



TSE code : 9913

# Medium-Term Management Plan 2025

March 25, 2024

President  
Yasuchika Iwasa

# 1. Long-term Vision (Overall Vision)



<b>Our Purpose</b>	To provide unique value to our customers, who are leading the world in manufacturing, and continue to support their manufacturing efforts
<b>Our Goal</b>	To become a unique company that continues to grow and view its employees as a source of strength

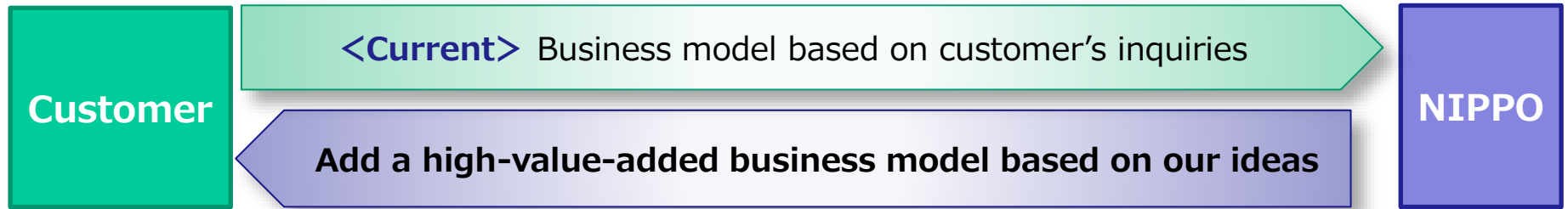
## ■ Phases of Medium-Term Management Plan



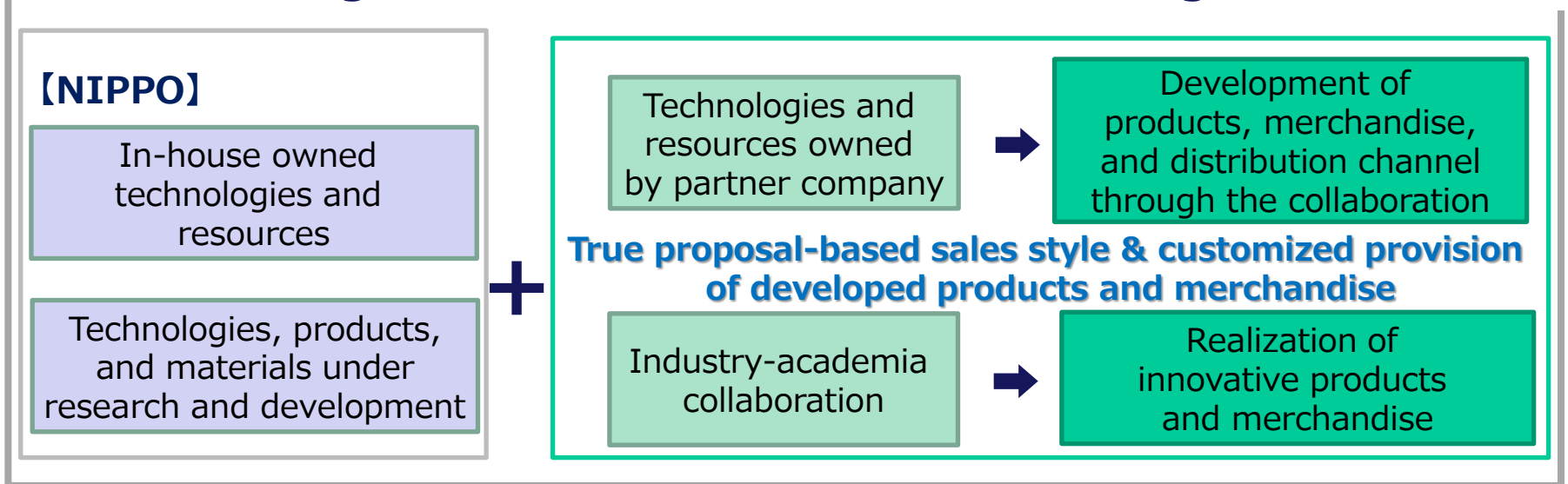
**Sustainably grow by cumulative medium-term segments, not by year.**



# (reference) New Business Model



## < Increase high-value-added business model through collaboration >



## < Increase added value by applying current business models >

Take a bird's-eye view of our technologies and resources and apply them to other business areas (business locations)

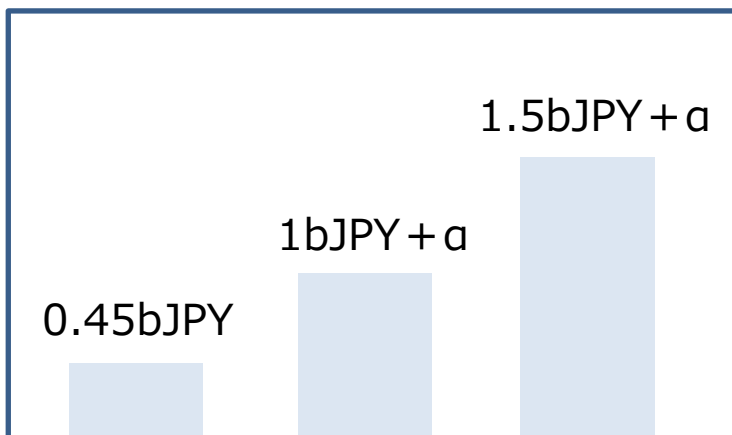
# 2. Results of Medium-Term Management Plan 2022



## Plan (as of Nov 6, 2020)

3-year total : **3bJPY**

Operating Profit



FY2020      FY2021      FY2022

ROE

...       $\geq 9.0\%$

DE ratio

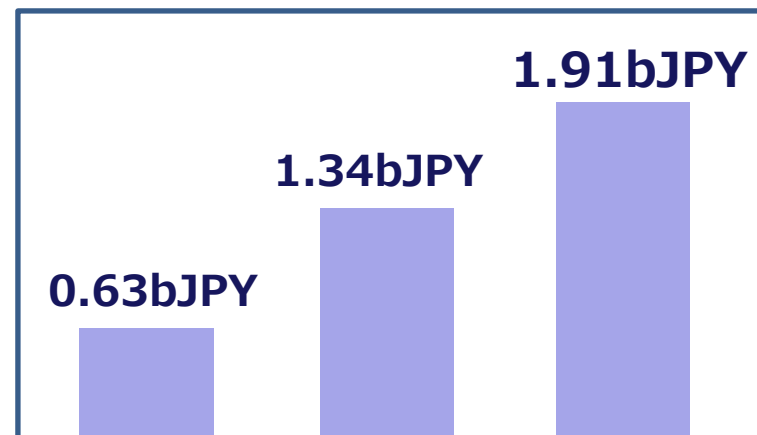
...       $\leq 0.6$

Dividend

5JPY      10JPY+a      15JPY+a

## Results

3-year total : **3.88bJPY**



FY2020      FY2021      FY2022

**0.1%**      **10.7%**      **11.1%**

**0.50**      **0.46**      **0.41**

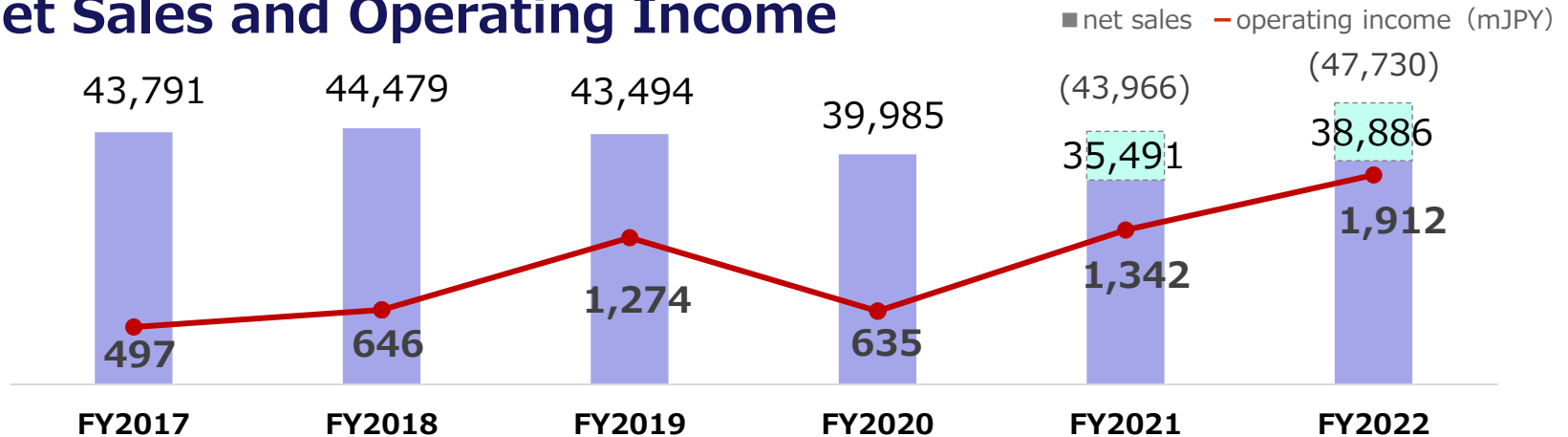
**10JPY**      **22JPY**      **33JPY**

※The FY2022 dividend amount is subject to approval at the 72nd Ordinary General Meeting of Shareholders.

# 3. Transition for the past 6 years①



## ■ Net Sales and Operating Income



※From FY2021, we have applied revenue recognition accounting standards.

Figures    in the graph and in parentheses are the amounts before the application of the new standards.

### Medium-Term Management Plan 2019

3-year cumulative total of operating income : **2.42bJPY**



### Medium-Term Management Plan 2022

3-year cumulative total of operating income : **3.88bJPY**

**160%**

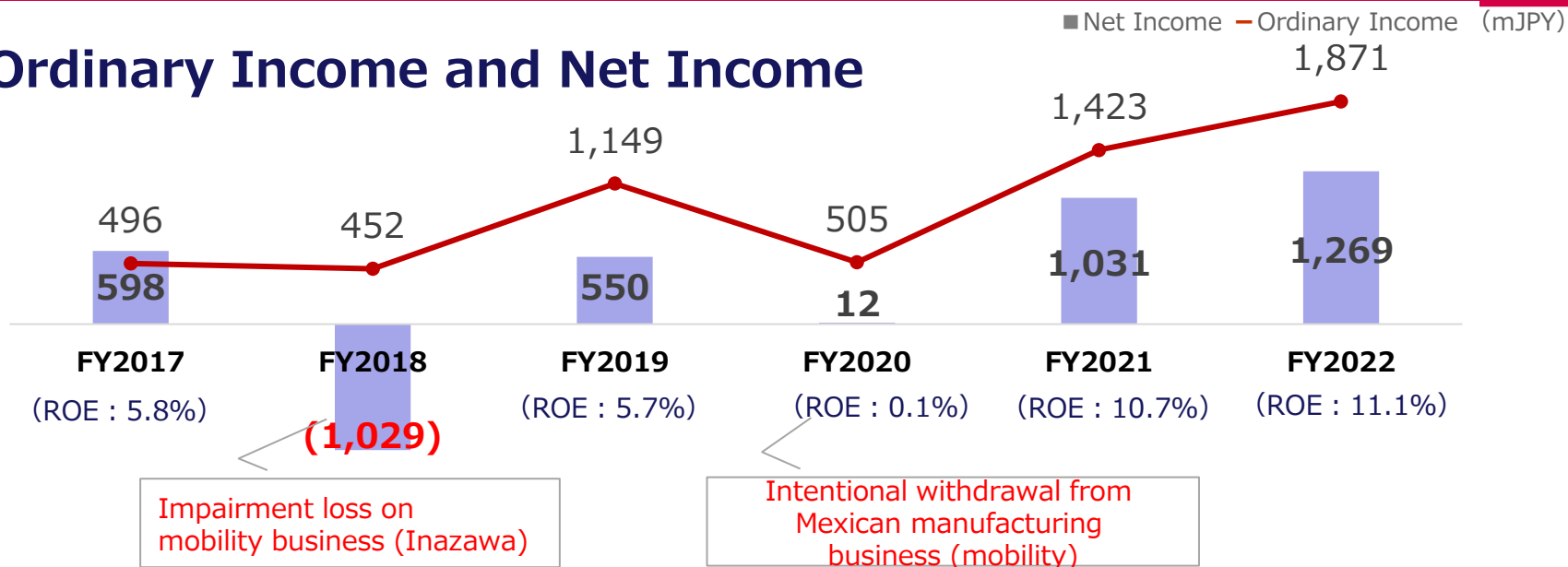
## ■ Measures to Realize Tree Ring Management

	Measures
Electronics	In addition to strengthening the trading functions, we took measure in an aim to <u>strengthen the manufacturing functions of the slitting business and the adhesives business.</u>
Mobility	<u>Promoted automation</u> of manufacturing processes <u>to reinforce cost competitiveness</u>
Medical and Precision Devices	Started preparation for <u>increasing the sales proportion of medical equipment parts in the segment</u> as printer parts are expected to shrink.

# 3. Transition for the past 6 years②



## ■ Ordinary Income and Net Income



## ■ Measures to Realize Tree Ring Management

		Measures
Mobility	Inazawa	Although we were unable to overcome the difficulties of advanced technology, which lead to an impairment loss on fixed assets (FY2018), we have overcome these difficulties and acquired core technologies to promote the <u>horizontal development of fully-automated and semi-automated production lines to group companies.</u>
	Mexico	Judged that manufacturing business in Mexico is a business that does not contribute directly or indirectly to the growth of operating income so that quickly eliminated concerns about future impairment losses (FY2020).
Common		In order to <u>suppress the occurrence of foreign exchange gains and losses on P/L,</u> we expanded the number of group companies that apply functional currency accounting system and have worked to balance foreign currency-denominated receivables and liabilities related to intra-group transactions.

# 4. Medium-Term Management Plan 2025

## - Basic Policy



1

### Achieve Quantitative Targets

As management indicators, we have set "consolidated operating income", which indicates the profit of our core business, and "ROE", which indicates the efficiency of shareholders' equity.

2

### Introduce Business Portfolio Management

We have shift resources to businesses with high growth potential and profitability, while achieving sustainable corporate growth and improving medium- to long-term corporate value.

3

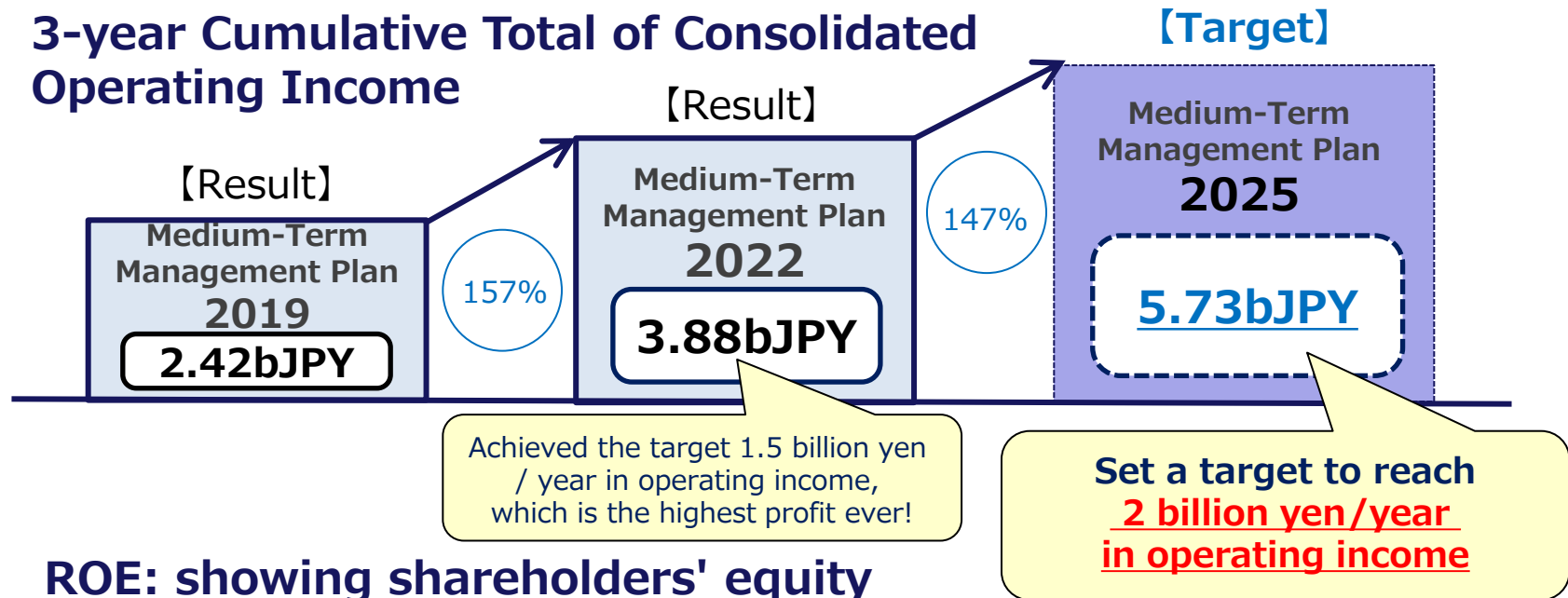
### Implement Measures to Achieve "PBR x1"

Continue to increase "ROE" by "improving the efficiency of the balance sheet" and "strengthening profitability".

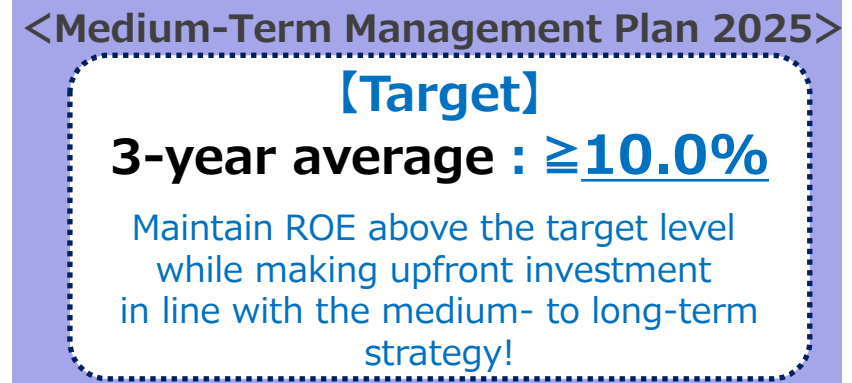
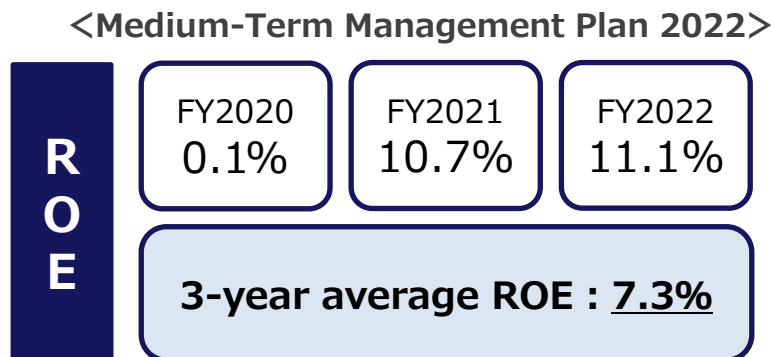
# 5. Medium-Term Management Plan 2025 - Quantitative Targets



## 3-year Cumulative Total of Consolidated Operating Income



## ROE: showing shareholders' equity efficiency



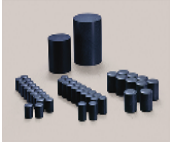









※The exchange rates used to set the quantitative targets of the Medium-term Management Plan 2025 are calculated at US\$1 = ¥133 and Thai baht = ¥3.8.



# 6. Medium-Term Management Plan 2025 - Business Portfolio



## Business Domains for Investment of Management Resources

	Main Businesses	New Businesses	Strengthening Functions
<b>Electronics</b>	 Semiconductor materials  Wiring board materials	 Hydrogen energy components  Power device components	<b>Strengthening manufacturer functions</b> <ul style="list-style-type: none"> <li>Film slit processing</li> <li>High performance adhesives</li> <li>Wafer polishing carriers</li> <li>In-house planned products</li> </ul>
<b>Mobility</b>	 Electronic control parts  Coil parts	 sensor related parts  Automation	<b>Enhancing cost competitiveness</b> <ul style="list-style-type: none"> <li>Promoting automation in Mass production and inspections process</li> </ul>
<b>Medical &amp; Precision Devices</b>	 Disposable parts for medical equipment	 Parts for medical robots	<b>Enhancing cost competitiveness</b> <ul style="list-style-type: none"> <li>Promoting automation in Mass production and inspections process</li> </ul>

Create new business segments

Downsize or withdraw from businesses in each business segment that do not contribute directly or indirectly to the growth of operating income (amount) and that cannot be expected to contribute as time passes.

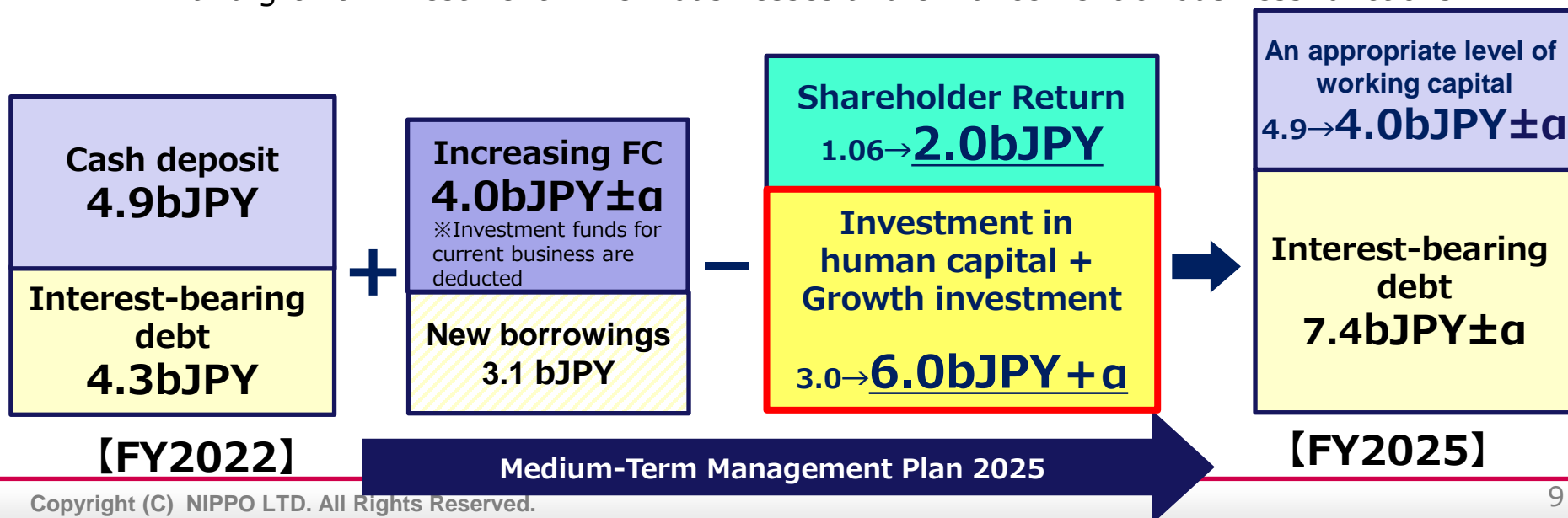
# 7. Medium-Term Management Plan 2025 - Investment Plan



- **Investment in Current Business** (including core business)
  - ✓ Plan within the range of depreciation expenses in each fiscal year
- **Investment in New Businesses and Enhancement of Business Functions**
- **Growth Investment in Human Capital and Growth Investment in New Businesses and Enhancement of Business Functions**

(Including growth investments, intellectual property rights, creation of novel know-how, alliances with partners and M&A for the Medium-Term Management Plan 2028- “Step Up” phase)

  - ✓ Having reconsidered what we think is an appropriate level of working capital, we will adjust the balance of cash and deposits and effectively leverage increased free cash and the borrowing capacity of interest-bearing debt to double investment in human capital and growth investment in new businesses and enhancement of business functions.



# 8. Medium-Term Management Plan 2025 - Shareholder Returns

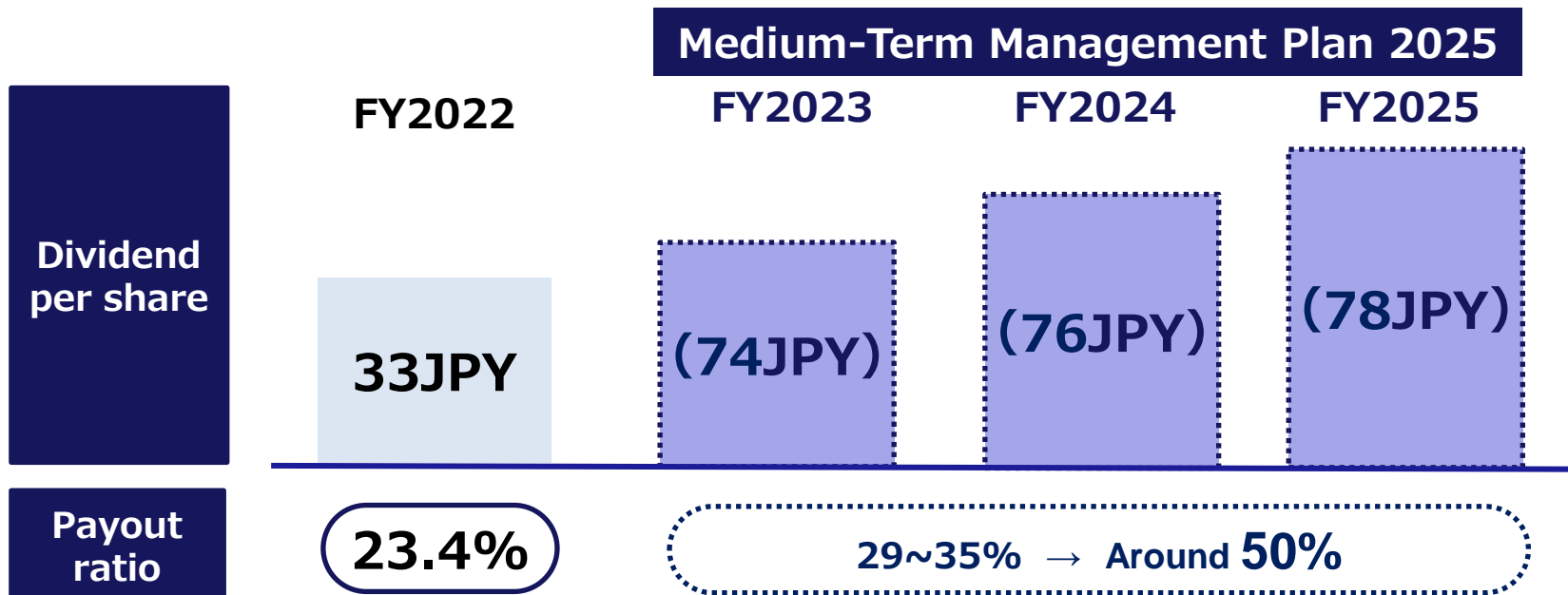


## ■ Basic Policy for Shareholder Returns

With cash dividends as the pillar of shareholder returns, we have established a basic policy of “increasing dividends in line with sustainable profit growth”, and aim to continuously improve both the total amount of dividends and the dividend payout ratio.

## ■ Target in Medium-Term Management Plan 2025

For the duration of the Medium-Term Management Plan 2025, our goal is to expand investment in human capital and growth investment in new businesses and enhancement of business functions, while increasing the dividend payout ratio to around 50% and achieving consistent increases in dividends to shareholders.



# 9. Medium-Term Management Plan 2025

## -Measures to achieve 1x PBR



■ IR Measures		
1	Tree ring management	<ul style="list-style-type: none"> <li>Continue to explain the efforts and results that have been implemented to realize tree ring management since the medium-term management plan 2019.</li> </ul>
2	Strengthening IR measures for institutional investors	<ul style="list-style-type: none"> <li>Utilize English-language sponsored research reports proactively for overseas institutional investors and strengthen dialogue with domestic and overseas small and medium-capitalization funds, etc.</li> </ul>
■ Balance Sheet Efficiency		
1	Reducing the debt effect	<ul style="list-style-type: none"> <li>Control the interest-bearing debt balance with free cash that would be increased due to profit expansion, etc. (do not increase excessively)</li> </ul>
2	Curbing increase in "Accumulated other comprehensive income"	<ul style="list-style-type: none"> <li>Planning and execution of measures to curb increases in this account, which tend to be affected by exchange rate fluctuations</li> </ul>
■ Strengthen Profitability		
1	Profit expansion under the Medium-Term Management Plan 2025	<ul style="list-style-type: none"> <li>Continuation of "initiatives to create a sustainable competitive advantage" described by segment  <a href="https://www.nip.co.jp/english/esg/.assets/esg_torikumi_en.pdf">https://www.nip.co.jp/english/esg/.assets/esg_torikumi_en.pdf</a></li> <li>Through the introduction of business portfolio management                             <ol style="list-style-type: none"> <li>① Redistribute resources to "main business", "new business", and "functional enhancement" of the current segments</li> <li>② Allocate resources for the creation of new business segment</li> </ol> </li> </ul>

	FY2022	Medium-Term Management Plan 2025		
		FY2023	FY2024	FY2025
Net Sales	16.85 bJPY	16.9 bJPY	17.5 bJPY	18.1 bJPY
Operating Profit	1.24 bJPY	1.24 bJPY	1.26 bJPY	1.30 bJPY

**Risks**

- Changes in supply chains due to reorganization of suppliers/customers' business
- Increased procurement costs due to sharp increases in material prices
- Accelerating cost competition for general-purpose materials

**Oppor tunitie s**

- Increasing need for functional materials due to the evolution of next-generation communications technologies
- Greater demand for polishing carriers due to the increasing precision of semiconductor wafers
- Increased demand for hydrogen fuel-related components due to the progress of carbon neutrality
- Return of domestic production activity due to fluctuations in exchange rates and developing geopolitical risks

■ Scenario

Shift to high value-added products



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Strengthening manufacturing functions

【 Business vision 】

Develop as a materials and components trading company with manufacturing functions

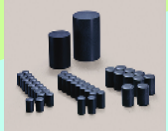

**New business**

Power device components      Hydrogen energy components

High performance adhesive  
In-house planned product

**Main business**

Semiconductor materials      Wiring board materials

Film slit processing  
Wafer polishing carrier

Capital investment to strengthen manufacturing functions

- Strengthen cost competitiveness by increasing production capacity of wafer polishing carriers
- Mass production of high-performance adhesives

# 10-②. Long-term Strategy Map



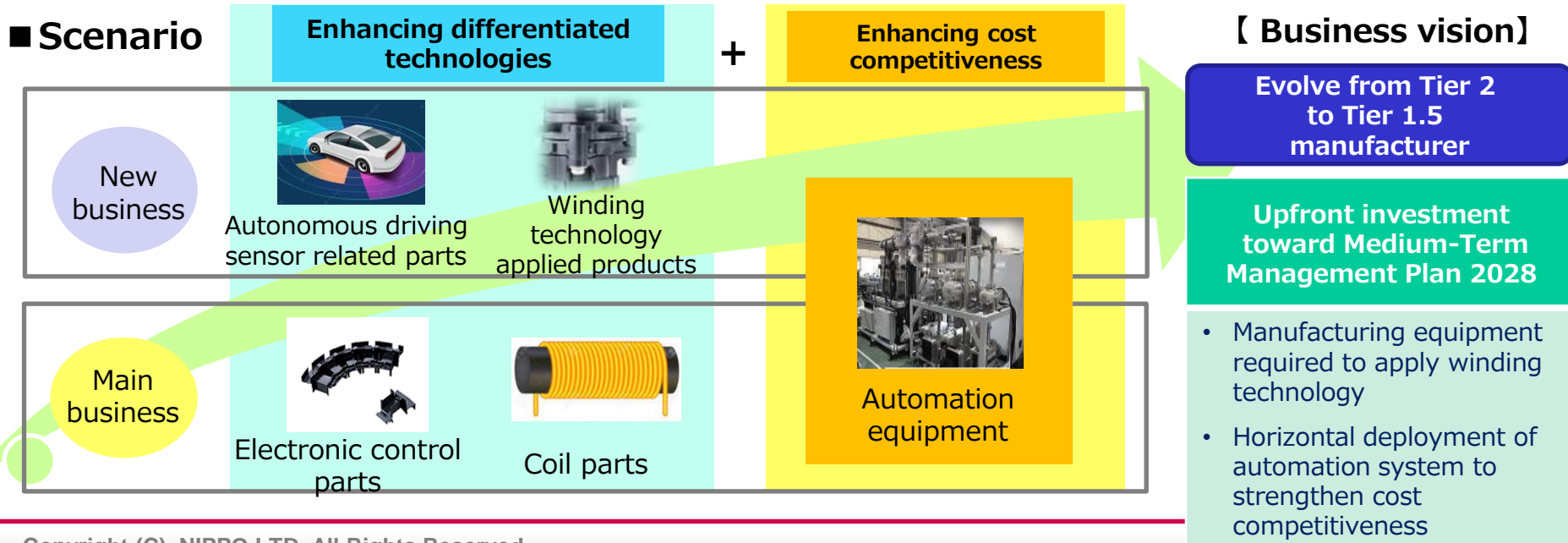
~Mobility~

	FY2022	Medium-Term Management Plan 2025		
		FY2023	FY2024	FY2025
Net Sales	15.33 bJPY	15.4 bJPY	15.9 bJPY	16.5 bJPY
Operating Profit	1.53 bJPY	1.47 bJPY	1.5 bJPY	1.54 bJPY

- Risks**
- Shift to electric (EVs) (surpassing expected speeds)
  - Disruption of supply chains due to disasters and countries' risks
  - Reduced production by automobile and auto parts manufacturers due to prolonged semiconductor shortages
  - Compensation for recalls due to defective parts
  - Sharp increases in transportation and personnel expenses

- Opportunities**
- Increased demand for electronic control system parts (ECUs, PCUs, motors, etc.)
  - Progress in electrification leading to increased demand for new materials satisfying requirements for electrical properties and reduced weight
  - Advances in automated driving resulting in increased demand for new materials used to ensure safety

## ■ Scenario



## 【 Business vision 】

Evolve from Tier 2 to Tier 1.5 manufacturer

Upfront investment toward Medium-Term Management Plan 2028

- Manufacturing equipment required to apply winding technology
- Horizontal deployment of automation system to strengthen cost competitiveness



# 10-③. Long-term Strategy Map

~Medical and Precision Devices~



	FY2022	Medium-Term Management Plan 2025		
		FY2023	FY2024	FY2025
Net Sales	6.88 bJPY	6.9 bJPY	7.2 bJPY	7.5 bJPY
Operating Profit	0.12 bJPY	0.1 bJPY	0.15 bJPY	0.2 bJPY

**Risks**

- (Common to Both) Change in supply chain due to partners restructuring their businesses
- (Precision Devices) Decrease in printer demand due to increasingly paperless work
- (Medical Devices) Recall payouts due to defective components and other factors

**Opportunities**

- Increased demand for medical robots due to labor shortages at medical institutions
- Increased demand for telemedicine, including online medical examinations and remote device operation due to labor shortages at medical institutions, prevention of nosocomial infections, and other developments
- Increased demand for high-quality, high-precision components due to an increase in medical lawsuits

## ■ Scenario

Enhancing differentiated technologies

+

Enhancing cost competitiveness  
 · Development of contract manufacturing system

## 【 Business vision 】

Develop as an OEM manufacturer of medical equipment components


**New business**

Parts for medical robots 

Establishment of a domestic production system for medical parts

**Main business**

Enhancing assembly technology, adhesion technology, surface treatment technology, and validation skills

Disposable parts for medical equipment 

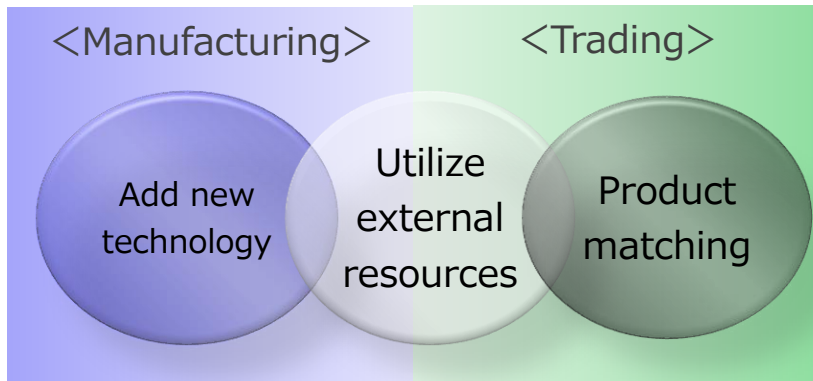
Improving production efficiency and reducing manufacturing costs by changing the layout

Upfront investment toward Medium-Term Management Plan 2028

- Increase domestic production capacity to increase the sales proportion of medical equipment parts

# 11. Measures to Create New Business Segments

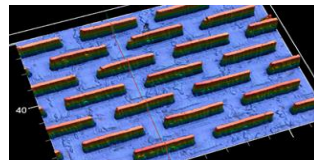
## Novelty product development



### ■ Collaboration with Universities

#### **[Joint research with Nagoya Institute of Technology]**

Developed the world's first "defogger" pattern-molded plastic product that automatically transports liquids with fine patterns.



(image)

+

## Product development with **environmental contribution** as a keyword

### ■ Market Development in the Field of Hydrogen Energy

Expand the product lineup by combining in-house resources and that of partners, targeting the key materials necessary to generate "hydrogen energy," which is attracting attention as a carbon free next-generation energy source.



### ■ Development of Environment-friendly Products

#### **[In-house project]**

#### **(Green Development Project)**

Young employees take the lead in creating new business models and developing products based on the keyword of "carbon neutral."

**Create a new business that contributes to "enhance mid- to long-term corporate value and develop a sustainable society"!**



[reference] Medium-Term Management Plan 2025  
 ~Net Sales and Operating Profit by segment~



(Unit: JPY billion)

		FY2022	FY2023	FY2024	FY2025
Electronics	Net Sales	16.85	16.90	17.50	18.10
	Operating Profit	1.24	1.24	1.26	1.30
Mobility	Net Sales	15.33	15.40	15.90	16.50
	Operating Profit	1.53	1.47	1.50	1.54
Medical and Precision Devices	Net Sales	6.88	6.90	7.20	7.50
	Operating Profit	0.12	0.10	0.15	0.20
Company-wide expenses (including development expenses) and adjustments	Net Sales	△ 0.18	△ 0.30	△ 0.30	△ 0.30
	Operating Profit	△ 0.98	△ 0.98	△ 1.01	△ 1.04
Consolidated Total	Net Sales	<b>38.88</b>	<b>38.90</b>	<b>40.30</b>	<b>41.80</b>
	Operating Profit	<b>1.91</b>	<b>1.83</b>	<b>1.90</b>	<b>2.00</b>
Three-year cumulative operating profit					<b>5.73</b>

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### **Cautionary Statement with Respect to the Forward-Looking Statements**

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To note; the exchange rate used in this forecasts are 、 1USD = 133JPY、 1TB = 3.8JPY

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