

# JAE Report 2024



## Technology to Inspire Innovation



# Creating the future through “CONNECTION” technology



Global Corporate Slogan

## Technology to Inspire Innovation

Corporate Philosophy

### “Explore, Create and Practice”

In response to the boundless, changing needs of society, our duties are never-ending exploration and creation. Business enterprise must essentially be like the earth as it spins and revolves through the boundless universe, in the midst of incessant change.

**Exploration** and **creation** are born in an environment of freedom and independence, and raised by relentless quest and actions which vigorously transcend barriers and difficulties.

**Practicing** this principle and further making contributions to society; this more than anything is the goal of our business, and the source of our development.

Basic Management Policy

JAE has promoted global business expansion based on the consolidated management of the JAE Group including all its subsidiaries; enhancement of global marketing and product development capabilities; and innovation of product quality and product creation, in order to gain a high level of trust as partners with its worldwide customers.

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#### Editorial Note

In the 2024 edition of the JAE Report, we provided a more detailed explanation of our value creation process and business models to demonstrate our Group's uniqueness and value creation story. For our financial strategy, which is of particular interest to our stakeholders, we have added a page in which our executives in charge of it explain approaches to our financial strategy and initiatives for our financial strategy.

#### Companies covered under the report

Japan Aviation Electronics Industry, Limited and 27 Group companies (of which 18 are consolidated subsidiaries)

#### Reporting period

FY2023 (from April 1, 2023 to March 31, 2024)  
Where required to provide the most recent information or compare with past performance, information pertaining to dates outside the stated period is also included.

#### Published Note

October 2024  
The plans, strategies, results forecasts and targets for the Company and its consolidated subsidiaries noted in this report are forecasts and targets as of the time of publication, and include risks and uncertainties. Note that actual results may differ greatly from the forecasts and targets due to various sorts of factors.



With three major business segments, “Connector,” “User Interface Solutions,” “Aerospace,” the JAE Group remains committed to providing the global market with innovative and creative technology and products.

Net sales

¥225.8 billion

(FY2023)

Operating profit/rate

¥14.4 billion

6.4 %

(FY2023)

ROE

8.2 %

(FY2023)

Global connector sales ranking

9<sup>th</sup> in the world

(2023)

Source: Bishop & Associates, Inc.

Dividend per share

¥55

(FY2023)

Greenhouse gas emissions reduction rate

56 %

(FY2023, compared to FY2017)

Number of group companies

28

(Including JAE)

(as of March 31, 2024)

Number of employees

9,787 people

(as of March 31, 2024)

Number of patents held

3,128

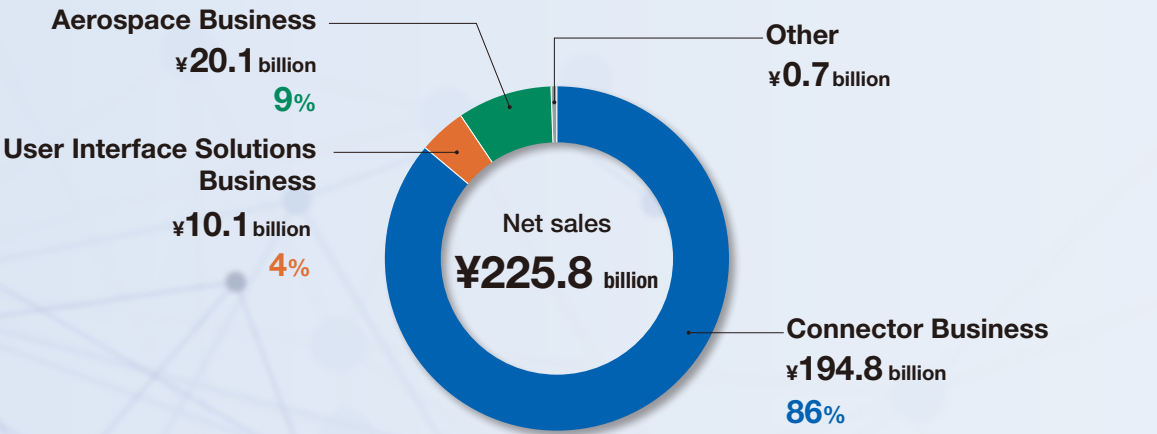
(as of March 31, 2024)

Number of industrial designs held

2,294

(as of March 31, 2024)

Sales by segment



### Connector Business ▶ P.19

Connectors are key devices that provide links for electrical and optical signals. We, with advanced and reliable “CONNECTION” technology, support the evolving IoT-oriented society.

Automotive

Automotive Digital Camera Connectors

Floating Board-to-Board Connectors

Industrial & Infrastructure

One-Touch/Screw Mating Compatible Circular Waterproof Connectors

EV Charging and Discharging Connectors

Mobile Devices

Fully Shielded Board-to-Board Connectors

USB Type-C® Connectors

Wireless

Compact High-Performance Antennas

Mounting Image of Compact High-Performance Antennas

### User Interface Solutions Business ▶ P.21

We develop products for “connecting people and equipment” focused on input device technology and provide optimal solutions tailored to users and environments in which they are used.

Automotive

Capacitive Touch Panel for Automotive (Film Type)

Capacitive Touch Panel for Automotive (Glass Type)

Industrial & Infrastructure

Robot Teach Pendant

Panel Unit for Diagnostic Ultrasound System

### Aerospace Business ▶ P.22

Since JAE's inception, we have pursued “Motion Sensing & Control (technology to detect and control movement),” and been providing high-precision and high-reliability products that can operate under severe environmental conditions from deep sea to outer space using that technology.

Industrial, Infrastructure and Automotive

MEMS-IMU

High-Brightness Liquid Crystal Color Display

Aviation & Space

Inertial Measurement Unit for Launch Vehicle

Accelerometer



Since our founding in 1953, we have developed our business through a commitment to product creation, technology development and global marketing, underpinned by our corporate philosophy of “Explore, Create and Practice.” We will continue to create innovation to resolve social issues and contribute to achieving a better society, based on our global slogan of “Technology to Inspire Innovation.”

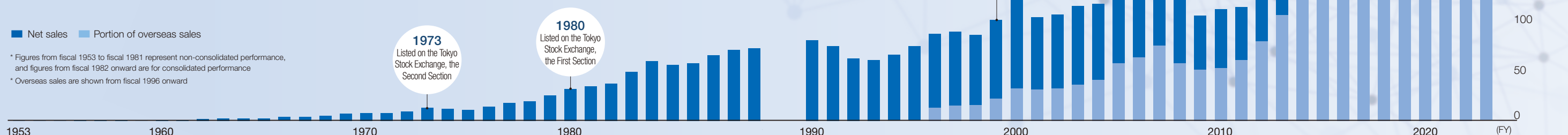


**Minoru Numoto**  
Founder

As the first president of Japan Aviation Electronics Industry, he began the business with an order to repair a single transformer for a fee of five dollars. After this humble beginning, the business went on to win an annual contract in the face of fierce competition, as well as concluding a technology agreement with a major overseas company after he personally attended top-level negotiations. As demonstrated in these and other successes, his foresight and outstanding ability to take action laid the foundation for the company as it is today. As president and as chairman, he took responsibility for the management of the company for more than 20 years, and established its basic approach as a corporation, which was his another significant achievement. On the occasion of the 20th anniversary of our founding, then-chairman Numoto set out the corporate philosophy of “Explore, Create and Practice” with the aim of ushering in the next phase of development for the business, and these concepts have been passed down unbroken to the present day.

■ Net sales ■ Portion of overseas sales

\* Figures from fiscal 1953 to fiscal 1981 represent non-consolidated performance, and figures from fiscal 1982 onward are for consolidated performance  
\* Overseas sales are shown from fiscal 1996 onward



## 1953 Founding

In August 1953, JAE was established with the aspiration of contributing, through electronics technology, to the aerospace industry era that was sure to come to Japan in the future. At the time, Japan was lagging behind Western countries in the aircraft industry, and aviation electronics was as yet an unknown field. For these reasons, JAE acquired new technologies by obtaining contracts to repair electronic equipment from the US Far East Air Force (FEAF), which was the largest user of state-of-the-art electronic equipment at the time, and also pursued research and studies on electronics both in Japan and overseas. In the process, we focused on the importance and potential of connectors used in aviation electronic equipment and began importing and selling connectors under technical license agreement with US-based Cannon Electric Co. Later, after acquiring the technology, we began manufacturing our own connectors.



## 1960s

In August 1961, we signed a technical assistance agreement with US-based Honeywell and began manufacturing equipment such as gyroscopes and autoflight systems for the F104 jet fighter, the next major fighter aircraft. This project became the foundation of our current Aerospace Business.



In the connector field, whereas our initial focus had been on defense-related equipment, private companies became our main customers by around 1960 with connectors being used for a diverse range of applications including wireless communication equipment, television and radio broadcast equipment, machine tools, and electric motors. Furthermore, in December 1963, the Company began production of new electrical couplers for the Tokaido Shinkansen slated to go into service the following year. In 1962, the Company began manufacturing contactless switches and relays, which later led to the formation of its current User Interface Solutions Business. Thus, the foundations for our three core businesses were developed.

## 1970s and 1980s

In March 1977, we established our first overseas subsidiary, Zet Marketing Company (present JAE Electronics, Inc.) in the US state of California for the purposes of collecting technical information, engaging in trade with the US, performing market research, and taking on customer development.



In 1984, we established JAE Taiwan in order to respond to a rapid increase in connector exports to Southeast Asia. Next, we established JAE Oregon in 1988 to build a product supply system in the US. In the 1990s, we accelerated the global expansion by establishing production and sales subsidiaries in Hong Kong, Singapore, South Korea, the Philippines, the United Kingdom, and China (Wuxi, Wujiang, and Shanghai). Net sales exceeded ¥10.0 billion for the first time in 1973, and we were listed on the Tokyo Stock Exchange, the Second Section. Subsequently in 1980, we were listed on the Tokyo Stock Exchange, the First Section.

## 1990s and 2000s

In response to the spread of mobile phones, notebook PCs, and digital TVs from the late 1990s, we have contributed to the informatization of society by developing and manufacturing connectors that take advantage of our strengths in high-speed transmission. As an example of this, having proposed connectors to HDMI Licensing, LLC right from the stage of formulating standards, our proposed design was adopted as the standard. This enabled us to quickly launch the DC1 series of HDMI standard-compliant digital interface connectors on the market, where it was adopted by many consumer electronics manufacturers amid the rapid growth of digital consumer electronics. The DC2 series, specifically designed for miniaturization and high-speed applications, was also put on the market. For these contributions to the spread of digital broadcasting, we received an Emmy Award (Technology & Engineering category) in 2009.



## 2010s

Especially in the 2010s, our business grew sharply along with rapid expansion of the smartphone market. In the automotive market as well, we continued to steadily expand our business by enhancing our lineup of connector products for information and communication systems as well as safety systems in response to progress in in-vehicle electronics, and by commercializing capacitive touch panels for automotive applications. We have also strengthened each of our business lines in the industrial & infrastructure market, which we have designated as our third priority market. In the Connector Business, we made a large investment in 2012 to establish a mass production system for new products in order to expand our business targeting smartphones. In addition, we strengthened production systems to support the expansion of businesses that target overseas markets in the automotive market, thereby increasing production capacity in each of our business lines. Furthermore, we promoted in-house manufacturing, automation, and labor-saving initiatives.



JAE Hirosaki, which has expanded its production system (photographed in 2013)

## 2020s

Going forward, JAE will continue to create value by harnessing its strengths with respect to its technology development capabilities and manufacturing capabilities with a focus on the following five key areas where it is able to contribute to solving social issues through its business activities: Connected Society, Safe Mobility, Clean Energy, Industrial Innovation, and Air, Space and Ocean. We will continue to provide innovative and creative technologies and products under our corporate philosophy of “Explore, Create, and Practice.” Specifically, we will expand our lineup of high-current connectors and charging plugs for EVs for the carbon neutral era, while contributing to the shift to smart factories with operation panels and pendants (teaching devices) used for industrial robots, and providing highly reliable and high-quality flight controllers and radar altimeters for industrial drones that will be put into full operation in the future.





## Message from the Chairman

We are promoting sustainability management, striving to enhance corporate value, and achieving sustainable growth, all underpinned by our corporate philosophy of “Explore, Create and Practice.”

小野原 勉

Tsutomu Onohara  
Chairman (Representative Director)

### A New Start Under a New Structure, and Looking Ahead

With the aim of further strengthening management, fiscal 2023 saw us adopt a managerial framework including two representative directors, with myself as Chairman (Representative Director) and Masayuki Muraki appointed as President (Representative Director). I was responsible for strengthening the management base, including sustainability management, risk management, and governance systems, whereas President Muraki took charge of business execution and overall management. We believe that this two-headed framework with a Chairman and a President has led to a better management system, by enabling communication from various perspectives.

A major change under this new structure was moving from being a consolidated subsidiary of NEC Corporation (below, NEC) to being an equity-method affiliate of the company. In 2022, NEC proposed a review of the capital relationship, and we began discussions and deliberations between the two companies. We expressed our desire to maintain our listing on the Prime Market and achieve independent business growth, while being fully aware of the critical view from the market on parent-subsidiary listings. As a result, we reached

the conclusion to acquire a portion of NEC's shares through a tender offer.

The establishment of a special committee comprising three independent Outside Directors played a crucial role at this time. I believe that not only considering our executive team's perspective but also forming a special committee to discuss and present concrete opinions on what the best options are for enhancing the Company's corporate value and the collective interests of shareholder aligns with the current expectations from society and the capital markets.

The financial results for fiscal 2023 showed a year-on-year decline in both revenue and profit due to factors such as a market downturn, and as a result, we recognize that achieving the fiscal 2025 targets of ¥300 billion in sales and ¥30 billion in ordinary profit set in our medium-term management plan (fiscal 2021-2025), will be challenging. However, we aim to return to a growth trajectory in fiscal 2024, achieve record-high sales and ordinary profit in fiscal 2025, and then continue steady execution of our business to meet our initial targets. To this end, we will not only reinforce the execution of our existing growth strategy, but will also further pursue synergies with

NEC under the new capital relationship, while promoting alliances and M&A with other companies. We believe that achieving the maximum targets set in the medium-term

### Progress in Sustainability Management

Our group aims to grow as a member of society by contributing to the resolution of social issues, under our corporate philosophy of “Explore, Create and Practice” and our Charter of Corporate Behavior. In order to promote this kind of sustainability management, we established the Sustainability Promotion Office in April 2024, setting up a system to systematically and organizationally address important sustainability issues within the Group. At the same time, we established the Sustainability Promotion Committee with executive officers and others as members, and restructured our governance system related to sustainability. The committee is responsible for deliberating, formulating, and directing future policies and strategies related to sustainability, as well as reporting important matters to the Management Committee and the Board of Directors.

Another significant change is the composition of the Board of Directors, as resolved at the Shareholders Meeting in June

management plan will allow our Company to achieve sustainable growth.

2024. In order to strengthen corporate governance, we increased the number of Outside Directors by two, with Outside Directors now accounting for five of the ten directors. Among them, two are women, representing our Company's first female directors. I believe that we have been able to create a system that incorporates a more diverse range of perspectives, allowing it to utilize the opinions and proposals based on the various insights of Outside Directors to increase corporate value.

We also newly established a Nomination and Compensation Committee. In establishing this committee, we have already received specific input from Outside Directors.

I believe we have made a good start under the new structure to promote sustainability and improve governance, and we look forward to fostering active discussions, receiving a wide range of opinions, and applying them to the management of the Company.

### To Our Stakeholders

In the medium-term management plan announced in 2021 during my tenure as President, we resolved to address social issues across five areas, including promoting the spread of “Safe Mobility”—a safe and secure mobility society, and “Industrial Innovation”—for efficient and safe production activities. We have detailed the concrete value we aim to provide to society, through our business operations in the four key markets, including the automotive, industrial & infrastructure, and mobile devices which we have been working on for some time, along with the newly added aviation & space sector in fiscal 2024. To achieve this, it is essential to understand what our direct customers—corporations—expect from us, provide reliable information, and work to expand and strengthen our customer base. I believe that if the entire Company works together with a unified perspective—not only the sales department but also engineers and management—and collaborates with customers in developing technologies and providing products and services, this will make feasible solving social issues in these five areas. By contributing in these five areas, we will enhance our presence, and also work in creating new business domains.

In April 2022, we added a section on sustainability management to the basic strategies of our medium-term management plan, setting a goal of reducing greenhouse gas emissions by 55% by fiscal 2030 compared to fiscal 2017 levels. Having

achieved this goal in fiscal 2023, we set new targets of reducing emissions by 75% over fiscal 2017 levels by fiscal 2030, and of achieving carbon neutrality by fiscal 2050.

We are also working on creating an environment in which women can play an active role within the Company. While it is an undeniable fact that our Company, being in the manufacturing industry, has been a male-dominated environment, we set a goal to increase the percentage of women in regular recruitment to at least 25% by fiscal 2025, and achieved 26.1% in fiscal 2023. We are also aiming to increase the percentage of women in management to at least 6% by fiscal 2030. Our major goal is to create a workplace environment where diverse human resources, regardless of gender, can flourish.

From a sustainability perspective, we also believe it essential to communicate our Company's direction to both employees and society. My hope is that this Integrated Report can be of use in our communication efforts.

Our Company celebrated its 70th anniversary in 2023, and we will continue to practice and implement sustainability management to enhance our corporate value, so that we can continue to exist and enjoy our 80th or 100th anniversaries to come. As we move forward, we humbly ask for the understanding and support of all our stakeholders.



## Message from the President

**We aim to increase corporate value in the medium to long term by accelerating global business expansion, and further strengthening our manufacturing capabilities.**

### Looking Back on Fiscal 2023

Fiscal 2023, the year I became President, was marked by significant changes. Our Company celebrated the 70th anniversary of its founding, we experienced changes in our shareholder composition, and we approached a stage where we were required to reform our business portfolio.

Until now, NEC held a 50.79% voting rights ratio as our parent company, but as we sought to review the capital relationship of this parent-subsidary listing, we conducted a tender offer for the purpose of acquiring NEC's stake of our own shares. As a result, we have made a fresh start as an equity-method affiliate of NEC. We will execute our growth strategy independently, while continuing to pursue corporate value creation through synergies with NEC.

On the business front, sales of specific products for mobile devices dropped significantly, resulting in a decrease in overall sales and operating profit. Although this situation was anticipated, facing this critical issue has made us keenly aware of the need, looking forward, to quickly expand product lines that will become pillars of revenue as we transform our business portfolio. While it may take some time for these initiatives to yield significant results, fiscal 2023 can be said to be the year in which we began to seriously accelerate growth initiatives from a medium- to long-term perspective. We consider the next two to three years as pivotal and will strengthen our profitability and growth potential.

### Progress of the Medium-Term Management Plan and Growth Strategy

In our medium-term management plan from fiscal 2021 to 2025, we have set forth growth goals in the three key markets of automotive, industrial & infrastructure, and mobile devices, as well as establishing new areas of growth in the three businesses of connectors, user interface solutions, and aerospace, in addition to growing in existing areas.

Due to the downturn in sales of mobile devices, in fiscal 2023, the third year of this plan, our performance faced a challenging outcome in sales of ¥225.8 billion, a decrease of ¥10.1 billion from the previous year, and operating profit of ¥14.4 billion, a decrease of ¥3.1 billion from the previous year.

Despite these challenges, our sales to the automotive market grew in line with our plans, particularly driven by strong sales of products for ADAS (advanced driver-assistance systems) to Japanese customers, in addition to the recovery in production volumes. In fiscal 2023, sales in the automotive market exceeded ¥100 billion for the first time, accounting for nearly half of our total sales.

Additionally, of these three businesses, our Aerospace business grew beyond what we had planned, seeing sales exceed ¥20 billion for the first time, driven by increased defense spending because of Japan's Medium-Term Defense Program.

Although the medium-term management plan set as targets ¥300 billion in sales and ¥30 billion in ordinary profit for fiscal 2025, we recognize that there have been changes in market conditions, and that the timeline for achieving this may have to be pushed back slightly. First off, we will achieve

record-high sales and ordinary profit in fiscal 2025, and then aim to realize our initial targets.

With an eye on future growth, our focus will be the robust automotive market. We will expand orders in growth areas such as ADAS and EVs for both customers in Japan and overseas, and we will strengthen our systems in India and China, in addition to Europe and North America, aiming to drive global expansion.

In the industrial & infrastructure market, growth slowed due to a larger-than-expected decline in the FA (factory automation) and semiconductor manufacturing equipment sectors, however customer acquisition and product development proceeded as planned. In anticipation of a market recovery, we will accelerate our growth through alliances and M&A, and promote further expansions of our global business. We have already begun development in areas beyond our reach using solely our own resources by leveraging alliances, an act of "planting seeds" for the future.

To move forward with this growth strategy, we revamped the sales structure of our connector business in April 2024. In the previous sales structure, while Japanese automotive manufacturers for example were expanding globally, our sales organization was regional, divided between domestic and overseas divisions, leading to challenges in both speed of response to customers, and in approach methods. We therefore changed our sales structure to a market- and customer-based system, and in the automotive sector, we established separate sales divisions for global operations to

handle Japanese and overseas customers separately. In the industrial machinery and ICT sectors, we will strengthen the overseas structure in particular, focusing on expanding sales. On the production side, as a manufacturing company, we have no intention of changing our fundamental stance of producing products consistently in-house and accumulating know-how. At the same time, in order that we can continue growing through in-house production, we recognize the need to use not only the know-how and technology that we have

### Aiming to Increase Corporate Value

Through the implementation of the growth strategies and balance sheet improvements above, we plan to generate cash flow on the order of ¥100 billion over the two fiscal years 2024 and 2025, utilizing this cash while maintaining a balance between growth investments, strengthening financial soundness, and shareholder returns. For shareholder returns, we will maintain a dividend payout ratio of 30% or more in view of our basic policy of stable dividends.

As a company, looking to the future we must be in a position to fulfill our responsibilities to all of our types of stakeholders. To achieve this, we have to work steadily by visiting the front lines and listening to firsthand accounts. So that we can address social issues together with our customers, the equipment manufacturers, we in management will meet with customers directly, listen to their needs, and incorporate their feedback into our business strategies. Additionally, as there are more projects including environmental responses that require collaboration with customers and suppliers, I believe it

accumulated, but also incorporate new technologies that we do not possess internally. To this end, we intend to reinforce our capabilities by recruiting external talent and forming alliances with other companies. We also recognize that the challenge for production facilities, the backbone of manufacturing, is to produce good facilities quickly and at low cost, and so will expand our system to increase our capabilities in equipment development and production, and strengthen the manufacturing capabilities that support our growth.

is vital that we establish strong relationships and trust with our suppliers.

Moreover, given that "a company is its people," we must create a company where employees can work with a sense of purpose and have dreams for the future. We are currently reviewing our personnel system to achieve this, and in this we also believe it is essential that executives, including myself, visit workplaces and communicate with employees. Even after assuming the role of President, I try to visit workplaces as much as possible and communicate with those there even if just in passing, to encourage them to share their opinions. I will continue trying to create a work environment where employees feel comfortable openly expressing their opinions. Through these efforts, we aim to ensure that our Company's aspirations are communicated throughout the organization, and working together with all employees, we will strive to enhance corporate value. In this, we kindly ask for the continued support of all our stakeholders.



Masayuki Muraki

President (Representative Director)



# Technology to Inspire Innovation

Social issues   Inputs   Business process   Outputs   Outcomes   Impact





Since the founding of the JAE Group in 1953, we have developed our business through a commitment to product creation, technology development, and global marketing, underpinned by our corporate philosophy of “Explore, Create and Practice.” By innovating productivity through the comprehensive in-house manufacturing,

labor-saving, and automation cultivated in our history of over 70 years, and providing unique products through the development of cutting-edge technology to meet customer needs, we are co-creating with our customers to achieve innovations that contribute to society, and lead to enhanced corporate value.



### Co-creation

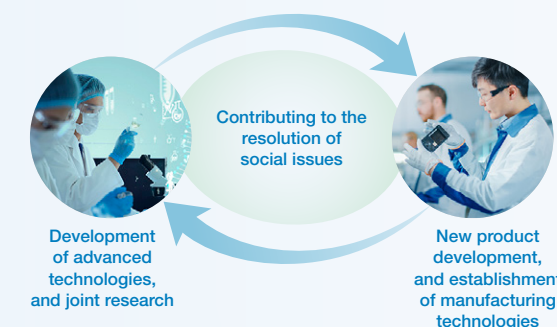
We leverage our resources and abilities to contribute to the customer's innovation

### Technology development

Establishment of cutting-edge technology and the promotion of product development through continuous R&D investment

Enhancement of technological capabilities through external cooperation, such as research into next-generation elemental technology via industry-academia collaboration

- The JAE Group has worked on R&D in order to open new doors that will realize innovation for society and customers as a technology and product creation company, through its core technologies of connection, user interface, and motion sensing and control. Furthermore, we are working on R&D of manufacturing technologies with the aim of shifting toward smart factories and innovating manufacturing.
- Having signed an Industry-Academia Collaboration Research Consortium agreement with the Institute of Industrial Science of the University of Tokyo in 2019, we are actively promoting research activities founded upon academic knowledge, as well as developing R&D human resources. Once research activities have been concluded for a particular theme, within the Company we work toward its practical application and commercialization. Additionally, we are accelerating the pace of technology and product development by acquiring advanced technologies and joint developments through alliances.



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### Product creation

Productivity innovation through in-house manufacturing, automation, and labor-saving efforts

Enhancement of the evaluation and test system to ensure highly reliable products are provided to customers

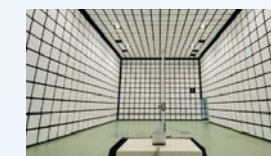
- Our production sites in Japan and overseas operate 24 hours a day, seven days a week. In addition, we have established a robust production system through thorough in-house manufacturing, automation, and labor-saving, using facilities of our own design.
- We are strengthening and enhancing our evaluation and test system in order to fully respond to ever-increasing demands for quality and reliability from our customers. Our Integrated Evaluation & Test Laboratory at Akishima Plant has over 100 units of testing equipment, with which we efficiently conduct advanced tests such as electrical, environmental, and mechanical tests.
- As a part of strengthening our manufacturing capabilities, we established the Global Techno-Center in 2005 with the aim of passing on technology and skills, and are providing group-wide technical guidance between the Akishima Plant and overseas production subsidiaries. We are currently also setting up independent Techno-Centers within domestic production subsidiaries. Since 2013, we have had in place a Financial Incentive System for Acquiring National Trade Skill Test certificates, and are both offering incentives and developing a training system to support the acquisition of certification.



Production facilities for in-house manufacturing



Evaluation facilities centralized at the Integrated Evaluation & Test Laboratory



RF Anechoic Chamber

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### Global marketing

Co-creation with global leading companies based on partnerships

Contributions to formulating global standards

- From early on, we have been engaging in efforts to develop new markets with a global perspective, and in this, we have been achieving growth globally through partnerships with leading companies worldwide. In our marketing activities, by optimizing our group-wide policy for market expansion so that it fits business customs and cultures in each region through cooperation between the head office and our overseas bases, we are precisely identifying technology trends and needs, which leads to the development of products that satisfy our customers.
- Thus far, we have been involved in the establishment of global standards such as HDMI™ and USB Type-C®, used in a wide range of devices including PCs, TVs, game consoles, and smartphones, as well as the CHAdeMO standard for EV fast charging, which originated in Japan. We currently participate in projects for standard formulation and development, and are using our knowledge to expand into global markets as well as contributing to the evolution of electronics products and improvements in usability through our technologies and products.



HDMI™ connector



USB Type-C® connector



The business environment in which JAE operates is in a period of great transformation as reflected by the progress toward global decarbonization, full-fledged penetration of 5G (5th Generation Mobile Communication System) and various changes occurring in society as a result of the COVID-19 pandemic. Amid these changes, in April 2021, JAE announced the Medium-term Management Plan ending in fiscal 2025, which commits to contributing to society in its business activities through its products and technology development capabilities and aims to achieve growth as a company. Moreover, in April 2022, the Company added sustainability management to its basic strategies and formulated a target of a reduction in greenhouse gas emissions.

Basic Strategies

- Achieve growth by capturing changes in the three focused markets and strengthen technology development capabilities and product creation
- Plan growth toward 2025 through a combination of growth in three core businesses and launching of new business domains
- Aim for sustainability management and strengthen our foundation for sustainable growth

## Goals and Progress

Since April 2021, when we announced our Medium-term Management Plan, the markets on which we have been focusing have changed significantly.

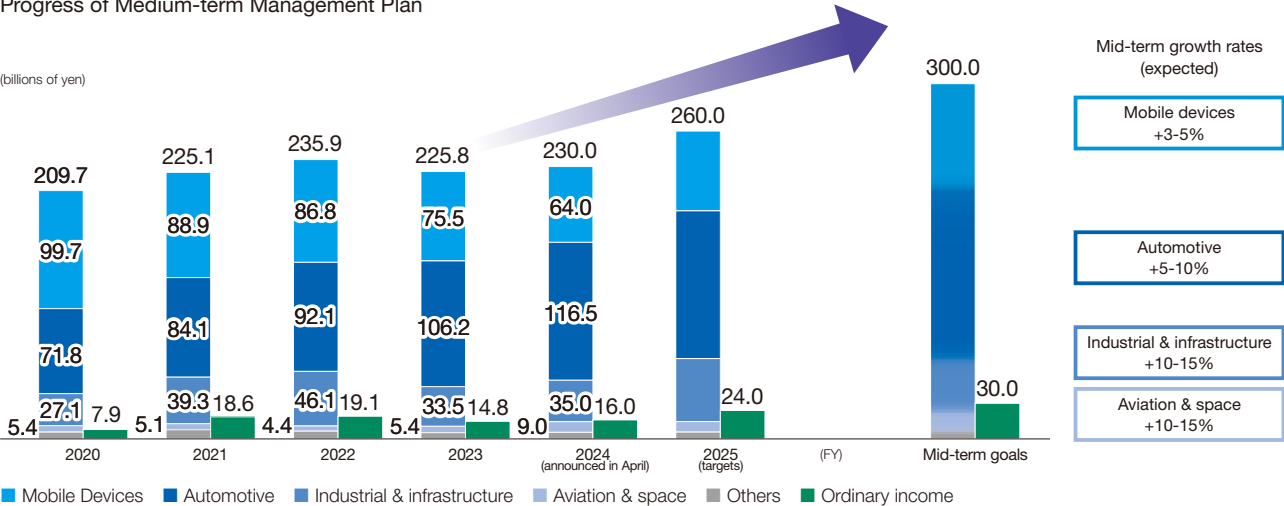
In the automotive market, our sales are progressing roughly as we expected. However, in the industrial & infrastructure market, a market slump has been prolonged due to a decline in global demand for capital investment since fiscal 2023. In the mobile devices market, demand has remained sluggish due to longer replacement cycles. On the other hand, in the aviation & space market, demand is expected to expand, mainly for defense projects, due to an increase in Japan's defense budget.

In these business circumstances, our performance in fiscal 2023 for the automotive market progressed in line with our business plan, but due to the impact of an unexpectedly prolonged slump in the industrial & infrastructure market and delay in the expansion of our sales in the mobile devices market, we fell short of our past expansion trend and saw a decrease in revenue.

Going forward, we plan to continue to pursue our business with the targets of 300 billion yen in sales and 30 billion yen in ordinary profit. However, given the discrepancies with our plans, we aim to exceed our all-time highs in sales and ordinary profits in fiscal 2025 as a first step, the final year of our medium-term plan, by taking measures to enhance our performance in our four focused markets.

In terms of reducing our greenhouse gas emissions, we had set a goal of reducing the greenhouse gas emissions by 55% by fiscal 2030 compared to fiscal 2017. However, because of our energy-saving activities and the use of renewable energy sources at our domestic manufacturing sites, we already achieved the goal in fiscal 2023. Therefore, we have decided to set a new goal for fiscal 2030 of achieving a 75% reduction compared to fiscal 2017, and have decided to achieve carbon neutrality by fiscal 2050 as the JAE Group.

Progress of Medium-term Management Plan



## Future Initiatives

For the connector business, we established a new sales structure of market-specific and customer-specific in fiscal 2024 as part of our growth strategy in the four focused markets. With the structures, we plan to get closer to the markets and customers, improve the degree of certainty of our business from a comprehensive perspective, and achieve renewed growth.

### Mobile Devices Market

In the mobile device market, we plan to improve our support capabilities in sales, development, and production and achieve renewed growth with cutting-edge mobile device products. As customer requests for faster response are increasing, we will speed up product launch by shortening lead times for product development and production ramp-up and in terms of costs, we will increase our cost competitiveness by applying common parts and new manufacturing procedures and reducing equipment costs. Also, we plan to improve our customer response capabilities by being close to our customers on a global scale. With these measures, we will launch a full lineup of board-to-board connectors and make the connectors applicable to wearable devices and other types of devices to expand our business in the market.



### Automotive Market

In the automotive market, we will continue to support all applications for Japanese car manufacturers for which we have been steadily expanding our sales, while strengthening our sales in overseas automobile markets. In particular, for the Indian market, which is expected to grow significantly in the future, we plan to enter and expand business in this market by making use of alliance with local companies. In the Chinese market, we will provide comprehensive support for customers with our comprehensive customer-facing operation that covers proposal to production locally to expand our business quickly. Also, we plan to strengthen our efforts to improve the profitability of our harness products, the production of which is increasing. For example, besides process improvement, we promote labor-saving by increasing types of products and manufacturing process that can be produced automatically, and globally deploy the automatic machines at our manufacturing sites after developing advanced and cutting-edge automatic machines at our domestic manufacturing sites where have cultivated technologies in our manufacture of products for mobile devices. In addition, we will promote the comprehensive optimization of our global production systems, supply chains, and logistics channels. As for the User Interface Solutions Business, we will continue to develop touch sensors compatible with next-generation displays, and we are planning to develop products that utilize our sensing technology and film printing technology.



### Industrial & Infrastructure Market

In the industrial & infrastructure market, we are determined to achieve renewed growth with business deals we already have made amid market recovery. Additionally, we aim to further accelerate our growth through alliances and M&A. We have collaborated with external organizations on high-speed transmission and EV charging connectors, and we will make more efforts to acquire new markets and technologies. Moreover, to accelerate the development of our business globally, we will capture connector demand across the global supply chain deployed by Japanese FA customers, and for expanding EV charging infrastructure, we will make our products compatible with overseas standards, including the new North American standard NACS. In the User Interface Solutions Business, we will keep expanding our business of machine operation panels and robotic teach pendants by establishing mass production systems for the panels and pendants. In the Aerospace Business, we will reinforce our production capacity for accelerometers and linear motors used in oil drilling systems and semiconductor lithography equipment, and we will make more efforts in the drone market, which is expected to expand with the commercial application of drones.



### Aviation & Space Market

In the aviation & space market, we aim to expand our business with a focus on the defense industry, which has entered a growth phase. In the defense field, in order to build the business foundation for sales of over 10 billion yen in the near future, in preparation for the next generation equipment demand, we plan to increase our production capacity for accelerometers and other products for the market, and drastically strengthen our development systems to cope with increase in the number of development projects.

## Investment Strategy

As our product composition changes, we are determined to build optimal manufacturing systems. Our investment objectives are as follows:

- Improve product efficiency of our automotive harnesses whose profitability has been low.
- Reorganize our production map in response to our changing product composition
- Strengthen our production capacity in the aerospace business, which is expected to grow within the aviation & space market

For equipment and facilities, we will make efforts to improve investment efficiency by reducing costs and space, while promoting automation and labor-saving. We will secure the funds obtained through the efforts as our strategic investment funds, establish a team to draft plans for M&A aimed at acquiring new markets and technologies, and have the team make the plans detailed and concrete by fiscal 2025.



# Message from the Director in Charge of Accounting and Finance



**Tetsuya Nakamura**  
Director and Senior Vice President  
(in charge of important matters concerning Corporate Planning,  
Accounting and Finance)

**Kazuhiko Aoki**  
Associate Senior Vice President  
(in charge of Accounting and Finance)

## Looking Back on Fiscal 2023

In fiscal 2023, while the U.S. economy remained stable, our business operations experienced a more severe business environment due to the sluggish Chinese economy and stagnant demand for capital investment, both domestically and internationally. In our key markets, the automotive market showed steady growth, but the mobile device market continued to struggle with the ongoing downturn in the Chinese smart-phone segment, and the industrial & infrastructure market, centered around factory automation equipment, saw significant deceleration. Additionally, in terms of costs, we have been impacted by the continued high costs of raw materials coupled with rising energy costs, resulting in a year-on-year

decline in both revenue and profit for fiscal 2023. This has reinforced our recognition of the need to enhance strategic efforts to heighten our growth potential and profitability. On the other hand, we achieved significant medium-term growth milestones. These included our automotive business, which became our largest market segment, surpassing ¥100 billion in sales for the first time across the Company, and the expansion of the aviation & space sector, our new focus market. In terms of cash flow, we have secured free cash flow in excess of the previous year through improvements in working capital and better efficiencies in capital investment.

## Review of the Capital Relationship with NEC

Amid these developments, in fiscal 2023, we reviewed our capital relationship with NEC Corporation (hereinafter referred to as NEC), which had been our parent company. In considering the review of the so-called “parent-subsidary listing” relationship, the Company decided to acquire the common shares of our Company owned by NEC as treasury stock, which we believe would contribute to an increase in earnings per share (EPS) and improvement of capital efficiency such as return on equity (ROE), thereby leading to shareholder returns. Additionally, when acquiring treasury stock, we negotiated with NEC to execute the purchase at a price with a certain discount to the market price, aiming to minimize the outflow of assets from the Company and with regard to the interests

of shareholders. Ultimately, with NEC’s consent, we resolved to acquire treasury stock at the Board of Directors meeting held on January 29, 2024, and we conducted a tender offer. As a result of this, a total of 23,851,152 shares were tendered, including those from NEC, all of which were purchased by our Company, thereby reducing NEC’s voting rights ratio to 33.35%. Subsequently, on May 17, 2024, we canceled 22 million shares of our treasury stock and, under the new capital structure, are accelerating our efforts to enhance corporate value through strengthening our growth strategy, improving capital efficiency, and reinforcing our governance system.

## Financial Targets

In fiscal 2023, despite a decline in revenue, total assets increased to ¥236.0 billion, resulting in a total asset turnover

ratio of below 1 time. On the other hand, although the equity ratio decreased due to the ¥60 billion borrowings for the

acquisition of treasury stock, it remained above 50%, and the Company is maintaining a sound financial base with net cash also remaining positive after deducting borrowings from cash and deposits. The Company plans to further strengthen and balance its growth potential and financial base over the next two years. Specifically, in addition to expanding operating cash flow by managing working capital conservatively while still generating growth, by strengthening consolidated cash management we aim to generate funding of approximately ¥100 billion. This fund will primarily be used for growth investments, with a balanced approach to accelerating debt repayment in order to ensure higher financial soundness and shareholder returns. Regarding growth investments, we plan to focus capital investments on key areas such as the automotive, aviation & space sectors, while also considering a strategic investment (M&A) budget of around ¥20 billion, and our plan is to realize

## Capital Profitability

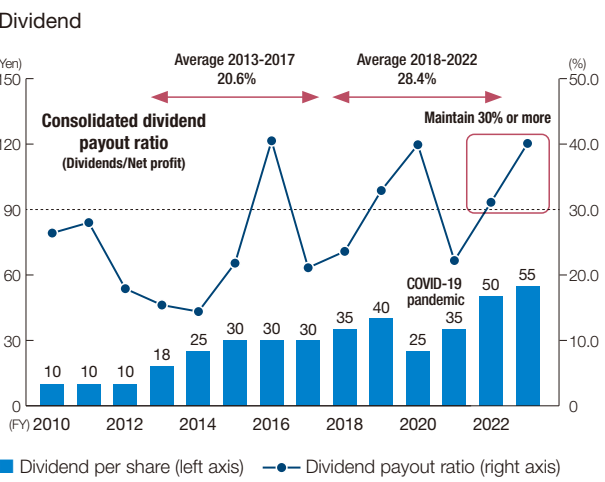
To clarify our progress toward improving capital efficiency, such as our EPS and ROE, which we emphasized when evaluating options for reviewing the parent-subsidary listing, we have selected ROE as a measure of capital profitability, and set a target of at least 10% by fiscal 2025. This level exceeds our recognized capital cost of 6-8%, and aligns with “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” advocated by the Tokyo Stock Exchange. In the process of raising our equity ratio, we are committed to further improving profitability and capital effi-

ciency to achieve the goal of improving ROE to 10% or more. To roll out these company-wide goals to the front lines, we are further enforcing profit management by business division, as well as ensuring meticulous income and expenditure management by division taking into account factors such as material procurement, capital investment, and inventory management. We are working to improve capital profitability by leveraging our strength of “on-site improvement capabilities” as well as improving profitability on a site-by-site basis and detailed income and expenditure management.

	FY2022	FY2023	Target for FY2025
Net sales	¥235.9 billion	¥225.8 billion	¥260.0 billion
Cash and deposits	¥63.0 billion	¥68.3 billion	Reduce by around 20.0 billion
Total assets	¥226.6 billion	¥236.0 billion	–
Borrowings	¥9.8 billion	¥64.5 billion	Accelerate repayment
Net assets	¥171.3 billion	¥126.8 billion	–
Equity ratio	75.5%	53.7%	60% or more
Total asset turnover ratio	1.04 times	0.98 times	1.1 times or more

## Shareholder Returns

Based on the above growth and financial measures, we have added a new policy of “maintaining a dividend payout ratio of 30% or more” to our existing basic policy of “stable dividends” for shareholder returns. For fiscal 2023, we increased the year-end dividend by ¥5 from the initial forecast, resulting in an annual dividend of ¥55 (a ¥5 increase compared to fiscal 2022), and based on this dividend policy, from fiscal 2024 onwards we will continue to consider dividend amounts that mirror business performance. Looking forward, we will continue to use the funds secured through improved capital profitability in accelerating growth, striking a balance between enhancing financial soundness and providing shareholder returns. As we move forward, we humbly ask for the understanding and support of all our stakeholders.

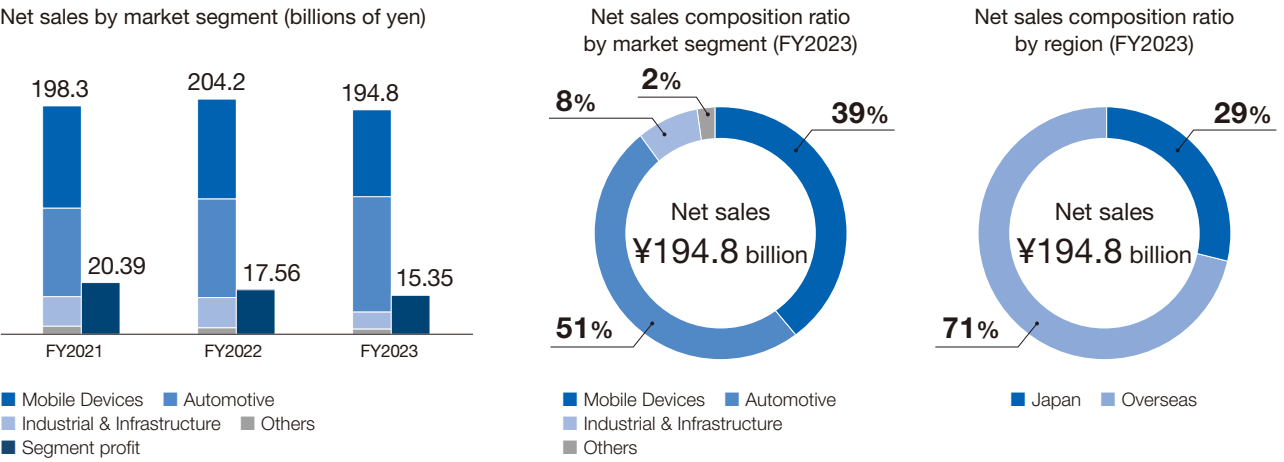




Connector Business

Business Overview

The Connector Business manufactures and sells connectors used in a wide range of fields. These include: products for mobile devices, which center on smartphone components; automotive connectors in infotainment-related applications such as in-vehicle cameras, as well as in body/powertrain areas such as engine ECUs; products for industrial & infrastructure uses such as for machine tools; products for other markets such as notebook PCs and flat panel TVs.



Competitive Advantage

JAE responds to wide-ranging customer needs by leveraging a comprehensive array of technical capabilities, such as miniaturization technology for internal smartphone connectors that combine reduced size with good workability, the high level of safety performance required for connectors used in vehicle airbags, and the know-how needed to create waterproof, oil-resistant and vibration-resistant components for industrial equipment used in harsh environments. In addition, we are able to provide a stable supply of high-quality products to customers by utilizing our production engineering accumulated through in-house manufacturing to promote thorough automation and labor-saving in the form of internally developed high-speed automatic assembly equipment, establish high-volume production setups in a short time, and provide integrated in-house manufacturing systems that operate 24 hours a day, seven days a week. Moreover, by actively participating in organizations responsible for drafting various standards, not only have we been able to take a leadership role in standardizing connectors supporting USB Type-C® and HDMI™ standards, but we are also able to contribute to innovation by customers through leveraging our global marketing approach to provide proposals at an early stage. We rank ninth globally among connector manufacturers, and are engaged in comprehensive global businesses in mobile device, automotive, industrial & infrastructure, and consumer products markets. By taking a comprehensive approach to

multiple markets, we can utilize the technologies developed in one market in others. A recent example of this is our application of knowledge and technology gained from high-current connectors used in railways since the 1960s, to the development of high-current connectors for electric vehicles.

Looking Back on Fiscal 2023 and Progress of Medium-term Management Plan

In fiscal 2023, our total net sales were ¥194.8 billion, 95% of the previous year. In the mobile device market, despite a recovery in demand for smartphones from some Chinese customers, a drop in demand for specific products resulted in sales being 87% of the previous year. Sales to the automotive market increased by 17% over the previous year, driven by solid production volumes from customers and continued growth in the ADAS market. As a result, for the first time, sales in the connector business for the automotive market topped ¥100 billion. However, sales to the industrial & infrastructure market dropped significantly to 56% of the previous year due to the ongoing slowdown in the FA and machine tool markets, which was driven by decreased capital investment demand in China. Although we benefited from the weaker yen in terms of profits, a decline in factory operating rates due to decreased sales of products for mobile devices and for industrial & infrastructure uses, a worsened product mix, and a jump in raw material costs led to a ¥2.2 billion reduction in profits.

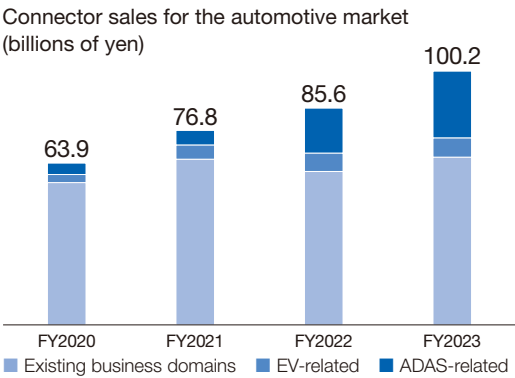
Strategies for Growth in Fiscal 2024

In fiscal 2024, we expect growth in the automotive as well as industrial & infrastructure market, and we will accelerate our efforts towards regrowth in fiscal 2025 and beyond. In our development of new markets and customers, from fiscal 2024 we are reorganizing our sales structure from the former region-based structure to a market/customer-based structure. In the automotive market specifically, we have established two sales divisions that provide focused global support to Japanese customers and overseas customers, respectively. In the automotive market, we will accelerate business expansion through strengthening customer support by a comprehensive localized approach, covering everything from proposals to production. This will apply not only to Japanese automobile manufacturers for which we have expanded our sales so far, but also to overseas markets such as India and China, where growth is expected. Additionally, we see increasing profitability in the automotive market as a key to increased profitability for the entire

Company, and as initiatives to improve profitability for harness products which are seeing increased production in particular, we will promote labor savings through process improvements as well as expanded automation, along with the overall optimization of our production system, supply chains, and logistics routes. In the industrial & infrastructure market, we are aiming for regrowth based on business deals we already have made, capitalizing on opportunities for market re-expansion. In accelerating our global business, in addition to capturing demand for connectors across the supply chains of Japanese FA customers, we are also adapting to overseas charging standards including the new North American NACS standard for EV charging infrastructure. Although we expect reduction in sales in the mobile devices market in the fiscal 2024 plan, we will enhance our support across all areas of sales, development, and production, thereby increasing the pace of product launches, and we will achieve regrowth from fiscal 2025 in products for cutting-edge mobile devices along with devices such as wearables developed from these.

TOPICS Initiatives for Growth in the Automotive Market

In the automotive market, one of our key focus areas, the number of electrical components installed per vehicle is increasing, especially for sensors such as cameras for Advanced Driver Assistance Systems (ADAS). In our connector business as well, the adoption of products for ADAS is expanding across a wide range of vehicle models, including those from Japanese automakers. This contributed to sales to the automotive market exceeding ¥100 billion in fiscal 2023, accounting for 51% of total sales by market. With the aim of continuing growth in the automotive market, of the five sales divisions established in 2024 based on market and customer, we have dedicated two to exclusively handle the automotive market. In the area of production, we are enhancing production efficiency, particularly for ADAS-related products, and are focused on developing production technology for high-current connectors for electric vehicles (EVs), where we foresee significant future growth. Aiming to expand our business in overseas markets, we are promoting market development in India, where growth is expected, by utilizing alliances with local companies and strengthening our ability to provide a comprehensive response at the local level in each region. Through such initiatives, we aim for an annual growth rate of more than 10% in the entire automotive market.



Connector business operation state in the automotive market in the target regions

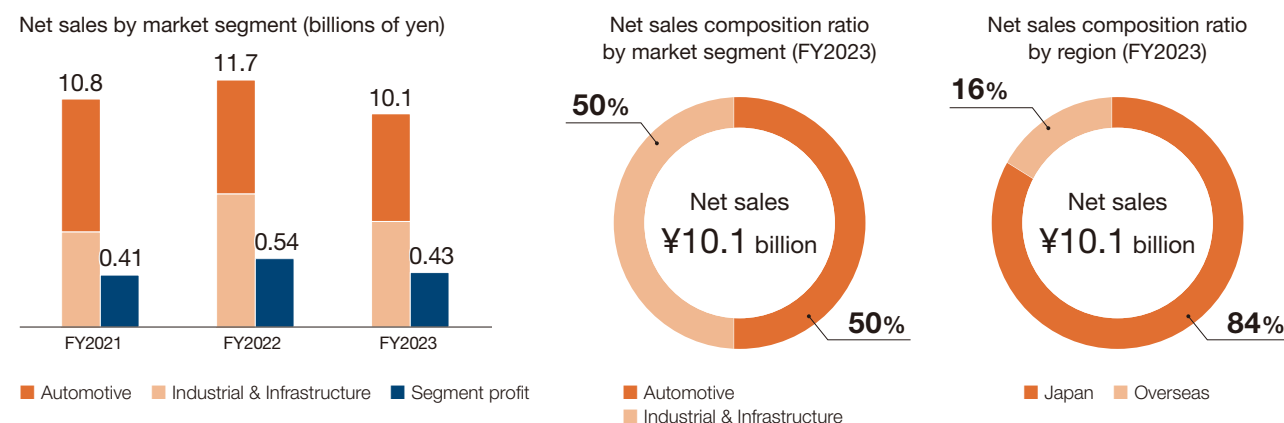
	Europe	North America	China	India
Sales branch	Deployed	Deployed	Enhance sales structure	Alliance Establish local production consignment and sales channels
Design	Design center established	Technical support system established	Strengthen technical support	
Production sites	Promotion of M&A alliance	Local production	Local production Strengthen procurement functions	
Promote locally integrated response in each region along strengthening structure in the Indian and Chinese markets				



## User Interface Solutions Business

### Business Overview

The User Interface Solutions Business manufactures and sells products for automobiles, such as automotive capacitive touch panels, and products for industrial & infrastructure uses, such as various types of touch panel monitors and operation panels for industrial machinery and medical equipment.



### Competitive Advantage

We have worked on the development of capacitive sensors used for touch input for many years, progressed in the development of the automotive market ahead of other companies, and contributed to the improvement of the usability of automotive displays. In addition, in response to the increase in size of displays and the diversification of design needs, we developed the "FLEXCONVERT™" brand as a core technology by combining printing, adhesion, etc. technologies with superior materials as represented by film-type metal mesh sensors made using the Company's proprietary printing methods. We will reform our manufacturing processes through this, and realize a flexible response to user interface needs that will become more diversified and sophisticated in a wide range of markets.

### Looking Back on Fiscal 2023 and Progress of Medium-term Management Plan

In fiscal 2023, our total net sales were ¥10.1 billion, 87% of the previous year. By market, while the baseline sales for the automotive market dropped because of the end of production of some products in the second half of fiscal 2022, production volumes of customers affected by the semiconductor supply shortage recovered, limiting this decrease to 94% of the previous year. In the industrial & infrastructure market, although the impact of the market slowdown was mitigated in the first half of the fiscal year by a backlog of orders from the previous year, market stagnation impacted performance once this backlog

was resolved, resulting in annual results down 20% from the previous year.

Profits were impacted by a drop in sales in the industrial & infrastructure market, resulting in a decrease of ¥110 million.

### Growth Strategy

In the automotive market, we will expand sales of touch panels, which are becoming increasingly larger and with higher design requirements given the increasing amount of information in the car cabin. In addition, we will accelerate the development of future products such as transparent film heaters utilizing the thin line printing technology we have developed in our work with touch sensors.

For the industrial & infrastructure market, we will ensure the steady launch of new mass production projects and expand business deals for touch panels for industrial equipment, where demand is increasing due to automation and labor savings, as well as for pendants used in industrial robots.

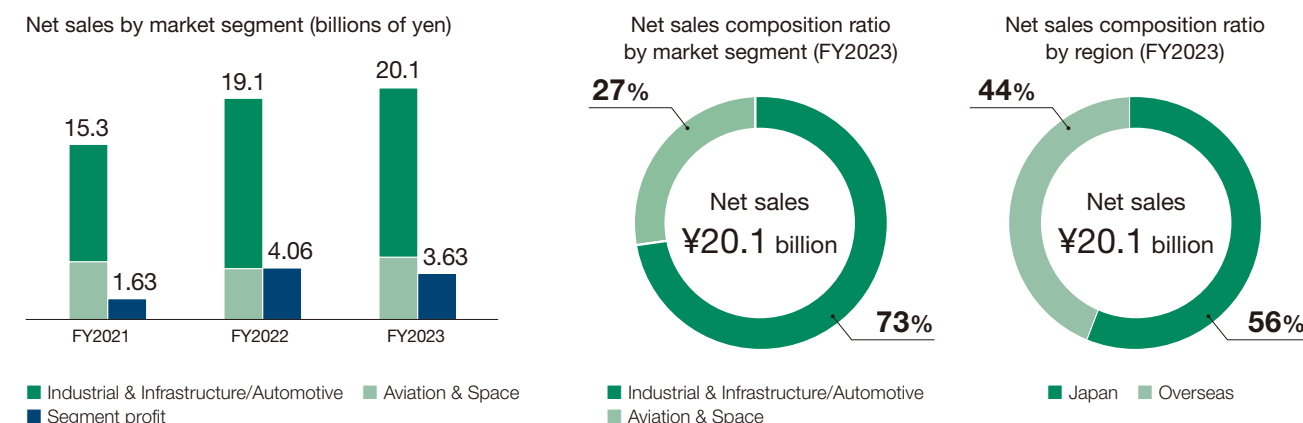


Operation panel for industrial machinery

## Aerospace Business

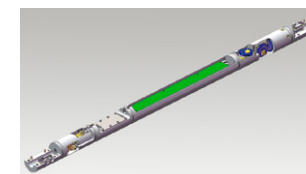
### Business Overview

The Aerospace Business manufactures and sells electronic equipment for aviation & space, such as flight control equipment, inertial navigation systems and radar altimeters, and products for industrial machinery, infrastructure and automobiles, such as anti-vibration control and drive equipment for semiconductor manufacturing equipment, sensor packages for oil drilling and automotive rotation angle sensors.



### Competitive Advantage

We have constantly focused on cultivating aviation space electronics technology since the Company's founding, retained technological capabilities that are top class globally, and produced inertial sensors (gyroscopes, accelerometers), which are key devices, and applied products through our proprietary development. Furthermore, with our technological capabilities that realize responses in harsh environments, such as those with vibrations, impacts and extreme temperatures, which have been cultivated over many years in the aviation & space market, we have created and provided highly accurate and highly reliable products by broadly deploying these technologies even in private demand markets, and flexibly responding to customers' needs.



Directional module for oil drilling

### Looking Back on Fiscal 2023 and Progress of Medium-term Management Plan

Sales in fiscal 2023 reached ¥20.1 billion, 105% of the previous year, and for the first time in the aerospace business exceeded ¥20 billion.

In the industrial & infrastructure market, sales of sensors for oil drilling increased, however sales of linear motors for semiconductor manufacturing equipment decreased slightly, resulting in overall sales being comparable to the previous year.

On the other hand, sales for the aviation & space market increased to 125% of the previous year, driven by an expanded defense budget. In spite of this increase in sales, profits decreased by ¥430 million attributable to increased costs caused by delays in development projects within the aviation & space market. While sales exceeded our ¥20 billion target set forth in the medium-term management plan in 2021, we are aiming for further growth particularly in the aviation & space market, which we anticipate will continue to grow.

### Growth Strategy

With our sights on future growth, we will build a business foundation in the aviation & space market targeting sales of ¥10 billion in the defense projects, and to this end, we will strengthen production capacity and fundamentally strengthen our development system. In the industrial & infrastructure market, we are considering expanding production of flight controllers and accelerometers for drones and flying cars for which we anticipate increased demand, as well as OEM production of drones and parts. For linear motors for semiconductor manufacturing equipment, we aim to not only improve price competitiveness but also consider collaboration schemes such as M&A and alliances to drive growth.



JAЕ Shinshu Ltd.



## JAЕ Group's Approach to R&D

Based on the corporate philosophy of “Explore, Create and Practice,” since the Company’s founding, the JAE Group has worked on R&D in order to open new doors that will realize innovation for society and customers as a technology and product creation company. We will contribute to realizing an “environmentally friendly mobility and IoT-oriented society connected by 5G” through our connection technology, which meets the needs for high-speed communication, high electrical current, and a super compact size, as well as through our user interface technology and motion sense & control technology. Moreover, with regard to fundamental technologies that will support growth, we work on R&D with the aim of shifting toward smart factories and innovating manufacturing technologies.

## Product Development Center

The Product Development Center carries out R&D for business potential research and planning that aims to develop new business domains, collaborative R&D between departments that contributes to each business department's future business vision, and R&D of fundamental technologies that contributes to strengthening production engineering at existing businesses. For business potential research and planning, we listen to the opinions of future users by actively participating in exhibitions and academic associations, and make efforts to create new businesses out of areas that are not growing in existing businesses. For collaborative R&D between departments, we aim to propose new products and to anticipate customer requests by identifying basic research technological issues through problem solving on site. For R&D of fundamental technologies, we aim to fuse applied research for product creation, which departments have promoted, with scientific knowledge that we have discovered before anyone else in the world.

## Connector Business

The Connector Business advances research in order to develop connector products that can be used even more comfortably and securely by customers. To accomplish this, the Connector Business conducts research into the acceleration of next-generation communication connectors, the increase of current for EV connectors, the reduction of size and thickness of connectors for mobile devices, the increase of functionality,

## R&D Investment

We actively carry out R&D investment. Over the past five years, we have allocated around ¥10 billion per year for R&D, which has led to the products that will help us grow going forward, such as high-current EV connectors and connectors for devices based on technology for Beyond 5G networking. Going forward, we will proactively continue R&D for growth areas.

such as active fiber cables, and the creation of new value, such as smart textile connectors, as well as promotes analysis and evaluation with the principal objectives of extending the life of connectors and increasing reliability, such as through designs resistant to electromagnetic waves and noise.

## User Interface Solutions Business

The User Interface Solutions Business matches customer needs with our technology through marketing activities to identify R&D themes and promote R&D activities for switches, sensors, and overlays (covers), which are core technologies. The User Interface Solutions Business will strengthen the core elements of “FLEXCONVERT™,” which is our user interface solution technology brand, through cooperation with the Product Development Center as well as universities and companies that have excellent materials technologies, in addition to our R&D activities that respond to increasingly diversified and sophisticated needs.

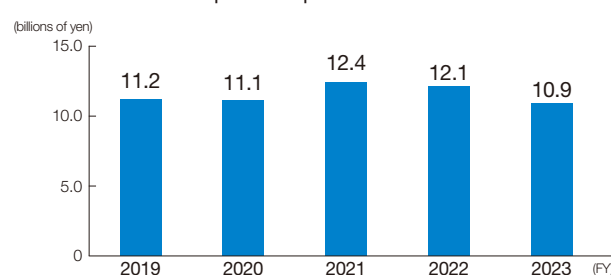
## Aerospace Business

The business domain of Aerospace Business is “motion sense & control,” and it handles the four core technologies of “highly precise motion sensing,” “highly reliable motion control,” “precise mechatronics,” and “resistance to extreme environments.” We carry out R&D that focuses on reliability and environmental resistance in order to play an active role in the defense and space market, semiconductor manufacturing equipment market and oil drilling market in addition to the expanding autonomous driving market for drones, construction machinery, and other domains going forward.

## Cooperative Innovation Project through Industry-Academia Collaboration

Having signed an Industry-Academia Collaboration Research Consortium agreement with the Institute of Industrial Science of the University of Tokyo in March 2019, JAE has since been promoting comprehensive cooperation in that regard. Currently, young technical engineers from our three business lines have been dispatched to the Institute of Industrial Science where they advance research activities based on their academic knowledge. At the same time, this enables us to achieve results in terms of human resources development.

Research and development expenses



## Intellectual Property

**Basic Policies:** The JAE Group protects and maintains outcomes of its corporate activities through intellectual property rights (patent rights, utility model rights, design rights, copyrights, etc.) and actively utilizes such outcomes to achieve sustainable growth. We furthermore engage in proper management and operation with respect to intellectual property rights, which entails upholding the intellectual property rights held by other companies and recognizing the importance of intellectual property and paying close attention to prevent rights infringement.

## Strategies

The JAE Group enlists the following four strategies in relation to intellectual property with respect to acquiring patents that facilitate JAE's sustainable growth and enabling the Company to avoid risks related to intellectual property:

1. We enhance our business strengths by acquiring intellectual property rights

We enhance our business strengths by acquiring basic patents at each stage of the research and development process and ensuring that we acquire rights aligned with our business strategy. Moreover, we also acquire patent rights in the respective countries where we engage in manufacturing and sales in a manner that accompanies our global business expansion.

2. We acquire robust intellectual property

As a result of our technology development efforts that align with our business trajectory, we promote the creation of highly practical and robust intellectual property. In addition to safeguarding our advanced core technologies by applications, we also assertively submit filings that are difficult for other companies to circumvent by patenting common-sense ideas. Moreover, we also strategically secure intellectual property rights enlisting efforts that include strengthening our defenses by using an intellectual property mix that combines patents, designs and trademarks to enlist double-layer and triple-layer safeguards while also ensuring secrecy of the technology expertise that facilitates our sophisticated approach to manufacturing. We also seek to enhance our technology protections and global name recognition by structuring our brand strategy by acquiring and utilizing trademark rights.

### 3. We uphold intellectual property rights held by other companies

We scrupulously perform investigations regarding patents, designs, and trademarks starting from the product planning stage to ensure that we develop products that do not infringe on the rights of other companies.

4. We embrace our commitment to product development of our intellectual property divisions

Our intellectual property divisions enlist their involvement in important development projects of business departments from the upstream stage of the design process and furthermore facilitate efforts to formulate an intellectual property strategy for ensuring growth of the Group overall. Additionally, we assign a patent manager and a patent administrator for each business departments and regularly hold meetings of

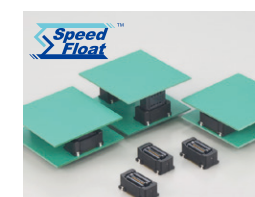
the Intellectual Property Review Forum, thereby instilling awareness regarding intellectual property in staff in design sections, confirming product strategies, development schedules and actions of other companies, and reflecting findings from the confirmation in our filing of patent applications.

## Initiatives

As for automobiles, the development and implementation of technologies for ADAS and autonomous driving is progressing, thus automobiles need to be equipped with a high-performance on-board ECU in order to ensure their safety. Since multiple boards are implemented in the ECU to process a huge amount of information, requirements for connectors to interconnect the boards is increasing. Also, the connectors are used inside the ECU, which is important for the safety of automobiles, and they must be highly reliable.

In response to the requirement, we have launched a new brand of floating type board-to-board connectors for interior use, SpeedFloat™, which achieves high-speed transmission and high contact reliability with two-point contact, and can withstand the harsh temperature environments in the automobiles use, and we are expanding the product lineup of the brand. We are determined to provide high-performance and reliable products for a society in which telecommunications will keep getting faster. As for drones, the development of autonomous flight systems is accelerating, and when Level 4 flights are approved, drones will fly above houses without human visual inspection or assistance; therefore, on-board flight controllers will be very important as the brain of drones.

We have branded domestically produced, high-reliability, high-quality flight controllers and radio distance meters by leveraging our achievements in developing of aircraft equipment. Through the product lineup of the brand, we will contribute to the practical use of industrial drones to make people's lives safer and more prosperous by enabling drones to conduct surveys in places where people cannot access and bring daily supplies to people living in remote islands and mountains.



Board-to-board high-speed floating connector MA01 series



Flight controller JFB series



Sustainability Policy

The JAE Group aims to grow as a responsible member of society by contributing to the resolution of social issues, in accordance with our corporate philosophy of “Explore, Create and Practice” and our Charter of Corporate Behavior. Through the innovative and creative technologies and development capabilities of our three core businesses, we aim to

enhance our corporate value in five key areas: Connected Society, Safe Mobility, Clean Energy, Industrial Innovation, and Air, Space and Ocean. Additionally, we strive to create social value through collaborative creation with our customers, contributing to the sustainable development of society.

Reinforced Sustainability Management of Our Group

In order to promote sustainability management of the JAE Group, we established the Sustainability Promotion Office in April 2024, setting up a system to systematically and organizationally address important sustainability issues within the Group. Also, in April 2024, we established the Sustainability Promotion Committee with corporate officers and others as members, and restructured our governance system regarding sustainability. The Committee is responsible for deliberating, formulating, and directing future policies and strategies related to sustainability, as well as reporting important matters to the Management Committee and the Board of Directors, to help promote the sustainability management of our Group.



JAE Group Charter of Corporate Behavior

Based on our corporate philosophy, “Explore, Create and Practice,” the JAE Group will continue to expand efforts to maintain a fair profit, increase corporate value, and contribute to the creation of sustainable growth in society. At the same

time, as a good corporate citizen, we will abide by relevant laws and rules and fulfill social responsibilities toward customers, stockholders and investors, business partners and other related persons in the community at large.

1. Fair and Honest Corporate Activities

2. Pursuit of Customer Satisfaction

3. Disclosure of Corporate Information

4. Harmony with the Environment

5. Harmony with Society

6. Respect for Human Rights

7. Respect for Employee Individuality and Personality

8. Management of Intellectual Property and Information

For more information, access <https://www.jae.com/en/csr/charter/>

Society

Respect for Human Rights

JAE Group has established JAE Group Charter of Corporate Behavior to contribute to the creation of a sustainable growth in society and to fulfill social responsibilities as a good corporate citizen. The JAE Group Charter of Corporate Behavior states that “JAE Group will respect human rights in every corporate activity and not condone discrimination or the employment of child labor or forced labor in the workplace” as its policy related to upholding

human rights. We furthermore engage in business operations based on that policy. We post specific initiatives in this regard to our corporate website, including our initiatives regarding human rights and our basic policy for procurement. Also, we strive to ensure that JAE’s policy on respecting human rights is understood across the entire supply chain in seeking to prevent human rights violations.

Our initiatives regarding human rights can be found here: [https://www.jae.com/en/csr/human\\_rights/](https://www.jae.com/en/csr/human_rights/)  
Our basic policy for procurement can be found here: <https://www.jae.com/en/corporate/materials/basic-policy/>

Diversity Promotion and Human Resources Development

We seek to reform our business structure and enhance our business strengths to achieve future development of the JAE Group by promoting human resource strategies that consist of “promotion of diverse human resources,” “enhancement of human resources development,” and “improvement of the internal environment.”

Promotion of Diverse Human Resources’ Participation and Advancement in the Workplace

We are promoting efforts to realize a work environment where diverse human resources can participate, regardless of age, gender, nationality, or disabilities.

Promotion of Women’s Participation and Advancement in the Workplace

Given that we consider the participation and advancement of our female employees in particular as an important challenge, we engage in various initiatives to promote women’s participation and advancement in the workplace. We have accordingly been seeking to increase our ratio of female employees by implementing initiatives that entail steadily raising the ratio of women hired through our regular recruitment of new graduates, setting a target of 25% or more female hires by fiscal 2025 and striving to

maintain the rate. Meanwhile, we have set a target of achieving a female management workforce of 6% or more by fiscal 2030, and have accordingly been conducting selection-based training for female employees aimed at appointing female managers, as well as strengthening hiring of experienced female managers. We have also been striving to ensure participation and advancement of our female employees in terms of enabling them to continue their careers by conducting follow-up interviews with our young employees upon their second to fourth year of employment, including our female employees. We also hold roundtable meetings for all female managers at which they come up with ideas to enable female employees to be active and incorporate the ideas in corporate initiatives, and also we help them to establish networks through which female employees can talk to one another.

Global Human Resources

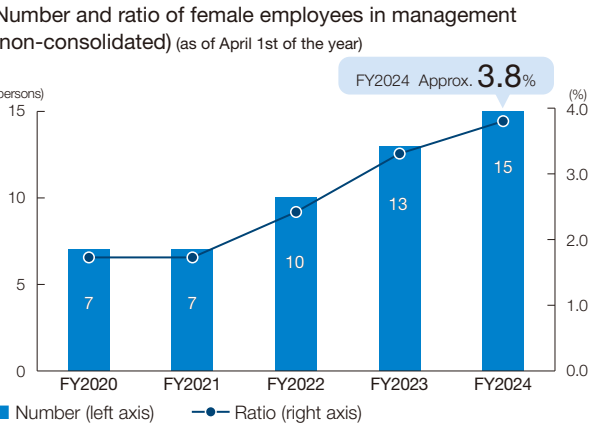
We have production bases overseas and work with customers all over the world, which requires us to recruit globally-minded human resources. We are diversifying our workforce to strengthen operations by actively recruiting diverse personnel regardless of nationality, particularly in technical, sales, and business staff divisions.

Appointment of Experienced Hires to Managerial Positions

Experienced hires account for 24% of our managerial workforce as of April 1, 2024, thereby ensuring that we have a diverse pool of talent with varied experiences, knowledge, and skills within the Company.

Persons with Disabilities

We strive to make work fulfilling for employees with disabilities by considering the circumstances of each individual’s disability and employing them in a field where they can excel, and by establishing employee-friendly work environments. As a company, we will continue to actively employ people with disabilities and fulfill our social responsibilities by expanding employment opportunities.





## Enhancement of Human Resources Development

In seeking to secure competitiveness in global markets and in seeking to swiftly adapt to changes in the business environment, we recognize the importance of enhancing the skills of individual employees. With respect to it, we have systematically developed training by job level as well as training by function. We have also established programs provided to encourage self-development that make it possible for employees to autonomously shape their own careers with their sights set toward the future. We also implement selective training programs to facilitate education of our executive professionals, while also taking steps with respect to education aimed at passing on manufacturing skills and encouraging qualification acquisition.

## Self-Assessments and Training Systems

Through two-way management, in which employees declare their own work goals and ability-improvement goals and express their commitment to their superiors, we are working to develop our human resources by raising the spirit of taking on challenges and motivation for self-development of each employee.

## Training Systems

We offer programs such as training by job level that provides knowledge tailored to the experience and role of each employee, as well as training by function, which deepens specialist knowledge. Also, we strive to provide participation-type training in which participants can train in practical skills and have discussions. These programs and training aim to maximize an individual's skills. We also systematically provide DX/IT-related training and accordingly promote initiatives to raise the level of DX/IT literacy among our employees and move forward with development of more highly specialized DX promotion leaders and in-house development of IT engineers based on our internal needs.

## Financial Incentive System for Acquiring National Trade Skill Test Certificates

We promote human resource development to strengthen our manufacturing technologies. In particular, the head office and all of the production Group companies in Japan have been providing support and practical guidance to help employees acquire National Trade Skill Test certificates. In 2013, we introduced a system that provides financial incentives to employees for acquiring National Trade Skill Test

certificates. The system has served as an incentive to motivate employees, thereby leading to a large number of new technicians becoming qualified each year.

## Initiatives for Improvement of the Internal Environment

We strive to realize safe, employee-friendly work environments, and securing the health and safety of our employees has been positioned as one of Company's management priorities. Meanwhile, we work on providing flexible work environments where employees are able to choose their own workstyles to maximize work-life balance and to create a workplace worth working for.

## Safety Measures

We have built a health and safety management system and work to advance health and safety measures at each workplace and to share information. As part of our crucial measures that aim to prevent potential damage from accidents for both our employees and property, we provide safety training for every employee by job level and ensure the safety of our equipment by conducting a mandatory assessment every time new equipment is installed and take the necessary measures based on the safety assessment.

## Health of Our Employees

In order to maintain and improve the health of employees, we have established a Health Care Center, which provides active follow-up on the results of regular health checks and health consultations by physicians and nurses. We are also focusing on mental health and in addition to providing a physician for consultations, we have also introduced a service by an external specialist company to create a framework where employees can receive counseling at any time. As for our health promotion measures, we encourage employee physical fitness in part by enlisting the guidance of physical fitness trainers to instruct employees on use of exercise equipment during their lunch breaks and after regular working hours. Also, we provide employees with health information through initiatives that include hosting lectures by occupational health physicians, putting up posters at our premises, and posting content to our corporate intranet.

## Work Systems

We have introduced a flextime system and a remote work system to improve work efficiency and productivity and to ensure a work-life balance for employees. We are working to create environments where each and every one of our employees has access to the systems to ensure that they have flexible work arrangements that are not subject to constraints of time or location in alignment with their individual lifestyles. In addition to the work systems, we provide various systems that help employees balance work with family-life, such as leave system that can be taken for childcare, when an employee's child is ill or injured or when a family member needs nursing care. Moreover, we encourage male employees to participate in childcare through arrangements that include special leave taken when a spouse

gives birth and childcare leave upon birth of a child. As a result, uptake of childcare leave among our male employees was 23.5% in fiscal 2023, and uptake of parental leave taken by our

male employees including those who took spousal childbirth leave was 91.2%. Meanwhile, the rate of childcare leave taken by our female employees was 100%.

## Sustainable Procurement

The JAE Group believes it is important that it achieves sustainable procurement while taking into account social demands such as those pertaining to the environment and human rights in the supply chain, based on cooperation with its customers and business partners. We ask our business partners to understand and accept in this philosophy, and have issued "Sustainable Procurement Guidelines" which specify the items what we request our business partners to comply with, for the aim of achieving sustainable procurement throughout our entire supply chain.

Our JAE Group Sustainable Procurement Guidelines can be found here:  
[https://www.jae.com/files/user/pdf/CSR\\_en\\_07.pdf](https://www.jae.com/files/user/pdf/CSR_en_07.pdf)

## BCP for Our Supply Chain

In addition to recent earthquakes and abnormal weather events, the JAE Group faces a range of risks, including pandemics such as COVID-19 and difficulty in obtaining resources associated with the Ukraine war. It is becoming increasingly important to have a business continuity plan (BCP) to prepare for such risks in advance. The JAE Group prepared the first edition of its Supply-Chain BCP Guidelines in September 2021, based on cooperation with its customers and suppliers, and put them into practice.

Our JAE Group Supply Chain BCP Guideline can be found here:  
[https://www.jae.com/files/user/pdf/BCP\\_jp1.pdf](https://www.jae.com/files/user/pdf/BCP_jp1.pdf) (in Japanese)

## Supplier Surveys (for Sustainability and BCP)

The JAE Group carries out awareness-raising activities and administers annual surveys to ensure that its business partners understand the importance of sustainable procurement and BCP. We send out a survey on sustainability to our primary business partners and a survey on BCP to our primary business partners, secondary business partners, and manufacturers in our supply chain. We then ask them to provide replies to the survey questionnaires, after which we provide them with feedback

Questionnaire for the survey on sustainability in our supply chain

Results report on the BCP survey



Approach

To promote sustainability management, the JAE Group has advocated “harmony with the environment” in the “JAE Group Charter of Corporate Behavior” and conducts corporate activities that respect nature and are environmentally friendly. In addition to taking measures against global warming, we recognize that it is important to grow sustainably while working toward the realization of a recycling-oriented society

through various environmental activities. Therefore, we will not just expand our conventional measures, but also take bold action to implement new environmental initiatives in order to realize a prosperous, sustainable society. For details of our environmental activities, please see our Environmental Report.

Our Environmental Report can be found here: <https://www.jae.com/en/csr/eco/report/>

Basic Philosophy

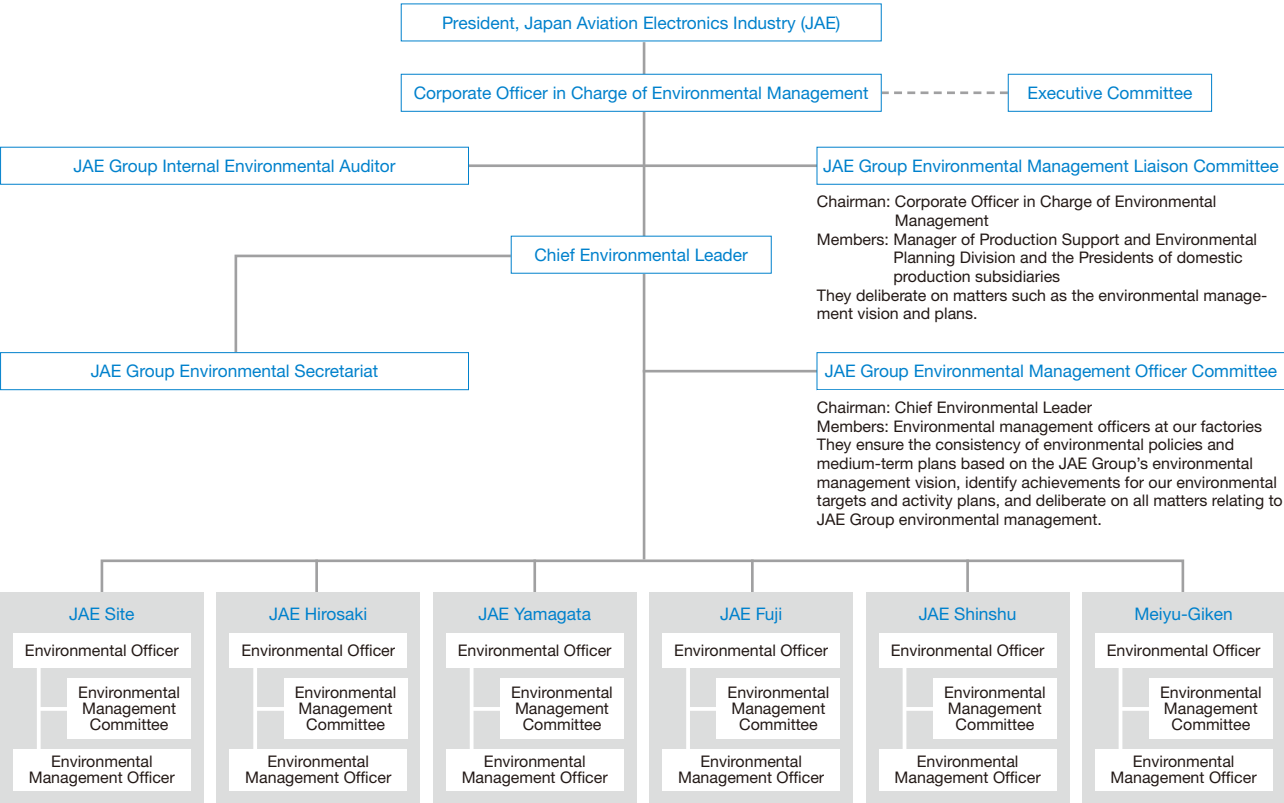
The JAE Group will, as a member of society, contribute to the attainment of a prosperous, sustainable, recycling-oriented society by fulfilling its corporate social responsibility through environmentally friendly business activities and respect for the natural environment and biological diversity.

Our Basic Guidelines can be found here: <https://www.jae.com/en/csr/eco/policy/>

Environmental Management System

The JAE Group pushes ahead with its daily environmental conservation activities using an environmental management system built in compliance with the ISO 14001 standard. The acquisition of ISO 14001 certification is being promoted globally, and the JAE Group has already acquired multi-site certification for domestic sites as well as certifications for overseas production sites.

Domestic organizational framework



Measures against Climate Change

The JAE Group views measures against climate change as the most important issue and has been working steadily on saving energy. Regarding our purchased electricity, which is our main source of CO<sub>2</sub> emissions, we had been examining the use of electricity derived from renewable energy sources, in-house power generation, and other ways of power generation that would be suitable for us. Since fiscal 2022, we have gradually promoted the use of electricity derived from renewable energy sources, and in fiscal 2023, we started using electricity derived from renewable energy sources at all our domestic production sites. Going forward, we aim to become carbon neutral, using science-based targets (SBT) for greenhouse gas emissions reduction as our main indicators. As a measure to save energy to promote climate change countermeasures, the JAE Group has set energy saving targets and will centrally manage the status of progress, and so forth, as it works toward achieving them. In regard to specific measures, we are implementing measures according to our three main themes; environmental awareness training, production-related measures, and measures at plant facilities.

- **Environmental Awareness Training**  
We provide environmental education to equip employees with the knowledge about the environment needed at each level and function. In addition to this general education, we also offer separate training programs unique to each department. We are also raising awareness through various events (e.g., Environment Month, Warm Biz and Cool Biz initiatives).
- **Production-related Measures**  
We switch off heaters during non-operating hours, reuse packing trays, and take other measures that help protect against climate change.
- **Measures at Plant Facilities**  
We deployed high-efficiency transformers in a new plant building. Also, we started to control the number of air compressors in operation to save electricity and upgraded the LED lights. Furthermore, we upgraded our power usage systems and air conditioning monitoring systems so that workers in the plants can visually check the amount of electricity used in detail by department and by major process. The new equipment and upgraded equipment is helpful for discovering energy saving measures and confirming their efficacy.

Response to SBT

The JAE Group had been certified for SBT 1.5°C by SBTi as a

member company of the NEC Group. However, as of March 22, 2024, the Group has changed from a consolidated subsidiary of NEC Corporation to an equity-method affiliate of it. Therefore, going forward, the JAE Group will consider obtaining SBT certification as the JAE Group.

Disclosure of Information on the TCFD Recommendations

**Our Policy**  
Regarding issues related to climate change as important management issues, the JAE Group analyzes risks and opportunities brought about by climate change, and promotes initiatives for it through business activities to achieve sustainable growth.

**Governance**  
In order to promote our sustainability management, the JAE Group established the Sustainability Promotion Committee in April 2024, chaired by the Chairman and consisting of the other corporate officers and general managers of the departments with which sustainability issues are concerned. In the Committee, they deliberate and formulate sustainability management policies and strategies, decide on specific measures related to the sustainability strategies, and give instructions. With regard to important matters, these are reported, as needed, to the Management Committee and the Board of Directors, and the management oversees them properly. In addition, the Corporate Risk Management Committee deliberates on serious risks such as natural disasters and environmental laws and regulations associated with climate change.

**Strategies**  
• **Impact analysis by scenario**  
With regard to climate change, the JAE Group analyzed impacts of climate change by scenario with reference to the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (SSP1-1.9 (1.5°C scenario), SSP5-8.5 (4°C scenario)) and the International Energy Agency’s (IEA) World Energy Outlook 2022, identified risks and opportunities, and assessed possible impacts on the JAE Group’s business.

	Possible climate futures	Possible impacts
4°C scenario	Efforts to enact laws and regulations for climate change and realize low-carbon implementation are still insufficient in developing countries let developed countries alone. Therefore, CO <sub>2</sub> emissions will not be sufficiently reduced, global warming will progress, and it is expected that there will be an increase in damage from natural disasters as follows: <ul style="list-style-type: none"><li>• Sea levels will rise due to melting ice in glaciers and polar regions.</li><li>• Extreme heavy rains and large typhoons will cause floods.</li><li>• Low rainfall will cause droughts, water shortages, and a decrease in groundwater.</li></ul>	<ul style="list-style-type: none"><li>• Intensification of natural disasters will cause factories to stop operating and supply chain to be interrupted, thereby affecting production, logistics, and other aspects of society.</li><li>• No progress will be made in reducing CO<sub>2</sub> emissions, especially in emerging countries, and fossil fuel-consuming businesses will continue.</li></ul>
1.5°C scenario	Efforts toward decarbonization will be actively carried out on a global scale, and CO <sub>2</sub> emissions will be sufficiently reduced. Consequently, it is expected that the progression of global warming will be suppressed. <ul style="list-style-type: none"><li>• Strict environmental laws and regulations will be enforced such as introducing carbon taxes.</li><li>• Compared to the present, temperature increases will be suppressed and natural disasters will not increase significantly.</li></ul>	<ul style="list-style-type: none"><li>• Energy prices will rise due to carbon taxes and clean power generation. The prices of raw materials and resources will rise, negatively impacting the procurement of parts and components.</li><li>• Requests for CO<sub>2</sub> reductions by society and customers will still increase, and companies that cannot reduce CO<sub>2</sub> will suffer negative business effects.</li><li>• Demand for businesses related to fossil fuels will decrease.</li><li>• Investment in renewable energy and energy-saving technologies will increase, and R&amp;D for these technologies will become more active.</li></ul>

►Risks and opportunities

Risks and Opportunities			Description	Term	Impact	Countermeasures
Risks	Transition risks (1.5°C)	Policy and legal risks	Increased costs due to strengthened laws and regulations on CO <sub>2</sub> emissions and energy use, such as carbon taxes	Medium to long	Large	Promote energy-saving measures
		Technology and market risks	Decline in market share in case of delayed development of new products designed for a decarbonized society and response to market needs	Medium to long	Large	Develop new products and transform business for decarbonization
		Reputation risks	Decrease in reputation from stakeholders, loss of business opportunities, and/or decline in corporate value due to delayed efforts on climate change	Short to medium	Medium	Strengthen efforts for sustainability management
	Physical risks (4°C)	Acute risks	Suspension of factory operations and disruption of supply chain due to intensified natural disasters such as typhoons and floods	Short to long	Large	Strengthen business continuity plans
		Chronic risks	Increase in air conditioning costs due to constant temperature increases	Long	Large	Deploy high efficiency facilities and equipment
Opportunities (1.5°C)	Resource efficiency		Increase in market demands due to transition to a circular society	Medium to long	Medium	Develop new products made from less materials, recycled materials, and/or reused materials
	Energy sources		Use of energy sources that contribute to decarbonization, and efficient use of energy	Short to long	Small	Use power derived from renewable energy sources and develop energy-saving equipment
	Products, services, markets		Development of products that contribute to decarbonization and increase in sales of such products	Short to long	Large	Develop new products and transform business for decarbonization

\*The level of impact is determined by the expected severity and financial effect of the risk or opportunity.

Risk Management

The JAE Group has established a Corporate Risk Management Committee, chaired by the Chairman, with the other corporate officers and general managers of departments as committee members and the full-time auditors as observers. The Committee identifies, evaluates, monitors, and manages risks that impede the Group’s sustainable growth. Important matters are reported to the Management Committee and the Board of Directors, allowing management to appropriately ascertain and supervise risks related to the Group. In the event of a large-scale natural disaster that impedes the business continuity of our Group companies, a Central Task Force, headed by the President, will be immediately established based on the Company’s business continuity plan, and the Task Force will formulate a plan for business continuity and issue instructions and orders for the execution of the plan.

Targets and Goals

- Regarding response to climate change as an urgent issue, the JAE Group aims to be carbon neutral by the Group by fiscal 2050.
- To reduce the greenhouse gas emissions generated by the

Group, we will work to reduce electricity purchases by promoting energy-saving measures such as high efficiency of facilities and equipment, and LED lighting. We expect to use in-house power generation and electric power from renewable energy sources for which we cannot reduce against the target.

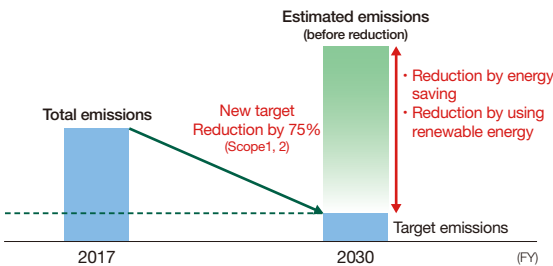
- As an intermediate goal, we set a reduction target for total greenhouse gas emissions for fiscal 2030 at the beginning of fiscal 2022, and as a result of activities to reduce our total greenhouse gas emissions, the target was achieved ahead of schedule. As a new emission reduction target, we have set a 75% reduction in its total greenhouse gas emissions (Scope 1/Scope 2) for fiscal 2030 compared to fiscal 2017 on a global production basis (previous target was 55%). For carbon neutrality, the JAE Group will make every effort to achieve it at the earliest possible date.

\*Global production basis: Those of major production companies are included.

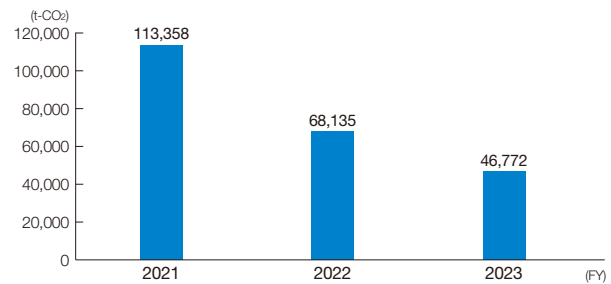
• For Scope 3

We recognize the importance of reduction of emissions in Scope 3. Therefore, we will continue to work with our suppliers to make efforts for reduction, and will consider setting specific reduction targets and working toward the targets.

GHG emission reduction target (t-CO<sub>2</sub>)



Greenhouse gas emissions



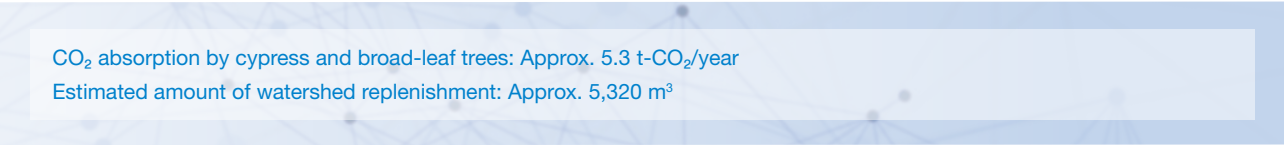
JAE Group Forest

To restore and preserve forests, we established the JAE Group Forest in fiscal 2004 as a symbol of our environmental management. To help build a prosperous, sustainable society, we are promoting environmental awareness by allowing Group employees to participate in forest preservation activities by planting trees and pruning undergrowth. It is a place that helps reduce greenhouse gas (CO<sub>2</sub>), secure water sources, and conserve biodiversity.

In fiscal 2023, dozens of JAE workers participated in forest conservation activities at the JAE Group Forest to raise awareness of forest conservation and environmental conservation among all JAE workers.



The following URL is a video showing the JAE Group Forest: <https://youtu.be/10Gdsm5qJk>

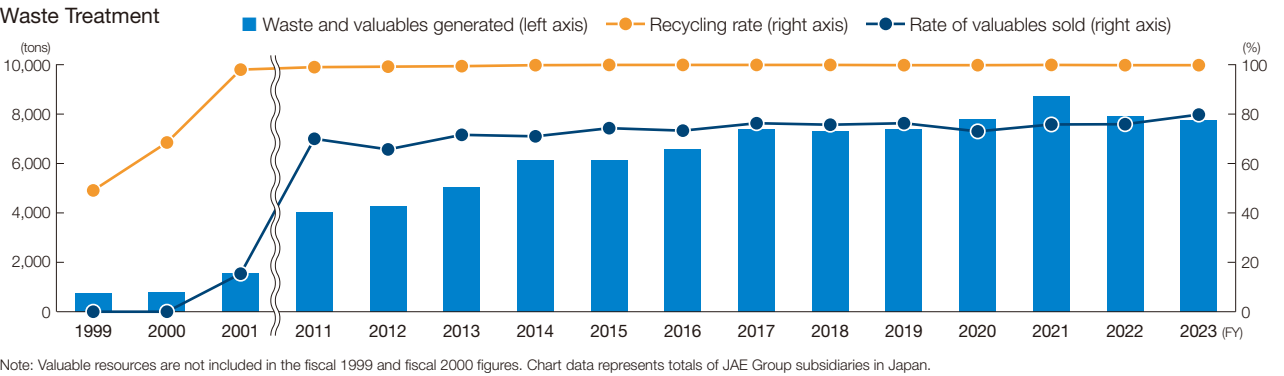


\* In the JAE Group Forest, a total of 829 JAE Group workers have (1) planted trees, (2) cut undergrowth to secure the growth of young trees, (3) installed nets against feeding damage by deer, and (4) removed vines that get tangled around trunks and branches and hinder tree growth.

Effective Use of Resources

The JAE Group makes effective use of resources by reducing general waste through the consumption of less paper, while promoting recycling and sales of valuable resources through the exhaustive sorting of waste, such as scrap plastic and metal. We achieved our target of a 99% recycling rate in fiscal 2004. Following this, we have continued to advance activities and in

fiscal 2014, we achieved a rate of 99.8% which is still maintained in fiscal 2023. We seek to sell our metal waste and increase the quality of our recycled plastics, and work to reduce costs for waste treatment. Such initiatives contribute in terms of saving resources and reducing CO<sub>2</sub> over the life cycle of our products.



Note: Valuable resources are not included in the fiscal 1999 and fiscal 2000 figures. Chart data represents totals of JAE Group subsidiaries in Japan.

TOPICS

Installation of solar panels at Akishima Plant

In recent years, “additionality” has become a key word for the use of renewable energy. “Additionality” means the capability to increase the amount of renewable energy generated in society. Our Akishima Plant has installed a solar power generation system on the roof of the office building for trial operation. We plan to measure how the power generation system operates and make its actual measurement data available to other JAE Group companies, so that they will use more power derived from renewable energy sources and reduce their greenhouse gas emissions.



Installed solar panels



### Basic Views

We believe that corporate governance means abiding by relevant laws and rules and fulfilling our social responsibilities to stakeholders, including shareholders, customers, business partners, and communities, with the aim of maintaining fair

profits, increasing corporate value, and contributing to creation of sustainable growth in society through corporate management based on our corporate philosophy “Explore, Create and Practice.”

### Towards Strengthened Corporate Governance

We have built a corporate governance framework that enables swift decision making and agile management by establishing a Board of Directors comprising ten Directors (including five Executive Directors and five Outside Directors), Management Committee mainly comprising five Executive Directors, and the Business Execution Committee and the Executive Committee comprising Corporate Officers and executive members. These management structures comprise a body for making management decisions and carrying out business execution and internal controls. We have also adopted a Board of Auditors system comprising two full-time Statutory Auditors and two Outside Statutory Auditors and we have established an internal Audit Office as an internal controls division.

In 2024, to further enhance the effectiveness of the Board of Directors, we added two Outside Directors, bringing the number of Outside Directors to half of the total board members as stated above. We have established a Nomination and Compensation Committee to further strengthen the independence, objectivity, and accountability of the Board of Directors related to the nomination of candidates for Director as well as Director remuneration, along with a Special Committee (ad hoc) to protect the interests of minority shareholders. Furthermore, we have introduced a new remuneration system for our Executive Directors—a transfer restricted stock remuneration (hereinafter “restricted stocks”) —with the aim of further promoting the sharing of value with our shareholders. Looking forward, we will continue our efforts towards further strengthening our corporate governance.

#### ① Board of Directors

This makes decisions regarding important business operations based upon the Board of Directors’ discussion criteria, and supervises the performs duties and implementation of internal controls.

#### ② Special Committee (ad hoc)

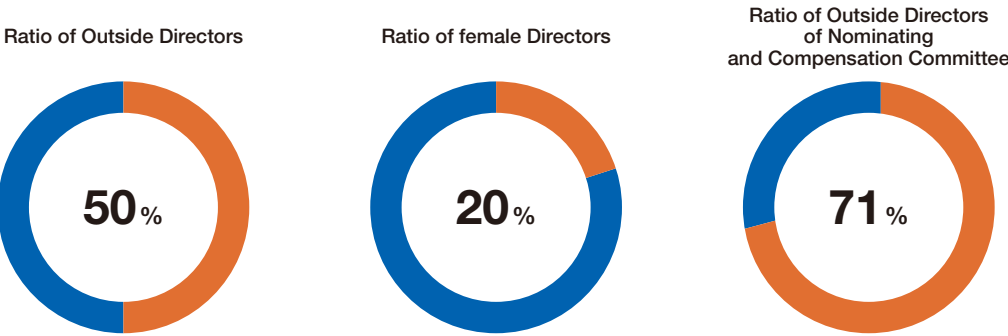
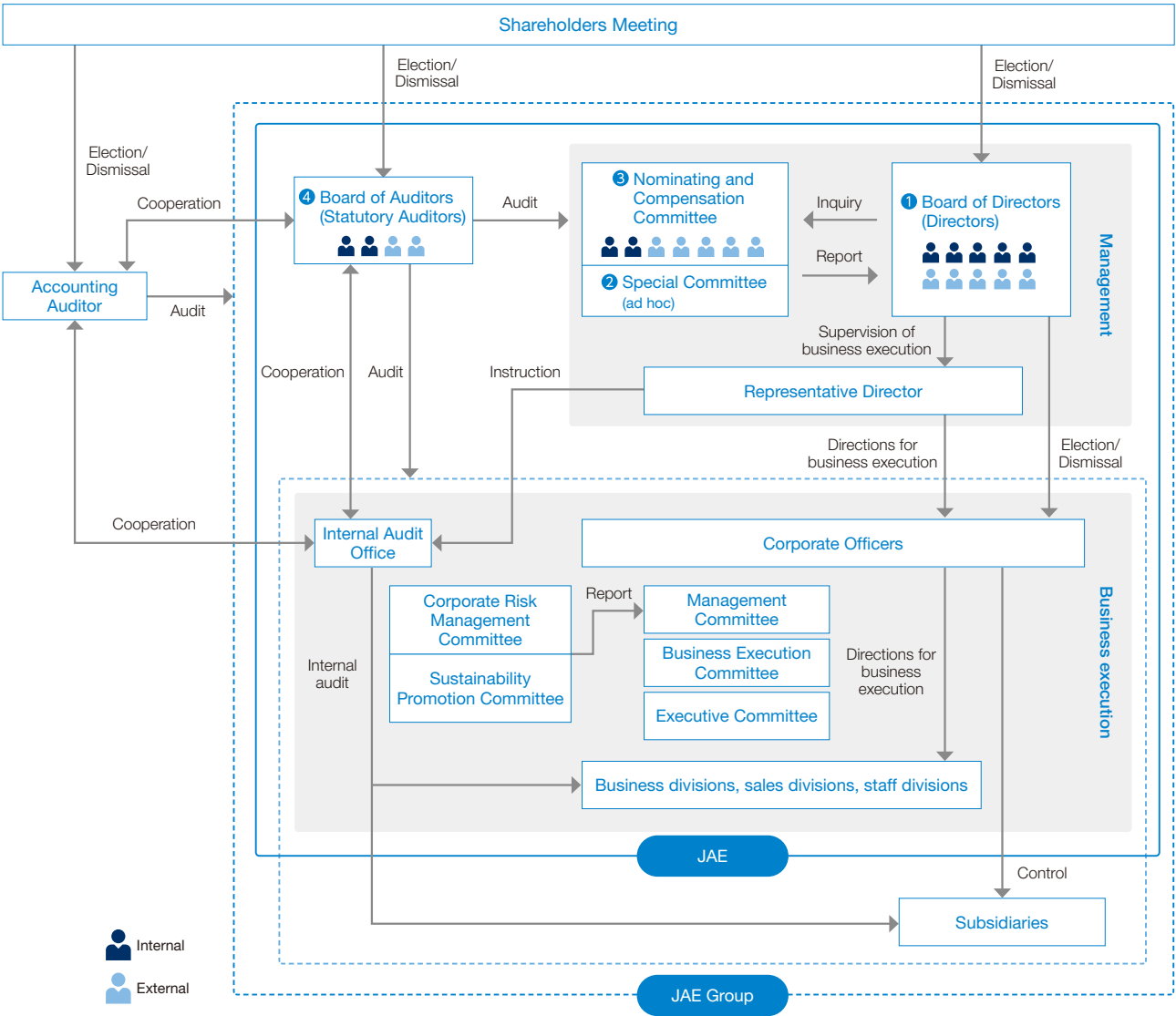
As an ad hoc advisory body to the Board of Directors, this is comprised of independent Outside Directors, which deliberates and reviews in advance any significant transactions or actions that could cause a conflict of interest between NEC Corporation or other shareholders holding a large number of Company shares, and minority shareholders.

#### ③ Nominating and Compensation Committee

As an advisory body to the Board of Directors, this is comprised of independent Outside Directors and Executive Directors (of which the majority are independent Outside Directors), which deliberates and reviews matters related to both the nomination of candidates for Director and Director remuneration.

#### ④ Board of Auditors

This is comprised of two full-time Statutory Auditors and two Outside Statutory Auditors. They attend important meetings including the Board of Directors and the Management Committee, inspect important documents, and collect information on the status of business execution of various departments within the group from Directors, Corporate Officers, and employees.



## Composition of Directors and Statutory Auditors

We have appointed five Outside Directors who can provide management with supervision and advice based on their professional backgrounds, experience, and expertise, to further strengthen corporate governance. We have also appointed two Outside Statutory Auditors who can provide supervision by leveraging their respective professional backgrounds, experience, and expertise.

Skill matrix of Directors and Statutory Auditors

Title	Name	Corporate management	Global	Accounting and finance	Legal and compliance	Technology and manufacturing	Sales and marketing	Human resources development and personnel affairs
Chairman (Representative Director)	Tsutomu Onohara	●	●			●		
President (Representative Director)	Masayuki Muraki	●	●			●		
Director	Minoru Urano	●	●			●		
Director	Tetsuya Nakamura	●		●	●			●
Director	Masahiro Matsuo		●		●		●	
Director (Outside Director) Independent	Reiichiro Takahashi		●					
Director (Outside Director) Independent	Kazuhiro Goto				●			
Director (Outside Director) Independent	Hiroshi Kawaguchi	●				●		
Director (Outside Director) Independent	Yuko Numata		●	●				
Director (Outside Director) Independent	Mami Nagasaki			●	●			
Statutory Auditor (Full-time Statutory Auditor)	Yasutoshi Ogino	●	●	●				
Statutory Auditor (Full-time Statutory Auditor)	Naoaki Azuma				●		●	
Statutory Auditor (Outside Statutory Auditor) Independent	Jin Takeda				●			
Statutory Auditor (Outside Statutory Auditor) Independent	Keiji Kabeya			●				

Definitions of each skill

Skill	Skill definitions
Corporate management	Knowledge and experience as a member of the top management (Representative Director or equivalent role) of a company
Global	Knowledge and experience concerning international affairs, overseas business and international transactions
Accounting and finance	Knowledge and experience concerning accounting and finance
Legal and compliance	Knowledge and experience concerning legal and compliance
Technology and manufacturing	Knowledge and experience concerning technology and manufacturing that will expand and develop the Company's business
Sales and marketing	Knowledge and experience concerning sales and marketing that will expand and develop the Company's business
Human resources development and personnel affairs	Knowledge and experience concerning human resource strategy, such as human resource development, which includes diversity, as well as personnel affairs and labor

## Remuneration System of Directors and Statutory Auditors

Remuneration for Directors is comprised of monthly remuneration (fixed remuneration), director bonuses (performance-linked remuneration), restricted stock remuneration and stock options. These are determined based upon our “policy for determining the content of remuneration, etc. for individual Directors” as decided by a resolution of the Board of Directors. As part of the review of the Director remuneration system, the restricted stock remuneration was approved and implemented at the 94th Annual General Meeting of Shareholders held on June 19, 2024 with the aim of providing Executive Directors with an incentive for continuous improvement of corporate value, and to further promote the sharing of value with shareholders.

Remuneration Structure for Directors and Statutory Auditors

Type			Payment schedule	Eligible officer				Payment criteria
				Executive Director	Outside Director	Full-time Statutory Auditor	Outside Statutory Auditor	
Monetary	Monthly remuneration (Basic remuneration)	Fixed	Monthly	●	●	●	●	Fixed remuneration set based on standards that include presence or absence of representation rights, position, etc.
	Bonuses (Performance-linked remuneration)	Variable (Short-term incentive)	Annually	●				Determined in view of Directors' positions and performance in their area of responsibility, based upon the previous year's performance
Non-monetary	Restricted stock remuneration	Variable (Long-term incentive)	Annually	●				Number of shares granted are determined according to the position
	Stock options	Variable (Medium-term incentive)	Annually	●				Number to be awarded is determined according to position

\*For details on remuneration of Directors and Statutory Auditors, please refer to the Annual Securities Report.  
Annual Securities Report available here: <https://www.jae.com/ir/library/security/> (in Japanese)

## Protecting the Rights of Minority Shareholders

As a result of the tender offer for treasury shares conducted by the Company from January 30, 2024, to February 28, 2024, the voting rights ratio of NEC Corporation (hereinafter “NEC”) became 33.35%, and so as of March 22, 2024, the start date of settlement of the tender offer, NEC no longer qualifies as a parent company of the Company, instead qualifying as another affiliate. The Company has set up a special committee comprised of independent Outside Directors as an ad hoc advisory body to the Board of Directors in order to protect the interests of minority shareholders in the event that a conflict of interest occurs between NEC or other shareholders holding a large number of Company shares, and minority shareholders, and this deliberates and reviews these issues in advance. While the NEC Group is an important customer for the Company and we sustain sound business relationship, our dependence on business transactions with them is

minimal, with terms of transactions being determined through negotiations in each case, and consistent with those with other business partners. For management, the Company performs independent decision-making while operating under the supervision and advice of five independent Outside Directors and the auditing of two Outside Statutory Auditors. As of June 19, 2024, the Board of Directors consists of five Executive Directors and five independent Outside Directors, with no Directors assigned by major shareholders. While maintaining a certain level of capital relationship with NEC by continuing to pursue management strategies that include generation of further corporate value through synergies with NEC, we will ensure independent management, thereby improving our corporate value and protecting the common interests of our shareholders.

## Continuous Improvement of Corporate Governance Based on Evaluations of the Effectiveness of the Board of Directors

With the aim of improving the effectiveness of the Board of Directors, the Company conducts analysis and evaluations in that regard on a yearly basis. The following is an overview of the results of initiatives, analysis and evaluation for fiscal 2023.

### Initiatives and analysis-evaluation process in fiscal 2023

JAE has implemented various improvements that build on the findings of the previous analysis and evaluation of fiscal 2022. As before, we conducted a survey to all members of the Board of Directors (Directors and Statutory Auditors) based on the following survey items and perspectives. We then analyzed and evaluated the aggregate results after they were reported to and deliberated on by the Board of Directors during its meeting held in May 2024.

- Composition of the Board of Directors
- Roles of the Board of Directors
- Deliberations in the Board of Directors
- Operation of the Board of Directors
- Support structure for Directors

### Overview of the evaluation results for fiscal 2023

Based on results of the aforementioned analysis and evaluation, it was considered that the overall effectiveness of the Board of Directors is sufficiently ensured, with improvements to corporate governance steadily progressing. However, survey respondents furnished opinions regarding matters pertaining to the Board of Directors, such that included operation of the Board of Directors, content of its agenda items, its risk management structure, and provision of information prior to its meetings. The Board of Directors will continue engaging in discussion, review, and improvement initiatives in seeking to enhance its effectiveness in light of these results, opinions, etc.



In order to strengthen corporate governance, we increased the number of Outside Directors by two, with Outside Directors accounting for five of the ten Directors. We have appointed female Directors for the first time. Under the supervision of and with the advice of our Outside Directors who have diverse backgrounds, we will increase our corporate value.



### Reiichiro Takahashi

Outside Director  
(assumed office in June 2021)  
Joined Ministry of Foreign Affairs in 1980.  
After serving as the Ambassador  
Extraordinary and Plenipotentiary to  
Australia and other key posts, retired from  
Ministry of Foreign Affairs in January 2021.  
Advisor to HAZAMA ANDO  
CORPORATION



### Kazuhiro Goto

Outside Director  
(assumed office in June 2023)  
Joined National Police Agency in 1988.  
After serving as Director-General of Chubu  
Regional Police Bureau and other key  
posts, retired from National Police Agency  
in 2022.  
Advisor to Nisshin Fire & Marine Insurance  
Co., Ltd.

## Amid the impact of geopolitical risks, to strive to manage business from a global perspective

People have long been stressing the importance of engaging in management from a global perspective, but the notion of what being global means is constantly evolving. This means that corporate management is no longer able to avoid substantial direct and indirect ramifications of geopolitical risks such as concerns in Ukraine, China and the Taiwan Strait, and the Middle East, as well as structural changes in U.S. politics that have caused people to fundamentally question the stability of the post-war international order. Against this backdrop, JAE is taking a broader approach to improving its corporate value by implementing practical reforms, such as changing the composition of its Board of Directors and establishing a nominating and compensation committee, in order to further improve its corporate governance. These changes in the business environment will be good challenges for JAE and the challenges will be sources of new business opportunities for it. For instance, the supply chain for products related to cutting-age technologies is being restructured on a global scale, and new needs pertaining to the realm of the defense and national security sectors are becoming clarified. Amid that scenario, I seek to do my utmost in my capacity as Outside Director to ensure that the Company achieves further expansion.

## To help JAE maintain sustainable growth with my experience in crisis management and response to cyberattacks

In my own interpretation of the words of Eiichi Shibusawa, whose portrait is printed on the new 10,000-yen banknote, the key to sustainable growth for a company is to run a business that brings benefits to the nation and society. In this regard, JAE operates businesses that are highly beneficial to the public. For example, JAE supplies very specialized and indispensable components to Japan's Self-Defense Forces, for their aircraft, and to JAXA, for their rockets and probes. The businesses appear to be potential for more growth through the application of its core technologies used in the businesses to drones and various other advanced equipment.

As a prerequisite for growth strategies for the future of JAE, it is important for JAE to gain the trust of stakeholders through appropriate response to risks such as cyber attacks and strict compliance. Also, it is important for JAE to invest in people who manufacture high-quality products that meet the needs of society. From this perspective, I would like to provide the necessary advice from my experience working for the police, a manpower organization responsible for crisis management and law enforcement, and my experience confronting cyber attacks and cyber crimes when I was seconded to the Cabinet Secretariat.

In fiscal 2023, as part of a review of its capital relationship with NEC, JAE established a special committee composed of Outside Directors and earnestly considered various options from the perspective of enhancing corporate value and ensuring the common interests of its shareholders. In fiscal 2024, in JAE, which has successfully strengthened its governance systems, I intend to contribute to its sustainable growth through discussions at the Board of Directors.

## Supporting the strengths of JAE by making use of knowledge and experience in the supervisory role



### Hiroshi Kawaguchi

Outside Director  
(assumed office in June 2024)  
The former Chief Executive Officer of  
TOTOKU ELECTRIC Co., Ltd. (currently  
TOTOKU INC.)



### Yuko Numata

Outside Director  
(assumed office in June 2024)  
Professor, Graduate School of  
Global Business, Professional Graduate  
School, Meiji University



### Mami Nagasaki

Outside Director  
(assumed office in June 2024)  
Partner, Ishii Law Office

This year, I was appointed as an Outside Director of JAE. I worked on problems and challenges in manufacturing at a materials manufacturer. Thereafter, I have been accumulating knowledge and experience through managing global business projects at the Company.

The importance of corporate governance has been questioned more than ever before for the sustainable growth of companies. As the business environment changes dramatically both domestically and internationally, I believe that JAE is working to strengthen its management base and organizational scheme for market-ing in order to further improve its corporate value.

JAE needs to keep growing by quickly recognizing and analyzing changes of the business environment in the focus market, as well as geopolitical risks, and responding to various risks. Therefore, as an Outside Director, I would like to make efforts to make JAE grow, while keeping an objective and neutral perspective.

I have conducted comparative research on management strategies of Japanese and American companies at a financial research institute and university. Looking through the lens of finance, I can see that, despite the large differences between the two countries, corporate governance has undergone a remarkable transfiguration in Japan over the past 10 years. Meanwhile, in order to further increase corporate value, companies will need to have more dialogues with investors and other stakeholders to promote collaborative relationships with them.

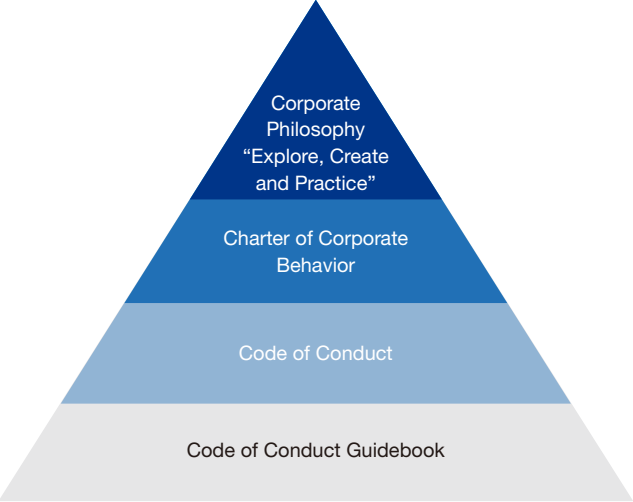
I believe that the key to such dialogues is to be connected with a variety of entities on a sustained basis, which is exactly what JAE has been doing since its founding through its connector business. It is said that the most important thing for connectors is that they are a reliable technology for contact and that there are no interruptions, changes, or attenuations of electric power or electrical signals. I would like to make humble efforts to increase the reliability of my contact with stakeholders.

I was appointed as an Outside Director of JAE in June of this year. While I have been involved in corporate legal affairs as a lawyer, I have also served as an executive officer of an investment corporation and an outside director of a company, where I have worked on supervising management and conflicts of interest and strengthening compliance. JAE is in a period of change, separating from the parent company, establishing a nomination and compensation committee, and working to strengthen governance. While JAE will face various challenges, I will endeavor to use my experience to make useful suggestions.

I have a lot to learn about JAE's business, including its characteristics and risks, how its stakeholders are engaging in it, and how its investors see the Company and what they expect from it. Therefore, I would like to deepen my understanding of JAE through communication with JAE workers and cooperation with auditors. Also, from an objective standpoint, I would like to support the Company's strengths, keep an eye on its weaknesses, and fulfill my role as a supervisor while taking into account the perspective of minority shareholders, in order to contribute to improving the corporate value of JAE.

Basic Views

The JAE Group has formulated the JAE Group Charter of Corporate Behavior in accordance with the corporate philosophy of “Explore, Create and Practice,” and has developed the “JAE Group Code of Conduct” as a standard for executives and employees, along with the “JAE Group Code of Conduct Guidebook” that explains details of this. As we conduct business, we implement our initiatives with the understanding that corporate behavior in compliance with the law as set out by the Charter of Corporate Behavior and Code of Conduct is the cornerstone of our operations.



Compliance Initiatives

The JAE Group has designated July 5 as “Compliance Day,” when the President gives an address every year. In this address, the President talks on three points with the current situation and trends. These include how (1) corporate behavior based on compliance is the cornerstone for conducting business, (2) it is vital that as a manufacturer involved in production, we adhere to laws, regulations, and customer contracts, and (3) it is essential that we ensure thorough compliance with related laws and regulations even in our dealings with suppliers. Contents of this address are explained to all employees via department managers and these are also widely disseminated through the company newsletter. Additionally, we conduct annual e-learning training on corporate ethics and legal compliance as part of our compliance education, and this was also conducted in fiscal 2023. Furthermore, each responsible department conducts education and checks on control systems regarding internal controls

for financial reporting, human rights, environmental conservation, the Subcontract Act, product safety, import-export transactions, and information security, etc.

Our Charter of Corporate Behavior based on our corporate philosophy of “Explore, Create and Practice” is introduced externally as a statement of our stance, and internally using posters and by distributing a “Charter Card” to all employees. The Code of Conduct and Code of Conduct Guidebook are posted on the intranet so that the contents are familiar to employees, and there they can check the contents and refer to these when in doubt making judgments.



Compliance day address

Internal Reporting System

The Company has an internal reporting system aimed at the prevention, early detection, and correction of misconduct related to compliance and corporate ethics. Reports and consultations are accepted anonymously, and strict internal controls are in place to protect the informant if investigations are conducted based on these. These

measures include protecting the confidentiality of the person from whom this originated so that they do not face any unfavorable treatment as a result of these actions. The internal reporting system is widely publicized through the Compliance Day address, compliance training, and the company newsletter.

Risk Management

Basic Views

The Corporate Risk Management Committee works to identify, monitor, and manage risks that may hinder the sustainable growth of the Company Group. They identify risks that have not yet materialized and share information about those that have, and by reviewing countermeasures thereby help

prevent their recurrence. The identified risks are reviewed by business and staff departments and the committee discusses them appropriately.

Risk Management Structure

The Group identifies, monitors, and manages risks that may hinder sustainable growth with the Corporate Risk Management Committee chaired by the Chairman with Corporate Officers and general managers of departments as members and full-time Statutory Auditors as observers. Particularly significant matters are reported to the Management Committee and Board of Directors as necessary, which serves as the system whereby the corporate management team appropriately comprehends and supervises the risk management status on a group-wide basis. Additionally, a TCFD subcommittee has been established under the Corporate Risk Management Committee to analyze the risks and opportunities posed by climate change. The Corporate Risk Management Committee meets four times a year, sharing information about materialized risks and revising countermeasures, thereby working to prevent recurrence. Information concerning operational audits, internal controls and related matters are shared in the committee and countermeasures are discussed. When it comes to potential

risk, the committee identifies and revises priority risks that the JAE Group needs to be vigilant against. The committee assesses the likelihood and severity of potential risks as determined by each department, the status of such risk management and the countermeasures put in place.

Structure



Risk Analysis and Countermeasures

Among the matters concerning the overview of business and financial information, the following key risks are recognized as having the potential to exert material impact on the financial position, operating results, and cash flows of the Company. We map risks that need to be addressed company-wide based on an assessment of their likelihood and importance. In

particular, our focus is upon geopolitical risks, which have a high impact on management, as well as the pressing challenges of environmental issues and information security risks. For geopolitical risks in particular, we have examined and deal with various risks such as those to the supply chain based on assumed scenarios.

- Dealing with environmental issues
- Impact of natural disasters
- Overseas development
- Mobile devices market
- Impact of the competitive environment and price decreases
- Availability of raw materials

- Product quality
- Intellectual property rights
- Disposal of production equipment and facilities
- Securing of human resources
- Information security
- Compliance



Management Foundation

# Directors, Auditors and Officers

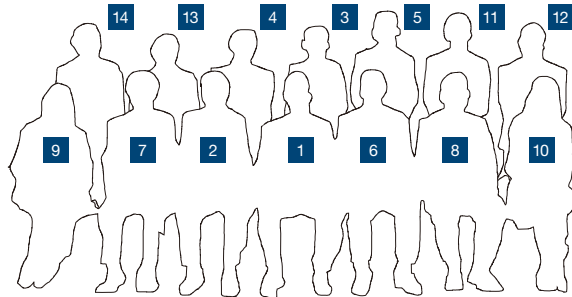
As of June 19, 2024



## Directors

1	Chairman (Representative Director) <b>Tsutomu Onohara</b>
Apr. 1981 Joined the Company Jun. 2010 Director Jun. 2010 General Manager of Connector Division Jun. 2012 Director, Senior Vice President Jun. 2013 Director and Executive Vice President Jun. 2014 President (Representative Director) Apr. 2023 Chairman (Representative Director) (current position) Number of the Company's shares owned: 78 thousand shares	
3	Director <b>Minoru Urano</b>
Apr. 1982 Joined the Company Jun. 2012 Director Jun. 2013 Associate Senior Vice President Jun. 2014 General Manager of Connector Division Jun. 2016 Director and Associate Senior Vice President Apr. 2019 Director and Senior Vice President Apr. 2021 Director and Executive Vice President (current position) Number of the Company's shares owned: 26 thousand shares	
5	Director <b>Masahiro Matsuo</b>
Apr. 1985 Joined the Company Apr. 2016 Associate Senior Vice President Jun. 2022 Director and Associate Senior Vice President (current position) Number of the Company's shares owned: 11 thousand shares	

2	President (Representative Director) <b>Masayuki Muraki</b>
Apr. 1984 Joined the Company Apr. 2016 Associate Senior Vice President, Deputy General Manager of Connector Division, Manager of Business Planning Department, and Manager of Global Techno-Center Apr. 2020 Associate Senior Vice President and General Manager of Connector Division Jun. 2021 Director and Associate Senior Vice President, and General Manager of Connector Division Apr. 2022 Director and Senior Vice President, and General Manager of Connector Division Apr. 2023 President (Representative Director) (current position) Number of the Company's shares owned: 12 thousand shares	
4	Director <b>Tetsuya Nakamura</b>
Apr. 1983 Joined NEC Corporation Jul. 2012 Executive Expert of Corporate Planning and Investor Relations, Assistant to Director, Senior Vice President of the Company Jun. 2013 Associate Senior Vice President Jun. 2013 General Manager of Corporate Planning and Investor Relations Division Jun. 2019 Director and Associate Senior Vice President Aug. 2019 Deputy General Manager (related to new business project) of Connector Division Apr. 2021 Director and Senior Vice President (current position) Number of the Company's shares owned: 24 thousand shares	



6	Director (Outside Director) <b>Reiichiro Takahashi</b>
Apr. 1980 Joined Ministry of Foreign Affairs Jan. 2015 Consul-General of Japan in New York (Ambassador) Dec. 2018 Ambassador Extraordinary and Plenipotentiary to Australia Mar. 2021 Advisor of HAZAMA ANDO CORPORATION (current position) Jun. 2021 Outside Director of the Company (current position) Number of the Company's shares owned: 0 shares	
8	Director (Outside Director) <b>Hiroshi Kawaguchi</b>
Apr. 1982 Joined Furukawa Electric Co., Ltd. Jun. 2020 Chief Executive Officer of TOTOKU ELECTRIC Co., Ltd. Apr. 2023 Advisor of TOTOKU INC. Jun. 2024 Outside Director of the Company (current position) Number of the Company's shares owned: 0 shares	
10	Director (Outside Director) <b>Mami Nagasaki</b>
Apr. 1998 Qualified & Registered as Attorney-at-Law in Japan (Daini Tokyo Bar Association) Joined Ishii Law Office Apr. 2009 Partner, Ishii Law Office (current position) Jun. 2018 Outside Director, HASEKO Corporation (current position) Jun. 2021 Outside Auditor, HONDA TSUSHIN KOGYO CO., LTD. Dec. 2022 Member, Tokyo Metropolitan Examination Committee for Disputes over Construction Works (current position) Jun. 2024 Outside Director of the Company (current position) Number of the Company's shares owned: 0 shares	

7	Director (Outside Director) <b>Kazuhiro Goto</b>
Apr. 1988 Joined National Police Agency Nov. 2018 Chief Inspection Officer of Commissioner-General's Secretariat, National Police Agency Oct. 2021 Director-General of Chubu Regional Police Bureau Oct. 2022 Advisor of Nisshin Fire & Marine Insurance Co., Ltd. (current position) Jun. 2023 Outside Director of the Company (current position) Number of the Company's shares owned: 0 shares	
9	Director (Outside Director) <b>Yuko Numata</b>
Apr. 1992 Joined Nomura Research Institute, Ltd. Jun. 2022 Outside Director, Ichiyoshi Securities Co., Ltd. (current position) Apr. 2023 Professor at Graduate School of Global Business, Professional Graduate School, Meiji University (current position) Jun. 2024 Outside Director of the Company (current position) Number of the Company's shares owned: 0 shares	

## Auditors

11	Statutory Auditor (Full-time Statutory Auditor) <b>Yasutoshi Ogino</b>
Apr. 1979 Joined NEC Corporation Jun. 2010 Director of the Company Apr. 2019 Director and Executive Vice President Jun. 2021 Statutory Auditor (Full-time) (current position) Number of the Company's shares owned: 40 thousand shares	
13	Statutory Auditor (Outside Statutory Auditor) <b>Jin Takeda</b>
Apr. 1986 Qualified & Registered as Attorney-at-Law in Japan (Daini Tokyo Bar Association) Apr. 2014 Executive Governor of Japan Federation of Bar Associations Apr. 2014 Vice President of Daini Tokyo Bar Association Jun. 2018 Outside Statutory Auditor of the Company (current position) Jan. 2021 Counsel of Marunouchi Sogo Law Office (current position) Number of the Company's shares owned: 0 shares	
* The number of the Company's shares owned includes the number of shares owned in the Executive Stock Ownership Association of JAE. The number is rounded down to the nearest 1,000. The number of shares held is as of May 31, 2024.	

12	Statutory Auditor (Full-time Statutory Auditor) <b>Naoaki Azuma</b>
Apr. 1986 Joined the Company Apr. 2018 General Manager of Connector Sales Planning Division Jun. 2023 Statutory Auditor (Full-time) (current position) Number of the Company's shares owned: 1 thousand shares	
14	Statutory Auditor (Outside Statutory Auditor) <b>Keiji Kabeya</b>
Apr. 1989 Qualified & Registered as Certified Public Accountant Jul. 2018 Representative, Kabeya Keiji CPA Firm (current position) Jun. 2020 Outside Director of Honshu Chemical Industry Co., Ltd. Jun. 2021 Outside Statutory Auditor of the Company (current position) Number of the Company's shares owned: 0 shares	

## Officers

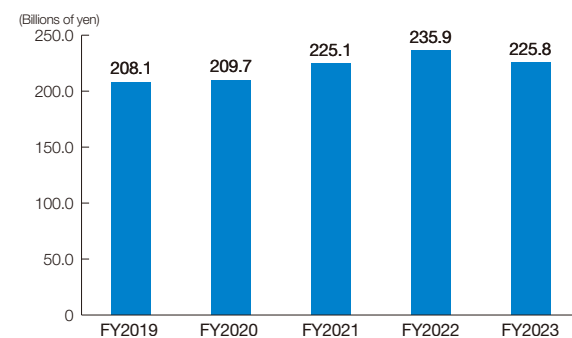
Chairman	Tsutomu Onohara*	Associate Senior Vice President	Kazuhiko Aoki
President	Masayuki Muraki*	Associate Senior Vice President	Shingo Nanao
Executive Vice President	Minoru Urano*	Associate Senior Vice President	Noriyuki Konishi
Senior Vice President	Tetsuya Nakamura*	Associate Senior Vice President	Yoshifumi Kubota
		Associate Senior Vice President	Takayuki Koike
		Associate Senior Vice President	Tatsuichiro Maruo
		Associate Senior Vice President	Masaki Yamada
		Associate Senior Vice President	Shigeto Ihara
		Associate Senior Vice President	Masahito Kidokoro
		Associate Senior Vice President	Hisamichi Kametani

Those who are indicated by an asterisk (\*) also hold the post of Director.

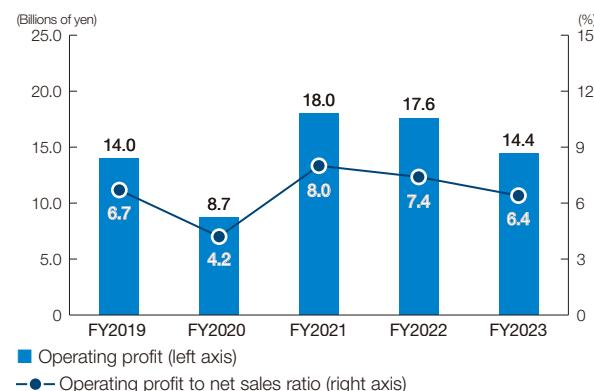
# Data

## Financial and Non-financial Highlights

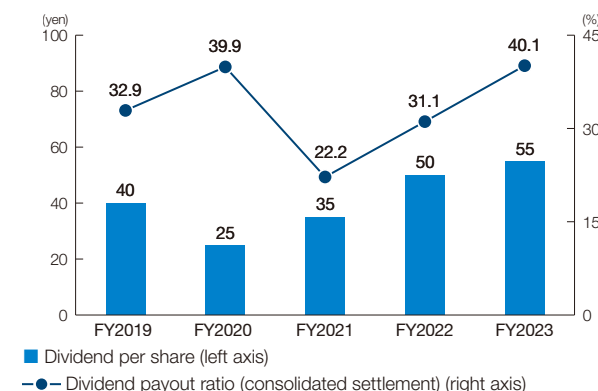
Net sales



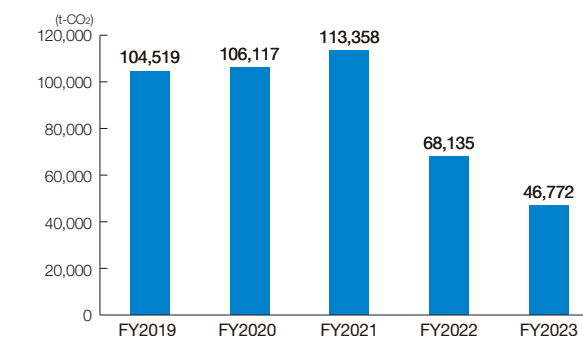
Operating profit/Operating profit to net sales ratio



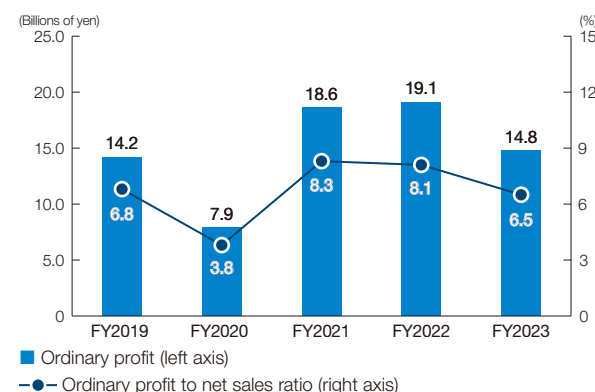
Dividend per share/Dividend payout ratio (consolidated settlement)



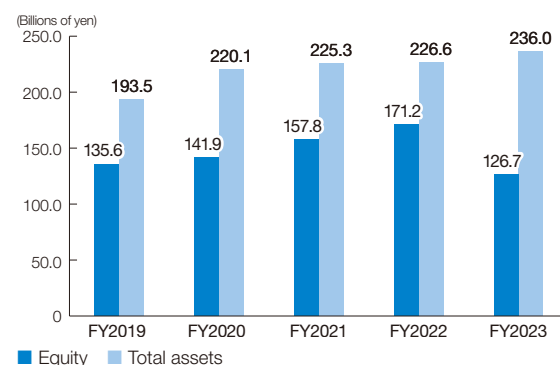
Greenhouse gas emissions (on a global production basis)\*



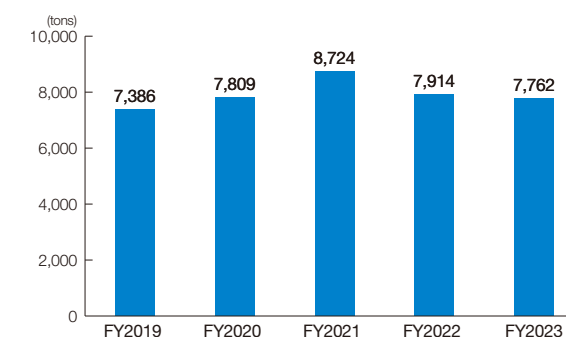
Ordinary profit/Ordinary profit to net sales ratio



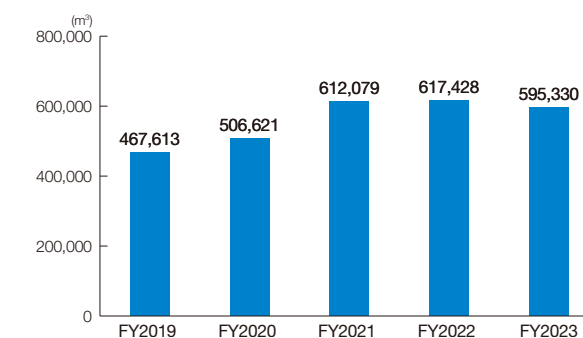
Equity/Total assets



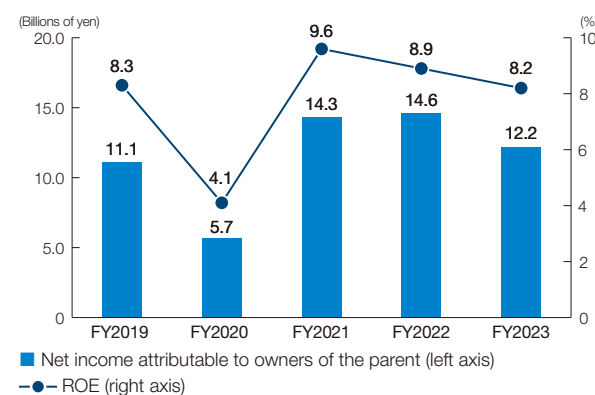
Waste and valuables discharged (total of domestic JAE Group companies)



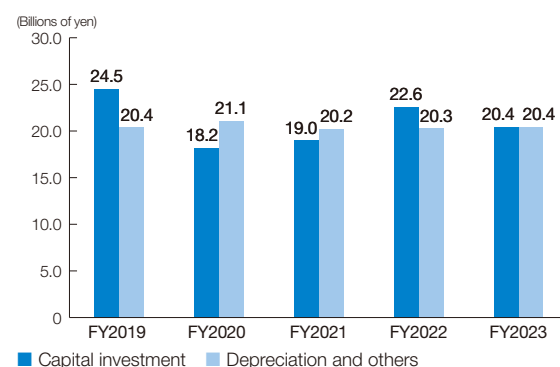
Water usage



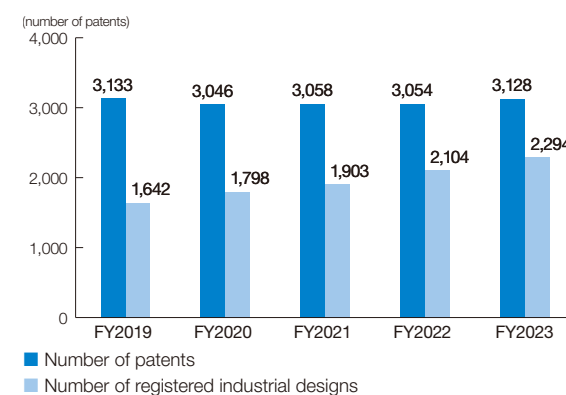
Net income attributable to owners of the parent/ROE



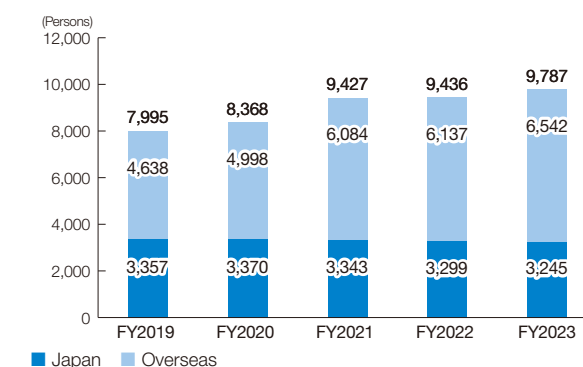
Capital investment/Depreciation and others



Number of patents/Number of registered industrial designs (non-consolidated)



Number of employees



For accounting, the Company has applied the following:  
 "Ministerial Order Partially Amending the Regulation for Enforcement of the Companies Act and the Regulation on Corporate Accounting" (Ministry of Justice Order No. 5 of March 26, 2018) issued in accordance with the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018)  
 With regard to changes in the calculation method of retirement benefit obligations, changes to the accounting method were carried out from fiscal 2020, so the figures for fiscal 2019 are presented after retrospective application.

\* Global production basis: Those of major production companies are included.



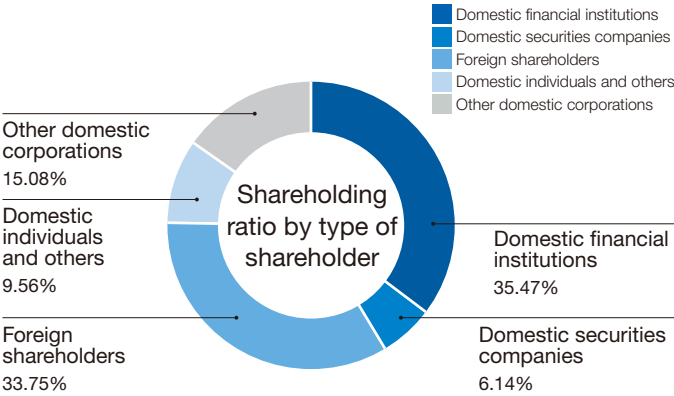
Company Outline

Company Name	Japan Aviation Electronics Industry, Limited
Establishment of Business	August 20, 1953
Head Office	21-1, Dogenzaka 1-chome, Shibuya-ku, Tokyo 150-0043, Japan
Capital	¥10.69 billion
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market Securities Code: 6807
Main Business	Manufacturing and sales of connectors, user interface solutions (touch panels, touch panel monitors, panel units), and aerospace equipment (electronic devices, parts, and applied products for air and spacecraft)

Shares of the Company (as of March 31, 2024)

Total number of shares authorized	350,000,000 shares
Total number of issued shares	92,302,608 shares (including 24,950,801 treasury shares)
Number of shares per share unit	100 shares
Number of shareholders	6,560

Shareholdings by Type of Shareholder



Major shareholders (top 10 shareholders)

Name of shareholder	Equity investment in Company	
	Number of shares held (shares)	Shareholding ratio (%)
Custody Bank of Japan, Ltd. (NEC Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited)	13,800,000	20.49
NEC Corporation	8,648,269	12.84
The Master Trust Bank of Japan, Ltd. (Trust account)	5,965,400	8.86
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	4,625,100	6.87
JPMorgan Securities Japan Co., Ltd.	2,290,930	3.40
Custody Bank of Japan, Ltd. (Trust account)	1,646,900	2.45
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	1,215,589	1.80
JP JPMSE LUX RE MERRILL LYNCH INTERNATI EQ CO	1,201,870	1.78
STATE STREET BANK AND TRUST COMPANY 505103	1,037,456	1.54
CHARLES SCHWAB FBO CUSTOMER	995,328	1.48

(Notes) 1. The Company also holds 24,950,801 treasury shares which have been excluded from the calculation of shareholding ratios shown above.  
2. The 13,800,000 shares held by Custody Bank of Japan, Ltd. (NEC Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited) are trust assets held in a trust established by NEC Corporation at said bank. Voting rights for said shares are held by NEC Corporation in accordance with the trust contract.  
3. The Company resolved at the meeting of the Board of Directors held on April 24, 2024 to cancel 22,000,000 shares of treasury stock, and this was completed on May 17, 2024. After the retirement, the total number of issued shares is 70,302,608.

FAQ

Here we will answer some questions that were frequently asked by our stakeholders.

1 You carried out a tender offer bid for your own shares in fiscal 2023. Please explain your growth strategy under the new capital structure.

Under the new capital structure, we aim to (1) strengthen and transform growth and profitability in line with the medium-term management plan, (2) create further corporate value through synergies with NEC, and (3) strengthen our growth strategy by actively pursuing M&A (including the acquisition of companies to complement and reinforce technological resources, as well as to gain new customer bases and sales channels overseas) aimed at creating corporate value beyond the medium-term management plan, and in addition, we will work on improving capital efficiency and enhancing the governance system to further increase corporate value.

▶ PP.7-8 Message from the Chairman

2 What is your view on the current business environment, considering the changes that have occurred since the announcement of the medium-term management plan in April 2021?

Compared to when the medium-term management plan was formulated, the automotive market has remained relatively strong. However, the industrial & infrastructure market saw severe and extended stagnation during fiscal 2023, and structural changes such as the lengthening replacement cycle have caused a decline in demand in the mobile device market. On the other hand, in addition to our focus on the three existing markets, we now see potential for growth in the aviation & space market, driven by the increase in Japan's defense spending. Given these changes in the business environment and the discrepancy with the plan, while we will continue to aim for our medium-term targets of ¥300 billion in net sales and ¥30 billion in ordinary profit, we are aiming to exceed the previous record in net sales and ordinary profit by fiscal 2025, the final year of the medium-term management plan.

▶ PP.9-10 Message from the President  
PP.15-16 Medium-term Management Plan

3 Sales of connectors for the automotive market are increasing. What is driving this?

Sales of automotive connectors have been growing at an annual rate of over 10% since fiscal 2021, and this sector accounted for more than 50% of the connector business in fiscal 2023. This growth is on the back of ADAS-related demand, driven by the electrification and automation of vehicles. However, a challenge we face is the deterioration of the sales mix, as the profitability of ADAS-related harness products remains low despite

their expanding sales. We recognize that improving profitability in the automotive market is key to improved profits in both the connector business and the company as a whole, and we are working to bring about labor savings by improving processes and expanding automation in the labor-intensive harness assembly process. We are striving to set up and deploy the advanced automation systems at our domestic site first, and then implementing to our global sites, while also working toward the overall optimization of global production systems, supply chains, and logistics.

▶ PP.19-20 Connector Business

4 Please give details of the financial strategy disclosed in April 2024.

Achieving sustainable corporate growth requires that we both promote business growth measures and execute financial strategies—this is the reason for our current disclosure. Our goal is to optimize our balance sheet by efficiently managing funds through consolidated cash management and accelerating the repayment of borrowings to enhance financial soundness. Generated funds will be used in a balanced manner for growth investments, strengthening our financial position, and shareholders returns. By improving capital efficiency through business growth and implementing financial measures, we are aiming for an ROE of 10% or more in fiscal 2025, with a medium-term target of at least 12%.

▶ PP.17-18 Message from the Director in Charge of Accounting and Finance

5 What are the aims of the significant changes made to the governance structure?

The following measures were resolved at the Annual General Meeting of Shareholders and meeting of the Board of Directors held in June 2024 with the aim of strengthening our governance structure.

- Increase the number of Outside Directors, and appoint female Directors and Directors with corporate management experience  
—To strengthen corporate governance.
- Establish a special committee (ad hoc), and a nomination and compensation committee  
—To strengthen the independence, objectivity, and accountability of functions of the Board of Directors related to the nomination of candidates for Director, Directors' compensation, and other matters.
- Introduce a restricted stock for remuneration of Directors  
—To incentivize the sustainable improvement of the Company's corporate value, and further align the interests of shareholders and the Company.

▶ PP.33-36 Corporate Governance

Connect to Our Website

<https://www.jae.com/en/>



- Investors

<https://www.jae.com/en/ir/>
- Sustainability

<https://www.jae.com/en/csr/>
- Technical Reports

<https://www.jae.com/en/corporate/rd/tech-report/>
- Global Subsidiaries

<https://www.jae.com/en/corporate/group/>