Questions and Answers session of the Financial Results Briefing on May 27. 2022
(Financial results for the fiscal year ended March 2022)

Q. We would like to know the status of price pass-on for cost inflation such as raw material price hikes.

A. The plan for the fiscal year ending March 31, 2023 includes the recovery of 900 million yen that was unrecovered in fiscal year 2021 in the suspension spring segment. The 900 million yen improvement in selling prices shown on page 34 of the presentation does not include the impact of market conditions. Although market conditions remain uncertain for the fiscal year ending March 31, 2023, and we cannot predict the impact of market conditions, our policy is to negotiate with customers to fully pass on prices, and this is a precondition for the plan.

Q. Your operating income plan for the fiscal year ending March 31, 2023 appears to be very high, but I would like to know how certain you are that you will achieve your plan.

A. Improving profitability in the US and Europe region is key, and the company plans to reduce the operating loss in the US and Europe region from 9 billion yen in FY03/2022 to 1.2 billion yen in FY03/2023. While the recovery in automobile production will be a major factor, the suspension spring and precision parts segments are expected to increase profits by about 2.7 billion yen, and the seat segment is expected to increase profits by 2.5 billion yen due to the recovery in automobile production and the withdrawal from unprofitable businesses. In addition, we expect a total improvement of 7.8 billion yen, including 0.8 billion yen from the delayed recovery of steel price hikes, 2.3 billion yen from rationalization, and 0.5 billion yen from an increase in fixed costs. However, the amount of impact from the raw material price hikes in FY03/2023 is still uncertain, but we assume that the full amount will be passed on to customers. We plan to restore profitability in the U.S. and Europe, with automobile production volume returning and HDD suspension and semiconductor process components providing a strong boost. The plan is based on the assumption that domestic automobile production will be 8.2 million units, and the plan can be achieved if there are no major external deteriorating factors.

Q. Please tell us why you have set higher goals than in the past.

A. We do not consider this a high goal. The plan is fully achievable if no major unexpected external aggravating factors occur.

Q. I would like to know the additional strengths of the motor core business.

A. The first is that we make in-house molds, so we can make them on a priority basis. Second, productivity is high. We have established Electrification Business Promotion Dept., under the direct control of the president, and are working to improve productivity. Third, the company already has production bases in Japan, China, and Mexico. Fourth, we can invest at the necessary timing.

Q. You have taken an impairment loss of about 7 billion yen in the fiscal year ending March 31, 2022. Please tell me the effect this will have on reducing the burden of depreciation and amortization in the fiscal year ending March 31, 2023.

A. The effect of reduced depreciation expenses is expected to be approximately 1 billion yen on a consolidated basis.

Q. Please provide specifics on the products manufactured by the Ina Plant, that were subject to impairment.

A. Transmission-related. The company conservatively impaired the asset due to the deteriorating order environment against large investments, caused by the spread of corona infection and the shortage of semiconductors.

(End)