2021/3

Financial Results/Medium-Term Management Plan Presentation

ROHM CO.,LTD

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AGENDA

Financial Results for the Year Ended 2021/3

Financial Results for the Year Ended 2021/3
Sales trend by Market, Region
Changes in Operating Income
Trend of Sales by Markets

Capital Expenditures

Inventories

Return to Shareholders

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Financial Results for the Year Ended 2021/3（YoY）

(¥billion)

	'21/3 Results	'20/3 Results	Amount(YoY)	Ratio(YoY)
Net Sales	**359.8**	**362.8**	**-3.0**	**-0.8%**
Operating Income	**38.4**	**29.4**	**+9.0**	**+30.5%**
(Ratio)	**(10.7%)**	**(8.1%)**	**-**	**-**
Ordinary Income	**40.6**	**35.7**	**+4.9**	**+13.7%**
(Ratio)	**(11.3%)**	**(9.9%)**	**-**	**-**
Net Income	**37.0**	**25.6**	**+11.4**	**+44.4%**
(Ratio)	**(10.3%)**	**(7.1%)**	**-**	**-**
EBITDA	**78.6**	**73.8**	**+4.8**	**+6.6%**
(Ratio)	**(21.9%)**	**(20.3%)**	**-**	**-**
Average rate(¥/US$)	(¥106.20)	(¥109.10)		

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Financial Results for the Year Ended 2021/3（YoY）

（VS. Revised Plan as of Feb.1st ）

（¥billion）

	'21/3 Results	'21/3 Revised Plan as of Feb. 1st	Amount(YoY)	Ratio(YoY)
Net Sales	**359.8**	**360.0**	**-0.2**	**-0.0%**
Operating Income	**38.4**	**32.0**	**+6.4**	**+20.3%**
(Ratio)	**(10.7%)**	**(8.9%)**	**-**	**-**
Ordinary Income	**40.6**	**30.0**	**+10.6**	**+35.6%**
(Ratio)	**(11.3%)**	**(8.3%)**	**-**	**-**
Net Income	**37.0**	**26.0**	**+11.0**	**+42.3%**
(Ratio)	**(10.3%)**	**(7.2%)**	**-**	**-**
EBITDA	**78.6**	**73.3**	**+5.3**	**+7.3%**
(Ratio)	**(21.9%)**	**(20.3%)**	**-**	**-**
Average rate(¥/US$)	(¥106.20)	(¥105.70)		

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Plan for the Year Ending 2022/3（YoY）

(¥billion)

	'22/3 Plan	'21/3 Results	Amount(YoY)	Ratio(YoY)
Net Sales	**400.0**	**359.8**	**+40.2**	**+11.1%**
Operating Income	**49.0**	**38.4**	**+10.6**	**+27.3%**
(Ratio)	**(12.2%)**	**(10.7%)**	**-**	**-**
Ordinary Income	**48.0**	**40.6**	**+7.4**	**+18.0%**
(Ratio)	**(12.0%)**	**(11.3%)**	**-**	**-**
Net Income	**34.0**	**37.0**	**-3.0**	**-8.1%**
(Ratio)	**(8.5%)**	**(10.3%)**	**-**	**-**
EBITDA	**96.2**	**78.6**	**+17.6**	**+22.3%**
(Ratio)	**(24.0%)**	**(21.9%)**	**-**	**-**
Average rate(¥/US$)	(¥105.00)	(¥106.20)		

Impact from tax effect accounting +7.7

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‘21/3 Full year Sales trend **by Market Segments** (YoY)

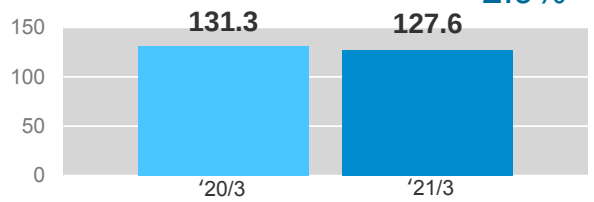
(¥billion)

Full Year Sales

‘20/3 Results	‘21/3 Results
¥362.8 billion	¥359.8 billion
	-0.8%

Automotive

-2.9%

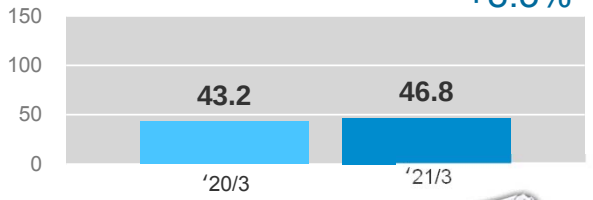


●Infotainment	-4.2	
(Conventional audio/Navigation/Panel)		(-3.5)
●Power train	+0.5	
●ADAS	-0.3	
●Body	+0.2	



Industrial

+8.3%

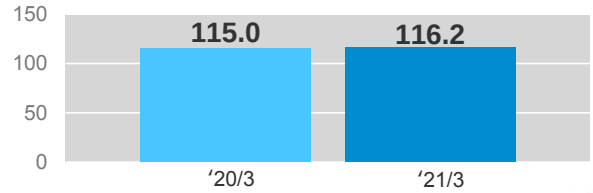


●FA	+1.7
●Energy	-0.5
●Infrastructure	+0.1
●Others	+2.4



Consumer

+1.1%

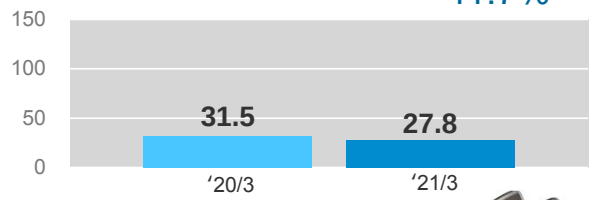


●AV	-2.4
●Home appliance	+2.6
●Others	+1.0



Communication

-11.7%

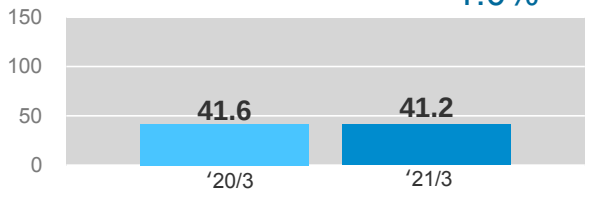


●Overall communication	-3.7



OA Equipment

-1.0%



●PC、OA	+0.2
●For POS	-0.6



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*Market Segment: Calculated by most resent segment

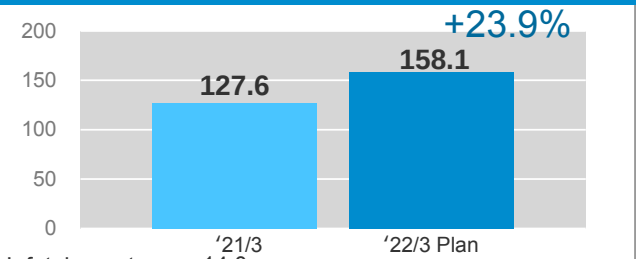
‘22/3 Full year Sales trend **by Market Segments** (‘21/3 vs ’22/3 Plan)

(¥billion)

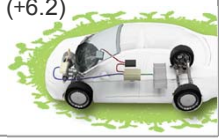
Full Year Sales

‘21/3 Results	‘22/3 Plan
¥359.8 billion	¥400.0 billion
	+11.1%

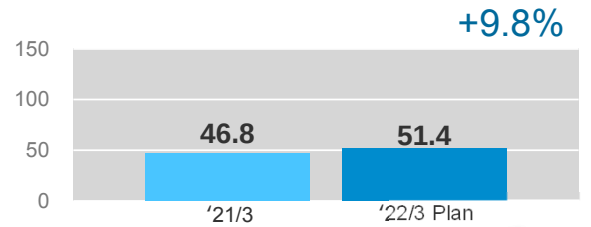
Automotive



Infotainment	+14.0
(Conventional audio/Navigation/Panel)	(+6.2)
Powertrain	+9.0
ADAS	+2.4
Body	+5.2



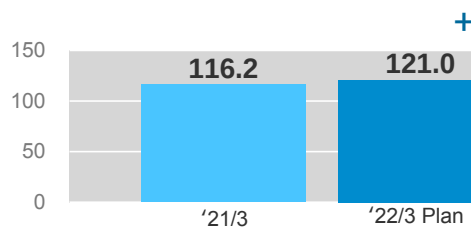
Industrial



FA	+2.8
Energy	-0.1
Infrastructure	+0.0
Others	+1.9



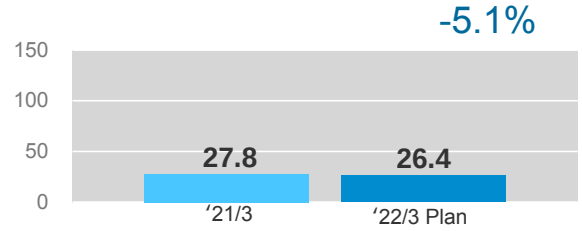
Consumer



AV	+3.1
Home appliance	+2.2
Others	-0.5



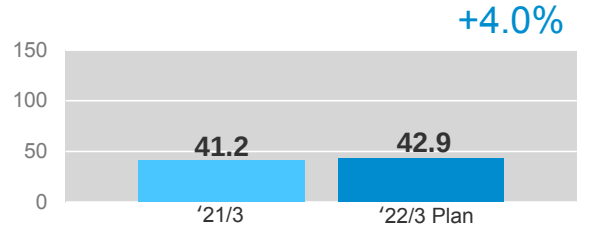
Communication



Overall communications	-1.4



OA Equipment



PC、OA	+1.7
For POS	-0.1



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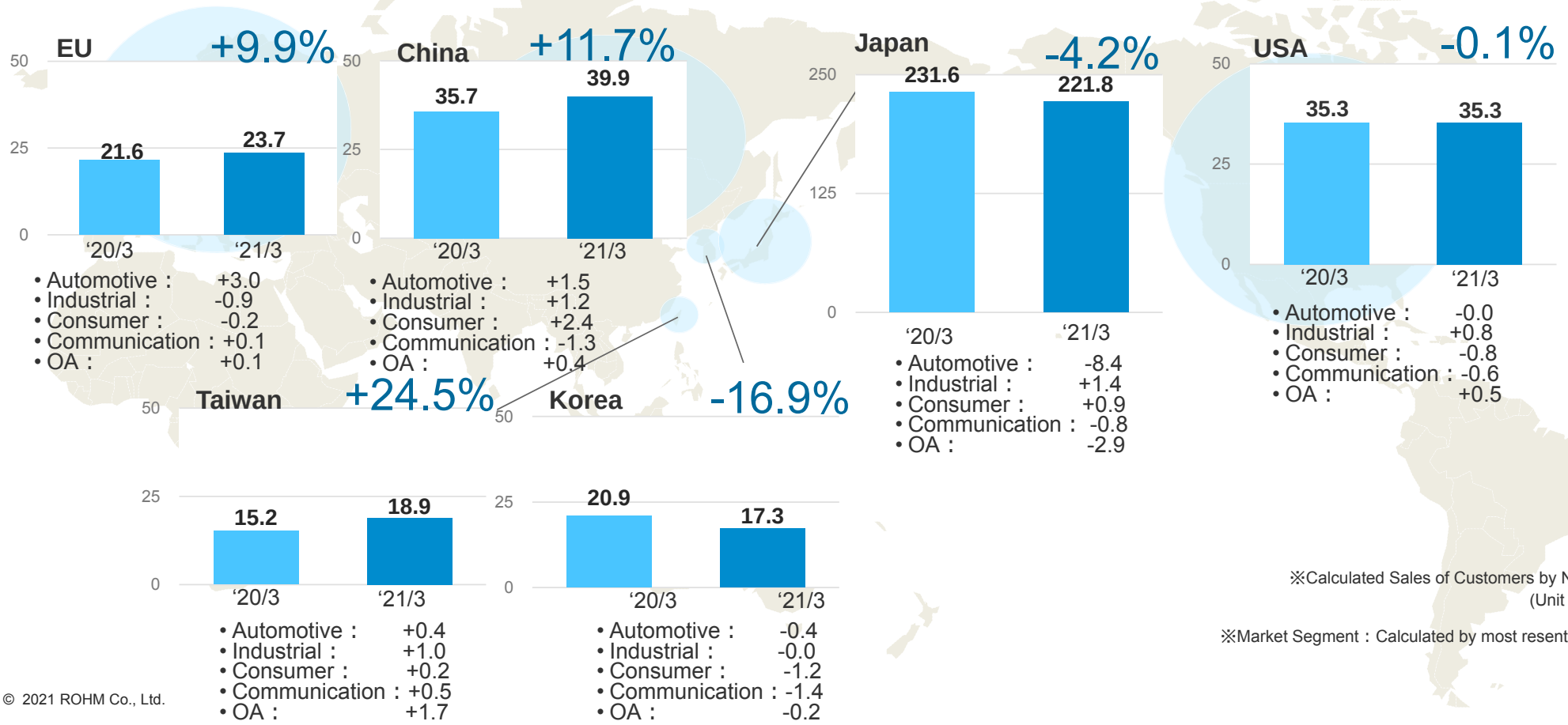
*Market Segment: Calculated by most resent segment

‘21/3 Full year Sales trend **by Geographic Region** (YoY)

Full year YoY

Full year Sales

¥362.8billion	¥359.8billion	
‘20/3 Results	‘21/3 Results	-0.8%



※Calculated Sales of Customers by Nationality
(Unit : ¥billion)

※Market Segment : Calculated by most resent segment

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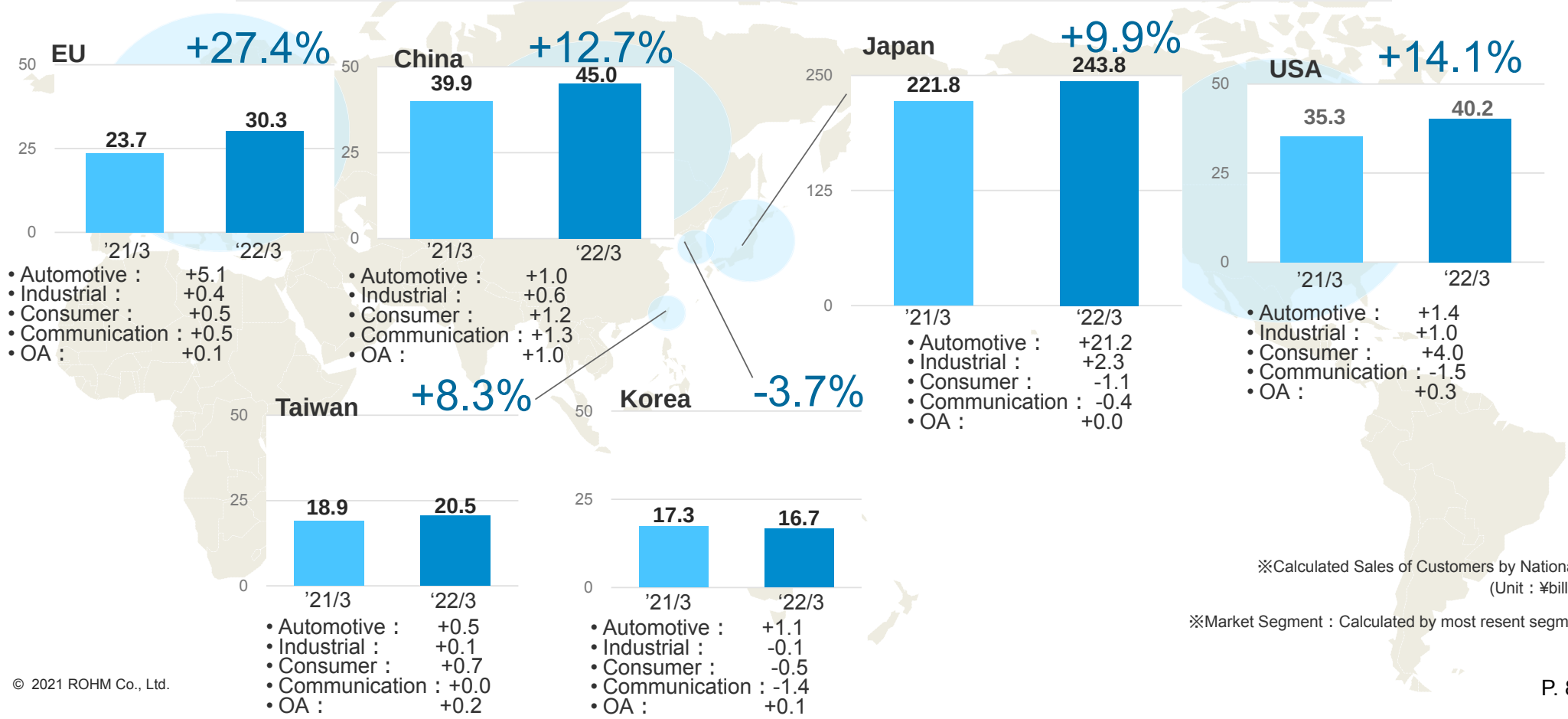
‘22/3 Full year Sales trend **by Geographic Region** (‘21/3 vs ’22/3 Plan)

Full year YoY

Full year Sales

¥359.8billion	¥400.0billion	+11.1%
‘21/3 Results	‘22/3 Plan	



※Calculated Sales of Customers by Nationality
(Unit : ¥billion)

※Market Segment : Calculated by most resent segment

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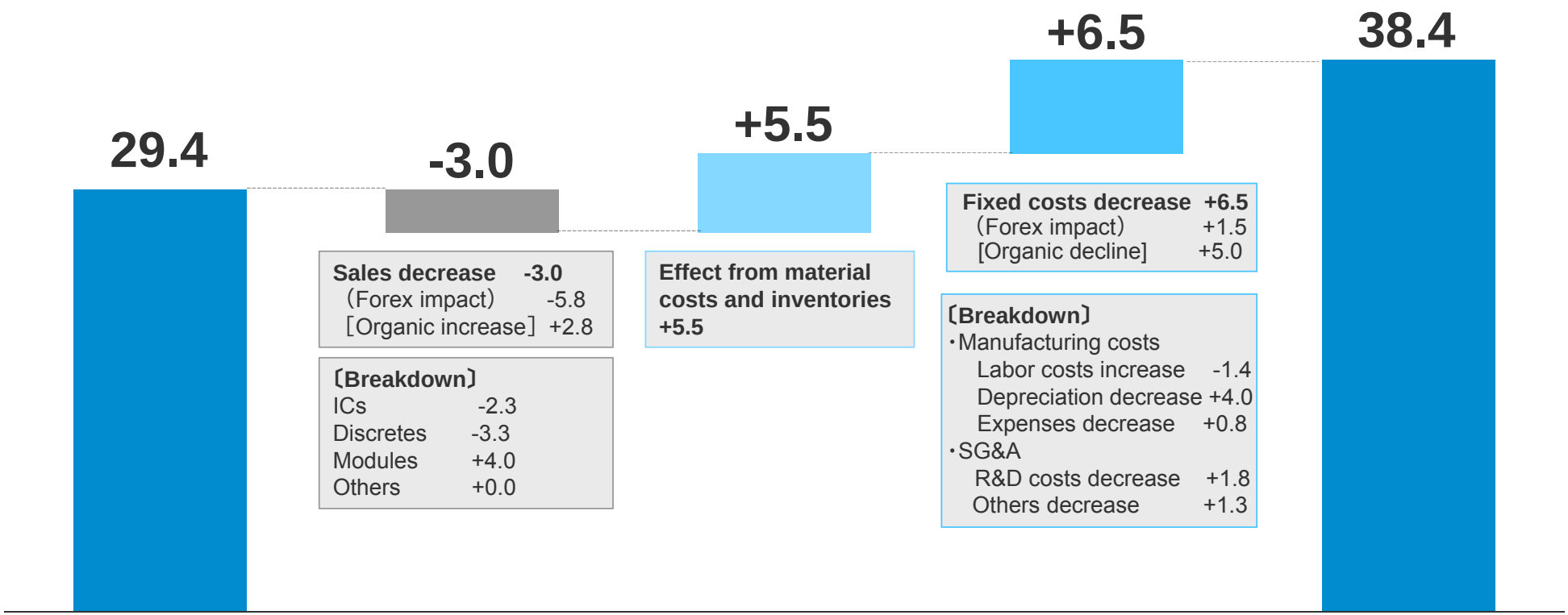
Changes in Operating Income (YoY)

¥9.0 billion Increase

(¥billion)



'20/3 Results **(¥109.10)**

'21/3 Results **(¥106.20)**

Average rate (¥/US$)

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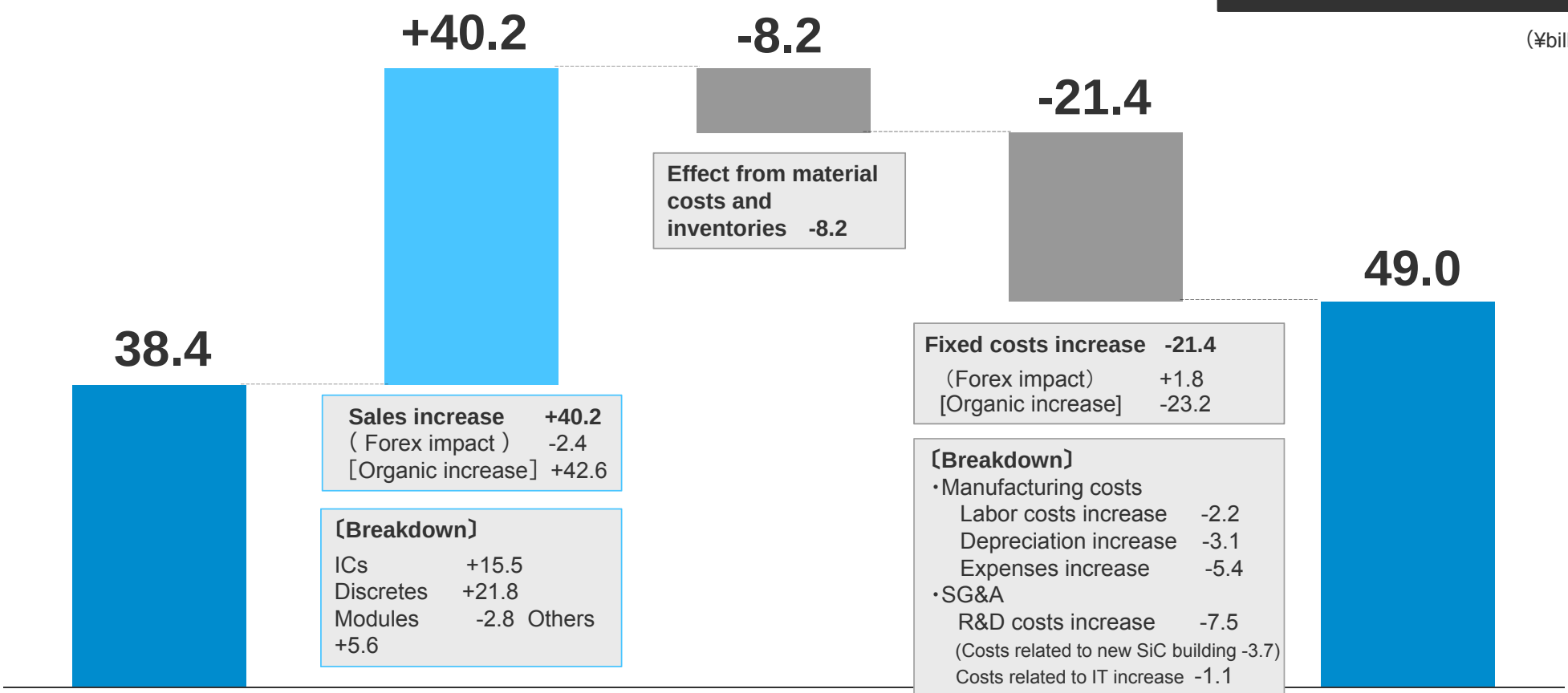
Changes in Operating Income (‘21/3 vs ‘22/3 Plan)

¥10.6 billion Increase

(¥billion)



Average rate (¥/US$)

(¥106.20) **(¥105.00)**

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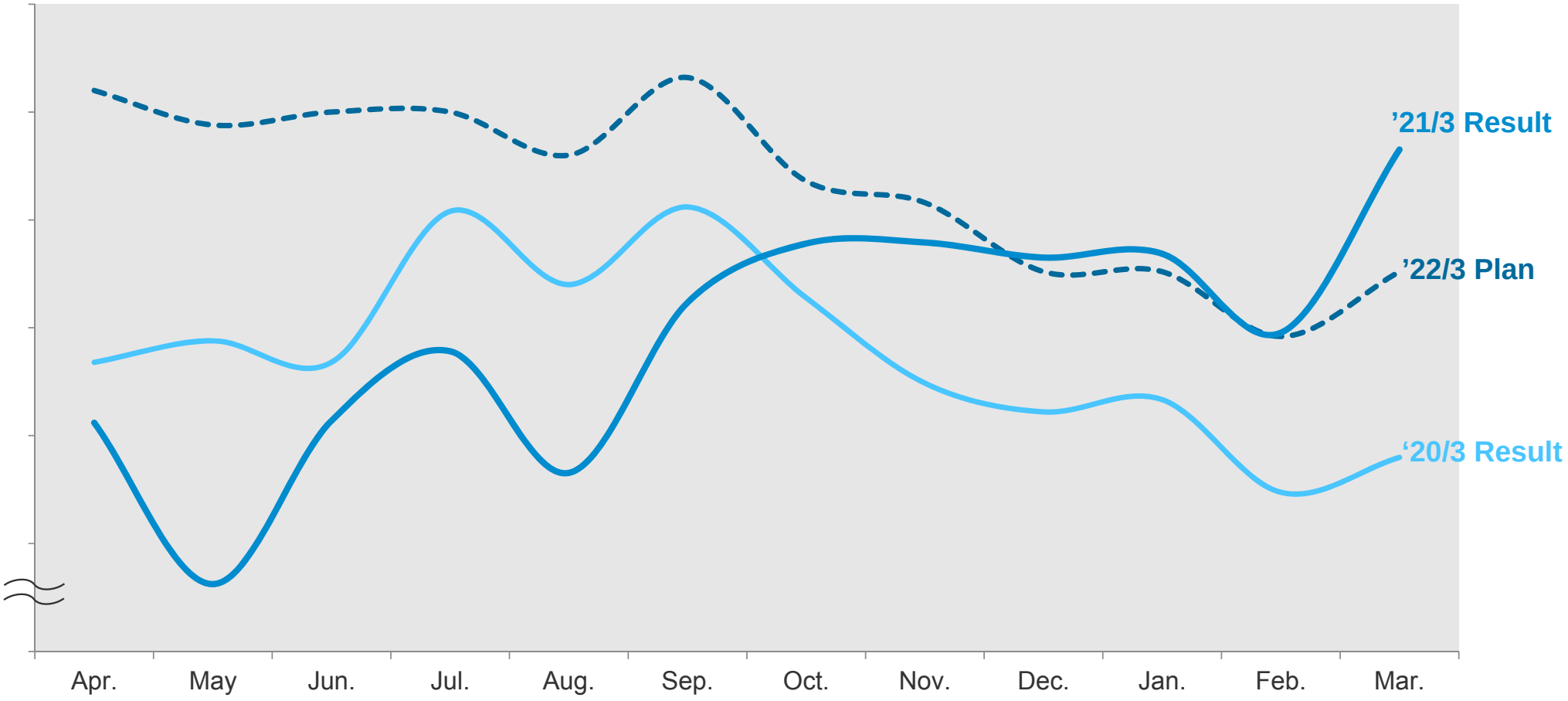
Sales Trend

Excluding effect from forex



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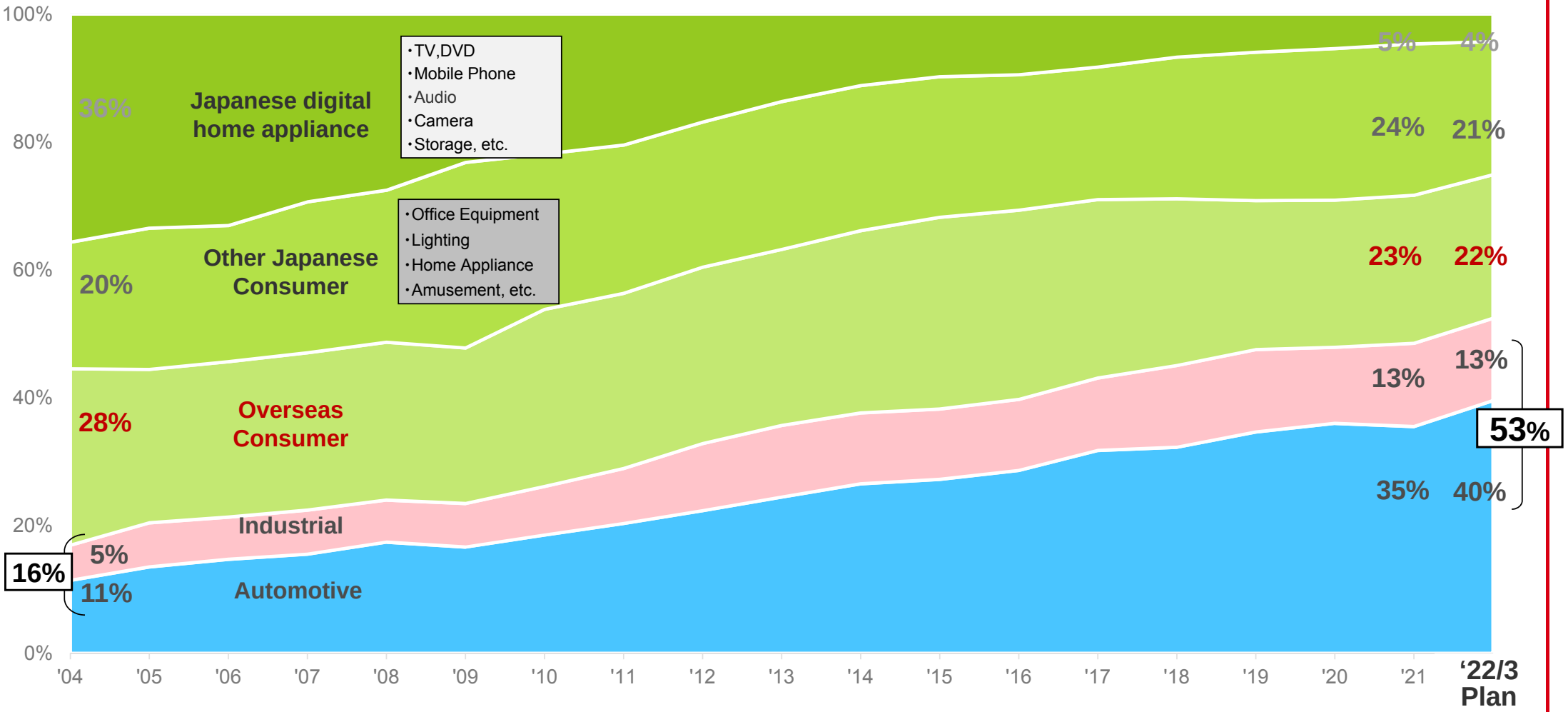
Trend of Sales Composition Ratio By Market



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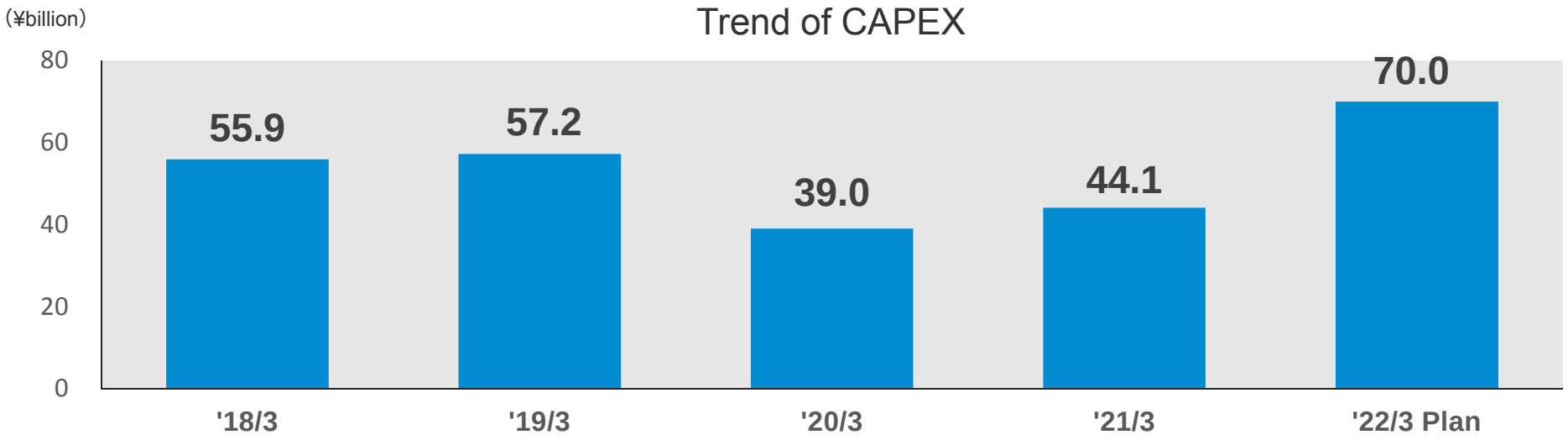
Capital Expenditures

(¥billion)	Total	Capacity Increase	Land/ Building	Improve Quality	Others
’20/3 Results	39.0	17.1	8.5	2.5	10.9
’21/3 Revised plan	46.0	12.4	14.8	3.4	15.4
’21/3 Results	44.1	12.2	16.0	2.7	13.2
’22/3 Plan	70.0	37.7	15.7	3.1	13.5



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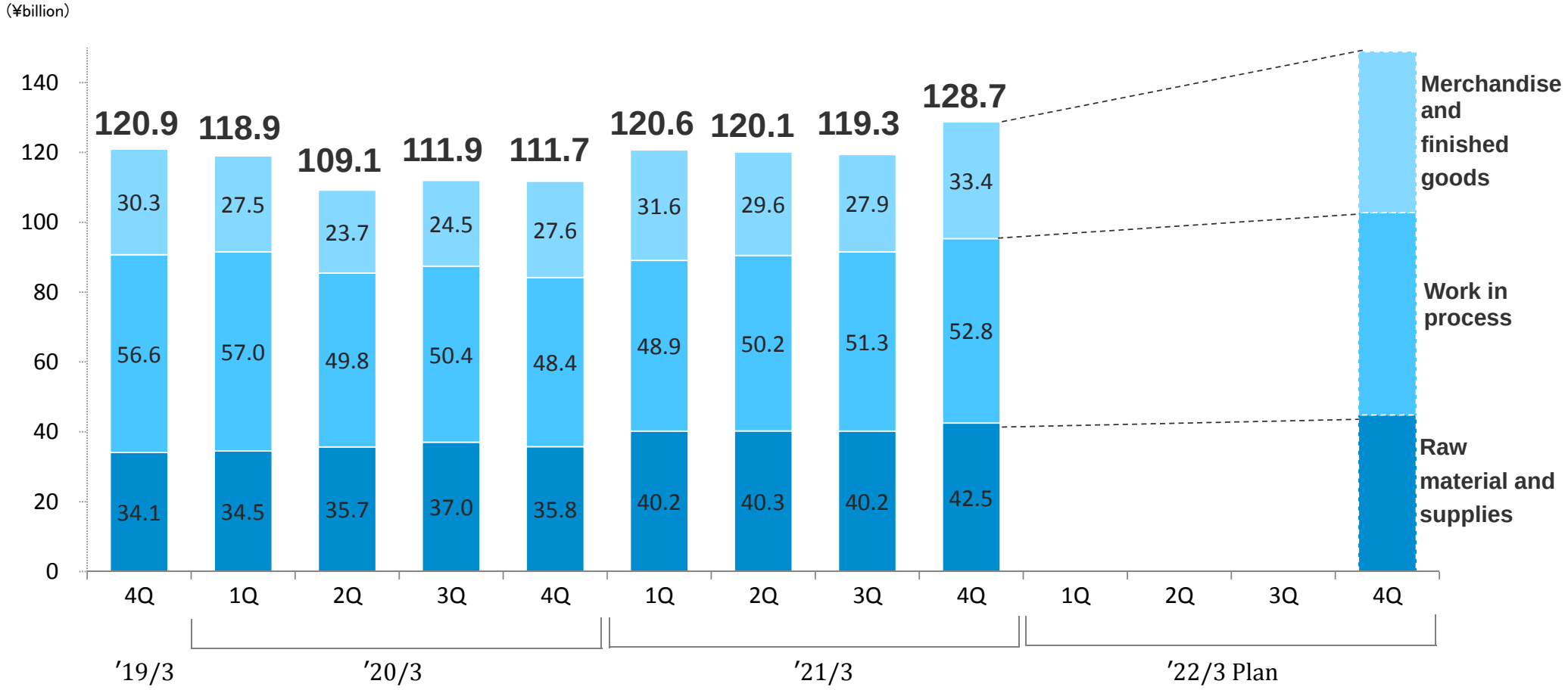
Inventories（Amount）

Trend of Inventories



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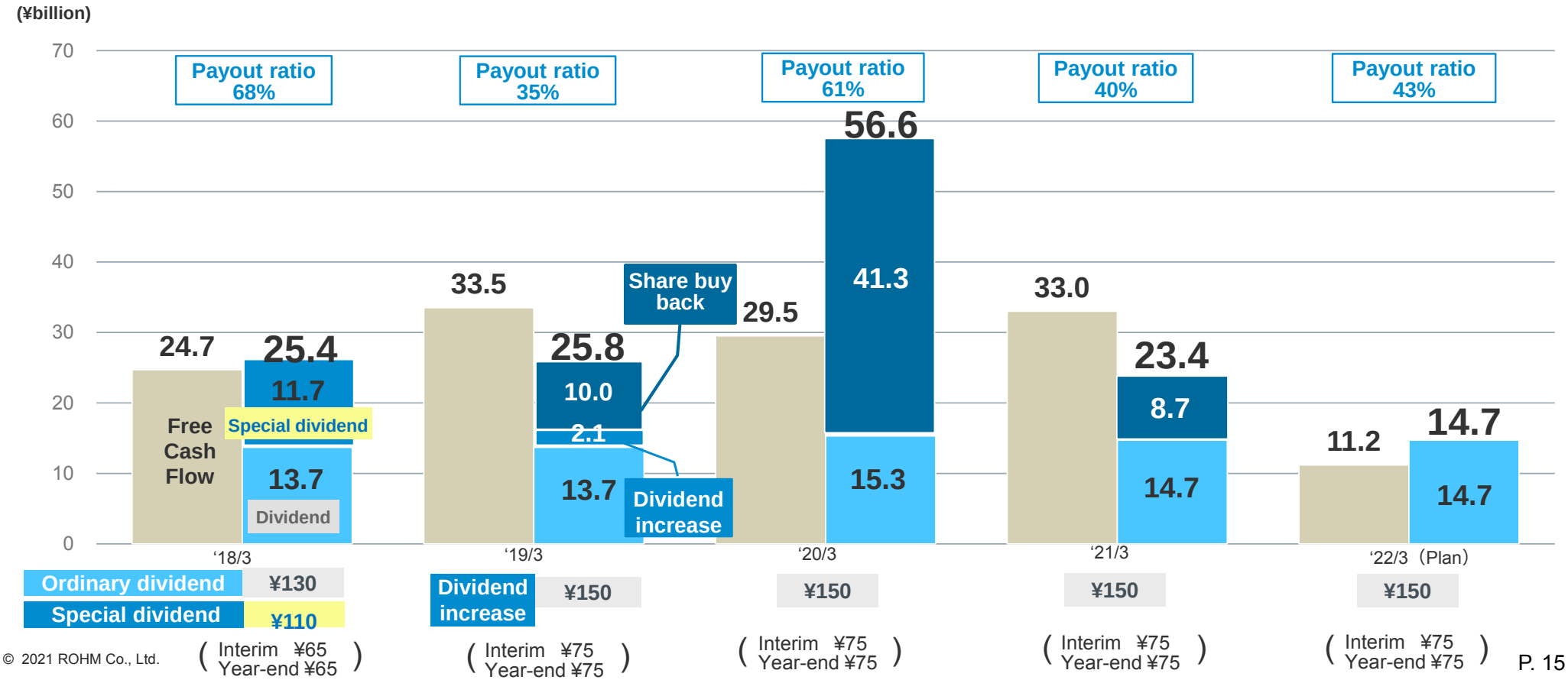
Returns to Shareholders (Transition of Free Cash Flow and Shareholders Returns)

ROHM is planned on buying back shares and returning special dividend because of the three factors below:
①Reduction of strategic shareholdings ②current stock market outlook ③Mid-to long-term financial outlook

No changes to our finance and return to shareholders policies including:
Aggressive investment for business growth, targeting payout ratio of 30% or more, avoid dividend reduction much as possible, and etc.



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Electronics for the Future

Medium-Term Management Plan

MOVING FORWARD to 2025

ROHM Co., Ltd.

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Contents

Ⅰ Management Vision and the Aim of Medium-Term Management Plan

Ⅱ Growth Strategy

Ⅲ Foundation Supporting Our Growth Strategy

Ⅳ ESG Initiatives

Ⅴ Capital Policy

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I Management Vision and the Aim of Medium-Term Management Plan

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Company Mission



Mission that has not changed since ROHM was founded

To contribute to the progress of our culture

Company Mission

Quality is our top priority at all times.

Our objective is to contribute to the advancement and progress of our culture through a consistent supply, under all circumstances, of high quality products in large volumes to the global market.

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Our Mission in the New Social Infrastructure/Management Vision

We focus on power and analog solutions and solve social problems by contributing to our customers' needs for "energy savings" and "downsizing" of their products



Sales amounts equates to the amount of our contribution to society; through significant sales growth, we will realize sustainable development of society and the ROHM Group

ROHM's Strengths

Our Company Mission remains unchanged since our founding, and we will continue to grow by leveraging strengths we have cultivated

Development capability to maximize value by integrating elemental technologies

Matching technologies

IDM* (Vertical integration)

- Emergency response capability
- Rigorous quality control
- Stable supply
- Cost competitiveness

Quality First
Advancement and progress of our culture

Comprehensive capabilities; from passive components to power devices and LSIs

Wide range of products

Customer orientation

Solution proposals from the customer's point of view

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*IDM: Integrated Device Manufacturer

Positioning and Goals of the Medium-Term Management Plan

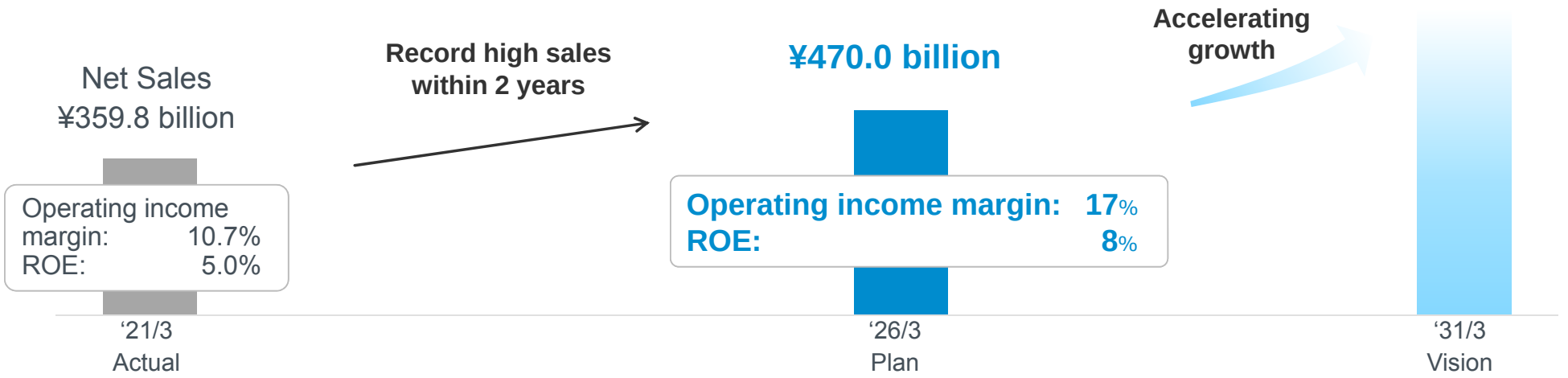
Medium-Term Management Plan

FY2021 - FY2025

Achieve growth in “automotive segments” and “market outside of Japan” and build a foundation for further growth

FY2030

Becoming a major global player



Non-Financial Goals (Abridged)

- **Environment (FY2030)**
  - GHG emissions: 30% reduction (vs. FY2018)
  - Advancement toward 100% implementation of renewable energies in FY2050
  - Zero waste emissions
- **Diversity and Employees**
  - Reach global female manager ratio at 15% or higher
  - Reach employee engagement score above industry average
- **Customers**
  - Quality satisfaction score: 10% improvement (vs. FY2020)

FY2025 Management Goals

Financial Goals

Net Sales	**¥470+ billion** ('21/3 Actual: ¥359.8 billion)
Operating Income Margin:	**17%+** ('21/3 Actual: 10.7%)
ROE:	**8%+** ('21/3 Actual: 5.0%)

Non-Financial Goals (Abridged)

- **Environment (FY2030)**
  - GHG emissions: 30% reduction (vs. FY2018)
  - Advancement toward 100% implementation of renewable energies in FY2050
  - Zero waste emissions
- **Diversity and Employees**
  - Reach global female manager ratio at 15% or higher
  - Reach employee engagement score above industry average
- **Customers**
  - Quality satisfaction score: 10% improvement (vs. FY2020)

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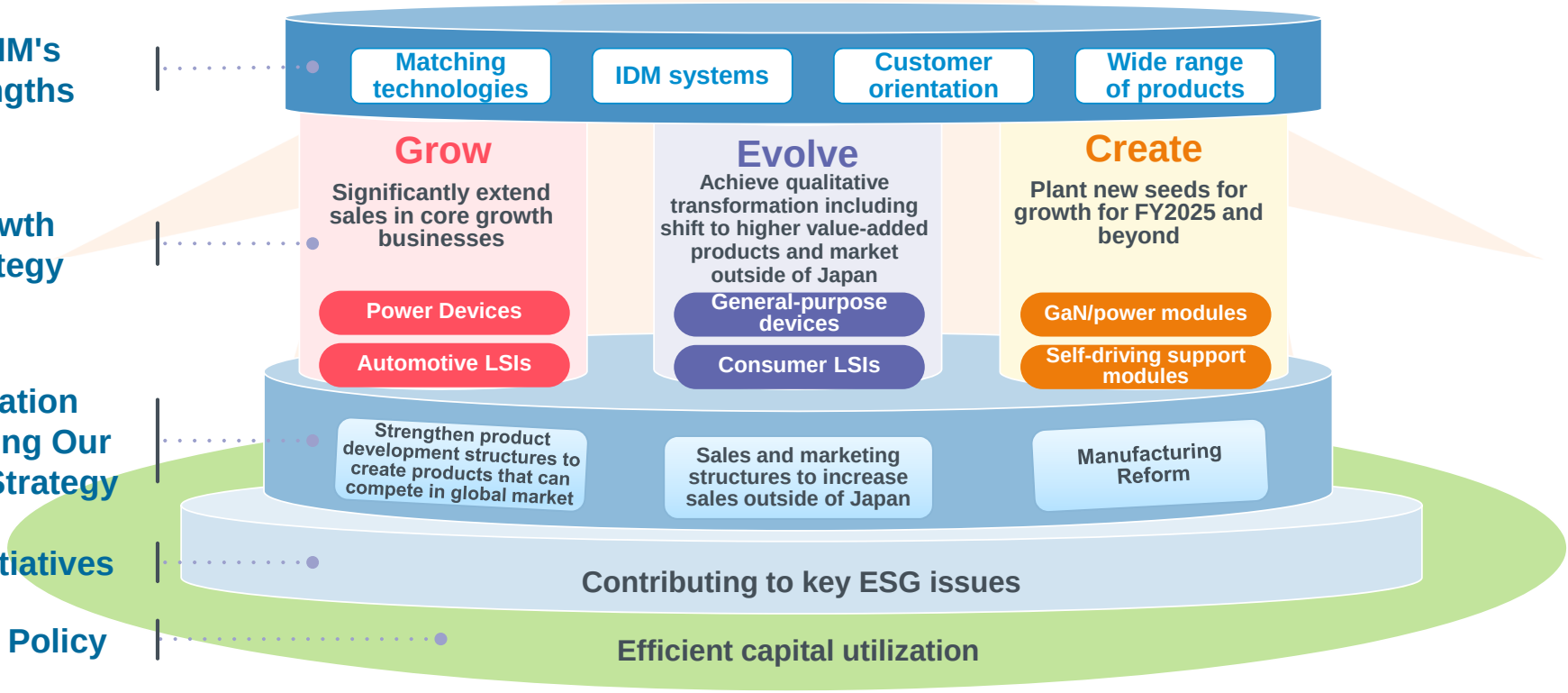
Overview of Management Policy in the Medium-Term Management Plan

Management Vision

We focus on power and analog solutions and solve social problems by contributing to our customers' needs for "energy savings" and "downsizing" of their products

Vision for FY2025

Achieve growth in "automotive segments" and "market outside of Japan" and build a foundation for further growth



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Ⅱ Growth Strategy

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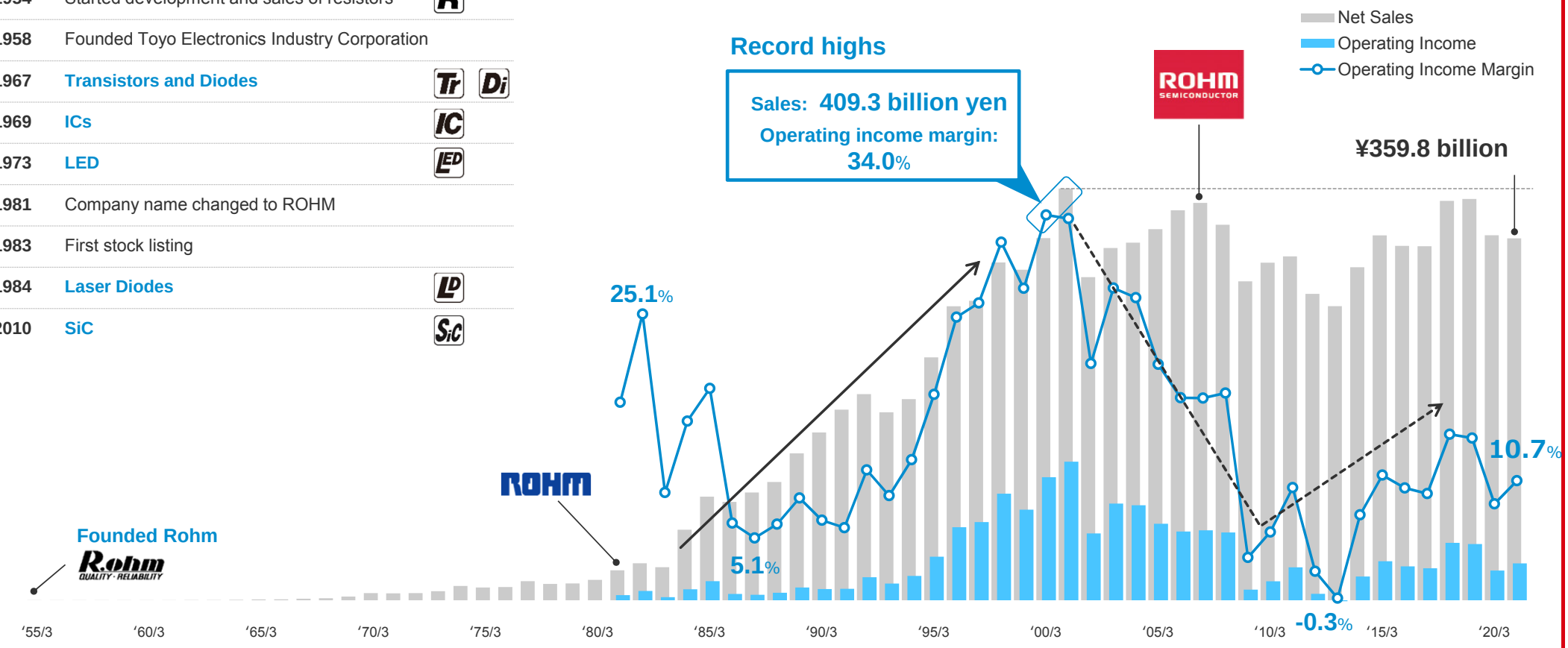
History of Operating Performance

Growth has stagnated for some time since record high sales in ‘01/3

1954	Started development and sales of resistors	R
1958	Founded Toyo Electronics Industry Corporation	
1967	**Transistors and Diodes**	Tr Di
1969	**ICs**	IC
1973	**LED**	LED
1981	Company name changed to ROHM	
1983	First stock listing	
1984	**Laser Diodes**	LD
2010	**SiC**	SiC



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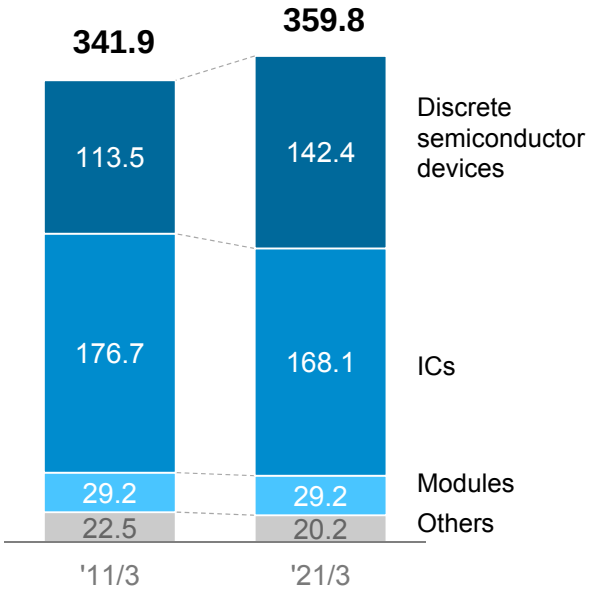
Performance From the Past 10 Years

Over the last 10 years, we have made a major shift in our sales portfolio toward automotive solutions, and we have begun seeing signs of overseas sales expansion

Sales per Business Over Time

Units: billions of yen

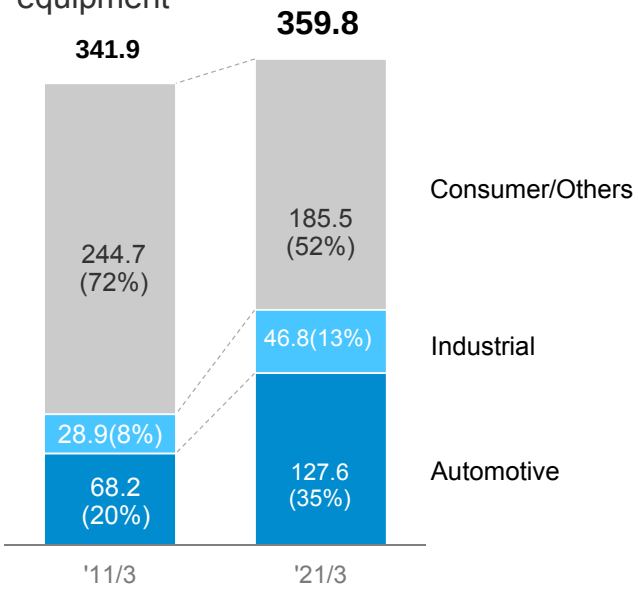
Discrete semiconductor devices drive growth



Sales per Field Over Time

Units: billions of yen (sales ratio in parentheses)

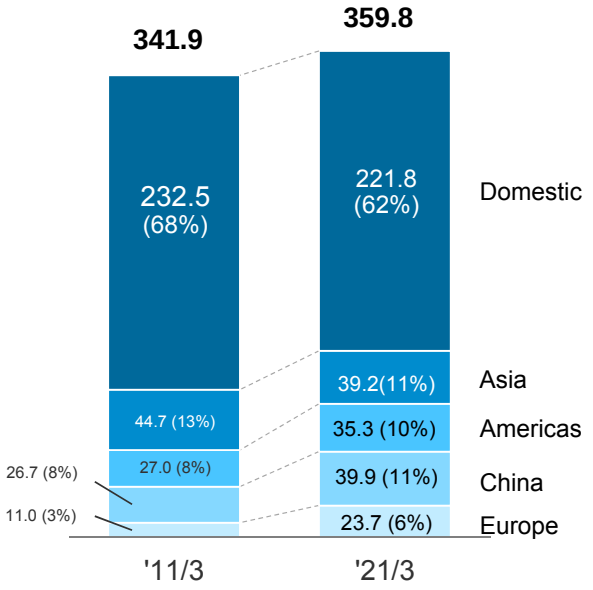
Significant growth in automotive discrete semiconductor devices and ICs, and a major shift in portfolio from consumer products to in-vehicle equipment



Sales per Region Over Time

Units: billions of yen (sales ratio in parentheses)

Sales growth outside of Japan, mainly in China and Europe, while maintaining sales in Japan



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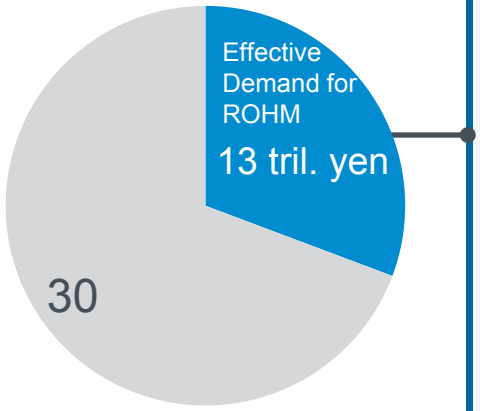
Assessment of Effective Demand for ROHM per Field

Driven by major changes such as the electrification of mobility and the development of automated driving, major growth opportunities have arrived, especially in the automotive sector

Semiconductor Market in 2019

(Units: trillions of yen)



Effective Demand for ROHM (Discrete/Analog, etc.)

Others (Logic/Memory/etc.)

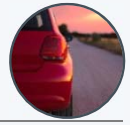
Source: Omdia

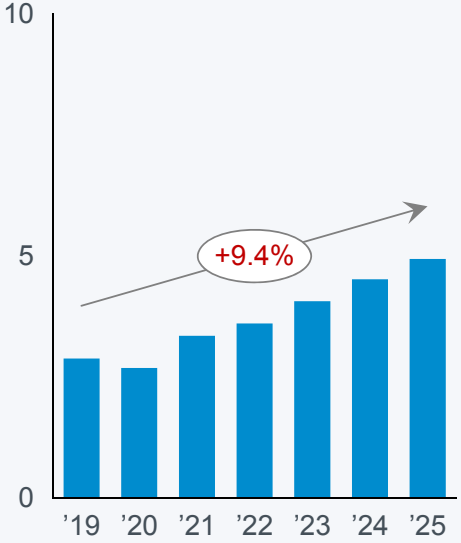
Estimation of effective demand for ROHM by business segments

xx% CAGR(2019 - 2025)

(Units: trillions of yen)

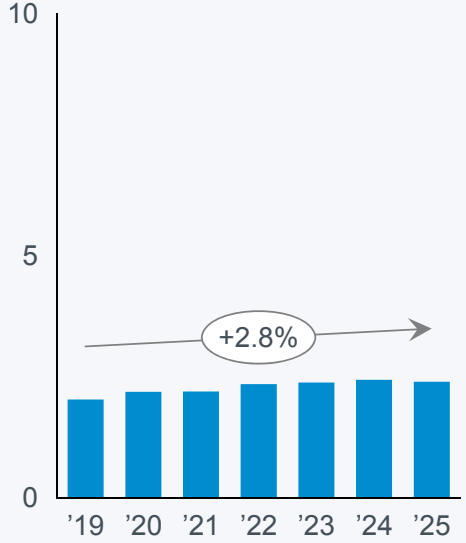
Automotive





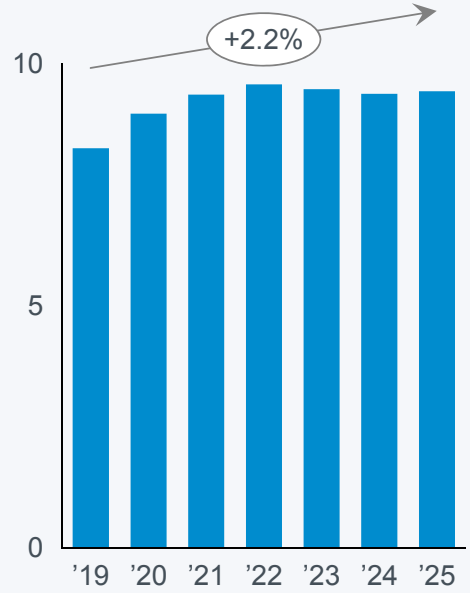
Industrial





Consumer/ Others





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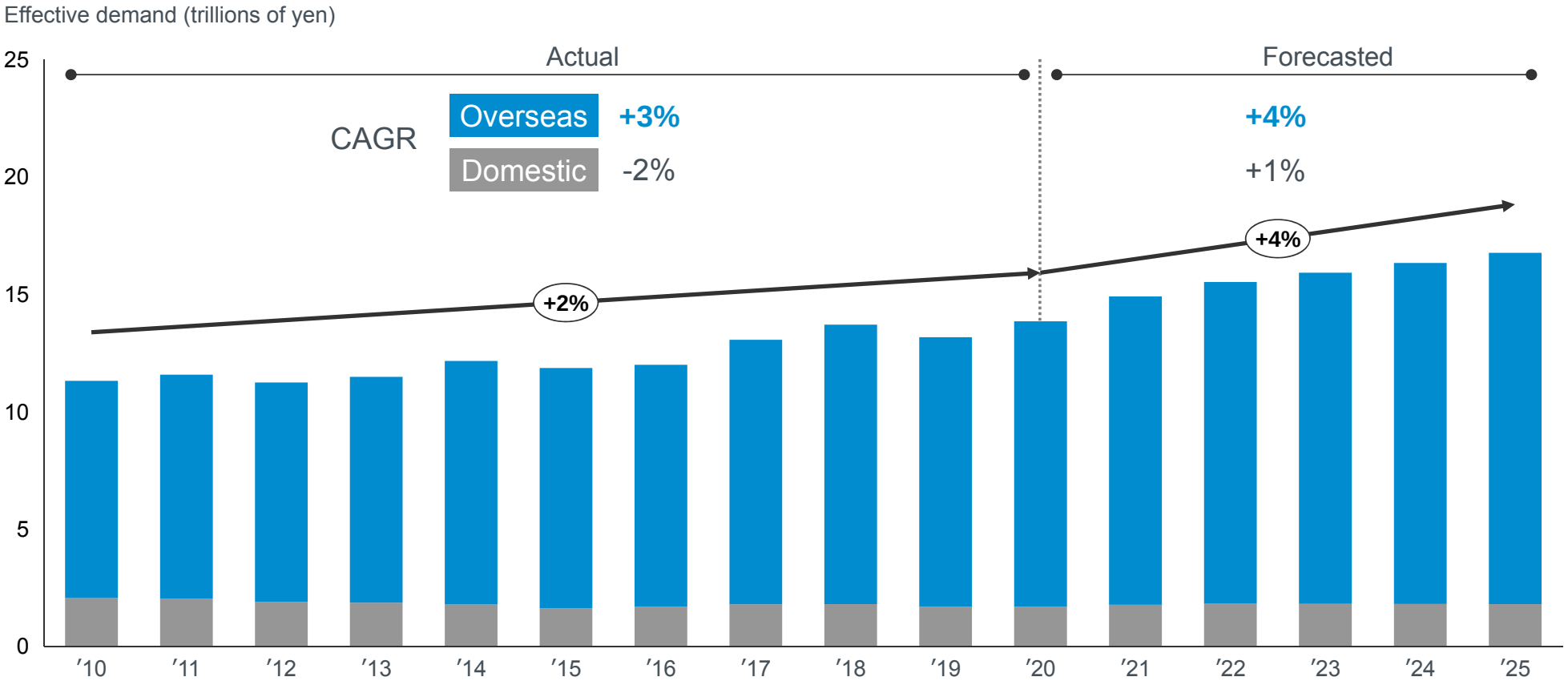
Domestic/Outside of Japan ROHM Effective Demand Over Time

Domestic market shrank in the past decade: demand and growth centered on the markets outside of Japan



Source: ROHM research

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Company-Wide Growth Policy in the Medium-Term Management Plan

Within the next 5 years, we will achieve significant growth in power and analog, mainly in automotive segment and markets outside of Japan

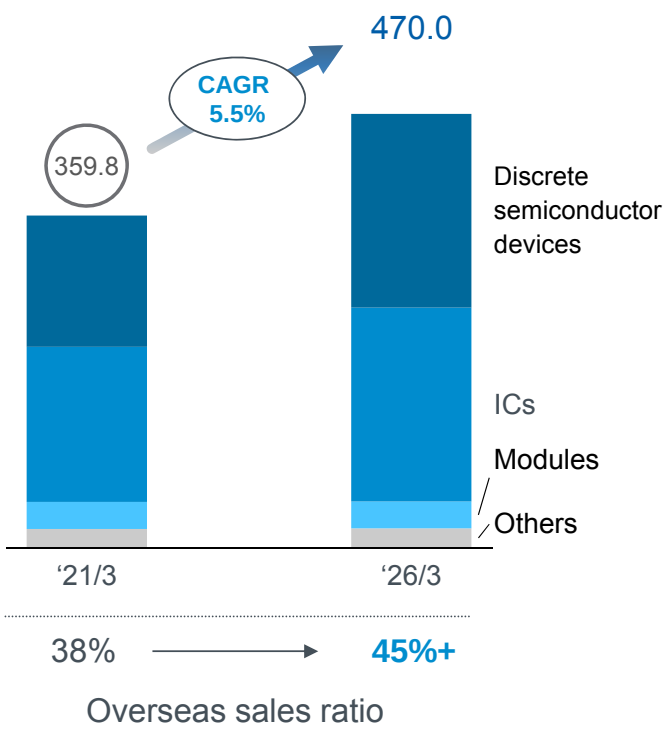
Grow
Significantly grow sales in core growth businesses

Evolve
Achieve qualitative transformation including shift to higher value-added products and markets outside of Japan

Create
Plant new seeds for growth for FY2025 and beyond

Medium-Term Management Plan Sales Plan

Units: billions of yen



Growth Policy per Business

		Automotive	Industrial	Consumer
Discrete semiconductor devices	Power devices	• Expand share for 4th-gen SiC-MOS • Enter market for 5G/6G servers/base stations with 6th-gen Si-MOS • Develop SiC power module for electric vehicle main inverters • Develop IGBT devices for electric vehicle main inverters		• Expand high-efficiency products for energy-saving home appliances, accelerate overseas expansion IGBT FRD Si-MOS
	General-purpose devices	• Increase product value through downsizing while maintaining top share position to remain in a cash cow position for the company • Build production system responsive to demand fluctuations		
ICs		• Strengthen products for electric vehicles • Increase presence in automotive markets outside of Japan Isolated gate drivers Power management ICs (PMIC) LED driver ICs	• New product development for base stations/data centers	• Maintain consumer sales with downsized/high-efficiency products Products for energy-saving home appliances IPM, ACDC Control ICs for smartphone cameras
Modules/ Others		• Focus on sensing devices for security (authentication) and self-driving support modules		

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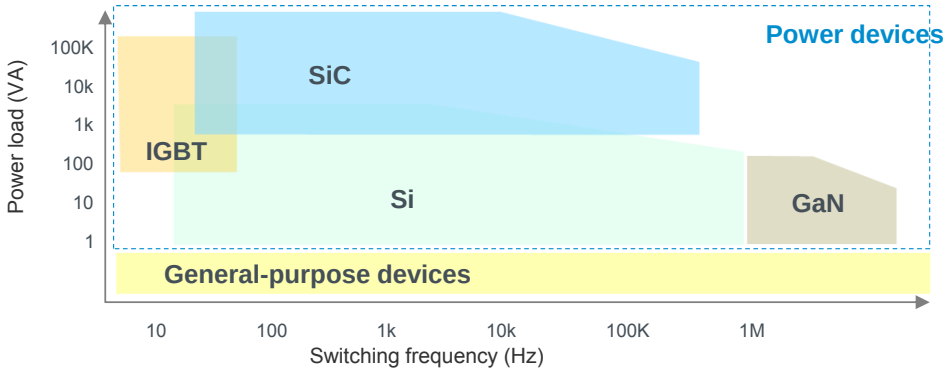
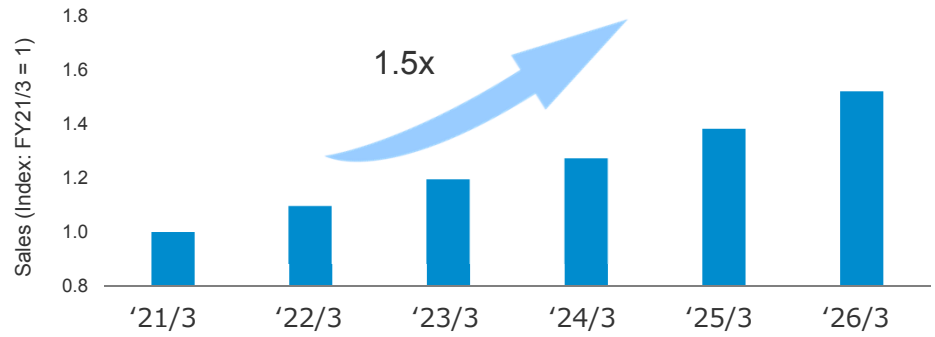
Growth Strategy for Discrete Semiconductor Devices Business

Aiming for continuous growth through a product strategy covering all areas of discrete semiconductor devices business and product cycle

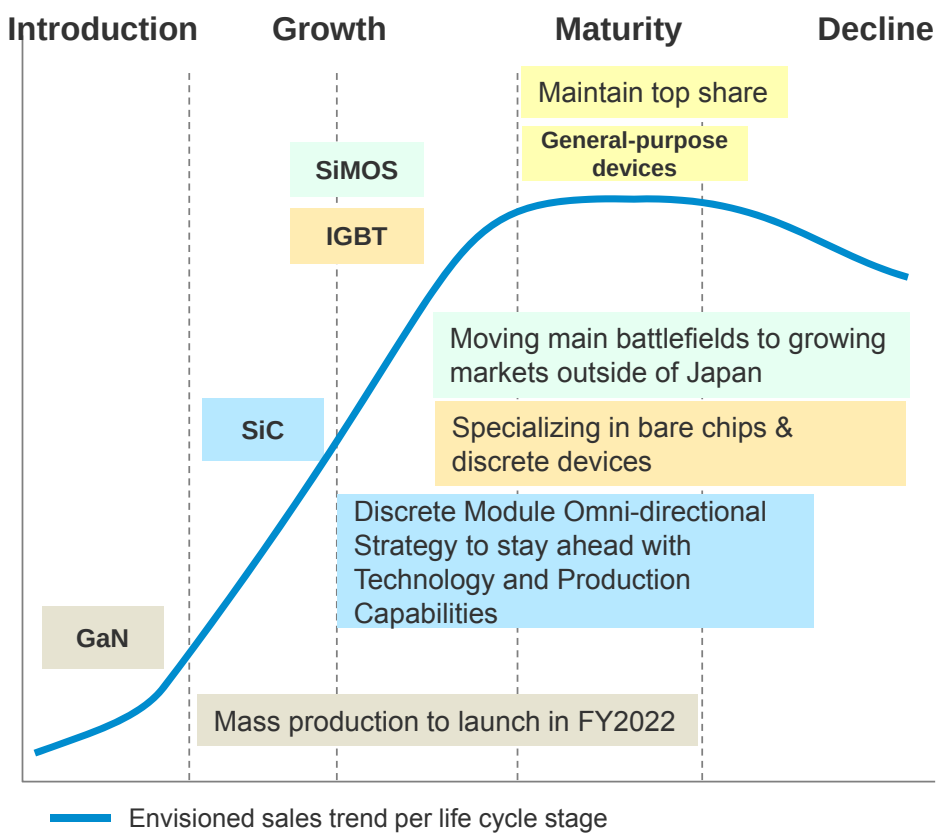
Discrete Semiconductor Devices Business Areas



Sales Over Time



Product Life Cycle



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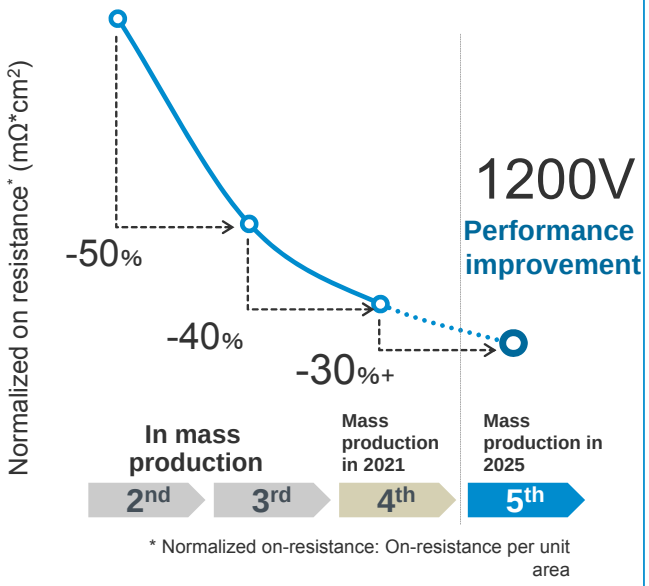
Growth Strategy for SiC Business

Target 30% of market share using technological capability and supply responsiveness

Leading in technology

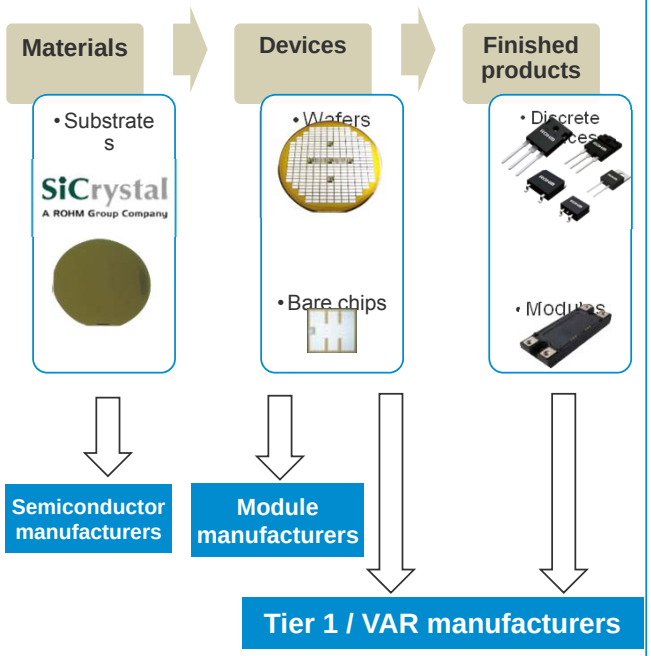


2012: World's first
Automotive standard SiC SBD released

2018: World's first
Automotive standard SiC Trench MOS released

Product lineup with 100% coverage

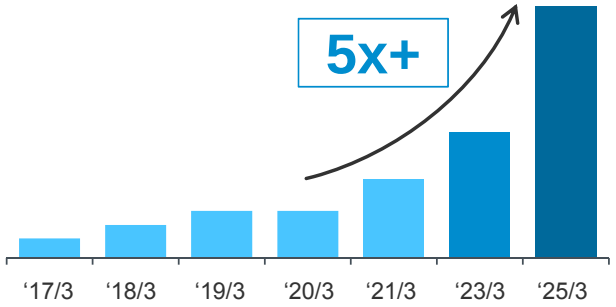
SiC processing flow



Offering delivery in a supply format meeting customer requirements

Strengthening production systems

Increased production capacity



Larger diameters



4” 6” ➡ 8”

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Growth Strategy for General-Purpose Device Business

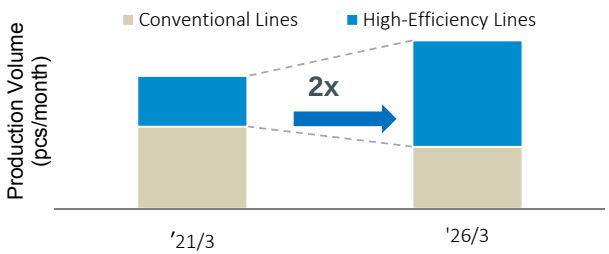
Maintain top share as cash cow business

Stable supply

Production system resilient against demand fluctuations

- Increasing high-efficiency lines by 2 times in 5 years
- Maintaining high quality through continuous equipment renewal
- Review of inventory design
- Production leveling

Package Production Capability



Cost competitiveness from labor savings

Factories where robots and humans collaborate → responding to ever-increasing personnel expenses



Mobility robots



Work robots

Robots perform material transportation and lot start/stop work

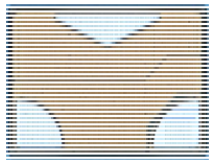
Improving productivity by 2 times

Ultra-compact, space-saving products

Increase market share by developing new products for specific applications

Smartphone product:

World's smallest - WL-CSP MOSFET

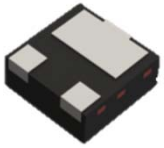


(0.45×0.33mm)



Automotive product:

Compact/thin DFN packages



MOSFET・Low capacitance TVS



WL-CSP: Wafer Level Chip Size Package
TVS: Transient Voltage Suppressor

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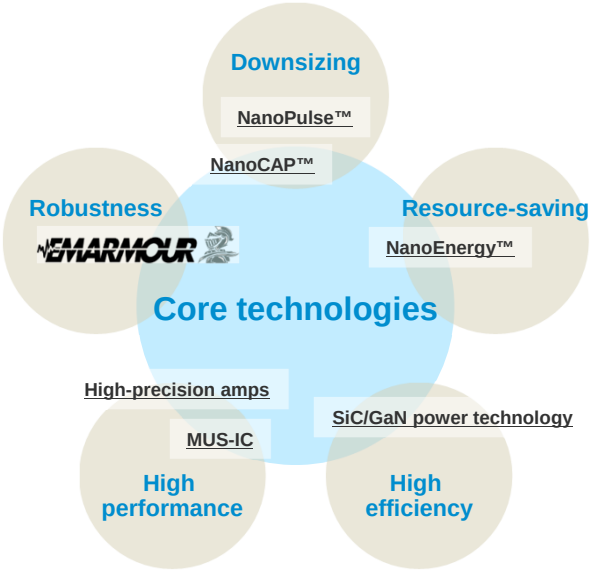
Growth Strategy for LSI Business ①

Product development generating global winners

Strengthening technological capabilities

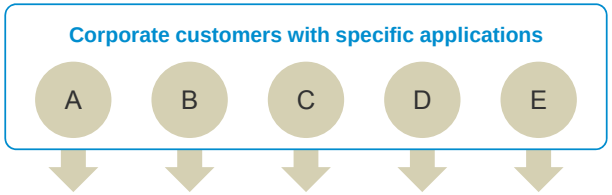
Strengthening development capabilities to generate advanced technologies

- Development (sharing) of core technologies
- Professionalization of human development resources

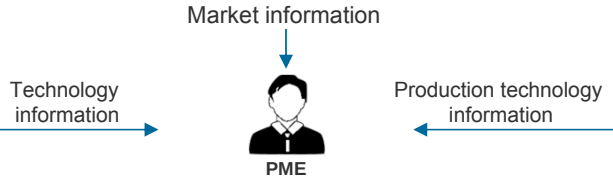


Strengthening planning and development capabilities

Develop products that can be adopted by much more customers



Increasingly diverse technologies and issues that customers want to realize



Dedicate engineers familiar with tri-directional information necessary for product planning

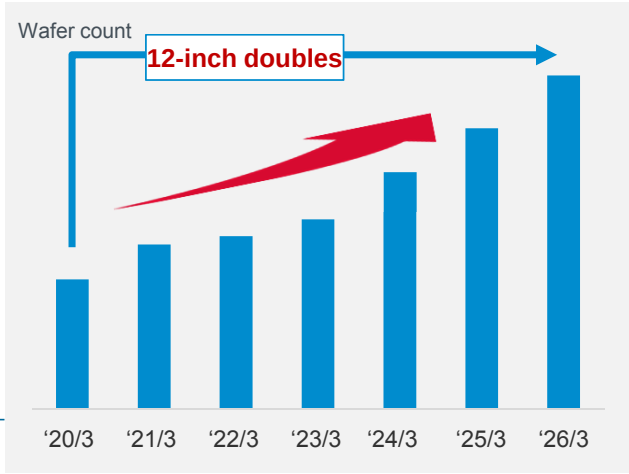
With optimized ASSP planning, aim to improve development efficiency



*PME: Product Marketing Engineer
*ASSP: Application Specific Standard Product

Production strategy leveraging in-house processes

Strengthening wafer processes leveraging our mainstay products



- **Expand large diameter (12") production capacity on our main process technology, BiCDMOS**
  - ⇒ **Power supply ICs, motor driver ICs, analog ICs**
- **Strengthening production in unique processes**
  - ⇒ **Isolated gate drivers, IPD**

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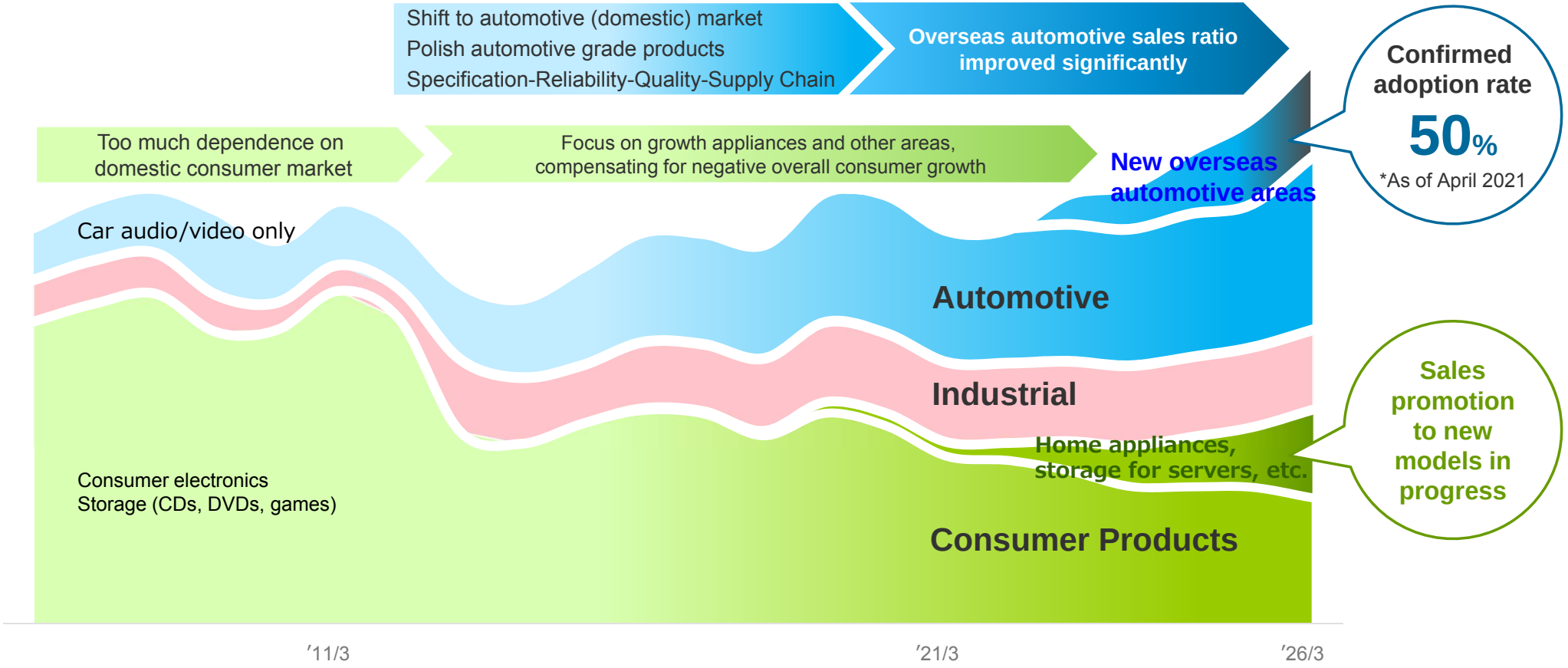
Growth Strategy for LSI Business ②

Reclassify the market portfolio (from consumer to automotive) as a springboard to increase sales toward FY2025



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Ⅲ Foundation Supporting Our Growth Strategy

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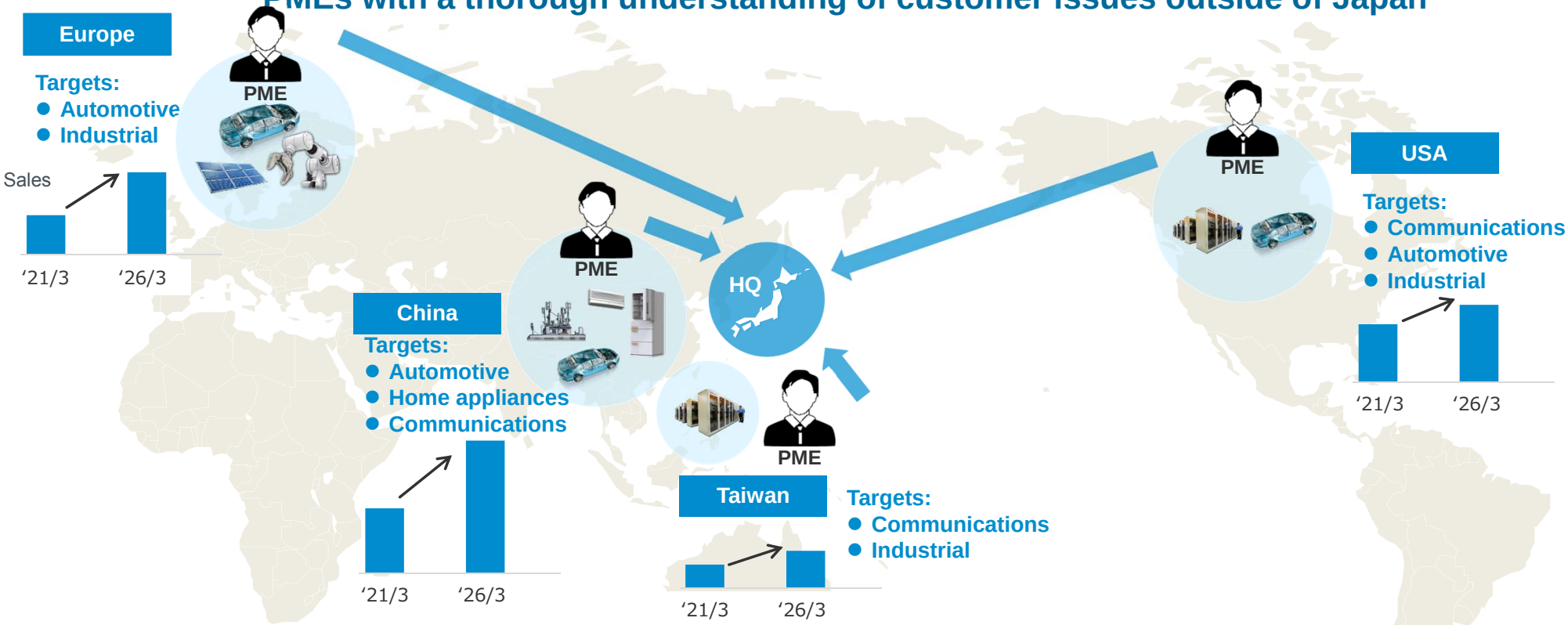
Strengthen Product Development Structure Capable of Creating Products that can Compete in the Global Market

Increase the number of inputs of high-quality product planning proposals by deploying PMEs with a thorough understanding of customer issues outside of Japan



PME(**P**roduct **M**arketing **E**ngineer)

Human resources familiar with advanced technologies and with authority to develop new products

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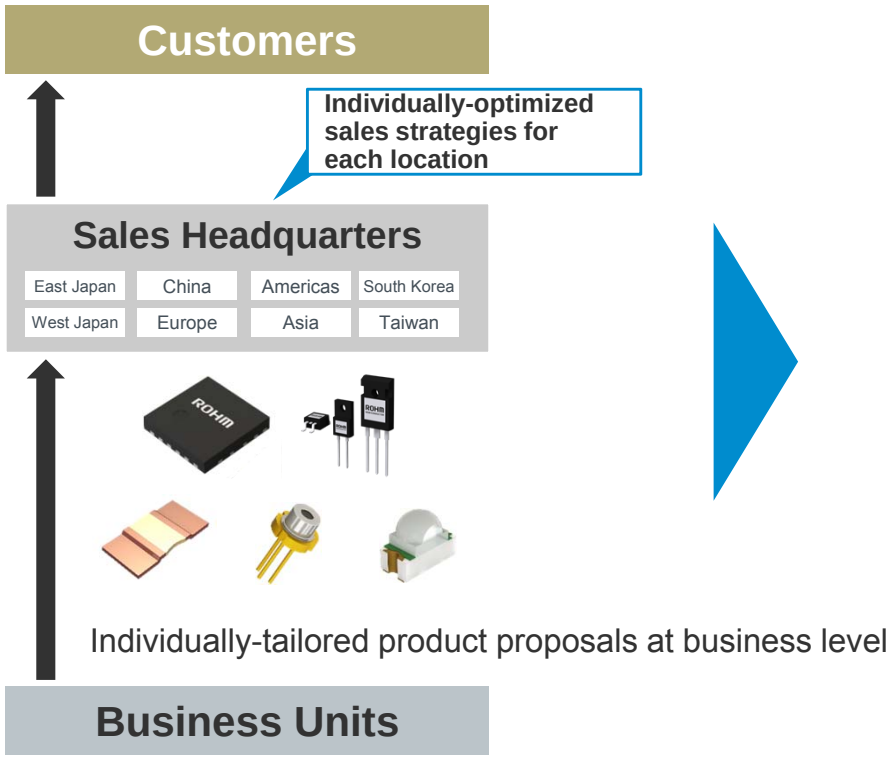
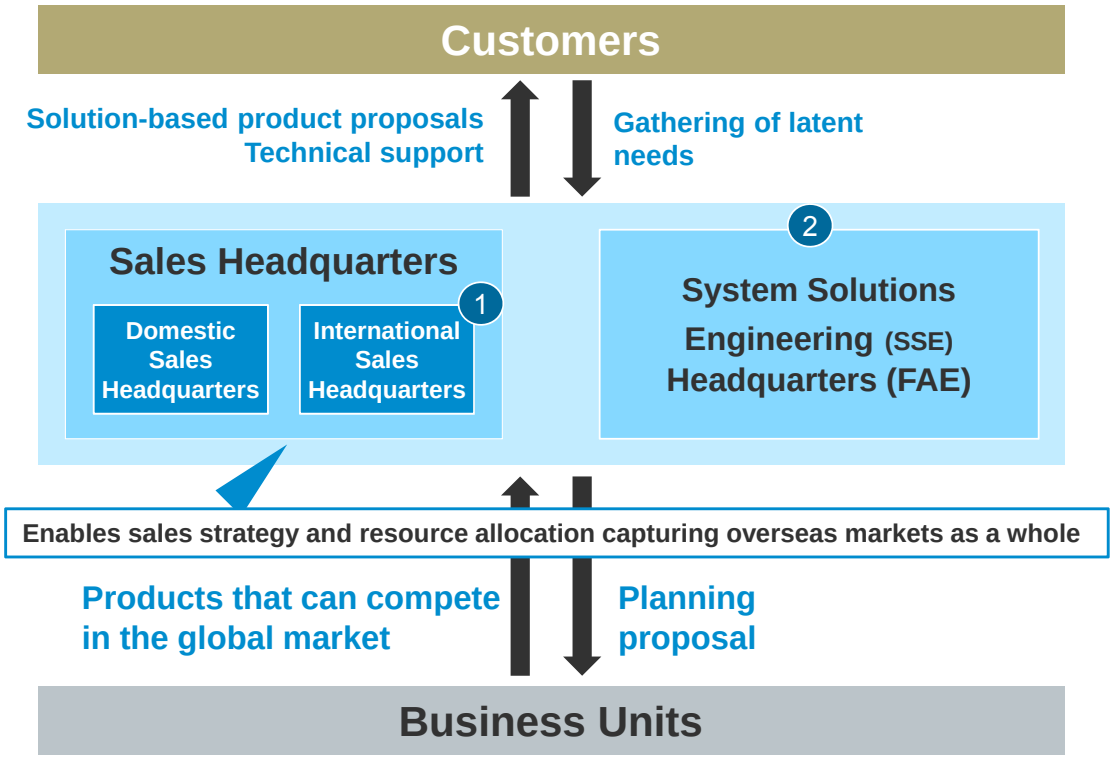
Sales and Sales Promotion Structure to Grow Sales Outside of Japan

Initiatives to accelerate expanding product sales in markets outside of Japan

1. Establish International Sales Headquarters so that strategies can be taken for the overall optimization of the markets
2. Establish System Solutions Engineering (SSE) Headquarters to strengthen solution proposal capabilities to customers and strengthen cooperation with Sales Headquarters





*FAE: Field Application Engineer

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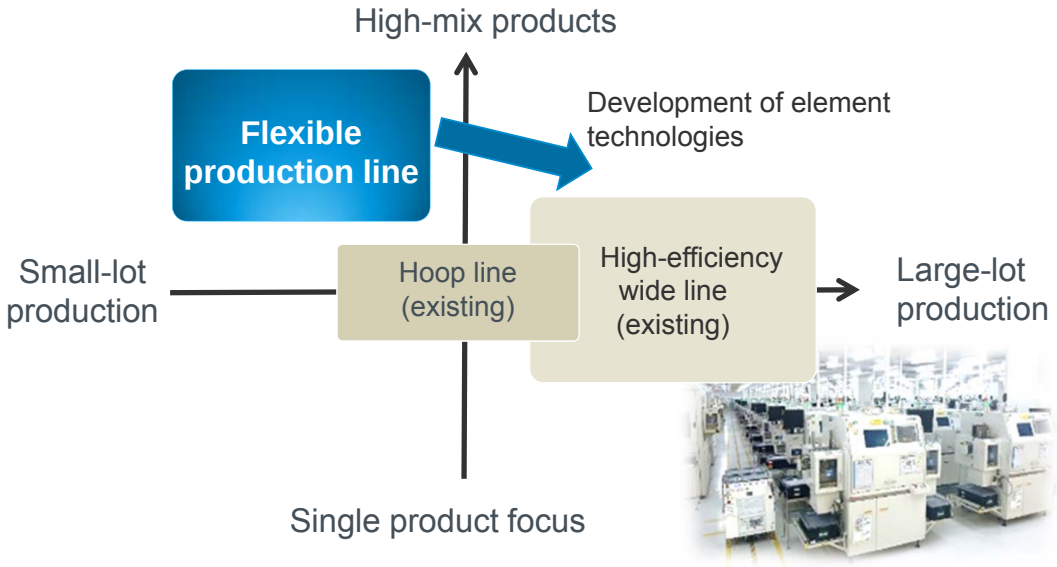
Manufacturing Reform ①

Fulfill supply responsibility to customers under all circumstances

Accelerating productivity improvement and automation of assembly process

- Completion of flexible line development
- General-purpose device mass production launches from April 2021
- High-mix product supply from domestic mother plant strengthens BCP adaptability





Future developments

- **Expansion of products under mass production** FY2021-FY2022
  Adding ICs and power devices
- **Equipment boost at domestic mother plant** FY2021-FY2023
  Strengthening the supply chain by strengthening the domestic production system
- **Expansion to mass production lines at overseas factories** FY2023 and beyond

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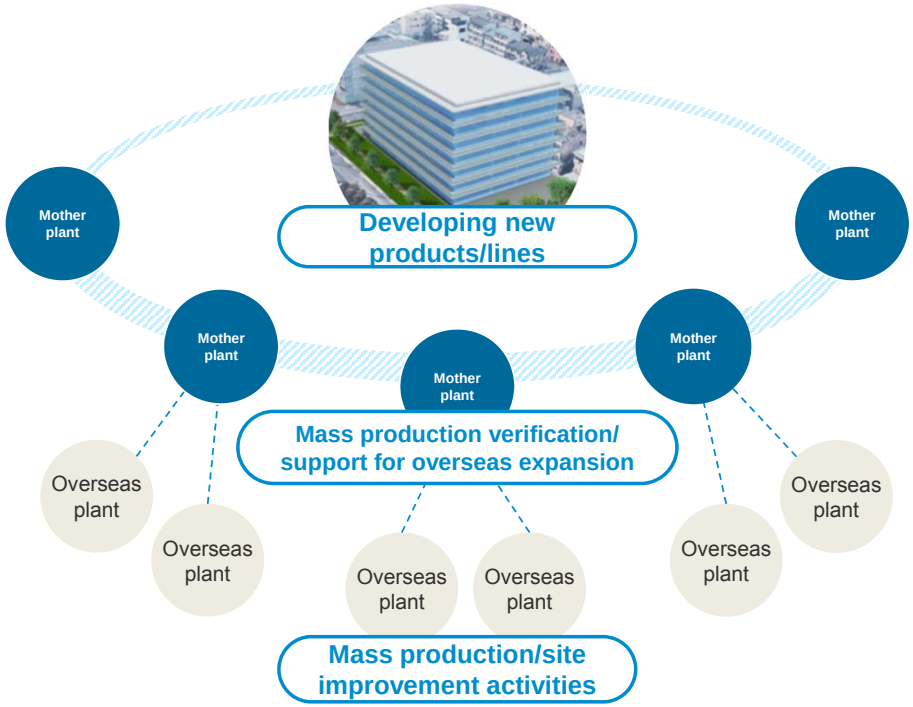
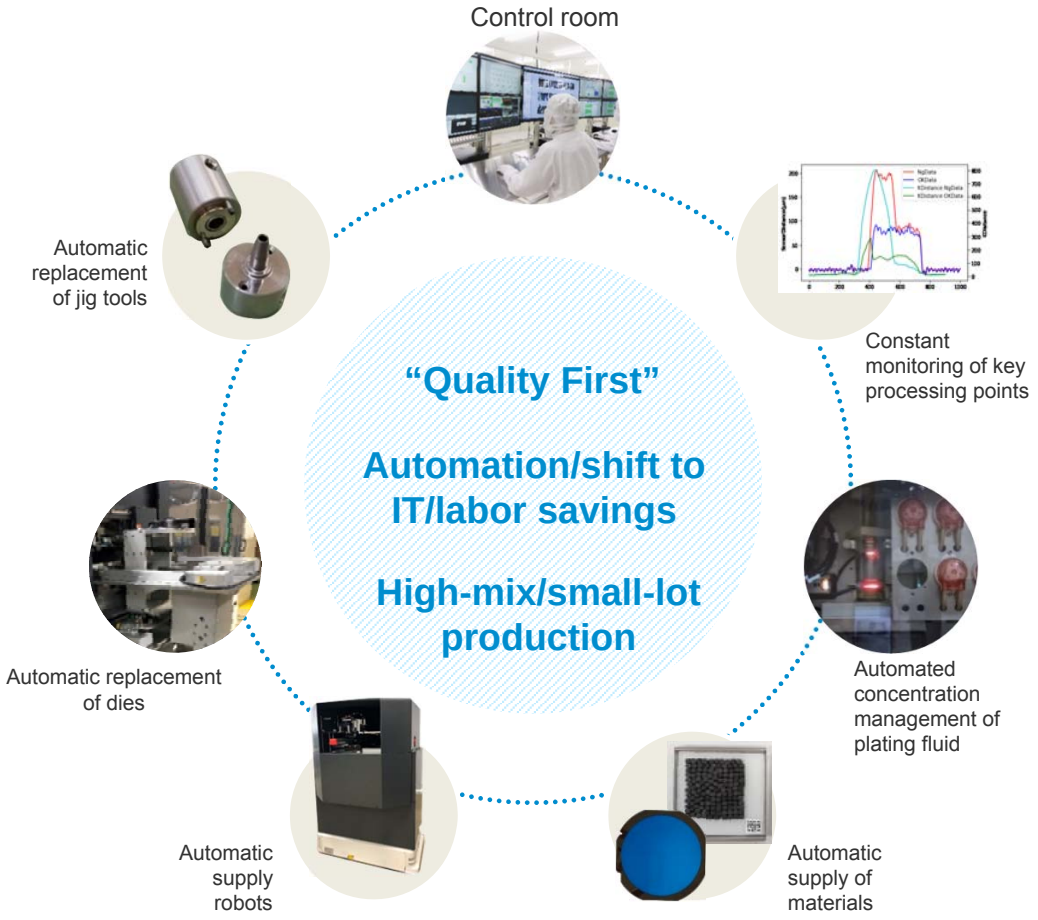
Manufacturing Reform ②

We will continue to reform manufacturing by concentrating the ROHM Group's technological capabilities to achieve full automation and unmanned operations that do not rely on human labor and do not create defects

ONE ROHM

Establish Manufacturing Innovation Hub





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Ⅳ ESG Initiatives

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Contributing to society through electronics. This is our mission for the Earth, and for our growth



FY2050 **A sustainable future**

FY2030 **Recognized as a turning point toward a sustainable future**

FY2021 **Setting KPIs to** reduce environmental impact

TCFD Statement of Support

Priority Issues in Sustainability Management, Goals for the ROHM Group

Important SDG Issues (Materiality)	Category	Targets for FY2030
Climate Change Net Zero CO_2 Emissions	**GHG reductions**	Reducing emissions amount by 30% vs. FY2018 levels Reducing emissions basic unit by 45% vs. FY2018 levels
	Promoting introduction of renewable energy	Promoting the shift to renewable energy with the goal of 100% implemented in FY2050
Resource Recycling Zero Emissions	**Resource reduction**	Increasing water recovery/reuse rate by 5.5% vs. FY2019 levels
	Waste reduction	Zero waste emissions
Coexistence with Nature Harmonizing Business Activities with Natural Cycles	**Promotion of greening**	Promoting factory greening at all locations Improving conservation of organisms inhabiting each region
	Rigorous chemical substance management	Rigorous compliance with and management of various national policies and regulations on chemical substances, reduction of usage of chemical substances

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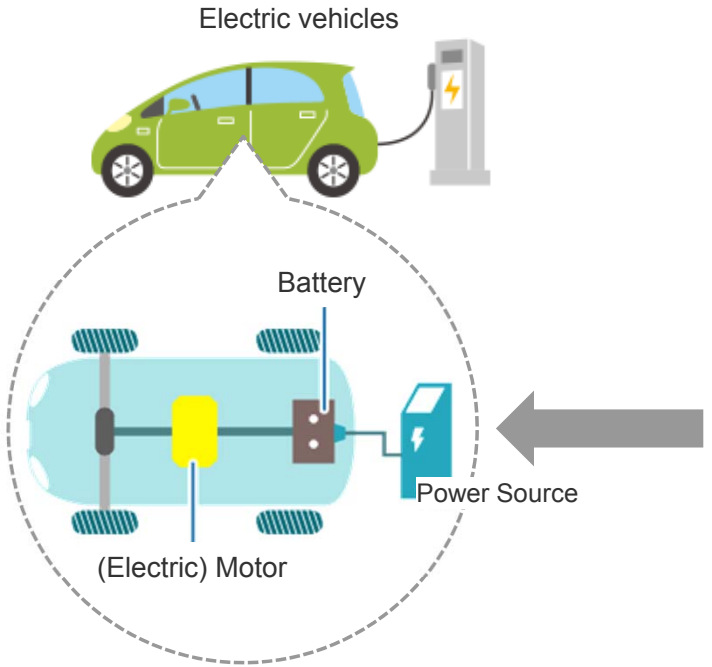
Initiatives to Address Environmental Issues: Using 100% Renewable Energy, Eco-Friendly Production Plants

Amid calls for a decarbonized society, ROHM is active in pushing for the introduction of renewable energies, with the goal of achieving zero CO_2 emissions



All major processes for energy-saving SiC devices produced with renewable energy

SiC wafer production process

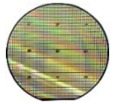


SiCrystal GmbH
(ROHM Group)



Plant using 100% renewable energy from FY2021

SiC front-end process



ROHM Apollo Co., Ltd.
Newly established within the Chikugo plant



New plant using 100% renewable energy, to launch operations in FY2022

*ROHM Apollo has implemented renewable energy since FY2019

Source: Next Generation Vehicle Promotion Center

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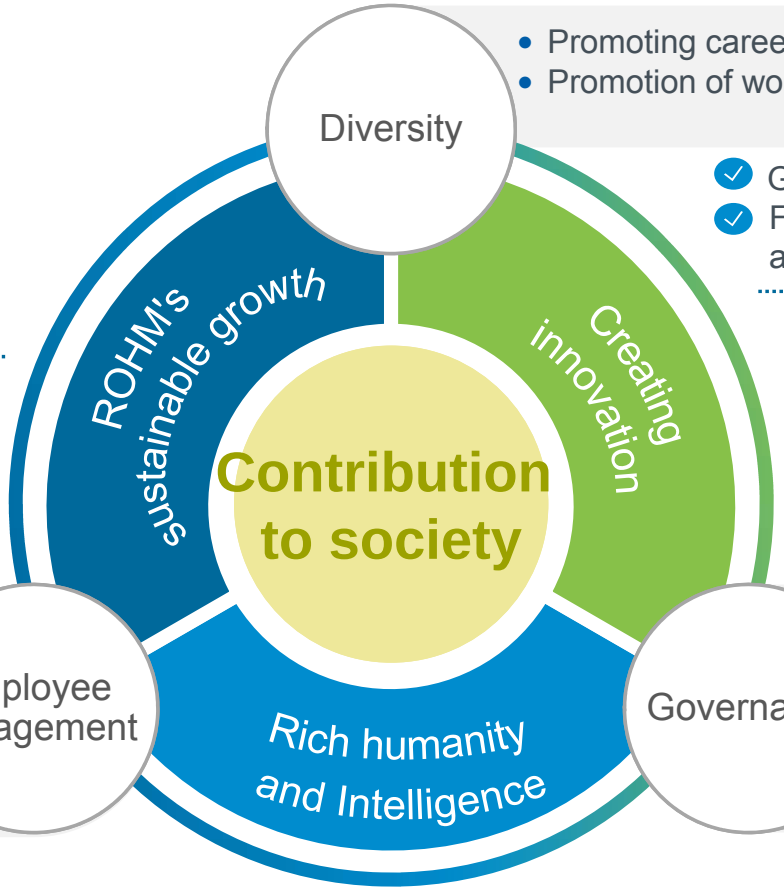
Diversified employees with rich humanity and intelligence maintain high engagement, and continuously generate innovations together with effective reforms of the corporate governance that allow ROHM sustainable growth.



- Promoting career development for women
- Promotion of women and foreign nationals to management

✓ Global female manager ratio: 15%
✓ Female or foreign national officer ratio at head office: 10%

FY2025 target

FY2025 target

✓ Achieve following in employee engagement scores:
- Annual improvement in scores
- At or above industry average
- Implemented in entire group

- Conducting engagement surveys
- Promotion to enrich organizational culture and work style

- Further increase in ratio of independent outside directors
- Introducing a compensation system linked to the Medium-Term Management Plan

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Fulfilling Social Responsibility by Strengthening BCM Structure

Establishing a system for continuous product supply to customers by strengthening cooperation with suppliers and maintaining a sound supply chain

Suppliers

Procurement from suppliers with BCM structures/ESG initiatives in order

CSR procurement

Sustainable procurement

BCP action

Rapidly investigate impact of emergency situations through understanding each level of the supply chain

Business soundness

Conducting risk diagnosis and validating appropriateness of actions: Alternative plants, purchasing from multiple suppliers, local inventories

FY2025 target

- Surveyed 100% of 1st-tier supplier production locations
- 100% prior agreement rate among key suppliers on emergency response
- At least 90% of purchases from suppliers with CSR procurement evaluation ranking of B* or higher

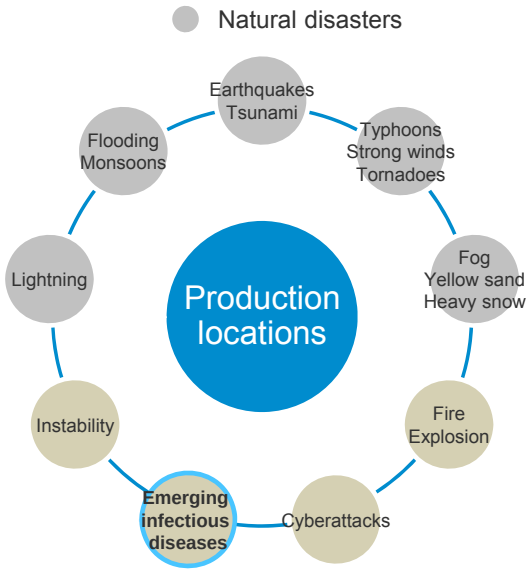
*Ranks from A to D, with A as the highest rank

In-House Production Plants

Revising BCP amid COVID-19

Review of risk assessment → **Addressing risks**

- Review of inventory design
- Risk diversification (multiple locations)
- Physical measures



Raised floors on 1st floor (Malaysia plant)



Seismic base isolation structure (Hamamatsu plant)



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V Capital Policy

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Investment for the Growth and Shareholder Returns

- **Reduce cash on hand gradually over five years to a level of around 50% of annual sales in FY2025.**
- **Make ¥400 billion in investment for growth and proactively provide shareholder returns over five years.**

Investment for the growth
(cumulative over five years)
¥400 billion

- Power devices (8-inch production line at new SiC factory, Si-MOS, IGBT production line enhancement)
- LSIs (12-inch Bi-CDMOS production line, isolated gate driver enhancement)
- Establishing Manufacturing Innovation Hub on head office premises
- M&A, capital tie-ups for expanding business and acquiring technology

Shareholder Returns

- Acquisition of treasury stock
- Consolidated payout ratio of 30% or more (gradual increase from 150 yen based on business performance)
- Timely return of free cash flows

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MOVING FORWARD to 2025

We, ROHM will use this medium-term management plan as a guideline for realizing our management vision,
all the individual employees and organizations of entire ROHM group will work together autonomously as **"ONE ROHM"** to put us back on growth track and achieve our goals toward FY2025.

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