

**Q&A for the Analysts from the May 28 Briefing on Financial Results
(Financial Results for the Year Ending 3/2018)**

Q. In the year ending March 2018 our fixed costs increased by roughly 10 billion yen. Can you give us a breakdown of these fixed costs?

A. There was an increase in fixed costs at our North American subsidiary. In addition, there were increases in initial costs and the like as a result of building factories and transferring production in order to handle the busy periods and augment our capacity owing to the increase in orders received in the precision springs and components segment and the industrial machinery and others segment.

Q. Regarding capital investments, it appears that capital investments that were not initially provided for in the mid-term plan have increased. Can you inform us of the background to this and how they will be recovered?

A. We moved some capital investments that had been provided for in the mid-term plan forward, mainly due to the increase in orders received. Some areas have arisen in which these will be recovered at a different time.

Q. Can you tell us about our current level of competitiveness and future prospects for suspension springs? Our competitors are mass producing plate springs made of glass fiber reinforced polymer (GFRP), so what are we doing to boost our competitiveness on the technical side? Also, if there are any differences in how we interact with suspension manufacturers, can you tell us about them?

A. We are developing fiber reinforced plastic (FRP) springs as an item designed to meet the needs of our customers when it comes to reducing weight. We have both manufacturing lines and design know-how. We are currently promoting the sale of these, and moving ahead with their development together with some car manufacturers aiming for their adoption on vehicles starting from 2020. As for the overall development of suspensions, we are moving ahead with development with each manufacturer individually on reducing the weight and ensuring the quality of suspension units as a whole.

Q. Is it safe to assume that we will be able to continue acquiring market share in the future for suspension springs?

A. We have set forth the target of boosting our market share globally, and have begun full-scale production at our new factories in Hungary and Mexico. We have also begun to acquire orders from Western manufacturers.

Q. Can you tell us what the situation is regarding the deteriorating profitability of our North American businesses?

A. The factors behind this deterioration in profitability differ depending on the business. Our suspension springs business has been affected by the worsening of the markets in North America, while our seat business has been affected by the decrease in the number of models produced for which orders were received. For the precision components business, we have received a large number of orders and are

making outlays of expenditures in order to cope with this. What is more, we are enhancing our development sites in North America and Europe, which is a major reason for this rise in fixed costs. However, we plan to continue to make significant improvements to this for the year ending March 2019.

Q. To what extent can we increase our productivity for suspension springs over the medium-term?

A. As we are in the equipment manufacturing industry we have already adopted production equipment predicated on automation, so it will be difficult to substantially improve our productivity. If we decide that some new technology is necessary, we may alter some of our production lines for this. However, we will basically work to improve productivity through an accumulation of day to day efforts, such as shortening operating down-time, shortening set-up time, and so forth.