

Q and A session of the financial results briefing on May 28, 2021
(Financial results for the fiscal year ended March 2021)

Q. Did you experience any transient gains or expenses in the 2nd half of the fiscal year ended March 2021? Also, is the plan for the fiscal Year Ending March 2022 conservative one?

A. The transient expenses incurred in the 2nd half of fiscal year ended March 2021 were about 1 billion yen in the precision spring business. This includes the liquidation of inventories and fixed assets in order to review the global production system, and the conservative inclusion of quality-related provisions.

Although we have not included transient expenses in our plan for the year ending March 2022, it is slightly conservative due to the uncertain outlook for foreign exchange fluctuations, the impact of semiconductor supply shortages on automotive production, and the spread of COVID-19 infection.

Q. How much will the performance of HDD suspensions and motor cores in the precision spring business increase respectively in the mid-term management plan for FY2023?

Also, will the volume of motor cores for hybrid vehicles increase in the future?

A. Of the 40.4 billion yen in net sales increase and 11.1 billion yen in operating income increase versus FY2020 results in the precision spring business in the 2023 mid-term management plan, about a quarter of the net sales increase and about one-third of the operating income increase come from HDD suspensions, and most of the other come from automotive-related products. Among automotive-related products, motor cores account for about one-third of the increase in net sales and one-quarter of the increase in operating income.

As for the types of vehicles for which we have received orders for motor cores, we have been receiving orders for hybrid vehicles and will keep continuing. In addition to the existing models, the motor cores for electric vehicles will be installed in other models to be released in the future.

Q. Will motor cores continue to be sold only to existing customers?

A. The main customers will be existing customers, business from non-existing customers has also been factored into the plan.

Q. The profitability of the suspension spring business seems worsened as compared to that of a few years ago, and also seems that there will be less significant improvement in the 2023 mid-term management plan. What measures will you take to improve the profitability of the suspension spring business under the 2023 mid-term management plan?

A. The net sales in the mid-term management plan are largely fixed and will not increase or decrease significantly. In order to improve profitability, we are striving to reduce fixed costs by optimizing capital investment and personnel. We are also striving to optimize material procurement on a global basis.

Q. Please provide details on the results of the automotive sheeting business for the fiscal year ended March 2021.

A. In the fiscal year ended March 2021, order volumes have been recovering since last September, and revenues and profits have been improving significantly. However, operating income was affected by the decline in automobile production volume due to the shortage of semiconductor supply from March, and operating income declined. On the other hand, the reason why operating income did not decline in the 4th quarter compared to the decrease in net sales was due to the change in vehicle configuration and adjustments at the end of the period.

Q. Are there any products for which you expect to receive new orders in the 2023 mid-term management plan for the automotive seating business? If so, please tell us about the region regarding such new orders.

A. The main focus is to respond to full model changes of existing orders in Japan and the U.S. In addition, there are some areas where profitability can be improved by discontinuing production of products that do not contribute to the revenue.

Q. The customer's full model change is expected to improve the functions of the automotive seating. Is there any expectation that this will increase the added value of the automotive seating and lead to improve selling prices?

A. Naturally, we are expecting it, and our plans include expectations for improved selling prices, since from 2022 onwards, not only electrification but also seat functions will improve from manual to power and from power to combined functions.

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