



December 9, 2021

To All Concerned Parties

Company: CHINO CORPORATION  
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(Securities code: 6850, First Section of the Tokyo Stock Exchange)  
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## **[Delayed] Plan to Meet Continued Listing Criteria for the New Market Segment**

Regarding the restructuring of the market segments operated by Tokyo Stock Exchange, Inc. scheduled for April 2022, CHINO CORPORATION (“the Company”) today submitted an application to select the Prime Market for its listing. As the Company had not yet met the continued listing criteria for the Prime Market as of the transition date of record (June 30, 2021), it hereby notifies that it has prepared a plan to meet continued listing criteria for new market segment, the details of which are provided below.

### **1. Status of Group Satisfaction of Continued Listing Criteria and Plan Timeframe**

The Company’s satisfaction of Prime Market continued listing criteria as of the transition base date is that the number of tradeable shares and tradeable share ratio, calculated based on the state of distribution of the Company’s share certificates, etc. as understood by Tokyo Stock Exchange at the point of record and other factors, meet the respective criteria.

But the tradeable share market cap and average daily trading value do not meet the respective criteria.

We are pursuing various initiatives aimed at meeting the continued listing criteria for tradeable share market cap and average daily trading value by fiscal year ending March 31, 2027(the final year of Mid-term plan 2026).

### **2. Basic Policy on Initiatives Aimed at Satisfaction of Continued Listing Criteria, Issues, and Initiative Details**

The basic policy, issues, and details of initiatives pertaining to improvement in the tradeable share market cap and average daily trading value to meet the Prime Market continued listing criteria are described in the attached Plan to Meet the Continued Listing Criteria.

# Plan to Meet Continued Listing Criteria for the New Market Segment



**CHINO CORPORATION**  
**(Securities Code: 6850)**

**December 9, 2021**

1. Status of Group Satisfaction of Continued Listing Criteria and Plan Timeframe
2. Basic Policy to Meet the Continued Listing Criteria
3. CHINO's Issues and Initiatives
4. Increase in financial results through Medium-Term Management Plan
5. Strengthen investor relations
6. Initiative Aimed at Improving Tradeable Share Ratio

# 1. Status of Group Satisfaction of Continued Listing Criteria and Plan Timeframe

## 【 Status of Group Satisfaction of Continued Listing Criteria 】

CHINO CORPORATION (“the Company”) has not met the Prime Market continued listing criteria for tradeable share market cap and tradeable share ratio as of the transition base date (June 30, 2021).

|                             | Prime Market Continued Listing Criteria | The Company Figures | Status of Group Satisfaction |
|-----------------------------|---|---------------------|------------------------------|
| No. of Shareholders         | 800 units                               | 3,920 units         | ○                            |
| No. of Tradeable Shares     | 20,000 units                            | 50,437 units        | ○                            |
| Tradeable Share Market Cap  | ¥ 10 billion                            | ¥ 7.23 billion      | ×                            |
| Tradeable Share Ratio       | 35 %                                    | 54.4 %              | ○                            |
| Average Daily Trading Value | ¥ 20,000 thousand                       | ¥ 19,843 thousand   | ×                            |

## 【 Plan Timeframe 】

The period of the plan for meeting the continued listing criteria is defined as the period until the end of the final fiscal year, fiscal 2026 (i.e. end of March 2027), of our Medium-Term Management Plan 2026 (for fiscal 2021 - fiscal 2026).

For fulfilling the criteria as early as possible ahead of schedule, we will carry out various actions specified in this plan.

Fiscal year ending March 31, 2027 (fiscal 2026) is the final year our “Mid-term plan 2026”(fiscal 2021 – fiscal 2026).

We have established this as the plan timeframe for meeting the continued listing criteria.

\* We published the medium-term plan for six years from April 2021 to March 2027 on March 9, 2021.

<https://www.chino.co.jp/wp/wp-content/uploads/20210513.pdf>

\* The Medium-Term Management Plan 2026 (for fiscal 2021 - fiscal 2026) is hereinafter referred to as the Medium-term Management Plan.

## 2. Basic Policy to Meet the Continued Listing Criteria

### 【 Status of Group Satisfaction of Tradeable Share Market Cap Criteria 】

|                            | Prime Market Continued Listing Criteria | The Company Figures |
|----------------------------|---|---------------------|
| Tradeable Share Market Cap | ¥ 10 billion                            | ¥ 7.23 billion      |

“Tradeable Share Market Cap” = “Market Cap” × “Tradeable Share Ratio”

The Medium-term Management Plan has four basic strategies: first, further development and expansion of growth areas; second, enhancement of core businesses and value creation; third, strengthening of the foundations and expansion of business overseas; and fourth, establishment of a resilient management base. We will carry out priority measures based on these strategies and step up investor relations (IR) activities to increase our recognition in the market with a view to boosting our corporate value.

According to the Tokyo Stock Exchange's initial assessment, our tradeable share ratio is 54.4% and this meets the relevant requirement for listing on the Prime market. We will additionally implement efforts to increase the tradeable share ratio in a bid to raise the tradeable share market cap.

### 【 Status of Group Satisfaction of Average Daily Trading Value Criteria 】

|                             | Prime Market Continued Listing Criteria | The Company Figures |
|-----------------------------|---|---------------------|
| Average Daily Trading Value | ¥ 20,000 thousand                       | ¥ 19,843 thousand   |

To fulfill the requirement in tradeable share market cap in mentioned above, we will accelerate implementation of the Medium-term Management Plan in order to continuously increase corporate value. We believe that this action will help us sufficiently meet the requirement in daily average transaction value.

#### 【 Status of Group Satisfaction of Tradeable Share Market Cap Criteria 】

##### (1) Issues and Initiatives Aimed at Improving Market Cap

We are aware that it is our priority issues to continuously boost our corporate value and to increase our recognition in the stock market in order to gain an appropriate evaluation.

To address these issues, we will be taking the following measures.

- (1) Carry out the Medium-term Management Plan to improve financial results
- (2) Strengthen investor relations
- (3) Increase return to shareholders (including a dividend increase through measure (1) and flexible acquisition of treasury shares)

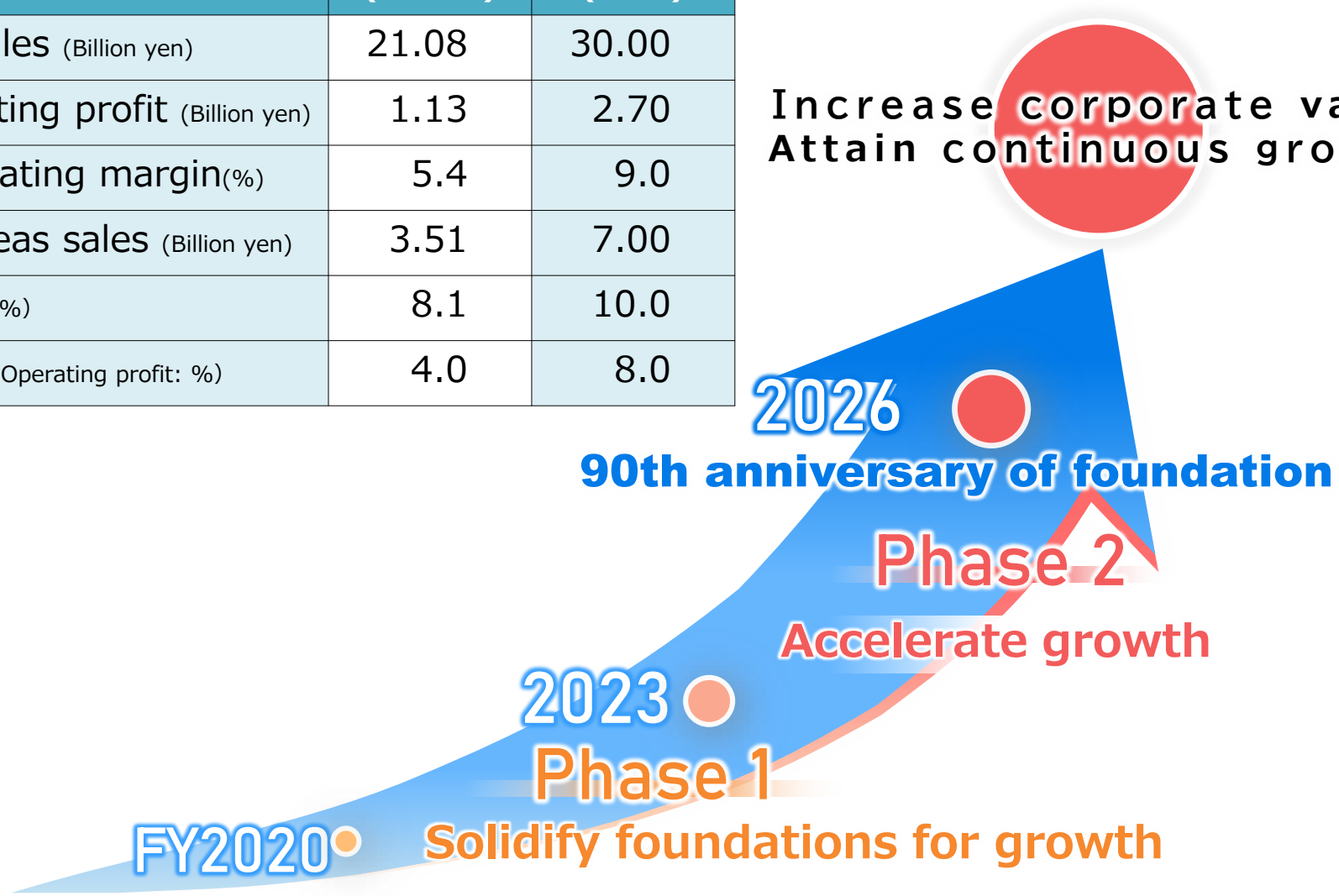
##### (2) Issues and Initiatives Aimed at Improving Tradeable Share Ratio

We understand it is vital to improve liquidity of our shares. In particular, in the aspect of cross-holding shares, we will review cross-shareholdings with other listed companies, banks and others owning our shares. In addition, we will pursue measures to increase the number of individual shareholders and the number of shares they hold.

## 4. Increase in Financial Results through Medium-Term Management Plan

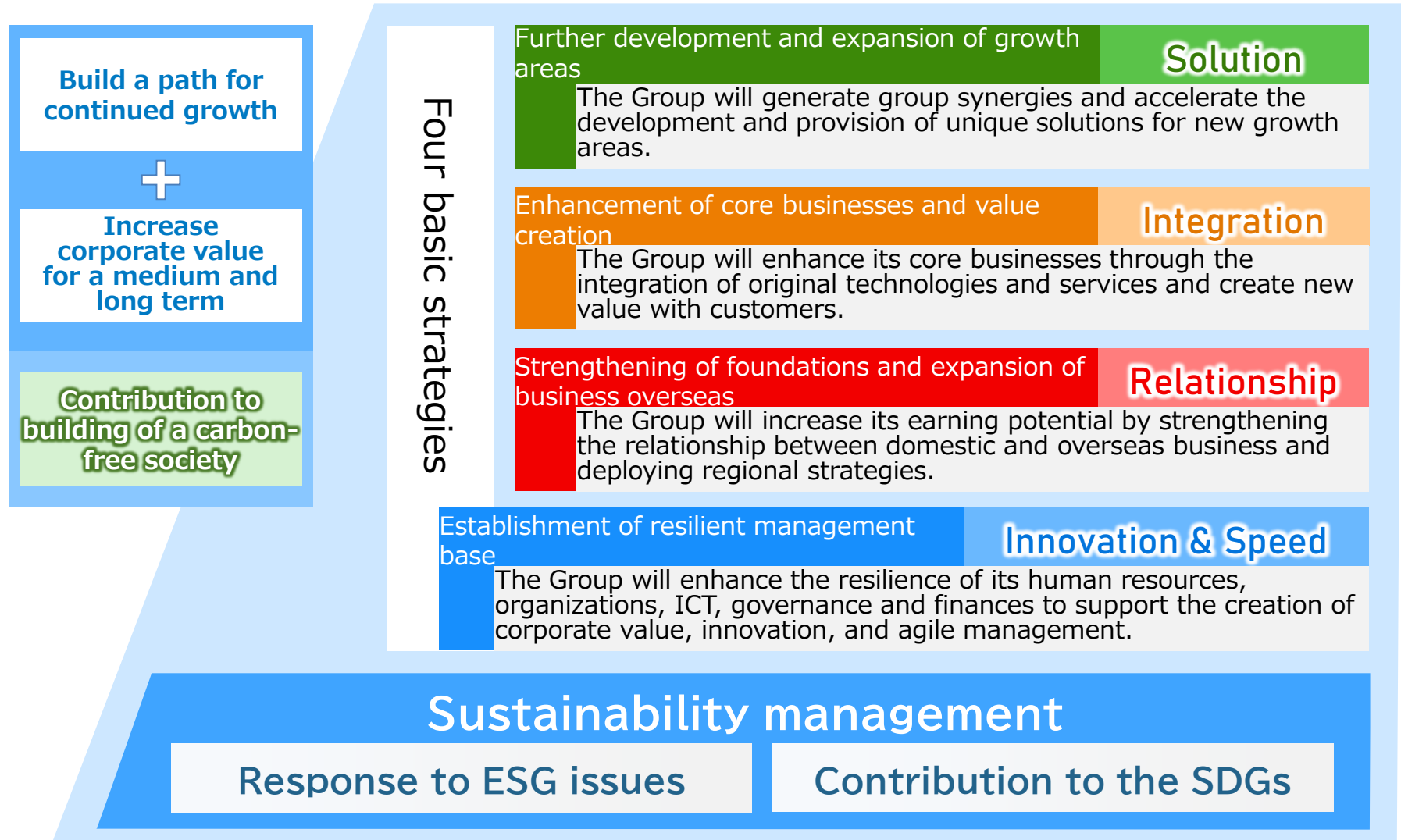
|                                | FY2020<br>(Actual) | FY2026<br>(Goal) |
|--------------------------------|--------------------|------------------|
| Net sales (Billion yen)        | 21.08              | 30.00            |
| Operating profit (Billion yen) | 1.13               | 2.70             |
| Operating margin(%)            | 5.4                | 9.0              |
| Overseas sales (Billion yen)   | 3.51               | 7.00             |
| ROE (%)                        | 8.1                | 10.0             |
| ROA (Operating profit: %)      | 4.0                | 8.0              |

Increase corporate value  
Attain continuous growth



# 4. Increase in Financial Results through Medium-Term Management Plan

## ■ Four basic strategies under the Medium-Term Management Plan





# 4. Increase in Financial Results through Medium-Term Management Plan

## ■ Medium-Term Management Plan (basic strategy 1)

### Further development and expansion of growth areas

### Solution

The Group will generate group synergies and accelerate the development and provision of unique solutions for new growth areas.

### ► Realizing a sustainable society

#### Towards a carbon-free society

Hydrogen utilization technologies

Semiconductors and electronic components

Next-generation batteries

New material

Medical drugs and food management

Logistics

#### Towards a safe and secure society

### <Background>

### Change in industrial structure

- Change in energy demand structure
- Increasingly stringent environmental regulations
- Breakthroughs in information and communication technologies (ICT)
- Growing needs for health and longevity



- Accelerated actions towards realizing a carbon-free society
- Massive growth of next-generation battery markets
- Fast progress of digital transformation (DX)
- Development of life science industries
- Innovation in logistics

Opportunities for growth and expansion

# 4. Increase in Financial Results through Medium-Term Management Plan

## ■ Medium-Term Management Plan (basic strategy 2)

### Enhancement of core businesses and value creation

### Integration

The Group will enhance its core businesses through the integration of original technologies and services and create new value with customers.

### ► Features and reliability for advancing measurement, control and monitoring to the next stage

Original technologies  
(features) ✕

Services (reliability) = Create (or co-create) exciting value

#### <Background >

#### Review on our own resources

- Temperature standards technologies
- Temperature measurement technologies
- Infrared measurement technologies
- Humidity and gas measurement technologies
- Loop solutions
- Instrumentation systems

Advance distinctive original technologies

Reliability of Chino's temperature technologies and services that are close to customers

**Strengthen service capabilities.**  
**Achieve engineering that excites customers**

## 4. Increase in Financial Results through Medium-Term Management Plan

### ■ Medium-Term Management Plan (basic strategy 3-(1))

Strengthening of foundations and expansion of business overseas

**Relationship**

The Group will increase its earning potential by strengthening the relationship between domestic and overseas business and deploying regional strategies.

▶ **Cultivate global niche markets in collaboration between operations in Japan and overseas and between production, sales and development teams.**

#### <Background>

- Stagnant global economy under the pandemic
- U.S.-China dispute and nationalism
- Growth of China, India and ASEAN countries



- **Implement segment strategies for separate countries and regions.**
- **Strengthen systems and develop human resources.**
- **Construct global infrastructure with the use of ICT.**
- **Continuously increase our presence in Asian markets.**

# 4. Increase in Financial Results through Medium-Term Management Plan

## ■ Medium-Term Management Plan (basic strategy 3-(2))

### Regional strategies

#### Europe

- Increase demand from environmental and energy markets.
- Strengthen the network of distributors.

#### South Korea

- Increase demand from markets of electric and electronic components and semiconductors.
- Step up sales efforts in new material and green industry markets.

#### Korea CHINO Corporation

Shanghai Dahua-CHINO Instrument Co., Ltd.

CHINO Instrumentation (Kunshan) Co., Ltd

#### China

- Increase demand from markets of automobiles, aircraft components and semiconductors.
- Develop into a core production plant in the Asia business.

#### United States

- Increase licensed production of devices for environmental and energy markets.
- Change selling approaches with the use of e-commerce sites.

CHINO Works America Inc.

#### Overseas Business Division

CHINO Corporation India Private Limited

#### India

- Increase demand from markets of automobiles, aircraft components and pharmaceuticals.
- Evolve into a basis for cultivating Middle East and Africa markets.

CHINO Corporation (Thailand) Limited

#### ASEAN

- Increase demand from the markets of automotive components, food and new materials.
- Expand calibration and instrumentation services.

## 4. Increase in Financial Results through Medium-Term Management Plan

### ■ Medium-Term Management Plan (basic strategy 4-(1))

#### Establishment of resilient management base

#### Innovation & Speed

The Group will enhance the resilience of its human resources, organizations, ICT, governance and finances to support the creation of corporate value, innovation, and agile management.

### ▶ Respond swiftly and flexibly to changes in the super-VUCA era to ambitiously carry out management strategies based on creation of shared value (CSV)

#### <Background>

##### Radical changes in social and economic systems

- Acceleration of the decline in birth rate and aging of the population
- Diversification of values and work styles
- Shift to a full-scale digital society
- Rise of multi-stakeholder capitalism
- Occurrence of the COVID-19 pandemic

It is essential to build a flexible and resilient management base for accurately understanding social needs and issues and quickly responding to them.

#### Construct and enhance systems and functions on the basis of:

- Establishing personnel management aimed at improving engagement;
- Ensuring quickness and efficiency in business execution through DX;
- Advancing corporate governance; and
- Implementing financial strategies with a greater focus on capital efficiency improvement

in a way that conforms to the vision and the business strategies. Keep creating new value while meeting expectations of stakeholders.

## 4. Increase in Financial Results through Medium-Term Management Plan

### ■ Medium-Term Management Plan (basic strategy 4-(2))

**Creation of innovation**

**Implementation of speedy management**

**Establishment of resilient management base**

#### **Personnel management**

- Recruit and develop professionals who practice the management vision.
- Create workplace environments offering job satisfaction to boost the vigor of the organization.
- Reconstruct human resources systems to achieve fairness and higher productivity.

#### **ICT base**

- Build and improve a digital platform for business process reengineering (BPR).
- Introduce the latest information and communication solutions that supports DX progress.
- Provide education for the effective companywide use of ICT and bolstering security.

#### **Governance**

- Increase the transparency and soundness of management to enhance governance.
- Make more information available through constructive dialogues with shareholders and investors.
- Strengthen group risk management matched with environmental changes and business expansion.

#### **Financial strategies**

- Execute financial strategies based on soundness with an emphasis on growth potential and capital efficiency.
  - Seek an optimal capital composition to ensure financial health.
  - Positively invest in growth with attention paid to investment efficiency.
  - Provide stable dividends with a payout target of at least 30%.

# 4. Increase in Financial Results through Medium-Term Management Plan

## ■ Implementation of sustainability management

The Group aims to contribute to the realization of environmental and social sustainability by conducting business activities which provide both economic and social value, focusing on the realization of “decarbonization” and a “safe and secure society.”

The Chino Group pushes the limits of measurement, control and monitoring technologies

### -to the realization of a carbon-free society

- Expand products and solutions designed to resolve environmental issues. Hydrogen utilization, next-generation
- Make efficient use of resources and energy.
- Take actions to preserve biological diversity.



- Contributing to local communities
- Strengthen supply chains and alliances.
- Diversity management
- Carry out work style reforms and health management.



Contribute to the resolution of global environment and energy issues.

Provide safety and excitement with distinctive technologies.

Co-existence and shared prosperity with all stakeholders

Fair and transparent corporate activities

Actions towards solving ESG issues

- Help achieve a safe and secure society through medical drugs, food manage

- Respond to wide-ranging needs in actions for Society 5.0 or a smart

- Provide temperature standards technologies and calibration services that serve as bases for all industries.



- Advance corporate governance.
- Implement strict compliance.
- Enhance the group risk management system.
- Step up IR/SR activities and information distribution.
- Distribute economic value properly.

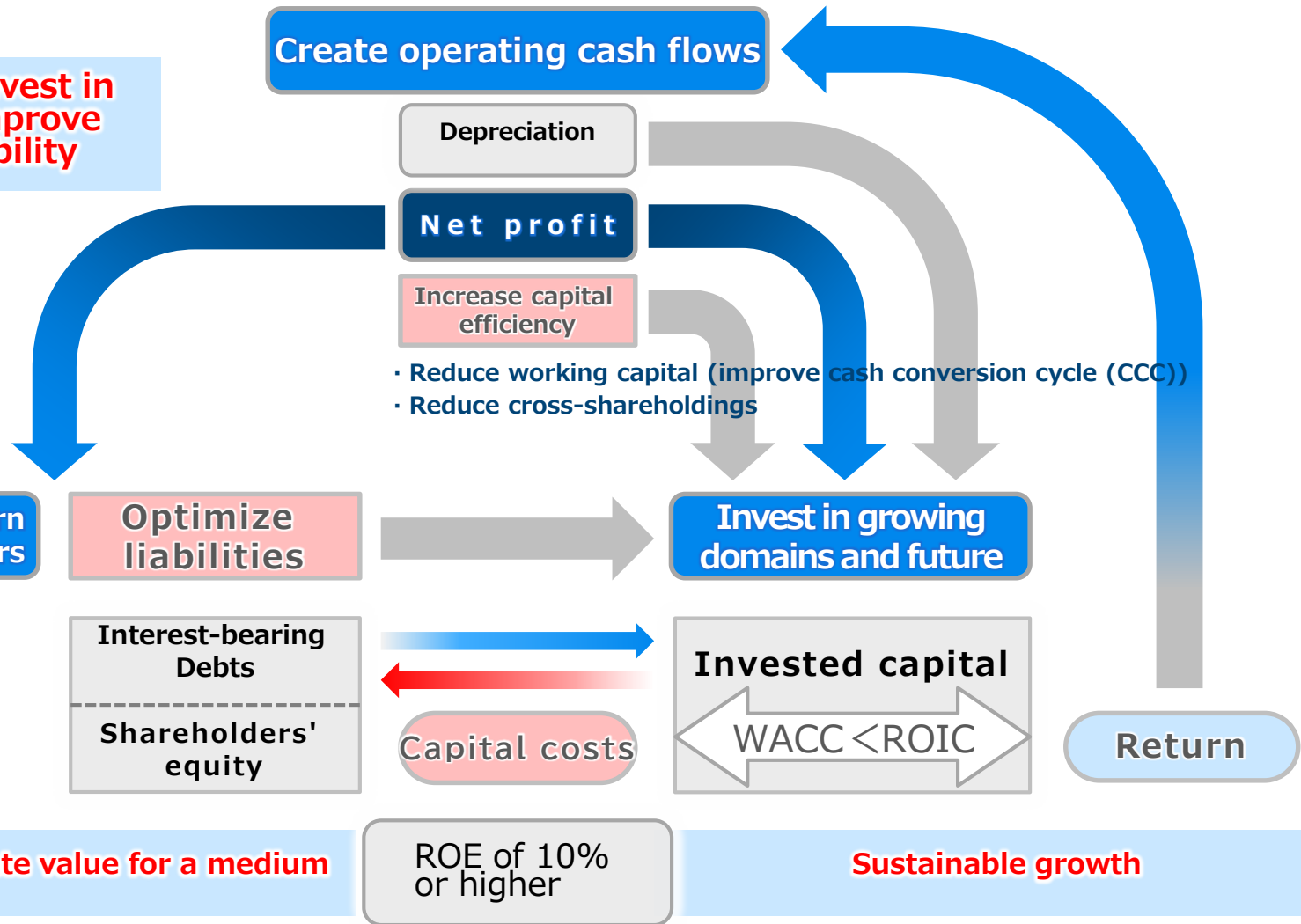


# 4. Increase in Financial Results through Medium-Term Management Plan

■ Basic policy on financial (cash flow) management

Carry out financial strategies based on soundness with an emphasis on growth potential and capital efficiency

■ **Positively invest in growth and improve capital profitability**





## 5. Stepping Up IR Activities

### ■ Improving information disclosure

We will continuously improve information disclosure for the purpose of enhancing corporate value over the medium to long term.

With regard to information disclosure in English to overseas investors, we already publish consolidated financial results and notices of ordinary general meetings of shareholders in English. We will work to successively publish other disclosure documents, including securities reports, in English.

### ■ Increasing market recognition

This fiscal year, we will start to hold briefings and distribute briefings online for individual investors (online distributions scheduled to start late in December 2021) in addition to continuing to organize two financial results briefings for institutional investors and analysis at real venues and in an online format (live audio distribution) each year.

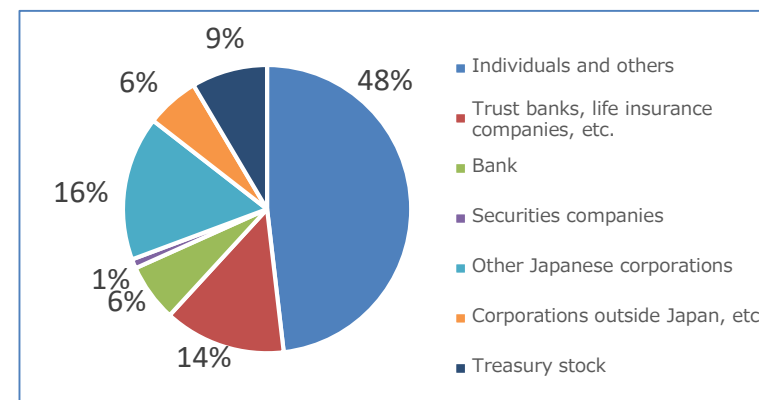
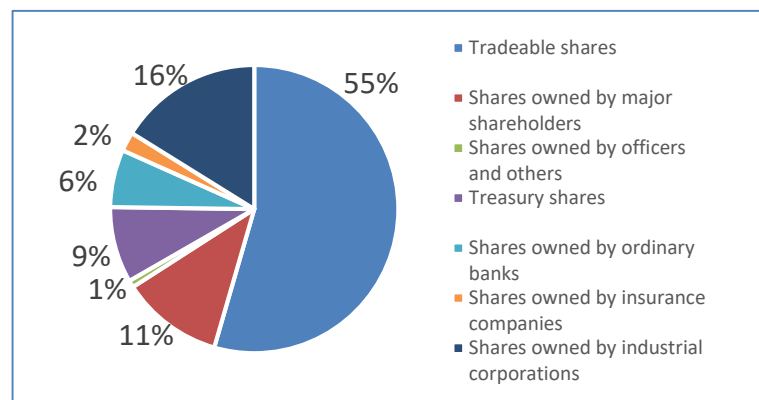
We will also expand opportunities to present our company online, on the radio, on paper media and in many other media.

### ■ Bolstering constructive dialogues

We will increase dialogues at the time of holding financial results briefings for institutional investors and analysis. In addition, we will actively increase opportunities of individual meetings with institutional investors to step up constructive dialogues.

## 6. Efforts to Increase Tradeable Share Ratio

Composition of tradeable shares and other shares  
(according to the results of an initial assessment by the Tokyo Stock Exchange)



### ■ Reducing cross-shareholdings

We will accelerate the reduction of cross-shareholdings with listed companies, banks and others while respecting their policies on cross-shareholdings and continuously reviewing the purposes and effects of holding their shares.

### ■ Efforts to increase individual shareholders

For the purpose of encouraging more individual investors to hold our shares and to increase the number of shares they hold, we will carry out the above actions to step up IR activities and increase the number of tradeable shares.