

Management with a focus on capital cost and share price

June 10, 2026



TSE Prime Market

Securities Code: 7600

Realization of management conscious of cost of capital and stock price

Our group will improve profitability by expanding consolidated net sales, investing in the enhancement of product development and manufacturing capabilities, strengthening product portfolio management, and reducing cost of sales and improving the efficiency of selling, general, and administrative expenses. In addition, we will pursue management with a focus on shareholder capital cost and share price.

1. Analysis of current situation

In the second year (fiscal year ending March 2026) of the 1st Stage of our long-term vision “RT500” (fiscal year ending March 2025 to fiscal year ending March 2033), we recorded consolidated net sales of 23.9 billion yen, an operating profit margin of 2.4%, ROE of 1.1%, and ROIC of 1.3%. Operating profit decreased from 1.55 billion yen in the previous year to 570 million yen this fiscal year, representing a decline of 980 million yen year-on-year.

The main factors were:

- (1) Gross profit decreased by 1.2 billion yen due to a decline in sales in both Japan and the US,
- (2) An additional drop in gross profit of 260 million yen due to higher labor and manufacturing overhead costs associated with supply response, as well as increased procurement costs, resulting in a deterioration of manufacturing costs.

On the other hand, while there was an increase in personnel expenses, selling, general and administrative expenses (SG&A) improved (decreased) by 430 million yen year-on-year as a result of cost containment measures, partially offsetting the impact on profit. Nevertheless, the decrease in gross profit and deteriorating manufacturing costs could not be fully absorbed, resulting in operating profit falling below the previous year’s level. As a result, our stock price is currently trading below book value (PBR below 1x).

2. Specific measures for improvement

<Long-term VISION “RT500” 1st Stage Rolling Plan 2029 Target Indicators> * Net income attributable to shareholders of the parent company

	FY March 31, 2026	FY March 31, 2027	FY March 31, 2028	FY March 31, 2029
	Actual results	Objective	Objective	Objective
Net sales (Millions of yen)	23,917	25,370	27,500	30,000
Operating Profit (Millions of yen)	574	430	1,000	1,500
Operating Profit ratio (%)	2.4	1.7	3.6	5.0
Net Profit (Millions of yen) *	*263	*60	*500	*1,000
ROE (%)	1.1	0.2	2.0	3.9
ROIC (%)	1.3	1.0	2.2	3.3
Dividend payout ratio (%)	157.4	Stable dividends with a payout ratio of 30.0% or higher	Stable dividends with a payout ratio of 30.0% or higher	Stable dividends with a payout ratio of 30.0% or higher
Average exchange rate during the period (yen/US dollar)	150.9	155.0	155.0	155.0

As a measure to improve the situation of our price-to-book ratio (PBR) falling below 1x, we aim to expand consolidated net sales and improve profitability, setting targets for the final year of the first stage rolling plan “RT500 2029” of 30 billion yen in consolidated net sales, an operating profit margin of 5.0%, ROE of 3.9%, and ROIC of 3.3%.

To achieve these final-year targets, we are working toward the early resolution of supply chain issues and aiming for a return to double-digit growth in U.S. sales through the introduction of new products. At the same time, by advancing initiatives under the SAICO project, we will improve profitability by reducing cost of sales and enhancing the efficiency of selling, general and administrative expenses.

Furthermore, by regularly reviewing our product portfolio, we will pursue management with a focus on shareholder capital cost and share price.

With regard to shareholder returns, we maintain a basic policy of stable dividends with a target dividend payout ratio of 30% or more.