



**Materials for Briefing of
Financial Results
for FY 2024/3 (76th term)**

May 29, 2024

Tenma Corporation
TSE Prime Market Securities Code: 7958

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1. Overview of financial results for FY 2024/3

- Net sales decreased YoY because of a large decrease in contract-manufactured product business despite effect of yen weakness.
- Operating profit largely decreased YoY because of decreased utilization of our factories resulting from production adjustments by clients in the contract-manufactured product business and lower profitability despite the effect of repricing in the in-house product business in Japan. Ordinary profit and the subsequent items were above those for the previous period due to posting from gains from the sales of securities.
- Effected amounts of yen weakness are as follows.
Net sales: +6.3 billion yen, operating profit: +170 million yen

Highlight of business results



- [Net sales]
Net sales decreased YoY because of a decrease in the reaction to the previous period when production recovery was seen by many customers in the contract-manufactured product business, and production adjustments caused by excess inventories of customers and decreased utilization of our factories despite the effect of the yen weakness.
- [Operating profit]
Operating profit largely decreased YoY because of the significant effect of the sales decrease in the contract-manufactured product business, decreased utilization of factories, and lower profitability despite the effect of the yen weakness and the effect of repricing in the in-house product business.
- [Ordinary profit and the subsequent items]
Ordinary profit and the subsequent items increased YoY, pushed up by gains from the sales of securities of 1.73 billion yen and overseas interest income of 480 million yen.

(Unit: million yen)

	FY 2023/3	FY 2024/3					
	Full-year actual results	Full-year actual results	vs. previous year	YoY	Announced full-year plan	vs. the plan	Percent ratio to the plan
Net sales	102,053	92,931	△9,122	91.1%	94,000	△1,069	98.9%
Gross profit	14,775	13,109	△1,666	88.7%	-	-	-
Operating profit	3,007	1,362	△1,645	45.3%	1,200	162	113.5%
Ordinary profit	3,801	3,985	184	104.8%	3,800	185	104.9%
Net income attributable to owners of parent	2,800	3,091	291	110.4%	2,900	191	106.6%

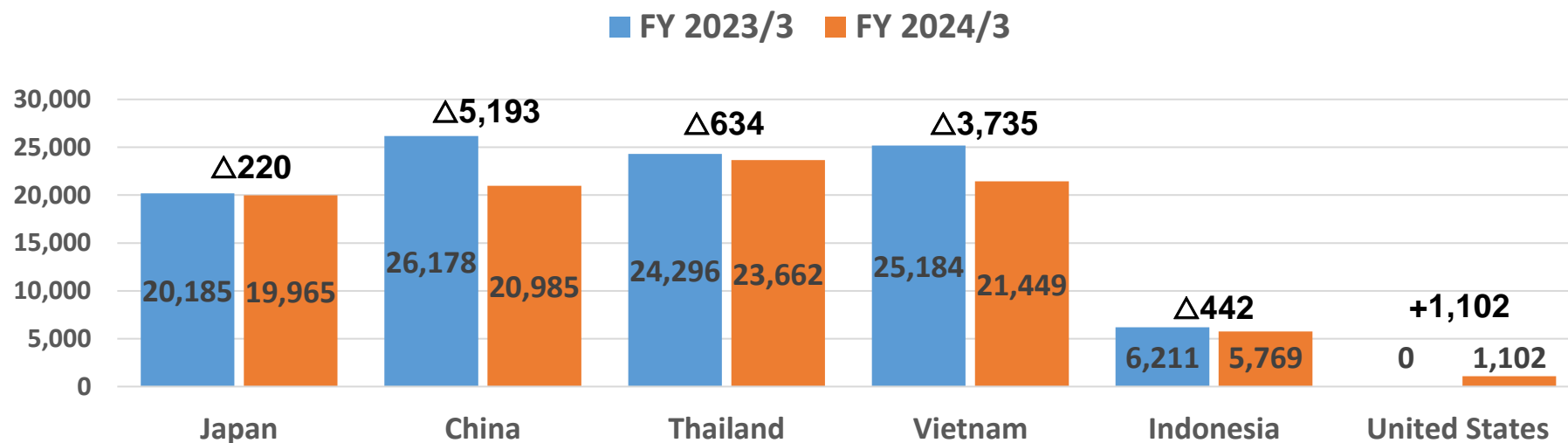
Note: Announced full-year plan represents figures in revised announcement dated on November 9, 2023

Net sales by country



- Japan: Net sales decreased in the in-house product business because of the decreased sales volume despite repricing. They showed a slowdown of automobile-related in contract-manufactured product business from the second half. Consequently, they decreased on a company-wide basis.
- China: Net sales largely decreased because of the production shift to Southeast Asia of customers in the contract-manufactured product business and production adjustments.
- Thailand: Net sales were above those for the previous period in the first half, but they decreased on a full-year basis because of the slowdown in home appliances, such as air conditioners.
- Vietnam: Like Thailand, net sales were above the previous period in the first half, but they decreased on a full-year basis because of production adjustments in the contract-manufactured product business from the second half and because of the lower domestic production volume of two-wheel vehicles compared to the previous period.
- Indonesia: Net sales were above the previous year in the automobile-related business, but sales largely decreased in OA. Consequently, they decreased on a company-wide basis.
- United States: Net sales for six months by Tenma America and Tenma Plastic Mexico, which were made subsidiaries in May 2023, were posted.

(Unit: million yen)

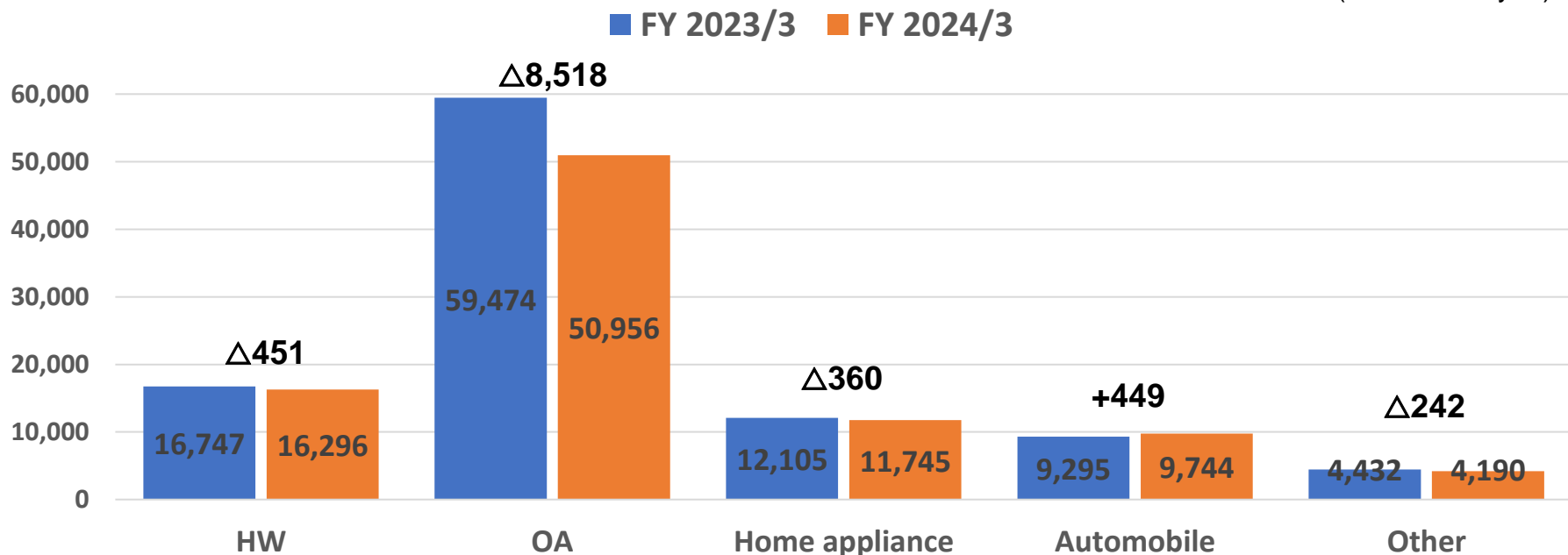


Note: The fiscal year of consolidated subsidiaries ends December.

Net sales by category

- HW (houseware): In Japan, net sales resulted in a slight decrease because of repricing and sales expansion of new models as well as the increased handling of imported products despite the decreased sales volume. In China, net sales decreased from the previous period in both physical stores and EC sales because of weak real estate and consumer spending.
- OA: Net sales decreased in all areas largely because of production adjustments by customers.
- Home appliance: Net sales slightly decreased because of weakness in home air conditioners in Thailand.
- Automobile: Net sales were severe in the two-wheel vehicles-related business in Vietnam. Net sales slowed down in the four-wheel-related business in Japan and Indonesia for the second half, but they increased on a full-year basis. Net sales generally increased because of the addition of net sales from the United States where safety parts are mainly sold for automobiles.

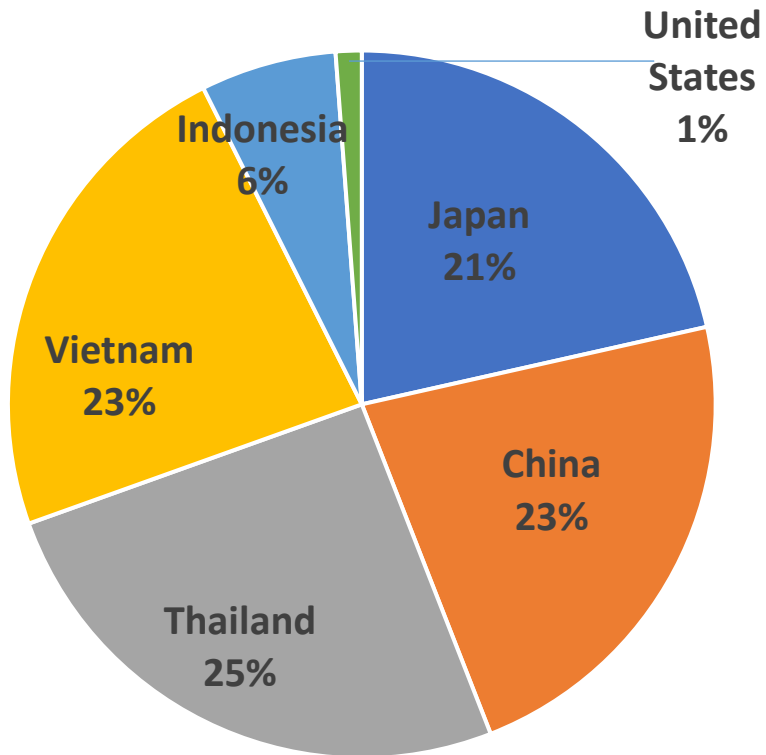
(Unit: million yen)



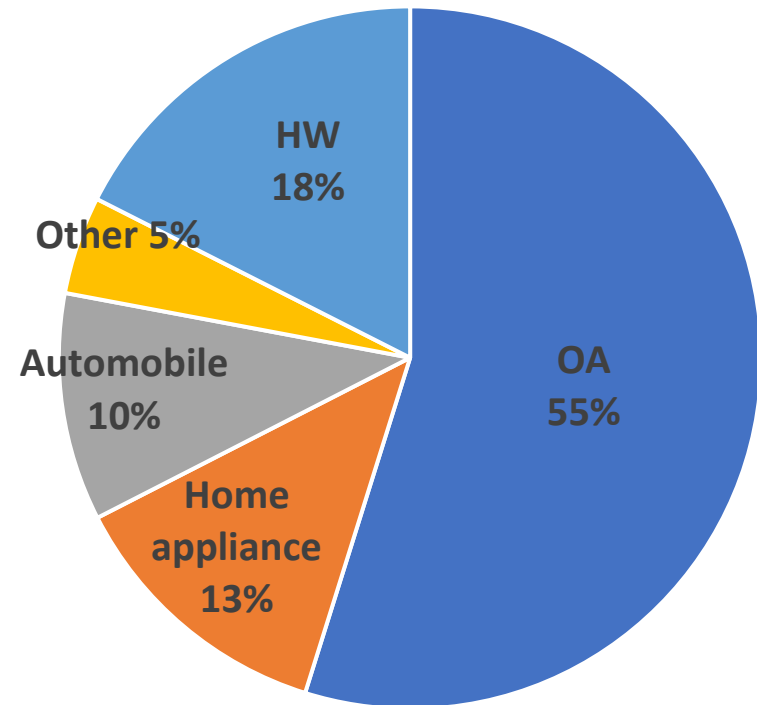
Sales Composition (FY2024/3)



[By region]



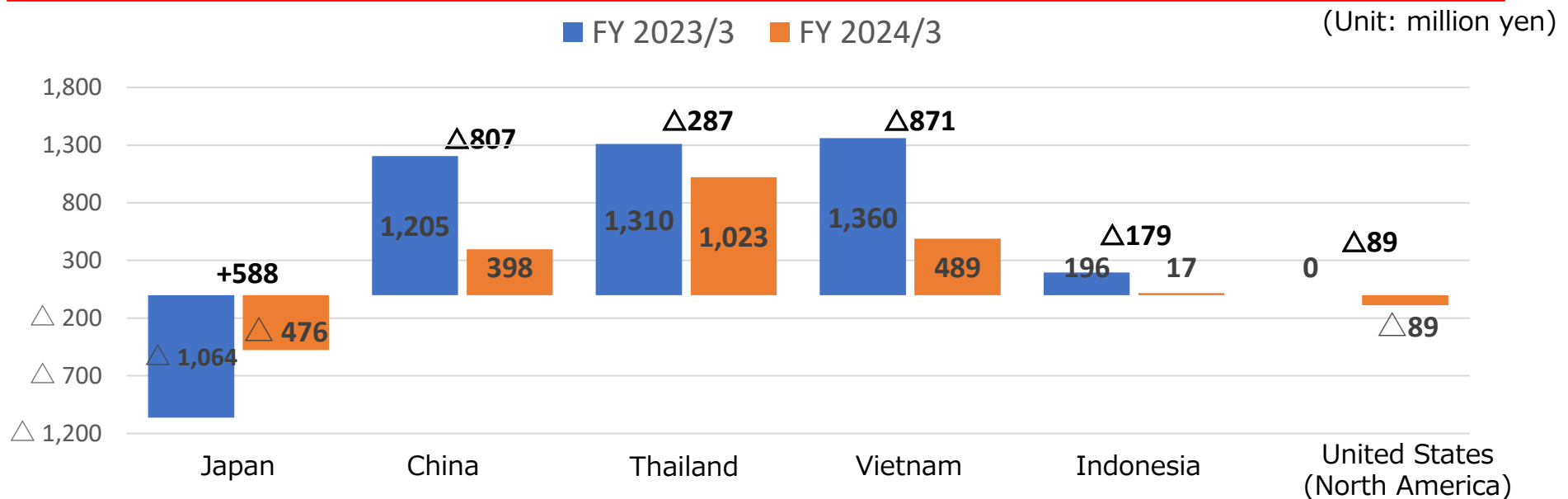
[By category]



Operating profit by country



- Japan: Losses were largely reduced as a result of repricing in the in-house product business, a review of the way to purchase raw materials and initiatives for improving the efficiency of logistics.
- China: Profits decreased because of a large sales decrease despite initiatives for improving profitability through the optimization of personnel and the efficiency of operations.
- Thailand: Profits remained high because of reduced personnel costs through the operation of automated warehouses despite the decreased profit.
- Vietnam: Profits decreased because of a large sales decrease and deteriorated utilization of factories.
- Indonesia: Profits decreased because of the sales decrease as well as costs related to the closing of the Cibitung factory implemented last December.
- United States (North America): Losses were recorded because of increased costs paid in US dollars resulting from MXN strength and increasing wages in Mexico.



Note: Figures after corporate expenses were used in Japan while figures after transactions among segments were used in countries other than Japan.

(Unit: million yen)

	End of FY 2023/3		End of FY 2024/3			
	Amount	Composition ratio	Amount	Composition ratio	Increase or decrease	Main increasing or decreasing factors
Current assets	61,588	59.9%	57,882	56.8%	△3,706	Notes and accounts receivable-trade: △2,434
Non-current assets	41,214	40.1%	44,040	43.2%	2,826	Construction in progress: 1,024, Retirement benefit asset: 849
Total assets	102,802	100.0%	101,921	100.0%	△880	-
Current liabilities	17,921	17.4%	14,296	14.0%	△3,625	Notes and accounts payable-trade: △2,890
Non-current liabilities	6,571	6.4%	6,562	6.4%	△8	-
Total liabilities	24,491	23.8%	20,858	20.5%	△3,633	-
Total net assets	78,310	76.2%	81,063	79.5%	2,753	Foreign currency translation adjustment: 3,190, Capital surplus: △1,872, Retained earnings: 1,315
Total liabilities and net assets	102,802	100.0%	101,921	100.0%	△880	-

(Unit: million yen)

	Full FY 2023/3	Full FY 2024/3	YoY	Factors accruing in the period (Increase or decrease is represented on a CF basis)
Cash flows from operating activities	7,514	5,898	△1,616	Profit before income taxes: 3,881 Depreciation: 4,768, decrease in trade receivables: 4,154 Decrease in trade payables: △4,093
Cash flows from investing activities	1,306	1,263	△43	Decrease in time deposits: 5,284 Sales of investment securities: 2,912 Acquisition of property, plant, and equipment: △4,831
Cash flows from financing activities	△3,235	△4,054	△820	Acquisition of treasury shares: △1,472 Payment of dividend: △1,776
Effect of exchange rate change in cash and cash equivalents	1,538	1,090	△448	-
Balance of cash and cash equivalents at beginning of period	15,281	22,403	7,123	-
Balance of cash and cash equivalents at end of period	22,403	26,600	4,196	-

Developments in capital investment



- In Japan, the investment mainly consisted of construction and renovation of buildings, machinery investments that included R&D facilities, and mold investments related to the in-house product business.
- In China, investments were restricted because of the accelerated movement of production transfers to Southeast Asia in the OA category.
- In Southeast Asia with the potential for growth, we made investments of about 600 million yen in relation to a new factory in Vietnam (investments will amount to about 8.1 billion yen in the new factory in Vietnam) in addition to machinery investments in each region.

(Unit: million yen)

	FY 2021/3 Full-year actual results	FY 2022/3 Full-year actual results	FY 2023/3 Full-year actual results	FY 2024/3 Full-year actual results
Total capital investment	3,625	2,712	3,070	5,296
Japan	1,903	929	810	2,435
China	235	344	339	345
Southeast Asia	1,373	1,483	1,911	2,505
North America	-	-	-	10
Corporation or elimination	114	△44	10	2
Depreciation	3,913	4,096	4,452	4,768

Capital policy and management indicators



- As for shareholder return, we acquired treasury shares totaling 2.0 billion yen and eliminated 1 million treasury shares.
- The basic policy is established of keeping stable dividends with the DOE target of 2.5% or more. A dividend per share of 82 yen will be paid, and DOE is expected to be 2.6%.
- ROE is low over capital cost, and we will continuously seek to increase enterprise value.

		FY 2020/3 Full-year actual results	FY 2021/3 Full-year actual results	FY 2022/3 Full-year actual results	FY 2023/3 Full-year actual results	FY 2024/3 Full-year forecast
Dividend per share	(yen)	80	80	82	82	82
Payout ratio	(%)	77.1%	63.0%	175.9%	64.4%	56.5%
Dividend on equity (DOE)	(%)	2.7%	2.6%	2.7%	2.6%	2.6%
Total payout ratio	(%)	77.3%	128.8%	401.0%	99.9%	121.4%
ROE (Return on equity)	(%)	3.4%	4.1%	1.4%	3.7%	3.9%

2. Earnings Forecast for FY2025/3

Full-year earnings forecast FY24 2025/3 (FY 2024)



(Unit: million yen)

	FY 2023	FY2024		
	Full-year actual results	Full-year forecast	vs. previous year	YoY
Net sales	92,931	100,000	7,069	107.6%
Operating profit	1,362	2,200	838	161.6%
Ordinary profit	3,985	2,800	△1,185	70.3%
Profit attributable to owners of parent	3,091	3,200	109	103.5%

Table 1: Semiannual breakdown

	First half	Second half	Differences
Net sales	47,000	53,000	6,000
Operating profit	500	1,700	1,200
Ordinary profit	800	2,000	1,200
Profit	400	2,800	2,400

Table 2: Breakdown of net sales by country

	FY 2023	FY2024	Increase or decrease
Japan	19,965	21,200	1,235
China	20,985	19,300	△1,685
Thailand	23,662	25,600	1,938
Vietnam	21,449	25,700	4,251
Indonesia	5,769	5,800	31
United States (North America)	1,102	2,400	1,298
Total	92,931	100,000	7,069

Table 3: Breakdown of net sales by category

	FY 2023	FY2024	Increase or decrease
HW	16,296	17,700	1,404
OA	50,956	51,500	544
Home appliance	11,745	14,800	3,055
Automobile	9,744	12,000	2,256
Other	4,190	4,000	△190
Total	92,931	100,000	7,069

<<Sales>>

- ▶ Sales are expected to show a recovery for the second half as production adjustments remain unchanged in the contract-manufactured product business due to excess inventory of many customers, but it is gradually relaxed.
- ▶ The effect of the sales expansion of new models, which were released in the previous period, is expected to be generated in the in-house product business.

<<Profits>>

- ▶ Profits are expected to largely increase for the second half because of increasing utilization of factories and the improving production efficiency resulting from automation.
- ▶ Management efficiency will be further increased in Japan by reducing indirect costs.
- ▶ Non-operating profit or loss is expected to be positive due to interest and dividend income though gains on the sales of securities, which were posted in the previous period, are not estimated.
- ▶ Extraordinary profit or loss is expected to be positive due to liquidation of non-performing assets.

<<By country>>

- Japan: The urgent need is to improve profitability, and we will aggressively give assistant to the HW category and reduce costs.
- China: Weakness in the contract-manufactured product business is inevitable, so we will promote efficiency through the optimization of personnel and give assistance to the HW category.
- Thailand: We will expand production capacity through the introduction of molding machines while starting to expand automated warehouses in preparation for future business expansion and automation.
- Vietnam: Orders received are recently on a recovery trend, and we will cover the decrease for the previous period and maximize sales and profits.
- Indonesia: Existing businesses are expected to decrease sales since automobile sales are severe, but sales are expected to be flat compared to the previous period because of the addition of the consolidated sales of subsidiaries from this period. Cost reductions at the Cibitung factory, which closed in the previous period, will contribute to performance on a full-year basis.
- United States (North America):
For this period, full-year business results will contribute to the Group. There is no sign of an end to rising personnel expenses in Mexico, and we will start to rebuild the earnings structure through a review of selling prices and optimization of the production system and facilities.

<<By category>>

HW: We will improve profitability in Japan by expanding sales of new models and starting a review of the sales composition.

In China, a review of the agency policy will start for strengthening EC sales.

Also in Southeast Asian countries, EC sales will be promoted to secure a foothold for the future.

OA: There is a remarkable industrial trend of a production transfer from China to Southeast Asia. The company will also keep and strengthen the production system to cover a decrease in China by three Southeast Asian countries.

Home appliance: Sales are expected to largely increase YoY, driven by sales of industrial air conditioners in Thailand and refrigerators in Vietnam since production adjustments by customers have a smaller effect.

Automobile: Sales are expected to largely increase YoY because of the contribution of full-year business results of the United States (North America) and the decision on orders for new models in Japan.

Other: We continuously strengthen the work to obtain orders related to housing in Japan and overseas.

3. Medium-term Management Plan

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**General overview of the third
medium-term management plan
(FY 2022/3 to FY 2024/3)**

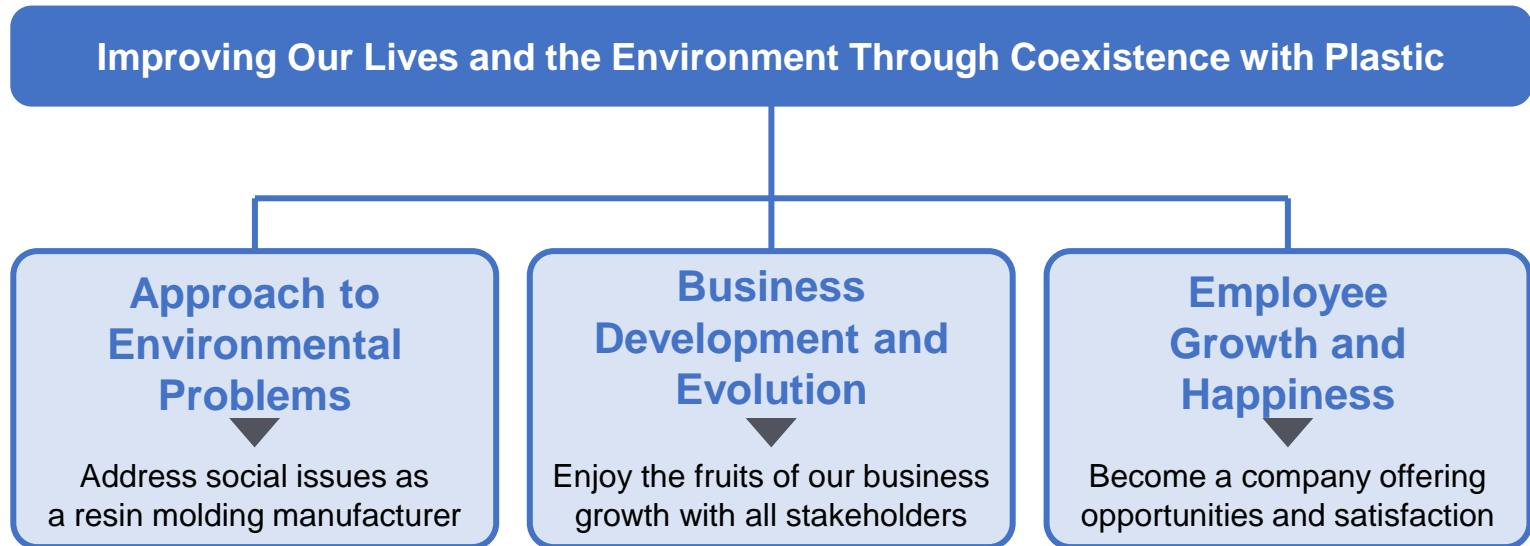
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Fourth medium-term
management plan

Long-term vision and the third medium-term management plan basic policy



Long-term vision of the Tenma Group



Third medium-term management plan
(FY 2022/3 to FY 2024/3)
Basic Policy



Review of the third medium-term management plan

(i) Achievements and challenges



	Policy and strategy	Achievements (general overview)	Continuing challenges
Promoting sustainable management	Strategy (i) Development of Human Assets	<ul style="list-style-type: none"> ● Renewal of the personnel system and introduction of Management by objectives (MBO) ● Establishment of the system for employing nonregular workers as regular workers ● Introduction of systems enabling flexible work style 	<ul style="list-style-type: none"> ● Increase in employee satisfaction ● Appointment of female managers delayed in Japan ● Initiatives for developing human resources through academic-industrial alliance
	Strategy (ii) Address Environmental Issues	<ul style="list-style-type: none"> ● Identification of the materiality of sustainability management ● Implementation of measures for reducing GHG emissions ● Development of products made fully from recycled materials and start of sales 	<ul style="list-style-type: none"> ● Start of operation of a recycle center ● Make products by recycled pellets ● Achievement of the reduction target for GHG emissions
	Strategy (iii) Strengthen Corporate Governance	<ul style="list-style-type: none"> ● Continuing operation of voluntary nomination and remuneration committee ● Securing at least one-third of the board occupied by independent outside directors ● New establishment of internal control office for promoting preparation of regulations ● Promotion of strengthening of audit in cooperation with external agencies 	<ul style="list-style-type: none"> ● Preparation of regulations in all bases including overseas subsidiaries ● Complete implementation of PMI of overseas subsidiaries acquired by M&A
Establishing a foundation for growth	Strategy (iv) Promotion of DX and Factory Automation	<ul style="list-style-type: none"> ● Introduction of automated warehouses in Tenma Thailand. ● Efficient of back-office operations through digitalization of operation processes ● Introduction of thin client for purpose of strengthening safety and security of asset ● Promotion of automation for increasing the productivity by using sensors and task support robots 	<ul style="list-style-type: none"> ● Introduction of automated warehouses in a new Vietnam factory using findings from Tenma Thailand ● Differentiation from competitors by realization of sophisticated automation ● Introduction of sales support tools for purpose of strengthening sales organizations ● Introduction and established operation of the next mission-critical system
	Strategy (v) Promotion of R&D	<ul style="list-style-type: none"> ● Achieved practical realization of special molding technologies, such as DSI molding ● Promotion of research of using green resins and recycled materials ● Introduction of decorating printers giving added value to HW products 	<ul style="list-style-type: none"> ● Application of research results of special molding technology to business ● Strengthening of proposal ability based on physical property evaluation research of a wide variety of resins
	Strategy (vi) Expand Business Areas	<ul style="list-style-type: none"> ● Entry into automotive safety parts (such as resin parts for airbags) through M&A ● Start of a full-scale operation of HW category in Southeast Asia ● Acquisition of the mold builder and entry into molding business ● Start of agent sale of pregnancy kits for male as a service for resolving social challenges 	<ul style="list-style-type: none"> ● A full-scale overseas operation of HW category ● Progress of molding business ● Search for business domains being a medium- and long-term axis

Review of the third medium-term management plan

(ii) Business results



- With regard to management indicators set as a target of the third medium-term management plan, net sales were above the target while profit and ROE were below the targets.

■ Third medium-term management plan and actual results for the final year

	Plan for FY 2023	Actual results for FY 2023	Percent ratio to the plan
Net sales (million yen)	87,000	92,931	107%
Operating profit (million yen)	4,200	1,362	33%
ROE (%)	4.6	3.9	△0.7 pt

Major factors having an effect on the plan

- Production adjustment by major customers in the contract-manufactured product business for the purpose of eliminating excess inventories
- Decreased domestic demand for storage items in the in-house product business
- Delayed investment for FY 2021 to FY 2022 during the COVID-19 crisis having an effect on the progress of cost reductions
- Increase in amount converted into yen resulting from the yen weakness

■ Trend in net sales and operating profit (unit: million yen)



Review of the third medium-term management plan

(iii) Shareholder return



Trend in indicators related to shareholder return

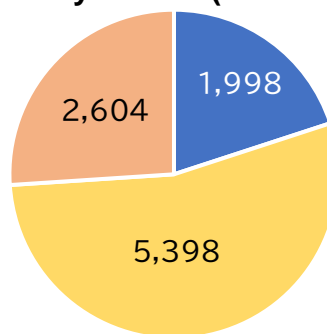
		FY 2021	FY 2022	FY 2023	Three-year total
Treasury shares	Acquisition amount (million yen)	2,395	1,001	2,001	5,398
Dividend	Total dividend (million yen)	1,848	1,795	1,752	5,395
	Dividend per share (yen)	82	82	82	82
	DOE	2.71%	2.64%	2.60%	2.65%
Whole	Total shareholder return (million yen)	4,244	2,796	3,753	10,793
	Total payout ratio	401.0 %	99.9%	121.4%	207.4%

(Note) In replacing total net assets, shareholders' equity was used as a denominator when calculating DOE.

For dividend per share, DOE and total payout ratio, three-year average represents simple average for FY 2021 to FY 2023.



Progress of acquisition of treasury shares (million yen)



- Acquisition amount for FY 2020
- Acquisition amount for the period of third medium-term management plan
- Remaining amount totaling 10 billion yen

- We **steadily implement** the acquisition of treasury shares **toward acquiring them totaling 10 billion yen**. Treasury shares of **about 5.4 billion yen** were acquired in the period of the third medium-term management plan. Treasury shares of about **7.4 billion yen**, combined with the already acquired amount, were totally acquired.
- Stable dividend was paid independent from short-term business results and in **compliance with the dividend policy of DOE of 2.5% or more**.
- There was a delay in investment plan for the first half of the third medium-term management plan because of COVID-19 crisis. **Total payout ratio** remained **very high** because of the allocation of idle money to shareholder return for avoiding excess internal reserve.
- **Equity price** remained **stable due to aggressive shareholder returns** though profit failed to achieve the figure in the plan because of the deteriorated business environment.

1

General overview of the third
medium-term management plan

2

**Fourth medium-term
management plan**
(FY 2025/3 to FY 2027/3)

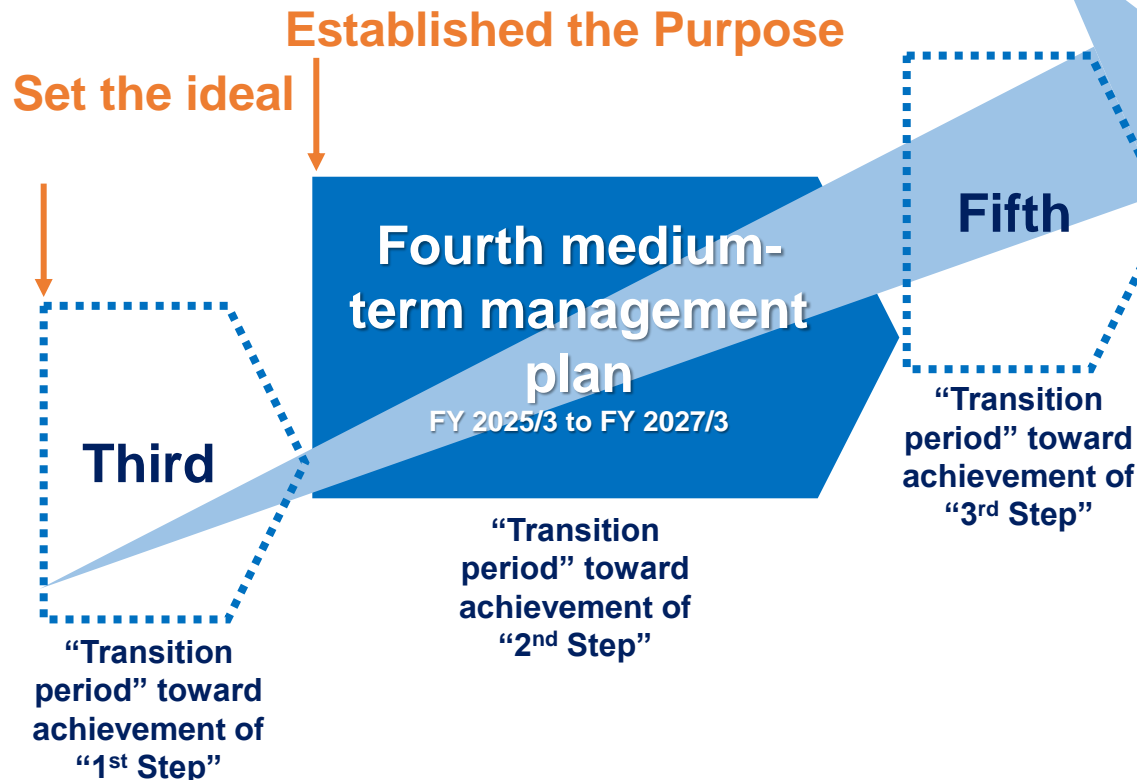
* Announced on May 24, 2024

Our roadmap to become a 100-year company

In 2049, we will celebrate our 100th year in business. Seeking to be a 100-year-old company, the Tenma Group established the ideal from a long-term viewpoint and started a new journey according to the third medium-term management plan.

The fourth medium-term management plan is the second step toward achievement of the ideal.

The purpose was established on the sidelines of start of the plan.



[The ideal]

Long-term vision

Aim to build “a prosperous society in which people and plastics coincide in harmony”

Long-term targets^{*}

(Target numbers for FY2031/3)

ROE 9% level	ROIC 9% level
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^{*} Net sales and operating profit largely depend on the external factors of the exchange rate and business environment, and management indicators for long-term goals were changed to ROE and ROIC.

Recognition about business environment (general overview)



- Sales and profit show a recovery to a level before the COVID-19 crisis in the resin molding business, which is our main business, and **demand for injection molding remains solid.**
- By product category, **demand** is expected to **increase in the automobile category and home appliance category, including air-conditioners,** while demand is estimated to shrink in the OA category as a whole market.
- There is a low prospect for growth in domestic demand in the **HW category,** which is in the in-house product business, and it is necessary to **develop overseas markets.**
- By country, there is an acceleration of the **movement for a production transfer from China to Southeast Asia** particularly in the OA category.

■ Outlook for a trend in demand for resin modeling

: Business domains that we particularly focus on

Business category	Net sales Composition ratio (FY2023)	Japan	China	Southeast Asia	United States/ Mexico
OA category	55%	➡	➡	➡	-
Automobile category	11%	➡	-	➡	➡
Home appliance category	13%	➡	➡	➡	➡
Housing category	1%	➡	➡	➡	➡
Other industrial items	2%	➡	➡	➡	-
HW category	18%	➡	➡	➡	➡

*“-”: Domains where the company does not operate business

Fourth medium-term management plan

(FY 2025/3 to FY 2027/3)

Basic Policy

Increasing enterprise value by promoting sustainable management

Resolving challenges with all bases and sections sharing the way of thinking under the materiality of the Tenma Group, which was identified in the period of the previous medium-term management plan

Materiality of the Tenma Group

Mitigation of and
adaptation to climate
change

Realization of
circular economy

Safety and security
of products

Sustainable
procurement

Success of a wide variety
of human resources

Safe and secure
workplaces

Strong foundation
for company

Creation of new
value

*The above-mentioned materiality includes six company-wide strategies stated in the previous medium-term management plan. The continuity of the management strategy is retained.

Recognition of and measures to business challenges



Promotion of various measures to materiality

30% reduction of GHG emissions (FY 2030 compared with FY 2019)

Realization of circular economy through recycle of used resin

Increase in a ratio of female managers in Japan and development of human resources in the overseas subsidiaries

Safe and secure working environment
⇒ Increase in employee satisfaction

Keeping and strengthening of corporate governance system

Change of production system through automation and promotion of digital transformation

Change of business portfolio

Growth in automobile category driven by R&D and M&A

Strengthening of home appliance category through increase in capacity of Thailand base

Development of new business domain in contract-manufactured product business

Reconstruction of unprofitable business domain (HW category)

Rebranding of the core Fits

Strengthening of EC sales

Strengthening of overseas HW category

Fixed cost reduction and reorganizations

For increasing enterprise value, securing the **sustainability** of the core resin molding business through a **departure from the low profitability** by accelerating the individual business strategy and **accumulating nonfinancial capital** from the medium- and long-term perspective

Financial numeral targets

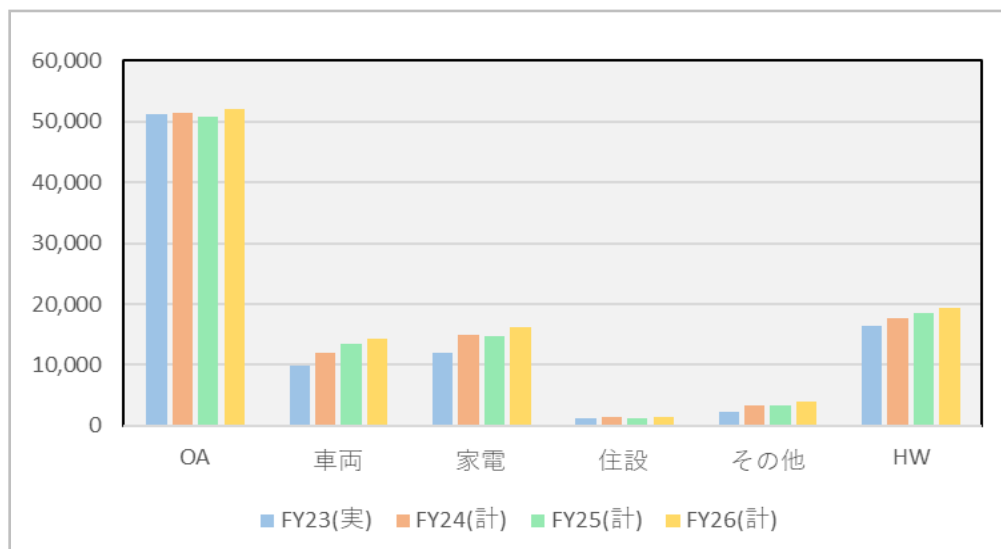


Fourth medium-term management plan Numerical plan (unit: million yen)

	FY 2023	Fourth medium-term management plan		
		FY2024	FY2025	FY2026
Net sales	92,931	100,000	102,000	107,000
Operating profit	1,362	2,200	4,000	4,700
ROE	3.9%	4.0%	4.3%	5.0%
ROIC	0.8%	1.7%	4.4%	5.1%

(Note) ROE: Net income attributable to owners of parent / (shareholders' equity + accumulated other comprehensive income x 100%)
 ROIC: Operating profit after income taxes / (interest-bearing liabilities + shareholders' equity + non-controlling interests) x 100%)
 *Interest bearing liabilities include lease liabilities.

Sales plan by business (unit: million yen)



[OA category]

- Remarkable production cut in China (production shift from China to Southeast Asia)
- Prospect for sales increase for FY 2026 arising from start of the operation of the new Vietnam factory in early 2026

[Automobile category]

- Increasing the composition ratio with examination of M&A

[Home appliance category]

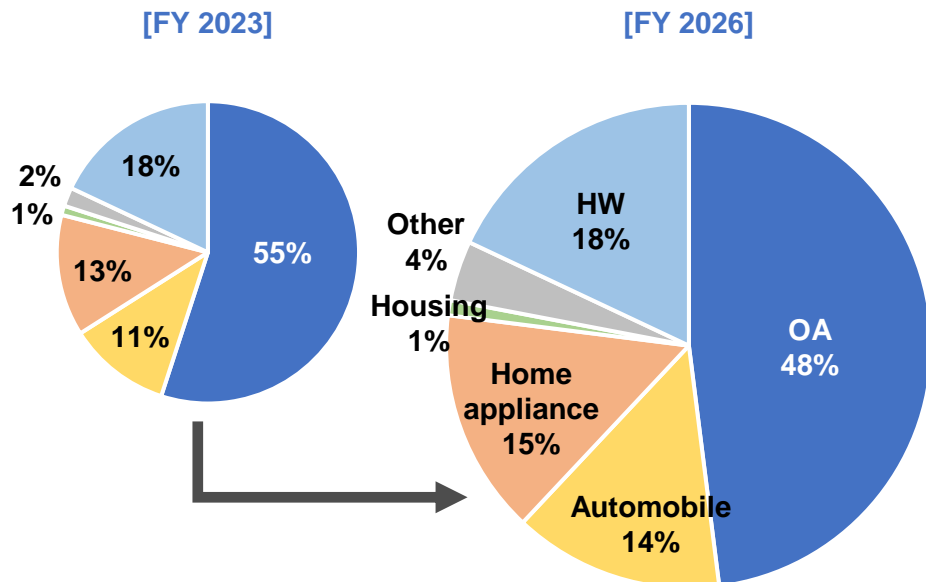
- Growth requiring investment in capacity expansion in Thailand

[HW category]

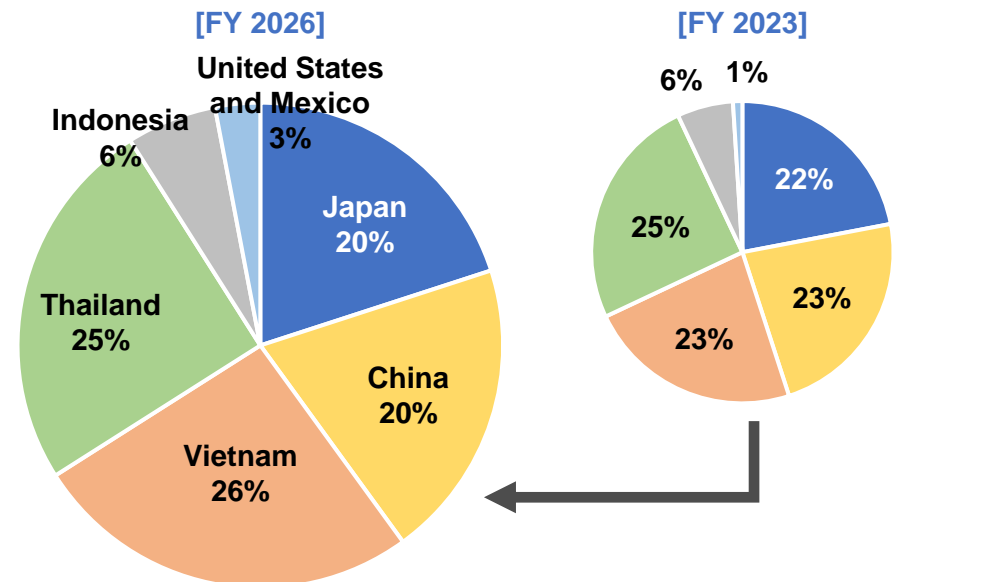
- Urgently required to focus on the development of overseas sales channels and improve profitability by reducing domestic fixed costs

- Strengthening investment in automobile category to optimize the bias of the portfolio
- Vietnam and Thailand absorbing demand of OA departing from China

Business portfolio



Portfolio by country



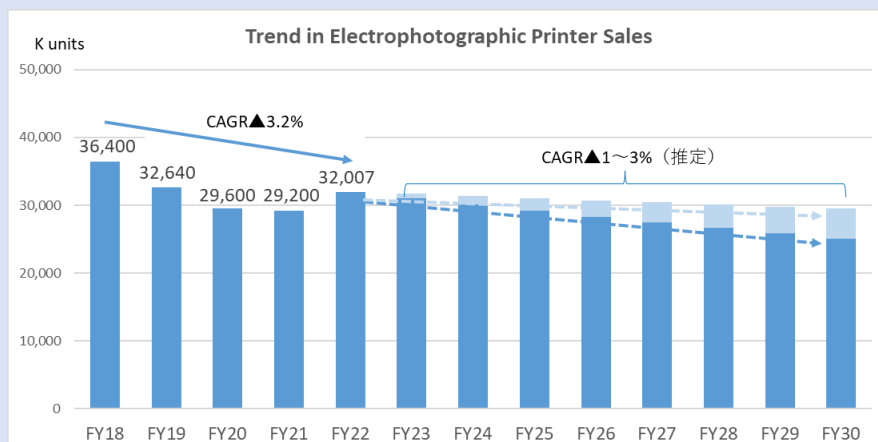
Business strategy [OA category]

(i) Basic strategy



OA category	FY 2023	FY2024	FY2025	FY2026
Net sales from the business (million yen)	50,956	51,500	50,800	52,000
YoY (%)	85.7	101.1	98.6	102.4

Business environment



*Source: Based on JEITA research report materials and recomposed by the company and for FY 2023 and beyond, estimated by the company

- Market is generally shrinking at OA category (average growth rate was -3.2% in terms of volume for FY 2018 - FY 2022*). The market bounced back in the second half of FY 2022 due to reaction to COVID-19, but it turned down in FY 2023. It will annually shrink within a range of -1% to 3%.
- There is a remarkable movement of production transfer from China to Southeast Asia. When limited to Chinese market, the market is estimated to annually shrink by -5 to 6%.

Strategy and measures

Basic strategy

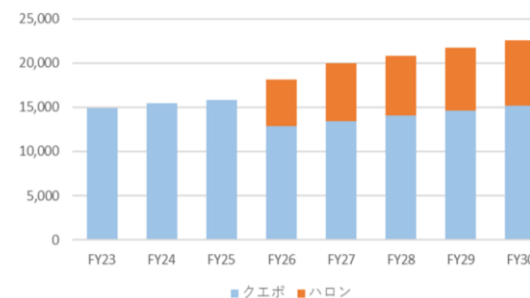
- 1 Responding to movement of production shift from China to Southeast Asia
- 2 Providing high added value including molding as well as the assembly process
- 3 Improving productivity through automation of the inspection process

Main measures

Priority investment in Tenma Vietnam

- New production base (Ha Long Factory) will start full-scale operation in FY 2026. The investment will amount to 8.1 billion yen.
- Establishment of the Ha Long factory will make a room for in-house production capacity of the Que Vo Factory.
 - ⇒ Securing share by obtaining new orders

(単位：百万円) 天馬ベトナムの事業成長（売上推移予測）



Business strategy [OA category]

(ii) Main measures

Purpose and overview of establishment of the Ha Long Factory in Vietnam

Background (business environment)

In OA category, the tendency is estimated to be unchanged that our customer finished goods manufacturers accelerate the production transfer from China to Vietnam and Thailand.

Purpose of establishment of the Ha Long Factory

Our subsidiary Tenma Vietnam is the main production base of OA products, but increasing production volume would result in an excess of capacity. **A new production base is established in Vietnam for the purpose of securing a trading area** and preventing the outflow to competitors. The Ha Long factory will set the OA category as an axis while not depending on the specific area and seeking to achieve stable growth by gradually increasing new orders in the automobile and home appliance categories.

Investment scale

We set the total investment amount of 8.1 billion yen with a room for increasing facilities after determining the business environment.

The company has three manufacturing bases in Vietnam, and the Ha Long Factory will be the fourth factory in Vietnam.



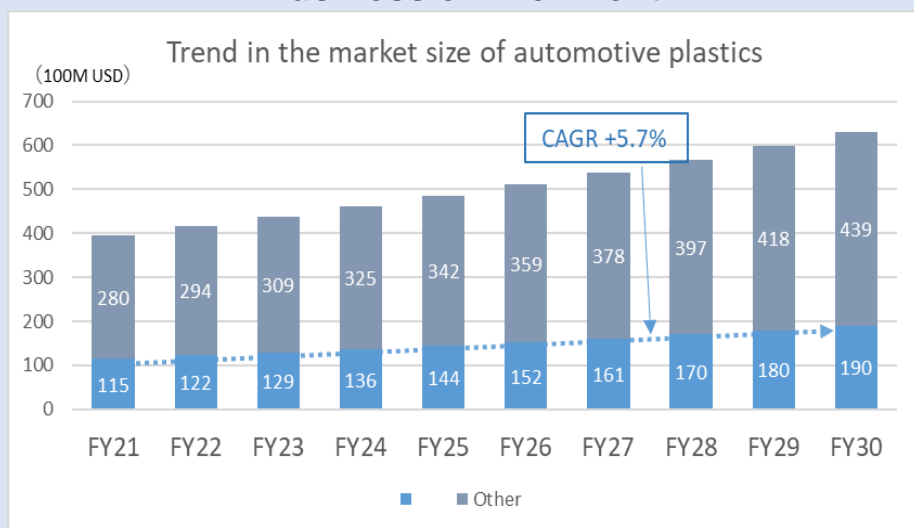
Business strategy [Automobile category]

(i) Basic strategy



Automobile category	FY 2023	FY2024	FY2025	FY2026
Net sales from the business (million yen)	9,744	12,000	13,400	14,200
YoY (%)	104.8	123.2	111.7	106.0

Business environment



*Source: recomposed by the company in reference to the BFBI "Automobile plastic market scale" and "Automobile exterior plastic market scale"

- Trends in the automobile industry, such as environmental preservation and the introduction of EV increased demand for plastic parts, and this becomes a tailwind for the company.
- Particularly, it is estimated that the adoption of resin exterior parts will be promoted to resolve the issues of EVs. Additionally, there is a possibility that demand is newly generated for battery cases and motor cases.

Strategy and measures

Basic strategy

- 1 **Global business operation** using customer base in North America base
- 2 **Increasing share in Indonesia**
- 3 **Expanding the domain of handling parts** by R&D and M&A

Main measures

Realizing M&A synergy

- Subsidiaries in North America region (Tenma America and Tenma Mexico), which were acquired in FY 2023 by M&A, gave us a customer base in the automobile category and enabled us to enter into domains other than exterior parts (safety parts such as air-bag resin parts).
- In the fourth medium-term management plan, we will expand the automobile category in our group by realizing synergy.

Entry into manufacturing of EV-related parts

- It is estimated that demand will increase for battery cases and motor cases as a result of the introduction of EVs.
- We will proactively examine M&As when entering into a new domain.

Business strategy [Automobile category]

(ii) Main measures

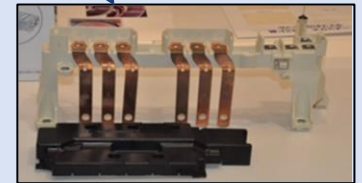


Entry into new products other than exterior parts

[Main target markets]

EV-related parts

- Aiming to increase orders of proven exterior parts and additionally examine the entry into motor battery parts with the prospect for growth (progress of adoption of resin) and parts for radiator cooling pipes
- Proactively examining use of M&A because these parts are an unproven category for the company



[Related facilities]

Introduction of facilities for materials assessment

- Introduced facilities for material assessment to implement various material assessments at the Noda factory with the expectation of handling new products and implementing initiatives for basic research in materials by the research and development office
- Completed capital investment for physical property assessment of materials Accumulating insights during the period of fourth medium-term management plan



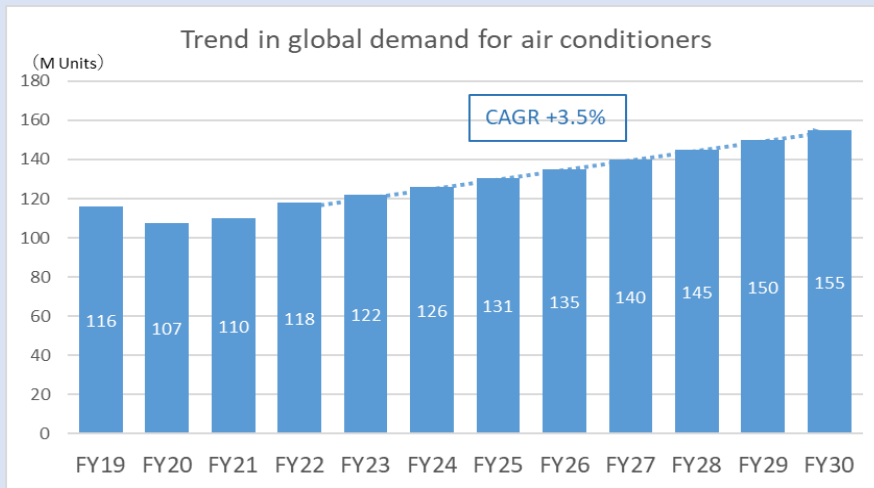
Business strategy [Home appliance category]

(i) Basic strategy



Home appliance category	FY 2023	FY2024	FY2025	FY2026
Net sales from the business (million yen)	11,745	14,800	14,700	16,200
YoY (%)	97.0	126.0	99.3	110.2

Business environment



*Source: For FY 2019–2022, based on the JRAIA estimated global demand for air conditioners and recomposed by the company and for FY 2023 and beyond as estimated by the company

- According to announcement of International Energy Agency (IEA), it is expected that global demand for air conditioners will be 300 million units, 2.5 times as many as the current number of units.
- It is expected that our major customers globally operating in the home appliance business will increase production in Vietnam. There will be demand for home appliances around the Ha Long factory, which will start operation in FY 2025.

Strategy and measures

Basic strategy

- 1 [Thailand]** Increasing production capacity of **Tenma Thailand** to respond to increasing production of home appliance parts
- 2 [Vietnam]** Expanding business in **Tenma Ho Chi Minh (Southern Vietnam)**
- 3 [China]** Aiming to obtain new orders as **alternative products during the shrinking of the OA category in Chinese market**

Main measures

Increasing production capacity in Thailand

- Having a plan to increase automated warehouses and molding machines in Tenma Thailand (Amata City factory) based on the forecast of an increase in demand for air conditioner-related products
- Increasing net sales of home appliance-related products in Tenma Thailand (Amata City factory) by FY 2026 by 30% or more over FY 2023

Focusing on a trend in demand in China for next-generation home appliances

- Tenma Shenzhen, the main base in China, focuses on the trend in demand in China for next-generation home appliances because of estimated shrinking demand in the OA category in China.
- There are orders already received, and we will aggressively conduct activities for obtaining orders.

Examination of M&A

- Continuously examining M&A in Vietnam and countries where we have not yet entered to expand the home appliance category

Business strategy [Home appliance category]

(ii) Main measures



Overview of increase in production capacity of Tenma Thailand

Systematically promoting increase in production capacity of Tenma Thailand (Amata City factory) with the aim of strengthening the competitive advantage in manufacturing

[Step 1] Increase in warehouse capacity

- Constructed a new warehouse building and started operation of the automated warehouse in August 2022
 - ⇒ Cut personnel of logistics and warehouse by 30 persons
 - ⇒ Achieved substantial improvement in efficiency of logistics in the factory
- Making additional investments during the period of the fourth medium-term management plan and planning to expand the automated warehouse

[Step 2] Increase in molding machines

- Starting the increase in molding machines, which the expanded automated warehouse makes possible, as the next step

Increasing the production capacity in the entire factory by 20% or more



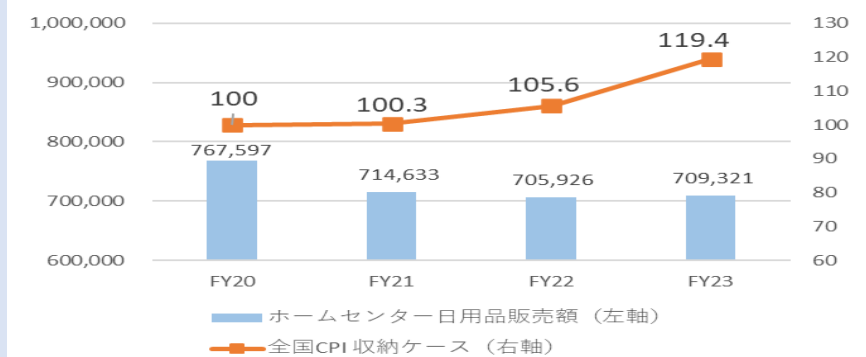
Establishing the automated warehouse in warehouses

HW category	FY 2023	FY2024	FY2025	FY2026
Net sales from the business※ (million yen)	16,296	17,700	18,300	19,500
YoY (%)	97.3	108.6	103.4	106.6

*Net sales from the business include product sales (Reference: actual product sales for FY 2023: 1,997 million yen).

Business environment

Trend in sales of daily items in home centers and prices of storage cases (unit: million yen)



*Source: Based on the Nikkei Value Search and recomposed by the company.

- Sales volume is on a gradual downward trend for the long term in the HW category. During this, there was a surge in raw material prices in FY 2022 and a price rise of storage cases in FY 2023.
- Sales volume is on a decreasing trend at physical stores, such as home centers, while the EC sales channel becomes more important.

Strategy and measures

Basic strategy

- 1 Rebranding Fits
- 2 Strengthening EC sales
- 3 Developing overseas sales channels
- 4 Fixed cost reduction and reorganizations

Main measures

Reconstruction of business promotion system

- Forming EC marketing team in the headquarters to build a system for analyzing global EC data
- Implementing branding measures and EC strategy led by the headquarters in countries on a top-down approach for developing overseas markets
- Selecting partners for developing overseas markets and entrusting localization operations while deeply sharing characteristics and the branding strategy of our products with them

Deepening of business tie-up with JEJ Astage Co., Ltd.

- Announced business tie-up with the competitor JEJ Astage Co., Ltd., in March 2023 and promoting comprehensive collaboration concerning an increase in added value and cost improvement
- Further deepening the structure in the period of fourth medium-term management plan to gain a foothold for business reconstruction

Business strategy [HW category]

(ii) Main measures



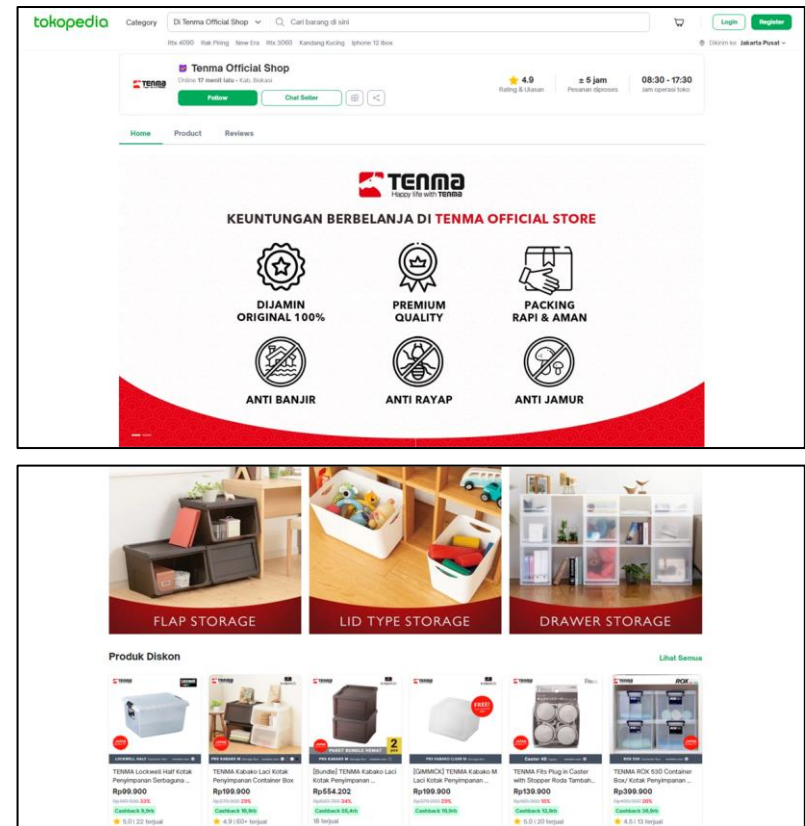
Initiatives for developing overseas markets in the HW category

Participation in overseas exhibitions



Examples of measures in business tie-up with JEJ Astage Co., Ltd: Realization of joint participation in Ambiente 2024 in February 2024 (Frankfurt, Germany)

Expansion of overseas EC channel



Operating overseas EC in China, Thailand, Indonesia, and other countries

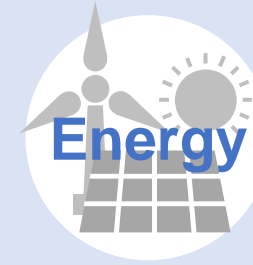
Business strategy [Development of new business domains]



- Developing new business domains where our resin molding technology can provide value from a long-term viewpoint

Key domains in developing new business domains

Domains contributing to realization of our group purpose “Help create real abundance for people,” having a potential for market growth and using the quality of our group



and
others

Major initiatives for
developing new
business domains

**Expanding business
areas in the contract-
manufactured product
business**

**Increasing opportunities for
business negotiations to
obtain new orders**

- Participation in exhibitions
- Use of networks of VC funds and trading houses, and others

Resolving technical issues

- Promotion of R&D by research and development office
- M&A
- Investment in responses to small lot production, and others

(cutting machines, three-dimension printers and others)

Our capital cost remains within 8 - 9%.

Calculation method

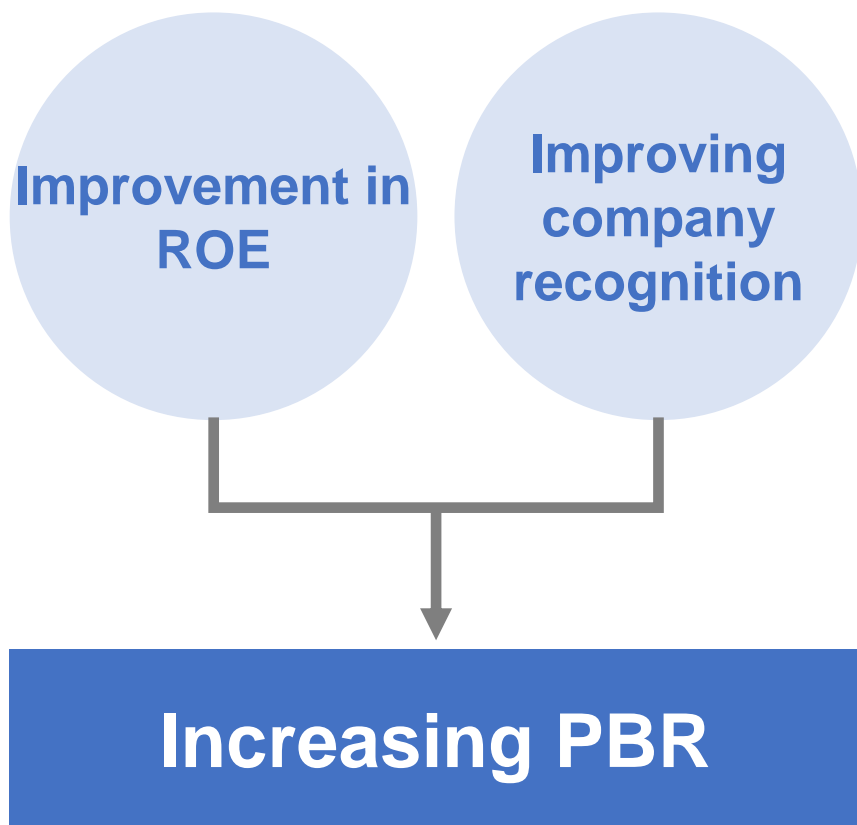
CAPM method (comparable company average) was adopted, using the following parameters.

- Risk-free rate was set at about 0.8%, an average of 10-year government bonds.
- Beta was set at about 1.1 in reference to the five-year monthly average of comparable companies. In selecting comparable companies, companies that are included in industrial plastics in the Nikkei NEEDS business category were used.
- Market risk premium was deemed about 6.9%, in reference to values announced by the Japan Securities Research Institute.

View and major initiatives for creating enterprise value

Understanding the necessity of ROIC (Return on invested capital) exceeding WACC (Weighted average cost of capital) and **promoting the initiatives for increasing ROIC**

- In determining investment exceeding a certain size, establishing a hurdle rate reflecting the capital cost and applying the rate as a requirement for making investment
- Having almost no interest-bearing liabilities but examining the use of loans in making large investments in future



[Major reasons for PBR below 1.0 (our recognition)]

- Our ROE remained low at 1.4% to 3.9% for the period of the previous medium-term management plan.
- We face low company recognition as nonfinancial capital accumulated to date is improperly evaluated.



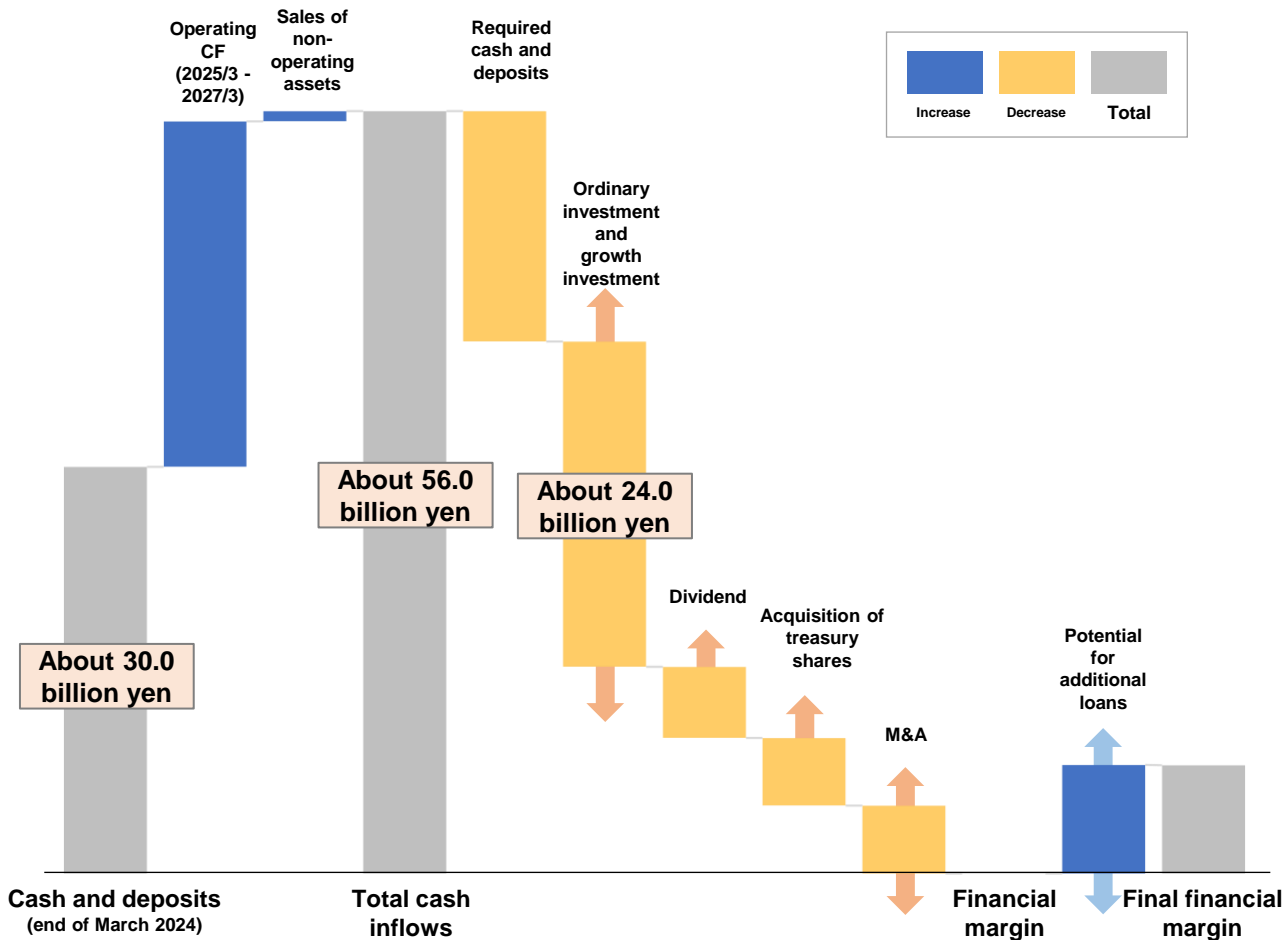
[Major initiatives for increasing PBR]

- We will seek to achieve a long-term target ROE of 9.0% through improvement in business profitability and proper shareholder return in the fourth medium-term management plan.
- We will strengthen IR and PR activities by continuing to hold briefings for individual investors to obtain proper evaluations of our enterprise value to increase company recognition.

Capital policy (i) Capital allocation



Capital allocation in the fourth medium-term management plan



Picture of capital allocation in the period of fourth medium-term management plan

- Estimated that currently holding cash + operating cash flow for the next three years + proceeds from sales of non-operating assets would total **about 56.0 billion yen**
- Secured working capital of 17 billion yen required as liquidity on hand
- Estimated that ordinary investment and growth investment would total **about 24.0 billion yen** for the next three years
 - Using about 30% among this to establish a new factory in Vietnam
 - Additionally, estimating automation investments in the expansion of automated warehouses in Thailand and R&D investments (including molds).
- Estimating that for the M&A investment limit of 5.0 billion yen would be set, but the amount differs among deals, and loans are used if needed
- Estimating that the dividend will keep the DOE of 2.5% or more while the acquisition of treasury shares will amount to 5.0 billion yen according to the status of business investments and operating CF

Shareholder return basic policy

The company changed the dividend policy to the consolidated dividend on equity (DOE) of 2.5% or more in 2019 and keeps the shareholder return through the capital policy, including setting the goal of acquiring treasury shares totaling 10 billion yen from 2020 for the long term and already acquiring treasury shares of 7.4 billion yen.

Also in the fourth medium-term management plan, we will keep the shareholder return.

Dividend policy

Keeping the DOE of 2.5% or more (examining an increase in the dividend according to improvements in business results and the status of achievement of managerial goals)

Treasury shares

Implementing acquisition of treasury shares totaling 10 billion yen, which was announced in 2020, and then flexibly implementing additional acquisitions according to conditions

4. Topics

Purpose of Tenma Group (Purpose)

Delivering essential life values for people

● Purpose Statement

Based on the company motto of “Faith, Hope, Love,” which reflects the spirit of the founder, we improved the manufacturing business by placing the greatest importance on the feelings and thoughts that we put into our products and services and consideration for customers to make people’s lives better.

The Tenma Group will continue to provide products and services with our passion to enrich people’s lives, in all its business activities by considering the essential life values and thus help people live full and abundant lives, a commitment that has been passed down since the establishment of the company.

Values we cherish (Values)

Act with integrity

We provide products loved by people for many years in their daily lives and offer services that exceed customer expectations and impress them by always engaging in all tasks while remaining mindful of integrity and gratitude.

Value people

The Tenma group strives to nourish its corporate culture of respect and consideration for one another in order to establish a pleasant workplace environment and pursue a robust organization that achieves high performance through vigorous opinion exchange and teamwork.

Take pride in taking on new challenges

We pave the way for the future by adapting to the changing environment and constantly taking on new challenges; even in failure, we take pride in having met those challenges in order to keep growing and learn from our mistakes.

Value curiosity about “why” and “how come”

We look at things closely with curiosity, try to overcome challenges from a variety of different perspectives, and consistently create new value.

Take good care of limited resources

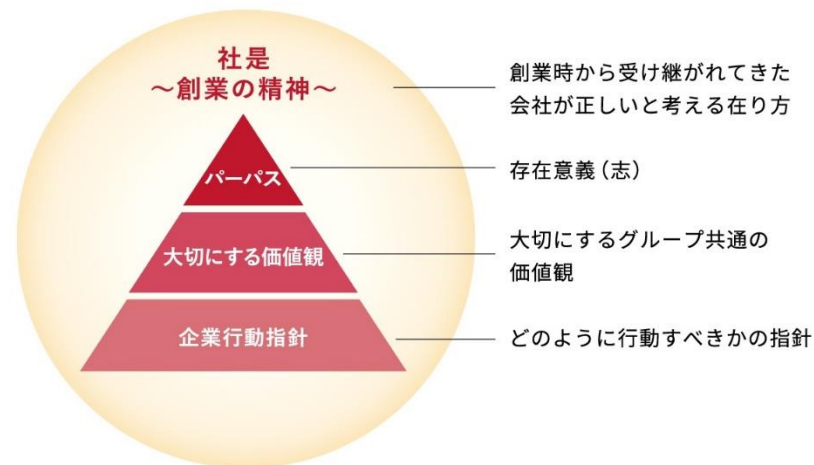
We contribute to the global environment and the future of the next generation by taking good care of limited resources and working to conserve the environment.

Company motto of Tenma Group

Faith/Hope/Love

Spirit of the Founder
-For people to live an abundant life-

Philosophy system of Tenma Group



Topic (ii) Launching of a recycle center

Schedule to launch a recycle center in the Noda factory and start the operation in July



Finely breaking up waste materials from our factories several times and recycle them



Topic (iii) Holding of supplier meetings



Held supplier meetings in all overseas bases from January 2024 to March 2024

[China]



[Thailand]



[Vietnam]



[Indonesia]



[Mexico]



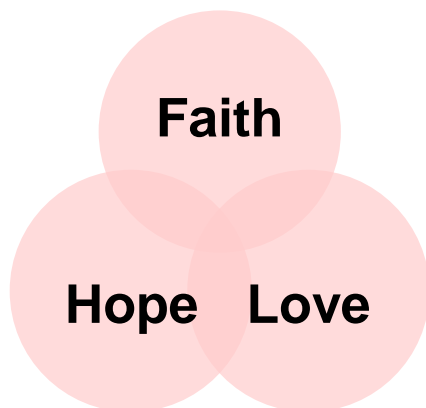
Attendees totaled 1,215 client companies at all bases.

(Reference) Corporate Profile

(As of March 31, 2024)

Company name	TENMA CORPORATION
Business Category	Manufacturing and sale of plastic products
Establishment	August 26, 1949
Headquarters	1-63-6 Akabane, Kita-ku, Tokyo
Capital stock	19.2 billion yen
Representative	Hirohiko Hirono, President and Representative Director
Number of employees	Consolidated staff: 7,868, non-consolidated staff: 623
Net sales	Consolidated: 92.9 billion yen, non-consolidated: 19.9 billion yen
Stock	Tokyo Stock Exchange Prime Market securities code: 7958

Company motto



Headquarters

(Akabane, Kita-ku, Tokyo)



(Established in April 2024)

PURPOSE

Tenma Corporation Purpose

“Delivering essential life values for people”

- Based on the company motto of “Faith, Hope, Love,” which reflects the spirit of the founder, we improved the manufacturing business by placing the greatest importance on the feelings and thoughts that we put into our products and services and consideration for customers to make people’s lives better.
- The Tenma Group will continue to provide products and services with our passion to enrich people’s lives, in all its business activities by considering the essential life values and thus help people live full and abundant lives, a commitment that has been passed down since the establishment of the company.

Corporate history



Started a business from production of miscellaneous everyday sundries

Started plastic business leading to the existing business

(Embarked on a full-scale research and development of technology for injection molding plastic products)

Launched HW business

(Started nationwide operation of plastic household daily items)

Long-selling products with cumulative sales totaling 100 million units

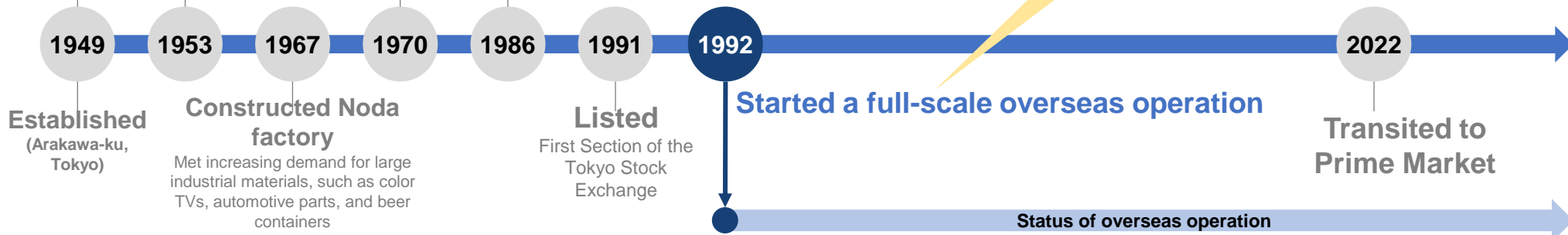
Now production bases in five countries, including Asian countries

- China
- Vietnam
- Thailand
- Indonesia
- Mexico

Started sales of storage item Fits

Started a full-scale overseas operation

Transited to Prime Market



1992	Established a factory in Zhongshan, China and started operation in the country
1995	Established a factory in Shanghai, China and started houseware business in the country
2004	Added Shenzhen Meiyang Plastic., Ltd., located in Shenzhen, China, as the third production base in China to our subsidiaries
2007	Established a factory in Vietnam and started operation in Southeast Asia
2009	We added Tacmic SP Co., Ltd. (now Tenma ASEAN Holdings Co.) as a subsidiary in addition to subsidiaries in Indonesia (now PT. Tenma Indonesia), Vietnam (now Tenma (HCM) Vietnam co., Ltd.), Thailand (now Tenma (Thailand) Co., Ltd.), and other countries. We expanded our manufacturing bases to three Southeast Asian countries with the addition of Indonesia and Thailand.
2014	Added a factory in Prachinburi, Thailand, and expanded operations in Southeast Asia
2016	Added a factory in Suryacipta, Indonesia and expanded operation in Southeast Asia
2018	Started operation of Noi Bai factory in Tenma (HCM) Vietnam Co., Ltd.
2022	Established PT. Tenma Indonesia Trading in Indonesia
2023	Acquired a mold builder in Indonesia to enter the mold business. Started business operation in North America and Mexico through M&A

Three Strengths of TENMA Group



Strength 1

Contract-manufactured product business and in-house product business

Tenma is characterized by covering both contracted products and in-house products with the core technology of resin injection molding. Providing high added value, utilizing development capabilities cultivated by in-house products and technical capabilities sophisticated by contract-manufactured products.

Strength 2

“Superb quality” delivered worldwide

Tenma manufactures high-quality products under unified technical standards at production bases in Japan as well as overseas. Credibility for product quality, combined with the competitive advantage of the contract-manufactured product business, gives the basis for brand value in the in-house product business.

Strength 3

Global network

Tenma has 17 production bases, which are located near customers, in Japan, China, and Southeast Asia with 1,037 molding machines on a group-wide basis (at the end of December 2023). In 2023, it added a new production base in Mexico and consequently expanded a global network to 18 bases.

[Reference] Global network of Tenma Group



6 production factories in Japan

- Shiga Factory
- Headquarters
- Hachinohe Factory
- Shin-Shirakawa Factory
- Yamaguchi Factory
- TACMIC Co., Ltd.
- Noda Factory

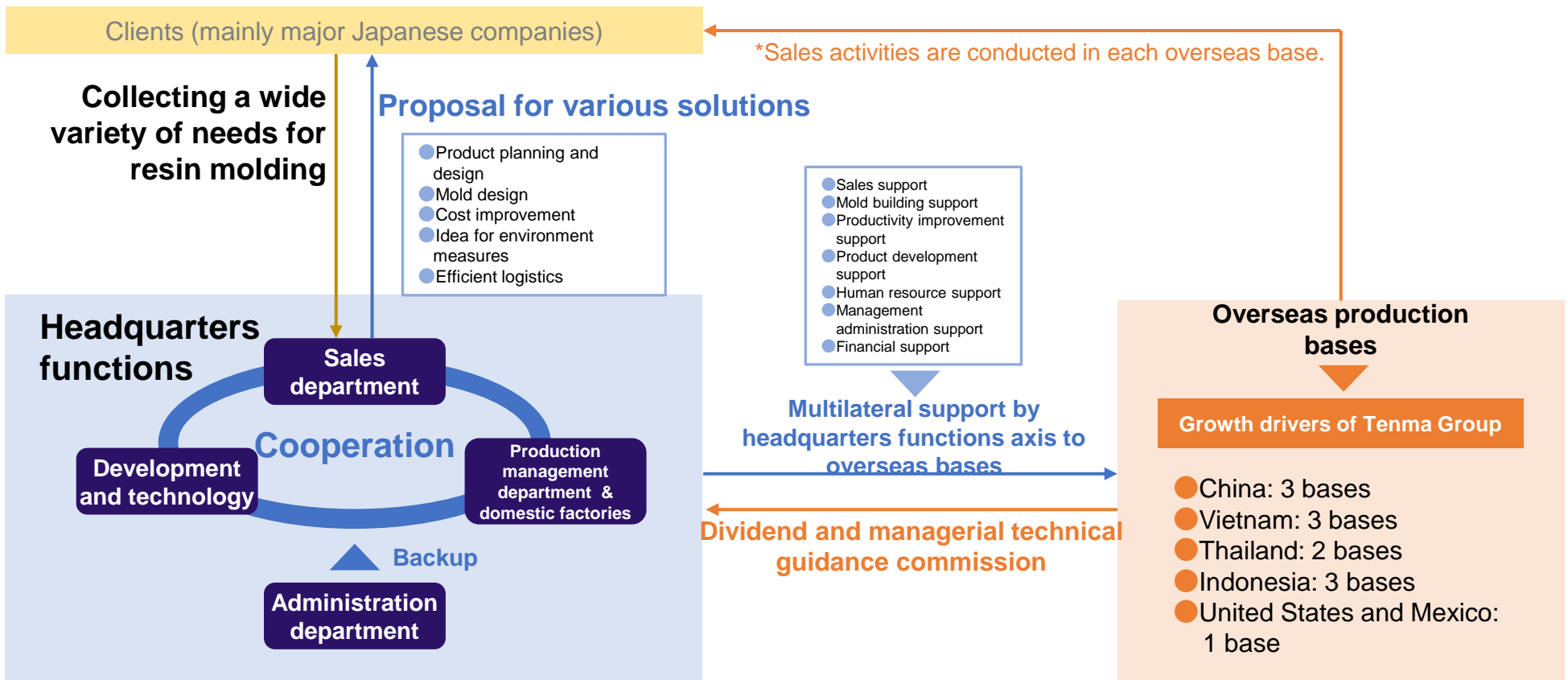
Totally 12 overseas production bases in five countries

- TENMA PRECISION (ZHONGSHAN) CO., LTD.
- TENMA PRECISION (SHENZHEN) CO., LTD.
- SHANGHAI TENMA PLATECH & HOUSEWARES CO., LTD.
- TENMA (THAILAND) CO.,LTD. (Prachinburi factory)
- TENMA (THAILAND) CO.,LTD. (Amata City factory)
- TENMA (HCM) VIETNAM CO.,LTD. (Noi Bai factory)
- TENMA VIETNAM CO.,LTD.
- TENMA (HCM) VIETNAM CO.,LTD. (Bien Hoa factory)
- PT.Hyuk Jin Indonesia
- PT. TENMA INDONESIA (Suryacipta factory)
- PT.TENMA CIKARANG INDONESIA
- Tenma Plastic Mexico, S.A. de C.V.

Picture of business structure



- Globally operating business with high quality resin molding technology (ratio of overseas sales: 80%)
- Two-axis strategy using technology developed in contract-manufactured product business of OA and automobile at in-house product business (HW business)



- Realizing values and functions required by customers through high quality solutions supported by technology and experience and after-sales service

Contract-manufactured product business

We constantly seek information about new models from customers to propose optimum mold and mass production methods.

Mass production includes a wide variety of secondary processing such as assembly, coating, and printing.

In-house product business

The Development Department is engaged in the planning and design of products, the Technology Department is engaged in building molds, the Production Management Department is engaged in selecting an optimum production factory, and the Sales Department is engaged in making sales at home improvement stores, daily furniture specialty stores and the EC site.

[Hearing and proposal for plan]



[Design and mold building]



[Mass production and quality check]



[Shipment and delivery]



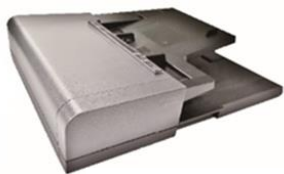
[Contract-manufactured product business] From start of business negotiations to start of mass production: 9–12 months in the OA category, about two years in the automobile category

[In-house product business] From launching of product plan to start of mass production: 8–12 months

- Contract-manufactured product business: Divided into five business categories: OA, automobile, home appliance, housing, and other
- In-house product business: Single business houseware (HW) category”

Contract-manufactured product business

OA category



ADF units



Paper feeding units

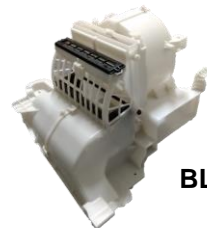
Automobile category



BUMPER



DOOR TRIM



BLOWER Case

Home appliance category



Air conditioners



Washing machines



Vacuum cleaners

Housing category



Toilets

Other category



Media cases

In-house product business

HW category



Storage cases

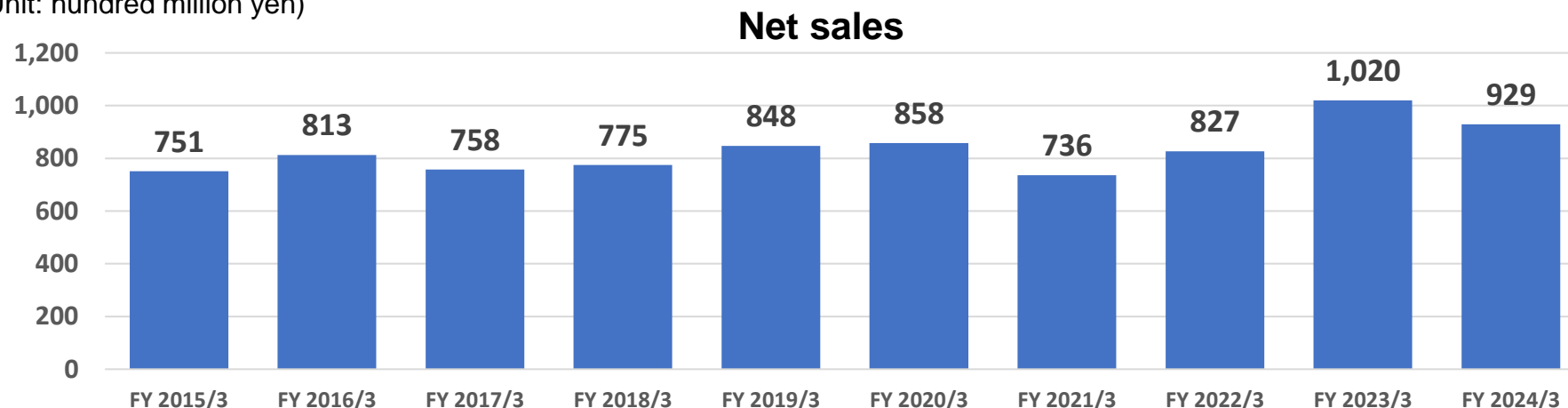


Kitchen items

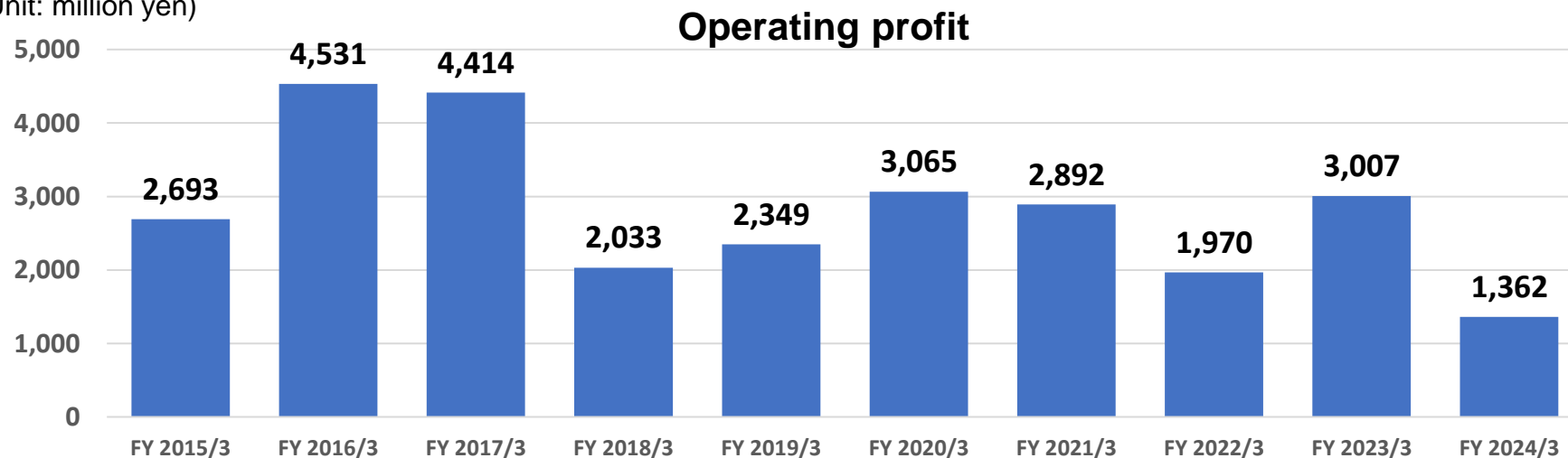
Trend in business results (for last 10 years)



(Unit: hundred million yen)



(Unit: million yen)



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Please understand that the information used as the basis for the material includes financial information based on financial statements as a summary of the financial results and quarterly reports and administrative figures not based on financial statements, and the said information has not been audited by an independent certified public accountant or an audit corporation.



Tenma Corporation

Securities Code: 7958