

Financial Results Briefing for 1Q Year Ending March 2021

The 97th period : Cumulative First Quarter
(Apr. 1st, 2020-Jun. 30th, 2020)

July 29, 2020



Caution in handling this document

Future forecasts, including this document, were judged according to the current information. Actual financial results might be considerably different from the forecast mentioned here depending on the Japanese or international economic situation, business trends related to our company, and any risk or indefinite factors involved in fluctuation of exchange rates.

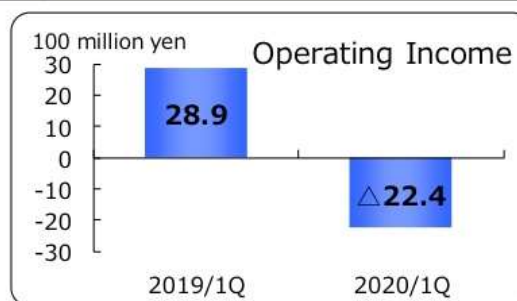
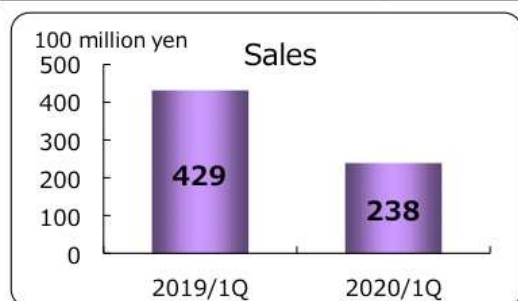
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1 - 1 1Q Consolidated Results

Due to the Impact of COVID-19, Sales Decreased and Each Profit is in the Red

(million yen %)

	the Last 1Q	1Q	Year-on-year rate		
			Gain&Loss	%Change	
Sales	42,924	23,838	△19,086	△44.5%	Decreased for the first time in 4 terms
Operating Income (△:Loss)	2,891 6.7%	△ 2,249 △9.4%	△5,140	—	Red (Decreased for the first time in 3 terms)
Ordinary Income (△:Loss)	2,964 6.9%	△ 1,784 △7.5%	△4,749	—	Red (Decreased for the first time in 4 terms)
Quarterly Net Income (△:Loss)	2,113 4.9%	△ 1,299 △5.5%	△3,413	—	Red (Decreased for the first time in 4 terms)



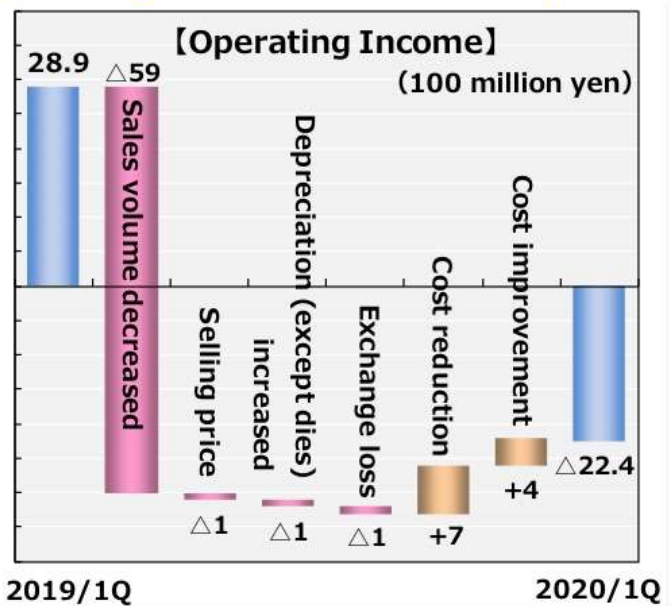
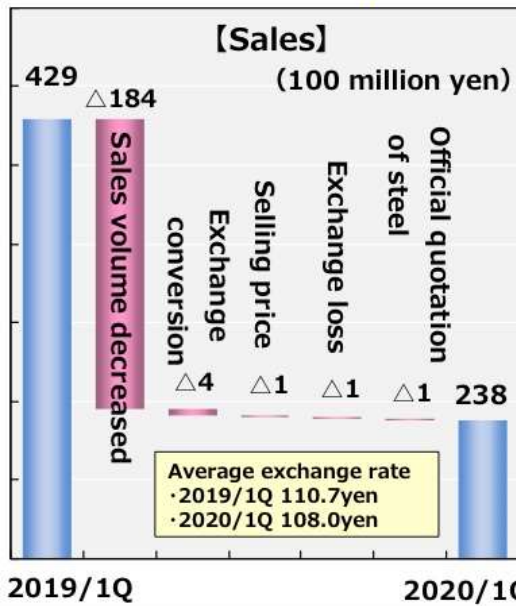
In Q1, our major customers' automobile production declined in each region due to the spread of the new coronavirus infection since February. Sales in Japan and North America in particular fell for the first time in four quarters to JPY23.8 billion, while operating income declined for the first time in three quarters to JPY2.2 billion. Ordinary income and net income declined for the first time in four quarters, to JPY1.7 billion and JPY1.2 billion, respectively.

1-2 1Q Causes of Fluctuation in Sales & Income

Due to COVID-19, Sales Volume Decreased Significantly

«FY2020 1Q vs FY2019 1Q»
Sales▲19billion yen

«FY2020 1Q vs FY2019 1Q»
Operating Income▲5.1billion yen



Both consolidated net sales and operating income declined significantly due to a decline in sales volume caused by the impact of the coronavirus. Although the volume of materials is decreasing, we have been improving costs more than in the previous year, and combined with cost reductions, the effect of JPY1.1 billion has been achieved.

1 - 3 1Q Consolidated Business Segments ^{4/13}

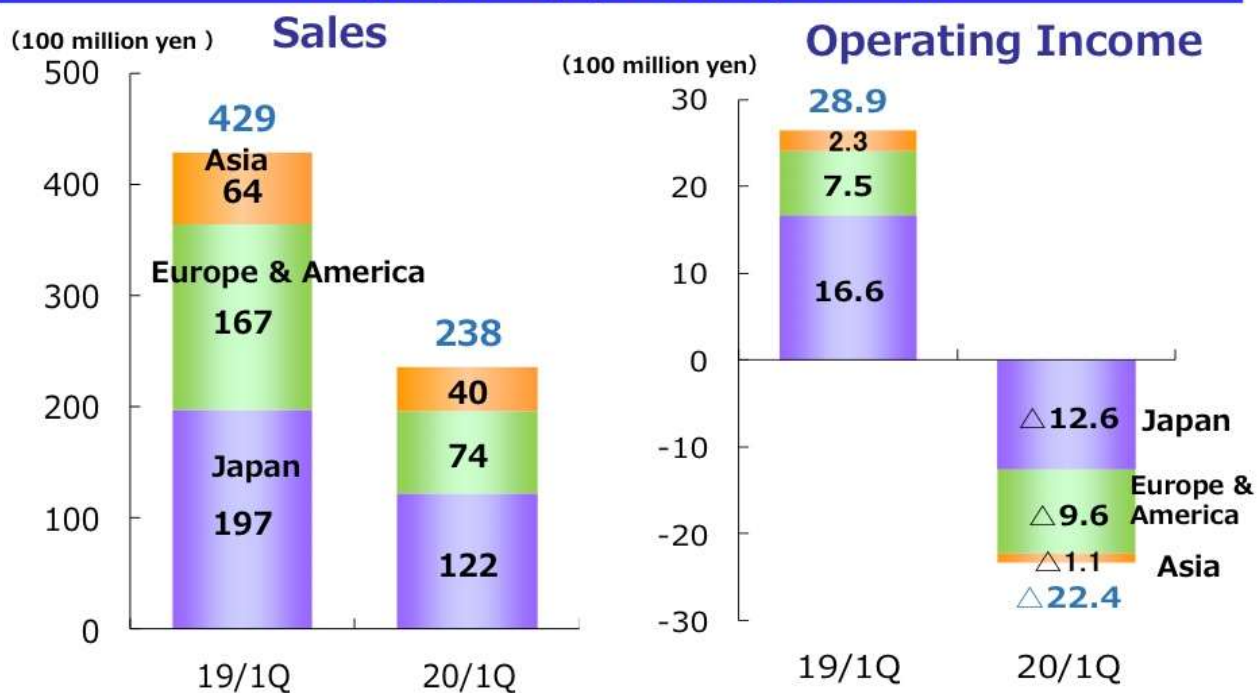
**Stamping/Molding and Valve Business :
Sales Decreased and Profit is in the Red**



Net sales of the Stamping and Molding Business decreased by 47% YoY to JPY15.7 billion, and net sales of the Valve Products Business decreased by 39% to JPY8 billion due to the significant impact of the decrease in sales volume. For operating income, the Stamping and Molding Business posted a JPY2.1 billion loss and the Valve Products Business posted a JPY100 million loss due to a decrease in the volume of products.

1 - 4 1Q Consolidated Regional Segment

Sales Decreased and Profit is in the Red in Japan, Europe, America, and Asia



Both sales and income decreased in Japan, Europe and America, and Asia due to the impact of a decline in automobile production in each region. Sales in North America, in particular, fell sharply due to the shutdown of customer production lines from the latter half of March to May. For the Chinese subsidiary, the impact of decreased production after the Chinese New Year is included in Q1, because of the settlement of accounts in December.

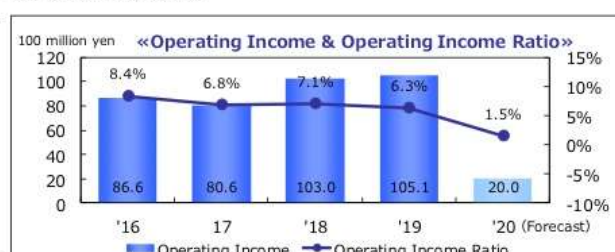
2 - 1 First half/Full FY Consolidated Financial Forecast

The Business will be in Deficit for the First Half,
but Expected to be in the Black for the Full Year

(million yen, %)

	2019				2020					
	1H Results		FY Results		1H Forecast	YoY Rate		FY Forecast	YoY Rate	
	Record High		Record High			Gain&Loss	%Change		Gain&Loss	%Change
Sales	Record High	82,765	Record High	165,969	58,500	△24,265	△29.3%	135,000	△30,969	△18.7%
Operating Income	Record High	4,683	Record High	10,511	△1,600	△6,283	-	2,000	△8,511	△81.0%
Ordinary Income		4,935		11,130	△1,000	△5,935	-	3,000	△8,130	△73.0%
※1 Current Net Income		3,473		7,256	△1,000	△4,473	-	2,000	△5,256	△72.4%
Operating Profit Margin		5.7%		6.3%	△2.7%	△8.4%		1.5%	△4.8%	
R O E		7.2%		7.5%	△2.1%	△9.3%		2.0%	△5.5%	
R O A (Operating Income Base)		4.6%		5.2%	△1.6%	△6.2%		1.0%	△4.2%	
Net Assts per Share	(yen)	1,603		1,614	1,582	△20	△1.3%	1,622	8	0.5%

※ 1.It is the abbreviation of the official name: Net Income attributable to parent company shareholders.



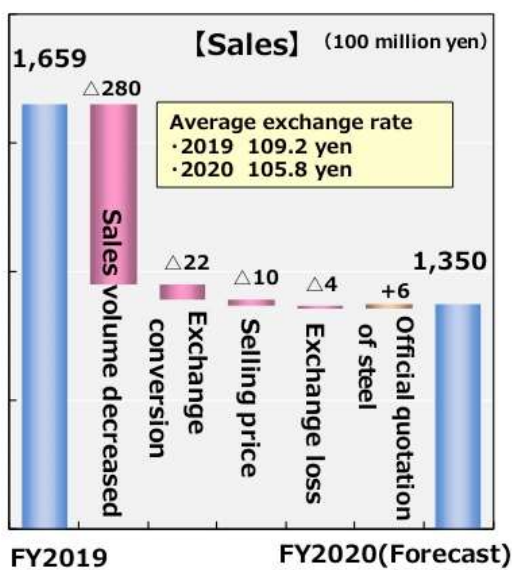
Previously, forecasts for the full fiscal year of 2020 were undetermined, but we have decided to disclose the results for the first half of the fiscal year and the full fiscal year, based on the results of Q1 and the production plans of major customers. Net sales declined by 44% in Q1, but with the expectation that the automobile production will recover in the future, we forecast that net sales will decline by 13% in the Q2, and by 8% in the second half of the fiscal year.

As a result, we expect JPY58.5 billion for the first half of the fiscal year and JPY135 billion for the full fiscal year. In terms of profits, Q2 will be profitable, but the impact of the decline in profit in Q1 was significant, and both profits are expected to be negative in the first half of the fiscal year. For the full fiscal year, we plan to return to profitability with an operating income of JPY2 billion.

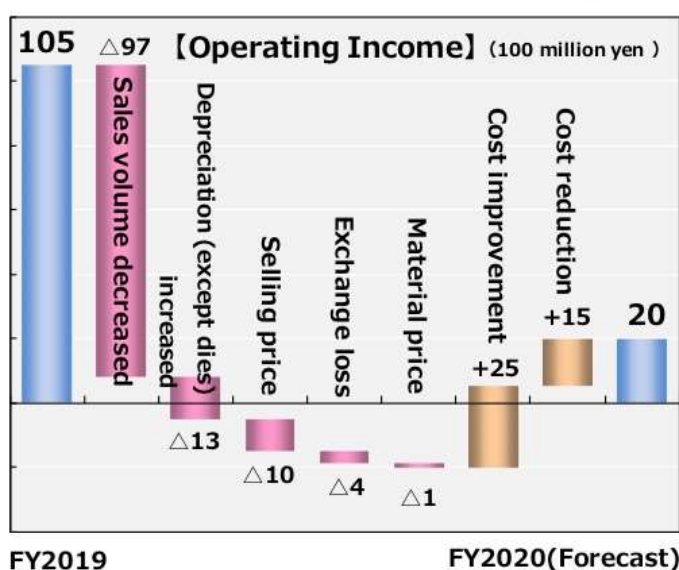
2-2 Full FY Causes of Fluctuation in Consolidated Sales & Income

Sales Volume Decreased Significantly, But Effort to Kaizen Makes it Profitable

«2020 vs 2019»
Sales ▲30.9 billion yen



«2020 vs 2019»
Operating Income ▲8.5 billion yen



Similar to the results of Q1, both consolidated net sales and operating income are expected to decline sharply due to a decline in sales volume caused by the impact of the coronavirus. Nevertheless, we will strive to improve costs and reduce costs more than in the previous fiscal year. Assuming an exchange rate of JPY105 for Q2 onward, the annual foreign exchange sensitivity is JPY100 million per Japanese yen.

2-3 Full FY Consolidated Business Segments 8/13

Sales and Profit Decreased but Expected to be in the Black in Both Business Segments



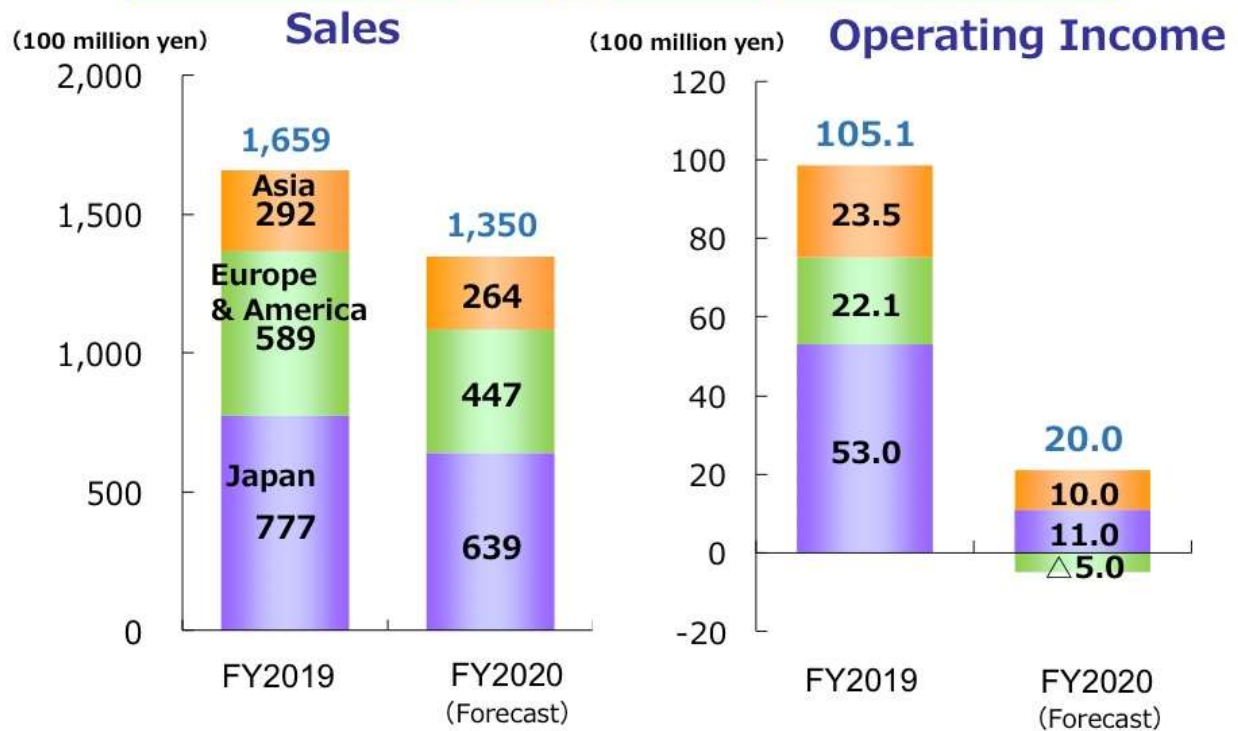
Net sales in the Stamping and Molding Business for the full fiscal year are expected to decline by 16% YoY to JPY 95.1 billion, assuming that the production volume of major customers will recover to about 90% of the initial target from Q2 onward. Operating income is expected to decline by 87% YoY to JPY500 million, reflecting efforts to reduce labor costs and expenses and to improve costs, despite a decline in profits resulting from a decline in sales and an increase in depreciation and amortization.

Next, for the full fiscal year of the Valve Products Business, we expect that the recovery of global automobile production will be delayed, with full-year net sales expected to decrease by 24% to JPY39.6 billion, and operating income expected to decrease by 78% to JPY1.4 billion due to a decrease in sales volume, and amortization of goodwill, despite our efforts to reduce costs.

2-4 Full FY Consolidated Regional Segment

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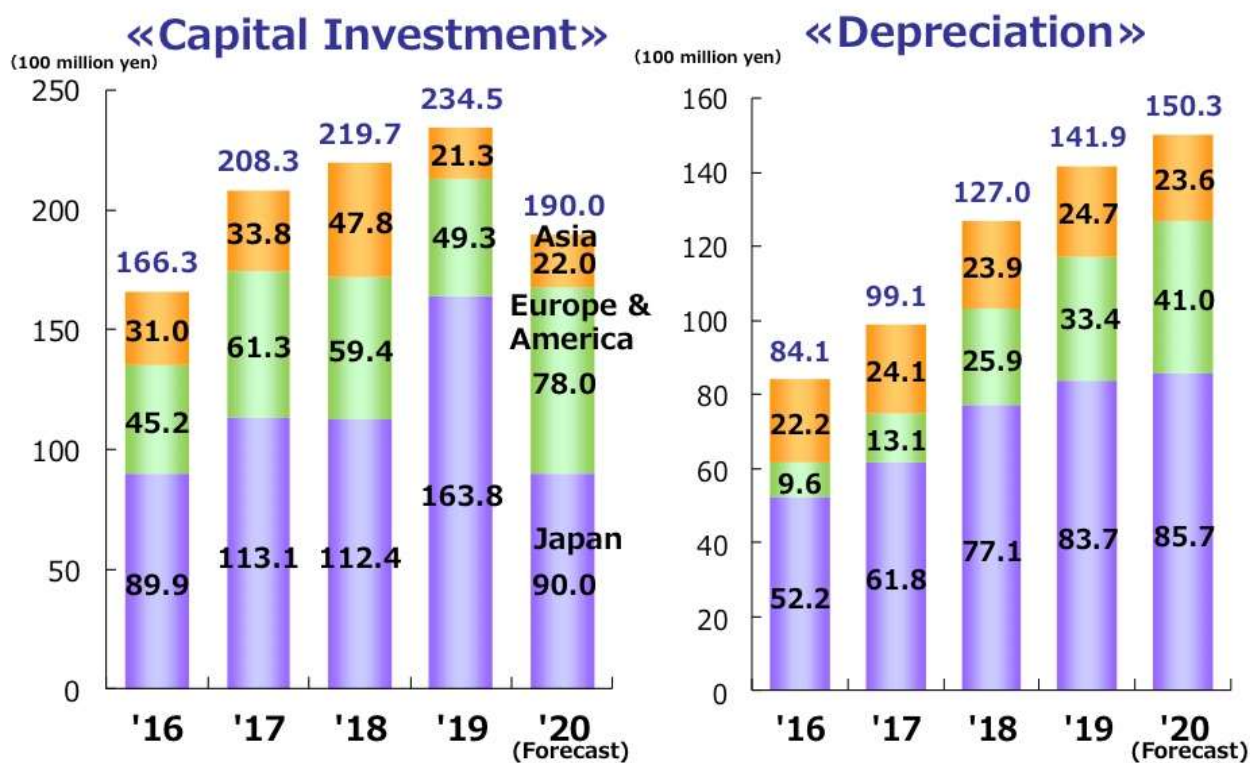
**Sales and Profit are Expected to Decrease
In Japan, Europe, America, and Asia**



Although we will remain profitable in Japan and Asia, we expect to post a loss of JPY500 million in Europe and America due to insufficient recovery in sales volume, and amortization of goodwill, despite a recovery in the Stamping Business from Q2 onward.

2-5 Consolidated Capital Investment/Depreciation Cost

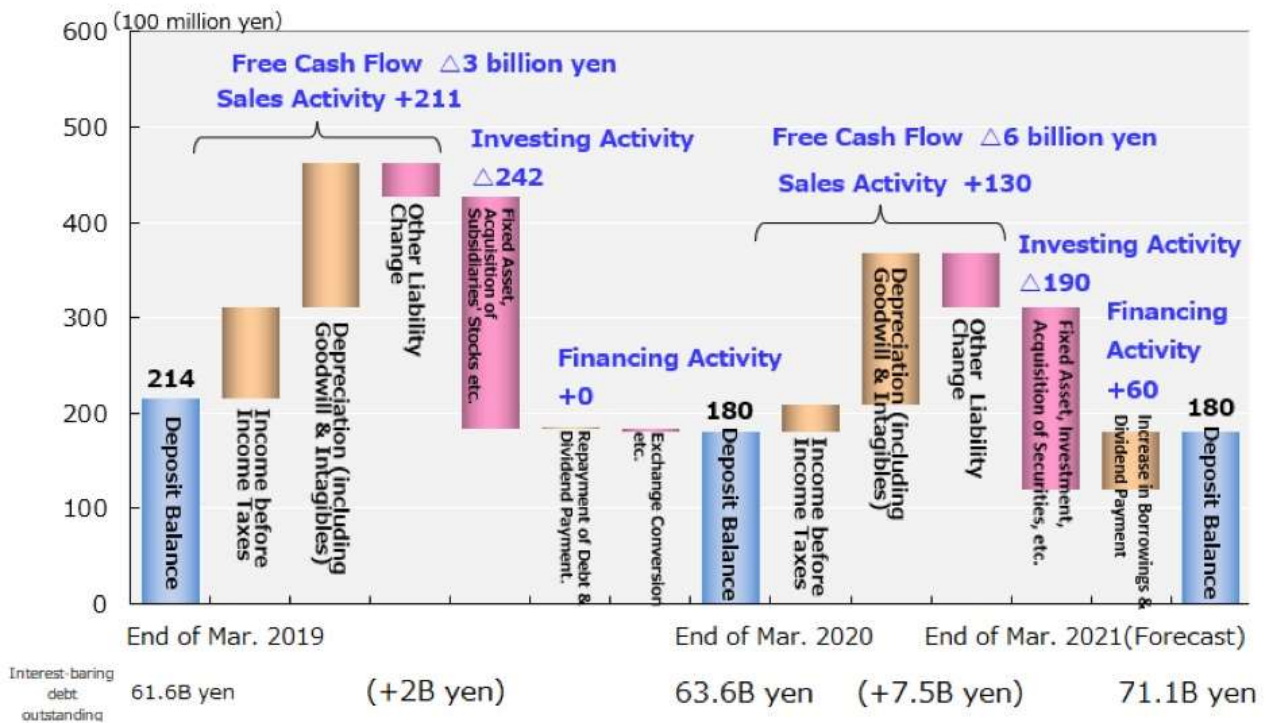
Capital Investment to be Selected Carefully



In the current fiscal year, we will restrict capital expenditures while carefully selecting and implementing necessary and effective investments. Depreciation is expected to be JPY15 billion due to the items that have been implemented since the previous year and the investment that has already begun.

2 - 6 Consolidated Cash Flow

Strengthen Our Fund Management Across the Whole Group



Free cash flow for the current fiscal year is expected to be negative by JPY6 billion, but it will be covered by borrowings, and the deposit balance at the end of the fiscal year is expected to be JPY18 billion. Interest-bearing debt is expected to increase by JPY7.5 billion to JPY71.1 billion due to short-term borrowings to secure working capital and long-term borrowings for capital investment. With regard to capital demands, we are taking all possible measures by ensuring short-term borrowing limits and commitment lines while managing funds across the Group.

2-7 Returns for Stockholders

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Annual Dividend is Planned to be 20 yen

■ Annual Dividend

FY2020 Plan Annual : 20yen (Mid-term : 10yen Term end : 10yen)



With regard to dividends, based on the continuation of stable dividends, The Company pays dividends from retained earnings after comprehensively considering factors such as business performance and the dividend payout ratio. Taking into account the business forecast for the current fiscal year and the funding situation based on the impact of the coronavirus, the Company plans to pay a full-year dividend of JPY20 per share, including a interim dividend of JPY10 per share and a year-end dividend of JPY10 per share, although we are in the red for the first half of the current fiscal year.

Growth to the Next, Learning from COVID-19 Pandemic

■ Lessons from COVID-19

- Follow production fluctuations of customers and maintain production system
- Promote work style reforms and innovate how to do our jobs
- Accelerate and prioritize our jobs

■ Initiatives for Future Growth

- Expand existing businesses and promoting sales by taking advantage of our core technologies
- Accelerate developing new technologies, new materials, and new methods
- Sustainability management (promoting SDGs)

The current coronavirus crisis is challenging, but I think it is also our opportunity. In the midst of the coronavirus problem, we have worked globally and steadily to prevent infection, and have maintained our production system in accordance with changes in customers' production. This is not only the result of the efforts of production sites, but also the result of our thorough efforts to improve our activities by changing how to use our time, such as through changing the way staff work, using web conferences, et cetera, and increasing the frequency of communication and speeding up decision-making.

I believe that these activities themselves will enhance our ability to reform ourselves. While production is recovering, we will continue to make further improvements and aim to strengthen profitability from the next fiscal year onward. While there is some uncertainty about future investment activities, over the past four to five years, we have actively invested in areas that will lead to future growth. We believe that this will contribute to the full-scale recovery from the next fiscal year onward. Regarding our current sales activities, we are making steady progress in our Molding Business, such as super-high tensile strength steel and urethane in stamping. In our valve business, we are working to expand sales by leveraging our core technologies and to take on the challenge of new technological domains that use wireless technologies as we prioritize them.

In promoting sustainability management, we have identified the materiality of our group based on SDGs and are promoting initiatives based on the four pillars of solving social and customer issues through our products, minimizing environmental impacts, building trust with stakeholders, and respecting and contributing to human resources. Through these activities on a global scale, we believe that we can continue to contribute to society and grow as a company that is needed. That brings our explanation to a conclusion.