

# **SHIFT2030**

## **Medium- to Long-Term Business Plan**

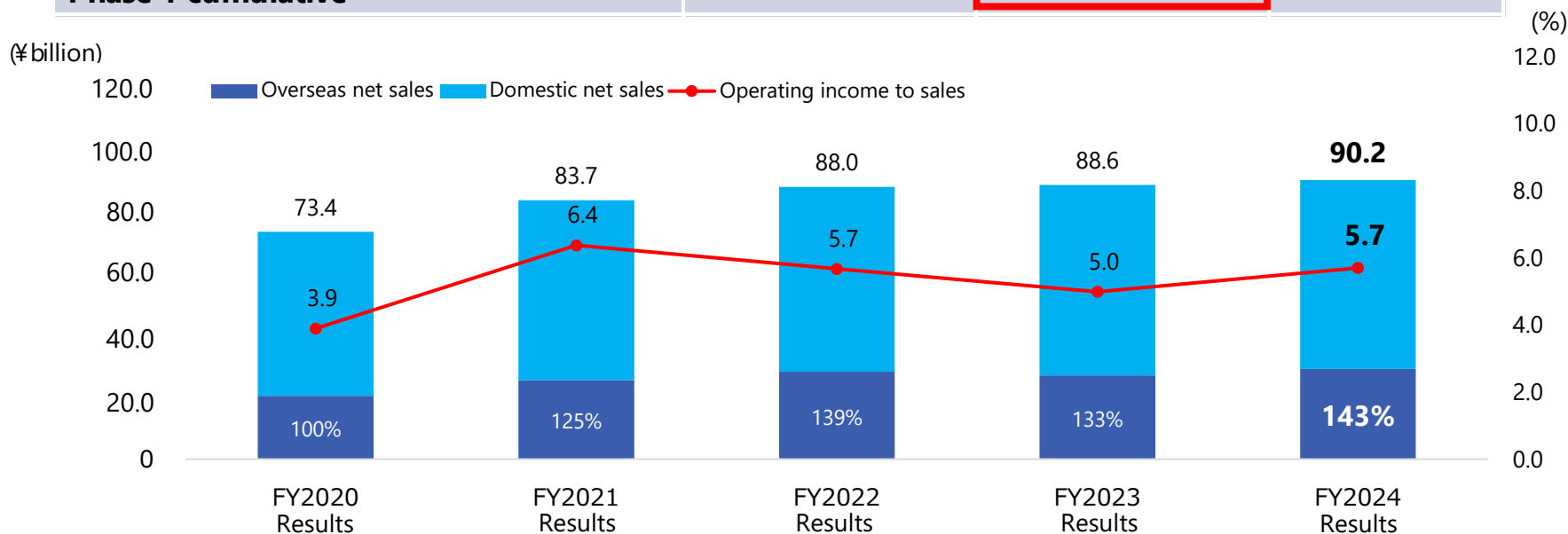
### **Phase 2 (2025–27)**



Medium- to Long-Term Business Plan ("MTBP")	
Looking Back on SHIFT2030 Phase 1 (2021–24)	..... P.3
SHIFT2030 Phase 2 (2025-27)	
1. Basic Strategy to Maximize Corporate Value	..... P.4
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4. Growth Strategy	..... P.8
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Performance was strong during Phase 1 despite the uncertain business environment, including the COVID-19 pandemic, Russia's invasion of Ukraine, and the conflict in the Middle East. With the additional tailwind of yen depreciation, we achieve our main targets for net sales and operating income to sales.

	Phase 1 final year FY2024 target	FY2024 Results	Difference
<b>Net sales (¥ billions)</b>	<b>90.0</b>	<b>90.2</b>	<b>+0.2</b>
<b>Operating income to sales (%)</b>	<b>5.0</b>	<b>5.7</b>	<b>+0.7</b>
<b>New product sales ratio (%)</b>	<b>10.0</b>	<b>7.1</b>	<b>-2.9</b>
<b>Overseas sales growth rate (%) *vs. FY20</b>	<b>130</b>	<b>143</b>	<b>+13</b>
<b>Capital expenditure amount (¥ billions) Phase 1 cumulative</b>	<b>21.8</b>	<b>18.7</b>	<b>-3.1</b>



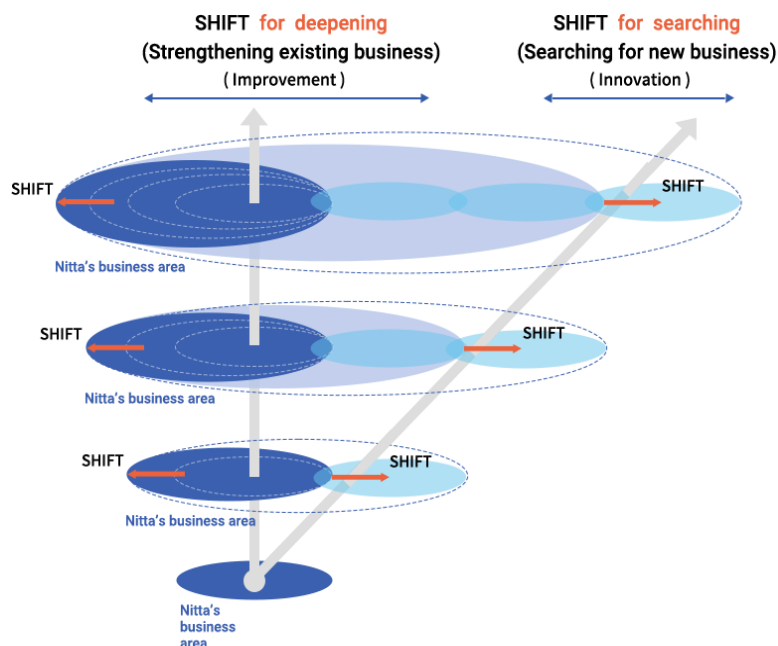
## 1. Basic Strategy to Maximize Corporate Value

To maximize corporate value, the Nitta Group will steadily implement the growth strategy identified in the SHIFT2030 medium- to long-term business plan and promote management focused on capital efficiency and shareholder returns.

## Maximizing corporate value

### Growth strategy

SHIFT INNOVATOR cored around manufacturing



### Capital efficiency

- Promoting ROIC management
- Allocating resources by optimizing business and product portfolios
- Reducing cross shareholdings



### Shareholder returns (FY2023–FY2027)

- Steady annual increases in dividends (of at least 10 yen/share per year)
- Payout ratio of at least 30%, dividends-on-equity (DOE) ratio of at least 2.5%
- Flexible purchase of treasury shares

## 2. Qualitative Targets : Three SHIFTs

Continue with the qualitative targets set when SHIFT2030 was developed

### **1. SHIFT for Growth**

- Sustainably grow existing business
- Search for new business
- Accelerate new product development

### **2. SHIFT for Corporate Value Enhancement**

- Enhance quality and total cost competitiveness
- Strengthen corporate governance and compliance
- Promote ESG and achieve the Goals of SDGs

### **3. SHIFT for Further Globalization**

- Further the global expansion of each business
- Strengthen global support via the Corporate Section

## 3-1. Quantitative Targets

- Quantitative targets for FY2027, the final year of Phase 2, have been set as follows
- Business ROIC\*, a measure of capital efficiency, has been added to quantitative targets
- The target for overseas sales growth rate has been raised to focus on further globalization in Phase 2

SHIFT2030 Phase 1 FY2024 Results		SHIFT2030 Phase 2 FY2027 target		SHIFT2030 Phase 3 FY2030 target	
Net sales:	¥90.2 billion	Net sales:	¥105.0 billion	Net sales:	¥120.0 billion
Operating income to net sales ratio:	5.7%	Operating income to net sales ratio:	<u>7%</u>	Operating income to net sales ratio:	8%
		<u>Business ROIC*</u> :	<u>7%</u>	<u>Business ROIC*</u> :	<u>9%</u>
New product sales ratio:	7.1%	New product sales ratio:	<u>10%</u>	New product sales ratio:	10%
Overseas sales growth rate (vs. FY2020):	143%	Overseas sales growth rate (vs. FY2020):	<u>160%</u>	Overseas sales growth rate (vs. FY2020):	<u>180%</u>
Capital expenditure :	¥18.7 billion (for 4 years)	Capital expenditure, etc.	¥17.0 billion (for 3 years)	Capital expenditure, etc.	¥15.0 billion (for 3 years)

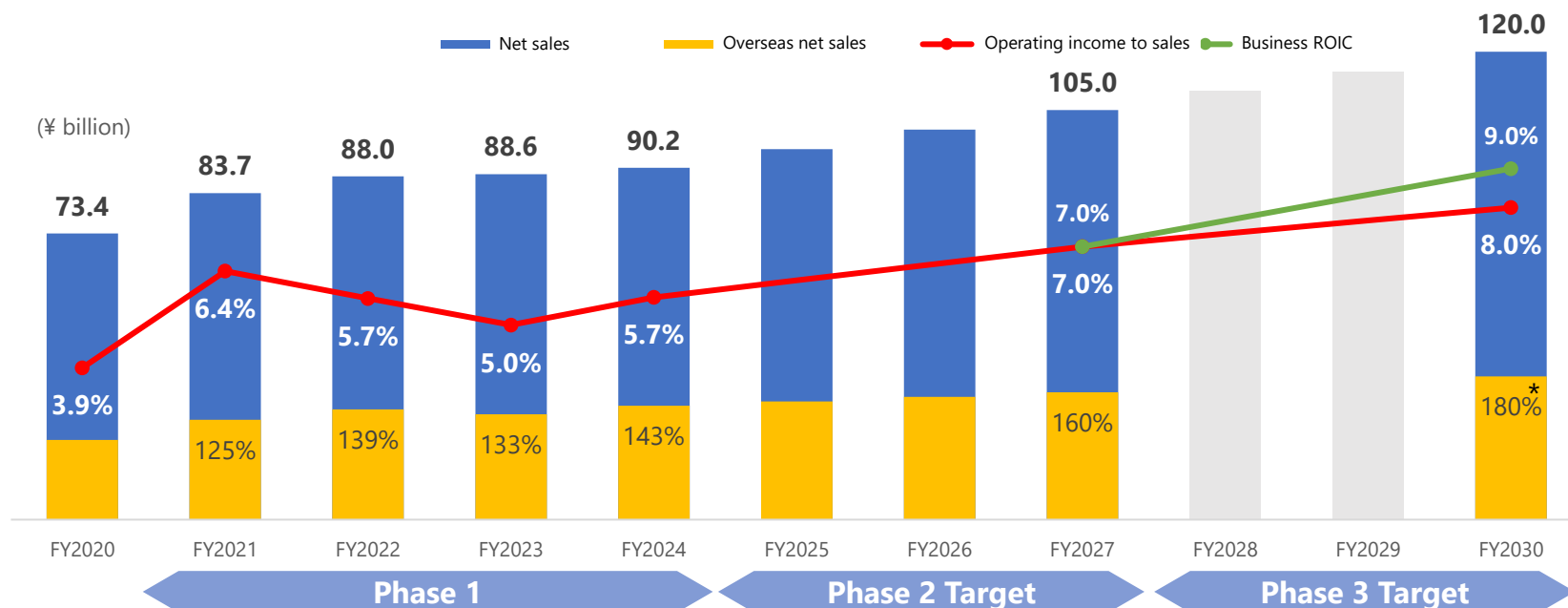
\* Business ROIC : Operating income after tax / Average business assets (working capital + property, plant and equipment and intangible assets)

\* Targets underlined in the table are items that have been revised from the initial plan.

## 3-2. Quantitative Targets

		Initial MTBP SHIFT2030			Results			Targets after revision		
		Phase 1	Phase 2	Phase 3	Phase 1	Phase 2	Phase 3	Phase 1	Phase 2	Phase 3
		2024	2027	2030	2024	2027	2030	2024	2027	2030
Net sales	(¥ billions)	90.0	–	115.0+α	90.2	105.0	120.0	90.2	105.0	120.0
Operating income to sales	(%)	5.0%	–	8.0%	5.7%	7.0%	8.0%	5.7%	7.0%	8.0%
Business ROIC*	(%)	–	–	–	–	7.0%	9.0%	–	7.0%	9.0%
New product sales ratio	(%)	10%	–	10%	7.1%	10%	10%	7.1%	10%	10%
Overseas sales growth rate (vs. FY2020)	(%)	130%	–	170%	143%	160%	180%	143%	160%	180%
Capital expenditure, etc.	(¥ billions)	21.8	9.4	8.8	18.7	17.0	15.0	18.7	17.0	15.0

\* Business ROIC formula: Operating income after tax / Average business assets (working capital + property, plant and equipment and intangible assets)



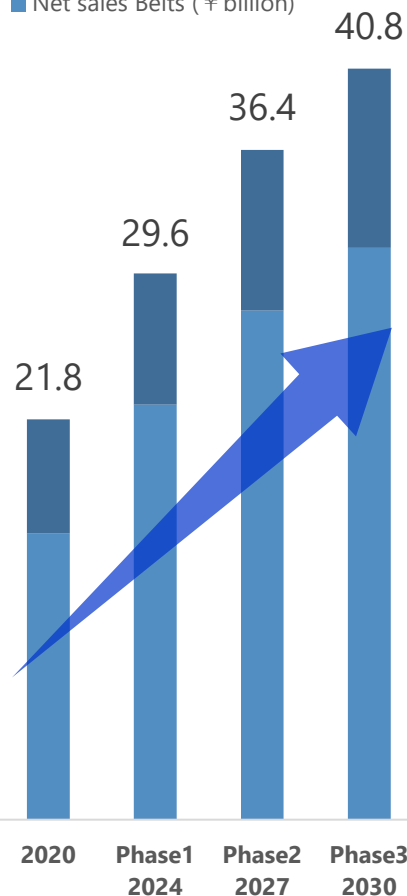
\* Figures are percentage increase in overseas sales (compared to FY2020)

## 4-1. Growth Strategy: Belt and Rubber Products Segment

## Connecting to the next generation: Breakthrough in "convey/carry"

■ Net sales Rubber products  
(¥ billion)

■ Net sales Belts (¥ billion)

**Belt products: Deepen existing market**

Focus resources on conveyance business  
Shift from power transmission to conveyance

Increase market share in logistics, where labor-saving is on the rise

→ Strengthen solutions sales

Increase market share in increasingly diverse food market

→ Launch high-performance and differentiated products

NLG™



PolySprint™

**Device products: Expand electronic components and new markets**

Create new core businesses by developing high-performance products

Temperature-sensitive adhesive tape (Intelimer™)

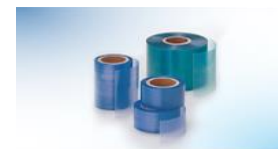
Use in electronic component manufacturing process

→ Expand horizontally to peripheral markets

RFID tags

Use in linen supply industry requiring cleaning

→ Expand to new uses such as uniforms

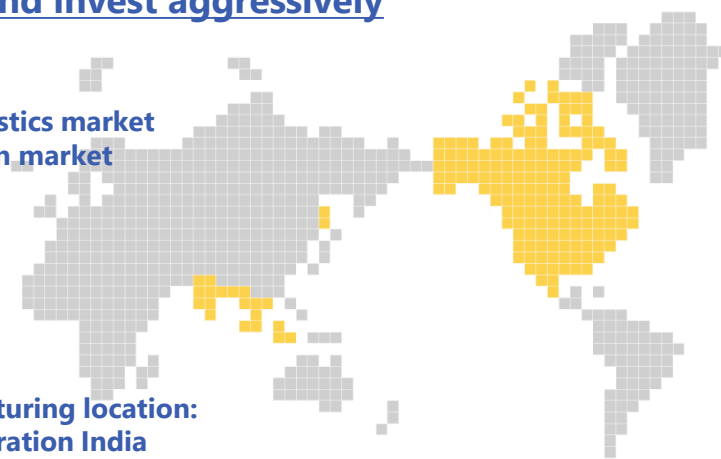
**Further accelerate global expansion and invest aggressively**

(North America, India, ASEAN region)

- Expand market share in North American logistics market
- Construct new plant to expand sales in Indian market
- Deepen cultivation of ASEAN region
- Expand sales of Intelimer™ and RFID tags



Indian manufacturing location:  
Nitta Corporation India





## 4-2. Growth Strategy: Hose and Tube Products Segment

## Targeting the top global market share in niche markets

Invest aggressively in growth markets

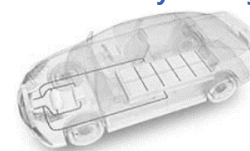
- Expand products for semiconductor manufacturing equipment
- Promote development of cooling products for data center, etc.
- Promote overseas expansion to China, Taiwan, and other countries where future semiconductor-related growth is expected

Track record in semiconductor manufacturing equipment such as cleaners  
Clean tubing, Chemifit™

Thermal management for automotive, power, and electronics fields

- Promote development of products suitable for thermal management

EV battery cooling pipes



Cooling pipes and fittings for data centers

Expand globally and proactively pursue alliances

## &lt;North and Central America, India, ASEAN&gt;

- Strengthen network to expand sales in hydraulic market and semiconductor market in North and Central America
- Expand functions of manufacturing bases in India and shift focus of business from Japanese companies to local companies
- Accelerate development of ASEAN business by expanding and strengthening functions of Thai plant

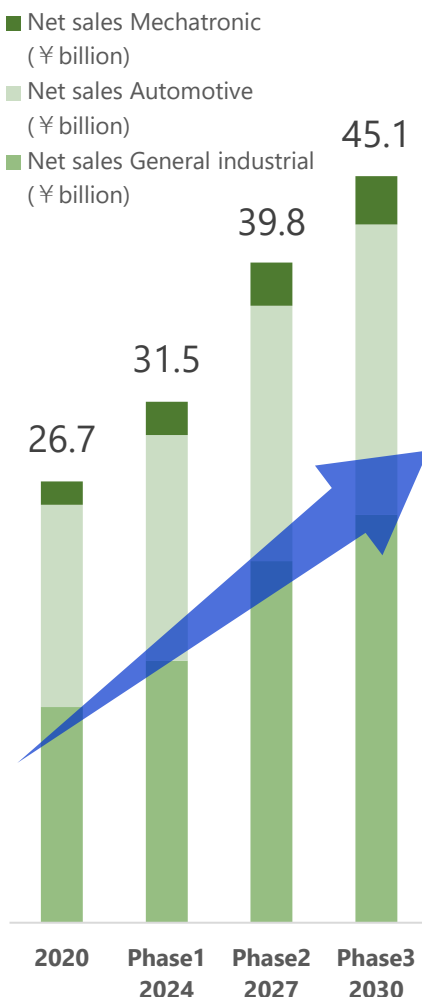


Hose and tube manufacturing location in India:  
Nitta Corporation India

Korean plant relocation/expansion:  
Korea Nitta Moore

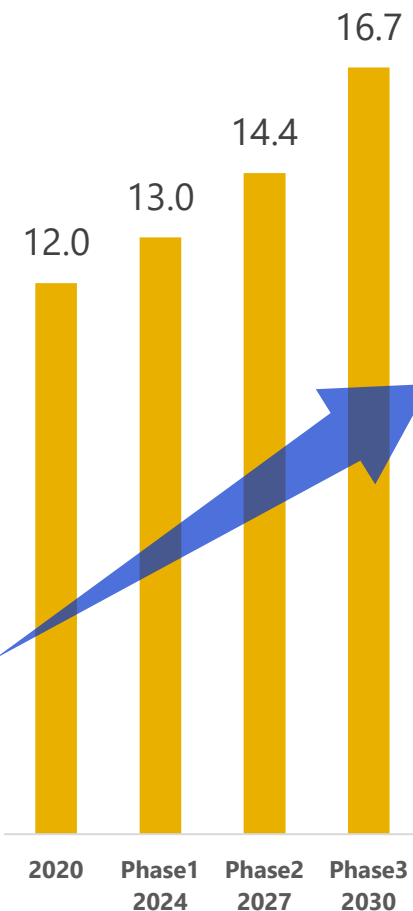


Construction of 2nd factory building in Thailand:  
Nitta Corporation Thailand



## 4-3. Growth Strategy: Chemical Industrial Products Segment

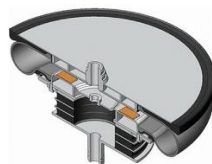
■ Net sales Chemical industrial products (¥ billion)



## Establishing earnings base through “selection and concentration” and promoting globalization

### Strengthen parts for rail rolling stock

- **Domestic:** Enter wide range of markets and promote sales expansion
- **Overseas:** Further globalization
- Establish global supply system
- Secure cost advantage
- Develop products that meet overseas standards and customer requirements



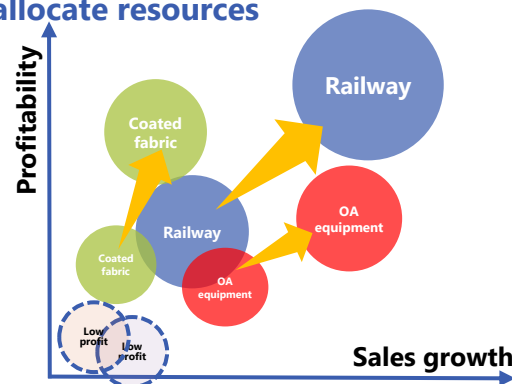
### Promote globalization

- **Parts for rail rolling stock**  
Increase sales in European, Indian, and Asian markets
- **Strengthen OA equipment parts business**  
in line with industry reorganization and ASEAN shift by manufacturers



### Reform business structure through selection and concentration

- Withdraw from low profit products, reallocate resources



### Expand coated fabric and resin products

- Capture domestic market for coated fabric products with “niche top” advantage
- Integrate thin-film and processing technologies
- Complete plant transfer and sales expansion of resin products



## Air purification, measurement, and decontamination for clean air

### Expand sales in semiconductor and pharmaceutical markets

- Expand sales of filter products for cleanrooms in growth markets such as semiconductors and pharmaceuticals
- Expand sales of high value-added chemical filter products for semiconductor and LCD manufacturing



### Promote sales to life sciences field

- Under the BCLEEN\* brand, promote services that provide sterile environments in the life sciences field through air purification, environmental monitoring, and decontamination technologies

\*BCLEEN : Biological Clean Engineering



### Expand sales of environmental products to contribute to SDGs

Expand sales by developing Emilent™ filters and new low pressure loss filters as environmentally friendly products



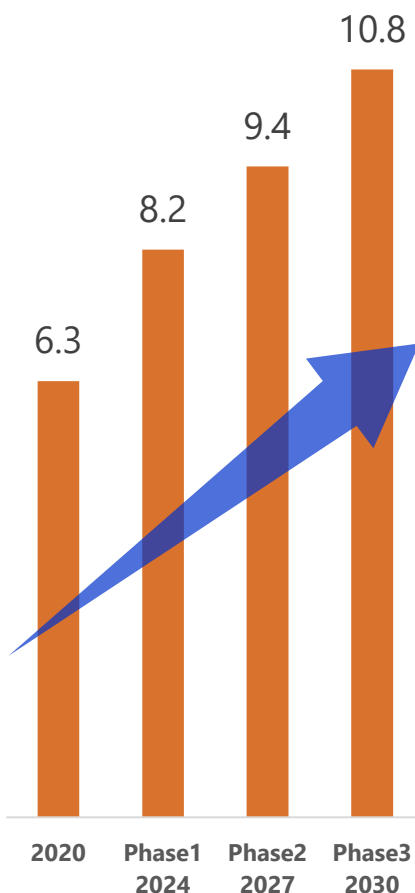
### Expand into overseas markets

Develop market and expand sales in India and Asia

- Promote sales of HEPA and ULPA filters targeting factory air-conditioning mainly for semiconductors and pharmaceuticals
- Expand SDGs proposals and promote air conditioner filter sales with Emilent™ filters



■ Net sales Clean (¥ billion)

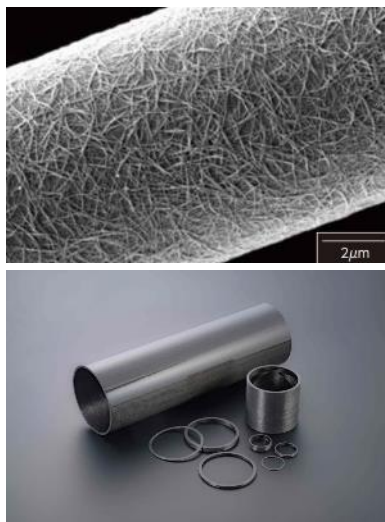


## 5. Efforts to Create New Businesses

**Expand Namd™ to high value-added industries**

- Acquire aerospace quality management (AS9100) certification by end of FY2025
- 2G-Namd™ characteristics contribute to lightweight, high-strength, high-reliability needs for aerospace materials

Actively promote application

**Effectively utilize Hokkaido's natural resources**

- Established WAKUTTO NITTA COMPANY in Jan. 2025  
⇒ Promote planning, proposal, and operation of new businesses that effectively use Hokkaido's natural resources
- R&D of wood-derived substances that can be extracted from trees



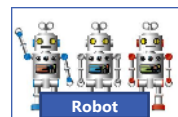
Foster and maintain irreplaceable forest resources to achieve a sustainable future

**Expand medical and life sciences fields**

- Develop and deploy comprehensive sterile manufacturing environment systems, including cleaning, decontamination, and monitoring of work rooms and equipment
- Promote joint development of equipment and materials for manufacturing cell sheets for transplantation therapy of ophthalmic diseases

**Promote VC initiatives, various alliances, and M&A**

- Strengthen efforts to acquire new technologies and businesses from outside the Company
- Explore various alliances and M&A opportunities
- Continue dialogue with venture capitals invested in during Phase 1 and search for startups
- Focus on markets with growth potential (8 fields)



Robot



Smart factories



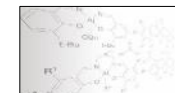
Mobility



New energy / batteries



Biotechnology



Chemical / new material



5G



AI



## 6-1. Efforts to Improve Capital Efficiency

The Group's profit structure is characterized by the fact that its main pillar of earnings comes not only from operating income, which is revenue earned by each business segment, but also from equity in earnings of affiliates, which is revenue from equity-method affiliates. We will work to identify and improve profitability associated with each invested asset to improve capital efficiency.

## Consolidated Balance Sheet (Mar. 31, 2025)

## Business assets

**Working capital**  
(Trade receivables + Inventories -  
Trade payables)  
**Property, plant and equipment  
and intangible assets**

¥63.4 billion

## Financial assets

**Cash and deposits**  
**Securities**  
**Investment securities (bonds, etc.)**

¥42.6 billion

**Investment securities (cross-shareholdings)**

¥13.5 billion

**Investment securities  
(equity-method affiliates)**

¥42.4 billion

## Annual P/L impact (forecast)

## Operating income (before tax)

¥5.1 billion

## Cash allocation

## Dividend income + capital gains

**Equity in earnings of affiliates**  
Partial dividend from equity-method affiliates

¥8.6 billion

## Action policy

**Capital efficiency ROIC improvement**  
Introduce business ROIC as new indicator and  
improve capital efficiency by requiring each  
business to achieve a business ROIC exceeding  
the capital cost of 7%

**Business ROIC\* (Phase 2 target) 7%**  
\*Business ROIC = Operating income after tax / Average business  
assets (working capital + property, plant and equipment and  
intangible assets)

**Shareholder returns**  
Progressive dividends, flexible share buybacks

**Growth investment funds**  
Business investment, growth investment (M&A)

**Working capital**  
Retain about 4 months of monthly sales revenue

**Reduce cross-shareholdings**  
Target 8% of net assets

**Strengthen support for affiliated companies**  
GUA Group, NDI Group  
Assist in ensuring continued profitability  
Continue to strengthen cooperation with JV  
partners

## Rate of return on business assets: Improvement of business ROIC\*

**Phase 2 Target: 7%      Phase 3 Target: 9%**

\*Business ROIC = Operating income after tax / Average business assets (working capital + property, plant and equipment and intangible assets)

### Improve operating income to net sales ratio

Improve operating income to net sales ratio through efforts such as increasing net sales and managing portfolio to reduce cost of sales

**Phase 2 target: 7%**

**Phase 3 target: 8%**

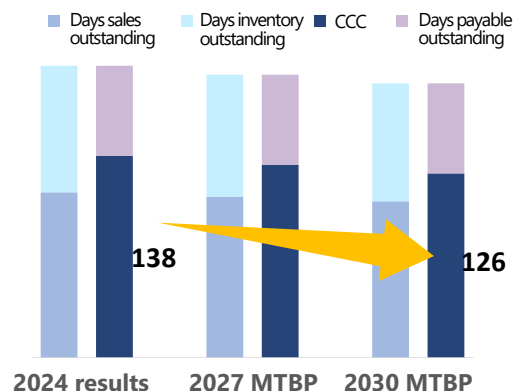
### Improve CCC

Shorten cash conversion cycle (CCC) and improve capital efficiency by optimizing trade receivables and inventories

FY2030 target: Improve by 12 days  
<FY2024 → FY2030>

**Target: Improve by approx.**

**¥3.0 billion**



### Investment decisions

Make investment decisions that are conscious of cost of capital when making investments for growth

**Investment return**  
**>Cost of capital\***

**\*Cost of capital 7%**

## 6-3. Efforts to Improve Capital Efficiency (Strengthen Support for Affiliated Companies)

Equity-method affiliates are highly important to the Group, and equity in earnings of affiliates is an important component of the Group's profit and loss. We consider our relationships with equity-method affiliates to be one of our top priorities, and we are committed to supporting their development.

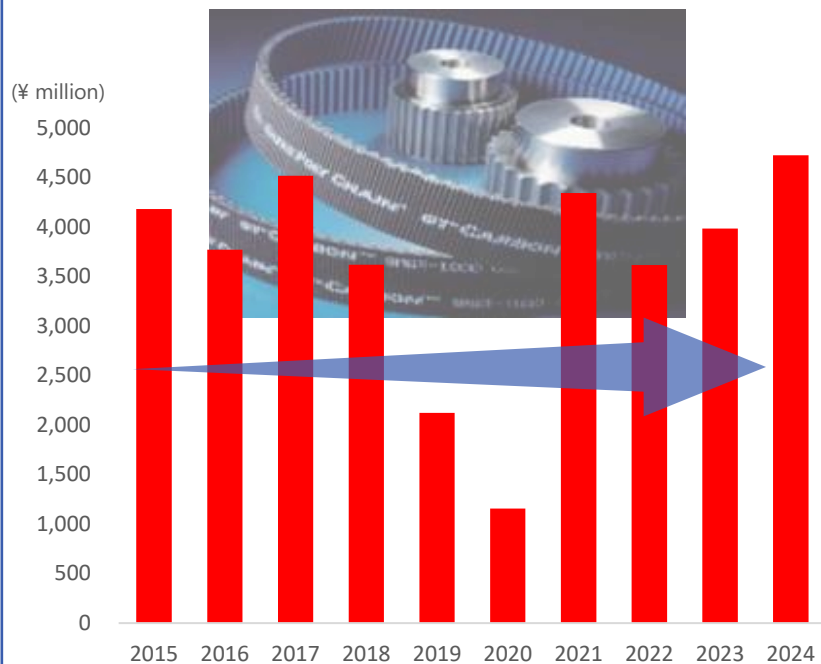
## GUA Group

**[Manufacture and sell timing belts and pulleys for the automotive and general industries]**

**Strong performance, including for semiconductor manufacturing equipment, etc., despite shift to EVs in the automotive industry**

**Achieved top share of the automotive timing belt market**

**High share of precision drive belts for the semiconductor industry, etc.**



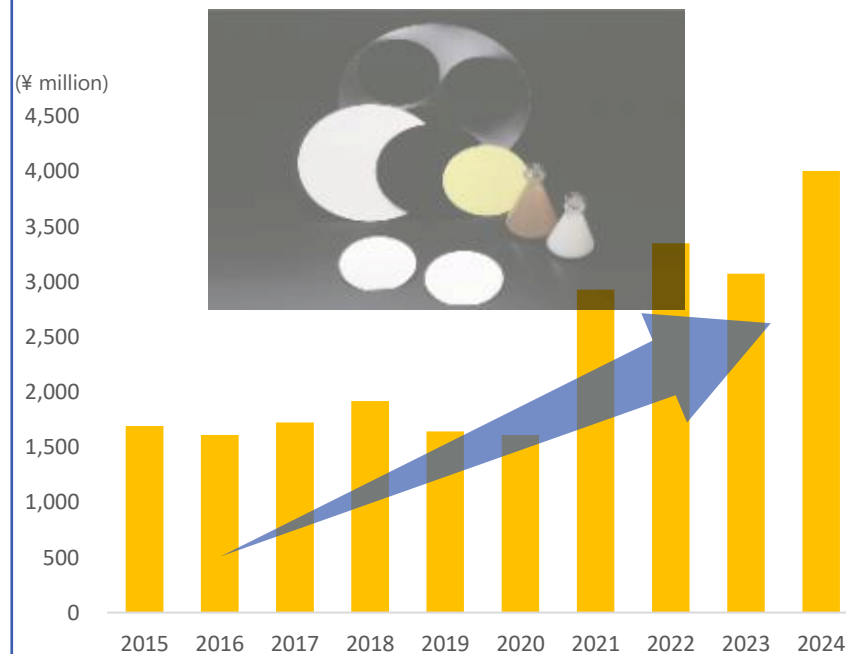
## NDI Group

**[Manufacture and sell polishing pads and slurries for semiconductors]**

**Demand is 100% from the semiconductor industry**

**Strong performance due to the recent boom in the semiconductor industry**

**Achieved top share of the CMP polishing pads market in Japan**



Recognizing returns of profits to shareholders to be a key management topic, the Company has established the basic policy of paying appropriate dividends that reflect financial results while continuing to strengthen and enhance its corporate foundations.

During the period through the end of Phase 2 (through FY2027) of the SHIFT2030 Medium- to Long-Term Business Plan, the Company will follow the basic policy and meet shareholder expectations through continued stable, steady increases in dividends (of at least 10 yen/share per year during the period), targeting a consolidated payout ratio of at least 30% and a dividend-on-equity (DOE) ratio of at least 2.5%.

**Steady increases in dividends:**  
**At least ¥10 increase per year**

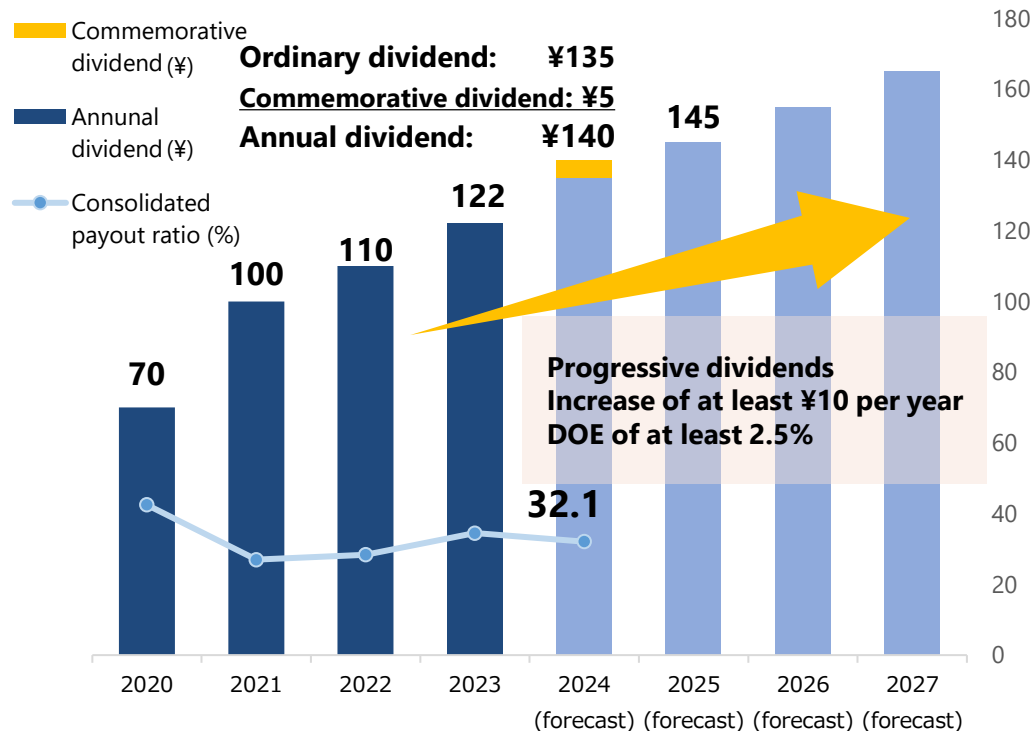
**Stable: Payout ratio of at least 30%,  
DOE\* of at least 2.5%**

\* Dividends paid ÷ Shareholders' equity (Net assets excluding other components of equity, such as foreign currency translation adjustment and valuation difference on available-for-sale securities)

**Continuous: SHIFT2030 Phase 2  
through FY2027**

**Share buybacks:**

- Flexible purchase of treasury shares as part of shareholder returns
- Retirement of excess treasury shares holdings, as required



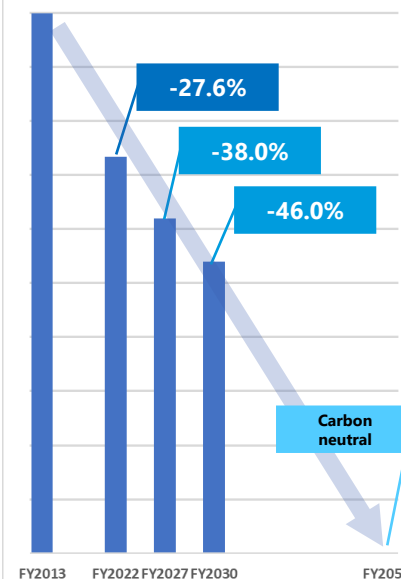


## Environment

Initiatives for the  
Environment




Developing environmentally friendly products	<ul style="list-style-type: none"> <li>Enhance energy-saving products that help prevent global warming, protect environment, and reduce CO<sub>2</sub> emissions</li> <li>Develop new products that are both functional and require less petroleum-derived raw materials</li> </ul>
Responding to climate change	<ul style="list-style-type: none"> <li>GHG emissions reduction targets (compared to FY2013); Reduce 38% or more by FY2027, 46% by FY2030</li> </ul>
Reducing environmental impact	<ul style="list-style-type: none"> <li>Promote the 3Rs (Reduce, Reuse, Recycle)</li> <li>Continue to promote activities to reduce plastic waste, electricity and water consumption</li> </ul>
Upgrading and switching to energy-saving equipment	<ul style="list-style-type: none"> <li>Reduce energy loss by deploying equipment with high-efficiency specifications when updating equipment and by eliminating steam</li> <li>Reduce energy consumption; decrease from the previous fiscal year (every year)</li> </ul>
Forest management that contributes to global warming countermeasures and preservation of biodiversity	<ul style="list-style-type: none"> <li>Sustainable forest management to maintain and promote CO<sub>2</sub> fixation</li> <li>Contribute to society by organizing events that allow people to experience and learn through forests and trees</li> <li>Conduct biodiversity studies in Company-owned forests</li> </ul>

GHG emissions reduction targets



**TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

自然共生サイト認定  
**30by30**

Social	Initiatives to Address Social Issues	8 働きがいの 経済成長も	12 つくる責任 つかう責任	
Promoting CSR procurement activities to suppliers	<ul style="list-style-type: none"> <li>Support CSR promotion to major suppliers; 10 or more supported suppliers (annually)</li> </ul>			  
Promoting diversity and work style reforms	<ul style="list-style-type: none"> <li>Operate and further improve new personnel system</li> <li>Percentage of management positions held by women: 10.5% or more in FY2027, 12% or more in FY2030</li> <li>Percentage of annual paid leave taken: 78% or more in FY2027, 80% or more in FY2030</li> <li>Percentage of male employees taking childcare leave: 75% or more in FY2027, 85% or more in FY2030</li> </ul>			
Promoting health & productivity management, increasing work engagement	<ul style="list-style-type: none"> <li>Continue to be recognized as a White 500 company (one of the top 500 large enterprises recognized as a Certified KENKO Investment for Health Outstanding Organization)</li> <li>Continue to promote initiatives to reduce the prevalence of metabolic syndrome among employees</li> <li>Promote initiatives to improve work engagement and reduce presenteeism</li> </ul>			
Promoting digital transformation (DX)	<ul style="list-style-type: none"> <li>Improve operational efficiency and resolve issues using digital technology</li> <li>Promote the use of digital technology and develop digital talent</li> </ul>			
Quality improvement initiatives	<ul style="list-style-type: none"> <li>Deploy equipment that improves productivity and creates added value (improve productivity, reduce ratio of defects and losses)</li> <li>Improve production efficiency by utilizing IOT data to link equipment</li> </ul>			

## 8-3. ESG Initiatives (Governance)

Governance	Strengthening Governance	8 働きがいの 経済成長も	9 産業と技術革新の 基盤をつくろう	12 つくる責任 つかう責任
Strengthening global governance	<ul style="list-style-type: none"> <li>Strengthen governance systems of overseas subsidiaries</li> <li>Conduct internal control audits including domestic and overseas Group companies</li> </ul>			
Promoting compliance	<ul style="list-style-type: none"> <li>Provide compliance education: hold 7 times or more (annually)</li> <li>Number of serious compliance violations: 0 cases (annually)</li> </ul>			
Strengthening risk management	<ul style="list-style-type: none"> <li>Promote risk management, create and promote a framework for safety activities, and foster a culture of safety</li> <li>Strengthen resistance to cyber-attacks and reliably protect information assets</li> <li>Information security education participation rate: 100% (annually)</li> <li>Number of serious security incidents: 0 cases (annually)</li> </ul>			





THANK YOU

The earnings forecasts in this document are based on the current information and certain assumptions that are considered reasonable, and actual results may greatly depend on various factors.