

Securing of Employees' Safety

To provide products and services stably, securing the safety of employees who support the business activities is important. To promptly ascertain the safety of employees, we have introduced a safety confirmation system and conduct safety confirmation drills regularly (at least twice a year). In addition, District Disaster Prevention Committees have been established at all domestic Group companies to strengthen preparedness against natural disasters and fires in each region, and these committees conduct disaster or fire evacuation drills (at least once a year) and review potential concerns that may arise in the event of a disaster. Starting in FY2025, District Disaster Prevention Committees are also being established at overseas sites, enabling all Group companies, both in Japan and overseas, to engage in disaster prevention and mitigation activities.

Information Security

The NICHIAS Group ensures thorough and appropriate management of information assets entrusted to us by customers and business partners, as well as those owned by NICHIAS itself, in order to protect them from a wide range of threats such as leaks and unauthorized access.

To this end, we have established a Basic Information Security Policy and are continuously working on strengthening our information security framework. This includes building a management structure that involves senior management, ensuring compliance with relevant laws and regulations, maintaining and operating internal rules, reinforcing technical measures, and providing ongoing education and training for employees.

In addition, taking into account changes in threats such as cyberattacks and the tightening of standards in relevant guidelines, we regularly review and improve our information security systems. Particular emphasis is placed on strengthening IT-based technical measures and enhancing internal education and training through e-learning and hands-on programs, with the scope and content of these initiatives expanding year by year.

Growth Strategy

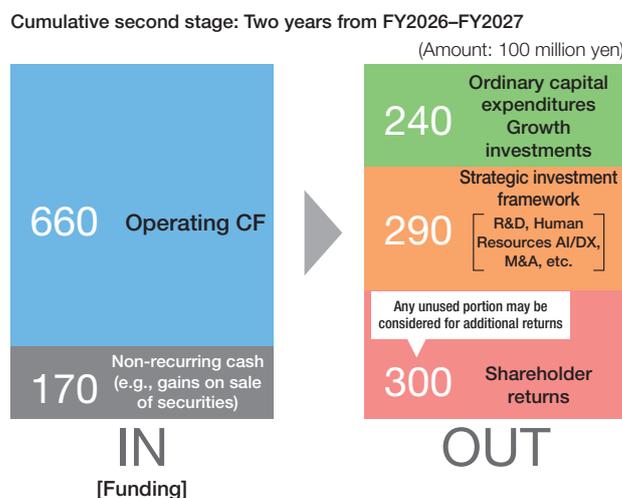
Financial Strategy

Improving capital efficiency

For the second stage of the Medium-Term Management Plan “Shikumi 130” (FY2026–FY2027), our financial strategy will focus on operating with an awareness of improving capital efficiency. We will maintain a liquidity target equivalent to 1.5 to 2.0 months of working capital. The equity ratio will not be increased beyond the current level, and we will work to reduce the ratio of policy-holding stocks to net assets. In addition, we will newly introduce ROIC management by segment and begin evaluating the cash conversion cycle, thereby driving transformation from our conventional financial structure.

Capital allocation

With respect to capital allocation, we have formulated the cumulative uses of funds for the second stage of the Medium-Term Management Plan (two projects). In addition to conventional capital expenditures, we have established a new strategic investment framework of 29 billion yen to enable more future-oriented investments. With regard to shareholder returns, we have set a total of 30 billion yen, and in the event that there are unused portions within the strategic investment framework, we will consider providing additional returns to shareholders. [See right-hand chart]



Shareholder Return Policy (Dividend Policy)

Our basic policy on shareholder returns is to maintain a total return ratio of 50% or more. With regard to dividends, we adhere to a policy of progressive dividends with a DOE of 5.0% or higher, and will continue to provide stable dividends going forward. In addition, we will carry out share repurchases while maintaining a balance with dividends. As a guideline, the upper limit of treasury stock holdings is set at 10% of shares outstanding, and repurchased shares will be retired as appropriate.

Intellectual Property Strategy

The NICHIAS Group strengthens its businesses by carrying out activities related to intellectual properties (hereinafter “intellectual property activities”) from both offensive and defensive perspectives, taking into account changes in the business environment and our future vision. In particular, for technologies newly created through research and product development, we actively promote the acquisition of rights such as patents and the management of know-how, thereby securing competitive advantages. At the same time, we respect the intellectual property rights of others and appropriately address IP risks, such as by conducting investigations and confirmations to prevent infringement when launching new products.

In intellectual property activities, the Intellectual Property Department plays a central role, advancing various initiatives in cooperation with relevant departments and external partners under smooth communication with the responsible executive officer. In FY2024, initiatives included revising and increasing invention rewards to strengthen incentives for innovation, piloting IP landscape analysis using AI-based patent analysis tools, and developing mechanisms to manage know-how that contributes to competitive advantage.