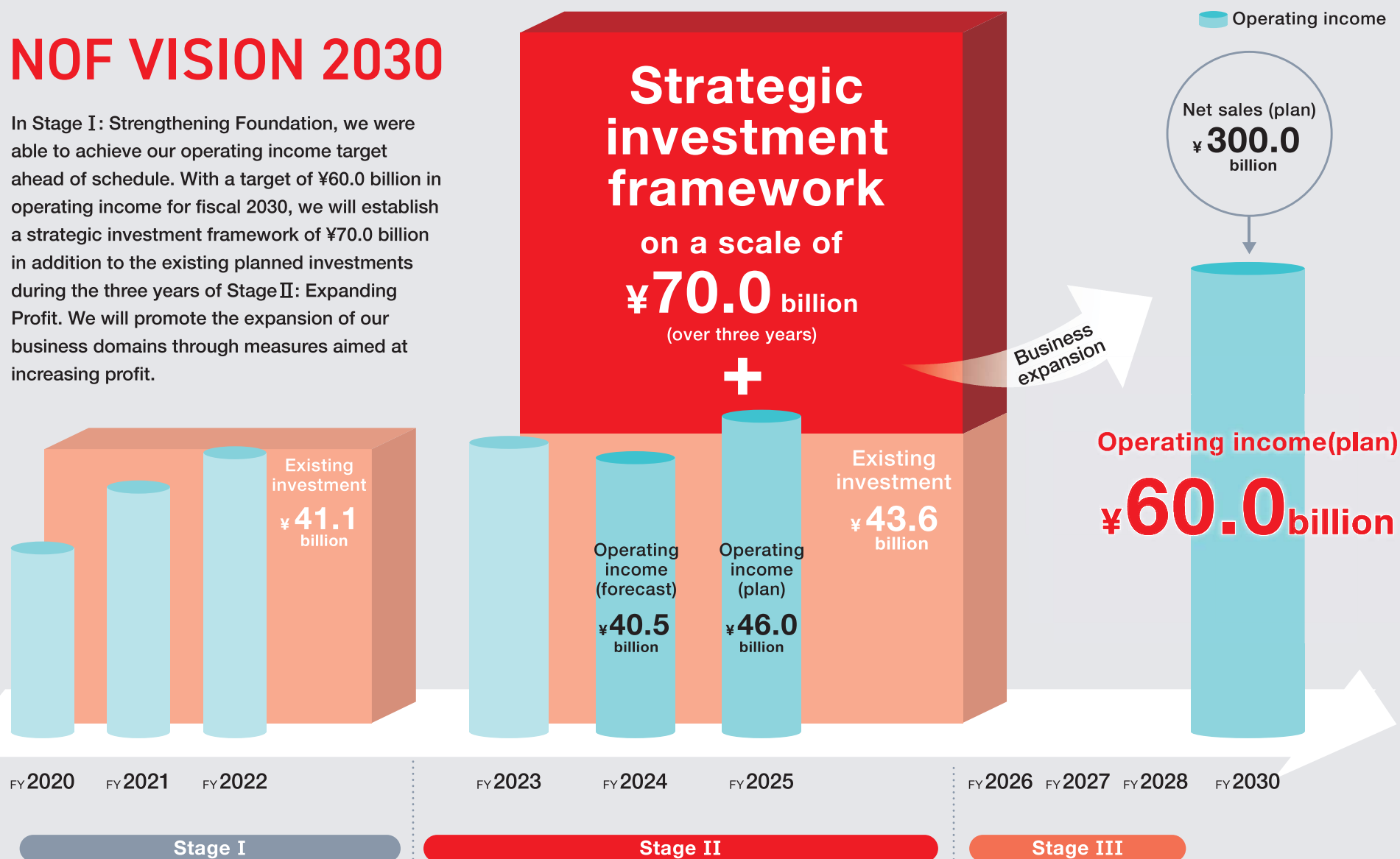


Mid-term Management Plan

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 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

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*1 11.4%
ROE*2 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 (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 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 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

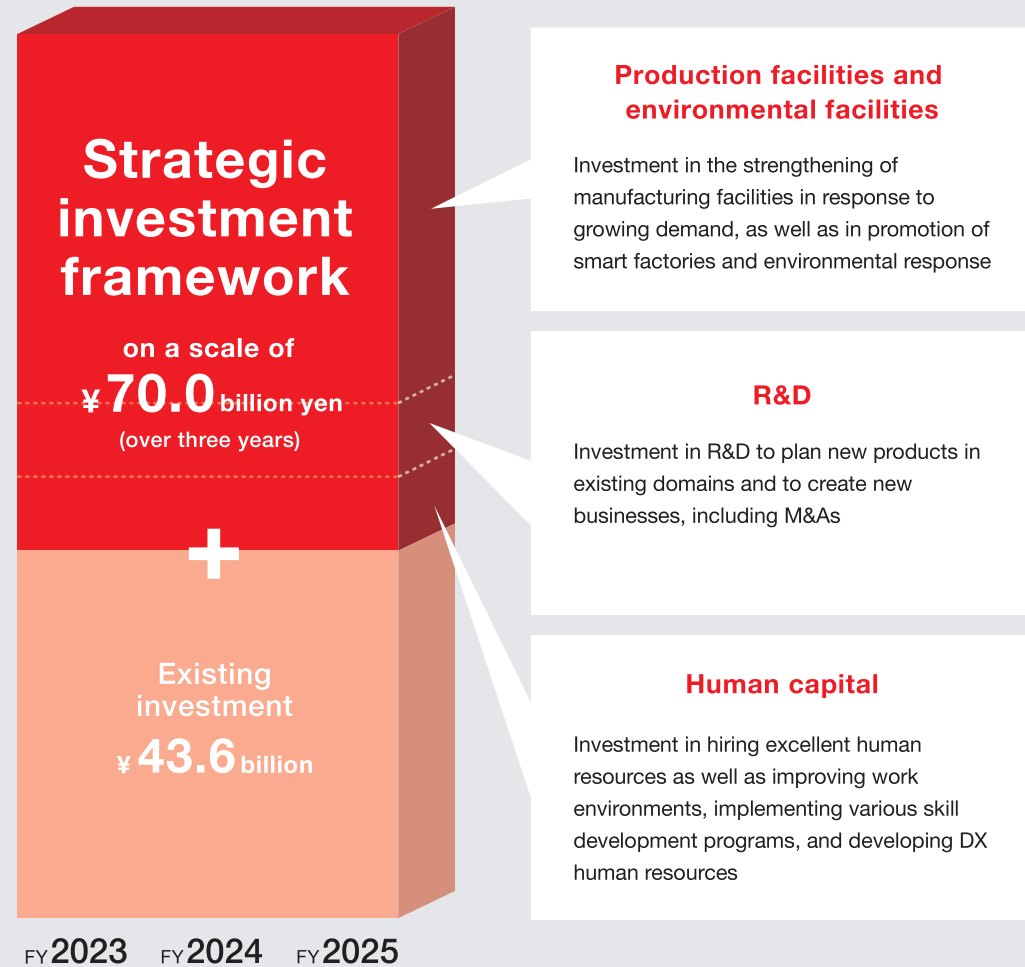
Fundamental principles

“Practice and Breakthrough”

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.



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

Sustainability Report ▶ P.119-121,137,139

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

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

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

▶ P.016-019,048


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

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.

▶ P.022 Sustainability Report ▶ P.161-176,188-194

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

Three fields in which the NOF Group aims to capitalize on the changes in the times

Social issues

Three prioritized business fields

Making the shift to electric vehicles a business opportunity

The shift from gasoline-powered vehicles to EVs will significantly change the components of vehicles. In addition to anti-corrosive coatings for bolts and nuts, new demand is expected for resin additives to prevent abnormal noise and antifogging agents for LED headlamps. In addition, lubricants used in offshore wind power generation, ship screws, and other areas are more biodegradable than mineral oil, which reduces environmental impact. We will leverage business integration and Group synergies to expand the applications of products that contribute to the environment.

Environment/Energy field



People's health and QOL

We offer new materials needed for medicine and medical care. We also contribute to the improvement of quality of life (QOL) through additives that prolong the efficacy of eye drops, formulas for cosmetics to keep up with trends, supplements that meet health needs, and research on improving the texture and flavor of meat alternatives, which have been the focus of much attention recently. We will promote the development of new technologies and products through the utilization of synergies from business integration and collaboration with universities and research institutions.

Life/Healthcare field

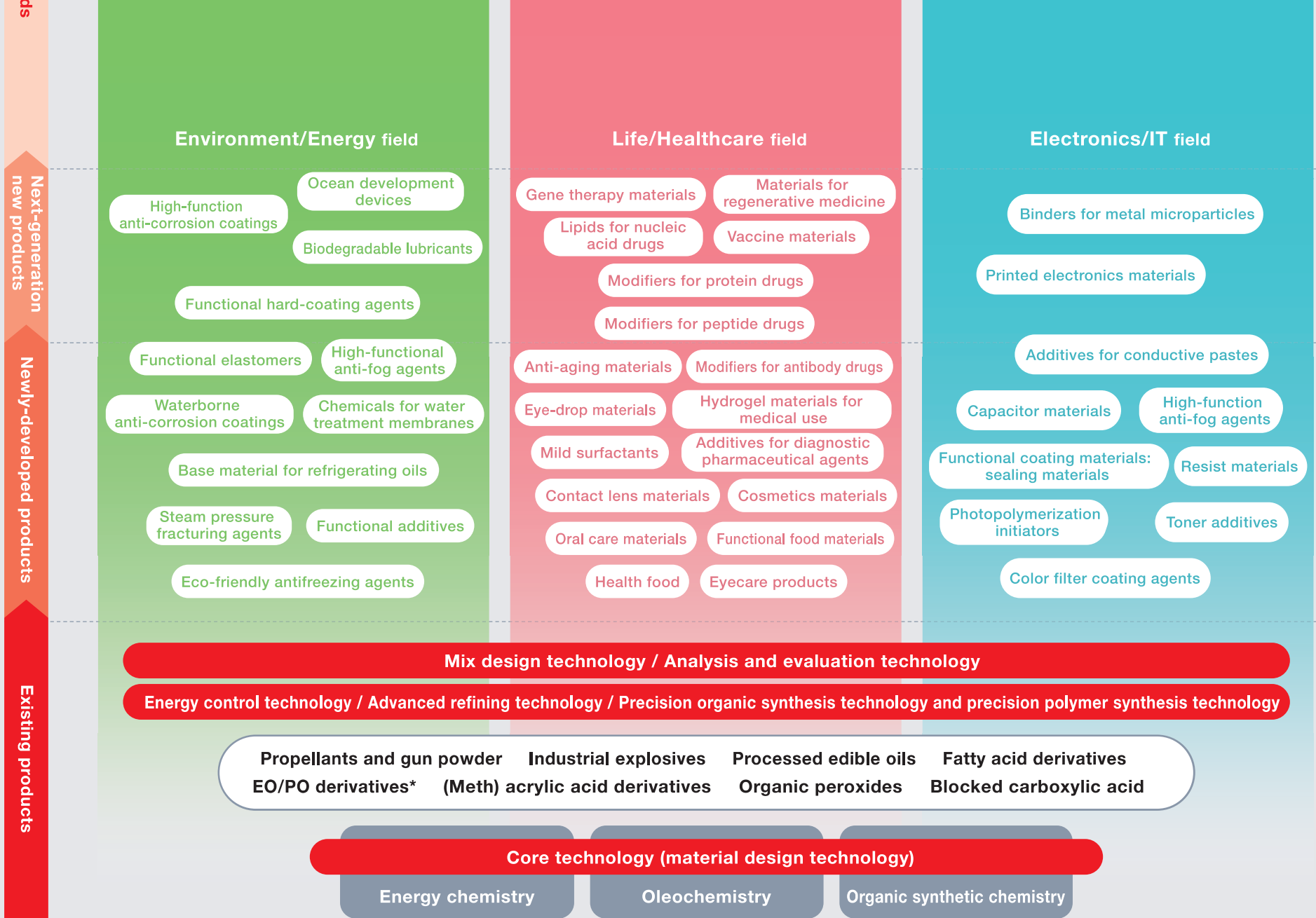


Advances in communication technology and miniaturization

Improvements in electronic technology are leading to increased speed and larger capacity in telecommunications, the miniaturization of electronic components, and lower-dielectric materials. Accordingly, it is expected that there will be increased demand for highly photosensitive materials, additives for electronic components, and curing agents for low-dielectric materials. We will leverage synergies from business integration and promote development of new materials that link design and evaluation technologies.

Electronics/IT field





*Ethylene oxide/propylene oxide derivatives (polyalkylene glycol derivatives)