

The Group's 5th Medium-Term Management Plan

Challenge for Change and the Promotion of Regional Management

Nihon Parkerizing will celebrate its centenary in 2028. We will pursue even bolder transformations to carry forward our achievements of the past century into the future. By promoting regional management from Japan to the world, we strive to reach a new stage of growth.

1. Review of the 4th Group Medium-Term Management Plan (Apr. 2022 to Mar. 2025)

In the 4th Group Medium-Term Management Plan, we identified six materialities across three pillars: growth strategies, solutions to social issues and corporate innovation. We addressed these issues with a view toward achieving Vision 2030.

Regarding numerical targets, we achieved our net sales target, aided by the positive impact of the depreciation of the yen on the results of overseas subsidiaries after foreign exchange conversion. On the other hand, we failed to reach the operating income target. This was affected by the high prices of raw materials and steel, as well as by inflation, which drove up costs. We achieved the ordinary income target due to increases in dividend income and equity method investment gains.

To strengthen our management foundation, we made Parker Processing Co., Ltd. a wholly owned subsidiary in July 2024. In April 2025, we revised our research and

development structure. Specifically, we newly opened the Central Research Laboratories (Parker Innovation Center) to reinforce our technological development capabilities. We also established the Advanced Technologies Research Division and the Core Technologies Research Division. We also spun off the Medical Equipment Department of the Life Science Division into Parker MedTech, Co., Ltd. in July 2025. The goal of this reorganization was to strengthen our development and sales of medical equipment, leveraging surface modification technologies.

Amid the intensification of global competition, we understand that we will need to address three key tasks: increasing the profitability of domestic business, expanding overseas business and exploring new business categories, in addition to deepening cultivation of our existing businesses during the next medium-term management plan.

2. Basic policy and targets in the 5th Group Medium-Term Management Plan (Apr. 2025 to Mar. 2028)

Our slogan for the 5th Group Medium-Term Management Plan is "Challenge for Change". Accordingly, we will strive to expand our business portfolio, create new businesses, strengthen group collaboration and improve operational efficiency through digital transformation (DX) and the use of artificial intelligence (AI).

To achieve sustainable growth, it is essential to remain trusted by society and customers through solving social problems. As part of this effort, the group will work together to develop surface modification technologies that support a decarbonized society. This initiative will be implemented at the Central Research Laboratories (Parker Innovation Center), a facility launched in April 2025. We will also incorporate open innovation. This means that we will proactively introduce outside technologies and knowledge. Taking into account the potential use for mergers and acquisitions and strategic alliances, we will seek to capitalize on our technological strengths and the competitiveness of our business.

In addition, in FY2024, we introduced a regional management system to strengthen the collaboration between businesses in Japan and expand overseas

businesses. In this system, our business activities are divided into five regions: Japan, East Asia (Taiwan and South Korea), China, India and ASEAN, and Europe and the US. We appoint officers in charge of individual regions to implement marketing, technology development and other activities matched to regional needs. In addition, we will strengthen relationships between business divisions and group companies and further increase communication, not only between business divisions in Japan and group companies in different regions, but also among group companies themselves. By doing this, we will increase the group's overall synergies and its ability to offer comprehensive solutions to customers.

We will also continue our efforts to improve capital efficiency and enhance shareholder returns. We will take flexible measures regarding shareholder return, including the stable payment of dividends and the agile execution of share buybacks. With a view toward an ROE of 8% or higher, or 10% or higher in the longer term, we aim to balance sustainable growth and capital efficiency and enhance our corporate value.

Basic policy in the 5th Group, Medium-Term Management Plan

Challenges for Change and the Promotion of Regional Management



As we approach our centenary in 2028 and look to the future, we seek to enter a new phase of growth.

2028: Centennial Anniversary



- The company started business in 1928 with 9 employees.
- In 1965, the company began operating in Taiwan. Since then, we have been actively expanding globally, with bases in 13 countries and regions worldwide.
- Selected as one of the 100 top global niche companies (2017)

Sowing and Harvesting for the Realization of Vision 2030

Following the 4th Med-Term Management Plan, we will continue to advance the following initiatives as a unified group.

Initiatives Toward Realizing a Decarbonized Society

- Expanding R&D themes in the environmental field to realize a decarbonized society.
- We will advance the sophistication of technologies for vehicle electrification, such as providing conductivity and insulation, improving wear and heat resistance, and implementing low-distortion heat treatment. Simultaneously, we will focus on developing technologies for next-generation vehicles, including dissimilar-material joining.
- Developing surface treatment technologies, including the improvement of sliding properties and insulation, reduction of CO₂ emissions, and enhancement of energy efficiency.
- Development of "reduce, reuse, and recycle (3R) technologies" that contribute to realizing a circular economy, based on the perspective of the SDGs.
- Create added value through cross-industry collaboration.
- Actively promote cross-industry partnerships by applying our adhesion enhancement technologies to customers' raw materials to improve product value.

Exploration of New Business Domains and Strengthening of Business Foundations

- Expand our business beyond the automotive and steel markets.
- Strengthen our presence in new markets, including semiconductors, electronics, electrical appliances, and life sciences (e.g., medical devices, cosmetics, daily necessities).
- Exploration of new business ideas.
- Expansion of the business portfolio through strategic M&A.



The 5th Group Medium-Term Management Plan/Targets

(Unit: million JPY)

	3/2025 Actual		3/2028 Target		Change	
	Amount	Sales ratio	Amount	Sales ratio	Amount	%
Net sales	Chemicals	57,616	-	63,000	5,384	9.3%
	Engineering	24,206	-	23,000	-1,206	-5.0%
	Toll Processing	47,753	-	52,000	4,247	8.9%
	Others	2,704	-	3,000	296	10.9%
	Total	132,281	-	141,000	8,719	6.6%
Operating income	Chemicals	10,340	17.9%	11,000	660	6.4%
	Engineering	685	2.8%	1,000	315	46.0%
	Toll Processing	5,016	10.5%	7,000	1,984	39.6%
	Others	-1,045	-	-1,500	-455	-
	Total	14,998	11.3%	17,500	2,502	16.7%
Ordinary income	19,936	15.1%	21,100	1,164	5.8%	
ROE	6.9%	-	8% or more*	-	-	-

* Over 10% in the long term