

**TENNA**

Fourth medium-term management plan

# I. Corporate profile and business overview

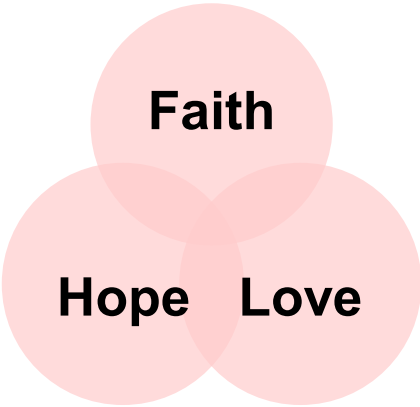
# Corporate Profile



(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**

**Status of overseas operation**

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**

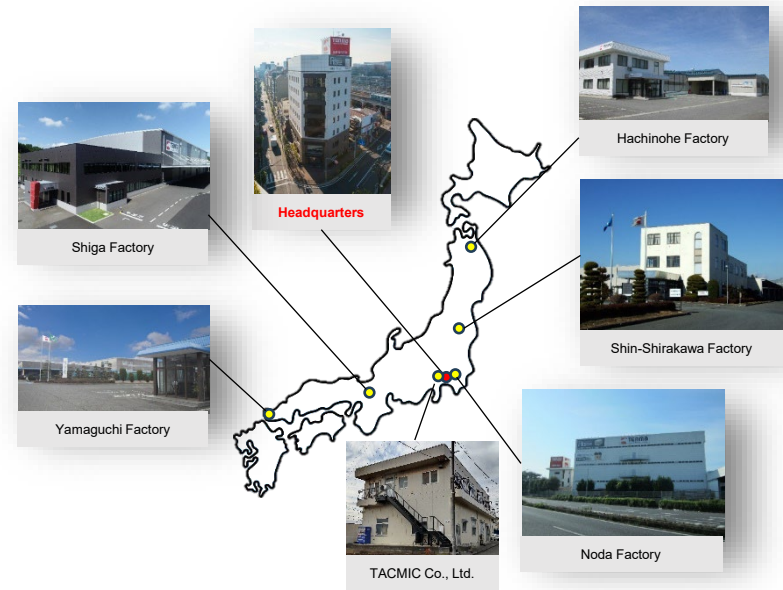
Tenma has 17 production bases, which are located near customers, in Japan, China, and Southeast Asia with 1,037 molding machines on a group-wide basis (at the end of December 2023).

In 2023, it added a new production base in Mexico and consequently expanded a global network to 18 bases.

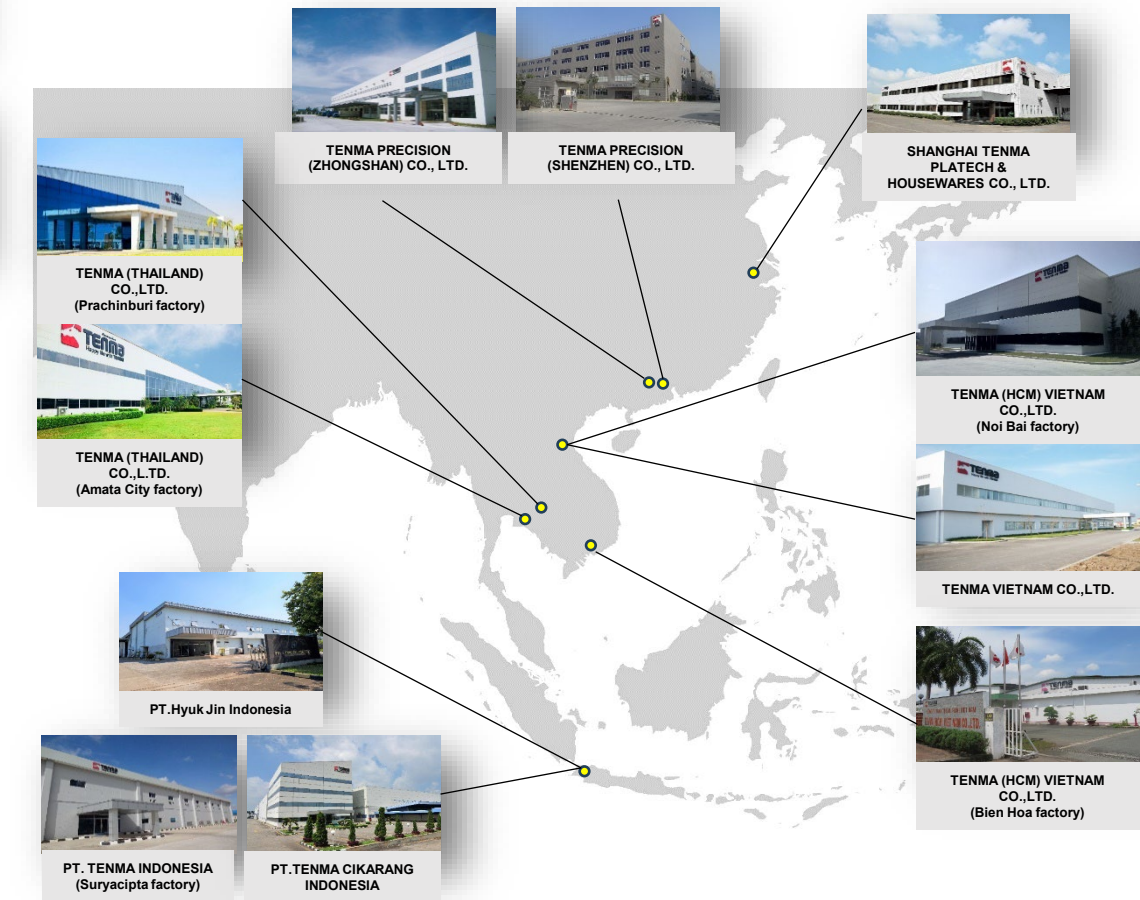
# [Reference] Global network of Tenma Group



## 6 production factories in Japan



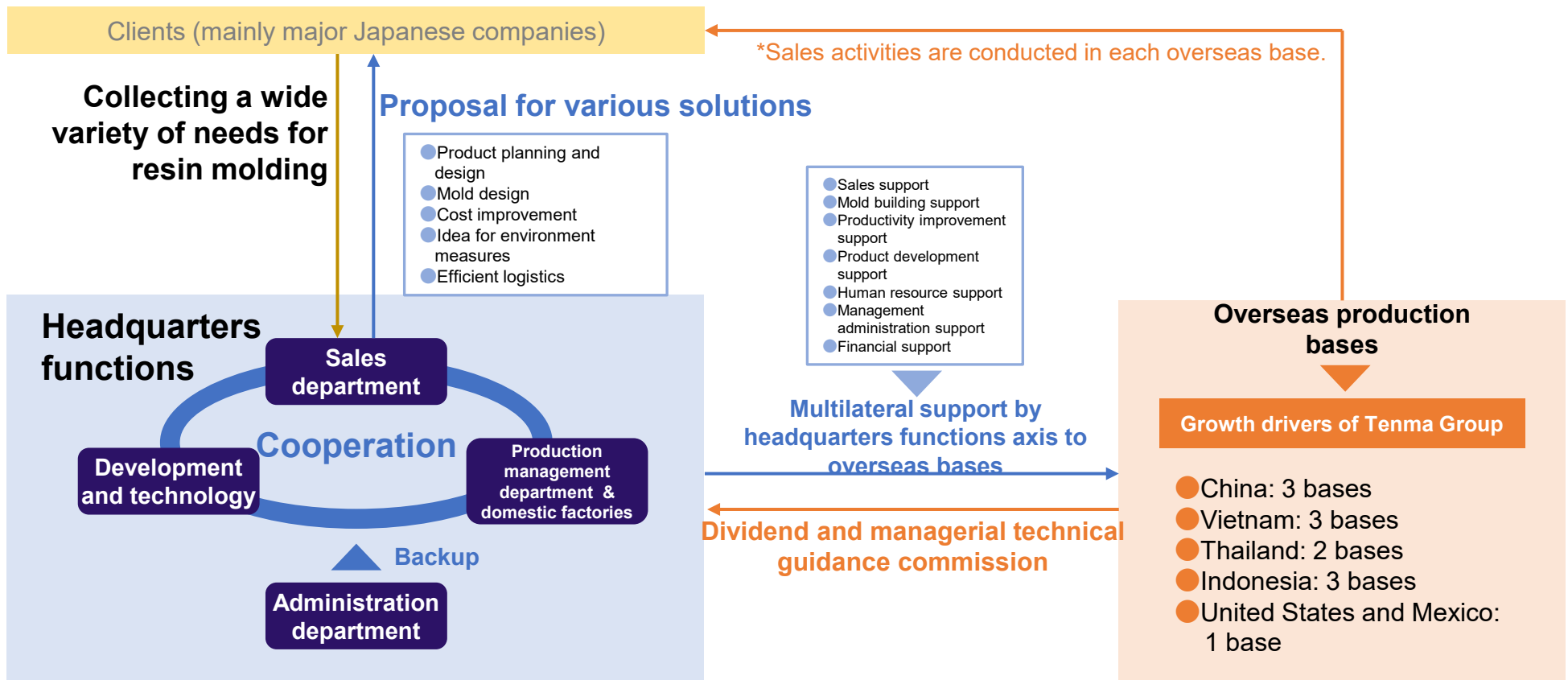
## Totally 12 overseas production bases in five countries



# 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



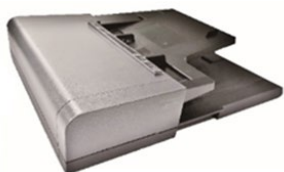
# Product lineup



- 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

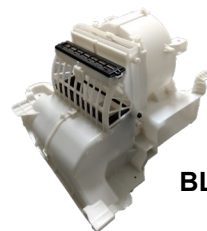
### Automobile category



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

## II. Outline of the previous medium-term management plan

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



## Long-term vision of the Tenma Group

Improving Our Lives and the Environment Through Coexistence with Plastic

### Approach to Environmental Problems

Address social issues as a resin molding manufacturer

### Business Development and Evolution

Enjoy the fruits of our business growth with all stakeholders

### Employee Growth and Happiness

Become a company offering opportunities and satisfaction

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

### Basic Policy 1

## Promoting sustainable management

Strategy (i)  
Development of Human Assets

Strategy (ii)  
Environmental Issues

Strategy (iii)  
Corporate Governance

### Basic Policy 2

## Building a foundation for growth

Strategy (iv)  
Promotion of DX and Factory Automation

Strategy (v)  
Promotion of R&D

Strategy (vi)  
Expand Business Areas

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

# 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.

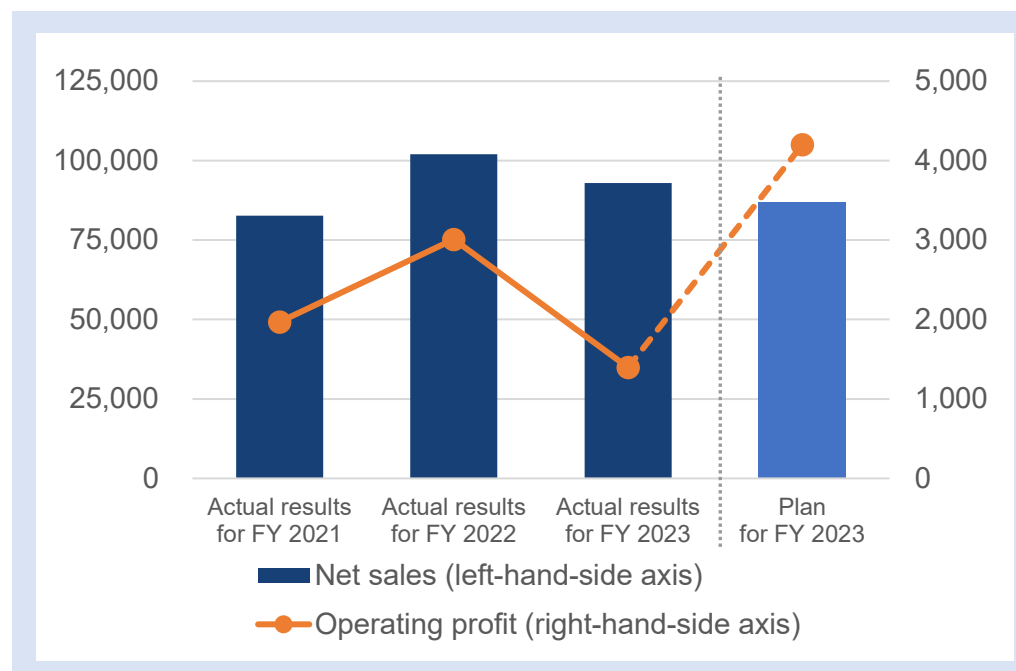
### ■ Third medium-term management plan and actual results for the final year

	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

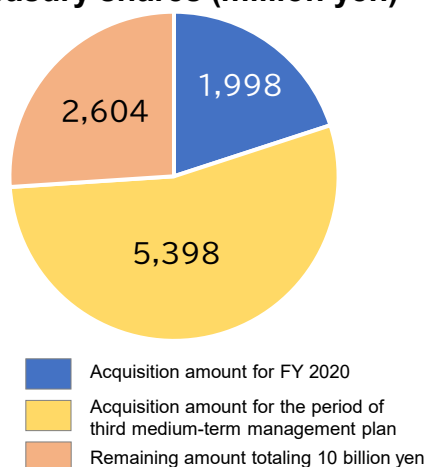
		FY 2021	FY 2022	FY 2023	Three-year total
Treasury shares	Acquisition amount (million yen)	2,395	1,001	2,001	5,398
Dividend	Total dividend (million yen)	1,848	1,795	1,752	5,395
	Dividend per share (yen)	82	82	82	82
	DOE	2.71%	2.64%	2.60%	2.65%
Whole	Total shareholder return (million yen)	4,244	2,796	3,753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



- 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.

## III. Fourth medium-term management plan

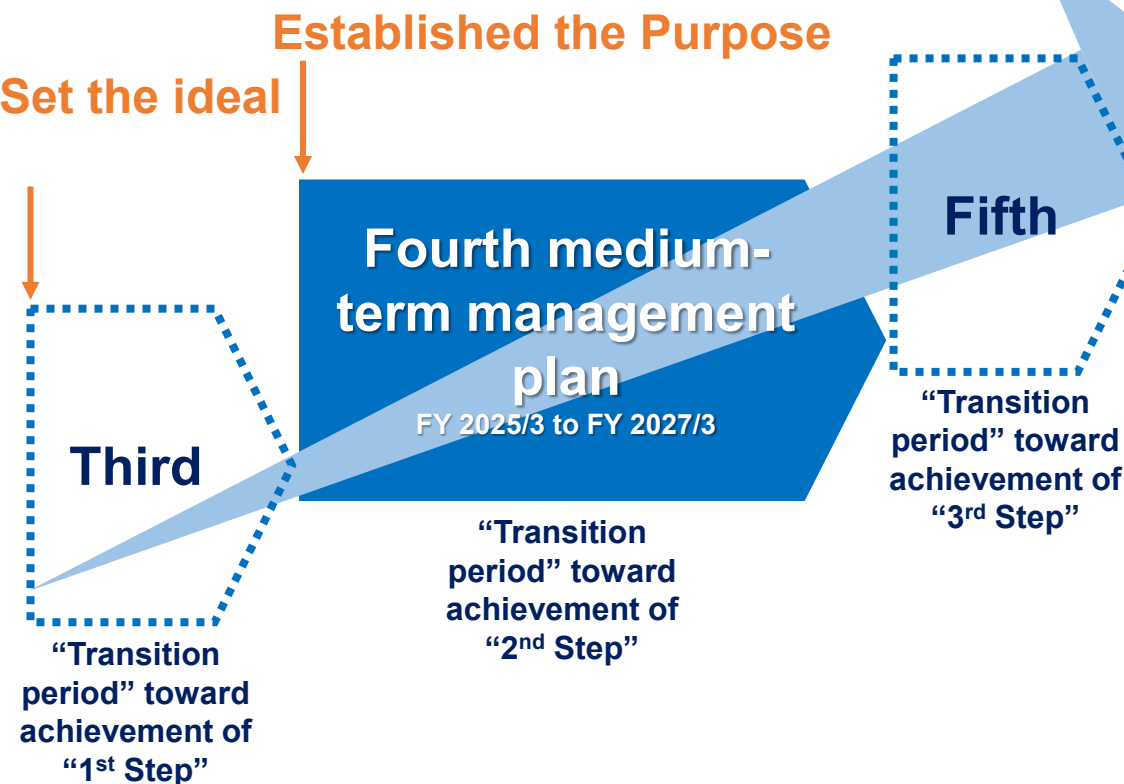


## Our roadmap to become a 100-year company

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	ROIC
9% level	9% level






















\* 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

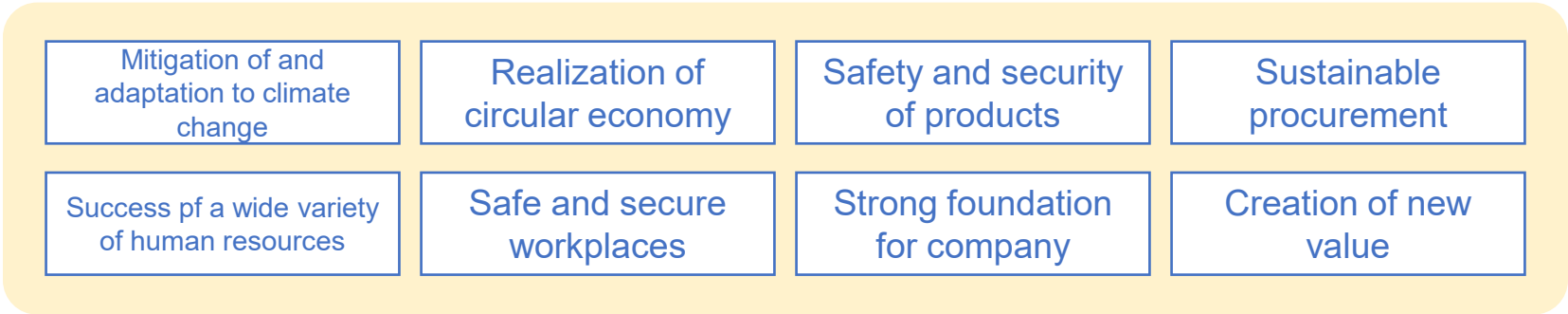
### Fourth medium-term management plan (FY 2025/3 to FY 2027/3)

#### 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



\*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

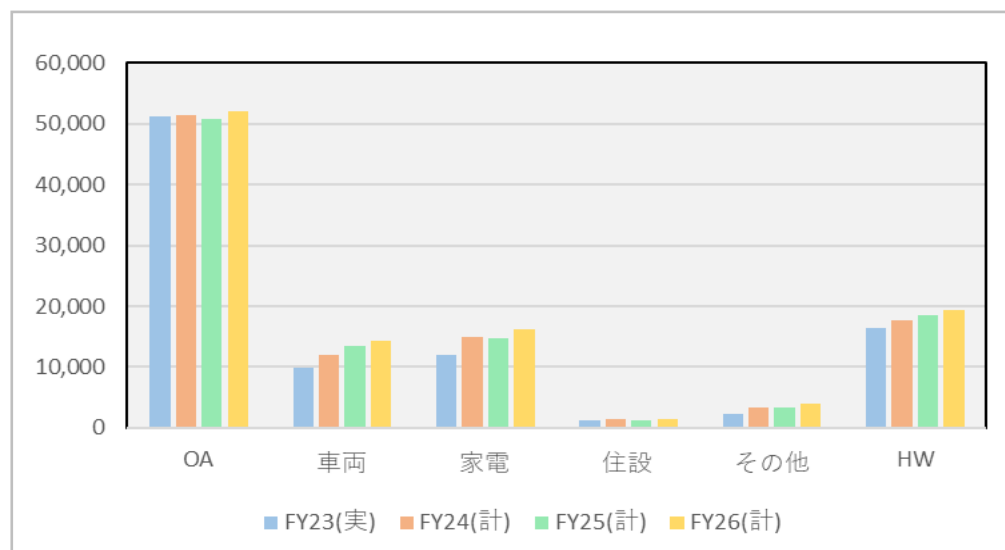


## ■ Fourth medium-term management plan Numerical plan (unit: million yen)

Fourth medium-term management plan				
	FY 2023	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]

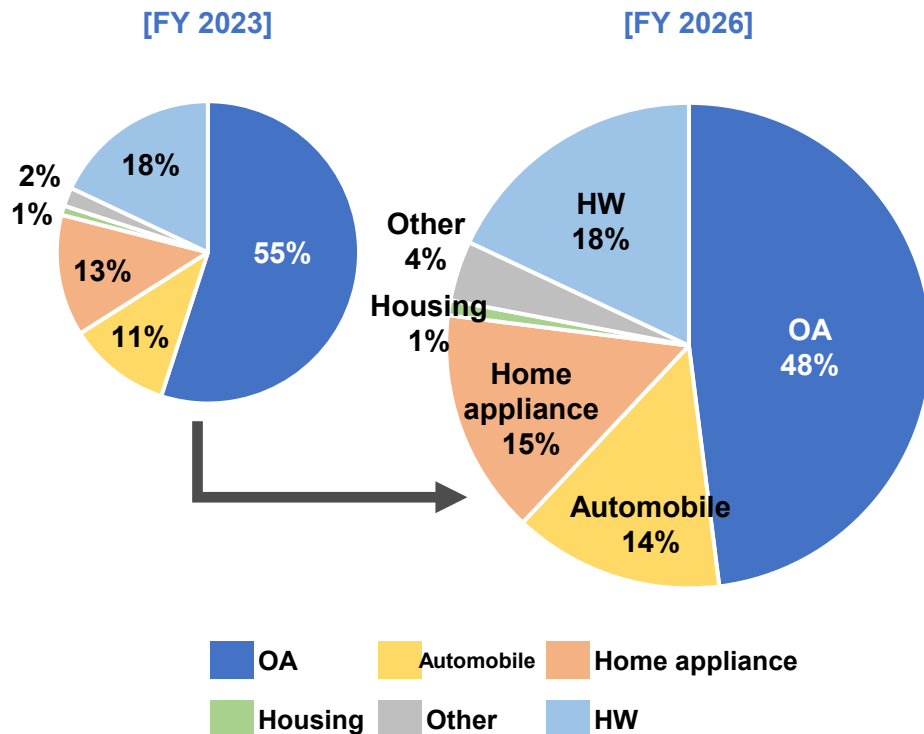
- Urgently required to focus on the development of overseas sales channels and improve profitability by reducing domestic fixed costs

# Business portfolio

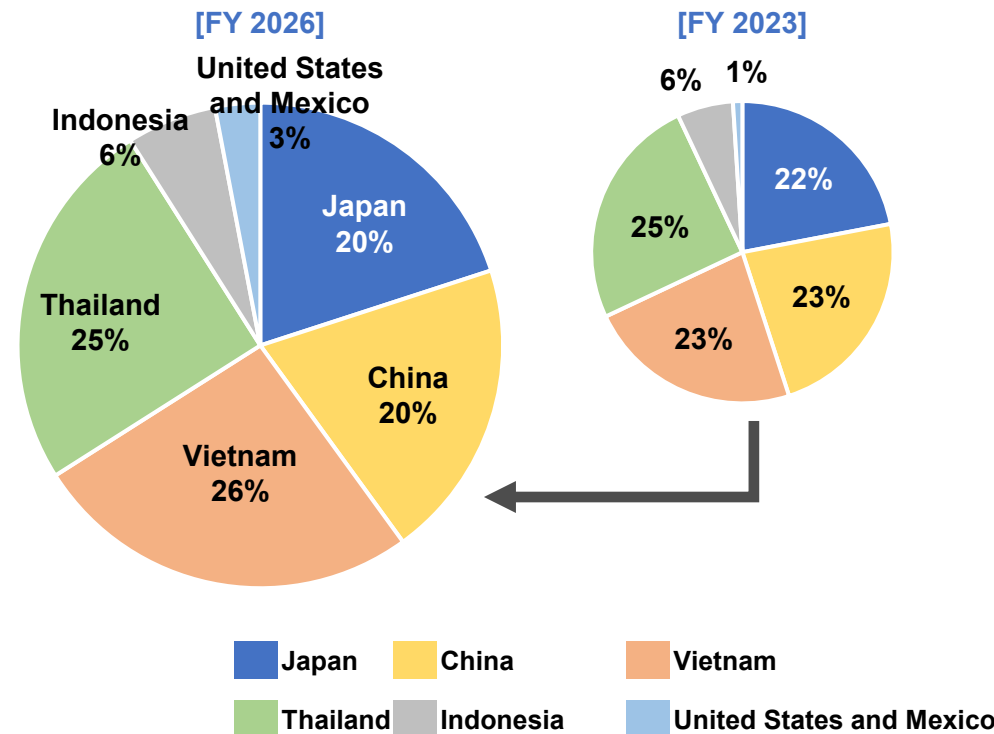


- Strengthening investment in automobile category to optimize the bias of the portfolio
- Vietnam and Thailand absorbing demand of OA departing from China

Business portfolio



Portfolio by country



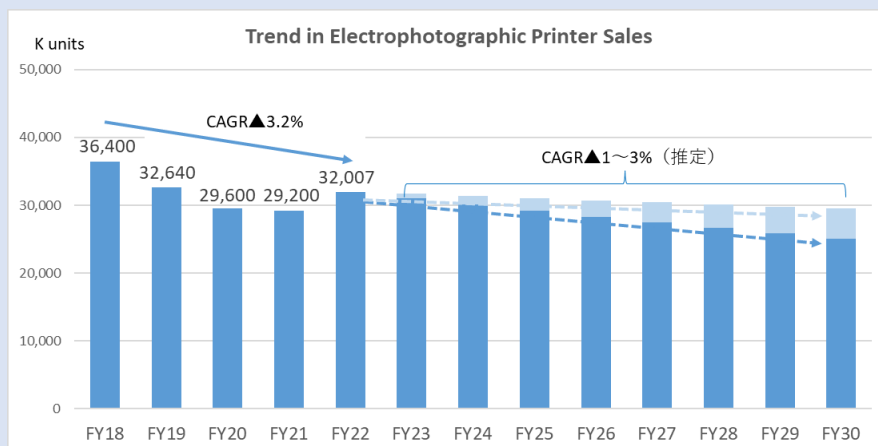
# Business strategy [OA category]

## (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

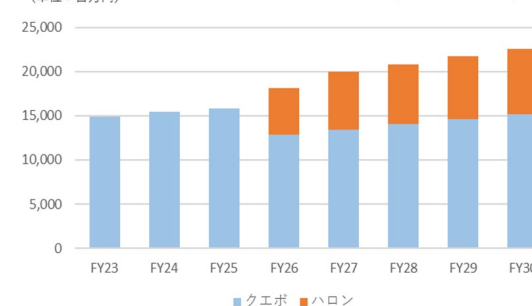
#### Main measures

### 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.



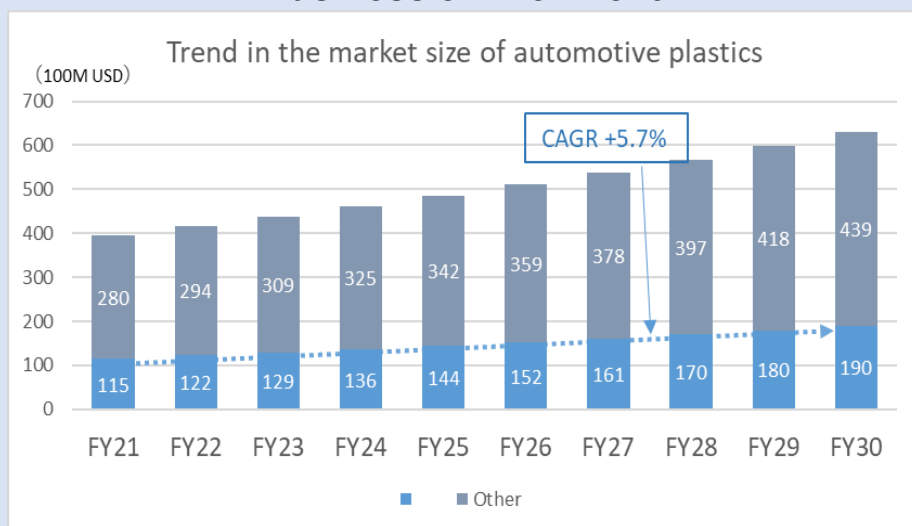
# Business strategy [Automobile category]

## (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]

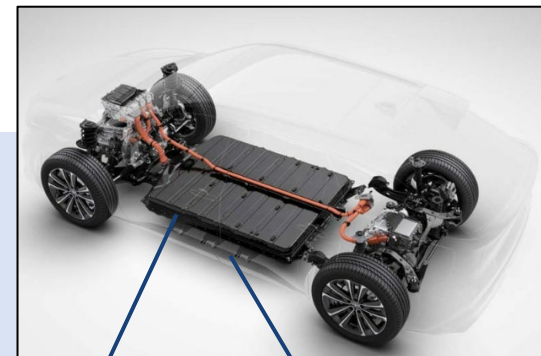
## (ii) Main measures

### 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



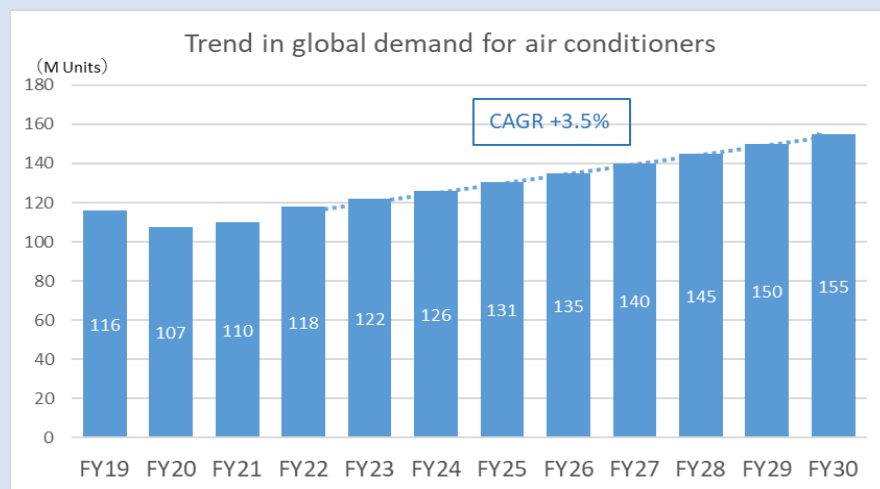
# Business strategy [Home appliance category]

## (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

# Business strategy [HW category]

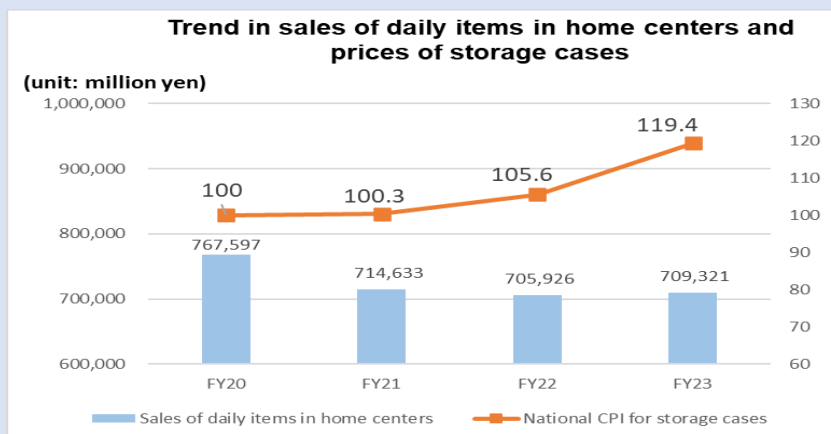
## (i) Basic strategy



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



\*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



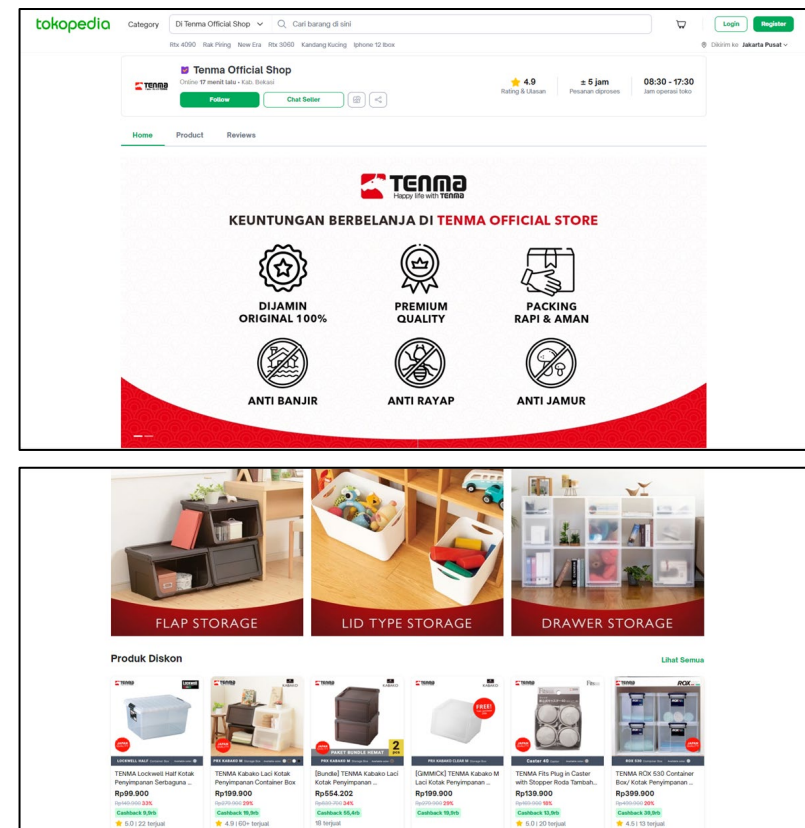
## Initiatives for developing overseas markets in the HW category

### 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



Healthtech



Robotics



Energy

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.

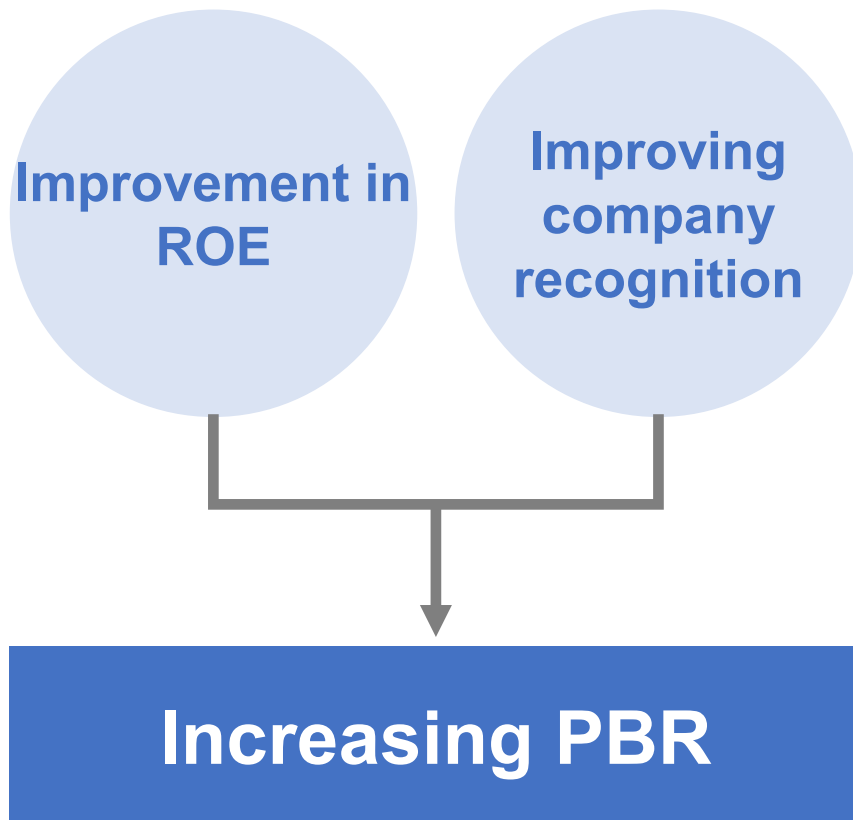
- Risk-free rate was set at about 0.8%, an average of 10-year government bonds.
- Beta was set at about 1.1 in reference to the five-year monthly average of comparable companies. In selecting comparable companies, companies that are included in industrial plastics in the Nikkei NEEDS business category 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.



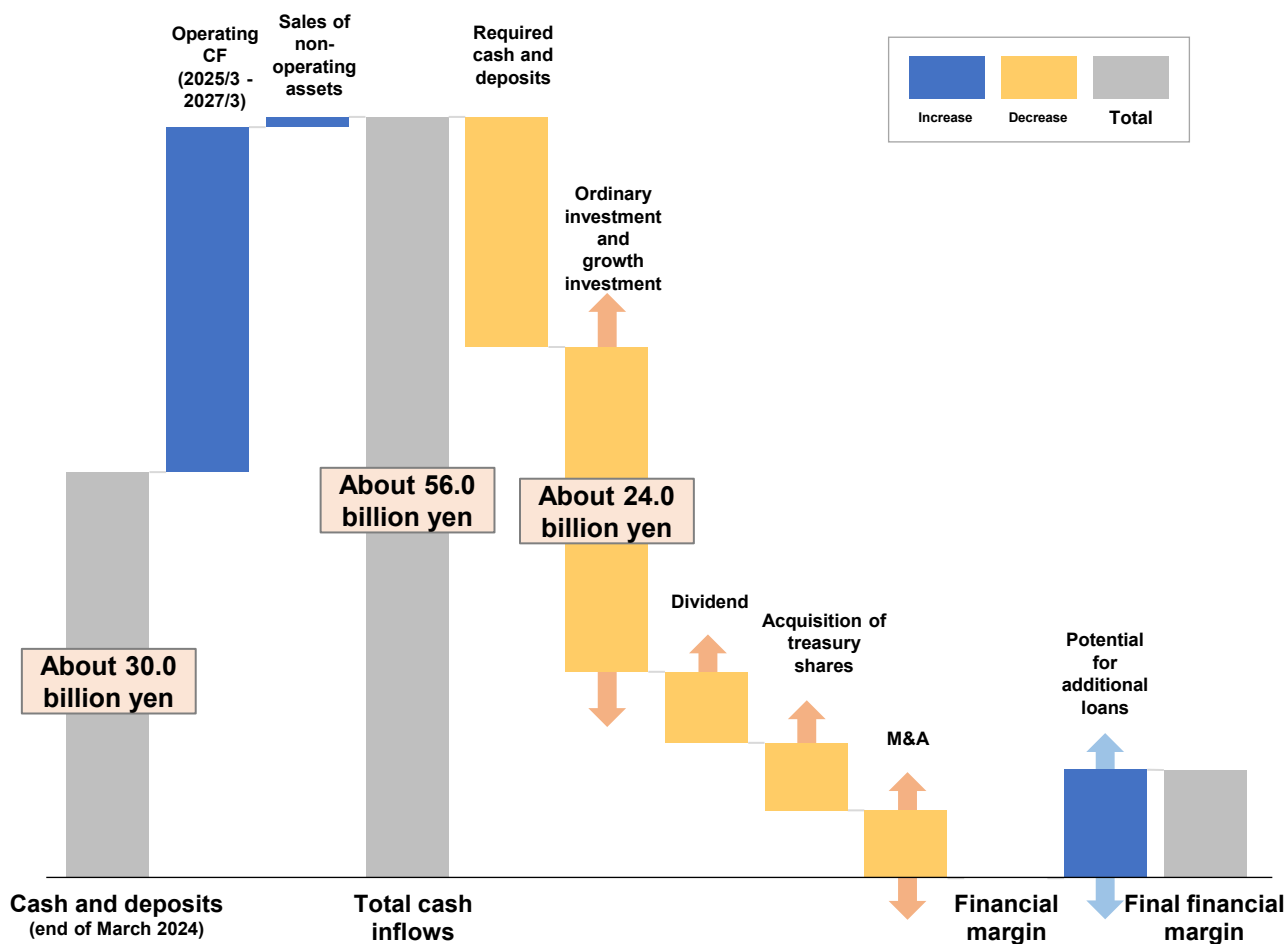
## [Major initiatives for increasing PBR]

- 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**

These materials are based on the information that the Company obtained at the time of their preparation. Our business activities and results in the future may differ from the future prospect stated herein.

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.