



# Medium-term Management Plan(2027)

~Fostering bonds, shaping a bright future together~

A decorative graphic consisting of numerous thin, parallel lines in shades of blue and red. The lines are horizontal and spread across the width of the page, with a slight upward curve towards the right side.

February 14, 2025



**OKURA INDUSTRIAL CO., LTD.**

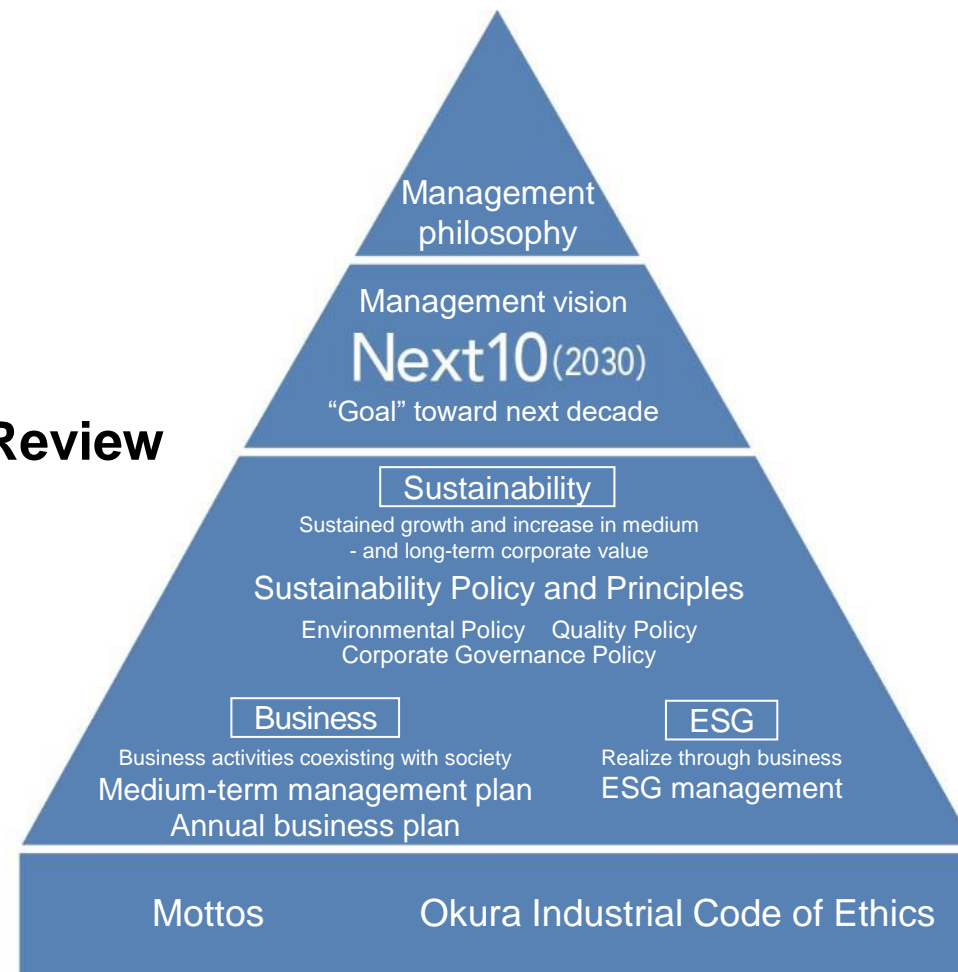
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## C O N T E N T S

1. Okura Industrial Group's Vision
2. Medium-term Management Plan(2024): Review
3. Medium-term Management Plan(2027)

~Fostering bonds, shaping a bright future together~

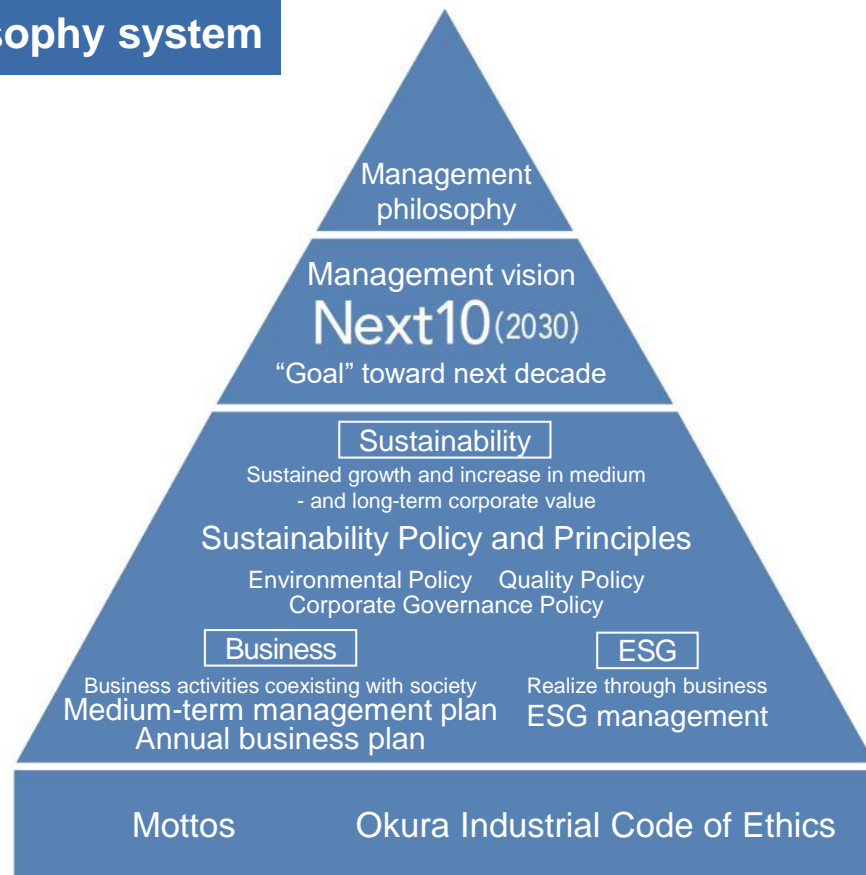
- ① Business Strategy
- ② Financial Strategy
- ③ Nonfinancial Strategy



# 1. Okura Industrial Group's Vision

# Okura Industrial Group's Vision

## Philosophy system



## Sustainability Policy

**Aim for corporate growth through business, keeping in mind our coexistence with society, so that we may continue to be a company that is trusted by society**

## Sustainability Basic Principles

- 1. Balance between business and ESG**
- 2. Conservation of the global environment**
- 3. Compliance with laws and regulations, respect for human rights, and consideration of the labor environment**
- 4. Information disclosure and dialogue**

## 2. Medium-term Management Plan(2024): Review

# Positioning of Medium-term Management Plan(2024)

<p>Management vision</p> <h2>Next10(2030)</h2>	<p>A solution partner that creates new value through core technologies and is selected by customers</p>
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Second stage of effort to realize our group vision

## Enhancing business portfolio

Stage 1	Stage 2 Establishment of platforms & strengthening of foundations	Stage 3
	<p><b>Basic policies</b></p> <ul style="list-style-type: none"> <li>① Qualitative improvement of existing businesses                             <ul style="list-style-type: none"> <li>➔ Strengthening of earning capacity</li> </ul> </li> <li>② Expansion of strategic and growth investments</li> <li>③ Promotion of sustainability and ESG</li> </ul>	

## Net Sales, Operating Profit, Etc.

Although profitability improved through structural reforms, performance targets missed, affected by declines in sales volumes

	2021 actual	2024 MTP		2024 actual	Vs. MTP (value)	Vs. MTP (percentage)
Net sales	¥71,200 million	¥84,000 million	>	<b>¥81,100 million</b>	(¥2,800 million)	(3.3%)
Operating profit	¥5,100 million	¥6,200 million		<b>¥4,500 million</b>	(¥1,600 million)	(26.4%)
Adjusted ROE	7.9%	8.0%		<b>5.6%</b>	(2.3P)	—
EBITDA	¥9,600 million	¥12,100 million		<b>¥9,900 million</b>	(¥2,200 million)	(18.2%)

\* Adjusted ROE: After-tax profit/loss excluding the impact of extraordinary income/loss from the sale of shareholdings, etc. divided by the average of equity during the period  
The actual figures for 2021 are after application of the Accounting Standard for Revenue Recognition

### Review

#### Net sales

Sales volume decreased after demand for daily necessities, including food and home products, continued to decrease as consumers became more thrifty in response to higher prices.

#### Operating profit

Costs of raw materials, power bills, logistics, etc. rose, but continued efforts to pass on product prices and sales increases for high value-added products had a positive impact.

On the other hand, earnings deteriorated due to lost opportunities and increased expenses resulting from the failure to bring the new plant (G2 line) online smoothly.

#### Adjusted ROE

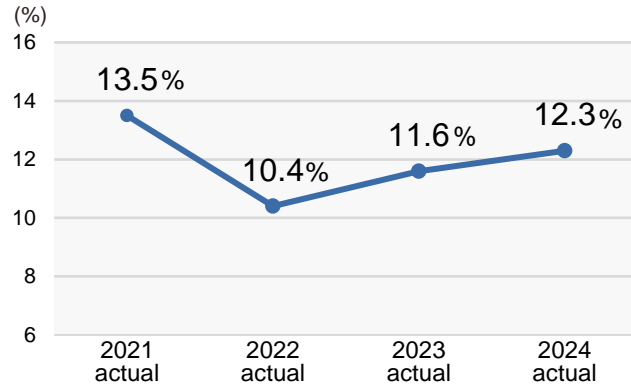
Although profit remained solid, ROE remained below cost of shareholders' equity due in part to a buildup of equity.

# Achievements and Perceived Issues

**Basic policies**

- ① Qualitative improvement of existing businesses  
→ Strengthening of earning capacity

EBITDA margin



**Achievements**

- Expanded high value-added products through “selection and concentration,” increased profitability, and laid the groundwork for further growth
- Strengthened Research & Development, focused on acquiring new core technologies in growth areas, including Information Electronics, Life Science, Environment & Energy, and Mobility, and established a foothold for the next medium-term management plan

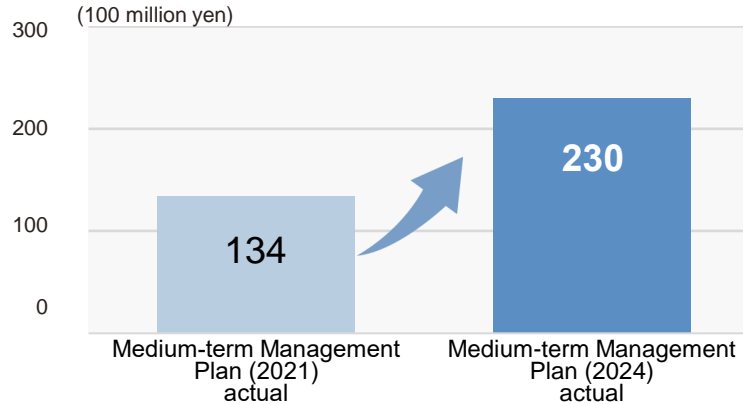
**Issues**

- Execute business portfolio reforms and growth strategy that can withstand changes in external environment

**Basic policies**

- ② Expansion of strategic and growth investments

Capital expenditures



**Achievements**

- Focused on investing in growth areas to deepen the business portfolio, as called for in Next10(2030), and made significantly more investment than the amount under the previous medium-term management plan
- Established a manufacturing base in Vietnam to strengthen the business foundation

**Issues**

- Delay in achieving results for investment in large projects, including the New Materials Division’s new plant (G2 line)  
⇒ Ensure profitability of investment projects

**Basic policies**

- ③ Promotion of sustainability and ESG



New plant of structural timber business using lumber sourced from the Shikoku region

**Achievements**

- Launched, as part of efforts to expand business contributing to decarbonization, a business manufacturing structural timber (lumber for structural use and laminated wood for structural use), aimed at recycling of forest resources.
- Increased the share of Caerula™-certified products in the total sales of living support category products to over 50%

**Issues**

- Contribute to resolving environmental and social issues through business operations  
⇒ Practice sustainable management with focus on both business and ESG

## 3-①. Medium-term Management Plan(2027): Business Strategy

# Management Vision “Next10(2030)”

## Focus Fields

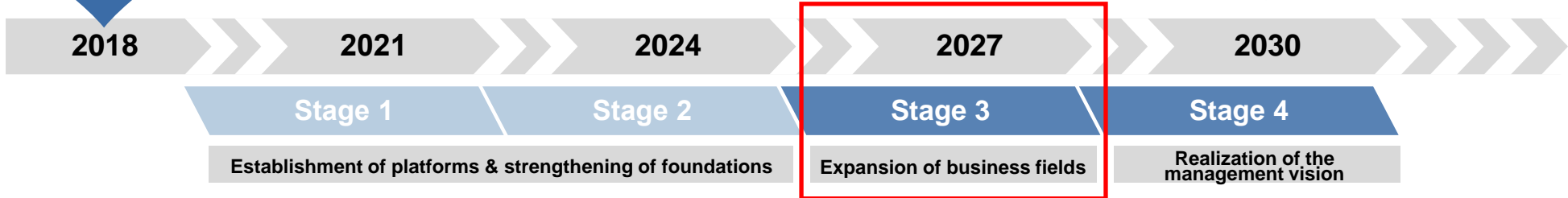
Businesses that allow people to live in safety and comfort  
**Food and agriculture, living spaces, livingware, healthcare, medicine**

Businesses that reduce environmental and energy burden  
**Sustainable materials, volume reduction, recycling, energy-saving**

Businesses related to telecommunications  
**High-speed communications, flexible devices, mobility**

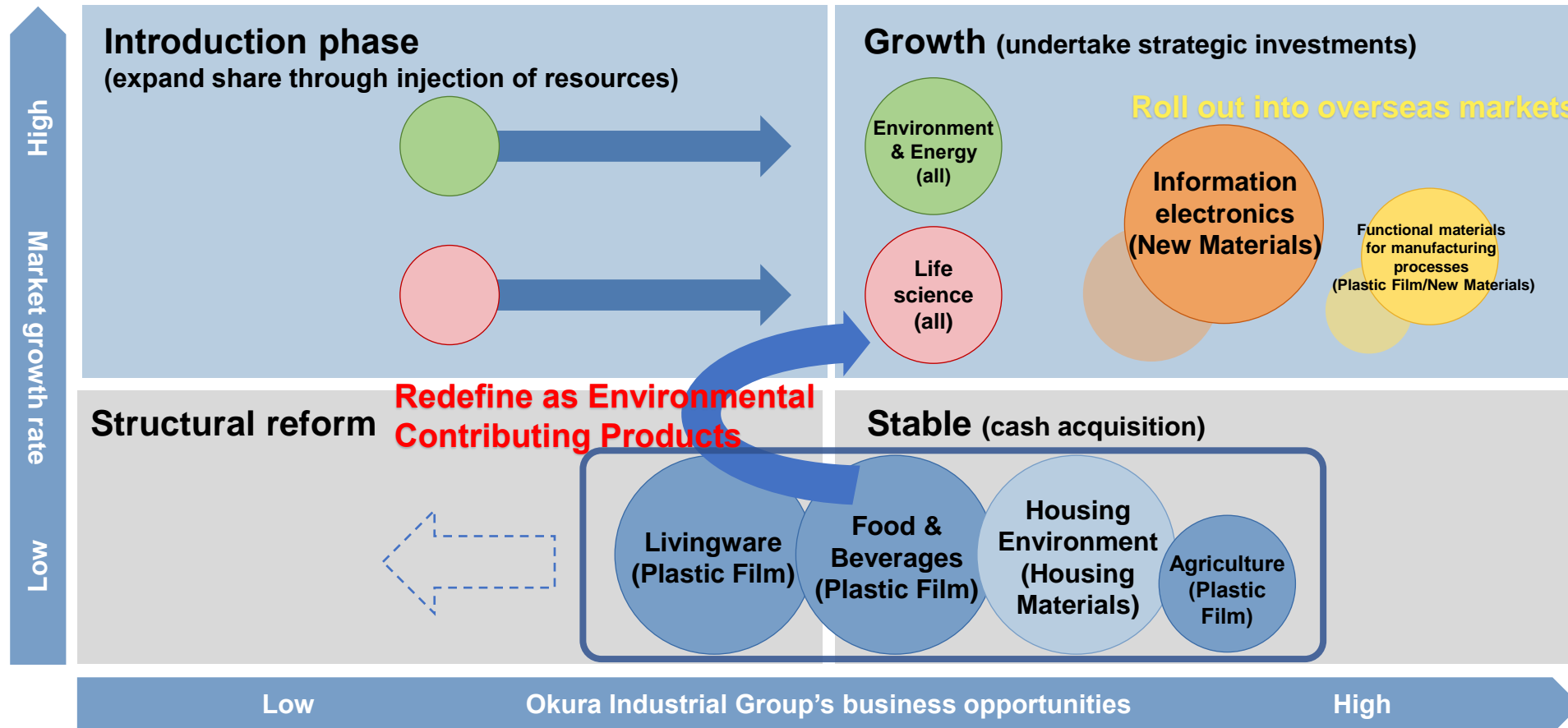


A company that is trusted by society  
 A corporate group with technological advantages



# Deepening of Business Portfolio Called For Under Next10 (2030)

- Focus investment on the growth markets of **Information Electronics, Functional Materials for Manufacturing Processes, Environment & Energy, and Life Science**
- In the living support category, which is one of our core businesses, make investments aimed at the conversion to and expansion of environmentally conscious products, based on environmental contribution



## Tagline for Medium-term Management Plan(2027)

**Fostering bonds,  
shaping a bright future together**

# Positioning of Medium-term Management Plan(2027)



# Numerical Targets (Overall and for Each Division)

## Overall numerical target

	2024 actual	2027 target	Change	Difference
Net sales	¥81,100 million	<b>¥93,000 million</b>	+¥11,800 million	+14.5%
Operating profit	¥4,500 million	<b>¥7,000 million</b>	+¥2,400 million	+53.4%
(Operating profit margin)	5.6%	<b>7.5%</b>	+1.9P	—
(EBITDA)	¥9,900 million	<b>¥13,300 million</b>	+¥3,300 million	+33.4%
Ordinary profit	¥5,100 million	<b>¥7,100 million</b>	+¥1,900 million	+38.9%
Profit attributable to owners of parent	¥4,300 million	<b>¥5,300 million</b>	+¥900 million	+21.6%
(Adjusted ROE)	5.6%	<b>7.5%</b>	+1.9P	—



## Numerical targets for each division

		2024 actual	2027 target
Plastic Film	Net sales	¥51,800 million	<b>¥56,000 million</b>
	Operating profit	¥4,400 million	<b>¥5,600 million</b>
	Operating profit margin	8.6%	<b>10.0%</b>
New Materials	Net sales	¥14,600 million	<b>¥19,000 million</b>
	Operating profit	¥1,200 million	<b>¥2,600 million</b>
	Operating profit margin	8.5%	<b>13.7%</b>
Housing Materials	Net sales	¥12,800 million	<b>¥16,000 million</b>
	Operating profit	¥900 million	<b>¥700 million</b>
	Operating profit margin	7.4%	<b>4.9%</b>
Other	Net sales	¥1,800 million	<b>¥2,000 million</b>
	Operating profit	¥400 million	<b>¥500 million</b>
	Operating profit margin	26.6%	<b>28.0%</b>

# Changes in Business Environment and Their Impact on Okura Industrial Group

Our business environment is changing faster than expected on a global level, and it is essential that our organizations and strategies flexibly adapt to the changes.

Social conditions	<ul style="list-style-type: none"> <li>Continued population decreases and low economic growth due to population aging in Japan and population growth and economic development elsewhere, led by Asia</li> </ul>	<p>➔ Demand is shrinking but consumer needs are diversifying and becoming more sophisticated in Japan, while demand is expanding elsewhere</p>		
	<ul style="list-style-type: none"> <li>Economy becoming more circular, driven by promotion of decarbonization</li> </ul>	<p>➔ Businesses are required to help achieve growth and society with potential for sustainable development</p>		
	<ul style="list-style-type: none"> <li>Development of IoT and AI technologies</li> </ul>	<p>➔ Productivity, competitiveness, and profitability need enhancing through digital technology</p>		
Changes in Business Environment Surrounding the Company	Plastic Film Division	<ul style="list-style-type: none"> <li>Increased ethylene production capacity in China prompts acceleration of realignment of domestic ethylene producers</li> <li>Resource conservation and de-plasticizing accelerate</li> <li>Technological innovation in mobility field (EV, weight reduction, paint replacements, self-driving, etc.)</li> </ul>	New Materials Division	<ul style="list-style-type: none"> <li>Display market continuing to favor larger screens; demand for polarizing plates growing 2%-7% annually</li> <li>Increased functionality of displays, including higher resolution, higher brightness, and wider viewing angles</li> </ul>
	Housing Materials Division	<ul style="list-style-type: none"> <li>Market of newly built homes shrinking but non-housing and renovation segments growing</li> <li>Demand for condominiums in urban regions remaining at decent levels</li> <li>Greater demand in the civil engineering sector, driven by update work on aging infrastructure, etc. thanks to the national resilience promotion program, etc.</li> </ul>	Other	<ul style="list-style-type: none"> <li>Medical care market steadily growing, driven by technological advancement and promotion of digitalization and AI use</li> <li>New market opportunities emerged in mobility market, driven by environmental regulations and decarbonization</li> </ul>

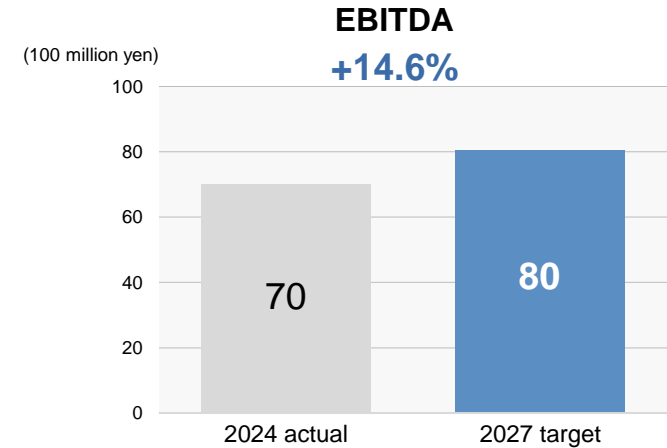
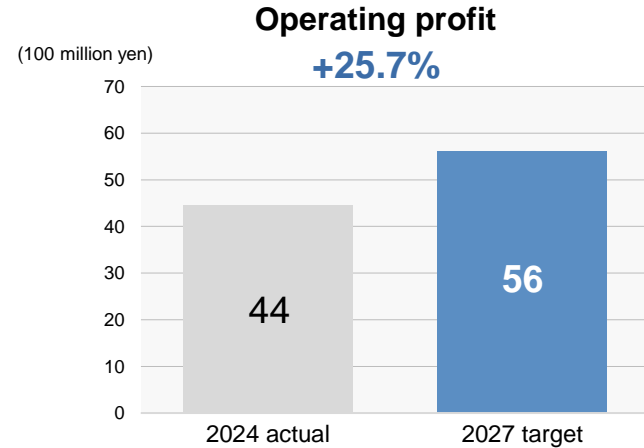
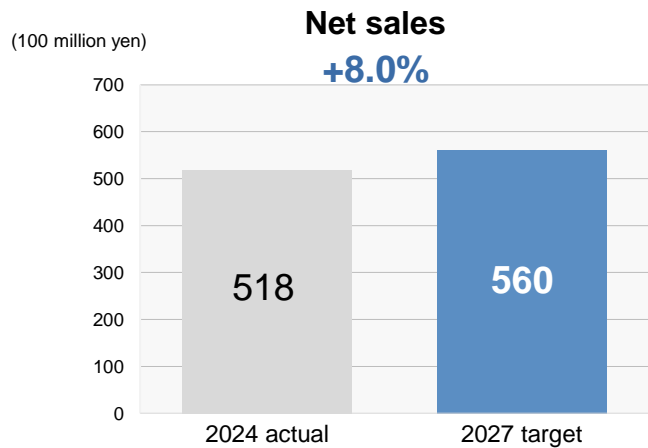
# Growth Strategy to Expand Business Fields

## Plastic Film Division

- Overall strategy**
- Focus efforts on mobility, electronic materials, semiconductor and battery fields, make investment aggressively and expand operations
  - Expand environmental contributing products that reduce packaging costs and environmental impact
  - Put OKURA VIETNAM CO., LTD. to effective use and increase overseas sales

**Strategy for each BU**

Life and Package BU	Propose new forms of environmentally aware packaging and develop overseas markets
Process Materials BU	Provide solutions in growth areas (mobility, electronic materials, semiconductors, batteries, etc.) and increase sales in overseas markets
Basic Materials BU	Develop packages with major customers through proposal-style sales activity and boost sales with focus on environmental contributing products
Agricultural Materials BU	Expand operations with focus on environmental contributing products and expand operations to include agriculture-related products that contribute to enhancing productivity in each step of the process from cultivation to distribution



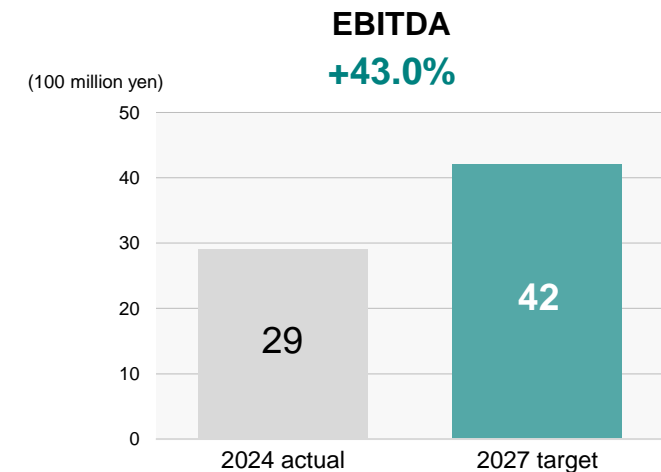
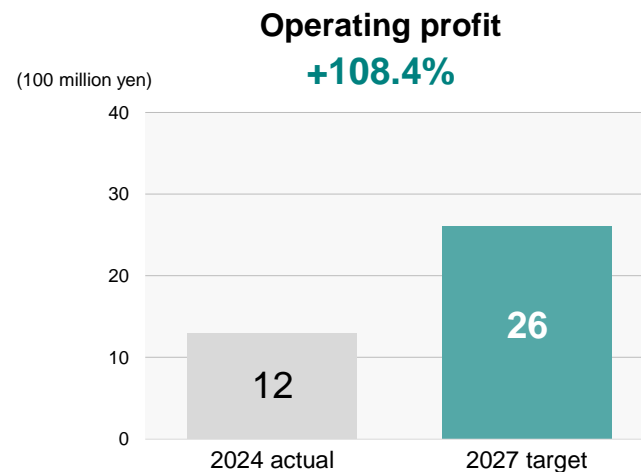
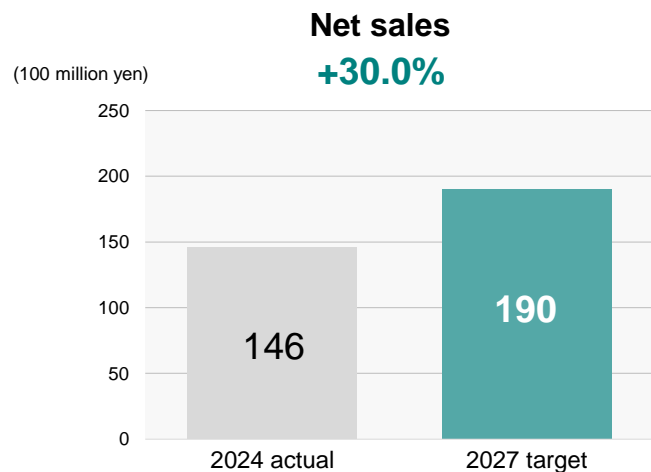
# Growth Strategy to Expand Business Fields

## New Materials Division

**Overall strategy**

- Increase sales of acrylic films for large displays after G2 line goes online in earnest
- Provide products and processing technologies in response to advancement in displays, information communication, mobility and life sciences

<b>Strategy for each BU</b>	Functional Materials BU	Launch full-scale operation medical-related products business and expand it, and start mass production and boost sales of acrylic adhesives centered on Vietnam operations
	Electronic Materials BU	Expand processing business by integrating processing steps from lamination and coating to cutting, and promote high-end display converting business targeting mainly in-vehicle/wearable devices.
	Optical Materials BU	Launch retardation film for high-definition models and boost sales of films for IT OLEDs



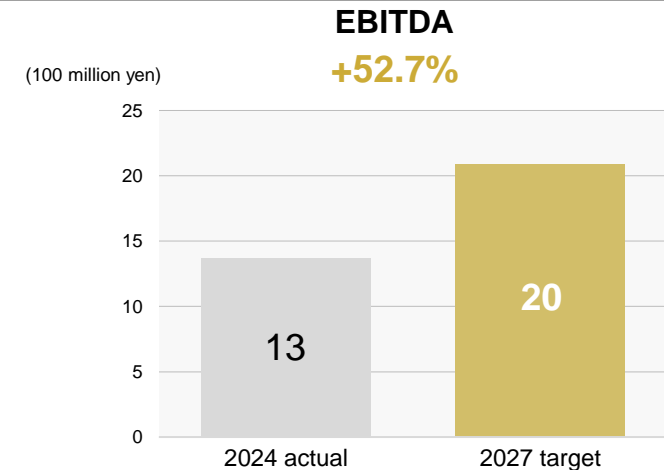
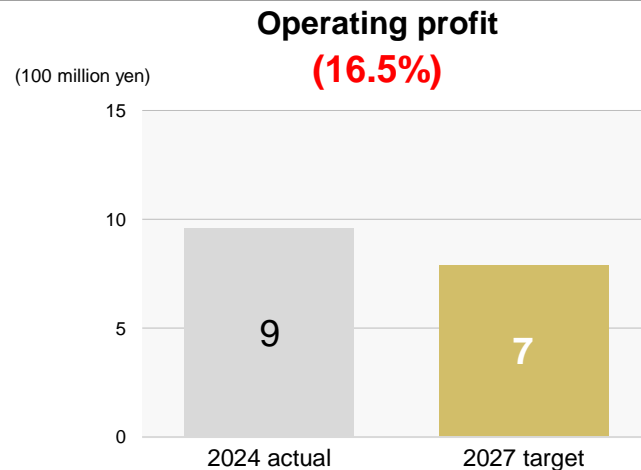
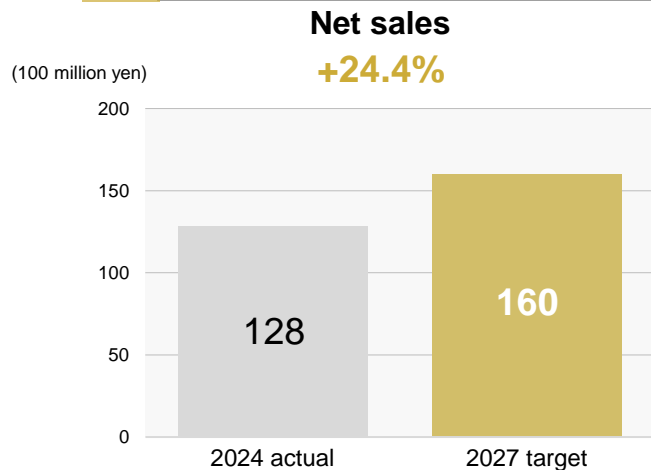
# Growth Strategy to Expand Business Fields

## Housing Materials Division

**Overall strategy**

- Ensure stable operation of particle board business and expand business in non-residential segments
- Vertical collaboration of wooden housing materials business that contributes to recycling of forest resources

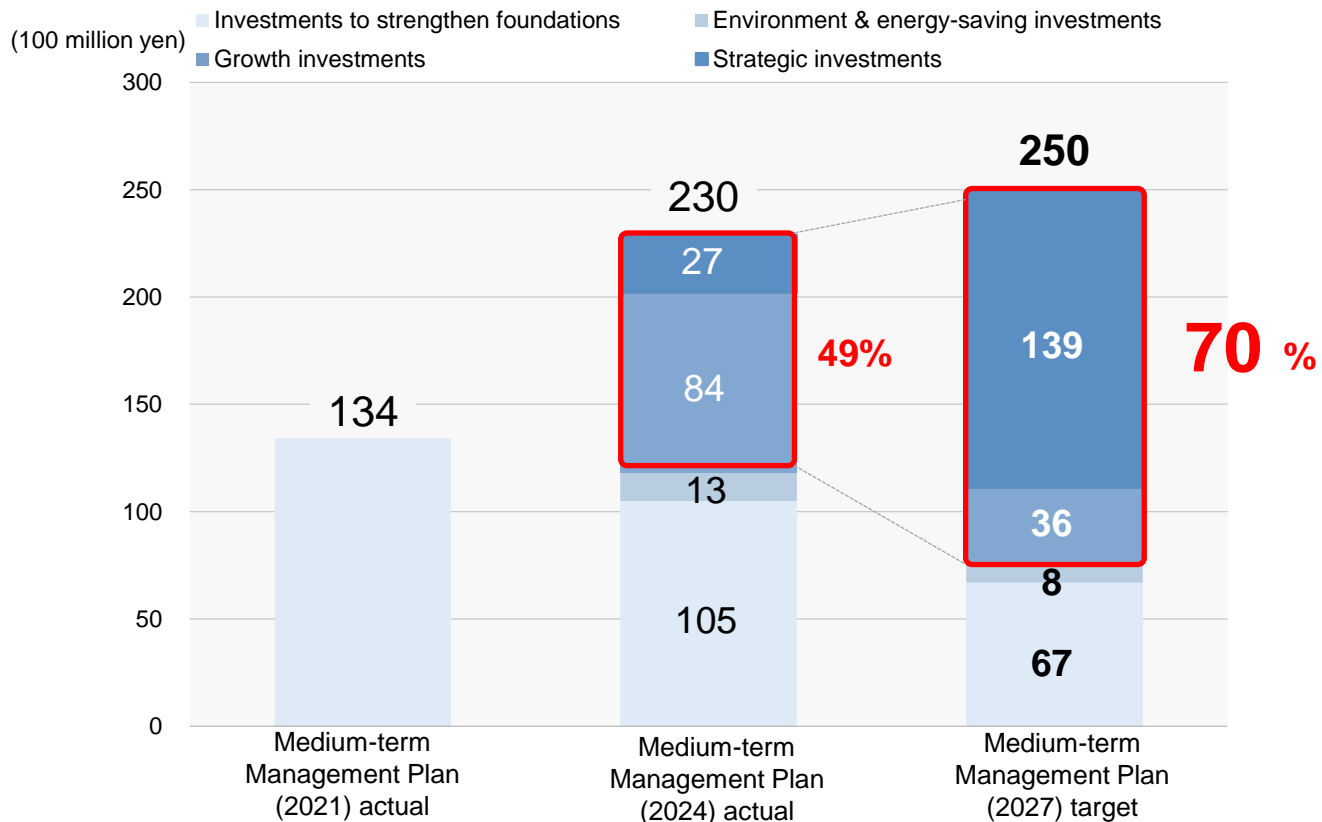
<b>Strategy for each BU</b>	Wood Panel BU (Particle Board business)	Continue full production and full sales, expand laminated products, and expand operations through expansion into non-residential segments
	Wood Panel BU (Environmental Materials)	Promote commercialization of environmental contributing concrete mold panels and capture business opportunities in non-residential and civil engineering markets
	Wooden Structure BU	Launch structural timber business and promote wood prefabrication that addresses shortage of craftsmen, shorter construction time, higher performance homes, etc.



# Basic Policy: Steady Implementation of Growth Strategies

Steadily reap fruit of investment projects aimed at realizing Next10(2030) goals and aggressively make investments in growth areas

## Historical capital expenditures (construction base)

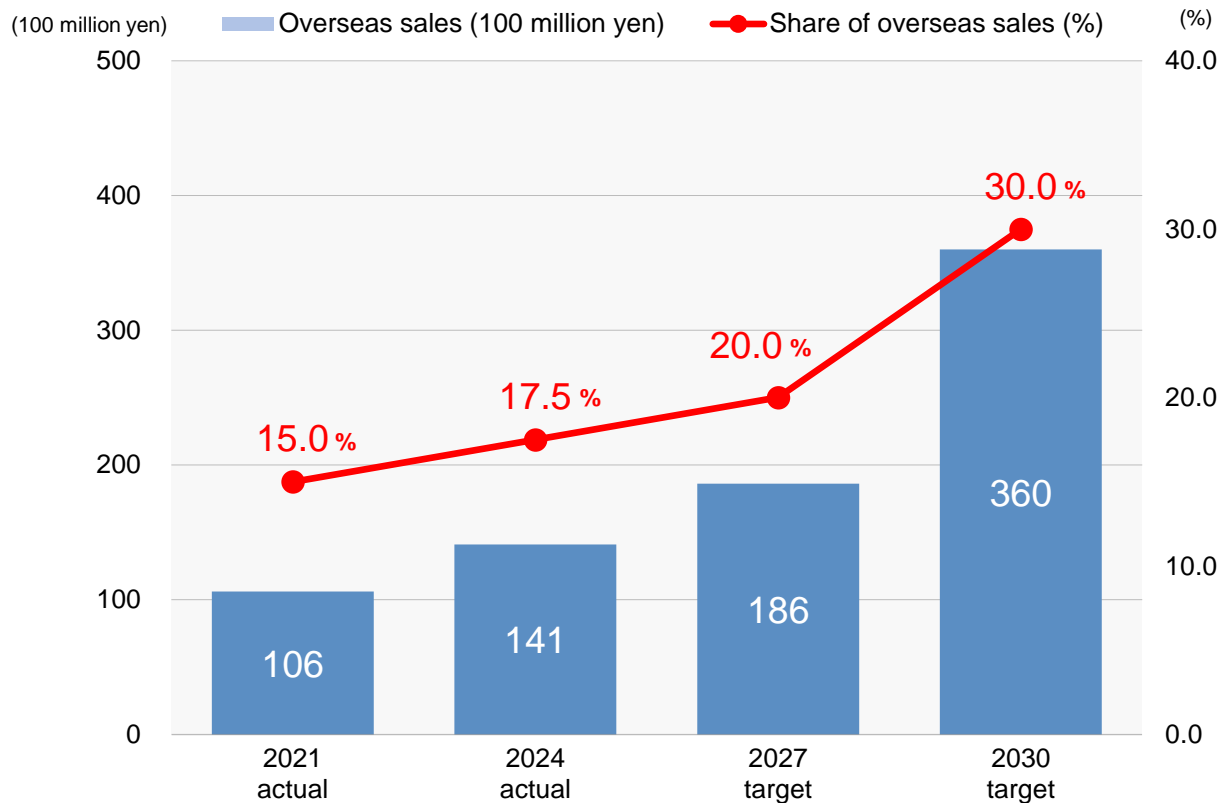


## Key strategic and growth investment projects

Segment	Project	Amount invested
Housing Materials	Structural timber business using lumber sourced from the Shikoku region	¥4,300 million
Research & Development Center	Environment & Energy-related business, etc.	¥3,200 million
Plastic Film	Converting business	¥2,000 million
Plastic Film New Materials	Mobility component-related business	¥1,700 million

# Basic Policy: Promote International Business to Expand Business Areas

Channel management resources to boost overseas sales mainly of Information Electronics and Functional Materials for Manufacturing Processes



<b>Boost sales of products targeting overseas markets</b>	<ul style="list-style-type: none"> <li>Boost sales of acrylic films for large displays</li> <li>Boost sales of Life and Package in North America and Latin America</li> <li>Boost sales of advanced-function films targeted at mobility and semiconductor markets</li> </ul>
<b>Increase presence of Vietnam operations</b>	<ul style="list-style-type: none"> <li>Start mass production in adhesives business and boost sales</li> <li>Consider transfer of labor-intensive business</li> </ul>
<b>Set up strategic team to drive international business</b>	<ul style="list-style-type: none"> <li>International Business Promotion Department established in Plastic Film Division in January 2025</li> <li>Promote market research, partner search, new market development</li> <li>Hire international expert personnel from outside the Company</li> </ul>

# Basic Policy: Create New Products by Strengthening Research & Development Functions

Accelerate the cycle of creating new product themes, developing products, and launching them and lead Okura's business

## Policy of Research & Development division

**Research & Development = Creation**

Strengthen technology marketing and market marketing and create new demand and markets through innovation

### Basic strategy of Research & Development Center

#### Deepen technologies

- Deepen core technologies
- Adopt peripheral technologies
- Centralize technological information



#### Search for market opportunities

- Open innovation
- Search for new uses
- Study end market of each segment

Integrate currently dispersed information and knowledge on technologies and markets in Research & Development Center

Develop and hire personnel versed in both technologies and markets

Consolidate Research & Development teams dispersed in the Company

Merge Research & Development Center and Product Development Department of Plastic Film Division in January 2025

Transform Research & Development Center into one that is "magnetic and open"

Relocate Tokyo Branch Office to locations where people, information and knowledge gather

Transfer some of Research & Development Center functions to Tokyo Branch Office after relocation

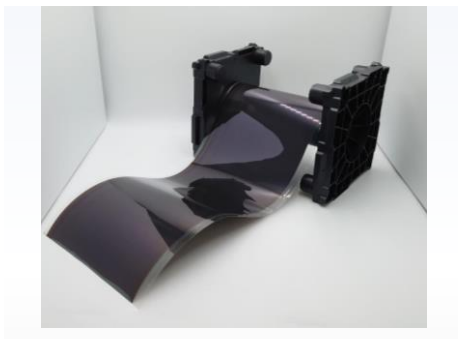

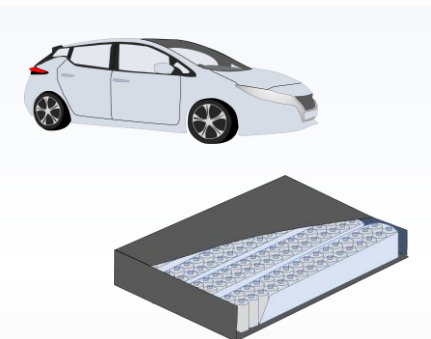
Focus effort on developing new products and creating new businesses as the center for information collection and marketing

Strengthen Research & Development investment

Make Research & Development investment that significantly exceeds the amount resulted under Medium-term Management Plan(2024), mainly in Environment & Energy and Information Electronics areas

# Basic Policy: Create New Products by Strengthening Research & Development Functions (Research & Development Center's Initiatives)

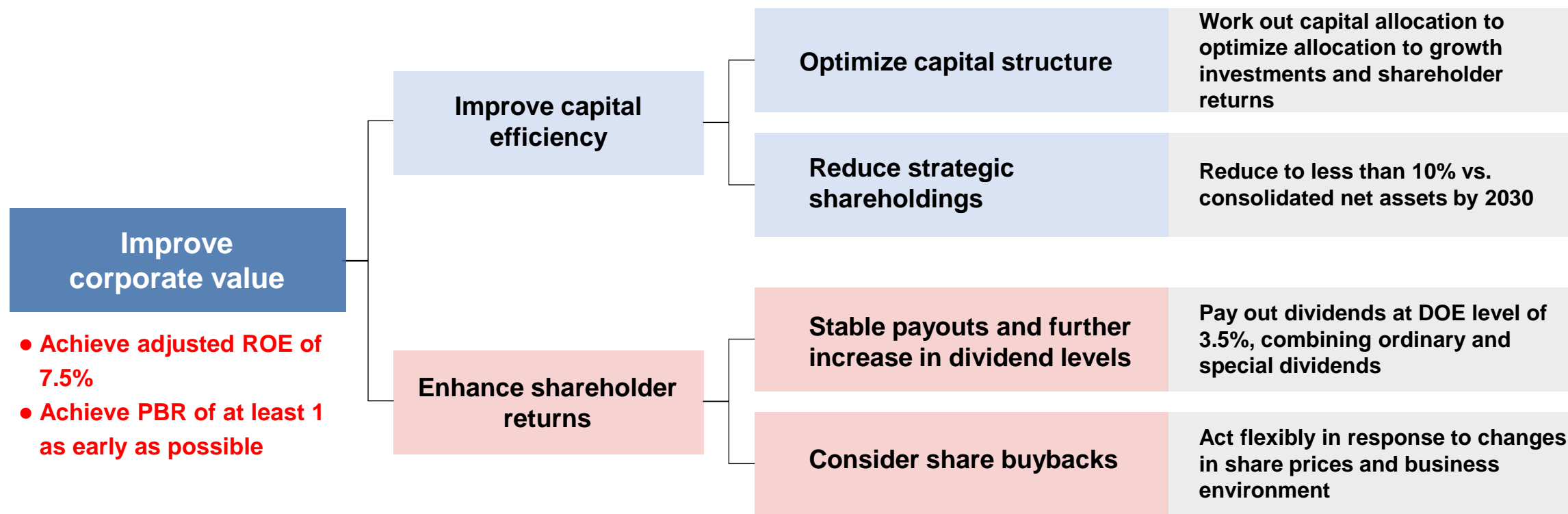
Aim to improve people's lives by providing materials and technologies through four growth areas of Information Electronics, Environment & Energy, Life & Healthcare, and Mobility

Information Electronics	Environment & Energy	Life & Healthcare	Mobility
			
<p><b>LCP films</b></p>	<p><b>Perovskite solar cells</b></p>	<p><b>Single-use bags</b></p>	<p><b>Automotive headliner materials</b></p>
<p><b>Optical films (coating/protection/other)</b></p>	<p><b>Composite materials</b></p>	<p><b>Drapes for surgery-assisting robots</b></p>	<p><b>Paint replacement films</b></p>
<p><b>Touch sensor films</b></p>	<p><b>Monomaterials</b></p>	<p><b>Plant extraction</b></p>	<p><b>Adhesives for EVs</b></p>
		<p><b>Food wrapping films</b></p>	

## 3-②. Medium-term Management Plan(2027): Financial Strategy

# Financial Strategy: Summary

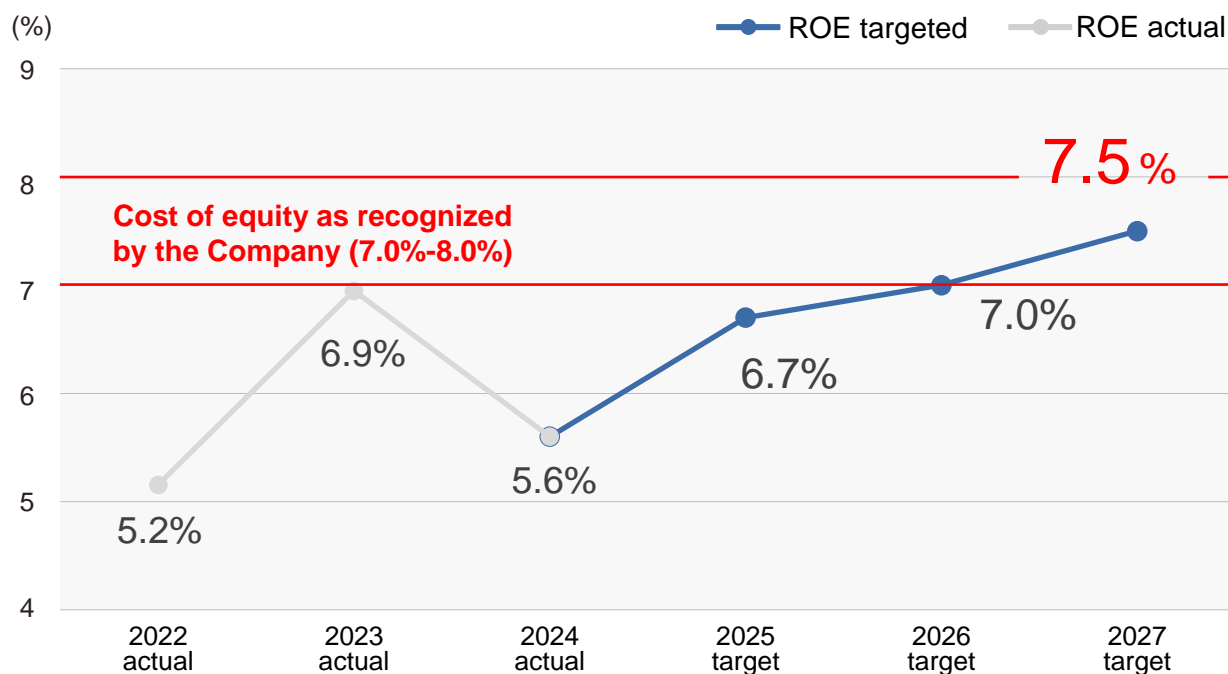
Support growth strategies and increase corporate value by improving capital efficiency and increasing shareholder returns



# Financial Strategy: ROE Target

Aim for adjusted ROE of 7.5% by 2027, excluding extraordinary income/losses

## Historical adjusted ROE



## Efforts to improve ROE

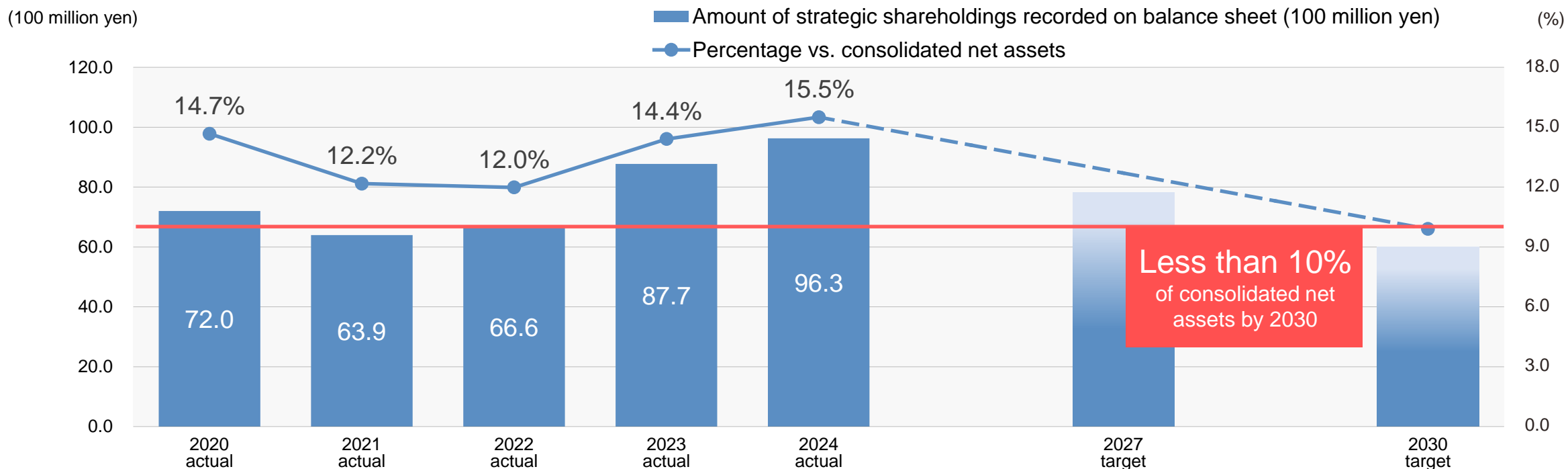
- Operating profit of ¥7,000 million by 2027
- During the period covered by the Medium-term Management Plan (2027), pay out special dividends to improve capital efficiency and increase shareholder returns, streamline the balance sheet, and aim for **ROE of 7.5%** by 2027.
- Aim to achieve **ROE of 8.0%** as early as possible during the period of the next medium-term management plan

\* Adjusted ROE: After-tax profit/loss excluding the impact of extraordinary income/loss from the sale of shareholdings, etc. divided by the average of equity during the period

# Financial Strategy: Policy to Reduce Strategic Shareholdings

Reduce strategic shareholdings to the target of less than 10% of consolidated net assets by 2030.

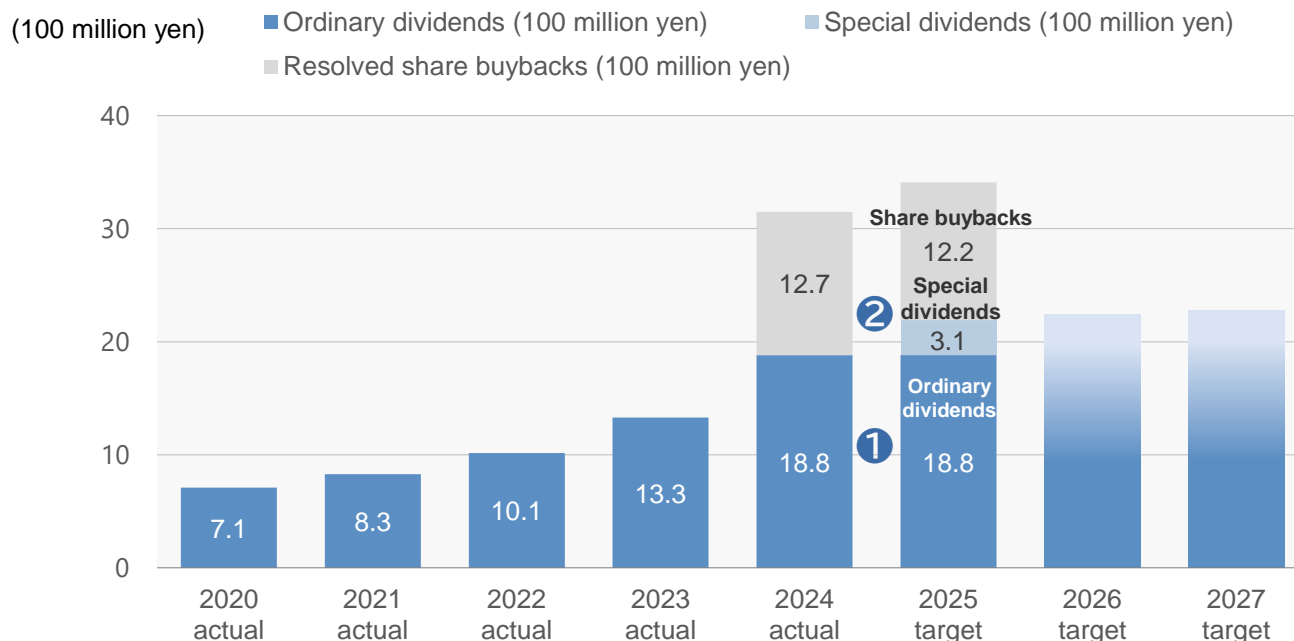
Amount of strategic shareholdings recorded on balance sheet (left axis) and its ratio to consolidated net assets (right axis)



# Financial Strategy: Shareholder Return Policy

Pay out special dividends, in addition to ordinary dividends under our dividend policy, to enhance shareholder returns

## Historical shareholder returns



## Total shareholder returns under Medium-term Management Plan(2027): ¥6,500 million - ¥7,000 million

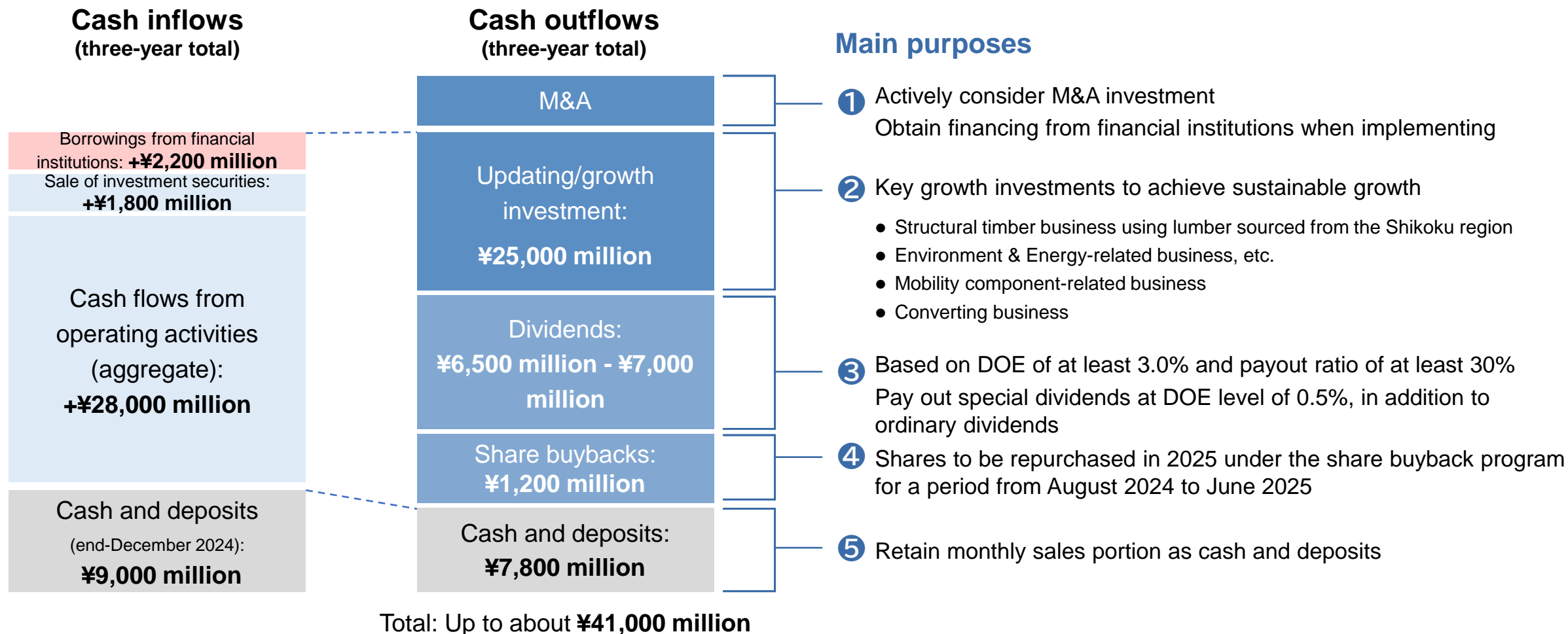
- ① Dividend policy under Medium-term Management Plan (2027)  
Aim to maintain **DOE of at least 3.0%** (an indicator of stable profit distribution) and **payout ratio of at least 30%** (an indicator of performance-linked profit distribution)
- ② Pay out **special dividends** to further increase shareholder returns  
Continue payout of special dividends (at DOE of 0.5%) for three-year period of Medium-term Management Plan(2027)

Pay out dividends at **DOE level of 3.5%**, combined with ordinary dividends

⇒ Payout ratio of 51.5% and total return ratio of 77.6% are expected in 2025.

\* The share buyback amount in a period between 2020 and 2023 was minimal and thus is not indicated.  
 \* The total shareholder return amounts exclude the portion for shares to be repurchased in fiscal 2025 under the share buyback program for a period from August 2024 through June 2025.  
 \* Special dividend implementation period is until the interim dividend in 2027.

# Financial Strategy: Capital Allocation Policy



\* Special dividend implementation period is until the interim dividend in 2027.

## 3-③. Medium-term Management Plan(2027): Nonfinancial Strategy

# Promoting Sustainability Through ESG Management

## Medium-term Management Plan(2027): Policy

Generate sustainable economic value by bolstering nonfinancial capital and pursuing social value

### Strengthen nonfinancial capital

Natural capital	<ul style="list-style-type: none"> <li>● Sustainable use of resources (promote management for decarbonization)</li> </ul>
Human capital	<ul style="list-style-type: none"> <li>● <b>Step up human capital investment</b>; promote women's advancement and health and productivity management</li> </ul>
Intellectual capital	<ul style="list-style-type: none"> <li>● Foster innovation and acquire intellectual property rights</li> <li>● Improve productivity and streamline operations by promoting digital transformation</li> </ul>
Manufacturing capital	<ul style="list-style-type: none"> <li>● Deepen knowledge of manufacturing and share experiences</li> </ul>
Social capital	<ul style="list-style-type: none"> <li>● Involvement with volunteer activities and local businesses</li> <li>● Promote dialogue with stakeholders and disclose information</li> </ul>



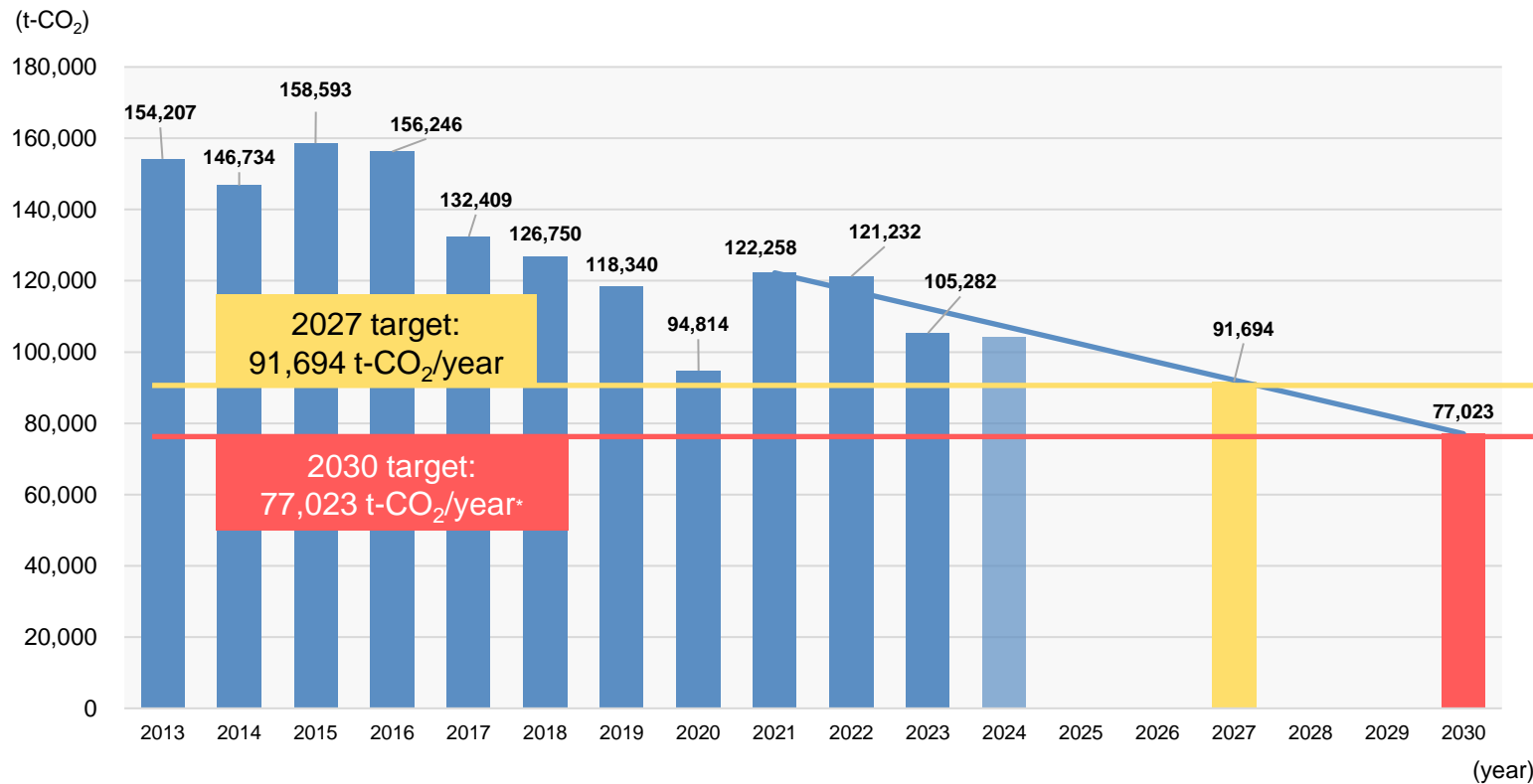
### Pursue social value and generate economic value

- **Create and expand environmental contributing products**
- **Promote use of Shikoku's forest resources**
- Promote sustainable procurement
- Comply with applicable laws and regulations and eliminate compliance violations

# Strengthen Natural Capital

Promote management for decarbonization  
and aim to reduce CO<sub>2</sub> emissions by at least 25%\* from the 2021 level by 2027

## CO<sub>2</sub> emissions (Scope 1 and 2)



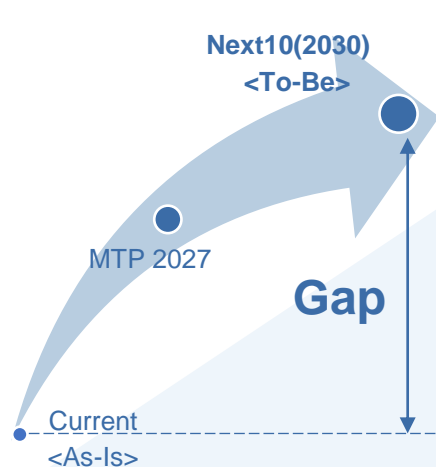
## Initiatives for management for decarbonization

- Promote decarbonizing investments using internal carbon pricing
- Introduce renewable energy using off-site PPAs
- Shift some of power purchases to those derived from renewable energy sources

\* At least 25% vs. 2021: Equivalent of reduction of at least 40% vs. 2013  
\* The 2030 target figure changed to reflect 2021 reduction ratio

# Strengthen Human Capital

Step up investment in the human resources needed to achieve objectives of Medium-term Management Plan(2027) and Next10(2030)



## Human capital investment aimed at helping achieve target human resource portfolio

- Prepare human resource portfolio (“To-Be”) needed to implement medium- to long-term strategies
- Analyze gap with existing personnel (“As-Is”) and conduct separate education/training for each type of personnel
- Promote mid-career hiring aimed at helping achieve target portfolio

### Promote women’s advancement

- Expand scope of jobs in which women can play active roles
- Provide opportunities for women to improve skills and perspectives (training, job rotation, etc.)
- Reform child rearing- and nursing care-related systems

▶ Aim to raise percentage of female managers (on nonconsolidated basis) to at least 8% by end-2027 (4% in 2024)

### Promote health and productivity management

- Strengthen involvement with highly stressed individuals
- Encourage use of paid annual leave
- Promote workplace environments improvement using stress checks

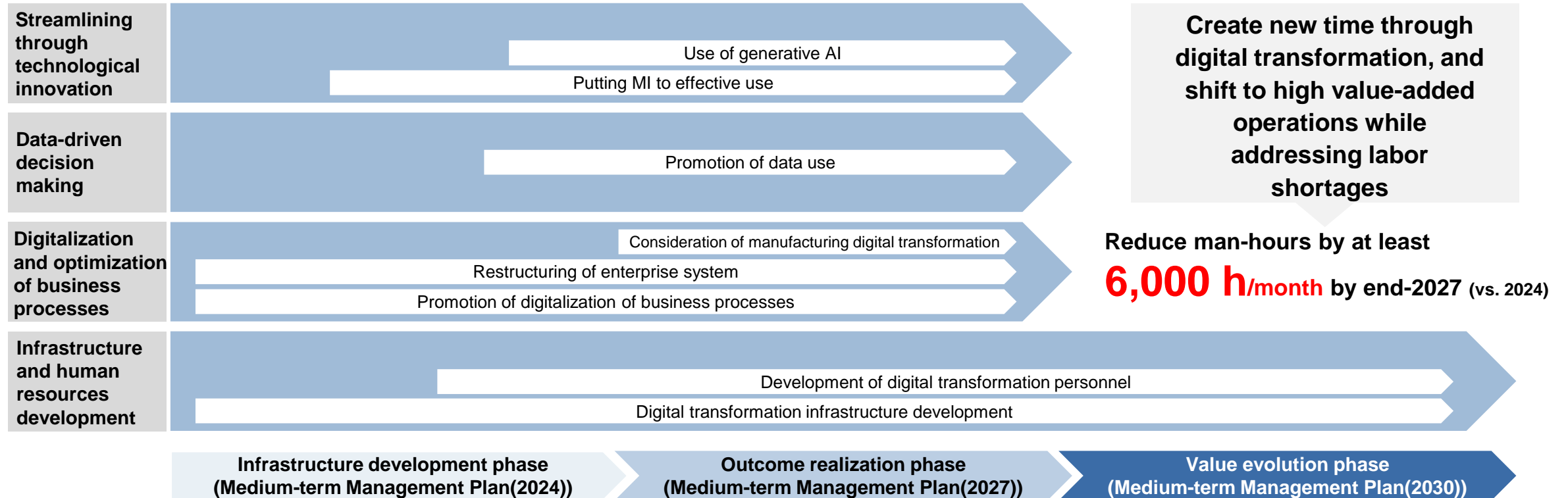


▶ Aim to achieve presenteeism of no more than 24% by 2027 (29% in 2024) and work engagement of at least 2.6pt (2.5pt in 2024)

# Strengthen Intellectual Capital

Maintain competitive advantage by promoting digital transformation

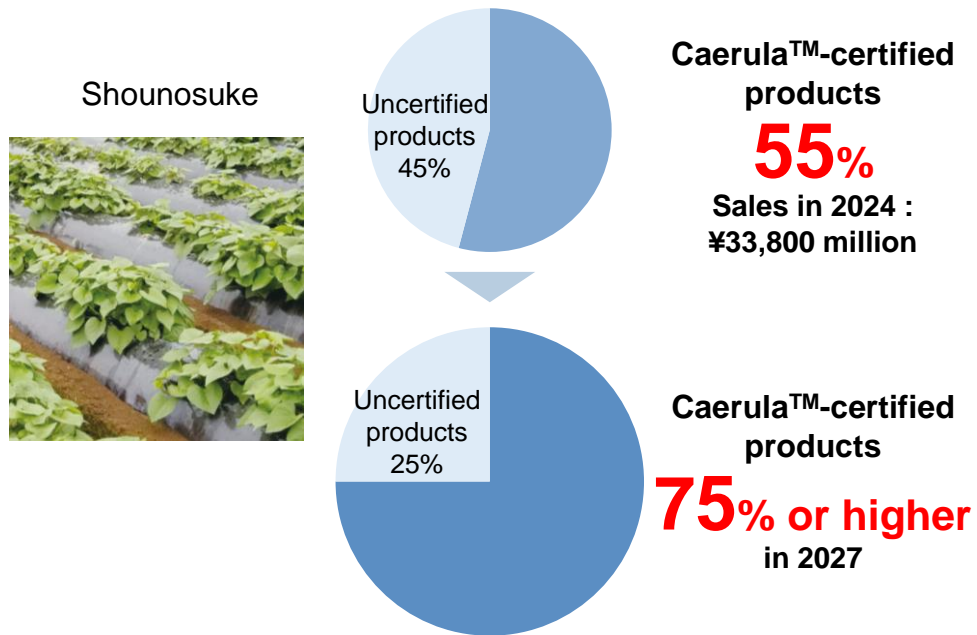
## Measures for realization



# Pursue Social Value and Generate Economic Value

Add environmental value to products and aim to increase the percentage of Caerula™ in the total sales of the living support category to at least 75%

## Share of living support category products in total sales



## Closed recycling



### Use of sustainable plastics

- Plastic container and packaging waste discarded by municipalities recycled back into garbage bags and delivered to municipalities
- Films made thinner without reducing strengths to reduce amount of plastic used

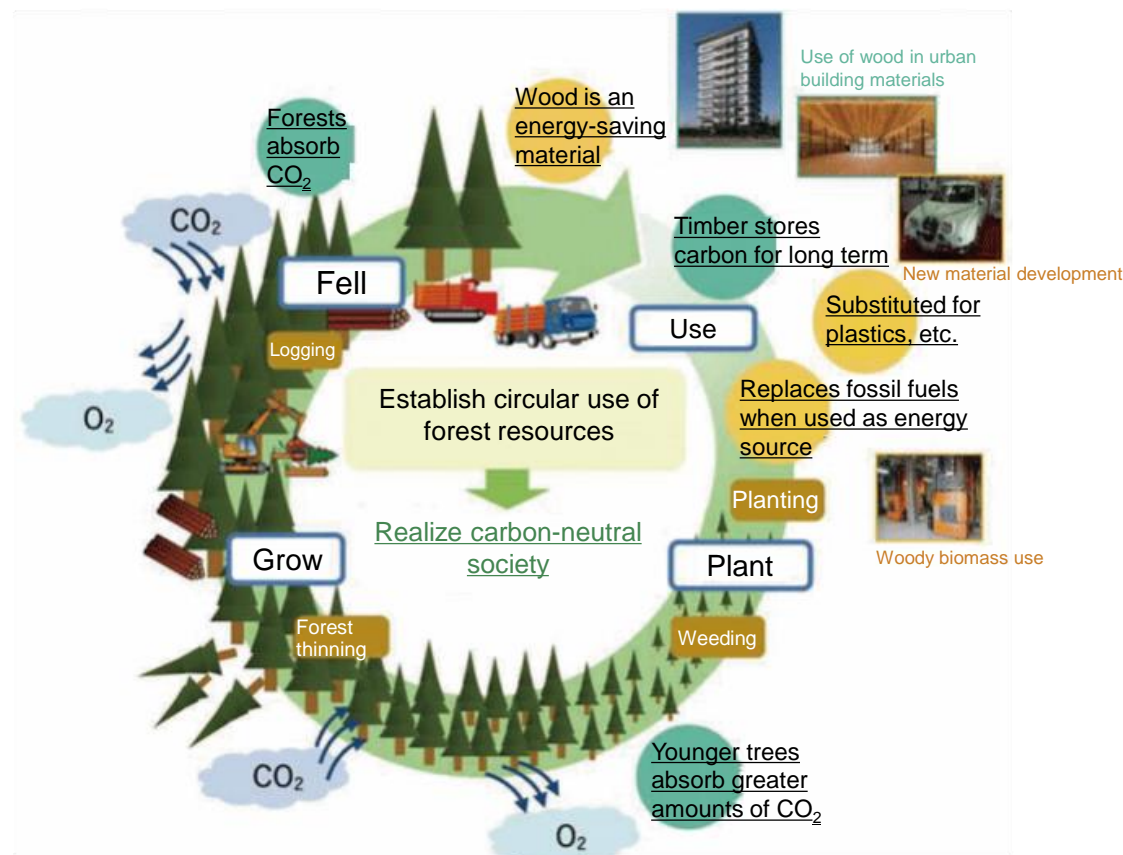
# Pursue social value and generate economic value

Increase the amount of stored CO<sub>2</sub> by at least 17,700 t-CO<sub>2</sub> by 2027 through the structural timber business

## Promote use of Shikoku forests

Without appropriate logging, new trees cannot be planted and only old trees will remain, resulting in a decline in ecosystem services, including reduced CO<sub>2</sub> absorption.

**Promote healthy forest cycles** by using Shikoku's forest resources in the structural timber business, help forests fulfill their multifaceted functions in sustainable ways, and promote regional revitalization.



Source: "Annual Report on Forest and Forestry in Japan," Forestry Agency of Japan  
<https://www.rinya.maff.go.jp/j/kikaku/hakusyo/r5hakusyo/attach/pdf/zenbun-27.pdf>

## Disclaimer

The earnings forecasts and other forward-looking statements herein were prepared using the information available to the Company at the time it prepared this document. Actual earnings results may differ from them depending on various factors in the future.

This document is intended only at providing information and is not intended to solicit buying or selling of any securities issued by the Company.

**OKURA**

# Medium-term Management Plan(2027)

~Fostering bonds, shaping a bright future together~



**END**

February 14, 2025



**OKURA INDUSTRIAL CO., LTD.**

Code number: 4221