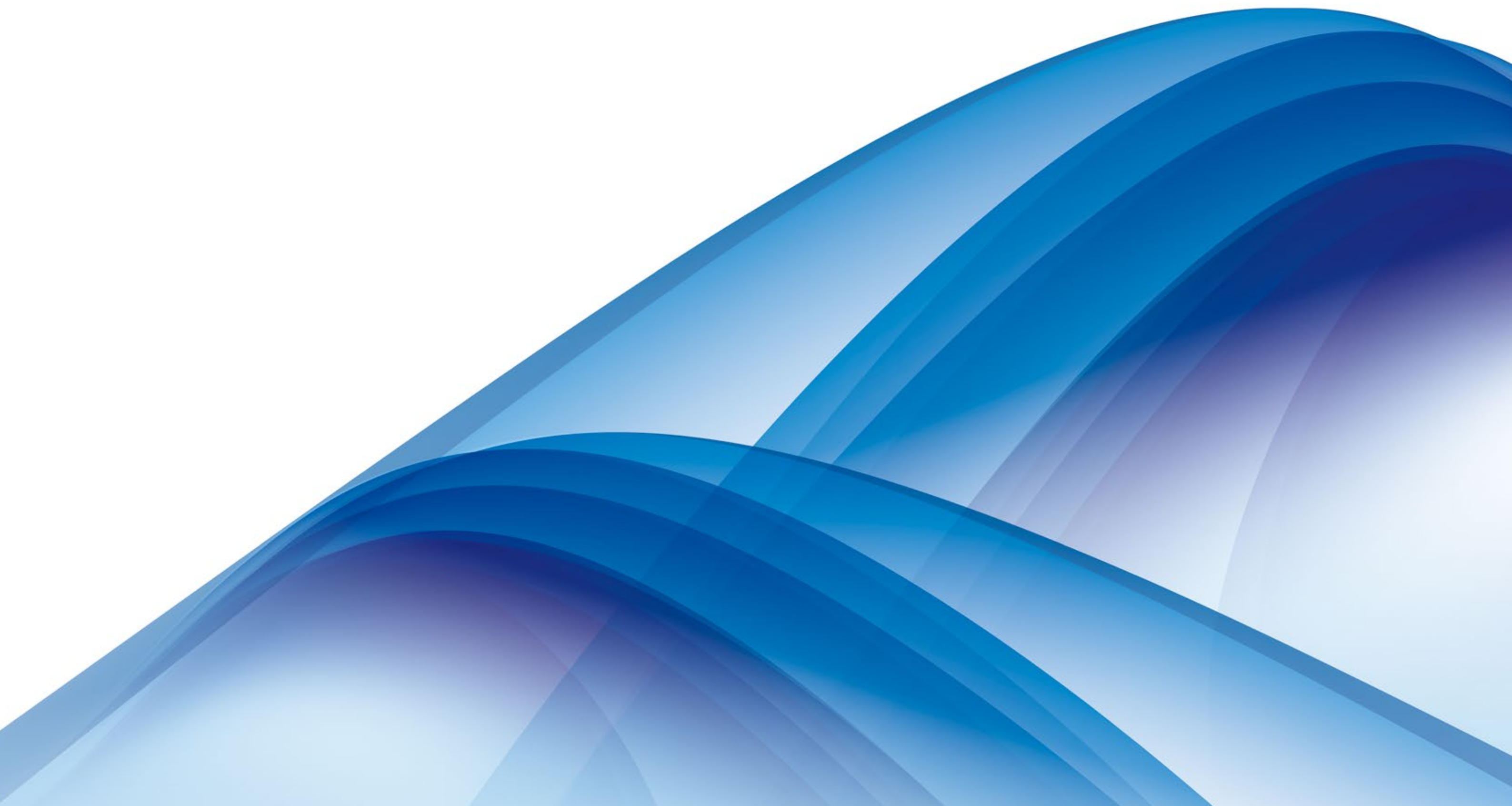


Integrated Report 2025



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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Value Creation at LECIP

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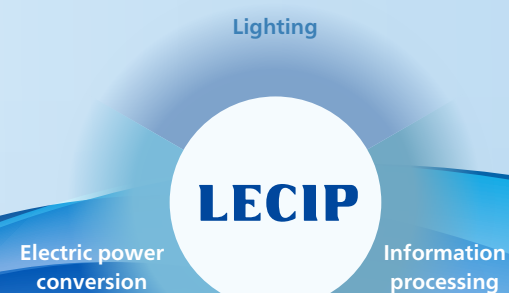
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Derivation of Company Name



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 2025 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.

Information disclosure system

Financial information

LECIP HOLDINGS website
Investor relations information
https://www.lecip.com/ir/ir_top.html

IR materials/stock information, etc.



Integrated report

Please visit the website for the PDF version.
IR Library > Integrated Report
https://www.lecip.com/ir/ir_04_lib.html#report

Sustainability

LECIP HOLDINGS website
Sustainability
https://www.lecip.com/esg/esg_top.html

Environment/Society/Governance, etc.

Reporting period

FY2024 (April 1, 2024 - March 31, 2025)

* Partially includes activities prior to fiscal 2023 and after April 2026.

Reporting companies

LECIP HOLDINGS CORPORATION and its Group companies

* Related companies are listed on the following URL.
https://www.lecip.com/company/company_02.html

Contact

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Headquarters, LECIP HOLDINGS CORPORATION
1260-2 Kaminoho, Motosu City, Gifu Prefecture 501-0401, Japan
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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.

Message from the President

Based on our top market share in manufacturing, we will promote Reform of PRODUCTS + SERVICES and achieve stable growth.



LECIP HOLDINGS CORPORATION
President and CEO

Leading the DX of the bus industry by providing value through PRODUCTS + SERVICES

In fiscal 2025, the second highest increase in our history was recorded for net sales, and operating profit reached an all-time high. Issuing new banknotes and recovery of domestic travel and inbound tourism after COVID-19 led to steady demand for capital investment from bus and railway operators, greatly contributing to the increase in net sales. Given that our business is susceptible to changes in the external environment, we will continue focusing on pioneering new markets both domestically and overseas, striving for further growth in the current fiscal year.

Up to now, LECIP has developed and manufactured vehicle-mounted equipment and systems for buses, railways and automobiles as part of the transportation equipment business, as well as industrial power supply equipment and circuit board mounting based on inverter technology under the industrial equipment business. Of these, the transportation equipment business accounts for about 80% of our net sales and has become our core business. Over the past 20 years, we have continued to expand our market share, particularly with the bus market in Japan, successfully establishing ourselves as the industry leader for almost all products and systems, with some exceptions.

However, as society undergoes change, manufacturing alone is becoming increasingly difficult to achieve our management philosophy of helping members of society enjoy a comfortable daily life. Accordingly, in 2021 LECIP formulated its long-term vision "VISION2030," and for the past four years has taken on the significant challenge of reform of PRODUCTS + SERVICES.

An example of this is in the bus industry, which is a primary business partner for LECIP—the business environment has become even more challenging in recent years due to the drop in population, a decreasing birthrate and aging population, and a decline in regional users. The industry also faces structural issues such as driver shortages and an aging workforce.

In response to such circumstances, we feel a strong sense of mission to co-creating a "sustainable future for public transportation" together with the bus industry. In light of this, starting in fiscal 2025, we have formally commenced work on the digital transformation (DX) of the entire bus operation process. Not only have we focused on PRODUCTS such as fareboxes that we have supplied so far, but we have also concentrated on the development of systems and services—SERVICES—to drive DX throughout the bus industry, and have strengthened our personnel structure accordingly. This is precisely an initiative connected to "VISION2030." From fiscal 2026, we will make proactive use of these SERVICES in addition to PRODUCTS, actively providing valuable solutions that help resolve social issues.

One major environmental change in fiscal 2025 was the advance of cashless payments for fares, changing the environment surrounding our main product—the fare collection system. In anticipation of this, LECIP developed the "LV-700" Fare Collection System in 2019 that is compatible with multi-payment methods such as IC cards, credit cards and QR codes, and launched the farebox-linked payment terminal "LV-1" from 2023. These have already been introduced by bus and railway operators nationwide, and we are pleased to have received favorable feedback.

Yet when it comes to future support for cashless payments, we believe it is necessary to carefully assess demand in each region. An example is the high-speed information processing capabilities required for commuter traffic in the Tokyo metropolitan area, and only systems with specifications equivalent to transportation IC cards are viable. On the other hand, in regions with a low population density, such speed may not be needed, and factors such as simplicity and cost may be more important. We plan to optimize the fare collection system while consulting with stakeholders to determine the best approach suited to the circumstances of each region.

No growth without challenge—the resolve we made when entering the US.

Since its founding, LECIP has focused on manufacturing, and today we are at a major turning point—reforming our business structure toward PRODUCTS + SERVICES to achieve "VISION2030." With this in mind, I recall when we first entered the American railway market over ten years ago.



Farebox-linked payment terminal "LV-1"

Looking back, our initial challenge was delivering lighting units for the commuter trains of the Long Island Rail Road in New York State. Lighting refers to all illumination installed throughout vehicles, such as main cabin lighting, headlights, taillights, door open/close warning lights, and reading lights. At that time, since we had no track record of deliveries in the U.S., entering the market required obtaining qualification from the New York City Transit authority. We implemented a trial, attaching lights to six subway cars and operating them for half a year. The costs, amounting to tens of millions of yen, were of course all covered for free. I was anxious whether we could achieve a suitable return and hesitated for a long time about whether or not to take on this challenge. This is because, having worked for five years in Brazil as a trading company employee in my youth, I had firsthand experience of the difficulties of doing business abroad—differences in culture, rules, and national character. However, there are limits to future growth if we rely solely on the Japanese bus and railway market. Overseas expansion is essential to enable the company to make a greater leap. That is why I made the firm decision to accept the challenge. As a result, no problems occurred during the half-year trial, and we were successfully qualified. Following this challenge, LECIP received a large order in 2018 for lighting units for the commuter trains of the Long Island Rail Road in New York State. This achievement also led to orders for lighting for New York City subway cars, for which deliveries are ongoing to this day. “In new businesses, it is important to have the courage to take on challenges and proceed step by step.” That was the big lesson and experience I gained from making that key decision.

Currently, as the business structure of the company changes, LECIP’s employees are spending their days taking on new challenges. I believe that by having each person step forward courageously, LECIP will surely achieve significant growth.

The path emerging towards achieving “VISION2030”

In the long-term vision “VISION2030” announced in 2021, LECIP clearly set forth “the vision we want LECIP to achieve in by 2030.” In response to a rapidly changing society, and in order to continue being a company needed by society, LECIP will address social issues and leverage the manufacturing technologies it has cultivated, offering new value through PRODUCTS + SERVICES by combining software and service. Beyond that, we aim to help achieve a sustainable and comfortable daily life.

To achieve “VISION2030,” we are pursuing three key initiatives: “expand overseas business,” “reform of PRODUCTS + SERVICES,” and “develop the industrial equipment (energy management system) business.” These strategies are designed to enable LECIP to achieve stable and continuous business growth. Manufacturing focused solely on the domestic market is inevitably susceptible to changes in market demand and other external factors. Expanding into overseas markets and connecting SERVICES to PRODUCTS will allow LECIP to secure new income sources and help members of society enjoy a comfortable daily life.

The direction of the “SERVICE” business that LECIP should pursue in the bus market, our main business, became clear in fiscal 2025. With a strong awareness of our mission to “drive DX in the bus industry,” going forward we will advance development of systems and services in the areas of “solving personnel challenges,” “utilizing data,” “cashless support,” “inbound support,” “MaaS,” “autonomous buses,” and “EV buses.” Leveraging our position with the leading share of many products across each area, we plan to gradually roll out solutions in coordination with our equipment.

The quantitative target of “VISION2030” sets net sales at ¥30 billion in 2030. However, this is only a provisional figure. The reason is that, unlike the “PRODUCTS” business where prices are determined by adding up manufacturing costs, the “SERVICE” business has pricing influenced by customer needs and evaluations. First, we aim to create and deliver offerings that are truly valuable to our customers. If we can achieve that, we expect results that exceed our targets.

Long-term Vision
“VISION2030” P.17

Reflecting on the first year of the Medium-term Business Plan “RT2026” and prospects for this year

The Medium-term Business Plan sets forth an action plan towards achieving “VISION2030.” Following the first phase “CN2023 (Challenge to the Next stage 2023)” from 2021 to 2023, the second phase “RT2026 (Reach our Target 2026)” began last year and will continue from 2024 to 2026.

The biggest challenge to tackle in “RT2026” is to transform our business structure into one that can achieve stable net sales and profit. There are two major strategies: a “basic strategy” that drives business structure reform, and a “company-wide strategy” supporting it. The “basic strategy” focuses on (1) Establishing overseas businesses, (2) Expanding new areas, and (3) Pursue profitability and efficiency. The “company-wide strategy” focuses on (4) Improving management efficiency, and (5) Nurturing a new corporate culture, addressing all issues from (1) to (5). Performance targets were set at consolidated net sales of ¥24 billion, consolidated operating loss of 5% or more, and ROE of 9% or more. We are determined to achieve these goals without fail.

In fiscal 2025, the first year of “RT2026”, net sales increased to ¥25.9 billion and operating profit reached a record high of ¥3.5 billion. A major factor was that, after bus and railway operators had held off capital investment due to COVID-19, the issuance of new banknotes last year boosted willingness for capital investment. Capital investments related to fare collection, such as replacement of fareboxes, modifications, and software updates accompanying the issuance of new banknotes, surged rapidly, particularly in the bus market. Unlike railways, with buses, many users recharge IC cards on board, so replacing fareboxes that are compatible with new banknotes was a matter of urgency. In the industrial equipment (energy management system) business, sales of forklift battery recharging units remained steady due to activity in the logistics market and stable demand for forklifts driven by the momentum toward electrification.

For this term, the second year of “RT2026,” we will be prioritizing further transformation of business structure over pursuit of sales, and will push forward with the development and proposal of new solutions. While we are carefully forecasting results due to a reactionary downturn from last year and intensified price competition, the contest this fiscal year and next is how many management resources we can allocate to the “SERVICE” business. To ensure we achieve solid results, we intend to make optimal decisions regarding development investment, where we allocate ¥600 to 700 million annually, depending on circumstances going forward. We have also factored in the potential impact of US tariff issues into our financial results. Yet given that we generally outsource assembly to domestic companies in the U.S. and the fact that competitors also do not use solely US-made parts, we believe the impact will be manageable.

New businesses cultivated under the Medium-term Business Plan “RT2026”

This term, the priority issue that LECIP is focusing on is the “Expansion of new areas” under the “basic strategy” in “RT2026.” The number of operators adopting new solutions is gradually increasing, and we will continue to promote “business structure reform toward PRODUCTS + SERVICE.” Furthermore, with the “Establishment of overseas businesses”, the LECIP name has gained certain recognition in the US route bus industry, and we have entered a phase of continuous bidding. In addition, to maintain company growth through increased market share of existing products under “Pursue profitability and efficiency,” we will improve technology and sales methods for products that do not yet have a leading top share. We believe we can find growth opportunities in customer feedback and complaints.

Expansion of new areas

In fiscal 2025, development of solutions advanced toward the “Expansion of new areas,” and the integrated solution “MoveLe” for public transportation operators was launched. In a way, MoveLe is a solution package that drives DX in the bus industry with its integrated hardware and software capabilities. By providing comprehensive onboard equipment including fareboxes, and leveraging the data obtained from them for “streamlining operation management,” further “supporting revenue enhancement” such as digital

Medium-term
Business Plan
“Reach our Target
2026” P.19

Medium-term
Business Plan
“Reach our Target
2026”
Expansion of
new areas P.21

advertising, and “improving the convenience of passengers” through mobile tickets and providing bus location information, MoveLe delivers these benefits. In this way, we will be resolving issues faced by the bus industry, such as labor shortages, and co-create a sustainable future.

As one of MoveLe’s solutions, we also newly developed the “Revenue Aggregation System” and “Timetable Planning System.” The “Revenue Aggregation System” automatically imports and aggregates sales, OD (boarding/alighting sections) information, operational records, movement of people, and other external data from fareboxes, and provides aggregation, analysis, and visualization. The core of this solution is to “provide base data” for bus operators as they consider timetable planning and personnel deployment.

The “Timetable Planning System” is essentially DX for timetable planning, creating efficient route bus timetables based on routes, systems, vehicles, and crew planning. Jointly developed with HokurikuCom Co., Ltd., these systems were developed based on feedback from bus operators regarding their issues with shifts and other factor. With MoveLe, which integrates these solutions, we are now aiming to capture the market for bus solutions. We now believe that building relationships as a partner whom bus operators can casually consult about their issues holds the key to future growth.

In addition to this, we have also started entering the tourism market. The mobile ticket system “QUICK TRIP” for tourism and events, released in March 2024, enables the digitization, issuance, sales, and management of tickets such as boarding tickets, facility admission tickets, and experience tickets. As a multilingual web app catering to inbound demand, it has already been adopted at tourist destinations around Japan, such as Nagaragawa and Kumano Kodo, and is contributing to tourism DX. The “Mt. Fuji Climbing Pre-registration System in Shizuoka Prefecture,” which began operating in May 2025, was developed under commission from Shizuoka Prefecture. By utilizing the cloud-based digital information distribution system “LECIP CMP (Content Management Platform)” and related apps, we have achieved online pre-registration for climbing, entrance fee payment, and pre-learning of climbing rules and manners in seven languages. Tourism DX has enabled us to contribute to resolving social issues such as the impact on the environment and overtourism. Going forward, we will further develop smart tourism and MaaS cooperation in the tourism market, aiming to pioneer peripheral markets of public transportation.

Meanwhile, as cross-industry co-creation, we are collaborating with ShinMaywa Industries, Ltd., which boasts the top share in the waste collection industry, to jointly develop a “Waste Collection Work Efficiency System.” By equipping refuse trucks with the “LIVU” vehicle operation support unit for route buses, this system aims to streamline both driver and operator tasks and is scheduled for release in 2025. We will deploy the core competencies cultivated in the public transport sector to new markets, leading to sustainable growth.

Establishment of overseas businesses

Regarding overseas business, in line with the “Establishment of overseas businesses” challenge in “RT2026,” we continued ordering activities in a proactive manner in the U.S. route bus market. As a result, in May 2025, we received orders for fare collection systems from two public transport agencies: Orange County Transportation Authority (OCTA) in California, and Collier County (CAT) in Florida. We will deliver fareboxes for 592 buses to OCTA and 33 buses to CAT, and by 2026, we will supply the entire cash-related fare collection system, including the back-office system.

Public transport in the U.S. is operated by government agencies, and all operations and capital investments are contracted through bidding processes. In 2023, LECIP delivered 182 units of the new “LF-7000” farebox for the U.S. market to North County Transit District (California), which received high praise; in fiscal 2026, we are scheduled to deliver a total of 2,221 fareboxes, including to Metropolitan Transit Authority of Harris County (Texas), and large orders for public transport agencies’ AFC (fare collection system) are continuing. This order was also the result of high evaluations of our track record, LECIP’s project structure, and product quality.

The U.S. route bus market has long been in an investment phase, but during this time we have steadily built up trust and a proven track record. Regarding the 2023 order for Tri-County Metropolitan Transportation District of Oregon (Oregon, 790 units), we heard that our positive reputation was relayed by C-TRAN (Washington), which was operating in cooperation and had introduced LECIP products in 2016. As such, we are confident that the



FUJI NAVI App, Shizuoka Prefecture

Medium-term Business Plan
“Reach our Target 2026”
Establishment of
overseas businesses **P.20**

growing recognition of LECIP among U.S. public transport bus companies will boost the foundation of our AFC business in the North American market and lead to cementing our business there. In the U.S. railway market, we continue to deliver Lighting equipment for New York City Transit’s (NYCT) subway cars as previously mentioned. This is due to exercising option contracts, which led to additional orders in 2022 and 2025. As a result of these orders, LECIP’s products will be installed in a total of 1,610 subway cars by 2028.

On the other hand, a challenge for the public transport business in the U.S. going forward is to increase our market share. Until now, we have only delivered fareboxes to buses and lighting equipment to railways. However, going forward, we are considering introducing a wider range of onboard equipment—already deployed in the domestic market—also to the North American market. Furthermore, our estimated market share in the U.S. route bus market is still only about 3%, and we aim to achieve a 10% share by 2030. Public transport in America also has a welfare policy aspect, and while there are many challenges such as cultural differences, we believe there is still ample potential for us.

At our overseas bases, we decided to dissolve and liquidate our consolidated subsidiary LECIP THAI CO., LTD. in Thailand in December 2024 to improve management efficiency. Meanwhile in Singapore, bidding activities that had been suspended for several years at LECIP (SINGAPORE) PTE LTD have resumed. We will continue striving to transform the business structure, moving swiftly and seizing opportunities.

To remain a company deemed desirable by society

LECIP has played the role of supplier to public transport agencies in our core business of buses and railways. Therefore, the desire to “remain a company that contributes to society” through our business has always been shared throughout the company as one. This desire has been reflected in our business development, and in 2022, we established a Sustainability Committee to address social challenges. Of the five material issues identified by the Committee, in fiscal 2025, we are working on “contributing to a decarbonize society” in particular—examples include installing solar panels across the roof of our newly built Daiichi Plant and replacing some company vehicles with EVs. Going forward, we will also consider utilizing storage batteries—a technology our industrial equipment business possesses. Addressing measures to combat global warming is now a responsibility that companies need to take. That is why we will continue to invest a portion of our profits into capital investment and promote environmental initiatives.

At LECIP, to strengthen corporate governance, we have also welcomed three outside directors and are ensuring sound management through valuable insights at the monthly Board of Directors meetings. Furthermore, regarding the ideal state of public transport agencies, we have actively held discussions with experts such as university professors and bus company owners to constantly confirm the role LECIP should fulfill, making dedicated efforts toward social contribution and sound management.

To remain a company deemed desirable by society, LECIP will continue its activities based on this premise, supporting the maintenance and revitalization of public transport agencies and providing comfortable daily life to society. With “VISION2030” as our main focus, we will further advance the Reform of PRODUCTS + SERVICES, including the DX (digital transformation) of the bus industry, and aim to grow into a sustainable and reliable company. We hope all stakeholders will look forward to the future growth of the LECIP Group. We kindly ask for your continued support.



Message from the Executive Director

With a corporate culture that cultivates initiative and a strategic organizational structure, achieving “VISION2030” with all employees

Hiroko Mitsui

LECIP HOLDINGS CORPORATION
Senior Managing Director

Companywide reform to achieve “VISION2030” with all employees

To achieve the Long-term vision “VISION2030” through company-wide collaboration, LECIP is advancing internal reforms. In the Medium-term Business Plan “RT2026 (Reach our Target 2026)”, the company-wide strategy has set “Improve management efficiency” and “Cultivate a new corporate culture” as key challenges. Accordingly, we have introduced the business unit (cross-functional organization) and reorganized existing structures to speed up cross-functional activities and decision-making. In fiscal 2025, we also established “1Value 4Stance”, the ideal model for LECIP employees, and are instilling a new corporate culture. We are still in the midst of reform, but during fiscal 2026, we aim to deepen the permeation of “1Value 4Stance,” not only organizing the structure but also increasing the number of members who act accordingly, step by step, achieving results.

A new organizational structure to blossom new businesses

LECIP’s organizational reform links strategy and human resources, aiming to maximize strategic outcomes. For example, in fostering new PRODUCTS + SERVICES business, we revamped the traditional structure and introduced the business unit system for the first time. We established business units for each product field, enabling the technical side to lead development and integrate horizontally across the previously segmented Sales, Development, Manufacturing, and Quality

Assurance departments. This has enabled us to pool ideas and expand the variety of products and systems in each field, with a stronger focus on developing new solutions. Each business unit also formed specialized working groups, and with the effective combination of young members generating diverse ideas and the management, development progressed very smoothly.

Meanwhile, at the Business Development Center established in 2023, we are focusing on deploying existing products and systems into other industries. The Business Development Center will be operated as an engine for bringing fresh perspectives to the entire company, such as providing feedback from new fields into existing domains.

If the period up to March 2025 is a “sowing” period for new businesses, then this year is the “critical year” for deploying the solutions developed into the market and making them bloom as businesses. What is needed for this is a shift in our actions. We must evolve from the traditional business model of providing PRODUCTS based on customers’ explicit needs, to a new sales style that anticipates customers’ latent needs and challenges, and proactively proposes optimal solutions. As such, to promote the new sales style, this year we reorganized existing business units (BU) into proposal-focused organizations led by the Sales department, shifting the structure from product-oriented to customer-need-oriented. In these new business units, the Sales department, which is closest to customers, will take ownership and, starting from customers’ needs, transform the solutions we have developed so far into new businesses.

For “1Value 4Stance” to instill and cultivate proactive behavior

From fiscal 2025, we are also working to nurture a new corporate culture. This is because the PRODUCTS + SERVICES business structure outlined in “VISION2030” requires the capability to proactively propose and create new businesses both internally and externally. Until now, our business structure focused on PRODUCTS and had a top-down organizational culture for efficient operations, but this needs to change. We believe LECIP can grow when employees are able to thrive in a culture that encourages ownership and autonomy. “1Value 4Stance” is also linked to the newly updated human resources system. The new human resources system is merit-based, setting “1Value 4Stance” as criteria for evaluation. We have established a mechanism so that the more employees proactively create new value, the more they can advance their careers. Our plan is to create a virtuous cycle where both employees and organizations grow on the foundation of a new corporate culture, and this growth leads to company results.

To promote the permeation of “1Value 4Stance,” we have forums for employees to input specific examples and hold company-wide output events twice a year. For input, the Values Sharing Office communicates initiatives aligned with “1Value 4Stance” from each organization, sharing them company-wide. On the company’s internal social network, each organization takes turns posting daily challenges, cultivating a culture of praise.

As an output initiative, we held an awards event called the “Value Award” at the end of the previous fiscal year. The aim was to visualize specific initiatives based on the philosophy of “1Value 4Stance” and link them to the actions of every individual. To this end, in the fall of 2024, we held a workshop with the participation of all employees, providing an opportunity for each to present their initiatives based on “1Value 4Stance.” Through self-nominations and nominations from each department, candidates for the “Value Award” were selected, their initiative stories were shared companywide, and the top three were determined by votes from all employees at the end of fiscal 2025. Examples selected for the first Value Award included initiatives such as technological development through industry-academia collaboration, cases where small frameworks were built in response to customer feedback and improved by overcoming challenges, and cases where customer needs were explored in-depth to leverage existing



Scenes from the “Value Award”



New Philosophy 1Value 4Stance

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

system assets while developing and integrating new functions to provide new solutions, among others, as award-winning examples. By running events where all employees take part, we are working to clearly communicate the goals of “1Value 4Stance” to everyone, and we feel there is growing personal ownership among staff members.

Repeating such input and output cycles allows for a new corporate culture to take root within the company, and independent actions by each employee are becoming more active. After formulating VISION2030, our target state for 2030, and redefining “1Value 4Stance” as the ideal organizational and talent profile to achieve the Medium-term Business Plan strategies, a trend of “let’s create better business together” has emerged, mainly among each business unit, and proactive efforts to create new value and a sense of unity have started to take root.

Accelerating reform as one united company

In fiscal 2025, we also focused on “aligning the mindset of upper management and the management team.” The management team communicates expectations and roles to each member based on their understanding of the company’s strategies. That is why it is necessary for upper management and the management team to share the same vision, enabling unified reform efforts from the front lines to senior leadership. We have recently been able to feel the results of these efforts day by day, and signs of the next evolution are becoming visible. In addition, LECIP will continue working on further instilling “1Value 4Stance” among all employees moving forward. We also aim to further improve understanding among employees to build a more action-oriented organization. Achieving “VISION2030” for LECIP means supporting the sustainability of the public transportation business. To continue being a company that contributes to the society of the future, LECIP will accelerate organizational reforms companywide again this fiscal year.

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

Develop ment 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

2024

Enter tourism market

Leveraging the business know-how we have cultivated in the field of "mobility," we are expanding our business beyond the bus and railway markets, and with our two core products—the integrated DX cloud system "LECIP CMP (Content Management Platform)" developed in 2021 and the WEB ticketing application "QUICK TRIP" developed in 2024—we have fully entered the tourism market with a focus on digital transformation (DX). We are aiming to supply unique solutions to address challenges such as inbound demand and overtourism.



Entry into the tourism market

1940

Initial period after foundation

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

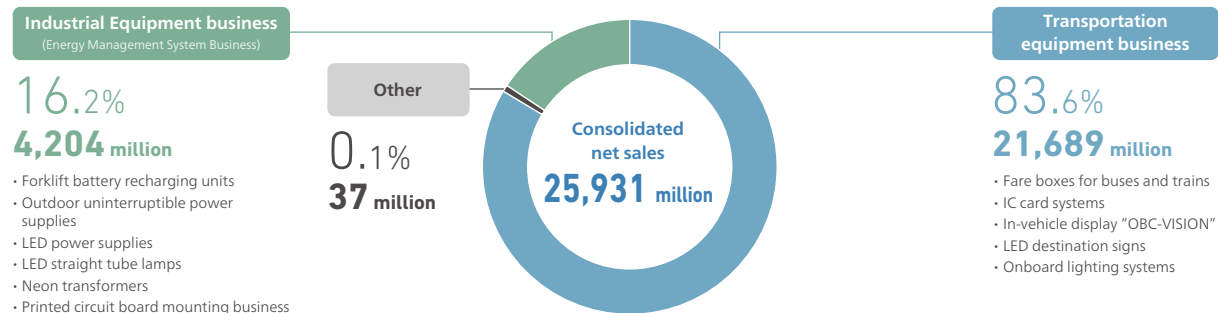
2000 Acquires Environmental Management System ISO 14001
2001 Acquires Sanyo Trading Co., Ltd. as a fully owned subsidiary and transfers its Sales Department to the Company
2002 The Company changes its name from Sanyo Electric Works to LECIP CORPORATION
2005 Lists stock on the JASDAQ Securities Exchange
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 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 Arcontia 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
Increases share capital to 1,718.22 million yen

At a Glance

Net sales by segment Fiscal 2025



Summary of business performance in FY2024

Net sales	25,931 million	Ordinary profit	3,483 million
Gross profit	8,631 million	Net income	2,255 million
Operating profit	3,531 million		

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*1

Major products

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



*1 EMS (Electronic Manufacturing Services)

Efforts Toward Creating New Value

The LECIP Group seeks to help provide a safe, secure, and optimal daily life for societies undergoing change by connecting technology and ideas, and in the fields of public transportation, logistics and industrial equipment, and overseas markets, we are accelerating the creation of new value that goes beyond traditional manufacturing.

Public Transportation Sector

In the public transport sector, we have developed the mobile ticket apps "QUICK RIDE" and "QUICK TRIP" for promoting cashless payments, and we are also making an active effort to enter the tourism DX market. In addition to supplying solutions such as a bus location system and bus crewmember support system that contribute to greater operational efficiency and safety, we are also viewing challenges in next-generation technologies such as autonomous buses. These are concrete examples of providing new value through "PRODUCTS + SERVICES" that combine hardware, software, and services.



Mobile ticket

bus location system

Bus crewmember support system

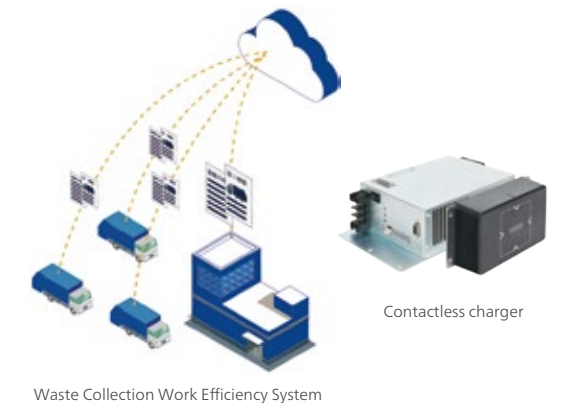
Payment terminals

Logistics and Industrial Equipment Sector

In the logistics and industrial equipment sector, we are actively pursuing new business areas by utilizing IoT and DX, such as launching the joint development of the Waste Collection Work Efficiency System.

In existing areas, we are strengthening cost improvements and sales of recharging units for forklifts. As automation advances in logistics warehouses and factories amid labor shortages and the need for greater efficiency, and adoption of AGVs (Automated Guided Vehicles) and AMRs (Autonomous Mobile Robots) increases, we are bolstering product development for these automation devices. By utilizing technologies such as automatic control and remote monitoring, we will promote the development of new products and services to save labor and achieve more efficient operation.

Through these initiatives, we are aiming for sustained growth by transforming into a profit-focused management structure.



Waste Collection Work Efficiency System

Contactless charger

Overseas Domain

Expansion into the global market is positioned as a key growth pillar, and we are actively promoting our business.

In the public transportation sector in particular, we are steadily building up achievements overseas, such as successfully securing an Automated Fare Collection System (AFC) project in California, USA. We are also strengthening our overseas expansion in the railway sector, including the delivery of railway lighting for the New York City subway.

Moving forward, we will accelerate our global business by leveraging our existing strengths while expanding our product lineup to meet the needs of the market in each country and considering a full-scale entry into new markets.



Fareboxes for the U.S.

Lighting for railroads in the U.S.

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.



Long-term Vision “VISION2030”



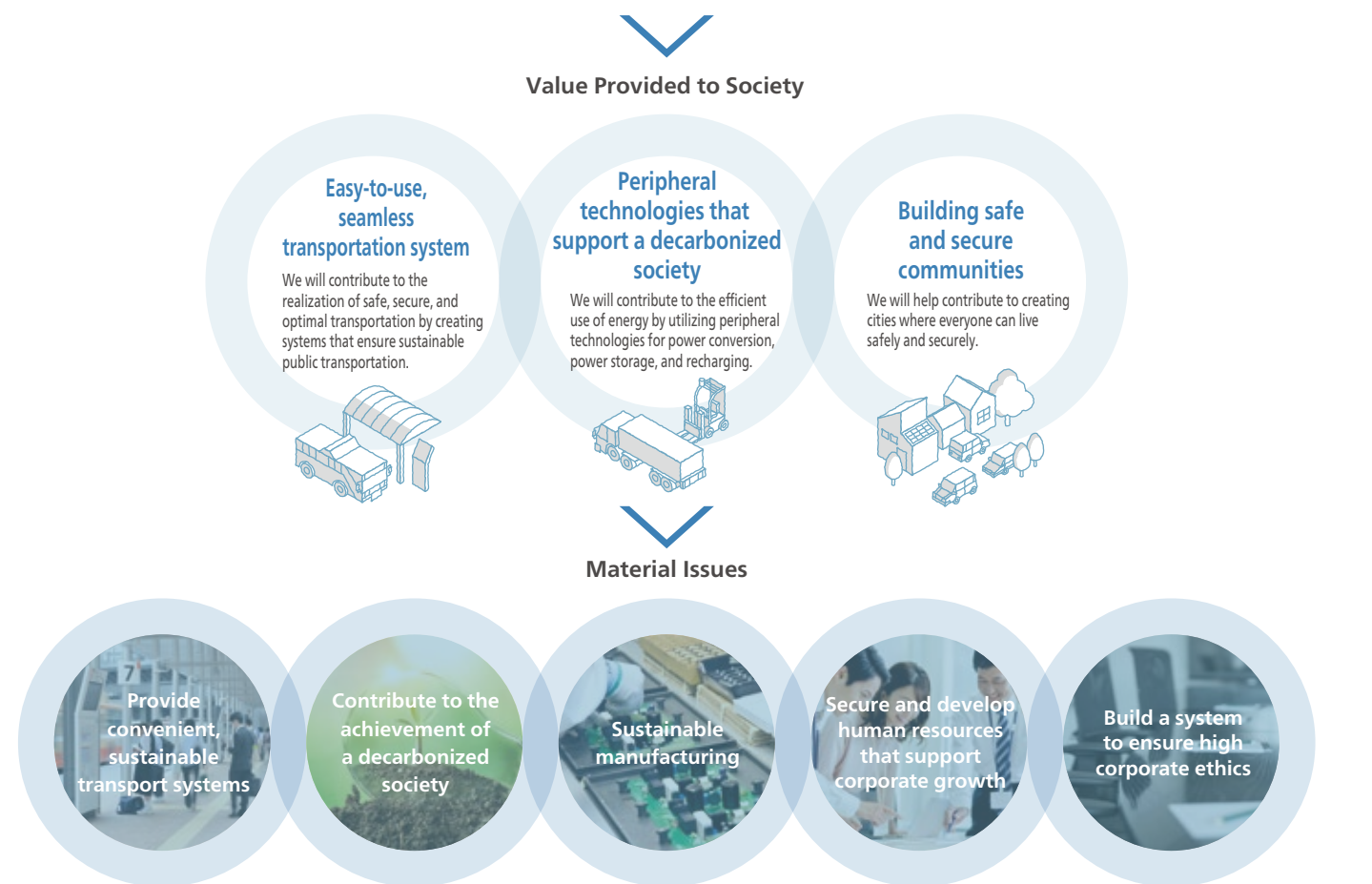
Awareness of Business Environment/ Risks and Opportunities

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

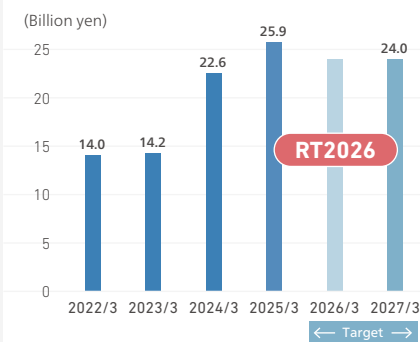


Medium-term Business Plan

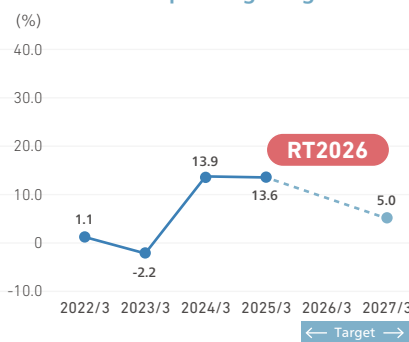
**Reach
our
Target
2026**

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

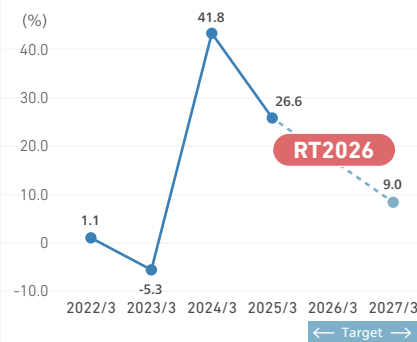
Consolidated net sales



Consolidated operating margin



ROE



(Unit: million yen, %)

	2022/3	2023/3	2024/3	2025/3	2026/3 (Target)	2027/3
Net sales	14,075	14,253	22,684	25,931	24,000	24,000
Operating profit	149	-310	3,164	3,531	1,200	1,200
Operating margin	1.06%	-2.17%	13.9%	13.6%	5.0%	5.0%
Net income	53	-249	2,416	2,255	750	750
ROE	1.1%	-5.3%	41.8%	26.6%	9.0%	9.0%
EPS	4.2	-19.2	178.0	152.29	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 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

AFC System Orders and Progress of Overseas Businesses in the U.S.

Strategic Progress Toward the Establishment of Overseas Businesses: Large-Scale Order for Bus Fare Collection Systems (AFC) in the U.S.

As part of one of our key sustainable growth strategies—the establishment of overseas businesses—we are steadily expanding our operations in the North American market. This time, we have received consecutive orders from two public transport agencies—Orange County Transportation Authority (OCTA) in California, and Collier Area Transit (CAT) in Florida—for Fare Collection Systems (AFC) for buses. With both projects combined, this represents delivery of a large-scale system including approximately 600 fareboxes for buses, marking an important milestone in our overseas business.

This order is the result of the comprehensive evaluation of our past delivery record, capability to complete large-scale projects, and high product quality. Beginning with delivery to C-TRAN (Washington) in 2016, we have gradually built up trust and a track record in the U.S. market with clients including RVT (Oregon), BTS (Wisconsin), and NCTD (California). With these orders, the total number of units delivered is expected to reach 3,202 as of May 2025.

Order Record to Date in the United States

	C-TRAN	RVT	BTS	NCTD	Houston METRO	TriMet	OCTA	CAT
Delivery period	April 2016	January 2018	December 2019	March 2023	2025 (Scheduled)	2025 (Scheduled)	2026 (Scheduled)	2026 (Scheduled)
Farebox Number of units	118	46	10	182	1,431	790	592	33

Evaluation Items

Delivery Record

Project Structure

High product quality

Future Prospects

The route bus AFC market in the U.S. is estimated to have approximately 65,000 potential units, and our current market share is about 3%. We will leverage our strengths in product reliability and responsiveness to customer needs to differentiate ourselves from competitors, acquire projects in a strategic manner, and target a 10% market share (6,500 cumulative units) by 2030.

This large-scale order will significantly strengthen our AFC business foundation in the North American market and is expected to further boost our global presence. We will continue to promote company-wide initiatives to improve the profitability and achieve sustainable growth of our overseas businesses.

The AFC market for route buses in the U.S.

Number of route bus vehicles
(our estimate)

About 65,000 units

2030 acquisition target

6,500 units

Cumulative
Units Acquired*

3,202 units

* Including orders received as of May 2025

Expansion of new areas

Contribution to Sustainable Tourism and Regional Revitalization through Tourism DX

Issues Prevalent at Mt. Fuji and Approaches with Tourism DX

At Mt. Fuji, a World Cultural Heritage site, issues related to environmental impact and safety management caused by climber crowding and over-tourism have become serious challenges. To address these issues, we were commissioned by Shizuoka Prefecture to develop and implement the "Mt. Fuji Climbing Pre-registration System," which enables climbers to complete all steps online, from pre-registration to entry fee payment.

Overview and Value Proposition of the "Mt. Fuji Climbing Pre-registration System"

This system, built on our "LECIP CMP (Content Management Platform)," enables climbers to pre-register online, pay entry fees, and access multilingual support (in seven languages) to improve the convenience of inbound climbers and support their experience digitally.

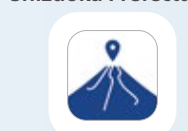
In particular, we focus on raising awareness of safety through online pre-learning of climbing rules and manners, thereby contributing to environmental conservation. We will also ensure the safety of climbers in emergencies by utilizing location information.

The system consists of the "Shizuoka Prefecture FUJI NAIVI App" for climbers, the "QUICK TRIP" entry pass sales platform, a local authentication app, and the "LECIP CMP" management system. By integrating these components, we aim to streamline entry management, alleviate over-tourism, and provide a safe and comfortable climbing experience.

Expected Effects and Future Outlook

With the implementation of this system, we are hoping to reduce environmental impact on Mt. Fuji, increase climber satisfaction, and further promote regional digital transformation in the future through the utilization of accumulated data. Building on the achievements of this project, we will contribute to achieving "smart tourism" nationwide by reducing congestion and promoting circulation at major tourist spots and large-scale events facing similar challenges. In addition, with a view to MaaS integration that provides seamless mobility experiences by linking with the bus location system and others, we will deploy solutions that revitalize entire communities.

FUJI NAIVI App,
Shizuoka Prefecture



Medium-term Business Plan

Expansion of new areas: Development of PRODUCTS + SERVICES businesses

Contributing to resolving social issues and supporting sustainable growth through the integrated solution “MoveLe”

Integrated Solution “MoveLe” as a Growth Driver

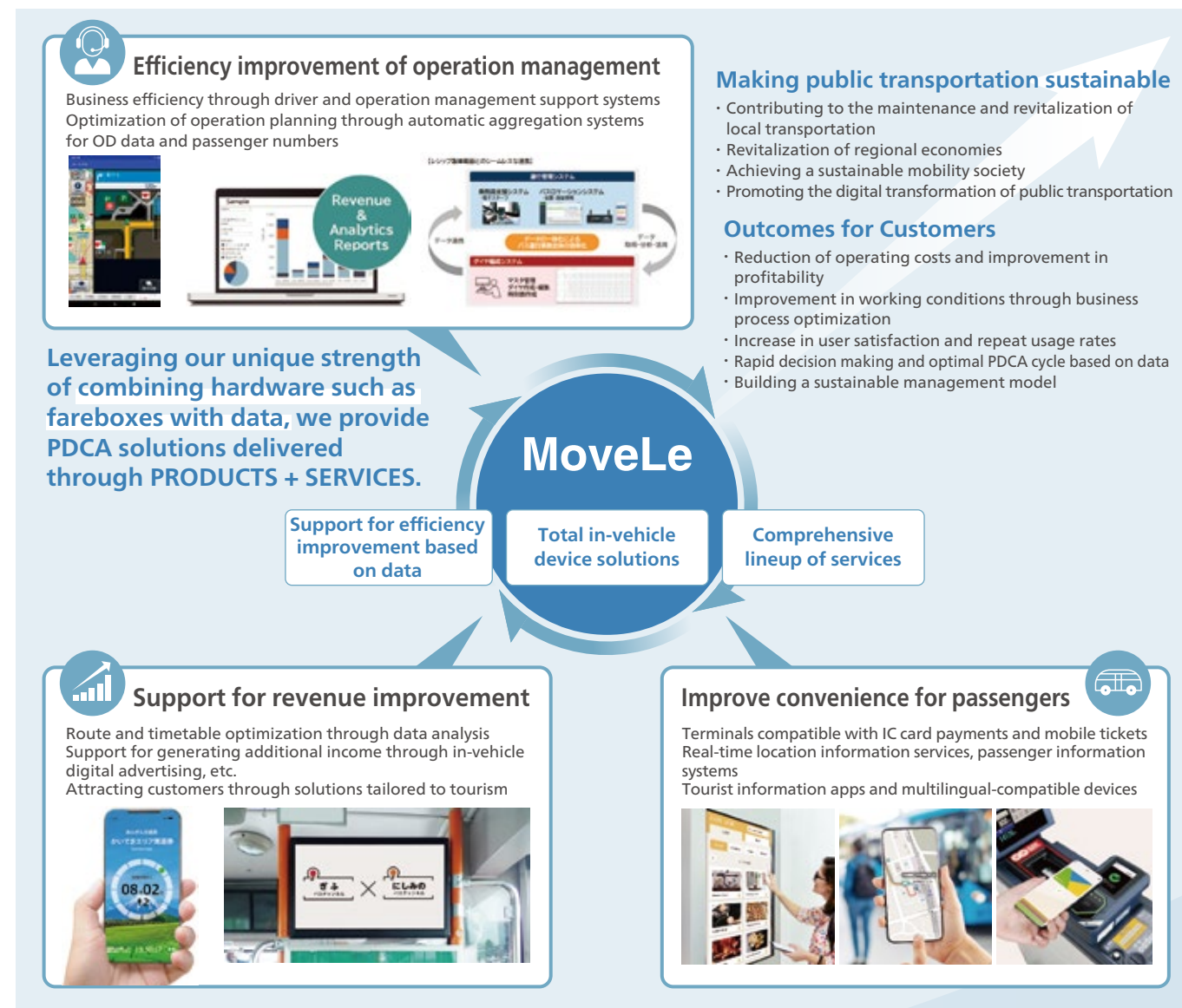
We will drive business that resolves social issues together with our customers by combining the technical capabilities of our hardware (PRODUCTS) with software and services (SERVICES). This initiative is particularly essential in the domestic public transportation market, which faces structural challenges such as population decline and labor shortages. The growth driver for business that solves societal issues is our integrated solution “MoveLe.” Going forward, through co-creation with customers using MoveLe, we will achieve digital transformation quickly and create new value.

Specifically, by integrating hardware such as our farebox and the data it generates, we will develop mechanisms for ongoing value co-creation to address customer business challenges and provide a total business solution with three main pillars: (1) Streamlining operation management, (2) Supporting revenue growth, and (3) Improving convenience for passengers. Through this, we will develop a PDCA cycle at worksites, connecting accurate status monitoring (Check) based on data to planning and executing improvement measures (Act, Plan, Do), and support business optimization and sustainable growth for our customers.

Market Opportunities and Growth Strategies

The trend toward DX in the bus industry is significantly transforming the business environment and strongly driving the expansion of new solution markets. Amidst this significant growth opportunity, we are confident that MoveLe’s unique value proposition is substantial. Maximizing our strength in integrating hardware and software, we will securely capture this promising business opportunity, scaling MoveLe into a key revenue pillar for our company’s future.

Integrated Solution “MoveLe” for Public Transport Operators



Expansion of new areas: Product deployment to surrounding markets

Joint development with ShinMaywa Industries of the Waste Collection Work Efficiency System has started

Venturing into new growth areas: DX for waste collection supporting social infrastructure

An important step in expanding the strengths gained in the public transportation field into new areas is the promotion of DX in the waste collection industry.

At waste collection sites, challenges such as labor shortages and work style reforms are becoming increasingly serious. To address this social issue, we have started joint development of the “Waste Collection Work Efficiency System” combining our technology and expertise with ShinMaywa Industries, Ltd., which has the leading share of refuse trucks in Japan. This is an important initiative aimed at deploying our core competencies into new markets and achieving sustainable growth.

Value creation through cross-industry collaboration

The core of this system is equipping refuse trucks with our “LIVU (LECIP Intelligent Vehicle Unit),” a proven in-vehicle communication device in bus operation management, utilizing daily business data. Functions such as route navigation, real-time management of vehicle locations, and automatic creation of daily reports greatly streamline operations for both drivers and operators. This value creation was made possible by combining the know-how of ShinMaywa Industries, a leading manufacturer of specialty vehicles, with our own ICT and data utilization technologies—combining strengths from different industries. This is a new co-creation model that provides value through PRODUCTS + SERVICES, extending beyond the framework of public transportation.

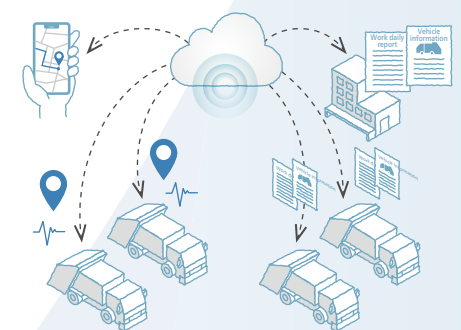
Steady Commercialization through Demonstration Experiments and Future Outlook

To verify the effectiveness of the developed system, we began demonstration experiments using waste collection vehicles in actual operation, with the cooperation of waste collection and transportation companies. We are steadily moving ahead with the commercialization process, refining basic functions to reflect on-site feedback. Moving forward, based on the results of demonstration experiments, we will develop high value-added features such as weight integration and information provision sites for residents, with the aim of launching the service during 2025. In the future, we are aiming for implementing 5,000 units by 2030.

We will continue expanding our solutions to various fields supporting social infrastructure and push ourselves to achieve a sustainable society.

ShinMaywa LECIP

Waste Collection Work Efficiency System
We are achieving efficient and sustainable collection and transportation using digital technology.



Pursuit of profitability and efficiency: Expansion of LECIP ELECTRONICS CORPORATION’s sales channels

LECIP ELECTRONICS CORPORATION New plant begins operations

Group company LECIP ELECTRONICS CORPORATION has invested approximately 1.1 billion yen to construct a new plant, which has recently embarked on full-scale operations. This is an important strategic investment with an eye toward future business expansion.

Background and purpose of establishing the new plant

The demand for in-vehicle products is expanding robustly against the backdrop of electrification and digitalization in the automotive industry. To meet this strong demand and secure growth opportunities, we have established a new plant with a dedicated line for in-vehicle products.

Features of the new plant

Strengthening the production system to meet market demand

With a newly established dedicated line for in-vehicle applications, we have significantly increased production capacity. We will achieve about 1.5 times the current production capacity during full operation with a design that allows flexible expansion according to demand, ensuring a solid framework for reliable supply to our customers.

Promotion of sustainability management

Solar power generation system is installed on the roof of the plant. By covering a portion of the electricity used with renewable energy, we are contributing to reducing our environmental impact.

Strengthening manufacturing capabilities as the source of competitiveness

To meet the high quality requirements of in-vehicle needs, we have further strengthened our quality control framework. Furthermore, we have achieved full automation of the integrated production line, striving to maximize productivity and enhance cost competitiveness.

With the launch of this new plant, LECIP ELECTRONICS CORPORATION aims to achieve both reliable supply for customers and environmentally friendly operations, pursuing sustainable business development. Going forward, while strengthening our in-vehicle market presence, we will also focus on developing new growth markets such as semiconductor manufacturing equipment and robotics, as we strive to further increase corporate value.



New electronics plant

Financial Strategies

Toward Achieving Management with a Focus on Capital Cost and Stock Price

We are promoting management that is conscious of capital cost in order to enhance corporate value in a sustainable manner. We recognize our shareholders' equity cost as approximately 7 to 8%, and we aim to achieve an ROE of 9% or higher, which exceeds this capital cost. In FY2025, ROE was 26.6%, significantly exceeding the target, but this includes special demand related to new banknotes, and the ongoing challenge is to improve capital efficiency in a sustainable manner.

The financial strategy for achieving the Medium-term Business Plan serves to support its three key pillars: (1) Establishment of overseas businesses, (2) Expansion of new areas, and (3) Pursue profitability and efficiency. In particular, by shifting from a business structure susceptible to demand fluctuations to one with a stable earnings base, we aim to enhance corporate value over the medium to long term.

Looking Back on Fiscal 2024

In fiscal 2024, 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 revenue, performed favorably due to several extraordinary factors, such as the increase in sales related to new banknotes issued in July 2024. As a result, net sales of the entire Group increased by 14.3% year-on-year to ¥25.931 billion, operating profit of ¥3.531 billion, and net income of was ¥2.255 billion. For ROE, net income significantly grew to 26.6%, and exceeded the target of 9%. The Japanese market is shrinking due to the declining population, and there are concerns that sales will decline after sales related to the 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 growth fields in Japan based on the basic strategy of the Medium-term Business Plan.

In the United States, we received orders for multiple large projects in 2024 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. Meanwhile, our group is driving transformation of our business portfolio, and in December 2024, decided to dissolve and liquidate our Thai subsidiary, LECIP THAI CO., LTD. This decision was made to improve management efficiency and effective utilization of management resources, taking into account market trends and changes in the business environment in Thailand.

In Japan, we are promoting the selection and concentration on highly profitable businesses, such as improving profitability through price revisions and production streamlining, and the transfer of the high-voltage transformer business (implemented in March 2024), and will continue to aim for profit growth across the Group with a focus on capital efficiency.

FY2025 financial summary

	RT2026 target value	FY2025 results
Net sales	24 billion	25.9 billion
Operating margin	5% or more	13.6%
ROE	9% or more	26.6%

Improvement of Capital Efficiency and Optimal Capital Structure

We focus on improving capital efficiency and maintaining an optimal capital structure to achieve sustainable growth in corporate value. Currently, our PBR is below 1x, which we recognize as being mainly due to significant volatility in business performance. To address this issue and gain appropriate recognition from capital markets, we are promoting the following initiatives.

Optimizing Our Business Portfolio

We will transform our business structure into one with high capital efficiency by expanding our overseas businesses, mainly in the United States, and promoting selection and concentration of domestic businesses. In particular, by steadily executing large-scale projects won in the U.S. in 2023 and continuously securing new projects, we are aiming to achieve an overseas sales ratio of 20% or higher.

Optimization of Financial Leverage

The D/E ratio improved to 0.18-times in FY2025. Going forward, we will maintain an appropriate level of interest-bearing debt while balancing growth investment and financial soundness.

Optimizing Working Capital

LECIP HOLDINGS centrally manages the funds management and procurement of its subsidiaries, utilizing a cash management system to improve capital efficiency.

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

	2021/3	2022/3	2023/3	2024/3	2025/3
Cash and deposits (millions of yen)	3,333	4,094	3,179	2,964	2,073
Interest-bearing debt (millions of yen)	5,764	4,521	5,479	3,108	1,778
D/E ratio (times)	1.17	0.95	1.17	0.45	0.18
Equity (millions of yen)	4,912	4,775	4,688	6,881	10,100

Cash Allocation

The LECIP Group practices strategic cash allocation to achieve medium- to long-term improvement of corporate value. Based on the key issues of RT2026, we are making proactive investments in growth markets mainly overseas, and aim to strengthen shareholder returns through business growth and increased profitability.

We prioritize investments in the following areas.

Growth Investments

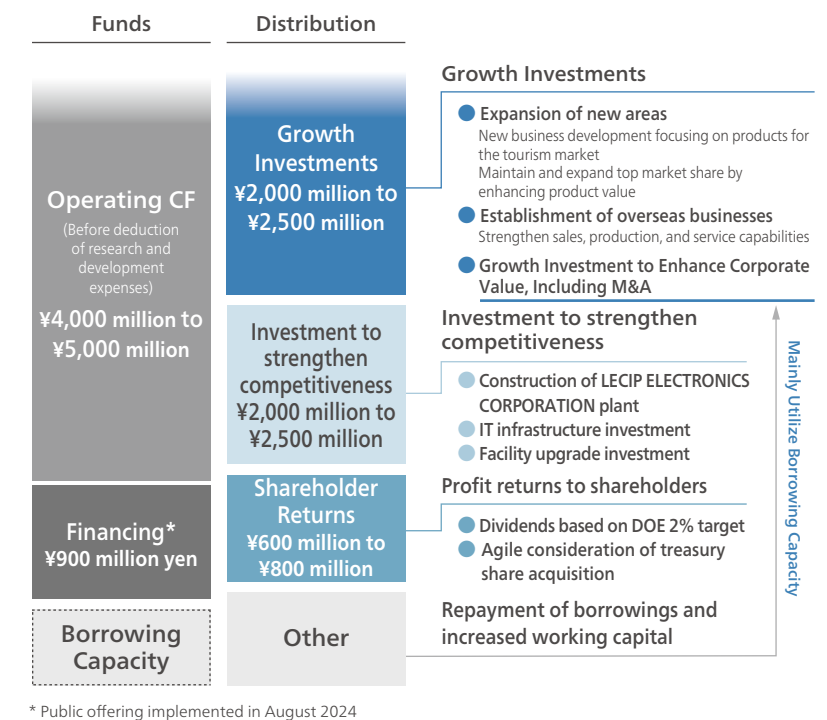
We will continue to invest a set amount each year in fields necessary to achieve VISION2030, thereby strengthening our competitive advantage. As with the previous year, for FY2025, we plan to invest approximately 60 million yen in research and development.

Investment to strengthen competitiveness

We will be investing in expanding production capacity and improving operational efficiency, such as constructing a new LECIP ELECTRONICS CORPORATION plant (commenced operations in January 2025).

In investment decisions, we rigorously evaluate whether returns will exceed capital costs, and invest in projects that will enhance corporate value. We aim to maximize long-term shareholder value, while balancing growth investment and shareholder returns.

For the three-year period of RT2026, we plan to allocate operating cash flow and borrowing capacity in a balanced manner to growth investment, competitiveness strengthening investment, shareholder returns, and debt repayment. Through this strategic cash allocation, we aim to achieve sustainable growth and enhance corporate value.



Shareholder Returns

The LECIP Group positions the enhancement of Shareholder Returns as a key management issue and aims for stable and sustainable dividends.

In February 2025, we revised our dividend policy and established a new standard using a DOE (Dividend on Equity) target of 2% or more. Based on this policy, we determine dividends through comprehensive consideration of past consolidated business performance, future outlook, dividend yield, equity ratio, and other indicators.

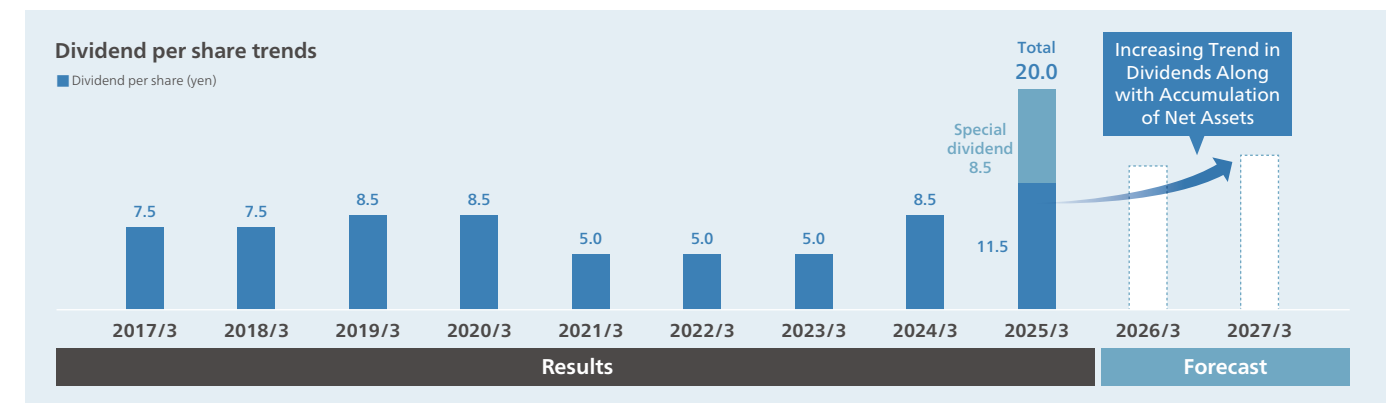
For dividends in FY2025, in addition to an increase in ordinary dividends based on the new policy, we also paid a special dividend in light of the substantial upward revision to earnings forecasts for the full year.

In enhancing shareholder returns, our focus is on

maximizing medium- to long-term shareholder value while minimizing the impact of short-term fluctuations in business performance. Therefore, we have adopted DOE as a key metric and determine dividends by comprehensively considering indicators such as dividend yield and equity ratio.

We also have a policy of considering agile acquisition of treasury shares based on a comprehensive assessment of stock price, capital efficiency, and investment opportunities.

Through these shareholder return measures, we aim to strengthen profit returns to our shareholders and enhance our corporate value in a sustainable manner. We will continue to strive to provide stable and continuous dividends, taking into consideration business performance trends and financial conditions.



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.



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
- Emergence of new technologies and standards

Opportunities

- 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
- Progress in tourism DX and MaaS integration

Results for fiscal 2025

Bus market (Sales: 16,395 million yen, YoY +18.2%)

- Increased sales from farebox modifications and software updates, as well as farebox replacements, due to the issuance of new banknotes.
- With the recovery of mobility demand, sales of color LED destination signs and IC card reader/writers, etc., also increased.

Railway market (Sales: 4,259 million yen, YoY +36.8%)

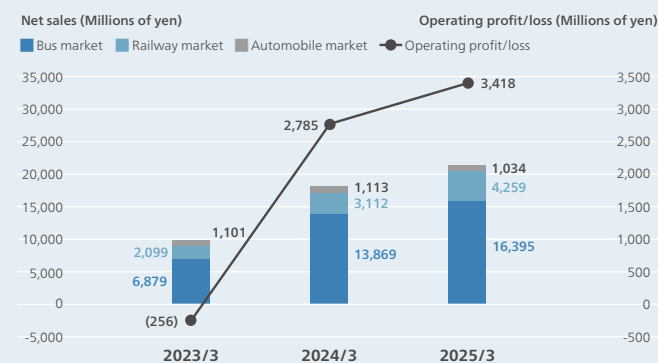
- LED lighting for railcars in the U.S. maintain its sales level
- Increase in the sales of modification of fareboxes and software revision due to the issuance of new banknotes

Automobile market (Sales: 1,034 million yen, YoY -7.1%)

- Increase in sales of LED lighting for automobiles

Competitive advantages

- As a comprehensive supplier of electrical equipment for buses
- Direct sales system and close customer support through sales offices nationwide
- Wide range of systematically linked products for buses
- In-house system development capabilities leveraging expertise in fare and operation data
- Track record and having a high share in the one-person (driver-only) operation in the railway market
- High rating for delivery track record in the U.S. AFC market (Project structure and high-quality products)
- Development expertise for overseas specifications and a global development structure



Strategy toward achieving the Medium-term Business Plan

Bus market

- Maintain top share and make product proposals as a top supplier
- Provision of data utilization services such as location information (Development of MoveLe)
- 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
- Promotion of development for solutions for garbage trucks (such as Waste Collection Work Efficiency System)

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

Expansion of orders for U.S. AFC systems

Our past system implementation achievements have been highly evaluated, leading to the acquisition of large-scale projects.

For the previously received orders from TriMet in Portland, Oregon (790 units) and METRO in Houston, Texas (1,431 units), deliveries are currently underway, and sales are scheduled to be recorded in fiscal 2026.

Furthermore, in May 2025, we also received orders for Fare Collection Systems from OCTA in Orange County, California (592 fareboxes) and CAT in Collier County, Florida (33 fareboxes).

Based on this progress, we are strengthening our personnel system in the United States, ensuring stable delivery of already awarded projects, and actively working to acquire even more new projects.

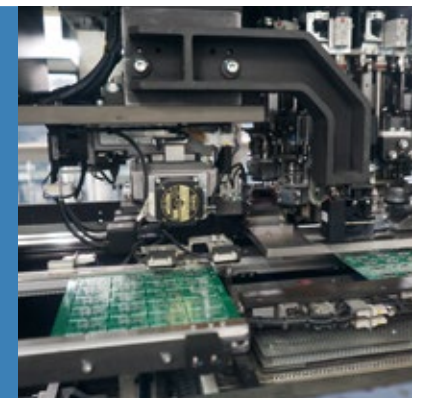


Farebox for the U.S. market LF-7000

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.



Risks

- Rise in raw material prices (iron, copper, etc.)
- Intensifying price competition with overseas manufacturers
- Response to the technological shift from lead-acid batteries to lithium-ion batteries

Opportunities

- Growing need for electrification to achieve carbon neutrality
- Growth of the logistics market and stable demand for forklifts
- Increase in demand for wireless charging due to increased use of AGV/AMR (autonomous mobile robots)
- Domestic re-shoring of production bases
- Advances in automotive electrification in the EMS market

Results for fiscal 2025

Power supply solution market (Sales: 3,178 million yen, -10.6%)

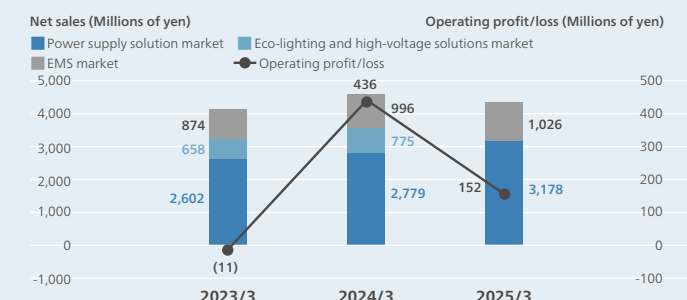
- Sales of forklift battery recharging units remained steady due to robust logistics market activity and stable demand for forklifts.
- Sales related to the high-voltage transformer business, for which the business transfer was completed in March 2024 (including transformers for combustion equipment), decreased, resulting in lower revenue.

EMS market (Sales: 1,026 million yen, +3.0%)

- Sales of circuit board mounting for automobiles increased, resulting in higher revenue.

Competitive advantages

- Major market share in forklift battery rechargers
- Sales activities leveraging name recognition and sales channels in the Japanese market
- Electric power conversion technology, charging (inverter technology)
- Product development capabilities with high safety and durability based on dustproof and waterproof technologies
- High-quality and highly reliable circuit board mounting capabilities cultivated in the in-vehicle field (LECIP ELECTRONICS CORPORATION)
- Strengthening of production capacity and integrated production system through the operation of the new LECIP ELECTRONICS CORPORATION factory



* Due to the business transfer of the high-voltage transformer business conducted in the fiscal year ended March 2024, the items previously listed under the eco-lighting and high-voltage solution market have been reclassified under the power supply solution market.

Strategy toward achieving the Medium-term Business Plan

Power supply solution market

- Expand sales into the logistics market (for AGV/AMR)
- Initiatives for the solution business and product deployment as charging systems
- Improve costs by reviewing the supply chain

EMS market

- Increase sales of in-vehicle equipment and improve 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

Operation of new LECIP ELECTRONICS CORPORATION plant

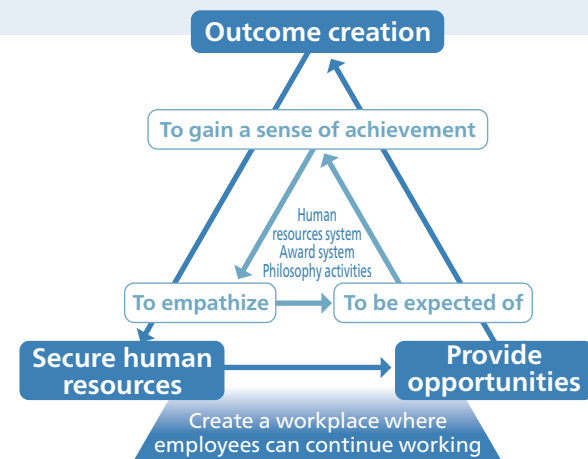
To respond to increased orders driven by the rise in electronic components accompanying advances in automobile electrification, a new plant for circuit board mounting has started operations. Production capacity will be about 1.5 times higher than before. A one-stop production system for in-vehicle products will be built in the new plant as well as aim to increase sales by cultivating new business partners.



Human Resources Strategy

Approach Toward Human Capital Management

Our Group positions human resources as important intangible assets that support the sustainable growth of the company. Therefore, we are working on designing systems that enable each employee to fully demonstrate their abilities and link them to results. Furthermore, more than system improvements, we also focus on psychological management and incorporate various measures based on engagement enhancement into operations, aiming to create a virtuous cycle (positive spiral) that increases the value of our human capital.



Hard (system)

We hire human resources required for the execution of our management strategy, regardless of whether they are new graduates or mid-career hires, and provide each employee with opportunities for growth. Even after joining the company, we have established mechanisms to promote a cycle of human resources development and results creation.

Soft (psychological)

To enhance employees' sense of satisfaction and fulfillment in their work, we conduct one-on-ones in the workplace and training sessions to deepen understanding of each expected role. We have also adopted a system to quantitatively measure each employee's mental well-being.

Three Initiatives to Create a Positive Spiral

Human resources system

We clarify the roles of each employee and ensure that goal setting and evaluations align with those roles, working to operate a convincing system. We focus on manager training, which is the key point of this approach.

Award system

We operate various fair systems with clear objectives for employees, such as the "Employee Award" aimed at fostering a culture of praise, the "Department Award" to enhance workplace unity, and the "Value Award" to promote value penetration.

Philosophy activities

We continuously promote activities to instill our mission, vision and values so that all employees can feel a sense of fulfillment in their work. We collect data such as engagement scores as an indicator of penetration, and connect it to further actions.

Level system

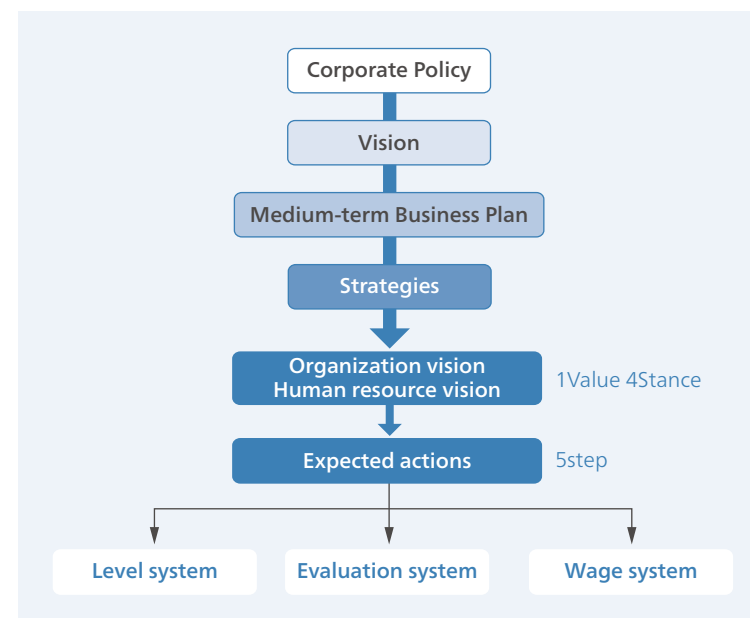
For managerial positions, we focus on "job content," and for non-managerial positions, on "expected roles," and we clarify the roles expected of each grade. We have also implemented a multi-track human resources system by establishing specialist positions and other means.

Evaluation system

We set and evaluate goals according to expectations for each grade level. We also provide careful feedback on evaluation results to ensure they contribute to the employee's growth.

Wage system

We have created a system that clearly differentiates treatment based on job content and expected roles, and ensures proper compensation for results.



Secure human resources To empathize

For recruitment, we clearly communicate the appeal of working at our company and our workplace atmosphere through initiatives such as establishing recruitment catchphrases, renewing our recruitment website, and continuously running our social media accounts. We cultivate empathy, while deepening connections with the target group. Through these activities, we aim to hire people who resonate with our philosophy and values and can grow together with us.

Creation of recruitment catchphrase



Our company is involved with many products that support transportation infrastructure such as buses and railways, and these socially valuable products give employees a great sense of purpose. Additionally, along with our training system that allows even those with no prior experience to challenge themselves in engineering roles, we have a culture that empowers young staff, enabling everyone to grow, take on challenges, and become the ideal image of themselves. Through work, employees can "support society" while also "fulfilling themselves"—that's the appeal of our company, and this is embodied in this catchphrase.

Information dissemination that generates empathy

Recruitment site renewal

We reviewed and updated the recruitment site's layout and navigation so that the information students are seeking and the company's appeal can be communicated intuitively, resulting in a more user-friendly site.



Interview | Excerpt from the recruitment site



By being involved in the development of products that support transportation infrastructure—the lifeline for people—I feel a strong sense of purpose through contributing to society. I also feel very rewarded when customers who use our products give us positive feedback such as "This product is great!"

Recruitment site <https://www.lecip.co.jp/recruit/>



Release of in-depth videos and interview videos

The videos used for company information sessions, etc., have been well received by students for showcasing employees who are building up their own careers while contributing to society.



Lead design that builds recognition and connects to empathy

Recruitment marketing



Expanding awareness

- Strengthen cooperation with universities and high schools
- Acceptance of interns and company tours



Maintaining and strengthening relationships through the use of social media

- #### Foster interest and curiosity
- Web company information session
 - Provision of recruitment content

Application and selection

From "expanding awareness groups" through stronger partnerships with universities and high schools, to "fostering interest and engagement" via the updated recruitment site, and teaching about "application and selection"—running social media is a vital tool for maintaining and strengthening "connections (relationships)" with students throughout this series of processes. To ensure that contact isn't lost once a student learns about our company, we increase interest through continuous information sharing, gradually nurturing students' understanding and empathy for the company, and connecting them to application and selection—the link connecting these processes is the strategic use of social media.

Strengthen collaboration with universities

We are working to strengthen our connections with universities through initiatives such as guest lectures using our mobile ticket system and laboratory visits by university alumni employees.



Human Resources Strategy

Growth opportunities To be expected of

Each employee is assigned annual goals based on expected roles set for each grade, fostering growth through their daily work. Furthermore, through goal interviews and one-on-ones, we carefully explain "Why this goal?" and "What background and expectations are there?" to build up understanding and acceptance.

Create an environment that promotes growth

We provide each employee with diverse growth opportunities based on their expected roles. Additionally, we have established the "Five Steps of Expected Actions" as behavior guidelines to specifically implement the expected roles. It is important to consistently act according to these steps and link them to results.

Five steps of expected actions

- 1 Deeply understand the users and their surrounding environment
- 2 Discover prospective seeds in and outside the company
- 3 Formulate plans that provide value to users
- 4 Actively contact users and receive their response
- 5 Quickly rotate the PDCA cycle and utilize results for the next cycle

interview

I am in charge of design production work at the Business Development Center. When I was first assigned here, I was involved in a lot of on-site work such as installing signage to better understand the overall business as a newcomer. It was a valuable experience where I truly felt the importance of having a "customer perspective." After gaining more experience in full-scale design work such as producing websites and flyers, my desire to enhance my learning grew stronger. When I consulted with my supervisor, the company supported me to attend design school. By systematically acquiring knowledge, my skills improved, and when I later created the information page for the "Mt. Fuji Climbing Pre-Registration System," I focused on clear design from the user's perspective, which helped reduce the number of inquiries. I feel this was an experience where both the "customer perspective" I cultivated since joining and the growth I achieved at school were put to good use. Going forward, I want to pursue designs that prioritize not only aesthetics but also usability and convenience, and continue to develop as a UX designer.

Risa Hamamoto

Technology Department, Business Development Center,
LECIP CORPORATION



Outcome creation To gain a sense of achievement

Our company has long operated systems such as awards programs and internal presentation meetings to foster a culture of praise and enhance unity within the organization. In recent years, we have proactively utilized communication tools both inside and outside the company to visualize and share employees' efforts and achievements, thereby increasing empathy for our business and enhancing engagement.



Create a workplace where employees can continue working

To create a work environment where employees can easily work, be hired, stay, and grow, we are also focusing on initiatives to help balance "work with parenting or caregiving." We are also working to create an environment where employees can continue working long-term, with flexibility in work styles such as telework and flextime, and a good balance between work and time off.

Balance work and childcare/nursing care

Following recent legal revisions in the area of childcare and nursing care, our company has improved related systems and regulations in an appropriate manner. To improve the effectiveness of these systems, we actively disseminate information and promote their use through labor application tools and sharing case studies.

As a result, in terms of childcare leave for male employees, all 11 eligible members, including those under the "Papa Childcare Leave" program, have taken childcare leave, leading to concrete results.

In recent years, consultations regarding balancing not only childcare but also nursing care have increased, and we will continue to promote an environment where each employee is able to choose work styles according to their life stage.

interview

The birth of our twins made my spouse and I want to share childcare responsibilities, so I took childcare leave. While childcare was more challenging than I had expected, the time spent closely watching my child grow was an irreplaceable experience. Thanks to the understanding and cooperation at my workplace, I was able to take leave without worries and make a smooth return to work afterwards. I am truly grateful for the warm support.

Shinya Takai

AFC Development Department,
Development Headquarters, LECIP CORPORATION



Materiality in human resources

	Item	Activities Continued since FY2024	FY2024	FY2026 (planned)
Supply human resources required by business units	New graduate hiring	• Strengthening education of new employees	• Renewal of the "Supporting society, fulfilling myself" concept • Strengthen collaboration between industry and academia	• Strengthen internships and open company events • Social media marketing • Expand recruitment of foreign students
	Career Recruitment	• Referral recruitment • Alumni activities	• Acceptance of specified skills	• Increase hiring of foreign engineers
	Other	Utilization of side job talent	—	• Utilization of external professional human resources
Human resources development for transforming into a proposal-driven organization	—	• Internal recruitment system • In-house certification system for IT architects • In-house reskilling training	• Introduction of a new personnel system	• Introduction of talent management system • Operation of human resource portfolio • Operation of human resource development meetings
Improve employee engagement	—	• Company-wide engagement survey • Promote one-on-one meetings	• Establish the Value Award • Continuous workplace improvement with pulse survey	• Improve engagement through workplace ambassadors
Create a workplace where employees can continue working	—	• Implement measures focusing on balancing work and childcare • Improve the ratio of male employees taking childcare leaves • Support flexible work styles		• Support the balance of work and nursing care

		FY2022	FY2023	FY2024	FY2026 goal
Supply human resources required by business units	Number of recruits	21	22	17	—
	Number of mid-career recruits	47	42	55	—
	Employees engaged in overseas business	45	61	65	—
Human resources development for transforming into a proposal-driven organization	Number of certified in-house IT architects	6	9	9	15 people or more
	In-house re-skilling course participants	17	125	72	50
Improve employee engagement	One-on-one satisfaction	67.2 points	67.5 points	69.3 points	70 or more points
	Engagement score	* Currently in the data acquisition phase; publication method under consideration			
Create a workplace where employees can continue working	Post-childcare leave return rate	100%	100%	100%	Maintain 100%
	Men taking childcare leave	10%	67%	100%	Maintain 100%
	Percentage of paid leave taken	75%	69%	71%	75% or more

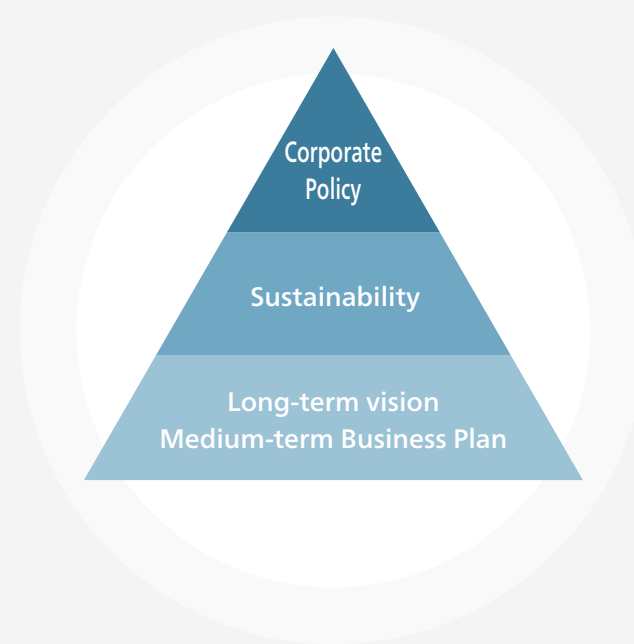
* Number of recruits are those that joined the company in April of the following fiscal year

Sustainability Management

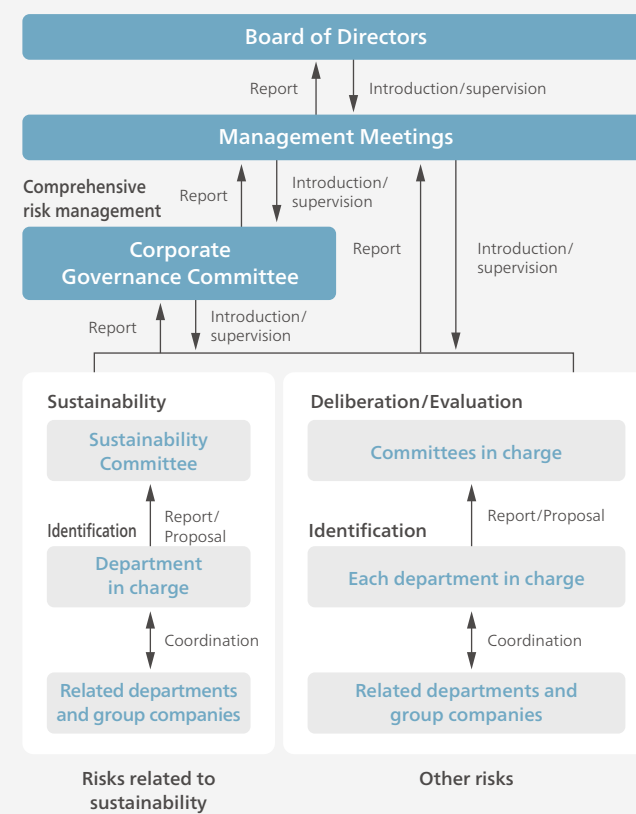
LECIP Group's Materiality

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

Provide convenient, sustainable transport systems




Contribute to the achievement of a decarbonized society

<ul style="list-style-type: none"> • Develop energy management system business • Promote use of renewable energy • Lower product size/weight/CO₂ • Reduce greenhouse gas emissions 	<ul style="list-style-type: none"> • Develop new products utilizing storage and charging technologies • Invest in in-house solar power generation facilities; convert company-owned vehicles to EVs • Design products that reduce environmental burdens • Reduce energy consumption by improving productivity • Reduce emissions by cooperating with suppliers (Scope 1 and 2) 	  
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Sustainable manufacturing

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

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

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

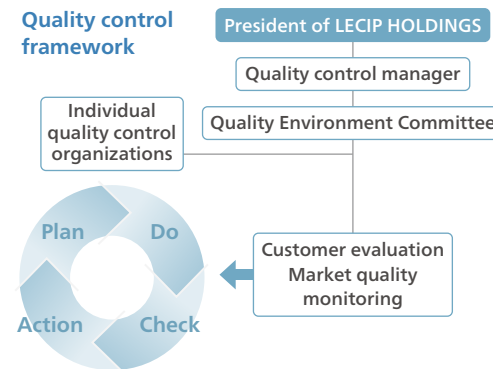
Customer Relations

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.

Quality control framework



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.



Factory Tours



Cleaning activity

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.

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 2024, 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

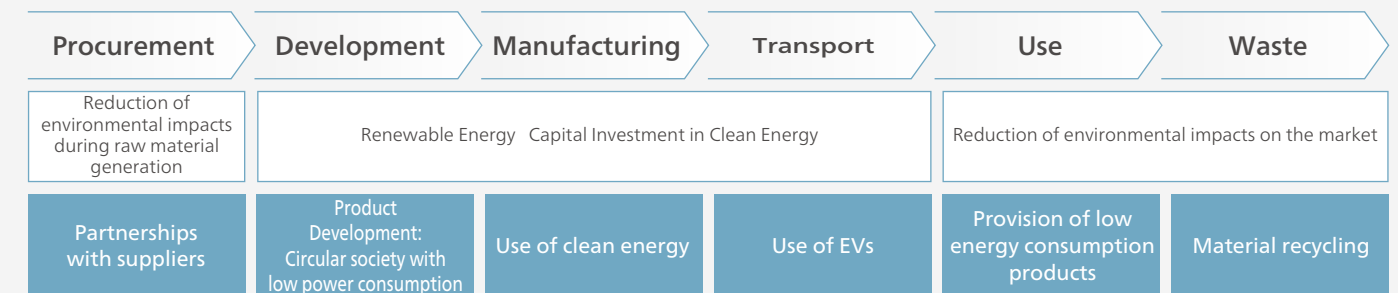
We disclose information as required by the Companies Act, the Financial Instruments and Exchange Act, and the timely disclosure rules stipulated by stock exchanges. In addition, even if the information does not fall under the timely disclosure rules, we provide information that leads to a deeper understanding 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 CO₂ emissions and materials with reduced environment-damaging substances.

In product development, we are promoting the development of products that use materials with lower CO₂ emissions, use of materials with reduced environment-damaging substances, and products with lower power consumption to reduce CO₂ 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 CO₂ 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 CO₂ 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
- Active use of recycled materials
- Product design that enables recycling
- Eliminate the use of environmentally hazardous substances

Production and business activities



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

- Scope 1: Switch from gasoline vehicles to EV/Hybrid vehicles
- Scope 1: Transition from gas heating to electric heating using in-house generated electricity
- Scope 2: Further consider installation of solar panels on existing ceilings

Partnerships



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

- Disclose "GHG emissions" and "initiatives for carbon neutrality" through CDP
- 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 making systematic efforts to reduce fuel usage, decrease electricity consumption and shift to renewable energy, aiming to achieve carbon neutrality by 2050.

Reduce fuel combustion

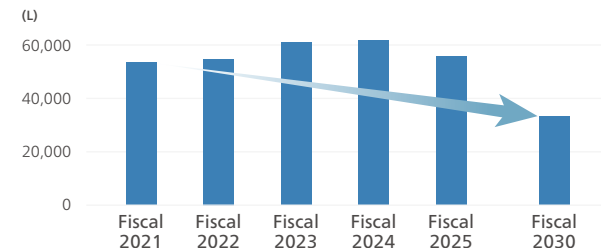


Switch modes of transport and travel to environmentally considerate vehicles (EVs, HVs)

- Fiscal 2024**
- Replaced five gasoline-fueled vehicles with HVs
 - Replaced one gasoline-fueled vehicle with an EV

- Fiscal 2025**
- Replaced one gasoline-fueled vehicle with an EV
 - EV usage promotion campaign
 - Shift from company-owned vehicle use to public transportation

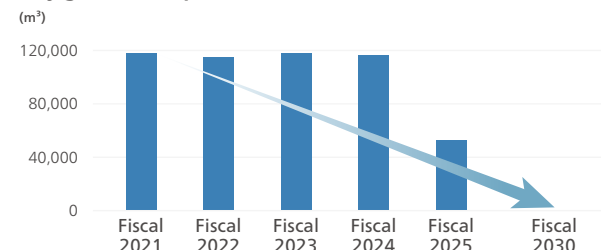
Total gasoline consumption



Replace air conditioning systems from gas to electric

- Fiscal 2023**
- No. 2 Plant
- Fiscal 2024**
- No. 4 Plant
 - The new No. 1 Plant introduced electric systems from the start
- Fiscal 2028**
- No. 3 Plant
- Fiscal 2030**
- Reduce gas consumption as close to zero as possible.

City gas consumption



Reduction of electricity purchased

We installed and began operation of 450kW solar panels by August 2024. As a result, 500 MWh per year will be replaced with renewable energy, achieving a reduction of 290 t-CO₂.



East parking lot of Gifu Head Office



Central parking lot of Gifu Head Office



New plant at LECIP ELECTRONICS



Further reduction of electricity purchased

Reduction of electricity consumption

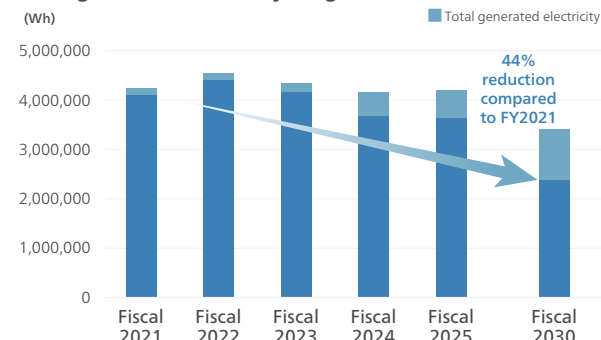
- Planned updates to low energy consumption equipment
- Convert fluorescent lighting equipment to LED

Install solar panels on the ceilings of existing buildings

- 30% renewable energy target

Consider peak shifting and effective use of surplus electricity by introducing storage equipment

Change in total electricity usage



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 an executive officer. 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"> Introduction of carbon taxes will cause rise in procurement (e.g., of raw materials) and distribution costs Clients' capital investments will slow as fuel prices rise and ownership of fossil fuel-using vehicles is increasingly restricted Purchases of green electricity will drive up energy procurement costs
	Ever-changing client behavior	<ul style="list-style-type: none"> 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
	Intensification of extreme weather events	<ul style="list-style-type: none"> Distribution network disruptions will compromise procurement and production capacity Extreme weather events will cause factory shutdowns
Opportunities	Promotion of electrification	<ul style="list-style-type: none"> 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 Demand for better energy-efficient rechargers will rise, the need for more efficient operation will grow
	Promotion of public transportation	<ul style="list-style-type: none"> Increasing ridership rooted in the promotion of public transportation will drive up capital investment MaaS-related business opportunities will expand Public funds will be used to maintain/enhance public transportation networks The need for efficient public transportation (cashless transactions, reduced operation and management/workloads) will increase

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

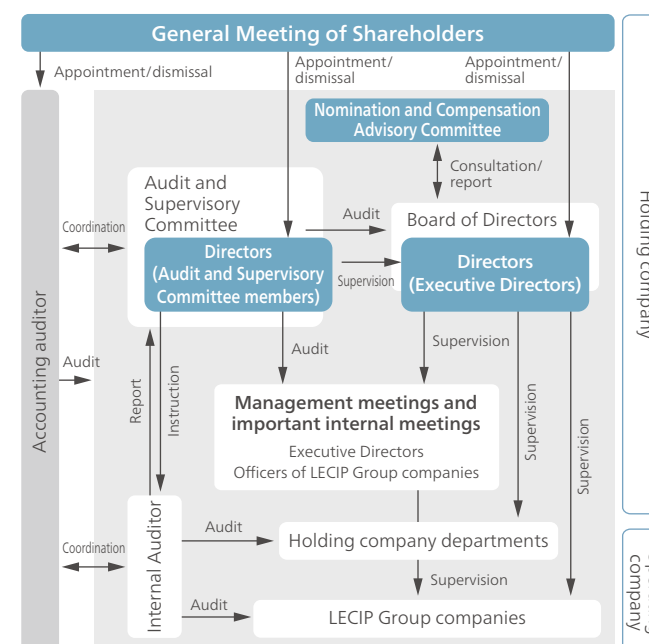
Using briefings that grab the attention of investors, as well as carrying out other IR activities—such as publishing integrated report, communicating with shareholders, and disseminating information through mass media—we promote constructive dialogue between the Company and shareholders. In this way 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.



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

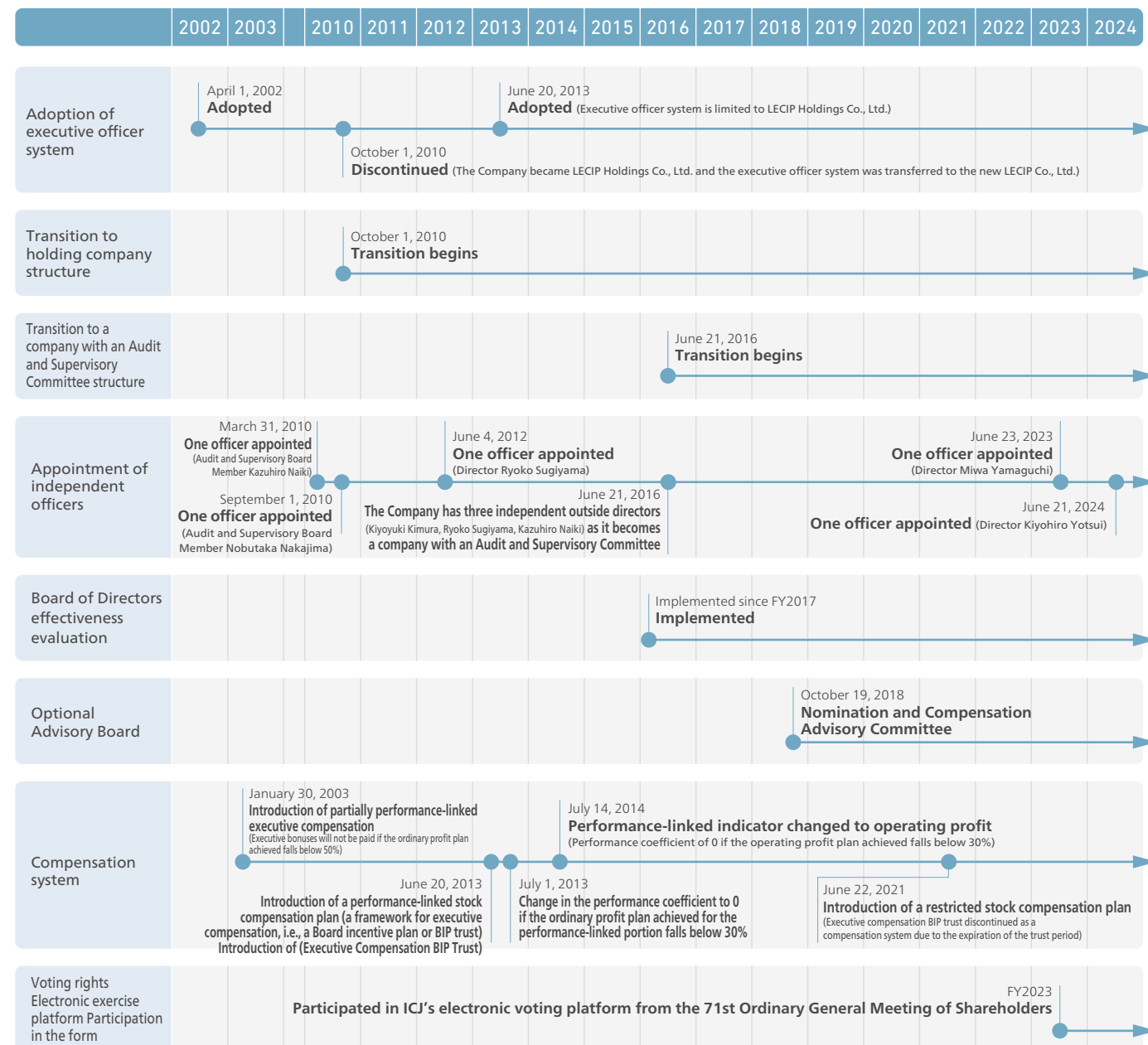
the Board is, on the whole, well-balanced; and reveal whether the appointed directors are appropriate.

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	●	●	●	●		●	●	●	
Motoaki Kitano	●				●	●			
Koji Iwasa	●		●	●	●	●			●
Kiyoyuki Kimura			●						
Miwa Yamaguchi	●				●	●	●		
Kiyohiro Shii		●	●						

Corporate Governance

Strengthening of Our Corporate Governance



Strategic Shareholdings

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

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

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.

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.

Board of Directors effectiveness evaluation

Since FY2017, we have conducted the following annual evaluations to enhance the effectiveness of the Board of Directors, and we are continuously making improvements based on the results of these evaluations.

Summary of results

The survey items have been assessed as generally appropriate and their effectiveness has been assured. We will continue making improvements to further enhance effectiveness, such as by providing more information to outside officers to stimulate discussions at the Board of Directors.

Evaluation method	Self-evaluation by questionnaire
Evaluation target	All directors including outside directors
Evaluation item	① Effectiveness of discussions ② Effectiveness of supervisory functions ③ Effectiveness of leadership ④ Effectiveness of creating a proper environment ⑤ Effectiveness of responses to shareholders and stakeholders ⑥ Effectiveness regarding the composition, etc. of the Board of Directors

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 FY2025 is 2% or more of the annual consolidated net sales of the said person.

^{*2}: "Major business partner" refers to a business partner whose transaction amount in the most recent FY2025 is 2% or more of the annual consolidated net 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.

Report related to corporate governance

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



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

Results for FY2024 and FY2025 have been strong due to new banknote compliance and increased demand for cashless services by transportation business operators. DX is being advanced in both public transportation and tourism businesses, contributing to greater convenience for the day-to-day lives of citizens. Overseas businesses, which had been a concern, are now increasing performance, and I expect that this will ensure steady future growth for the LECIP Group. For corporate challenges, the development of employees' abilities and contributions to global issues such as SDGs are noted, and we are working to address these through the establishment of long-term goals such as 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.

Last year, our transportation equipment business centered on fare collection systems earned the support of many customers. The key strategies of "VISION2030," namely, the establishment of overseas businesses and the expansion of new areas, are also progressing steadily. On the other hand, social issues such as declining birthrates and aging population, over-tourism, and environmental problems surrounding us are becoming increasingly diverse and complex. We hope that our technologies and services will contribute to greater day-to-day convenience and solve these issues. Sustainable growth and enhancement of corporate value require the creativity and execution capabilities that are able to respond to change in a swift and flexible manner. We hope that each employee will embrace this mindset and fully unleash their potential. As an outside director myself, I will leverage my experience with sales, product development, and IT to make recommendations from an objective and neutral standpoint, and will devote myself to strengthening governance with greater transparency.



Miwa Yamaguchi

Outside Director,
Audit and Supervisory
Committee Member



Kiyohiro Shii

Outside Director,
Audit and Supervisory
Committee Member

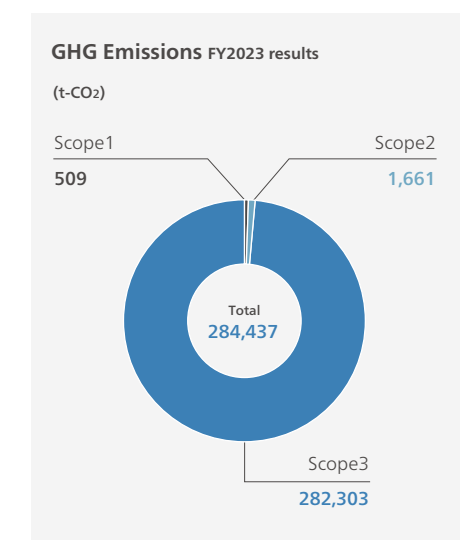
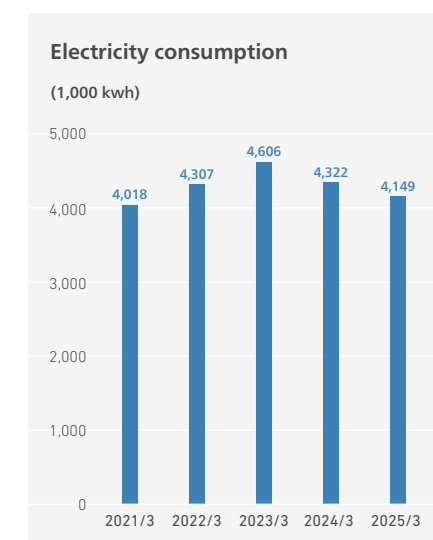
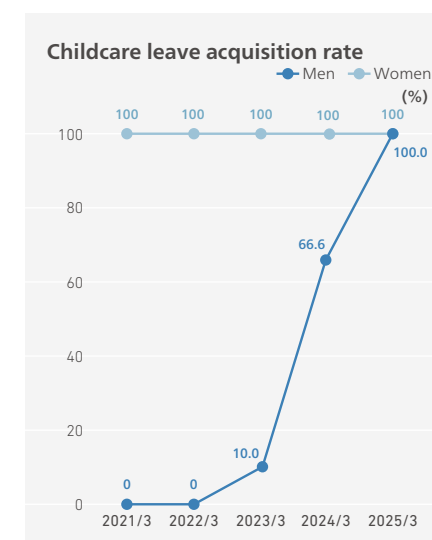
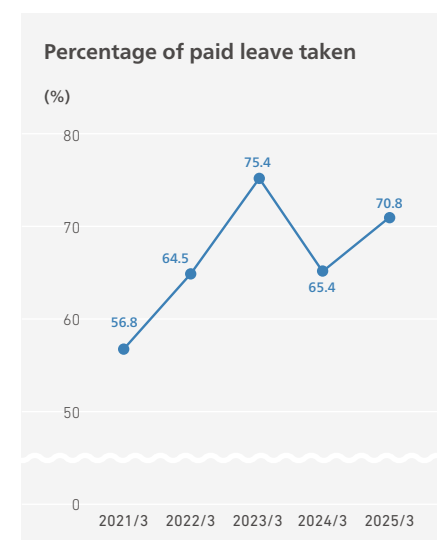
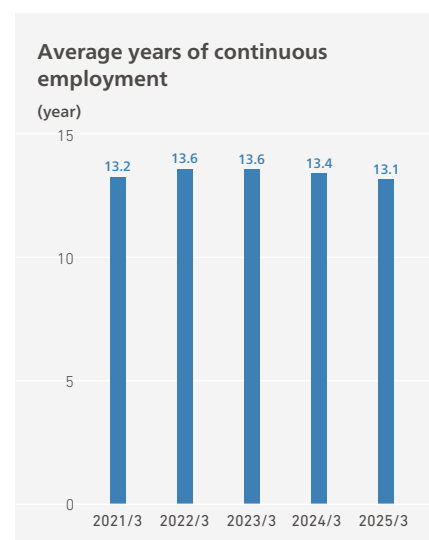
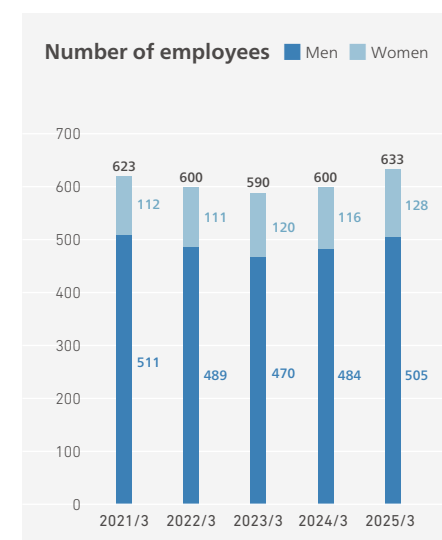
In FY2025, fare collection systems and other solutions performed steadily in response to new banknotes and demand for cashless services. On the other hand, in order to achieve sustainable corporate growth, social trends and needs in a diversifying environment need to be accurately identified, and swift and appropriate strategies developed. The LECIP Group is leveraging its strengths built through the development of public infrastructure and has formulated the long-term vision "VISION2030" aimed at establishing businesses that meet future societal demands. With this vision we are not only anticipating the growth of overseas businesses and the expansion of new areas, but also the personal growth of every employee who supports the company (taking on challenges with a view to skill development). As an outside director, I will strive to strengthen governance while harnessing my experience with tax affairs, offering appropriate advice from an objective standpoint, and working toward the growth and enhancement of corporate value of the LECIP Group.

Financial Highlights

	2015/3	2016/3	2017/3	2018/3		2019/3	2020/3	2021/3	2022 /3	2023/3	2024/3	2025/3
Profit and loss												
Net sales (Millions of yen)	20,215	16,203	16,985	15,749		21,538	26,051	15,553	14,075	14,253	22,684	25,931
Operating profit (Millions of yen)	603	(571)	483	(235)		1,021	1,854	(40)	149	(310)	3,164	3,531
Ordinary profit (Millions of yen)	779	(649)	354	(248)		1,030	1,830	35	325	(207)	3,557	3,483
Net profit (Millions of yen)	227	(1,378)	50	(454)		438	891	(124)	53	(249)	2,416	2,255
Financial position												
Total assets (Millions of yen)	14,431	13,173	13,048	12,465		16,445	14,791	15,129	14,449	14,856	19,948	20,403
Net assets (Millions of yen)	4,637	3,277	3,499	2,985		3,427	5,078	4,912	4,775	4,688	6,881	10,600
Cash flows												
Cash flows from operating activities (Millions of yen)	(292)	324	1,135	487		125	2,876	(1,130)	2,300	(1,494)	2,336	1,183
Cash flows from investing activities (Millions of yen)	(722)	(555)	(387)	(326)		(452)	(685)	(481)	(138)	(222)	(105)	(1,556)
Cash flows from financing activities (Millions of yen)	1,306	402	(59)	(187)		1,005	(2,239)	2,747	(1,415)	781	(2,480)	(543)
Related information												
Capital investments (Millions of yen)	652	488	306	492		770	916	337	289	239	551	1,620
Depreciation (Millions of yen)	585	528	384	473		534	514	433	476	477	463	645
Research and development expenses (Millions of yen)	408	395	445	691		761	854	506	576	523	653	622
Index												
Equity ratio (%)	32.1	24.9	26.8	24.0		20.8	34.3	32.5	33.0	31.6	34.5	49.5
Return on equity (ROE) (%)	4.9	(34.8)	1.5	(14.0)		13.7	21.0	(2.5)	1.1	(5.3)	41.8	26.6
Earnings per share (EPS) (Yen)	20.8	(125.3)	4.6	(40.9)		38.8	74.4	(9.8)	4.2	(19.2)	178.0	152.2
Book-value per share (BPS) (Yen)	422.3	297.0	315.5	267.6		301.9	398.6	385.2	371.6	346.6	505.9	656.8

* 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, 2025)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Assets		
Current assets	16,473,364	16,088,045
Cash and deposits	2,964,080	2,073,769
Notes receivable - trade	787,116	356,329
Accounts receivable - trade	5,346,118	5,607,752
Merchandise and finished goods	1,625,948	2,497,149
Work in process	700,313	708,071
Raw materials and supplies	4,174,775	4,148,480
Income taxes refund receivable	899	67,249
Other	874,119	629,248
Allowance for doubtful accounts	(7)	(6)
Non-current assets	3,475,309	4,315,148
Property, plant and equipment	1,583,680	2,627,596
Buildings and structures	3,416,104	4,269,026
Accumulated depreciation	(2,669,293)	(2,731,093)
Buildings and structures, net	746,811	1,537,932
Machinery, equipment and vehicles	1,184,599	1,684,786
Accumulated depreciation	(926,648)	(1,086,128)
Machinery, equipment and vehicles, net	257,951	598,657
Tools, furniture and fixtures	3,397,847	3,492,260
Accumulated depreciation	(3,230,782)	(3,318,356)
Tools, furniture and fixtures, net	167,065	173,904
Land	110,915	110,915
Leased assets	543,749	395,134
Accumulated depreciation	(383,330)	(208,133)
Leased assets, net	160,418	187,001
Construction in progress	108,778	11,185
Right-of-use assets	31,739	7,998
Intangible assets	403,136	294,499
Investments and other assets	1,488,492	1,393,102
Investment securities	763,331	750,496
Deferred tax assets	496,905	424,461
Other	272,176	260,794
Allowance for doubtful accounts	(43,921)	(42,650)
Total assets	19,948,674	20,403,193

Total Liabilities and Net Assets

(April 1, 2024 to March 31, 2025)

	Fiscal year ended From April 1, 2023 To March 31, 2024	Fiscal year ended From April 1, 2024 To March 31, 2025
Net sales	22,684,639	25,931,893
Cost of goods sold	14,820,446	17,300,210
Gross profit	7,864,192	8,631,683
Selling, general and administrative expenses	4,699,856	5,099,794
Operating profit (loss)	3,164,336	3,531,888
Non-operating income		
Dividend income	16,152	18,186
Foreign exchange gains	374,540	—
Compensation received	—	73,601
Subsidy income	3,460	11,689
Reversal of allowance for doubtful accounts	1,200	1,250
Technical support fees	—	30,000
Other	36,086	17,287
Non-operating expenses		
Interest expenses	30,182	25,963
Foreign exchange losses	—	70,107
Levy for employing disabled persons	3,250	2,500
Loss on sale of receivables	90	104
Liquidated damages	2,853	8
Technical support expenses	—	10,508
Stock issue expenses	—	14,448
Compensation for damages	—	76,000
Other	1,560	765
Ordinary profit (loss)	3,557,838	3,483,496
Extraordinary income		
Gain on donation of non-current assets	80,105	—
Gain on transfer of business	296,354	—
Extraordinary losses		
Impairment losses	14,766	13,990
Loss on abandonment of non-current assets	1,414	3,626
Provision for allowance for loss on liquidation of subsidiaries	—	66,000
Profit before income taxes (loss)	3,918,116	3,399,880
Income taxes - current	1,743,054	1,061,076
Income taxes - deferred	(241,568)	83,339
Profit (loss)	2,416,631	2,255,463
Net profit (loss)	2,416,631	2,255,463

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Liabilities		
Current liabilities	11,901,159	9,401,129
Notes and accounts payable - trade	1,782,618	1,088,846
Electronically recorded obligations - operating	2,984,106	2,544,878
Short-term borrowings	1,686,940	586,320
Current portion of long-term borrowings	633,841	559,687
Lease liabilities	78,426	68,714
Accounts payable - other	641,385	454,827
Income taxes payable	1,749,261	263,776
Advances received	707,463	2,204,399
Provision for bonuses	537,982	427,239
Provision for product warranties	79,892	127,587
Provision for loss on orders received	—	36,438
Allowance for loss on liquidation of subsidiaries	—	66,000
Other	1,019,241	972,413
Non-current liabilities	1,166,057	901,720
Long-term borrowings	560,773	388,586
Lease liabilities	110,611	143,541
Deferred tax liabilities	10,127	10,126
Provision for Management Board Incentive Plan Trust	80,268	80,268
Retirement benefit liability	40,180	—
Other	364,097	279,198
Total liabilities	13,067,217	10,302,849
Net assets		
Shareholders' equity	6,969,290	10,179,788
Share capital	1,190,955	1,718,223
Capital surplus	1,227,276	1,747,974
Retained earnings	4,802,404	6,939,698
Treasury shares	(251,346)	(226,107)
Accumulated other comprehensive income	(87,833)	(79,444)
Valuation difference on available-for-sale securities	257,589	224,801
Foreign currency translation adjustment	(345,422)	(304,246)
Total net assets	6,881,457	10,100,344
Total liabilities and net assets	19,948,674	20,403,193

(Thousands of yen)

(Thousands of yen)

Value Creation at LECIP

Strategy that Supports Mid- to Long-term Growth

Enhance the Foundation of Value Creation

Data

Consolidated Financial Statements,
Company Information, and Status of Shares

Company Information and Status of Shares

Company Overview

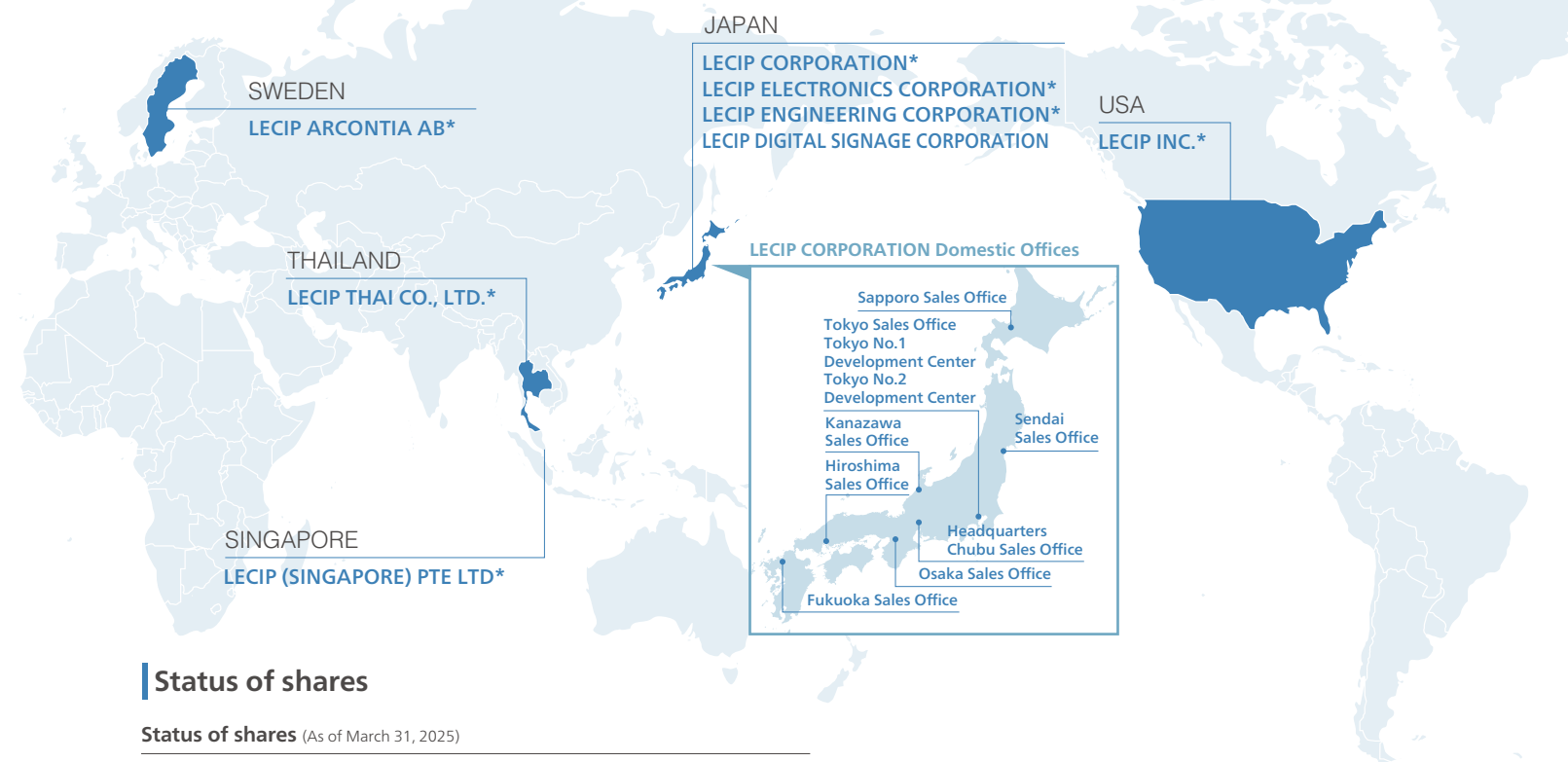
Trade name	LECIP HOLDINGS CORPORATION
Address	1260-2 Kaminoho, Motosu City, Gifu Prefecture 501-0401, Japan
Established	March 1953
Share capital	¥1,718.22 million
Employees	633 (Consolidated)
Description of business	Formulation and promotion of the Group's management strategy and other management support 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 (SINGAPORE) 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, 2025)

Total number of shares authorized	44,000,000 shares
Total number of shares issued	15,677,744 shares (excluding 213,756 treasury shares)
Number of shareholders	17411

Principal shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
LECIP Employees' Shareholder Association	975,746 shares	6.22 %
Nagoya Small and Medium Business Investment & Consultation Co., Ltd.	936,480	5.97
The Juroku Bank, Ltd.	560,000	3.57
Makoto Sugimoto	435,941	2.78
LECIP Business Partners' Shareholder Association	374,500	2.38
The Master Trust Bank of Japan, Ltd. (Board Incentive Plan Trust)	300,920	1.91
Nippon Life Insurance Company	260,000	1.65
MUFG Bank, Ltd.	245,000	1.56
Ogaki Kyoritsu Bank, Ltd.	140,000	0.89
Kyoei Life Partners Co., Ltd.	140,000	0.89

Notes: 1. The Company holds 213,756 treasury shares, and is excluded from the principal shareholders list above. The treasury shares (213,756 shares) do not include the Company's shares held by the Board Incentive Plan Trust (300,920 shares).
2. Treasury shares (213,756 shares) are excluded in the calculation of the shareholding ratio.

Distribution of shares

