



SHIFT2030

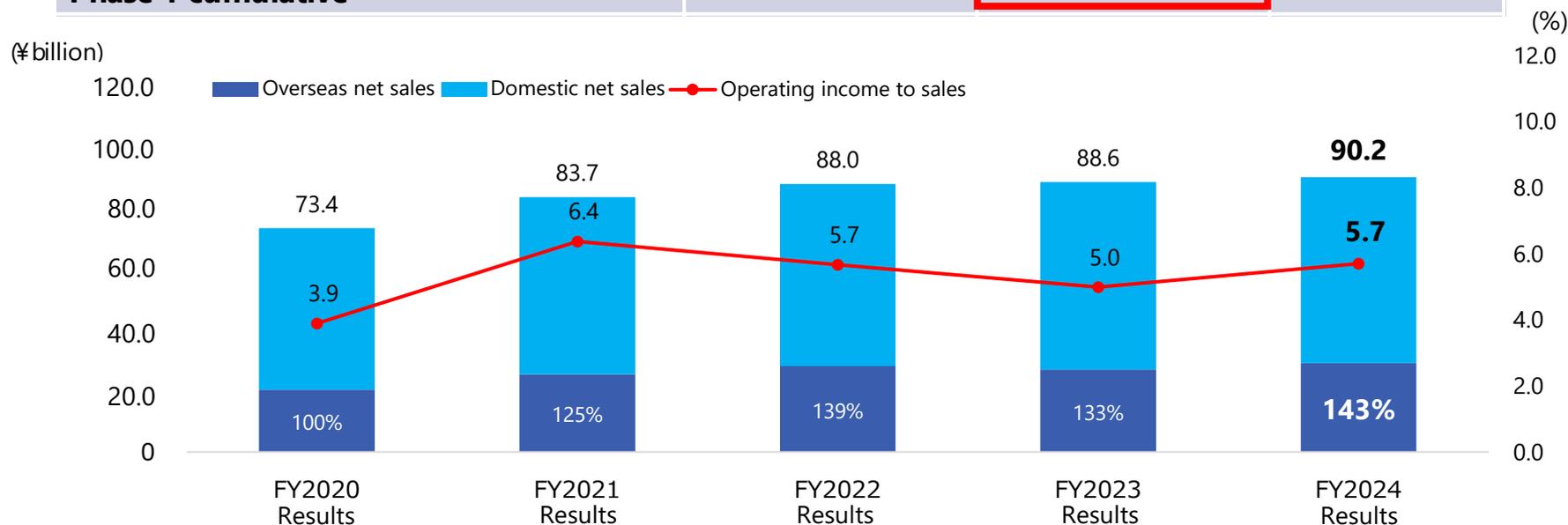
Medium- to Long-Term Business Plan Phase 2 (2025–27)



Medium- to Long-Term Business Plan (“MTBP”)	
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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
Net sales (¥ billions)	90.0	90.2	+0.2
Operating income to sales (%)	5.0	5.7	+0.7
New product sales ratio (%)	10.0	7.1	-2.9
Overseas sales growth rate (%) *vs. FY20	130	143	+13
Capital expenditure amount (¥ billions) Phase 1 cumulative	21.8	18.7	-3.1



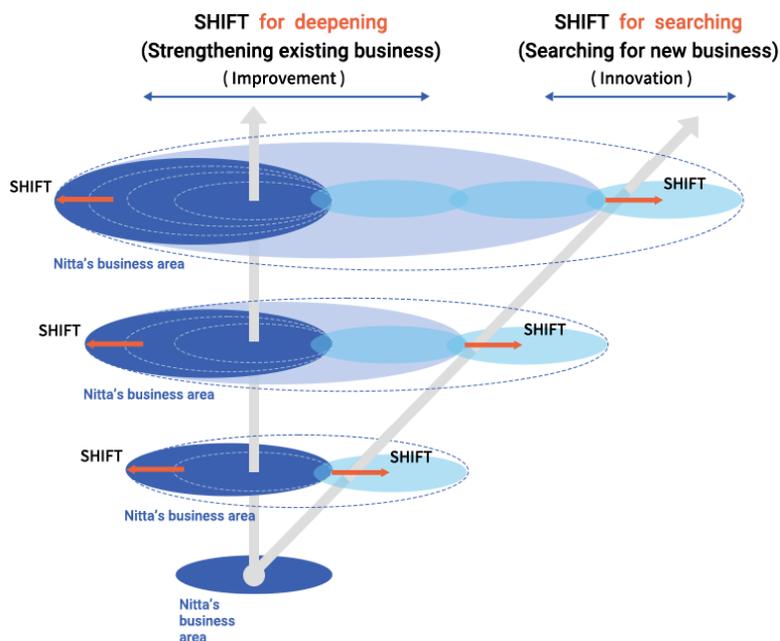
1. Basic Strategy to Maximize Corporate Value

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)

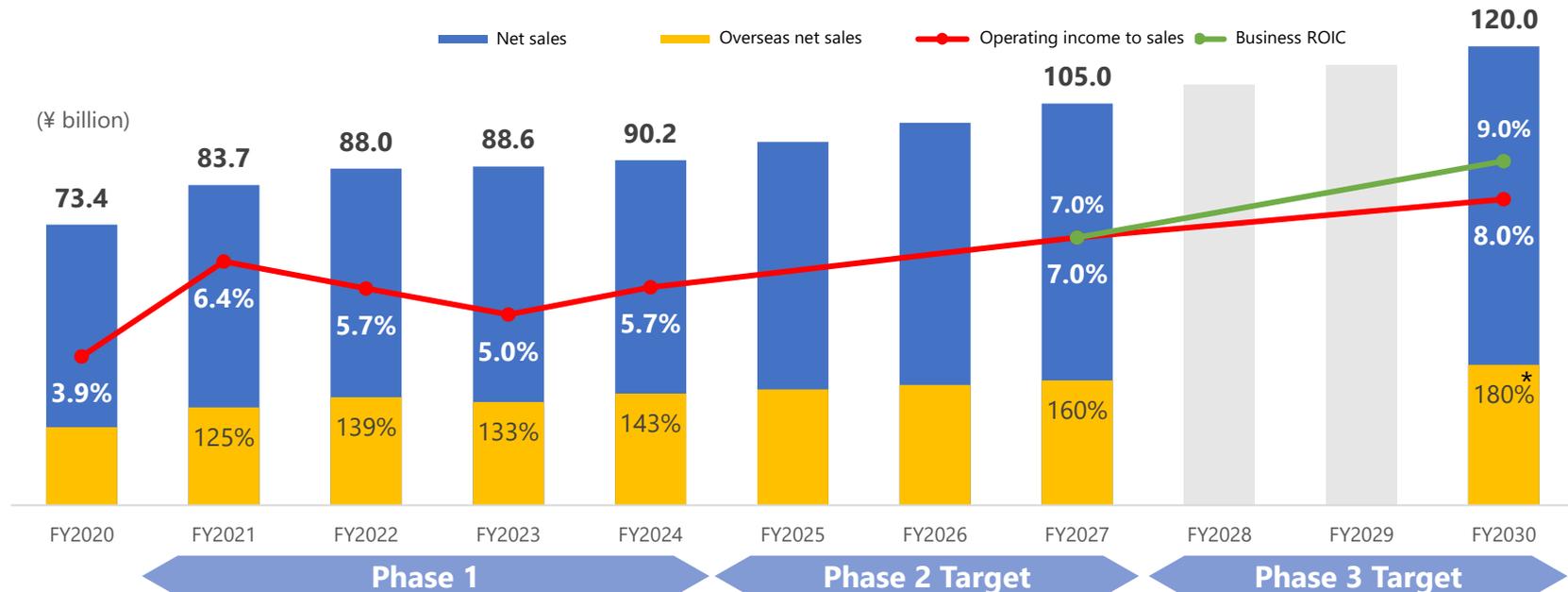
* Business ROIC : Operating income after tax / Average business assets (working capital + property, plant and equipment and intangible assets)

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

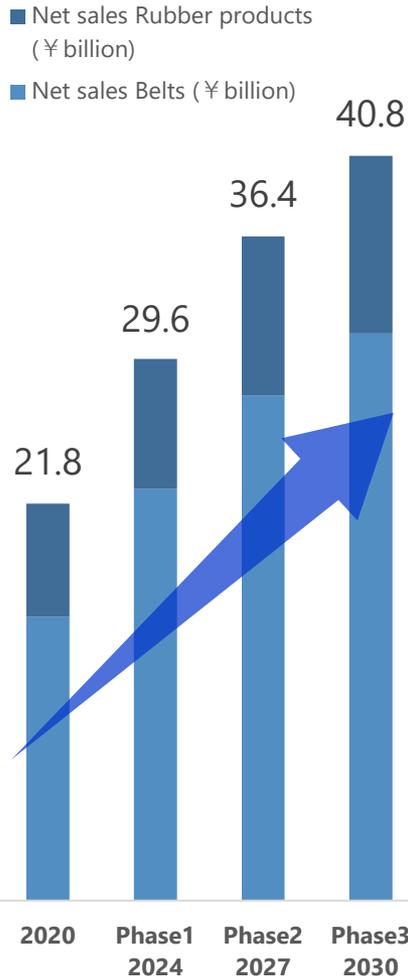
* Business ROIC formula: Operating income after tax / Average business assets (working capital + property, plant and equipment and intangible assets)



* 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"

**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

**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

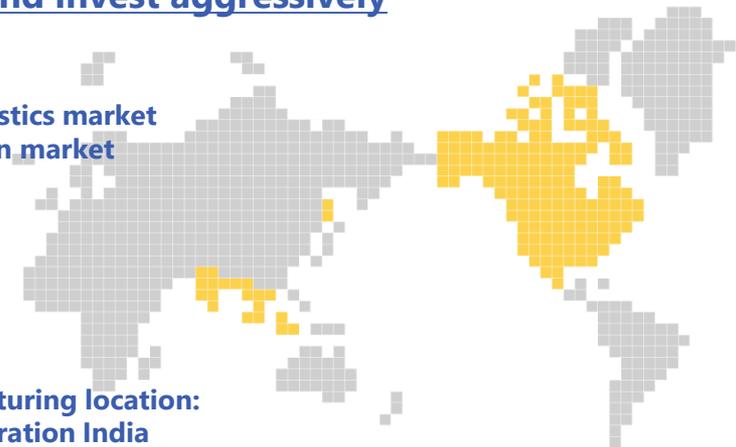
**Further accelerate global expansion and invest aggressively**

(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

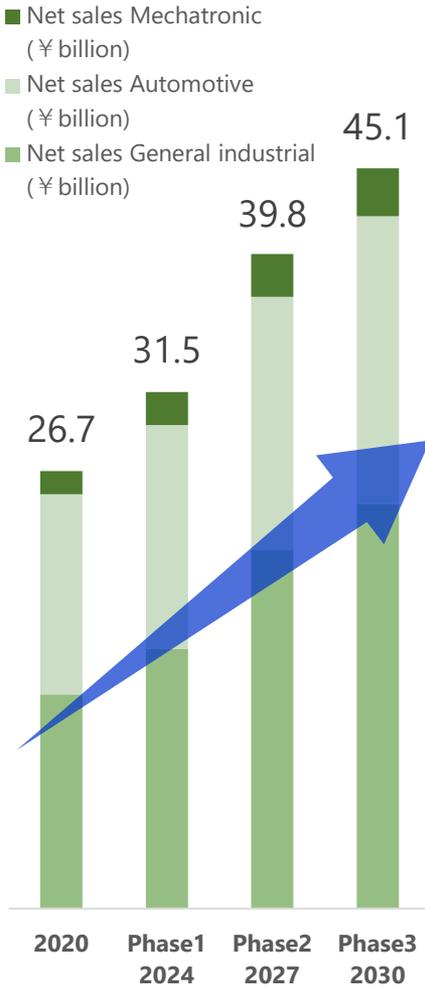


Indian manufacturing location:
Nitta Corporation India



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

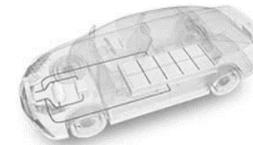
Track record in semiconductor manufacturing equipment such as cleaners
Clean tubing, Chemifit™



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

<North and Central America, India, ASEAN>

- 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



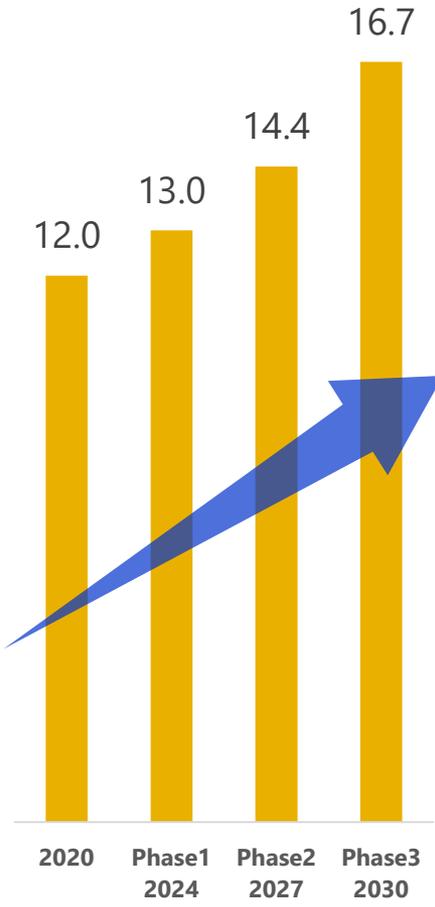
Construction of 2nd factory building in Thailand: Nitta Corporation Thailand



4-3. Growth Strategy: Chemical Industrial Products Segment

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

■ Net sales Chemical industrial products (¥ billion)



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



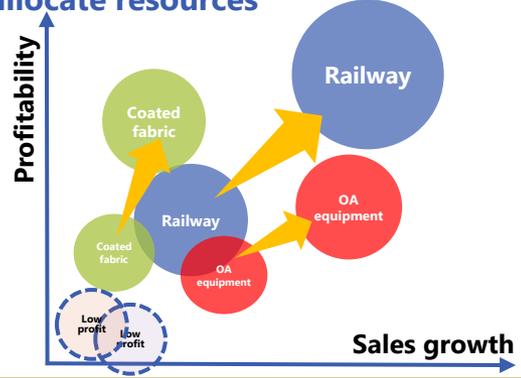
Promote globalization

- 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



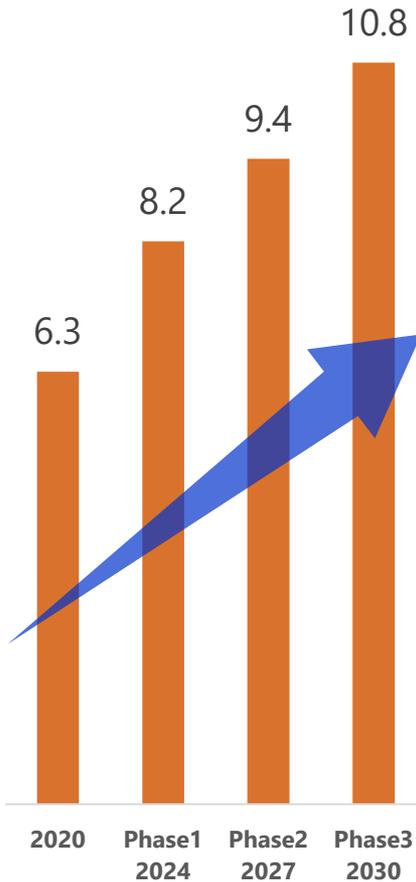
Expand coated fabric and resin products

- 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

Net sales Clean (¥ billion)



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

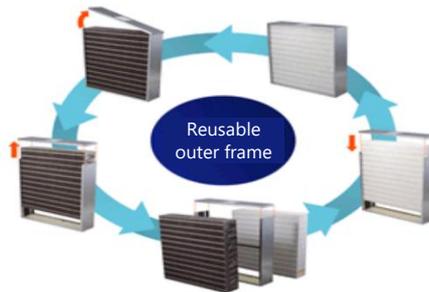
- Under the BCLEEN* brand, promote services that provide sterile environments in the life sciences field through air purification, environmental monitoring, and decontamination technologies

*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

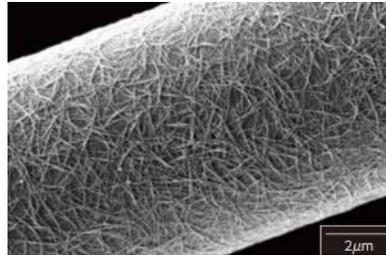
- Promote sales of HEPA and ULPA filters targeting factory air-conditioning mainly for semiconductors and pharmaceuticals
- Expand SDGs proposals and promote air conditioner filter sales with Emilent™ filters



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



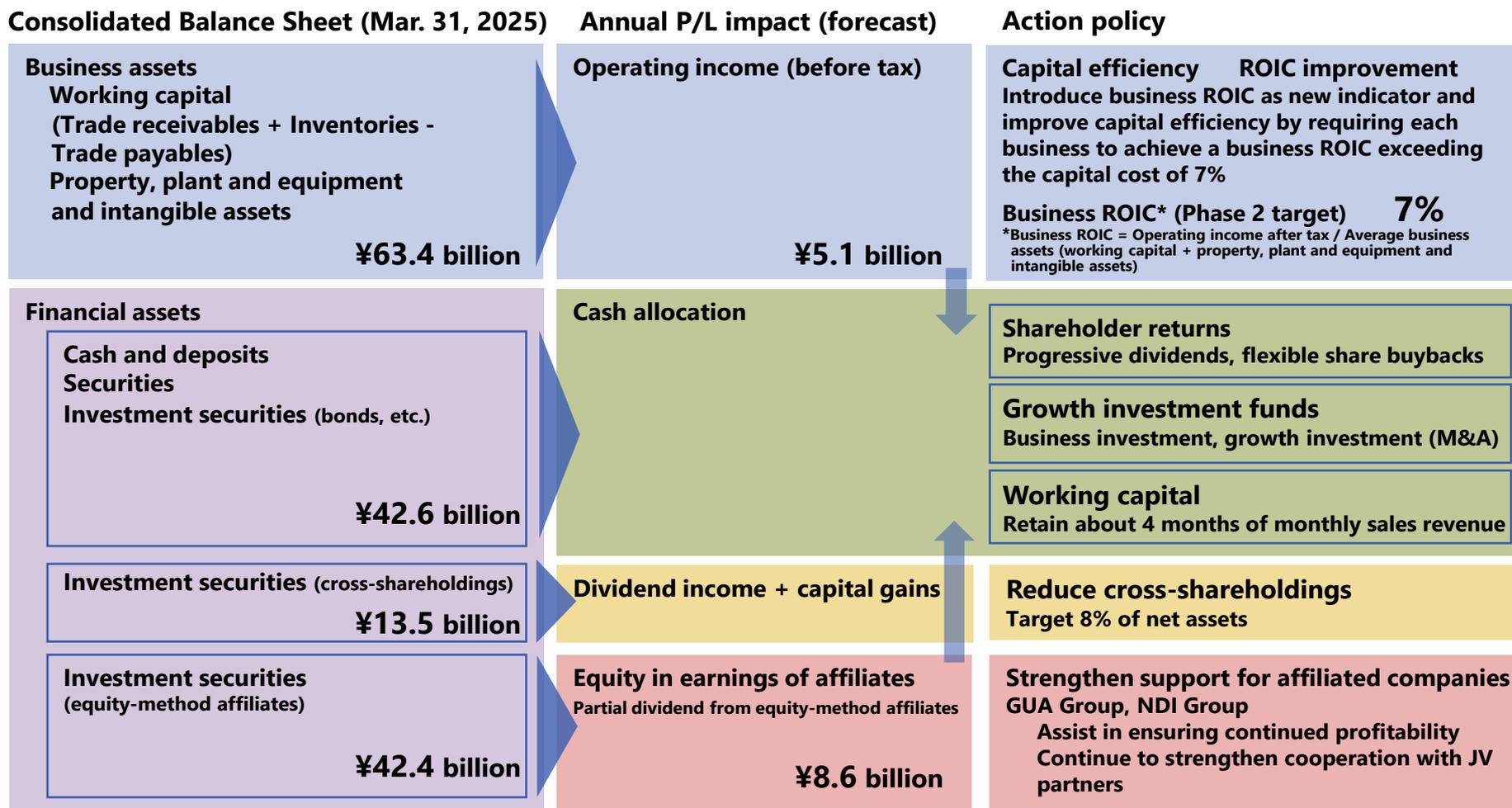
5G



AI

6-1. Efforts to Improve Capital Efficiency

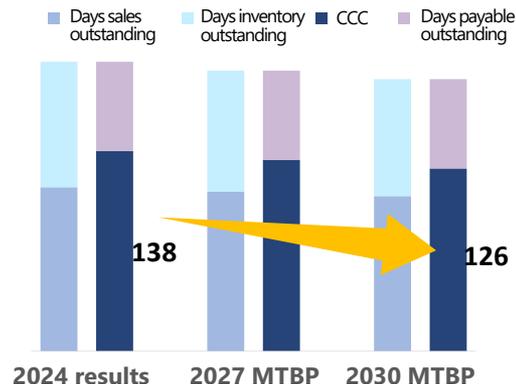
The Group's profit structure is characterized by the fact that its main pillar of earnings comes not only from operating income, which is revenue earned by each business segment, but also from equity in earnings of affiliates, which is revenue from equity-method affiliates. We will work to identify and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



6-2. Efforts to Improve Capital Efficiency (Improve Business ROIC)

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.

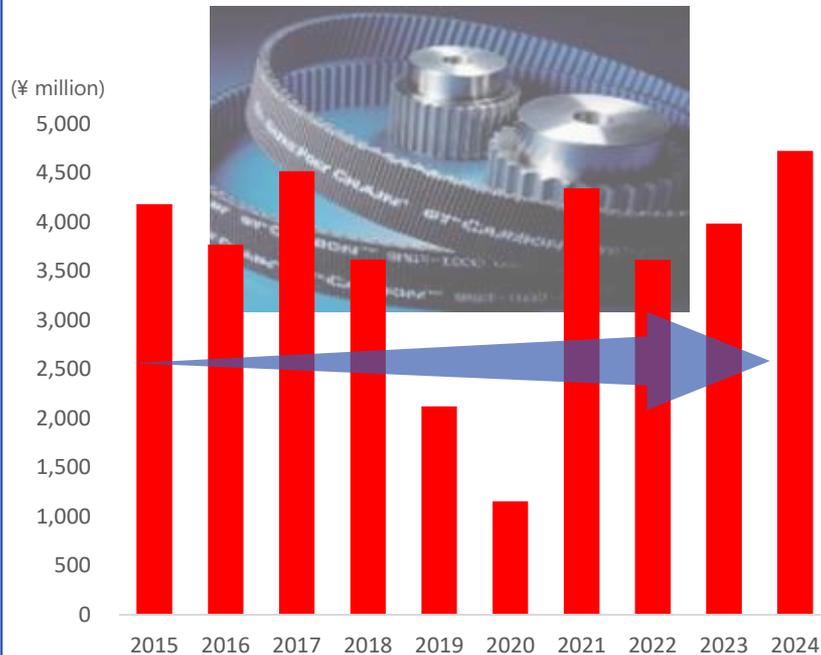
GUA Group

[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.



GUA Group's equity in earnings of affiliates

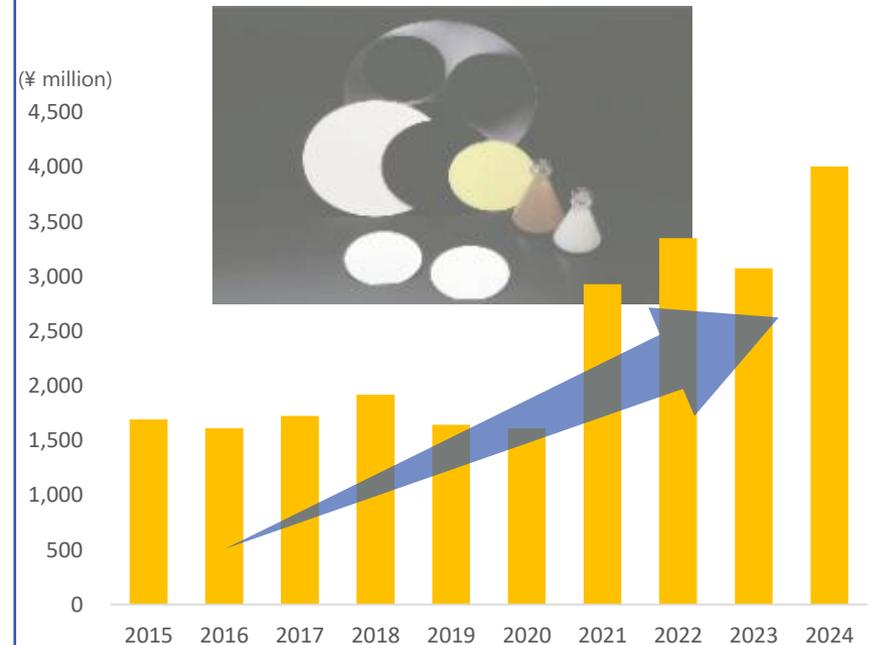
NDI Group

[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



NDI Group's equity in earnings of affiliates

7. Shareholder Return Policy

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

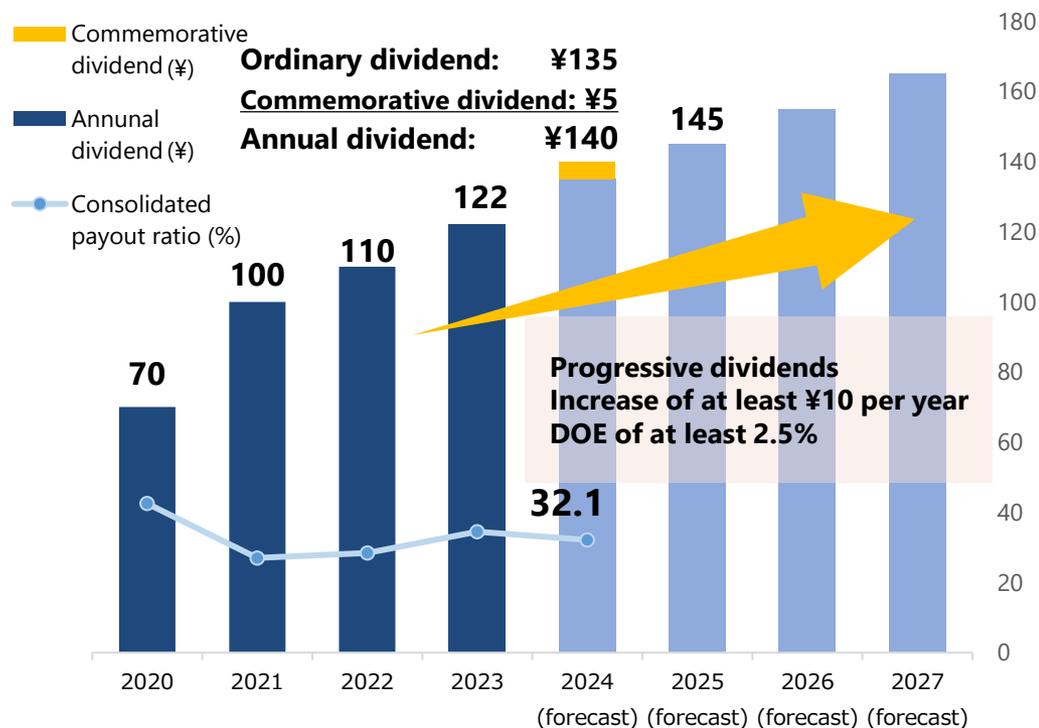
**Stable: Payout ratio of at least 30%,
DOE* of at least 2.5%**

* 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



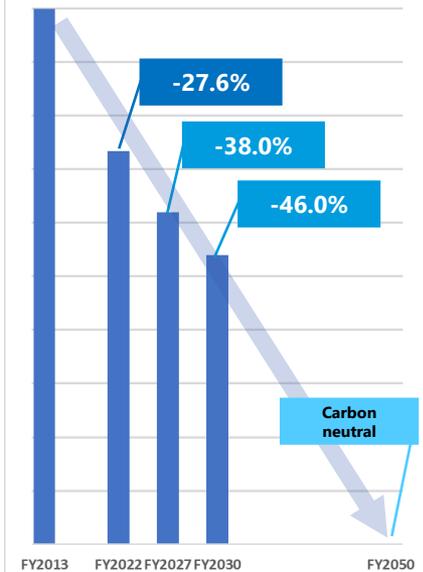
Environment

Initiatives for the Environment



Developing environmentally friendly products	<ul style="list-style-type: none"> Enhance energy-saving products that help prevent global warming, protect environment, and reduce CO₂ emissions Develop new products that are both functional and require less petroleum-derived raw materials
Responding to climate change	<ul style="list-style-type: none"> GHG emissions reduction targets (compared to FY2013); Reduce 38% or more by FY2027, 46% by FY2030
Reducing environmental impact	<ul style="list-style-type: none"> Promote the 3Rs (Reduce, Reuse, Recycle) Continue to promote activities to reduce plastic waste, electricity and water consumption
Upgrading and switching to energy-saving equipment	<ul style="list-style-type: none"> Reduce energy loss by deploying equipment with high-efficiency specifications when updating equipment and by eliminating steam Reduce energy consumption; decrease from the previous fiscal year (every year)
Forest management that contributes to global warming countermeasures and preservation of biodiversity	<ul style="list-style-type: none"> Sustainable forest management to maintain and promote CO₂ fixation Contribute to society by organizing events that allow people to experience and learn through forests and trees Conduct biodiversity studies in Company-owned forests

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		
Promoting CSR procurement activities to suppliers	<ul style="list-style-type: none"> Support CSR promotion to major suppliers; 10 or more supported suppliers (annually) 		
Promoting diversity and work style reforms	<ul style="list-style-type: none"> Operate and further improve new personnel system Percentage of management positions held by women: 10.5% or more in FY2027, 12% or more in FY2030 Percentage of annual paid leave taken: 78% or more in FY2027, 80% or more in FY2030 Percentage of male employees taking childcare leave: 75% or more in FY2027, 85% or more in FY2030 		
Promoting health & productivity management, increasing work engagement	<ul style="list-style-type: none"> 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) Continue to promote initiatives to reduce the prevalence of metabolic syndrome among employees Promote initiatives to improve work engagement and reduce presenteeism 		
Promoting digital transformation (DX)	<ul style="list-style-type: none"> Improve operational efficiency and resolve issues using digital technology Promote the use of digital technology and develop digital talent 		
Quality improvement initiatives	<ul style="list-style-type: none"> Deploy equipment that improves productivity and creates added value (improve productivity, reduce ratio of defects and losses) Improve production efficiency by utilizing IOT data to link equipment 		



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"> Strengthen governance systems of overseas subsidiaries Conduct internal control audits including domestic and overseas Group companies 			
Promoting compliance	<ul style="list-style-type: none"> Provide compliance education: hold 7 times or more (annually) Number of serious compliance violations: 0 cases (annually) 			
Strengthening risk management	<ul style="list-style-type: none"> Promote risk management, create and promote a framework for safety activities, and foster a culture of safety Strengthen resistance to cyber-attacks and reliably protect information assets Information security education participation rate: 100% (annually) Number of serious security incidents: 0 cases (annually) 			





T H A N K Y O U

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.