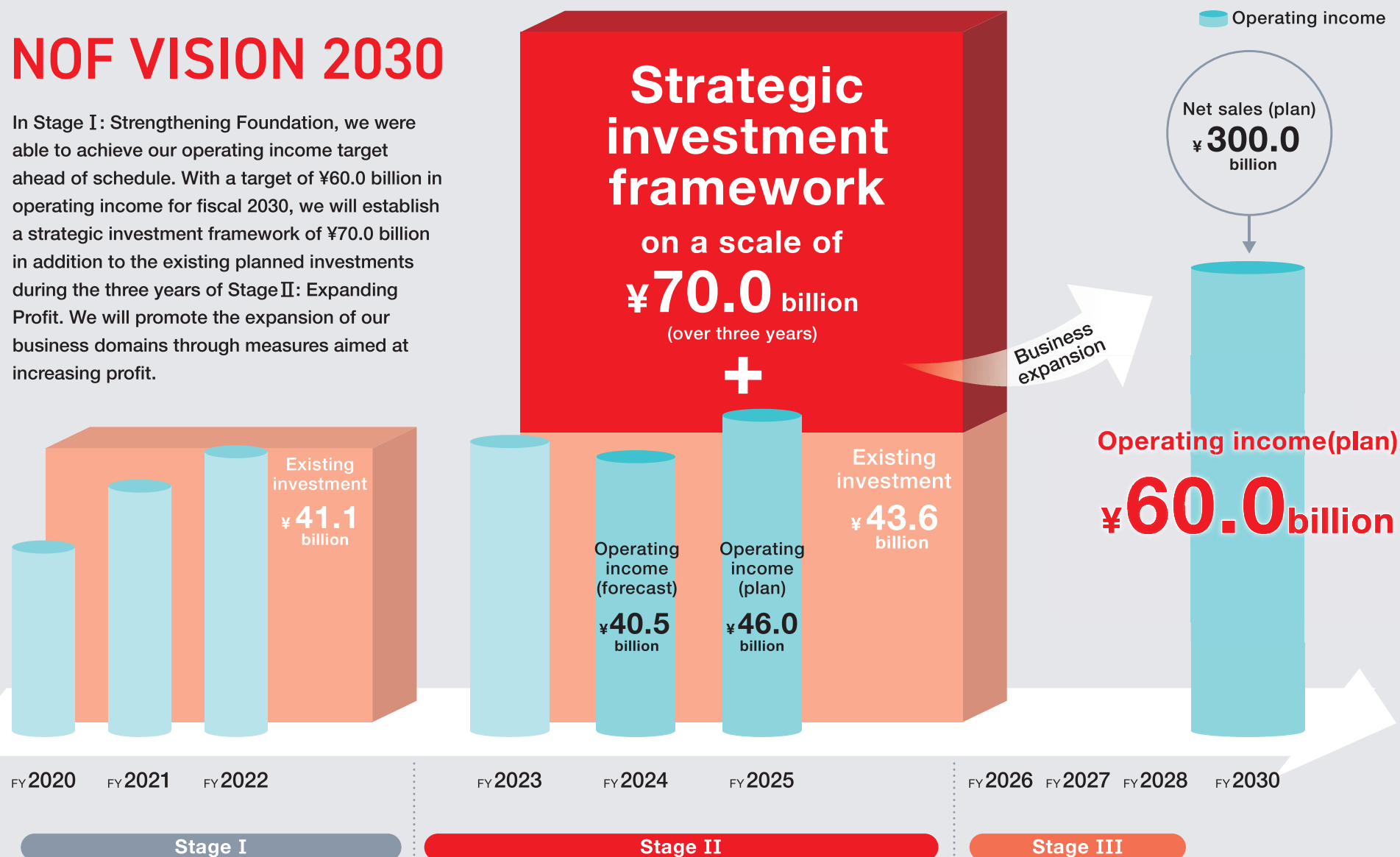




## NOF VISION 2030

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 fiscal 2030, 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. We will promote the expansion of our business domains through measures aimed at increasing profit.





# Mid-term Management Plan

GRI 2-22

## 2025 Mid-term Management Plan

### Expanding Profit

Strategic investment for earnings base establishment /  
business domains expansion

Fundamental principles

“Practice and  
Breakthrough”

FY 2030  
(plan)

Net sales  
¥ **300.0** billion

Operating income  
¥ **60.0** billion

Operating income  
to net sales  
**20%** or more

FY 2025  
(plan)

Net sales  
¥ **255.0** billion

Operating income  
¥ **46.0** billion

Operating income to net sales

**18%** or more

ROA

**13%** or more

ROE

**12%** or more

FY 2024  
(forecast)

Net sales  
¥ **232.0** billion

Operating income  
¥ **40.5** billion

Operating income  
to net sales

**17.5%**

ROA

**11.8%**

ROE

**11.7%**

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 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 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%**

## 2028 Mid-term Management Plan

### Business Domains Expansion

Advancement into  
new business domains

## 2022 Mid-term Management Plan

### Strengthening Foundation

Fundamental principles

“Challenge and  
Co-create”

\*1 Return on assets

\*2 Return on equity



## Stage II

2025 Mid-term Management Plan

# Expanding Profit

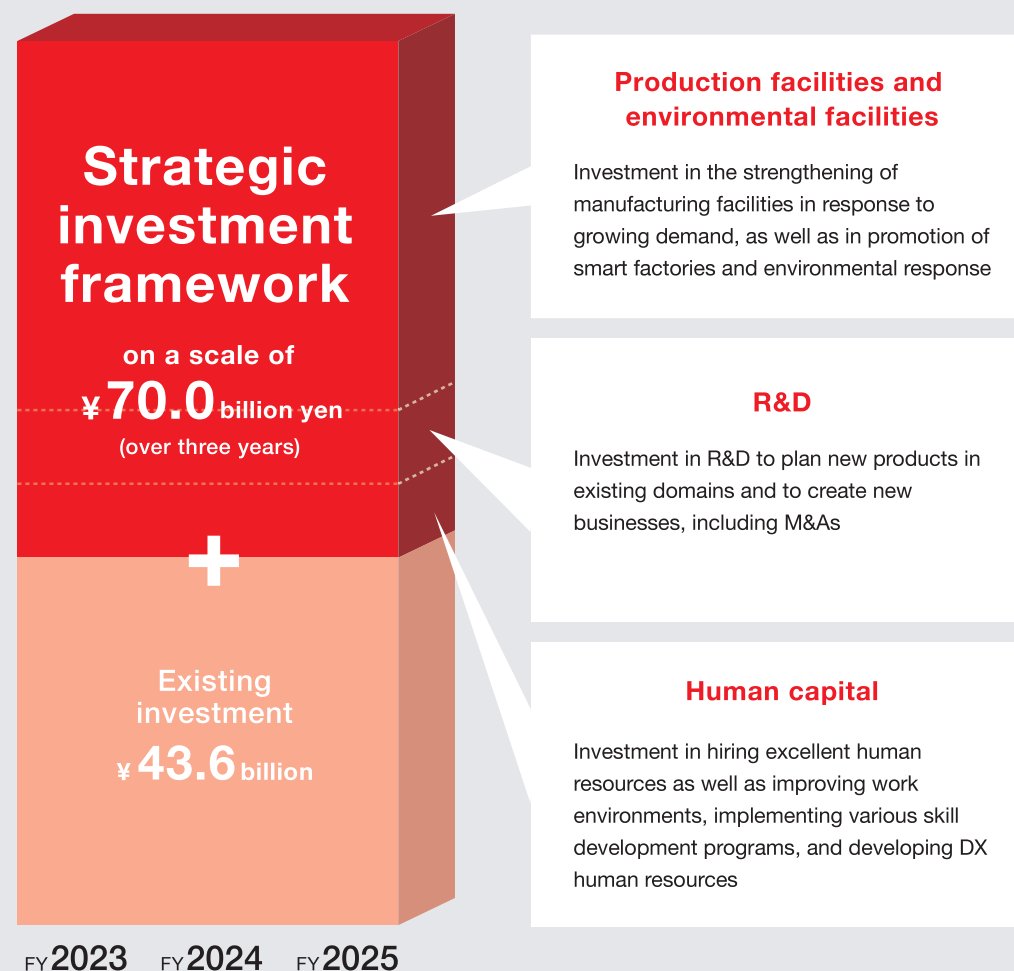
Fundamental principles

## “Practice and Breakthrough”

FY2024 Management Policy

### “Expanding Profit and Creating New Value”

Having completed the three years of Stage I : Strengthening Foundation, the three years from fiscal 2023 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 set for fiscal 2025. 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 topics: (1) “production and environment” facility investment, (2) research and development investment, and (3) human 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 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



GRI 2-22

## Facility investment: Production and facilities

## 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. We are also making progress in investments to improve operational efficiency through automation and labor-saving and reduce environmental impact through energy saving, and will continue to do so proactively.

Facility investment amount FY2023 (actual) ¥ **18.7** billion FY2024 (expected) ¥ **22.6** billion

|  |  |   | FY2023 progress   | FY2024 initiatives (planned)  |
|--|--|---|---|---|
| <b>Improving productivity</b><br>   | <b>Operational efficiency</b>                    | <b>Routine operations</b>                                   | <ul style="list-style-type: none"> <li>Company-wide introduction of RPA</li> <li>Selection of AI-OCR software and operations that can utilize it</li> </ul>   | <ul style="list-style-type: none"> <li>Expansion of operations that utilize RPA</li> <li>Realization of AI-OCR utilization</li> </ul>   |
|  |  | <b>Production scheduler</b>                                 | <ul style="list-style-type: none"> <li>Defining requirements and trial runs at model plants</li> </ul>  | <ul style="list-style-type: none"> <li>Launching operations at model plants</li> </ul>  |
|  |  | <b>Productive operations</b>                                | <ul style="list-style-type: none"> <li>Introduction of automatic filling machines and expansion of the scope of the process automation system toward promoting automation</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing promotion of automation</li> </ul>   |
|  | <b>Increasing the use of data</b>                | <b>Promotion of smart factories</b>                         | <ul style="list-style-type: none"> <li>Network development and system studies at model plants</li> <li>Consideration of automatic field data collection</li> </ul>  | <ul style="list-style-type: none"> <li>Defining requirements and trial runs at model plants</li> <li>Ongoing promotion of automatic field data collection</li> </ul>                                    |
|  |  | <b>Introduction of sales support tools</b>                  | <ul style="list-style-type: none"> <li>Defining requirements</li> </ul>   | <ul style="list-style-type: none"> <li>Launching operations</li> </ul>  |
|  |  | <b>Introduction of chemical substance management system</b> | <ul style="list-style-type: none"> <li>Defining requirements</li> </ul>   | <ul style="list-style-type: none"> <li>Preparing operations at model plants</li> </ul>  |
| <b>Environmental measures</b><br> | <b>Addressing the regulatory control of CFCs</b> |   | <ul style="list-style-type: none"> <li>Determining specifications for equipment using natural refrigerants</li> </ul>   | <ul style="list-style-type: none"> <li>Introducing equipment using natural refrigerants</li> </ul>  |
|  | <b>Saving energy and streamlining efficiency</b> |   | <ul style="list-style-type: none"> <li>Promoting electrification of vacuum generators that utilize steam</li> <li>Establishment of a policy for shifting to boiler fuel with low environmental impact toward curbing the use of heavy oil</li> <li>Promoting updates to high-efficiency boiler</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing promotion of electrification of facilities</li> <li>Development of fuel conversion policy</li> <li>Ongoing updates to high-efficiency boilers</li> </ul> |

**Main facility investment** **Aichi Works** • Establishment of new manufacturing facilities for raw materials for DDS drug formulations (PEG modifiers) • Establishment of new manufacturing facilities for SS lipids  
 • Strengthening of manufacturing facilities for cosmetics materials • Strengthening of manufacturing facilities for anti-fog agents

Responses to Climate Change (TCFD) ▶ P.119-121

Chemical Safety ▶ P.137,139



# Mid-term Management Plan

GRI 2-22


## Research and development investment

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

We are promoting open innovation to create new technologies and businesses. To further accelerate this, in fiscal 2023 we invested in venture capital (VC) and participated in government R&D projects. We will continue working to expand R&D areas.

### R&D investment

FY2023 (actual) ¥ **7.3** billion FY2024 (expected) ¥ **8.5** billion

|  |   | FY2023 progress   | Initiatives beyond FY2024 (planned)  |
|--|---|---|--|
| <b>Promotion of open innovation</b><br> | <b>Call for commissioned industry-academia research</b> | <ul style="list-style-type: none"> <li>Launch of commissioned research into four technologies in the electronics field</li> <li>Launch of public call for applications in the medical care and medical device fields</li> </ul>   | <ul style="list-style-type: none"> <li>Launch of commissioned research into three materials and technologies in the medical care and medical device fields (FY2024)</li> <li>Accelerating exploration into topics and R&amp;D in the Electronics/IT field</li> </ul> |
|  | <b>Utilization of venture capital (VC)</b>              | <ul style="list-style-type: none"> <li>Investment in the “UMI No. 3 Fund” managed by Universal Materials Incubator Co., Ltd.</li> </ul> <p><b>[Fund investment areas]</b><br/>Common infrastructure for development concerning the environment/energy, food/agriculture, life science, electronics/IT, mobility, and materials/chemicals fields</p>   | <ul style="list-style-type: none"> <li>Introduction of new technologies and creation of new businesses through business synergies</li> <li>Utilizing newly acquired knowledge in human resources development</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<br/>Development of smart infrastructure management system<br/>Participation with Wireless Detonator WINDET®II (until March 2028) <b>Explosives &amp; Propulsion Division</b></li> <li>Japan Agency for Medical Research and Development (AMED) Programs relating to the Strategy for Strengthening the Vaccine Development and Production System<br/>“Program on R&amp;D of new generation vaccine including new modality application”<br/>Participation with lipid nanoparticle materials (until March 2027) <b>Life Science Division</b></li> </ul> |  |




## Mid-term Management Plan

GRI 2-22

### Human capital investment

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

Human capital is becoming increasingly important in business management. To ensure the sustainable growth of the NOF Group, we are investing in human capital by creating comfortable work environments, developing DX human resources, and supporting overseas business activities.

|  |  | FY2023 progress   | FY2024 initiatives (planned)   |
|--|--|---|--|
| <b>Promotion of securing and developing human resources</b><br> | <b>Promotion of employees' autonomous growth</b>                   | <ul style="list-style-type: none"> <li>Promoting understanding of the NOF Group's values of "Challenge", "Fairness", and "Harmony" and developing autonomous human resources targeting all employees</li> </ul> | <ul style="list-style-type: none"> <li>Implementation of training measures toward demonstrating the skills necessary for autonomous human resources</li> <li>Implementation of support measures for career autonomy to improve motivation for growth through work</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> </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 with treatment</li> <li>Revision of the leave system</li> </ul>                        |
|  | <b>Promotion of development of DX human resources</b>              | <ul style="list-style-type: none"> <li>Selection of DX promoters and launch of training programs</li> </ul>   | <ul style="list-style-type: none"> <li>Conducting and strengthening of evaluation and verification of training programs</li> </ul>   |
|  | <b>Strengthening of support for overseas business activities</b>   | <ul style="list-style-type: none"> <li>Promotion of fostering of global leaders</li> <li>Strengthening of overseas safety measures</li> </ul>   | <ul style="list-style-type: none"> <li>Promotion of fostering of global leaders</li> <li>Enhancement of support for employees stationed overseas</li> </ul>  |
|  | <b>Promoting better performance of diverse human resources</b>     | <ul style="list-style-type: none"> <li>Raising of retirement age to 65</li> </ul>   | <ul style="list-style-type: none"> <li>Promotion of support for the active participation of women</li> </ul>   |
|  | <b>Upgrading and renovation of employee welfare facilities</b>     | <ul style="list-style-type: none"> <li>Considering upgrading dormitories in the Kansai area</li> </ul>  | <ul style="list-style-type: none"> <li>Launch of planning of dormitories in the Kansai area</li> <li>Considering upgrading company housing in the Kanto area</li> </ul>  |