

FY2023 Medium-Term Management Plan “Reiwa Prosperity 2023”

Under our Medium-Term Management Plan for Fiscal 2023, we aim to establish a foundation for sustainable growth with net sales of ¥1 trillion and an operating margin of 8% or more. As for financial indicators, we will emphasize a balance between growth potential, profitability, efficiency, and financial soundness in order to further improve capital efficiency.

Promote Growth Strategies

✓ Focus on our businesses in power electronics systems and power semiconductors

From fiscal 2019 to 2023, we plan to allocate about 90% of plant and equipment investments of ¥220 billion and about 80% of R&D expenditures of ¥200 billion to expand our businesses in power electronics systems and power semiconductors.

[Plant and equipment investment] We will make investments to expand the system business of our power electronics systems while reinforcing production facilities for power semiconductors aimed at increasing sales of those for electrified vehicles.

[Research and development] In addition to stepping up incubation development, we will deploy our strength in the mobility field where we can utilize synergy between the power electronics systems and the power semiconductors, and competitive components to develop global products, such as FA systems, IoT solutions, transformers, and switches. We will also develop next-generation power semiconductors for electrified vehicles.

✓ Expand overseas businesses

Amid growing demand for electricity, energy savings and automation for industrial and social infrastructure, as well as the spread of renewable energy, we will raise the overseas sales ratio from 25% in fiscal 2018 to 35% in fiscal 2023 by increasing sales mainly in Southeast Asia, India, and China.

Further Improve Profitability

✓ Reinforce global manufacturing capabilities

We will work to strengthen our global manufacturing capabilities with an emphasis on local production for local consumption. At the same time, we will step up development of local leaders at our overseas production bases and promote their autonomy. We will also deploy IoT technologies to advance digital reforms of our manufacturing and achieve innovative productivity improvements by promoting collaboration across processes and bases through visualization and sharing of information on design, purchasing, manufacturing, and testing.

Ongoing Reinforcement of Operating Foundations

Targeting sustainable growth, we will continue reinforcing our operating foundations with a focus on the environment, human resources, and governance. In addition, we will revitalize our companywide Pro-7 Activities and promote workstyle reforms aimed at improving work efficiency, work quality, and productivity.

* For more details, please refer to Environment (page 31), Human Resources (page 37), and Corporate Governance (page 41).

FY2023 Management Targets

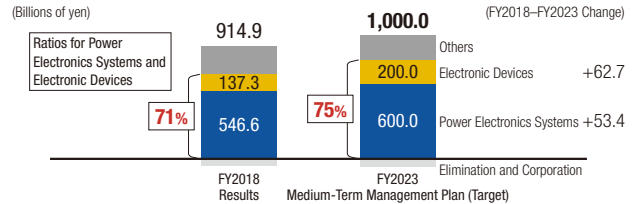
(Billions of yen)	FY2018 Results	FY2023 Medium-Term Management Plan (Target)	FY2018–FY2023 Change
Net Sales	914.9	1,000.0	+85.1
Operating Income	60.0	80.0	+20.0
Operating Margin	6.6%	8.0%	+1.4pt
Net Income Attributable to Owners of Parent	40.3	55.0	+14.7

Financial Indicators

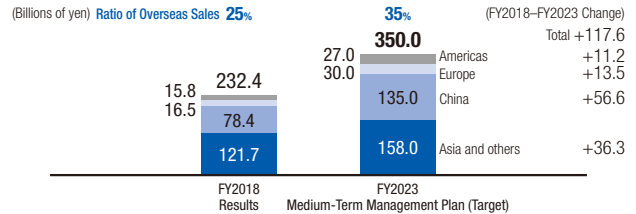
Net Debt-Equity Ratio	0.4 times	0.1 times	-0.3
Equity Ratio	37%	50%	+13pt
ROA	4%	5%	+1pt
ROE	12%	11%	-1pt
Dividend Payout Ratio	28%	30%	+2pt

Note: Assumed exchange rates for fiscal 2023: ¥105 to the U.S. dollar; ¥123 to the Euro; ¥16 to the RMB

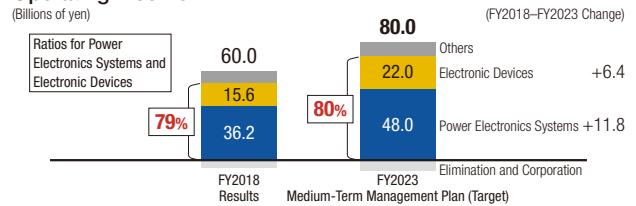
Net Sales



Overseas Sales

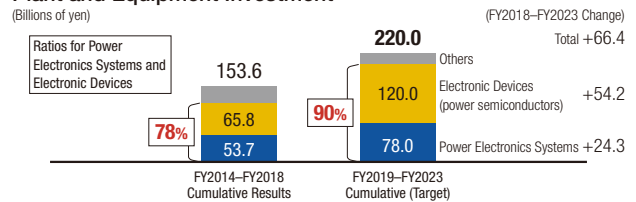


Operating Income

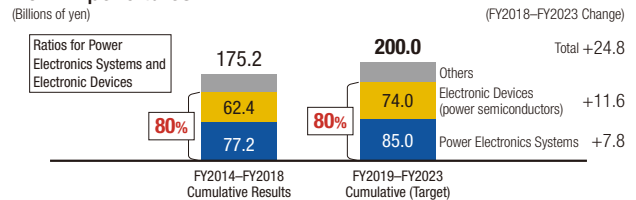


Note: Ratios for Net Sales and Operating Income are calculated based on amounts before elimination and adjustment of inter-segment transactions

Plant and Equipment Investment



R&D Expenditures



* Figures for R&D expenditures are classified by segment according to theme and therefore differ from figures stated in the consolidated financial report.