



# The Financial Statement Briefing For the Year Ended March 31, 2022

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*May 10, 2022*

**株式会社 ニチダイ**  
NICHIDAI CORPORATION

<https://www.nichidai.jp/>

**I ) Introduction of Business**

II ) FY22/3 Financial Results Overview

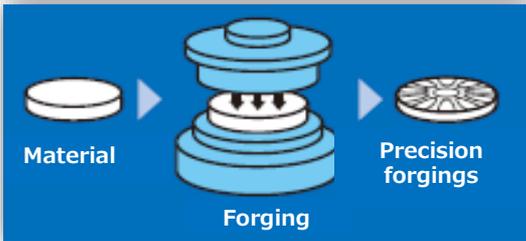
III ) Medium-term Management Strategies

IV ) FY23/3 Full Year Outlook

V ) Dividends

## Net-Shape Business

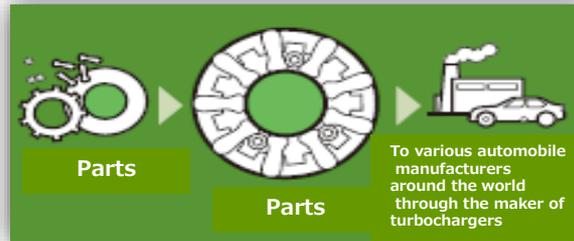
Total support dies for the Production of high-precision automotive parts



**High-precision · Resource-saving · High strength**

## Assembly Business

Assemble the turbocharger parts



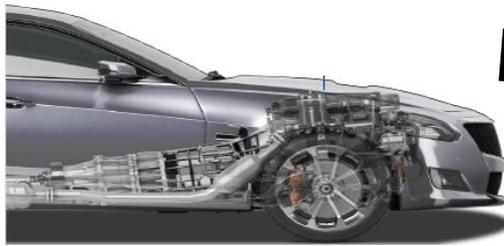
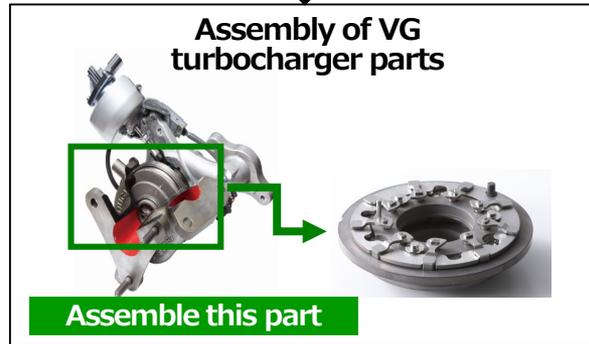
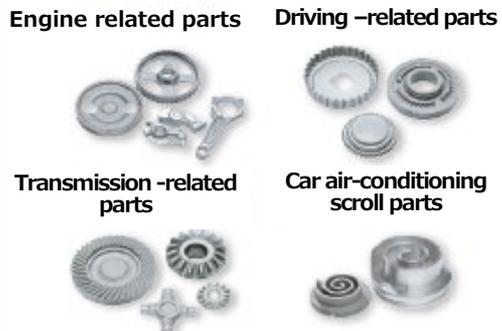
**High quality · Automation · Bipolar production**

## Filter Business

Providing metal filters that can be used under severe conditions to various industries



**High strength · Heat resistance · Oxidization resistance**



I ) Introduction of Business

**II ) FY22/3 Financial Results Overview**

III ) Medium-term Management Strategies

IV ) FY23/3 Full Year Outlook

V ) Dividends

# II )FY 22/3 Summary of financial results - Sales and Profit -

Millions of Yen

|   | 21/3 Results | 22/3 Plan<br>(May,2021 announced ) | 22/3 Plan<br>(Mar,2022 announced ) | 22/3 Results | Growth Rate |
|---|--------------|------------------------------------|------------------------------------|--------------|-------------|
| Net Sales                                       | 10,823       | 13,600                             | 12,274                             | 12,301       | +13.7%      |
| Gross income from sales                         | 1,609        | 2,670                              | 2,328                              | 2,340        | +45.4%      |
| S.G.&A expense                                  | 1,949        | 2,270                              | 2,130                              | 2,123        | +8.9%       |
| Operating income                                | ▲339         | 400                                | 198                                | 217          | -           |
| Non-operating income                            | ▲165         | ▲30                                | ▲58                                | ▲47          | -           |
| Ordinary income                                 | ▲173         | 430                                | 256                                | 264          | -           |
| Net income Attributable to Owners of the Parent | ▲170         | 290                                | ▲747                               | ▲619         | -           |

※Rounded down to the nearest million yen

Millions of Yen

| Exchange Rate | 21/3 Results | 22/3 Plan | - | 22/3 Results |
|---------------|--------------|-----------|---|--------------|
| USD           | 103.52       | 104.00    | - | 109.86       |
| THB           | 3.44         | 3.40      | - | 3.44         |

## COMMENT

### ■ Net Sales

Sales will increase compared to the previous year, when sales were sluggish due to the effects of the COVID-19.

From the second half of the year, it will be below the initial plan due to the stagnation of automobile production.

### ■ Operating income /Ordinary income

Profit will be recorded due to the increase in sales, but the result will be lower than the initial plan.

Announced downward revision on March 25.

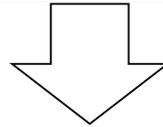
### ■ Net income Attributable to Owners of the Parent

An extraordinary loss was recorded due to the impairment of fixed assets in the Assembly Business. The consolidated total is a net loss.

## II )FY 22/3 Summary of financial results - Background of impairment loss-

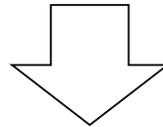
### ■ Changes in the business environment in the Assembly Business

- ✓ The impact of reduced automobile production due to the spread of the COVID-19.
- ✓ Uncertainty has increased as the world economy has changed.



### ■ Recording of impairment loss

- ✓ As a result of considering the recoverability of the fixed assets of this business, an impairment loss of 717 million yen was recorded.



### ■ Measures

There is demand for new models of turbocharger parts, and in the short term, it is an urgent task to secure orders.

- ✓ Develop new order-taking activities by strengthening proposal capabilities through heat treatment technology in the Assembly Business and strengthening global procurement.
- ✓ In the medium to long term, we will create new synergistic effects and advance the search for new fields by combining the technological capabilities of the Net-shape Business and Filter Business with the know-how related to the mass production business cultivated in the Assembly Business. (See later part.)

## II )FY 22/3 Summary of financial results - Status of sales by business -

Millions of Yen

|                       | 21/3<br>Results | 22/3<br>Plan<br>(May,2021<br>announced) | 22/3<br>Results | Growth<br>Rate | Plan<br>Rate |
|-----------------------|-----------------|---|-----------------|----------------|--------------|
| Net-Shape<br>Business | 5,020           | 6,900                                   | 6,179           | 23.1%          | ▲10.4%       |
| Assembly<br>Business  | 3,494           | 4,500                                   | 3,708           | 6.1%           | ▲17.6%       |
| Filter<br>Business    | 2,308           | 2,200                                   | 2,413           | 4.6%           | 9.7%         |
| Consolidated<br>Total | 10,823          | 13,600                                  | 12,301          | 13.7%          | ▲9.5%        |

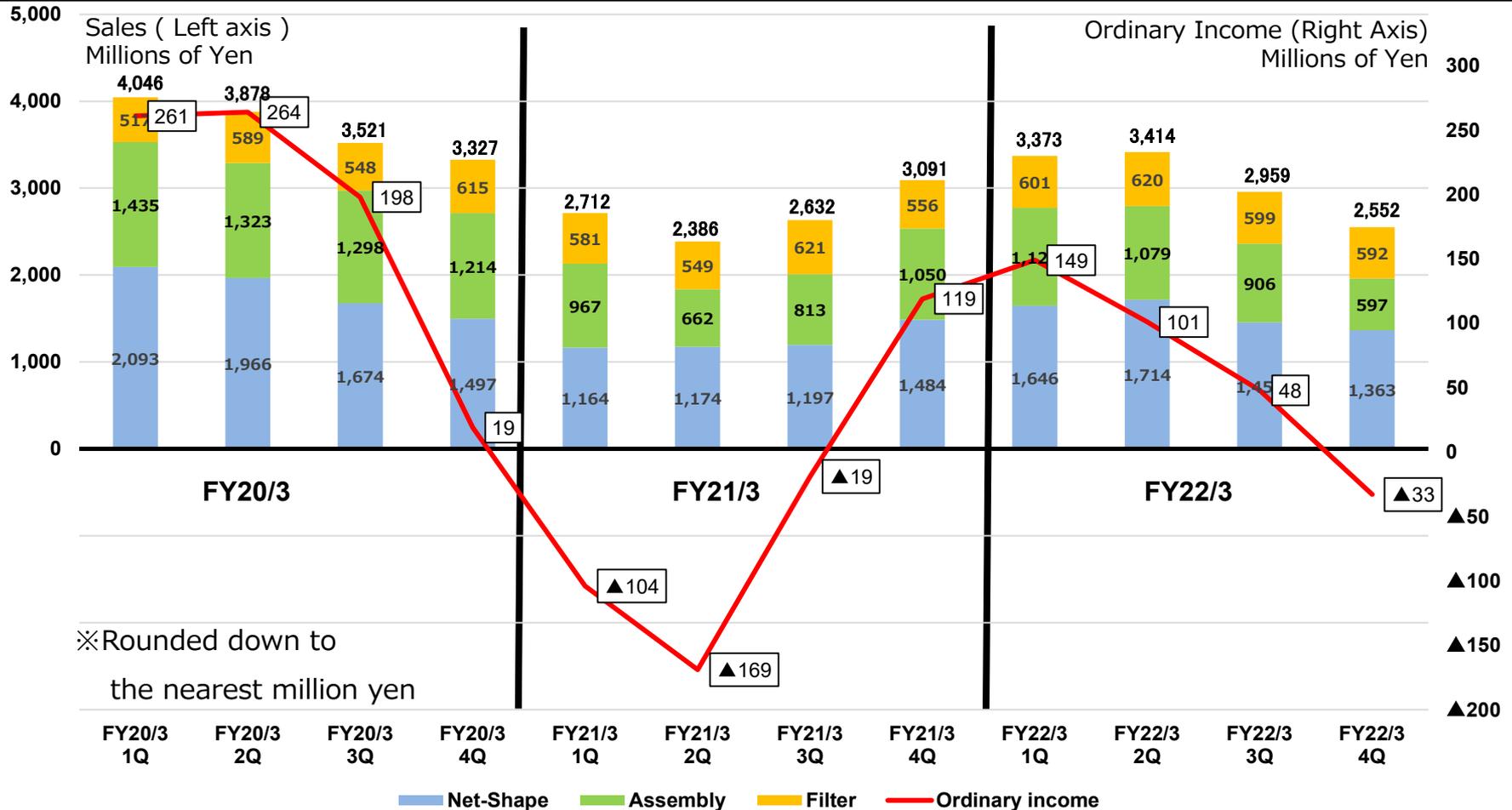
### COMMENT

- Sales of all businesses will increase, and the consolidated total will increase by 13.7% year-on-year.
- Due to the COVID-19 and the shortage of parts supply, the automobile industry stagnated from the second half of the year, so the Net-shape Business and Assembly Business did not reach the initial plan.
- Filter Business remained strong. Sales will exceed the initial plan.

※Rounded down to the nearest million yen

# II )FY 22/3 Summary of financial results - Quarterly performance trends -

- In the first half of the year, sales approached the level of the fiscal year ended March 2020 before the COVID-19, but slowed down from the second half.
- In the fourth quarter, ordinary losses were recorded in the Net-shape Business and Assembly Business.



# II ) Financial Results Overview

## - Trend of Net-Shape Business -

### 《Domestic and overseas sales and ordinary income》

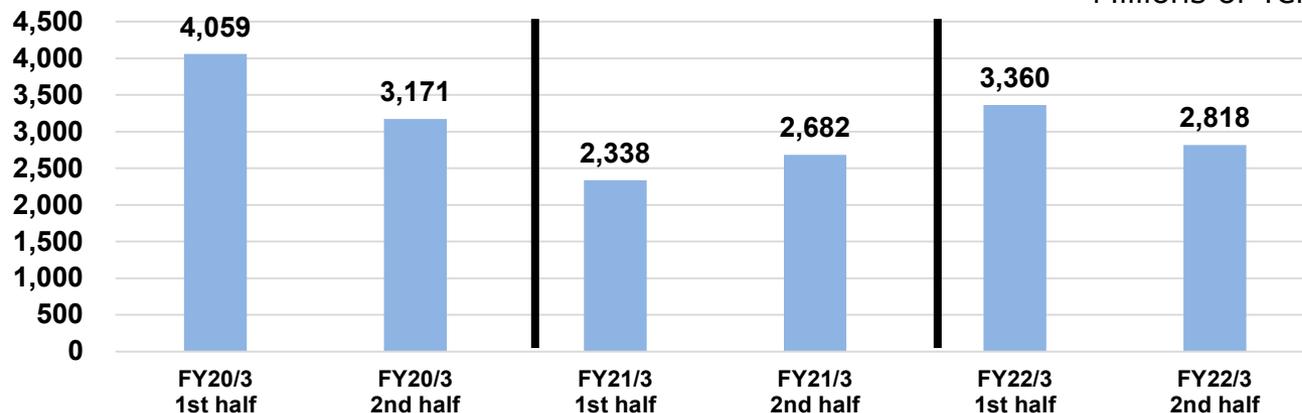
Millions of Yen

| Net-Shape Business                        | 21/3 results | 22/3 Results | Growth Rate |
|---|--------------|--------------|-------------|
| Domestic                                  | 3,353        | 4,103        | +22.3%      |
| Overseas                                  | 1,666        | 2,075        | +24.5%      |
| Total sales                               | 5,020        | 6,179        | +23.1%      |
| Ordinary income<br>(Ordinary Income Rate) | ▲344         | 65           | -           |
|   | ▲6.9%        | 1.1%         | -           |

※Rounded down to the nearest million yen

### 《Net-Shape Sales Trend》

Millions of Yen



## COMMENT

### 【Reasons for increase in sales】

- In Japan, both dies and forged products recovered from the previous year.
- Overseas, scroll forgings have recovered.
- In the second half of the year, it decreased both domestically and internationally due to the stagnation of the automobile industry.

### 【Reasons for increase in ordinary income】

- Due to the increase in sales, profits will be recorded for the full year.
- Ordinary loss will occur in the second half of the year.

# II ) Financial Results Overview - Trend of Assembly Business -

## 《Domestic and overseas sales and ordinary income》

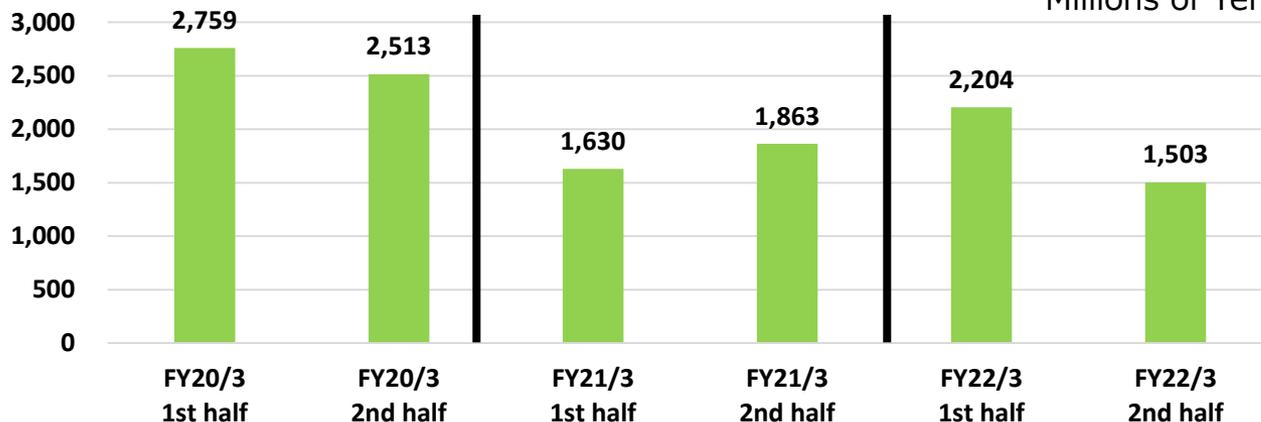
Millions of Yen

| Assembly Business                         | 21/3 results | 22/3 Results | Growth Rate |
|---|--------------|--------------|-------------|
| Domestic                                  | 2,024        | 1,571        | ▲22.4%      |
| Overseas                                  | 1,469        | 2,136        | +45.4%      |
| Total sales                               | 3,494        | 3,708        | +6.1%       |
| Ordinary income<br>(Ordinary Income Rate) | ▲158         | ▲113         | —           |
|   | ▲4.5%        | ▲3.1%        | —           |

※Rounded down to the nearest million yen

## 《Assembly Sales Trend》

Millions of Yen



## COMMENT

### 【Reasons for increase in sales】

- As with the Net-shape Business, sales fell sharply in the second half of the year due to the stagnation of automobile production. It will be the same level as the stagnation period of the previous year.
- Overseas sales increased compared to the previous year due to the launch of new models.

### 【Reasons for increase in ordinary income】

- Due to the increase in sales, the loss range decreased compared to the previous year.

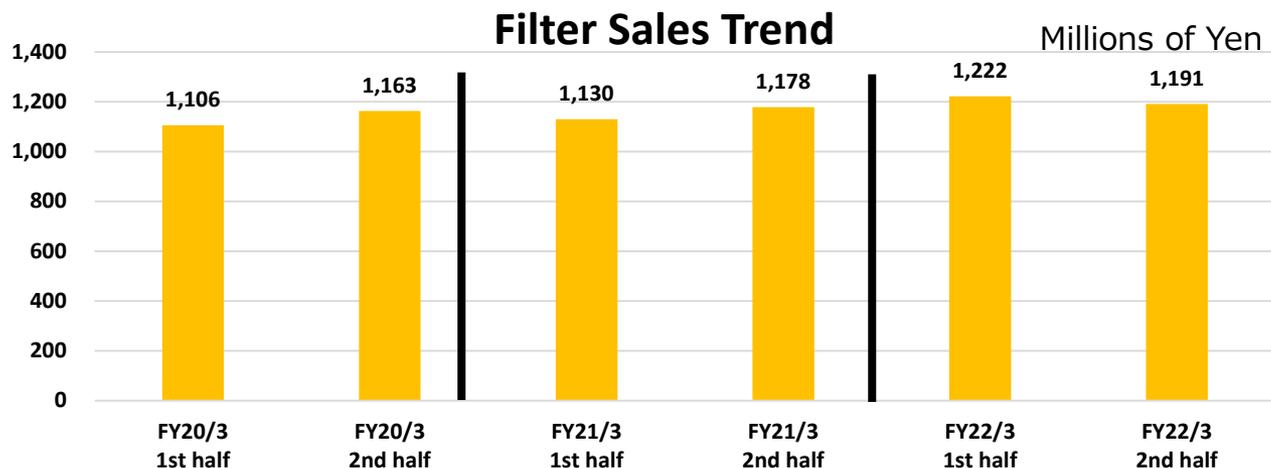
## II ) Financial Results Overview - Trend of Filter Business -

《Domestic and overseas sales and ordinary income》

Millions of Yen

| Filter Business                           | 21/3 results | 22/3 Results | Growth Rate |
|---|--------------|--------------|-------------|
| Domestic                                  | 1,660        | 1,591        | ▲4.1%       |
| Overseas                                  | 648          | 822          | +26.8%      |
| Total sales                               | 2,308        | 2,413        | +4.6%       |
| Ordinary income<br>(Ordinary Income Rate) | 328          | 312          | ▲4.7%       |
|   | 14.2%        | 13.0%        | —           |

※Rounded down to the nearest million yen



### COMMENT

#### 【Reasons for increase in sales】

- Domestically, demand fell slightly below the previous year's level.
- Sales for overseas products were strong, and sales increased from the previous year.
- Sales remained stable even in the COVID-19.

#### 【Reasons for increase in ordinary income】

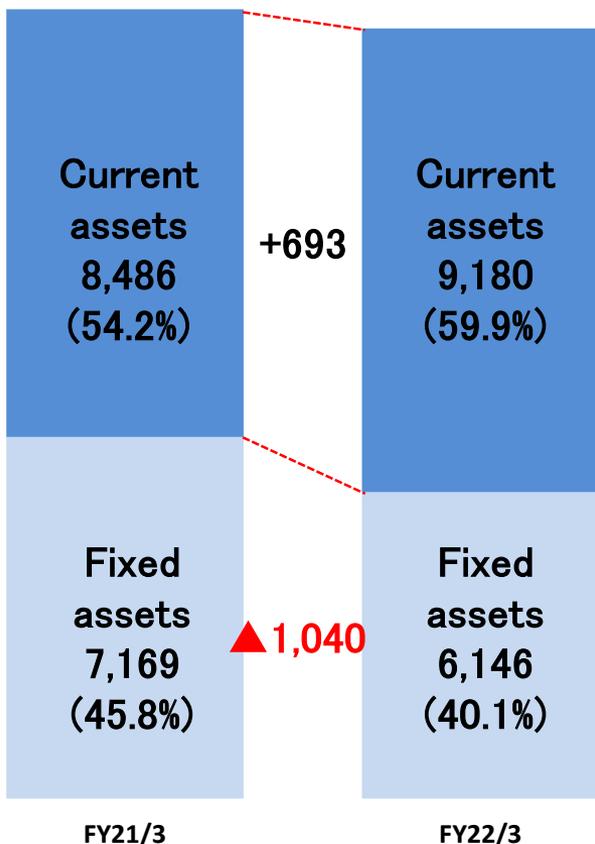
- Profit decreased year-on-year, but maintained a high level of return.

# II )FY 22/3 Summary of financial results - Status of B/S -

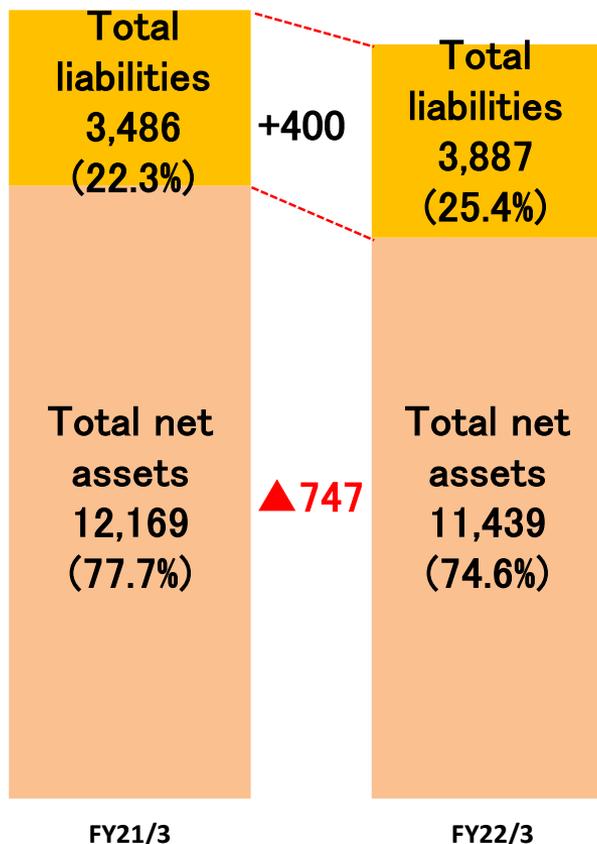
|   |                 |   |
|---|-----------------|---|
| <b>FY21/3</b><br><b>Total assets</b><br><b>15,656</b> | <b>▲329</b><br> | <b>FY22/3</b><br><b>Total assets</b><br><b>15,327</b> |
|---|-----------------|---|

※Rounded down to the nearest million yen  
 () Figures in parentheses are composition ratios.

## Assets



## Liabilities



## COMMENT

- Current assets**  
 inventory  
 21/3 1,801million yen  
 22/3 1,986million yen  
 (+185million yen)
- Tangible fixed assets**  
 21/3 6,054million yen  
 22/3 5,054million yen  
 (▲999million yen)
- Borrowings/loans payable**  
 21/3 1,361million yen  
 22/3 1,734million yen  
 (+372million yen)

## II )FY22/3 Financial statements – Cash Flows(CF) –

Millions of Yen

|  | 21/3<br>results | 22/3<br>Results | Growth<br>Rate |
|--|-----------------|-----------------|----------------|
| Cash flows from operating activities                   | 781             | 699             | ▲81            |
| Cash flows from investing activities                   | ▲650            | ▲586            | 64             |
| Cash flows from financing activities                   | ▲260            | 504             | 764            |
| Amount of increase in cash and cash equivalents        | ▲223            | 623             | 847            |
| Cash and cash equivalents balance at beginning of term | 3,367           | 3,144           | ▲223           |
| Cash and cash equivalents balance at end of term       | 3,144           | 3,767           | 623            |
| FCF  | 131             | 112             | ▲17            |

※Rounded down to the nearest million yen

### COMMENT

#### ■Cash flows from operating activities

##### Net income before income taxes

FY21/3 ▲172million yen

FY22/3 ▲479million yen

(▲307million yen)

##### Impairment loss

FY22/3 743million yen

##### inventory

(▲ is increase )

FY21/3 12million yen

FY22/3 ▲186million yen

(▲198million yen)

##### Accounts payable

(▲ is decrease )

FY21/3 73million yen

FY22/3 ▲273million yen

(▲347million yen)

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### Ⅲ ) Medium-term Management Strategies - Business environment awareness in 2018 -

- Formulated a medium-term management strategy based on the recognition of the business environment at that time.
- Even at that time, the company recognized the importance of restructuring its management strategy for sustainable growth of the company, such as responding to changes in the automobile industry and working styles.

|                     | Business environment awareness in 2018   |
|---------------------|--|
| Automobile industry | <ul style="list-style-type: none"> <li>■ The trend toward EV diffusion is accelerating due to heightened environmental awareness and regulations.</li> <li>■ Demand for turbochargers for gasoline engines is expected to increase due to the downsizing movement. (From diesel to gasoline engine)</li> <li>■ Due to the growth of emerging markets, the number of automobiles sold worldwide is expected to reach 100 million units annually.</li> </ul> |
| Work style          | <ul style="list-style-type: none"> <li>■ The need for work style reforms is increasing with the progress of an aging society.<br/>→ Labor shortages and long working hours are issues.</li> <li>■ Recognizing the need to improve productivity by utilizing information technology.</li> </ul>   |

# Ⅲ ) Medium-term Management Strategies - Business environment awareness in 2018 -

Based on the environmental awareness on the previous page, formulated a medium-term management strategy in 2018.

## 【Basic Strategy】

### Challenge 1: Challenge to adding resilience to existing business

#### Building unrivaled technological strength

- Make efforts to become a niche top company.
- Evolve and establish synergy-driven original technologies.

#### Further improvement of QDC

- Achieve various KPIs.
- Make steady efforts to reduce cost.

### Challenge 2: Challenge to the next generation

#### Further evolvement of overseas business

- Expand overseas ratio.
- Further enhance overseas bases.

#### Launch new businesses

- Respond to the next-generation vehicles.
- Make use of in-house seeds.

## 【Personal・Institutional strategy】

### Challenge 3: Challenge to a great place to work

#### Environment enabling self-fulfillment

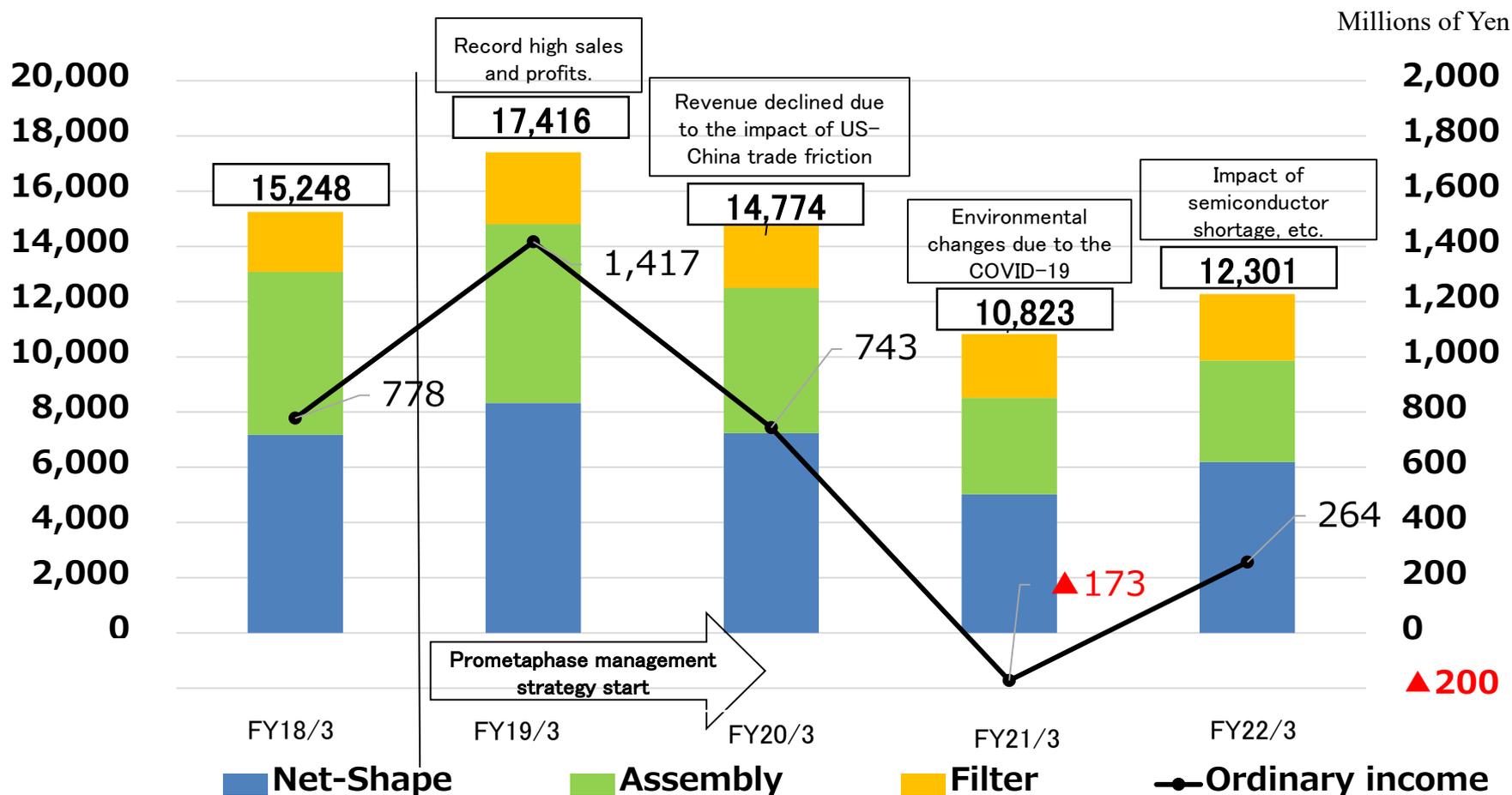
- Mechanism that welcomes challenges.
- Mechanism allowing to have a picture of growth.

#### Enhancement of comfortable working environment

- Workstyle reform.
- Communication reform.

# Ⅲ) Medium-term Management Strategies - Review of business results -

- Under the conventional medium-term management strategy, record sales and ordinary income were recorded in the fiscal year ending March 2019.
- The automobile industry has changed due to US-China trade friction and the COVID-19.
- Impact on Net-shape Business and Assembly Business, which are closely related to the automobile industry.



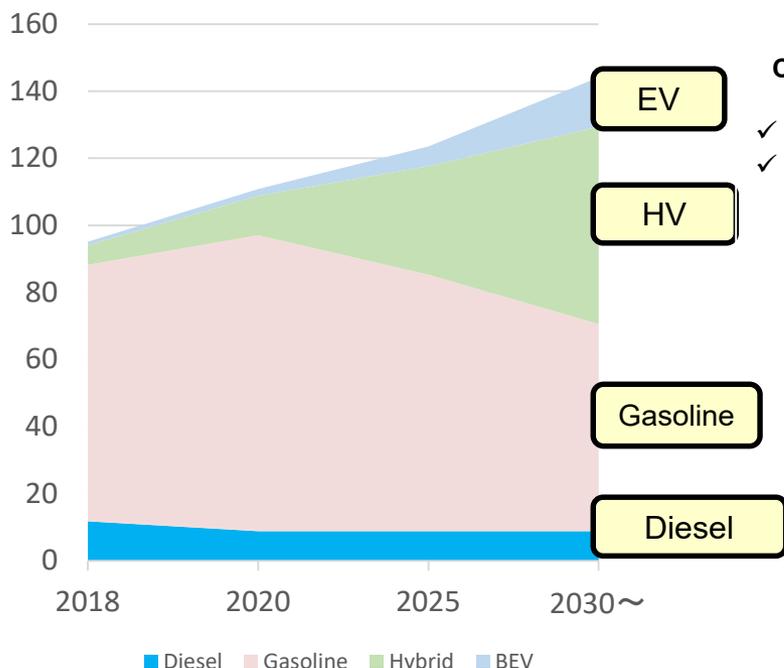
※Rounded down to the nearest million yen

# Ⅲ) Medium-term Management Strategies

## - Changes in the business environment -

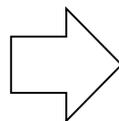
- When the previous medium-term management strategy was formulated, it is assumed that the ratio of internal combustion engine vehicles, including hybrid vehicles, will remain high. In addition, the situation is that 100 million units sold worldwide were in sight.
- The situation surrounding the automobile industry has changed due to the spread of the COVID-19 and the destabilization of international affairs such as the Ukraine problem.
- It is expected that changes in the powertrain will be further accelerated and global sales will slow down.
- CASE and other factors may significantly change the conventional industrial structure and business model, accelerating the movement to reorganize the industry.

Future image of the automobile market in 2018

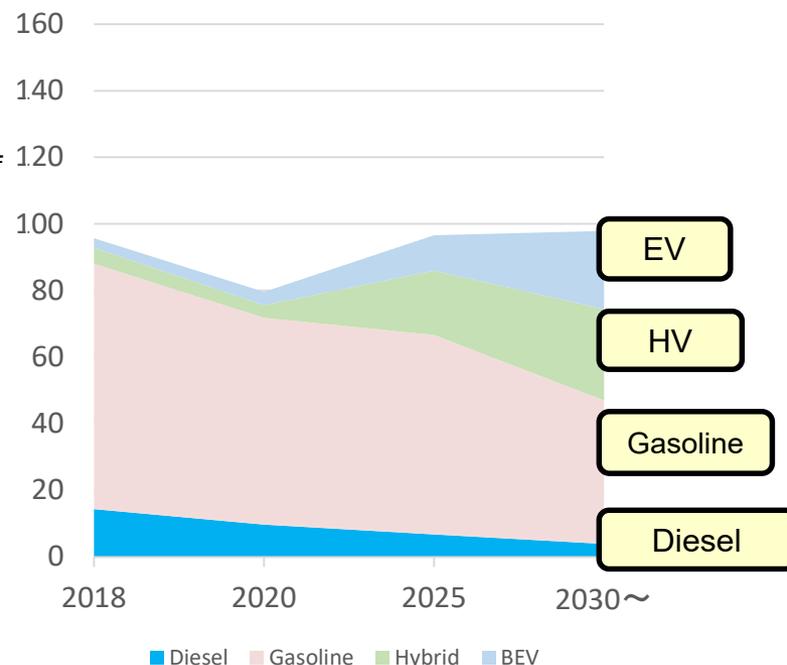


**Changes in the business environment**

- ✓ Impact of the COVID-19
- ✓ Increasing uncertainty of the world economy due to destabilization of international situation



Future image of the automobile market in now



### Ⅲ ) Medium-term Management Strategies

#### - Environmental changes and issues to be addressed -

With the changes in the automobile industry, we have updated the issues that we need to deal with.

| Recognized issues in 2018  | Changes in the business environment   | Issues to be addressed   |
|--|---|--|
| Responding to the quantitative expansion of existing parts, including those for HV vehicles  | <b>Slow growth in the global automobile industry</b><br><br><b>Increased risk of soaring raw materials</b>                | <ul style="list-style-type: none"> <li>✓ Steady growth and strengthening of profit structure in the midst of environmental changes</li> </ul>  |
| Decreased demand for diesel vehicles<br>Support for downsizing in gasoline-powered vehicles  | <b>Further acceleration of powertrain changes</b>   | <ul style="list-style-type: none"> <li>✓ Reconstruction of corporate strategy. Promotion of medium-term management strategy with business restructuring in mind</li> </ul>             |
| Increasing demand for parts related to next-generation automobiles.<br>⇒ Responding to the decrease in demand for conventional parts |   | <ul style="list-style-type: none"> <li>✓ Expansion of new fields that meet the needs of the times.</li> </ul>  |
|  | <b>The traditional industrial structure and business model may change significantly due to the influence of CASE etc.</b> | <ul style="list-style-type: none"> <li>✓ Building a change-resistant business structure that does not depend on a specific industry</li> <li>✓ Business model reexamination</li> </ul> |

### Ⅲ ) Medium-term Management Strategies

#### - Environmental changes and issues to be addressed -

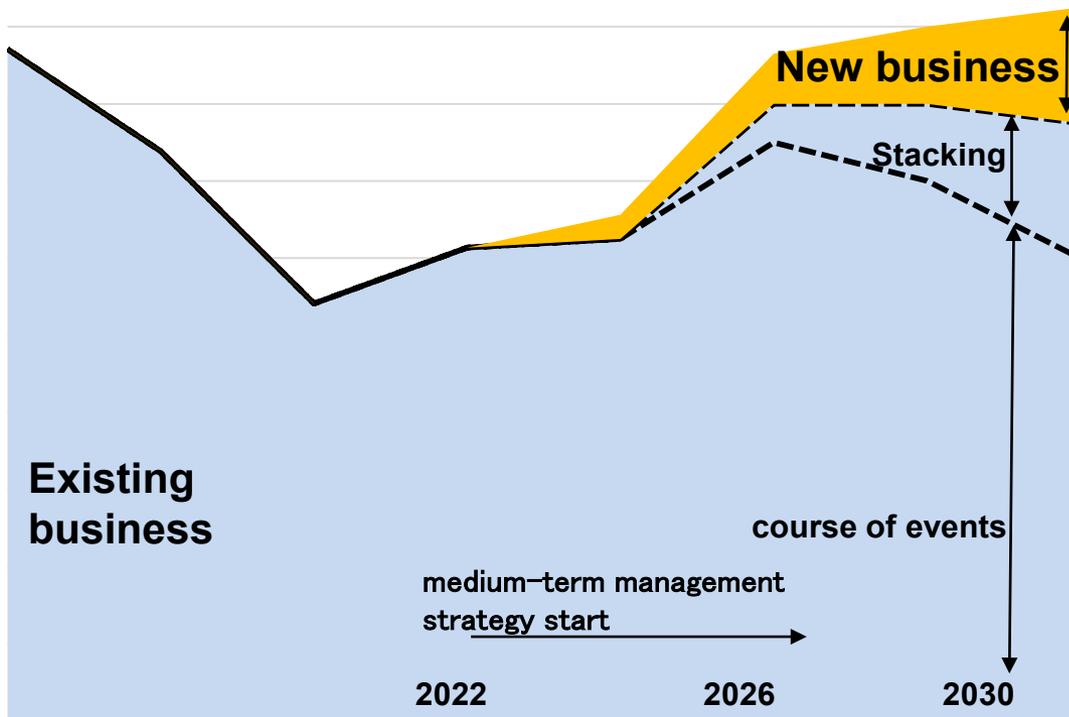
After the COVID-19, the social situation has changed significantly.

| Recognized issues in 2018  | Changes in the business environment  | Issues to be addressed   |
|--|--|--|
| <ul style="list-style-type: none"> <li>✓ Strengthening response to work style reforms due to the progress of an aging society</li> </ul>   | <p><b>Business transformation is required by utilizing information technology such as DX</b></p> <p><b>Changes in the significance of work and increasing needs for diverse work styles</b></p> <p><b>Promotion of diversity</b></p> | <ul style="list-style-type: none"> <li>✓ It is necessary to improve productivity and business transformation through automation and IT.</li> <li>✓ The result is recognized, fostering a sense of challenge</li> <li>✓ Creating a diverse workplace where employees can play an active role (nursing care, childcare, shortened working hours, etc.)</li> <li>✓ Improving communication such as exchanges between departments and fostering a sense of unity among groups</li> </ul> |
| <ul style="list-style-type: none"> <li>✓ Recognition of social issues from a CSR perspective</li> <li>✓ Corporate social responsibility such as community contribution is required</li> <li>✓ Increasing need for sustainability management</li> </ul> | <p><b>Corporate management that is conscious of ESG / SDGs is essential</b></p> <p><b>Realization of a sustainable society that balances economy and environment</b></p>   | <ul style="list-style-type: none"> <li>✓ Expressing the attitude of the company (responding to sustainability)</li> <li>✓ Fostering perspectives for solving social issues in each business</li> <li>✓ Consideration of the environment in manufacturing (Request from customer / market)</li> </ul>   |

# Ⅲ ) New Medium-term Management Strategies

- Due to changes in the business environment, the sales level of existing businesses may decline in the future.
- By pursuing innovation at our company, we will raise the level of existing businesses and promote the creation of new businesses.
- Assuming the above, the medium-term management strategy will be renewed.

## Image of composition of new medium-term management strategy



Correspondence to new business

- ✓ Promote measures with the creation of new businesses in mind.
- ✓ Search for new fields utilizing synergies.

Correspondence to existing business

- ✓ In the course of events, the base may drop.
- ✓ Aim to increase sales by applying and evolving core technologies.

### Ⅲ) New Medium-term Management Strategies – New medium-term management strategy slogan –

## New medium-term management strategy slogan

# CHANGE ~NICHINOVATION 2026~



- In order to adapt to changes in the business environment and the times, we will promote a new medium-term management strategy with the slogan “CHANGE”.
- “Nichinovation” is a coined word that combines Nichidai and Innovation.
- Pursue “Innovation” in Nichidai and adapt to rapid changes in the business environment with “Innovation”.

### **CHANGE① Create Value for Customers with VSOP※1 Spirit**

- Grow the Business and Build Earning Capacity
- Create New Businesses and Evolve into a Global Corporation

### **CHANGE② Build a Company that Allows Employees to Shine**

- Establish an Appreciation of the Mutuality of Employee Growth and Company Growth
- Grow into a Company that Employees can Take Pride In

### **CHANGE③ Contribute to Building a Sustainable Society**

- Be a Company that Society Needs and Prefers
- Help Evolve into a Next-Generation Society

※1 : VSOP: Vitality, Specialty, Originality, Passion. The spirit that has been passed down since the founding of the Nichidai group. It is included in our management vision.

- We are exploring new fields by applying the core technologies of Net-shape technology and additive manufacturing technology, and by combining them with other technologies.
- The new field will focus on the “sustainable” field in anticipation of the transformation of the automobile industry.

### Main fields of search in the Nichidai Group

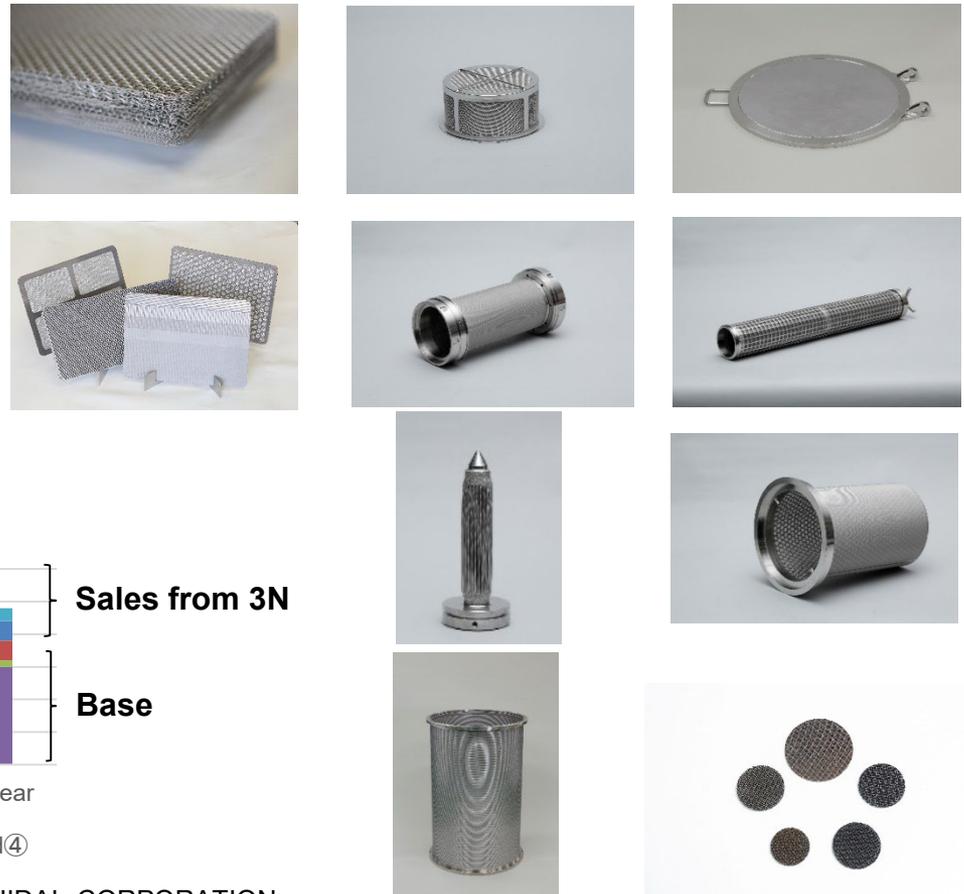
| Details of measures  |   | Practical use   |   |
|--|---|---|---|
| Development of new markets by application and evolution of existing technologies | Deep digging of Net-shape technology        | Development of scroll forged products for EV  |    |
|  | Deep digging of Net-shape technology        | Support for other types of molds  |   |
|  | Utilization of layered sintering technology | Development of hydrogen business  |    |
| Market development through a combination of technologies                         | Net-shape + rolling                         | Battery case development  |   |
|  | Utilization of layered sintering technology | Development of electrode tab (hybrid tab)   |   |
|  | Net-shape +IoT                              | <b>Intelligent Die-set</b><br>Utilizing data will lead to quality improvement of forgings produced in dies.<br>Search for DX conversion of forging. |  |

- For sales in the Filter Business, draw a growth strategy based on the 3N policy to expand new products new applications and new customers
- Sales are growing while the main products are being replaced.
- Through the above measures, we will further expand to areas other than the automobile industry.

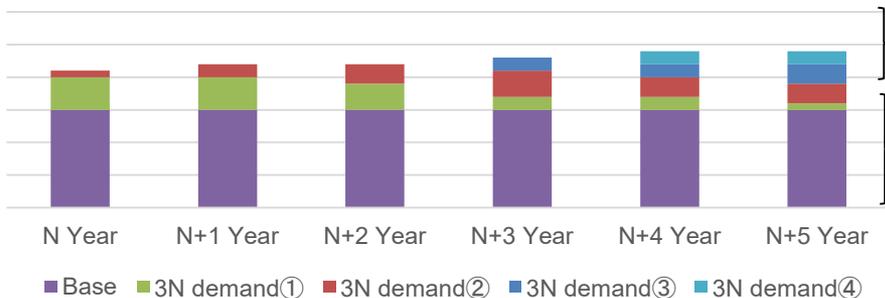
Sintering furnace



Filter product lineup



Filter Business Sales increase / decrease image



Sales from 3N

Base

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# IV)FY 23/3 Full year outlook - Status of sales by business -

Millions of Yen

|   | 22/3<br>Results | 23/3<br>Plan | Growth<br>Rate |
|---|-----------------|--------------|----------------|
| Net Sales                                       | 12,301          | 12,200       | ▲0.8%          |
| Gross income from sales                         | 2,340           | 2,540        | +8.5%          |
| S.G.&A expense                                  | 2,123           | 2,230        | +5.0%          |
| Operating income                                | 217             | 310          | +42.7%         |
| Non-operating income                            | ▲47             | 10           | -              |
| Ordinary income                                 | 264             | 300          | +13.3%         |
| Net income Attributable to Owners of the Parent | ▲619            | 200          | -              |

※Rounded down to the nearest million yen

Yen

| Exchange Rate | 22/3<br>Results | 23/3<br>Plan |
|---------------|-----------------|--------------|
| USD           | 109.86          | 123.00       |
| THB           | 3.44            | 3.60         |

## COMMENT

- Stagnation of automobile production, destabilization of international affairs, and the accompanying increase in uncertainty of the world economy are expected to affect business results.
- The situation will be particularly difficult in the first half of the year, and an increase is expected from the second half.
- Sales are expected to remain at about the same level as the previous year.
- Regarding profit and loss, we expect to secure the performance shown on the left even in a difficult situation.

# IV)FY 23/3 Full year outlook - Sales and Profit -

Millions of Yen

|                       | 22/3<br>Results | 23/3<br>Plan | Growth<br>Rate |
|-----------------------|-----------------|--------------|----------------|
| Net-Shape<br>Business | 6,179           | 6,750        | +9.2%          |
| Assembly<br>Business  | 3,708           | 3,000        | ▲19.1%         |
| Filter<br>Business    | 2,413           | 2,450        | +1.5%          |
| Consolidated<br>Total | 12,301          | 12,200       | ▲0.8%          |

## COMMENT

### ■Net-Shape

- ✓ Although the impact of automobile production stagnation will occur in the first half of the year, recovery from the second half of the fiscal year is expected.

- ✓ Sales of new precision forged products are expected to increase.

### ■Assembly

- ✓ Sales are expected to stagnate throughout the year due to the uncertainties in the global economy.

### ■Filter

- ✓ Despite the uncertain global economic situation, we expect relatively stable demand both at home and abroad.
- ✓ Aim to reliably capture orders.

※Rounded down to the nearest million yen

# IV)FY 23/3 Full year outlook - Capital Investment -

Millions of Yen

|                           | 18/3<br>Result | 19/3<br>Result | 20/3<br>Result | 21/3<br>Result | 22/3<br>Result | 23/3<br>Plan |
|---------------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| <b>Capital Investment</b> | 434            | 771            | 512            | 466            | 1,233          | 911          |
| <b>Depreciation</b>       | 860            | 853            | 831            | 759            | 784            | 665          |

※Rounded down to the nearest million yen

- I ) Introduction of Business
- II ) FY22/3 Financial Results Overview
- III ) Medium-term Management Strategies
- IV ) FY23/3 Full Year Outlook
- V ) Dividends**

## IV) Dividends

NICHIDAI considers returning its profit to its shareholders as its important business issue and is working toward constantly paying them stock dividends while securing internal reserves required for its future business development and stronger management culture. The Company determines the dividend amount in view of the business environment, trend of operating results, dividend payout ratio and other indices.

|                   | 2 <sup>nd</sup> Half | YEAR-END       | Full-Year      |
|-------------------|----------------------|----------------|----------------|
|                   | Yen                  | Yen            | Yen            |
| FY20/3            | 10.0                 | 10.0           | 20.0           |
| FY21/3            | —                    | 4.0            | 4.0            |
| FY22/3            | 5.0                  | 3.0<br>(Plans) | 8.0<br>(Plans) |
| FY23/3<br>(Plans) | 4.0                  | 4.0            | 8.0            |

# Thank you very much

## 株式会社 ニチダイ NICHIDAI CORPORATION

This document has been prepared based on the judgments and assumptions made through information available for our company at this time. Therefore, actual operating results may differ from forecasts due to intrinsic uncertainties.

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# Supplementary material

| CHANGE  | Point   | Summary  |
|---|---|--|
| <b>①</b><br>Create Value for Customers with VSOP Spirit | <ul style="list-style-type: none"> <li>● Grow the Business and Build Earning Capacity</li> </ul>                      | <ul style="list-style-type: none"> <li>■ Points related to strengthening existing businesses. Based on the core technologies of "precision forging technology" and "sintering technology", we aim to strengthen our proposal capabilities.</li> <li>■ QDC: An acronym for Quality, Delivery, and Cost. Because of our differentiating strategy, we list them in the order of QDC.</li> </ul> |
|   | <ul style="list-style-type: none"> <li>• Better attune sales by enhancing and applying core technologies</li> </ul>   |  |
|   | <ul style="list-style-type: none"> <li>• Maximize QDC from the customer's standpoint</li> </ul>                       |  |
|   | <ul style="list-style-type: none"> <li>● Create New Businesses and Evolve into a Global Corporation</li> </ul>        | <ul style="list-style-type: none"> <li>■ Search for new fields while leveraging the strengths of the three businesses. See page 23 of this volume for specific initiatives.</li> <li>■ Continuing from the previous medium-term management strategy, we will raise points regarding global strategy.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>• Utilize synergies to explore and take on challenges in new fields</li> </ul> |  |
|   | <ul style="list-style-type: none"> <li>• Strengthen our global competitiveness</li> </ul>                             |  |

| CHANGE  | Point   | Summary  |
|---|---|--|
| <p><b>②</b><br/>Build a Company that Allows Employees to Shine</p>  | <ul style="list-style-type: none"> <li>● Establish an Appreciation of the Mutuality of Employee Growth and Company Growth</li> <li>▪ Build a framework that welcomes taking on challenges</li> <li>▪ Reform the organizational climate</li> <li>● Grow into a Company that Employees can Take Pride In</li> <li>▪ Promote diversity</li> <li>▪ Pursue health and productivity management</li> </ul> | <ul style="list-style-type: none"> <li>■ Continuing from the previous medium-term management strategy, we will focus on measures related to employees.</li> <li>■ Expand the theme and strengthen the response to changes in the environment.</li> </ul> |
| <p><b>③</b><br/>Contribute to Building a Sustainable Society<br/>Be a Company that Society Needs and Prefer</p> | <ul style="list-style-type: none"> <li>● Use technology to help solve societal issues</li> <li>▪ Solving social issues with technology</li> <li>▪ Carry out ESG management</li> <li>● Help Evolve into a Next-Generation Society</li> <li>▪ Make manufacturing environmentally sound</li> <li>▪ Take steps to help society become sustainable</li> </ul>  | <ul style="list-style-type: none"> <li>■ The situation has not been announced as a company, although there has been recognition of issues for some time.</li> </ul>  |

Millions of Yen

|                          | 21/3<br>Results | Ratio  | 22/3<br>Results | Ratio  |
|--------------------------|-----------------|--------|-----------------|--------|
| Net sales                | 10,823          | 100.0% | 12,301          | 100.0% |
| Material cost            | 3,494           | 32.2%  | 3,943           | 32.1%  |
| Purchase of products     | 576             | 5.3%   | 758             | 6.2%   |
| Subcontract processing   | 1,005           | 9.2%   | 1,019           | 8.3%   |
| Subsidiary material cost | 351             | 3.2%   | 437             | 3.6%   |
| Labor cost               | 2,434           | 22.4%  | 2,616           | 21.3%  |
| Depreciation             | 653             | 6.0%   | 637             | 5.2%   |
| Change in inventory      | ▲80             | ▲0.7%  | 41              | 0.3%   |
| Others                   | 616             | 5.7%   | 589             | 4.8%   |
| Cost of sales            | 9,213           | 85.1%  | 9,961           | 81.0%  |
| Gross income from sales  | 1,609           | 14.8%  | 2,340           | 19.0%  |

※Rounded down to the nearest million yen

Millions of Yen

|                          | 21/3<br>Results | Ratio | 22/3<br>Results | Ratio  |
|--------------------------|-----------------|-------|-----------------|--------|
| <b>Net Sales</b>         | 10,823          | 100%  | 12,301          | 100.0% |
| <b>Packing / Freight</b> | 141             | 1.3%  | 163             | 1.3%   |
| <b>Transportation</b>    | 43              | 0.4%  | 51              | 0.4%   |
| <b>Labor cost</b>        | 1,041           | 9.6%  | 1,097           | 8.9%   |
| <b>Depreciation</b>      | 107             | 0.9%  | 146             | 1.2%   |
| <b>Rent</b>              | 63              | 0.5%  | 63              | 0.5%   |
| <b>Others</b>            | 551             | 5.1%  | 600             | 4.9%   |
| <b>SG&amp;A Expenses</b> | 1,949           | 18.0% | 2,123           | 17.3%  |

※Rounded down to the nearest million yen