

2030 Business Plan

Advancing Solution Creation

Briefing Materials

May 17, 2024

ZACROS Corporation (formerly Fujimori Kogyo Co., Ltd.) TSE Prime: 7917

With over 25 years of experience in international business, sales, and executive leadership, Taku Shimoda brings a wealth of expertise to his role as the president of ZACROS.



Taku Shimoda
Representative Director and
President

Career Progression at ZACROS

Shimoda joined Fujimori Kogyo Co., Ltd., in August 2010 and was assigned to the International Department in November 2010. His leadership skills and global perspective led to his transfer to ZACROS AMERICA, INC., where he served from 2012 to 2016. Upon returning to Japan, he was appointed to the following executive positions:

2016: Assigned Medical Solutions Division

Launched BioPhaS, T-TAS, and Cell Culture business

2018: Appointed Chief Manager of Business Planning Department, Medical Solutions Division

2019: Appointed Executive Officer and Division Manager of Medical Solutions Division

2021: Director and Senior Executive Officer
Unit Manager of Wellness Business Unit

2022: Senior Vice President

2023: Chief Manager of Corporate Strategy & Planning Unit
Planning 2030 Business Plan
Director and Senior Executive Officer

2024: Representative Director and President

Prior Experience

Before joining ZACROS, Shimoda spent 15 years at Matsushita Electric Industrial Co., Ltd. (now, Panasonic Holdings Corporation). During that time, he worked at Sales and Sales Planning for Automotive Storage Batteries and, subsequently, was appointed Managing Director, Panasonic Energy (Thailand), Co., Ltd., a Panasonic subsidiary in Thailand.

WHY

Company Philosophy

The ZACROS Vision

ZACROS is committed to realize a society with genuine happiness through our “embracing spirit,” so that we can be proud of ourselves throughout the following generations.

WHAT

Company Ideal

Solution-Creating Company

ZACROS tackles societal challenges by integrating diverse products, technologies, and services, fostering innovation and new cultural values.

HOW

Business Model

Solution-Creating

Excellence in Solution-Creating



Customized Manufacturing

Brilliance in Customized Manufacturing

WHERE

Business Domains

Wellness

Biopharmaceutical-related products
Medical devices,
Pharmaceuticals and
Medical packaging

Environmental Solutions

Consumer packaging
Industrial packaging
Liquid containers

Electronic Materials

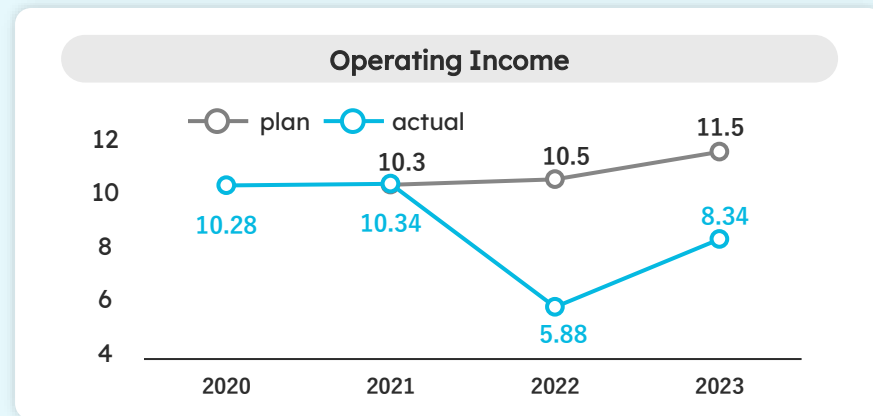
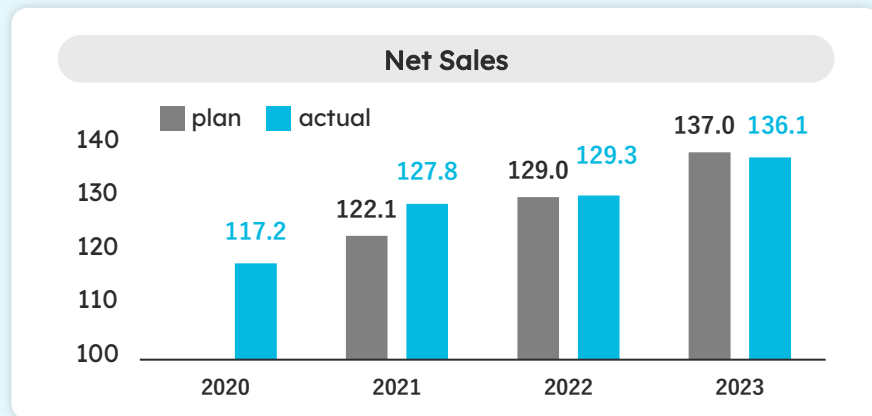
Display-related products
Electronic components

Industrial Infrastructure

Construction materials
Civil engineering materials
Chemical products

Fiscal years 2021–23 were designated for strengthening and preparing our business foundation. We met our sales targets, but operating income fell short. Although we made significant progress in preparing investment projects, actual spending was limited to ¥17.9 billion, indicating a need for more aggressive capital deployment. Moving forward, comprehensive structural reforms are essential to align our performance with strategic goals and to capitalize on our investment potential.

(billions of yen)



*Plan targets are as of 2021.

Original Policy	Achievements	Reasons for Underperformance
Strengthening core businesses	Strategic Portfolio Transformation <ul style="list-style-type: none"> Divested portion of food packaging business Improved competitive advantage by leveraging industry reorganization in polarizer protector film sector Global Expansion <ul style="list-style-type: none"> Expanded production facilities in Mie, Numata, Showa, and Yokohama, Japan, and in Thailand and Malaysia 	<ul style="list-style-type: none"> COVID-19 pandemic-related operational restrictions Increased raw material and energy costs affected profitability Market adjustments in display, semiconductor, and vaccine sectors Maturation of certain business segments
Comprehensively preparing to expand into new markets	Innovation and Business Development <ul style="list-style-type: none"> Launched BioPhaS business* Accelerated medical device and cell culture initiatives Invested in three bio ventures 	<ul style="list-style-type: none"> Constraints on investment opportunity exploration and activities Oriented towards organic growth, but lacking a sense of urgency
Enhancing operational infrastructure	Operational Excellence <ul style="list-style-type: none"> Strengthened corporate divisions Implemented capital-focused management Enhanced business development capabilities 	<ul style="list-style-type: none"> Delays in implementing business development systems Overly cautious approach to investments, prioritizing short-term profitability over long-term growth

Basic Policy for the Next Three Years

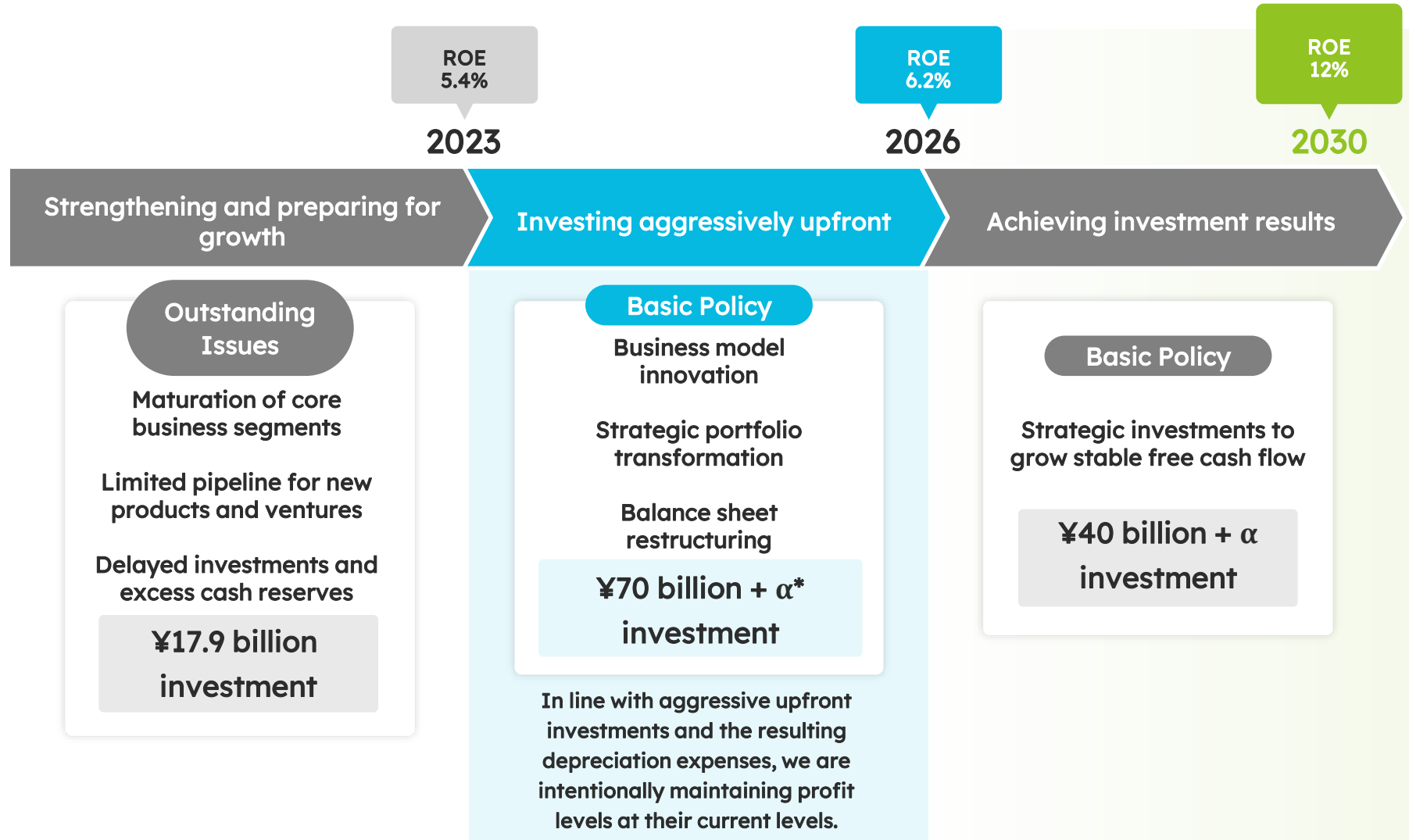
Business Model Innovation

Portfolio Transformation

Balance Sheet Restructuring

* BioPhaS: Custom-order service for single-use bags and related products for the manufacturing of biopharmaceuticals and other products

Leveraging groundwork laid during the pandemic, we're entering a three-year phase of aggressive investment to innovate our business model, transform our portfolio, and restructure our balance sheet with the aim of enhancing our ROE.



*M&A expenses are included in α

Targeting 12% ROE by Fiscal Year 2030 through decisive structural reforms and strategic investments. For Fiscal Year 2026, we anticipate maintaining current profit levels due to increased depreciation expenses from these upfront investments.

		FY 2021-23 (actual)	FY 2024-26 (plan)	FY 2027-30 (target)
Positioning		Strengthening and preparing foundation for growth	Investing aggressively upfront	Achieving investment results
Initiatives		<ul style="list-style-type: none"> Strengthened core businesses and sites Added and accelerated new ventures Enhanced corporate functions 	<ul style="list-style-type: none"> Business model innovation Portfolio transformation Balance sheet restructuring 	<ul style="list-style-type: none"> Strategic investments to grow stable free cash flow
Final fiscal year	Net sales	¥136.1	¥165	¥220 (billions of yen)
	Operating profit ratio	6.1%	6.1%	10%
	ROE	5.4%	6.2%	12%
	EBITDA	¥14.2	¥20	¥33
Investment		¥17.9	¥70 + α *	¥40 + α
Shareholder return policy		Paid stable and continuous dividends	Maintain stable and continuous dividends	
Dividend payout ratio		20.3% → 32.9% → 34.8%	Target approximately 40%	undecided
Annual dividend**		¥82 → ¥84 → ¥84	¥126 (FY 2024)	<small>* M&A costs are included in + α ** The dividend figures are not in billions of yen.</small>

Our business model focuses on introducing innovative, customizable, made-to-order products to the global market. In recent years, we have expanded into high-value-added services by leveraging external resources and partnerships. We are committed to accelerating this approach and extending its reach across other areas of our business.

Model



Augmented Business Model: Key Elements




■ Core Areas of Progress

Refill Packaging

- Pioneered world-first solutions that revolutionize global perspectives
- Developing innovative products and establishing recycling systems
- Launched supply system to Southeast Asia and North America

Services

Global




BioPhaS

- Single-use solutions for pharmaceutical production
- Custom-tailored services that drive value creation
- Spearheaded a seven-company consortium
- Strengthening and stabilizing the supply chain

Services

External resources



Construction Materials

- Delivered high-value-added solutions through construction DX innovations alongside products
- Adopted a fables model by sourcing products externally

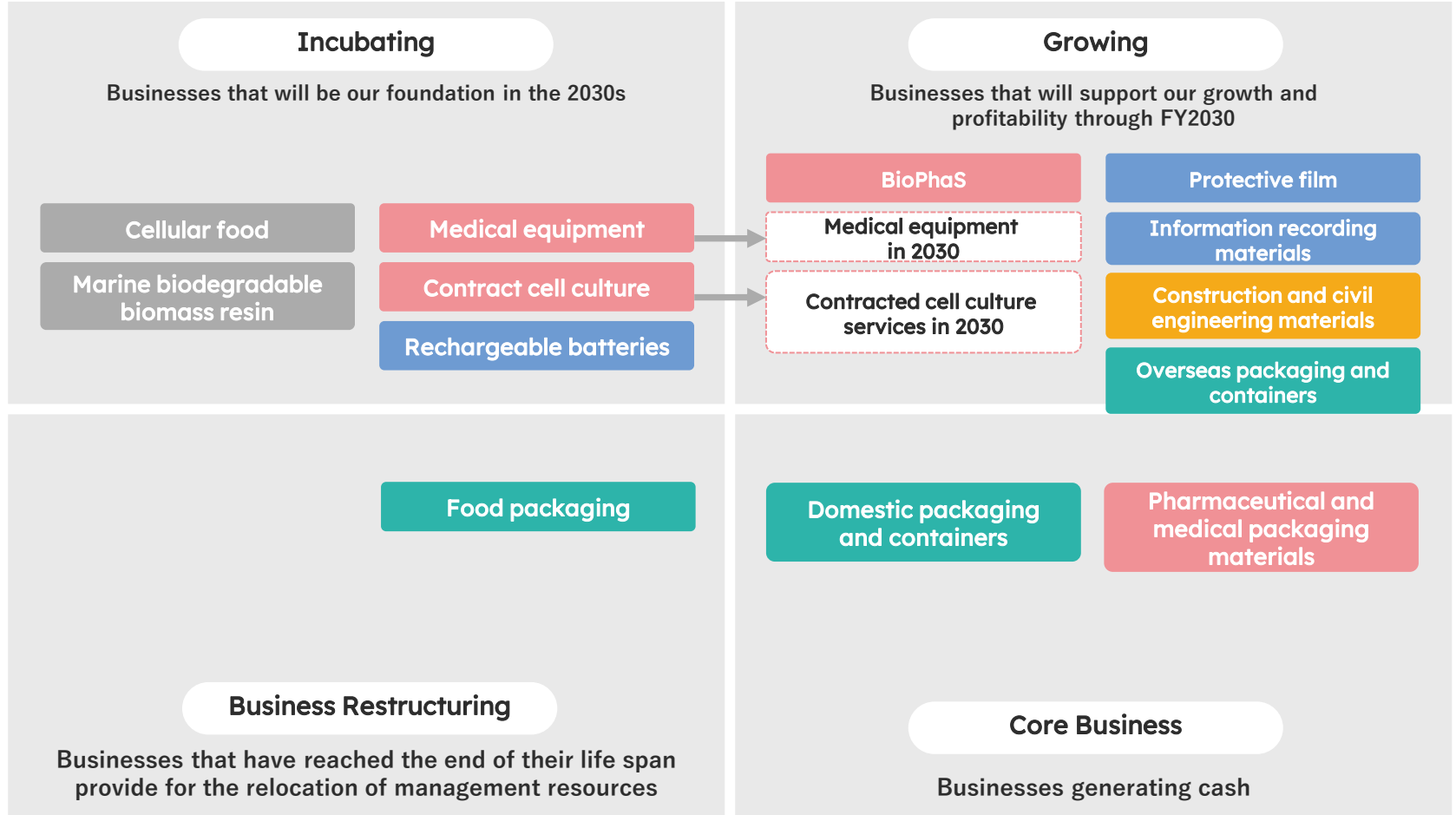
Services

External resources



We will reallocate management resources from core and restructuring businesses to focused growth areas and emerging ventures. We will also maximize returns through aggressive investment in expanding businesses, including strategic M&A.

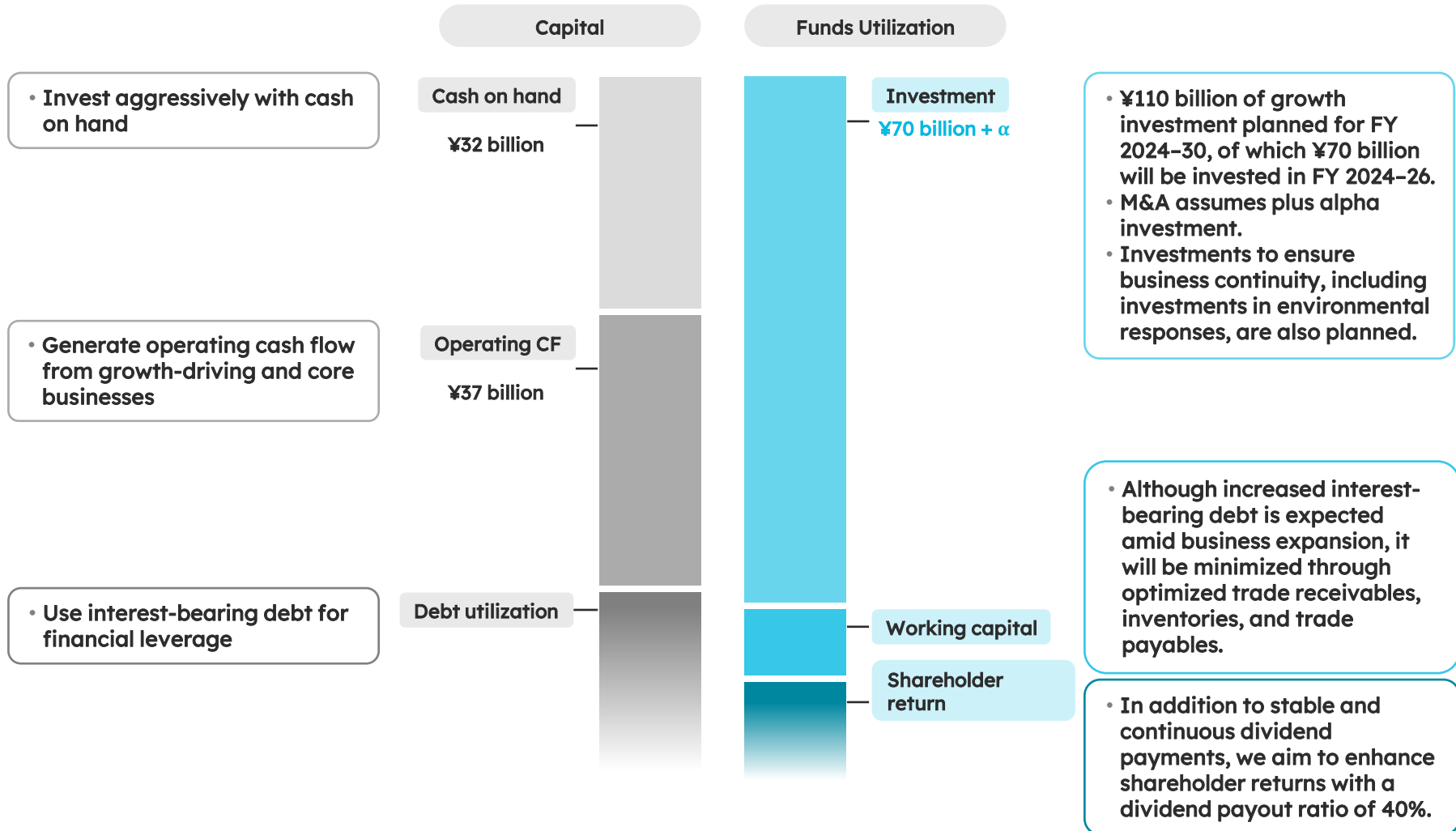
Growth Potential



ROIC-WACC

Legend: Wellness (red), Environmental Solutions (teal), Electronic Materials (blue), Industrial Infrastructure (orange), New Business (grey)

While maintaining liquidity, we will invest funds aggressively to capitalize on growth opportunities. Our goal is to achieve an optimal capital structure by utilizing interest-bearing debt. We aim for a dividend payout ratio of 40% to ensure stable and consistent returns for our shareholders.



We plan to invest ¥110 billion over fiscal years 2024–30. Of this amount, ¥70 billion will be invested in the fiscal period 2024–26. We assume plus alpha investment associated with M&A.

Growth-Driving and Incubating Business



BioPhaS

Building a new facility to enhance production efficiency and capacity



Overseas Packaging and Containers

Expanding production facilities and line automation overseas



Protective Film

Introducing industry first three-meter-wide production facility



Information Recording Materials

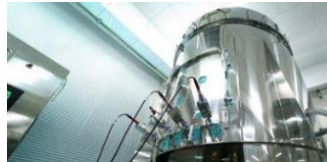
Responding to demand with additional equipment and streamlined lines



Air Conditioning Piping

Constructing building and line automation

Business Development



Contract Cell Culture

Accelerating collaboration with external partners for contract manufacturing



Medical Equipment

Strengthening sales structure in Europe and North America, and expanding clinical testing applications through developing related materials and equipment



培養肉未来創造
コンソーシアム
Consortium for Future Innovation by Cultured Meat



Cellular Food

Strengthening external collaborations to develop mass culture technology for the social implementation of cultured products, and establishing quality control and safety evaluation systems to ensure regulatory compliance

Marine Biodegradable Biomass Resin



Legend:

Wellness

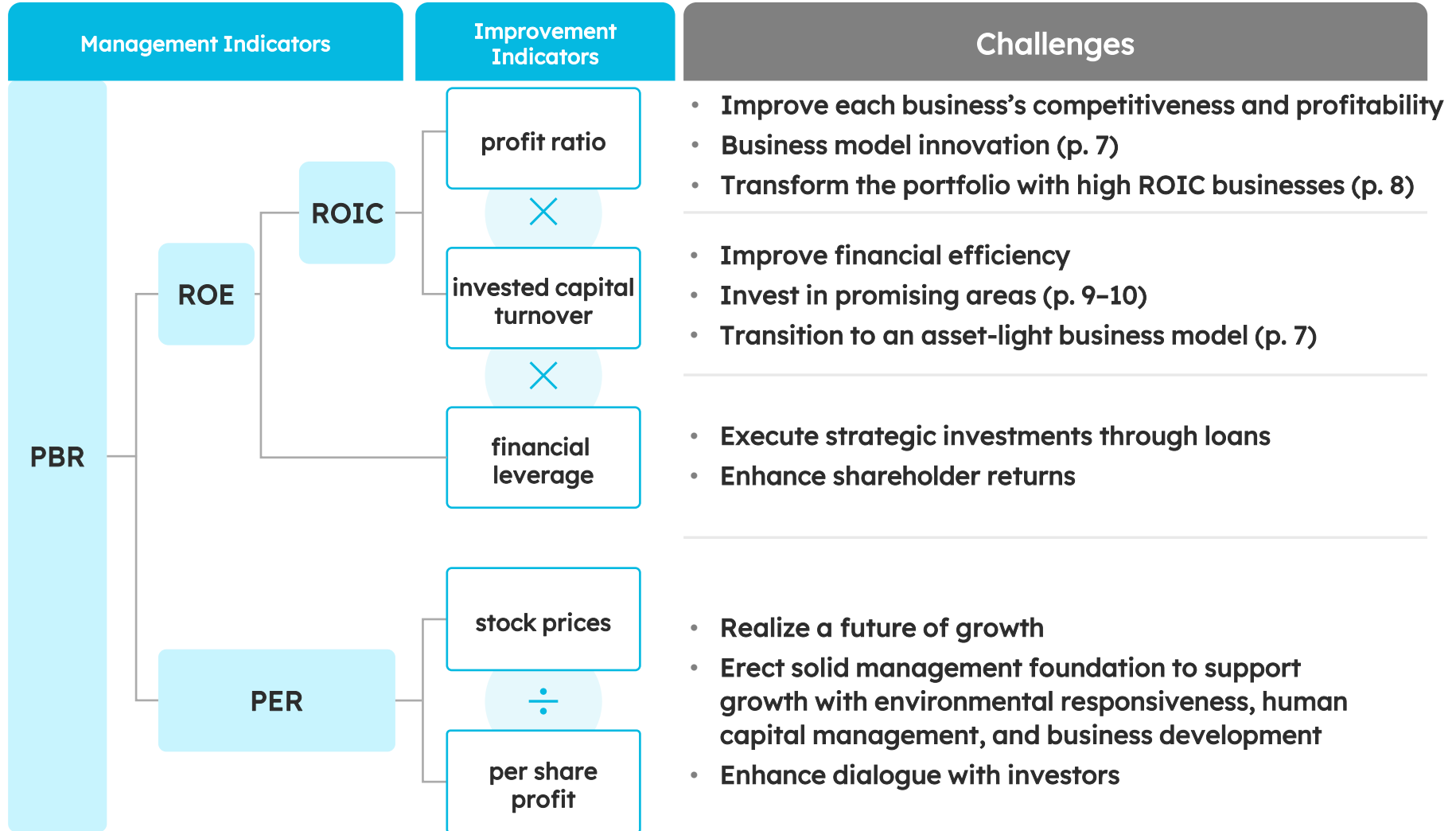
Environmental Solutions

Electronic Materials

Industrial Infrastructure

New Business

We aim to enhance our return on invested capital (ROIC) through such strategic initiatives as fostering organization-wide cost of capital awareness, evolving our business model to increase efficiency and profitability, and transforming our portfolio to optimize resource allocation. In addition, we will strategically utilize financial leverage to boost our return on equity (ROE) and maximize shareholder value.



We aim to achieve a 12% ROE by fiscal 2030 and to position ourselves for a three-year period of structural reform through strategic investments. To increase our corporate value, we will pursue business model innovation, portfolio transformation, and balance sheet restructuring.

Positioning over the Next Three Years

Period of structural reform through aggressive investment

- Cumulative investment of ¥110 billion by FY 2030
- ¥70 billion of this amount will be invested in FY 2024-26.



Corporate Ideal

We strive to be a pioneering solution-creating company that addresses potential global challenges by integrating its and others' diverse products, technologies, and services. Our goals are unique solutions that foster a culture and standards that provide for the **sustainable enhancement of our corporate value.**

Basic Policy

Business Model Innovation

- Add service value to our solution creation activities
- Utilize external resources for global expansion

Portfolio Transformation

- Establish a structure to drive growth in cutting-edge fields (medical, electronic materials) and overseas

Balance Sheet Restructuring

- Invest cash on hand aggressively
- Utilize loans for optimal capital structure
- Enhance shareholder returns with a target payout ratio of 40%

Targets

ROE 12%
(FY 2030)

For fiscal years 2024-26, we will make upfront investments and maintain profit levels amid resulting depreciation expenses.

	(billions of yen)		
	FY 2023 (Actual)	FY 2026 (Plan)	FY 2030 (Target)
Net sales	¥136.1	¥165	¥220
Operating profit ratio	6.1%	6.1%	10%
EBITDA	¥14.2	¥20	¥33
ROE	5.4%	6.2%	12%

October 1, 2024*

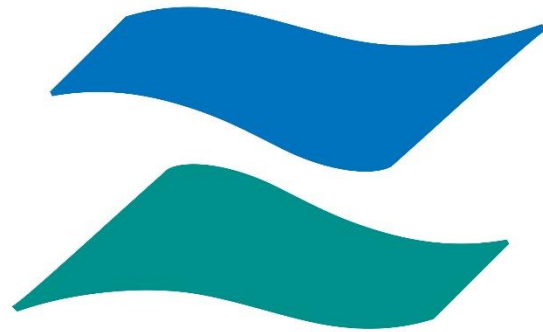
ZACROS Corporation

Advancing Solution Creation through Pursuit of the Uncharted Forefront
Global Brand Unification and Enhancement



*Date of name change was determined after a resolution at the annual general meeting of shareholders on June 20, 2024

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