

PILOT Corporation

# 2022–2024 Medium-Term Management Plan

1. Purpose of PILOT Group
2. 2030 Vision
3. 2022–2024 Medium-Term Management Plan

# 1. Purpose of PILOT Group

2. 2030 Vision

3. 2022–2024 Medium-Term Management Plan

## Our Creations Inspire Creativity

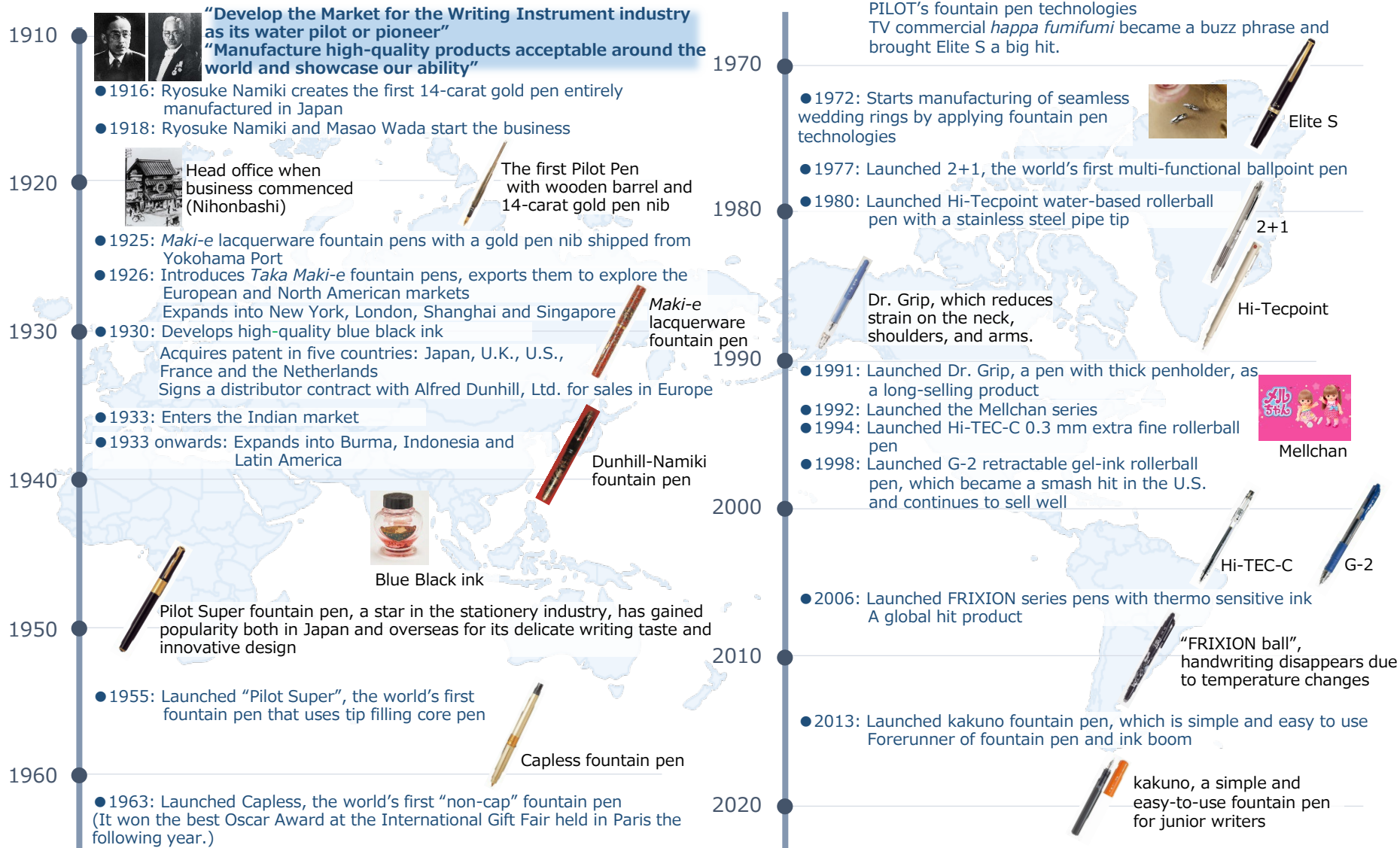
We innovate for all who think, learn, play, create, communicate.

We generate original technology and great ideas so creativity can be freely unleashed.

We inspire joyful thinking and facilitate visionary experiences for everyone.

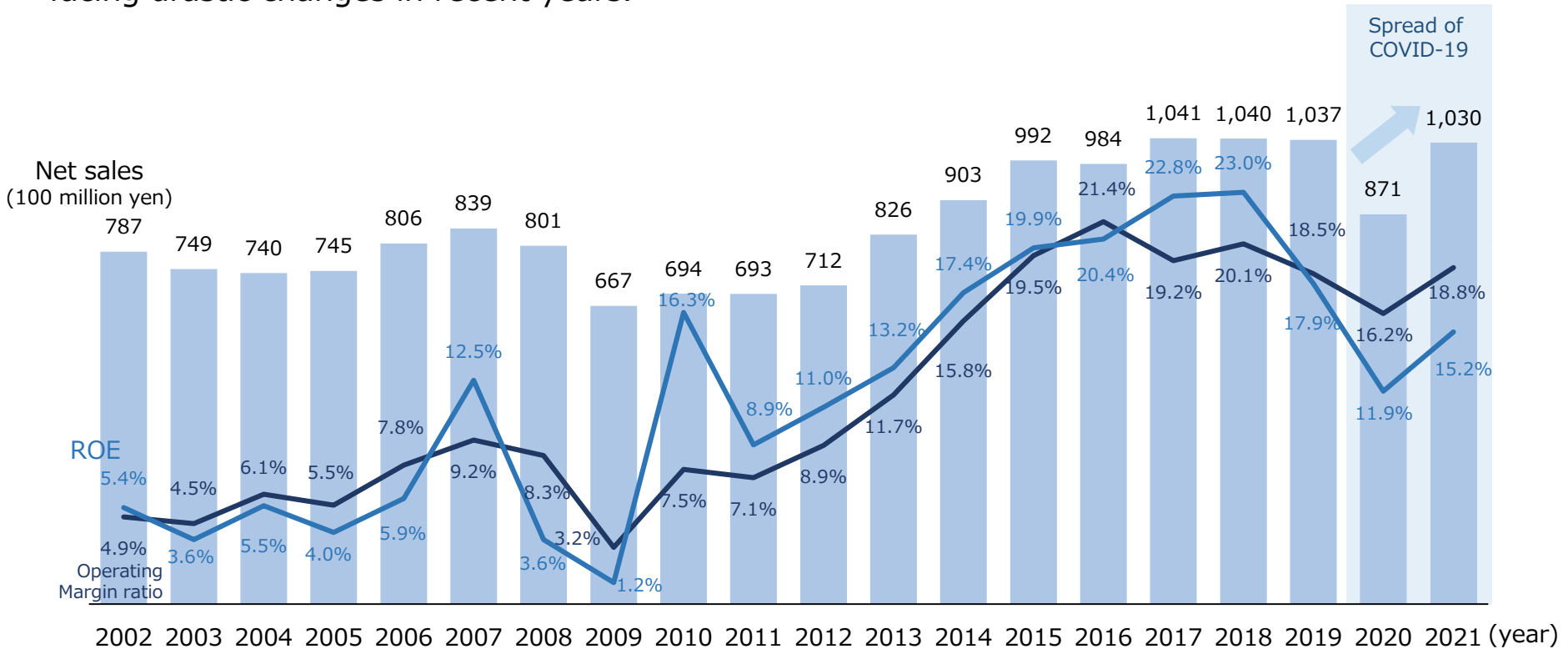
# Our 100-year History

- Ever since we established in 1918, we have challenged new ideas and technologies for over 100 years to create innovative products that have never existed before, developed new markets and supported the act of writing of people around the world.



# Changes in Business Environment and Necessity for Reforms

- Along with the economic recovery centered on developed countries, our business performance is on track to recover to the level before the Covid-19 pandemic, but the future is still uncertain.
- Also, the business environment of the writing instrument business, our core business, has been facing drastic changes in recent years.



Key changes in the business environment

Diversification of purchase channels

Acceleration of industry reorganization

Digitalization of writing instruments

# Direction for Next 100 Years 1/2

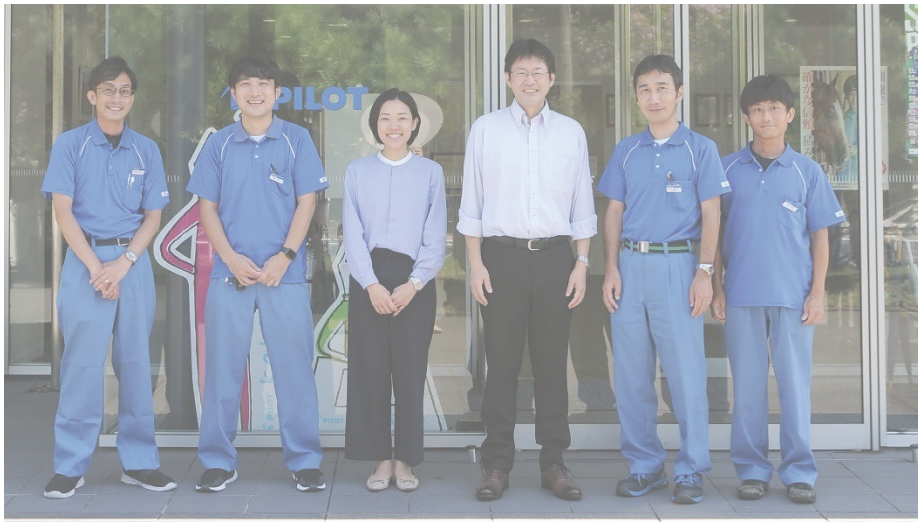
- As in the previous 100 years, we will continue to support the act of writing around the world with writing instruments for the next 100 years.
- We will leverage the “technology derived from writing” cultivated over the last 100 years, and respond to major trends in the external environment as well as support society and culture in fields other than writing instruments to bridge to the next 100 years.





# Direction for Next 100 Years 2/2

- At the same time, we will contribute to the global environment and local communities, provide value, and create a workplace where our employees can work with pride and vitality.





1. Purpose of PILOT Group

**2. 2030 Vision**

3. 2022–2024 Medium-Term Management  
Plan

**We support the act of writing around the world and at the same time support society and culture in fields other than writing.**

## **No. 1 Brand in the global writing instrument market**

### **Expand overseas business and maintain domestic share**

- Expand market share of existing products and offer new values through capital and business alliances and new business concept
- Firmly maintain and expand the business in Japan and overseas by strengthening marketing functions, building global supply chain, and developing sales and distribution channels

## **Grow with non-writing instrument businesses as the second pillar**

### **Sales composition ratio 25%**

- Existing business: Expansion of toy and industrial materials businesses
- New businesses: Creating new values by leveraging writing technologies  
Synergy between Writing and its Neighboring field  
Synergy between Writing and Life stage

## **Offer value to the environment, society, and employees**

### **Contribution to the creation of a sustainable earth and society**

- Solve environmental issues through products and services
- Contribute to creating social and cultural values
- Create a workplace environment where employees can work mentally and physically healthy

# No. 1 Brand in the global writing instrument market

- While firmly maintaining the current market share in Japan, we will further expand the business primarily in the overseas markets and secure the No. 1 position in the global writing instrument market

Expansion of market shares of existing products and offering new added values through capital and business alliances and new business design

Marketing activity rooted in each area, product development in response to needs, and establishment of optimum production structure

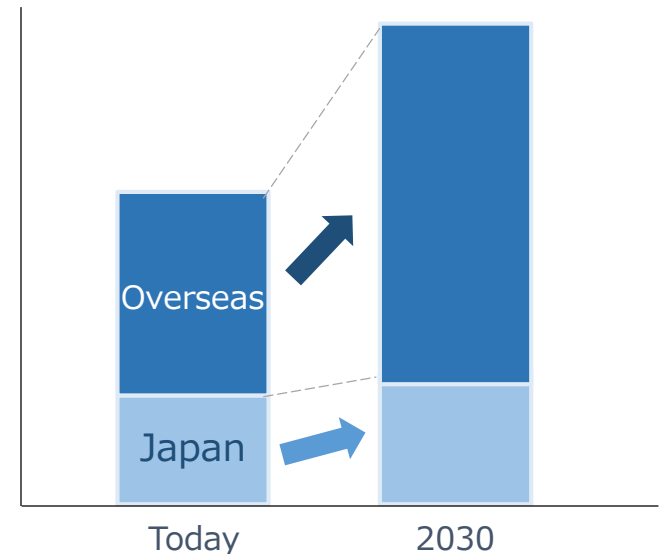
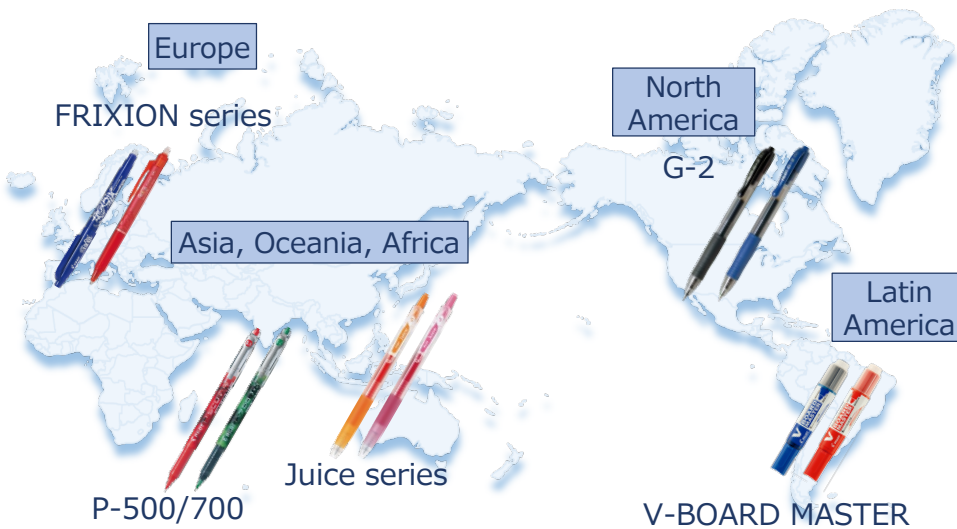
Further strengthening of sales network through sales strategies by channel in Japan and sales expansion and establishment of overseas companies

Expansion of the writing instrument business primarily in overseas markets

Further ensure stable supply of products of selected around the world and accelerate initiatives of marketing and product development rooted in each area

Image of business expansion towards 2030

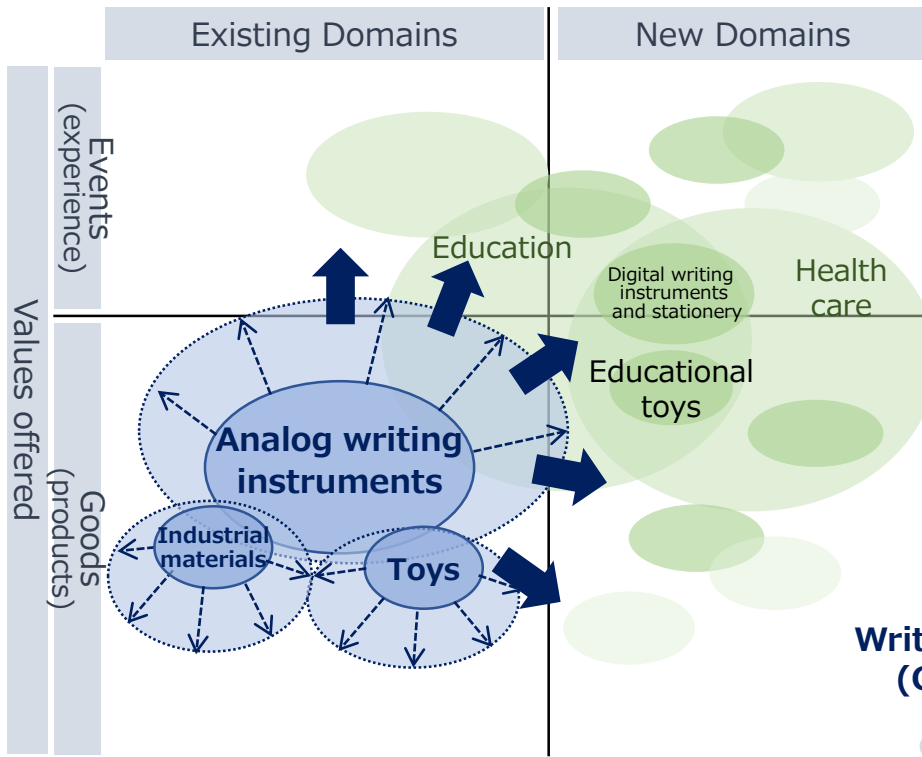
While firmly maintaining the current market share in Japan, expand overseas business to become No. 1 in the global writing instrument market



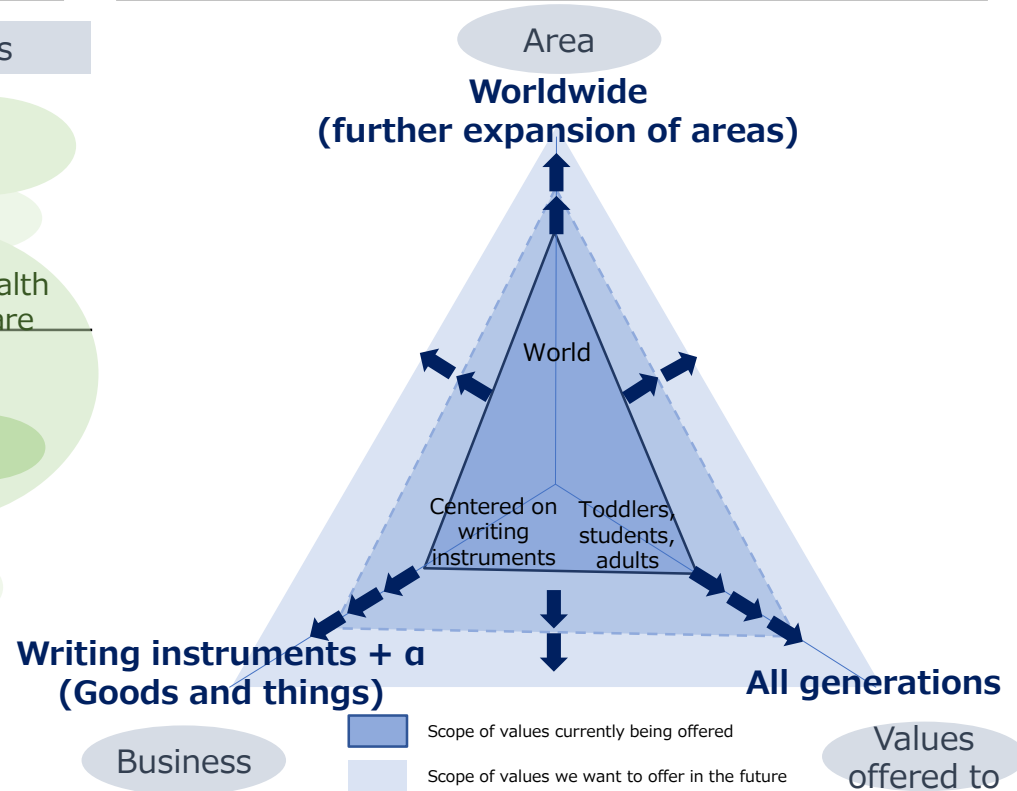
# Grow non-writing instrument businesses as the second pillar

- Expand the sales composition of non-writing instrument businesses to 25% by 2030
- In addition to the existing toy and industrial materials businesses, we will create and grow new businesses leveraging technologies developed in writing instruments business and offer values to people around the world in various stages of their lives

Future business domains (image)



Scope of values PILOT offers in the future (image)



Create new businesses by leveraging technologies developed in writing instruments, along with the expansion of the toy and industrial materials businesses (Synergy between Writing and its Neighboring field Synergy between Writing and Life stages)

Become a company offering values to people around the world in various stages of their lives

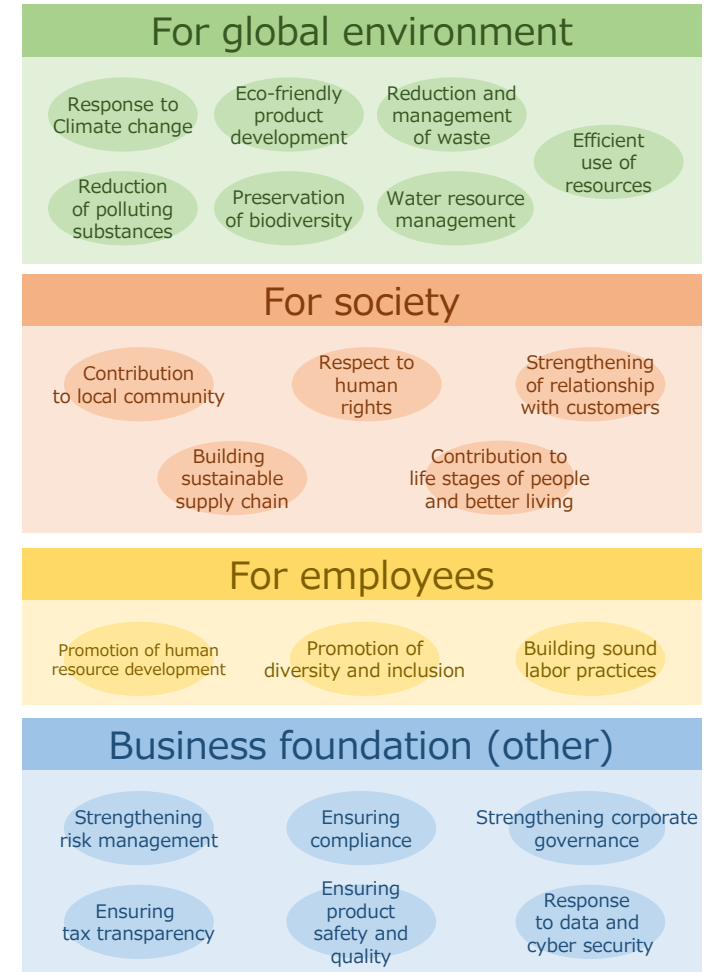
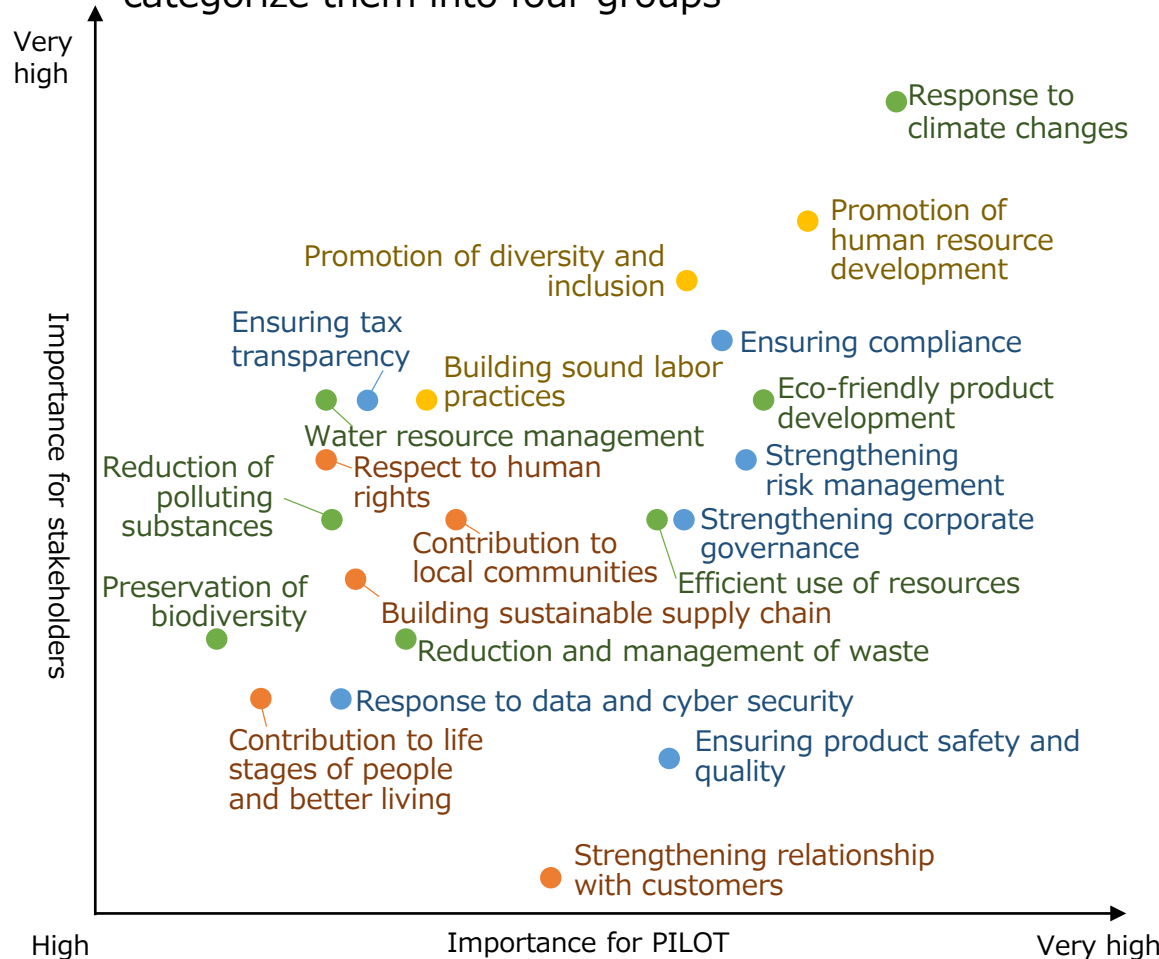


# Offering Value to Environment, Society, Employees 1/2

- Identify crucial sustainability issues PILOT should solve in order to offer values to environment, society and employees

## Crucial sustainability issues for PILOT

Identify 21 crucial sustainability issues based on the importance for our stakeholders and the company and categorize them into four groups



# Offering Value to Environment, Society, Employees 2/2

- In the 2022–2024 Medium-Term Management Plan, we will substantiate and set the goals of initiatives to solve crucial sustainability issues.

## Our Aim in 2030

## Involved SDGs

For global environment

- Continuing to reduce the negative environmental impact through business activities and working proactively to solve them
- Contributing to solving environmental issues through products and services friendly to the global environment and being recognized as a company required by the society



For society

- Respecting human rights and diversity of all people involved with PILOT and continue having on appropriate relationship with the stakeholders
- Contributing to creating social and cultural values by drawing closer to people’s daily lives and realizing better lives and prosperity through products and services that address diverse needs



For employees

- Have created a workplace environment where employees can work in good mental and physical health. There is a diversity in human resources who feel pride and joy in working with us as they inherit the traditions and technologies and demonstrate their creativity and individuality
- Human resources who can think and act autonomously and offer values are actively participating through our unique human resource development and appropriate evaluation system



Business foundation

- Continuing to take on challenges by flexibly responding to changes in the social environment, making swift and responsible decisions having built a management foundation that enables sustainable growth
- Have won the trust of the stakeholders by developing better corporate culture as individual employees put into practice Corporate Philosophy and pursue customer first attitude



1. Purpose of PILOT Group

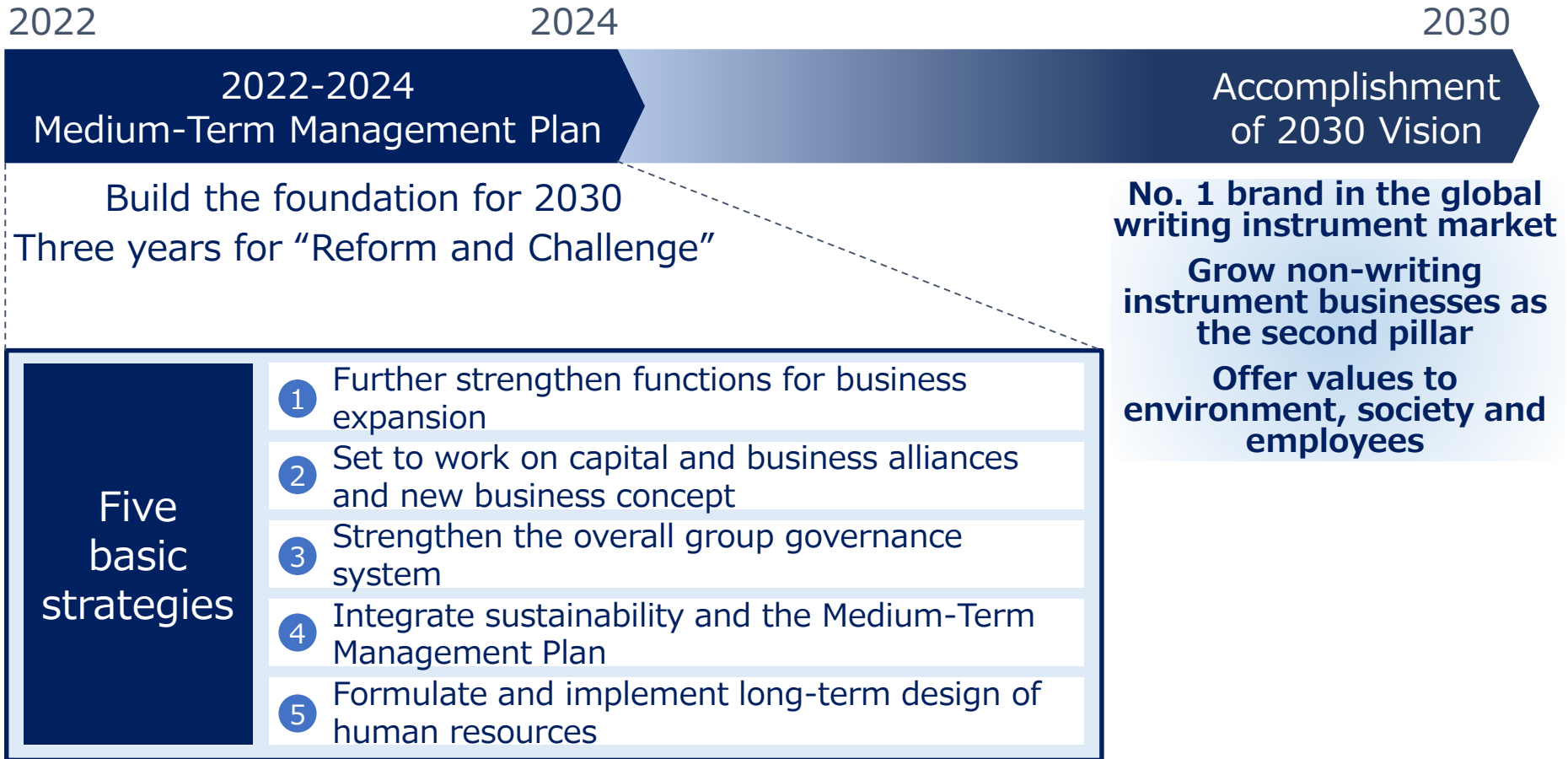
2. 2030 Vision

**3. 2022–2024 Medium-Term Management  
Plan**

# Positioning of 2022–2024 Medium-Term Management Plan

- For accomplishing the 2030 Vision, we position 2022–2024 as the three years for “Reform and Challenge”, and will push forward initiatives based on the five basic strategies

Positioning of 2022–2024 Medium-Term Management Plan and the five basic strategies

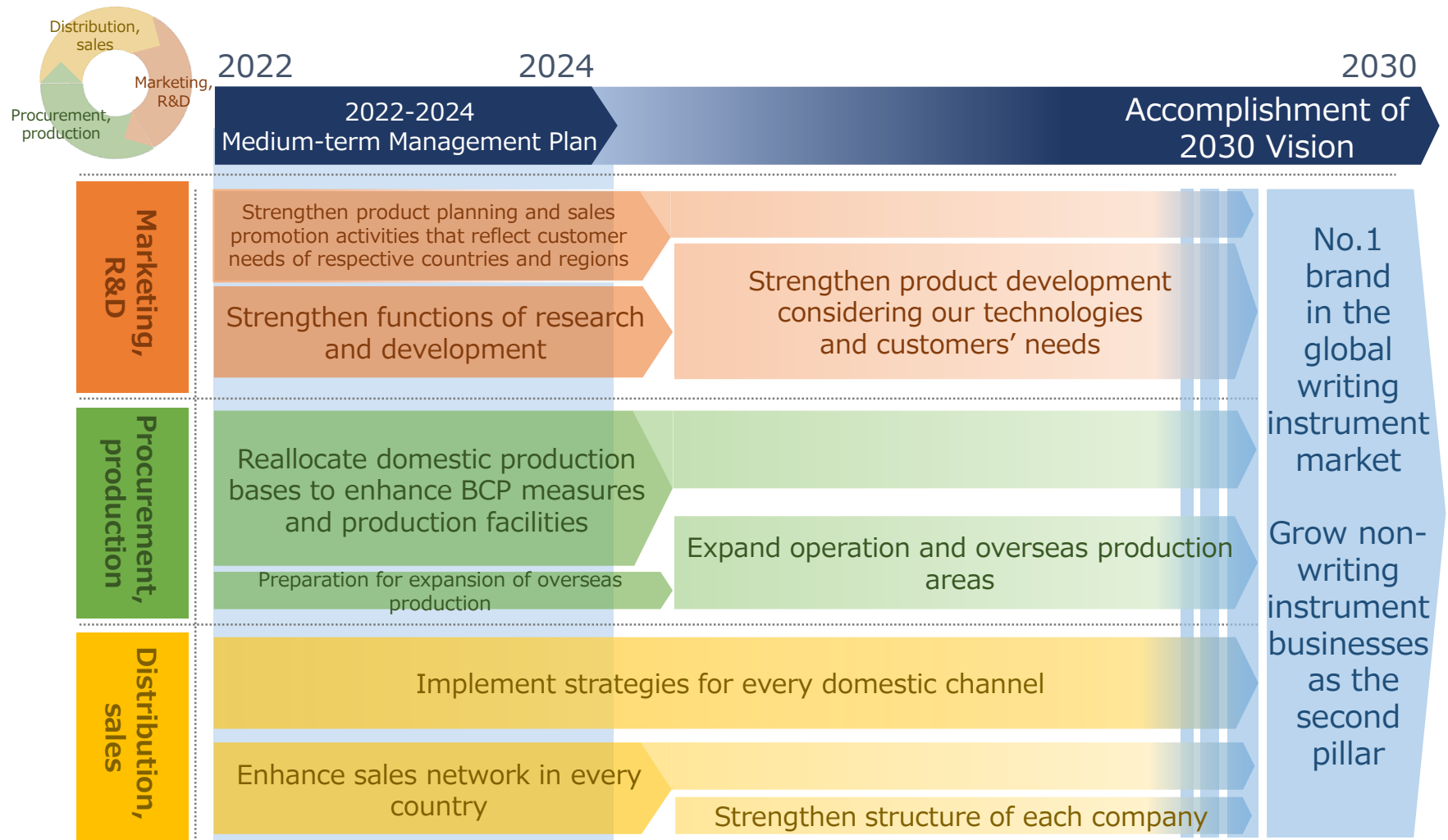




# Basic Strategy 1: Further Strengthen Functions for Business Expansion

- Toward 2030, we will drive forward to strengthening marketing and R&D functions, building supply chains, and strengthening sales and distribution channels in stages

Roadmap of initiatives for expanding writing and non-writing instrument businesses



# Basic Strategy 2: Capital and Business Alliances and New Business Concept

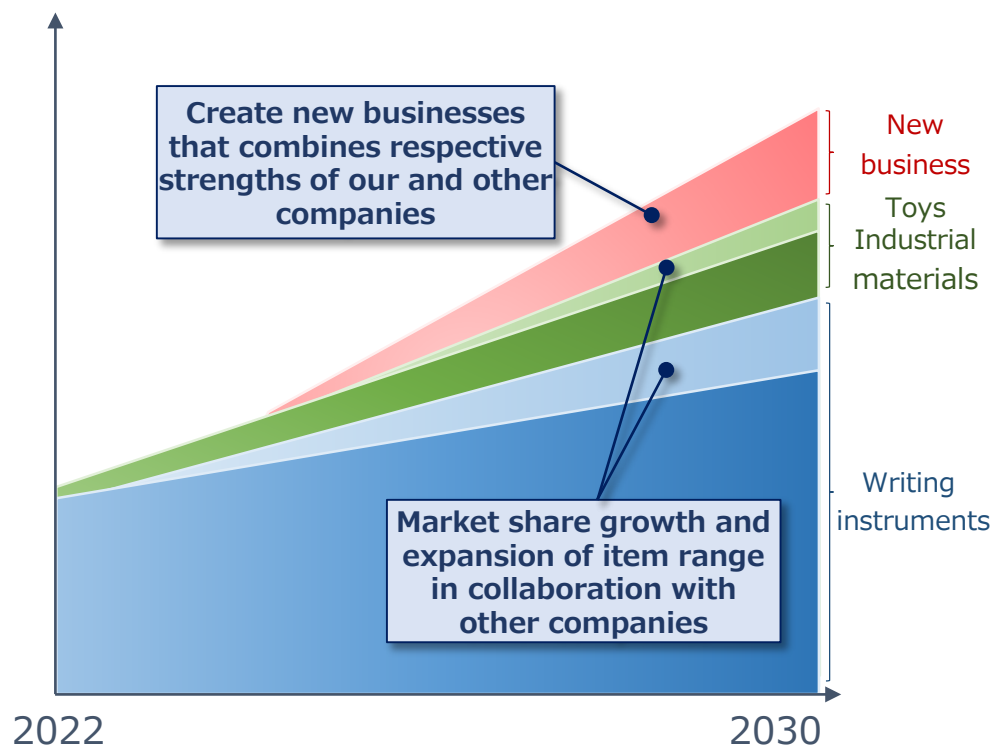
- Actively consider and implement capital and business alliances with other companies for business expansion
- Increase market shares of the existing products and expand new item range, and create a new business concept from a medium- to long-term perspective

Concept of capital and business alliances and new business concept

Growth image of each business



Scale of business



Increase market share and expand item range in collaboration with other companies  
 Also, create new businesses leveraging our strengths

We will start on it in the 2022–2024 Medium-term Management Plan and expect to see its impact from the next medium-term management plan onwards

# Basic Strategy 3: Strengthen Overall Group Governance System

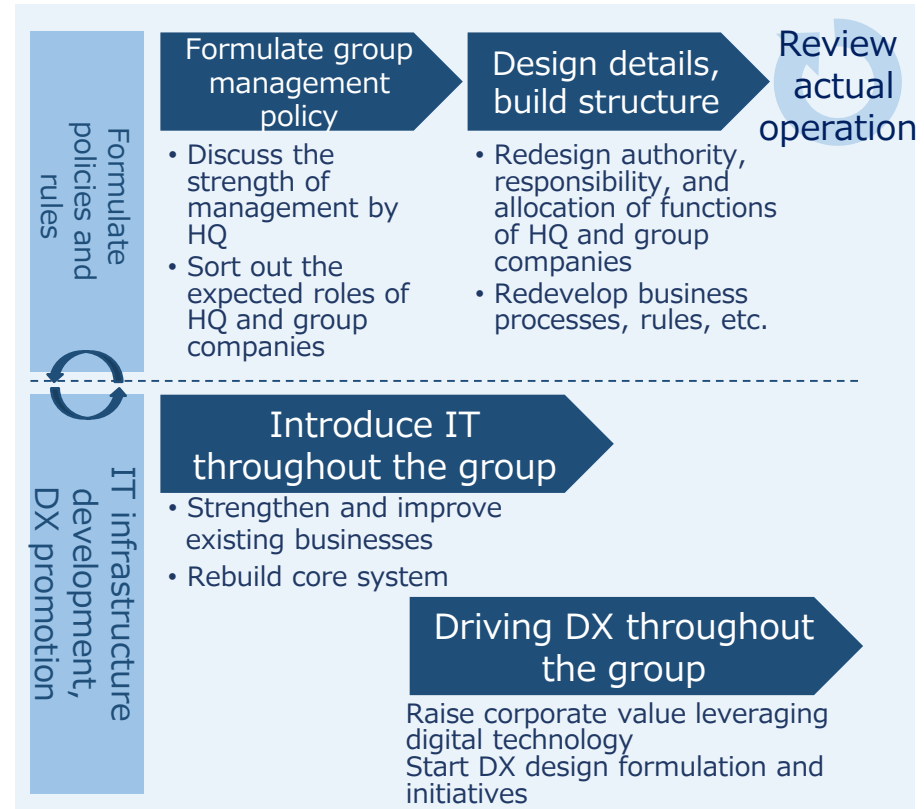
- Shift to a Company with Audit and Supervisory Committee in 2022 to strengthen the supervisory function of the Board of Directors and enable swift decision-making
  - Also, build a solid group governance structure and accelerate initiatives for accomplishing 2030 Vision
- Shift to a Company with Audit and Supervisory Committee

Change the organizational design to strengthen the supervisory function of the Board of Directors and enable swift decision-making



Build and operate a group governance system

Driving forward the formulation of policies and rules concurrently with development of IT infrastructure, and DX promotion to strengthen the group governance structure



# Basic Strategy 4: Integrate Sustainability and Medium-Term Management Plan

- Incorporate crucial sustainability issues into the Medium-Term Management Plan and work on solutions to accomplish our vision to contribute to economic values as well as environment, society and employees

## Initiatives for solving crucial sustainability issues

### For global environment

- Develop products that contribute to solving regional environmental issues
- Reduce volume of packing materials
- Develop products using ocean plastic, etc.



BEGREEN, global brand with a range of Eco-friendly products



Promotion of plastic-free packages

### For employees

- Formulate policies regarding labor standards
- Enhance training system for promotion of human resources development, etc.



Training sessions and workshops for employees

### For society

- Formulate human rights policy and offer employee education
- Formulate procurement policy including reduction of environmental and social impacts and inform stakeholders, etc.



Cooperate with group companies in Japan and abroad

### Business foundation

- Strengthen group governance
  - Strengthen communications with stakeholders (active disclosure of financial and non-financial information, etc.)
  - Formulate policies regarding prevention of bribery and corruption
  - Communication and education of all compliance-related matters to employees
- , etc.

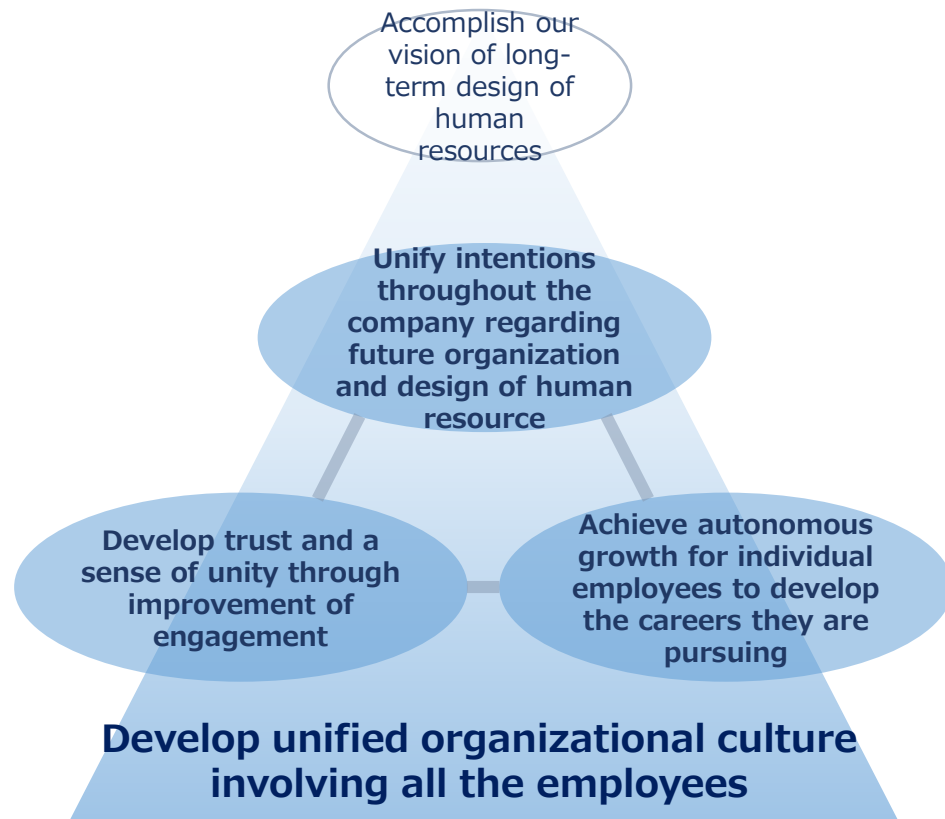


# Basic Strategy 5: Formulate and Implement Long-term Design of Human Resource

- Formulate a long-term design of human resources with a focus on 2030 and advance human resource development and strengthening of organization, as well as enhancement of diversity and specialty by utilizing external human resources. At the same time, develop unified organizational culture involving all the employees

Formulate and implement long-term design of human resources

Develop a culture of taking on challenges for the future and a sense of unity



# 2024 Managerial Index and Financial Indicators

- As the managerial index, we set forth financial KGIs of consolidated net sales, operating margin ratio and ROE
- Make active investment for growth and aim to achieve stable dividend payment and payout ratio of 30% or more

Financial KGIs	Consolidated net sales	118.0 billion yen (105.0 billion yen in writing instrument business and 13.0 billion yen in non-writing instrument business)
	Operating margin ratio	Ensure 18% or more
	ROE	Maintain and improve the current revenue base and stably secure 12% or more in a medium- to long-term
Financial indicators	Investment for growth	With a resource of internal reserves of approx. 30.0 billion yen, we will actively allocate investment over “human resource development and investment”, “existing business fields”, “growing and new business fields”, “capital and business alliances”, etc.
	Shareholder return policy	Achieve stable growth in dividends and aim for payout ratio of 30% or more