

# Medium-term Management Plan

---

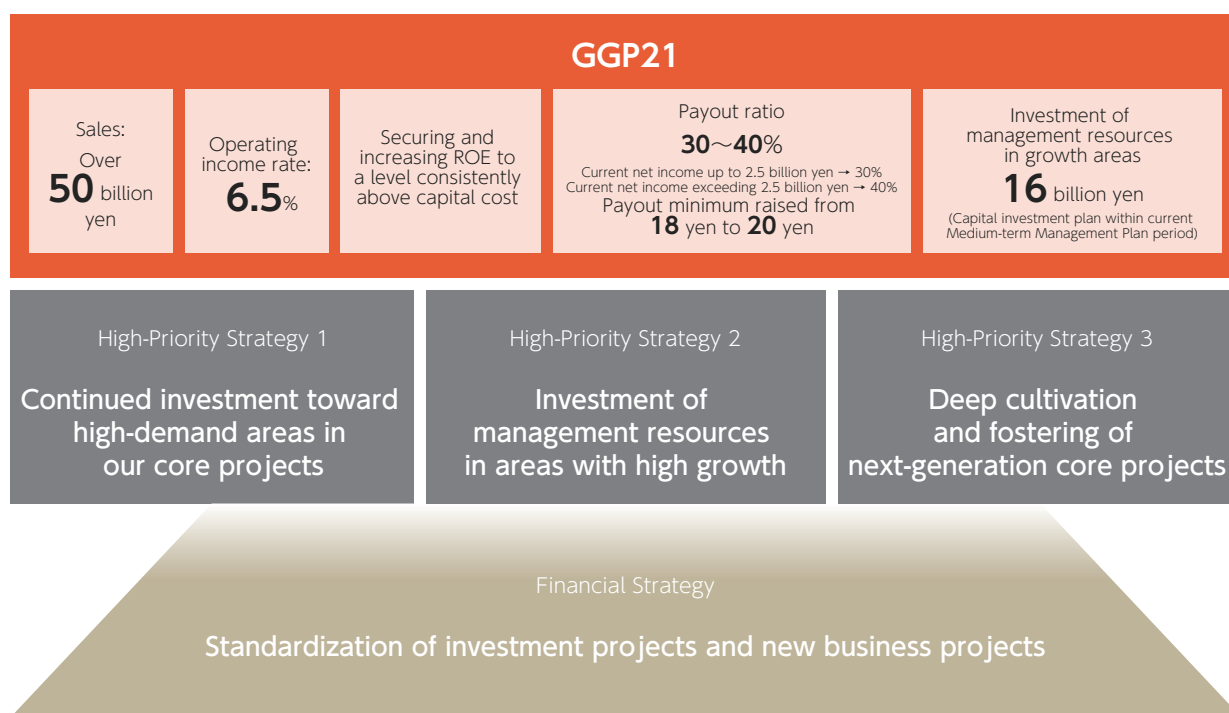
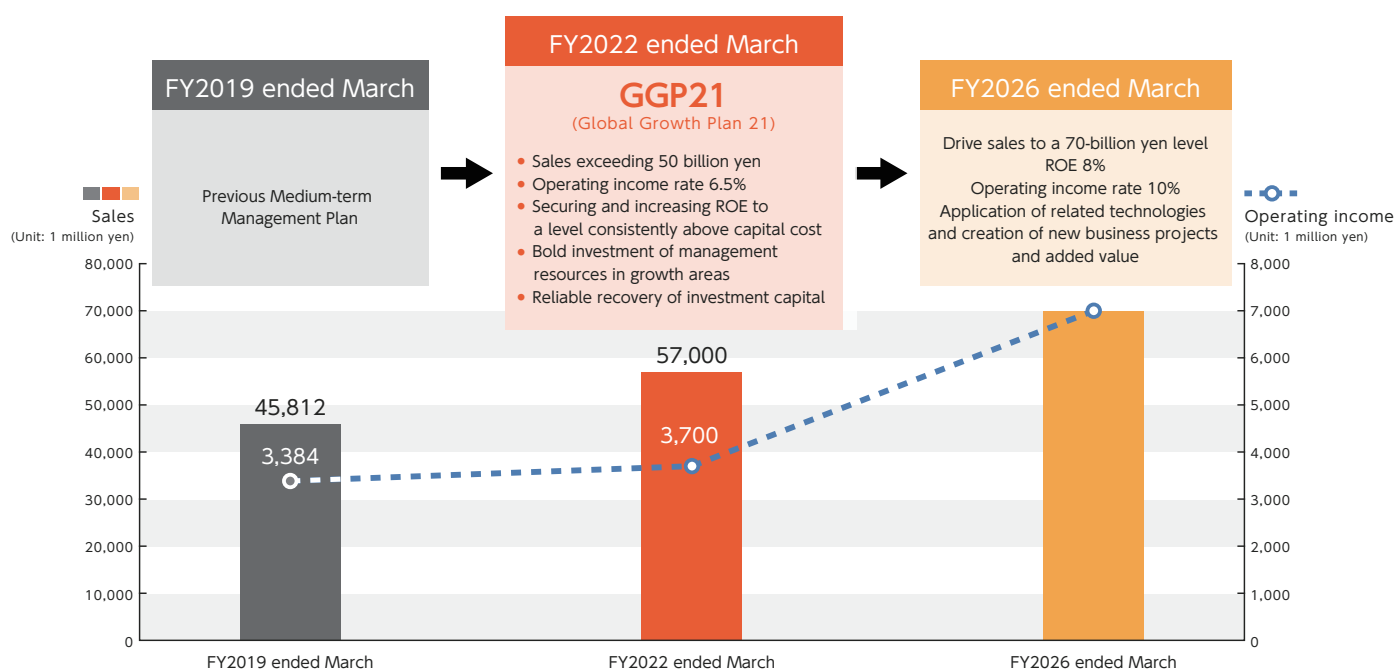
Suncall Corporation formulated the new Medium-term Management Plan, “Global Growth Plan 2021” (GGP21) with an eye to furthering the improvement of corporate value in the three years between fiscal 2019 and fiscal 2021.

## 1. Background to the Formulation of the Medium-term Management Plan

Suncall’s business is divided into automotive-related and electronics and information communication-related businesses. The automotive-related business accounts for approximately 70% and the electronics and information communication-related business accounts for approximately 30% of the consolidated sales, respectively. Recognizing that the automotive industry sees a massive period of change once every 100 years, in combination with the accelerated pace of electrification and connectedness, the advancements in automated driving technology and the entry of different industries, etc., it is expected that market relationships could change dramatically. Furthermore, in fields related to electronics, information, and communications, which are seeing leaps forward in technology every day, what is needed is more flexible business development that has a firm grasp on modern technological trends. It is against the backdrop of this changing business environment that we, with the goal of both enabling sustained growth and accelerating the shoring up of our business portfolio, established the new Medium-term Management Plan GGP21.

## 2. Outline of GGP21

The basic policy of the new Medium-term Management Plan is acceleration of the practical investment strategy directed at securing a business portfolio that enables continuous growth. In order to achieve this, we will clearly identify business opportunities and growth areas for our various projects including “core projects,” “high-growth projects,” and “next-generation core projects,” and make highly effective investments while keeping investment costs in mind, in addition to securely monetizing our previous upfront investment areas.



### High-Priority Strategies

#### ① Continued investment toward high-demand areas in our core projects (automotive sector)

In the automotive sector, which accounts for the majority of core projects, EVs are expected to spread, especially in China, but there are still many technical issues such as range and charging infrastructure remaining. As a realistic answer to these problems, it is expected that internal combustion engine vehicles, such as HVs and PHVs, will be a driving force over the next decade or two. On top of the expectation for demand for precision functional parts for automobile engines and transmissions—our flagship products—to remain high, projects involving seatbelts, etc., are seeing a rise in demand as a result of increasing safety requirements, and it is our policy to firmly establish, and make continuous investment in, such high-demand areas.

② Investment of management resources in areas with high growth (electronics and information communication sector)

In recent years, thanks to the remarkable growth in cloud computing, data storage is expected to expand at the rapid pace of 20% annually, and demand for massive new hard disk drives (HDD) called nearline (NL) drives is increasing. We specialized our HDD suspension toward NL drives, and we are going to focus our management resources to this sector while paying attention to market trends in order to reliably respond to customers' demand.

③ Deep cultivation and fostering of next-generation core projects

(response to electrification of automobiles, and medical and care sectors)

In the automotive sector, while the current priority given to vehicles with internal combustion engines is expected to continue, we also anticipate further pushing of electrification, as well as the spread of futuristic EVs (electric vehicles) and FCVs (fuel-celled vehicles), and we are initializing the development and marketing of products that make use of these technological developments. We aim to further strengthen our development structure and to mass-produce on a global scale, in order to foster electrification-related products such as high-current bus bars and shunt sensors as our next-generation core projects. As for the medical and care sectors, in the previous fiscal year we began marketing the "KAI-R," a device that can be worn by humans and is intended to provide walking training support. In addition to expand sales of this device, we are pursuing further development aimed at applications to industry and many other uses, and generally accelerating our efforts in securing next-generation core projects.

#### Financial Strategy

④ Standardization of investment projects and new business projects

When it comes to the promotion of High-Priority Strategies 1 through 3, we recognize the importance of precise determination of customer demand and growth potential, and of establishing clear standards for investment decisions. From the perspective of the hurdle rates, NPV (net present value), IRR (internal rate of return), etc., which we designate by region and by business project, investment decisions that take investment costs into account must be established even more firmly than before, thus allowing us to set our sights on securing and increasing ROE to a level consistently above capital cost.

### 3. Quantitative Targets of the Medium-term Management Plan

\* Business management index

Sales exceeding 50 billion yen

Operating income rate 6.5%

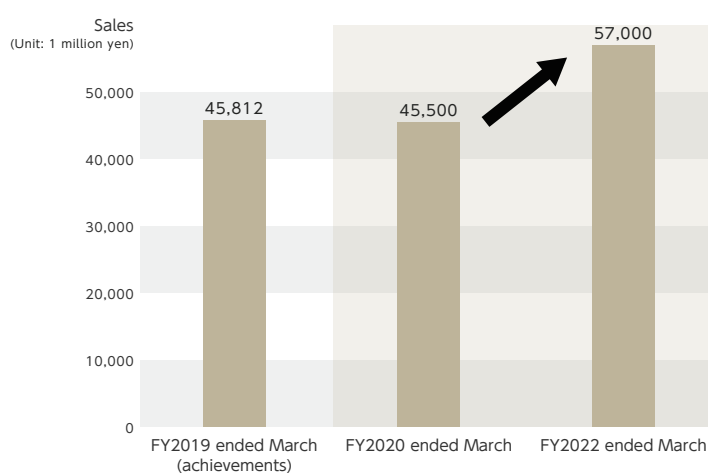
Securing and increasing ROE to a level consistently above capital cost

Shareholder return: up to 2.5 billion yen → payout ratio 30%; exceeding 2.5 billion yen → 40%; payout minimum 20 yen

(Under the previous Medium-term Management Plan: up to 2.5 billion yen → payout ratio 25%; exceeding 2.5 billion yen → 35%; payout minimum 18 yen)

\* Sales, operating income (plan)

#### Sales (plan)



#### Operating income (plan)

