



IRISO ELECTRONICS CO.,LTD.

Revised Mid-Term Management Plan

(Earlier Version FY 2020 - FY 2022)

(Revised Version FY 2021- FY 2023)

May 10, 2021



Management Principles

Progress to the next stage, Strive toward true globalization.

**Customer First
Become the
Industry Leader**

~Utilize our knowledge and
experience to assist the customer~

Continue to employ the 3G6S management philosophy
Fusing the spirit of IRISO members from 13 countries

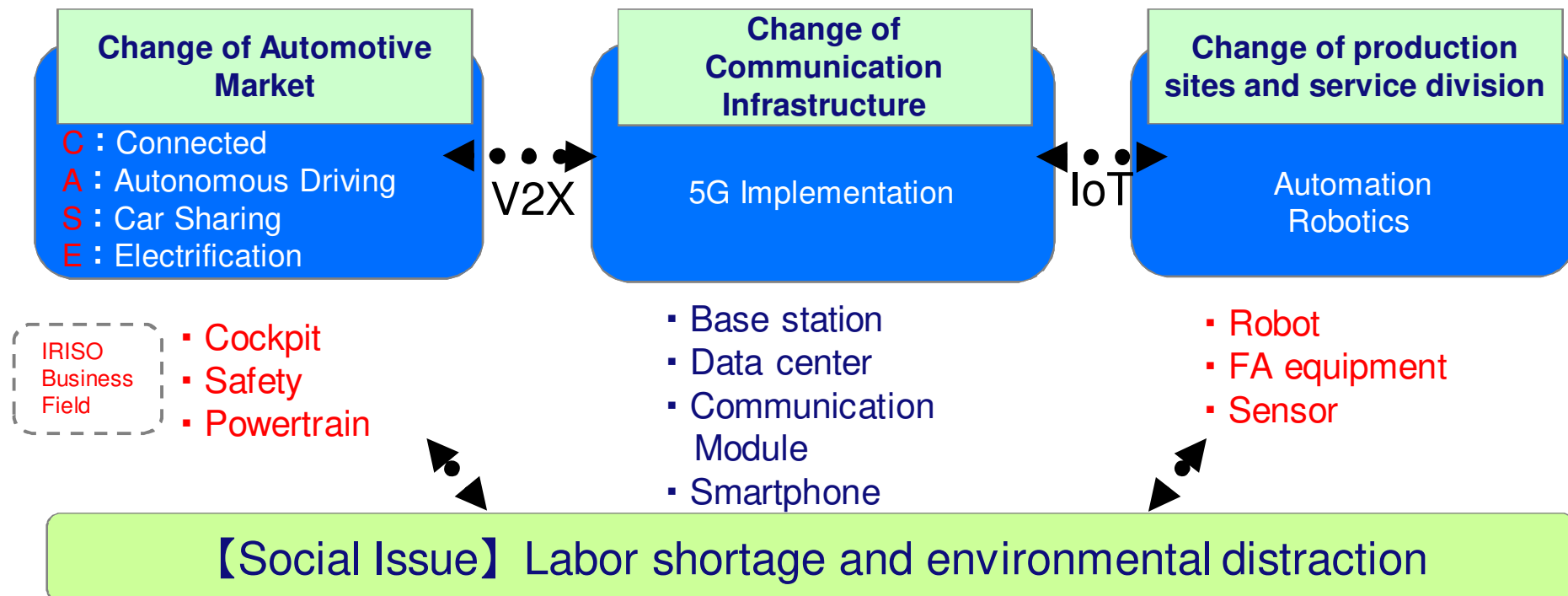
Mustering the Full Power of Team IRISO



Accelerating changes in the global market such as rapid increase of NEV*
 ⇒ Iriso business field expands even more rapidly

*NEV: New Energy Vehicle

Supply of products and solution service with more functions and marketing values added to our strong technology “Floating” and “Auto I-Lock™ ”

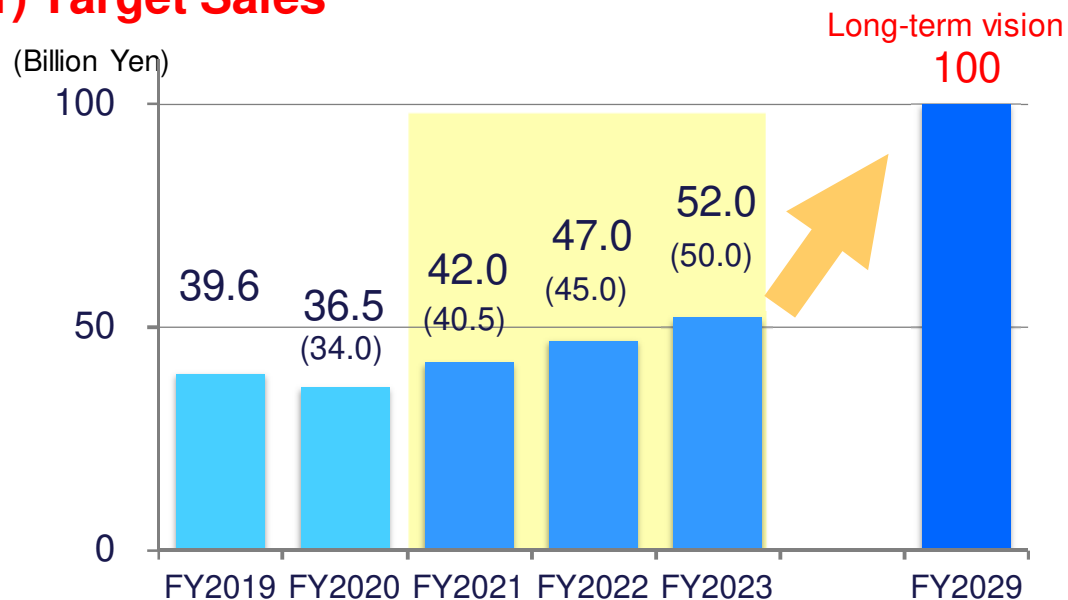




FY2023 : 52 billion yen sales & 20% operating income margin

Respond to a faster recovery in the automotive market and an accelerating shift to NEV for returning to growth trajectory, and solidify the foothold to achieve the target sales of 100 billion yen laid out in the long-term vision.

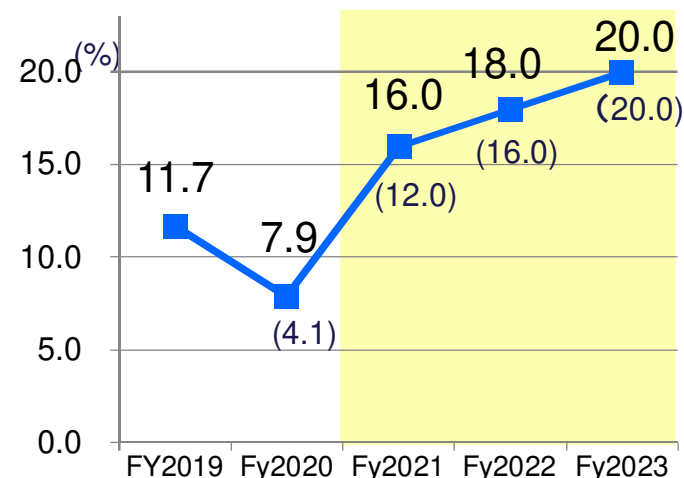
(1) Target Sales



※ Applied exchange rate

	FY2020	FY2021-2023
USD	106.17	105.00
EUR	123.73	127.00

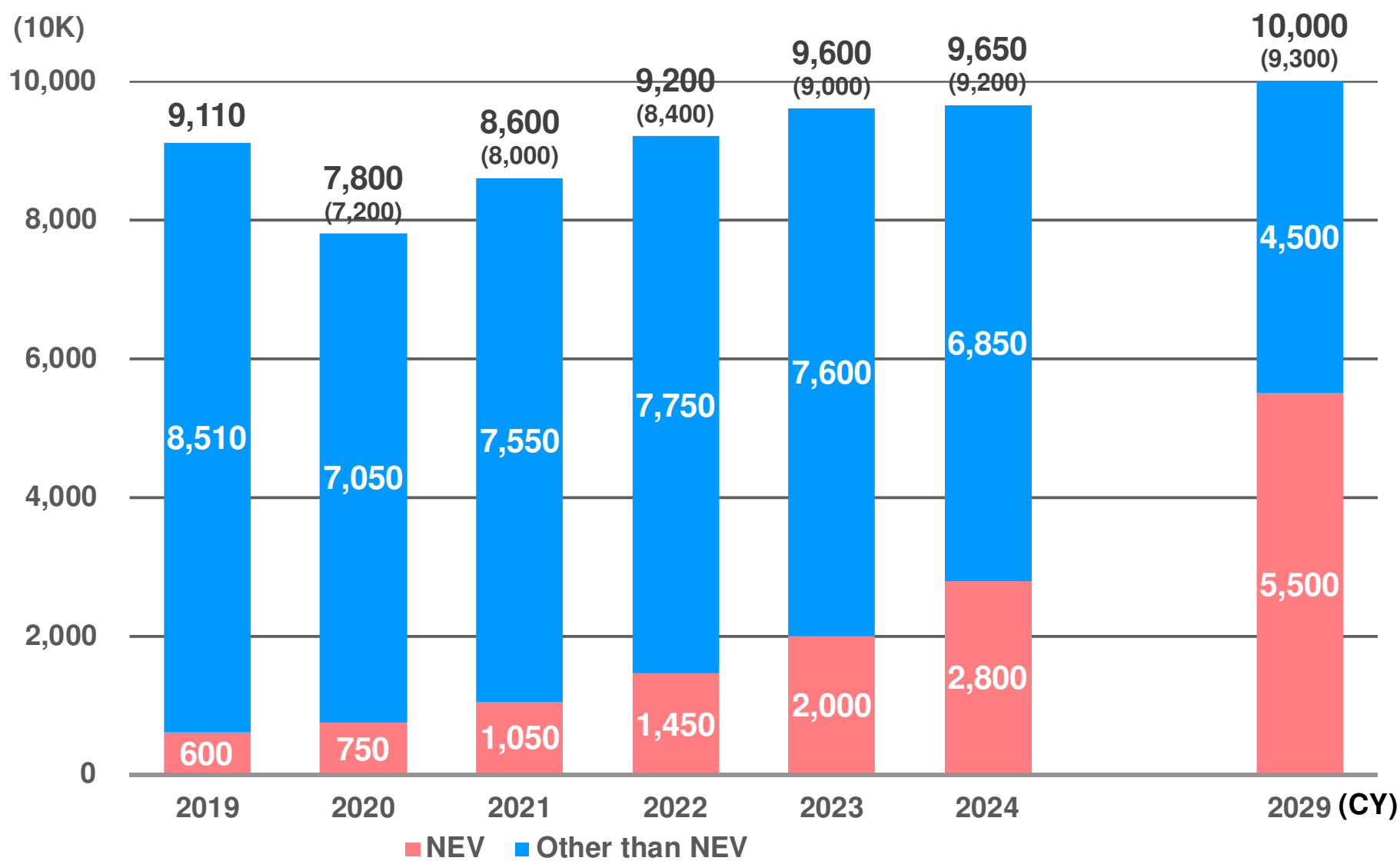
(2) Operating Income Margin



(3) EPS (Yen)

FY2019	FY2020	FY2021	FY2022	FY2023
139	91	204	257	317
	(47)	(153)	(228)	

Note: The figures in brackets are the figures for the medium-term management plan before the revision.

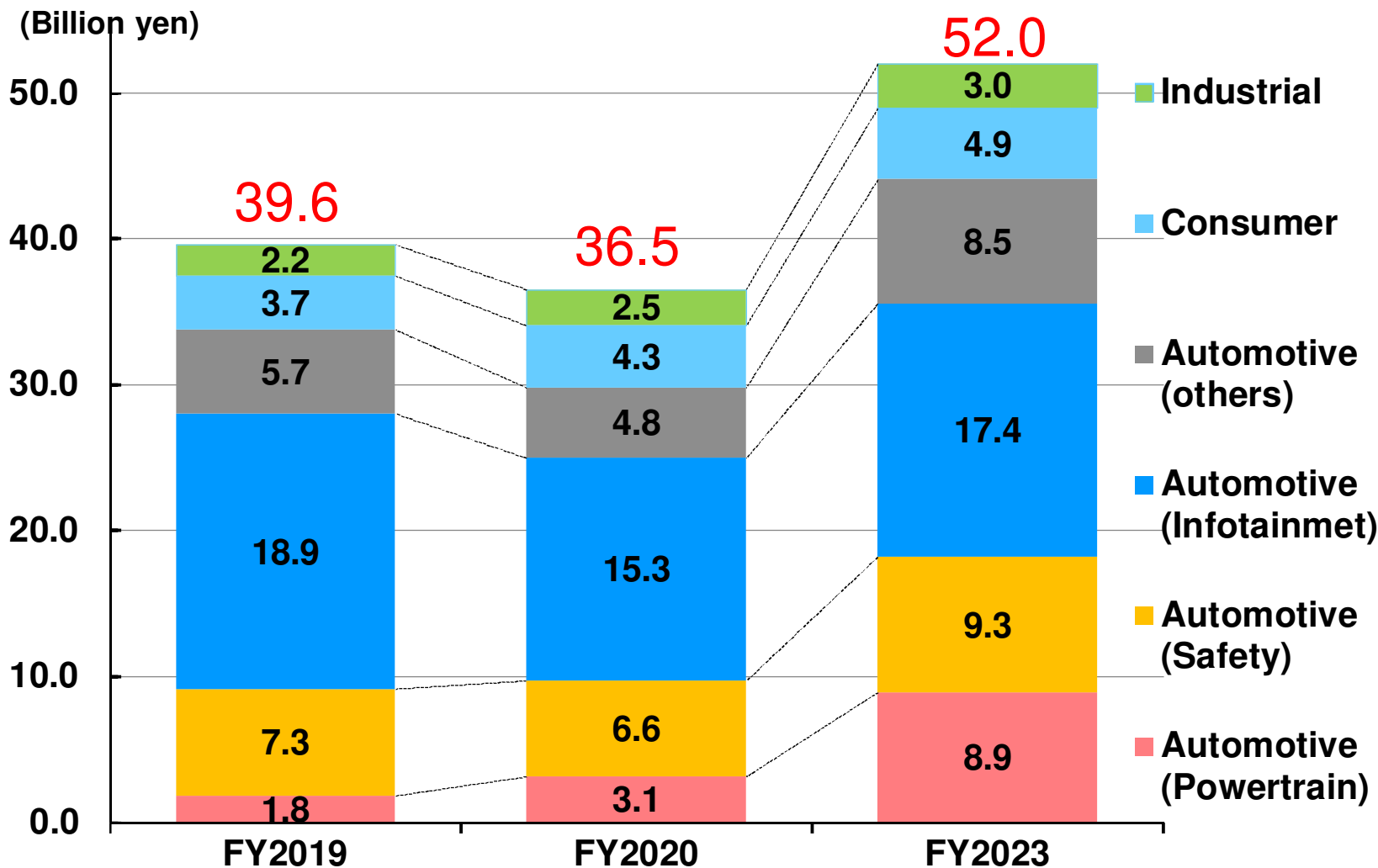


(Created by our company with reference to reports from Fuji Chimera Research Institute, banks, and securities companies, etc.)

Note: The figures in brackets are our estimates as of August 2020



4. Mid-Term Management Plan Target Sales by Market



● Target Area
【Automotive】 Powertrain, Safety Applications 【Others】 · 5G, Robot



5. Strategic Priority



- Respond to a faster recovery in the automotive market and an accelerating shift to NEV for returning to growth trajectory and solidifying the foothold to achieve the target sales of 100 billion yen laid out in the long-term vision.

Boost Sales

① Strategic segmentation + Global enhancement

② Strong promotion in the automotive market (PA25)

③ Early establishment of the second pillar

Reinforce
Management
Foundation

④ Improve technological innovation capability with main focus on floating technology

⑤ Increase production capability, cost competitiveness and quality competitiveness

⑥ Strengthen business management infrastructure



① Strategic Segmentation + Global Enhancement

- Define market segments and dominate them by applying different strategies to each market
- Reinforce and support overseas sales organization
- Provide one-stop solution service with the fastest action in the industry

	Existing Technology / Market	New Technology / Market
New Target Area	<p>Dominate product differentiation and customized products</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; width: 150px; text-align: center;">Industrial</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; width: 150px; text-align: center;">Others in automotive</div> </div>	<p>Attack new applications anticipation of customers' and market needs</p> <div style="display: flex; justify-content: space-around;"> <div style="background-color: #f08080; border-radius: 10px; padding: 5px; width: 60px; text-align: center;">PA25</div> <div style="background-color: #66b3ff; border-radius: 10px; padding: 5px; width: 60px; text-align: center;">Robot AI</div> <div style="background-color: #90ee90; border-radius: 10px; padding: 5px; width: 60px; text-align: center;">5G</div> </div>
Leverage Existing Target Area	<p>Protect marketing value added products and cost competitiveness</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; width: 150px; text-align: center;">Consumer Industrial</div> <div style="border: 1px solid gray; border-radius: 10px; padding: 5px; width: 150px; text-align: center;">Others in automotive</div> </div>	<p>Leverage New applications anticipation of customers' and market needs</p> <div style="display: flex; justify-content: space-around;"> <div style="background-color: #f08080; border-radius: 10px; padding: 5px; width: 60px; text-align: center;">PA25</div> <div style="background-color: #66b3ff; border-radius: 10px; padding: 5px; width: 60px; text-align: center;">Robot AI</div> <div style="background-color: #90ee90; border-radius: 10px; padding: 5px; width: 60px; text-align: center;">5G</div> </div>



② Strong promotion in the automotive market (PA25)

- ◆ Boost sales in the growing PA 25 area
 - Powertrain
 - Safety
 - Infotainment

Provide solutions for vibration resistance
(simulation + Z-Move®)

High-speed transmission connector

③ Early establishment of the second pillar

- ◆ New product development such as 5G, IoT etc. to meet new market needs and dominate the market
- ◆ Increase coverage of global key customers buying industrial machines
- ◆ Provide a wide range of sales channels for different customers and markets with different demands
- ◆ Create core competencies that come after floating technology
(Consider utilizing open innovation)

**Global enhancement and one-stop solution service in sales activities
with the fastest action in the industry**



④ Improve Technological Innovation Capability

◆ Provide innovative connecting system by leveraging floating technology

- Leading company in the industry and development of only-one product
 - Provide customers with one-stop solution service with the fastest action in the industry

■ Product development to add values

- ① High-speed transmission
- ② High current / High voltage
- ③ Weight saving / Minitualized
- ④ Multipolar
- ⑤ Automated
- ⑥ Extended interface product lineup



- Develop new products that surpass other companies (performance, cost, etc.)
- Suggest solutions by anticipating customer needs and providing advanced technology products



⑤ Increase production capability, cost competitiveness and product quality competitiveness

◆ Improve manufacturing process

- ① Standardize equipment and toolings
- ② Purchase product parts locally and promote local production for local consumption
 - Start preparation for construction of Mexico Plant if market situation allows

◆ Increase cost competitiveness and improve production capability

- ① Promote the smart factory concept
- ② Continuous effort for cost reduction including design standardization
- ③ Reduce production lead time and development TAT (target of 30% reduction)

◆ Improve quality

- ① Ensure good supplier management / quality assurance system
- ② Reduce and control product contamination by pursuing cleanliness

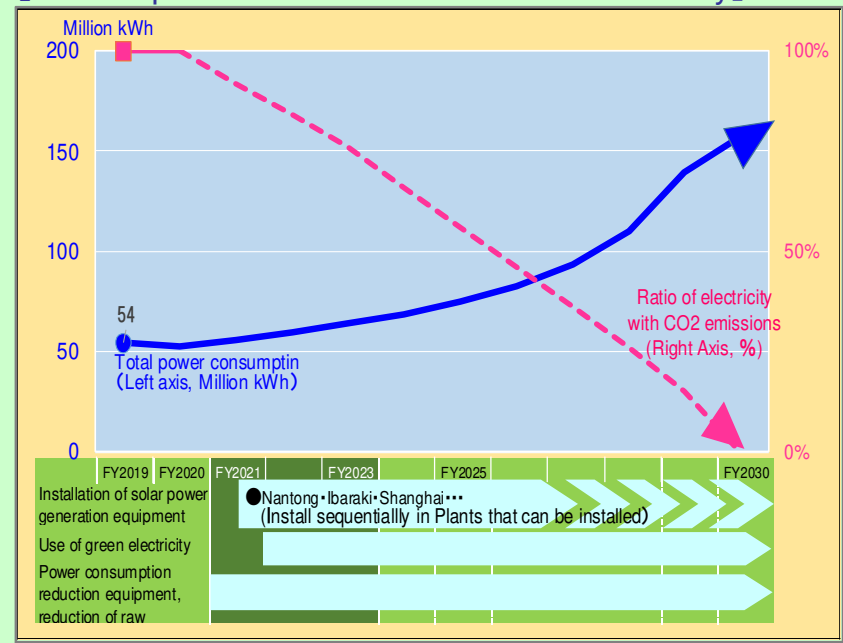


⑥ Strengthen Business Management Infrastructure

- ◆ Strengthen business management infrastructure
 - ① BPR promotion and global system creation at the same time

- ◆ ESG+
 - ① Reduction of CO2 emission (zero CO2 emissions from public electricity production in 2030)
 - ② Utilization of diverse human resources
 - ③ Enhance business resilience management (improve risk management and BCP to respond to the COVID-19 pandemic, etc.)

【Roadmap for zero CO2 emissions from electricity】





7. Management Goal



Unit: billions of yen

	FY2020 Results	FY2021 Plan	FY2022 Target	FY2023 Target
Net Sales	36.5	42.0	47.0	52.0
Operating Income	2,9	6.7	8.5	10.4
Operating Margin	7.9%	16.0%	18.0%	20.0%
Net Income (For HQ stockholders)	2.1	4.8	6.0	7.5
Total Assets	6.4	6.7	7.2	7.8
Capital Adequacy Ratio	85.0%	86.0%	87.0%	87.5%
Capital Expenditure	4.8	6.8	7.5	8.0
Research & Development	1.2	1.4	1.6	1.8
EPS	90.9 yen	203.7 yen	256.6 yen	317.5 yen
ROE	4.1%	9.0%	10.0%	12.0%
Exchange Rate	USD106.17yen EUR123.73Yen	USD105.00yen EUR127.00yen	USD105.00yen EUR127.00yen	USD105.00yen EUR127.00yen

◆ Shareholder Return . . . Target: dividend ratio of more than 30%



Company name	IRISO ELECTRONICS CO., LTD.
Business description	Manufacture and sales of various types of connectors
Establishment	December 1966
Number of employees	3,277 (as of March 31, 2021)
Capital	5,640 million yen (as of March 31, 2021)
Headquarters	2-13-8, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa
Operations	
Domestic	Headquarters, Fukushima, Ibaraki, Aichi, Osaka
Overseas	Singapore, Hong Kong, U.S.A., Germany, Thailand, South Korea, China (Shanghai, Dalian, Tianjin, Suzhou, Shenzhen, Chongqing), Malaysia, Taiwan, India
Research & development	Headquarters (IRISO Technology Park), Kawasaki(Production Technology Development Center),Shanghai R&D Center
Manufacturing plants	Japan(Ibaraki), China (Shanghai, Nantong), Philippines(Manila), Vietnam (Hai Duong)



The forecasts on this report have been prepared based on information available at the time this report was prepared. Actual business results may differ from the forecasts due to changes in various factors.

The Company strives proactively to disclose information that is important from an investor standpoint. However, investors are cautioned not to place undue reliance on these forecasts, nor to base an investment decision solely on the information contained herein.

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