

Initiatives and Numerical Targets for the Second Stage of Our Medium-Term Management Plan

During the first stage of our Medium-Term Management Plan, we focused on improving profitability and on selecting and focusing on our core businesses, and we promoted efficient business strategies along with effective allocation of investments. The NPI (NICHIAS Performance Index) for FY2024 showed generally favorable results across all items (Table 2).

During the second stage, following the establishment of our new philosophical framework, we will accelerate our activities by intensifying our investments in human resources, AI (artificial intelligence), DX (digital transformation), and other areas, while we revise our Group target planning, which includes NPI.

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Medium-Term Management Plan
Five-year plan from FY2022 to FY2026

Key Initiatives During Our Medium-Term Management Plan, and Future Outlook

With regard to our “Shikumi Tree,” which will include NPI during the second stage, although we continue to address previous challenges, we have also raised our target values and added new items (Figure 3).

In terms of increasing profitability, we will increase our target for operating profit margins to 18%, taking into account the costs of introducing and developing new key systems.

In terms of business selection and focus, we will promote management and operations using business-specific ROIC as one of our business mechanisms for evaluating efficiency.

In terms of efficient operation, we will improve operational efficiency by reducing meeting time, leveraging digital technologies, and evaluating their effectiveness, while adhering to guidelines for total working hours.

In terms of environmental conservation, we will strategically promote the reduction of greenhouse gas emissions and aim to achieve an A rating under CDP certification.

In terms of strengthening our foundations, our metric will be revised to a total frequency rating that includes non-work-related accidents within its assessment scope.

Aside from these NPI target revisions, we will also launch new activities during second stage. These will include organizational restructuring aimed at personnel system reform and productivity improvement, expanding the scope of items related to NKK (NICHIAS Kaizen Katsudo), commencing the operation of new key systems, establishing a new visitor showroom at our headquarters building, and developing the concept for a central research institute. Stay tuned for what’s next from the NICHIAS Group.

Table 2. NPI (NICHIAS Performance Index) and other numerical targets of the NICHIAS Group as well as past results

Item			NPI	FY2024 results	FY2026 target value
			Second stage		
Increasing profitability	Revenue	(100 million yen)		2,565	2,750
	Overseas revenue	(100 million yen)		530	580
	Operating income ratio	(%)	○	15.5	17.3 (18.0*)
Business selection and focus	Capital investment	(100 million yen)	○	68	Total investment amount 240**
	ROE	(%)		15.5	Strategic investment framework ≥15.0
	ROIC	(%)	○	12.2	290**
	EBITDA	(100 million yen)		474	≥15.0
Efficient operation	Total working hours compliance rate	(%)	○	99.5	100
	Total working hours (average of the entire company)	(hours)		1,921	—
Environmental conservation	GHG emissions*3	(10,000 t-CO ₂ -eq)	○	18.0	17.0
	Amount of discharged industrial waste*3	(1,000 t)		18.0	17.1
Strengthening our foundations	Total rate of industrial accident occurrence (domestic production)	—	○	2.4	2.0
	Total rate of industrial accident occurrence (overseas production)	—	○	1.9	1.5
	Total rate of industrial accident occurrence (core industries)	—	○	1.0	0.5
	Total rate of industrial accident occurrence (building materials)	—	○	0	2.0
	Cases of serious complaints	(number of cases)	○	3	0

*1: Value excluding costs related to the new core system *2: Total for 2 years *3: Covering the overseas manufacturing sites of the NICHIAS Group.

Figure 3: Shikumi Tree

