

**Hirata**

**HIRATA Corporation**

**Security Code: 6258 / May 2025**

# **Medium-Term Management Plan**

**(FY 2025-2027)**

# Summary of Medium-Term Management Plan (FY 2025-2027) #1

- **Reflection on the previous medium-term plan period: The numerical targets of 100 billion yen in net sales, 10 billion yen in operating profit, and 11% of ROE were not achieved.**
  - The automobile segment achieved the numerical targets for net sales and operating profit, but the key for the future will be further growth while maintaining high profit margins.
  - The semiconductor segment did not achieve the numerical targets for either net sales or operating profit, and the key for the growth is further strengthening of the production system to maximize customer value.
  - A target ROE set at 11% has not been achieved, and the strengthening of capital strategy with a core of ROE improvement has been promoted as priority measures.
  - Various measures were implemented with four basic policies of “Business expansion in growth markets,” “Strengthening competitiveness as a global company,” “Strengthening of ESG management initiatives,” and “Realization of management in line with new normal era.” Though we did not achieve our numerical targets, we recognize that we have made steady progress in strengthening both profitability and our business foundation.
- **Positioning and strategic pillars of this medium-term plan: enabling both early realization of a high profit structure and expansion of business domain**
  - Taking seriously the situation where we have not achieved the numerical targets in the past two medium-term management plans, we formulated this medium-term plan with an emphasis on probability and effectiveness.
  - We will give first priority to early improvement of profitability and expand our business domain based on the outcomes to make the next three years for us to take on the challenge for the next management stage.
  - We will promote our business activities based on the following five strategy pillars to aim to achieve the goals of this medium-term plan and grow as a company:
    - “Expanding business scale in semiconductor-related equipment business,” “Strengthening profitability in made-to-order business,”
    - “Further strengthening earning base,” “Expanding mass production business,” and “Transformation of new business into business divisions.”
- **Numerical targets of this medium-term plan: ROE of 9.3% or higher, operating profit of 10 billion yen or more, and sales CAGR of 6% to 8% for FY 2027 (consolidated)**
- **Implementation system and monitoring**
  - To ensure the achievement of this medium-term plan, we will form projects that clarifies responsible persons for each KPI and build a cross-departmental company-wide implementation system.
  - We will improve the effectiveness for achieving our goals, realizing a multi-layered KPI monitoring environment through the utilization of digital technology and implementing regular thorough progress reviews and strategic adjustments, furthermore responding flexibly to changes in the environment by enhancing cross-functional follow-up systems.

# Summary of Medium-Term Management Plan (FY 2025-2027) #2

## 1 Expand business scale in semiconductor-related business

- In order to keep up with the globalization of our customers' production bases due to the medium- to long-term expansion of semiconductor demand, we strengthen our sales, production, marketing, and service systems within our group by promoting product development and keeping technological innovation in the semiconductor industry in mind to aim to further expand our business scale.
  - Stably supply high-quality components that can meet increasing demand.
  - Promote sales to our existing customers to expand the scope of adoption of our equipment.
  - Expand corresponding fields in response to technological evolution in the semiconductor market.

## 2 Strengthen profitability in the made-to-order business

- Leveraging the strengths we have developed, we enhance profitability in the made-to-order business by selecting and concentrating on regions and projects, developing business with an emphasis on engineering, and improving capital efficiency.
  - Focus on automobile manufacturers in Japan and North America for automobile-related equipment.
  - Emphasize high-value-added business activities by establishing an organizational structure centered on engineering and promoting DX across the value chain.
  - Promote improvement of capital efficiency through activities aimed at improving CCC, including shortening the days sales outstanding, and through activities to standardize equipment.

## 3 Further strengthen the earning base

- Aim to achieve high ROE in the medium- to long-term by strengthening management and financial base and promote the optimization of cost structure.
  - Aim to derive and implement effective profit improvement measures by enhancing business base through visualization of management information and improvement of management system for key indicators.
  - Aim to maximize operating cash flow through measures of CCC improvement and allocate cash to balance growth investments and shareholder returns.
  - Promote company-wide cost reduction activities by engaging in cost reduction activities in the business divisions as well as improving overhead costs and strengthening the cost monitoring system.

## 4 Expand the mass production business

- Aim to increase the profitability of existing businesses and create new businesses by selling mass-produced products that meet customer needs in a wide range of industries through our technological assets.
  - Envision the expansion of the lineup of mass-produced products by establishing a division to lead the planning and promotion of those products and developing the collaborative system with the business division.
  - Strengthen Web marketing and develop the sales system to promote the sales of expanded mass-produced products.

## 5 Transformation of new business into business divisions

- Aim to establish business divisions in the fields of battery, control panel, and electrification parts based on our strengths and market forecasts.
  - Promote activities with the goal of reaching sales of 5 billion yen in each field in FY 2027.
  - Aim for dramatic growth in FY 2028 onwards with biological genetic resource business and a high-intensity focused ultrasound (HIFU) cancer treatment device.

## Summary of Medium-Term Management Plan (FY 2025-2027) #3

### ➤ Functional Strategies

#### ● Financial and capital strategy

- Ensure both growth investment and shareholder returns by promoting improvements on the turnover period of accounts receivable and inventory as well as aiming to improve operating cash flow.
- Aim for a dividend payout ratio of 35%, assuming the improvement of operating cash flow.
- Will build a balance sheet in which we are conscious of capital efficiency in order to achieve sustainable growth investment and medium- to long-term improvement in corporate value.

#### ● Sustainability strategy

- Based on the outcome of the previous medium-term plan period and centered on the Sustainability Promotion Committee, we continue to engage in activities toward achieving the goals for FY 2030 about 10 material issues.
- Constantly monitor trends on ESG and consider optimal responses as appropriate.

#### ● Human resources strategy

- Promote activities by theme, such as recruitment, training, placement, and the review of personnel systems, enhance the intrinsic motivation of each employee, and aim to foster a system and organizational culture in which the right diverse human resources can play an active role in the right position.
- Contribute to improving corporate value by achieving flexible personnel placement according to changes in the business portfolio.

#### ● Intellectual property strategy

- Strive for improving sustainable competitiveness by strengthening intellectual capital, which is the source of corporate value and competitiveness, and address the development and enlightenment of intellectual human capital capable of intellectual creative activities as well as the formation of corporate culture for it.
- Implement the establishment of an intellectual property strategy meeting that involves the management, Business Division, and Intellectual Property Division, and a strategy promotion department in the Intellectual Property Department, which will serve as the foundation for strategy execution.

#### ● IT and DX strategy

- Establish a specialized organization in information system division to advance DX across the company and, in manufacturing, which drives DX forward mainly with the modernization of legacy systems and AI utilization, address the creation of added value and streamlining of production processes with a focus on XR and digital twin technology.
- Aim to maintain and improve the information security level through promotion of ISMS and zero trust measures.

#### ● Corporate and group governance strategy

- Aim to build more substantial governance by promoting efforts to strengthen the various governance measures centered on improving the effectiveness of the board of directors.
- Set priorities of the strengthening of the group-wide fund management system as well as compliance and risk management to promote stronger group governance.

**T a b l e   o f  
C o n t e n t s**

- I. Reflection on the Previous Medium-Term Management Plan (FY 2022-2024)**
- II. Strategic Pillars and Goals of This Medium-Term Management Plan**
- III. Main Measures from Business and Functional Perspectives**

# **I. Reflection on the Previous Medium-Term Management Plan (FY 2022-2024)**

# Quantitative Status of Achievement for Previous Medium-Term Management Plan (FY 2022-2024)

The targets for automobile-related business were achieved. However, the targets for semiconductor-related business were not achieved, resulting to the failure of meeting the overall targets of 100 billion yen in sales and 10 billion yen in operating profit.

targets for automobile-related business were achieved. However, the targets for semiconductor-related business were not achieved, resulting to the failure of meeting the overall targets of 100 billion yen in sales and 10 billion yen in operating.

	Segment	FY 2021 results	FY 2024 results	FY 2024 targets (previous medium-term plan)	Variance/background
Net sales [100 M yen]	Automobile-related	260	431	400	<b>■ Automobile</b> <ul style="list-style-type: none"> <li>Inquiries increased from increased capital investment demand from North American manufacturers, who are our major customers.</li> </ul> <b>■ Semiconductor</b> <ul style="list-style-type: none"> <li>We did not achieve our target, though we made efforts for improving efficiency and utilizing external resources to strengthen our production system.</li> </ul> <b>■ Other automatic labor-saving equipment</b> <ul style="list-style-type: none"> <li>We were in a sales decline during that period due to changes in the customer's capital investment plan, which made our recovery response difficult.</li> </ul>
	Semiconductor-related	260	302	400	
	Other automatic labor-saving equipment and others	150	152	200	
	<b>Total</b>	670	885	1,000	
Operating profit [100 M yen / %]	Automobile-related	2	42 (9.7%)	20 (5%)	<b>■ Automobile</b> <ul style="list-style-type: none"> <li>Though affected by rising prices, the weak yen, and exchange rates, we made progress in price pass-throughs, which allow us to expect an operating profit above our target.</li> </ul> <b>■ Semiconductor</b> <ul style="list-style-type: none"> <li>The target was not achieved because of late price pass-throughs in response to soaring raw material and transportation costs.</li> </ul> <b>■ Common background</b> <ul style="list-style-type: none"> <li>Increased fixed costs associated with investments for the future (increased labor costs, R&amp;D costs, and depreciation expenses)</li> </ul>
	Semiconductor-related	26	29 (9.5%)	60 (15%)	
	Other Automatic Labor-saving Equipment and Others	10	▲2 (▲0.8%)	20 (10%)	
	<b>Total</b>	38	69 (7.8%)	100 (10%)	
ROE		5.1%	7.2%	11%	

# Key Measures and Progress of Previous Medium-Term Management Plan (FY 2022-2024)

Strengthened both profitability and the management base during the previous medium-term plan period by following four basic policies.

Strengthened profitability		Strengthened the management base	
Business expansion in growth markets	<ul style="list-style-type: none"> <li>Increased large orders for both electric vehicles (EVs) and internal combustion engine (ICE) vehicles</li> <li>Expanded production capacity at the Shichijo Plant (Kumamoto) and Kansai Plant</li> <li>Participated in the planning of the Semiconductor Assembly Test Automation and Standardization (SATAS)</li> <li>Carried out the transition to new fields and acceleration of product development by establishing a new division specializing in batteries, and proceeded with key device development</li> <li>Entered the cancer treatment equipment market and formed business partnerships and progressed in development toward mass production</li> <li>Completed a laboratory equipped with facilities, equipment, and software to evaluate functionality in biological genetic resource research, and moved to commercialization of that research (The commercialization was determined through product development support service, "HiABS".)</li> </ul>	Strengthening of ESG management initiatives	<ul style="list-style-type: none"> <li>Expanded the lineup of the EcoElectric Series</li> <li>Launched the Sustainability Promotion Committee and built an ESG promotion system</li> <li>Awarded the EcoVadis Silver Medal</li> <li>Set forth the Hirata Group Code of Conduct based on international norms and rules</li> <li>Determined CO<sub>2</sub> emission calculation method and considered intermediate indicators as response to climate change</li> <li>Formulated the Human Rights Policy Guidelines and conducted the assessment</li> </ul>
	<ul style="list-style-type: none"> <li>Increased in semiconductor-related orders at overseas affiliates (in China and Southeast Asian countries)</li> <li>Made progress in dialogues with affiliates to promote business growth and risk management for the entire group and to improve and optimize internal control systems</li> </ul>		<ul style="list-style-type: none"> <li>Made progress in consideration of introducing information systems (PLM and ERP) to cover core business operations</li> <li>Expanded fields of use of emulator and improved its functionality</li> <li>Made progress in the use of various simulators, including logistics analysis</li> <li>Made progress in consideration of software standardization</li> </ul>



## **II. Strategic Pillars and Goals of This Medium-Term Management Plan**

## Hirata's History

We continued to provide value tailored to the needs of the times and customers, which has been our unique strength since our founding.

### Manufacturing and marketing industrial vehicles

Increase in orders for production equipment with the mindset of 活人倍力 (Utilizing People for Multiplying Power)<sup>\*1</sup>.

Promoting the development of robots and the automation of production equipment such as conveyors

Having achieved a higher level of automation, by introducing control and software technologies. Manufacturing and marketing not only assembly equipment but also process equipment

Making automobiles, semiconductors, and home appliance fields our main businesses

### Production system Integrator

Hirata's production system that corresponds to the changing times and transforms accordingly

1951

#### Founded the company

Established Hirata Sharyo Industrial Co., Ltd., in Kumamoto City, Kumamoto Prefecture, to manufacture and market industrial vehicles. Orders for industrial vehicles, such as handcars, and belt conveyors increased.

1974

#### Founded HIRATA Corporation

As the business expanded with automatic assembly machines for the home appliance industry, three related companies of Taihei Conveyors, which mainly dealt with portable conveyors, Hirata Sharyo Industrial, which was in charge of conveyors related to home appliances, and Hirata Industrial Commerce, merged to form HIRATA Corporation.

1980

#### Expanded overseas bases

As we began to supply our assembly equipment not only to domestic customers but also to major overseas home appliance manufacturers, we established our first overseas base in the United States to further develop sales channels. Starting with that base, we established affiliated companies in various areas, including Europe, Southeast Asia, and China.

1990

#### Highly praised by overseas automobile manufacturers for our ACS<sup>3</sup> concept

With the release of the ACS concept, which met various needs by combining standards, we have been highly praised by overseas automobile manufacturers since the mid-1990s. The evolution of automobile assembly equipment has been accelerated.

<sup>\*3</sup>: Abbreviation for Assembly Cell System

2000

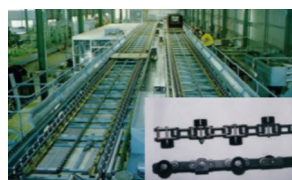
#### Expanded business to meet the needs of the times

Predicting that the cathode ray tube television market would shrink, we entered the flat panel display (FPD) market. We also entered the semiconductor-related business and to deal with major overseas manufacturers. We appeared on the world stage as a production system integrator.

Present

#### Selecting and concentrating to realize a sustainable society

We respond with reliable quality and technology to the so-called once-in-a-century transformation of the automobile industry and the changing needs toward realizing a sustainable society. We propose a highly convenient and environmentally friendly smart factory by utilizing digital technology and DX. We will strengthen the development of products for which demand is expected to increase in the future, such as key devices related to EVs (electric vehicles).



Adopted MEP Chain Conveyor, a free-flow system with the worker's perspective that stops products in front of the worker



Cathode-ray tube equipment



Exhibited at a trade show in North America to expand automobile-related business



Automobile engine assembly equipment with ACS Concept



Brushless DC motor, Hirata BLUE MOTOR



Dual Head Wire Bonder



EcoElectric Series



EDU (Electric Drive Unit) assembly equipment

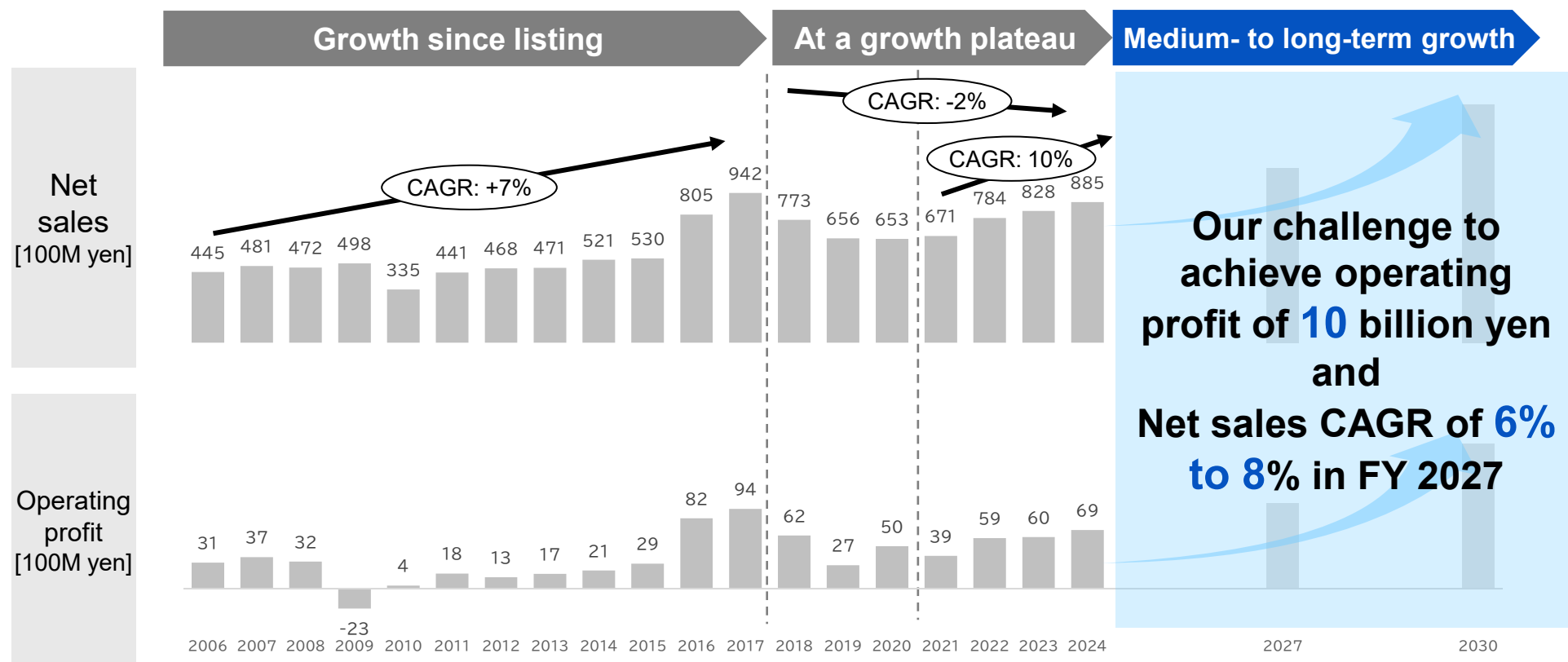
<sup>\*1</sup>: A term (in Japanese) coined by our company that represents the mindset of utilizing human resources by assigning them to task with higher added value, rather than saving labor and effort, which reduces the number of workers through the automation of equipment

4-axis SCARA<sup>2</sup>-type robot, ARM-BASE

<sup>\*2</sup>: Abbreviation for Selective Compliance Assembly Robot Arm (horizontal multi-joint robot)

## Recognition of the Current Situation

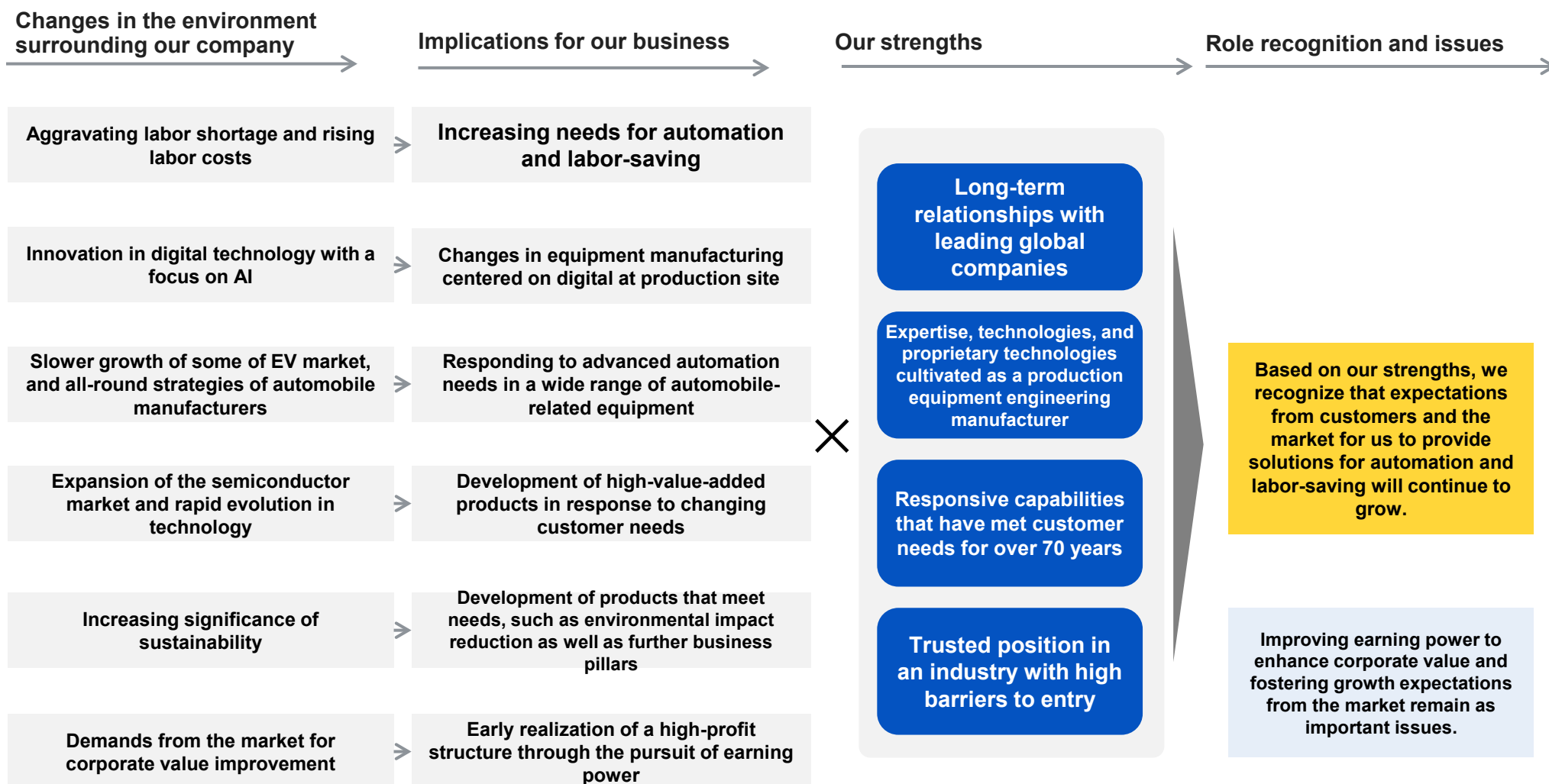
We recognize that the pace of growth has slowed in recent years and is at a plateau. We will take this as an opportunity to return to Hirata's strength and take on a new challenge.



- We have flexibly provided value, adapting to the times and customers since our founding.
- In spite of active inquiries, our growth has been slow because our capacity expansion has not kept up.
- We have been actively investing in capacity and resources since the previous medium-term plan period.

# Changes in External Environment Surrounding Hirata and Our Growth Opportunities

Changes in the macro environment and market environment in each industry will be a tailwind for further growth of our company.



# Positioning of This Medium-Term Management Plan

## Mission statement:

“We will courageously pursue technological innovation, develop character, and improve abilities to contribute to the development of society.”

## Making people happy and contributing through technology:

We will make everyone involved with HIRATA happy and contribute to society through technology.

This medium-term  
management plan

FY 2025-2027

## Maximize profits by equipment innovation

- Support customers' next-generation products
- Aim to maximize mutual profits for both customers and our company
- Respond to all aspects in the automobile segment
- Adapt to the evolution of manufacturing technology and capture demand for AI in the semiconductor segment

Previous medium-term  
management plan

FY 2022-2024

Fiscal year ending  
March 2025

▷ Net sales	88.5B
▷ Operating profit	6.9B
▷ Operating profit ratio	7.8%
▷ ROE	7.2%

Numerical  
targets for  
FY 2027

ROE **9.3%** or more

Operating profit of **10** billion yen or more and net sales CAGR of **6-8%**

Strategic  
pillars

Expand business scale in  
semiconductor-related  
business

Strengthen profitability  
in made-to-order  
business

Further strengthen  
earning base

Expand mass  
production business

Transformation of  
new business into  
business divisions

# The Strategic Pillars and Growth Directionality of the Medium-Term Management Plan

## Five Strategic Pillars

### (1) Expand business scale in semiconductor businesses

- ✓ Supply stability for high-quality mass-production products to meet increasing demand
- ✓ Sales promotion to current customers for adoption/scope expansion of our equipment
- ✓ Expansion of coverage in response to market technological evolution

### (2) Strengthen profitability in the made-to-order business

- ✓ Choice/Focusing of Projects/Areas
- ✓ Shift to engineering centered services
- ✓ Higher value-added products and services

### (3) Further strengthen earning base

- ✓ Strengthen management/financial base
- ✓ Optimize cost structure

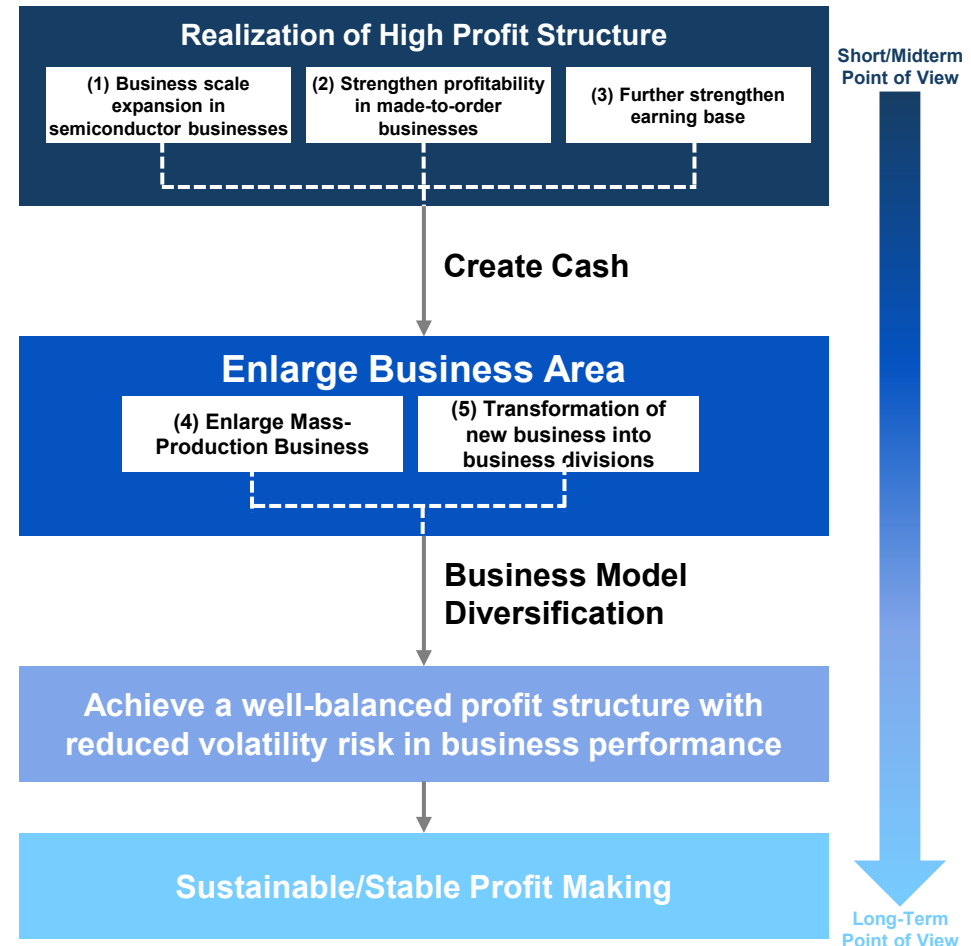
### (4) Enlarge mass-production business scale

- ✓ Organize the system/process toward promotion of product standardization
- ✓ Promote development toward expansion of mass-production products

### (5) Transformation of new business into business divisions

- ✓ Establish business divisions battery in the fields of battery, control panel, and electrification (aiming at sales over 5 billion JPY per business division)

## Positioning of Strategy and Directionality of Growth



# Strategic Pillar (1):Expand Business Scale in Semiconductor Businesses

To follow the globalization of our customers' production hubs resulting from mid to long-term semiconductor demand growth, strengthen our group's operation, production, sales and service systems and promote product development in anticipation of technological innovation in semiconductor industry and further expand the scale of our business.

## Business deployment in various regions



## Initiatives for expanding the business scale

### Promotion of Global Business Expansion

#### STEP1

- ✓ Expand production capacity through reorganization of domestic production hubs and review of production methods
- ✓ Promote initiatives to shorten production lead time

#### STEP2

- ✓ Promote technology transfer to affiliate companies
- ✓ Promote new exploration of global customers
- ✓ Strengthen the integrated global system from engineering to after-sales services

#### STEP3

- ✓ Establish a production system that can meet increasing demand while depressing costs through the use of external resources, the establishment of new production hubs, etc.

### Enlarge Operating Area

- ✓ Promote the development of new products through the renewal of products and new perspectives to follow technological innovations in the semiconductor industry.
- ✓ Accelerate the expansion of business in the PLP and subsequent process markets whose market size is expected to continue growing in the future.

## Strategic Pillar (2): Strengthen Profitability in the Made-to-Order Business

Strengthen profitability in the made-to-order business by utilizing our cultivated strengths, choice, and focusing on areas and projects, by deploying an engineering- focused businesses, and by improving capital efficiency.

Strength of our cultivated made-to-order business

Long-term relationship with top global companies, centered on North America and Japan



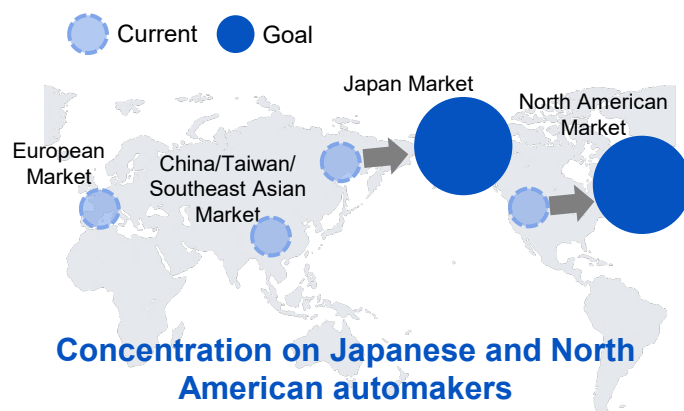
Capacity and resources that can handle large scale projects of 10 billion JPY or more



Cultivated adaptability and engineering capabilities in response to customer needs



### Choice and Focusing on Projects/Areas



### Transformation to business activities that further weighing on engineering

#### Establish an engineering-centered organizational structure

- Establish an organization aimed at strengthening the project management capability
- Establish an engineering unit that specifically promotes the incorporation of mass-production products into the production facilities
- Shift manufacturing processes for highly mass-producible projects to overseas affiliates and subcontractors

#### Promote DX throughout the value chain

- Promote DX in manufacturing / commissioning processes as well as DX in engineering / control processes

### Improved Capital Efficiency (Linked with Strategic Pillar (3))

#### Promote activities to improve CCC

- Review order acceptance criteria
- Institute a shorter collection period for receivables
- Strengthen sales capability through DX in the sales division

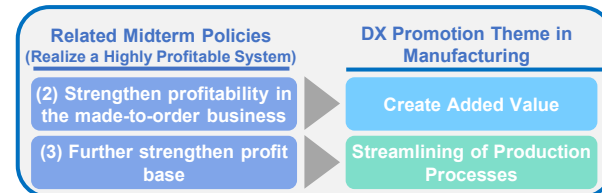
#### Acquire cost competitiveness through facility standardization

- Promote standardization and mass-production of our specialty facilities and powertrain facilities for which recent investment is anticipated

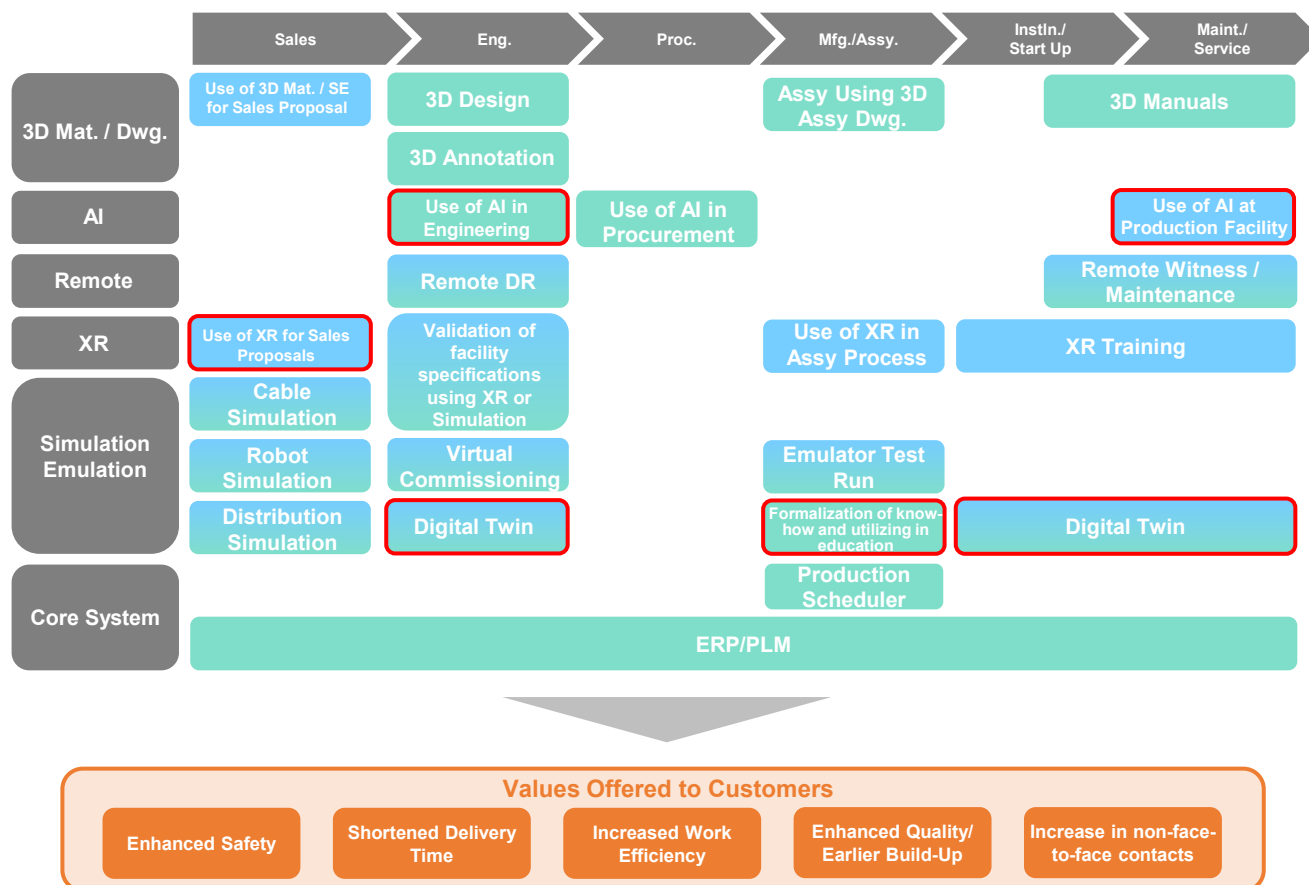


# Strategic Pillars (2)(3) Topic: Initiatives in DX for Manufacturing (1)

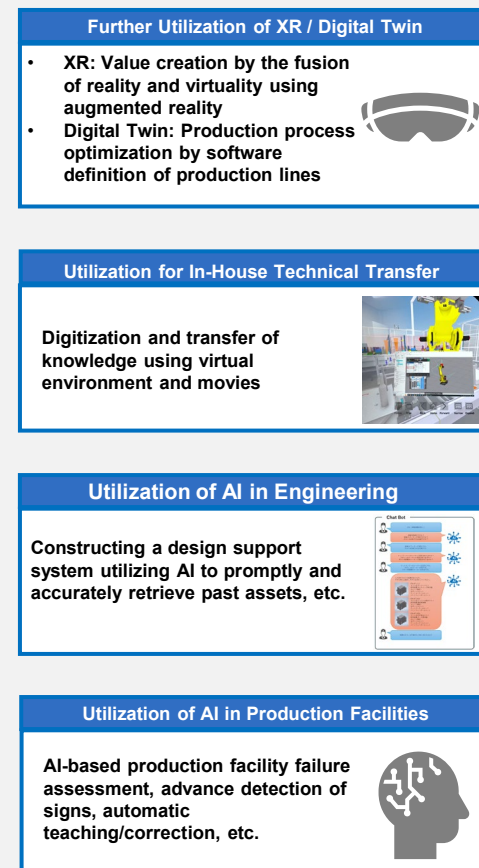
For realization of a high profit system, further promote the creation of added value and streamline the production process through the promotion of DX.



## Initiatives for DX by Value Chain



## Key Strategies for the Midterm



# Strategic Pillar (3): Further Strengthen Earning Base

Realize high ROE over the mid to long term through optimization of cost structure and reinforcement of management/financial base.

## Scheme

## Overview

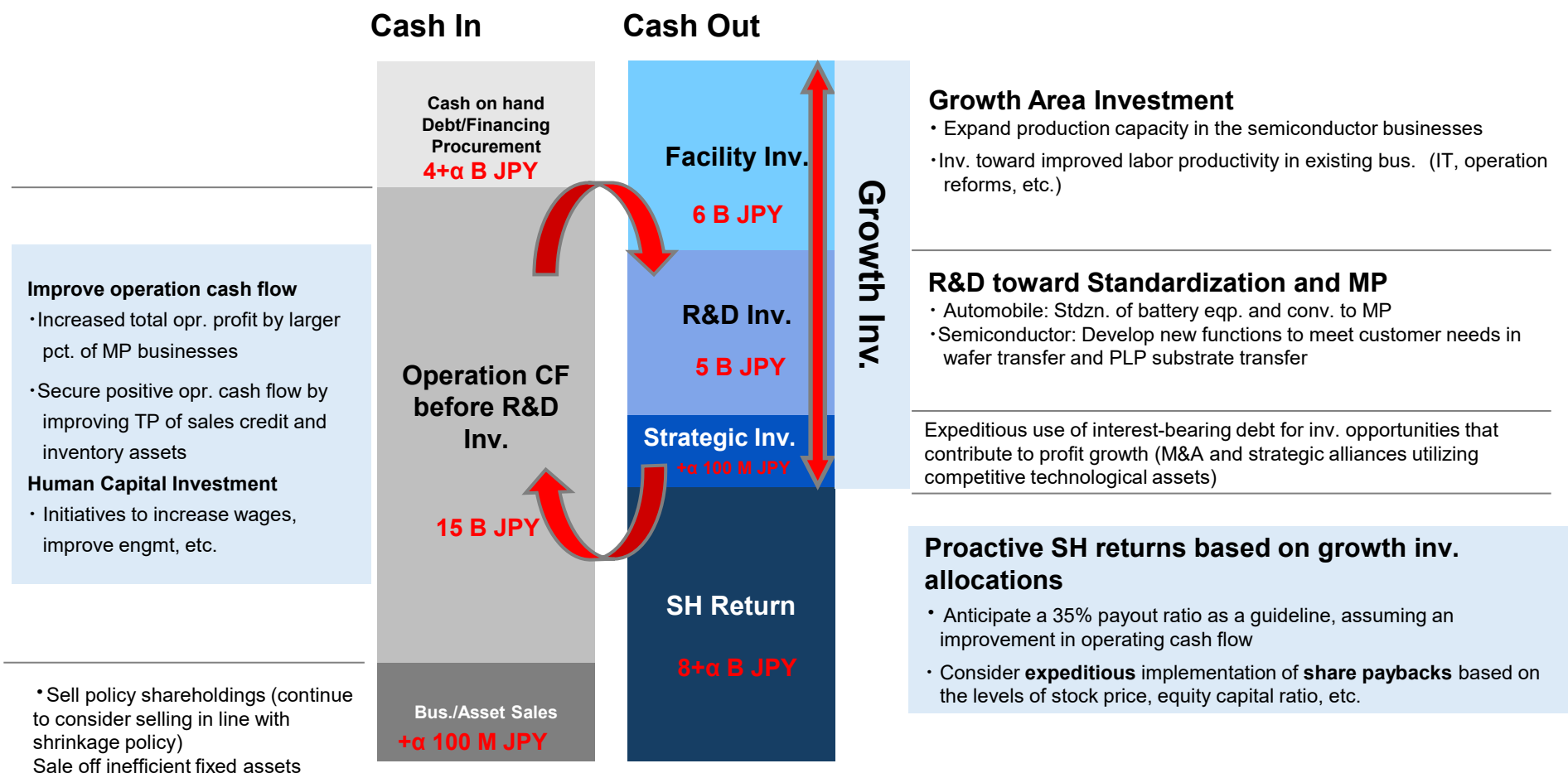
## State Goals

Strengthen Mgmt. Base	Timely Visualization of Mgmt. Info.	Enhance transparency of the mgmt. info. necessary to achieve the midterm goal, and increase the speed and improve the quality of decision-making at the mgmt. level	Derive effective improvement measures
	Improve Mgmt. System for Operation Index	Setting KPIs not only for sales and profit but also for earnings improvement drivers etc. toward achievement of mid-term goals, and enhance effectiveness	Frequently check KPIs that contribute to improved profitability and take steps to improve
	Enhance Mgmt. Accounting	Promote enhancement of global cost management utilized for optimal decision making.	Appropriate Business Evaluation
Strengthen Financial Base	Improve Cash Allocation	Implement initiatives to increase operating profit ratio and to improve CCC for maximizing operation CF	Achieve both growth & shareholder returns
	Strengthen Cost Monitoring System	Allocate the generated cash to growth investment (facility invest., R&D invest., strategic invest.) and promote shareholder returns as well.	Cash allocation that achieve both growth invest. & shareholder returns
Optimizing Cost Structure	Improve Indirect Cost	Implement initiatives to reinforce the systems of corporate type divisions on cost control and monitoring	Acquire Cost Competitiveness
	Promote Cost Reduction Activities	Promote cost reduction measures such as operation efficiency improvement with AI, outsourcing, etc.	Cost reduction activities are promoted as a whole company and reduction effects are monitored.
		Automobile: Reduce cost by improving design streamlining and utilizing digital technology Semiconductor: Enhance cost mgmt. and implement cost reduction activities	

## Strategic Pillar (3) Topic: Cash Allocation Policy

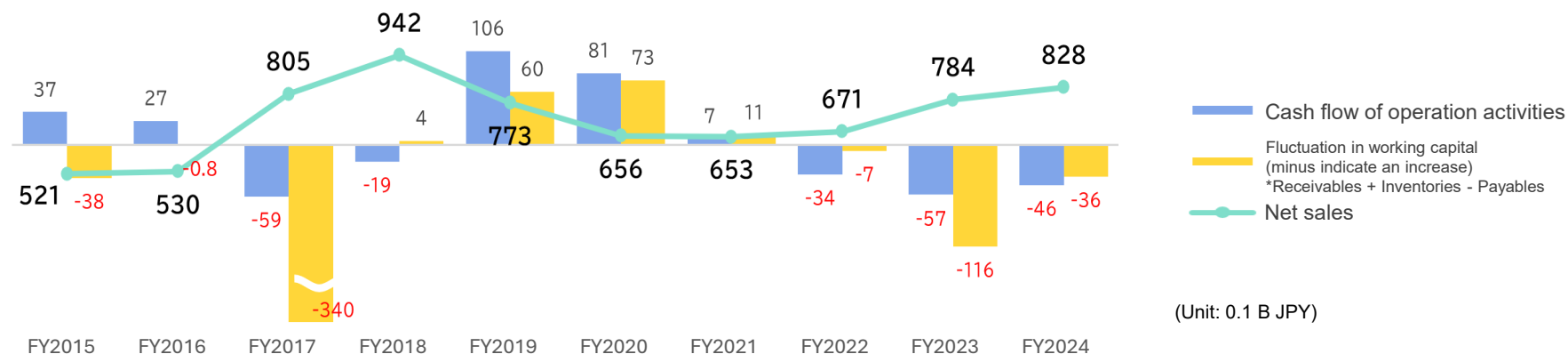
**Achieve both securing growth investment and expanding shareholder returns through improved operating cash flow.**

Image of total cash allocation over three years, FY 2025–27



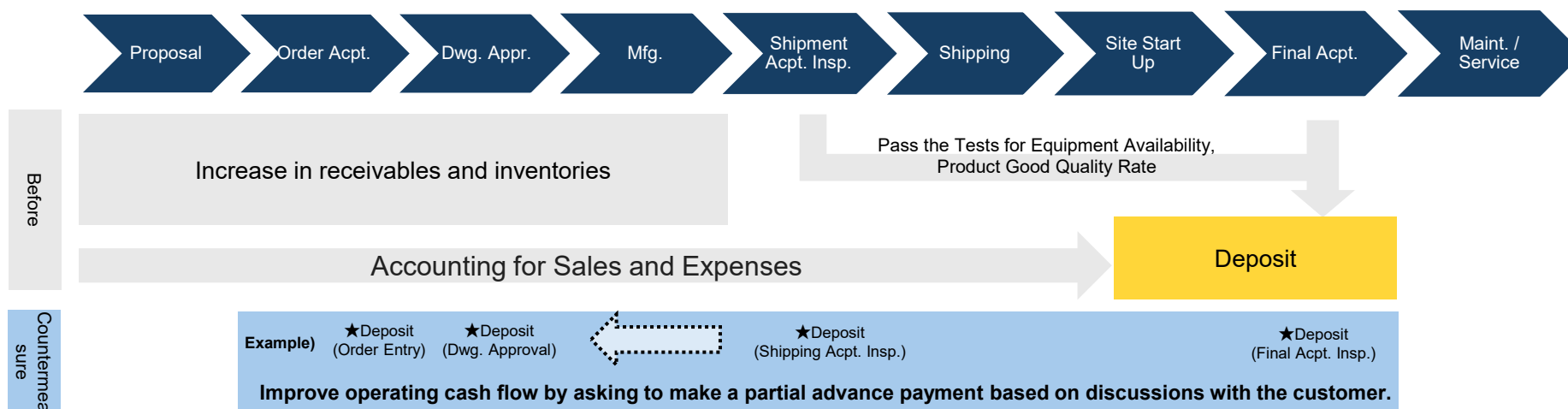
# Strategic Pillar (3) Topic: Operating Cash Flow Problem Recognition

Trends of operating cash flow and working capital over the past 10 years (FY 2014–23)



## Background and countermeasures for negative operating cash flow caused by our business process

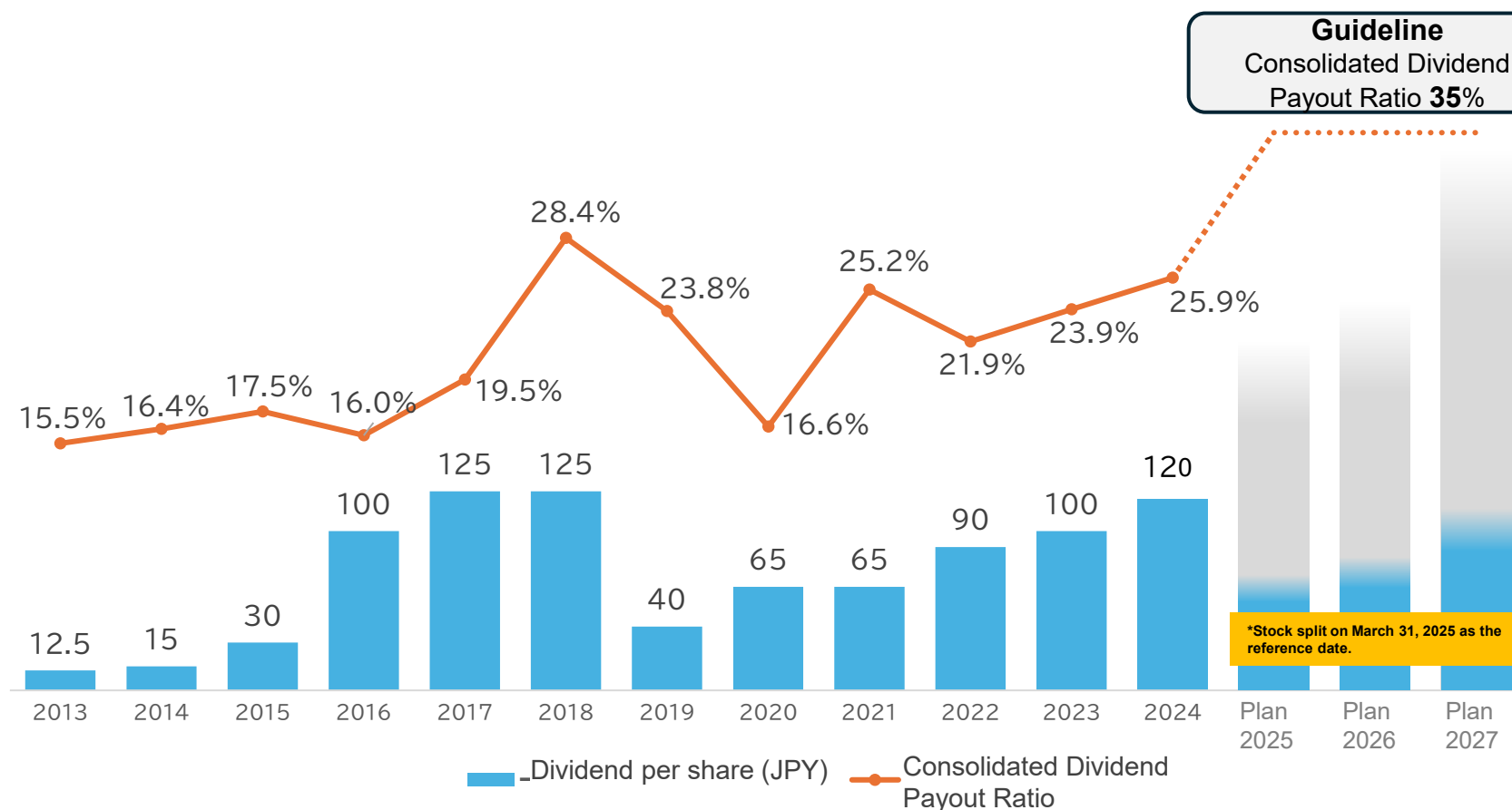
Sales/expenses are accounted for as construction progresses, but a large deposit is made by the customer only after the operation availability of the completed equipment and the good quality rate of the assembled products are confirmed (especially large production lines have long construction periods spanning more than a year).



## Strategic Pillar (3) Topic: Shareholder Returns

Based on growth investments by cash allocation policy,  
set a guideline of the consolidated dividend payout ratio at 35%.

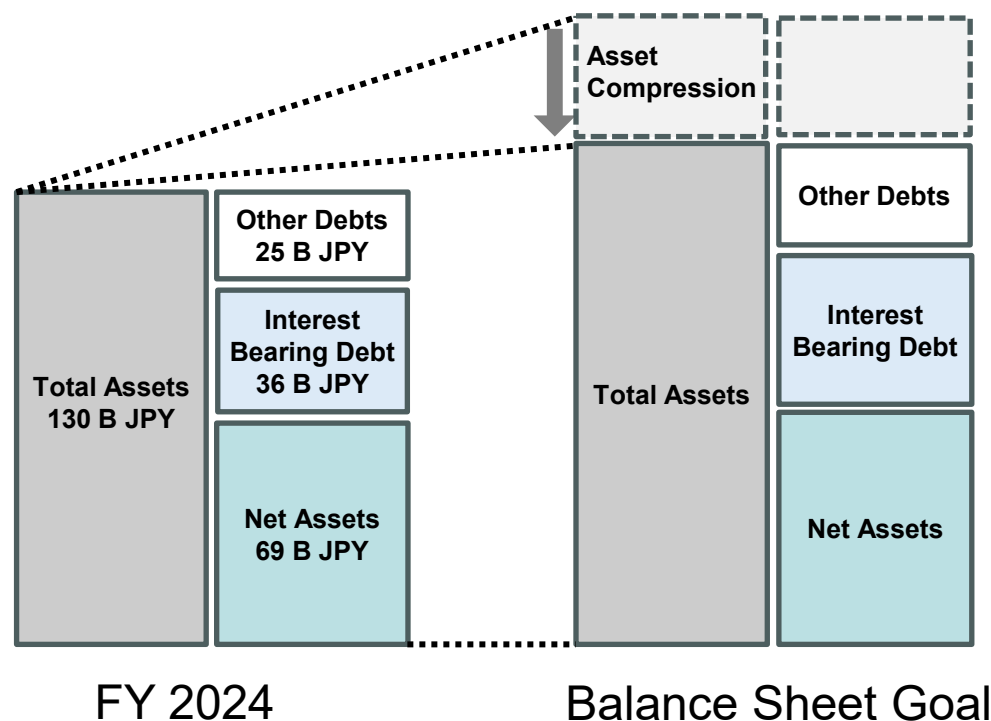
Dividend per share and consolidated dividend payout ratio



## Strategic Pillar (3) Topic: Aimed Balance Sheet Configuration

To realize sustainable growth investment and mid to long-term enhancement of corporate value, a capital efficiency conscious balance sheet has been established.

### FY 2024, and Midterm Goal Balance Sheet



### Policies and Measures

#### Asset compression to improve total asset turnover

- **Reduce receivables**
- **Optimize inventory**
- Sell policy shareholdings
- Sell off inefficient fixed assets

#### Utilize interest-bearing debt through financial leverage

#### **Equity-to-asset ratio goal: 45-50%**

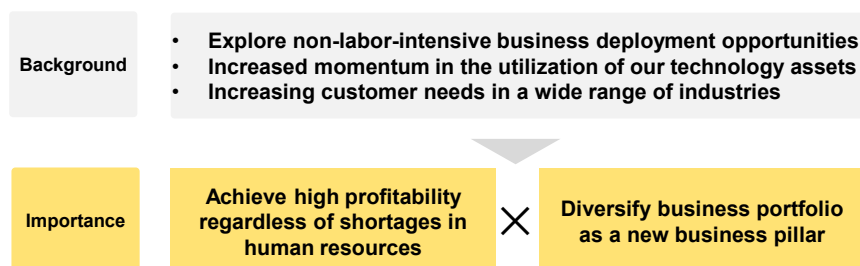
Assume required equity capital, taking into account business risks and capital cost reductions.

Consider **expeditious** implementation of **share paybacks** based on the level of equity capital ratio.

# Strategic Pillar (4): Enlarge Mass-Production Business Scale

Aiming at high profitability of existing businesses and creation of new businesses by using our technological assets to create and market mass-production products that meet the customer needs in a wide range of industries.

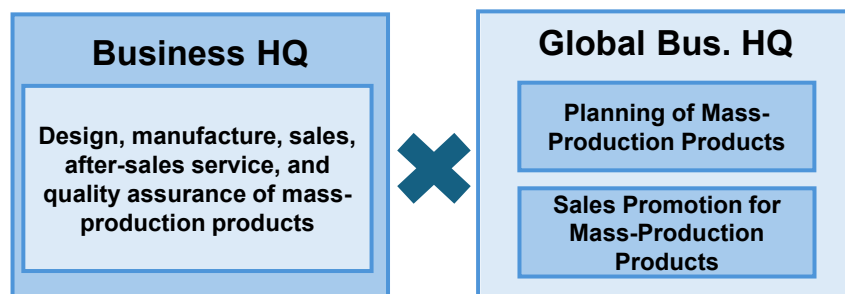
## Background and importance of launching mass production businesses



## Strengthen the cross-organizational structure for realization

Utilize the strengths of the various divisions and quickly establish a mass-production business structure

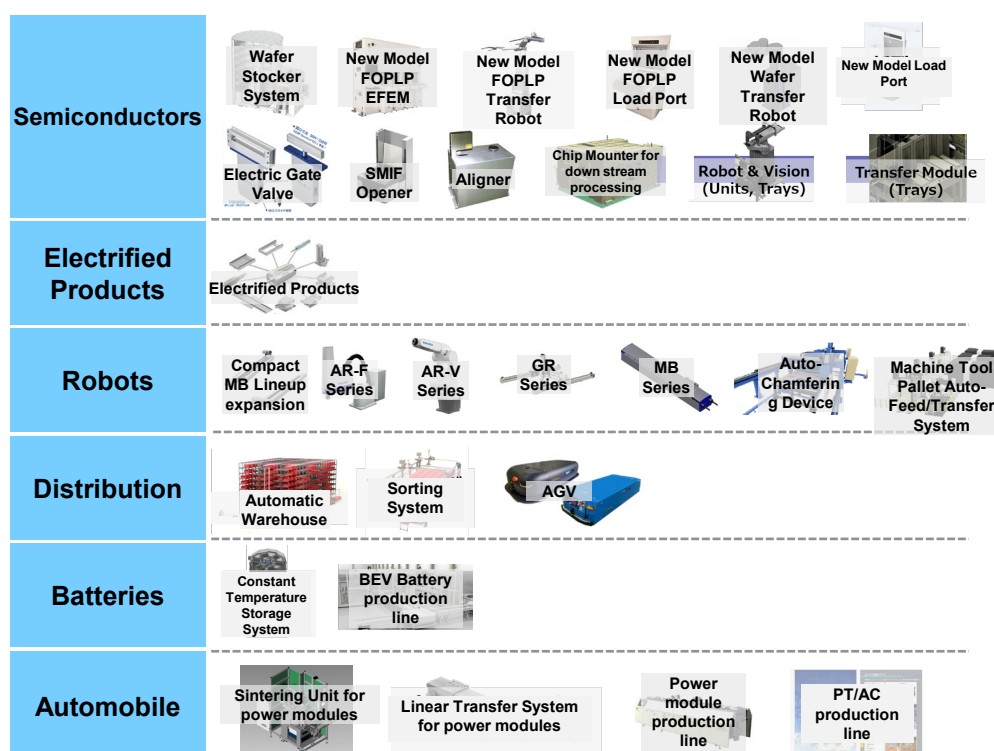
Jointly review mass-production products and develop a business plan



Supply of Main Functions

Supporting Departments

## Specific Examples of Mass-Production Products



# Strategic Pillar (5) Transformation of New Business into Business Divisions **Hirata**

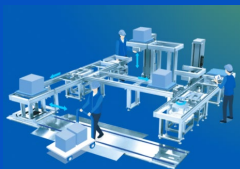
Based on Hirata's cultivated know-how and strengths, pursue the establishment of a new business through M&A and strategic alliances as one of the options.

Aim to achieve total sales of 15 B JPY or more

Businesses aiming for sales of at least 5 B JPY in each field by FY 2027

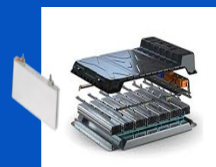
## Electrified Component Bus.

- Full-scale deployment of human and environment friendly all-electric transport systems
- Strengthen launch of new products and promotional investment by taking advantage of BLUE MOTOR



## Battery Bus.

- Enter other battery businesses (all-solid-state, fuel, perovskite, etc.) in addition to automobile
- Establish a position in the battery-related market, not limiting to automobile applications.



## Control Panel Bus.

- Further expand sales of control panel business for semiconductor equipment manufacturers



## Cultivate as the New Businesses

### High-intensity focused (HIFU) cancer treatment system

- High-intensity focused (HIFU) cancer treatment system under development in partnership with Sonire
- Aiming for medical regulatory approval in Japan in FY 2027
- Eyeing overseas medical regulatory approval and deployment in the future



### Biological Genetic Resources

- Provide the "HiABS" service that utilizes unused plant genetic resources to expand the potential for the development of new functional foods, pharmaceuticals, etc.
- Resource provision contracts with two countries, Argentina and Indonesia.

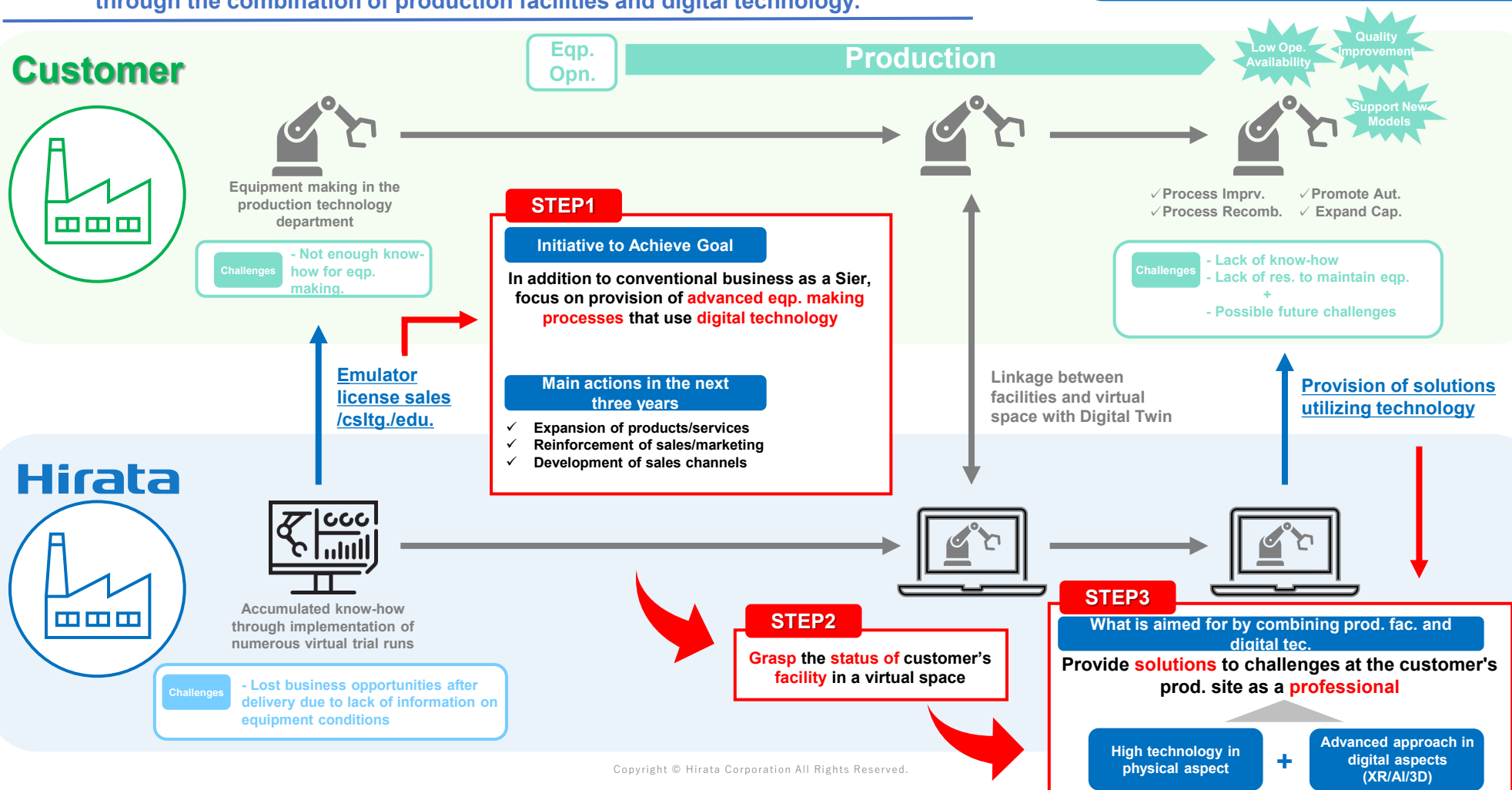
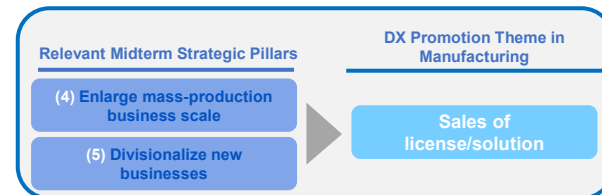




# Strategic Pillars (4)(5): Topic: Initiative of DX in Manufacturing (2)

To provide solutions to issues faced by customers at their production sites by combining production facilities and digital technology, focus also on the sales of licenses/solutions in the midterm plan.

The aiming attitude and efforts toward achievement through the combination of production facilities and digital technology.

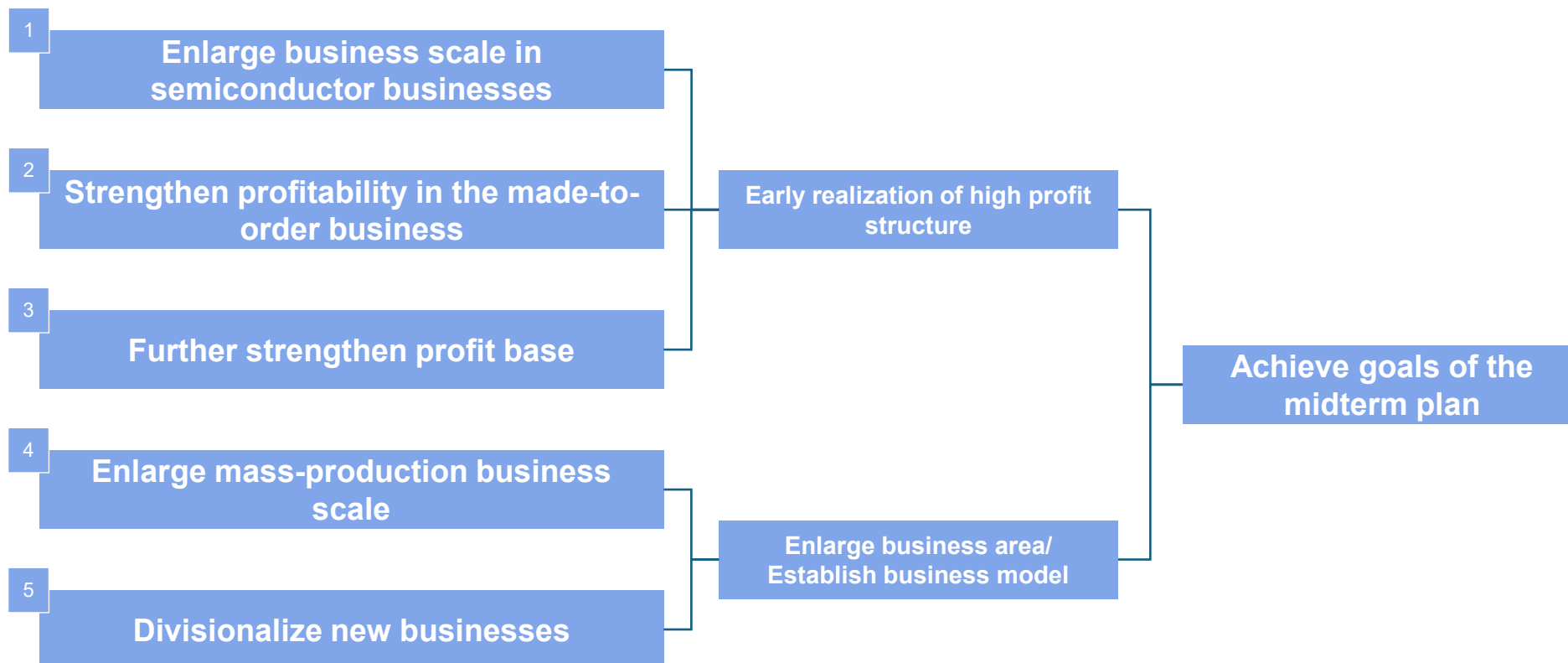


## Numerical Goals of the Midterm-Term Management Plan (consolidated)

During the period of the midterm plan, we aim to implement activities toward the early realization of a highly profitable structure and mid to long term growth with an awareness of capital efficiency and to maximize profits.

### Numerical Goals FY 2027

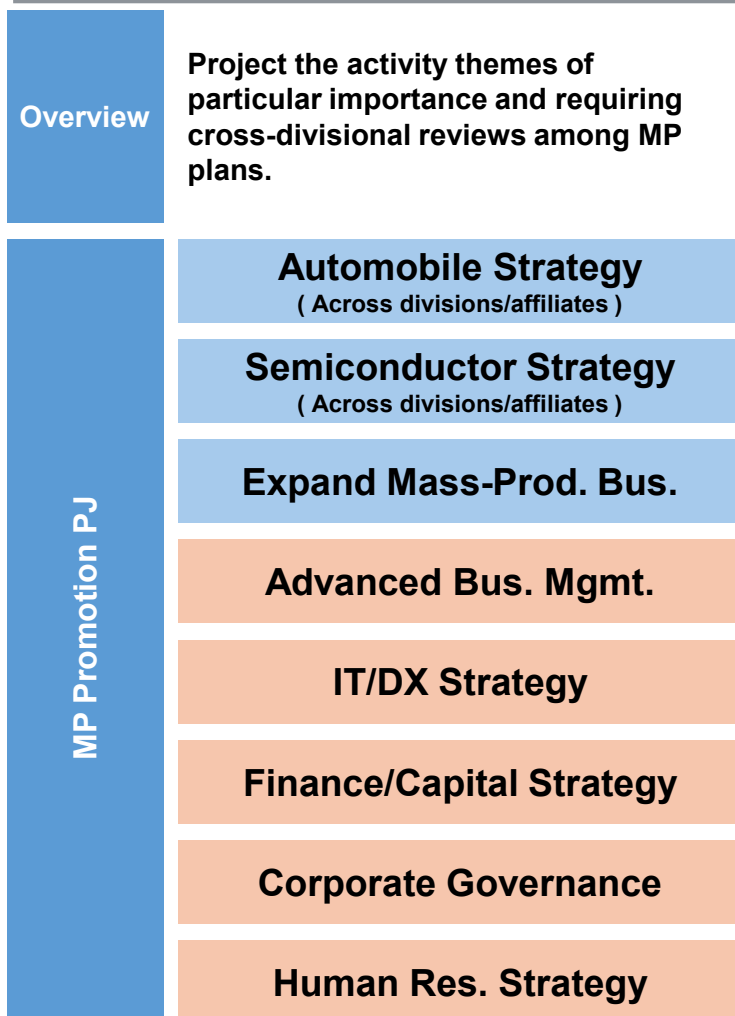
ROE **9.3%** or more    Operating Profit at least **10** B JPY or more    Net Sales CAGR **6 - 8%**



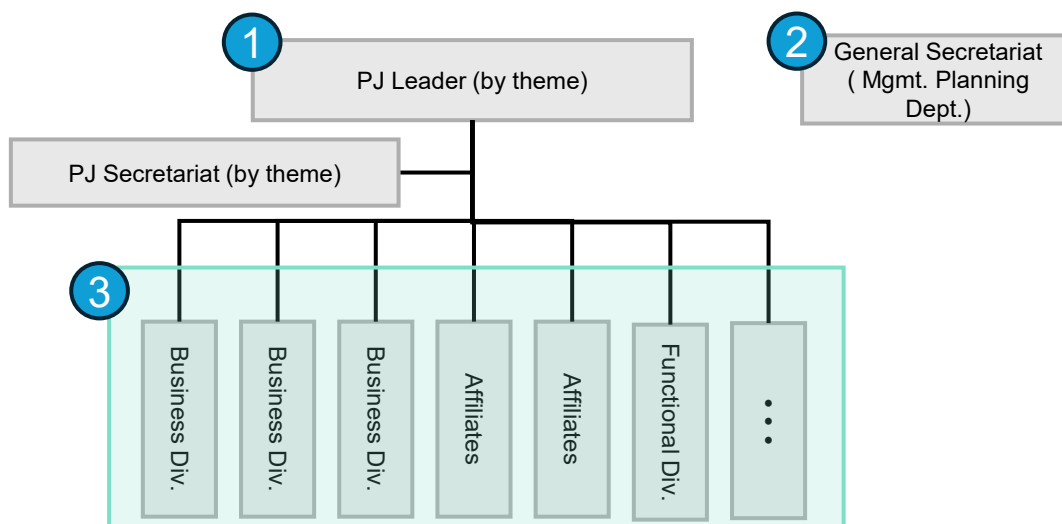
# System that Ensure workability of Medium-Term Management Plan (MP)

To ensure solid achievement of MP, organize the MP promotion PJ to enhance workability.

## Making important activity themes into projects



## Cross-organizational project promotion system (image)



1

A PJ leader, as the ultimate responsibility for the project, reports progress of the project to the managerial meeting etc. in management conferences etc.

2

The Mgmt. Planning Dept. assumes the role of the general secretariat, coordinates cross-divisional arguments and supports discovery/resolution of challenges.

3

Expeditious changes will be made in business divisions, affiliates, and functional divisions participating in the project, according to the challenges.

## **Ⅲ. Main Actions on Business/Function Sides**

# Positions of Businesses

Based on changes in the external environment, position the semiconductor business as a growth business and the automobile business as a core business and aim for growth.

Category	Implications of category	Business Segment (Different from acct. seg. units)	Midterm Business Policy
<b>Growth Business</b>	<ul style="list-style-type: none"> <li>A business that shows high growth rates where future earnings growth is expected</li> </ul>	<b>Semiconductor Businesses</b>	<ul style="list-style-type: none"> <li>Supply capacity expansion and growth to meet market needs</li> <li>Expand market share centered on new product development</li> </ul>
<b>Core Business</b>	<ul style="list-style-type: none"> <li>Stable businesses that serve as a major source of earning</li> </ul>	<b>Automobile Businesses (EV•ICE)</b>	<ul style="list-style-type: none"> <li>Response to the shift in automobile market / customer's strategy change</li> <li>Activities focused on profit by the transformation to an engineering-centered business structure</li> </ul>
<b>New / Next-Generation Business</b>	<ul style="list-style-type: none"> <li>A business that aims to become a division by growth in sales and establishment of a business model</li> <li>A field where business will be established during the next midterm business plan (2028-) and from the long-term perspectives.</li> </ul>	<div>Battery Businesses</div> <div>Control Panel Businesses</div> <div>Electrification Component Businesses</div> <div> <div>Biological Genetic Resources Businesses</div> <div>Medical / Physical and Chemical Science Device Businesses</div> </div>	<ul style="list-style-type: none"> <li>Batteries <ul style="list-style-type: none"> <li>- Automobile + Entry into other battery fields</li> </ul> </li> <li>Control Panels <ul style="list-style-type: none"> <li>- Expand control panel production for semiconductor equipment manufacturers</li> </ul> </li> <li>Electrified component (EcoElectric Series, etc.) <ul style="list-style-type: none"> <li>- Develop new mass-production products and explore markets/customers (logistics, construction, etc.)</li> </ul> </li> </ul>
<b>Continued Business</b>	<ul style="list-style-type: none"> <li>A business to be reviewed for continuation, shrinkage, etc. based on market changes</li> </ul>	<div>FPD Equipment (incl. organic EL) Businesses</div> <div>Home Appliance Equipment Businesses</div>	<ul style="list-style-type: none"> <li>Focus on responding to highly profitable inquiries etc.</li> </ul>

# Semiconductor - related Business strategy

## Basic strategy

(i) Ensure stable supply of high-quality components to meet growing demand

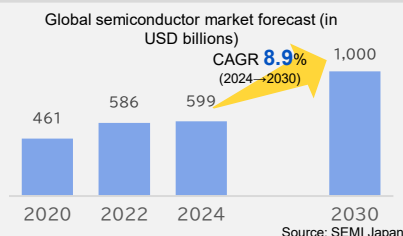
(ii) Promote sales to increase use of our equipment by current customers

(iii) Expand business range in response to technological advances in the market

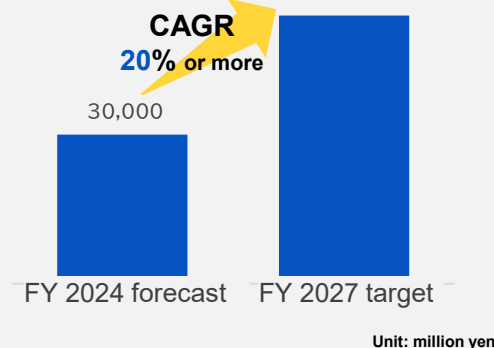
## Market environment

### Semiconductor market

With global demand for semiconductors increasing every year, the semiconductor market is expected to be worth approx. 1 trillion US dollars by 2030. More specifically, AI and environmental consideration are expected to boost semiconductor demand. In terms of technology there is a growing need for miniaturization to improve processing speed and efficiency, and competition at the development level is intensifying. Similarly, equipment for semiconductor production is also expected to grow with capital investment by semiconductor manufacturers in China, Taiwan, and South Korea accelerating in recent years.



### Business scale target



## Main measures

### Focus markets

- ✓ We will focus on the Japanese market as well as China/Taiwan/Southeast Asia and North America.
- ✓ In the Japanese market, our focus will be on expanding our semiconductor business by strengthening relationships with target customers and promoting sales to increase the use of our equipment.
- ✓ In China, our focus will be on establishing our semiconductor business by building a strong customer base through relationships with Chinese semiconductor manufacturers, setting up a production system within China and building a high-quality control system.
- ✓ In Taiwan, our focus will be on expanding our semiconductor business by strengthening relationships with target customers.
- ✓ In the Southeast Asian market, our focus will be on establishing our semiconductor business by building a strong customer base by building relationships with major semiconductor manufacturers based in Southeast Asia and building production capabilities and quality control systems through transfer of technology.
- ✓ In the North American market, our focus will be on expanding our semiconductor business by developing new customers and establishing an optimal production system.

### FY 2027 targets

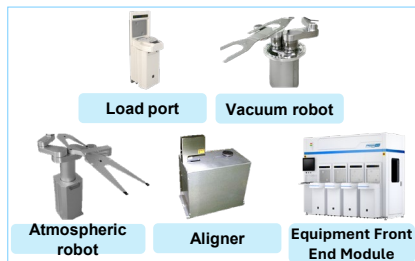
Production capacity (based on number of units of each product): **50% UP** \*

Overseas production bases: **+2** \*

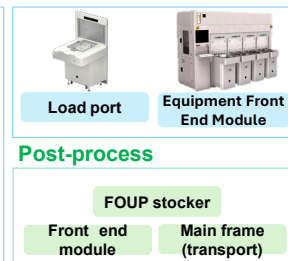
\* Compared to FY 2024

### Focus categories

#### Wafer-related



#### PLP-related



### Individual initiatives

#### Increasing production capacity/improving production efficiency

- ✓ Reorganization of Japanese production centers
- ✓ Review of production methods to increase efficiency
- ✓ Promotion of measures to shorten production lead times
- ✓ Promotion of technology transfer to affiliated companies and establishment of local production systems
- ✓ Active utilization of external resources in mass production of products and consideration of new production bases

#### Increasing sales

- ✓ Promotion of development of new global customers and strengthening of relationships with current customers
- ✓ Promotion of sales to expand the use of our equipment by current customers

#### Promoting research and development

- ✓ Establishment of specialized design teams in PLP (Panel Level Packaging) and acceleration of development
- ✓ Renovation of wafer and PLP-related components and systems

# Automobile - related Business Strategy

Basic  
policy

(i) Selection and centralized management of projects and regions

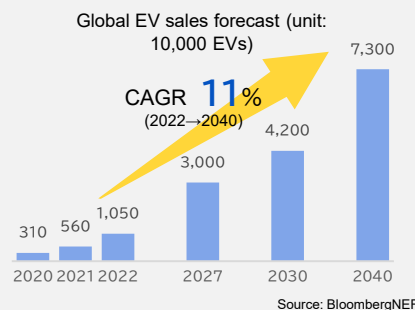
(ii) Shift to engineering-centered operations

Market environment

## EV market

While sales of EVs (electric vehicles) are growing steadily in China and other parts of Asia, diffusion of EVs is showing signs of slowing down in Europe and the United States. At the same time, sales of HVs (hybrid vehicles) are on the rise once again, and the launch of new PHVs (plug-in hybrid vehicles) models is expected to accelerate.

On the other hand, EV sales are expected to continue to grow in the long term as a result of advances in next-generation battery technology, reaching 42 million units per year in 2030.



## ICE market

Considering the price difference between ICEs (internal combustion engine vehicles) and EVs, the inadequacy charging infrastructure, and progress in improving engine efficiency, demand for ICEs is expected to remain strong in the near future with investment in conventional powertrain equipment also expected to continue.

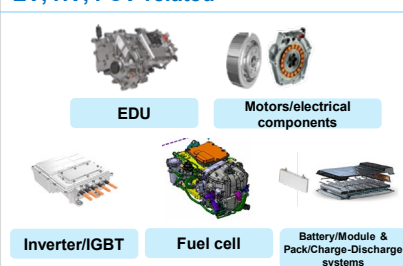


## Focus markets

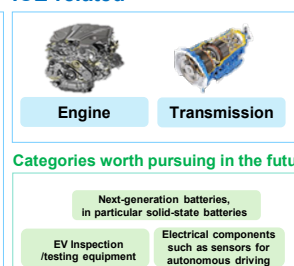
- ✓ We will focus on the **Japanese and North American** markets.
- ✓ In the **Japanese market**, since the rollout of EVs by Japanese automakers both domestically and overseas is expected to proceed smoothly, we will actively participate in securing EV projects stable orders.
- ✓ In the **North American market**, since we are seeing a slowdown in EV sales, for the time being we aim to receive orders for conventional powertrain equipment. We are also monitoring changes in the external environment, such as the effects of tariffs, in order to flexibly adjust our production system, for example, by producing in North America depending on the situation.

## Focus categories

### EV, HV, FCV-related



### ICE-related



## Individual initiatives

### Improving production efficiency

- ✓ Establishment of an organizational structure for strengthening project management capabilities
- ✓ Establishment of a design team specialized in promoting the incorporation of mass-produced products into production equipment
- ✓ Implementation of digital transformation across the value chain, including manufacturing and commissioning processes
- ✓ Standardize EV and powertrain-related equipment

### Increasing sales

- ✓ Strengthening of relationships with current customers and proactively incorporating customers' needs

### Improving capital efficiency

- ✓ Revision of order-related standards
- ✓ Shortening of collection period for accounts receivable
- ✓ Strengthening of negotiation and sales skills

### Promotion of research and development

- ✓ Establishment of track record in development machines and pilot lines in the following categories:
  - Next-generation batteries, in particular solid-state batteries
  - Fuel cells
  - EV-related parts

## FY 2027 targets

operating profit ratio for automobile segment  
**10% or more\***

\*Consolidated

Reduce CCC by  
**20%\***

\*Compared to FY 2024

Main measures

# Overview of Functional Strategy

In order to smoothly execute our business strategy, we plan to enhance our human resources, intellectual property, IT/DX, governance, and sustainability capabilities in the period covered by this medium-term plan.

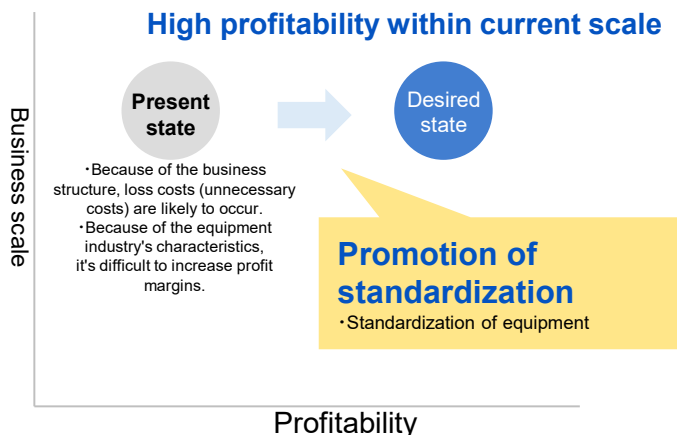
		Main policies	Main measures in the period covered by this medium-term plan
Activities across entire supply chain	Sustainability strategy	<ul style="list-style-type: none"> <li>Group-wide promotion of sustainability activities to <b>achieve the 10 materiality targets</b> for FY 2030</li> </ul>	<ul style="list-style-type: none"> <li>Implementing measures to achieve materiality-specific KPIs for FY 2027</li> <li>Involvement of some affiliated companies in the activities</li> </ul>
	Human resources strategy	<ul style="list-style-type: none"> <li>Improving each employee's <b>intrinsic motivation</b></li> <li>Fostering a <b>system and organizational culture that empower diverse human resources</b></li> </ul>	<ul style="list-style-type: none"> <li>Further enhancement of training</li> <li>Visualization and proper evaluation of the required skills</li> <li>Career support</li> </ul>
	Intellectual property strategy	<ul style="list-style-type: none"> <li>Strengthening of <b>intellectual capital</b></li> <li>Developing <b>intellectual property personnel</b></li> <li>Building <b>governance</b> and ensuring an <b>implementation system</b></li> </ul>	
	IT/DX strategy	<ul style="list-style-type: none"> <li>Renovation of <b>legacy systems</b></li> <li>Promotion of <b>digital transformation</b></li> <li>Maintenance and improvement of <b>security levels</b></li> </ul>	<ul style="list-style-type: none"> <li>Renovation of core systems</li> <li>Training of digital-proficient personnel and promotion of data-driven management</li> <li>Promotion of ISMS and zero trust support</li> </ul>
	Governance strategy	<ul style="list-style-type: none"> <li>Establishing a more effective <b>corporate governance system</b></li> <li>Similarly improving the <b>effectiveness of Group governance</b></li> </ul>	<ul style="list-style-type: none"> <li>Project-based cross-departmental activities</li> <li>Review of all roles, responsibilities, and authorities</li> </ul>
Activities within our Group			



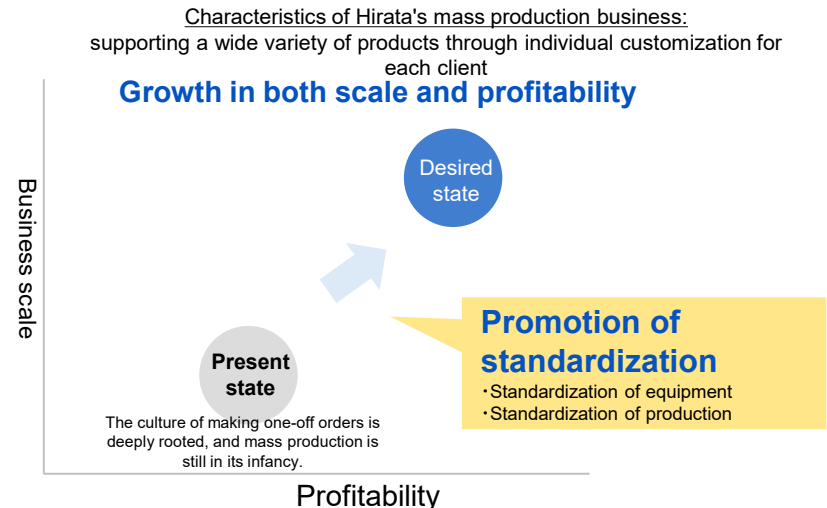
# (Reference) Enhancement of Business Model Through This Medium-Term Management Plan

Enhancing our business model through standardization and strategy execution that constitute the basis for business growth.

## Made-to-order business



## Mass production business



## Promotion of standardization

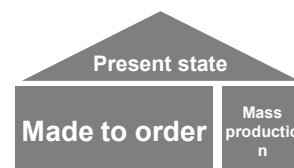
We intend to enhance our business model by promoting standardization through the leveraging of our expertise and engineering capabilities accumulated in the production equipment industry and by significantly improving QCD.

## Management benefits

Promoting standardization allows us to improve the profitability of our made-to-order business and expand our mass production business—the two pillars that ensure stable and sustainable growth.

Towards a new management phase where strategic investment will be implemented to achieve rapid growth

Unbalanced management overly dependent on made-to-order production



Stable management through diversified earning structure



## Precautions for handling this document

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### **Important notice**

The performance forecasts and future projections contained in this document are based on information available at the time of this writing and are subject to potential risks and uncertainties, including economic trends, competition with other companies, and fluctuations in the exchange rate. Therefore, keep in mind that actual performance may differ significantly from the forecasts mentioned because of such factors as changes in the business environment.