

Yamaichi Electronics Group's Medium-term Management Plan

The Yamaichi Electronics Group is pleased to provide an overview of its new three-year Medium-Term Management Plan (covering FY2023–FY2025). Through this plan, we will strive to become a company with a strong vision for the future, thereby facilitating further progress moving forward.

1. Results of the previous Medium-Term Management Plan

Yamaichi Electronics Group established its previous Medium-Term Management Plan (for FY2020–FY2022) in FY2021 in accordance with its management objective of consistently providing satisfying products and services.

In pursuit of this management objective, we have been applying a perspective based on global collaboration and the creation of products that will lead humanity into the future while promoting two core strategies (growth strategies and structural reforms) focused on ensuring our ability to fulfill the needs of our customers, further strengthening our financial position, and reinforcing our management base for future growth.

During the period covered by our previous Medium-Term Management Plan, global circumstances were subject to a number of dramatic changes, including an intensification of economic friction between the US and China, the global spread of COVID-19, protracted conflict between Ukraine and Russia, and sharp depreciation of the yen caused in part by monetary policy adjustments implemented in response to inflationary pressures stemming from growth in prices for energy and resources. Under these circumstances, we generated 114,200 million yen in consolidated net sales and 20,700 million yen in operating income over the plan's three-year period, exceeding respective targets of 88,300 million yen and 11,100 million yen by significant margins.

In FY2020, we generated ROE of 10.7%, and in FY2021 and FY2022, ROE amounted to 23.7% and 21.1%, respectively. With these results, we exceeded our target of more than 10% in each fiscal year.

Our consolidated dividend payout ratio for FY2020 was 30.6%, while the ratio for FY2021 came to 30.1%. Our projected ratio for FY2022 is 30.1%. Assuming this projected ratio prevails, we will have achieved our target of 30% or higher for the entirety of the plan.

We targeted a three-year cumulative capital investment total of 10,000 million yen and ultimately invested a total of 11,150 million yen, all of which was covered by our own funds.

Compared to results generated under the preceding plan (FY2017–FY2019), we generated significant growth in both consolidated net sales (114,200 million yen, 36% higher than 83,700 million yen under the preceding plan) and consolidated operating income (20,700 million yen, 101% higher than 10,280 million yen under the preceding plan). Capital investment was also 6,050 million yen higher than the corresponding amount spent under the preceding plan.

FY2020–FY2022

	Cumulative three-year target	Cumulative three-year result
Consolidated net sales	88,300 million yen	114,200 million yen
Consolidated operating income	11,100 million yen	20,700 million yen
Capital investment	10,000 million yen	11,150 million yen

Reference: FY2017–FY2019

	Cumulative three-year target	Cumulative three-year result
Consolidated net sales	85,300 million yen	83,700 million yen
Consolidated operating income	10,200 million yen	10,280 million yen
Capital investment	7,000 million yen	6,000 million yen

2. Initiatives of the new Medium-Term Management Plan

Under its new three-year Medium-Term Management Plan (FY2023–FY2025), Yamaichi Electronics Group will continue striving to achieve growth while providing satisfying products and services. In pursuit of this management objective, we will collaborate with customers across the globe to create products that will lead humanity into the future. Strategically, we will intensify our application of growth strategies and structural reforms while generating growth, fulfilling the requirements of our customers, and further strengthening both our financial position and operating base for future growth.

Under this Medium-Term Management Plan, we aim to achieve net sales of over 50,000 million yen and operating income of more than 10,000 million yen in FY2025. At the same time, we will strive to bolster the competitiveness of our businesses, achieve sustainable growth, improve productivity while building a stable supply system, and establish harmonious relationships between people, organizations, and society.

(1) Performance targets

Over the three-year period extending from FY2023 through FY2025, we will target cumulative consolidated operating income of at least 25,000 million yen.

	FY2023	FY2024	FY2025	Cumulative total
Consolidated net sales	42,000 million yen	47,000 million yen	50,000 million yen	139,000 million yen
Consolidated operating income	6,600 million yen	8,400 million yen	10,000 million yen	25,000 million yen

*Assumed exchange rate: 130.00 yen to the US dollar and 138.00 yen to the euro

(2) Basic strategy

① Growth strategy

While adhering to a concept of developing and expanding core businesses and venturing into new business fields, we will give shape to our growth strategy by responding to diverse customer needs through an intense focus on generating growth in both our core businesses and priority markets; creating global top niche products; and contributing to the resolution of social issues through our business activities.

Test Solutions Business

Address next-generation semiconductor requirements through component production technologies that evolve in step with growth and evolution in the semiconductor market and an integrated in-house production system

- * Burn-in memory: We have achieved growth through products with PC/server-related applications and will keep pace with growth in the memory market and generational shifts associated with memory semiconductors moving forward.
- * Burn-in logic: Having generated growth through products with applications related to in-vehicle advanced driver-assistance systems (ADASs), we will push forward with an expansion of our selection of next-generation semiconductor-related products that support automatic driving and intelligent transportation systems, which are technologies for which markets are projected to grow as time progresses.
- * Test socket: In the past, we have achieved growth through smartphone and PC-related products. In the future, we will aim to enter the testing market for next-generation logic semiconductors.

Connector Solutions Business

Invest intensively in priority markets (telecom/datacom, automotive, FA/industrial) while further refining core technologies and creating global niche top products

- * With regard to the telecom/datacom market, we will leverage industry-leading high-speed transmission technology while striving to develop products that support next-generation platforms ahead of our competitors.
- * We will target further expansion in European markets and aim to enhance our selection of semiconductor manufacturing equipment segment products by enlarging our lineup of I/O connector products with industrial applications.
- * We will strive to expand into the electric vehicle (EV) solutions field and enlarge our lineup of products that meet next-generation high-speed transmission standards for advanced driver-assistance and automated driving systems.

Optics-Related Business

- * Achieve expansion in the industrial and medical equipment markets
- * Encourage activities targeting the development of both new technologies and demand

② Structural reforms

As it aims to become an organization capable of consistently adapting to ongoing change, the Yamaichi Electronics Group will further reconstruct its supply chain management (SCM) systems to improve its groupwide efficiency and further enhance both the quality of its products and services and its ability to deliver these solutions in a timely manner. To facilitate the achievement of these goals, we will raise the sophistication and efficiency of our global manufacturing and strengthen our domestic production. Through these efforts, we will also establish sales, development, and production systems that enable us to provide a stable supply of satisfying products and services and strengthen the precision machining technologies that support these systems.

(3) Investment plan

Over the course of the new Medium-Term Management Plan, we plan to invest a cumulative total of 14,000 million yen toward achieving the plan's targets.

(4) Other

- ① We will aim for an ROE of at least 10%.
- ② Our consolidated dividend payout ratio target will continue to be 30% or higher.
- ③ We will flexibly conduct share buybacks while targeting a total return ratio of 40% or higher.

[Notes on this document]

Forecasts or projections regarding future performance or results included in this document were formulated based on information available at the time this document was prepared and were informed by our best understanding of contemporaneous data concerning potential risks and sources of uncertainty. Accordingly, please be aware that actual results may differ significantly from stated projections due to a wide variety of factors.