VALUE FUSION 2022

FY2020-2022  3 Year Management Plan

Challenge, Value, Teamwork for the future

April 2020
Tokai Electronics Co., Ltd.
Tokai Electronics Group has been trying very hard to be “a precious business partner” by creating new value as “a solution provider“. For this aspiration, we have been working on business development in automotive market, enhancement of our global network, strengthening engineering function, initiatives to challenge new business in System and Software fields under the previous three management plans of “Business Revolution 2013”, “Global Action 2016” and “Value Innovation 2019”.

In order to enhance the achievement up to now to become a genuine solution provider on a higher level, we have formulated new 3-Year Management Plan, “Value Fusion 2022“ ("VF22" in short) starting from April 2020.

We, Tokai Electronics Group, will work hard to provide customer oriented solutions in the rapid changes of business environment such as advancement of electronics and globalization.

Business Fundamentals

- Stagnation of global economy by COVID19
- Concerns on global environment
- Rapid change in car (CASE, MaaS)
- Technology Innovation : IoT, Big Data, AI

Our Strength

- **Solution**: Wide range coverage from System, Device, Software
- **Global Network**: Seamless network of Japan and worldwide
- **Quality and Technology**: Quality Management , Engineering Support
Value Fusion 2022 Outline

◆ Outline

On the basis of the achievement of previous VI19

1. Value creation for the future together
   ~Generate excitement exceeding customer‘s expectation~

2. Contribute to create better life and better environment
   ~Focus on social life infrastructure such as automotive, medical and environment & energy~

We set up and execute action plan in line with these values.

◆ Target figures for FY2022 (M JPY)

  Consolidated Sales: 52,000  Operating Income: 1,000
  Net Profit: 550
Value Fusion 2022 Key for Success

1. Value creation for the future together
   "Generate excitement exceeding customer’s expectation～"
   ① To share experiences and create new solution by value fusion !
   ② To be a professional active in the global market !
   ③ To expand system and software business !
   ④ To keep accurate and sound financials (Balance Sheet) !

2. Contribute to create better life and better environment
   "Focus on social life infrastructure such as automotive, medical and environment & energy～"
   ① To be an expert of automotive and its application and contribute to create mobility society !
   ② To create new value by utilizing our strength in the wide field such as system, sensor, material and software !
   ③ To realize the sustainable society by contributing to medical and environment & energy fields !
We are professionals in electronics!
- To explore the possibilities of electronics in growing markets of automotive, medical and Factory Automation
- To contribute to create safe and comfortable society

We are active around the world!
- To provide seamless services tied with our global network and colleagues

We pursue new values!
- To act proactively by capturing the changes of business environment
- To provide best solution as “Best Business Partner”
Our activities: Value Fusion Room opened!

Let’s create value for future together!

- We opened “Value Fusion Room“ (VFR in short) as an intelligent activity base and value creation space at 2nd floor of head office in August 2019
- By brainstorming in this free space, a clue to new value can be found.
- Visitors to VFR can touch the exhibition and feel our ideas and solutions, which should give a hint for new idea.
Our activities: Initiatives for Automotive market

Exhibitions

- We actively participate in exhibition event such as CAR-ELE Japan and organize individual exhibitions at customer’s site.
- We contribute to the evolution of automotive world by various solutions in electronics field.

Inter-Company Project

- 5 inter-company projects explore and enhance actions in each field.
- We connect technology from one field to another such as from environment or medical to CAR as our original solution.
### Our Activities: for Better Life, Better Environment

#### Actions for SDGs targets

Our 5 projects study the cutting edge technologies and apply them for creation of “Better Life” as stipulated as SDGs target.

#### Our initiatives for SDGs target

<table>
<thead>
<tr>
<th>SDG</th>
<th>Initiative</th>
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<tbody>
<tr>
<td>7</td>
<td><strong>Affordable and Clean Energy</strong></td>
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<tr>
<td></td>
<td>Ensure access to affordable, reliable, sustainable and modern energy for all</td>
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<td></td>
<td>- Energy efficiency in CAR, Weight saving solutions</td>
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<td></td>
<td>- Vehicle electrification system (eAxle)</td>
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<td>- Energy Management System</td>
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<td>9</td>
<td><strong>Industry, Innovation and Infrastructure</strong></td>
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<td></td>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</td>
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<td></td>
<td>- Factory management and predictive control system</td>
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<td></td>
<td>- Building vibration monitoring &amp; analysis system</td>
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<td></td>
<td>- Railway running condition monitoring system</td>
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<td>11</td>
<td><strong>Sustainable Cities and Communities</strong></td>
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<td>Make cities and human settlements inclusive, safe, resilient and sustainable</td>
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<td></td>
<td>- Contribution for MaaS (Mobility as a Service)</td>
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<td>- Elder people care system</td>
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<td>- Eco-friendly material and processing method</td>
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## Division and Internal Company Strategy

### Japan Sales Division

**Kanto-Koushinetsu Company**
- Engineering support in Automotive
- System solution in FA, medical fields

**System Solution Company**
- Focus on system and com solution
- Enhancement in aerospace industry

### Chubu-Kansai #1 Company
- Enhanced expertise in FA, machinery
- System solutions in Medical sector

### Chubu-Kansai #2 Company
- Enhancement of Automotive business
- Development of younger professionals

### Chubu-Kansai #3 Company
- Enhancement of Sales, Engineering
- Solutions in CASE, MaaS fields

### Oversea Sales Division
- Global automotive business
- Co-working with oversea suppliers

### Engineering Division
- New technology solutions in automotive
- Solutions for MaaS society

### Marketing Division
- Segment Business Strategy (System, Electronics, Sensor, Material)

### Administration Division
- HR development for global business
- Robust and healthy Financial status (B/S)
Investor Relation and Corporate Social Responsibility

**IR: Summer Seminar for investor**
We participate in the IR seminar in summer every year. In addition to the presentation of business status and strategies, we invite our oversea staff to present their works abroad for investors to understand our overseas business.

**IR EXPO by Nagoya Stock Exchange**
We participate in IR EXPO by Nagoya Stock Exchange at Fukiage Hall every year. The EXPO is a good opportunity to have communications with investors to hear precious opinions.

**CSR: Activities for sustainability**
We obtained ISO 14001 certificate for all domestic offices in 2004. Subsequently, five of our oversea subsidiaries obtained the certificate as of today. We make every effort to reduce burdens to the environment such as electricity and disposals. We participate various CSR activities such as volunteer or donations.

Activity example:
- ✔ Participation in tree planting
- ✔ Donation for great earthquakes

Target Figures

3 Year Plan Target Figure

【Consolidated, Unit : M JPY】

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2022 Target</th>
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<tbody>
<tr>
<td>Sales</td>
<td>41,538</td>
<td>37,845</td>
<td>52,000</td>
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<tr>
<td>Operating Income</td>
<td>771</td>
<td>385</td>
<td>1,000</td>
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<tr>
<td>(Operating Income Ratio)</td>
<td>1.9%</td>
<td>1.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Net Income</td>
<td>524</td>
<td>209</td>
<td>550</td>
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Sales

Net Income
Better world, better future by electronics

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