

# Financial Results Briefing for FY ended March 2023

June 6, 2023



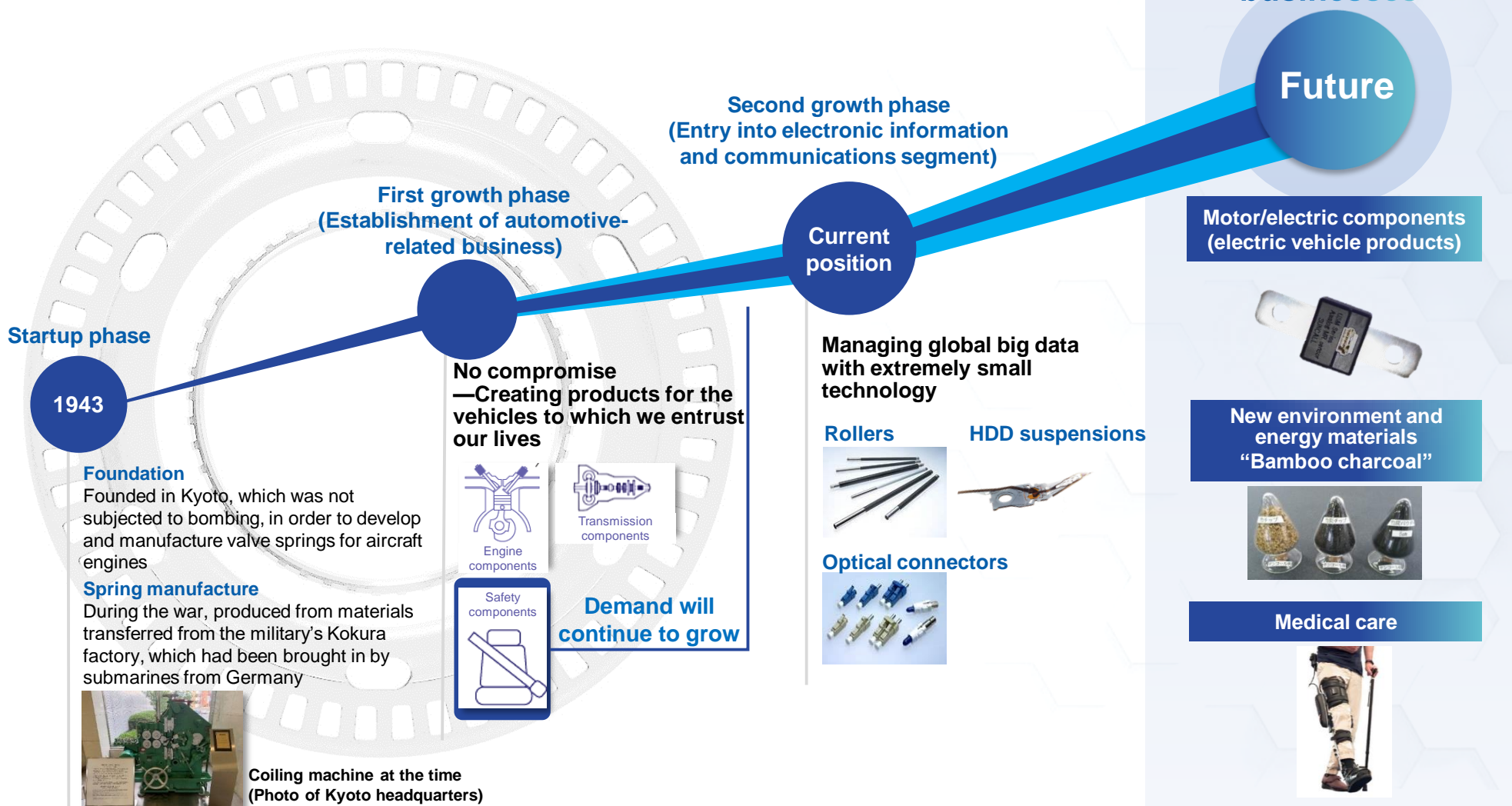
# AGENDA



- I. Company Outline**
- II. Summary of Financial Results for FY ended March 2023
- III. Forecast for FY ending March 2024
- IV. Medium- to Long-term Growth Strategy

# Purpose

## Improving the World through Technology

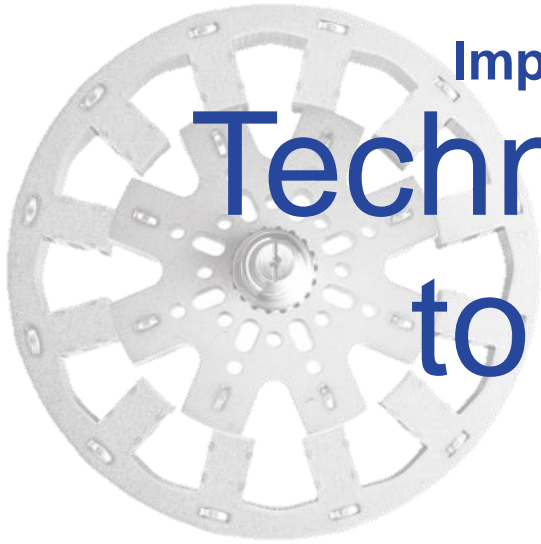


<b>Company name</b>	<b>: SUNCALL CORPORATION</b>
<b>Founded</b>	<b>: June 1943</b>
<b>Common stock</b>	<b>: 4,808 million yen</b>
<b>Headquarters</b>	<b>: 14, Umezunishiura-cho, Ukyo-ku, Kyoto</b>
<b>Share listing</b>	<b>: Tokyo Stock Exchange, Prime Market</b>
<b>Number of employees</b>	<b>: 2,261 (Consolidated) 663 (Non-consolidated)</b>
<b>Major shareholders</b>	<b>: The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account/ Kobe Steel, Ltd. Account) 16.6% Marubeni-Itochu Steel Inc. 15.4%</b>

**(As of March 31, 2023)**

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

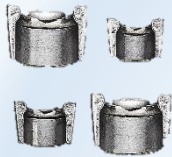
# Integrated production from materials to processing

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.

• Valve springs

• Valve cotters



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

Spiral springs for seatbelts



Safety components

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

Parts for anti-lock brake system (ABS)



• Ring gears/drive plates



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

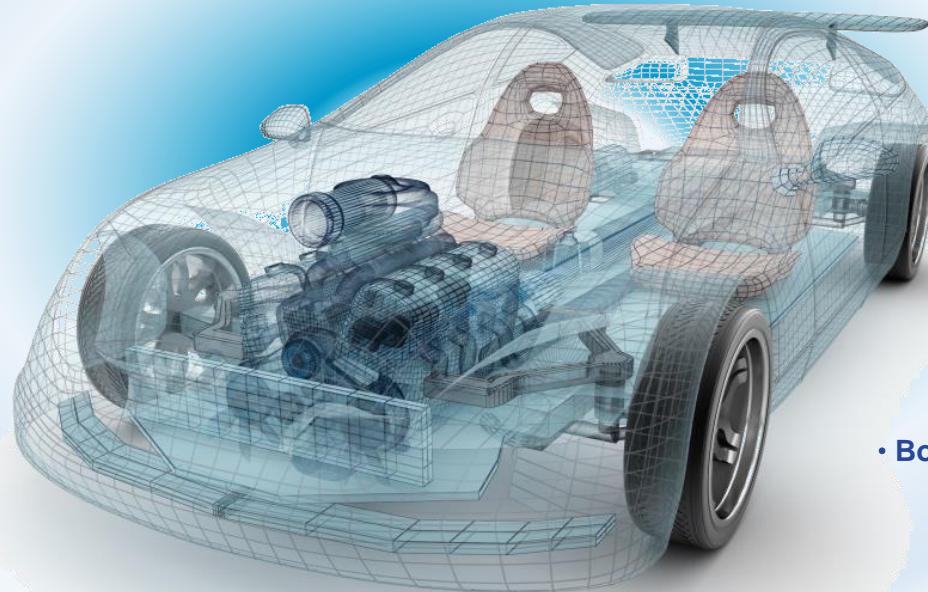
• Boot clamps



• Transmission springs



• Various springs and rings



# EV solutions gaining global attention

### Motor cores/stator cores

Components that form the core of the motor. We achieve high productivity through automated integrated production. Installed on vehicles by domestic automakers.



### Reactor coils

Boosting coils for electric vehicles and hybrid vehicles. Installed on current hybrid vehicles by domestic automakers.



### Bus rings

Wiring rings developed with plastic processing technology. Significantly simplifies motor wiring work.

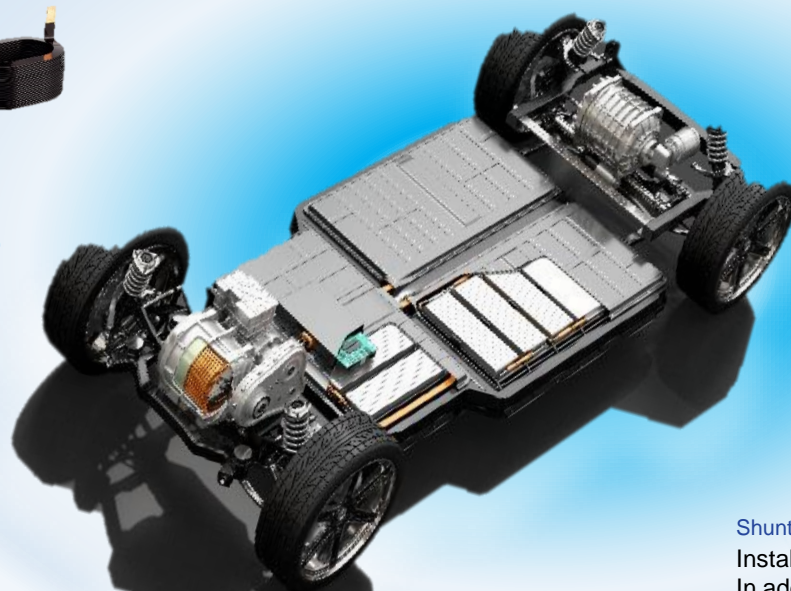


\*Design not publicly available

### LED components

Started mass production in 2021. Realized miniaturization and thinning of LEDs.

## 4.0 billion yen scale in FY2025



### Bus bars

Parts that supported hybrid vehicles since 2013. We offer long and customized products that no other company can offer. Chosen for installation in domestic electric vehicles.



Long-length bus bar



coating bus bar

### Current sensors

#### Shunt on bus bars

High-precision measurement of high current flowing through the bus bar. Integrated sensor with shunt system. Installed in electric vehicles by North American and European automakers.



Shunt busbar with customized shape



Shunt busbar with connector

#### Shunt sensors/magnetic sensors

Installed in domestic HV trucks and forklifts. In addition to the shunt system, mass production of a new magnetic sensor started in May 2023.



Shunt sensor



Fuse sensor



Magnetic sensor



## 1.0 billion yen scale in FY2025

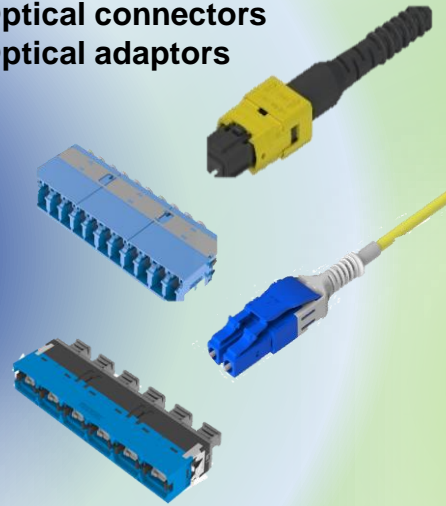
## 2.5 billion yen scale in FY2025

# Key devices supporting data society



### Communications-related products

Optical connectors  
Optical adaptors



### Printer-related products

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

Rollers



Torque limiters  
Spring clutches



## Printer



HDD



### HDD suspensions

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

## Data Center



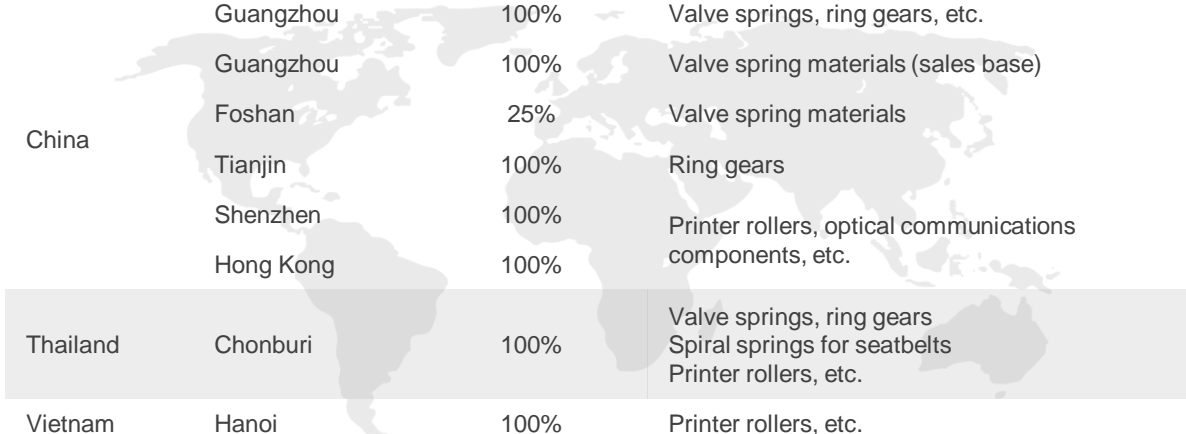
## 15 bases in Japan

Headquarters	Kyoto, Kyoto
<b>Production bases</b>	
Head Plant	Kyoto, Kyoto
South Kyoto Plant	Kyoto, Kyoto
Toyota Plant	Toyota, Aichi
Hirose Plant	Toyota, Aichi
<b>Domestic subsidiaries</b>	
SUNCALL Engineering Corporation	Minami-Alps, Yamanashi
SUNCALL Kikuchi Corporation	Kikuchi, Kumamoto
<b>Sales offices</b>	
Tokyo Branch	Yokohama, Kanagawa
Nagoya Branch	Toyota, Aichi
Nishi-Nihon Branch	Kyoto, Kyoto
Ueda Sales Office	Ueda, Nagano
Kita-Kanto Sales Office	Utsunomiya, Tochigi
Hamamatsu Sales Office	Hamamatsu, Shizuoka
Kinki Sales Office	Kyoto, Kyoto
Nishi-Nihon Sales Office	Hiroshima, Hiroshima



## 18 overseas bases in 8 countries

Country	Region	Investment ratio	Goods produced
U.S.A.	Indiana	100%	Valve springs, ring gears, etc.
	South Carolina	100%	Optical communications components (sales base)
	Texas	100%	
Mexico	Aguascalientes	100%	Valve spring materials, ring gears
	Aguascalientes	50%	Spiral springs for seatbelts
China	Guangzhou	100%	Valve springs, ring gears, etc.
	Guangzhou	100%	Valve spring materials (sales base)
	Foshan	25%	Valve spring materials
	Tianjin	100%	Ring gears
	Shenzhen	100%	Printer rollers, optical communications components, etc.
	Hong Kong	100%	
Thailand	Chonburi	100%	Valve springs, ring gears Spiral springs for seatbelts Printer rollers, etc.
Vietnam	Hanoi	100%	Printer rollers, etc.
South Korea	Yangsan	49%	Materials for spiral springs for seatbelts
Philippines	Manila	100%	HDD suspensions (Representative Office)
<b>Germany</b>	<b>Munich</b>	<b>100%</b>	<b>EV-related, optical communication-related components (sales base)</b>



We have entered into a capital and business alliance with IMES Co., LTD. in August 2022.

<b>Company name</b>	IMES Co., LTD.	<b>Headquarters</b>	Fujisawa-shi, Kanagawa
<b>Investment ratio</b>	41.5%	<b>Overseas bases</b>	Philippines, Thailand



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Growth Strategy

**While net sales increased on foreign exchange effects, operating income decreased due to delayed recovery in automobile production and shortfall on sales plan for HDD suspensions from the second half.**

## **Net sales: 53,399 million yen**

(+5,960 million yen/+12.6% YoY/  
of which, foreign exchange impact: +5,617 million yen)

## **Operating income: 304 million yen**

(-345 million yen/-53.1% YoY)

### **Automotive-related products segment**

**Sales: +10.2% YoY**

❑ Materials-related

Sales increased year on year due to price pass-through of steel price hikes at Mexican subsidiary and foreign exchange effects.

❑ Automotive-related

Sales increased year on year due to an increase in electrification-related products, etc., despite impact of reduced automobile production due to lockdowns in China and semiconductor shortages.

### **Electronic information and communications segment**

**Sales: +18.0% YoY**

❑ HDD suspensions

Sales increased year on year due to foreign exchange effects, despite impact of restrained investment in data centers amid concerns of recession.

❑ Printer-related

Sales decreased from the previous fiscal year, which saw a rise in special demand from households due to the transition to remote work, but increased from the second half.

❑ Communications-related

Sales increased due to a recovery in demand in North American and Asian markets and new sales expansion.

# Summary of Financial Results for FY ended March 2023

## ◆ Year-on-year comparison

<b>Net sales</b>	In the automotive-related products segment, while the recovery of production has stagnated, net sales increased due to price pass-through of steel price hikes as well as the effect of the weaker yen. Sales of HDD suspensions were up year on year due to weaker yen and high demands in the first half, despite restrained investment amid concerns of recession.
<b>Operating income</b>	Operating income decreased 53.1% due to steel price hikes, higher energy and transportation costs, higher expenses in preparation for increased production of new HDD suspension models, and litigation-related legal fees and other expenses.
<b>Ordinary income</b>	Gain on equity method investment: +117 million yen, foreign exchange gains due to weaker yen: +77 million yen
<b>Net income</b>	Compensation expenses for Mexican subsidiary: -1,838 million yen, insurance claim income: +1,318 million yen, gain on sale of investment securities: +224 million yen

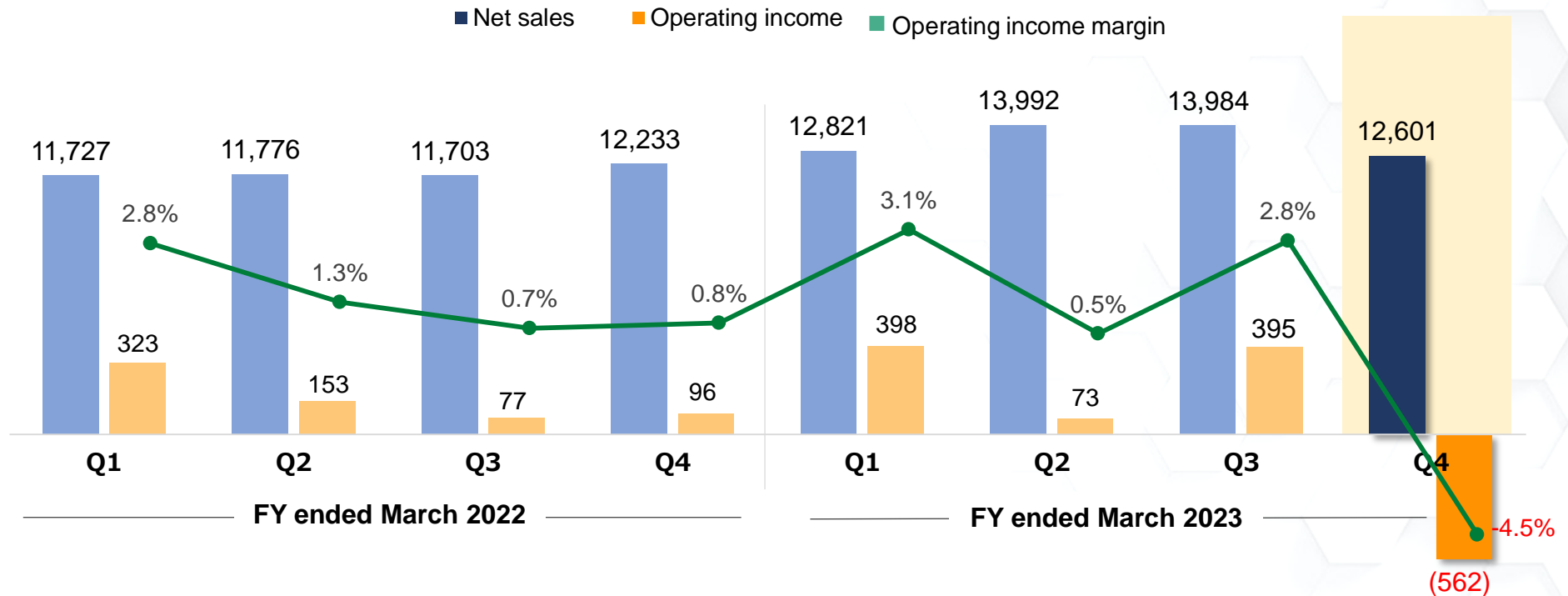
Unit: Millions of yen	FY ended March 2022	FY ended March 2023					
	Actual	Initial forecast (disclosed in May 2022)	Forecasts announced on Feb. 10	Actual	YoY changes	Compared to initial forecast	Compared to forecast announced on Feb. 10
Net sales	47,438	57,000	53,000	<b>53,399</b>	+5,960	(3,601)	+399
Operating income	649	2,000	600	<b>304</b>	(345)	(1,696)	(296)
Ordinary income	1,022	2,100	1,300	<b>848</b>	(173)	(1,252)	(452)
Net income	904	1,500	1,000	<b>557</b>	(347)	(943)	(443)
Income per share	29.34	49.96	33.29	<b>18.57</b>	◆ Main factors for deviation from forecast announced on February 10		
Average exchange rate	112.4 yen/dollar 130.6 yen/euro	120.0 yen/dollar 132.0 yen/euro	134.9 yen/dollar 138.9 yen/euro	<b>135.5 yen/dollar</b> <b>141.0 yen/euro</b>	<ul style="list-style-type: none"> <li>• Insufficient price pass-through of higher energy costs</li> <li>• Legal fees for litigation concerning HDD suspensions, etc.</li> <li>• Increase in expenses to prepare for increased production of new HDD suspension models</li> <li>• Decrease in equity in earnings of affiliates</li> <li>• Foreign exchange losses in Q4</li> </ul>		

# Changes in Business Performance for FY ended March 2023

## ➤ vs Q3

◆ <b>Net sales</b>	Decrease in orders received due to a delay in recovery of automobile production and decrease in HDD suspensions amid concerns of recession.
◆ <b>Operating income</b>	Improved in Q3 due to one-time retroactive price pass-through of steel price hikes in the automotive-related products segment. Decreased income due to lower sales of HDD suspensions and higher legal fees and other expenses related to litigation.

### Changes in quarterly business performance



# Net Sales by Product Category for FY ended March 2023

◆ <b>Automotive-related products segment</b>	Materials-related	Sales increased year on year due to impact of foreign exchange rate fluctuations and price pass-through of steel price hikes at Mexican subsidiary.
	Automotive-related	Despite the impact of reduced automobile production due to the Chinese lockdowns and lingering semiconductor shortages, sales increased year on year due to a large increase in bus bars and other electrification-related products and LED-related products, etc.
◆ <b>Electronic information and communications segment</b>	HDD suspensions	Although high demand for data center investments continued in the first half, concerns about an economic recession in the second half affected data-related investments. Overall, sales increased year on year due to the effect of the weaker yen.
	Printer-related	Sales decreased from the previous fiscal year, which saw a rise in demand from households due to the shift to remote work during the COVID-19 pandemic, but increased from the second half.
	Communications-related	Sales increased year on year due to recovery in demand in the main markets of North America and Asia and new sales expansion.

Unit: Millions of yen	FY ended March 2022		FY ended March 2023		
	Actual	Actual	(Foreign exchange impact)	YoY changes	
<b>Net sales</b>	47,438	<b>53,399</b>	(+5,617)	<b>+5,960</b>	<b>+12.6%</b>
<b>Automotive-related products segment</b>	30,777	<b>33,918</b>	(+2,264)	<b>+3,140</b>	<b>+10.2%</b>
Materials-related	6,447	<b>7,430</b>	(+934)	<b>+983</b>	<b>+15.2%</b>
Automotive-related	24,330	<b>26,487</b>	(+1,329)	<b>+2,157</b>	<b>+8.9%</b>
<b>Electronic information and communications segment</b>	15,781	<b>18,734</b>	(+3,348)	<b>+2,862</b>	<b>+18.0%</b>
HDD suspensions	10,948	<b>12,931</b>	(+2,431)	<b>+1,983</b>	<b>+18.1%</b>
Printer-related	3,694	<b>4,239</b>	(+682)	<b>+544</b>	<b>+14.7%</b>
Communications-related	1,228	<b>1,563</b>	(+234)	<b>+334</b>	<b>+27.3%</b>
Other	789	<b>746</b>	(+3)	<b>(42)</b>	<b>- 5.4%</b>

# Consolidated Balance Sheet for FY ended March 2023

◆ <b>Increase in non-current assets</b>	Property, plant and equipment increased by 1,584 million yen due to active capital investment. Shares of subsidiaries and associates increased by 1,922 million yen, mainly due to capital and business alliance. Sale of investment securities: -761 million yen
◆ <b>Increase in current liabilities</b>	Accounts payable–trade: -128 million yen; Short-term borrowings: +2,626 million yen; Accounts payable–other: +1,227 million yen
◆ <b>Increase in net assets</b>	Net income: +603 million yen; Dividends: -668 million yen; Valuation difference on available-for-sale securities: -213 million yen; Foreign currency translation adjustment: +1,263 million yen

Unit: Millions of yen	As of March 31, 2022		As of March 31, 2023	
	Actual	Actual	Actual	Changes from the end of the previous fiscal year
Current assets	28,328	31,455	31,455	+3,127
Cash and deposits	7,510	7,707	7,707	+197
Trade receivables	11,076	10,941	10,941	(135)
Inventories	8,463	10,813	10,813	+2,350
Non-current assets	29,602	32,286	32,286	+2,681
<b>Total assets</b>	<b>57,932</b>	<b>63,735</b>	<b>63,735</b>	<b>+5,803</b>
<b>Total liabilities</b>	<b>20,749</b>	<b>25,696</b>	<b>25,696</b>	<b>+4,946</b>
Current liabilities	17,471	21,324	21,324	+3,853
Interest-bearing liabilities	6,031	8,663	8,663	+2,632
Non-current liabilities	3,278	4,372	4,372	+1,093
Interest-bearing liabilities	1,186	2,368	2,368	+1,181
<b>Total net assets</b>	<b>37,182</b>	<b>38,038</b>	<b>38,038</b>	<b>+856</b>
<b>Total liabilities and net assets</b>	<b>57,932</b>	<b>63,735</b>	<b>63,735</b>	<b>+5,803</b>

# Status of Cash Flows for FY ended March 2023

◆ <b>Cash flows from operating activities</b>	Cash flows from operating activities decreased by 1,478 million yen year on year due to a decrease in net income before income taxes and an increase in VAT paid for Mexican subsidiary compensation case.
◆ <b>Cash flows from investing activities</b>	Cash flows from investing activities was -4,946 million yen, a decrease of 123 million yen year on year due to capital investment in HDD suspension and capital participation in IMES.
◆ <b>Cash flows from financing activities</b>	Cash flows from financing activities increased by 1,626 million yen due to an increase in borrowings for capital investment and the acquisition of shares of IMES.

Unit: Millions of yen	FY ended March 2022	FY ended March 2023	
	Actual	Actual	YoY changes
<b>Cash flows from operating activities</b>	<b>3,170</b>	<b>1,691</b>	<b>(1,478)</b>
Net income before income taxes	1,431	934	(496)
Depreciation	3,937	4,203	+266
Decrease (increase) in trade receivables	(832)	394	+1,227
Decrease (increase) in inventories	(1,708)	(1,799)	(91)
Increase (decrease) in trade payables	954	(363)	(1,317)
Gain on sale of investment securities	(401)	(625)	(223)
Decrease (increase) in other current assets	(141)	(582)	(441)
<b>Cash flows from investing activities</b>	<b>(4,822)</b>	<b>(4,946)</b>	<b>(123)</b>
Purchase of non-current assets	(5,237)	(4,007)	+1,229
Purchase of shares of subsidiaries and associates	0	(1,719)	(1,719)
Proceeds from sale of investment securities	410	845	+434
<b>Cash flows from financing activities</b>	<b>1,154</b>	<b>2,780</b>	<b>+1,626</b>
Increase (decrease) in short-term borrowings	3,377	2,440	(937)
Increase (decrease) in long-term borrowings	(691)	1,217	+1,908
Purchase of treasury shares	(704)	0	+704



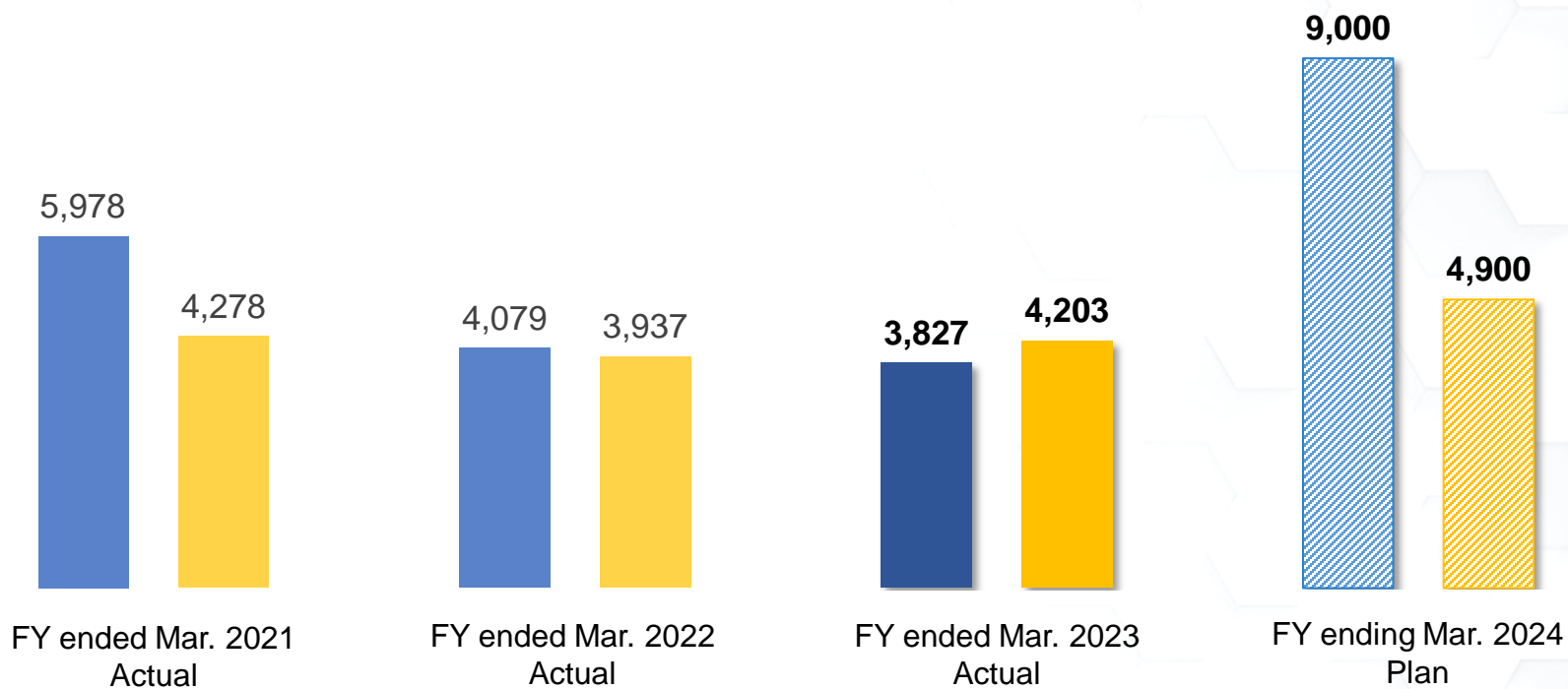
# Capital Expenditure and Depreciation for FY ended March 2023

◆ FY ended March 2023	Continued capital expenditures mainly in HDD suspensions, with some completion delays.
◆ FY ending March 2024	Planning total capital expenditures of 9.0 billion yen (including 5.4 billion yen for HDD suspensions).

## Capital expenditure and depreciation

(Millions of yen)

■ Capital expenditure      ■ Depreciation



\*Capital expenditure above is on a completion basis.

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## ◆ Year-on-year comparison

<b>Net sales</b>	HDD suspensions are expected to recover from the middle of the fiscal year after investment restraint in data centers due to concerns of recession. In the automotive-related products segment, sales are expected to increase year on year due to recovery in automobile production and pass-through of price hikes in steel, energy, and transportation.
<b>Operating income</b>	Income is expected to increase due to improved automotive-related products segment and higher sales of products related electric vehicles.
<b>Ordinary income</b>	Non-operating income is expected to increase by 112 million yen due to equity in earnings of affiliates.

Unit: Millions of yen	FY ended March 2023	FY ending March 2024					YoY changes	Compared with Medium-term Management Plan
	Actual	Medium-term Management Plan	Forecast					
			Full year	1H	2H	Full year		
<b>Net sales</b>	53,399	59,300	<b>27,000</b>	<b>31,500</b>	<b>58,500</b>	<b>+5,101</b>	<b>(800)</b>	
<b>Operating income</b>	304	3,400	<b>(460)</b>	<b>1,110</b>	<b>650</b>	<b>+346</b>	<b>(2,750)</b>	
<b>Ordinary income</b>	848	—	<b>(340)</b>	<b>1,290</b>	<b>950</b>	<b>+102</b>	—	
<b>Net income</b>	557	—	<b>(240)</b>	<b>1,040</b>	<b>800</b>	<b>+243</b>	—	
<b>Income per share</b>	18.57	—	<b>(7.98)</b>	<b>34.59</b>	<b>26.61</b>	◆ Main factors of deviation from the Medium-term Management Plan GGP24		
<b>Average exchange rate</b>	135.5 yen/dollar	110.0 yen/dollar	<b>130.0 yen/dollar</b>			• Lower sales volumes, mainly in electronics information and communications segment		
	141.0 yen/euro	125.0 yen/euro	<b>140.0 yen/euro</b>					

# FY ending March 2024 Net Sales Forecast by Business Segment (Medium-term Management Plan GGP24 Classification)

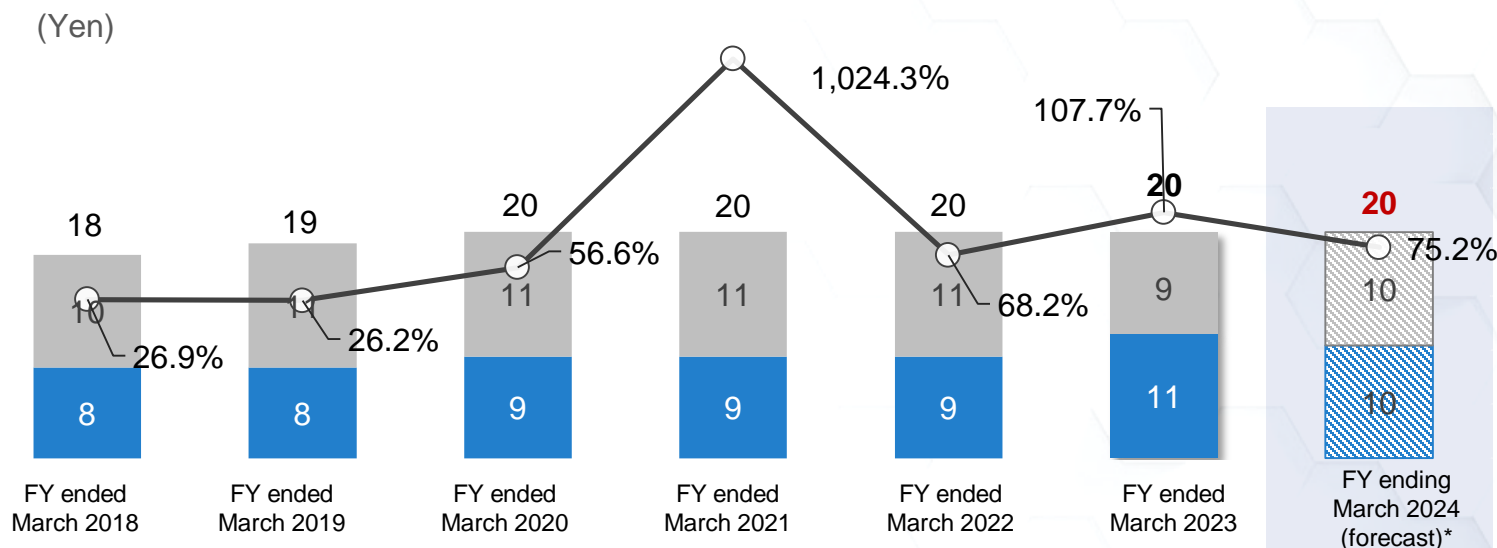
## ◆ Compared with Medium-term Management Plan

<b>Business related to electric vehicles and electrification</b>	Sales are expected to increase compared to the Medium-term Management Plan due to accelerated growth and strong demand of electrification-related products such as bus bars and LED components.
<b>Business related to electronic information and communications</b>	Although HDD suspensions will increase around 2.7 billion yen due to the weaker yen, sales are expected to decrease around 6.8 billion yen compared to the Medium-term Management Plan due to the impact of restrained investment for data centers.
<b>Existing automotive-related products segment</b>	As automotive electrification continues, sales scale will be maintained in line with the Medium-term Management Plan, excluding foreign exchange impact of around 3.0 billion yen.

Unit: Millions of yen	FY ended March 2023	FY ending March 2024	FY ending March 2024	Compared with FY ended March 2023	Compared with FY ending March 2024
	Actual	Medium-term Management Plan GGP24	Forecast	Compared with actual figures	Compared with Medium-term Management Plan
<b>Net sales</b>	53,399	59,300	<b>58,500</b>	<b>+5,101</b>	<b>(800)</b>
<b>Business related to electric vehicles and electrification</b>	2,970	3,500	<b>4,140</b>	<b>+1,170</b>	<b>+640</b>
<b>Business related to electronic information and communications</b>	19,291	25,700	<b>21,020</b>	<b>+1,729</b>	<b>(4,680)</b>
HDD suspensions	12,931	18,790	<b>14,670</b>	<b>+1,739</b>	<b>(4,120)</b>
Printer-related	4,239	3,720	<b>3,850</b>	<b>(389)</b>	<b>+130</b>
Communications-related	1,563	2,270	<b>1,930</b>	<b>+367</b>	<b>(340)</b>
Other	556	920	<b>570</b>	<b>+14</b>	<b>(350)</b>
<b>Existing automotive-related products segment</b>	31,137	30,100	<b>33,340</b>	<b>+2,203</b>	<b>+3,240</b>
Materials-related	7,430	7,000	<b>7,470</b>	<b>+40</b>	<b>+470</b>
Automotive-related	23,706	23,100	<b>25,870</b>	<b>+2,164</b>	<b>+2,770</b>

# Dividend Policy for FY ending March 2024

<b>Financial and Capital Strategies</b>	Aggressively implement return to shareholders to prevent a buildup of equity capital, in order to promote return on capital and balance sheet management.
<b>Dividend Policy</b>	<b>Dividend payout ratio will be 75% until ROE exceeds 9.0%</b> (maintain lower limit of dividend at 20 yen)



Interim dividend	8 yen	8 yen	9 yen	9 yen	9 yen	<b>11 yen</b>	<b>10 yen</b>
Year-end dividend	10 yen	11 yen	11 yen	11 yen	11 yen	<b>9 yen</b>	<b>10 yen</b>
Total annual dividends	18 yen	19 yen	20 yen	20 yen	20 yen	<b>20 yen</b>	<b>20 yen</b>

\*If the earnings forecast is revised going forward, it will be revised in accordance with the dividend policy.

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## 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 it 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 business related to automobiles

—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 dividend 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%**

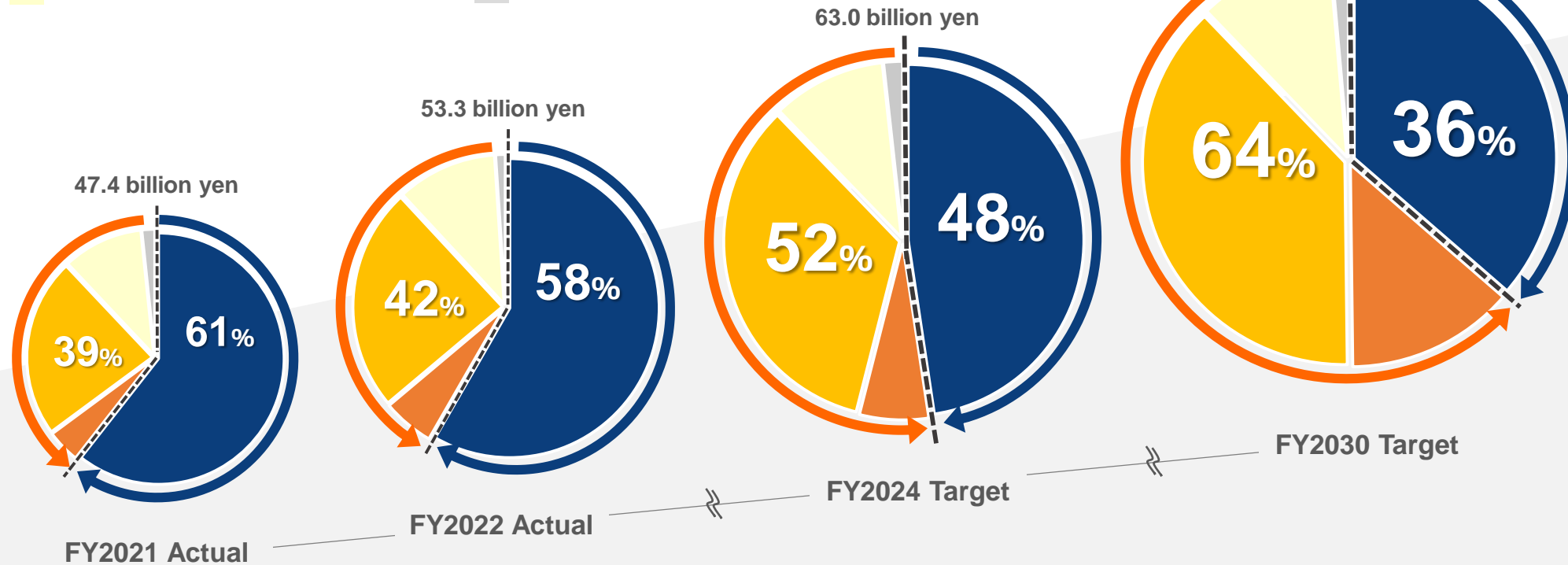
ROE  
**9.0%**

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

## Existing automotive-related products segment

- Products related to electric vehicles and electrification (bus bars, current sensors, etc.)
- Hard disk drive suspensions
- Optical and printer-related products
- Others

- Existing products (valve springs, wire for valve spring, ring gears, etc.)



\*Percentages represent proportions of net sales



# Progress on Medium-term Management Plan GGP24 (Business Related to Electric Vehicles and Electrification and Business Related to Electronic Information and Communications)

## Progress on Medium-term Management Plan GGP24 for FY2023

Although the weak yen will have a positive impact overall, both net sales and operating income are expected to fall short of the Medium-term Management Plan GGP24 targets for FY2023, mainly due to lower sales volumes in electronic information and communications.

### ◆ Business related to electric vehicles and electrification

#### Compared with FY2023 Medium-term Management Plan GGP24

- Sales of current sensors including the launch of magnetic sensors grew strongly .
- Bus bar is adopted for future EV program launching in FY2025 and we plan to expand production base, which will achieve a large increase compared to the Medium-term Management Plan.

#### Future outlook and measures

- The global trend of automotive electrification continues.
- Further development of high-value-added sensors and expansion of product lineup.
- To expand sales of current sensors, we are considering the establishment of sales offices in Europe and North America, and promoting the development and production of current sensors in Japan.

### ◆ Business related to electronic information and communications

#### Compared with FY2023 Medium-term Management Plan GGP24

- HDD suspensions and communications-related products fell short of Medium-term Management Plan targets due to the impact of restrained investment in data centers, despite the effect of the weak yen.

#### Future outlook and measures

- Expecting recovery from mid-FY2023 following temporary drop in orders due to restrained investment in data centers.
- In preparation for market recovery, suspension business will drive aggressive productivity improvements through collaboration with IMES, with which we have formed a capital and business alliance.
- In the communications-related business, improve productivity and strengthen sales capabilities to increase orders after the market recovers.

Business related to electric vehicles and electrification and business related to electronic information and communications

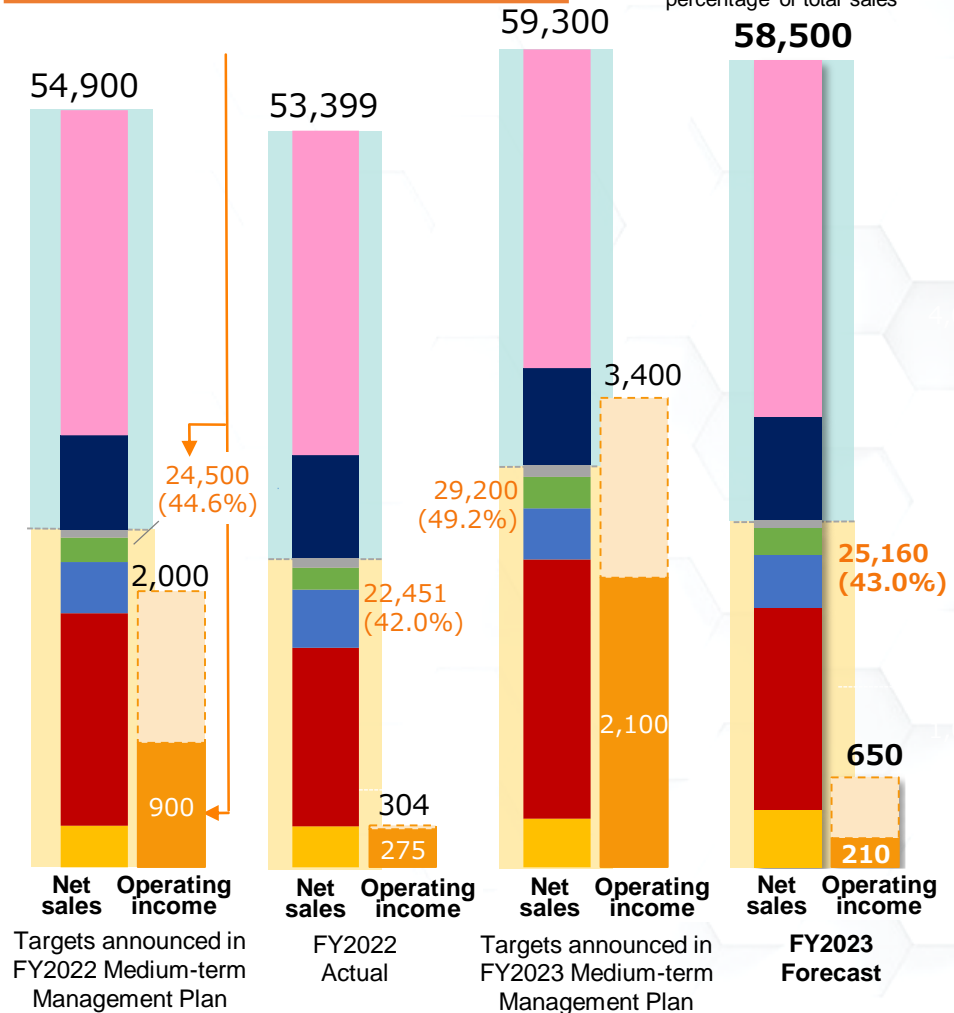
- HDD suspensions
- Electric vehicles and electrification products
- Others
- Communications-related
- Printer-related

Existing automotive-related products segment

- Precision functional materials
- Precision functional components

Unit: Millions of yen

\* Figures in parenthesis indicate a percentage of total sales



# Progress on Medium-term Management Plan GGP24 (Existing Automotive-related Products Segment)

## Existing automotive-related products segment

- Precision functional materials
- Precision functional components

## Business related to electric vehicles and electrification and business related to electronic information and communications

- HDD suspensions
- Electric vehicles and electrification products
- Others
- Communications-related
- Printer-related

Unit: Millions of yen

\* Figures in parenthesis indicate a percentage of total sales

### Existing automotive-related products segment

#### Compared with FY2023 Medium-term Management Plan GGP24

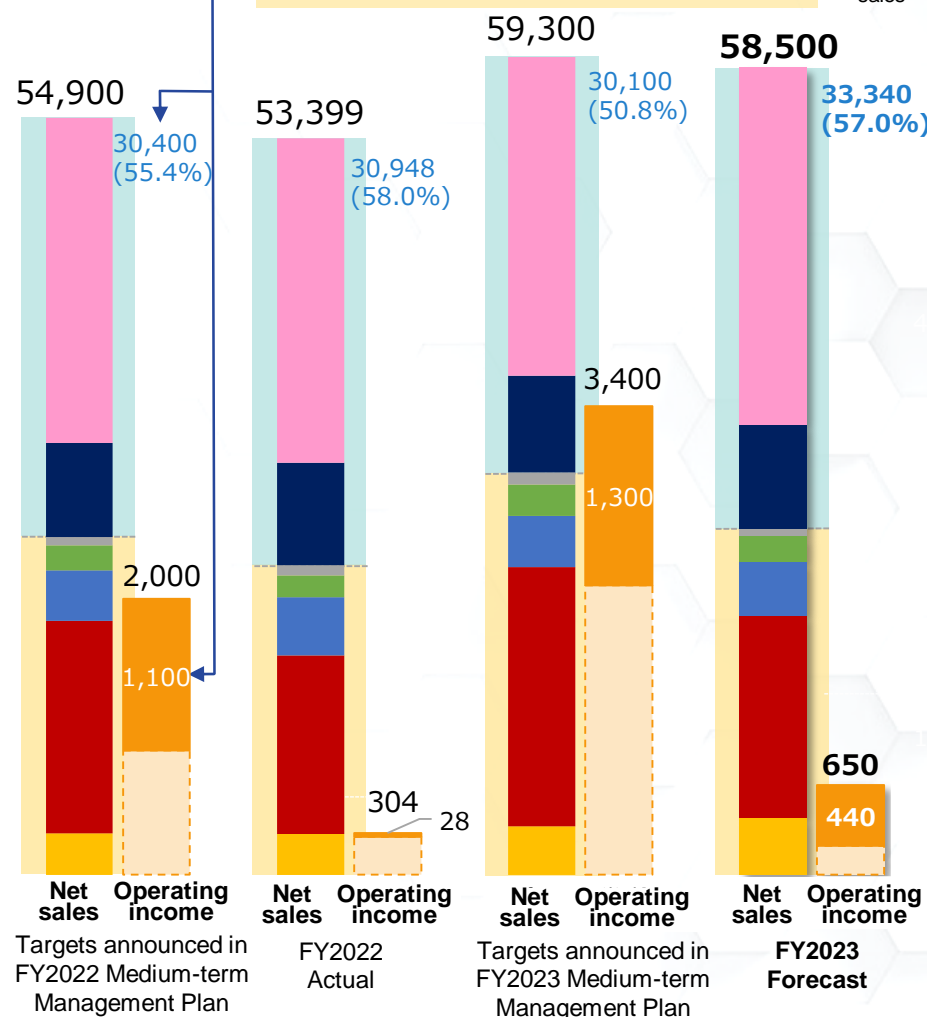
- As automotive electrification continues, sales scale was maintained in line with the Medium-term Management Plan, excluding foreign exchange impact of +3.0 billion yen. However, soaring steel prices and energy and transportation costs have weighed on profits.

#### Future outlook and measures

Although the market for internal combustion engine components is not expected to grow due to the accelerating automotive electrification, we expect to maintain sales volume.

#### Measures to improve profitability

- Pass through higher energy and auxiliary materials costs
- Review product strategy from a capital profitability standpoint
- Consider consolidation of bases to optimize productivity
- Review allocation of management resources in areas such as investment and personnel



“Integrated production from materials to products”

—Expanding our established technology to target new domains

**Welding**  
Bending

■ Respond to 5G- and IoT-driven expansion of data society

Optical Communication Business  
HDD Suspension Business

**Die casting**

■ Respond to climate change

Bus Bar Business  
Current Sensor Business  
Automotive LED Business  
Bamboo Charcoal Sustainable Business

**Rolling**

Precision plastic processing technology

■ Contribute to an aging society

Rehabilitation Robot Business  
Ultrasonic Sensors (Development)

# Respond to 5G- and IoT-driven Expansion of Data Society HDD Suspension Business



The HDD suspension business is the pillar of Suncall electronic information and communications segment. Demand for nearline HDDs will continue to increase in response to significant growth in demand for cloud storage capacity.



P.IMES Corp.

August 2022

Improvement of production technology through capital and business alliance agreement with **IMES**

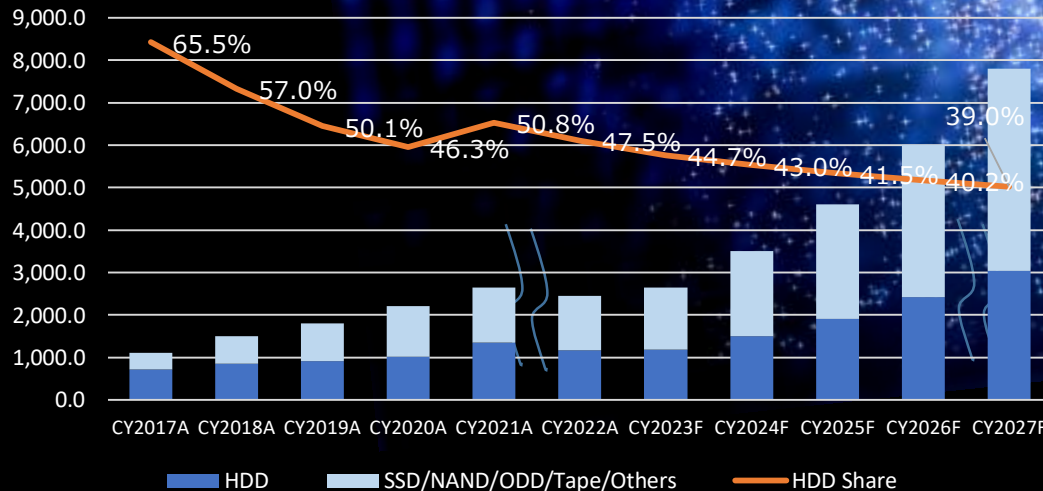


Sales in FY2022: **12.9 billion yen**

Plan to **approximately double** production capacity compared to FY2021

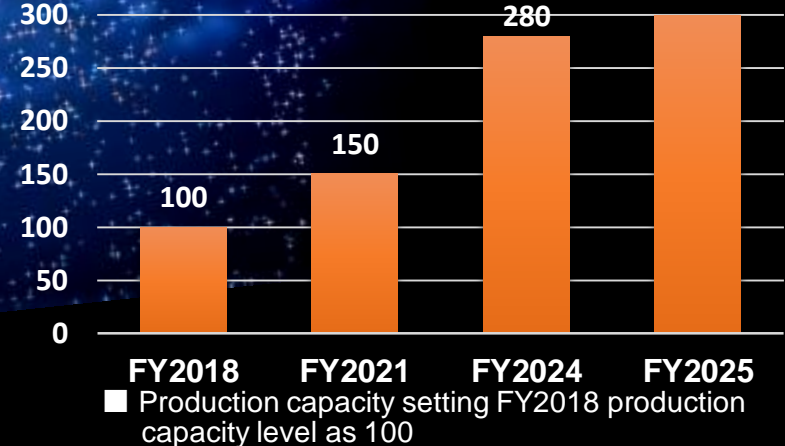
Sales in FY2023: **14.7 billion yen**

## Data storage capacity trends



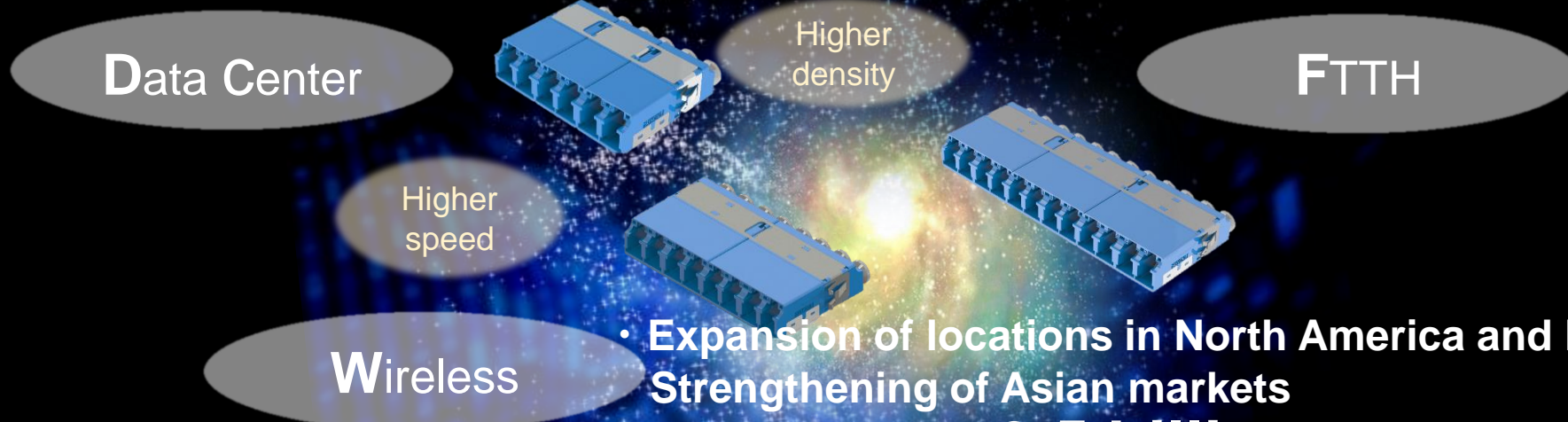
**Sales expand** with market recovery from mid-2023

The Company's production capacity plan for nearline drive HDDs



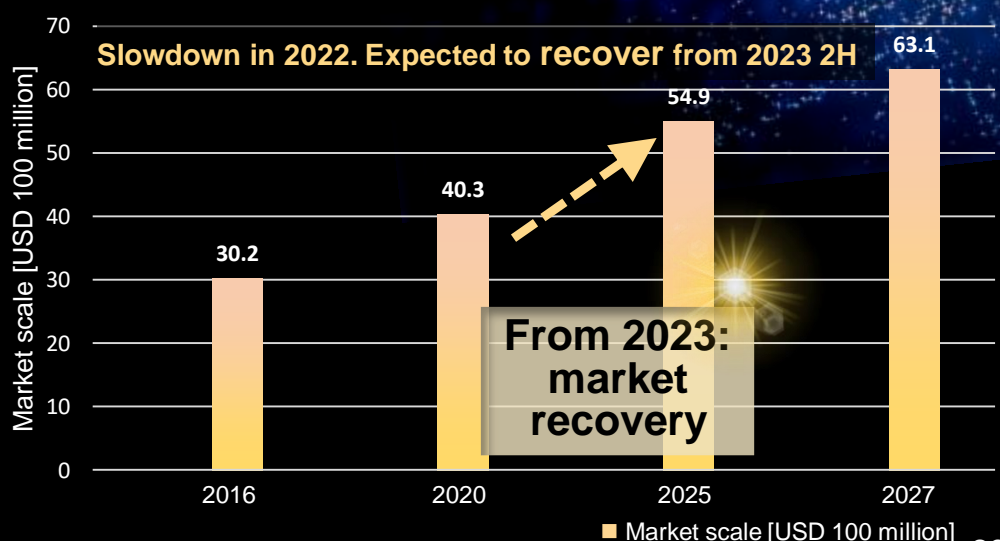
# Respond to 5G- and IoT-driven Expansion of Data Society Optical Communication Connector Business

The optical communication fiber market requires higher density.

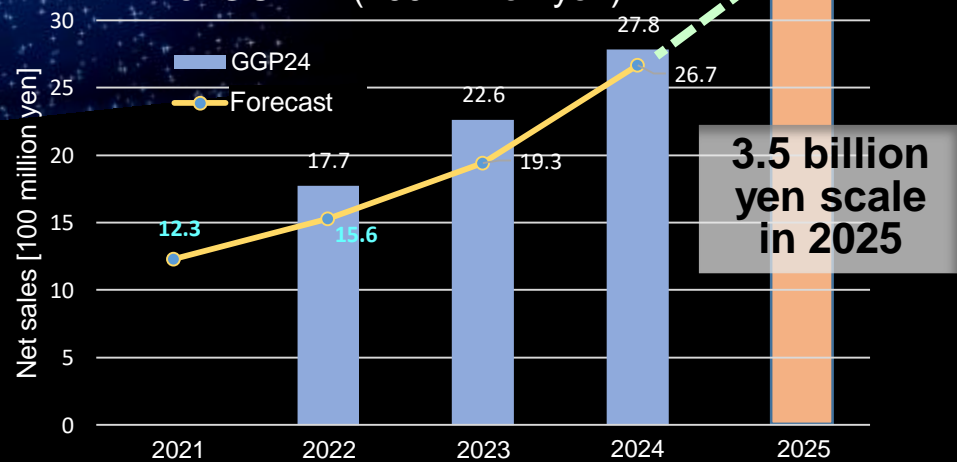


- Expansion of locations in North America and Europe  
Strengthening of Asian markets
- Sales in FY2025: **3.5 billion yen (target)**

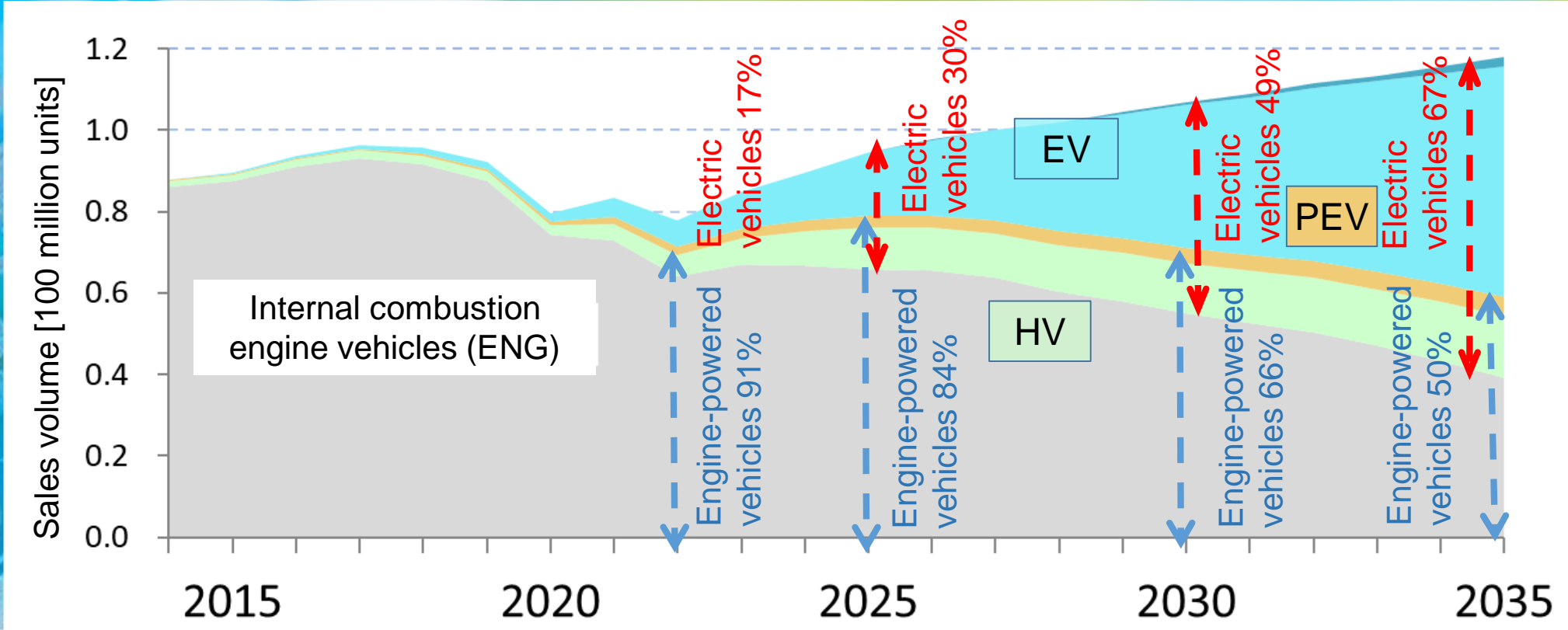
Global optical connector market forecast



Sales of optical communication connector vs. GGP24 (100 million yen)



## 2030, toward a world of electrification



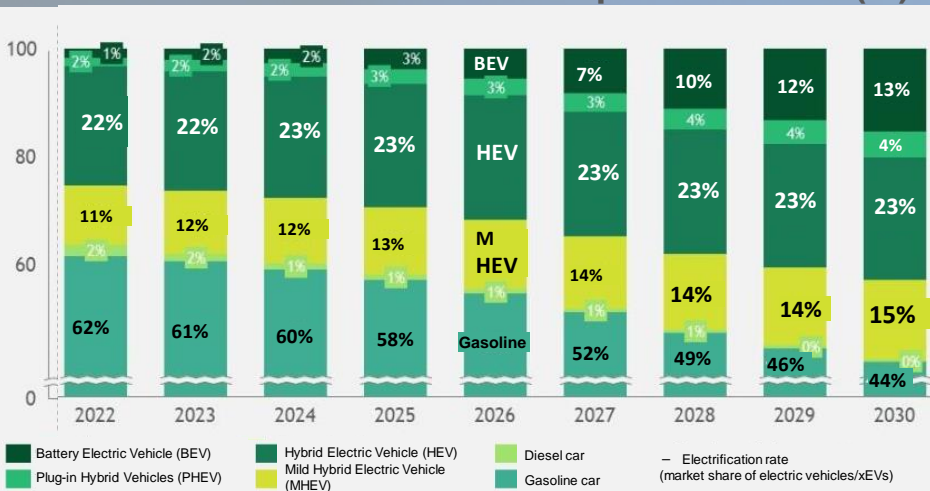
Data source: FOURIN & Marklines

	2022	2025	2030	2035
FCV:	0%	0%	1%	2%
EV:	8%	16%	33%	48%
PHV:	3%	3%	3%	4%
HV:	6%	11%	12%	13%
ENG:	82%	70%	51%	33%

**Electric vehicles**

Mass production started in 2013. The bus bar business is the pillar of the electric vehicle business, which has supported Japanese hybrid vehicles.

Shares of new vehicle sales in Japan until 2030 (%)



## Hybrids will continue to maintain market share in Japan

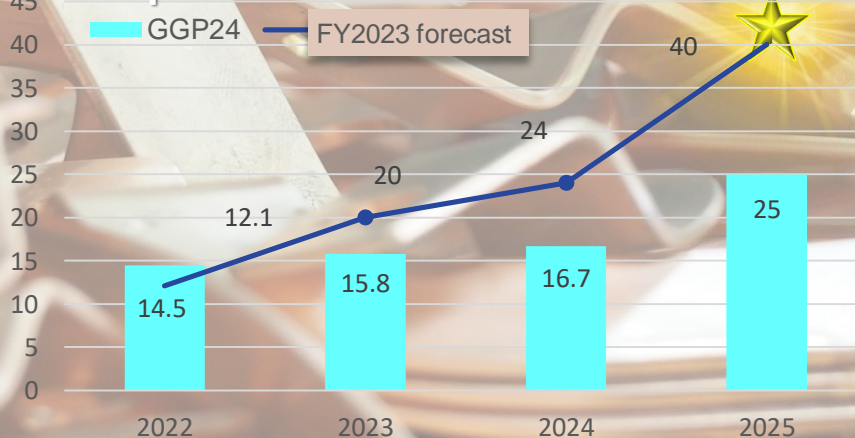
The share of electric vehicles in new vehicle sales in Japan is expected to exceed 40% by 2025, and reach 55% by 2030.

In Japan, hybrid electric vehicles (HEVs) already accounted for 22% of the market share in 2019. In 2030, they are projected to continue to hold a share of 23%. (Global share of 7% in 2030)



Started mass production of new products for two Japanese manufacturers (EVs and HEVs) from FY2022

## Sales forecast for bus bar for HEV/EV compared with GGP24



4.0 billion yen scale in 2025

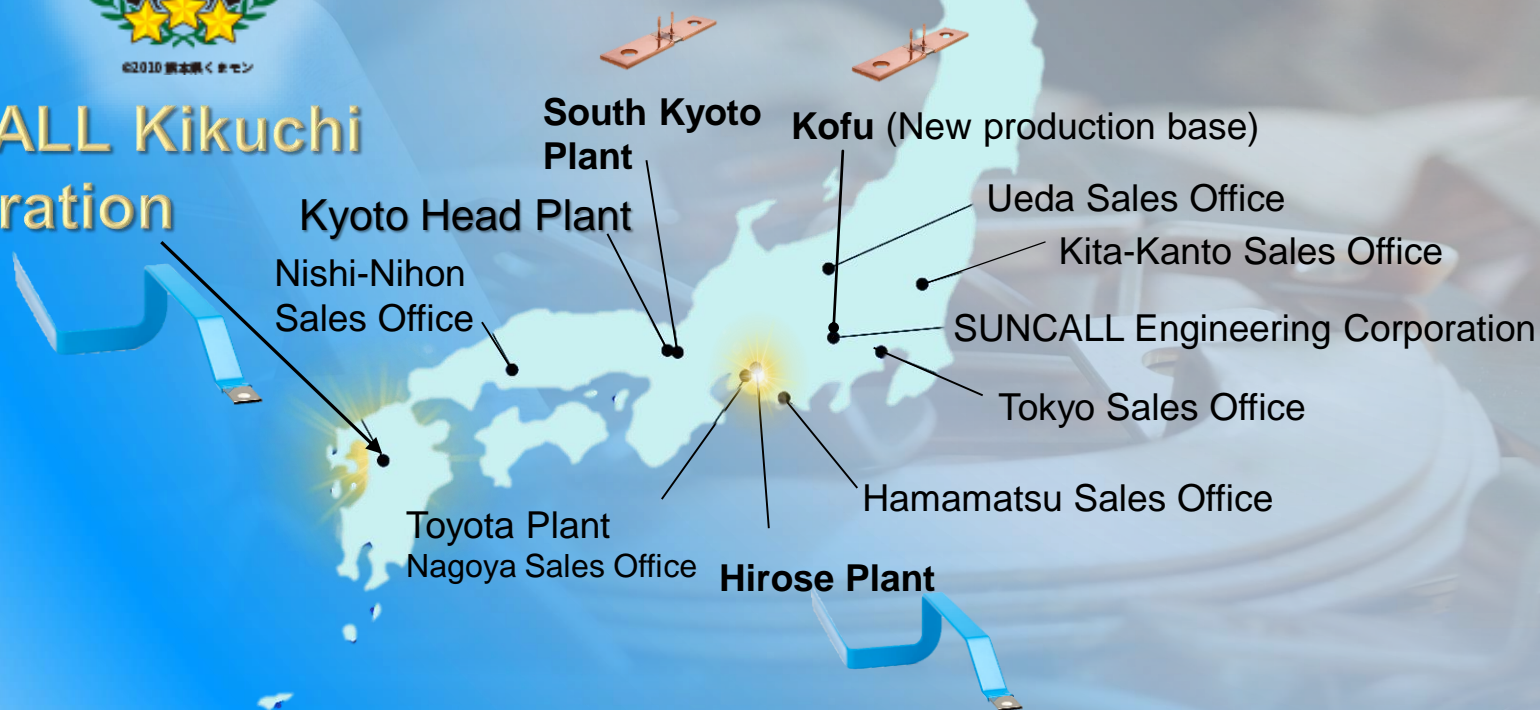
Adoption for new EV program to start in FY2025

In April 2023, mass production began at SUNCALL Kikuchi Corporation, a subsidiary in Kyushu. Making large investments toward 2025.



★NEW

## SUNCALL Kikuchi Corporation





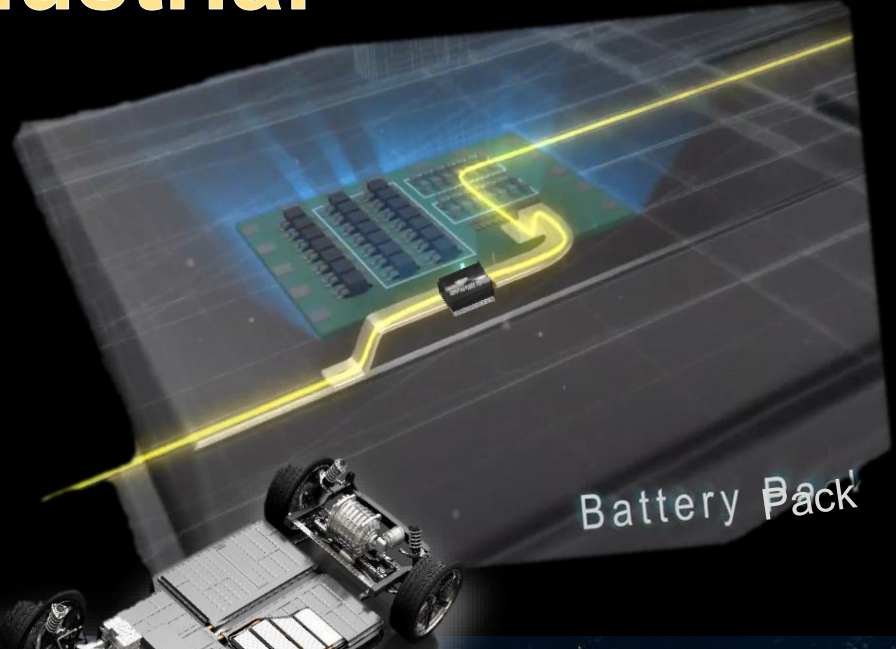
Europe, the U.S., and China—rapid acceleration with adoption in electric vehicles overseas, amid advances in electrification



**Industrial**



**Energy**



Battery Pack



**EV**

- 2014 **Development of shunt resistance – method sensor**
- 2017 Adoption of electric forklifts for domestic market
- 2017 Adoption of forklift for the U.S. market
- 2019 Adoption of NITE testing facilities for large-scale battery energy storage systems
- 2019 Adoption of HV trucks for domestic market
- 2020 Adoption of solar power storage battery systems
- 2020 Adoption of AGVs (Automated Guided Vehicles) for European market
- 2021 Adoption of EV racing cars for Europe
- 2021 Adoption of electric passenger vehicles for North America
- 2022 **Development of connector type**  
**Development of magnetic sensor**

We released a new shunt bus bar with connector in August 2022. In addition to the shunt resistance-method, a new method, the magnetic sensor, has been developed.



Shunt Bus Bar



Shunt Sensor



Shunt Bus Bar Connector-type

Released in August 2022.  
PCB (substrate) is directly mounted for improved accuracy. It enables a one-touch connection without the need for a terminal pin.



Magnetic Sensor

Released in February 2023.  
A revolutionary sensor capable of using a magnetic method to detect large currents without contact. It achieves eco-friendly sensing with low power consumption.



Dual sensor series  
Shunt & magnetic

Dual method sensor that combines shunt and magnetic method .  
For future electric vehicles that require high reliability.

We will solidify the foundation for a global strategy in regions where electric vehicle adoption has advanced.

2023: Line expansion to new site  
Increase production capacity by 1.8 times



## China

2020: Shunt Sales Expansion Office established at SGT (Suncall Guangzhou Trading Co., Ltd.)

Further expansion of capacity line



a domestic production site  
\* under selection

## North America

September: North America Exhibition

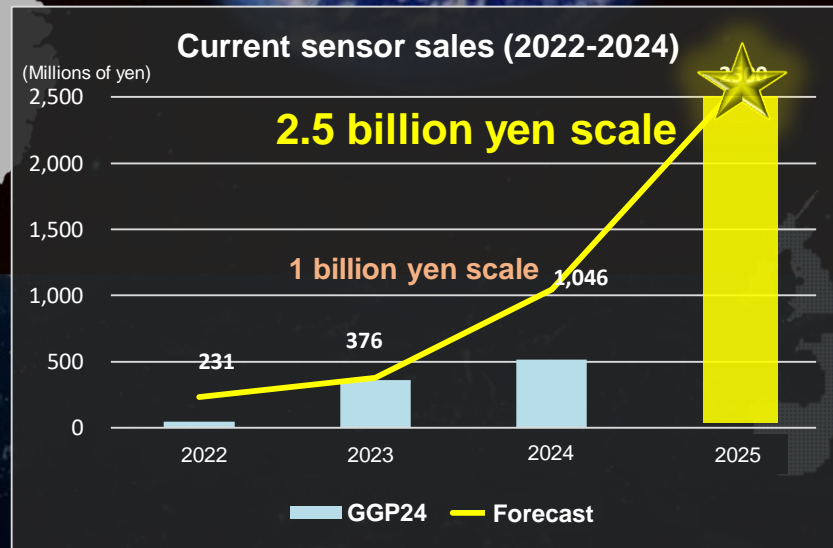
2023: Establishment of sales office (under planning)



## Europe

2022  
June: Exhibit at Battery Show  
November: Exhibit at Electronica show

2023  
July: **Decided to establish** a sales company, Suncall Europe, in Germany



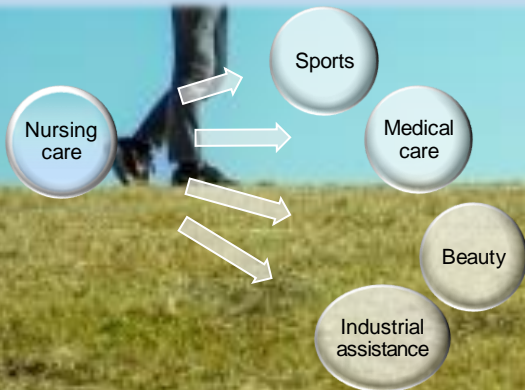
As one of the COI projects of the Ministry of Education, Culture, Sports, Science and Technology, we developed a robot that helps patients learn to walk through joint research and development with Kyoto University.

Launched as a nursing care equipment model in 2020 and a new wireless tablet type in 2022.

The robot has been adopted and well received by not only rehabilitation centers across Japan but also senior and other care facilities.

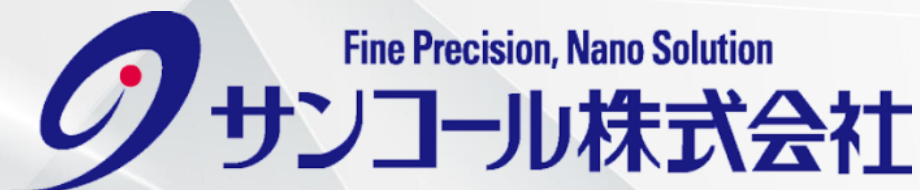
Mounting image

◇ We are planning to further expand our services.  
We support people in their determination to walk.



[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.



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