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News Release (translation)

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Initiatives Toward Achieving Management Conscious of Capital Cost and Stock Price

FUKOKU Co., Ltd. (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, it has resolved as set forth below to take action to implement management that is conscious of cost of capital and stock price, with the ultimate goal of achieving sustainable growth and enhanced corporate value over the medium to long term.

1. Assessment of Current Circumstances

1) Management Conscious of Capital Cost

The Company is pursuing an approach to management that will achieve sustainable enhancement in corporate value, and, to further increase corporate value, has established as a fundamental management policy that ROE (Return on Equity) continuously exceeds capital costs.

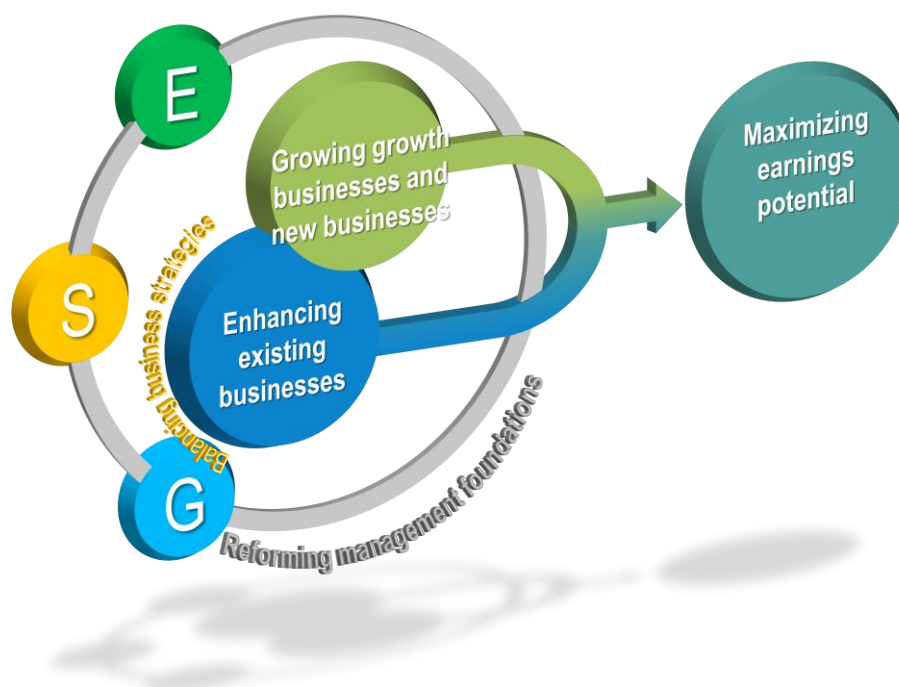
The Company’s ROE in the fiscal year ended March 2025 stood at 7.1%, which remained below the Company’s currently assumed cost of capital (approximately 8%). Consequently, we recognize the urgent need to improve ROE as rapidly as possible. Despite recording our highest-ever operating profit in the fiscal year ended March 2025, we will continue to emphasize ROE, enhance profitability, and promote management based on a keen awareness of capital costs to ensure sustainable growth.

2) Approach to Stock Price

The Tokyo Stock Exchange has promoted various initiatives to improve the PBR of listed companies. While our PBR briefly exceeded 1.0 in June 2024, it has more recently stood at a level below 1.0. We attribute this to inadequate efforts to demonstrate our profitability and growth potential in the eyes of investors. Moving forward, we will reinforce our growth strategy and endeavor to realize the sustainable enhancement of corporate value. Furthermore, through more robust investor relations activities, we aim to have the market and investors appropriately assess our future prospects, which we expect will lead to an improvement in our PBR.

2. Growth Strategies and Investments for Sustainable Growth

New Medium-Term Management Plan 2026, our current medium-term management plan for the period from April 1, 2024, to March 31, 2027, specifies balancing two business strategies: enhancing existing businesses; and growing growth and new businesses. We are working to maximize profitability through management foundation reforms emphasizing ESG as a central focus.



With regard to enhancing existing businesses, we are working to reinforce our business structure, centered on the solutions business. The solutions business aims to expand our operations and market share by providing customers with high value-added products and services through refining our simulation technologies and conducting and proposing virtual design and evaluation at the early stages of development, significantly reducing development times, and proposing optimal forms. This business is being developed globally, with a focus on our core wiper blade rubber products.

Regarding growing growth and new businesses, we are continuing to strengthen our earnings capabilities by focusing on India, Indonesia, and other high-growth regions. From a medium- to long-term perspective, we're promoting the development of products for electric vehicles and expanding sales and increasing market share in the Connected, Autonomous, Shared, and Electric (CASE) mobility market. Additionally, we are also focusing on the Life Science Business as a field with strong growth potential.

To robustly promote these initiatives, our group is working as a cohesive team driving the transformation in our manufacturing capabilities and strengthening the development of global human resources.

Meanwhile, the external environment has undergone significant changes, including rising geopolitical risks, fluctuations in foreign exchange rates, trends toward electrification in the automotive industry, expanding tariff policies by the US administration, and the growing presence of Chinese manufacturers. While these external factors affect progress on our current Medium-Term Management Plan, we are steadily implementing initiatives to mitigate their impact, including rationalization measures and efforts to strengthen productivity.

With regard to investments, we plan to allocate a total of 21.0 billion yen over three fiscal years, starting with 2024, with a primary focus on growth investments and DX investments. In 2024, we executed investments totaling 6.2 billion yen, and in 2025 we plan to invest 7.5 billion yen. We remain committed to actively pursuing investments that will drive future growth.

Lastly, we will actively continue to consider M&A opportunities.

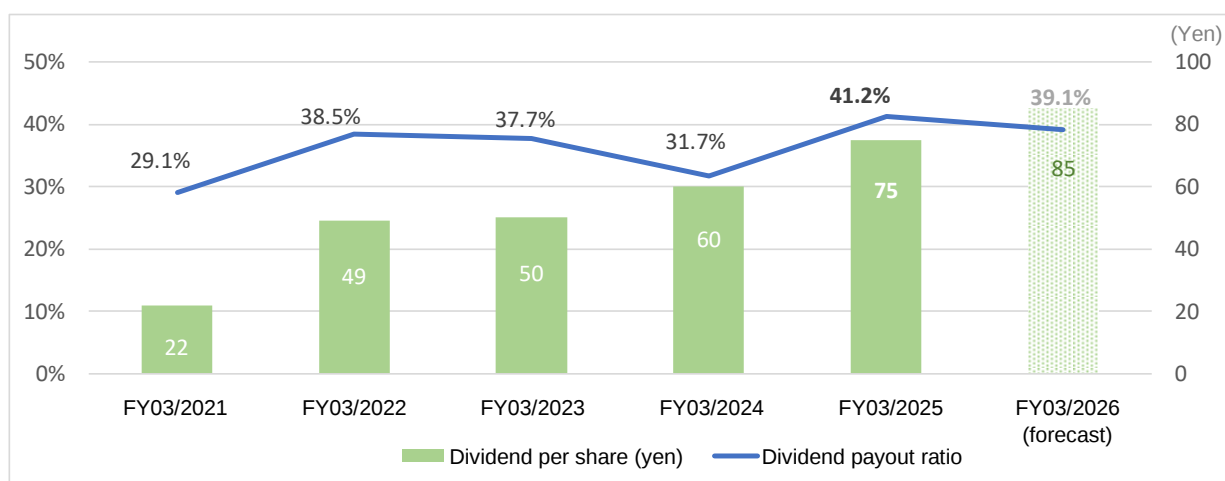
3. Approach to Shareholder Returns

We consider shareholder returns a key priority. To ensure sustained growth in shareholder returns, we plan to implement the following initiatives while giving due consideration to cash allocations that allow investments for future growth, efforts to create new businesses, and measures to secure talented personnel, all the while taking capital efficiency into account. Our management approach will continue to emphasize shareholder returns.

(1) Dividends

Our dividend policy is to pay stable dividends targeting a 30% consolidated payout ratio, with an annual dividend of 20 yen per share set as the minimum. Our Medium-Term Management Plan calls for annual increases in dividends, targeting 100 yen per share in 2026. For 2025, in line with this medium-term management plan, we plan to pay dividends of 85 yen per share, an increase of 10 yen from 2024. We remain firmly committed to enhancing shareholder returns.

● Trend in Dividend Per Share and Payout Ratio



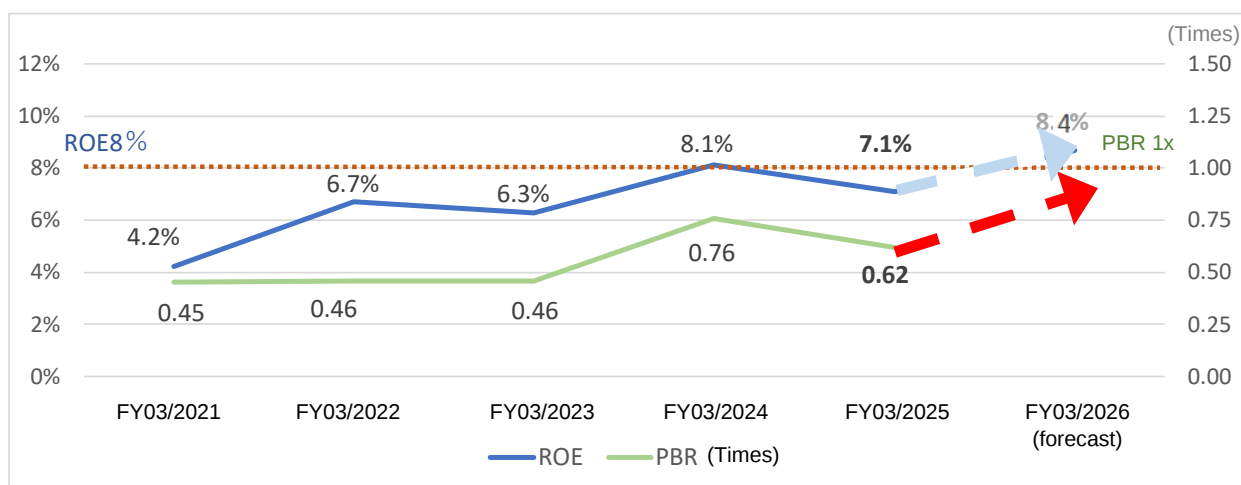
2) Acquisition of Treasury shares

As announced today in the “Notice Regarding Acquisition by the Company of its Own Shares and Tender Offer for Own Shares,” at today’s Board of Directors meeting, the Company resolved to repurchase up to 2,095,060 treasury shares, representing 12.99% of all shares outstanding, excluding treasury shares, during the period from November 6, 2025, to December 31, 2025, through a public tender offer (hereinafter referred to as “the Tender Offer”). The resulting total shareholder return ratio for the fiscal year ending March 2026 is expected to be approximately 130%.

In addition, the treasury shares acquired through this tender offer are scheduled to be canceled by the end of March 2026, together with a portion of the treasury shares currently held by the Company.

The Tender Offer is intended primarily to improve ROE, as described in “1. Assessment of Current Circumstances – 1) Management Conscious of Capital Cost” above. In the future, while making the steady investments necessary for growth, we will implement a flexible capital policy based on comprehensive assessments of our management environment. Through sustained efforts to achieve ROE exceeding capital costs, we will improve our corporate value and bolster shareholder returns.

● Trend and Forecast of ROE and PBR Based on the Current Fiscal Forecast (After Implementation of the Tender Offer)



Note: The projected ROE of 8.4% for the fiscal year ending March 2026 is a theoretical value calculated on the assumption that the Company will purchase the expected number of shares tendered in the Tender Offer and is based on the situation as of the end of September 2025.

4. Enhancing IR Activities

The Company prioritizes IR activities and aims to enhance them. As described in the Corporate Governance Report, the Company holds financial results briefings for the second quarter and the year-end to promote deeper dialogue with investors, and discloses the presentation materials on its website. In the fiscal year ended March 2025, the Company held a total of 50 one-on-one meetings with institutional investors. Looking ahead, we will continue to enhance our IR activities and deepen our dialogue with investors and reflect feedback from investors in our management decisions. And we aim to achieve sustainable improvements in corporate value and gain recognition of our long-term growth potential, thereby strengthening the share price and improving the PBR.

Details of our dialogue with shareholders are available on the Company website.

https://www.fukoku-rubber.co.jp/ir/management/communication_with_shareholders.html

Details of the Medium-Term Management Plan are disclosed separately in the Company's IR materials.

<https://www.fukoku-rubber.co.jp/ir/management/medium-term-management-plan.html>

(End)