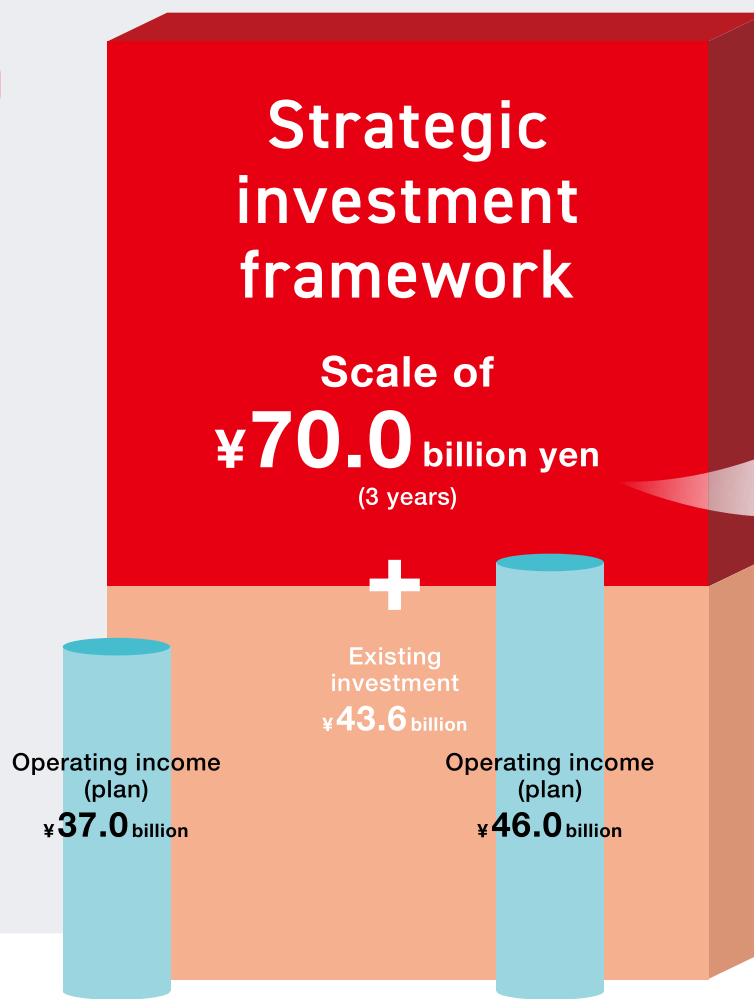
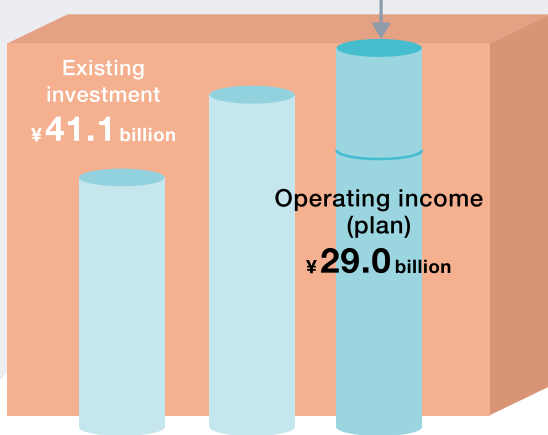


New Mid-term Management Plan

NOF VISION 2030

In Stage I: Strengthening Foundation, we were able to achieve our operating income target ahead of schedule. With a target of ¥60.0 billion in operating income for FY2030, we will establish a strategic investment framework of ¥70.0 billion in addition to the existing planned investments during the three years of Stage II: Expanding Profit.

Achieved operating income plan ahead of schedule **¥40.6 billion (actual)**



Business expansion

Operating income



Operating income (plan)
¥60.0 billion

FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026 FY 2027 FY 2028 FY 2030

Stage I

Stage II

Stage III

2025 Mid-term Management Plan

Expanding Profit

Basic policy
"Practice and
Breakthrough"

2022 Mid-term Management Plan

Strengthening
Foundation

Basic policy
"Challenge and
Co-create"

FY 2030
(plan)

Net sales
¥300.0 billion

Operating income
to net sales
20% or more

Operating income
¥60.0 billion

FY 2025
(plan)

Net sales
¥255.0 billion

Operating income
¥46.0 billion

ROA
13% or more

Operating income to
net sales
18%
or more

ROE
12%
or more

FY 2023
(forecast)

Net sales
¥230.0 billion

Operating income
¥37.0 billion

ROA
12.0%

Operating income
to net sales
16.1%

ROE
11.6%

FY 2022
(actual)

Net sales
¥217.7 billion

Operating income
¥40.6 billion

ROA
14.4%

Operating income
to net sales
18.7%

ROE
14.8%

FY 2020
(actual)

Net sales
¥172.6 billion

Operating income
¥26.6 billion

ROA^{*1}
11.4%

Operating income
to net sales
15.4%

ROE^{*2}
12.2%

2028 Mid-term Management Plan

Business Domain
Expansion

Advancement into
new business domains

*1 Return on assets

*2 Return on equity

Stage II

2025 Mid-term Management Plan

Expanding Profit

Strategic investment for earnings base expansion /
business domain expansion

Basic policy

“Practice and Breakthrough”

Having completed the three years of Stage I: Strengthening Foundation, the three years from FY2023 are positioned as Stage II: Expanding Profit, with the target of ¥46.0 billion in operating income and a ratio of operating income to net sales of 18% or higher in FY2025. In addition to the “existing investments” of ¥43.6 billion related to the previous Medium-term Management Plan, we will establish a “strategic investment framework” of ¥70.0 billion for the three years of Stage II. Strategic investment includes three themes: (1) “production and environment” facility investment, (2) research and development, and (3) human investment, and will be funded through self-financing as well as funds from the sale of cross-shareholdings. We will actively make investments for further growth, aiming not only to achieve the goals of the Medium-term Management Plan for FY2025, but also to achieve operating income of ¥60.0 billion in FY2030.





Strategic investment
in production facilities
and
environmental facilities

¥50.0 billion

Promotion of automation and labor-saving and contributions to CO₂ emissions reduction

In addition to existing facility investments, we will promote new and strengthened manufacturing facilities in fields where demand is expected to grow, such as raw materials for DDS drug formulations, cosmetics materials, and anti-fog agents. We are planning for facility investment that is about three times the amount during the 2022 Mid-term Management Plan period through investments in productivity improvement and environmental response.



- **Improvement of operational efficiencies by promoting automation and labor-saving**
 - Utilization of RPA and AI-OCR, and introduction of production schedulers
 - Introduction of automatic filling machines
- **Expansion of data utilization in production and sales**
 - Promotion of smart factories (new DDS plants)
 - Introduction of marketing support tools, chemical substance management, and facility maintenance management systems

- **Addressing the regulatory control of CFCs at manufacturing facilities**
 - Change CFCs to natural refrigerants
- **Energy conservation and higher efficiency at manufacturing facilities**
 - Electrification of equipment that utilizes steam
 - Conversion of boiler fuel and improvement of boiler efficiency

Main facility investment

- Establishment of new manufacturing facilities for raw materials for drugs (PEG modifiers) **Aichi Works**
- Establishment of manufacturing facilities for SS lipids **Aichi Works**
- Strengthening of manufacturing facilities for cosmetics materials **Aichi Works**
- Strengthening of manufacturing facilities for anti-fog agents **Aichi Works**
- Strengthening of manufacturing facilities for fatty acid derivatives **Amagasaki Plant**



Strategic investment
for research
and development

¥8.7 billion

Promotion of open innovation through collaboration among industry, academia, and government, including external co-creation, open applications, and public bidding invitations

In order to create new businesses, we will explore promising themes with future potential both internally and externally, and promote R&D through environment improvement and human resources development. We will also promote active participation in open innovation through collaboration among industry, academia and government, and strive to expand our R&D areas.



- Exploration of promising themes through external co-creation, open applications, public bidding invitations, etc.
- Acceleration of the development of new businesses through enhancement of the system for R&D
- Introduction of a database system and analysis software
- Streamlining of R&D by developing the MI* environment and fostering human resources
- Promotion of collaboration among industry, academia, and government utilizing open laboratories and government projects

*MI ... Acronym for Materials Informatics. Utilization of digital technologies such as big data and AI in process-based manufacturing industries such as the chemicals industry.



[FY2023]

- **Commencement of sponsored research on themes adopted in two fields**

① **Materials for electronics**

Advanced technology such as materials for high-speed communications, materials for semiconductors, and materials for rechargeable batteries

② **Materials for health food**

Useful materials for health food, and efficient production technologies of useful materials for health food

[2025 Mid-term Management Plan]

- **Continuation of public bidding invitations for wider areas of industry-academia sponsored research**

▶ P.044-047



Strategic investment for human capital

¥8.6billion

Creation of a diverse workforce with high work engagement

Human capital is becoming increasingly important in business management. We aim to create a diverse organization by continuously securing human resources who are positive about their jobs and highly motivated to work, and by developing employees who can serve as DX personnel and global human resources.

Investment in securing and developing human resources



- **Promotion of employees' autonomous growth**
 - Strengthening of development of autonomous human resources and support for career design development
- **Promotion of DX human resource development**
 - Acceleration of further development by enhancing training programs
- **Promotion of development of global human resources**
 - Revision of overseas study programs and related overseas educational systems
 - Development of global human resources
- **Organizational revitalization through diverse human resources**
 - Raising of the retirement age to 65
- **Upgrading and renovation of employee welfare facilities**
 - Upgrading and renovation of company housing in the Kanto area and a dormitory in Kansai area

▶ P.048-053