

Medium-term management plan "BTvision22"

Growth scenario for the 100th anniversary of the Company

The Company commenced its new three-year medium-term management plan, "BTvision22" (Breakthrough Vision 22) in fiscal 2020. The name "BTvision22" carries the meaning of leaping forward by breaking through all types of preconceptions (in processes, technological development and costs) in order to work toward sustained enhancement of corporate value in the midst of rapidly changing market conditions.



The medium-term management plan "BTvision22" was launched in April 2020 and incorporates the following five basic policies:

- (1) Enhancing business infrastructure
- (2) Achieving further globalization
- (3) Creating new businesses
- (4) Promoting ESG/SDGs management
- (5) Financial strategy

In fiscal 2020, the first year of the plan, we were affected by the COVID-19 pandemic, which caused the industrial equipment business to fall short of the plan by segment, but the Company as a whole was able to achieve its targets for the single fiscal year, driven by the brisk semiconductor market.

(1) Enhancing business infrastructure

In the electronic equipment business, the Company strengthened its production system through activities to improve defective rates and shorten lead times for the semiconductor market, where demand is expected to grow, and made aggressive capital investments.

In the industrial equipment business, the Sanda Factory, which went into full operation in March 2020, is promoting automation using AGVs (Automated Guided Vehicles) and the use of ICT such as RFID (Identification and Management System using IC tags and short-range wireless communication) to promote automation and labor saving.

(2) Achieving further globalization

Due to the COVID-19 pandemic, we were put in a difficult situation including international travel restrictions. However, China quickly succeeded in implementing effective countermeasures against COVID-19, so we established Pillar Technology (Chuzhou) Co., Ltd. to strengthen our response to the expanding Chinese market.

(3) Creating new businesses

In response to the demands of the times, such as 5G, hydrogen power generation, and decarbonization, we will strive to create products that utilize our unique technologies with the keyword

"new" in the words of new products, new markets, and new applications. We aim to create the third and fourth pillars of our business, following our electronic and industrial equipment businesses.

In addition, we will build a technology development center in Sanda City, Hyogo Prefecture, and promote open innovation with an eye on future markets, in order to incorporate advanced technologies and create new innovations.

(4) Promoting ESG/SDGs management

In addition to ensuring that all employees are aware of the ESG/SDGs through the establishment of our ESG/SDG Promotion Committee and internal training, we recognize that the promotion of diversity is essential for the sustainable growth of our Company and will further focus on promoting the activities of women. We will also continue to strengthen our corporate governance and raise awareness of compliance by revising the Group Code of Conduct.

(5) Financial strategy

In terms of shareholder returns, a key management issue, we were able to achieve a dividend payout ratio of 34.6% compared to our target of 30% or more. We also undertook an acquisition of treasury shares (532,000 shares for a total of 800 million yen), resulting in a total return ratio of 57.5%, including dividends and share repurchases.

We will continue to aim for a stable, continuous, and improved level of returns by balancing investment in growth.

Financial strategy

	BTvision19		(New) BTvision22	
	FY2019	FY2020	Final fiscal year (FY2022)	
	Final fiscal year actual	First fiscal year actual	Original plan	Modified plan
Sales	29,213	30,200	32,500	35,000
Operating income	3,683	4,847	5,100	6,500
Operating income ratio	12.6%	16.1%	15.7%	18.6%
ROE	6.2%	7.8%	8.0% or higher	
Payout ratio	36.8%	34.6%	30% or higher	
Capital expenditure	(Three-year cumulative) 11,649		(Three-year cumulative) 10,000	

Segment Sales

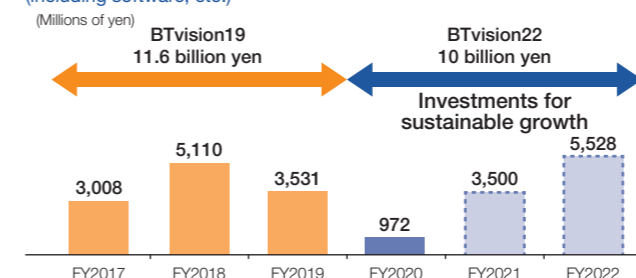
Electronic Equipment Business				
Sales	18,221	20,645	22,100	25,000
Operating income	2,253	4,130	4,000	5,500
Industrial Equipment Business				
Sales	10,915	9,471	10,400	10,000
Operating income	1,403	691	1,000	1,000

Progress of BTvision22 activities

	Results of FY2020	Future action plan
Electronic equipment business	<ul style="list-style-type: none"> Attained the Minister's Certificate of Commendation for seismic isolation sliding bearings Established a production system in response to increased demand for semiconductors Developed antenna substrates for 5G data centers 	<ul style="list-style-type: none"> Expansion of market share by expanding sales to overseas equipment manufacturers Further expansion of production facilities for semiconductor manufacturing equipment Promoting the development of advanced technologies such as miniaturization and integration Development of new products through industry-government-academia collaboration
Industrial equipment business	<ul style="list-style-type: none"> Realization of automated production and labor saving with the introduction of AGV and RFID Marketing activities to enter new markets Started construction of the technology development center 	<ul style="list-style-type: none"> Entry into growth markets such as automotive and medical, including cryogenics, high-temperature and high-pressure applications for hydrogen technologies Strengthening global strategies, including the development of the Chinese market Productivity improvement by utilizing digital transformation technology Development of new products by integrating core technologies and new materials

Growth Investment

Capital Expenditures under Each Medium-Term Management Plan (including software, etc.)



Shareholder Returns

Profit per Share/Dividend/Payout Ratio

