

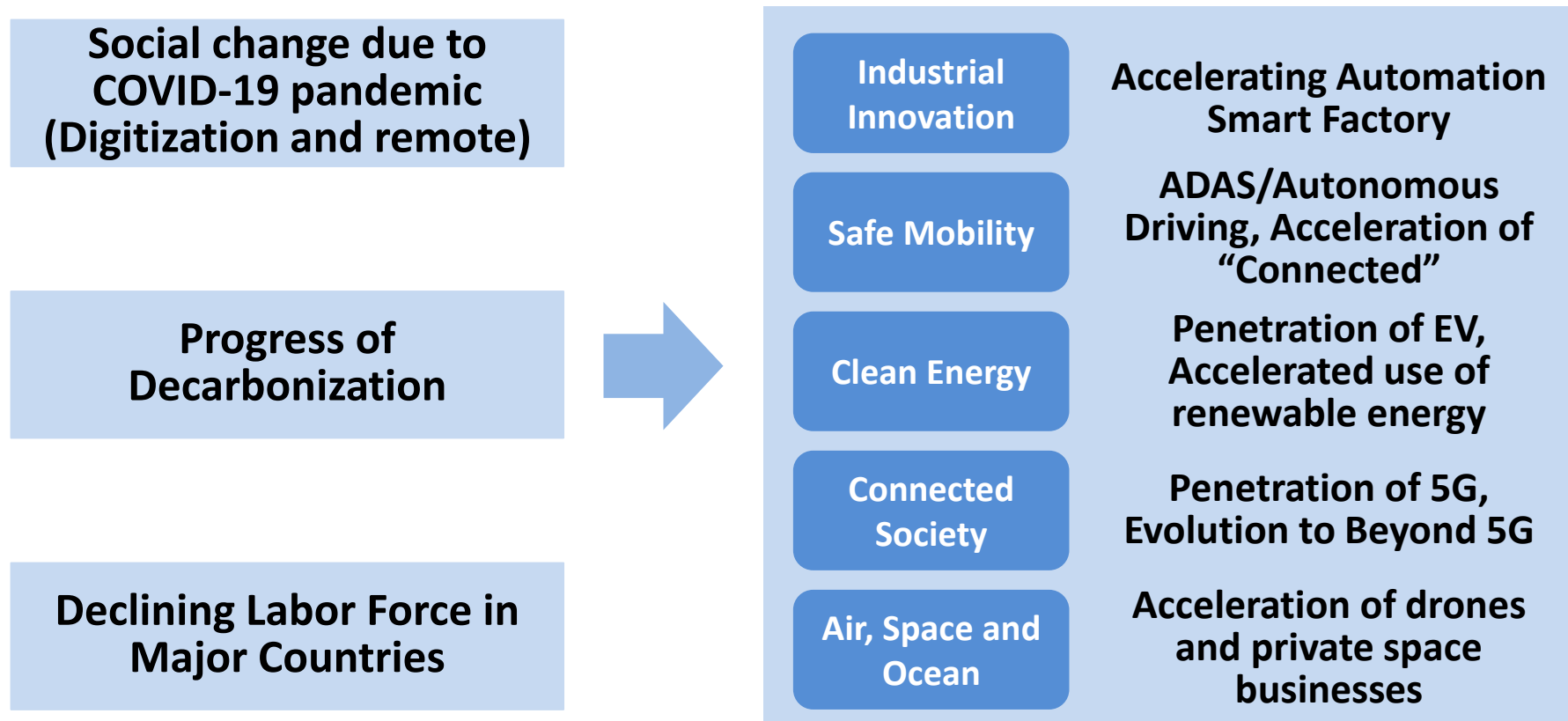
# Medium-Term Management Plan (FY2021 - FY2025)

Technology to Inspire Innovation

**April 27, 2021**

**6807 Japan Aviation Electronics Industry, Ltd.**

**Domain where JAE can contribute have expanded by the social changes due to COVID-19 pandemic and dramatic business climate change such as progress of decarbonization and full-scale penetration of 5G technologies**



**Creating value through technologies under the slogan  
“Technology to Inspire Innovation”, to realize an environmentally  
friendly mobility and IoT-oriented society connected by 5G**

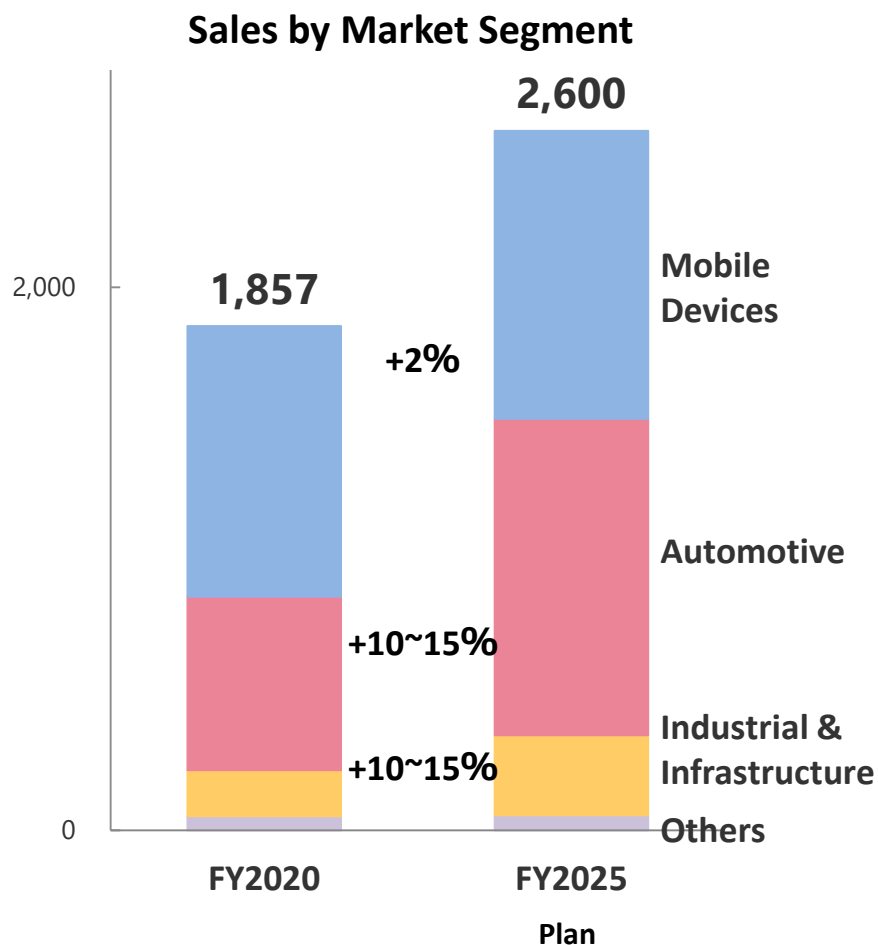
## Basic Strategy

- **Achieve growth by capturing changes in the 3 focused markets and strengthen technology development and manufacturing capabilities**
- **Plan growth toward 2025 by combination of growth in 3 core businesses and launching of new business domain**

## Management Goal

<b>Fiscal Year 2025</b>	<b>Revenue</b>	<b>300 Billion Yen</b>
	<b>Ordinary Profit</b>	<b>30 Billion Yen</b>

- Outperform the market through double-digit growth in the automotive and industrial & infrastructure market, while maintaining our position in the cutting-edge mobile device market



## ■ Mobile Devices

- Maintain scale of sales by taking advantage of the penetration of 5G and capturing the changes in share of Chinese smartphone customers

## ■ Automotive

- Aim high-growth in EV segment utilizing our strengths in connectors for infotainment, ADAS, and safety

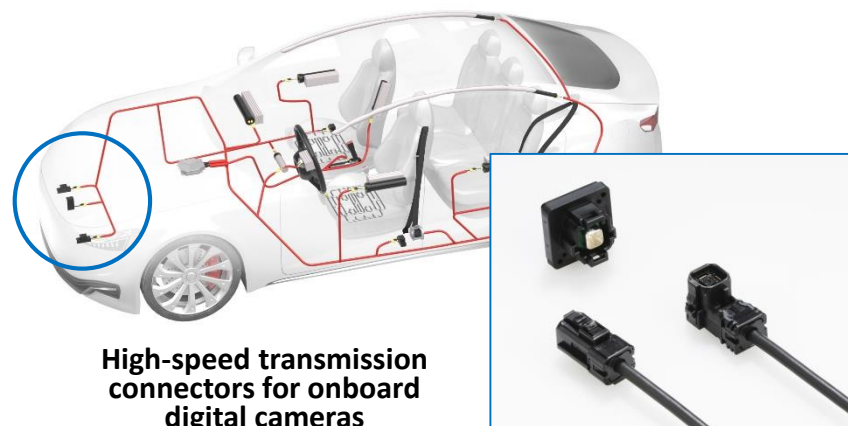
## ■ Industrial and Infrastructure

- Growth by factory automation equipment due to smart factory
- Strengthen development and production system for 5G base stations and EV infrastructures

## ■ Aim for high-growth in ADAS, safety and EV segment utilizing our strengths in infotainment

### ● ADAS/Autonomous

- Adopted by major Japanese automakers
- Expand models and develop next-generation technologies



High-speed transmission connectors for onboard digital cameras

### ● EV

- Strengthen marketing and product development capabilities
- High-current and high-voltage connector for European OEM to be applied to Japanese and Chinese OEM
- Focus on EV-related products in China such as BMS



400A compatible high-current and high-voltage connector for connecting batteries, inverters and motors

## ■ Grow by capturing increasing demand for factory automation equipment due to smart factory, 5G and EV infrastructures

### ● Factory automation equipment

- JAE connectors for servo motors became de facto for major Japanese customers
- Grow by capturing expanding demand for factory automation in China



Connector for servo motors  
JL10 Series

### ● Telecommunications (5G base station / 6G)

- Increase shares of optical/coaxial connectors for Japanese customers
- Strengthen technological capabilities of optical connectors

### ● Electric Power (EV Charging Infrastructure)

- Establish global production system for EV charging plugs



EV Charging Plug

## ■ Grow by timely product introduction corresponding to market requirements for board-to-board connectors commanding top-class global market share

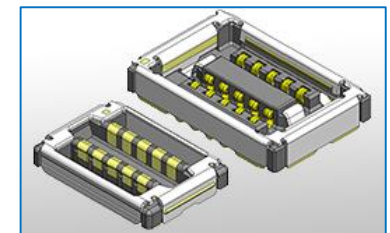
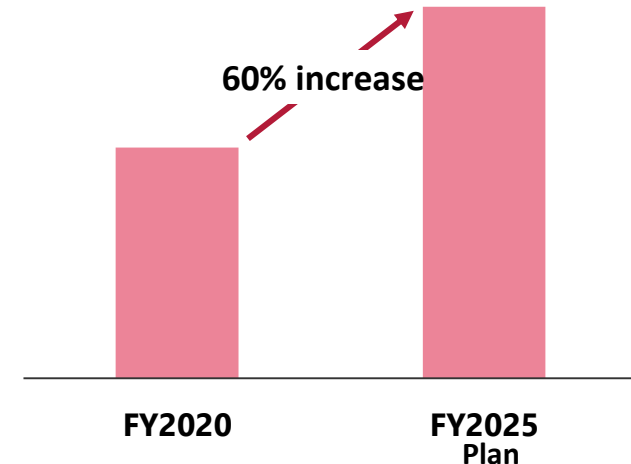
### ● Increase market share in Smartphone market

- Maintain scale of sales by expanding market shares by tailwind of high functional smartphones resulting from the penetration of 5G
- Capturing the changes in share of Chinese smartphone customers
- Enhanced production capacity of board-to-board connectors

### ● Full shield type board-to-board Connector

- Grow by capturing anti-noise requirement such as periphery of next-generation communication modules inside 5G millimeter-wave smartphones

Production capacity for board-to-board connectors for mobile devices



Full shield type  
board-to-board connector  
【Products under development】



## ■ To reach 20 billion yen in FY2025 by differentiated touch panels specialized for specific applications

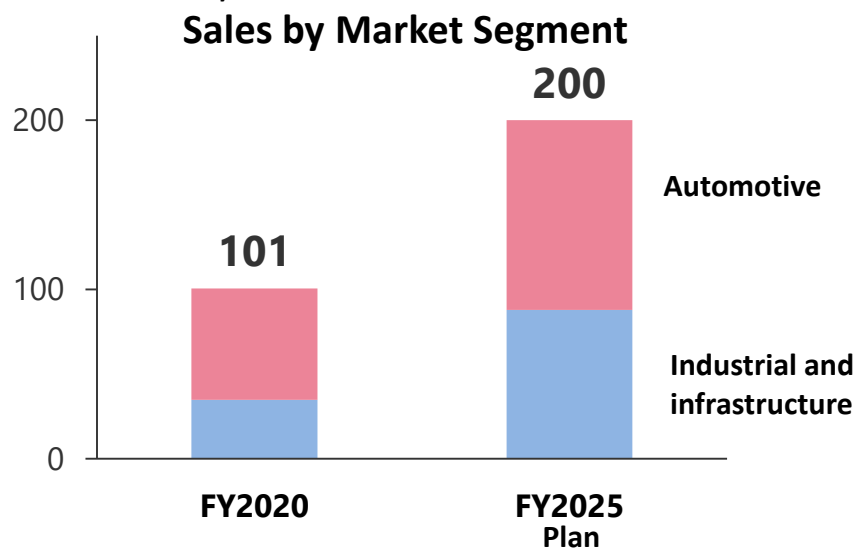
### ● Automotive

- Differentiate products by sensors sensitivity and design triggered by the requirement for larger displays

### ● Industrial and infrastructure

- Achieve growth by utilizing the occasion of adoption by major domestic customers in industrial and infrastructure market, where touch panels are becoming increasingly used

(JPY in 100 millions)



Automotive



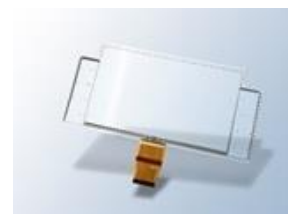
Industrial machinery  
(operation panel)



Capacitive touch panel



Film Type



Glass Type



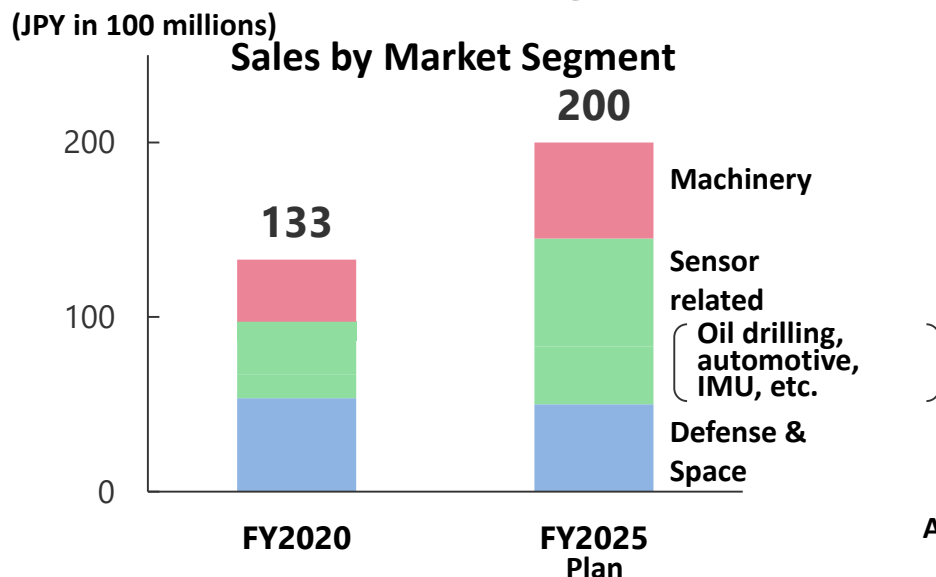
- To reach 20 billion yen in FY2025 by capturing demand generated by autonomous and remote operation, and take advantage of the semiconductor super-cycle

- **Machinery** (Linear motors for semiconductor and LCD exposure systems)

- Grow by expanding application areas and applicable equipment under growing market

- **Sensor Related**

- Expand the use of small inertial measurement units in autonomous construction and agricultural machinery



Semiconductor manufacturing equipment



【Actuator/linear motor】



Autonomous and remote operation of construction equipment

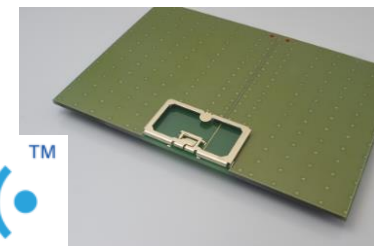


【MEMS inertial measurement unit】

## New Business Development for New Growth

### 【Connector Business Segment】

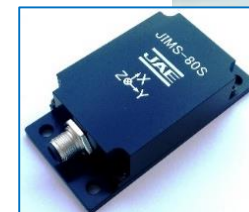
- Compact high-performance antenna
  - Compact antennas for Wi-Fi/Bluetooth devices, automotive and IoT equipment
  - Contribute to reduction of manufacturing and design costs through auto-mounting and high antenna performance



【AN01 Series】

### 【Aerospace Segment】

- Flight controllers and inertial sensor units nurtured in Aerospace product development
  - Develop new markets, such as industrial drones



【MEMS inertial measurement unit】



## Advanced technology development in growth areas

- Promote development of elemental technologies for high-speed transmission and simulations required for high-current and high-voltage applications.
- Establishment of 5G/6G Technical Team
- Develop elemental and advanced technology for EVs/new energy systems (e.g. high-current connectivity)

## Alliance / Open Innovation

- Strengthen communication-related technologies (optical, wireless) through collaboration with NEC
- Promotion of industry-university collaboration, including the Institute of Industrial Science, the University of Tokyo

## Global technical support system

- Strengthen Advanced Technology Center (automotive and ICT connectors)
- Establish system for development, prototyping, and technical support in Europe (connector for automotive applications)

### R&D expenditures

(JPY in 100 millions)



## Smart Factory / Manufacturing Evolution

- Visualization of production processes and quality control globally
- Innovations in manufacturing lead-time, cost and installation areas of self-manufactured facilities (automated assembly machines)
- Building manufacturing lines in the 'with COVID-19 era' through labor-saving and automation (Securing social distance)

## Enhancing Global Supply Chain

- Strengthen global production map considering BCP measures
- Investigate the expansion of existing production sites and establishment of new production site in conjunction with the expanding automotive business

### Recent Production Enhancement

New Building in 2nd  
Plant of JAE Philippines

2018



Acquisition of Chuang-  
Hua Plant in Taiwan

2019



BCP Enhancement in  
JAE Hiroasaki

2020

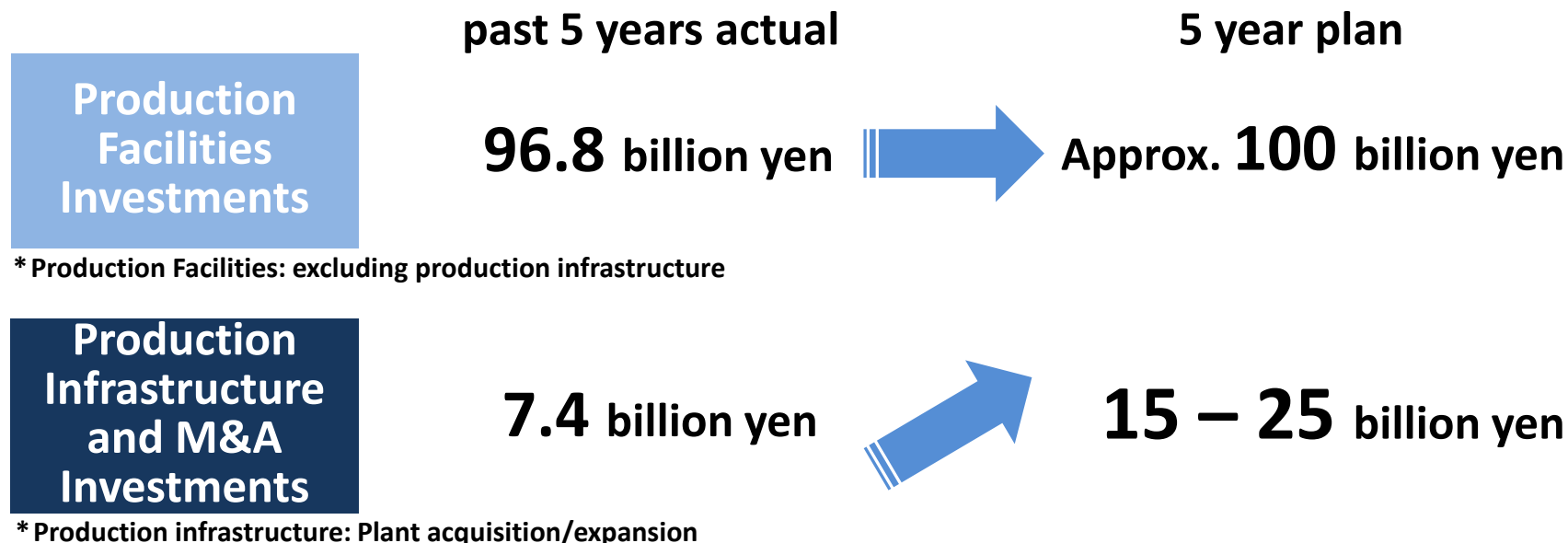


## ■ Investment in production facilities

Increase production and facility efficiency, and increase sales by 1.4 times with the investment at the same level as in the past

## ■ Investment in production infrastructure

Consider expansion of existing production sites to increase output and new site to strengthen global supply chains



We will achieve record-high sales and profits, and aim for the FY2025 goal

	FY2019 Actual	FY2020 Actual	FY2021 Plan	FY2025 Goal
Revenue	208.1 billion yen	209.7 billion yen	223.0 billion yen	300.0 billion yen
Ordinary Profit (Profit Margin)	14.2 billion yen (6.8%)	7.9 billion yen (3.8%)	14.5 billion yen (6.5%)	30.0 billion yen (10%)

Technology to Inspire Innovation

**JAE**



### <Cautionary Statement>

The plans, strategies & results forecasts and targets for our company and our consolidated affiliates (hereinafter JAE) noted in these materials are forecasts and targets as of April 27, 2021, and include risks and uncertainties.

The targets noted in these materials are not projections, and do not reflect current projections by the management team with regards to future results. Rather, these are targets to be attained by the management team through implementing business strategies.

Note that actual results may differ greatly from forecasts and targets, etc. based on various factors. Major factors that affect actual business results, etc. are the political and economic situations in Japan, the US, Asia and so forth that involve regions where JAE conducts business operations, demand fluctuations for JAE products (including software products) in the market, deflationary pressures caused by severe competition, the ability to continue supplying over our competitors, the ability to expand business operations in overseas markets, changes to the laws and regulations concerning business activities, and their transparency, potential legal responsibilities, exchange rates, etc, and there may be other factors beyond the ones listed here. Actual results may differ from management targets and other forecasts due to a worsening global economy and the global financial situation, stagnation in the domestic and overseas stock markets, etc. Note that descriptions concerning projections are current as of that day.

Although new risks and factors of uncertainty that occur at any anytime are evident, it is impossible to predict their occurrence or effects. In addition, details describing future predictions may not actually occur due to risk and uncertainties. Do not rely solely on these descriptions.

# (Reference) Market Assumptions

- ▶ Global economy to recover from FY2021 due to economic measures in each country and the start of vaccination, and continue to expand moderately from FY2022 onward
- ▶ Assuming that there will be no further significant decline in demand or lock-down due to COVID-19

	FY2020	FY2021	FY2020/2025 CAGR
Automobile production	<b>73</b> million	approx. <b>80</b> million	<b>+2%</b>
of which EV	<b>3</b> million	<b>4</b> million	<b>+35%</b>
Number of smartphones shipped	<b>1.30</b> billion	<b>1.45</b> billion	<b>+5%</b>
of which 5G	approx. <b>200</b> million	approx. <b>300</b> million	<b>+40%</b>
Industrial robot production	approx. <b>0.37</b> million	approx. <b>0.40</b> million	<b>+15%</b>

(JAE estimate based on data from research firms and other sources)