



Fukoku Co., Ltd. (TSE Prime Market: 5185)

June 30, 2023

Medium-Term Management Plan

FY 2023–2026



Yes, We Do!

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Message from Management




In December of this year, Fukoku will mark the 70th anniversary of its founding in 1953.

For 70 years, we achieved sustainable growth by creating new value and by diligently meeting customer needs in line with our founding spirit, "Yes, We Do!"

Today, as the auto industry transitions rapidly to next-generation technologies, such as electric and autonomous vehicles, we need to create value above and beyond existing business models.

Seeing these dramatic changes as opportunities, we formed the new Medium-Term Management Plan 2026 to achieve even loftier business goals.

Fukoku will remain a business that contributes to society by constantly taking on new challenges and adapting flexibly to change.

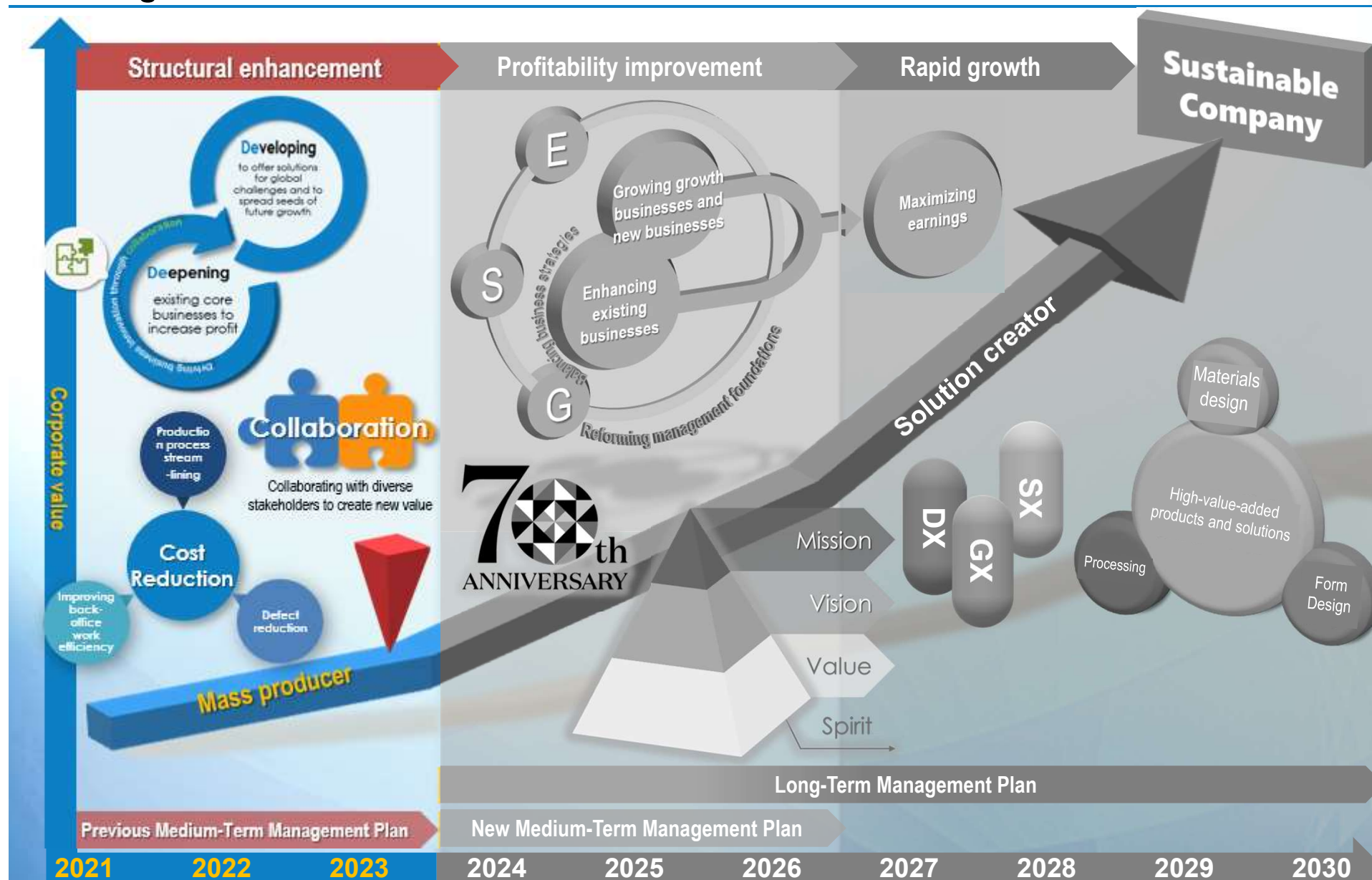
A portrait of Ikuo Oshiro, President & CEO of Fukoku. He is a middle-aged man with dark hair, wearing a dark suit, a light blue shirt, and a dark red tie. He is looking directly at the camera with a slight smile.

Ikuo Oshiro
President & CEO

Looking back on the previous Medium-Term Management Plan

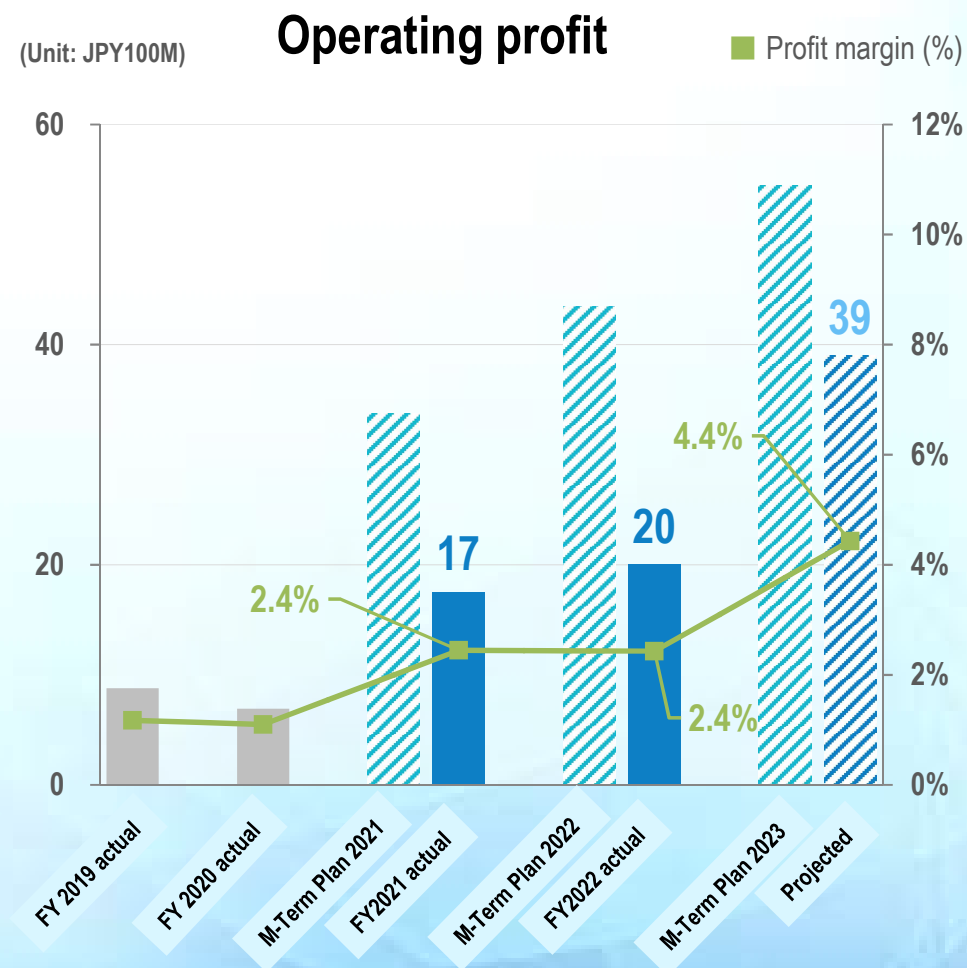
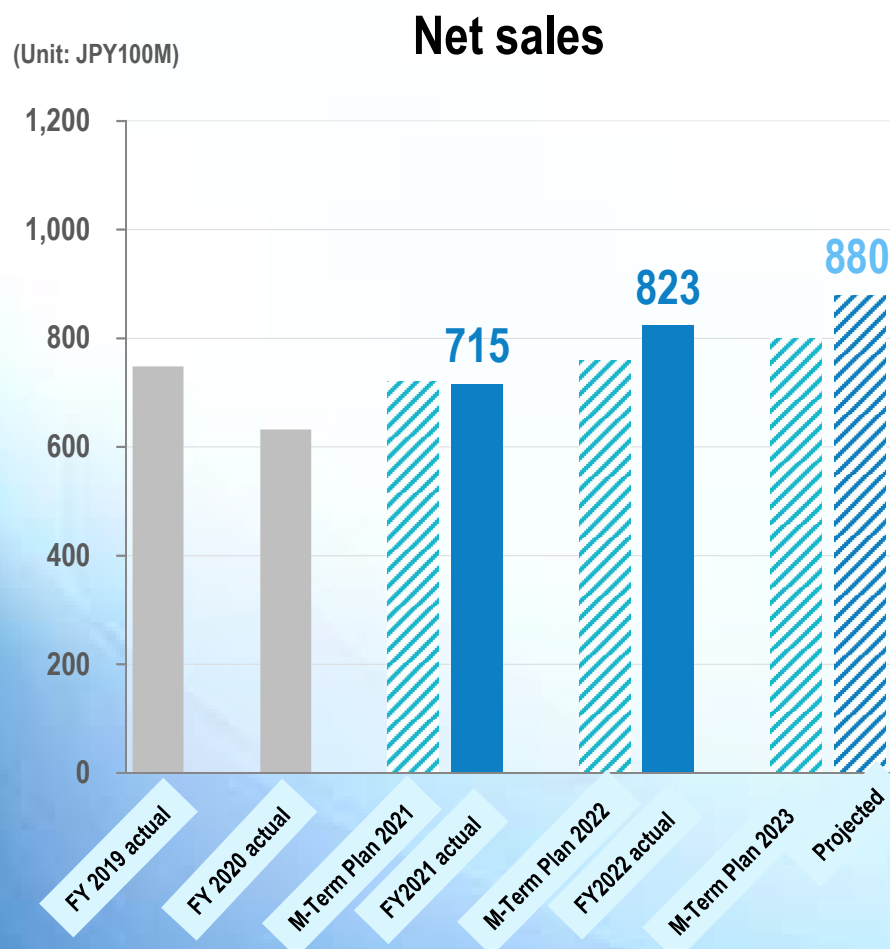


Looking back on the previous Medium-Term Management Plan



Looking back on the previous Medium-Term Management Plan

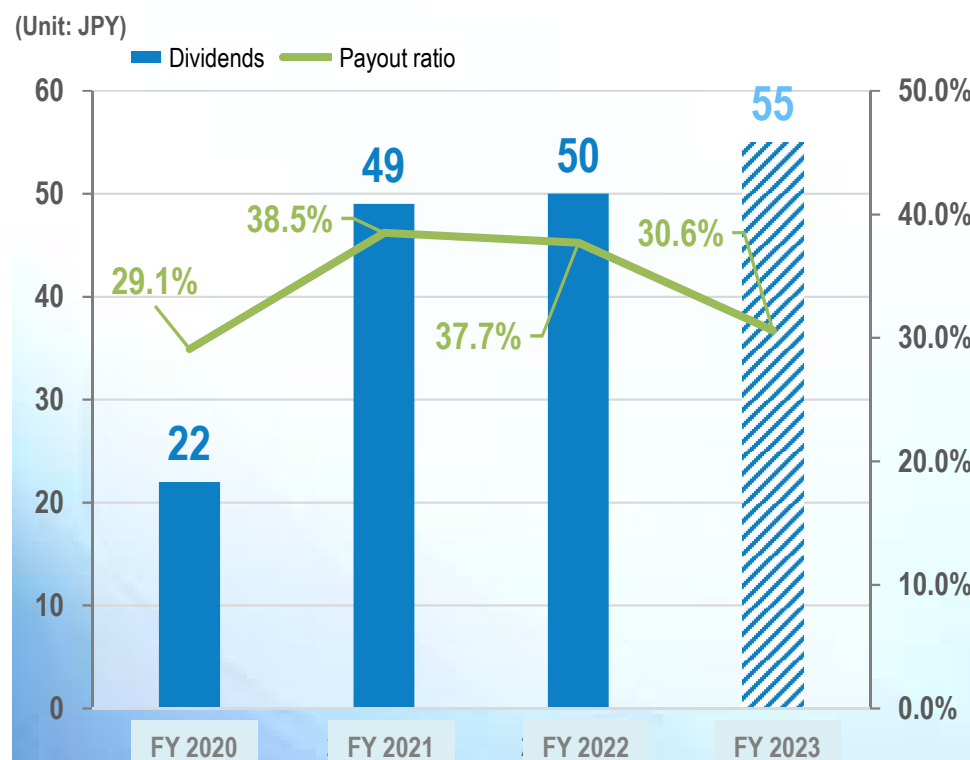
Trends in net sales and income (consolidated)



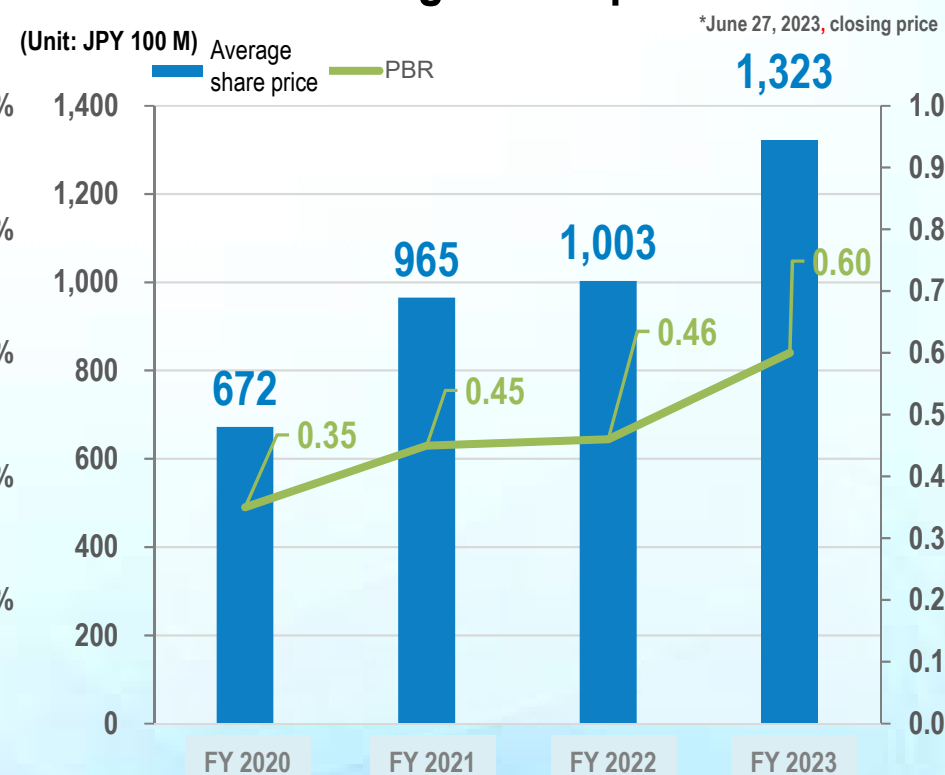
Looking back on the previous Medium-Term Management Plan

Focus on shareholder returns

Dividends per share and payout ratio



Trends in average share price and PBR

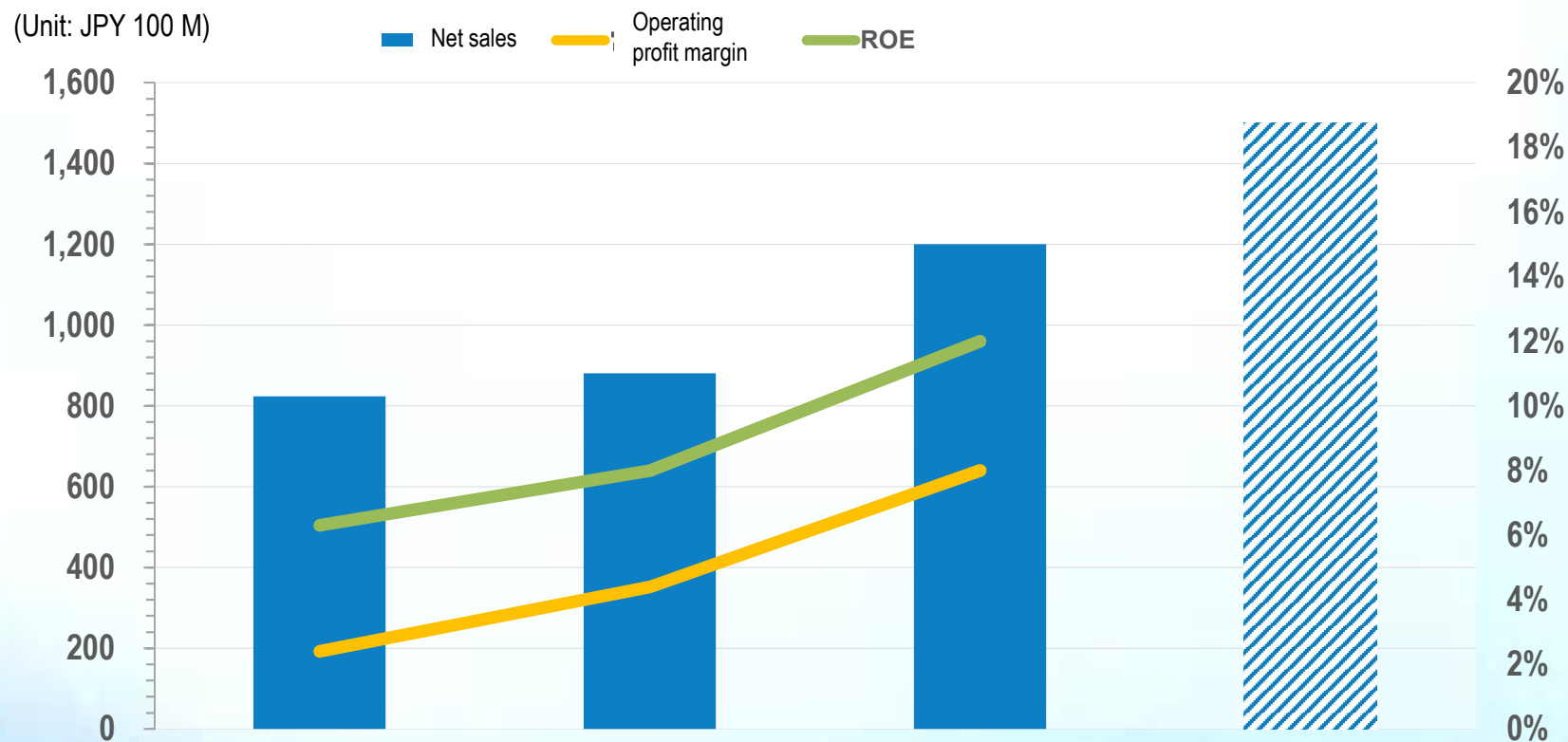


Aiming for further increases in profit and shareholder returns to achieve a
PBR of 1.0 times

New Medium-Term Management Plan 2026: Overview and targets



Numerical targets of the new Medium-Term Management Plan 2026

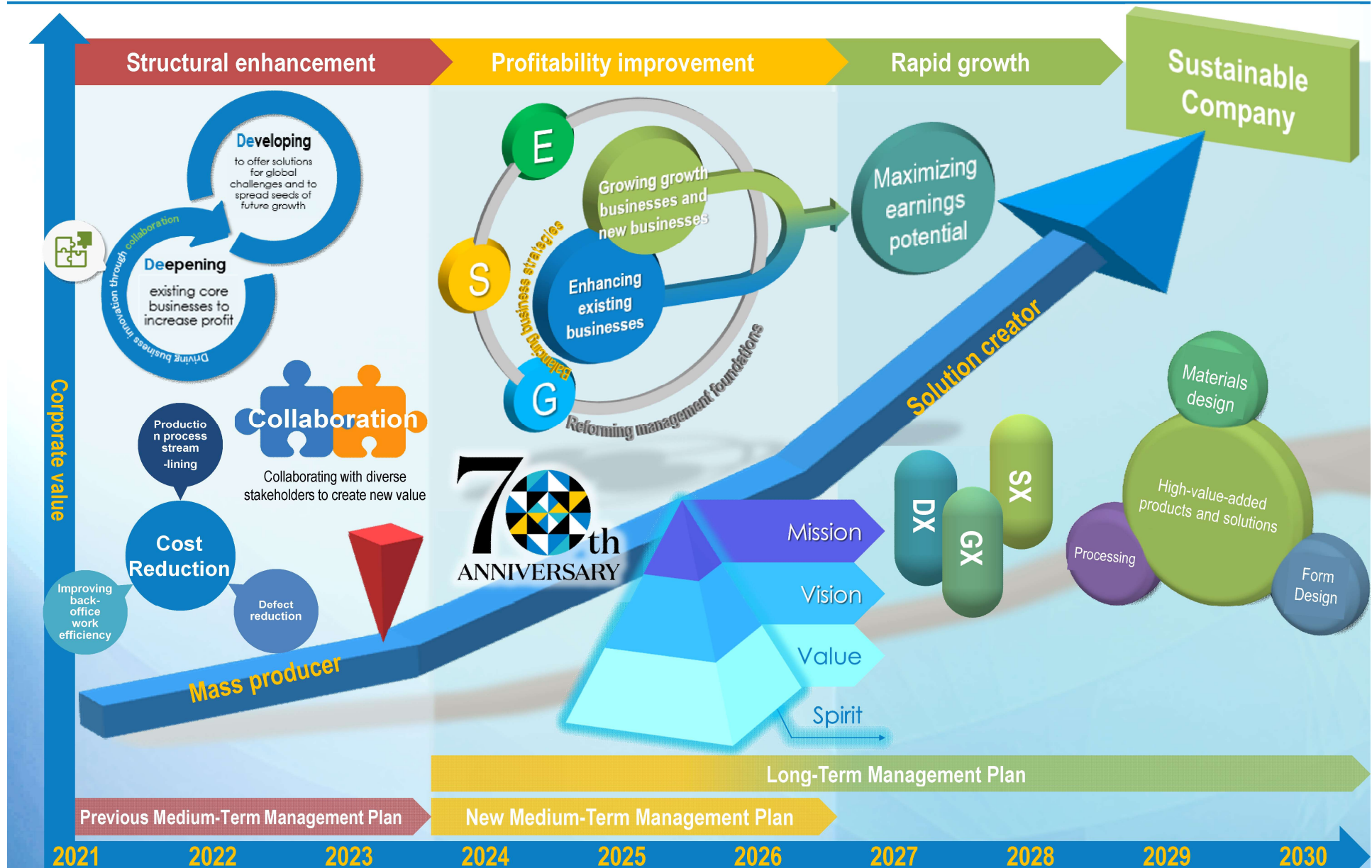


	FY 2022	FY 2023	FY 2026	FY 2030
Net sales	JPY 82.3 B	JPY 88.0 B	JPY 120.0 B	JPY 150.0 B
Operating profit margin	2.4%	4.4%	8.0%	-
ROE	6.3%	8.0%	12.0%	-

New Medium-Term Management Plan 2026: Policy Details



Overview of the new Medium-Term Management Plan 2026



New Medium-Term Management Plan 2026 Strategic Scheme



New Medium-Term Management Plan 2026 Strategic Scheme





Growing sales through solutions businesses

- Simulation design through in-vehicle evaluation technologies/enhancing R&D in China
- Establishing an R&D function in India

Growing sales to high-growth regions

- Enhancing technology and production structures in India and Indonesia

Manufacturing-ability innovations and enhancing HR development

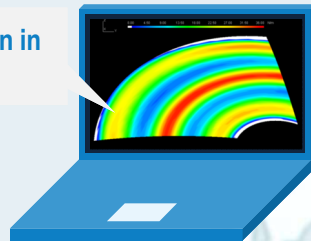
- Developing innovative construction methods/automation/IoT adoption
- Enhancing global HR development

Balancing business strategies

Wipers

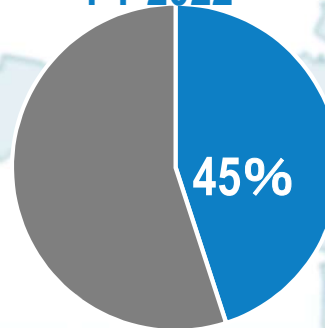


EV development speed adaptation in the solutions business

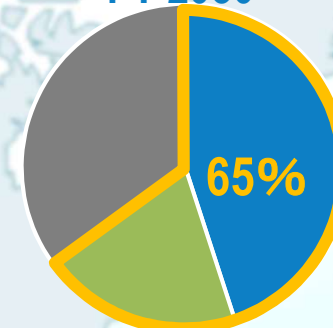


OEM global market share

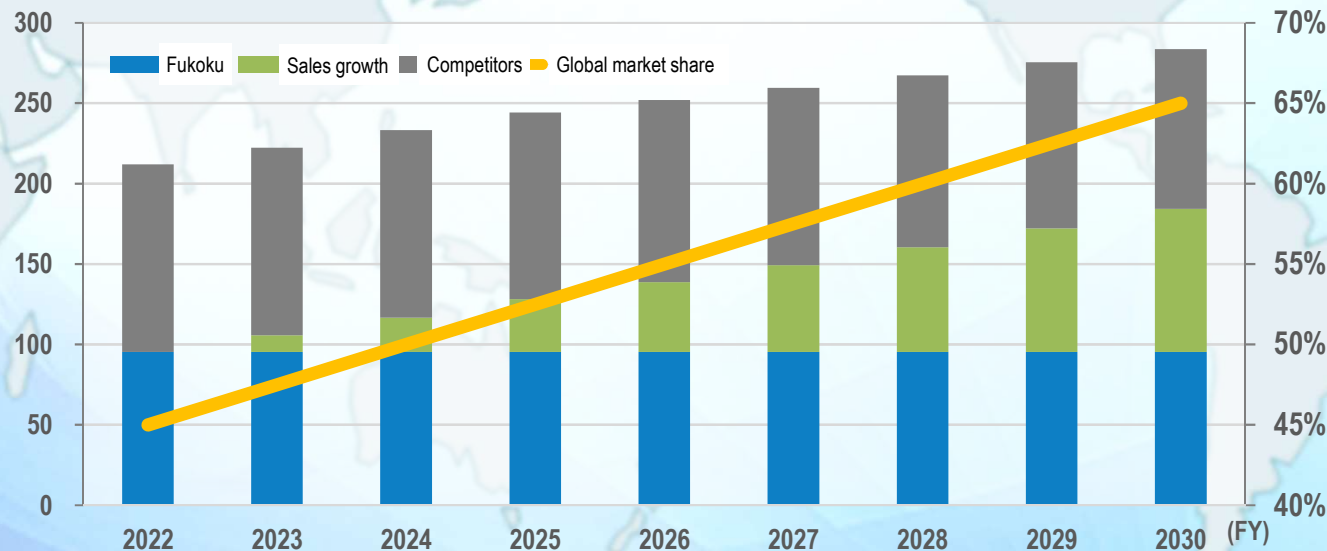
FY 2022



FY 2030



(Unit: million wipers)



Further solidifying our top global market share



Growing industrial and other products

Factory automation

Development of/establishment of mass-production systems for precision seals

New energy

Development of hydrogen-energy seals and vibration-proofing coatings for wind power

Aerospace

Development of vibration-proofing mounts

Growth in the CASE market

Batteries

Development and sales expansion of holding sheets for continually evolving EV products

Development and sales expansion of thermal radiation gap fillers and large-battery vibration-proofing products

Growing life-science products

Bio

Cell-culture bags and cultures and cosmetics raw materials

Microbiological testing

Establishment of mass-production systems and sales expansion for chemical-resistant microbiological-testing chips

CASE

Realizing 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

Shared

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



Autonomous

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

Electric

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

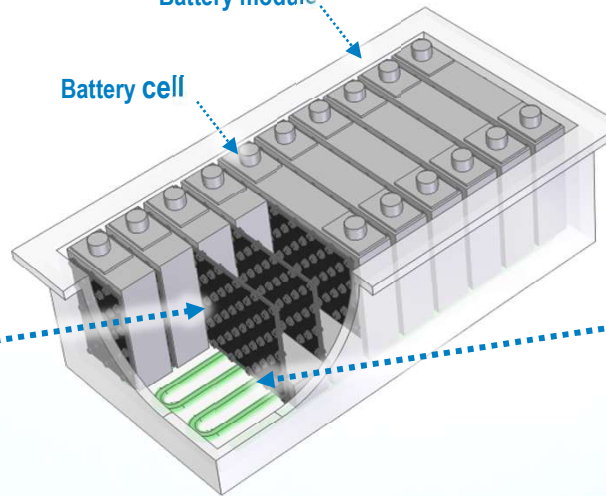
Balancing business strategies

CASE

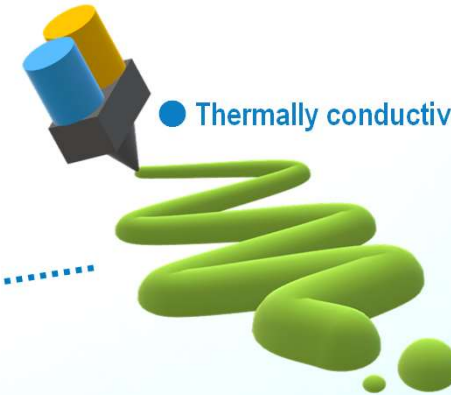
● Battery-holder sheets



Battery module
Battery cell

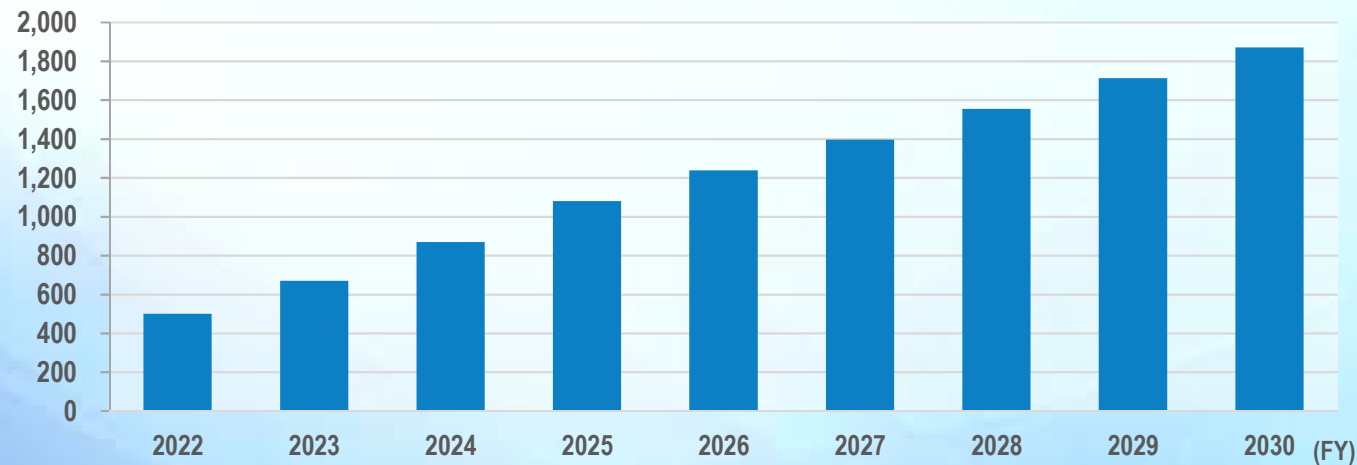


● Thermally conductive gap filler



(Unit: GWh)

Projected growth of automotive secondary battery market (global)



Further growth of CASE-related products

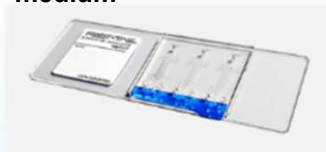
Life sciences

Realizing 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**
ファイセルロ
- Human adipose derived stem cell conditioned media



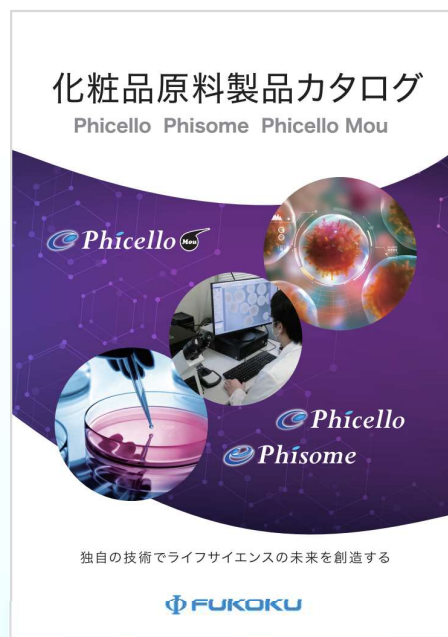
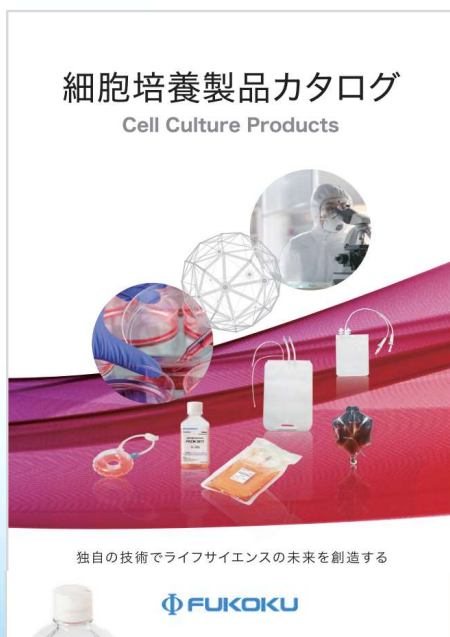
- Phisome**
ファイソーム
- Human adipose stromal cell exosome



- Bellefine**
- Beauty essence

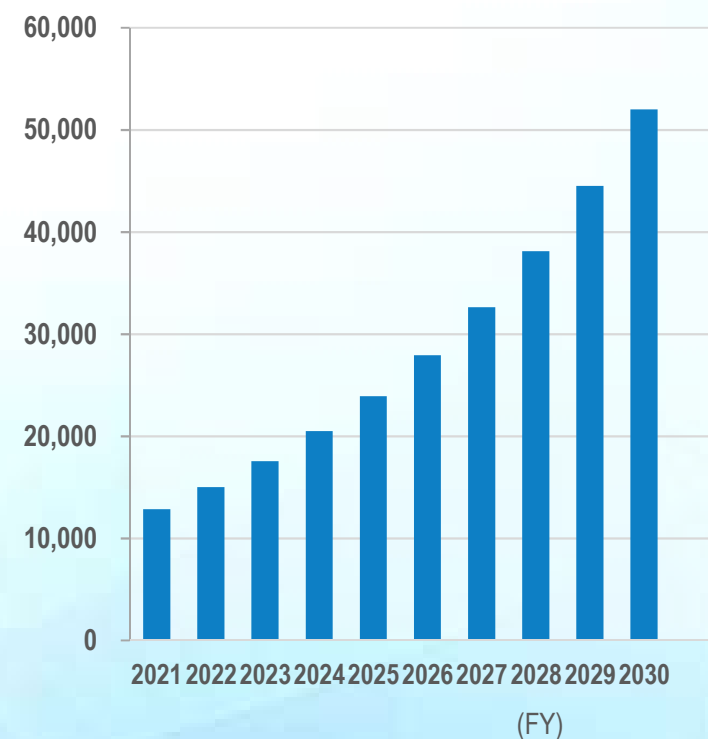
Balancing business strategies

Life sciences



Projected regenerative medicine market growth (global)

(Unit: JPY 100 M)



Business growth in the regenerative medicine market

Life sciences



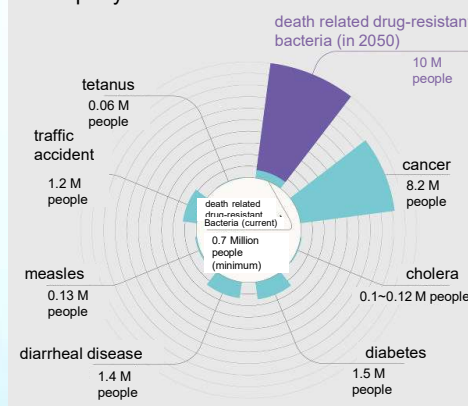
RAST-TAS®

Rapid Susceptibility Test-Total Analysis Systems



Projected rapid microbiological testing market growth (global)

Comparison between number of deaths related drug-resistant bacteria and other causes of death per year

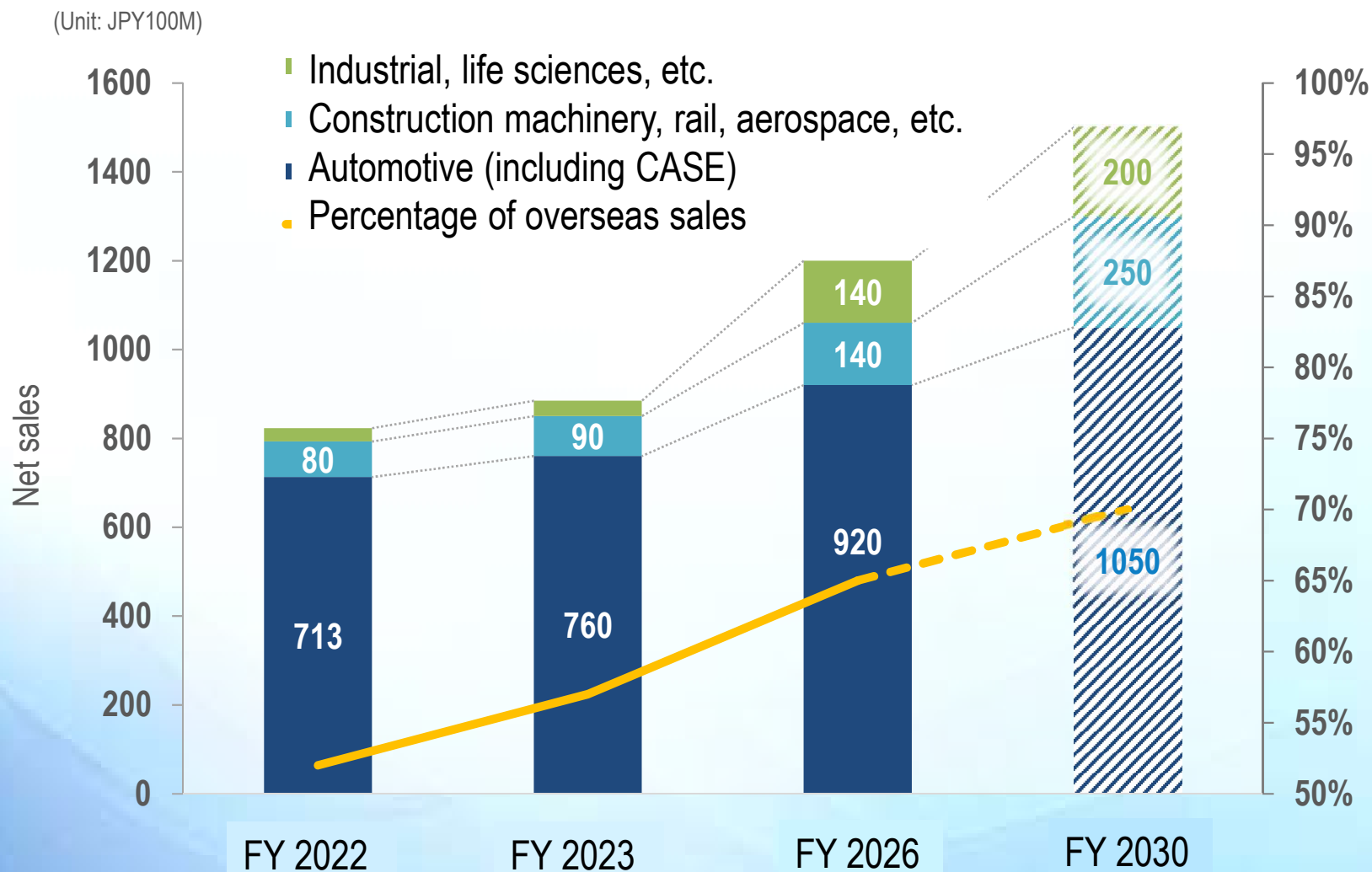


Translation of the Review on Antimicrobial Resistance : Antimicrobial Resistance : Tackling a Crisis for the future Health and Wealth of Nations(December 2014)
*Partially modified



Substantial contributions to addressing the issue of drug-resistant microbes through microfluidic chips

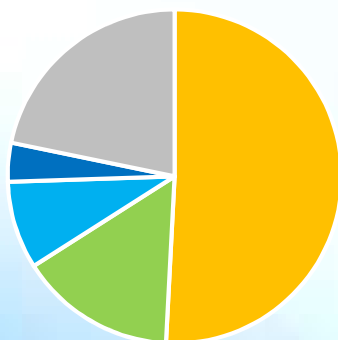
Balancing business strategies



Increasing profitability by balancing existing businesses and growth businesses

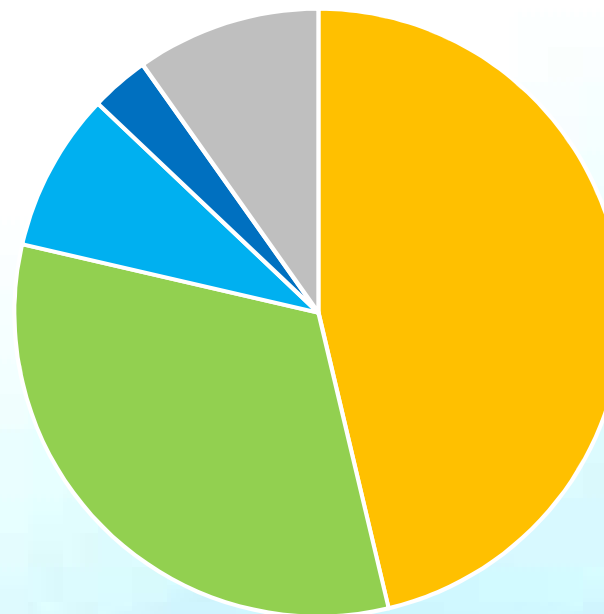
Investment plans for executing strategy

- Production enhancements
- New business creation
- R&D
- Environmental
- Other



FY 2021▶2023

Investing a total of JPY 21 B



FY 2024▶2026

Investing in enhancing existing businesses and creating new ones

New Medium-Term Management Plan 2026 Strategic Scheme



Management structure reforms



Fukoku's environmental targets



Priorities

■ Energy conservation/Scope 1 emissions reduction

Purchasing renewable energy

■ Product/technology/production innovations

Purchasing fully carbon-neutral electricity and gas, energy innovation (external)

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

*Setting environmental targets (guidelines) for domestic and overseas subsidiaries

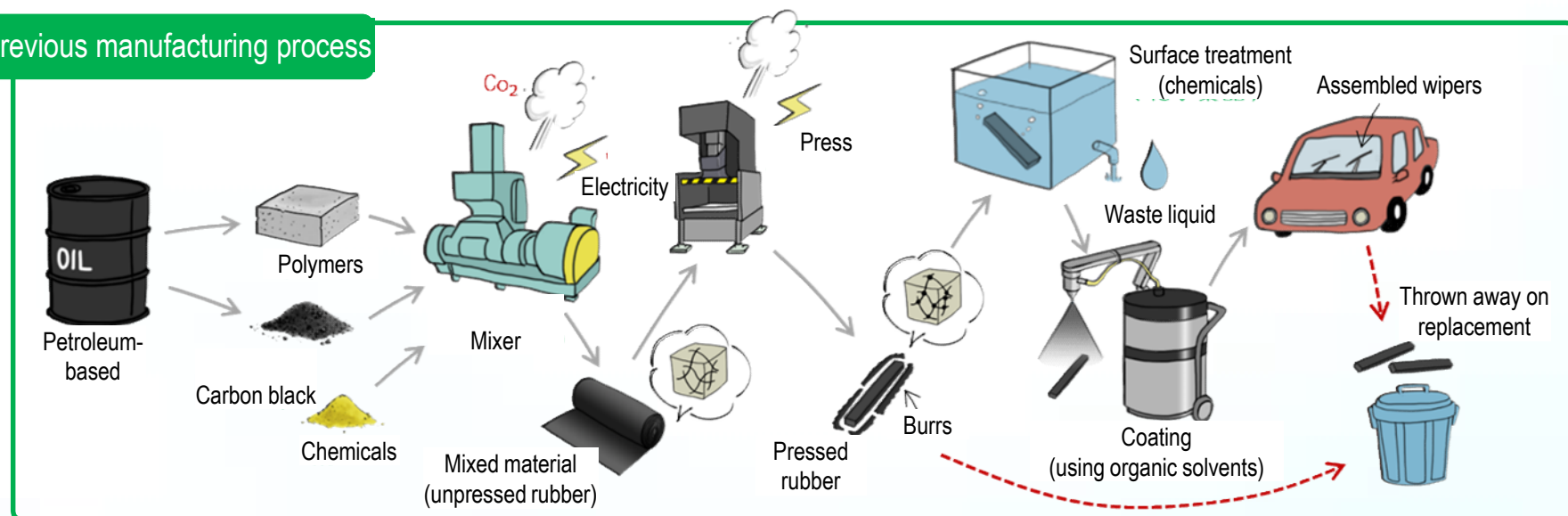
Eco-friendly product development

- Focusing on development of carbon-neutral materials
Creating high-value-added products with high levels of competitive strengths in environmental aspects
→ Carbon-neutral wipers
- Broadening use of recyclable rubber and its applications
→ Grass mats

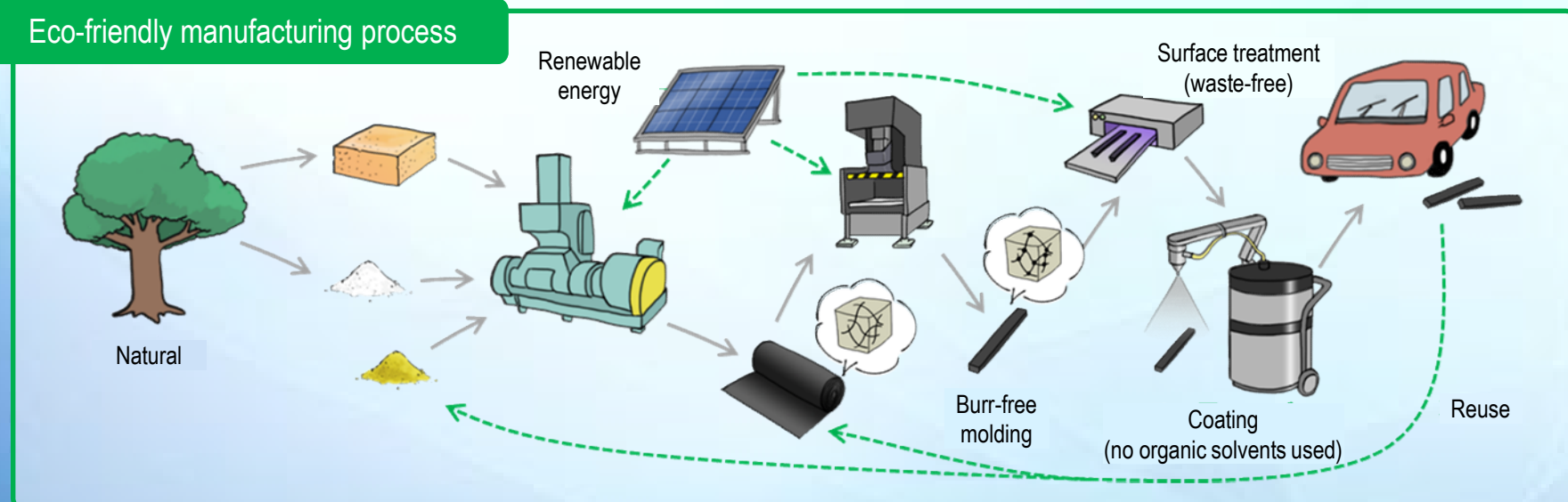


Management structure reforms

Previous manufacturing process



Eco-friendly manufacturing process



Management structure reforms



Diversity and inclusion

- Continually generating women leaders
- Supporting success by people with diverse backgrounds, including international, experienced, and specialized human resources
- Leveraging the experience and expertise of senior human resources

Creating rewarding workplaces

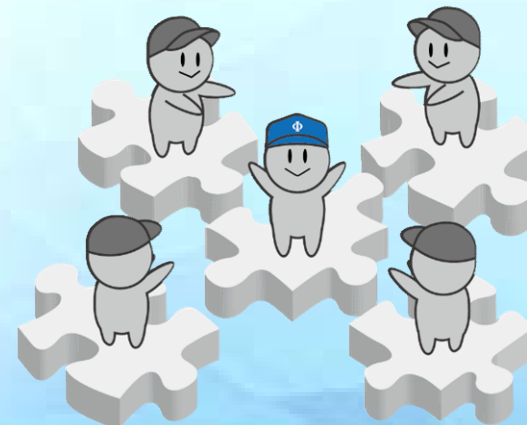
- Diverse work styles suited to people's lifestyles
- Helping people to realize their own career plans
- Increasing employee engagement



Developing human resources able to think deeply and act based on a broad range of perspectives

- Global human resources to enhance existing businesses
- Human resources to create solutions
- Human resources to create innovation
- Human resources able to reform manufacturing
- Human resources able to address safety, quality, and environmental topics
- Digital human resources able to drive digital transformation (DX)

Fukoku's learning place



Three main strategic pillars



Promoting stakeholder dialogs

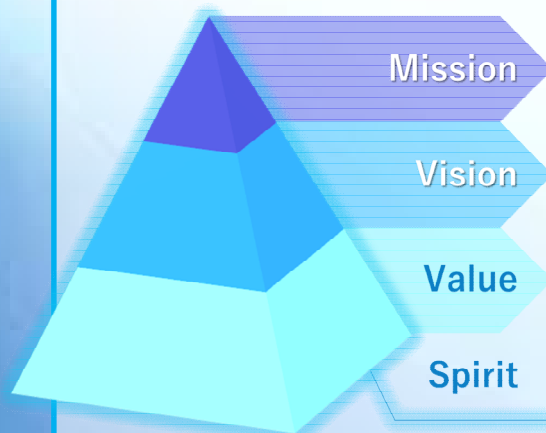
- Market capitalization of negotiable shares: JPY 11.32 B (as of March 31, 2023)
- Addressing PBR of less than 1.0 times and achieving ROE of 12% (FY 2026) by enhancing management with a focus on capital cost and share value

Thorough compliance

- Enhancing appropriate disclosure (global initiatives)
- Enhancing IR activities (enhancing dialogue opportunities and methods)

Enhancing corporate governance

- Permeation of new MVV and organizational culture reforms
- Awareness-raising activities by the Compliance Committee (global deployment)
- Developing internal whistleblowing system and thoroughly preventing compliance violations



To transform all wishes into excitement.

A company that is sincerely loved for its in-depth proposal and solid solution capabilities.

- | | | |
|------------|---------------|---------------|
| 1 Endeavor | 2 Stick at it | 3 Take pride |
| 4 Believe | 5 Complement | 6 Communicate |

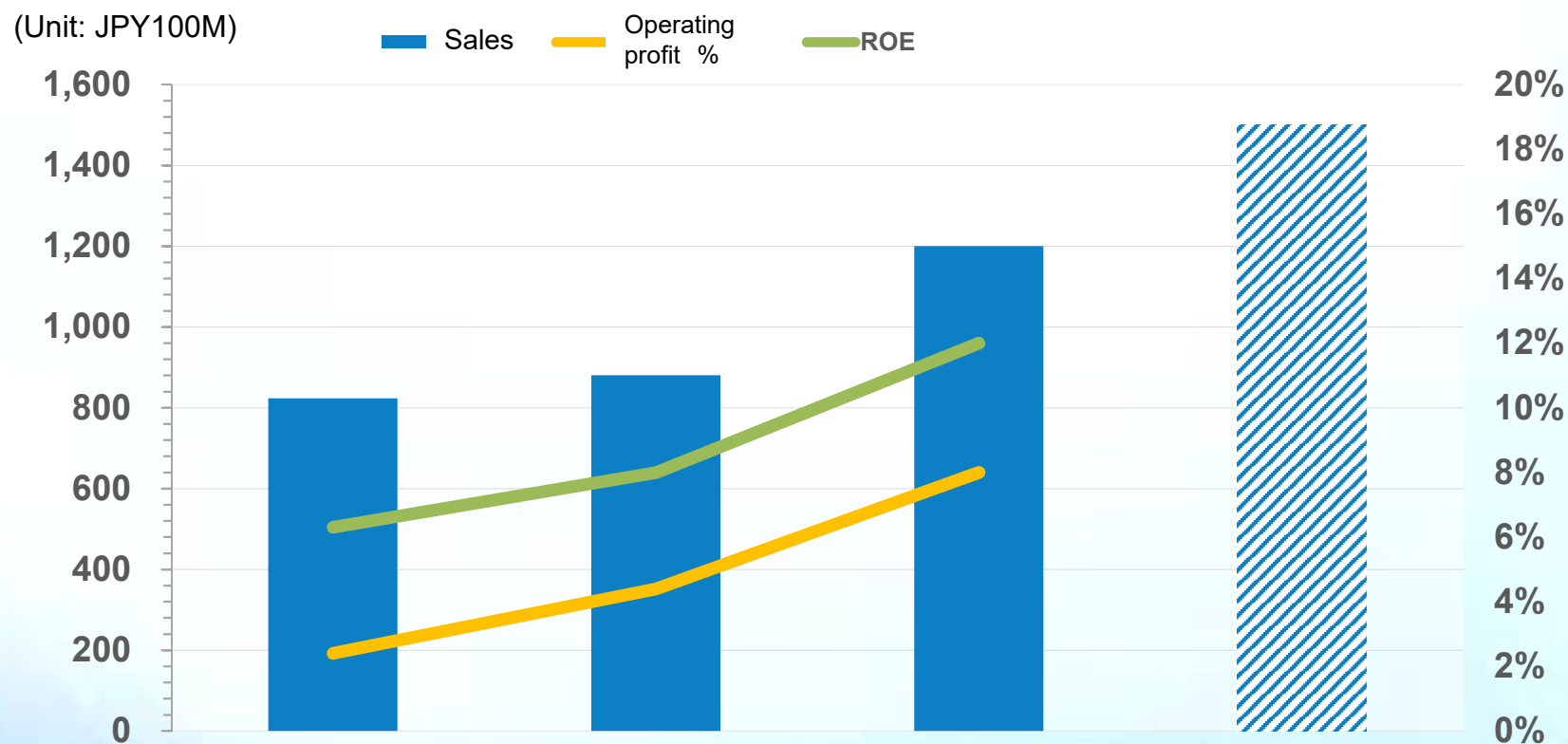
Yes, We Do!



Returns to Shareholders



New Medium-Term Management Plan 2026 Target



(Unit: JPY 100M)	FY2022	FY2023	FY2026	FY2030
Sales	823	880	1,200	1,500
Operating Profit Ratio	2.4%	4.4%	8.0%	-
ROE	6.3%	8.0%	12.0%	-

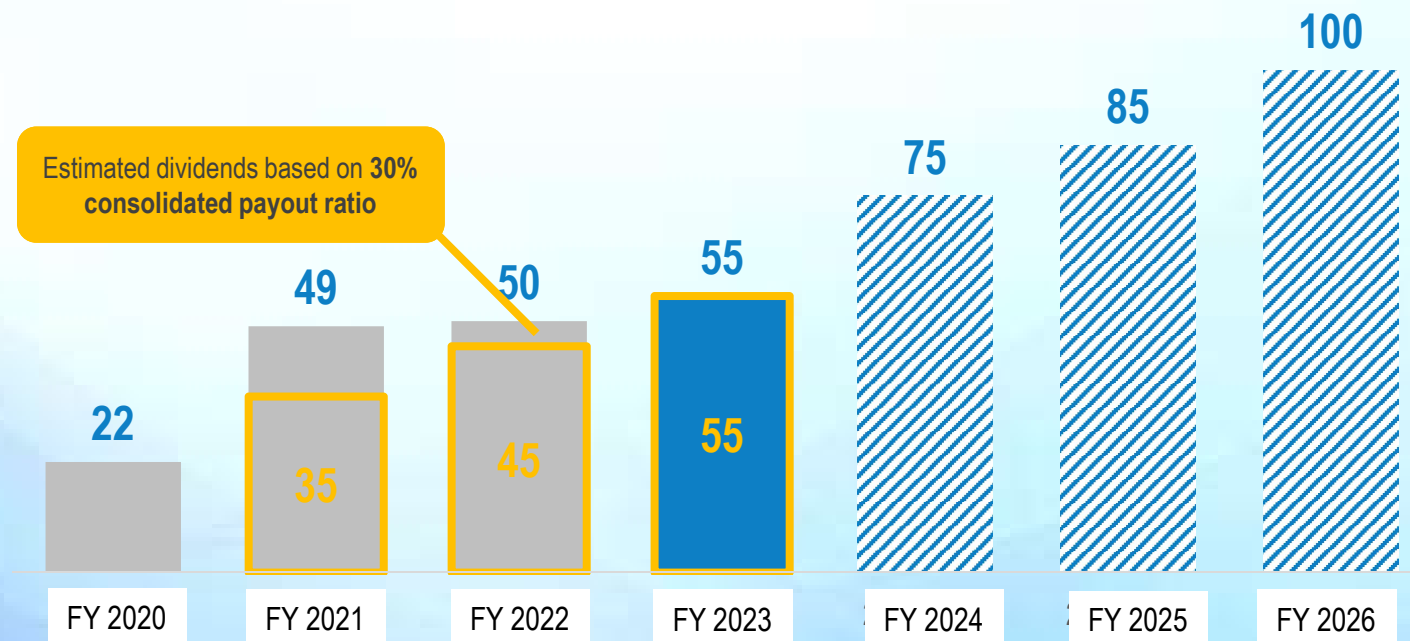
Basic dividend policy

- Targeting a **30% consolidated payout ratio** and maintaining stable dividends
- Minimum annual dividends of 20 yen/share

Dividends

Trend in dividends per share

(Unit: JPY)



Appendix



Company Profile

Company Profile



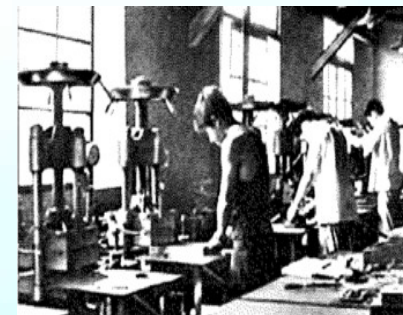
Business profile	Production and sales of Rubber products, Metal products・Plastic products, OA・Electric, devices・Medical devices etc.
Security code	Prime market, Tokyo Stock Exchange (5185)
Foundation	1953 December 24 (70 years since foundation)
Head office	Saitama, Ageo city
Representative	Ikuo Oshiro, President
No. of employees	Consolidation 4,577 Parent company 1,185 *as of September 30, 2020, except part time workers
No. of Shareholders	16,255 *as of March 31, 2023
Bases / Affiliate companies	<ul style="list-style-type: none"> ▪ Domestic bases <ul style="list-style-type: none"> - 5 plants, 2business offices ▪ Affiliate companies <ul style="list-style-type: none"> - Consolidated subsidiaries: 2 in Japan and 14 overseas - Equity Method Affiliated Companies :1 overseas



Company Profile

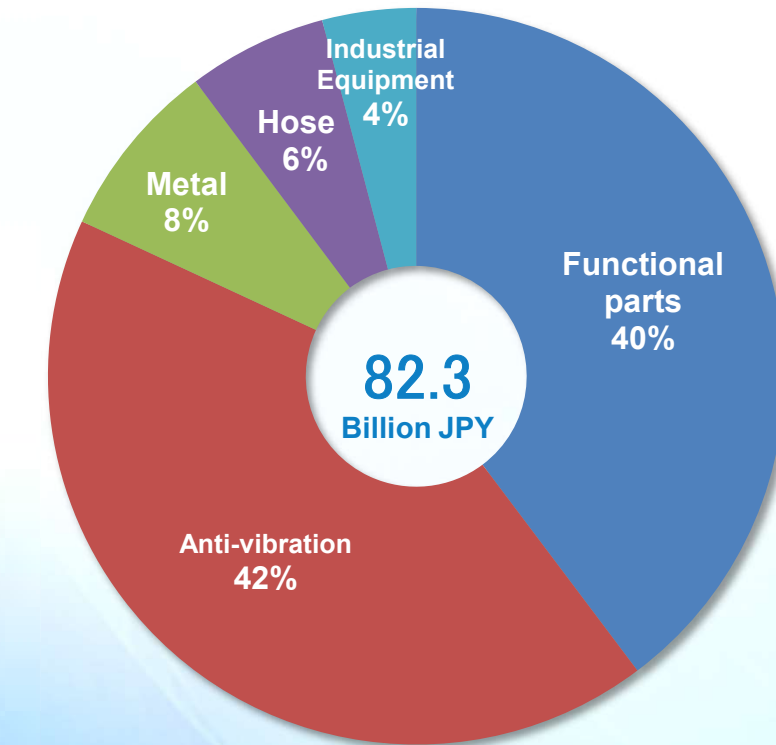
History

1953	Dec	Founder, Eiichi Kawamoto established Fukoku Rubber Industry Co., Ltd.
1956	Apr	Succeeded in developing Wiper blade rubber technology
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 nd section of the Tokyo Stock Exchange
2005	Mar	Stock upgraded to the 1st section of the Tokyo Stock Exchange
2020	Jun	Selected by the METI under the 2020 Global Niche Top Companies Selection 100 program
2020	Jul	Takashi Ogawa was appointed president
2022	Apr	Stock listed on the Prime market of the Tokyo stock exchange



Company Profile

Sales per business (FY2022 Consolidation)



Functional Parts



Wiper blade rubber



CVJ boots



Diaphragm

Anti-Vibration Parts



Damper pulley



V-rod



Viscous mount

Metal



Fuel tank for construction machinery



Door cover for construction machinery

Hose



Intercooler hose



Water hose

Industrial Equipment



Printer roller



Ultra sonic motor



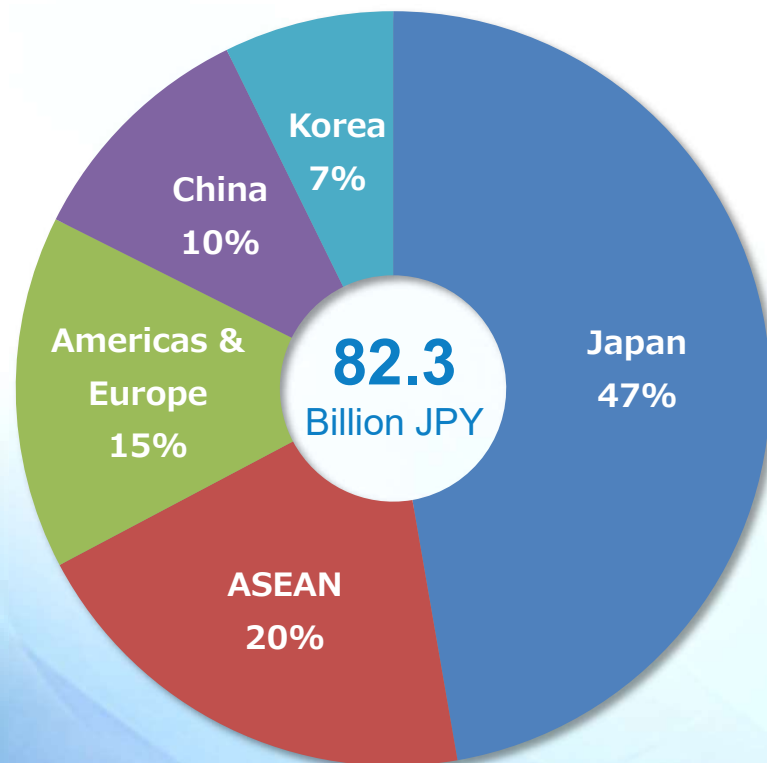
Cell culture bag



Cell culture medium

Company Profile

Sales per region (FY2022 Consolidation)



*Based on countries or regions of customers locations

Global network



Japan
1953



Indonesia
1997



India
2010



Thailand
1983



America
2001



Vietnam
2011



Korea
1987



China
2001



Mexico
2014

Company Profile

| Our strength: Production and sales of a wide variety of products



Company Profile

High share product

World Share* (%)

*our estimation

Automotive industry

Crankshaft damper



15%

Diaphragm



30%

Piston Seals



17%

Wiper blade rubber



50%

Domestic share Over 90%

Other industries

Viscous mount (for Construction Machinery)



70%

Cell culture bag



35%

Ingot wire-saw main roller



30%

CVJ boots



12%

Producing many products with a high market share in niche fields

Company Profile

Award: 2020 Global niche Top 100 June 2020

Fukoku was 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.

