

May 30, 2019

Third Consolidated Mid-term Management Plan

FY2020 ended March 31,2020 ~ FY2022 ended March 31,2022



Table of contents

I. Overview of Previous Med-term Management Plan

- Financial highlights
- Achievement of financial goals
- Achievements and issues

II. Third Med-term Management Plan

- Corporate mission
- Management vision
- Fundamental policy
- Importance of third medium-term management plan
- Key measures
- Numerical targets

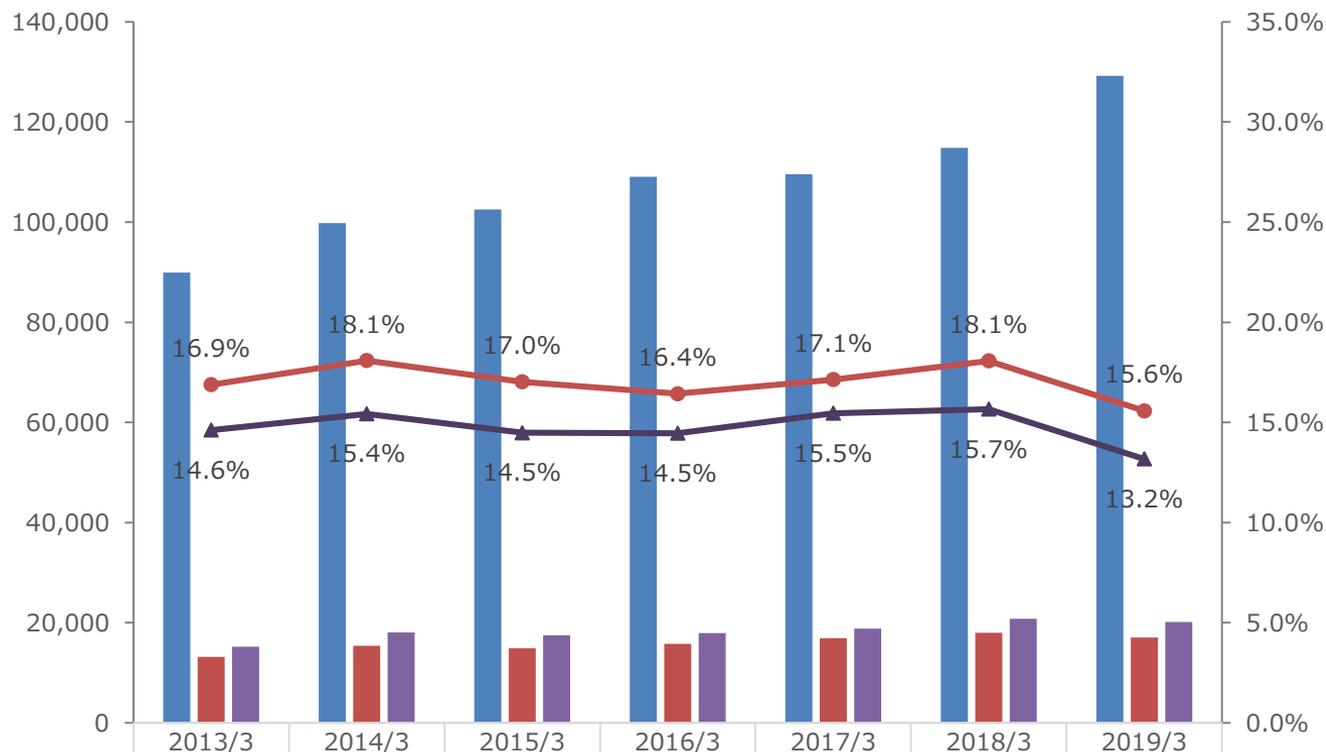
Review of Previous Med-term Management Plan

FY2017 ended March 31,2017 ~ FY2019 ended March 31,2019



Financial highlights

(Unit: million yen)



■ Sales	89,919	99,793	102,514	109,063	109,569	114,840	129,207
■ Operating income	13,146	15,393	14,850	15,766	16,934	17,984	17,023
■ Ordinary income	15,179	18,046	17,453	17,921	18,779	20,750	20,130
● Ordinary income ratio	16.9%	18.1%	17.0%	16.4%	17.1%	18.1%	15.6%
▲ Operating profit margin	14.6%	15.4%	14.5%	14.5%	15.5%	15.7%	13.2%

First

Second

Achievement of financial goals

(Unit: million yen)

	Second Mid-term Management Plan					
	2016/3	2017/3	2018/3	2019/3		Difference A-B
	Actual	Actual	Actual	Actual (A)	Target (B)	
Sales	109,063	109,569	114,840	129,207	120,000	+9,207
Chemicals	43,741	43,348	45,599	47,658	48,100	▲442
Equipment	22,430	21,879	20,292	30,514	24,400	+6,114
Jobbing	38,923	40,178	44,536	46,034	42,800	+3,234
Others	3,968	4,162	4,411	5,000	4,700	+300
Operating income	15,766	16,934	17,984	17,023	19,000	▲1,977
Ordinary income	17,921	18,779	20,750	20,130	21,000	▲870
Net income attributable to parent company shareholder	10,320	12,228	12,721	11,424	12,000	▲576
Operating profit margin	14.5%	15.5%	15.7%	13.2%	15.8%	-
Sales ordinary income ratio	16.4%	17.1%	18.1%	15.6%	17.5%	-
Ratio of ordinary income to total assets	9.5%	9.7%	10.0%	9.2%	8% or more	-
Return on equity (ROE)	8.9%	10.2%	9.7%	8.2%	-	-

Achievements and Issues

Achievements

- Expansion of production bases in North America and China contributed to sales growth
- Business restructuring; transferred of powder coating business to subsidiary, change affiliated company to subsidiary by purchasing additional shares, merged a subsidiary
- Established new departments to monitor group companies to strengthen management of group companies
- Strengthen governance by transitioning to a company with an audit and supervisory committee and increasing the number of outside directors

Issues

- Strengthening competitiveness in global markets
- Rationalization and reorganization of existing businesses in Japan
- Developing new technology for the future
- Improving productivity
- Strengthening group collaboration to improve profitability
- Strengthening governance to enhance corporate value
- Developing global human resource

Third Mid-term Management Plan

FY2020 ended March 31,2020 ~ FY2022 ended March 31,2022



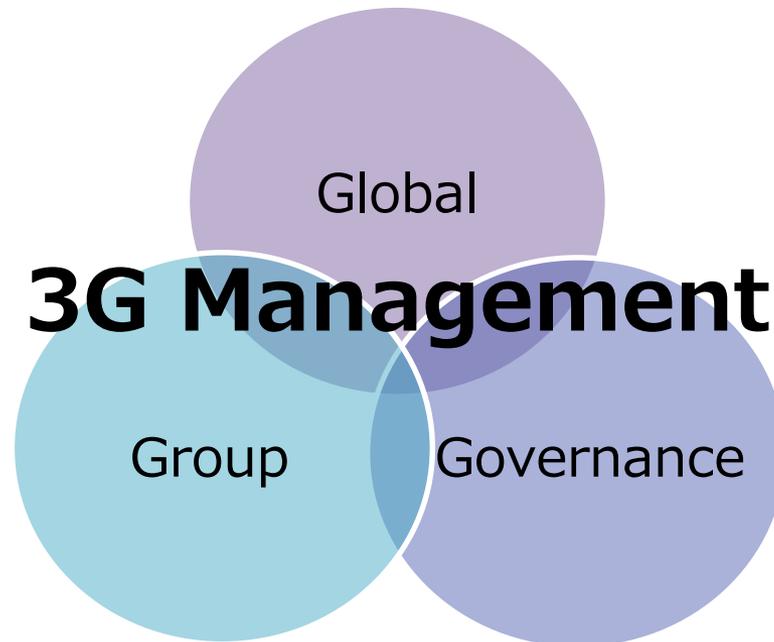
Corporate mission

We will contribute to the conservation of our global environment and the creation of a richer society by promoting the effective use of limited resources and creating new value for resources through surface modification of a variety of materials.



Management vision

**As a surface modification specialist,
we will be the true global company !**



We provide surface modification services to all users worldwide.

Fundamental policy

In order to establish 3G management, we are promoting the followings.

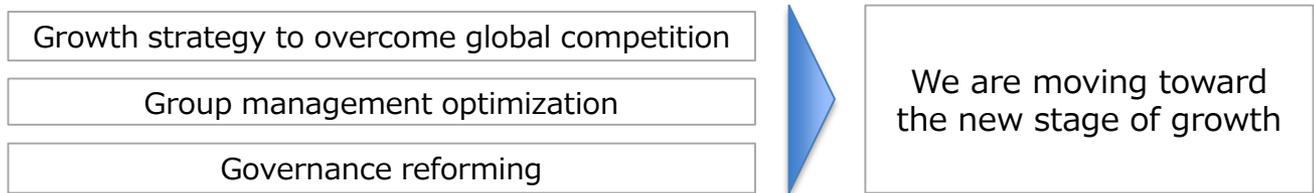
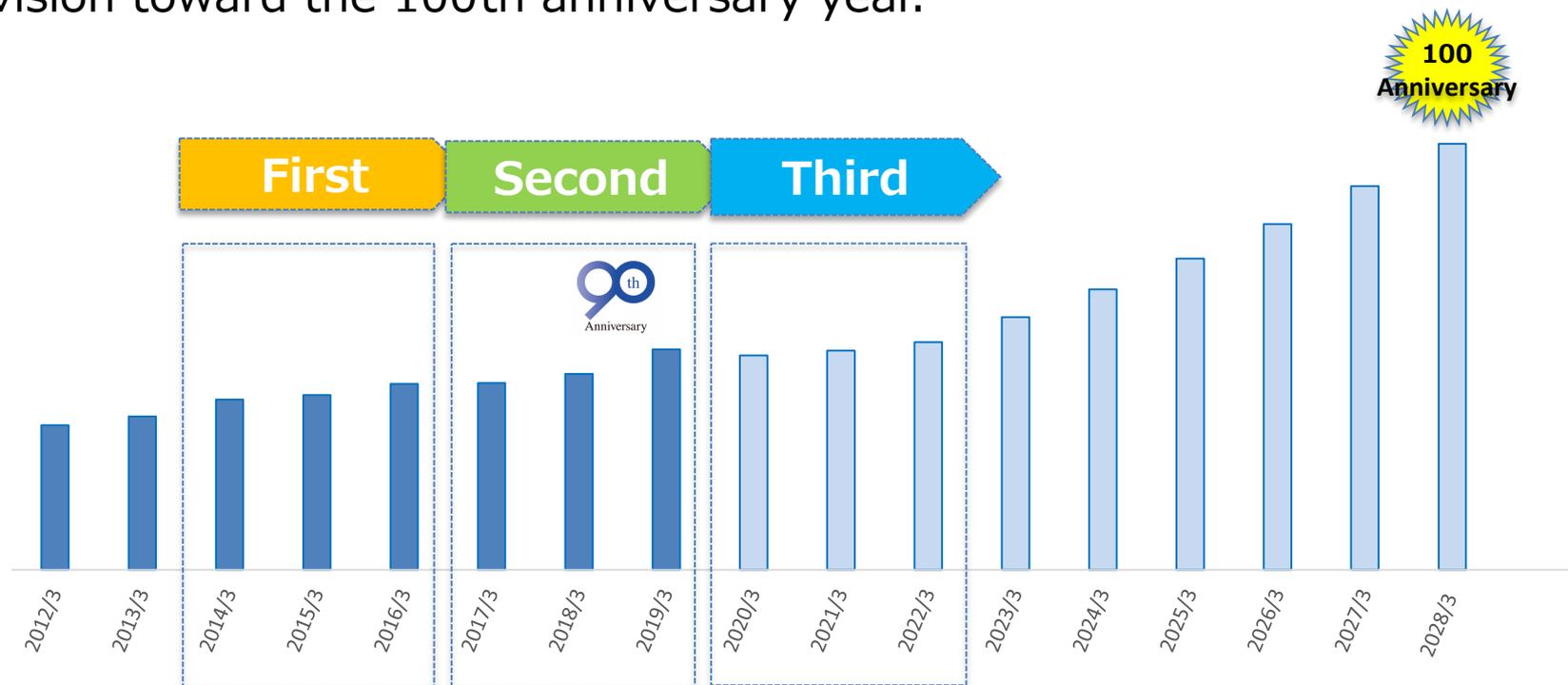
**Growth strategy
to overcome global competition**

Group management optimization

Governance reforming

Importance of in third medium-term management plan

Strengthening the management foundation to realize the management vision toward the 100th anniversary year.



Key measures ①

Growth strategy to overcome global competition

- Promoting a global processing business project
 - ✓ Established the global processing business strategy section
- Investment to capture demand in growth foreign markets
- Creating technical development roadmap for the future
- Strengthening collaboration with overseas joint ventures
- Actively investigate M&A and alliances

Key measures ②

Group management optimization

- Strengthening group collaboration further
- Establishing a research and development system to enhance group synergy
- Establishing global production system and global quality assurance system
- Rationalization and reorganization to enhance the profitability of existing businesses
- Building group common infrastructure

Key measures ③

Governance reforming

- Establishing a business management system in accordance with the corporate governance code
- Increasing number of outside directors and introducing executive officer system
- Establishing group management division
- Change corporate culture and the way of thinking



Numerical targets

(Unit: million yen)

	2019/3	2022/3	Difference
	Actual	Target	
Sales	129,207	133,500	+4,293
Chemicals	47,658	50,000	+2,342
Equipment	30,514	26,000	▲4,514
Jobbing	46,034	51,500	+5,466
Others	5,000	6,000	+1,000
Operating income	17,023	19,000	+1,977
Ordinary income	20,130	22,000	+1,870
Net income attributable to parent company shareholder	11,424	13,100	+1,676
Operating profit margin	13.2%	14.2%	
Sales ordinary income ratio	15.6%	16.5%	
Ratio of ordinary income to total assets	9.2%	8% or more	
Return on equity (ROE)	8.2%	8% or more	

The forward-looking statements such as forecast of financial consolidated results contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from these forecast due to various factors.

Significant factors which may affect actual results include but are not limited to; a)state of the economy b)fluctuations in exchange rates c)product competitiveness, d)regulations and e)limits of intellectual property protection.

The information in this document is not intended to solicit investment. Please make investment decisions at your own discretion.