

# Mid-Term Management Plan 2023

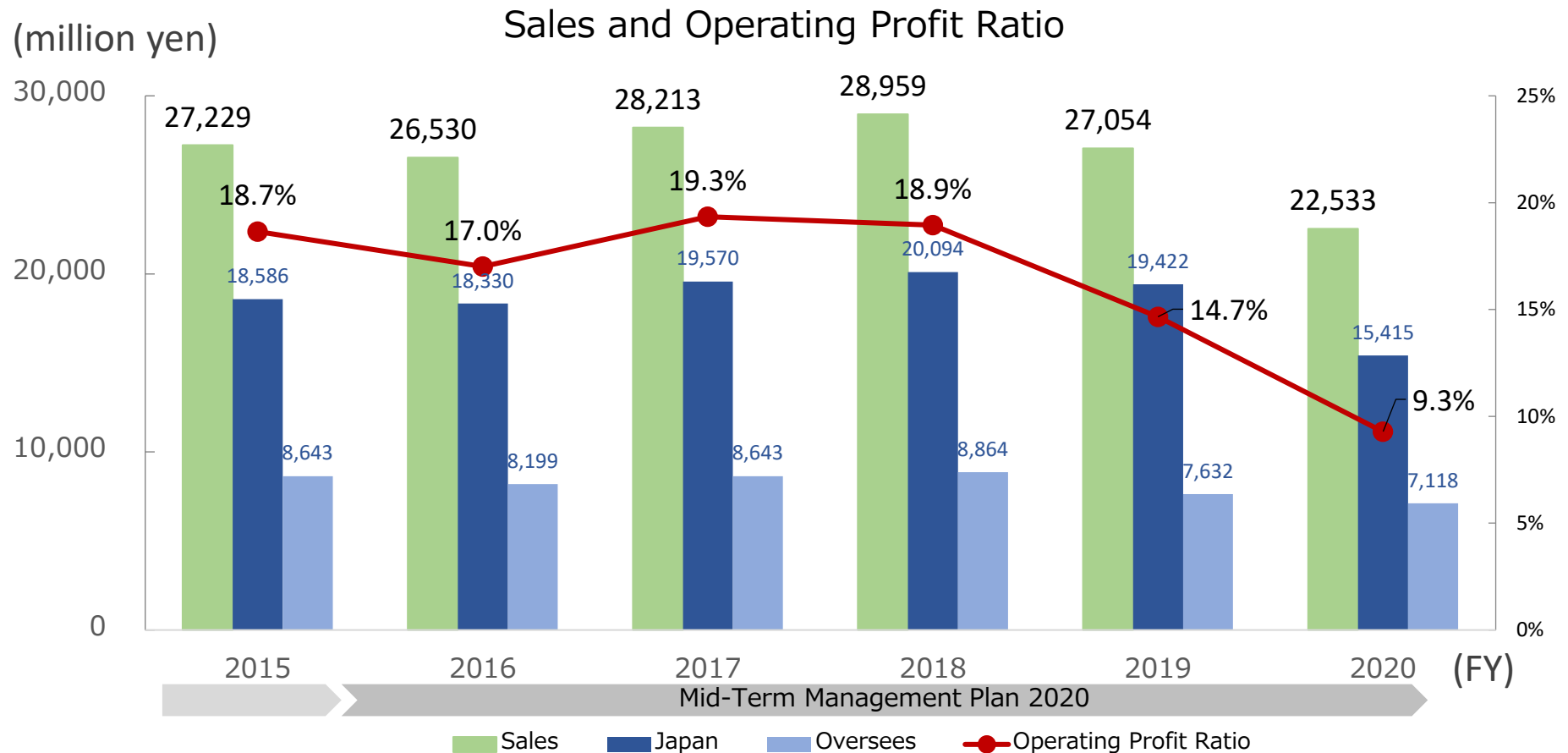
(2021/4-2024/3)

May 25, 2021

**NITTO KOHKI CO., LTD**

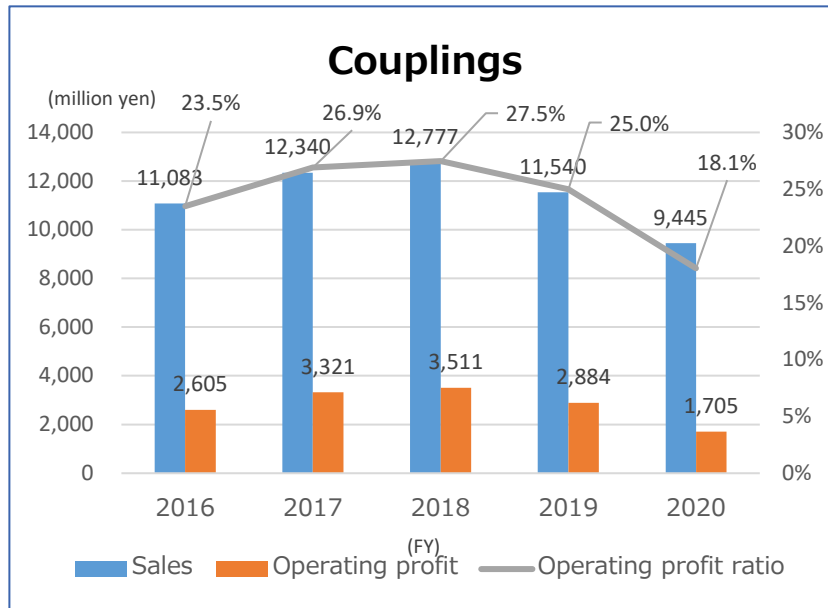
# Summary for Mid-Term Management Plan 2020

- Performance declined starting in the second half of FY2019 due to effects from the Chinese economy.
- Sales and profit were down in FY2020 due to the suspension of sales activities and sluggish demand caused by the global spread of COVID-19.

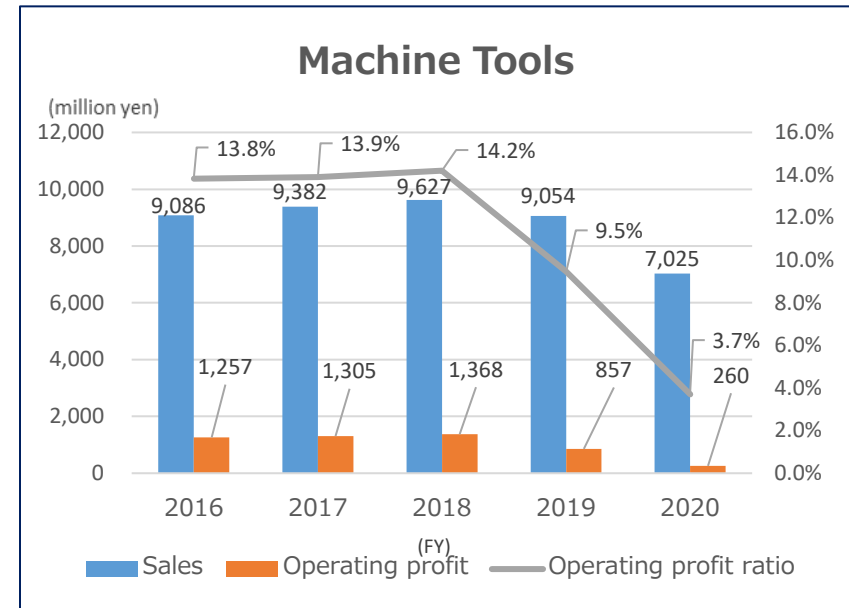


# Summary for Mid-Term Management Plan 2020

## Results by Product Segment



✓ Effects from U.S.-China trade friction in the second half of FY2019 caused semiconductor-related demand and machine tool set demand to slump

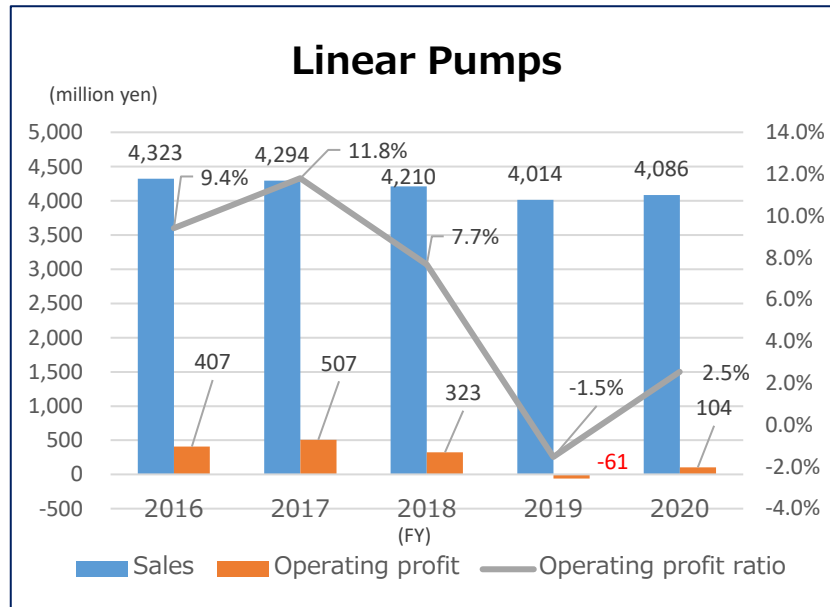


✓ Construction demand slumped after the special Olympic-related demand

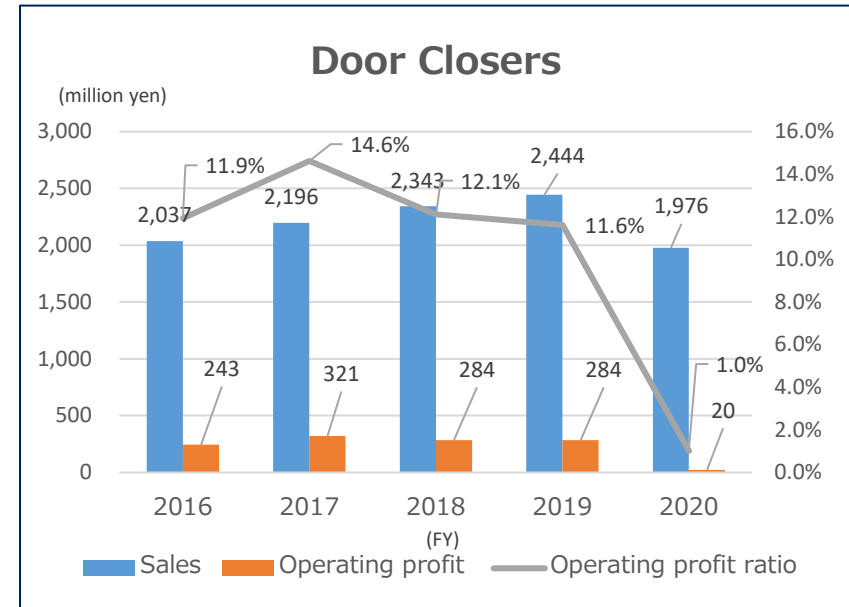
✓ The COVID-19 pandemic caused a decrease in sales opportunities, and sales decreased

# Summary for Mid-Term Management Plan 2020

## Results by Product Segment



- ✓ Profits have decreased since FY2018 due to effects from the product family sales composition
- ✓ Sales and profit increased in FY2020 as a result of higher medical device demand due to the COVID-19 pandemic and to the introduction of new products



- ✓ The profit ratio improved as a result of price revisions in FY2017
- ✓ Sales reached a record high in FY2019, in part due to Olympic-related demand
- ✓ Sales declined in FY2020 due to effects of COVID-19

# Mid-Term Management Plan 2023

## Purpose of Formulation

**Long-Term Vision:  
Becoming a 100 Year Company**

**New product and new  
business development**

**Global expansion**

**Compatibility between  
social contribution and  
business activities**

Based on our corporate motto,  
“Development provides corporate insurance,”  
**we will remain a company needed  
by society**

# Mid-Term Management Plan 2023

## Fundamental Policy and Measures

### 1 Establish new business strategies for the new normal

#### ● Overseas business

- Raise overseas brand awareness
  - ▶ Expand websites, actively use advertising media
- Develop new sales channels
  - ▶ Make use of online sales talks and information systems
  - ▶ Uncover the medical and hydrogen business markets

#### ● Domestic business

- Use NITTO KOHKI Group networks to develop sales networks
  - ▶ Reinforce information sharing among segments
- Develop new categories and needs
  - ▶ Continuously develop and conduct sales in new categories

# Mid-Term Management Plan 2023

## Fundamental Policy and Measures

### 2 Develop new products and business

- Develop demand in the decarbonized society and new energy fields
  - ▶ Expand the lineup of products for FCV hydrogen fueling and develop other hydrogen fuel related markets
- Achieve automation, develop high-function, high value-added products, and expand series
  - ▶ Deepen and expand markets for air tools, electric tools, and “delvo”

### 3 Build new production systems

- Optimize production systems
  - ▶ Promote borderless operations at production plants
  - ▶ Raise efficiency by introducing automated equipment
  - ▶ Achieve visualization through data analysis and operation using IT equipment
- Optimize purchasing
  - ▶ Optimize inventories by introducing various systems

# Mid-Term Management Plan 2023

## Fundamental Policy and Measures

4

**Reinforce organizational systems**

- Use IT systems to streamline operations and increase added value
  - ▶ Reinforce analysis using new core systems, reinforce IT infrastructure
- Crisis management systems in preparation for pandemics, natural disaster risks, and management risks
  - ▶ Reinforce and expand BCP measures and systems for unexpected disasters

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**Achieve both social contribution and business activities**

Further promote management and social contribution through labor and manpower saving technologies



Realization of a sustainable society





# Performance Plan for Mid-Term Management Plan 2023

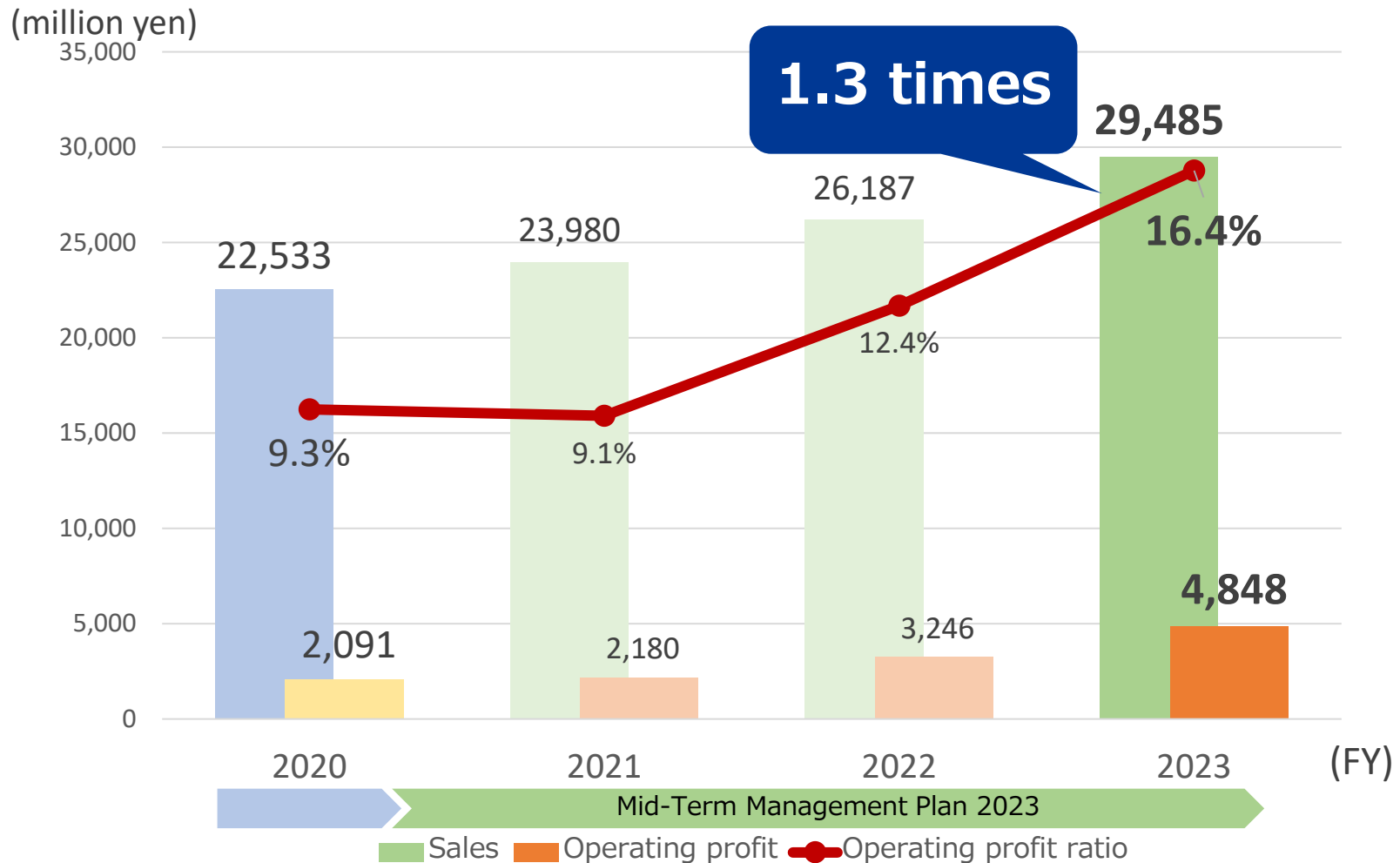
**Performance Plan  
for FY2023**

**Sales**

**29,485** million yen

**Operating profit**

**4,848** million yen



Note: As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the above consolidated financial results forecasts represent the amount after the application of the said accounting standard.



## FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on NITTO KOHKI's own projections and estimates. They are subject to a number of risks and uncertainties. NITTO KOHKI would like to take note that actual results may differ materially from our expectations.

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