



TSE code : 9913

Medium-Term Management Plan 2025

Establishment : May 19, 2023
Revision : March 25, 2024
Update : May 13, 2025

NIPPO LTD.
President
Yasuchika Iwasa

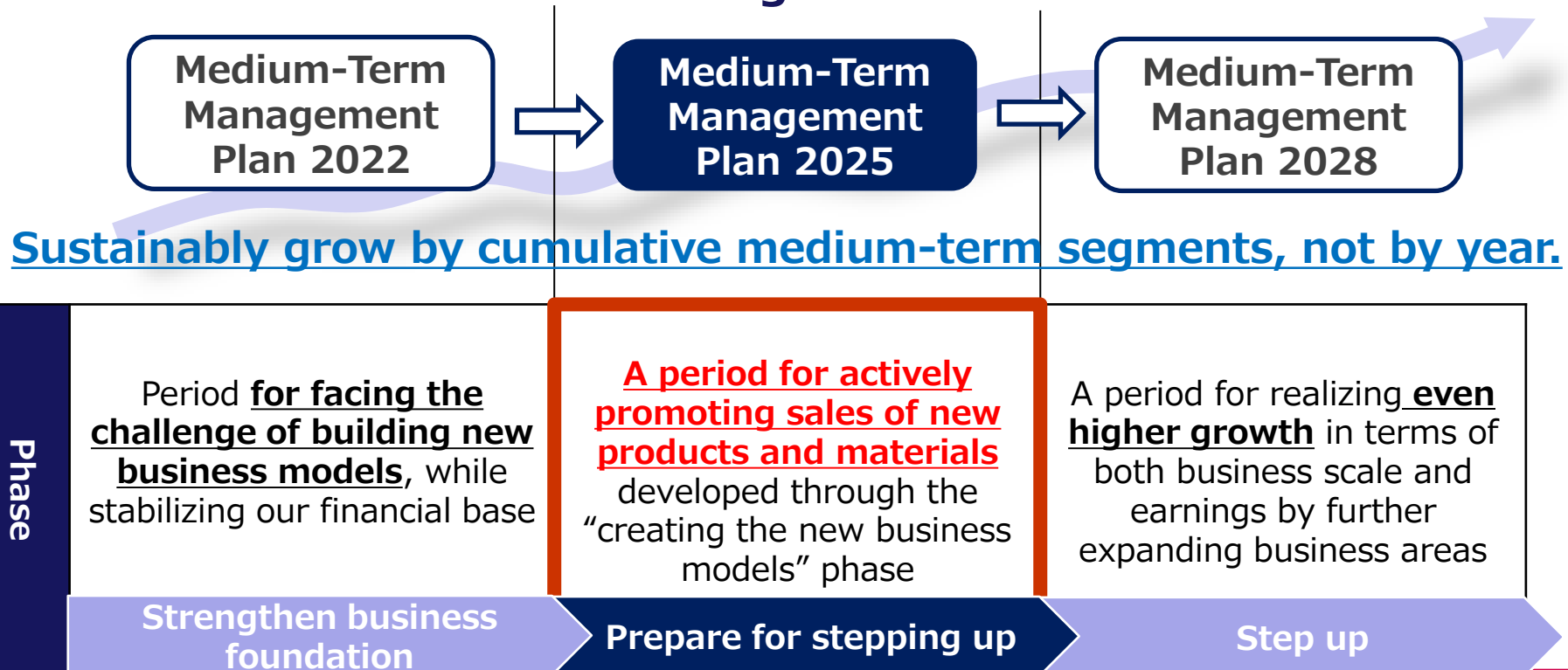
Revision & Update

Date	Class	Applicable item number		Summary
May 19, 2023	Establishment			
March 25, 2024	Revision	①	7. Medium-Term Management Plan 2025 - Investment Plan	<ul style="list-style-type: none"> The appropriate level of working capital is reduced from 4.9 billion yen to 4.0 billion yen ±α The range of growth investment plan in terms of human capital, new businesses and business function enhancement is doubled from 3.0 billion yen to 6.0 billion yen+α. The target figure for shareholder returns is doubled from 1.06 billion yen to 2.0 billion yen.
		②	8. Medium-Term Management Plan 2025 - Shareholder Returns	<ul style="list-style-type: none"> Target dividend payout ratio in “Medium-Term Management Plan 2025” is revised, from 29-35% to “around 50%.”
May 13, 2025	Update	①	7-2. Growth Investment Under Medium-Term Management Plan 2025	<ul style="list-style-type: none"> Materials are added to explain the use of 6.0 bJPY+α that is the range of the growth investment plan and to summarize targets to be attained through growth investment.
		②	9-2. Capital Allocation Under Medium-Term Management Plan 2025	<ul style="list-style-type: none"> Materials are added to summarize capital allocation.
		③	7-1. Medium-Term Management Plan 2025 - Investment Plan 9-1. Medium-Term Management Plan 2025 - Measures to achieve 1x PBR	<ul style="list-style-type: none"> In line with update ① and ②, certain words, etc. are revised as necessary.
		④	【Reference】 Medium-Term Management Plan 2025 ~3-year consolidated performance~	<ul style="list-style-type: none"> Revisions are made to actual results of FY2024, forecasts for FY2025 and the amount of three-year cumulative operating income.
		As of May 21, 2025: certain words, etc. are revised on "7-1", "7-2", and "9-1".		

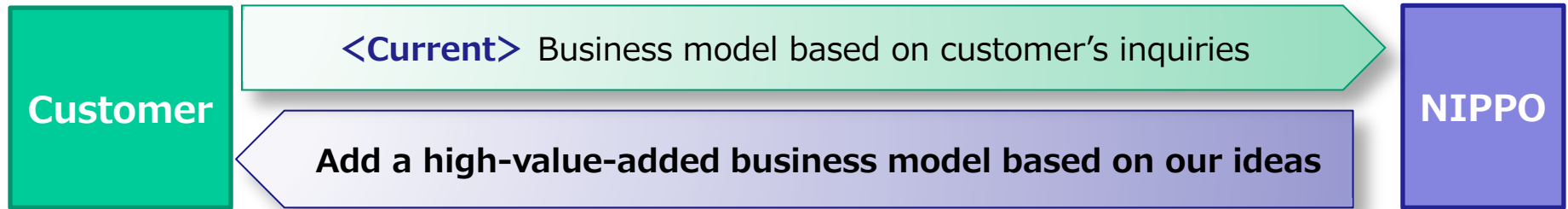
1. Long-term Vision (Overall Vision)

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

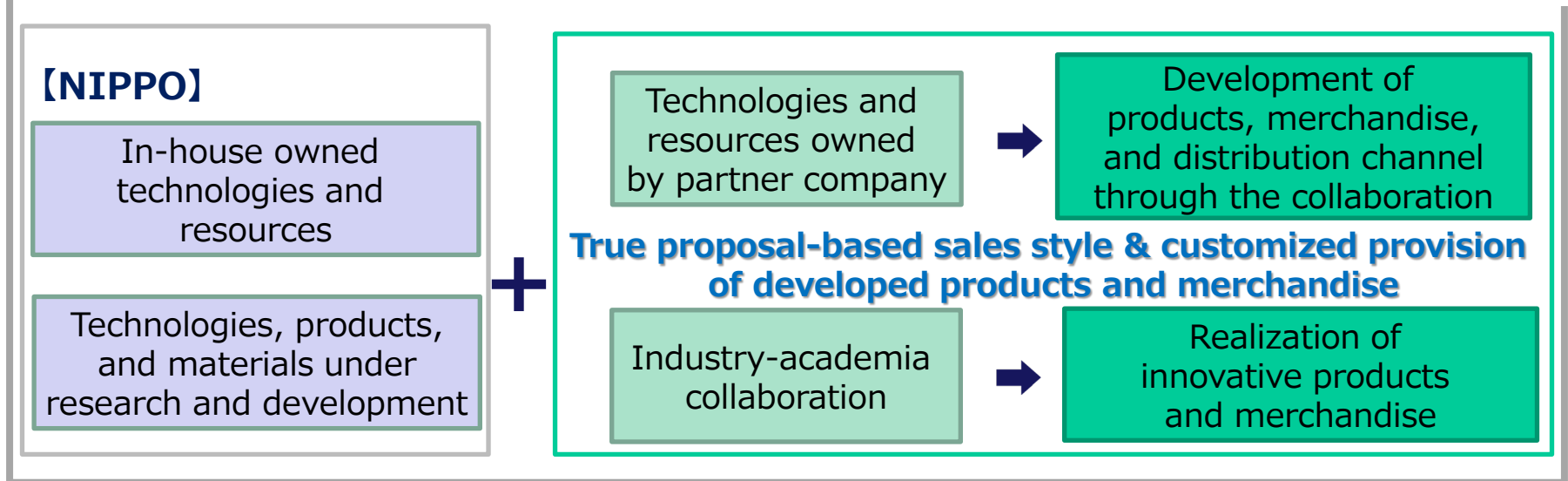
■ Phases of Medium-Term Management Plan



[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)

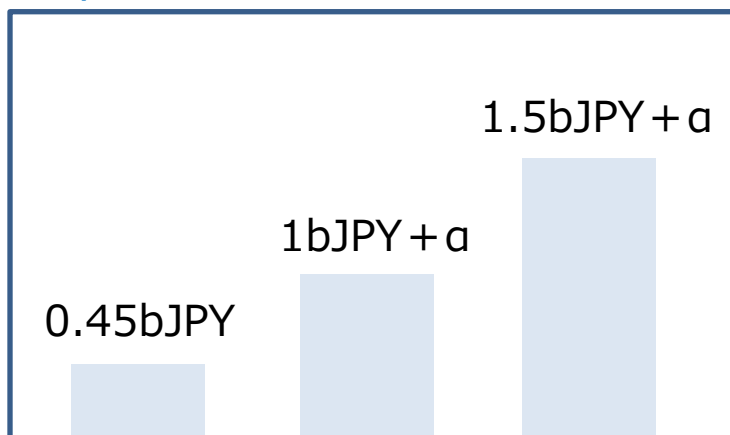
2. Results of Medium-Term Management Plan 2022

Plan

(as of Nov 6, 2020)

3-year total : **3bJPY**

Operating Profit



FY2020

FY2021

FY2022

ROE

...

≥9.0%

DE ratio

...

≤0.6

Dividend

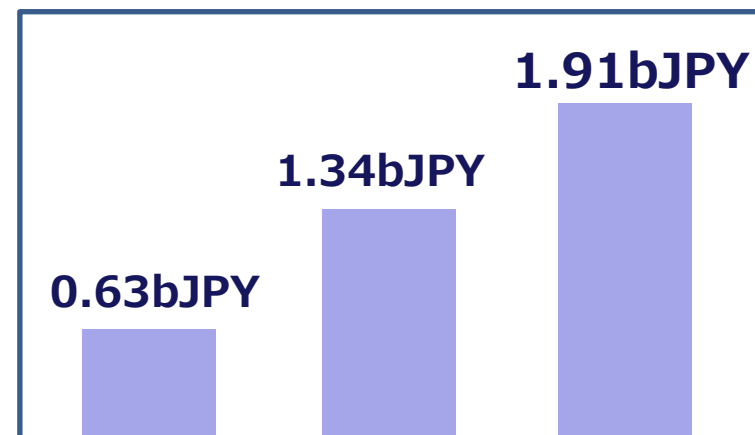
5JPY

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

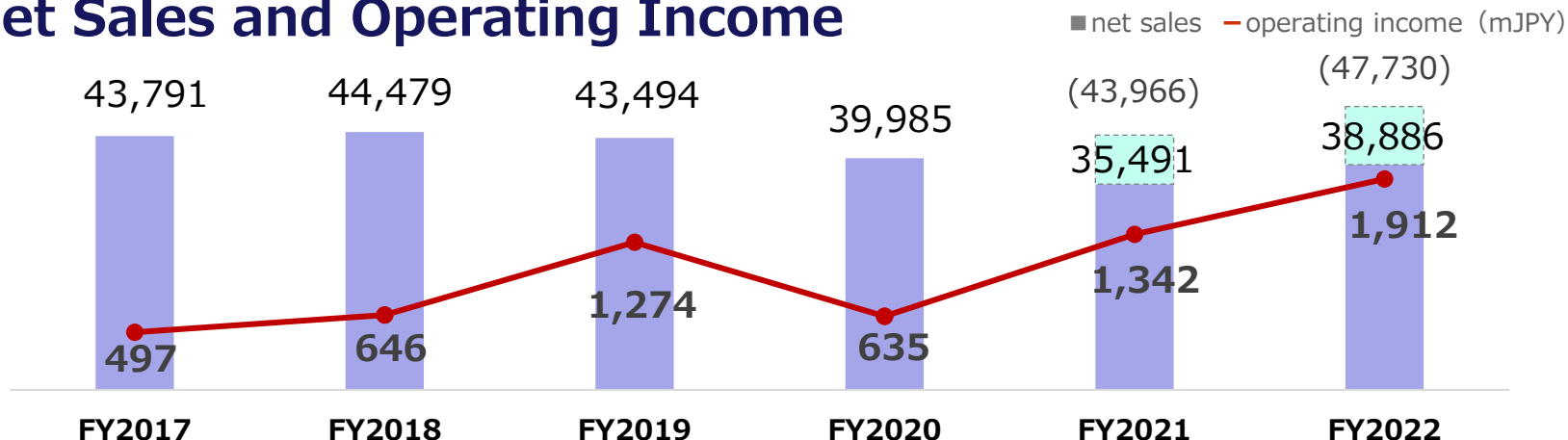
10JPY

22JPY

33JPY

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

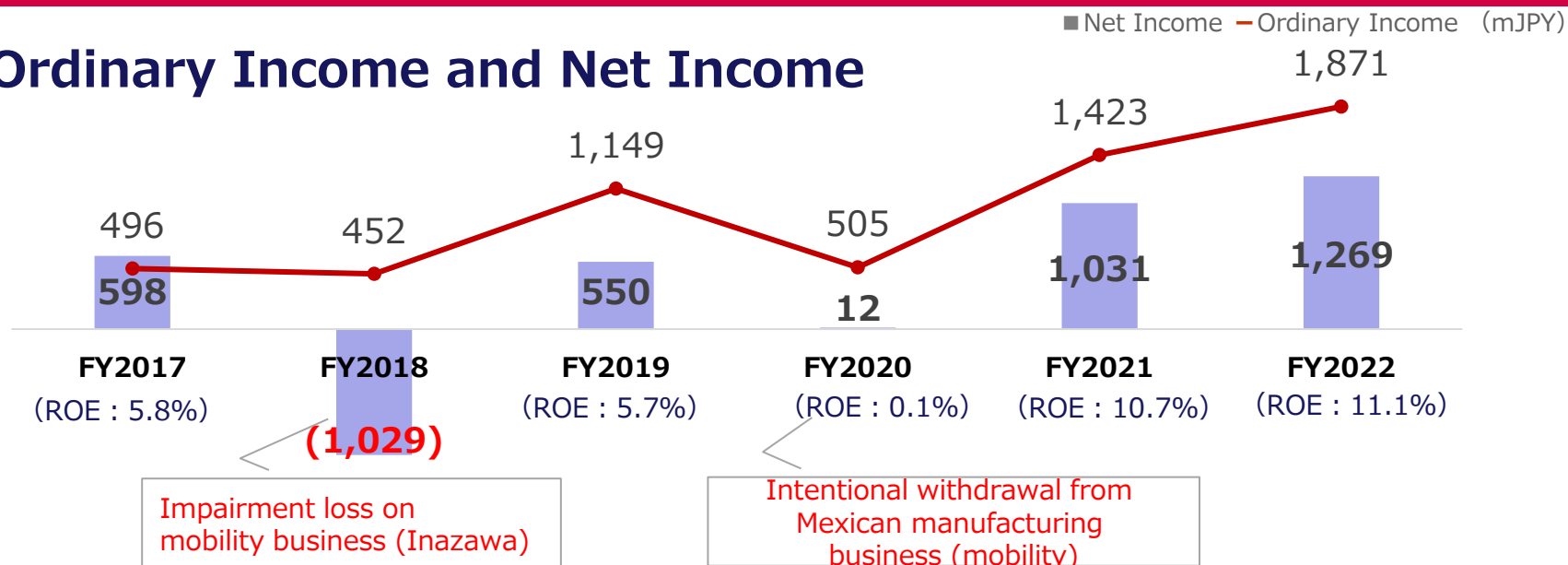
160%

■ 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.

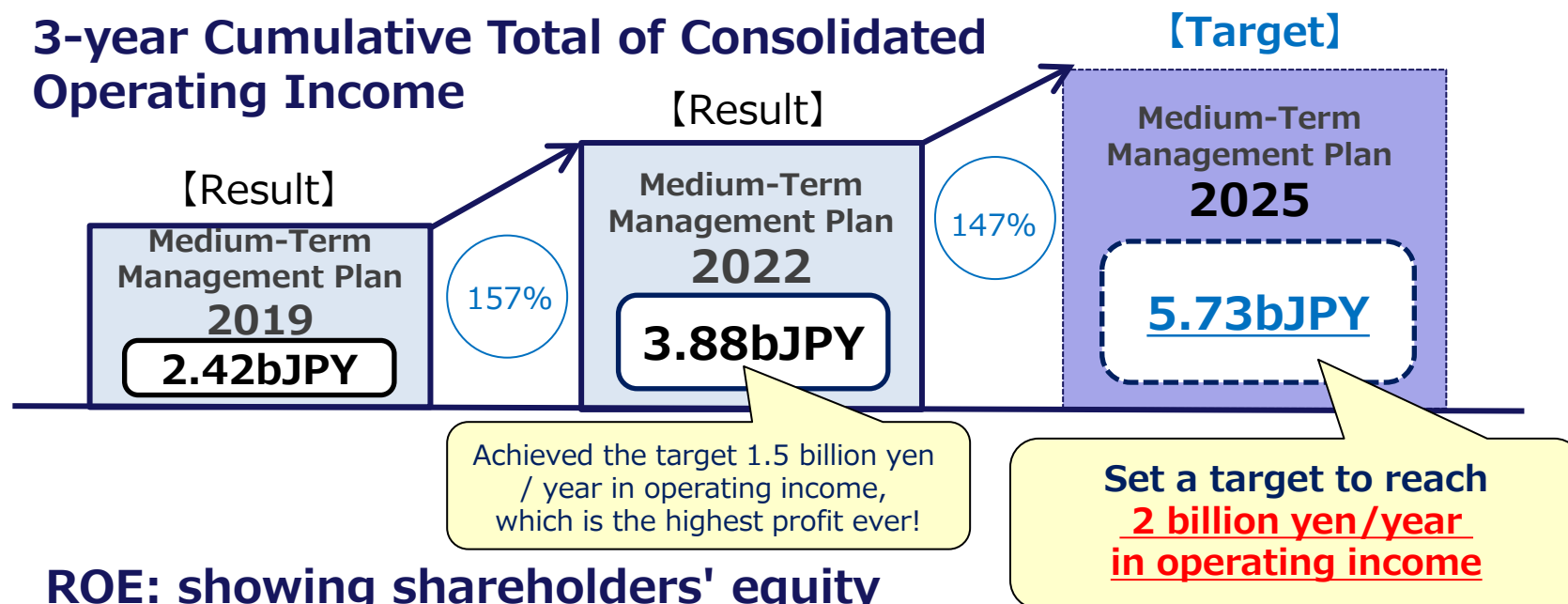
3

Implement Measures to Achieve "PBR x1"

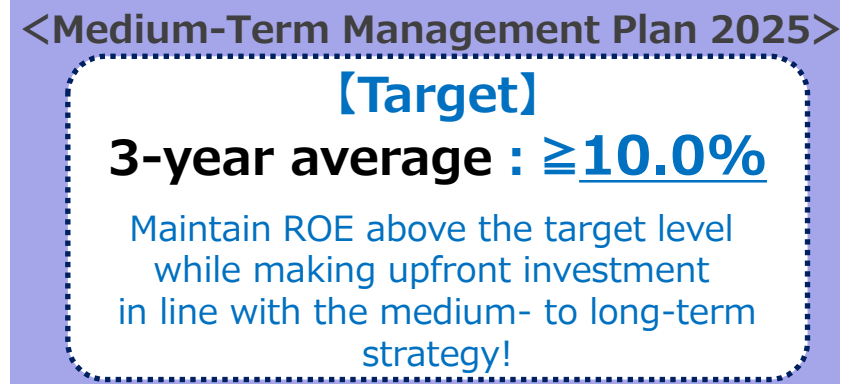
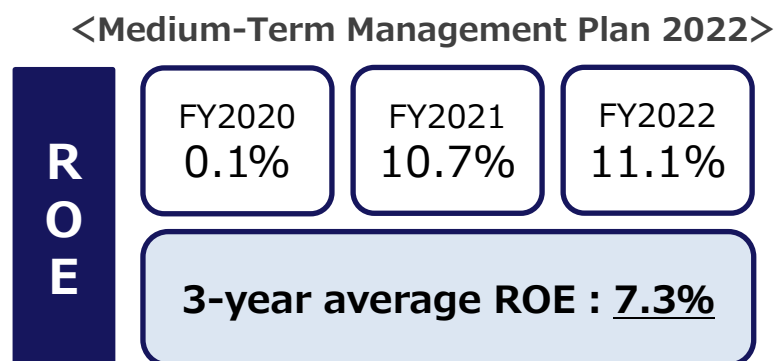
Continue to increase "ROE" by "improving the efficiency of the balance sheet" and "strengthening profitability".

5. Medium-Term Management Plan 2025 - Quantitative Targets

■ 3-year Cumulative Total of Consolidated Operating Income




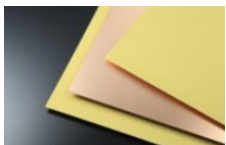








■ ROE: showing shareholders' equity efficiency



6. Medium-Term Management Plan 2025 - Business Portfolio

■ Business Domains for Investment of Management Resources

Create new business segments

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

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.

7-1. Medium-Term Management Plan 2025 - Investment Plan

■ Investment for the maintenance and replacement in current business

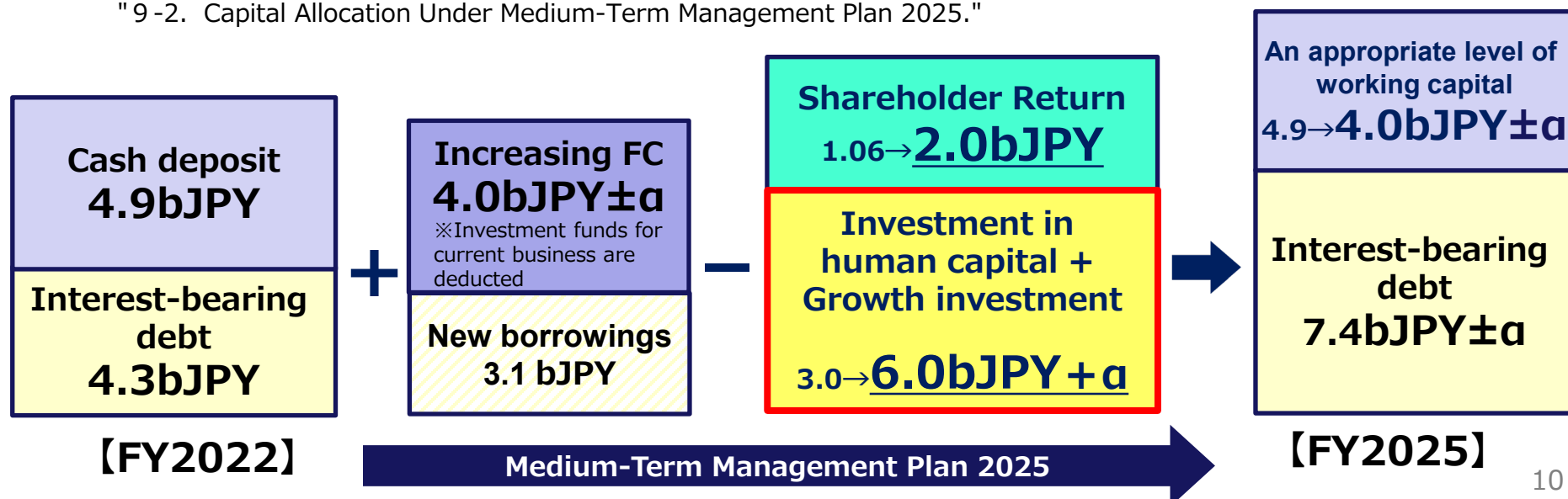
- ✓ Plan within the range of depreciation expenses in each fiscal year

■ Growth Investment

- ✓ Having reconsidered what we think is an appropriate level of working capital, we adjusted the balance of cash and deposits and effectively leverage increased free cash and the borrowing capacity of interest-bearing debt to increase investment in strengthening current business operations, building the foundations of new businesses, R&D and strengthening capacity, automation and human capital from 3.0bJPY to 6.0bJPY +α as of March 25, 2024.

※ For the use of the planned growth investment framework of 6.0bJPY +α and the target for obtaining it, please refer to the next page.

※ For details on shareholder returns, please refer to "8. Medium-Term Management Plan 2025- Shareholder Returns" and "9-2. Capital Allocation Under Medium-Term Management Plan 2025."



7-2. Growth Investment Under Medium-Term Management Plan 2025

6 bJPY +α Allocated for Growth Investment

3 bJPY +α

■ Strengthening current business operations

Electronics

Bolstering high-performance film production functionality



Target

Temporary fastening tapes and protective films that boost electronic component productivity

M&A

Capital investment

Alliances

Our vision: To establish Nippon as essential to go-to manufacturer of process materials essential for the evolution of electronic components.

Mobility

Bolstering design, assessment, and analysis functionality



Target

Onboard electronic control units, ADAS sensor components

Transition away from individual parts to key modules



Our vision: To establish Nippon as the go-to manufacturer of key modules essential for EVs and autonomous driving technology.

Medical equipment



Target

Unit products and replacement parts that form part of medical devices

Our vision: To transform Nippon from an OEM manufacturer to an ODM manufacturer of medical equipment.

3 bJPY +α

Approx. 2 bJPY already invested as of end of FY2024.

■ Building the foundations of new businesses

Eco-products

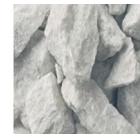
Target

Acquire distribution rights and outsourced manufacturing orders through alliances

Alliances

Outsourced manufacturing orders

Distribution rights



Limex, the eco-friendly material



Gasket-integrated cells

Grow eco-products into our 4th core business

■ Investment in R&D

New R&D facility, equipment, etc.



■ Strengthening capacity, automation, human capital investment

Improvements to coil (wound wire) production line and wafer polishing carrier production facilities, automation of inspection process, hiring highly-skilled specialists, etc.

Long-term targeted investments in pursuit of returns above capital cost (approx. 9%)

8. Medium-Term Management Plan 2025 - Shareholder Returns

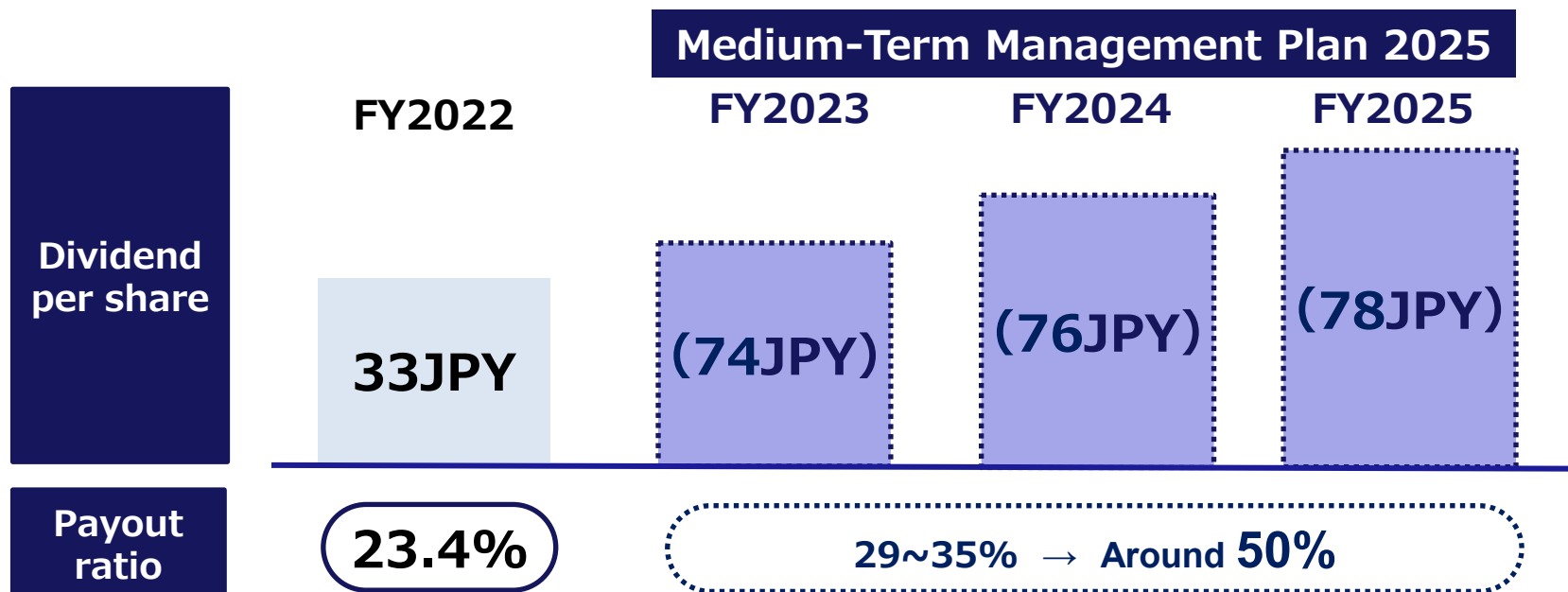


■ Basic Policy for Shareholder Returns

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 increase dividends with an amended payout ratio to around 50% as of March 25, 2024 and achieve consistent increases in dividends to shareholders.



9-1. Medium-Term Management Plan 2025

- Measures to achieve 1x PBR

■ IR Measures

1	Tree ring management	<ul style="list-style-type: none"> Continue to explain the efforts and results that have been implemented to realize tree ring management since the medium-term management plan 2019.
2	Strengthening IR measures for institutional investors	<ul style="list-style-type: none"> Utilize English-language sponsored research reports proactively for overseas institutional investors and strengthen dialogue with domestic and overseas small and medium-capitalization funds, etc.

■ Balance Sheet Efficiency

1	Optimization of cash and deposits	<ul style="list-style-type: none"> Put surplus cash and deposits in excess of required working capital to growth investments and stakeholder returns, including shareholders effectively.
2	Curbing increase in "Accumulated other comprehensive income"	<ul style="list-style-type: none"> Planning and execution of measures to curb increases in this account, which tend to be affected by exchange rate fluctuations

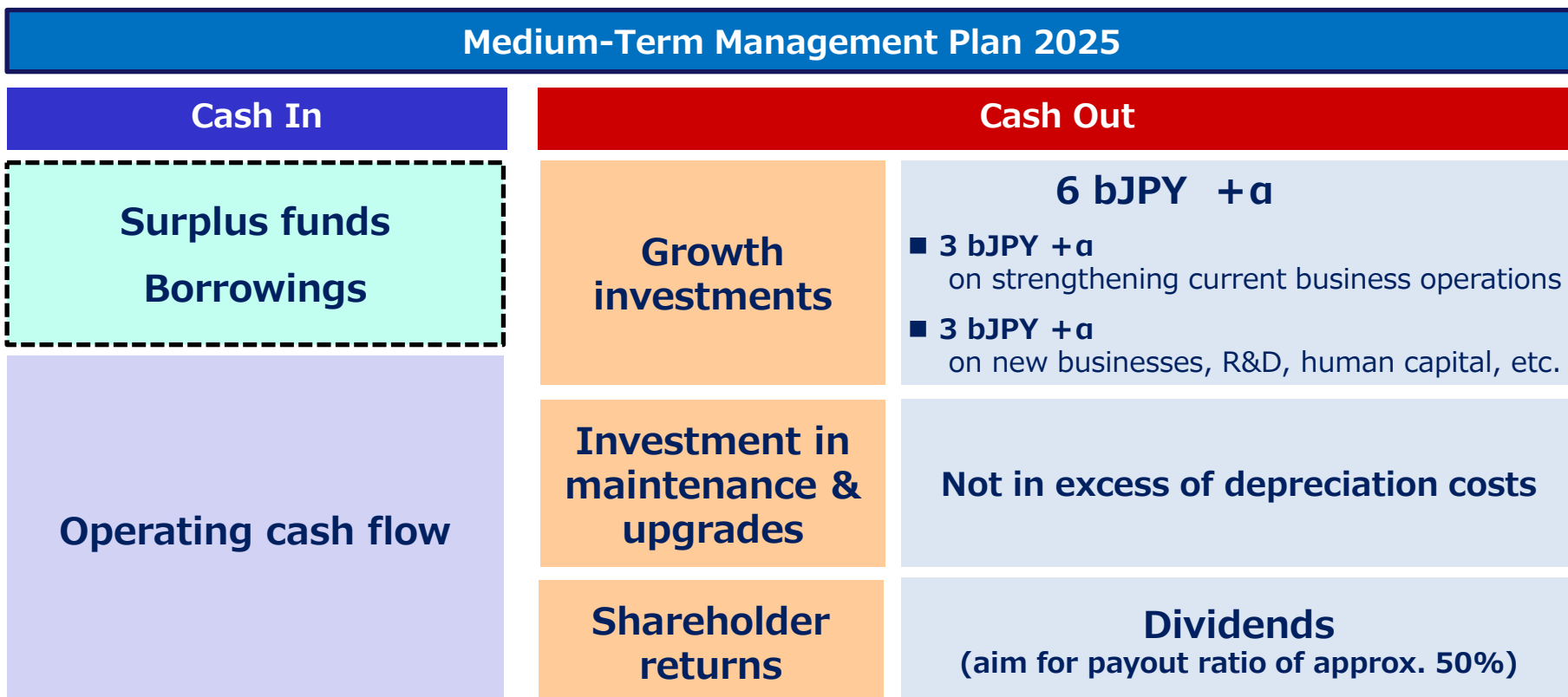
■ Strengthen Profitability

1	Profit expansion under the Medium-Term Management Plan 2025	<ul style="list-style-type: none"> Continuation of "initiatives to create a sustainable competitive advantage" described by segment https://www.nip.co.jp/english/esg/.assets/esg_torikumi_en.pdf Through the introduction of business portfolio management <ol style="list-style-type: none"> ① Redistribute resources to "main business", "new business", and "functional enhancement" of the current segments ② Allocate resources for the creation of new business segment
---	---	--

9-2. Capital Allocation Under Medium-Term Management Plan 2025

■ Funds Allocated with Sharp Focus in the Future

- ✓ Surplus operating cash flow and borrowings will be used to invest in growth, in maintenance and upgrades, and for shareholder returns.
- ✓ If there remains a surplus at the end of FY2025 after the necessary funds have been appropriated for investments scheduled for the first half of FY2026 and sufficient working capital, those surplus funds will be returned to shareholders and other stakeholders.



10-① . Long-term Strategy Map

- Electronics

	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

+

Strengthening manufacturing functions

【 Business vision】

Develop as a materials and components trading company with manufacturing functions

New business



Power device components



Hydrogen energy components

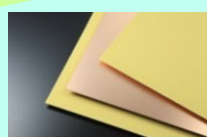
High performance adhesive
In-house planned product

Capital investment to strengthen manufacturing functions

Main business



Semiconductor materials



Wiring board materials

Film slit processing
Wafer polishing carrier

- 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

Enhancing differentiated technologies

+

Enhancing cost competitiveness

New business



Autonomous driving sensor related parts



Winding technology applied products

Main business



Electronic control parts



Coil parts



Automation equipment

【 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



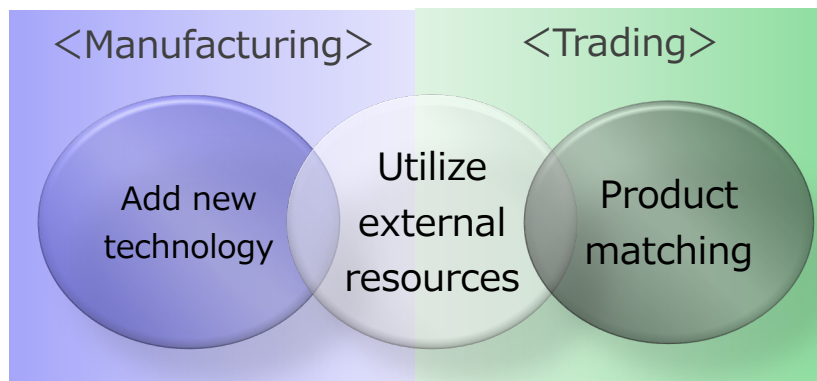
Improving production efficiency and reducing manufacturing costs by changing the layout

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

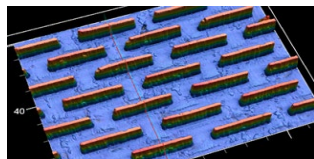
Novelty product development



■ 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."

→**Starting from FY 2025,**
this task was transferred to the R&D Center.

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

~3-year consolidated performance~

■ Trends in the three-year plan and actual results and forecasts

(Unit: bJPY)

		Plan			Results ・ (Forecast)		
		FY2023	FY2024	FY2025	FY2023	FY2024	(FY2025)
Electronics	Net Sales	16.90	17.50	18.10	18.90	20.83	21.20
	Operating Profit	1.24	1.26	1.30	1.27	1.53	1.60
Mobility	Net Sales	15.40	15.90	16.50	16.57	16.84	17.00
	Operating Profit	1.47	1.50	1.54	1.54	1.16	1.40
Medical and Precision Devices	Net Sales	6.90	7.20	7.50	6.61	7.41	7.50
	Operating Profit	0.10	0.15	0.20	0.16	0.39	0.40
Company-wide expenses (including development expenses) and adjustments	Net Sales	△ 0.30	△ 0.30	△ 0.30	△0.16	△0.19	△ 0.20
	Operating Profit	△ 0.98	△ 1.01	△ 1.04	△1.06	△1.11	△ 1.40
Consolidated Total	Net Sales	38.90	40.30	41.80	41.92	44.89	45.50
	Operating Profit	1.83	1.90	2.00	1.91	1.97	2.00
		Three-year cumulative operating profit 5.73			(Three-year cumulative operating profit) 5.88		

NIPPO LTD.

Corporate Planning Division
Mizuguchi, Fujinami, Koshimizu

Telephone : +81-52-218-3161

HP : <https://www.nip.co.jp/english/>

Cautionary Statement with Respect to the Forward-Looking Statements

This document aims to provide information only to investors and not to solicit transactions. The forward-looking statements in this document reflect our plans and expectations and are not guarantees of future performance. Be aware that our future performance may differ from the current forecasts. In addition, descriptions of business performance, etc. here are based on reliable data, but we cannot guarantee the accuracy and safety of such data. Finally, this document is provided on the assumption that investors will use it at their own discretion and responsibility for any purpose whatsoever, and we will not be responsible for it in any event. To note; the exchange rate used in the forecasts for the previous page are 1USD = 145 JPY, 1TB = 4.3 JPY

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.