

Message from the Executive Responsible for Management Planning

The Company was impacted greatly by the prolonged COVID-19 pandemic, with both net sales and profits on a consolidated basis falling to their lowest level in 20 years in the fiscal year ended May 2022.

As the President mentioned in his message on previous pages, to solve the challenges facing the Company that were revealed by these results and to recover and improve corporate value, in the medium-term management plan (covering FYE May 2023 to FYE May 2026), which kicked off this fiscal year, we are pursuing initiatives under a basic policy founded on three pillars:

- (1) expansion of new businesses and products;
- (2) thorough improvement of the earnings structures of existing businesses; and
- (3) improvement of asset efficiency with an awareness of capital costs.

We are pursuing initiatives for the “revitalization and transformation of Toyo Denki” in this medium-term management plan as part of our renewed focus on efforts toward sustainability. In the production of this Toyo Denki Seizo Report 2022, our emphasis has been on conveying the details of these initiatives to our many stakeholders in a way that is as easy to understand as possible. In particular, we aimed to convey more concrete goals and roadmaps of our sustainability initiatives, while re-affirming the direction in which the Company is heading, such as what we want to capitalize on as our strengths and what kind of products, services, and value we want to provide to our customers and to society. I hope that our stakeholders offer frank opinions and help us to further enhance and improve the content of these reports.

Finally, I would like to explain our shareholder returns and the financial strategy on which our sustainable management will be based.

With our basic policy on shareholder returns to pay continuous and stable dividends, we are working to enhance returns with a target payout ratio of 30%. However, our greatest challenge will be to raise our ROE from its current low level of less than 5% to at least 5% and to the 8% level as soon as possible. To achieve this, we will forcefully pursue initiatives based on the three basic



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Director

policies stated in the medium-term management plan. Regarding our financial strategy, while maintaining our sound financial foundations of shareholder’s equity ratio of 46.9% and DE ratio of 0.53 in FYE May 2022, we will step up our investment, which had been curtailed since the large-scale investment (approx. ¥7 billion) in the Shiga Ryuo Plant (operations commenced in June 2018). Our particular focus will be on capital investments and R&D investments for the expansion of new products and businesses and investment in human resources.

Dividend/payout ratio per share

