

# Mid-term Management Plan

## (FY2021-2023)

Fukoku Co., Ltd.  
(5185, First section, Tokyo Stock Exchange)  
February 2021

### Starting with rubber, brightening the future

Fukoku offers new value based on the technological expertise in design, prototyping, validation, and mass production developed since our founding.



# Agenda

1. Company Profile
2. FY2020 Performance Forecast
3. Mid-term Management Plan
  - Target
  - Overview
  - Initiatives
  - Policy on Shareholder Returns

# 1. Company Profile

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# 1. Company Profile

## Company Profile

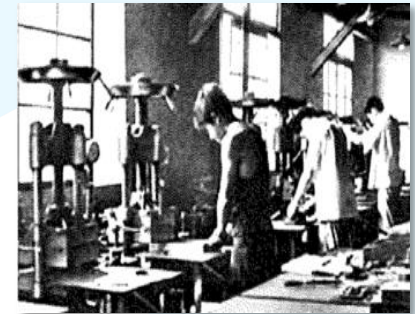
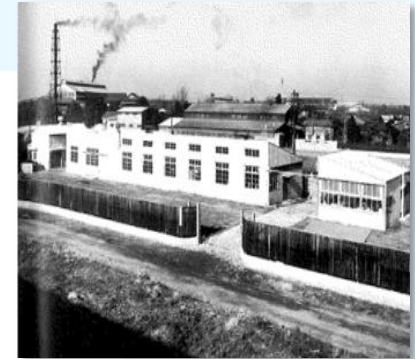
Company Name	Fukoku Co., Ltd.
Foundation	1953 December 24 <b>(68 years since established)</b>
Representative	Takashi Ogawa, President
Head office	Saitama, Ageo city
No. of employees	Consolidation 4,981 Parent company 1,230 * as of September 30, 2020, except part time workers
Business profile	Production and sales of Rubber products, Metal products • Plastic products, OA • Electric devices • Medical devices etc.
Stock exchange	First Section, Tokyo Stock Exchange
Capital stock	1,395 Million JPY
No. of issued shares	17,609,130 shares
No. of Shareholders	17,564 * as of September 30, 2020
Bases / Affiliate companies	<ul style="list-style-type: none"> <li>• Domestic bases                             <ul style="list-style-type: none"> <li>- 5 plants, 2business offices</li> </ul> </li> <li>• Affiliate companies                             <ul style="list-style-type: none"> <li>- Consolidated subsidiaries: 2 in Japan and 15 overseas</li> <li>- Equity Method Affiliated Companies :1 overseas</li> </ul> </li> </ul>



# 1. Company Profile

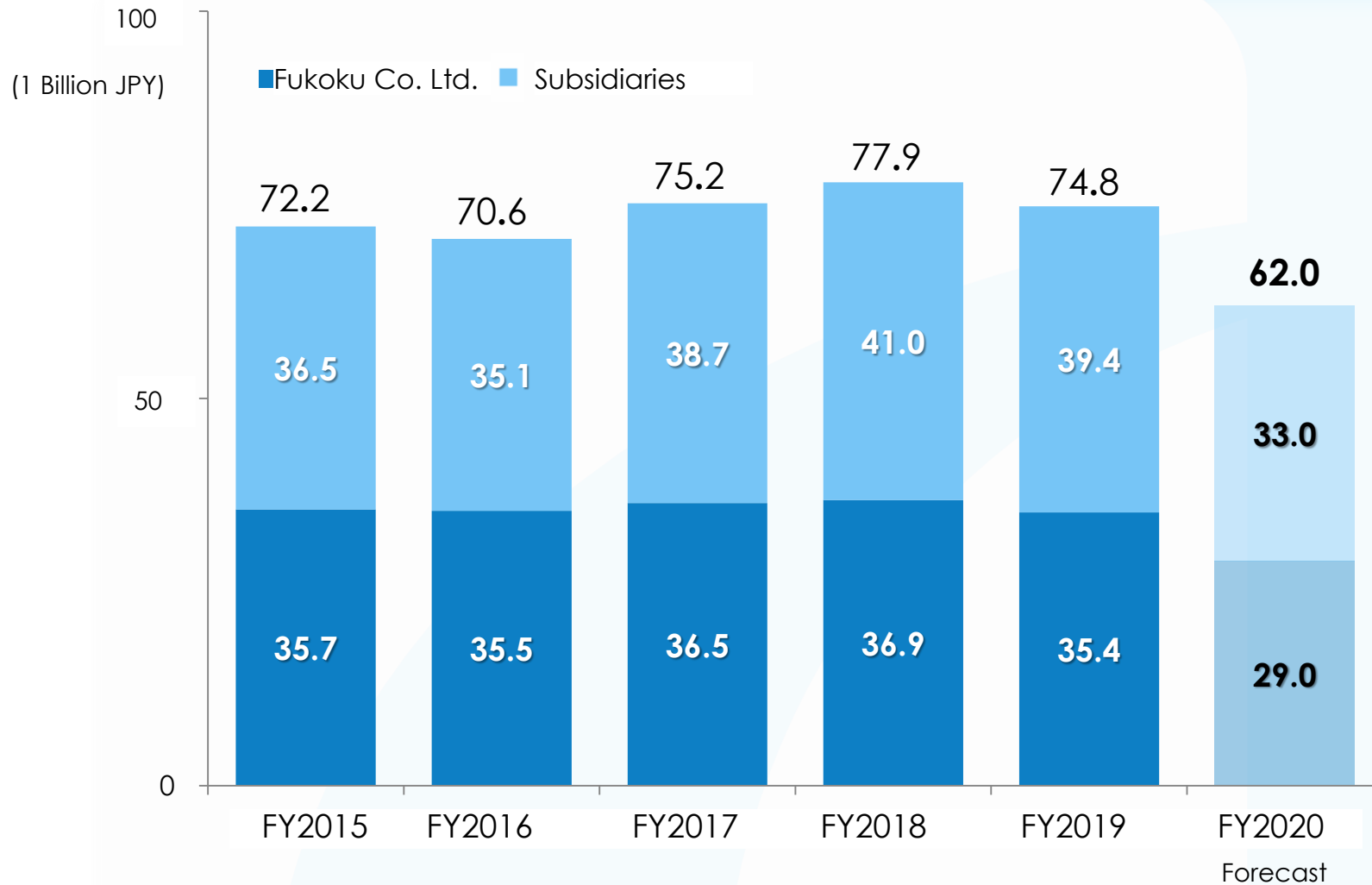
## History

1953	Dec	<b>Founder, Eiichi Kawamoto established Fukoku Rubber Industry Co., Ltd.</b>
1956	Apr	<b>Succeeded in developing Wiper blade rubber technology</b>
1972	Sep	Invested in Sueyoshi Industries Co., Ltd.
1983	Jan	Thai Fukoku Co., Ltd. Was established in Bangkok, Thailand.
1986	Jan	Changed the company name to Fukoku Co., Ltd.
1994	Oct	Registered with Japan Securities Dealers' Association (currently JASDAQ) to list stocks for OTC market
1996	Feb	Invested in Tokyo Rubber MFG. Co., Ltd.
2004	Mar	Stock listed on the 2 <sup>nd</sup> section of the Tokyo Stock Exchange
2005	Mar	<b>Stock upgraded to the 1st section of the Tokyo Stock Exchange</b>
2020	Jun	<b>Selected by the METI under the 2020 Global Niche Top Companies Selection 100 program</b>
2020	Jul	<b>Takashi Ogawa was appointed president</b>



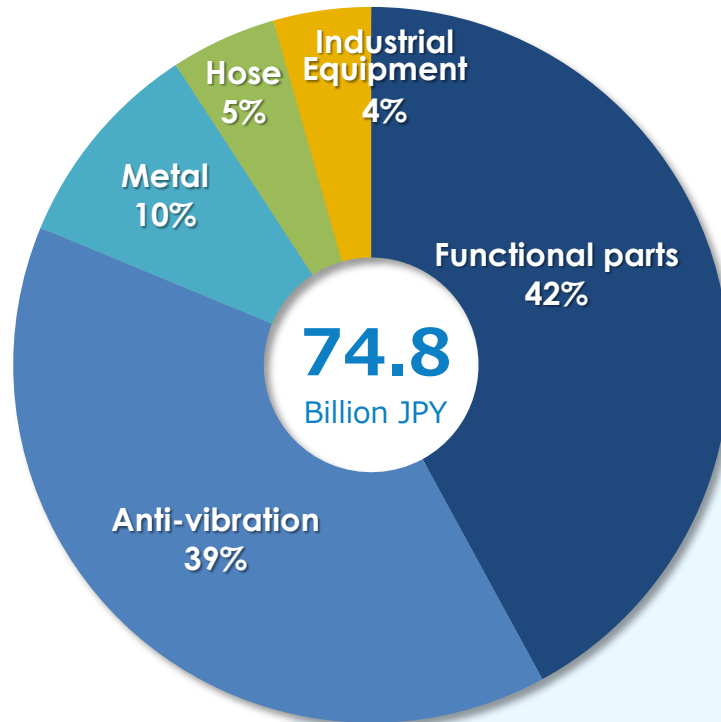
# 1. Company Profile

## Sales (Consolidation)

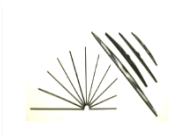


# 1. Company Profile


Sales per business (FY2019 Consolidation)




### Functional Parts



Wiper blade rubber




CVJ boots




Diaphragm


### Anti-Vibration Parts



Damper pulley




V-rod




Viscous mount

### Metal




Fuel tank




Propeller shaft


### Industrial Equipment




Printer roller



Ultra sonic motor




Cell culture bag




Cell culture medium

### Hose



Intercooler hose

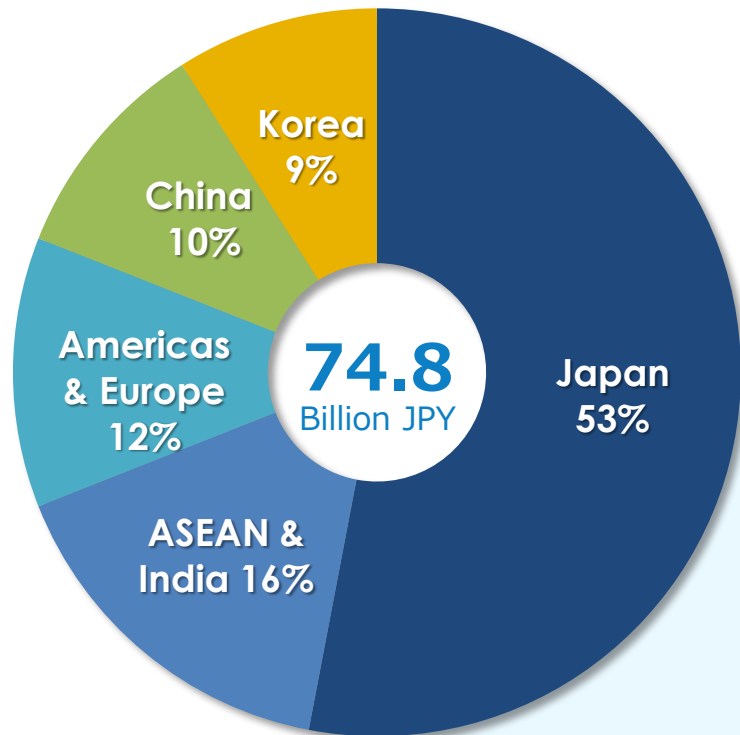



Water hose

# 1. Company Profile

Sales per region (FY2019 Consolidation)

Global network



- |  |                   |   |                 |   |                 |
|--|-------------------|---|-----------------|---|-----------------|
|    | Japan<br>1953     |  | America<br>2001 |  | Vietnam<br>2011 |
|  | Thailand<br>1983  |  | China<br>2001   |  | Mexico<br>2014  |
|  | Korea<br>1987     |  | India<br>2010   |  | Czech<br>2014   |
|  | Indonesia<br>1997 |   |                 |   |                 |



# 1. Company Profile

Our strength

■ Automotive industry

■ Other industries

World Share\* (%)

\*our estimation

Crankshaft damper



15%

Wiper blade rubber



50%

Viscous mount (for Construction Machinery)



70%

Diaphragm



30%

Cell culture bag



35%

Piston Seals



17%

CVJ boots

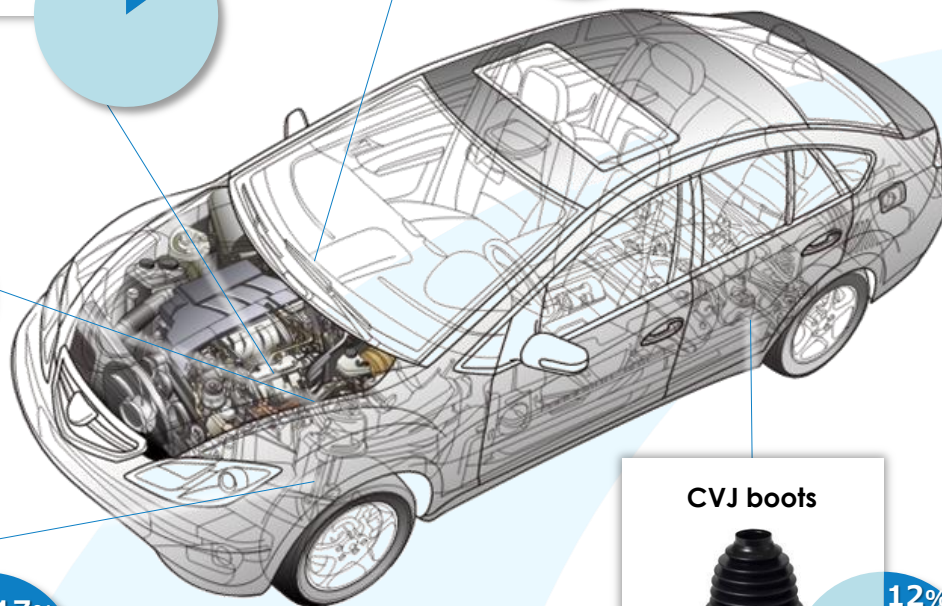


12%

Ingot wire-saw main roller



30%



Producing many products with a high market share in niche fields

# 1. Company Profile

## Our Strengths

Fukoku has been selected by the Ministry of Economy, Trade and Industry under the [2020 Global Niche Top Companies Selection 100](#) program that recognizes companies striving to capture global markets, securing a high market share in niche sectors, and performing good management.



The examination committee consists of external experts who evaluate and select companies having:

1. both global share and profit,
2. unique and independent technology, and
3. importance in the supply chain.

## 2. Performance Forecast for FY 2020

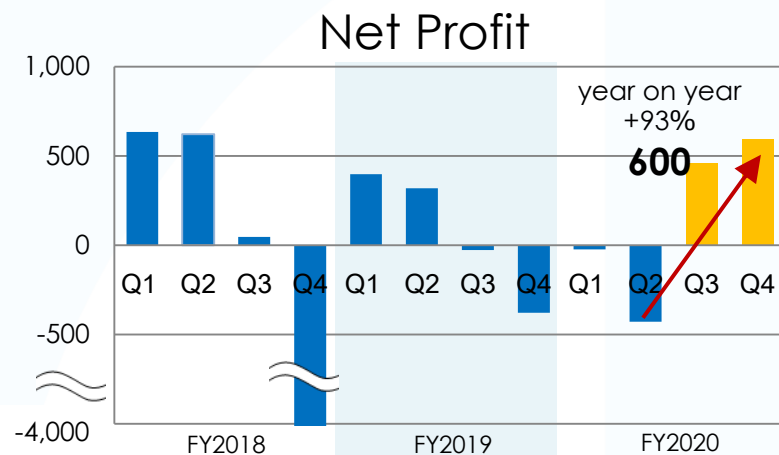
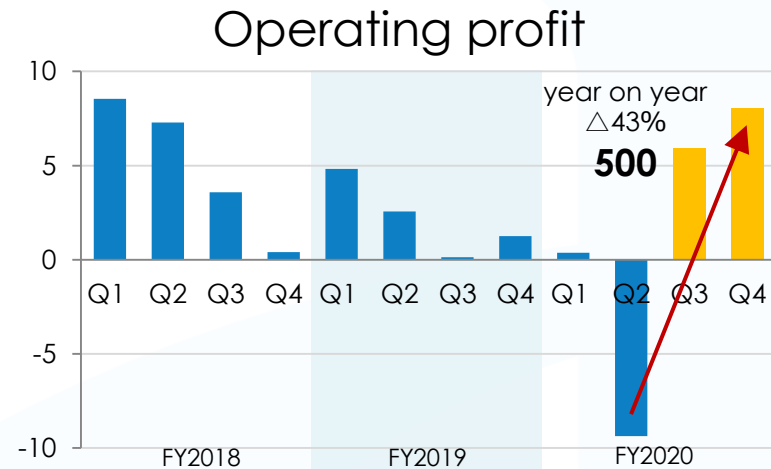
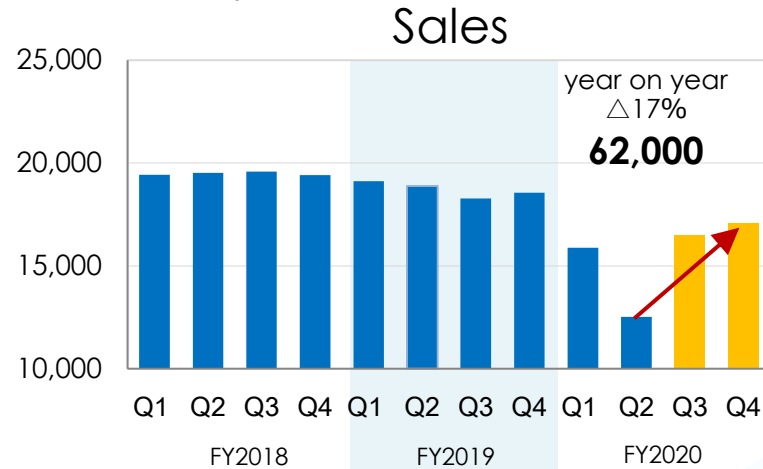
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## 2. FY2020 Performance Forecast

### Business performance trends (Consolidated, Quarterly)

(unit: Million JPY)

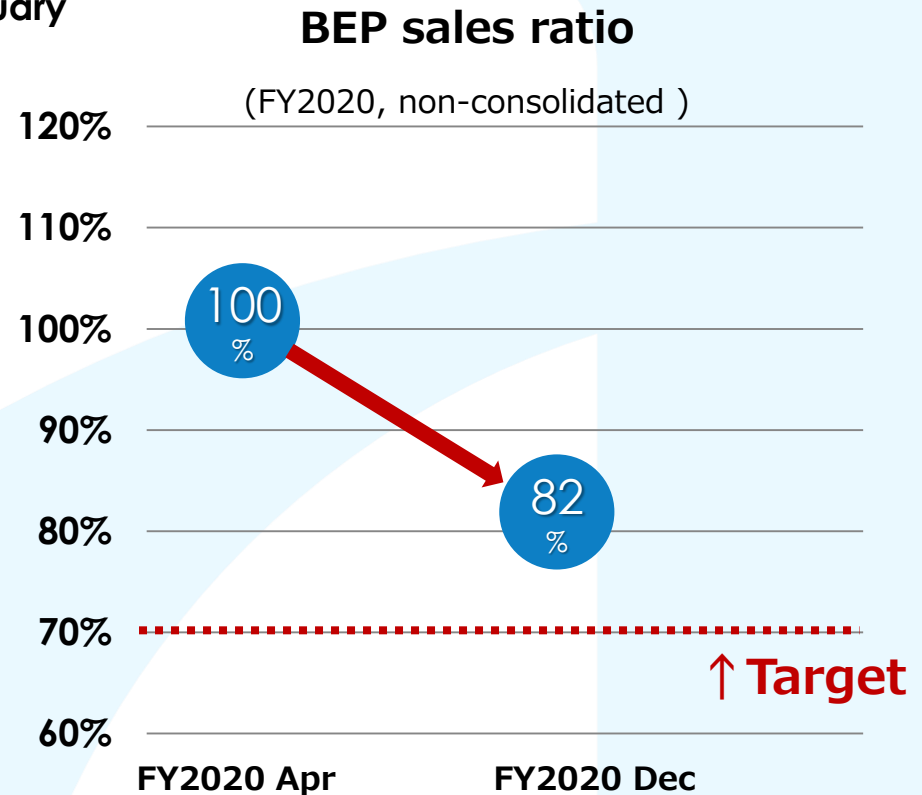
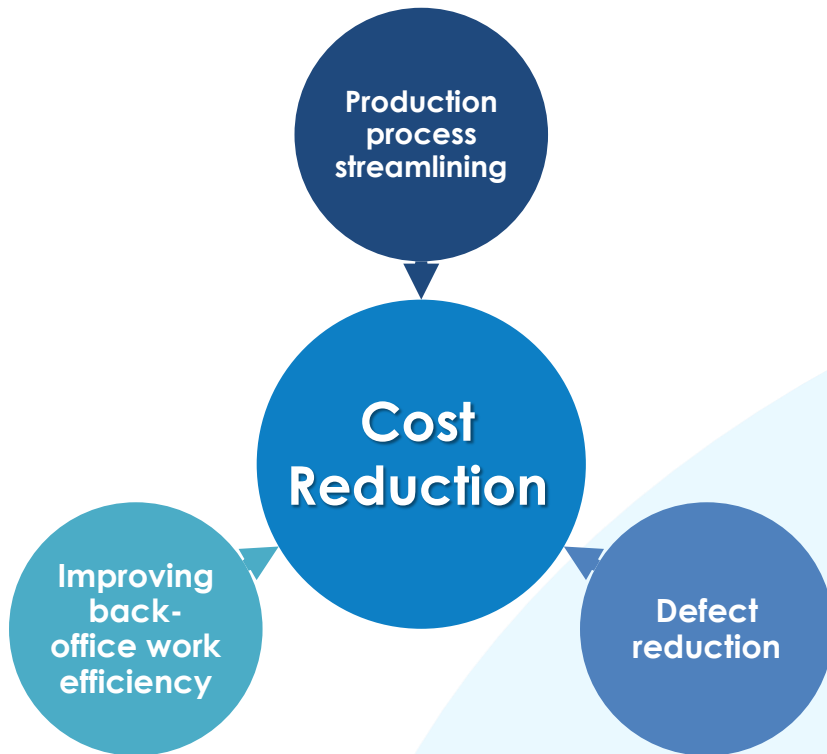


Faced with the sales decrease due to the corona virus, making every effort to improve corporate constitution and secure profits

## 2. FY2020 Performance Forecast

Efforts to improve constitution

- Implementation of reform without sanctuary



Continuing improvement activities toward the target

### 3. Mid-term Management Plan

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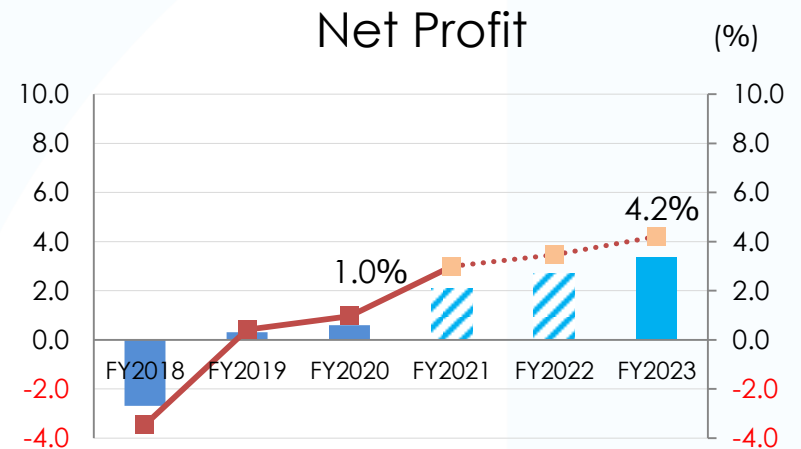
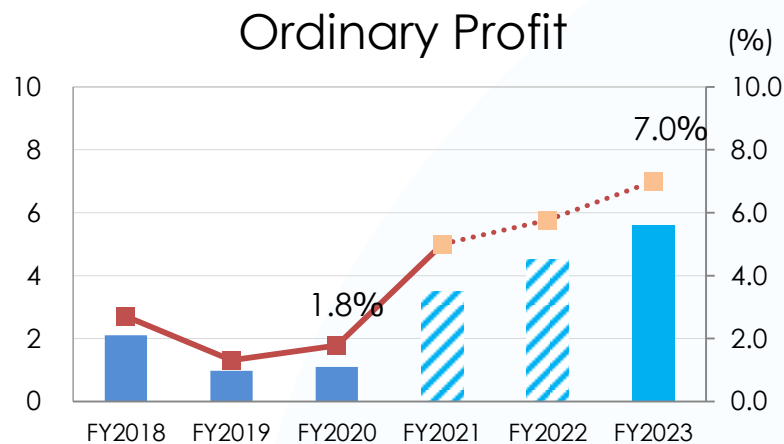
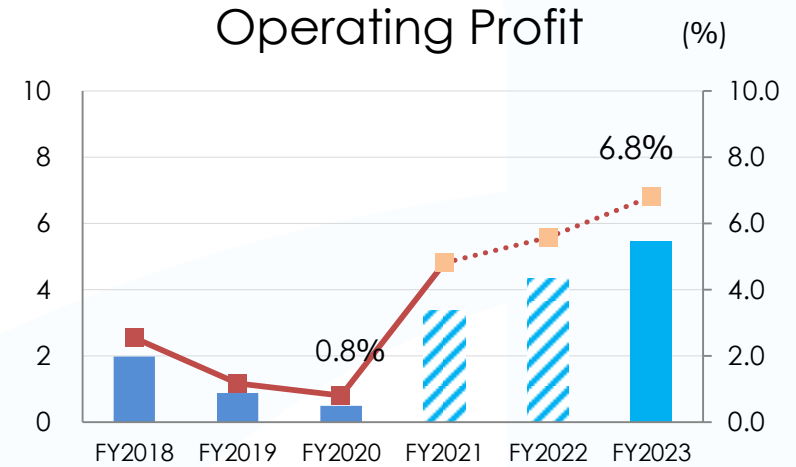
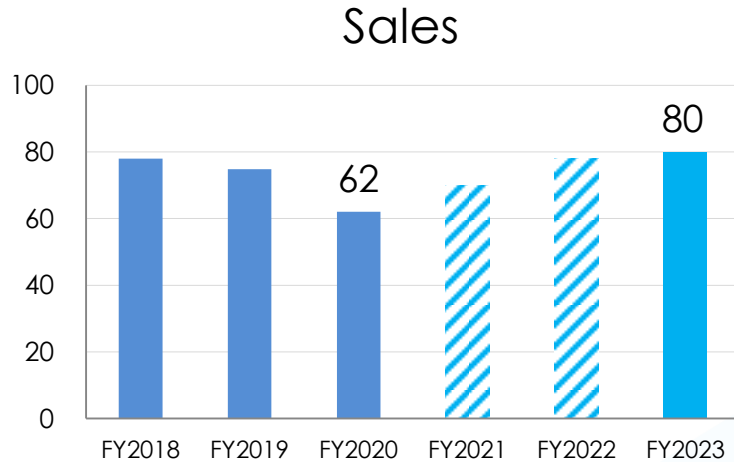
# 3. Mid-term Management Plan

Target

## Consolidated Sales and Profits (Planned on the most recent revenue basis)

Consolidation (unit: Billion JPY)

■ Profit ratio



### 3. Mid-term Management Plan

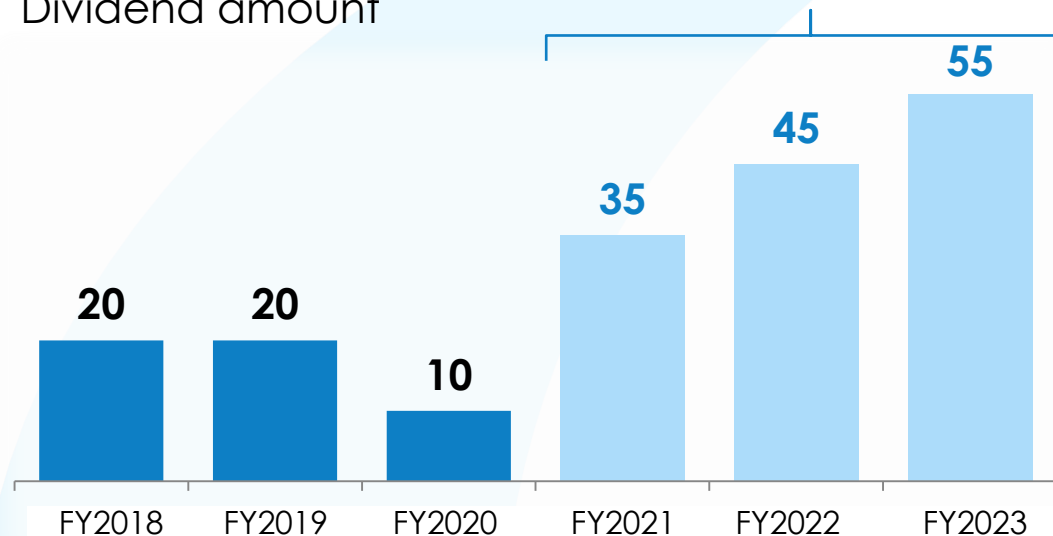
Target

Consolidated sales • Ordinary profit ratio • ROE • Consolidated payout ratio

	Forecast (Year ending March 2021)	Target (Year ending March 2024)
Consolidated sales	62.0 Bill. JPY	80.0 Bill. JPY※
Ordinary profit ratio	1.8%	7%
ROE	1.9%	8%
Consolidated payout ratio	-	30%

※New product ratio 10%

Dividend amount

**Theoretical dividend with the consolidated payout ratio of 30% (yen)**


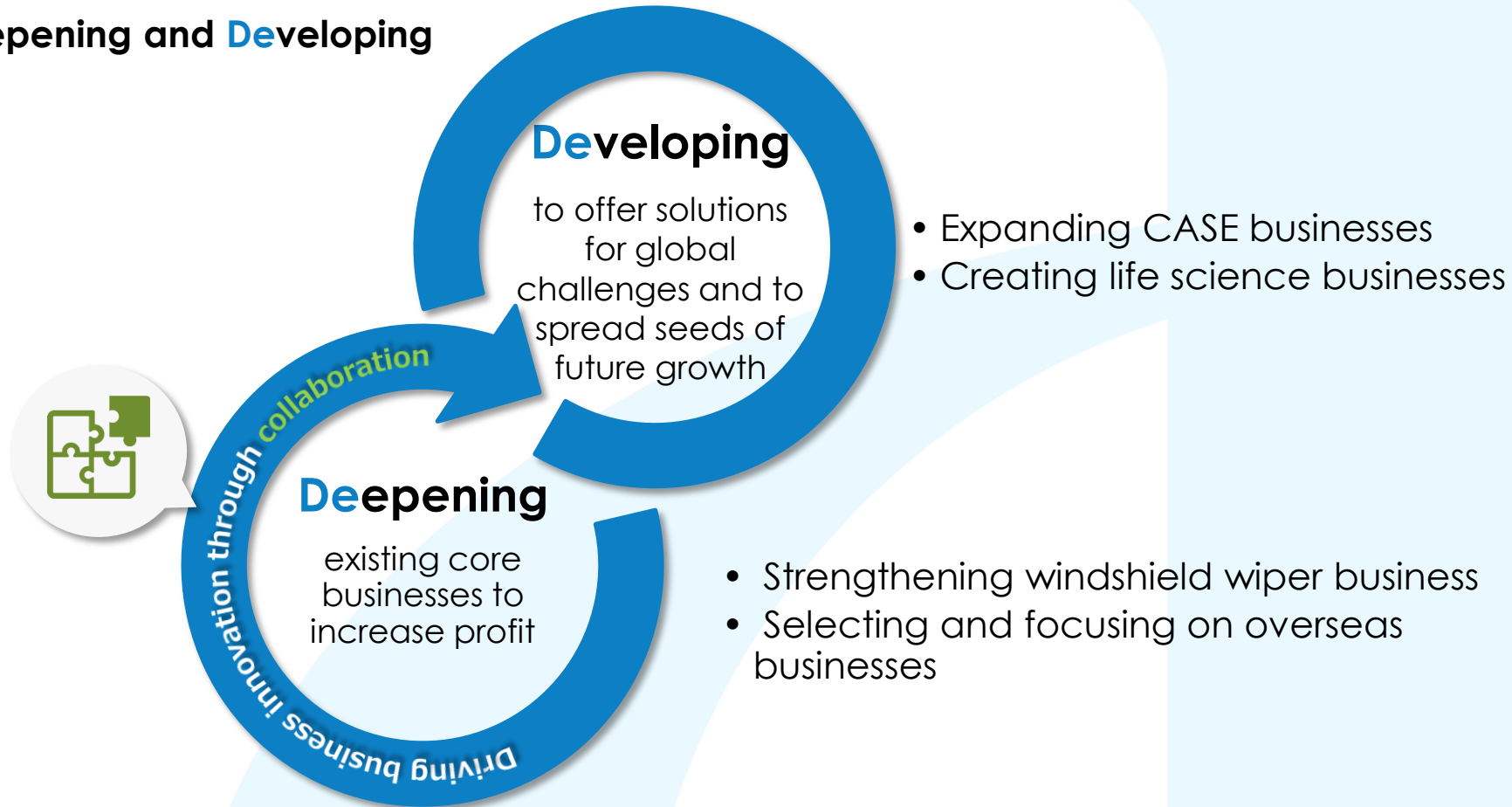


# 3. Mid-term Management Plan

Overview

FY2021 (ending March 2022) to FY2023 (ending March 2024)

## Deepening and Developing



Maximizing the functions of polymer products (rubber and resins) to keep the earth clean

# 3. Mid-term Management Plan

Overview

Driving business innovation through **collaboration**



**Core technology**

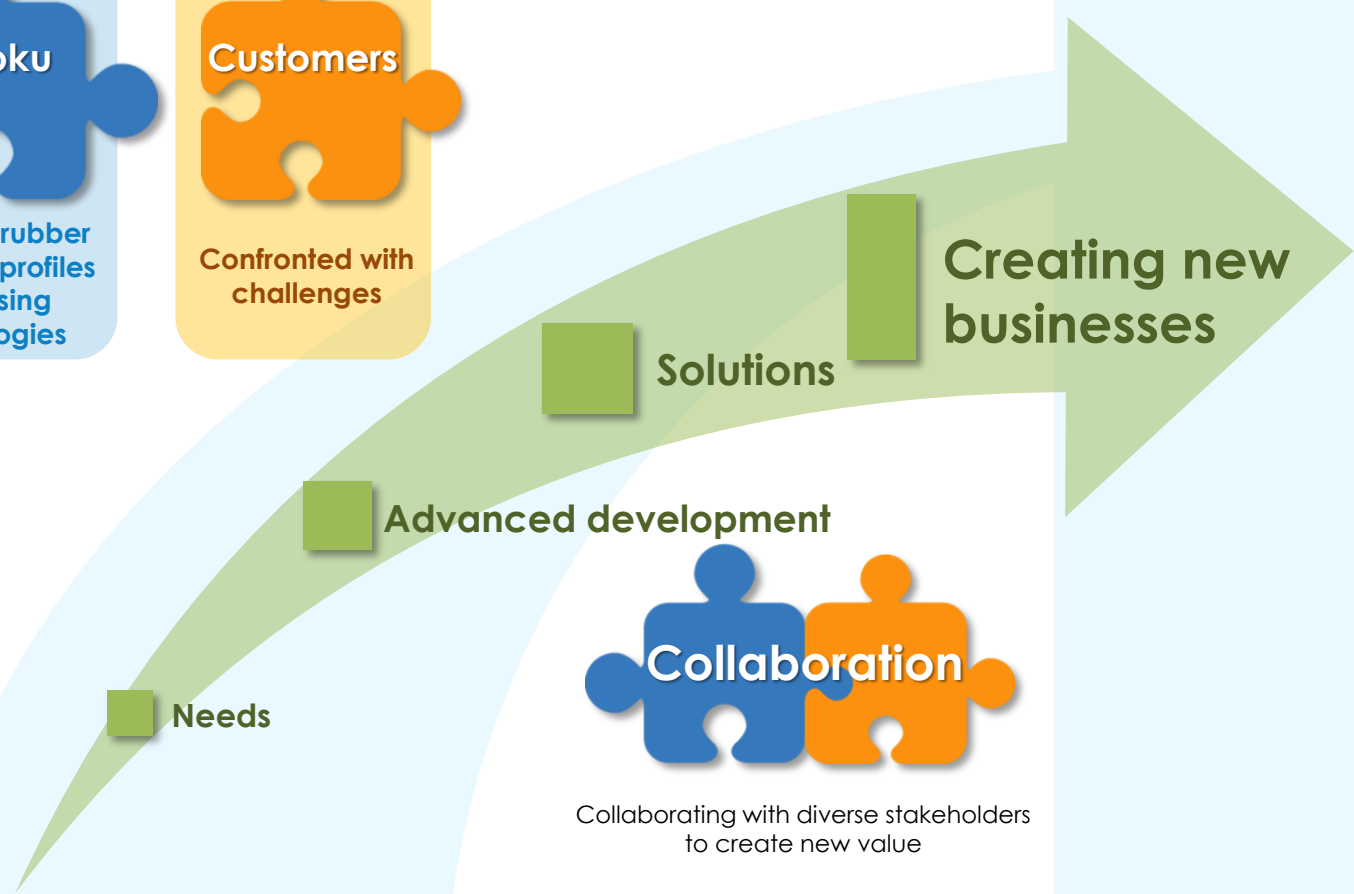
**Fukoku**

Design of rubber materials/profiles  
Processing technologies

**Multiple uses**

**Customers**

Confronted with challenges



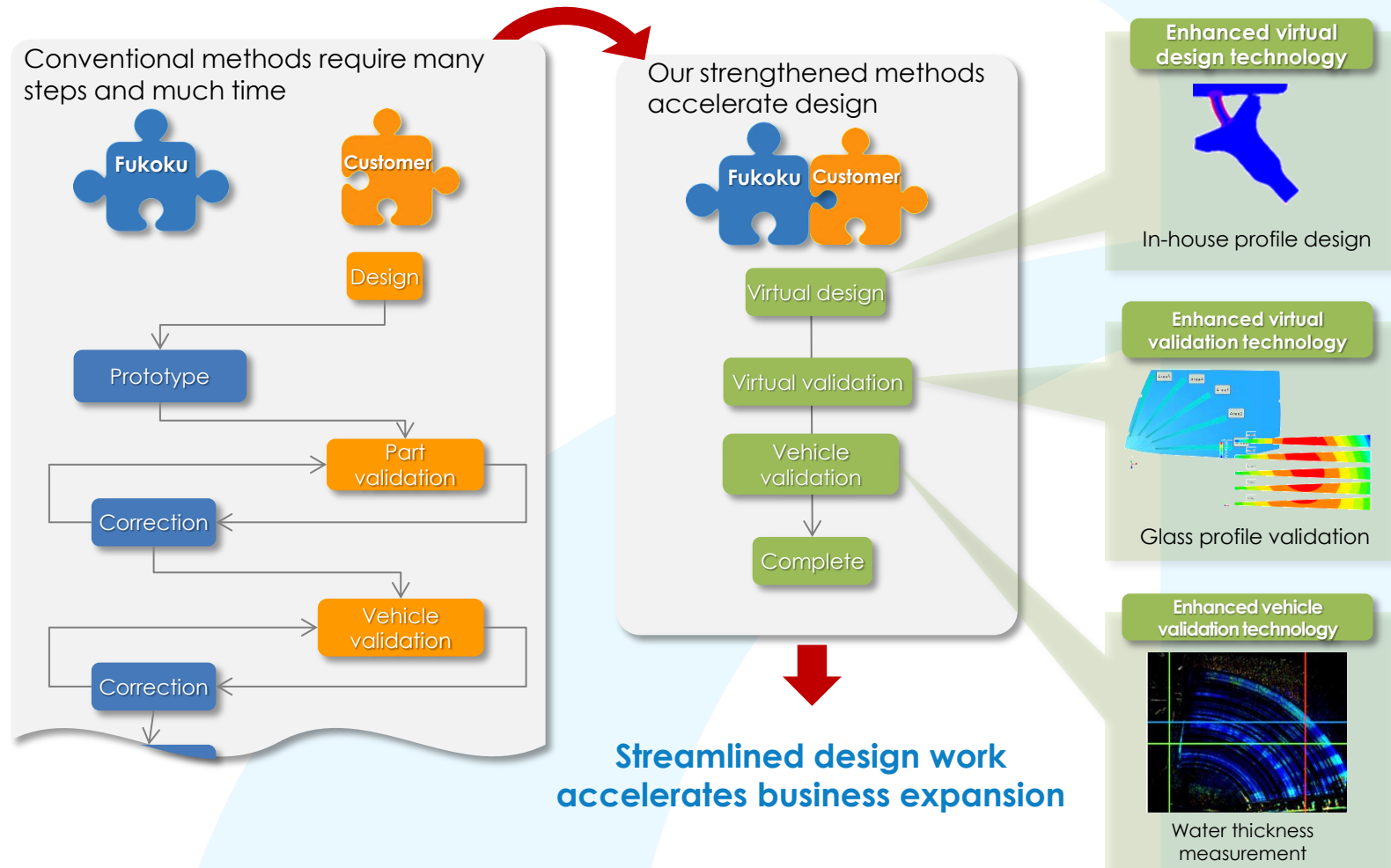
**Collaboration**

Collaborating with diverse stakeholders to create new value

# 3. Mid-term Management Plan

## Deepening Existing Businesses

Strengthening windshield wiper business



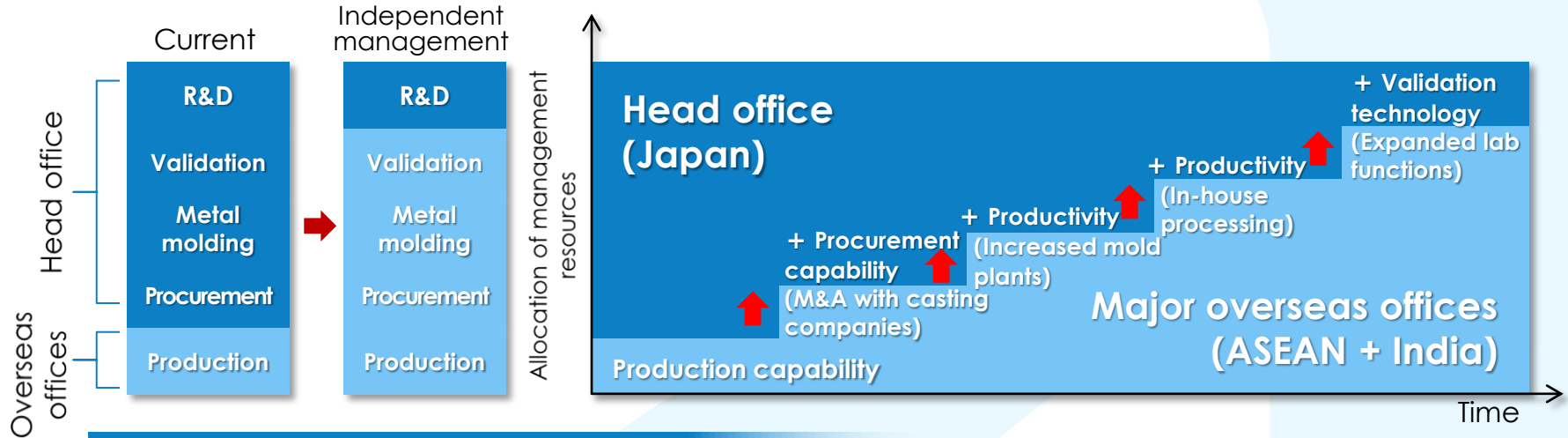
Enhancing our technology and collaborating with customers to facilitate more efficient business expansion

### 3. Mid-term Management Plan

### Deepening Existing Businesses

Selecting and focusing on overseas businesses

- Independent management in priority regions (ASEAN + India)



Shift to speedy, autonomous management at each site

Conceptual image of selection and focus

- Leveraging alliances (Europe)



Improving our competitiveness and expanding business globally

# 3. Mid-term Management Plan

Expanding CASE businesses

**Rubber creates a path toward a safe, secure, and comfortable future in the era of CASE**

## Connected

- Advanced vibration damping rubber
- Vibration damping rubber for aerospace sensors
- Ring type ultrasonic motors for high resolution zoom lens cameras



## Autonomous

- Vibration damping rubber for precision electric devices
- High performance noise reduction complex rubber
- Vibration damping rubber mounts for construction equipment with ICT

## Shared

- Atomizing devices for sanitary and amenity spaces
- Disturbanced insulator for satellites
- Vibration damping rubber for new generation mobility

## Electric

- High function seal rubber for EVs
- Advanced vibration damping rubber for vehicle motors
- Multi-way coolant flow control valves for vehicle thermal management

**New materials and processing methods for a future full of dreams**

# 3. Mid-term Management Plan

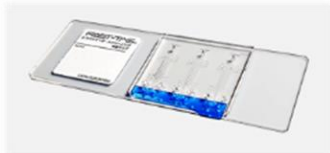
Creating life science businesses

Rubber creates a path toward a safe, secure, and comfortable future in the era of health and longevity

## Medical

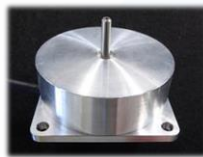


- Liquid culture medium
- Cell culture bag



**RAST-TAS®**

- Bacterial infection test kit



- MRI drive motor

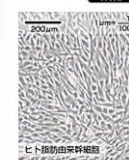


## Life



- Space sterilization atomizer

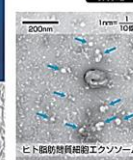
Phicello



Phicello  
ファイロ

- Human adipose derived stem cell conditioned media

Phisome



Phisome  
ファイソーム

- Human adipose stromal cell exosome



Bellefine

- Beauty essence

New ideas for a future full of dreams

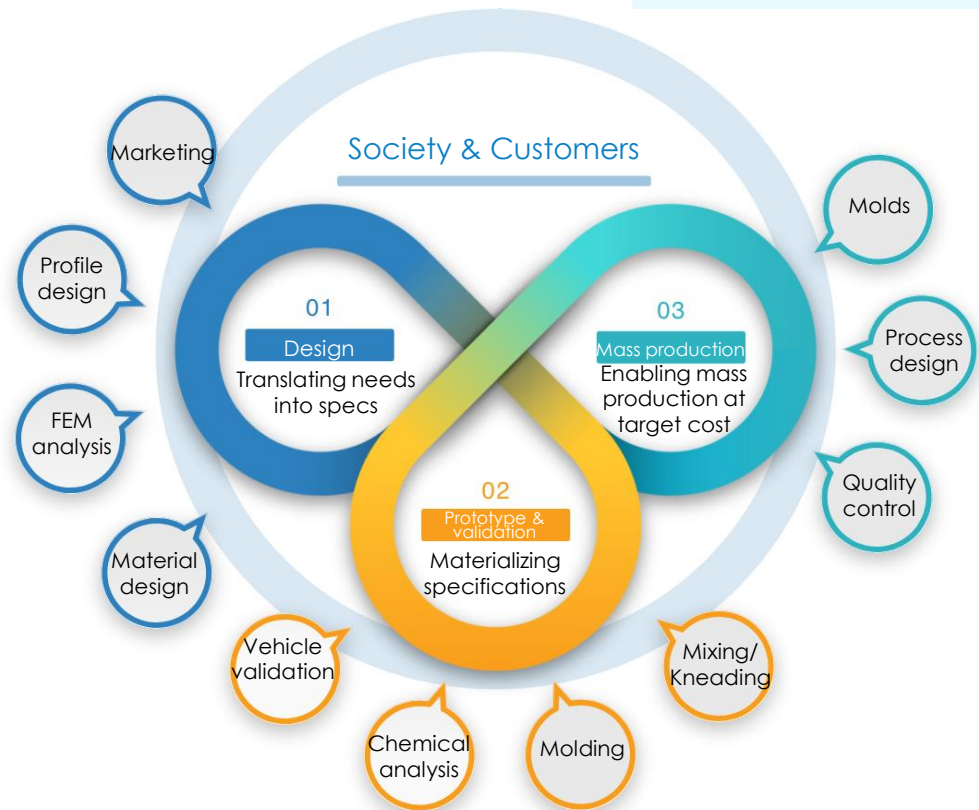
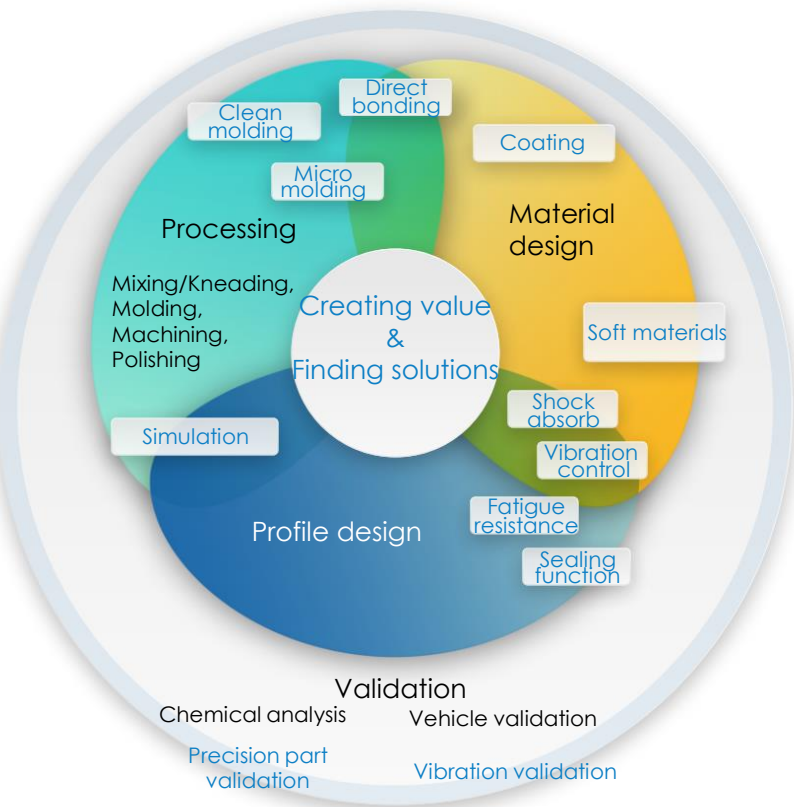
# 3. Mid-term Management Plan

Our strengths

**Our technologies in polymer chemistry provide individual solutions for customer-specific challenges**

■ Base technology

■ Solutions



# 3. Mid-term Management Plan

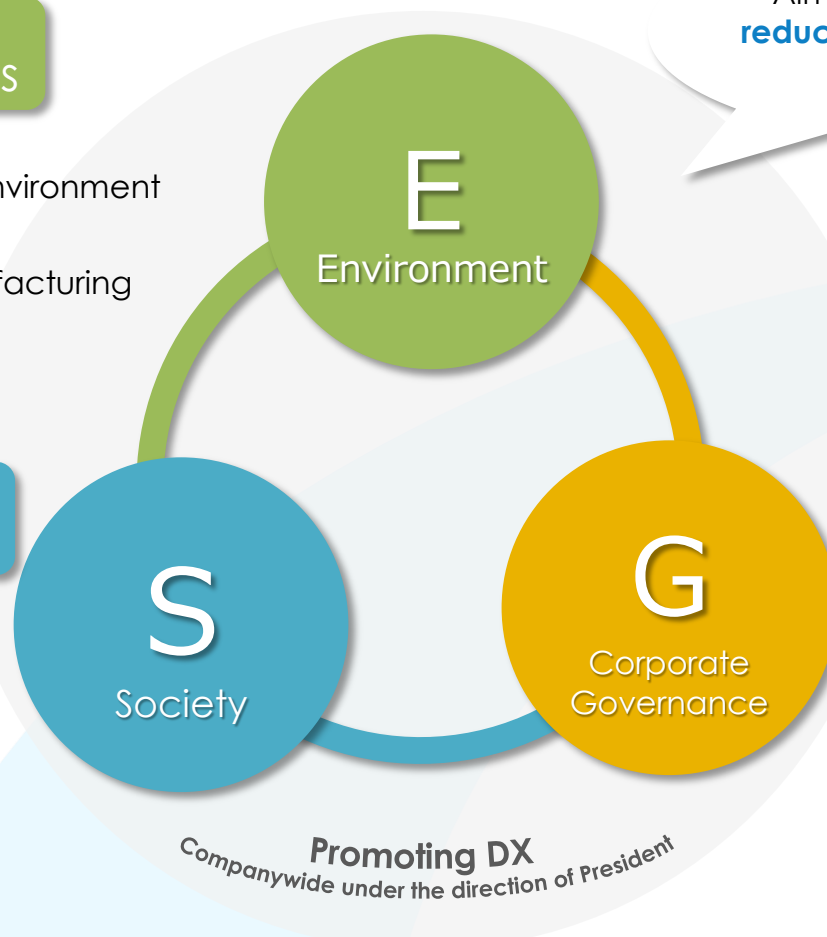
ESG—Environment, Society, and Governance

## Reducing CO<sub>2</sub> emissions

- Setting up the Environment Project Office
- Reducing manufacturing waste

## Reforming HR system

- Diversity
- Reforming working style
- Promoting the progress of young employees
- Training future operators
- Employing older workers



Aiming to achieve **50% reduction in manufacturing waste** by 2025

Improving information provision

Enhancing internal control

- Redesigning the entire company website
- IR activities

**Fulfilling our corporate social responsibility**

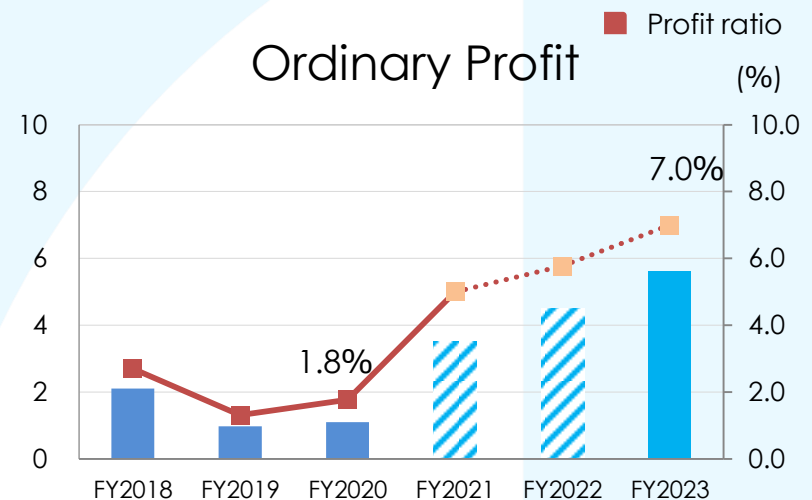
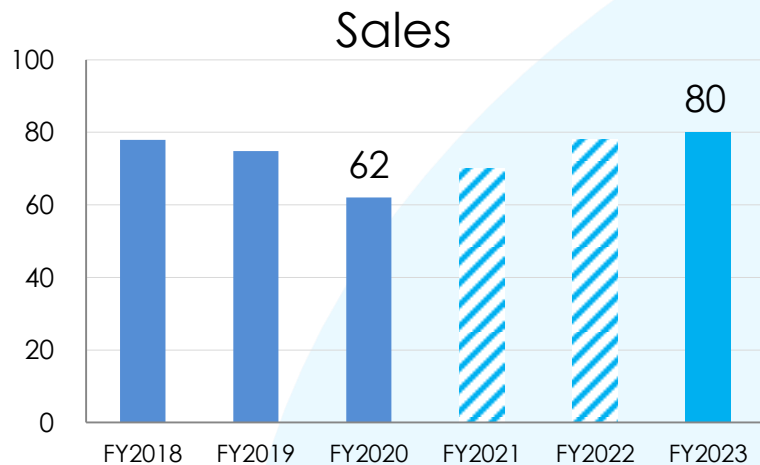


# 3. Mid-term Management Plan Target

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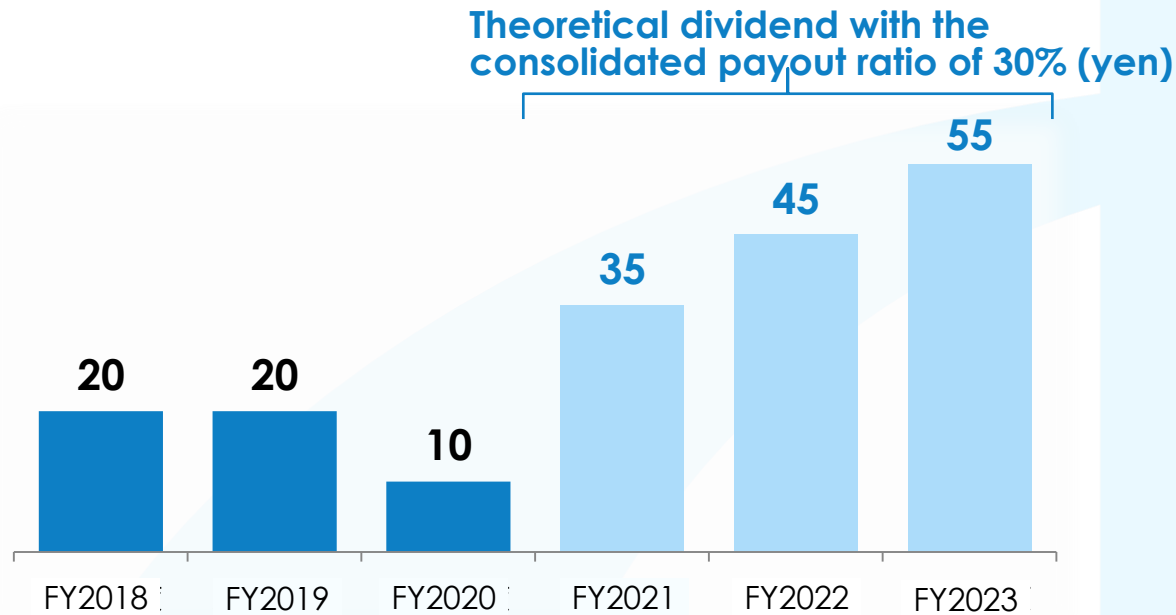


### 3. Mid-term Management Plan Policy of Return to Shareholders

Principles of dividend policy Starting from interim dividends for FY ending in March 2022

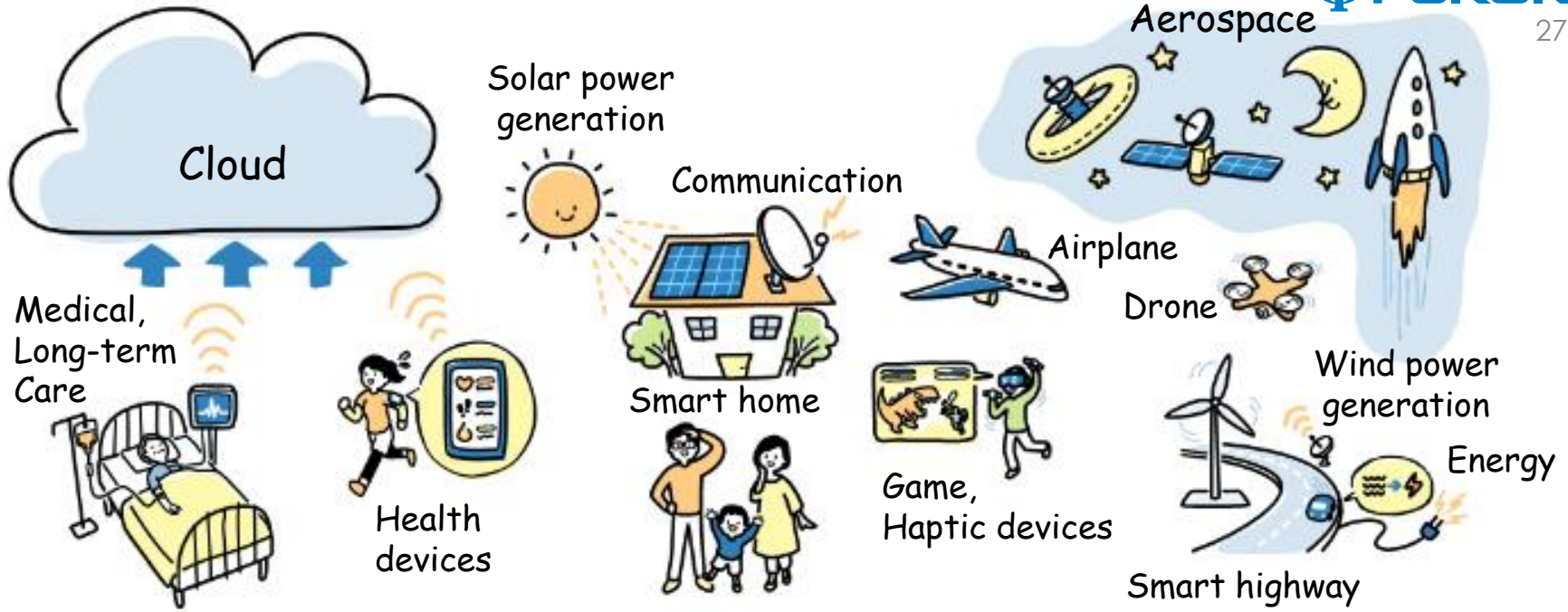
- Dividends continue to be paid regularly based on a **consolidated payout ratio of around 30%**. (with **an annual dividend of ¥20 per share as the lower limit\***)

\* Subject to change if the business performance should become markedly weaker due to rapid changes in operating environment

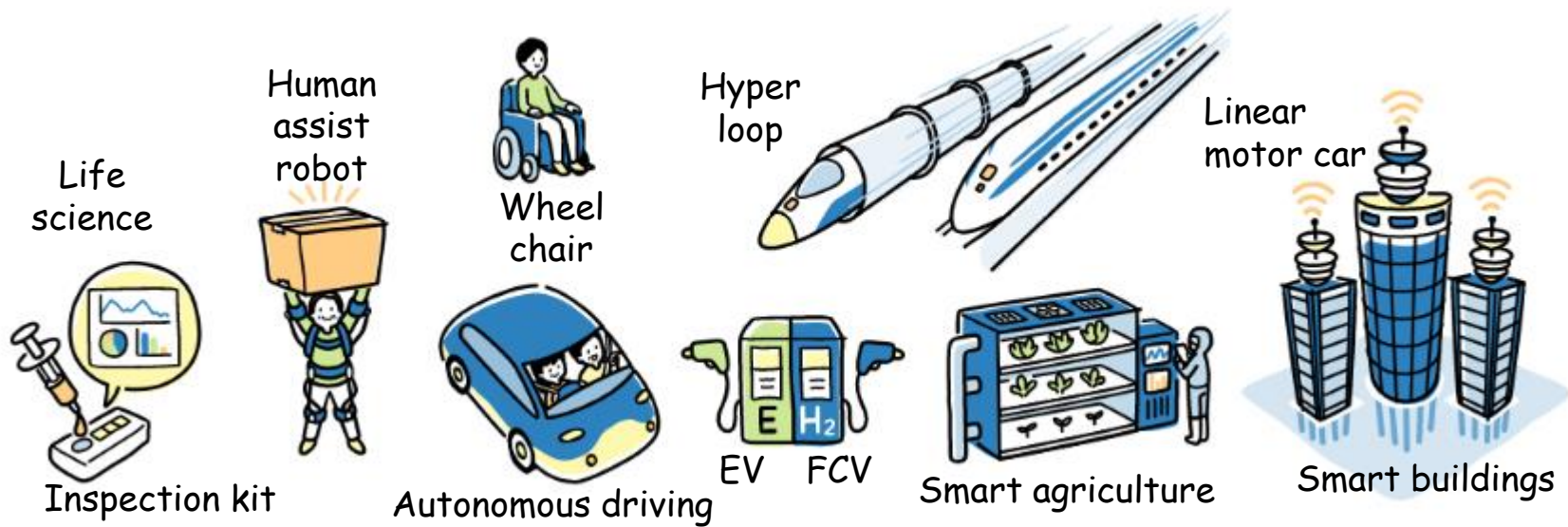


Abolishment of the shareholder benefit plan

- To better benefit shareholders by paying dividends as a direct and fair return, the shareholder benefit plan with gift items will be abolished as of the record date of March 31, 2021.



# Fukoku will realize "I wish I had it" with "soft materials"!





## **Starting with rubber, brightening the future**

**Fukoku offers new value based on the technological expertise in design, prototyping, validation, and mass production developed since our founding.**

### **Note**

- ◆ This document contains forward-looking statements including strategies and management plans of Fukoku Co., Ltd. and its group companies. All statements contained in this document, other than statements regarding past and present facts, are forward-looking statements. These forward-looking statements are based on assumptions and judgments that Fukoku Co., Ltd. and the Fukoku Group have made in light of the information currently available, and are thus inherently subject to risks and uncertainties. As such, the business environment surrounding us, future performance, and management results may differ from those presented in this document.
- ◆ Any forward-looking statements contained in this document only speak as of the date of this document, and we undertake no obligation to update any information included in this document to reflect new information or future events after the date of this document.