

Medium-Term Management Plan

We started formulating a new three-year medium-term management plan that begins from FY2023.

In the medium-term management plan, we will conduct initiatives for each of the Main Items for Promotion in order to respond to market changes. At the same time, we will also mainly focus on the semiconductor industry business as a future growth driver and work to build a business portfolio that will bring stable earnings.

We will also continue to develop “next-generation products with proprietary technology that contribute to environmental preservation and energy efficiency” for next-generation mobility and energy markets, which we have been engaged in up until now. By making proposals to each market, we aim to realize medium- to long-term growth for our Group while achieving the targets of this plan.

Basic Policy

Building a Sustainable Corporate Structure—Fly Sky High!

Period

FY2023 to FY2025

Main Items for Promotion

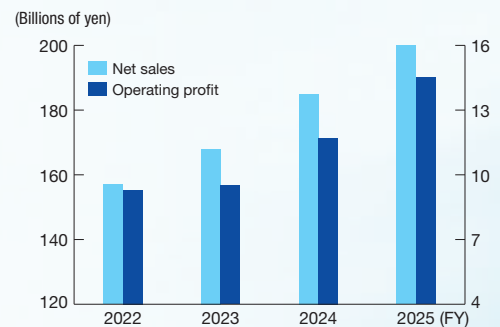
1. Adroit response to change
2. ESG management
3. Infinite zero—“Ensuring product quality that customers can trust” and “Ensuring globally consistent quality”
4. TCD/Reducing waste by half—“Total Cost Down” and “Eliminate waste—Reduce everything by half”
5. DX promotion
6. Next-generation products with proprietary technology
7. Respect for people / Human resource development

Target Management Figures for the Final Year (FY2025)

- Net sales **¥200 billion**
- Operating profit **¥14.5 billion** (operating profit ratio: 7%+)

Net Sales and Operating Profit Plan (Billions of yen)

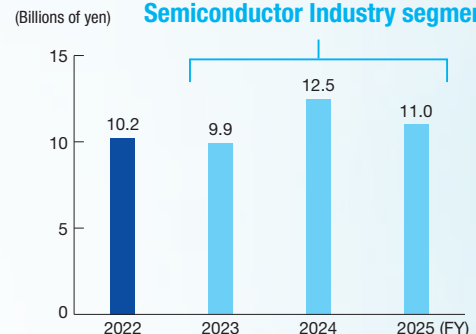
	FY2023	FY2024	FY2025
Net sales	168	185	200
Operating profit (operating profit ratio)	9.5 (5.7%)	11.7 (6.3%)	14.5 (7.3%)



Capital Investment Policy

During the period of the new medium-term management plan, we are projecting capital investment of ¥33 billion, mainly in the Semiconductor Industry segment.

Planned investment mainly in the Semiconductor Industry segment



Basic Capital Policy

Our basic capital policy has been designed to ensure financial stability and soundness, aiming to achieve sustainable improvement of corporate value.

We utilize the EVA^{*1} spread (ROIC^{*2} minus WACC^{*3}) as an indicator for improving corporate value, and will increase the added value from our businesses by improving ROIC and optimizing WACC.

At the same time, we intend to advance management mindful of share price and cost of capital, using the equity spread (return on equity (ROE) minus cost of capital) as a management indicator, with the aim of improving share value.

In addition, we aim to optimize the cost of capital and increase ROE by setting an equity ratio required for ensuring high financial soundness and creditworthiness with external parties, as well as by being active in shareholder returns when capital exceeds a certain level.

Furthermore, in investing in growth areas to secure future earnings, we will rigorously screen investments by setting a hurdle rate based on the cost of capital and diligently calculating the net present value of cash flows and the internal rate of return.

Through a series of measures such as improving the profit margin on sales in our businesses, improving the total asset turnover and utilizing financial leverage, we will achieve ROE of 10% in the medium to long term and improve price book-value ratio (P/B ratio) as a result.

*1 Economic value added

*2 Return on invested capital

*3 Weighted average cost of capital

Shareholder Returns during the Medium-Term Management Plan Period

Based on the above capital policy, we plan to return a total of ¥18 billion to shareholders during the medium-term management plan period.

(1) Share buyback

We will buy back shares worth approximately ¥12 billion in total.

(The buyback timing and other conditions will be determined as appropriate, taking into consideration business conditions and market share prices.)

(2) Payment of dividends

Continuing annual dividend payments of ¥70 with a dividend on equity (DOE) ratio of 2.5% or more