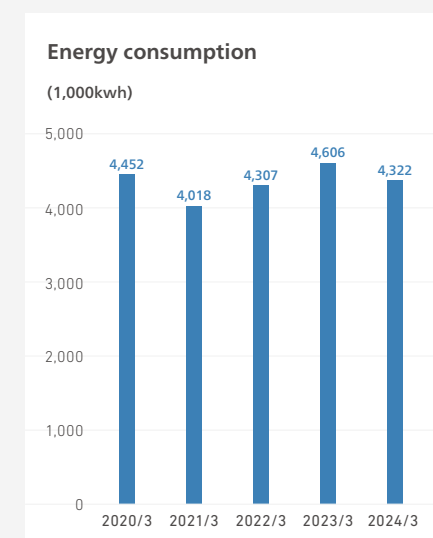
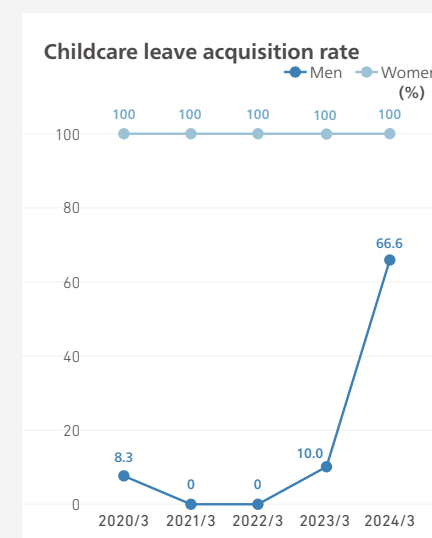
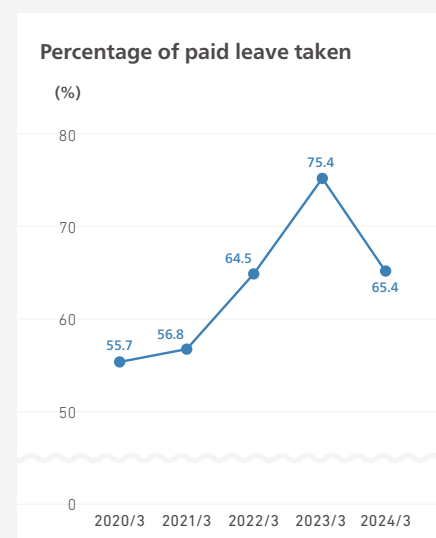
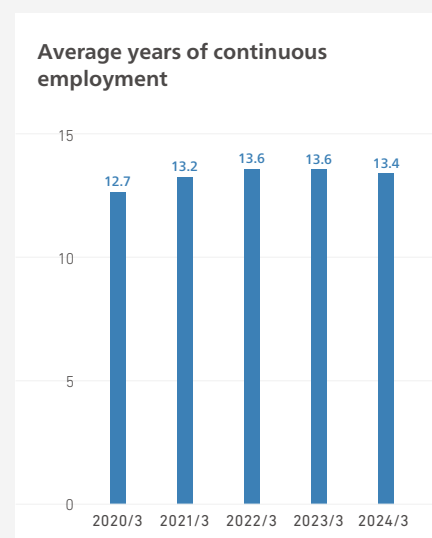
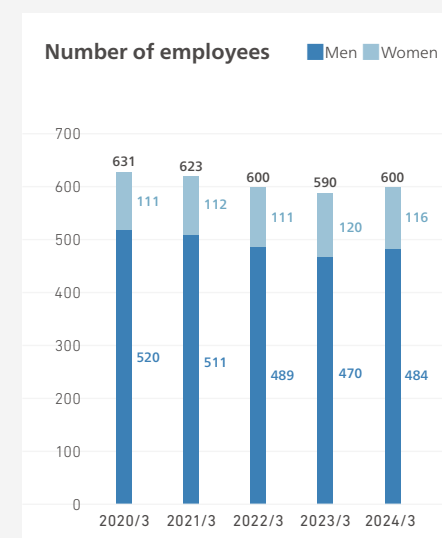


# Financial Highlights

	FY2013	FY2014	FY2015	FY2016		FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Profit and loss</b>												
Net sales (Millions of yen)	14,157	20,215	16,203	16,985		15,749	21,538	26,051	15,553	14,075	14,253	22,684
Operating profit (Millions of yen)	151	603	(571)	483		(235)	1,021	1,854	(40)	149	(310)	3,164
Ordinary profit (Millions of yen)	164	779	( 649)	354		(248)	1,030	1,830	35	325	(207)	3,557
Net profit (Millions of yen)	(98)	227	(1,378)	50		(454)	438	891	(124)	53	(249)	2,416
<b>Financial position</b>												
Total assets (Millions of yen)	12,677	14,431	13,173	13,048		12,465	16,445	14,791	15,129	14,449	14,856	19,948
Net assets (Millions of yen)	4,614	4,637	3,277	3,499		2,985	3,427	5,078	4,912	4,775	4,688	6,881
<b>Cash flows</b>												
Cash flows from operating activities (Millions of yen)	(560)	(292)	324	1,135		487	125	2,876	(1,130)	2,300	(1,494)	2,336
Cash flows from investing activities (Millions of yen)	(1,052)	(722)	(555)	(387)		(326)	(452)	(685)	(481)	(138)	(222)	(105)
Cash flows from financing activities (Millions of yen)	1,293	1,306	402	(59)		(187)	1,005	(2,239)	2,747	(1,415)	781	(2,480)
<b>Related information</b>												
Capital investments (Millions of yen)	537	652	488	306		492	770	916	337	289	239	551
Depreciation (Millions of yen)	786	585	528	384		473	534	514	433	476	477	463
Research and development expenses (Millions of yen)	323	408	395	445		691	761	854	506	576	523	653
<b>Index</b>												
Equity ratio (%)	36.4	32.1	24.9	26.8		24.0	20.8	34.3	32.5	33.0	31.6	34.5
Return on equity (ROE) (%)	(2.1)	4.9	( 34.8)	1.5		(14.0)	13.7	21.0	(2.5)	1.1	(5.3)	41.8
Earnings per share (EPS) (Yen)	(9.1)	20.8	(125.3)	4.6		(40.9)	38.8	74.4	(9.8)	4.2	(19.2)	178.0
Book-value per share (BPS) (Yen)	422.2	422.3	297.0	315.5		267.6	301.9	398.6	385.2	371.6	346.6	505.9

\* In the fiscal year ended March 31, 2020, a capital increase involving the new issuance of 1,380 thousand shares was conducted.

# Non-financial Highlights



# Consolidated Financial Statements

## Consolidated Balance Sheet

(As of March 31, 2024)		
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Assets		
Current assets	11,826,072	16,473,364
Cash and deposits	3,179,471	2,964,080
Notes receivable - trade	606,871	787,116
Accounts receivable - trade	3,025,629	5,346,118
Merchandise and finished goods	1,213,207	1,625,948
Work in process	612,770	700,313
Raw materials and supplies	2,642,259	4,174,775
Income taxes refund receivable	88,871	899
Other	456,991	874,119
Allowance for doubtful accounts	—	(7)
Non-current assets	3,030,416	3,475,309
Property, plant and equipment	1,435,168	1,583,680
Buildings and structures	3,369,428	3,416,104
Accumulated depreciation	(2,617,146)	(2,669,293)
Buildings and structures, net	752,282	746,811
Machinery, equipment and vehicles	1,207,082	1,184,599
Accumulated depreciation	(997,386)	(926,648)
Machinery, equipment and vehicles, net	209,695	257,951
Tools, furniture and fixtures	3,433,647	3,397,847
Accumulated depreciation	(3,326,091)	(3,230,782)
Tools, furniture and fixtures, net	107,556	167,065
Land	110,915	110,915
Leased assets	601,308	543,749
Accumulated depreciation	(382,794)	(383,330)
Leased assets, net	218,513	160,418
Construction in progress	16,360	108,778
Right-of-use assets	19,842	31,739
Intangible assets	467,775	403,136
Investments and other assets	1,127,472	1,488,492
Investment securities	667,638	763,331
Deferred tax assets	278,253	496,905
Other	226,680	272,176
Allowance for doubtful accounts	(45,100)	(43,921)
Total assets	14,856,489	19,948,674

(Thousands of yen)		
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Liabilities		
Current liabilities	9,106,306	11,901,159
Notes and accounts payable - trade	1,367,662	1,782,618
Electronically recorded obligations - operating	1,634,081	2,984,106
Short-term borrowings	4,074,400	1,686,940
Current portion of long-term borrowings	515,564	633,841
Lease liabilities	103,773	78,426
Accounts payable - other	416,272	641,385
Income taxes payable	20,289	1,749,261
Advances received	189,274	707,463
Provision for bonuses	316,890	537,982
Provision for product warranties	53,268	79,892
Other	414,829	1,019,241
Non-current liabilities	1,061,214	1,166,057
Long-term borrowings	586,344	560,773
Lease liabilities	162,536	110,611
Deferred tax liabilities	9,454	10,127
Provision for Management Board Incentive Plan Trust	80,268	80,268
Retirement benefit liability	35,170	40,180
Other	187,440	364,097
Total liabilities	10,167,520	13,067,217
Net assets		
Shareholders' equity	4,582,361	6,969,290
Share capital	1,190,955	1,190,955
Capital surplus	1,218,003	1,227,276
Retained earnings	2,454,912	4,802,404
Treasury shares	(281,510)	(251,346)
Accumulated other comprehensive income	106,606	(87,833)
Valuation difference on availablefor-sale securities	194,419	257,589
Foreign currency translation adjustment	(87,812)	(345,422)
Total net assets	4,688,968	6,881,457
Total liabilities and net assets	14,856,489	19,948,674

## Total Liabilities and Net Assets

(Thousands of yen)		
	Fiscal year ended From April 1, 2022 To March 31, 2023	Fiscal year ended From April 1, 2023 To March 31, 2024
Net sales	14,253,591	22,684,639
Cost of goods sold	10,543,874	14,820,446
Gross profit	3,709,716	7,864,192
Selling, general and administrative expenses	4,019,821	4,699,856
Operating profit (loss)	(310,104)	3,164,336
Non-operating income		
Dividend income	13,253	16,152
Foreign exchange gains	111,587	374,540
Subsidy income	5,600	3,460
Reversal of allowance for doubtful accounts	1,200	1,200
Other	11,211	36,086
Non-operating expenses		
Interest expenses	28,944	30,182
Levy for employing disabled persons	4,150	3,250
Loss on sale of receivables	93	90
Additional value added taxes	5,654	—
Liquidated damages	—	2,853
Other	907	1,560
Ordinary profit (loss)	(207,001)	3,557,838
Extraordinary income		
Gain on donation of non-current assets	—	80,105
Gain on transfer of business	—	296,354
Extraordinary losses		
Impairment losses	4,687	14,766
Loss on abandonment of non-current assets	640	1,414
Profit before income taxes (loss)	(212,329)	3,918,116
Income taxes - current	35,607	1,743,054
Income taxes - deferred	1,536	(241,568)
Profit (loss)	(249,473)	2,416,631
Net profit (loss)	(249,473)	2,416,631

# Company Information and Status of Shares

## Company Overview (As of March 31, 2024)

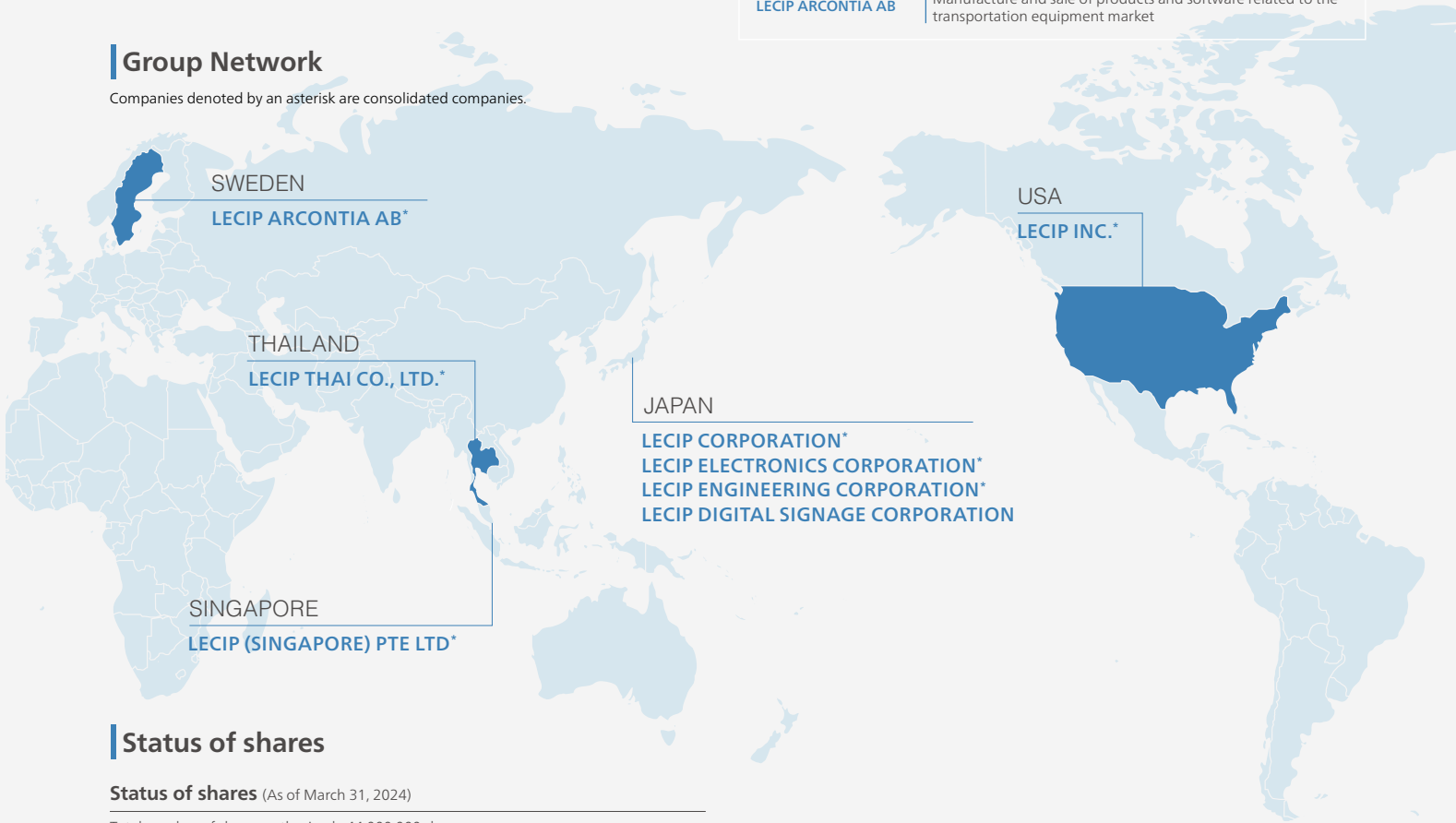
Trade name	LECIP HOLDINGS Kabushiki Kaisha (Company name in English: LECIP HOLDINGS CORPORATION)
Address	1260-2 Kaminoho, Motosu City, Gifu Prefecture 501-0401, Japan
Established	March 1953
Share capital	1,190 million yen
Employees	600 (Consolidated)
Description of business	Formulation and promotion of the Group's management strategy and other management support as the Group's holding company

### List of Group companies and main business activities

LECIP CORPORATION	Manufacture and sale of electrical components and equipment for buses and railways, various industrial equipment, automotive parts, etc.)
LECIP ELECTRONICS CORPORATION	Mounting and assembly of printed circuit boards
LECIP ENGINEERING CORPORATION	Support for introduction and repair of electrical components and equipment for buses and railways, and various industrial equipment
LECIP DIGITAL SIGNAGE CORPORATION	Operational control of digital signage
LECIP INC.	Sale of the LECIP Group's products for the United States transportation equipment market
LECIP(SHINGAPORE) PTE LTD	Sale, support for introduction, and repair of the Group's products for the ASEAN transportation equipment market
LECIP THAI CO., LTD.	Sale of electrical components and equipment for buses, various industrial equipment, automotive parts, etc.
LECIP ARCONTIA AB	Manufacture and sale of products and software related to the transportation equipment market

## Group Network

Companies denoted by an asterisk are consolidated companies.



## Status of shares

### Status of shares (As of March 31, 2024)

Total number of shares authorized	44,000,000 shares
Total number of shares issued	13,902,201 shares (excluding 275,999 treasury shares)
Number of shareholders	19337

### Principal shareholders (As of March 31, 2024)

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
LECIP Employees' Shareholder Association	961,734 <sup>shares</sup>	6.91 %
Nagoya Small and Medium Business Investment & Consultation Co., Ltd.	936,480	6.73
The Juroku Bank, Ltd.	560,000	4.02
Makoto Sugimoto	423,928	3.04
The Master Trust Bank of Japan, Ltd. (Trust account)	393,000	2.82
LECIP Business Partners' Shareholder Association	344,300	2.47
The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust)	300,920	2.16
Nippon Life Insurance Company	260,000	1.87
MUFG Bank, Ltd.	245,000	1.76
Yoshinori Yamaguchi	145,098	1.04

Notes: 1. The Company holds 275,999 treasury shares, and is excluded from the principal shareholders list above. The treasury shares (275,999 shares) do not include the Company's shares held by the Board Incentive Plan Trust (300,920 shares).  
2. Treasury shares (275,999 shares) are excluded in the calculation of the shareholding ratio.

### Distribution of shares

