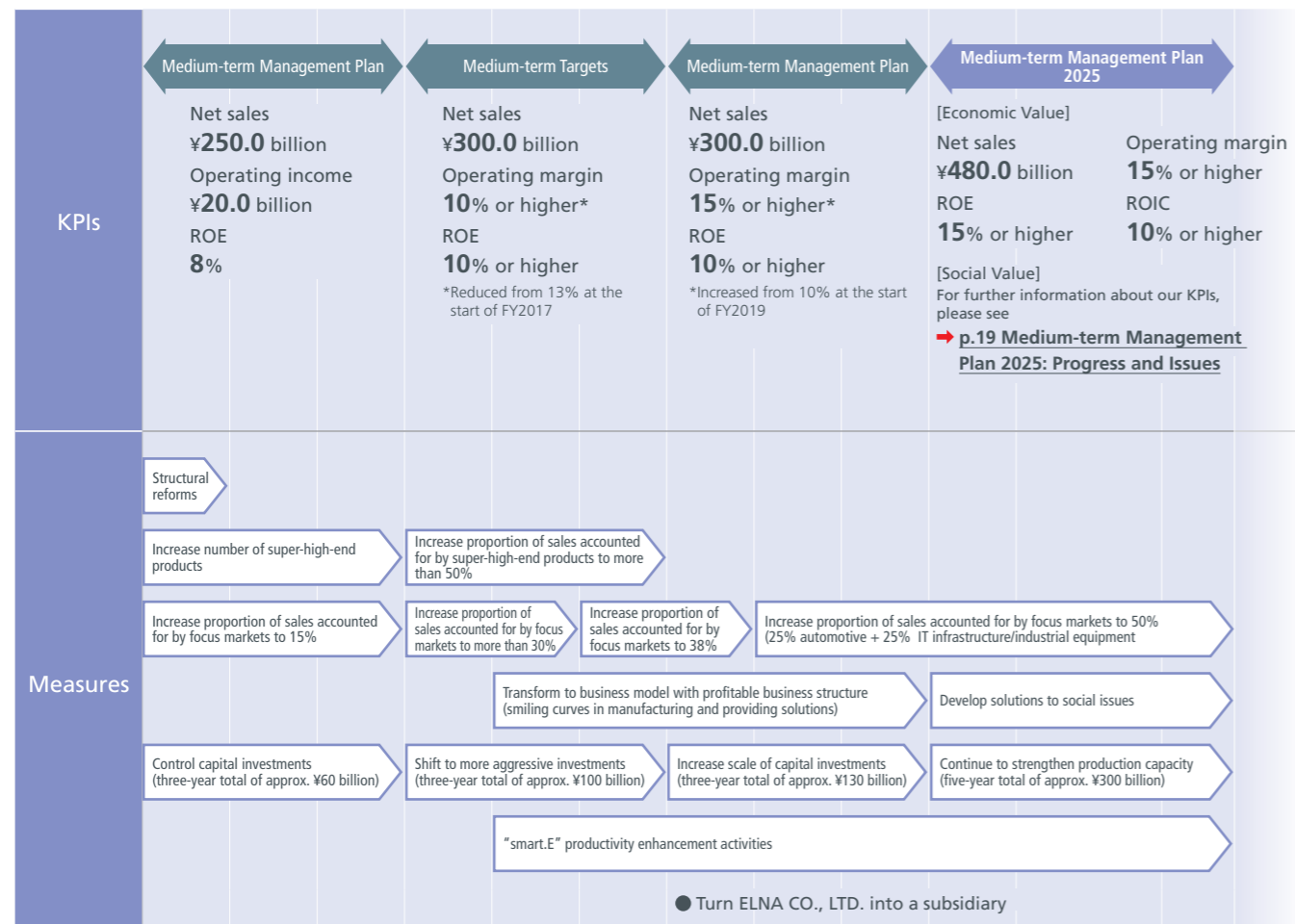
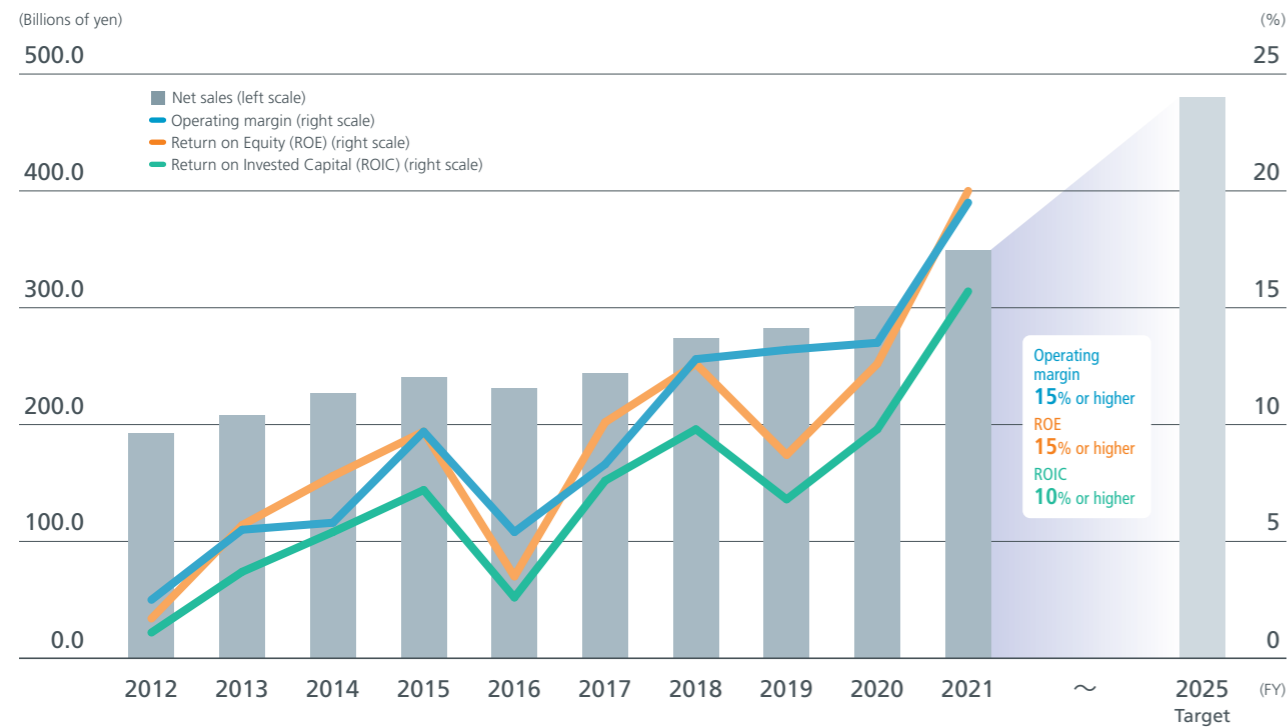


# Medium-term Management Plan 2025 (FY2021–FY2025)

## Looking Back at Previous Medium-term Management Plans



## Medium-term Management Plan 2025: Progress and Issues

In our previous medium-term management plan (FY2018–FY2020), we made progress on developing a business structure that was resistant to changes in demand, with the ultimate goal of achieving sustainable growth. We designated the automotive market and the IT infrastructure/industrial equipment market—two markets for which stable growth can be anticipated—as “focus markets” and formulated and executed strategies centered on increasing sales in these markets in particular. In FY2020, the final year of the previous medium-term management plan, we recorded net sales of ¥300.9 billion and ROE of 12.6%, hitting our targets in both; while our operating margin fell short of our 15% target, 13.5% nevertheless indicates a significant improvement.

The medium-term management plan 2025 seeks to build on these results in two ways: first, by following the same strategy of increasing sales in our focus markets; and second, by seeking to increase our corporate value through improvements in economic and social value. For economic value, we have set KPIs for net sales, operating margin, ROE, and ROIC; for social value, we have set KPIs for GHG emissions, waste volumes, water usage, workplace safety, diversity, etc. We have also earmarked ¥300.0 billion for capital investments over the five years of the plan; we will use this money to

strengthen our production capacity in readiness for explosive increases in demand and to make capital investment in environmental measures and IT facilities, and so improve both our economic and social value.

In FY2021, the first year of the current management plan, we achieved our targets for operating margin, ROE, and ROIC, in part due to favorable market conditions; going forward, we will continue business activities in order to be able to consistently achieve our KPIs related to economic value regardless of the state of the market. In our focus markets—the automotive market, where electrification is accelerating, and the IT infrastructure/industrial equipment market—sales grew steadily, and now account for 46% of our total sales. We will continue our efforts to increase this value to our target of 50%.

When it comes to our social value KPIs, we failed to meet our targets for waste volumes, incidence rates of injuries and illness and accident frequency rates, and work engagement. In response to the 26th UN Climate Change Conference of the Parties (COP26) agreement to limit global average temperature rises to 1.5°C, we have revised our GHG emissions targets upwards. Elsewhere, we have also newly established a diversity target of having an at least 10% female manager ratio by FY2030.

|                       | FY2025 Target     | FY2021 Actual     | FY2022 Forecast   |
|-----------------------|-------------------|-------------------|-------------------|
| <b>Economic Value</b> |                   |                   |                   |
| Net sales             | 480.0 billion yen | 349.6 billion yen | 385.0 billion yen |
| Operating margin      | 15% or higher     | 19.5%             | 18.2%             |
| ROE                   | 15% or higher     | 20.0%             | —                 |
| ROIC                  | 10% or higher     | 15.7%             | —                 |

|                                      | FY2025 Target   | FY2021 Actual   | FY2022 Target  |
|--------------------------------------|---|---|--|
| <b>Social Value</b>                  |   |   |  |
| <b>E</b> Environmental               |   |   |  |
| GHG emissions                        | FY2030 42% reduction<br><i>*Absolute amount, compared with FY2020</i>   | 5.2% reduction<br><i>*Increased from 25% at the start of FY2022</i>   | 8.4% reduction   |
| Waste, Water usage                   | FY2025 10% reduction<br><i>*Basic unit (sales quantity), compared with FY2020</i>   | Waste volumes 12.8% increase<br>Water usage 2.8% reduction  | Waste volumes 4.0% reduction<br>Water usage 4.0% reduction   |
| <b>S</b> Social                      |   |   |  |
| Safe & secure workplace              | Incidence rate of injuries and illness < 0.016<br>Accident frequency rate < 0.08  | Incidence rate of injuries and illness < 0.021<br>Accident frequency rate < 0.10  | Incidence rate of injuries and illness < 0.016<br>Accident frequency rate < 0.08                                     |
| Optimization of group base functions | Work engagement: 2.5 or higher<br>Rate of newly recruited female graduates: 30% or higher<br>Female manager ratio: FY2030 10% or higher<br><i>*Newly established at the start of FY2022</i> | Work engagement: 2.25<br>Rate of newly recruited female graduates: 38%<br>Female manager ratio: 3.7%<br><i>*correct as of April 1, 2022</i> | Work engagement: 2.5 or higher<br>Rate of newly recruited female graduates: 30% or higher<br>Female manager ratio: — |