Realization of management conscious of cost of capital and stock price

The Group will improve profitability by expanding consolidated net sales, investing in product development and manufacturing capabilities, strengthening product portfolio management, reducing cost of sales, and improving SG&A cost efficiency, while realizing management that is conscious of shareholder equity cost and stock price.

1. Analysis of current situation

Long-Term Vision “RT500” (FYE March 2025 to FYE March 2033) The first year of the first stage, FYE March 2025, saw consolidated net sales of ¥25,114 million, an operating profit ratio of 6.2%, ROE of △1.8%, and ROIC of 3.8%. The decline in ROE to △1.8% was primarily due to worsening manufacturing costs in the U.S., an increase in domestic sales cost ratio due to the yen's depreciation, and the recognition of extraordinary losses. As a result, the stock price has fallen below the PBR of 1.

2. Specific measures for improvement

<Long-term VISION “RT500” 1st Stage Rolling Plan 2028 Target Indicators>

	FY March 31, 2025	FY March 31, 2026	FY March 31, 2027	FY March 31, 2028
	Actual results	Objective	Objective	Objective
Net sales (Millions of yen)	25,114	26,400	28,700	31,200
Operating Profit (Millions of yen)	1,555	1,850	2,550	3,300
Operating Profit ratio (%)	6.2	7.0	8.9	10.6
Net Profit (Millions of yen) *	△461	1,450	1,750	2,350
ROE (%)	△1.8	5.8	6.6	8.4
ROIC (%)	3.8	4.3	5.7	7.1
Dividend payout ratio (%)	-	30.9	30.0 or more	30.0 or more
Average exchange rate during the period (yen/US dollar)	152.5	145.0	145.0	145.0

* Net income attributable to shareholders of the parent company

As a measure to improve the PBR ratio below 1, we aim to achieve consolidated sales of ¥31,200 million, an operating profit margin of 10.6%, ROE of 8.4%, and ROIC of 7.1% by the final year of the 1st Stage Rolling Plan 2028 under the long-term VISION “RT500,” targeting the expansion of consolidated sales and improvement of profitability. To achieve our final-year targets, we will work to resolve supply chain issues early on and aim to return to double-digit growth in US sales through the introduction of new products. By simultaneously undertaking the SAICO project, we will reduce cost of sales and improve profitability through measures such as streamlining SG&A cost.

In addition, we will realize management that is mindful of shareholder capital costs and stock prices by regularly reviewing our product portfolio and other measures. Shareholder return policies are based on stable dividends, with a target dividend payout ratio of 30% or more.