

# Medium-term Management Plan

**GGP24**  
**(GLOBAL GROWTH PLAN 2024)**  
– From Change to Growth

February 10, 2022



# AGENDA



## **I. Sustainability Vision**

## **II. Medium-term Management Plan GGP24 – From Change to Growth**

/ Review of the Previous Medium-term  
Management Plan

/ Business Strategy

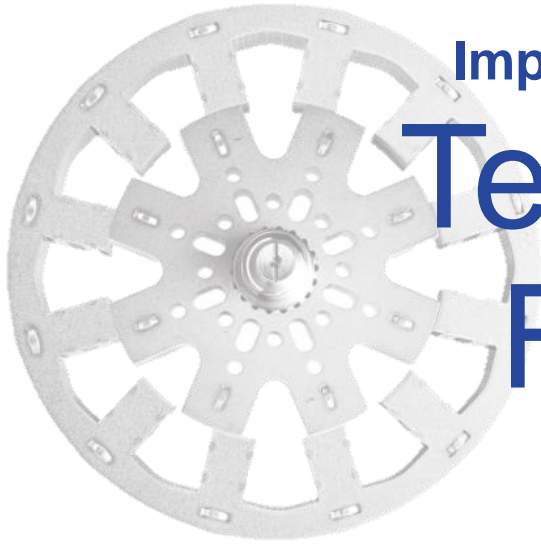
/ Financial and Capital Strategy

/ Environmental, Social, and Governance  
Response

# I. Sustainability Vision

Improving the World through Technology

# Technology Taking Flight to Create Change



Our management philosophy at Suncall is “Technology taking flight to create change,” and the Company is forging ahead dramatically on this basis.

## Technology Taking Flight

Suncall would not exist if it were not for the Company’s unique technologies

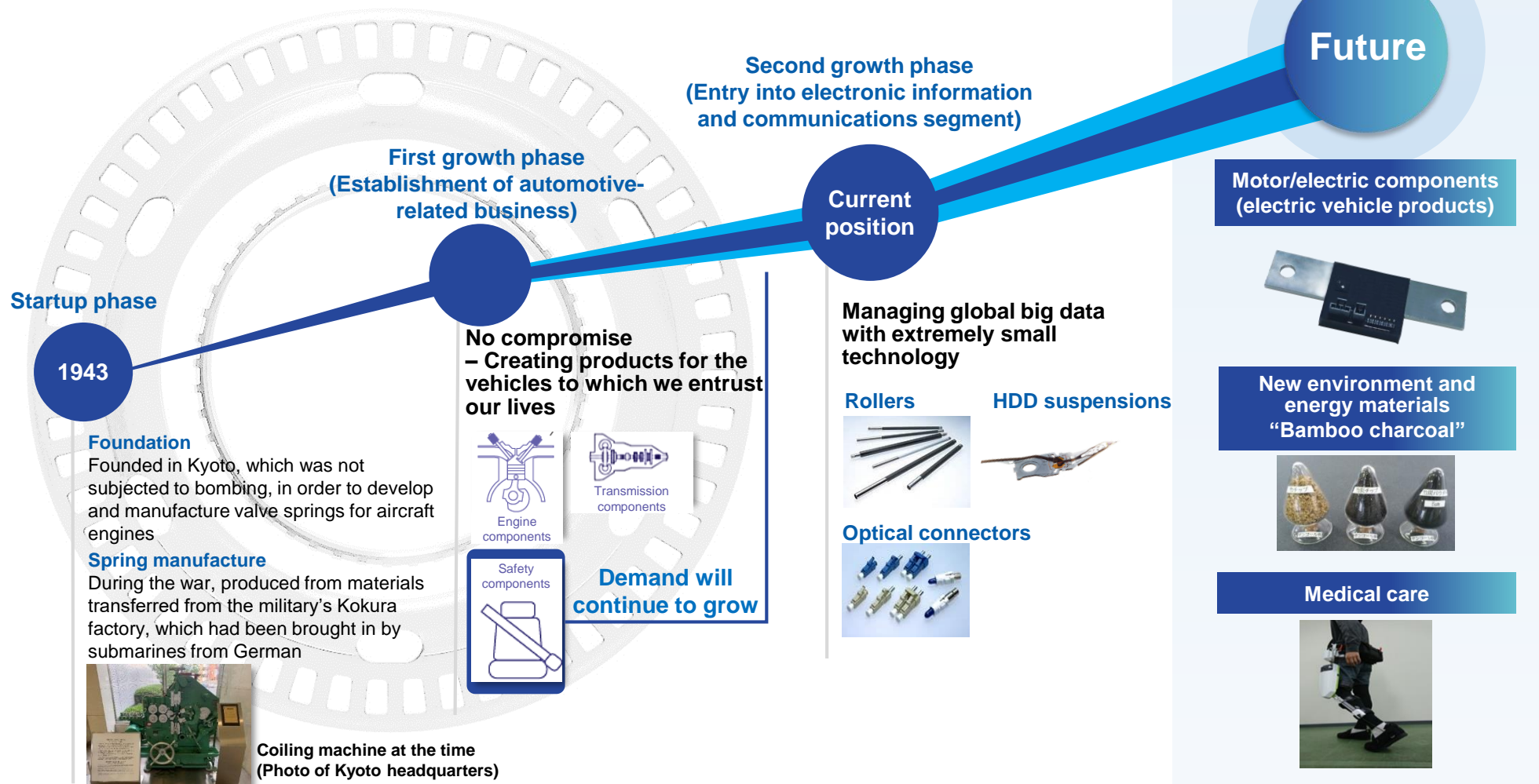
## Create Change

We are taking the lead in transforming the world

# Purpose

## Improving the World through Technology

Tackling the challenges of next-generation businesses



## Problem

### Social issues faced by the Company

- Grand transformation of the automotive industry to achieve carbon neutrality (in particular, the rapid expansion of automobile electrification)
- Explosive growth in demand for cloud storage capacity caused by the developments of 5G, IoT, and the digital society
- Growing desire for lifelong health in the aging society, and buildout of medical care systems

### Challenges faced by customers

- Automotive-related products segment  
Shortening of the development and design period  
Increasing need for highly precise detection of large currents
- Electronic information and communications segment  
As hard disk drive capacity continues to increase, suspensions with higher precision are required.

## The Company's Strengths

- Integrated production from materials to products  
We carry out integrated production from materials to products, based on our plastic processing for metals (including bending, rolling, die casting, and drawing) and precision processing technologies.
- This makes the following possible for each of our products:
  - Flexible design support
  - Support for producing large varieties of products in small lots
  - Low material loss ⇒ Realization of low costs
- We also have micro fabrication technology using in-house design of dies and jigs for hard disk drive suspensions, which require the ultimate level of precision as industrial products.
- We create products in the fields of medical care, and environment and energy, which can contribute directly to achieving carbon neutrality and responding to the aging population.
  - Joint development of a walking assist robot (Orthobot) with the Kyoto University's COI program
  - Manufacture of bamboo charcoal with minimal CO<sub>2</sub> emissions by using superheated steam

## New Medium-term Management Plan

### Automotive-related products segment

Sizable growth in demand for various types of vehicles including electric vehicles, hybrids, and plug-in hybrids is creating increased needs for highly precise current detection. We will meet these needs by developing bus bars, shunt sensors, and shunt on bus bars and launching them in the electronic vehicles market.

**We will play a role in achieving carbon neutrality in the automotive industry, and strive to expand sales.**

### Electronic information and communications segment

We continue to carry out capital investment in the hard disk drive suspension business to accurately meet customer demand, and will strive to further increase customer satisfaction through stable supplies and cost reductions.

In the communications-related business, the data centers, telecommunications, and wireless markets will continue to grow due to strong 5G-related and IoT-related demand, and we will work to increase sales by strengthening our product development capabilities and expanding our sales network for all these markets.

## Plastic Processing

Plastic processing is a method for forming metals and other materials into the desired shape by applying force to them. It is more energy and resource-efficient than other processing methods.

Precision shaped wire using our shaped wire drawing and rolling methods



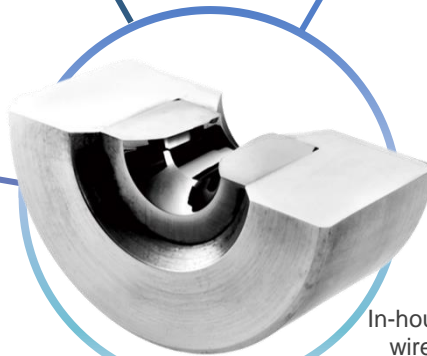
**Automotive-related Business**

**Environment Energy**

Bus bars for electric vehicles using our forming processing technology



**Electronic Information and Communications Segment**



In-house dies for wire drawing

**Medical Care Equipment**



Walking assist robot "Orthobot"

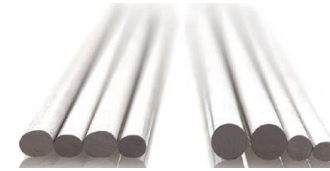
HDD suspensions that combine leaf springs created using ultra-precision dies with assembly technology



Creating new businesses fusing different technologies

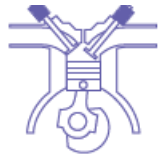
# Integrated production from materials to processing

Materials-related business/copper wire for valve springs:  
precision shaped wire



Suncall's cores that support integrated production  
We use a wide range of unique technologies in this core business. We are pioneering new domains through safety, security, and high-quality.

## (1) Valve springs



Top-class market share in Japan  
Integrated production from materials to processing enables high-quality and high-durability that can withstand 100 million compressions.

Engine components

## (2) Ring gears / drive plates



Top-class market share in Japan  
Our proprietary metal processing technology achieves high precision.

Transmission components

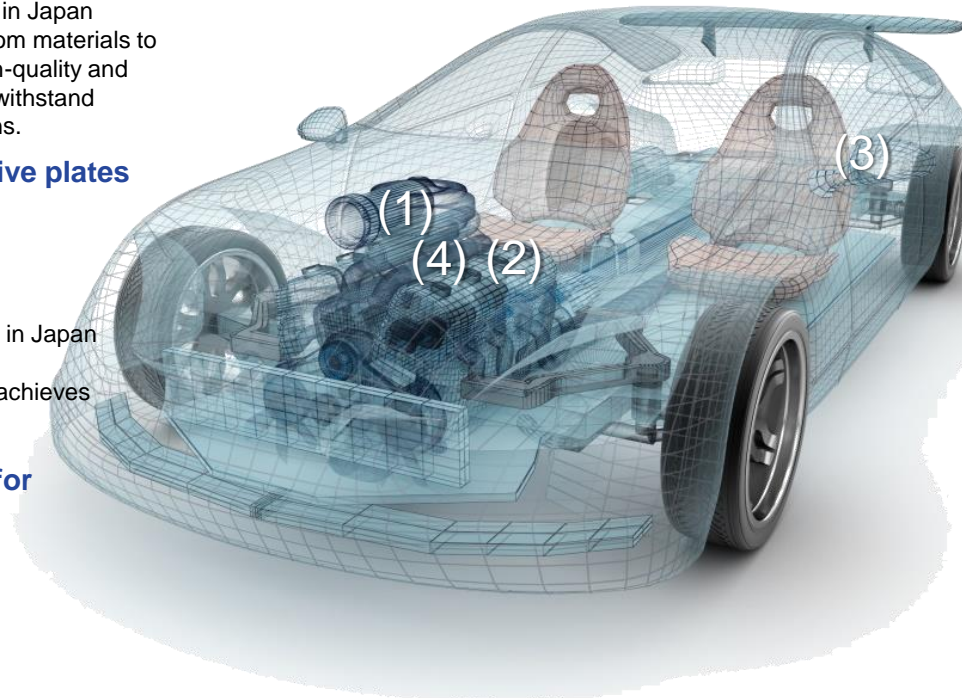
Safety components



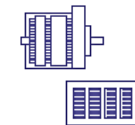
## (3) Spiral springs for seatbelts



We achieve comfort by enabling calibration of precision torques by manufacturing from materials.



## Motor and electric components



## (4) Bus bars

Each designed to suit unit shapes  
The main focus of the future of wiring

## (4) Shunt on bus bars

A bus bar integrated sensor with built-in feature to measure voltage while transmitting current  
Also supports high current such as in lithium-ion batteries



## (4) Fuse sensors

A next-generation sensor that destructively interrupts energized parts when an overcurrent is detected



## (4) Motor cores/stator cores

Components that form the core of the motor

We achieve high productivity through automated integrated production.

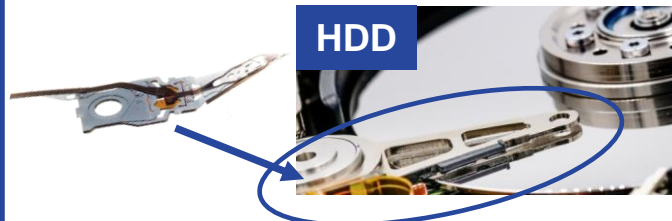




# Key devices

in product groups whose demand is expected to be increased by future expansion of 5G/IOT and increasing remote work

### HDD suspensions



Supporting extreme levels of precision requirements for HDD magnetic heads with positioning at the level of 10s of nanometers



### Data centers



### Printer-related products

#### Rollers



#### Torque limiters Spring clutches



### Printers



Worldwide top market share by supplying long, lightweight, and high-precision shafts

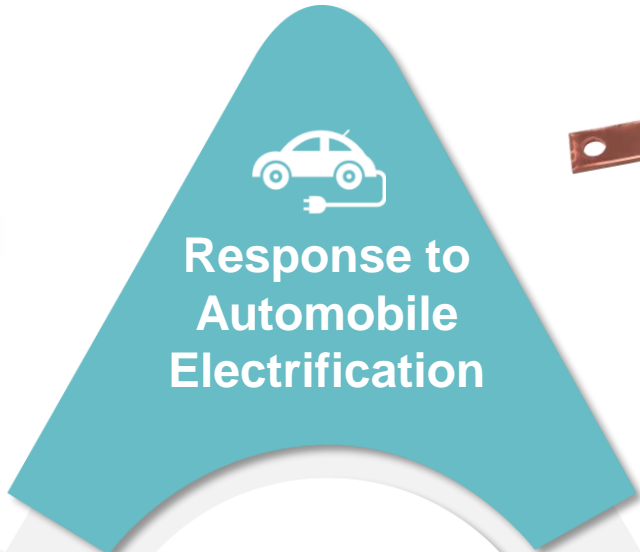
### Communications-related products

#### Optical connectors



#### Optical adaptors

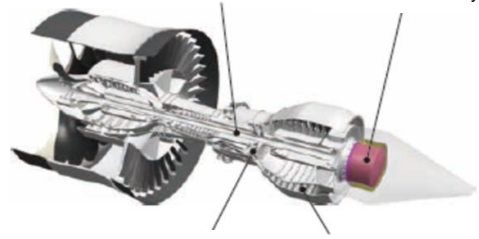




Used by Locomo Up Nishioka



Internal rotating shaft: low-pressure side  
External rotating shaft: high-pressure side  
Low-voltage shaft electric motor connected directly to engine



High-pressure turbine      Low-pressure turbine

Source: IHI Corporation's technical reports



## **II. Medium-term Management Plan GGP24 – From Change to Growth**



## Acceleration of an effective strategy to create a business portfolio for 2030

### Business Strategy

#### Growth business related to electric vehicles and electrification

##### - Grow sales globally and develop into next-generation main business

- Offer mass production of bus bars and shunt on bus bars to meet needs for electric vehicles
- Expand sales of products for electric vehicles and electrification in Europe, China, and the U.S.

#### Growth business related to electronic information and communications

##### - Achieve dramatic growth and pursue profit growth

- Continuously make capital investment and enhance production efficiency to meet customer demand
- Enhance suspension production capacity to meet demand for large-capacity hard disk drives
- Develop communications- and printer-related products, and improve production efficiency through process improvements

#### Existing automotive-related products segment

##### - Respond to changes in industry structure and improve earnings strength

- Validate market growth rate and profitability on an individual product basis
- Focus on improving earnings strength of existing projects by thoroughly managing earnings on an individual product basis
- Consider optimizations of production and sales locations

### Capital Strategy

## Balance sheet management

### with an understanding of appropriate capital structure

- Maintain payout ratio at 75% until ROE exceeds 9% in order to prevent a buildup of equity capital
- Investment decisions with a thorough awareness of cost of capital

Quantitative targets of GGP24

Net sales

63.0 billion yen

Operating income margin

7.1%

ROE

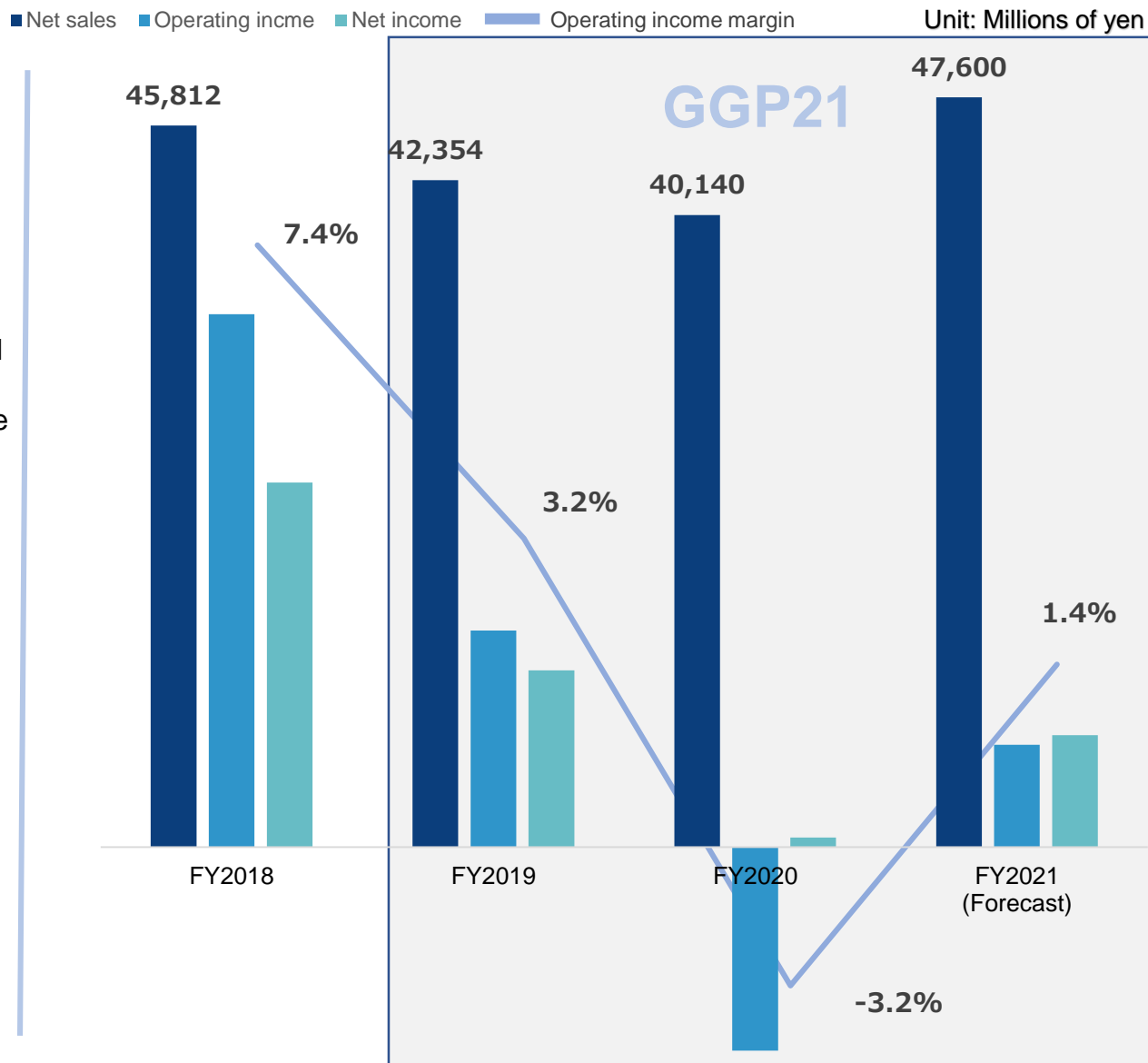
9.0%

# Review of GGP21 (Financial Results)

## GGP21

We did not meet our target of over 50.0 billion yen in net sales, having failed to reach our initial sales targets for some products due to the spread of COVID-19 and the major impact of the reduced automobile production caused by the semiconductor shortage. With the impacts having run their course, we expect to reach record net sales for this fiscal year.

We did not reach our target operating income margin of 6.5% due to a decline in profitability, caused in part by upfront investments in HDD suspensions and automotive LED components, and soaring costs for raw materials, transportation, and energy. We expect to return to profitability for this fiscal year.



## Key Strategies

Strategy	Review	Evaluation
<b>Continued investments in high-demand fields of core businesses</b>	Continued to invest in valve springs and spiral springs for seatbelts Failed to meet the sales plan target	△
<b>Investment of management resources in high-growth fields</b>	Accelerated investment in growth of hard disk drive suspensions • Launched nearline mass production and invested in increased production capacity • Developed next models	○
<b>Cultivation and expansion of next-generation main business</b>	(1) New products to support electric vehicles and electrification: developed current sensors, and expanded applications to trucks, driverless transportation vehicles, solar power, and others. Also began mass production of shunt on bus bars for North America. (2) Medical care: Launched sales of Orthobot (walking assist robot), but failed to meet plan	△

## Other Quantitative Targets

Target	Review	Evaluation
<b>Payout ratio of 30 to 40% (Minimum target: 20 yen)</b>	Although financial performance slumped due to the spread of COVID-19, maintained the minimum payout target of 20 yen.	○
<b>Investment in growth (16.0 billion yen)</b>	(1) Increased production capacity for hard disk drive suspensions amid restrictions at production bases due to the spread of COVID-19 (2) Built production lines for next-generation main businesses, such as bus bars, shunt on bus bars, and automotive LED components	○

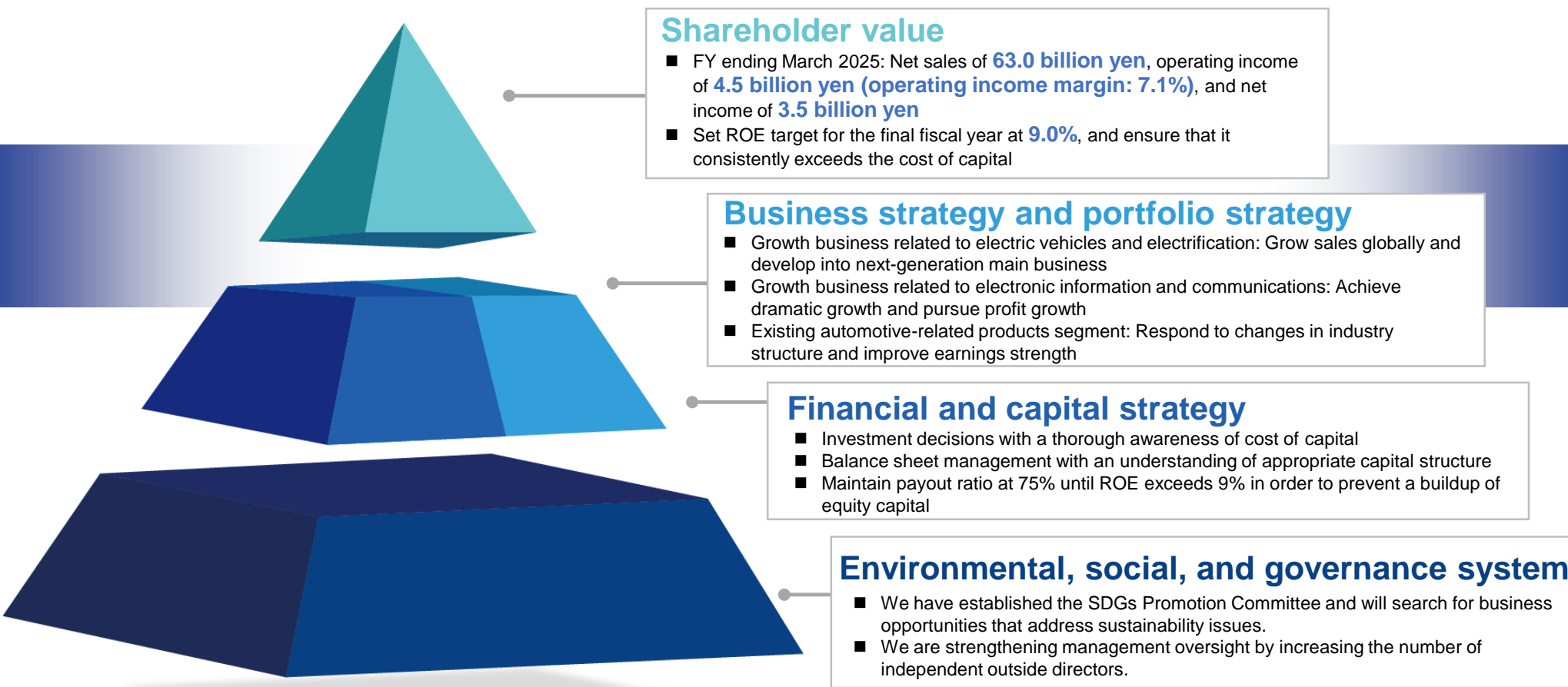
Business field	Result	Continuing challenge
<b>Existing automotive-related products segment</b>	<ul style="list-style-type: none"> <li>■ Increased production capacity of wire for valve spring and cultivated new customers</li> <li>■ Expanded fields with high demand such as motor cores and stator cores</li> </ul>	<ul style="list-style-type: none"> <li>■ Improve profit structure with long-term view (Optimize production and sales locations, improve logistics)</li> </ul>
<b>Growth business related to electric vehicles and electrification (Next-generation business)</b>	<ul style="list-style-type: none"> <li>■ Developed current sensors, and expanded applications to trucks, driverless transportation vehicles, solar power, and others</li> <li>■ Began mass production of shunt on bus bars for North America</li> <li>■ Began mass production of automotive LED components</li> <li>■ Began sales of walking assist robot (Orthobot)</li> </ul>	<ul style="list-style-type: none"> <li>■ Enhance development and production systems</li> </ul>
<b>Growth business related to electronic information and communications (HDD suspensions)</b>	<ul style="list-style-type: none"> <li>■ Enhanced production capacity to meet nearline customer demand</li> </ul>	<ul style="list-style-type: none"> <li>■ Further increase customer satisfaction through stable supplies and cost reductions</li> </ul>
<b>Overall</b>	<ul style="list-style-type: none"> <li>■ Triggered change aimed at reforming our business portfolio ⇒ Achieve growth in next Medium-term Management Plan GGP24</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthen examination of business and investment plans with awareness of capital cost</li> <li>■ Manage balance sheet with an understanding of appropriate capital composition</li> </ul>

# **GGP24 Medium-term Management Plan (April 2022–March 2025)**



## Policy of GGP24 – From Change to Growth

Acceleration of an effective strategy to create a business portfolio for 2030



### Shareholder value

- FY ending March 2025: Net sales of **63.0 billion yen**, operating income of **4.5 billion yen (operating income margin: 7.1%)**, and net income of **3.5 billion yen**
- Set ROE target for the final fiscal year at **9.0%**, and ensure that it consistently exceeds the cost of capital

### Business strategy and portfolio strategy

- Growth business related to electric vehicles and electrification: Grow sales globally and develop into next-generation main business
- Growth business related to electronic information and communications: Achieve dramatic growth and pursue profit growth
- Existing automotive-related products segment: Respond to changes in industry structure and improve earnings strength

### Financial and capital strategy

- Investment decisions with a thorough awareness of cost of capital
- Balance sheet management with an understanding of appropriate capital structure
- Maintain payout ratio at 75% until ROE exceeds 9% in order to prevent a buildup of equity capital

### Environmental, social, and governance system

- We have established the SDGs Promotion Committee and will search for business opportunities that address sustainability issues.
- We are strengthening management oversight by increasing the number of independent outside directors.

FY2024

## Global Growth Plan 2024

Accelerate an effective strategy to create a business portfolio for 2030

### From Change to Growth

- **Net sales: 63.0 billion yen**
- **Operating income margin: 7.1%**
- Promote management with awareness of return on capital and balance sheet management in order to **consistently exceed ROE of 9.0%**
- Launch reforms of business portfolio
- Boldly invest management resources in growth fields
- Ensure recoupment of invested capital

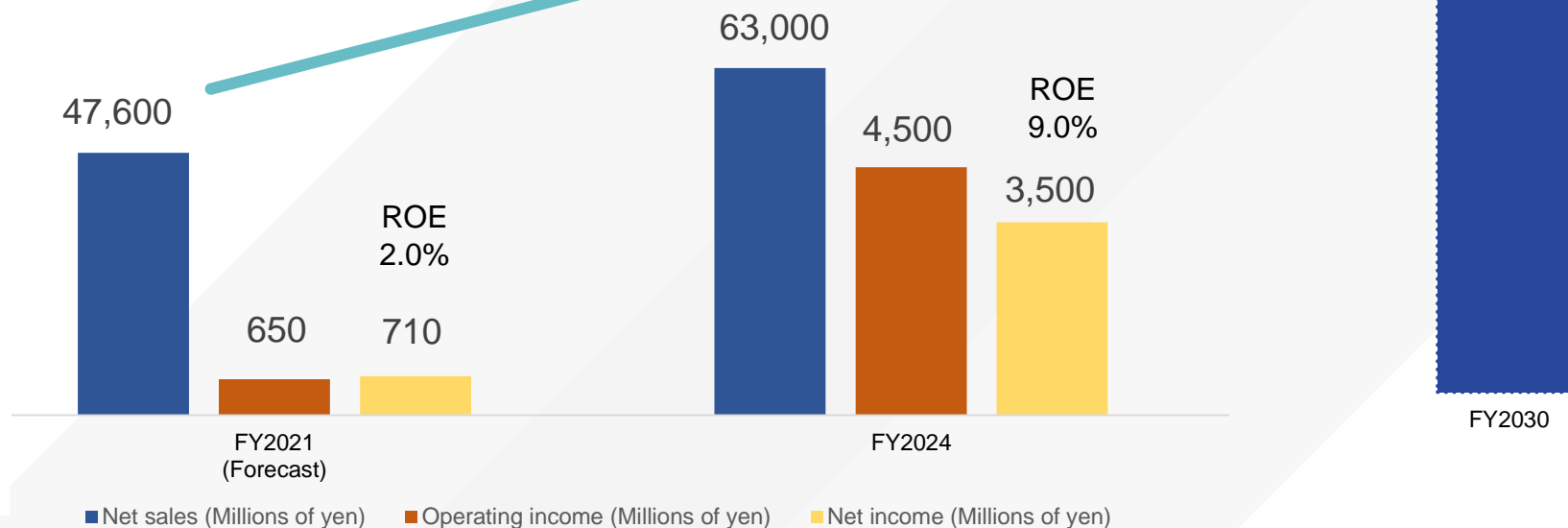
FY2030

Pursue optimization of our business portfolio

- Application of related technologies and new businesses
- Create added value

FY2021

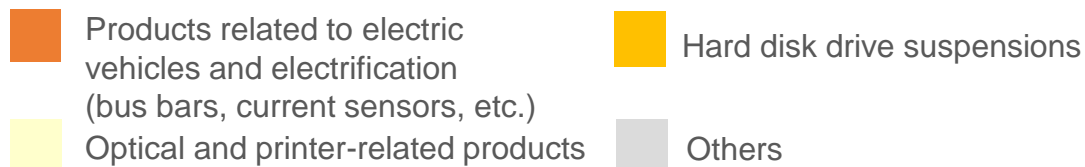
## Previous Medium-term Management Plan



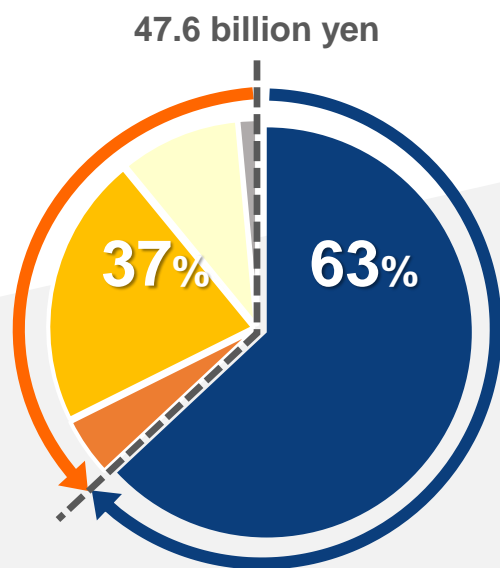
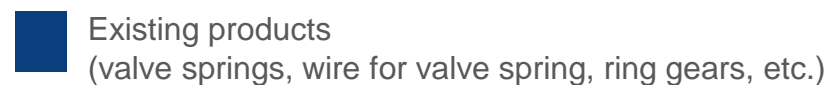
# GGP24 (April 2022–March 2025) Numerical Targets

	Index	FY2021 (Forecast)	FY2024 (Target)
Growth rate	Net sales	47,600 million yen	63,000 million yen
	Operating income (margin)	650 million yen (1.4%)	4,500 million yen (7.1%)
	Net income	710 million yen	3,500 million yen
Return on capital	ROE (%)	2.0% (expected)	<b>9.0%</b>
Returns to shareholders	Dividend payout ratio	Dividend payout of 30% of net income up to 2.5 billion yen, and 40% of net income above 2.5 million yen	<b>Maintain payout ratio at 75% until ROE exceeds 9%</b>

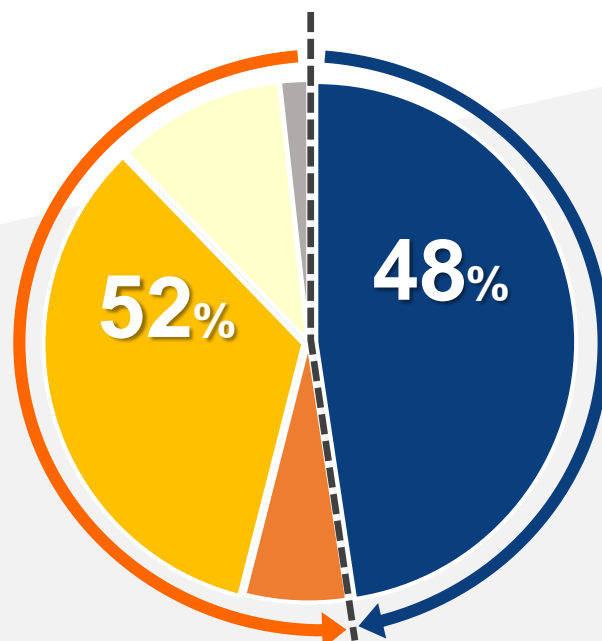
## Growth business related to electric vehicles and electrification, and growth business related to electronic information and communications



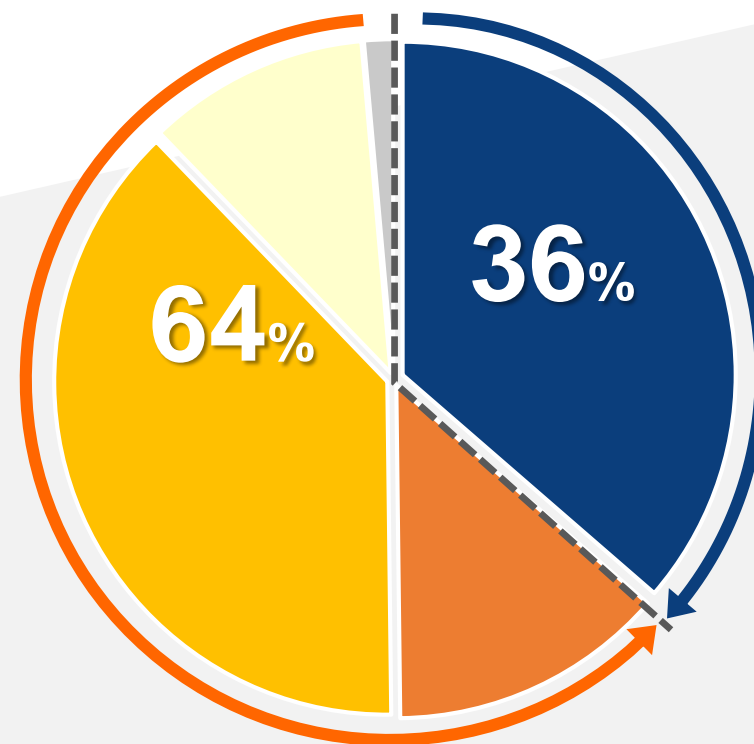
## Existing automotive-related products segment



FY2021 Forecast



FY2024 Target



FY2030 Target

\* Percentages represent proportions of net sales

# Business Strategy

## B **usiness Strategy Policy**

**Acceleration of an effective strategy to create a business portfolio for 2030 that will enable sustainable growth**

**Accurately identify business opportunities and growth fields of each business, make highly effective investments with an awareness of capital cost, and ensure that we achieve profitability on the upfront investments we have made to date**

## K **ey Strategies**

- 1. Growth business related to electric vehicles and electrification**  
**Grow sales globally and develop into next-generation main business**
- 2. Growth business related to electronic information and communications**  
**Achieve dramatic growth and pursue profit growth**
- 3. Existing automotive-related products segment**  
**Respond to changes in industry structure and improve earnings strength**



# Growth Business Related to Electric Vehicles and Electrification, and Growth Business Related to Electronic Information and Communications: Key Strategies

1

## Growth business related to electric vehicles and electrification

### - Grow sales globally and develop into next-generation main business

- Sizable growth in demand for various types of vehicles including electric vehicles, hybrids, and plug-in hybrids is creating increased needs for highly precise current detection. We will meet these needs by developing bus bars, shunt sensors, and shunt on bus bars and launching them in the electronic vehicles market.
- Medium- to long-size bus bars using the Company's plastic processing for metals and precision processing technologies have been newly adopted for use in electric vehicles and hybrids by two Japanese automakers. We will promote their adoption for other vehicle models.
- We have begun to mass produce and supply shunt on bus bars for electric vehicles in North America. We will expand sales of shunt on bus bars in Europe, China, and the U.S. together with shunt sensors for high-precision current detection, which we have started to deliver in Japan.
- Moving forward, we will accelerate global mass production by further enhancing our development system and collaborating with Marubeni-Itochu Steel Inc., in order to develop the electrification-related business into a next-generation main business.

2

## Growth business related to electronic information and communications

### - Achieve dramatic growth and pursue profit growth

#### Hard disk drive suspension business

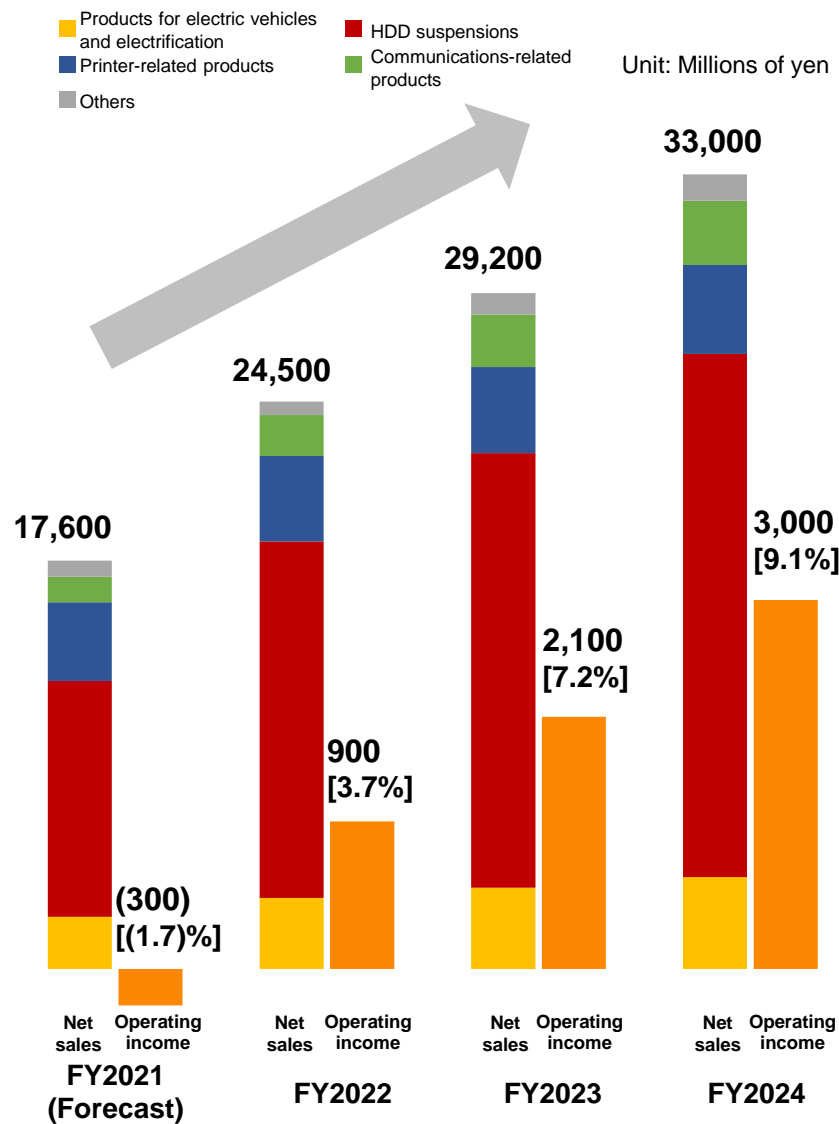
- The remarkable growth of cloud computing in recent years is expected to increase data storage volumes at a rate of nearly 20% per year. We expect growth to accelerate even more in the post-pandemic world.
- Customer demand for large-capacity hard disk drives, called "nearline drives," remains strong, particularly in data centers for such uses as growth of IoT and storage of video data.
- The Company continues to carry out capital investment in the hard disk drive suspension business and pursues higher efficiency by strengthening its production technology capabilities to further increase customer satisfaction through stable supplies and cost reductions.

#### Communications-related business

- Further growth driven by strong 5G-related and IoT-related demand is forecasted going forward in the optical information and communications industry's three main application markets: data centers, telecommunications, and wireless.
- We will work to increase sales by strengthening our product development capabilities and expanding our sales network for all these markets.

#### Printer-related products

- The Company is the only manufacturer that can supply three types of rollers: solid shafts, TUBE shafts, and resin-coated TUBE shafts.
- We forecast that increased demand for remote work will drive sales growth. We will improve our price competitiveness through such means as process improvements and automation.



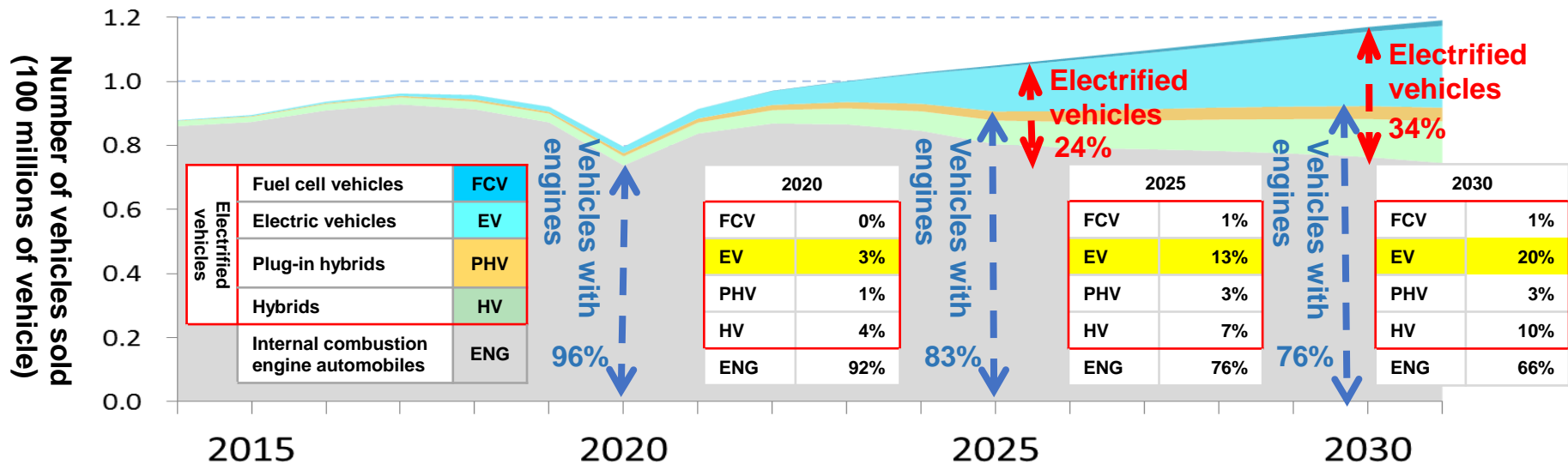
## Outlook for progress on automobile electrification

By 2030, 34% of vehicles will be electrified

## Electrification is accelerating



	2020 Forecast			2021 Forecast		
	2020	2025	2030	2020	2025	2030
Ratio of engine-less vehicles	2%	4%	9%	3%	14%	21%
Ratio of vehicles with engines (including hybrids and plug-in hybrids)	98%	96%	91%	97%	85%	79%



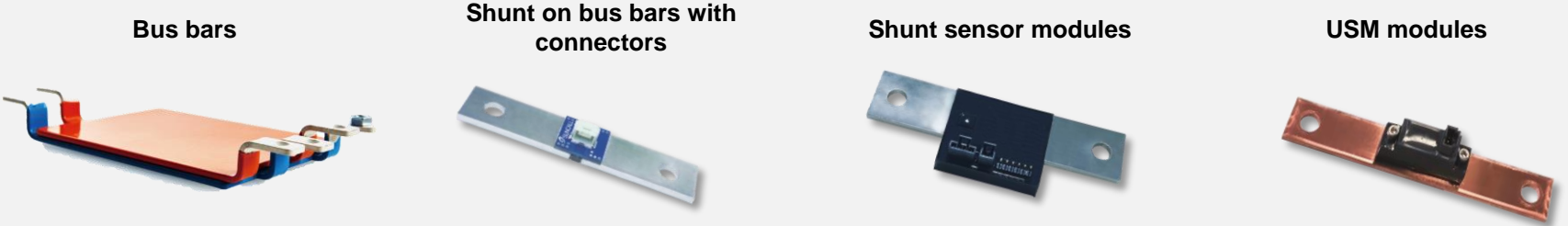
[Data Source: FOURIN & Marklies]



# Growth Business Related to Electric Vehicles and Electrification: Electrification Components

**We focus on developing product lines that support high current applications from shift to electric vehicles.**  
**In addition to products for electric vehicles, we also expect growth in the fields of industrial equipment and batteries.**

**Automobile electrification components**      Vehicle-mounted/industrial equipment/energy equipment, unit wiring, current detection



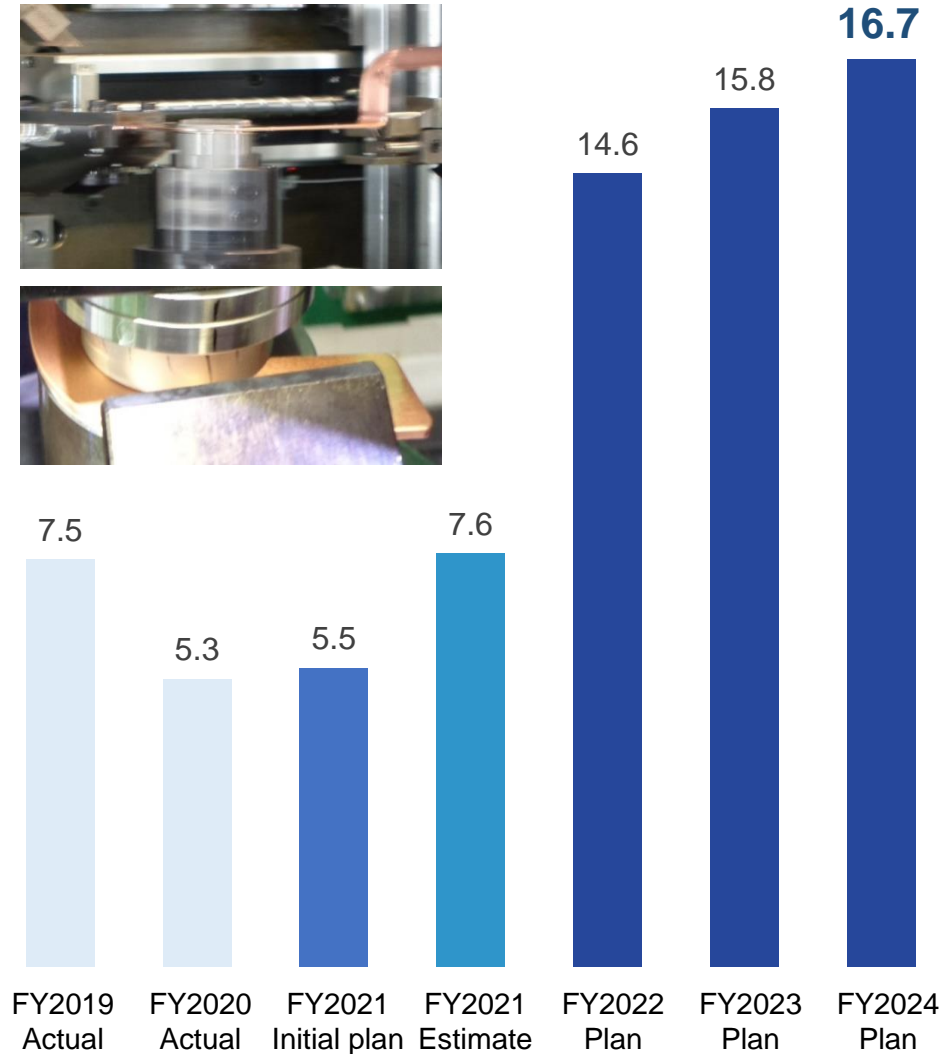
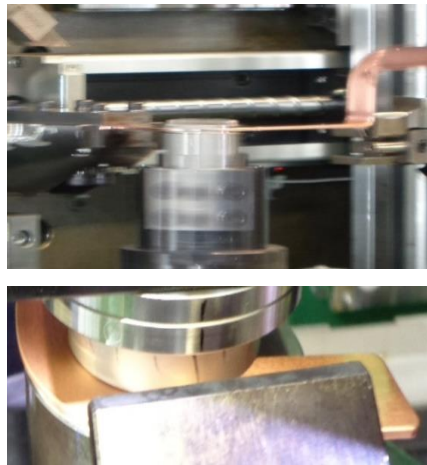
### Roles and features of current sensors

Drive batteries use one current sensor, and inverters use three to six.  
 The shunt method takes up less space than the hall method, and can detect with high precision.

	Mounted vehicle		Current sensing method		Number of units used	Roles and features of current sensors
	ISS*	HV/EV	Shunt method	Hall method		
Auxiliary battery	○	○	○	○	1	<ul style="list-style-type: none"> <li>● Uses current sensor to monitor 12V lead battery</li> <li>● Monitors current with main objectives of detecting remaining battery charge, lifetime, and dark current</li> </ul>
Drive battery		○	○	○	1	<ul style="list-style-type: none"> <li>● Uses current sensor to monitor xEV drive battery</li> <li>● Increased accuracy expands scope of battery use.</li> </ul>
Drive inverter		○	(Under development)	○	3 to 6	<ul style="list-style-type: none"> <li>● Input/output current sensing to control xEV drive inverter</li> <li>● Because it is connected directly to drive control, requires higher detection precision and response speed than the two above.</li> </ul>

\* ISS: Idling stop system

# Growth Business Related to Electric Vehicles and Electrification: Bus Bar Sales Forecast



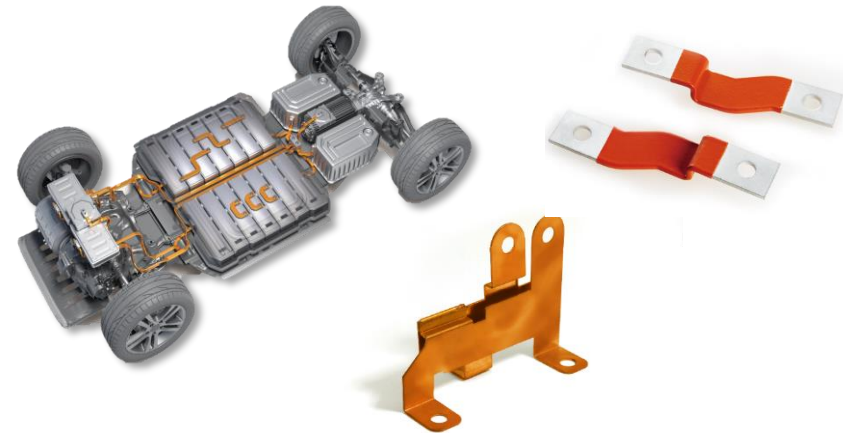
Unit: 100 millions of yen

Starting in FY2022, two Japanese automakers have adopted new mass-produced bus bars (for electric vehicles and hybrids).



## Large increase

We have received an increasing number of new inquiries from other manufacturers in Japan, as well as manufacturers of motorcycles and construction equipment, and are currently responding.



# Growth Business Related to Electric Vehicles and Electrification: Creation of Current Sensor Business

We have begun to mass produce and supply shunt on bus bars for electric vehicles in North America. We have a large increase in prototypes, including OEM and Tier 1 in Europe, Japan, and China, and the non-vehicle mounted field.

## Exhibitions in Germany and Tokyo



# Growth Business Related to Electronic Information and Communications: Trends in Hard Disk Drive Market

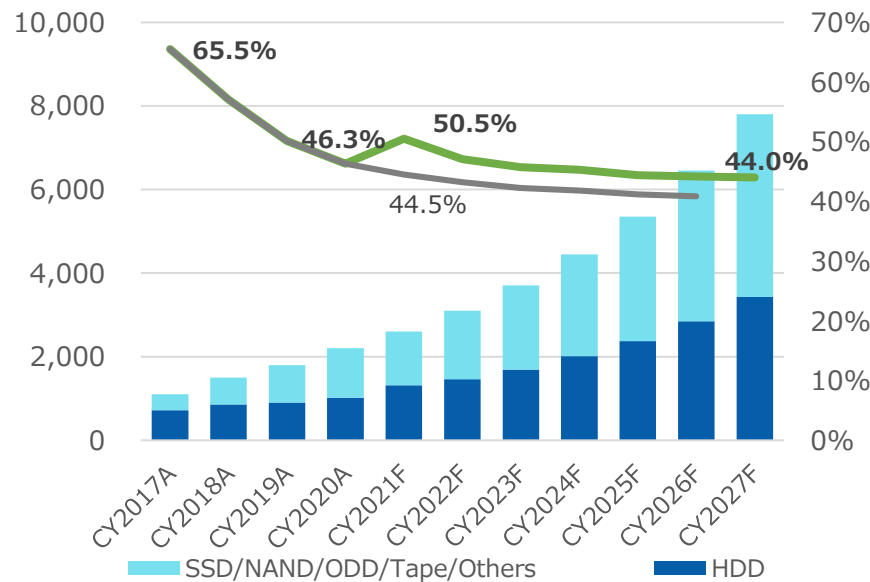
**Demand for nearline hard disk drives will tend to grow going forward in response to the significant growth in demand for cloud storage capacity**

**1**  
Advances in 5G, IoT, and DX are expected to drive explosive growth in demand for cloud storage in the global market

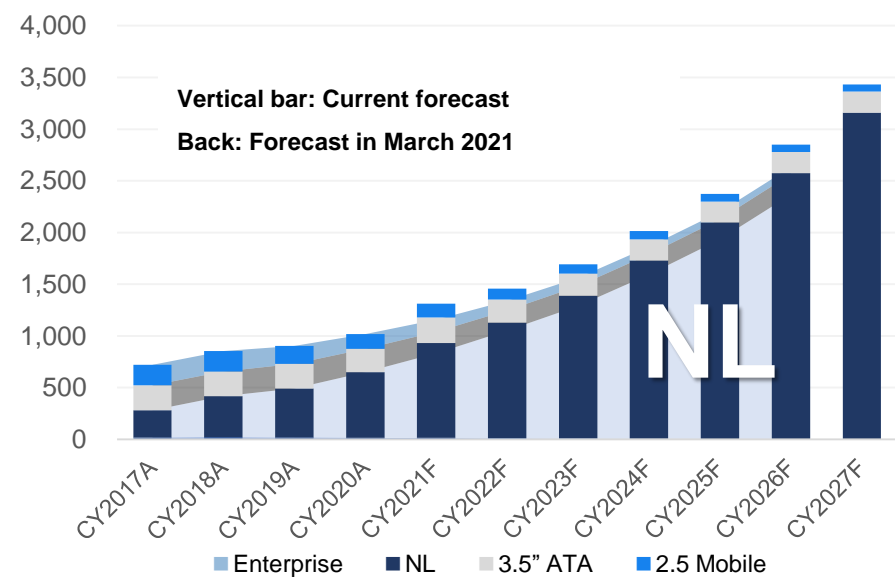
**2**  
Data storage and processing services are centrally managed in data centers and require large-capacity storage

**3**  
Demand for nearline hard disk drives will grow further compared to our forecast in March 2021

**Data storage capacity demand**



**Hard disk drive capacity demand**



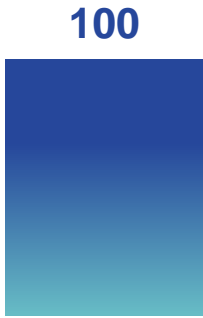
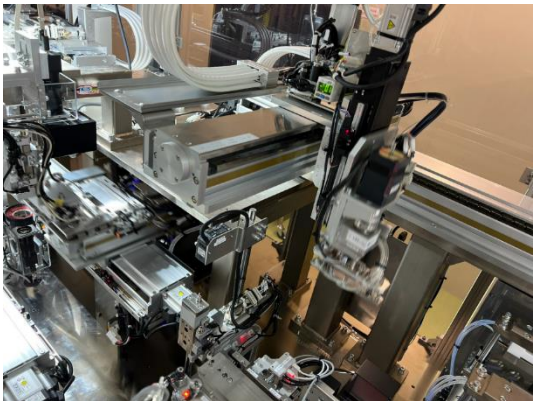
An exabyte (EB) is a unit of measurement for data. 1 EB is 1,000,000,000,000,000 bytes.  
Source: Techno Systems Research Co., Ltd.

# Growth Business Related to Electronic Information and Communications: Enhancement of Production Capacity of Nearline Hard Disk Drive Suspensions



The plan incorporates **an approximate three-fold** increase in production capacity compared to FY2018.

The Company's production capacity plan for nearline drive suspensions



FY2018



FY2021



FY2024



FY2025

■ Production capacity setting FY2018 production capacity level as 100

## Walking assist robot

# Orthobot

- Orthobot is a robot that helps patients learn to walk, brought to market through joint research and development with Kyoto University. Orthobot is currently in use at rehabilitation centers in Japan.
- Orthobot is currently not only being used at rehabilitation centers, but has been used at senior and other care facilities as well. Next fiscal year, we plan to release a new smaller, more lightweight version.



## Conducted public relations activities at exhibition and other booths

### The 37th Scientific Meeting of the Japanese Society of Prosthetics and Orthotics

(October 23–November 20, 2021)

### The 5th Annual Autumn Scientific Meeting of the Japanese Association of Rehabilitation Medicine

(November 12–14, 2021)

### The 5th Healthcare Robot Exhibition

(Organizer: Hokkaido Healthcare Robot Association; September 28, 2021)



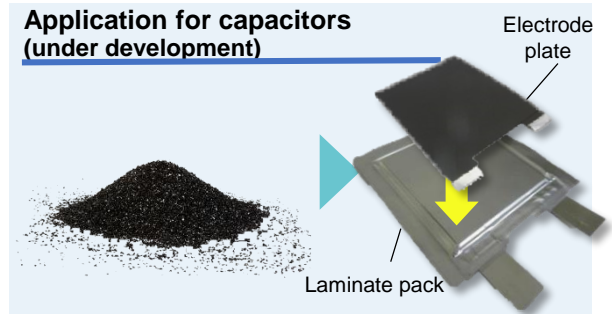
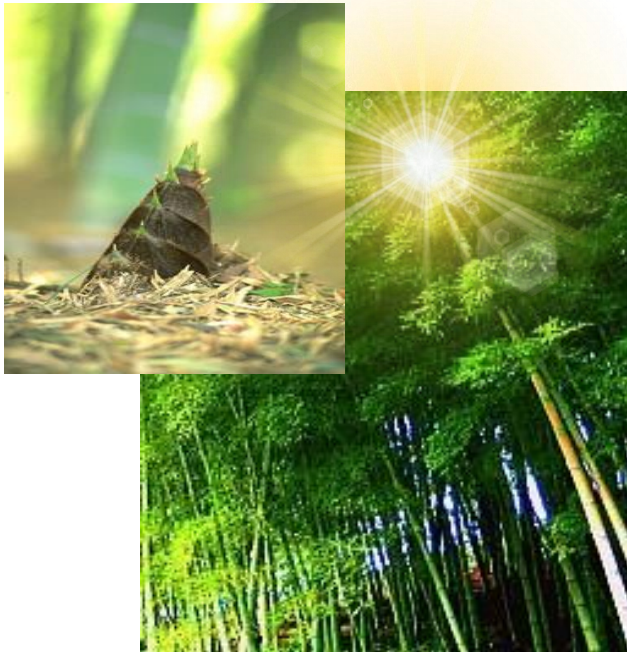
## Bamboo charcoal

- Developed by the Company, and currently in use as coating material for instrument panels and interior touch panels in domestically produced automobiles
- Using abandoned bamboo groves which have absorbed CO<sub>2</sub> as the raw material, superheated steam is used to turn the bamboo into charcoal without burning it. This takes the product beyond the realm of “carbon neutral” to “carbon fixation.”

Grows by absorbing CO<sub>2</sub>

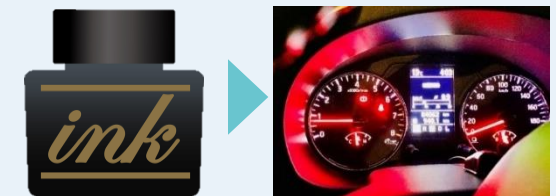
Fixes (reduces) the absorbed CO<sub>2</sub> into other products

Development for application in multiple fields is ongoing



\* Prototype capacitor currently under consideration for mounting in the Company's walking assist robot

Used as instrument panel coating



## Aerial ultrasonic sensor

\* Under development

can detect positioning information and shapes

- We are developing an aerial ultrasonic sensor that can identify the position of obstacles. It works by using an aerial ultrasonic transducer as a phased array, enabling the sensor to simultaneously detect the distance and direction of an obstacle, which was not possible in the past.



For the World With Our Innovation  
技術をより良い世界のために



### Features

- By reducing the arrangement interval of the transducers to half of the sound's wavelength, we are able to radiate sound waves in only the intended direction.
- We have created a phased array that is able to operate stably by using non-resonant transducers.
- We are able to radiate sound waves with sharp directionality.

### Applications

- Obstacle detection by autonomous robots
- In-cabin monitoring in automobiles
- Room monitoring at hospitals, care facilities, and others



# Existing Automotive-related Products Segment: Key Strategies

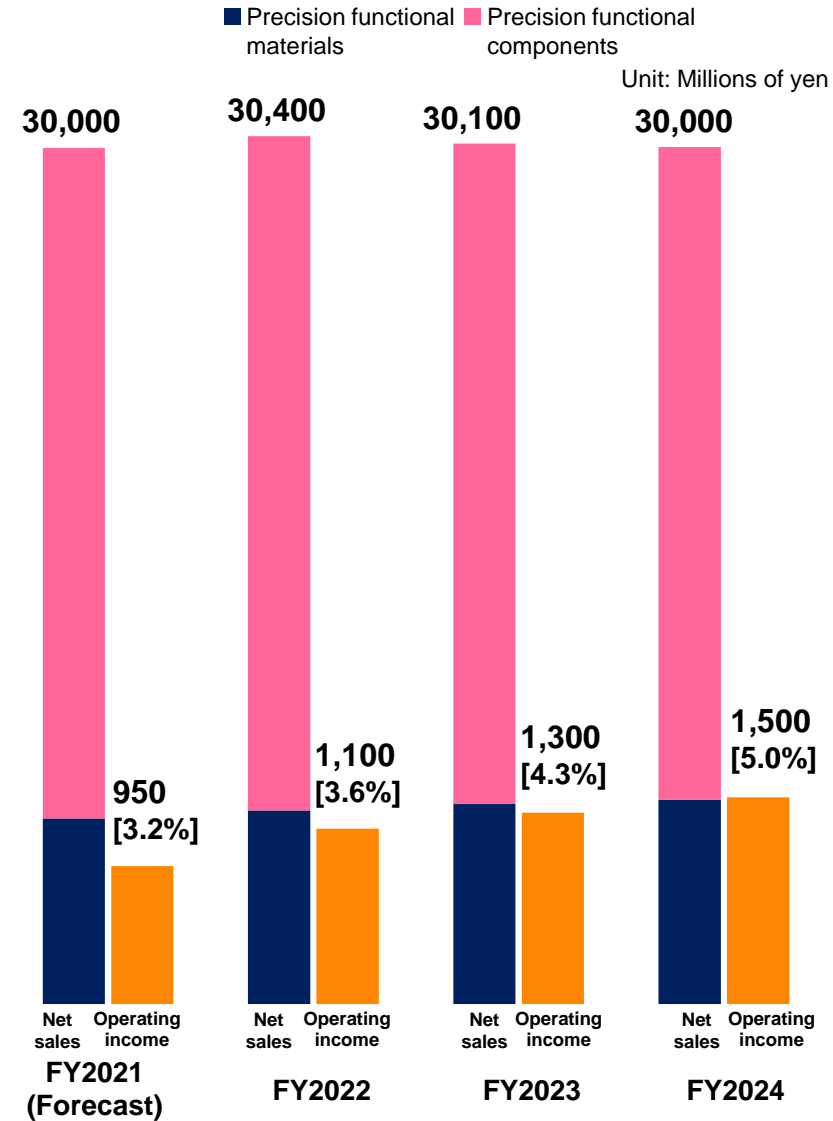
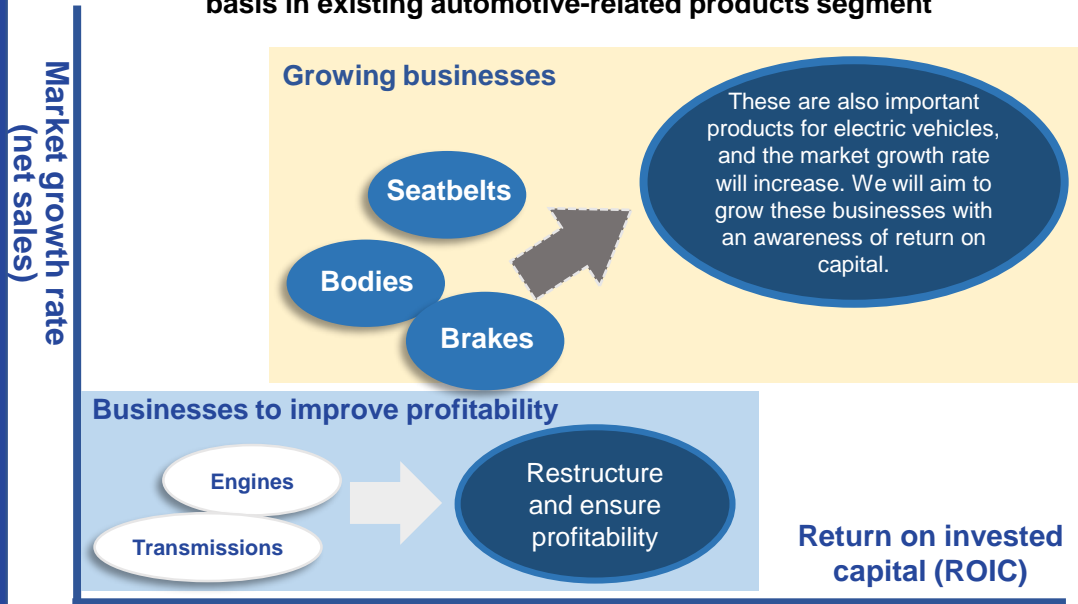
3

## Existing automotive-related products segment

### Respond to changes in industry structure and improve earnings strength

- With sizable growth in demand for electric vehicles forecast, we will be able to maintain through 2030 the scale of our existing automotive-related products segment (consisting of the main products of engine parts and precision-functioning transmission parts).
- We will focus on improving earnings strength of existing projects by thoroughly managing earnings on an individual product basis.
- We will continue to invest in the seatbelt business and other safety equipment-related products, as high demand is expected to continue.

### Validate market growth rate and profitability on an individual product basis in existing automotive-related products segment



## Consider optimization of production and sales locations in anticipation of decrease starting in 2030

Our main products use multiple production locations, with the aim of local production and local consumption.  
We will first accelerate improvements to global profitability, while leveraging this advantage.

### (1) Valve springs and valve cotters

Items	Status/matters to be addressed
Sales trends	Maintain market share and sales until 2030
Production bases	Five locations (two in Japan, one each in the U.S., China, and Thailand)
Matters to be addressed	<ul style="list-style-type: none"> <li>Analyze strengths and weaknesses by integrating cost composition by production base</li> <li>Optimize through comparison of equipment, specifications, and takt time</li> <li>Identify matters to be addressed at each base, and roll out globally (e.g. automation, central purchasing of materials, and improving logistics costs and processes)</li> </ul>



### (2) Ring gears and drive plates

Items	Status/matters to be addressed
Sales trends	Maintain profits as sales slightly decline
Production bases	Six locations (one each in Japan, the U.S., Mexico, and Thailand, and two in China)
Matters to be addressed	<ul style="list-style-type: none"> <li>Optimally allocate production to each location based on capacity and status of orders</li> <li>Improve profits by using alternative materials</li> <li>Advance negotiations to reflect increases in steel material prices in sales prices</li> </ul>



Expand into regions with high potential utilizing the channels of Marubeni-Itochu Steel Inc. and ITOCHU Corporation.



Marubeni-Itochu Steel Inc. became an investor as of March 2021.

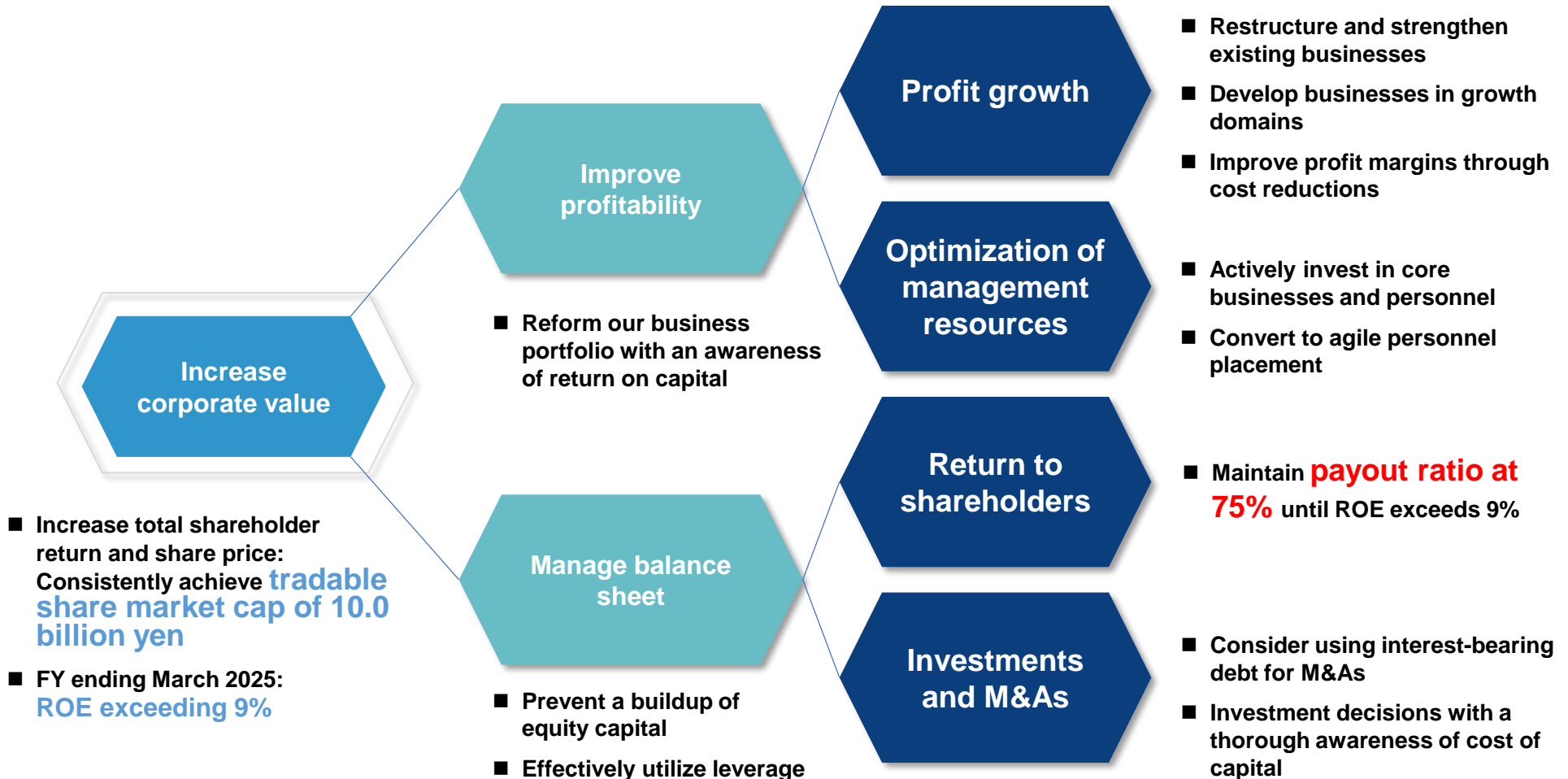
- Pursue synergy by procuring materials for existing products and expanding sales of our products, mainly for electric vehicles in China

We have partnered with ITOCHU Corporation to expand sales of our products for electric vehicles in Europe and the U.S.

# Financial and Capital Strategy

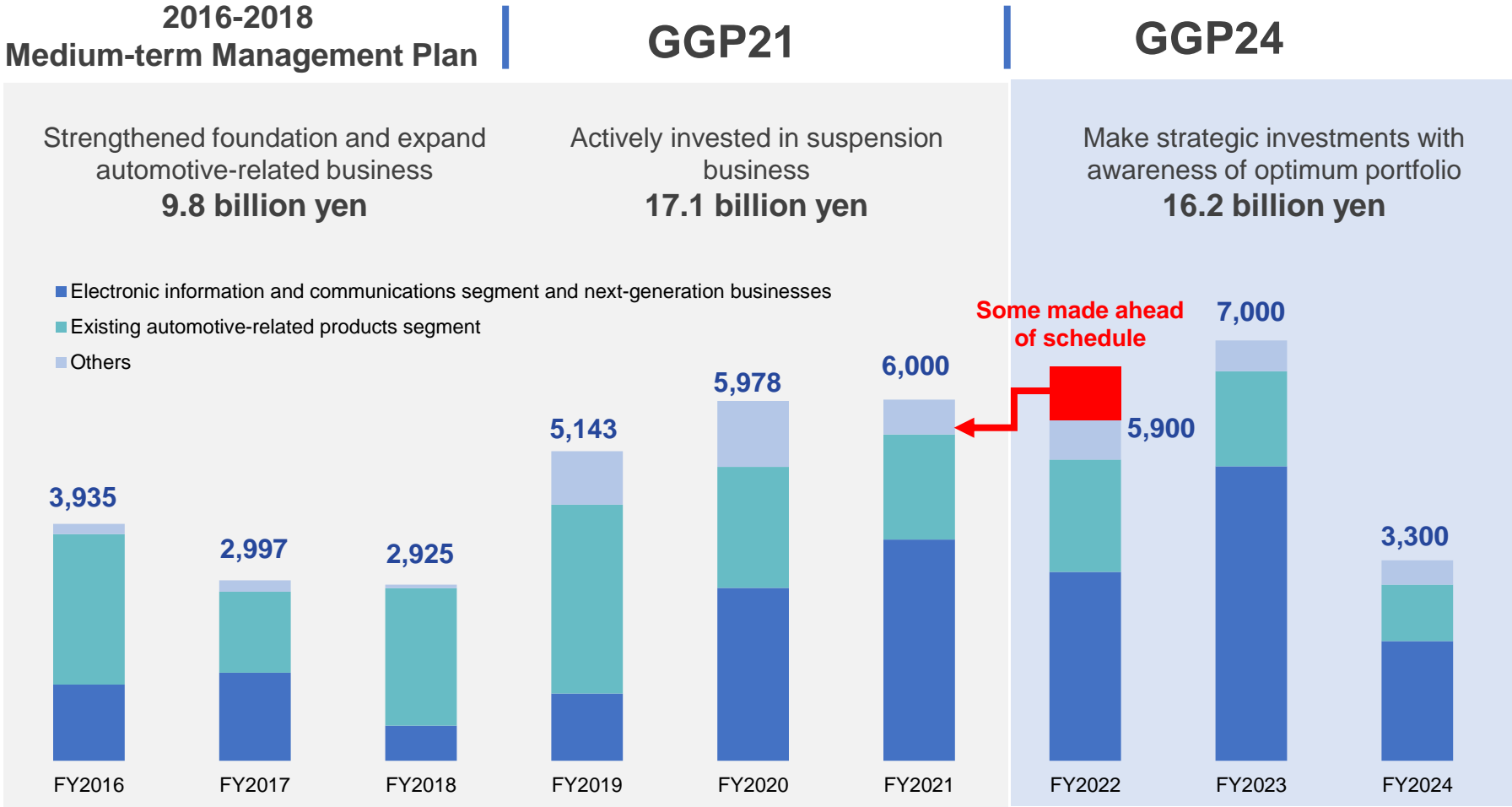
# Financial and Capital Strategy

- Reform our business portfolio with an awareness of improving return on capital
- Manage balance sheet with the aim of optimizing excessive shareholders' equity
- **Maintain payout ratio at 75% until ROE exceeds 9%** to prevent a buildup of equity capital



# Capital Investment Expenses in GGP24

- We have met the investment plan ahead of schedule, mainly for hard disk drive suspensions, from the initial plan in GGP21 of 16.0 billion yen.
- In GGP24, we will make strategic investments to reform our business portfolio with awareness of return on capital.

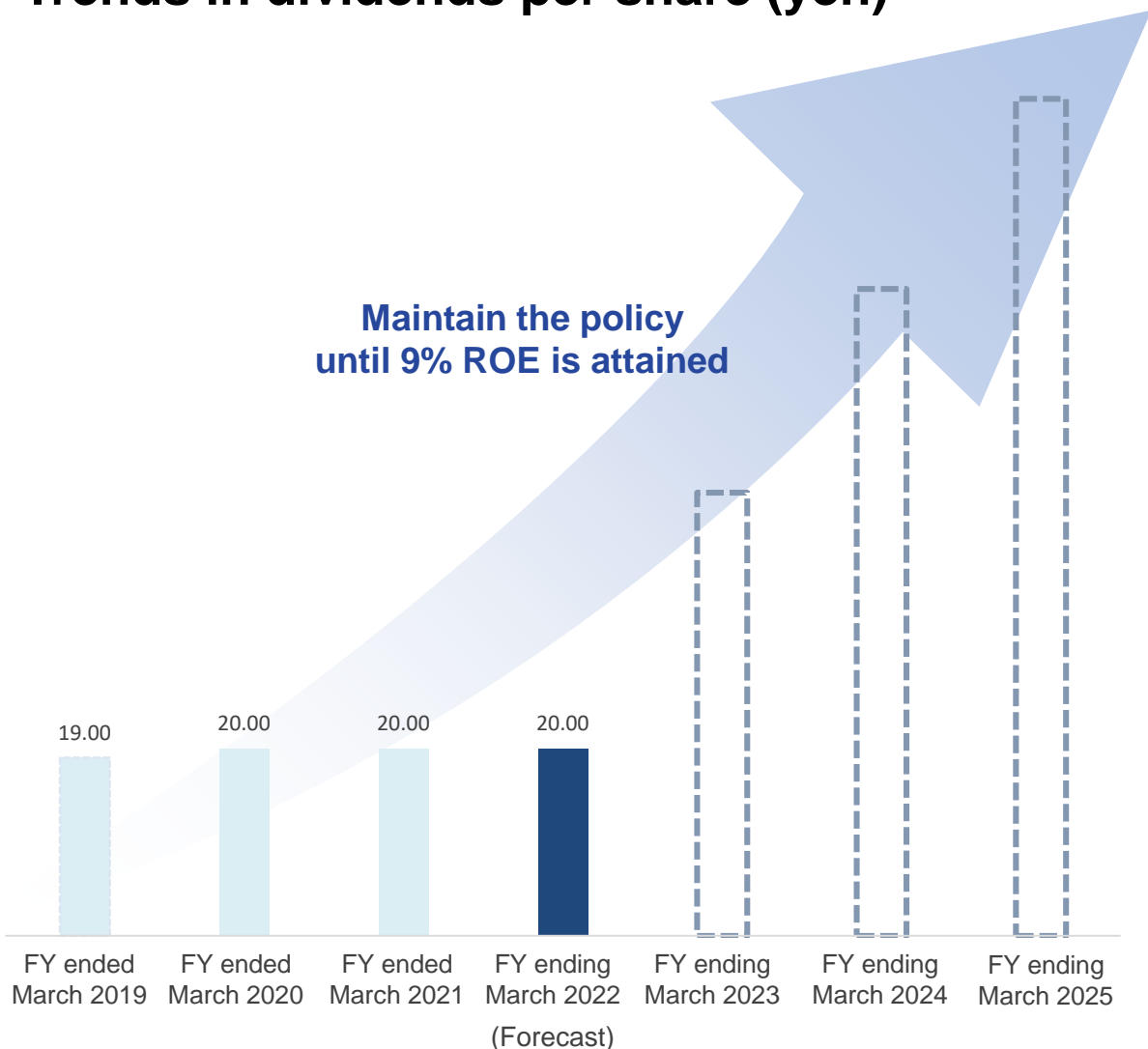


## GGP24

Investment field	Aim of investment	Estimated amount in GGP24
HDD suspensions	<ul style="list-style-type: none"> <li>Expand production capacity to meet customer demand</li> <li>Support production of next models</li> <li>Introduce equipment for automated appearance inspections</li> </ul>	Approximately 6.0 billion yen
Relating to next-generation main businesses	<ul style="list-style-type: none"> <li>Establish mass production system for products supporting electrification (shunt sensors and shunt on bus bars), and develop new products</li> </ul>	Approximately 1.5 billion yen
Environmental improvement and enhanced governance	<ul style="list-style-type: none"> <li>Improve availability and efficiency of system infrastructure</li> <li>Environment-related investments</li> </ul>	Approximately 1.0 billion yen
M&As to ensure technologies, people, and production bases needed to expand products supporting electrification and hard disk drive suspensions (under consideration).		Approximately 2.5 billion yen

## Trends in dividends per share (yen)

Maintain the policy until 9% ROE is attained



Promote management with an awareness of return on capital and balance sheet management to continuously exceed 9% ROE

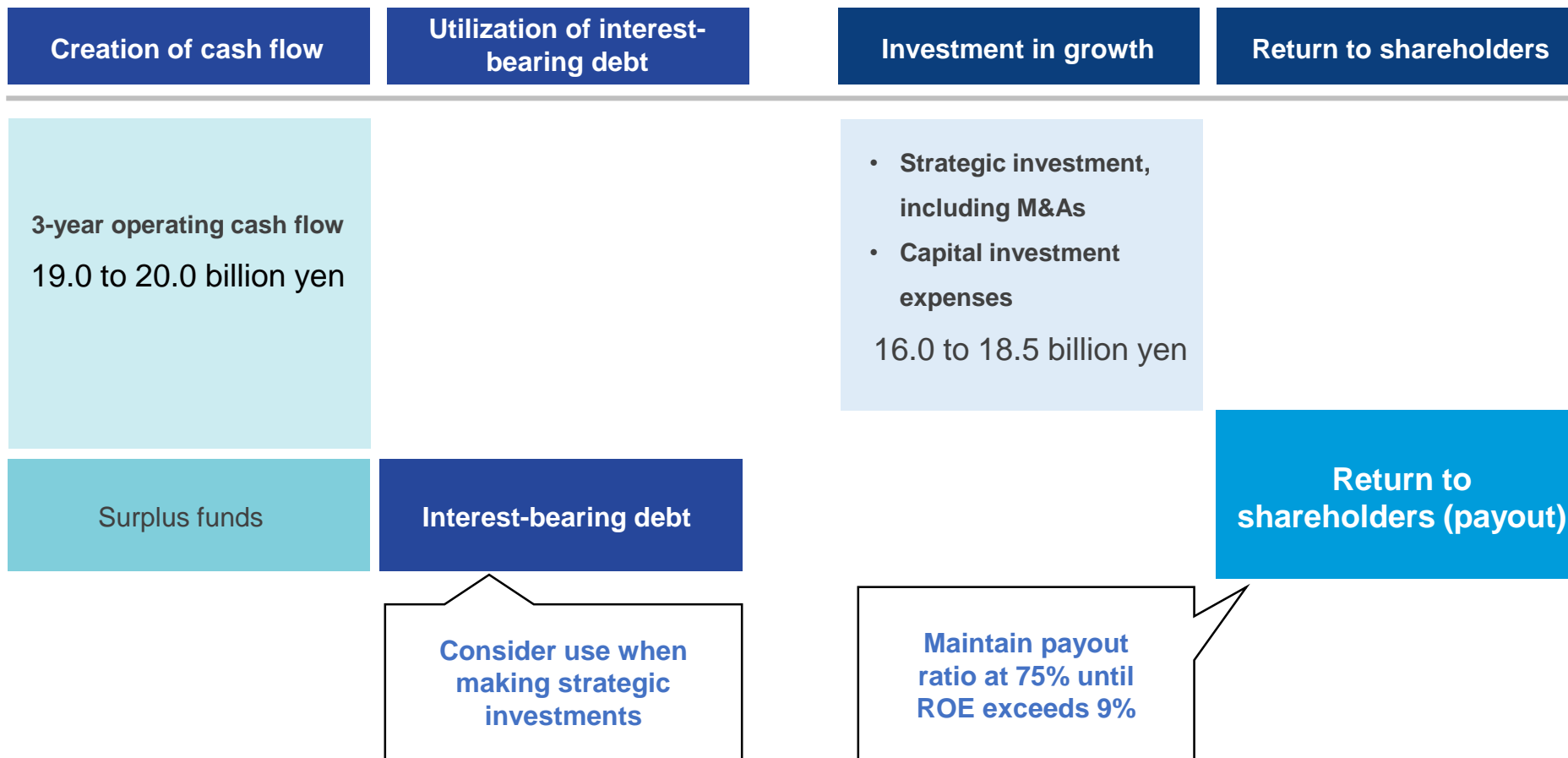
Change from the conventional policy of stable dividends to aggressively implementing return to shareholders in order to prevent a buildup of equity capital

**As set forth in the next Medium-term Management Plan, maintain payout ratio at 75% until ROE exceeds 9%**



## Cash in (financing)

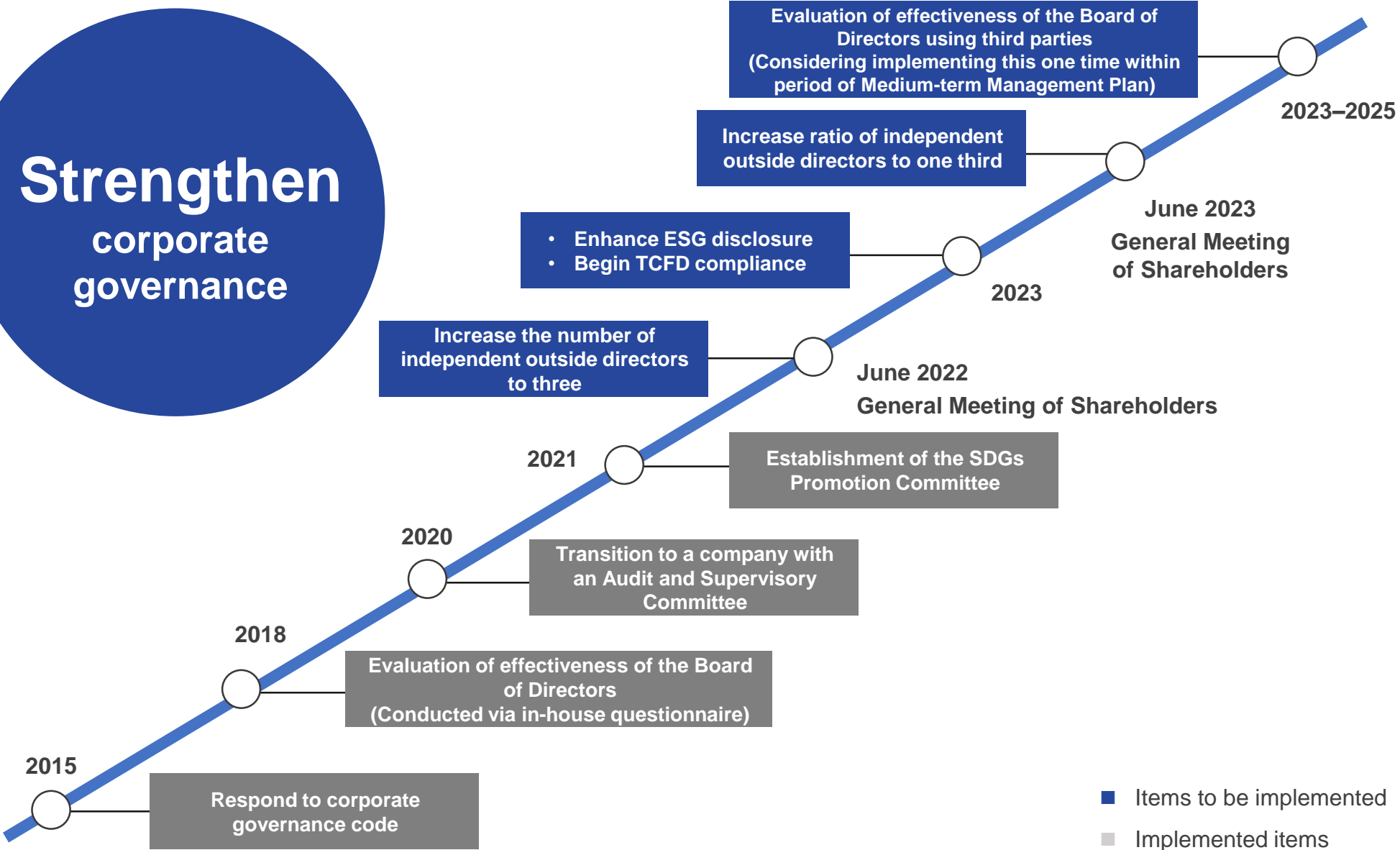
## Cash out (allocations)



# Environmental, Social, and Governance Response

# Environmental, Social, and Governance Response (1): Initiatives to Strengthen Corporate Governance Code

**Strengthen  
corporate  
governance**






















■ Items to be implemented  
■ Implemented items

**Currently, the committee is consolidating and streamlining issues regarding climate-related risks of our business activities and revenue opportunities**

<p><b>Purpose</b></p>	<ul style="list-style-type: none"> <li>■ Identify CSR and sustainability issues</li> <li>■ Establish the Groupwide systems</li> <li>■ Consider initiatives with an awareness of consistency between management issues and sustainability issues</li> </ul>						
<p><b>Committee Members</b></p>	<p><b>Representative Director and CEO</b></p> <table border="0"> <tr> <td>Sales Department</td> <td>Production Business Department</td> </tr> <tr> <td>Development Department</td> <td>Administration Department</td> </tr> <tr> <td>Product Strategy Office</td> <td></td> </tr> </table>	Sales Department	Production Business Department	Development Department	Administration Department	Product Strategy Office	
Sales Department	Production Business Department						
Development Department	Administration Department						
Product Strategy Office							
<p><b>Role of Committee</b></p>	<ul style="list-style-type: none"> <li>■ Positioned as an advisory committee for improving quality of discussions by the Board of Directors and Management Council</li> <li>■ Consolidates and streamlines the Company’s sustainability initiatives</li> <li>■ Maintains consistency of climate-related and other risks with management strategy, management issues, etc.</li> </ul>						

# Environmental, Social, and Governance Response (3): Key SDGs that the Company is Working on

## Organizing materiality that leads to value creation, and materiality that serves as infrastructure for business continuity

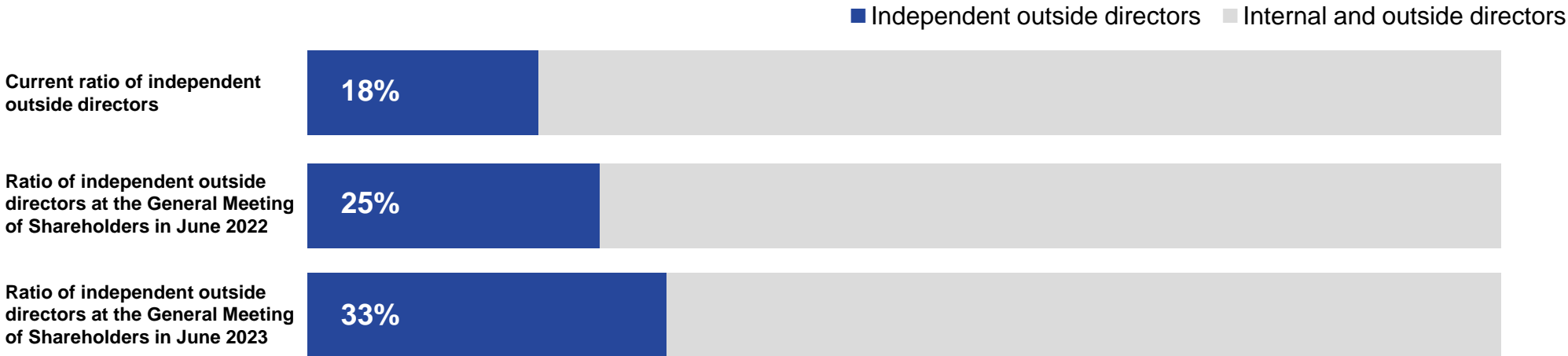
Materiality		The Company's initiatives	Relation to SDGs
Materiality that leads to value creation	Response to climate change	<ul style="list-style-type: none"> <li>Contribute to carbon neutrality through development of electric vehicle products</li> <li>Solve issues through development and application of technology (Next-generation business: bamboo charcoal, etc.)</li> <li>Adopt manufacturing lines that reduce environmental impact</li> </ul>	    
	Contribute to a safe and secure social life	<ul style="list-style-type: none"> <li>Reduce risk of automotive accidents through our products</li> </ul>	   
	Contribute to the aging society	<ul style="list-style-type: none"> <li>Contribute to the era in which people live to 100 through products such as our walking assist robot</li> </ul>	   
Materiality that serves as infrastructure for business continuity	Hire diverse workforce	<ul style="list-style-type: none"> <li>Hire mid-career employees</li> <li>Hire female employees and foreign nationals</li> <li>Aim to adopt "Kurumin" by the end of FY2022</li> </ul>	   
	Respect human rights	<ul style="list-style-type: none"> <li>Create rewarding working environment by improving the working environment in each country, developing human resources, and respecting human rights</li> </ul>	
	Realize corporate management that supports sustainable growth	<ul style="list-style-type: none"> <li>Thorough compliance and risk management</li> <li>Enhance corporate governance</li> </ul>	 

# Environmental, Social, and Governance Response (4): Increasing the Number of Independent Outside Directors/Policies to Ensure Diversity



**At the General Meeting of Shareholders in June 2022, we plan to appoint an additional independent outside director. Our target is for one third of the Board to consist of independent outside directors by the General Meeting of Shareholders in June 2023.**

To create the best director composition, we are studying skill matrix as a tool to list and evaluate knowledge, experience, skills, and other qualities of each director from an objective viewpoint. We plan to include this information in the convocation notice of the General Meeting of Shareholders in June 2022.



## Policy for ensuring diversity (formulated on February 10, 2022)

We plan to appoint an additional independent outside director as of June 2022.  
Three in total

We will actively hire new female employees and hire mid-career female employees as candidates for management positions.  
We will employ foreign nationals with the aim of global management.

We will create company environment that facilitates work by female employees, and obtain Kurumin certification by the end of FY2022.

We will hire mid-career employees with diverse experience.

[Notice]

The materials for today's briefing include statements regarding the Company's performance outlook and future plans and policies. Please ensure that you comply with the Financial Instruments and Exchange Act and other laws and regulations when trading stock, etc. In addition, forward-looking statements in the materials are prepared based on currently available information and include factors of known and unknown risks and uncertainty. Accordingly, the Company's actual performance, business activities, and financial position may differ significantly from these statements. Please note that the Company has no obligation to announce or disclose updates or revisions to these forward-looking statements.

