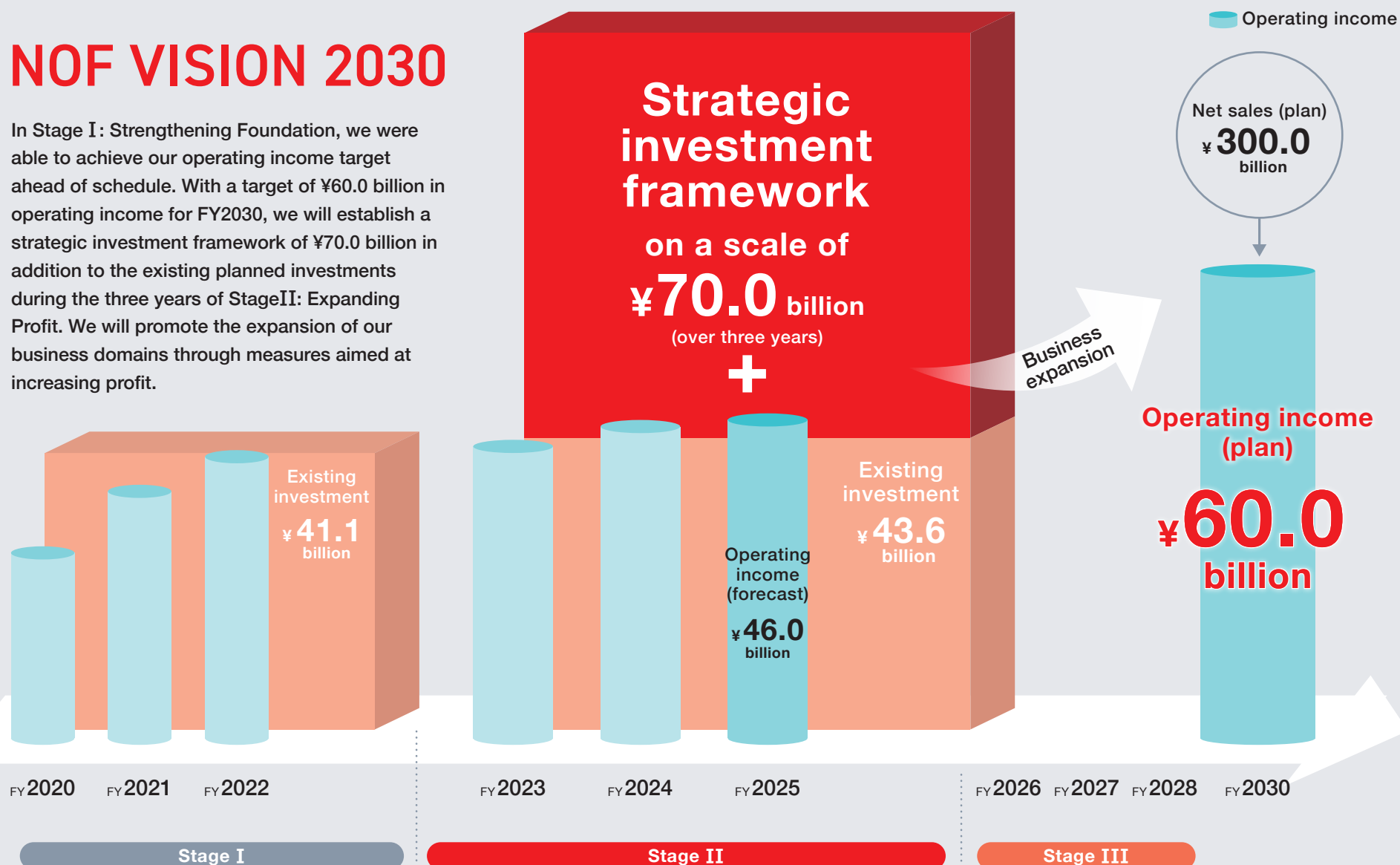


## Mid-term Management Plan

# 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 StageII: Expanding Profit. We will promote the expansion of our business domains through measures aimed at increasing profit.



## Mid-term Management Plan

### 2022 Mid-term Management Plan

## Strengthening Foundation

Fundamental principles  
“Challenge and Co-create”

FY 2020  
(actual)

Net sales  
¥172.6 billion  
Operating income  
26.6 billion  
Operating income to net sales  
15.4 %  
ROA\*<sup>1</sup>  
11.4 %  
ROE\*<sup>2</sup>  
12.2 %

FY 2022  
(actual)

Net sales  
¥217.7 billion  
Operating income  
40.6 billion  
Operating income to net sales  
18.7 %  
ROA  
14.4 %  
ROE  
14.8 %

FY 2023  
(actual)

Net sales  
¥222.3 billion  
Operating income  
42.1 billion  
Operating income to net sales  
19.0 %  
ROA  
14.0 %  
ROE  
13.5 %

FY 2024  
(actual)

Net sales  
¥238.3 billion  
Operating income  
¥45.3 billion  
Operating income to net sales  
19.0 %  
ROA  
13.3 %  
ROE  
13.4 %

FY 2025  
(forecast)

Net sales  
¥252.0 billion  
Operating income  
¥46.0 billion  
Operating income to net sales  
18.3 % or more  
ROA (target)  
13 % or more  
ROE (target)  
12 % or more

FY 2030  
(plan)

Net sales  
¥300.0 billion  
Operating income  
¥60.0 billion  
Operating income to net sales  
20 % or more

### 2028 Mid-term Management Plan

## Business Domains Expansion

Advancement into  
new business domains

### 2025 Mid-term Management Plan

## Expanding Profit

Strategic investment for earnings base establishment /  
business domains expansion

Fundamental principles  
“Practice and Breakthrough”

\*1 Return on assets

\*2 Return on equity

## Stage II

2025 Mid-term Management Plan

# Expanding Profit

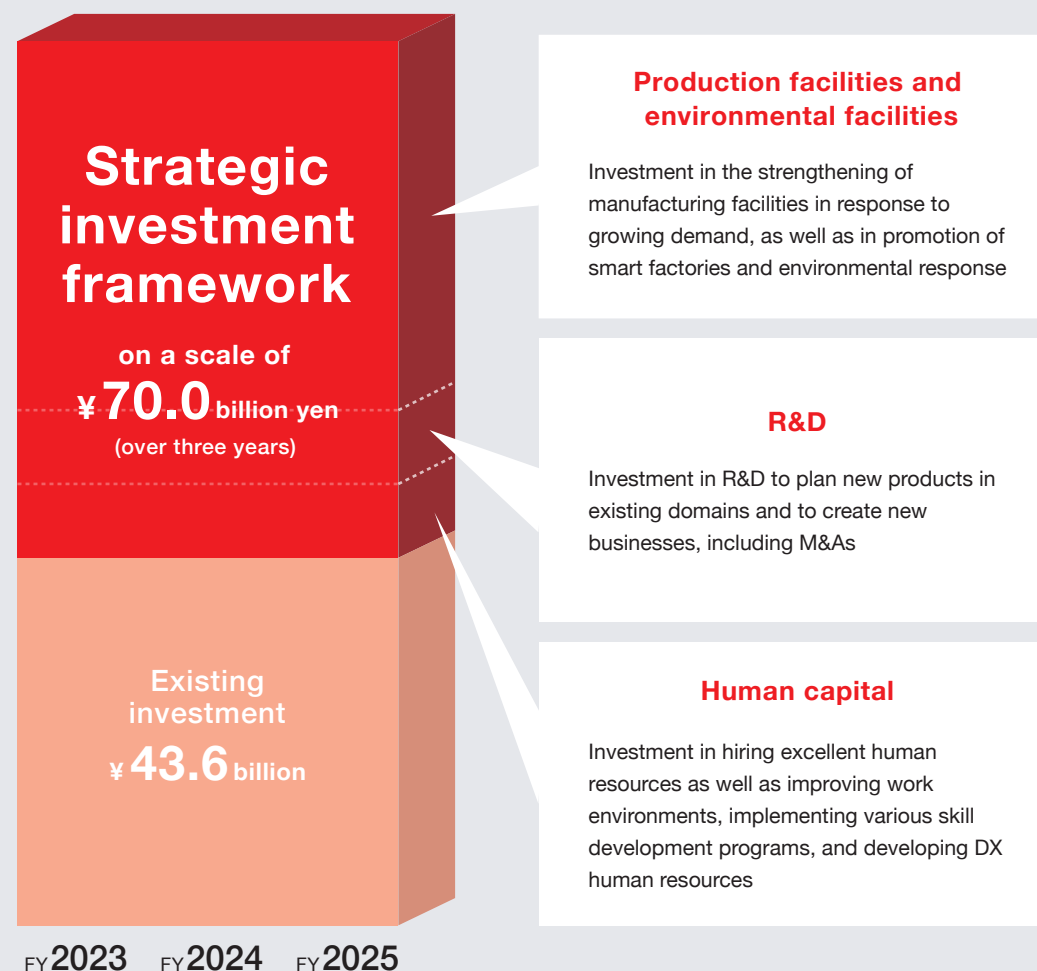
Fundamental principles

## “Practice and Breakthrough”

FY2025 Management Policy

### Responding to Changes in the Environment towards a New Stage

We have positioned the three years from fiscal 2023 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 set for fiscal 2025, the last fiscal year of the period. In addition to the “existing investments” of ¥43.6 billion related to the previous Mid-term Management Plan, we have established a “strategic investment framework” of ¥70.0 billion for the three years of Stage II. Strategic investment includes three topics: (1) “production and environment” facility investment, (2) research and development investment, and (3) human capital investment, and will be funded through self-financing as well as funds from the sale of cross-shareholdings. This is a proactive investment aimed at not only further strengthening the earnings bases and steadily expanding profits in the rapidly changing business environment surrounding the NOF Group, but also making a leap forward through new value creation. We will continue to strive toward achieving the targets of the Mid-term Management Plan for fiscal 2025 and operating income of ¥60.0 billion in fiscal 2030.



## Mid-term Management Plan

## Facility investment: Production and environment

## Smooth implementation of automation, labor saving, and energy saving

We are newly constructing and expanding manufacturing facilities as planned in fields that continue to grow, such as raw materials for DDS drug formulations, cosmetics materials, and anti-fog agents. In response to the significant expansion of Japan's Defense Buildup Program, we have made additional investments in the construction and enhancement of manufacturing facilities to meet growing demand. We will continue working toward the early-stage deployment of defense equipment.

Facility investment amount FY2024 (actual) ¥ **18.3** billion FY2025 (expected) ¥ **30.3** billion

Main facility  
investmentAichi  
Works

- Strengthening of manufacturing facilities for defense products: Planned completion in June 2028
- Establishment of new manufacturing facilities for raw materials for DDS drug formulations (PEG modifiers): Planned completion in September 2025
- Strengthening of filling equipment for cosmetic products: Planned completion in January 2026



## Inside Nippon Koki's Shirakawa Plant\*

## Nippon Koki's Shirakawa Plant

## Kansai area

- Construction of manufacturing facilities for defense products: Planned completion in February 2029 \*As NOF's non-current assets
- Construction of manufacturing facilities for defense products: Planned completion in September 2027
- Upgrading of dormitories in the Kansai area: Planned completion in February 2027

📖 Sustainability Report ▶ P.141-142,153,165

			FY2024 progress	FY2025 initiatives (planned)
<b>Improving productivity</b> 	Operational efficiency	<b>Routine operations</b>	<ul style="list-style-type: none"> <li>● Expansion of operations that utilize RPA</li> <li>● Use of business support tools and introduced software (digitization of manufacturing records, creation of operating procedures)</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of operations that utilize AI-OCR</li> </ul>
		<b>Production scheduler</b>	<ul style="list-style-type: none"> <li>● Preparation for trial runs at model plants</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of operations that utilize AI-OCR</li> </ul>
		<b>Productive operations</b>	<ul style="list-style-type: none"> <li>● Introduction of automation equipment</li> <li>● Expansion of scope of automated process control</li> </ul>	<ul style="list-style-type: none"> <li>● Transition from trial runs to full deployment at model plants</li> <li>● Ongoing promotion of automation</li> </ul>
	Increasing the use of data	<b>Promotion of smart factories</b>	<ul style="list-style-type: none"> <li>● Installation and implementation of field-data collection tools at model plants</li> </ul>	<ul style="list-style-type: none"> <li>● Consideration of field-data utilization at model plants</li> </ul>
		<b>Introduction of sales support tools</b>	<ul style="list-style-type: none"> <li>● Completion of defining requirements and start of implementation in the model project</li> </ul>	<ul style="list-style-type: none"> <li>● Realization of benefits through continued use in the model project</li> </ul>
		Introduction of chemical substance management system	<ul style="list-style-type: none"> <li>● Launching operations at model plants</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion to other plants</li> </ul>
		Introduction of facility maintenance management system	<ul style="list-style-type: none"> <li>● Start of implementation</li> </ul>	<ul style="list-style-type: none"> <li>● Data accumulation and effective utilization</li> </ul>
<b>Environmental measures</b> 	Addressing the regulatory control of CFCs & HCFCs		<ul style="list-style-type: none"> <li>● Selection of equipment using natural refrigerants</li> </ul>	<ul style="list-style-type: none"> <li>● Installation and start of operation of equipment using natural refrigerants</li> </ul>
		<b>Saving energy and streamlining efficiency</b>	<ul style="list-style-type: none"> <li>● Implementation of policy               <ul style="list-style-type: none"> <li>• Promoting electrification of vacuum generators that utilize steam</li> <li>• Implementation of policy to switch to boiler fuels with low environmental impact (discontinuation of heavy oil use)</li> </ul> </li> <li>• Promoting updates to high-efficiency boilers</li> <li>• Upgrading to energy-efficient refrigeration and freezing equipment</li> <li>• Promotion of switch to LED lighting</li> <li>• Promotion of electricity procurement from renewable energy sources</li> </ul>	<ul style="list-style-type: none"> <li>● Continued promotion of policy               <ul style="list-style-type: none"> <li>• Continued electrification of non-electric facilities</li> <li>• Partial operation of boilers with converted fuel</li> <li>• Ongoing updates to high-efficiency boilers</li> </ul> </li> <li>• Continued upgrading to energy-efficient refrigeration and freezing equipment</li> <li>• Continued promotion of LED lighting</li> <li>• Continued promotion of electricity procurement from renewable energy sources</li> </ul>
	Reducing emissions of PRTR Act-controlled chemical substances		<ul style="list-style-type: none"> <li>● Implementation of measures to prevent atmospheric emissions               <ul style="list-style-type: none"> <li>• Minimization of usage of substances subject to the Act</li> <li>• Enhancement of recovery facilities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Continued promotion of measures</li> </ul>

## Mid-term Management Plan

Research and  
development investment


## Proactive collaboration with external parties to speedily develop new R&amp;D areas

We are promoting open innovation to create new technologies and businesses. To further accelerate these initiatives, the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory was established within the AIST Group in fiscal 2024. We will continue working to expand R&D areas.

R&amp;D investment

FY2024 (actual) ¥ **7.9** billion FY2025 (expected) ¥ **8.8** billion

P.066-069

		FY2024 progress	Initiatives beyond FY2025 (planned)
<b>Promotion of open innovation</b> 	<b>Call for commissioned industry-academia research</b>	<ul style="list-style-type: none"> <li>Launch of commissioned research on materials and technologies at three research institutes in the medical care and medical device fields</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of theme exploration and R&amp;D activities in the fields of functional chemicals and electronics/IT</li> </ul>
	<b>Utilization of venture capital (VC)</b>	<ul style="list-style-type: none"> <li>Investment in the VC fund of Universal Materials Incubator Co., Ltd. (January 2024)               <ul style="list-style-type: none"> <li>Exploration of promising new technologies and implementation of human resources training</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Exploration of promising new technologies, co-creation partners, and investment recipients</li> </ul>
	<b>Comprehensive industry-academia-government collaboration</b>	<ul style="list-style-type: none"> <li>Establishment of the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of the development of esterification reaction catalysts suitable for environmentally friendly manufacturing processes</li> </ul>
	<b>Participation in government R&amp;D projects</b>	<ul style="list-style-type: none"> <li>Strategic Innovation Promotion Program (SIP), Council for Science, Technology and Innovation, Cabinet Office               <ul style="list-style-type: none"> <li>Development of smart infrastructure management system (until March 2028) Participation with Wireless Detonator WINDET®II <b>Explosives &amp; Propulsion Division</b></li> </ul> </li> <li>Japan Agency for Medical Research and Development (AMED) Programs relating to the Strategy for Strengthening the Vaccine Development and Production System               <ul style="list-style-type: none"> <li>"Program on R&amp;D of new generation vaccine including new modality application" (until March 2027) Participation with lipid nanoparticle materials <b>Life Science Division</b></li> </ul> </li> </ul>	
	<b>Improvement of R&amp;D efficiency</b>	<ul style="list-style-type: none"> <li>Utilization of Materials Informatics (MI)               <ul style="list-style-type: none"> <li>Development of experimental data collection systems</li> <li>Introduction and utilization of data analysis systems</li> </ul> </li> <li>Training of MI human resources               <ul style="list-style-type: none"> <li>Specialized training programs have been implemented for approximately 20% of researchers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Promotion of data scientist training</li> </ul>


## Mid-term Management Plan

## Human capital investment

Promoting strategic investment in human resources growth,  
the most important factor in corporate growth

As part of measures to foster a diverse workforce with high work engagement, we are working to support employees' autonomous growth and create comfortable workplaces. We are also promoting investments to enhance human capital, including support for overseas business activities and strengthening of digital transformation (DX) human resources development.

▶ P.074-079 Sustainability Report ▶ P.183-199,210-215

		FY2024 progress	FY2025 initiatives (planned)
<b>Human capital investments, including acquisition and development of human resources</b> 	<b>Promotion of employees' autonomous growth</b>	<ul style="list-style-type: none"> <li>Continued implementation of workshops for all employees aimed at strengthening development of autonomous human resources</li> <li>Career design support through the use of career consultants and the introduction of e-learning</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation of measures for development of autonomous human resources</li> <li>Strengthening of interaction with external professionals to broaden perspectives and encourage diverse thinking</li> <li>Further enhancement of capability development measures by rank</li> </ul>
	<b>Further promotion of the creation of comfortable workplaces</b>	<ul style="list-style-type: none"> <li>Considering measures for health management</li> <li>Implementation of smoking cessation program</li> <li>Revision of the leave system</li> </ul>	<ul style="list-style-type: none"> <li>Support for promoting health (ongoing smoking cessation program, support for the use of sports gyms, etc.)</li> <li>Support for balancing work and family care</li> </ul>
	<b>Promotion of development of DX human resources</b>	<ul style="list-style-type: none"> <li>Evaluation and strengthening of training programs</li> <li>Launch of second-phase programs</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation of training programs</li> <li>Implementation of practical training for people who completed the first-phase program</li> </ul>
	<b>Strengthening of support for overseas business activities</b>	<ul style="list-style-type: none"> <li>Strengthening of overseas safety measures</li> <li>Launch of material support services for employees stationed overseas</li> <li>Enhancement of support for administrative procedures for employees with overseas assignments</li> <li>Implementation of training for staff of overseas subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation of overseas safety measures</li> <li>Continuation of material support services for employees stationed overseas</li> <li>Continuation of enhancement of support for administrative procedures for employees with overseas assignments</li> <li>Continuation of training for staff of overseas subsidiaries</li> </ul>
	<b>Promoting better performance of diverse human resources</b>	<ul style="list-style-type: none"> <li>Increased hiring of mid-career human resources</li> </ul>	<ul style="list-style-type: none"> <li>Continued efforts for hiring of mid-career human resources</li> </ul>
	<b>Upgrading and renovation of employee welfare facilities</b>	<ul style="list-style-type: none"> <li>Planning of upgrades for dormitories in the Kansai area</li> </ul>	<ul style="list-style-type: none"> <li>Design and construction work for dormitories in the Kansai area</li> <li>Considering upgrading company housing in the Kanto area</li> <li>Consideration of upgrading of dormitories and company housing at the Aichi Works</li> </ul>