

Presentation for the Fiscal Year Ended March 31, 2021 And New Mid-term Management Plan



May 26, 2021

This datum is based on the data as of March 31, 2021. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

1. Operating results for FY2021
2. FY2022 earnings forecast
3. General Condition
4. New Mid-term Management Plan
5. SDGs (ESG) activity
6. Conclusion

1. Summary of Consolidated Financial Results for Fiscal Year Ended Mar 2021

(Million yen)

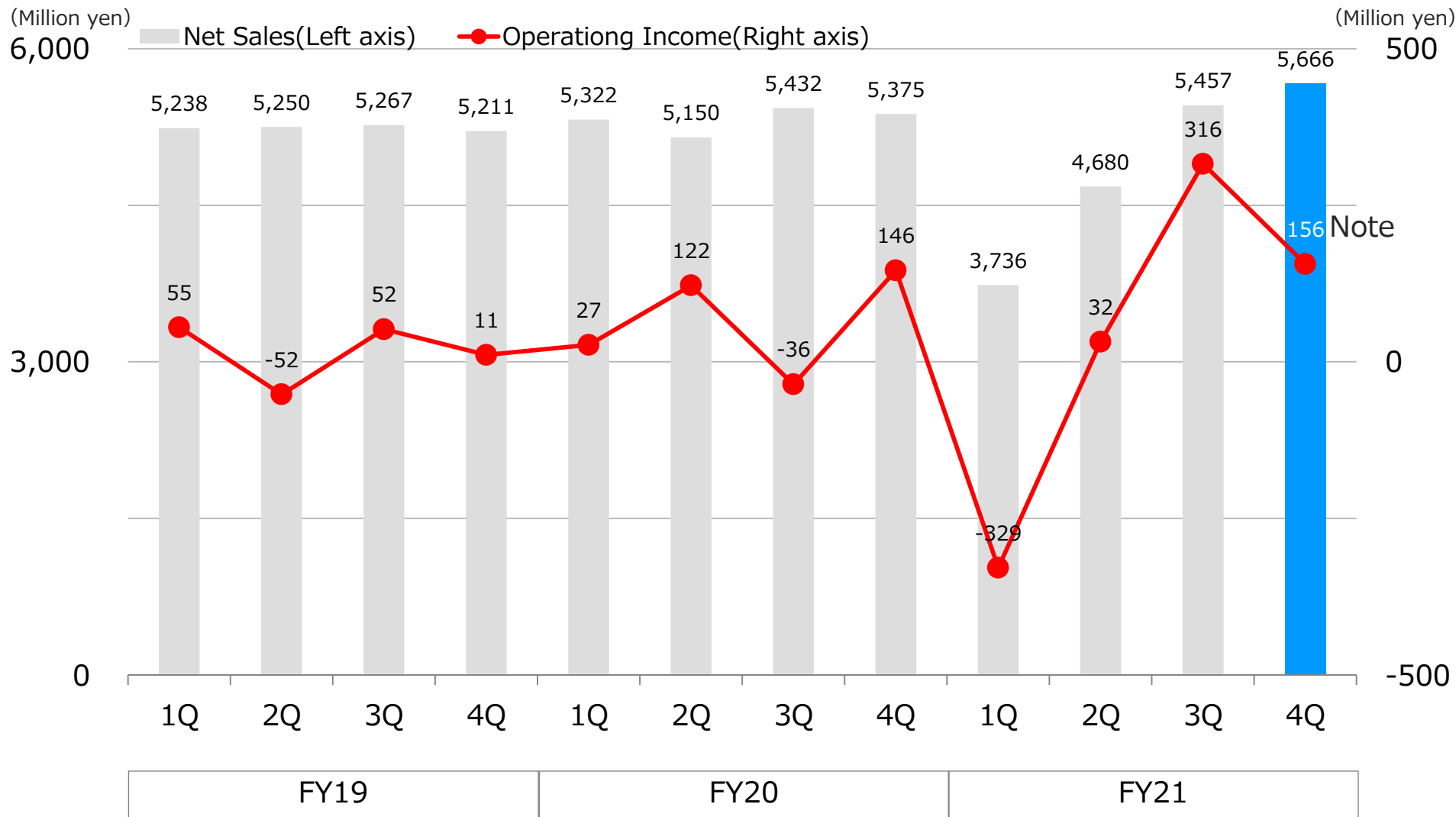
	FY2020	FY2021	Change Amount	Change Ratio
Net Sales	21,280	19,539	△1,740	△8.2%
Operating Income	260	176	△84	△32.4%
(Margin)	1.2%	0.9%	-	-
Ordinary Income	187	359	171	91.6%
Net Income Attribute to owners of parent	△593	634	1,227	-

FY2020 : 1 US\$ = 109.1 JPY

FY2021 : 1 US\$ = 106.2 JPY

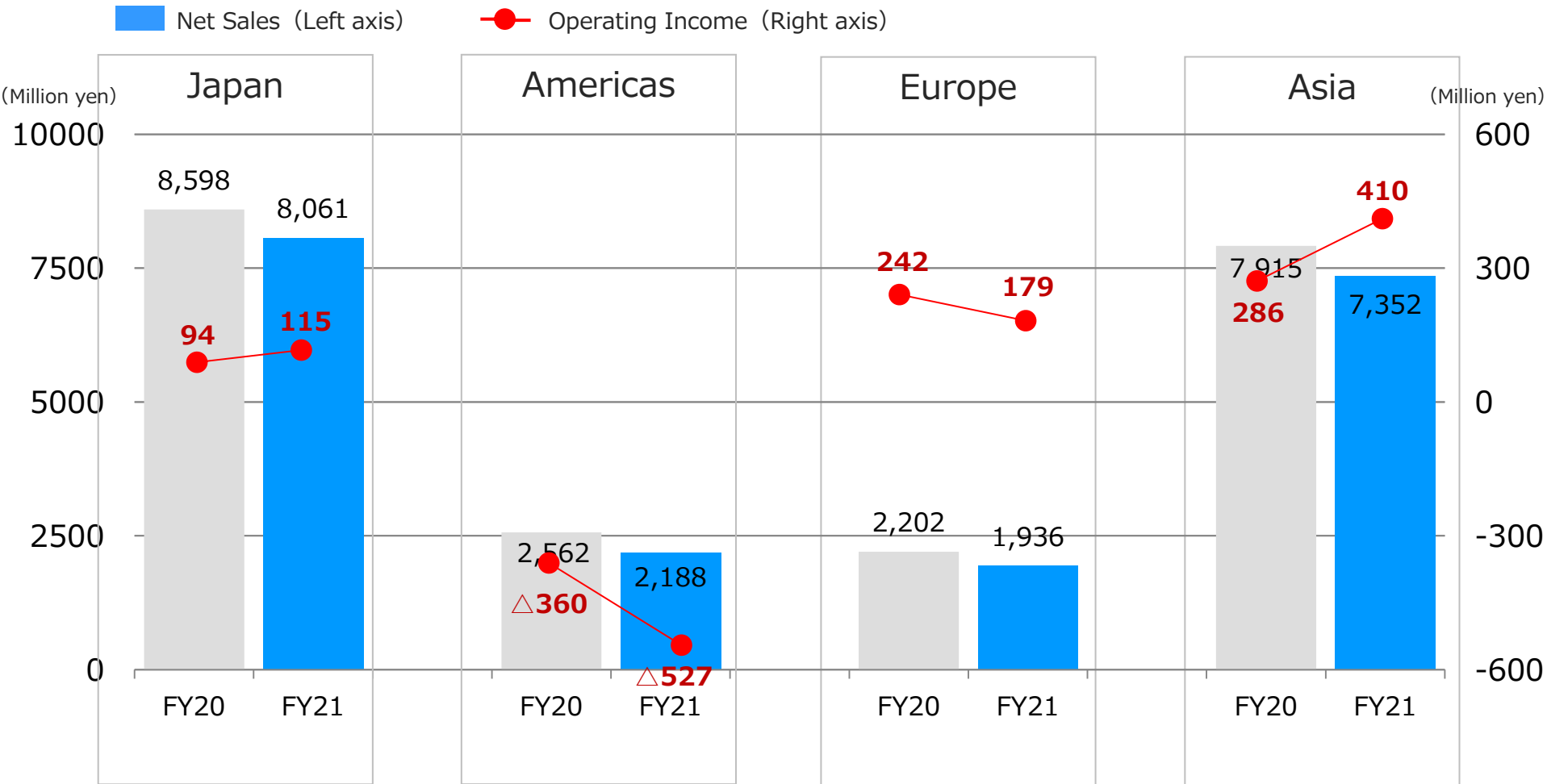
- Sales fell sharply year-on-year in April-June due to the impact of the new Corona Virus, but sales have been recovering since July.
 - ✓ Sales for automobiles declined sharply from April to June, declined slightly from the previous fiscal year from July to September, and increased substantially from the previous fiscal year from October to March.
 - ✓ Sales for office appliance were sluggish until July-September due largely to a decline in demand for office equipment as a result of the expansion of telecommuting, but sales for offices also picked up in October-March.
 - ✓ In the medical market, the company has been certified as an essential product in Europe and the US and has been able to continue production on an exceptional basis even if a general plant is suspended from operations. As a result, the negative impact is small throughout the period.
- In April-June, production losses were incurred due to a decrease in demand and a decrease in the operating rate due to transfer restrictions, but the operating rate gradually recovered from July onward.
- Recurring profit and net income were significantly higher than in the previous fiscal year.
 - ✓ Operating income returned to profitability due to a recovery in sales and through cuts in fixed costs such as personnel expenses.
 - ✓ Ordinary income increased significantly due to the recovery in operating income and foreign exchange gains.
 - ✓ Net income attributable to owners of the parent was largely raised due to the recording of a gain on the sale of the California Plant, a U.S. subsidiary.

1. Quarterly Transition of Sales and Income(Consolidated)



Note : Earnings level is equivalent to 3Q in actual value excluding adjustment in settling accounts

1. Net Sales and Operating Income by Geographical Segment



- | | | | |
|-----------------------------------|-----------------------------------|------------------------------------|---|
| + Increased sales to Automotive | - Decreased sales to Automotive | + Restructuring of Factory in U.K. | + Increased sale to precision component |
| + Reduced fixed cost and expense | - Decreased sales to households | - Decreased standardized products | + Reduced fixed cost and expense |
| - Decreased sales to OA | - Factory operation loss by covid | - Decreased sales to Medical | - Decreased sales to Automotive |
| - Factory operation loss by covid | | - Factory operation loss by covid | - Decreased sales to OA |
| | | | - Factory operation loss |

FY2020 : 1 US\$ = 109.1 JPY

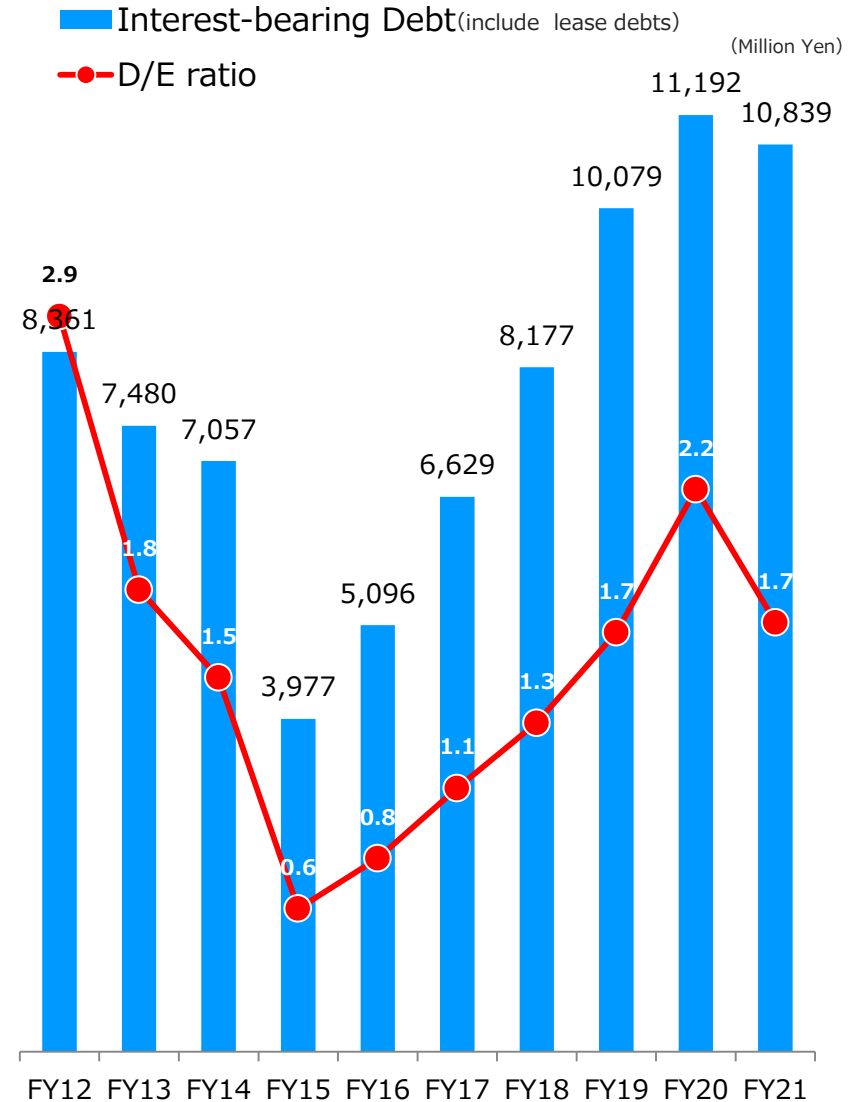
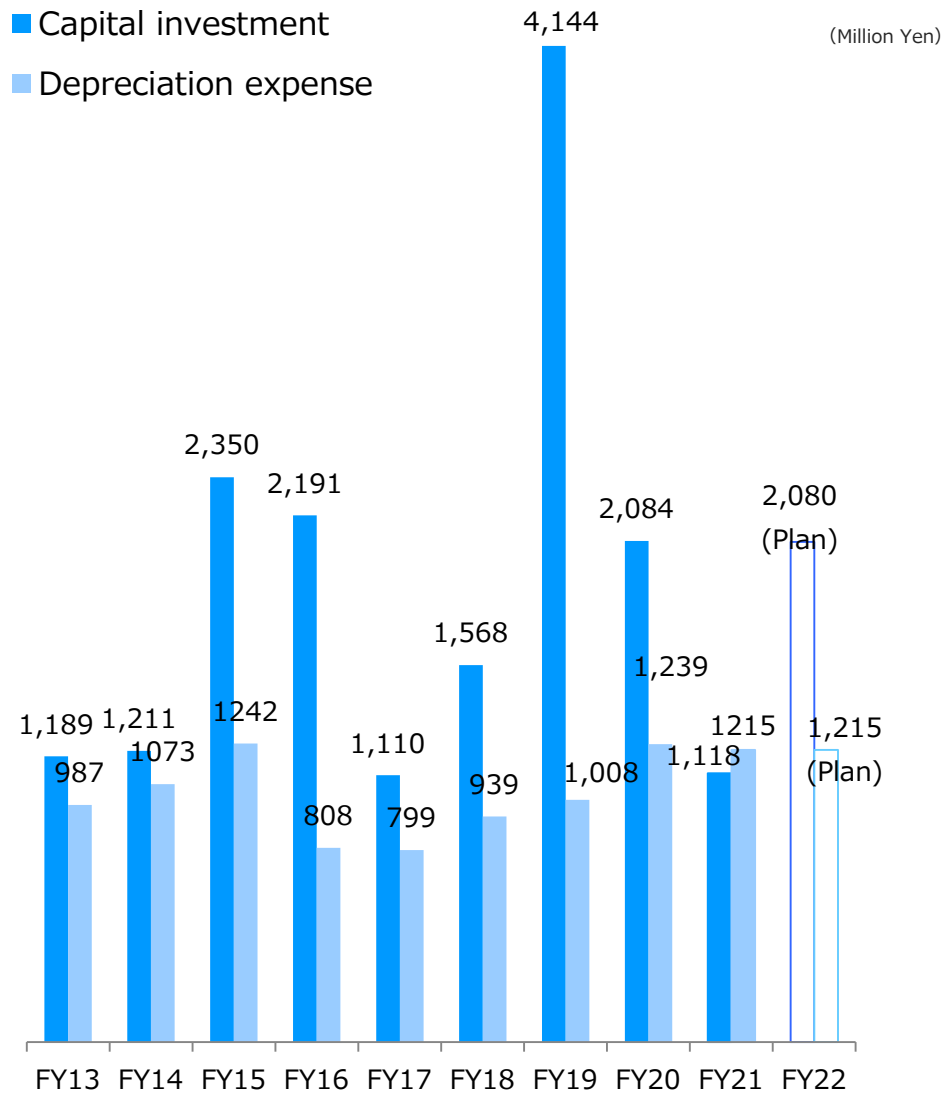
FY2021 : 1 US\$ = 106.2 JPY

1. Net Sales by Market

(Million Yen)

	FY2019 Net Sales	%	FY2020 Net Sales	%	Amount Change	Ratio Change
Automotive	10,784	50.7%	9,835	50.3%	△949	△8.8%
OA equipment	2,966	13.9%	2,400	12.3%	△566	△19.1%
Medical and Healthcare	1,859	8.7%	1,775	9.1%	△84	△4.5%
Precision component	924	4.3%	1,069	5.5%	145	15.7%
Aviation	914	4.3%	712	3.6%	△202	△22.1%
Information and communication	548	2.6%	661	3.4%	113	20.6%
AV and Home appliance	579	2.7%	586	3.0%	16	2.8%
Infrastructure and Household equipment	747	3.5%	575	3.0%	△172	△23.0%
Other	1,968	9.2%	1,926	9.9%	△42	△2.1%
Total	21,280	100.0%	19,539	100.0%	△1,740	△8.2%

1. Capital Investment ・ Depreciation Expense ・ Interest-bearing Debt



1. Operating results for FY2021
- 2. FY2022 earnings forecast**
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2. FY2022 earnings forecast

(Million yen)

	FY2021 (Result)	FY2022 (Forecast)	Change Amount	Change Ratio
Net Sales	19,539	20,500	961	4.9%
Operating Income	176	300	124	70.5%
(Margin)	0.9%	1.5%	-	-
Ordinary Income	359	200	△159	△44.3%
Net Income <small>Attribute to owners of parent</small>	634	100	△534	△84.2%

(Yen)

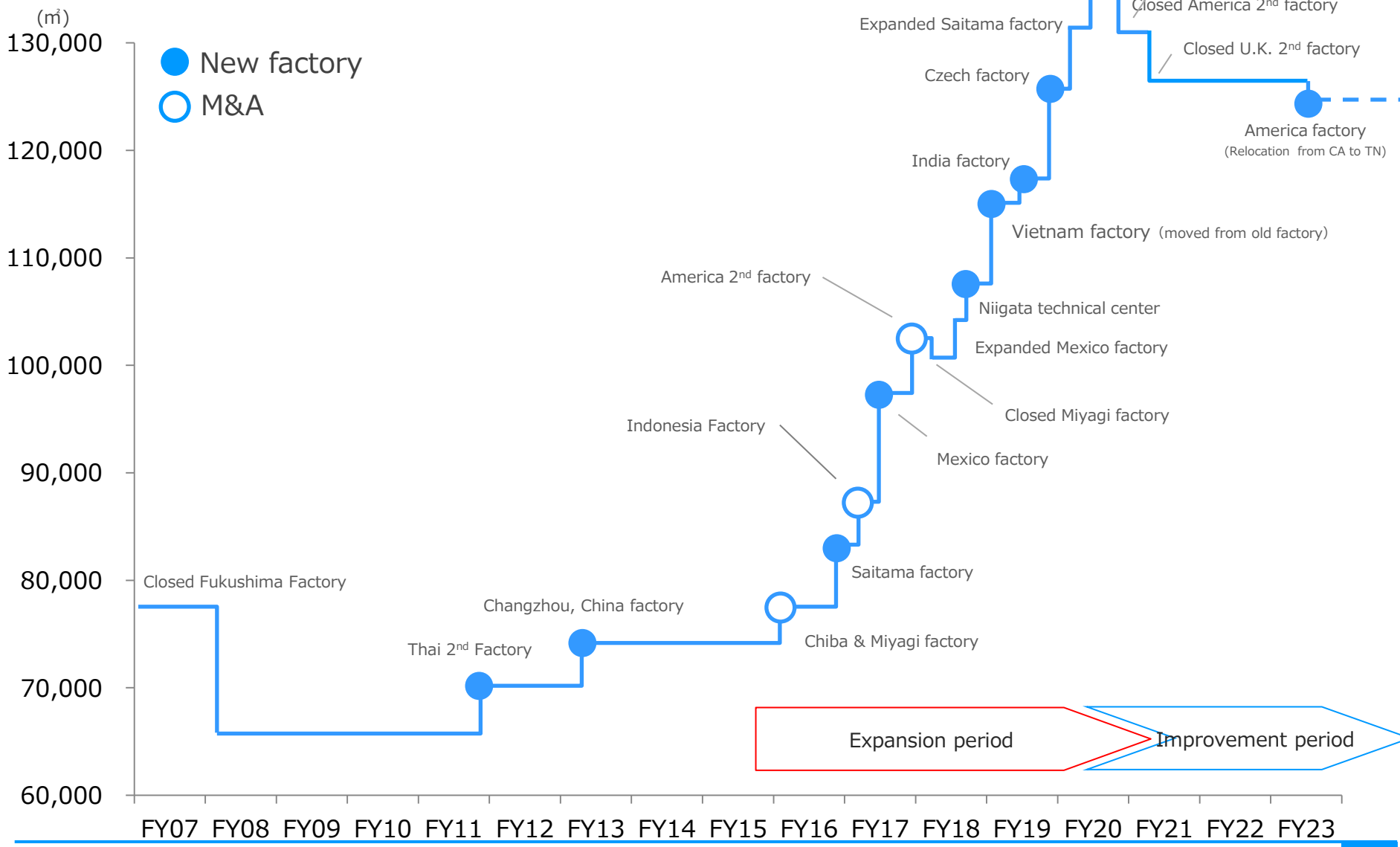
Dividend	10	10	-	-
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Note: the premise of exchange rate is set at ¥105 by 1US\$.

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3. General Condition : Changes in Total Factory Area

Sifted from expansion to improvement



3. General condition : Transition of Operating profit

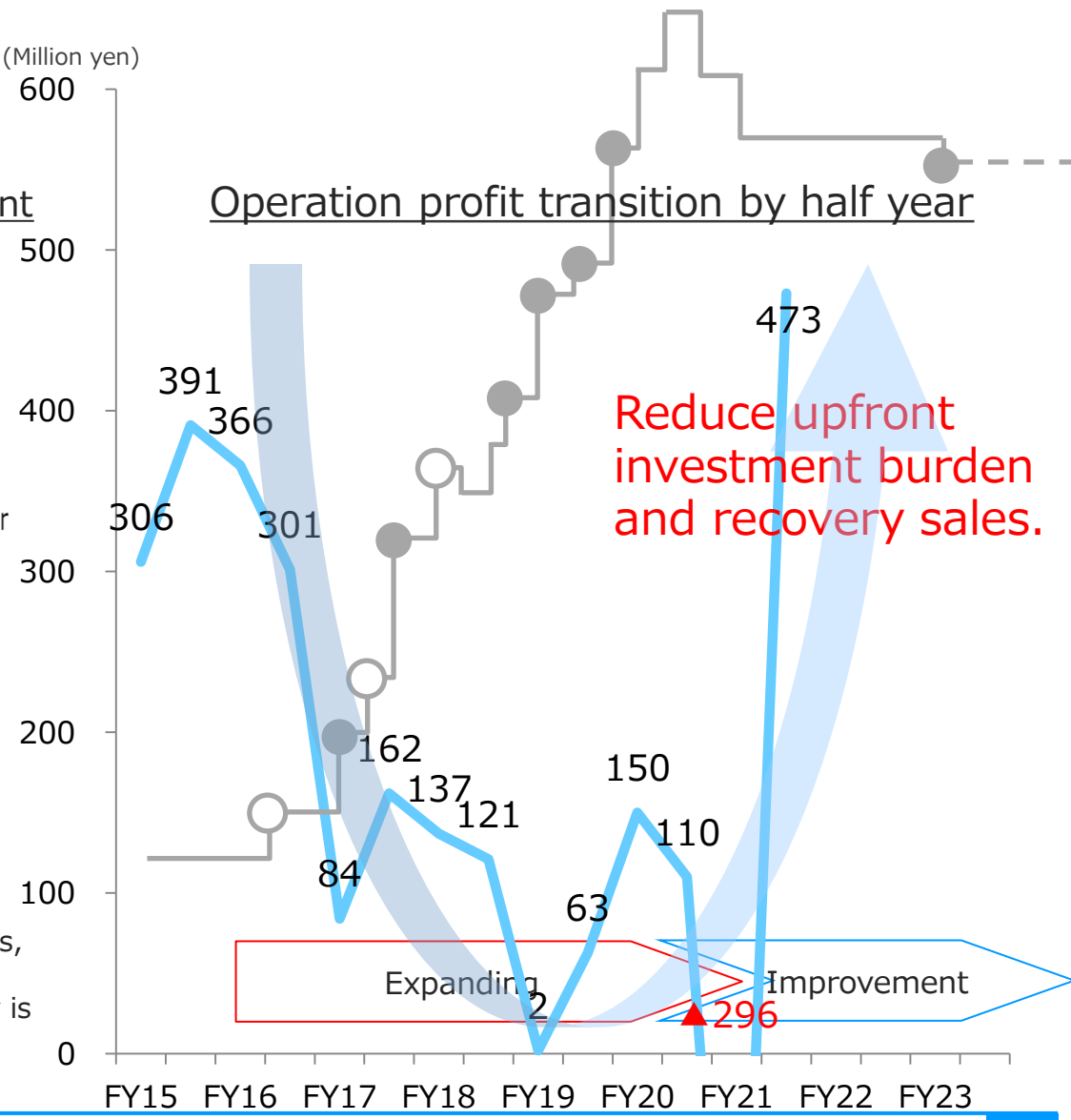
Realized V shape recovery.

Images of burden from starting investment



Ideally, we want to invest and hire at the start of sales, but in order to win orders from customers, it is necessary to establish a system first. The new factory is destined to have a heavy upfront investment burden.

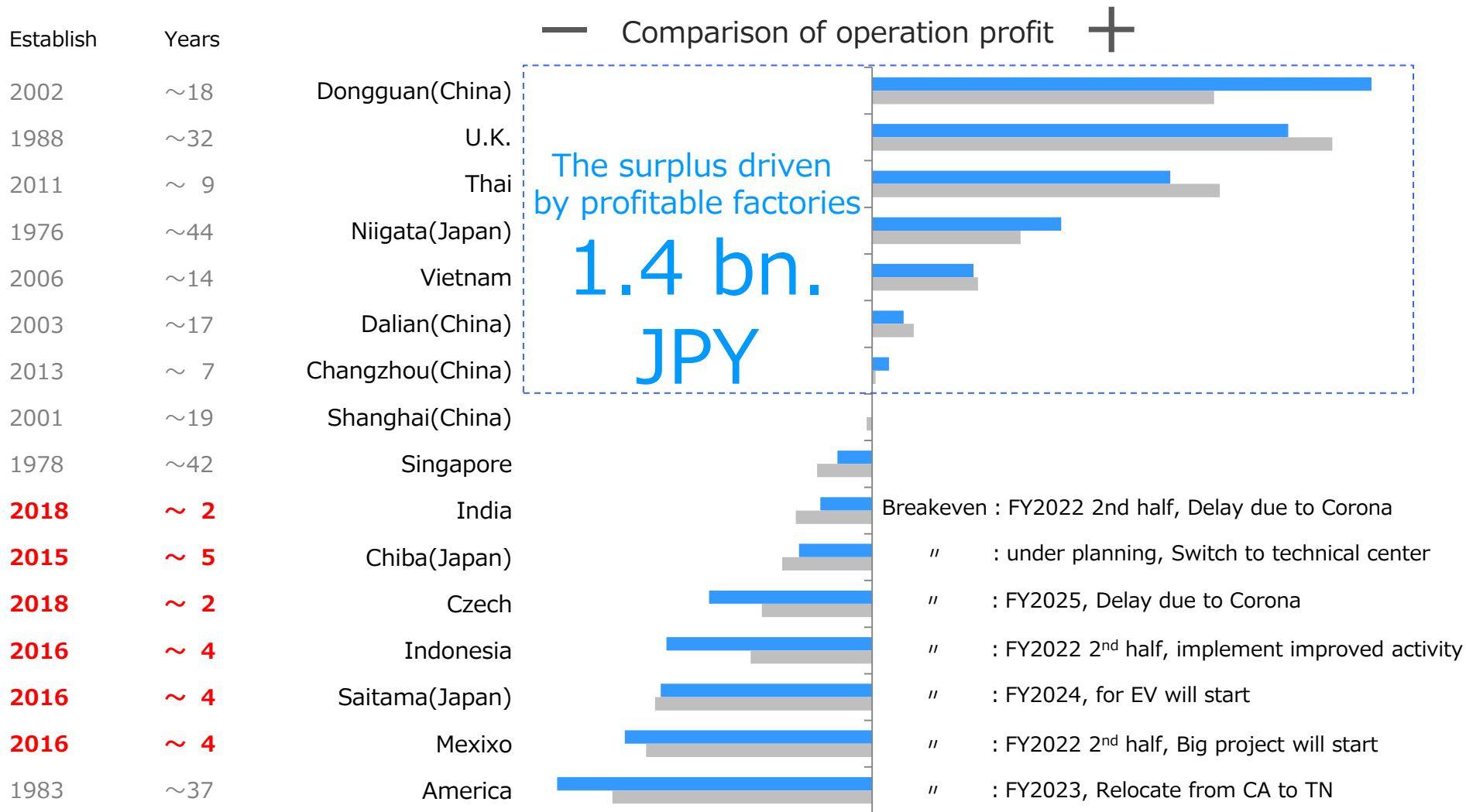
Operation profit transition by half year



3.General condition : Compare to last year

FY2021
 FY2020

Earnings deteriorated due to covid-19 damage in the first half, but improvements will progress in the second half.



*Dongguan included Hongkong's profit
 *Not included headquarters service cost that pay by subsidiaries.

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“3 years to build up power for a leap”

New Med-term Management Plan Theme

- **Strengthen governance system**
- **Strengthen profit structure**
- **Strengthen financial structure**

Governance

- Renewal subsidiaries management
- Effective use of group asset
- Advanex brand

Filling leaping
power

Profit structure

- “Products, Sales, Customer”
- Total optimization, Reorganization
- High added value

Financial structure

- Reduce liabilities with interest
- improve consolidated financial results accuracy

- Renewed management structure of overseas subsidiaries
 - Dispatch directors from HQ
 - Review capital structure
- Effective utilization and sharing of group assets
 - Manpower, Goods, Capital
 - Information System(Account, Production control etc.)
 - Build Advanex Standard

4. New Mid-term Management Plan : Governance

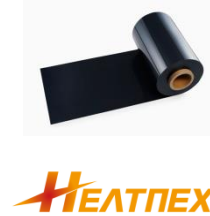
Strengthen the involvement of the head office, and enhance the “linkage” of management

	Past	Current, Future
Main Market	- Office automation, Electric devices	- Automotive, Medical, Infrastructure
Management	- Managed by local members	- Enhance HQ control - HQ evaluate subsidiaries management
Finance	- Managed by subsidiaries individually	- HQ controls subsidiaries finance(Ideally, cash is allocated from HQ to subsidiaries)
Sales Strategy	- Own sales strategy by each subsidiaries.	- Global Sales Department will play a central role in strengthening cooperative relationships
Production Strategy	- Local production for local consumption	- Effective use of idle equipment and surplus capacity - Utilize human resources organically across the globe
Technical Strategy	- Leave it to Local	- Strengthen support capability - Develop core-technology and expand it to subsidiaries - Establish technical center
Subsidiaries Board	- No resident Japanese director	- Dispatch Japanese directors

4. New Mid-term Management Plan : Governance

Respond to changing customer needs by raising the level with a unified theme for the headquarters and functional axes

	Japan	U.K.	Czech	India	Indonesia	Thai	Singapore	Vietnam	Dong Guan (China)	Chang Zhou (China)	Dalian (China)	Shanghai (China)	America	Mexico
Sales division	- Approaching R&D bases and acquiring high value-added products - Propose best practices globally													
Production division	- Accelerate the improvement of production efficiency including automation - Share processing methods and ideas with groups													
Technical division	- Enhance DR(design review) activity - Set a technical benchmark for wire/flat spring and Insert mold													
QA division	- Develop a plan to reduce the in-process defect rate - Improve the “quality of contracts” with customers													
Admin. division	- Strengthen both group governance and organization - Introduce a integrated system for the group													



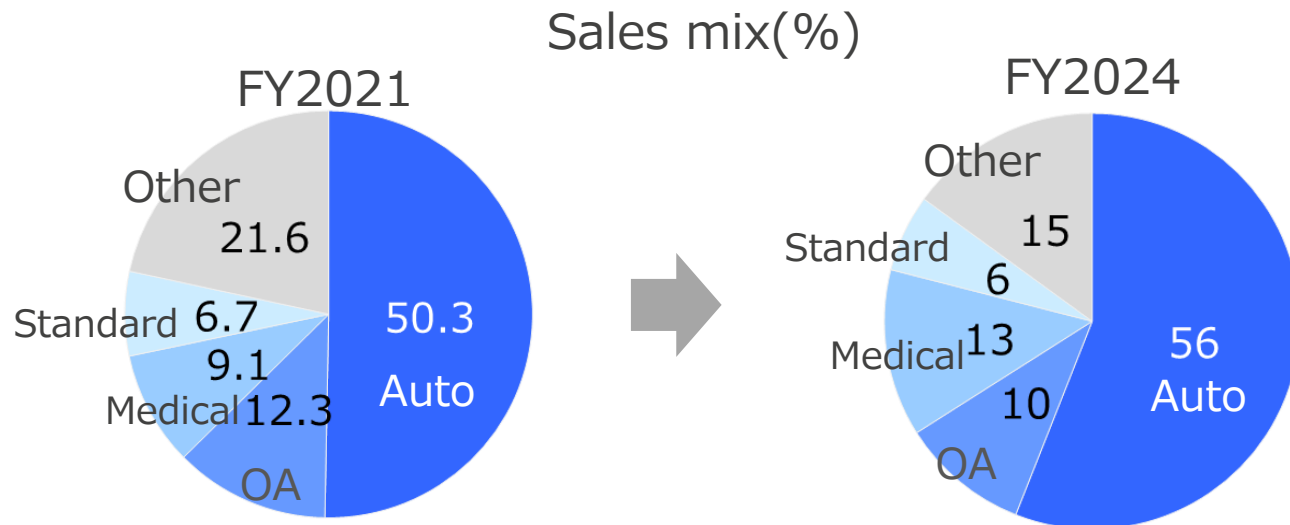
Insert Collar

- Brand strategy

- Standard & Original Products
 - Penetration of our trademark. Selection of a trademark suitable for the site.
 - Tangless®, InstantLock®, Heatnex®, Coilthread, Lockone®
 - Patent / trademark registration strategy
 - Standard products lineup of Insert collar
 - Promotion of exhibitions globally
- Improvement brand image and royalty
 - Web marketing, SNS, Digital strategy
 - Compliance for logo rules

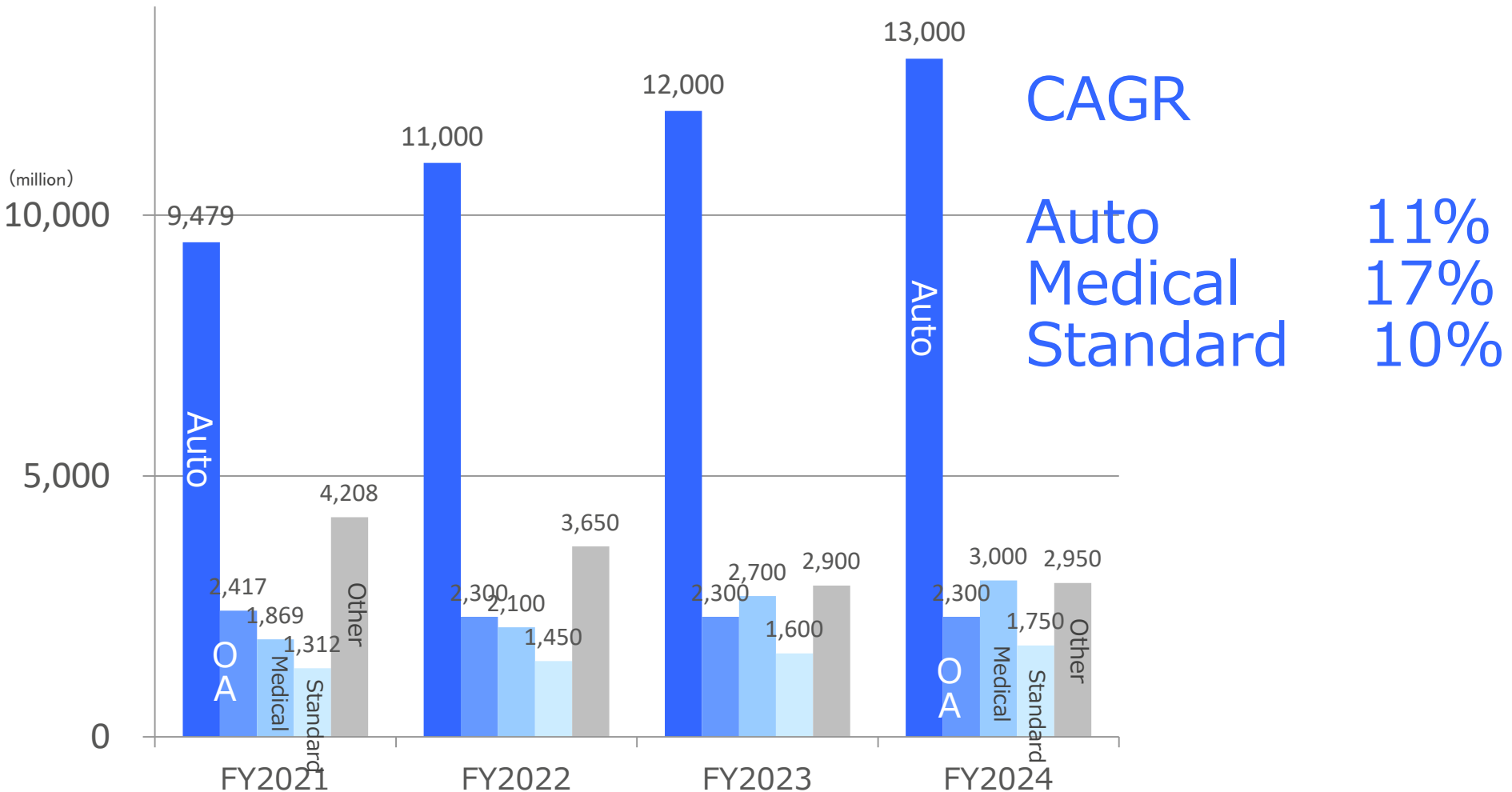
- Sales strategy

- Expand global sales activity
- Promote the added value(1st section of the Tokyo stock exchange, a global company)



4. New Mid-term Management Plan : Profit structure ADVANCE

Focus on Long life cycle, High profitability, low volatility



We will leverage our strengths to build a collaborative system with Tier 1 that can be adapted to next-generation vehicles.

Automaker

Japanese•European•American existing automaker,
Tesla, Apple, Chinese EV

Tier 1

- Power control unit
- Inverter, converter
- Shift by wire
- Sensor
- Actuator

EV, Autonomous

Mega supplier

- Denso, Hitachi Astemo
- Panasonic, Nidec
- Bosch, Continental
- EV startup, Chinese

Global supply

Module
Commonalization

- TNGA : Toyota
- CMF : Nissan
- MQB : VW

Tier 2

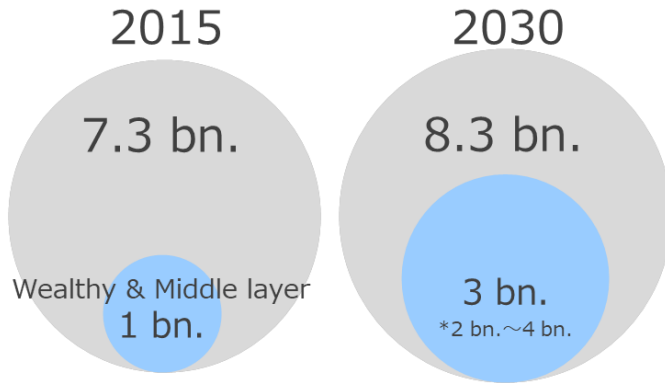
Advanex

Strong point•Strategy

- Global supply system centered on Japan
- Collaborative development and design proposal from upstream
- Promoting quality, supply and business continuity

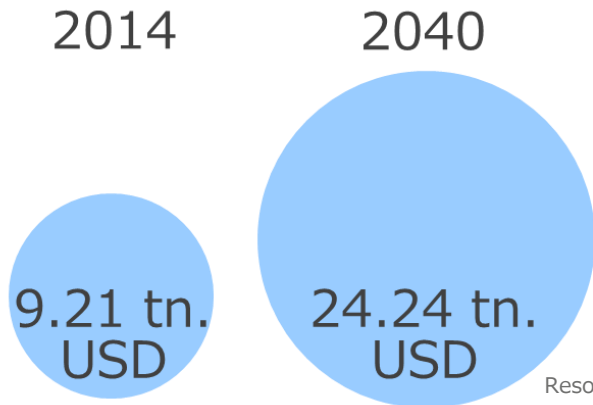
Focus on Global Mega-Pharma and expect market expanding

Global population



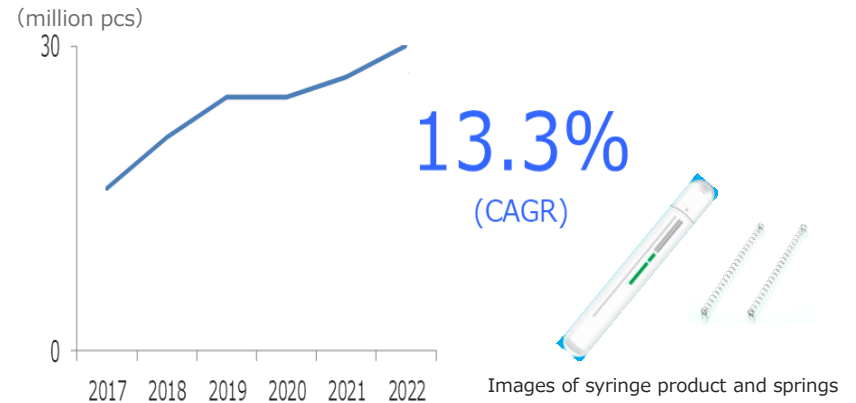
Resource: Diamond

Global medical expense

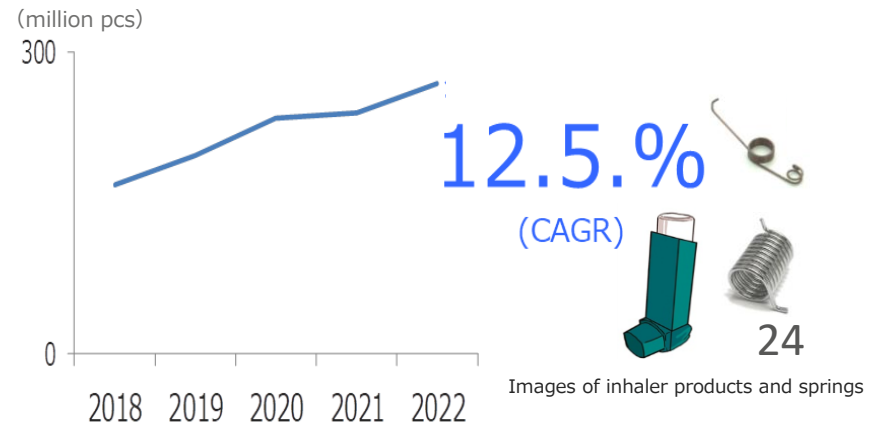


Resource: Care net

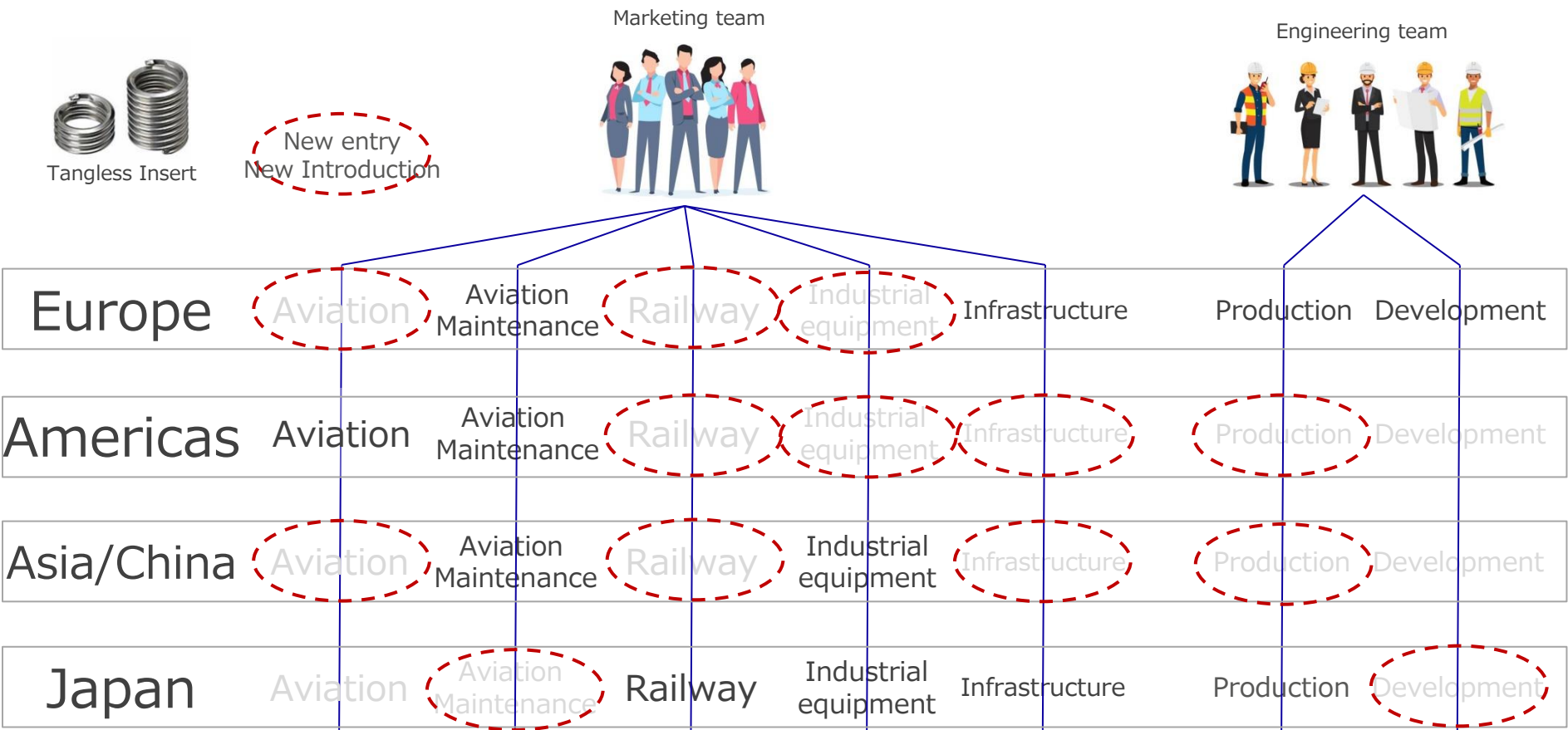
Number of Springs for syringe from Advanex



Number of Springs for Inhaler from Advanex



Sharing information and know-how for new entry into unentered markets



- **Development/ Technology strategy**
 - New product development
 - Automation, IOT, RPA, VA/CD
 - Construction and penetration of AQS (Advanex Quality Standard)
- **Purchasing strategy**
 - Establishment of global purchasing department, consideration of utilization of overseas materials
 - Change commercial distribution, build relationships that match the appropriateness of mutual prosperity companies.

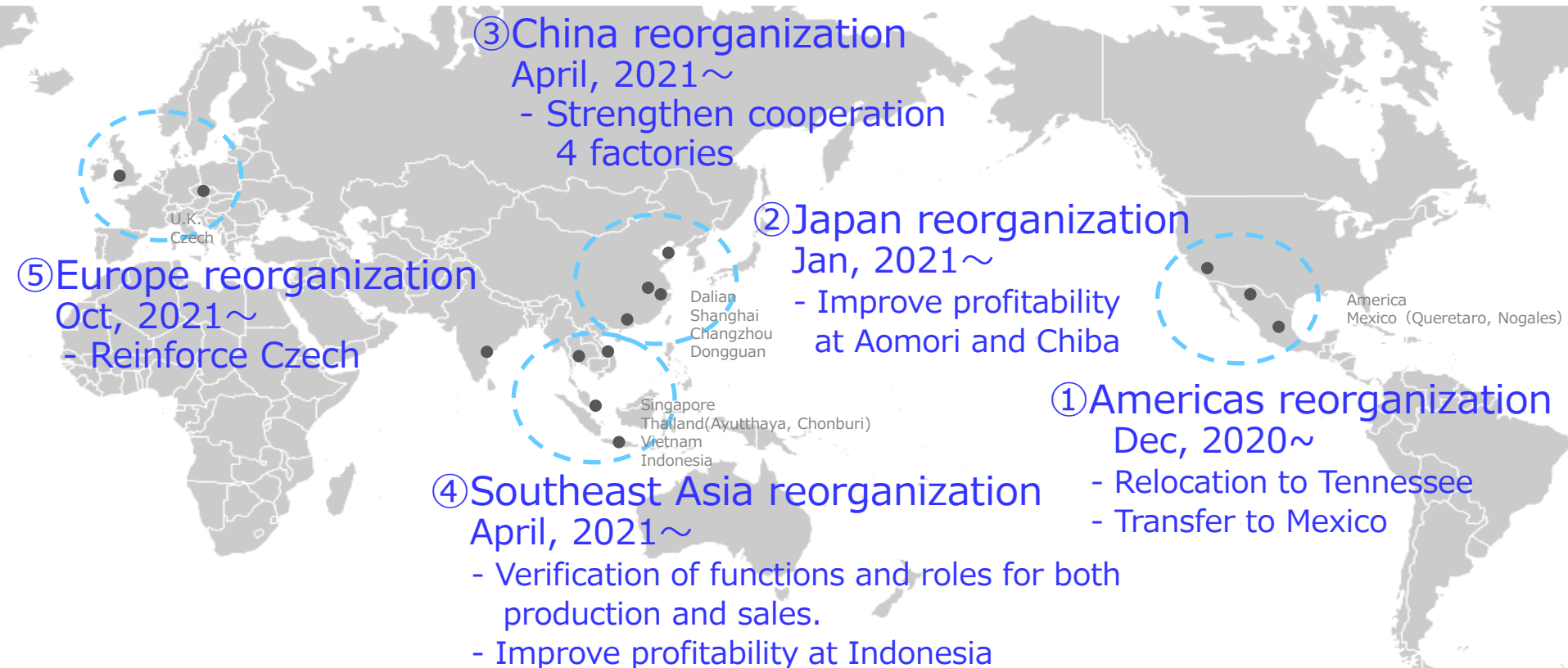
- Overall optimization

- Review production allocation
- Review unprofitable businesses

- Reorganization

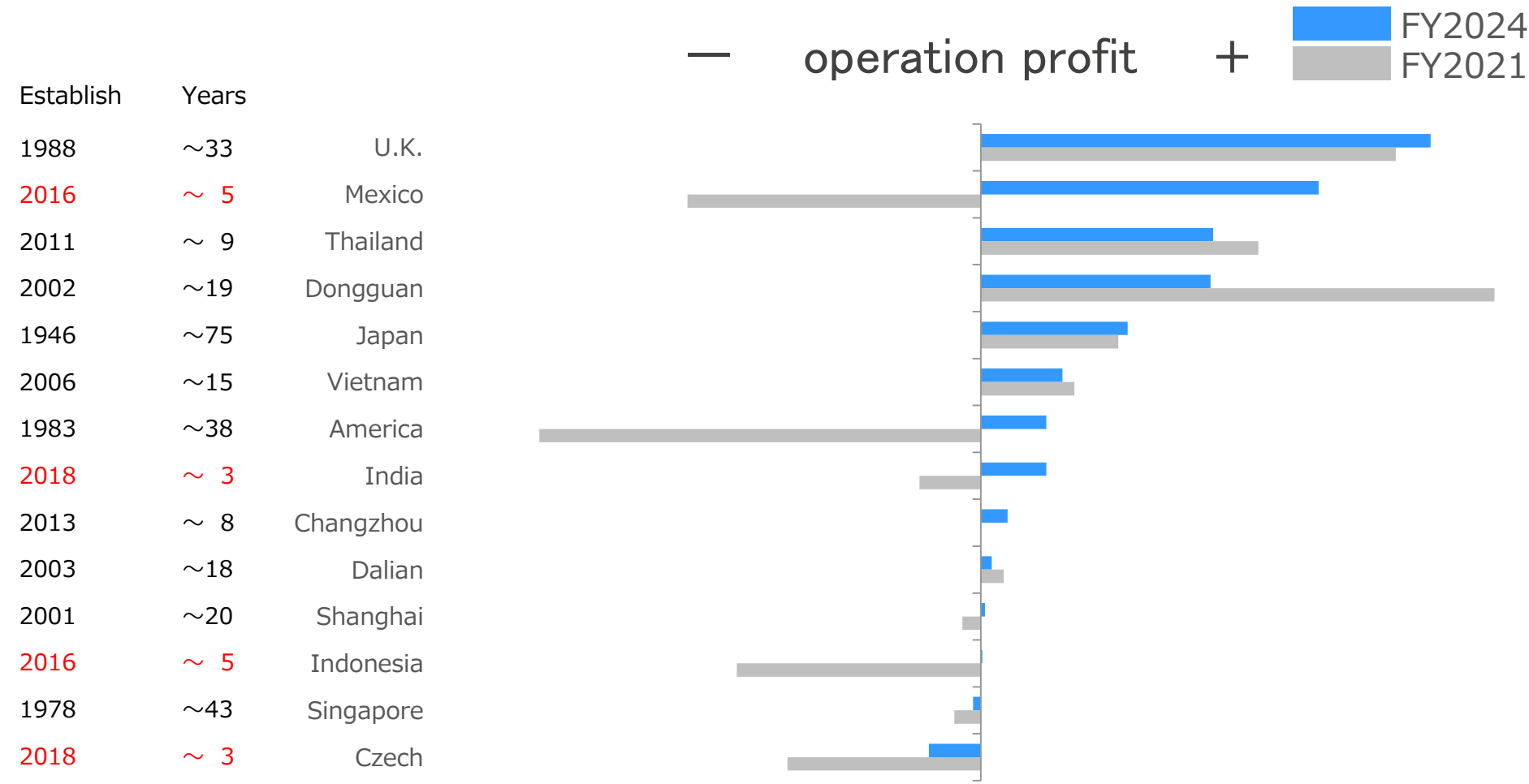
- Japan : Improve profitability at deficit factories
- Americas : Relocation of factory and transfer to Mexico
- China : Strengthen cooperation 4 factories
(Dongguan, Dalian, Shanghai, Changzhou)
- Southeast Asia : Verification of functions and roles for both
production and sales.
Improve profitability at Indonesia factory

4. New Mid-term Management Plan : Profit structure ADVANCE

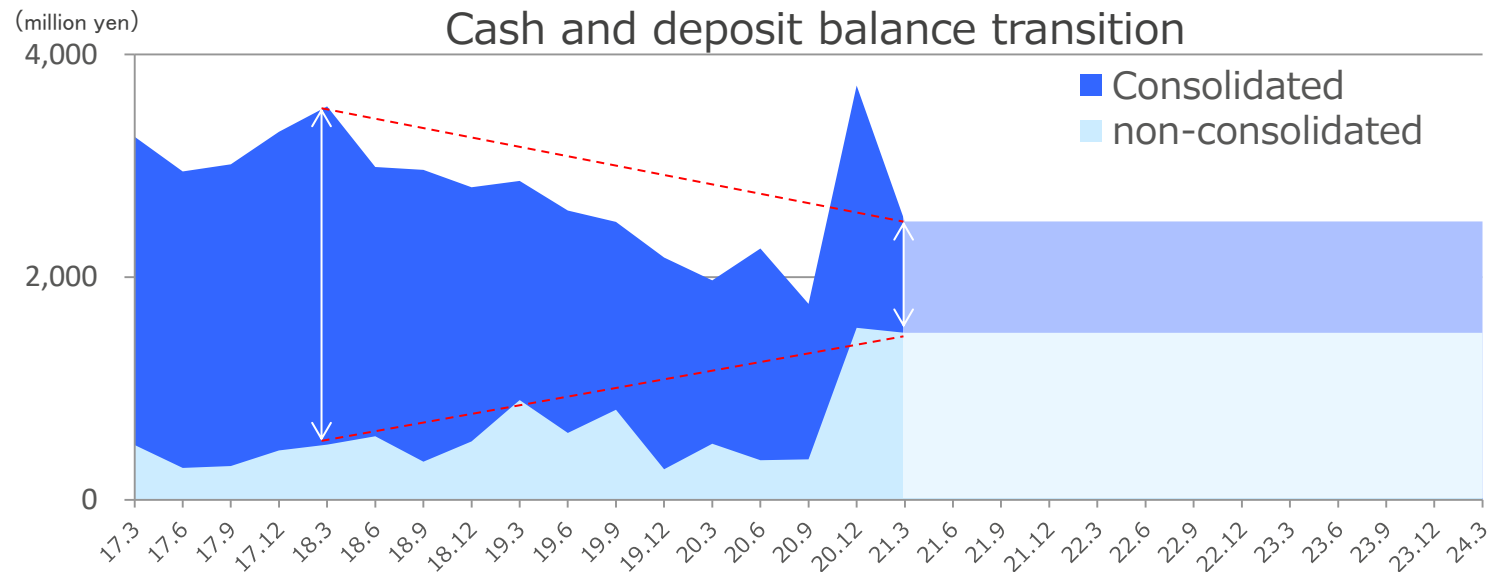


4. New Mid-term Management Plan : Profit structure ADVANCE

Aim to eradicate deficit companies.

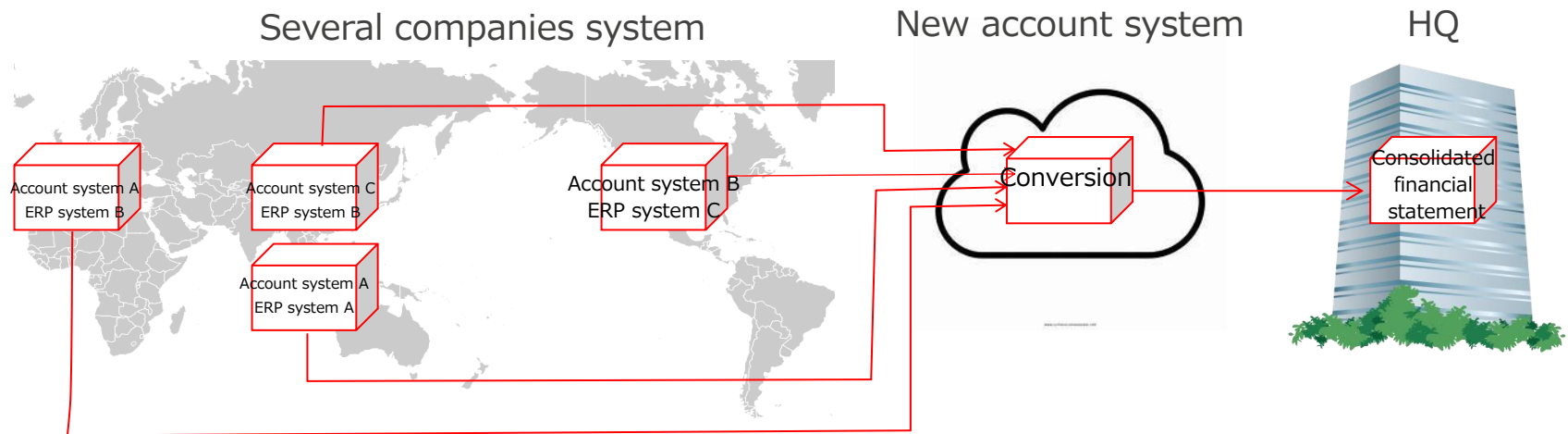


- Reduce debt, improve capital adequacy ratio
 - Investment restraint, effective use of group cash
 - Formulation of repayment plan, follow up



- Improvement of consolidated settlement accuracy

- Strengthen budget management system, improving budget accuracy
- Review accounting system, integrated financial data

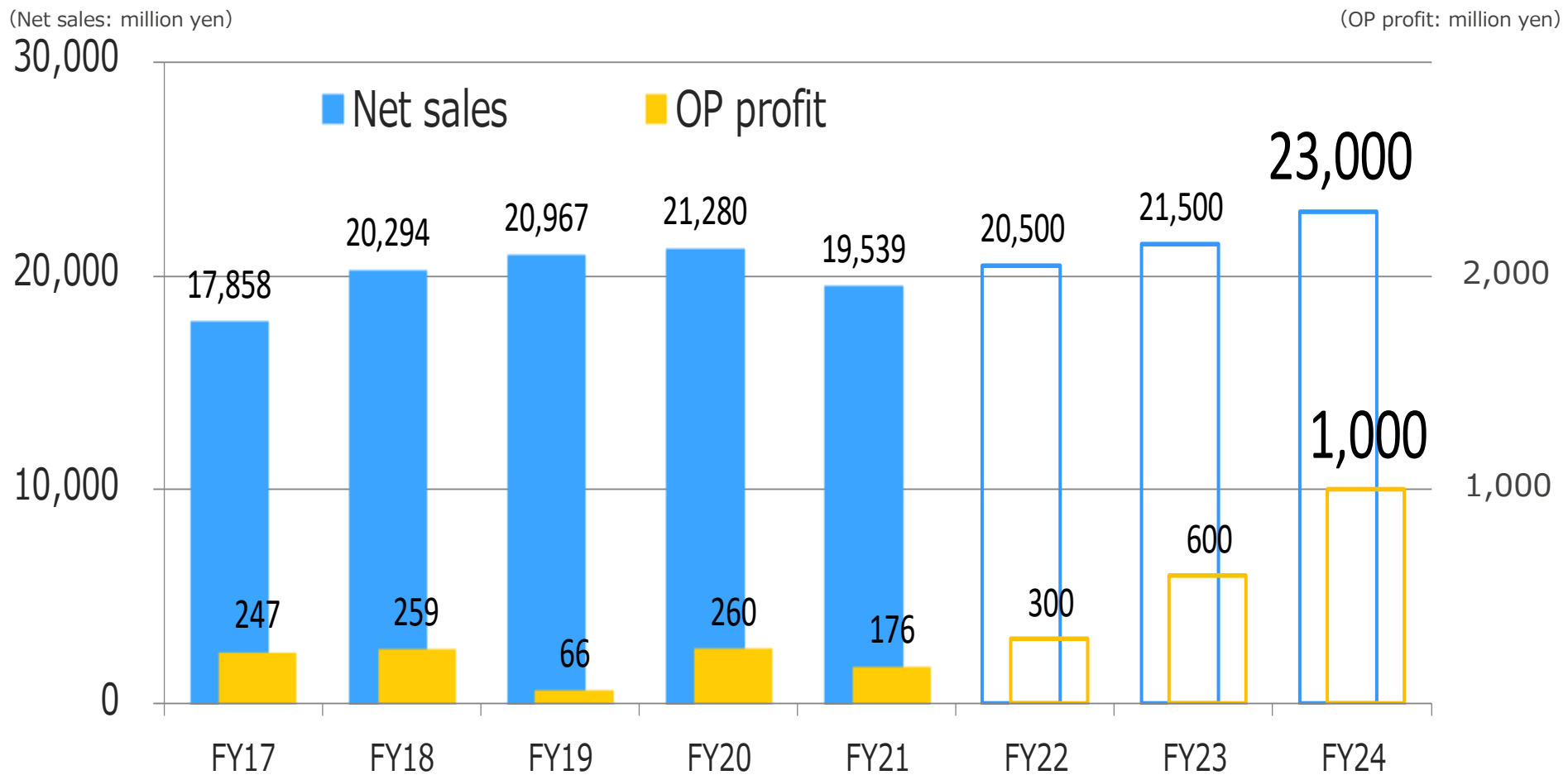


Introduce a new accounting system to increase the speed and accuracy of consolidation of 14 overseas subsidiaries

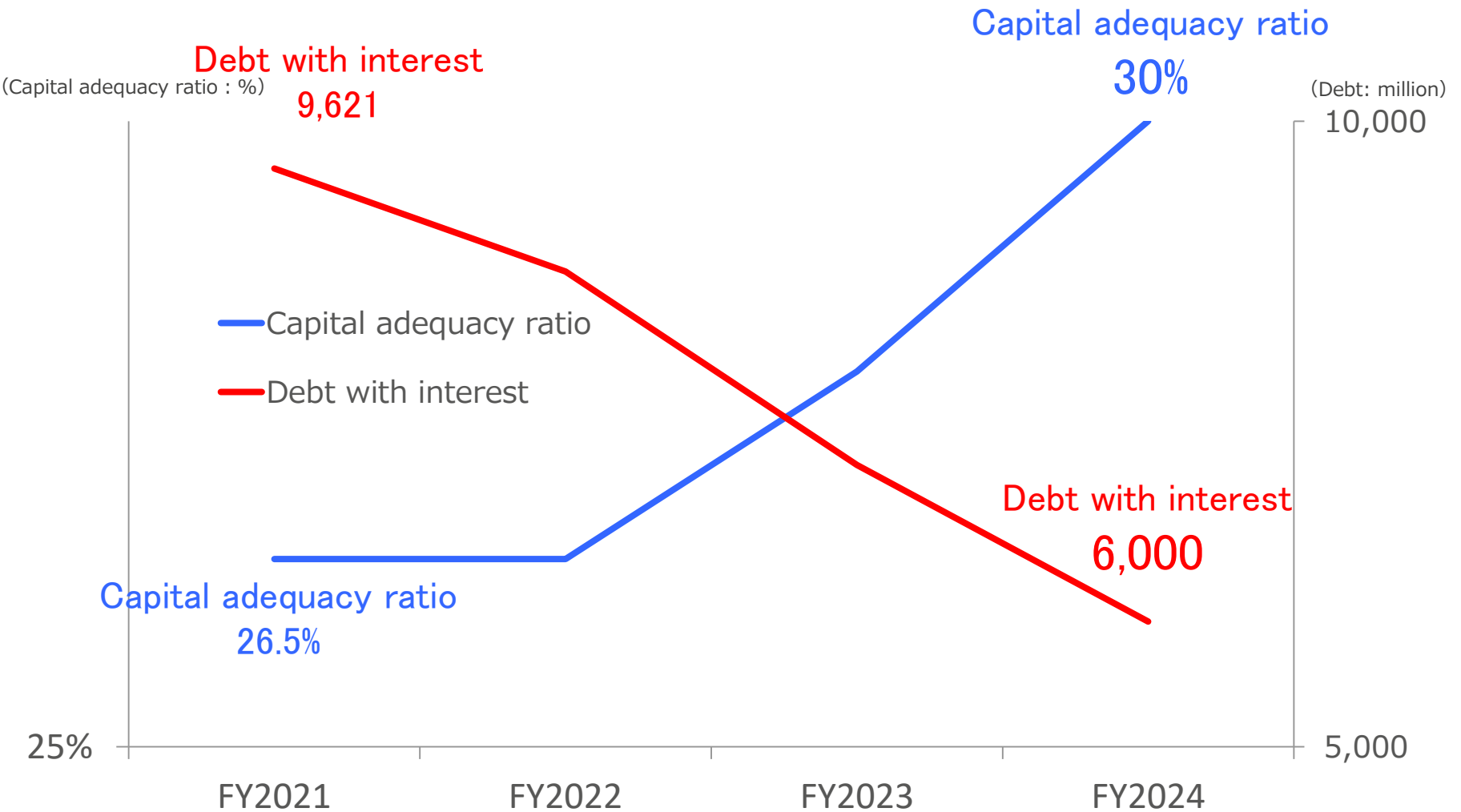
- FY2024 Target

- **Net sales** : **2 3 bn. JPY**
- **OP profit** : **1 bn. JPY**
- **Debt** with interest : **less than 6 bn. yen**
- **Capital adequacy ratio** : **more than 3 0 %**

4. New Mid-term Management Plan : Net sales & OP margin



4. New Mid-term Management Plan : Debt with interest & capital adequacy ratio



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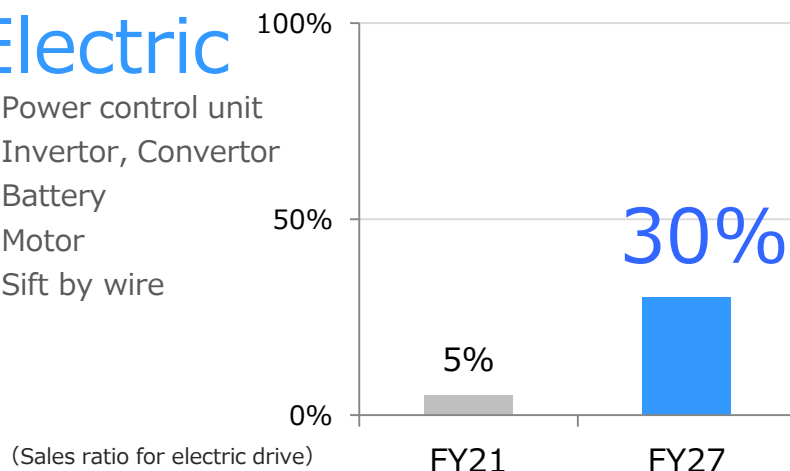
5. SDGs(ESG) : Automotive



Contributes to decarbonization of automobile(electric and lightweight) and safety for accidents.

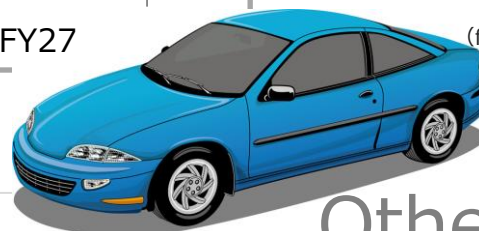
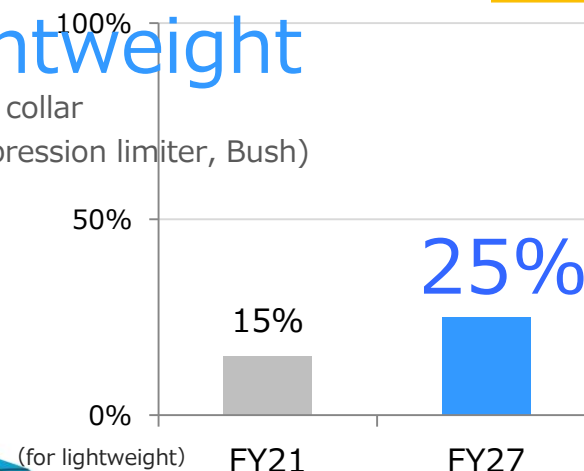
Electric

- Power control unit
- Inverter, Converter
- Battery
- Motor
- Sift by wire



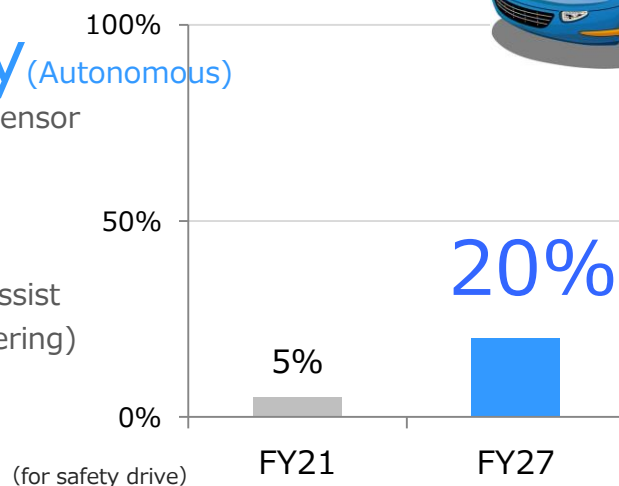
Lightweight

- Insert collar
(Compression limiter, Bush)

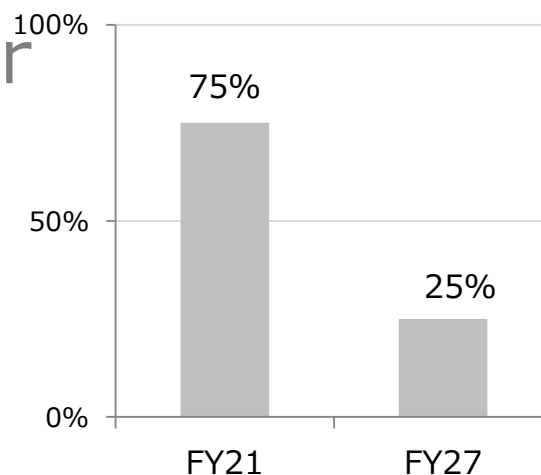


Safety (Autonomous)

- Ultrasonic Sensor
- LiDAR
- Camera
- Air bag
- Operation assist
(Power steering)

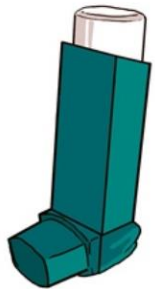


Other



5. SDGs(ESG) : Medical

Contribute for healthcare and quality of life of people around the world



Asthma inhaler kit

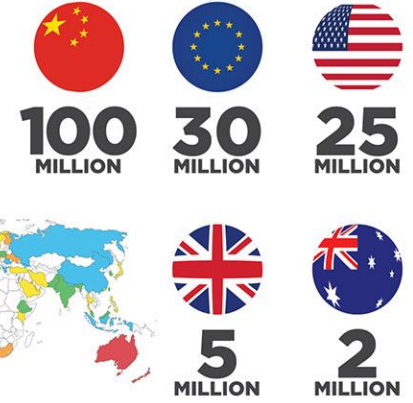
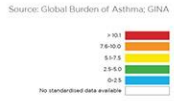
- 334 million asthma patients worldwide
- The number of deaths is 250 thousand per year
- Increased number of patients due to increased pollen due to global warming
- In the future, it will spread to poor areas with high mortality rates



Springs for inhaler

- 334 million people have asthma
- 14% of the world's children experience asthma symptoms
- 8.6% of young adults experience asthma symptoms
- Approximately 250,000 people die prematurely each year from asthma. Almost all these deaths are avoidable

World Map of the Prevalence of Clinical Asthma



Resource: Global burden of Asthma

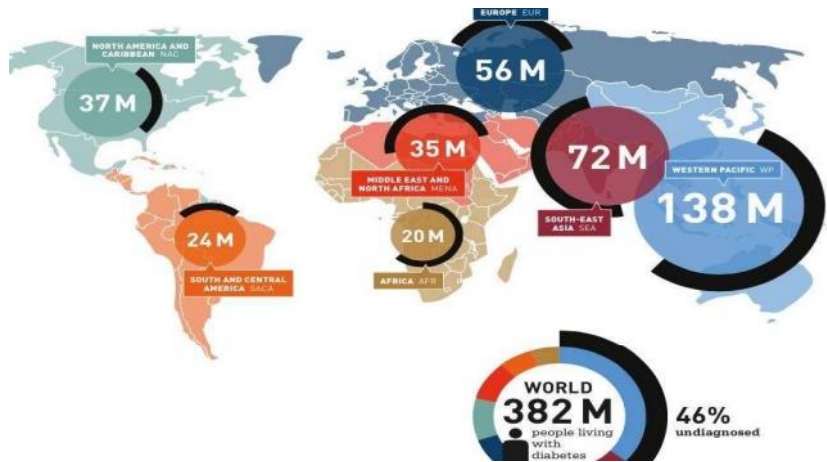


Insulin Injection kit

- 382 million diabetes patients worldwide
- The number of deaths is 1.5 million per year
- Rapid increase in China and India. Due to economic development
- In the future, it will spread to poor areas with high mortality rates.



Springs for syringe



Resource: Associates of Northwest Arkansas

5. SDGs(ESG) : Standard products

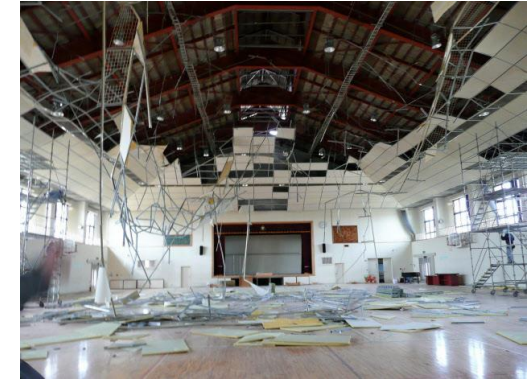
Contribute to the spread of new energy infrastructure and people's safety



Wind power generation



Solar panel



Ceiling board that fell due to the earthquake



Tangless insert

- For wind power generation
- For aviation
- For railway



LockOne

- Locking bolt-nut for solar panel
- For any other infrastructure



Instant Lock

- Locking for ceiling board etc.

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- By strengthening both governance and cooperation with group companies, we will efficiently allocate the management resources(people, goods, money, knowledge) of the entire group and establish a system that can effectively demonstrate the power of the group.
- Formulated a reorganization plan the entire group and a “startup deficit” elimination plan for each companies.
Steadily follow the progress by embodying the content of efforts, deadlines, and target figures.
- RFQ for EV-related and mega-pharma are increasing.
SDGs(ESG) projects will become our growth driver.

ADVANEX

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