

Realization of management conscious of cost of capital and stock price

Along with the expansion of consolidated net sales, the Group will improve profitability by investing into the measures increasing profit margins and enhancing manufacturing capabilities. At the same time, the Group will strengthen product portfolio management process, reduce production cost and improving SG&A cost efficiency. As a result of these actions we are to realize management that is conscious of cost of shareholders' equity.

1. Analysis of current situation

<Targeted indicators and results of the “MODE2023” mid-term management plan>

	FY March 31, 2022		FY March 31, 2023		FY March 31, 2024	
	Actual results	Objective	Actual results	Objective	Actual results	Objective
Net sales (Millions of yen)	19,193	18,700	21,307	20,000	23,177	22,000
Operating Profit (Millions of yen)	2,661	2,700	2,024	3,000	1,746	3,500
Operating Profit ratio (%)	13.9	14.4	9.5	15.0	7.5	15.9
Net Profit (Millions of yen)	2,135	1,800	1,423	2,000	1,271	2,300
ROE(%)	10.7	9.2	6.4	9.5	5.2	10.0
ROIC(%)	7.9	8.1	5.6	8.5	4.5	9.0

In the final year of its medium-term management plan “MODE2023,” ending March 31, 2024, the company posted consolidated net sales of 23.1 billion yen, operating margin of 7.5%, ROE of 5.2%, and ROIC of 4.5%. The stock price is also in the level of PBR below 1x due to deteriorating profit margin in Japanese business which went along with the increasing production cost driven by rapid depreciation of yen.

2. Specific efforts for improvement

In order to break away from the situation where the PBR is less than 1x, we aim to achieve consolidated net sales of 30 billion yen, an operating profit margin of 10.0% or more, an ROE of 8.0% or more, and an ROIC of 7.0% or more by the final year of the 1st Stage (fiscal year ending March 2025 ~ fiscal year ending March 2027), which is the first three years of our long-term VISION "RT500" (fiscal year ending March 2025 ~ fiscal year ending March 2033). As measures to achieve this target, we will increase sales in Japan and the U.S. through the introduction of new products, and improve profitability by working on the SAICO project, which aims to reduce manufacturing costs in the U.S. as a countermeasure against the deterioration of costs in Japan due to the depreciation of the yen. In addition, we will regularly review our product portfolio and make growth investments such as new product development to achieve management that is conscious of the cost of shareholders' equity. With regard to shareholder return measures, we will aim for a dividend payout ratio of 30% or more based on stable dividends.

<Target indicators and results for the 1st Stage>

	FY March 31, 2025	FY March 31, 2026	FY March 31, 2027
	Forecasts	Objective	Objective
Net sales (Millions of yen)	25,200	27,400	30,000
Operating Profit (Millions of yen)	1,850	2,350	3,250
Operating Profit ratio (%)	7.3	8.6	10.8
Net Profit (Millions of yen)	1,300	1,600	2,300
ROE(%)	5.0	5.9	8.0
ROIC(%)	4.5	5.6	7.4
Dividend payout ratio (%)	30.5	30.0	30.0