

Nissin Electric Group New Medium- to Long-Term Business Plan “VISION2025”

VISION2025
日新一新
NISSIN ISSIN

Adapt to changes
Create changes

<Growth strategies>

Environmentally friendly products
Distributed energy
Increasing environmental awareness in emerging countries
Renewable energy
Adoption of DX
Expansion of EVs

Enhancing manufacturing capability
Improving productivity
Diversifying the supply chain
Strengthening human resources strategy
Work style reforms

Aiming to become a company creating a sustainable future through reliable technical capabilities where each of employees can realize the contribution to society in an environment that respects diverse values and encourages new challenges

Consolidated net sales: 190 billion yen / Consolidated operating income (margin): 20 billion yen (12.5%)

May 27, 2021

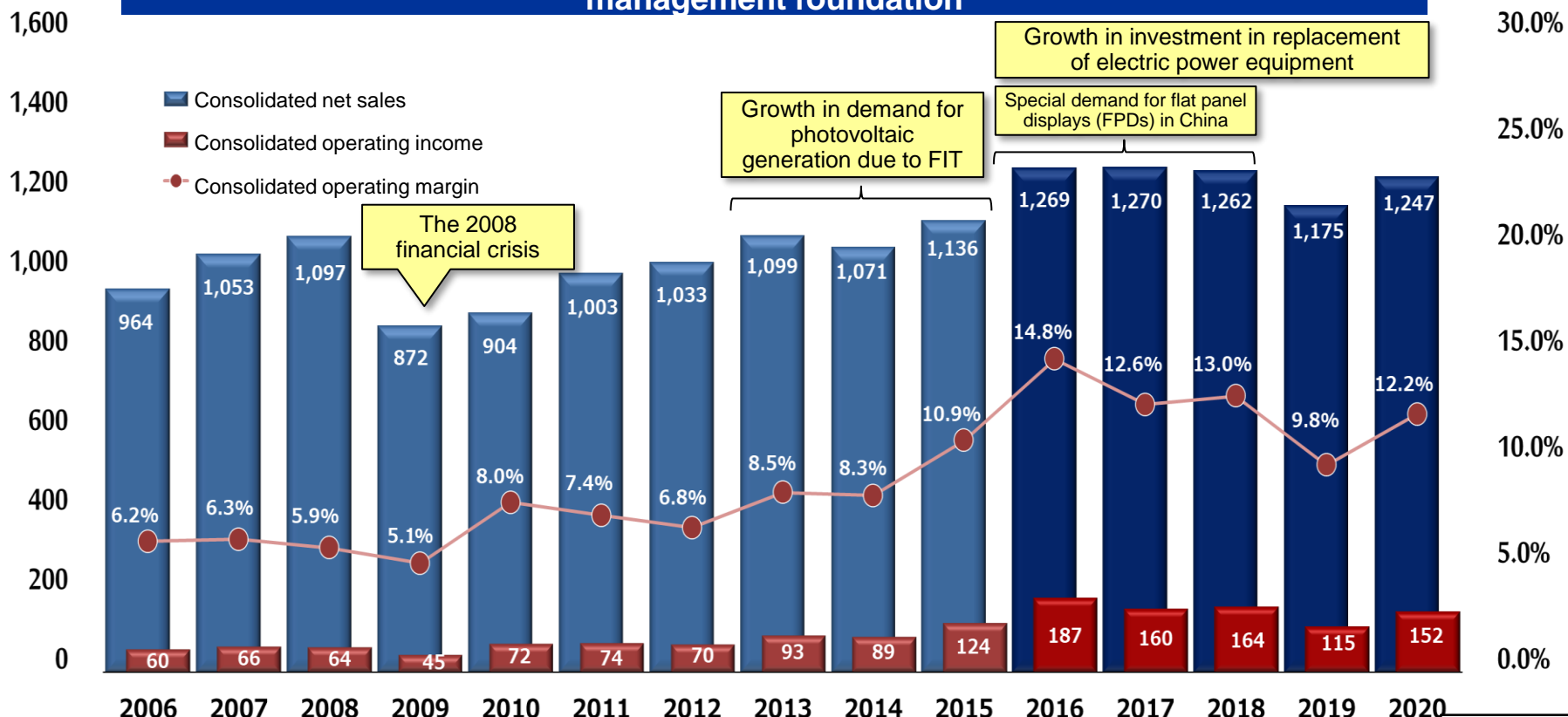
	Page
<u>1. Looking back on VISION2020</u>	
(1) Business performance by year	4
(2) Main efforts	5
<u>2. Overview of VISION2025</u>	
(1) Ideal situation	8
(2) Numerical targets	9
(3) Social changes	11
(4) Overall structure	12
(5) Growth strategies	13
(6) Strengthening the business foundation	15
(7) Restructuring business segments	16
(8) Net sales by business segment	17
(9) Strategies by business segment	18
(10) SDGs initiatives	22

Looking back on VISION2020

1. Looking back on VISION2020

(1) Business performance by year

Achieved steady growth in sales and high profitability, establishing a stable management foundation



[Average over 5 years]

	V2010	V2015	V2020	V2020/V2015
Consolidated Net sales	97.8 billion yen	106.8 billion yen	124.5 billion yen	16% increase in revenue
Consolidated Operating income (margin)	6.1 billion yen (6.3%)	9 billion yen (8.5%)	15.6 billion yen (12.5%)	72% increase in profit

1. Looking back on VISION2020

(2) Main efforts (business segment)

Stable business growth and achievements connecting to the future

Power System Equipment

Identifying demand for replacement of electric power equipment in Japan

Steady penetration of SPSS (Smart Power Supply Systems)

Expansion of the Industrial Equipment and Parts Contract Manufacturing Business

Charged Beam Equipment and Processing

Business expansion due to increased demand for ion implanters for small/medium high-definition FPDs

Full-scale entry into the power device market

Renewable Energy and Environment

Entry into the wind power generation business

Life Cycle Engineering

Development of recurring revenue business

1. Looking back on VISION2020

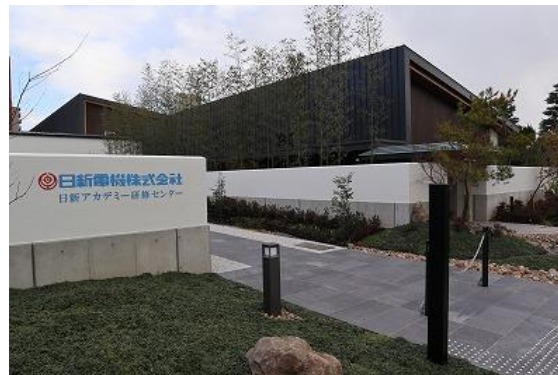
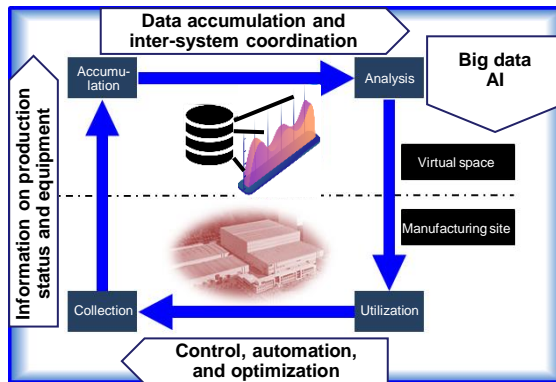
(2) Main efforts (structural reform)

Promoting structural reforms and untiring cost reduction

Enhancing manufacturing capabilities
Improving productivity

Strengthening the human resources development structure by establishing the Nissin Academy Training Center

Establishing LINK SQUARE, a new innovation base of Nissin Ion Equipment



Creating disaster-resistant plants
Seismic retrofitting and protective measures against wind and flooding

Re-establishing the Group Corporate Philosophy on the occasion of the centennial
Establishing a Business Mindset

Quickly responding to the “new normal” brought about by the new coronavirus pandemic

Overview of VISION2025

2. Overview of VISION2025

(1) Ideal situation



Situation after undergoing significant change

— Toward 2050 —
 Aiming to become a company creating a sustainable future through **reliable technical capabilities** where each of employees can realize the **contribution to society** in an environment that respects **diverse values** and **encourages new challenges**



Policy

NISSIN ISSIN
 Returning to the Founder's Mindset

Adapt to changes
Create changes

Purpose of business

Sustainable

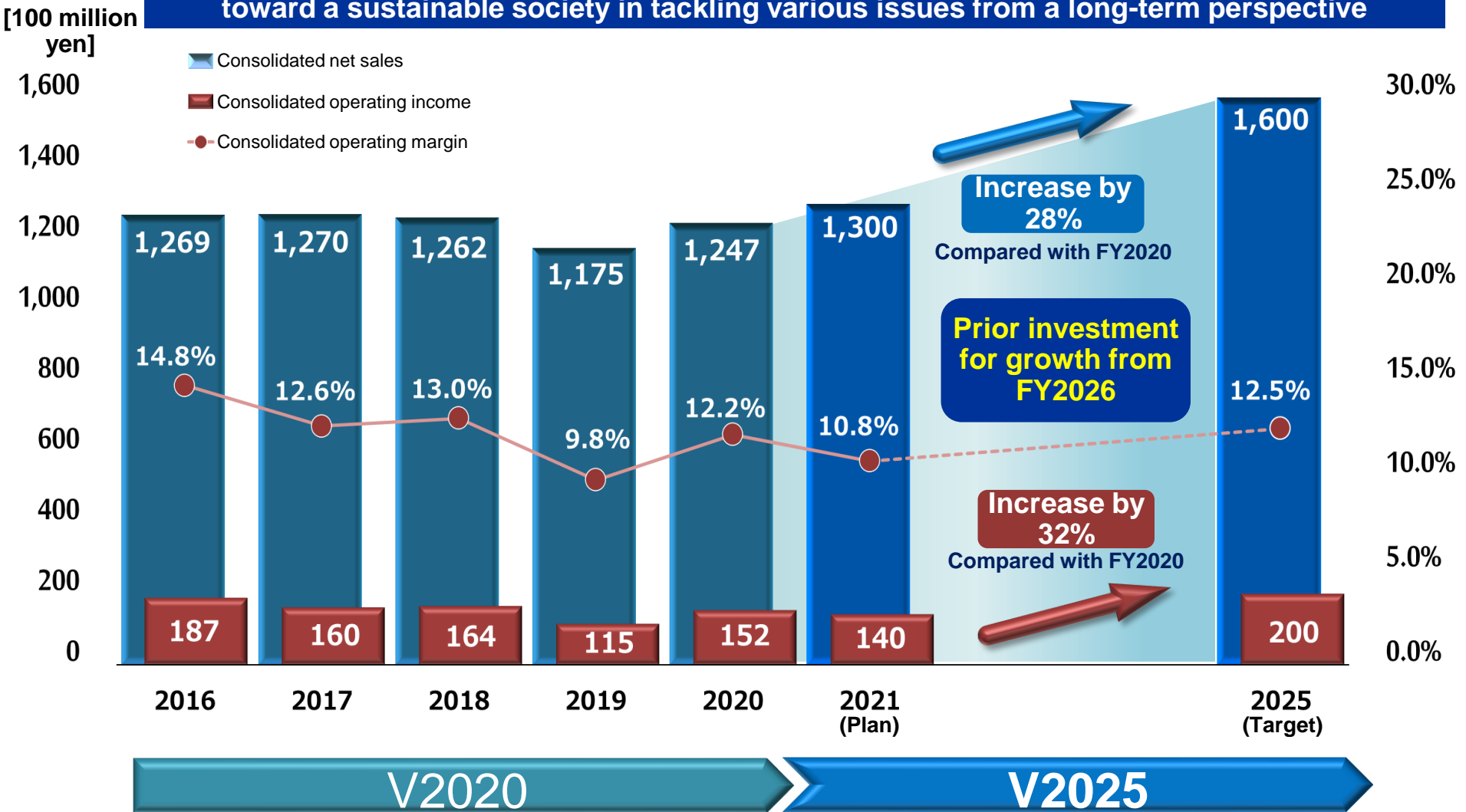
To achieve a sustainable global environment and a society where every person can play an active role (from the perspective of the SDGs)
 To create a good company that will survive the next 100 years

- Group Slogan
- Corporate Philosophy
- Principles of Activities
- Business Mindset

2. Overview of VISION2025

(2) Numerical targets

Aiming to continue to achieve stable growth by considering the present as a **turning point** toward a sustainable society in tackling various issues from a long-term perspective



2. Overview of VISION2025

(2) Numerical targets



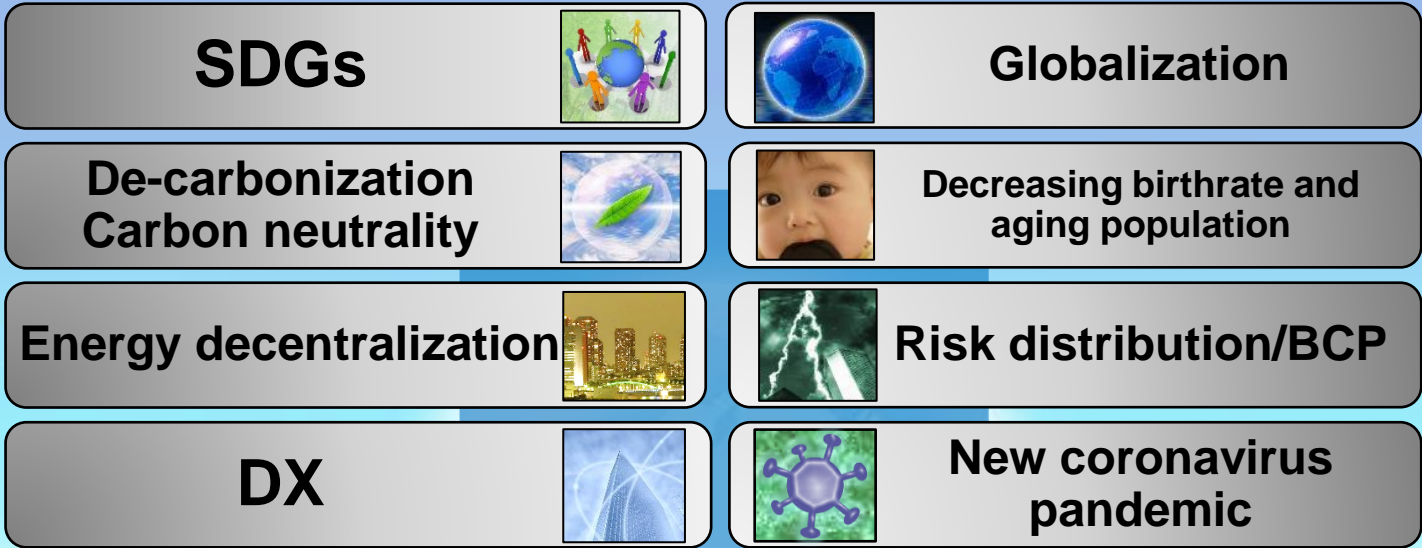
FY2025	
Consolidated net sales	160 billion yen
Consolidated operating income	20 billion yen
Consolidated operating margin	12.5%
ROA/ROE (*)	Over 10%
Target payout ratio	40%

* ROA: Return On Assets, ROE: Return On Equity

<p>Capital investments</p> <p>30 billion yen (5 years)</p> <p>(V2020: 26.7 billion yen)</p>	<p>R&D investments</p> <p>38 billion yen (5 years)</p> <p>(V2020: 34.4 billion yen)</p>	<p>CO₂/greenhouse effect gas emissions (Compared with FY2018)</p> <p>Reduce by 15% (FY2025)</p> <hr/> <p>Reduce by 30% (FY2030)</p>	<p>Proportion of environmentally friendly products to sales</p> <p>50%</p>	<p>Proportion of new products to sales</p> <p>35%</p> <p>(FY2019: 8%)</p>
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2. Overview of VISION2025

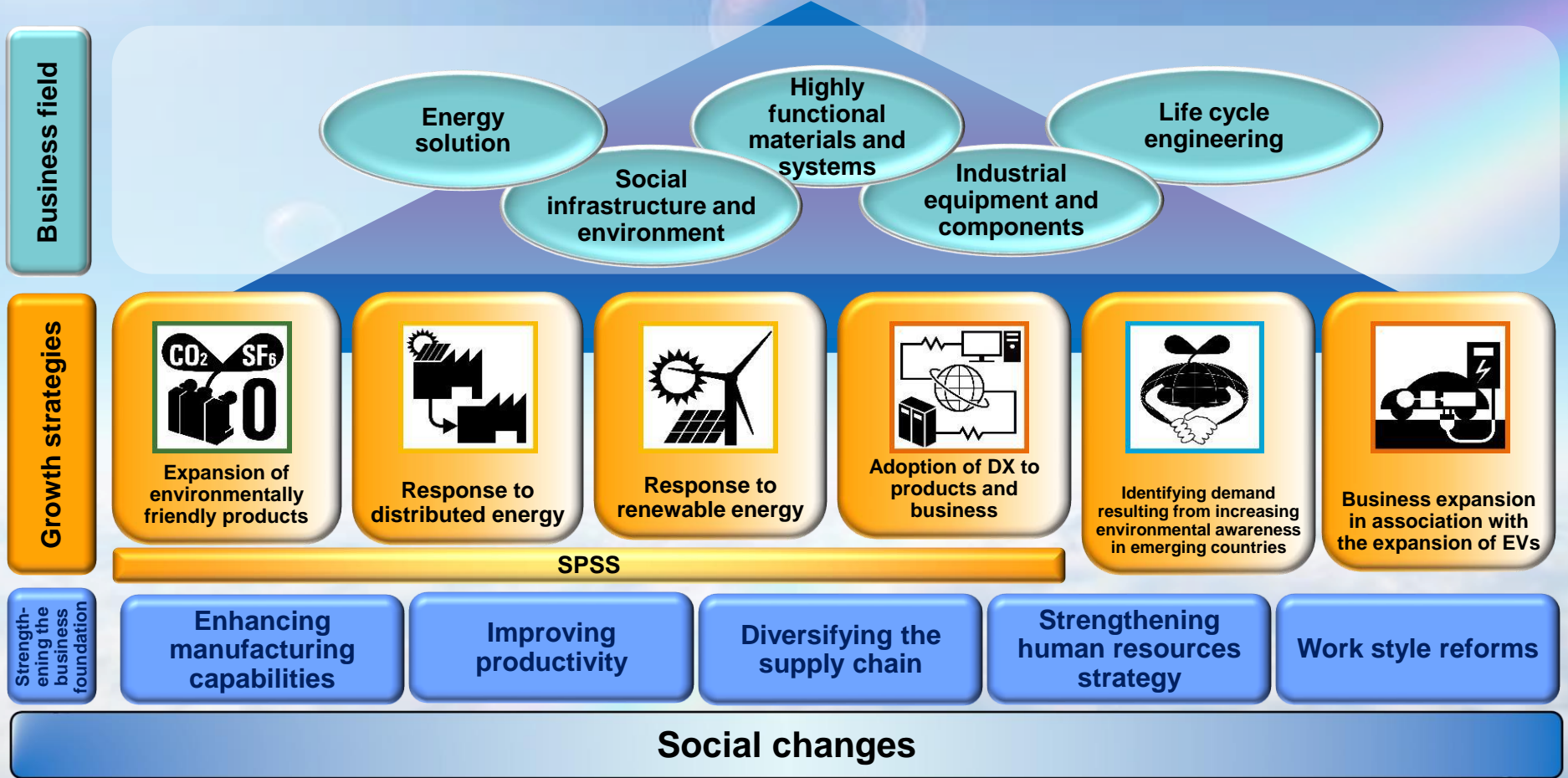
(3) Social changes



2. Overview of VISION2025

(4) Overall structure

Placing the SDGs as the core of VISION2025, contribute to achieving a sustainable global environment and a society where every person can play an active role based on the six growth strategies



2. Overview of VISION2025

(5) Growth strategies



- SF₆ gas-free
- Reduction of electric power loss
- Promotion of the adoption of biodegradable electrical insulating oils



- Increase in orders for SPSS in the captive consumption market
- Early introduction of direct-current distribution system products onto the market



- Identifying demand for large-scale wind and photovoltaic power generation systems
- Strengthening efforts on cross-regional power system interconnection projects

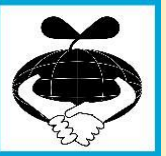
2. Overview of VISION2025

(5) Growth strategies



Adoption of DX to
products and
business

- Rolling out dispersed power supply, supply and demand adjustment and power supply system stabilization systems through EMS^(*)
- Developing a recurring revenue model by introducing diagnostic technologies using AI and IoT and remote maintenance systems
- Rolling out regional communication services and promoting labor-saving solutions



Identifying demand
resulting from increasing
environmental awareness
in emerging countries

- Strengthening global competitiveness capitalizing on the characteristics of the manufacturing capabilities at each site
- Proposing solutions based on accurate understanding of customer needs
- Commercializing market-oriented businesses by quickly identifying new demand in ASEAN countries



Business expansion
in association with
the expansion of EVs

- Developing and expanding sales on implanter for SiC power device for EVs
- Accelerating the widespread proliferation of DLC (Diamond-Like Carbon) coating
- Considering the commercialization of electricity infrastructure business for EVs

2. Overview of VISION2025

(6) Strengthening the business foundation



Company/ business	Creating a sustainable profit foundation with the aim to meet new social needs
Person/ organization	Making the best possible use of and improving employees' characteristics and potential with the aim to create a corporate culture that encourages them to positively take on new challenges



**Utilization
of DX**

**Improving
SEQCDD^(*)**

**Promoting
Smart Factory**

Improving metalworking technologies

**Stable procurement and cost
reduction**

Enhancing
manufacturing
capabilities

Improving
productivity

Diversifying
the supply
chain

**Reform of human resources system
and human development structure**

**Promoting diverse and flexible
work styles**

**Adapting to the new normal by using
ICT and remote work**

Strengthening
human
resources
strategy

Work style
reforms

2. Overview of VISION2025

(7) Restructuring business segments

New business segments

Power Supply and Environment System Business

To respond to major changes in the domestic electric power energy-related market—which is expected to expand due to Japan's Green Growth Strategy Through Achieving Carbon Neutrality in 2050—integrating the existing Power System Equipment Business and Renewable Energy and Environment Business, and the Life Cycle Engineering Business, which involves installation work, on-site testing and after-sales services related to these businesses
Aiming to create a synergistic effect through united operations

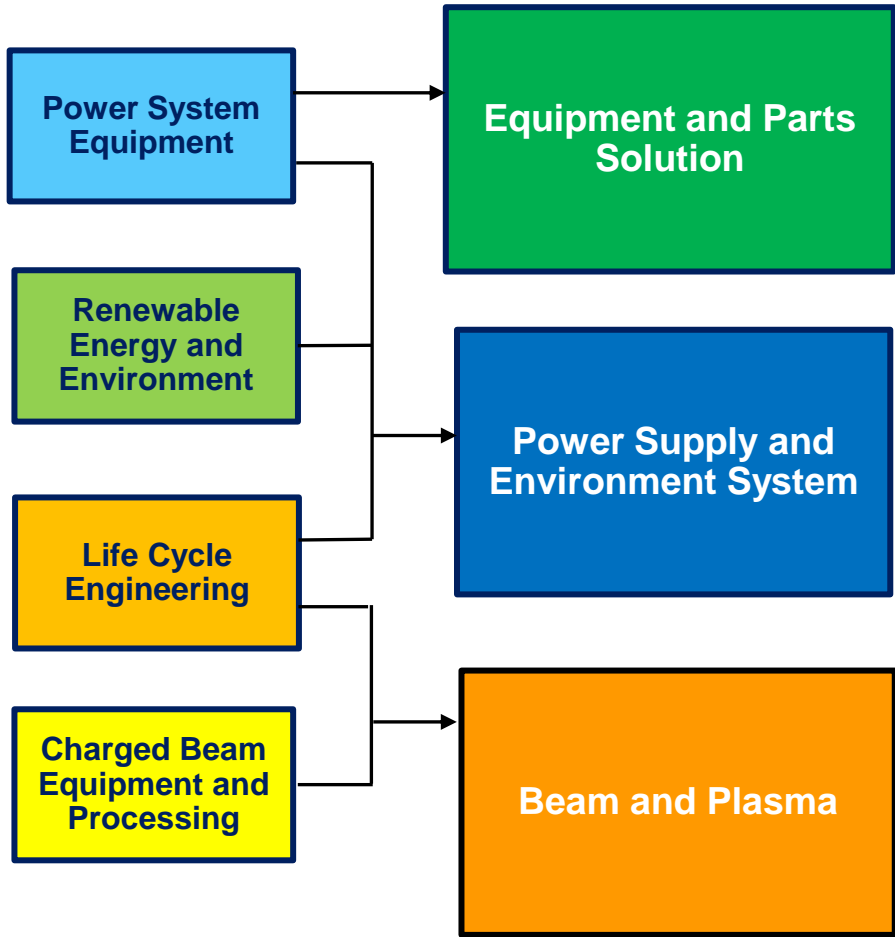
Beam and Plasma Business

To provide comprehensive solutions to regular customers, integrating the existing Charged Beam Equipment and Processing Business and the Life Cycle Engineering Business, which involves after-sales services related to the Charged Beam Equipment and Processing Business

Equipment and Parts Solution Business

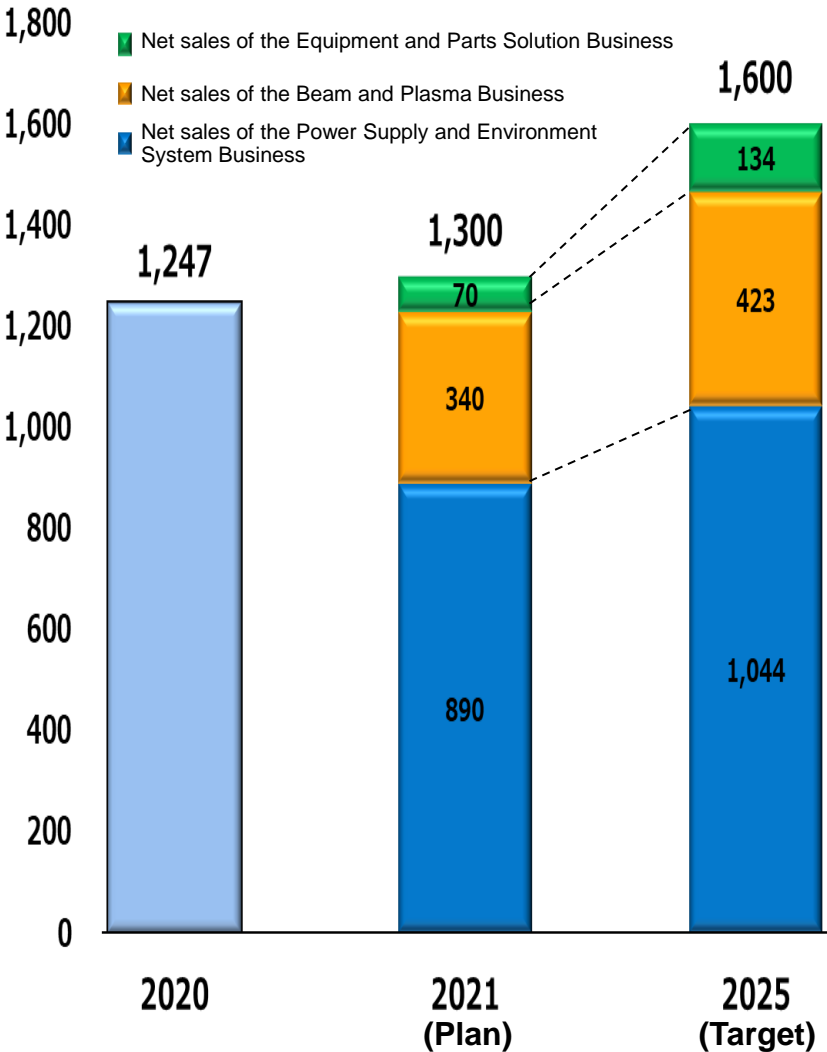
Since our high quality and cost competitiveness are highly evaluated by customers, and business opportunities are expected to expand further, we plan to run this business as an independent segment with the aim of making it a new business pillar.

Business segment restructuring chart



2. Overview of VISION2025

(8) Net sales by business segment



Strategies by business segment

Equipment and Parts Solution Business

- Strengthening global competitiveness capitalizing on the strengths of each production site
- Proposing solutions by placing metalworking technologies as the core
- Commercializing market-oriented businesses based on new demand in ASEAN countries

Beam and Plasma Business

- Ion Implanter**
 - Developing and expanding sales of equipment for manufacturing power devices, state-of-the-art semiconductors and large FPDs
 - Strengthening the profit foundation through cooperation in the CS field with overseas subsidiaries
- Electron Beam processing system**
 - Expanding the existing business in the fields of tires, electric wire, foaming, CS, etc.
 - Establishing new businesses for the printing market, CR-type electron beam processing systems, etc.
- Fine coating**
 - Introducing films, in which we have a great deal of expertise, into the existing market and expanding production sites
 - Entering the non-engine parts market and new markets through new films, new products, and new services

Power Supply and Environment System Business

- Further expanding SPSS (environmentally friendly products and solutions business)
- Expanding the market of the electricity infrastructure (cross-regional power system interconnection and power interchange) field, in which we have a great deal of expertise
- Making an effort to enter markets that make use of the dynamism of the private sector (PFI, DBO,^(*) etc.) and making inroads into the overseas water treatment market by utilizing our core technologies
- Launching a recurring business to identify demand for replacement of existing equipment

17 * PFI: Private Finance Initiative, DBO: Design Build Operate method of public undertaking in which the private sector is entrusted with the planning and operation of public facilities. 日新電機株式会社
 (In the case of private funding: PFI; in the case of public funding: DBO)

2. Overview of VISION2025 (9) Strategies by business segment

Power Supply and Environment System Business (SPSS)



2. Overview of VISION2025 (9) Strategies by business segment

Power Supply and Environment System Business (wind power generation)

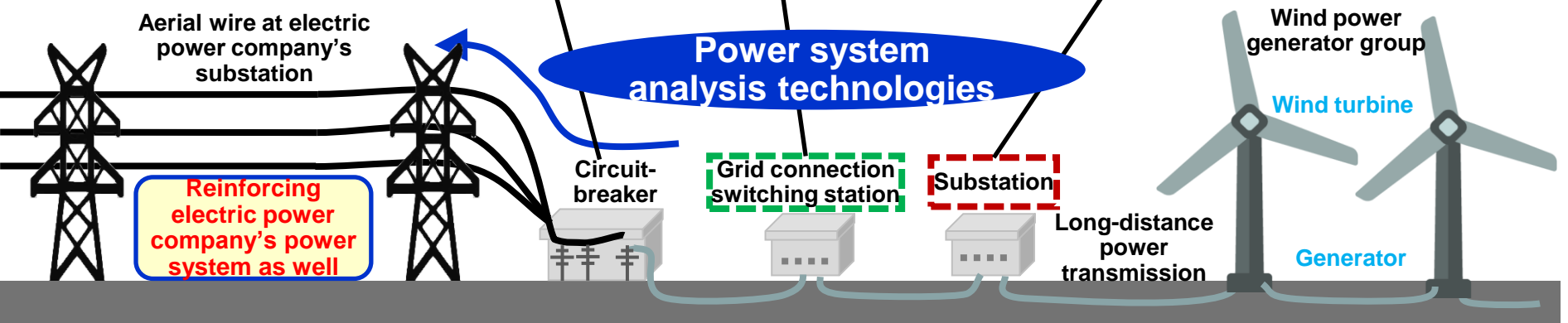


Green growth strategies (offshore wind power generation)

2030: 10 GW ⇒ 2040: 30 to 40 GW



Offering the SPSS wind power generation package systems, in which electricity quality is secured by power system analysis technologies, to help achieve the SDGs (reduce CO₂ emissions)!



2. Overview of VISION2025 (9) Strategies by business segment Beam and Plasma Business



Ion implanter



Developing and expanding sales of equipment for manufacturing power devices, state-of-the-art semiconductors and large FPDs



Electron beam processing system



Expanding the existing business (Fields of tires, electric wire, foaming and CS)
Establishing new businesses for the printing market, CR-type electron-beam processing systems, etc.



Fine coating



Introducing films, in which we have a great deal of expertise, into the existing market and expanding sites
Entering the non-engine parts market and new markets through new coating, new products, and new services



2. Overview of VISION2025 (9) Strategies by business segment Equipment and Parts Solution Business



Global-scale contract production business



Commercializing market-oriented businesses in ASEAN countries

- Contract production of equipment and parts**
- <Market fields>
- Semiconductor equipment
 - Power system equipment
 - General machinery
 - Printing equipment
 - Automobile industrial machinery
 - Machine tools/FA equipment
 - Agricultural machinery
 - Construction machinery
 - Electrical equipment

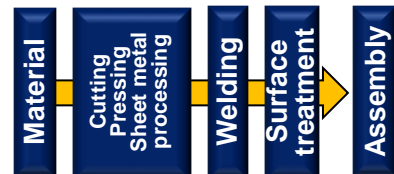
Production responding to customer needs by capitalizing on the characteristics of sites in Thailand, Vietnam, Myanmar, and Japan



Proposal of solutions capitalizing on accumulated experience and expertise

Core businesses

**Metalworking technologies
Total manufacturing system**



Product development to market deployment, capitalizing on metalworking technologies and the capabilities of sites and quickly identifying local needs



- Quickly identifying new demand
- Quick development
- Quick manufacturing

Environmental field

- Water cleaning power improvement field
- Waste disposal field
- Wastewater treatment field

Labor saving/production efficiency improvement

- Improvement of distribution efficiency
- Labor saving in distribution

2. Overview of VISION2025 (10) SDGs initiatives

Business management based on the pluralistic values that have emerged from our history of more than 100 years: **“Harmony with the Environment” + “Five Trusts”**



“To achieve a sustainable global environment and a society where every person can play an active role”

- (1) Growth strategies for seizing business opportunities
- (2) Enhancing the presence of the company
- (3) Encouraging each employee to contribute to society through their work enhances employees’ motivation and job satisfaction

Business fields that contribute to achieving the SDGs



- **Contributing to water quality improvement**
 - Maintenance and management of water and sewerage treatment facilities
 - Water treatment efficiency improvement in ASEAN countries and China
- **Contributing to building electricity infrastructure**
 - Equipment for manufacturing power devices
 - Direct-current distribution system products
 - Expansion of demand due to the Fundamental Plan for National Resilience
 - Expansion of contract metalworking
- **Reducing CO₂ emissions using AI and IoT**
 - Highly energy-efficient Smart Factory
 - Inspection business utilizing sensors

- **Contributing to stable supply of electricity**
 - Renewable energy generation support systems
 - EMS(*) for highly efficient use of electricity
 - Grid connection facilities for delivering high-quality electricity
- **Contributing to the creation of a safe and secure city**
 - Central supervisory control systems (water treatment, expressways)
 - Regional communication services
- **Reducing environmental burdens by making material highly functional**
 - Development and expansion of environmentally friendly products and materials
 - DLC for eco-friendly cars

Efforts to contribute to achieving the SDGs



- Scholarship systems
- Improvement of employee satisfaction
- Exceeding the statutory disability employment rate
- Preparing a portfolio toward gender equality
- Industrial waste reduction
- Expansion of group governance reinforcement training
- Cooperative association/internal and external information sharing system

Thank you.