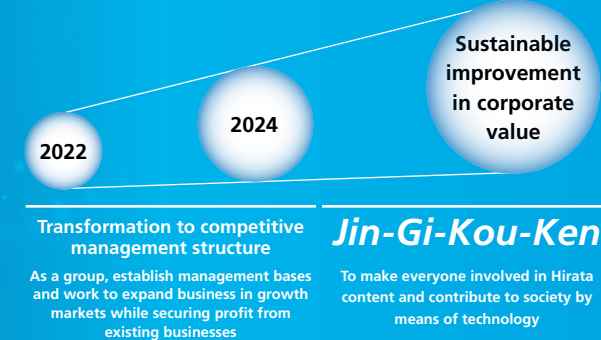


Medium-Term Management Plan (FY2022–FY2024)

Positioning of the Medium-Term Management Plan (FY2022–FY2024)

In formulating the current Medium-Term Management Plan, we reviewed our Mission Statement and Management Philosophy, which constitute our founding spirit, and arrived at the idea that the duty of the Company is “To make everyone involved in Hirata content and contribute to society by means of technology” (*Jin-Gi-Kou-Ken*).

Based on the concept of *Jin-Gi-Kou-Ken*, we have established four basic policies with the aim of transforming ourselves into a competitive powerhouse over the medium term by solidifying our management foundation as a group and expanding our businesses in growing markets while securing profits in existing businesses.



Management Targets

	FY2022 Results	FY2023 Results	FY2024 Targets	FY2024 Forecast
Net sales	¥78.4 billion	¥82.8 billion	¥100 billion	¥100 billion
Operating profit	¥5.9 billion	¥6.0 billion	¥10 billion	¥7.5 billion
Operating profit ratio	7.5%	7.3%	10.0%	7.5%
ROE	7.5%	7.0%	11.0%	–

In fiscal 2023, we secured an the return on invested capital (ROIC) of 6.3%, exceeding the weighted average cost of capital (WACC) of 6.1%.

Basic Policies and Main Measures

Strengthen profitability

Basic Policy 1

Business Expansion in Growth Markets

Existing businesses are defined as businesses that respond to growth markets driven by social issues such as reduction of environmental impact and digitalization and as other businesses.

In particular, we will focus our resources on the two growth markets of electric vehicles (EVs) and semiconductors and pursue efficiency improvements in other businesses, such as FPDs and home electronics as continuing operations.

In addition, we will position the biological genetic resource business (mainly plant genetic resources) as a business that will present new challenges and will strive to build an internal structure with a view to commercialization.

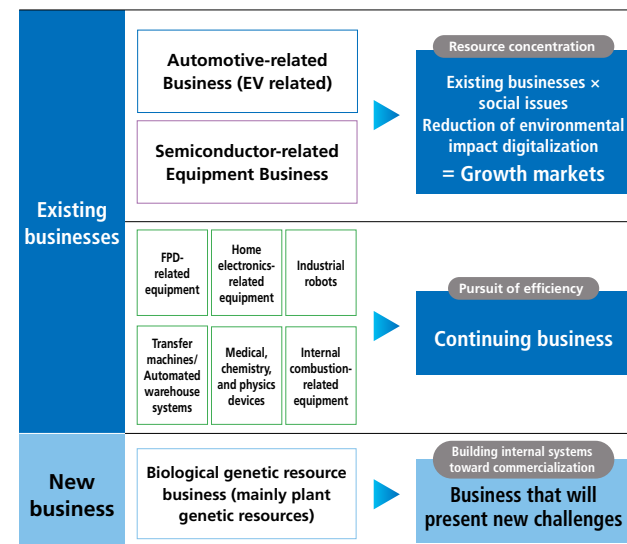
Basic Policy 2

Strengthening Competitiveness as a Global Company

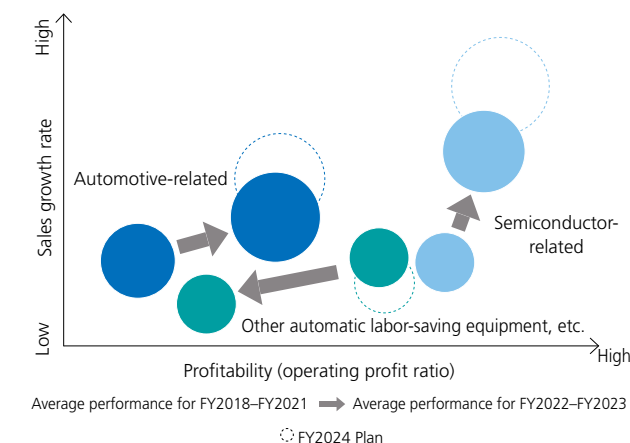
For our global response to expand profits in growth markets such as EVs and semiconductors, we will optimize business collaboration between each business unit and each affiliated company to create synergies in terms of orders, development, and production systems.

We will also work on front-loading activities as a business initiative to strengthen competitiveness. All departments will cooperate with each other, and at the initial stage of the project they will identify the risks related to the content of the inquiry and increase profits by planned responses. We will further strengthen this activity by utilizing digitalization.

Positioning of Medium-Term Management Plan Period for Each Business



Sales Growth/Profitability of Our Business Portfolio



Note: The circle near the tail end of the arrow represents the average performance of the business sector for the four fiscal years FY2018–FY2021, and the circle near the pointed end of the arrow represents the average performance of the business sector for FY2022–FY2023. The dotted circles indicate FY2024 targets. The size of the circle indicates the scale of sales. This business growth plan is based on the product categories of the new disclosure segments, which have changed since FY2022.

Strengthening of our management foundation

Basic Policy 3

Strengthening of ESG Management Initiatives

To achieve both business growth and the resolution of social issues as well as to improve corporate value, we formulated the Sustainability Basic Policy, identified materiality, and organized the relationship between our philosophy system and corporate values. During the time frame of the current Medium-Term Management Plan, we will formulate a specific road map, such as setting targets for each materiality.

▶ Please refer to page 34 for details on sustainability management.

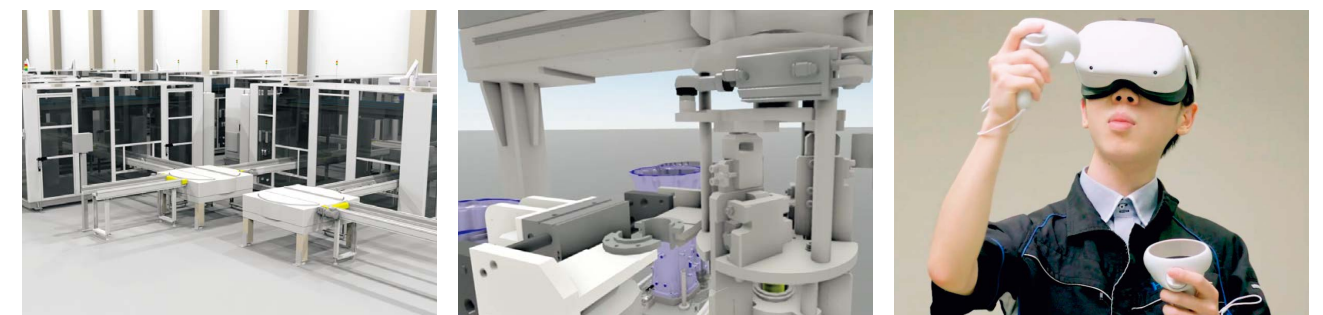
<Hirata Group's Materiality Themes>

- Response to climate change
- Building of a sustainable society
- Bringing out the best in every person
- Strengthening of our management foundation

Basic Policy 4

Realization of Management in Line with the New-Normal Era

We will expand the value provided to customers and society by promoting digitalization for business. This will include CADVR, which imports existing 3D design data as it is and allows users to hold remote meetings while confirming equipment in the VR space, the use of emulators that virtually verify the CAD data of development systems and industrial programs, and IoT, whereby we are aiming to digitize and convert to numerical and visual forms every manufacturing process so that plants can be operated continuously for 24 hours.



Medium-Term Management Plan (FY2022–FY2024)

Results of the Basic Policies and Future Issues

		FY2022–FY2023 results (actual)		FY2024 results (outlook)		Future issues
Strengthen profitability	Basic Policy 1 Business expansion in growth markets	<ul style="list-style-type: none"> • Increase in large orders for both electric vehicles (EVs) and internal combustion engine vehicles • Expanded production capacity at the Shichijo Plant and Kansai Plant • Made progress in the development of key devices for batteries • Entered the cancer treatment equipment business and formed a business partnership • Completed the creation of a laboratory equipped with equipment, devices, and software to evaluate functionality in plant genetic resource research 	▶	<ul style="list-style-type: none"> • Acceleration of the transition to new fields/product development by establishing a new department specializing in batteries • Participation in the automation and standardization of semiconductor back-end process (SATAS) • Development of cancer treatment equipment for mass production • Commercialization of plant genetic resource research (decide to commercialize plant genetic resource research in the form of the product development support service "Plant Pro") 	▶	<ul style="list-style-type: none"> • Securing production capacity allowing the Company to stably respond to a ¥100 billion net sales scale (streamlining and increasing design and manufacturing operations) • Improving cash flow by increasing the efficiency of assets (fixed assets for business use and working capital)
	Basic Policy 2 Strengthening competitiveness as a global company	<ul style="list-style-type: none"> • Increase in orders from semiconductor-related businesses at affiliates in China 	▶	<ul style="list-style-type: none"> • Increase in orders from semiconductor-related businesses at affiliates (including our affiliate in Malaysia) • Promotion of dialogues with affiliates aimed at business growth, risk management, and the sophistication and optimization of internal control systems for the entire Group 	▶	<ul style="list-style-type: none"> • Forming a consensus on regional strategies that are linked to the functions of Headquarters and the roles, responsibilities, and authority of each affiliate • Restructuring of affiliates with sluggish performance due to lack of coordination with Headquarters and getting Headquarters involved to get performance back on track
Strengthening of our management foundation	Basic Policy 3 Strengthening of ESG management initiatives	<ul style="list-style-type: none"> • Established an ESG promotion system to discuss and report on materiality at Sustainability Promotion Committee meetings and oversee the Board of Directors • Established the Hirata Group Code of Conduct based on international norms and rules • Acquired Bronze rating from EcoVadis • Decided on a CO₂ emissions calculation method and examined intermediate indicators in response to climate change • Formulated Human Rights Policy Guidelines and performed assessments 	▶	<ul style="list-style-type: none"> • Creation of a definition defining the direction in which the Company is headed in terms of sustainability, formulation of an activity road map (KPI creation), and promotion of understanding about sustainability within the Company • Awareness/reduction of the Company's CO₂ emissions • Expansion of the Eco Electric Series lineup 	▶	<ul style="list-style-type: none"> • Spreading of sustainability activities to affiliates and evaluation of KPIs • Establishing a system to grasp the Company's CO₂ emissions (including Scope 3) and creation of detailed emissions targets • Decreasing environmental impact and expanding the amount of energy-saving products • Examining human resource strategies in conjunction with management and business strategies
	Basic Policy 4 Realization of management in line with the new-normal era	<ul style="list-style-type: none"> • Made progress in considering the introduction of information systems (PLM, ERP) covering core business operations • Expanded the number of fields in which we use emulators and improved their functions • Made progress in the area of logistics analysis (simulator) utilization • Introduced a test on the assembly maintenance-related AR operation manual 	▶	<ul style="list-style-type: none"> • Verification of core systems to begin full operation in fiscal 2026 • Introduction of a test on the AR operation manual at Hirata Field Engineering Co., Ltd. • Study on software standardization is in progress 	▶	<ul style="list-style-type: none"> • PLM business operation review, 3D model development, recovery of progress delays in data migration, ERP coordination • Examination of AI and RPA (design work, etc.) and expansion of AR introduction department • Arrangement of points to be discussed for the enhancement of software technology (including organizational structure)