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**Notice on Our New Medium-Term Management Plan TRX135**  
**(FY March 2022 to FY March 2024)**

Tokyo Rope Manufacturing Co., Ltd. (the Company) renewed the management structure at the 222nd Annual General Meeting of Shareholders held in June 2021 and started with new management in which outside directors comprise the majority of the Board of Directors.

The Company hereby announces the formulation of a new medium-term management plan TRX135<sup>1</sup> (the new medium-term management plan) at the Board of Directors meeting held today, which will be a guide for the Group's business operations from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024 based on earnest deliberations about the ideal form of the Group under the new management structure.

**I. Background and Basic Policy**

In the TCT-Focus 2020, our five-year medium-term management plan formulated in May 2015 (the previous medium-term management plan), which covers the period up to the fiscal year ended March, 2020, the Group implemented various measures focusing on enhancing growth strategies to revitalize all our projects by keeping three key phrases in mind: "Strengthening of the Domestic Business Base," "Challenge to New Materials and Technologies," and "Overseas business Expansion."

By the end of the previous medium-term management plan in March 2020, some progress was made in individual measures, but it turned out that we were significantly below numerical targets set in the previous medium-term management plan. Furthermore, we had to delay the formulation of the new medium-term management plan, which will serve as our next guideline, for one year and six months from the end of the previous medium-term management plan owing to the impact of COVID-19 pandemic.

Since the renewal of the management structure at the General Meeting of Shareholders at the end of June this year, we have been deepening discussions on the formulation of the new medium-term management plan under the new business execution system.

Although there are growing expectations that the infection situation will peak owing to improvements in vaccination rates and other factors, the current business environment will continue to be affected

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<sup>1</sup> TRX135 stands for Tokyo Rope Trans(X-)formation 135. It embodies our wish to make a major change to the Group on the occasion of the 135th year since our foundation.

by the new COVID-19 strains.

We aim to revitalize the Group into a company that all of our stakeholders, including our employees, shareholders, customers, business partners, and local communities, can be proud of through stable business operation even in the time of coexisting with COVID-19. In order to achieve this, we recognize quick recovery and improvement of our corporate value from recent sluggish performance as our top priority and have formulated the new medium-term management plan TRX135 with the current fiscal year as the first year, which we announce today.

The outline of the new medium-term management plan is described in II. The Group will focus on maximizing potential by overcoming the structural issues of the Group based on the results of the previous medium-term management plan and laying the foundation for business with growth potential, while maintaining brand power based on the trust of business partners cultivated through the history of the Group, whose 135th anniversary we will commemorate next year.

## II. Outline of the New Medium-Term Management Plan

### 1. Future vision and the new medium-term management plan

The Group will commemorate its 135th anniversary next year and has contributed to the development of safe and secure social infrastructure through the provision of various product lines, technologies, and related services, such as wire rope, which has been its core business for many years, and engineering-related businesses, which derived from wire rope. We believe that our products, technologies, and services will continue to be useful across an expanding range of fields in Japan and other countries in the future. We are confident that the use of the technologies and knowledge that we have accumulated will contribute to the SDGs that the international community aims for. We also recognize that it is our duty to fulfill this social responsibility. As the foundation of the mid-to-long-term business activities, we will strive to contribute to the sustainable development of society and environment by focusing on initiatives to achieve SDGs, promoting thorough compliance, and strengthening corporate governance at the same time.

Based on this recognition, we believe that the Group's corporate value can also be enhanced by sustainably developing our activities and fulfilling our social missions.

The new medium-term management plan will be a three-year period in which to lay the groundwork for the development growth. Our top priority is to quickly recover to a stable level of profit from the sluggish performance caused by the deterioration of the business environment and prior investments made in recent years. At the same time, we have positioned the new medium-term management plan as a preparation period for future growth.

Eiichi Shibusawa, the first chairman of the Company, advocated the principle of “unity of morality and economy,” and we have adopted his spirit of “coexistence and co-prosperity” as our corporate motto. We will continue to contribute to society by providing solutions through Total Cable Technology, which organically combines high-quality products, services, and solutions – specifically, materials, processes, engineering technologies, and measurement/diagnostic technologies related to ropes. In addition, we will work together with our stakeholders, including employees, customers, local communities, and shareholders, by focusing on environmental conservation and safety and security initiatives.

Furthermore, we will increase the transparency of our management and enhance our communication

with stakeholders to gain understanding and support from both inside and outside the Group. We will work together as a whole Group to realize our new medium-term management plan TRX135, which is our three-year goal.

## 2. Main philosophy and targets

### (1) Main philosophy

We will work on various measures based on the following main philosophy in the new medium-term management plan.

- 1) Rebuild profitability
- 2) Restore profitability of all businesses through selection and concentration of management resources
- 3) Build a foundation for growth in the next period
- 4) Rebuild and proactively utilize internal controls that will lead to reform of the corporate culture
- 5) Strengthen financial base

### (2) Numerical targets (consolidated business results, financial indicators)

	March 2021 Results	March 2022 Forecasts	March 2024 Targets
Net Sales (in billion yen)	59.1	60.0	65.0
Operating Income (in billion yen)	0.7	1.5	3.0-4.0
EBITDA (in billion yen)	2.3	3.8	5.3-6.3
ROE	1.9%		More than 8.0%
D/E Ratio	1.2		Less than 1.0
EPS	25 yen/share	68 yen/share	More than 130 yen/share
Total Return Ratio	–	Approximately 30%	More than 30%

## 3. Priority strategies

### (1) Rebuild profitability

- i. Wire Rope is the mainstay business of the Group, of which, products such as elevator ropes, construction machinery ropes, and cableway ropes, which are the Group's specialty, are widely used as important components directly related to the safety of people and society and the stable operation of factories. In order to provide these products and services continuously in the future, it is essential to improve profitability by improving productivity even further, in addition to maintaining and improving quality and technology. The domestic environment surrounding the Group is generally severe owing to shrinking markets and increasing imports. The Group will implement measures, such as the streamlining of product sales, introducing streamlined equipment in line with facility maintenance and upgrades, and cost reduction of purchased materials. With the understanding of our customers, we will promptly reflect the sharp rise in prices of wire and other materials in our product prices. In response to the shrinking domestic market, we will focus on overseas development by utilizing the

strengths of our products.

- ii. In Steel Cord, sales of steel tire cords, our main product, turned around from the first half of the previous fiscal year when demand dropped owing to the impact of COVID-19. Sales of tires for new cars and replacement tires are increasing as they are a means of transportation to avoid the Three C's (closed spaces, crowded places, and close-contact settings) To capture such demand, the Group will make full use of existing facilities, improve productivity, and reduce costs by promptly realizing the effect of capital investments. In addition, as in the Wire Rope business, we will make drastic price adjustments in response to the recent price hike in the wire while obtaining the understanding of customers from the perspective of improving spreads that ensure business continuity and enable investment in the upgrade of facilities, as well as further promoting the enhancement of the Group's business structure.
- iii. In Product Development, we expect that the Group's various disaster prevention products, as well as services and infrastructure-related products, such as roads and bridges, will remain strong because the government's initiatives for national resilience and disaster prevention and mitigation are strongly promoted as national risk management. As a result of global warming, natural disasters such as torrential rains frequently occur in many areas, and the need for disaster management to prepare for a major earthquake is growing more and more. Therefore, the Group will continue developing and improving its products to better respond to social demands in this field.

(2) Restore profitability of all businesses through selection and concentration of management resources

In the CFCC (Carbon Fiber Composite Cable) and overseas engineering businesses, where we had intensively invested management resources as one of the pillars of next-generation earnings during the previous medium-term management plan, while some overseas market development has already yielded results, such as CFCC civil engineering, there are many uncertain factors due to the nature of new business, and the overall results are significantly different from the numerical targets set in the previous medium-term management plan.

As a future development policy based on this reflection, we will re-evaluate the business potential, including the time frame, after carefully examining the situation and changes in the environment in each target region of an individual business that we have identified through our activities to date.

Depending on the results, we will review our policies as necessary and make changes to our business strategies without delay. We will speed up the contribution to earnings by improving the efficiency of activities and reducing costs through the selection and concentration of management resources.

(3) Build a foundation for growth in the next period

We will strive to lay the groundwork for a further step up by rebuilding our profitability as well as developing new markets and differentiated products in our core business.

In Wire Rope, we will target various construction ropes for offshore wind power generation facilities, where the market is expected to expand in the future, as well as the submarine cables associated with them. We will also target capturing demand for bridge replacement through the use of cable soundness diagnostics using the magnetic main flux method, which is a non-

destructive inspection.

In Steel Cord, we will develop and market steel cord products that utilize the Group's technologies to contribute to tire weight reduction, rolling resistance reduction, and wear resistance in anticipation of the shift to EVs in the future.

As for the domestic engineering business, we will develop products that respond to changing disasters and needs, and raise awareness and promote products that realize lifecycle costs and maintenance-free benefits.

Furthermore, in Steel Cord and other businesses, we will not only continue self-help efforts but also further promote collaboration and integrated efforts from the material, such as promoting product development and productivity improvement through technological exchange with Nippon Steel Corporation to successively introduce high value-added and differentiated products to the market.

(4) Rebuild and proactively utilize internal controls that will lead to reform of the corporate culture

i. Re-establish an environment that is easy to work in

By establishing and raising awareness of various rules, we will create a system where employees can work comfortably within those rules. Also, we will improve the work environment taking into consideration safety and health to enhance the ease of working.

ii. Corporate culture reform

A reform to a new way of working in the time of coexisting with COVID-19 and internal DX will be essential issues in order to revitalize the organization. Toward realizing a corporate culture that reflects the voices of every employee, we will work together to achieve goals as a Group and rebuild and utilize internal control that contributes to the creation of an open organization and develop and establish IT to support these efforts.

iii. Business reform with DX

With the 135th anniversary, the Group has many business conventions that are slow to adopt information technology. We believe that there is room for the Group to be reborn as a more profitable company, not only by reforming our corporate culture but also by dramatically improving our operational efficiency through promoting flexible thinking that is not bound by the conventional stereotype and DX. The introduction of IT means the introduction of knowledge outside the Group. We will use DX as a lever to review the operations cultivated over our 135 years of history to enhance profitability.

(5) Strengthen financial base

i. Dividend policy

As announced in the Consolidated Financial Results for Fiscal Year 2020, we plan to resume dividend payments in the fiscal year ending March 31, 2022 for the first time in three fiscal years. Our policy for future profit distribution is to provide a stable return of profit to shareholders based on consolidated business results while taking into consideration the funds required to address SDGs, new market segments, and DX. In addition, while aiming for stable dividends in each fiscal year, our policy is to flexibly return profits to shareholders according to the business results of each fiscal year based on the concept of total return ratio and will strive to increase the stock value.

ii. Financial strategy

We aim to achieve the level of earnings set in the new medium-term management plan, in addition to reviewing and reducing cross-shareholdings from the perspective of capital efficiency, the significance of shareholdings, and economic rationality. Additionally, we will strive to reduce interest-bearing debt and enhance the financial base through selection of and concentration on investments.

III. Other

Details of the new medium-term management plan, including measures by segment, will be disclosed separately after announcing the consolidated financial results for the second quarter of the fiscal year ending March 31, 2022 in early November, along with a briefing session for institutional investors.