

Medium-Term Management Plan

The Group has established the medium-term management plan (FYE May 2023 through FYE May 2026) as follows.

About the fundamental policies

Because we were unable to obtain sufficient earning capacity to cope with the major changes in the business environment, including the downturn in railway passenger numbers during the COVID-19 pandemic and the revision of testing equipment due to the electrification of automobiles, the result of the previous medium-term management plan “Revitalize 2020/2022” was a major shortfall from the plan’s targets.

In light of the challenges faced by the Company that have been revealed by these results, for the next medium-term management plan (FYE May 2023 through FYE May 2026), we will pursue initiatives to accomplish the “revitalization and transformation of Toyo Denki,” in our goal of the “recovery and improvement of corporate value.”

fundamental policies

1. By **expanding new businesses and products**
2. and **thoroughly improving the earnings structures of existing businesses**
3. as well as **improving asset efficiency with an awareness of capital costs, we will drastically strengthen our management foundations with the aim of achieving ROE of 8% or more as soon as possible.**

About numerical target

Positioning this fiscal year, the first year of the plan, as a year in which we will thoroughly implement structural reforms to improve profitability, we will pursue initiatives for the “revitalization and transformation of Toyo Denki.”

For the medium-term management period toward FYE May 2026, based on the business environment along with the progress and outcomes of structural reform initiatives this year, we will formulate numerical targets for management that we can commit to our valued stakeholders, which we intend to announce by July 2023.

About priority structural reform initiatives this fiscal year

1 Initiatives for the expansion of new businesses and products

- ① **Strengthen and expedite development of new business areas across the company centered on the Development Center newly established this fiscal year**
(Creation of technologies and products that contribute to a decarbonized and sustainable society and discovery of new business fields)
- ② **Expand the business domain from railway station operating equipment to ICT in general through the ICT Solution Business segment reorganized this fiscal year**
(Establishment of an ICT business area unique to the Company through the fusion of power electronics and ICT)

2 Thoroughly improving the earnings structures of existing businesses

- ① **Drastically strengthen profitability of both factories and sales from the viewpoint of improving production efficiency and securing appropriate selling prices**
- ② **Strengthen the operation of existing businesses with a greater focus on profitability, in order to increase investment in R&D and human resources**

3 Improving asset efficiency with an awareness of capital costs

- ① **Continue to reduce cross-shareholdings and idle assets**
- ② **Review capital efficiency of each business and consider reallocation of corporate resource**