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Notice of Partial Revision of Medium-Term Management Plan 2025

Nippo Ltd., hereby announces that its Board of Directors voted on March 22, 2024, to partially revise its Medium-Term Management Plan 2025 as set forth below. The plan was originally unveiled on May 19, 2023, and covers 2023 through 2025.

1. Revisions to the Plan and Reasons for Revision

- (1) Revision of the title and plan content in the Investment in New Businesses and Enhancement of Business Functions portion of the Investment Plan section of the plan: revised target amounts for FY2025

Overview of Revision (Pre-revision)

Plan content	✓ Maintain interest-bearing debt balance at the current level, while deducting shareholder returns from increased free cash to secure appropriate working capital.
Amounts	<ul style="list-style-type: none">Planned investment in new businesses and enhancement of business functions: Approx. 3.0 bil. JPYWorking capital*: Approx. 4.9 bil. JPYInterest-bearing debt: 4.3 bil. JPY

* Listed as "cash and deposits" in the pre-revision plan.

(Revised)

Plan content	✓ Having reconsidered what we think is an appropriate level of working capital, we will adjust the balance of cash and deposits and effectively leverage increased free cash and the borrowing capacity of interest-bearing debt to double investment in human capital and growth investment in new businesses and enhancement of business functions.
Amounts	<ul style="list-style-type: none">Planned investment in human capital, new businesses, and enhancement of business functions: Approx. 6.0 bil. JPY

	<ul style="list-style-type: none"> Working capital: Approx. 4.0 bil. JPY Interest-bearing debt: Approx. 7.4 bil. JPY
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Reasons for Revision

Business performance has consistently exceeded targets since the days of Medium-Term Management Plan 2019, meaning that our financial foundation is now robust enough to handle an increase in the scale of investments as described above. The investment plans established under these revisions also cover human capital investment.

- (2) Review the plan content stipulated in the Shareholder Returns section of Medium-Term Management Plan 2025, and revise shareholder return targets

Overview of Revision

(Pre-revision)

Plan content	✓ We aim to achieve a dividend payout ratio of 35% within the current period while paying attention the continuation of stable dividends.			
Targets		FY2023	FY2024	FY2025
	Dividend payout ratio (dividend per share)	29% (42 JPY)*	31% (45 JPY)	35% (54 JPY)

* Dividend per share for FY2023 was 40 JPY in the pre-revision Medium-Term Management Plan 2025 (page 10), but subsequently revised to 42 JPY. This revision was announced in the Notice regarding revisions to Full-Year Financial Results Forecasts and Dividend Forecasts issued on November 6, 2023.

(Revised)

Plan content	✓ For the duration of the Medium-Term Management Plan 2025, our goal is to expand investment in human capital and growth investment in new businesses and enhancement of business functions, while increasing the dividend payout ratio to around 50% and achieving consistent increases in dividends to shareholders.			
Targets		FY2023	FY2024	FY2025
	Dividend per share	(74 JPY)	(76 JPY)	(78 JPY)
	Dividend payout ratio	Around 50%		

Reasons for Revision

We revised shareholder return targets for the Medium-Term Management Plan 2025 period in response to changes in the company's financial foundation as described in the Reasons for Revision section of (1).

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