

Medium-Term Management Plan

We started formulating a new three-year medium-term management plan that began from FY2023. In the medium-term management plan, we will conduct initiatives for each of the Main Items for Promotion in order to respond to market changes. At the same time, we will also mainly focus on the semiconductor industry business as a future growth driver and work to build a business portfolio that will bring stable earnings. We will also continue to develop “next-generation products with proprietary technology that contribute to environmental preservation and energy efficiency” for next-generation mobility and energy markets, which we have been engaged in up until now. By making proposals to each market, we aim to realize medium- to long-term growth for our Group while achieving the targets of this plan.

Basic Policy

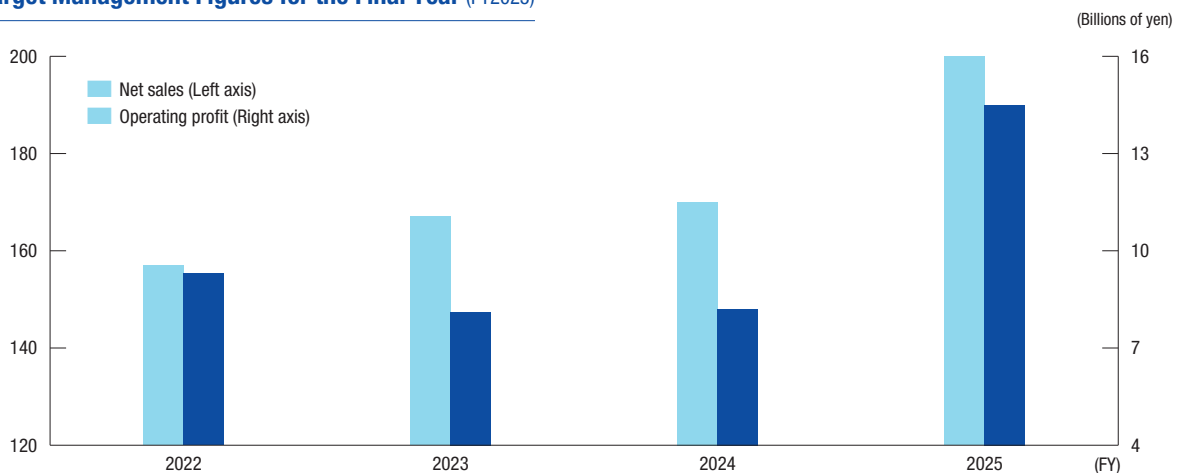
Building a Sustainable Corporate Structure—Fly Sky High!

Period FY2023 to FY2025

Main Items for Promotion

1. Adroit response to change
2. ESG management
3. Eternal Zero—“Maintaining a level of product quality that customers can rely on” and “Guaranteeing the same quality level all over the world”
4. TCD/Reducing waste by half—“Total Cost Down” and “Eliminate waste—Reduce everything by half”
5. DX promotion
6. Next-generation products with proprietary technology
7. Respect for people/Human resource development

Target Management Figures for the Final Year (FY2025)



Review of FY2023

In FY2023, our net sales reached a record high of ¥167,042 million (¥157,380 million in FY2022), mainly due to solid performance in the General Machinery Industry segment and in the Marine Industry segment.

Operating profit was ¥8,107 million (¥9,264 million in FY2022) due to the impact of the external environment, such as postponement of investment due to the prolonged slump in the semiconductor industry. Ordinary profit and profit attributable to owners of parent were both higher than initially planned.

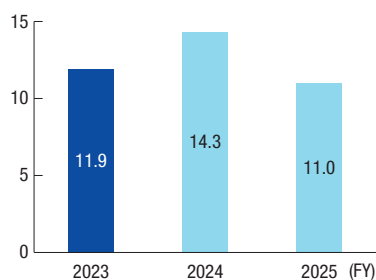
Capital Investment Policy during the Medium-Term Management Plan Period and Current Status

The total amount of capital investment during the period of the medium-term management plan is forecast to be about ¥37 billion, mainly in the Semiconductor Industry segment.

Capital investment for FY2023 was ¥11.9 billion, an increase of approximately ¥2.0 billion from the ¥9.9 billion in the initial plan.

Capital investment for FY2024, initially planned at ¥12.5 billion, will increase to ¥14.3 billion due to investments in growth areas in various businesses. Major investments will be about ¥7.0 billion for growth areas, including R&D, aerospace, and mass production of new products for the automobile industry, in addition to new buildings for our businesses in the Semiconductor Industry segment.

Capital Investment Results and Policy (Billions of yen)



Investment into Growth Areas (FY2024)

Automotive and Construction Machinery Industries segment	¥2.1 billion
Semiconductor Industry segment	¥3.7 billion
Aerospace Industry segment	¥0.7 billion
R&D	¥0.8 billion



New wing of the Tsukuba Plant
(Construction to be completed in July 2024)

Business Challenges and Future Course

In the Automotive and Construction Machinery Industries segment, we have made some progress in revising selling prices, but we are halfway to lowering the break-even point due to increased fixed costs and other factors. Also, sales of products for internal combustion engines are expected to decline in the medium term, and we will continue our efforts to build further profitability by developing and expanding sales of new products for EVs.

Sales in the Semiconductor Industry segment will remain sluggish in the current fiscal year due to a combination of slowdown in the semiconductor industry and capital investment. However, with our Tsukuba Plant, which is currently under construction and will start operations in the second half of the fiscal year, sales are expected to increase again as the market recovers, and we will continue to focus our management resources on this segment as our growth driver.

Status of Development of Next-Generation Products with Proprietary Technology

Automotive and Construction Machinery Industries

CES, valves for suspension

This valve controls the damping force of a shock absorber to the optimum state, with the aim of achieving both vehicle attitude stability and riding comfort.



Semiconductor Industry

Hybrid seals

Hybrid seals are unitized products combining magnetic fluid vacuum seals, rotary joints, O-rings, and metal bellows. They can be used for various applications such as power, signal, and high-frequency power supplies, and contribute to improved handling and a compact design.

