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To whom it may concern:

Yamaichi Electronics Group's Medium-term Business Plan

Last year, we were planning to announce a medium-term business plan starting in fiscal 2020. However, the US-China trade friction and the spread of the novel coronavirus (COVID-19) pandemic made it difficult to predict the economic situation. Therefore, we had to postpone the announcement.

Under these circumstances, the global economy in fiscal 2020 was in a difficult situation in the first quarter. However, it gradually recovered from the second quarter. The COVID-19 vaccination program has begun in Japan as well. However, in some areas, the third state of emergency has been declared due to the rapid expansion of COVID-19. The situation is still difficult. However, the ongoing medium-term business plan cannot be postponed again. Although it is one year behind, we formulated Yamaichi Electronics Group's new three-year medium-term business plan starting in fiscal 2020 (from the fiscal year ending in March 2021 through the fiscal year ending in March 2023). Accordingly, we have decided to announce the outline of the plan.

1. Results of the previous medium-term business plan

In fiscal 2017, we formulated the medium-term business plan (for the fiscal year ending in March 2018 through the fiscal year ending in March 2020). Our management goal was to grow Yamaichi Electronics Group into a corporate group that can provide products and services with which customers will be satisfied.

In achieving this management goal, we developed products that will create the future under our global collaboration. We promoted two core strategies, i.e., growth strategy and structural reform, and grew into a corporate group that can meet the needs of our customers, sought to strengthen our financial position further, and strengthened our management base for future growth.

During the medium-term business plan period, the world situation changed drastically due to the intensifying US-China trade friction and the spread of the COVID-19 pandemic. However, our business results were 83.7 billion yen against the consolidated net sales target (85.3 billion yen). The consolidated operating profit was 10.28 billion yen against the target (10.2 billion yen) over three years. Although we have not achieved the net sales target, we managed to achieve our target in operating income.

As for the return on equity (ROE), we were able to achieve the targeted figure (over 10%), with 16.7%, 10.6%, and 11.8% in the fiscal year ending in March 2018, the fiscal year ending in March 2019, and the fiscal year ending in March 2020, respectively.

We set a target of 30% for the consolidated dividend payout ratio in the fiscal year ending in March 2020 and achieved it from the fiscal year ending in March 2019, one year ahead of schedule.

The capital investment amounted to 6 billion yen as a result of our efforts toward a cumulative total of 7 billion yen for three years, but all of this was covered by our funds.

In addition, compared with the results for the fiscal year ending in March 2015 to March 2017, our consolidated net sales were 106% (increased from 78.8 billion yen to 83.7 billion yen), and consolidated operating income was as great as 129% (increased from 8 billion yen to 10.28 billion yen). Our capital investment also increased by 300 million yen.

From the fiscal year ending in March 2018 through the fiscal year ending in March 2020

	Cumulative target amount for three years	Cumulative results for three years
Consolidated net sales	85.3 billion yen	83.7 billion yen
Consolidated operating income	10.2 billion yen	10.28 billion yen
Capital investment	7 billion yen	6 billion yen

(Reference) From the fiscal year ending in March 2015 through the fiscal year ending in March 2017

	Cumulative target amount for three years	Cumulative results for three years
Consolidated net sales	---	78.8 billion yen
Consolidated operating income	4.5 billion yen	8 billion yen
Capital investment	7 billion yen	5.7 billion yen

2. Initiatives for the new medium-term business plan

The three-year Yamaichi Electronics Group's new medium-term business plan (for the fiscal year ending in March 2021 through the fiscal year ending in March 2023) started in fiscal 2020. The plan still aims to grow Yamaichi Electronics Group into a corporate group that can provide products and services with which customers will be satisfied. In achieving this management goal, we will create products that will lead to the future by collaborating globally. We will continuously promote the two core strategies, i.e., growth strategy and structural reform, and grow further into a corporate group that can meet the needs of our customers more. Also, we will further strengthen our financial position and our management base for future growth.

The new medium-term business plan aims to exceed a record-high operating income of 5.022 billion yen, which we achieved in the past, by 2025. At the same time, we will aggressively make a capital investment to become a corporate group that can continue to grow its corporate performance without being influenced by the business environment. Our efforts include developing and serializing global niche top products, improving global management efficiency, reinforcing the business continuity plan (BCP), and environmental reinforcement.

(1) Performance targets

We will work toward a cumulative consolidated operating profit of 11.1 billion yen or more for the three years. (from the fiscal year ending in March 2021 through the fiscal year ending in March 2023)

	Fiscal year ending in March 2021	Fiscal year ending in March 2022	Fiscal year ending in March 2023	Cumulative total
Consolidated net sales	27.7 billion yen	29.5 billion yen	31.1 billion yen	88.3 billion yen
Consolidated operating income	3.2 billion yen	3.7 billion yen	4.2 billion yen	11.1 billion yen

* Assumed exchange rate:

106.06 yen to the U.S. dollar and 123.70 yen to the euro for the fiscal year ending in March 2021.

106.00 yen to the U.S. dollar and 127.00 yen to the euro for the fiscal year ending in March 2022 and for the fiscal year ending in March 2023.

(2) Basic strategy

1) Growth strategy

We will respond to the diverse needs of our customers with the key to creating and serializing global niche top products. Furthermore, we will develop technology for new markets and create differentiated products, improve the efficiency of the global development system and sales system, and embody our growth strategy.

[Test Solution Business]

Developing new products that will follow the growth and evolution of the semiconductor market.

Promoting a global sales system that responds to the diversification of semiconductor production.

[Connector Solution Business]

Concentrating investment in priority markets and creating global niche top products.
Making full use of high-speed transmission technology to increase contribution to the communication infrastructure market further.

[Optics-related Business]

Reinforcing the capability to propose solutions from customers' development stage.
Promoting new technology development and demand development activities.

2) Structural reform

The Yamaichi Electronics Group will improve its efficiency by supply chain management (SCM), thus restructuring and strengthening the global management system and centralizing information. At the same time, we will strengthen our global competitiveness by pursuing manufacturing that will match the needs of our customers.

(3) Investment plan

The cumulative total of our investment plan for three years will be 10 billion yen, and funds will be invested to achieve the goals of the new medium-term business plan.

(4) Others

- 1) We will aim for an ROE of 10% or more.
- 2) Regarding dividends, we will continue aiming for a consolidated payout ratio of 30%.

[Notes on this document]

According to information currently available, we have predicted the earnings and future forecasts, including potential risks and uncertainties, in this document. Therefore, please be aware that actual results may differ significantly from the stated outlook due to various factor changes that may take place.