

## Meeting Material FY2021 Briefing—Question and Answer Session

Date: Monday, May 23, 2022

KYB panel: Masao Ono, Representative Director, President Executive Officer

Takaaki Kato, Representative Director, Chief Financial Officer

### **1. FY2021 Performance**

Q. Please tell us about the Company's sensitivity to the exchange rate.

A. When the yen depreciates by one yen, the annual profit will be approximately ¥140 million in USD, and approximately ¥40 million in euro.

### **2. FY2022 Forecast**

Q. For AC Operations, there were increases in sales and profits, but the increase in profit showed a small margin in relation to the increase in sales. Meanwhile, HC Operations saw decreases in sales and profits, and the decrease in profit showed a wide margin in relation to the decrease in sales. Please explain the details on this.

A. In AC Operations, the impact of the Russian invasion of the Ukraine caused a decline in sales of aftermarket products, for which the profit ratio is high. Therefore, the increase in profits was small. Regarding HC Operations, the decline in profits was largely due to a change in product composition.

Q. What is your assumption for the planned number of OEM units in AC Operations?

A. Based on the planned unit number information from our clients, we are taking into account downside risks identified when we generated the values in the external announcement (on May 13).

Q. Raw materials have seen steep price increase. Is this accounted for in your plan?

A. We forecast that the formula component of steel material will largely recover, so that is incorporated into our plan. Regarding the rise in gas and electric utilities, the costs the Company bears are incorporated into the plan, but as there is a large impact on our European position, we are undergoing negotiations for recovery.

Q. With the end of the lockdown in China being discussed in the news, please tell us about current situation with HC Operations and your forecast for the first and second halves.

A. Regarding the lockdown situation in China, our clients operated at approximately 50 to 60% in April and approximately 80% in May. Our prediction for the first half is that we anticipate approximately 80% operations. At the current time, we cannot make a prediction regarding the second half, so we will revise the outlook appropriately going forward.