

Electronic Devices and Components

Develop new business areas by expanding our portfolio and achieve consistent growth over the long term

Director, Vice President Executive Officer
Chief of Electronic Device & Component
Business Headquarters
Ryozo Iwaya



Overview of the fiscal year ended March 2021

Although sales of motors decreased significantly in the first quarter compared to the same period of the previous year, sales increased significantly for the full year due to a clear recovery in orders from the second quarter. Net sales of LED backlights were down due to decreased demand associated with a decrease in the number of smartphone models using them.

As a result, net sales were 363.8 billion yen, operating income was 17.6 billion yen, and operating margin was 4.8%.

Outlook for the fiscal year ending March 2022

In motors, we expect accelerated growth and significant increase in sales and profit. Sales and profits of electronic devices are expected to decrease due to a decline in the number of models adopting LED backlights. Although sales of sensing devices are expected to remain almost the same, profit is expected to increase due to improved profitability.

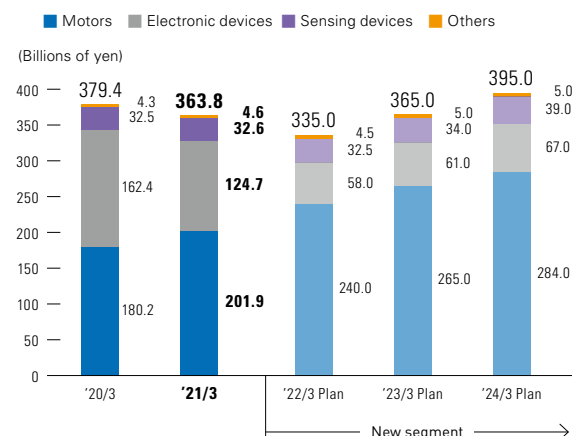
Please note that we have transferred some of our business segments from the fiscal year ending March 2022.

Midterm Business Plan

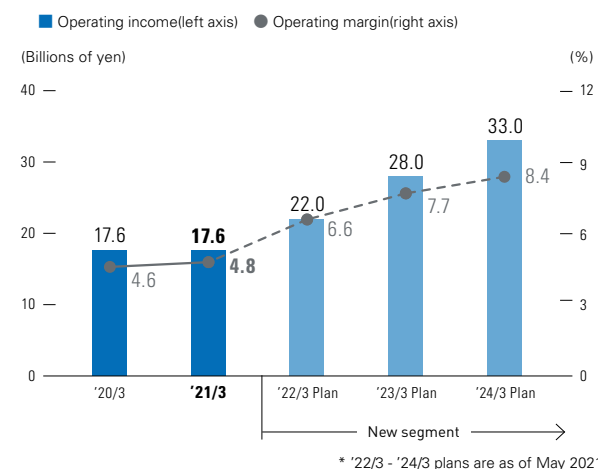
Accelerating growth with motors as a pillar of earnings

Main points	
1	Motors Move to the next stage of growth in all product areas
2	LED backlights Continue product mix in automotive and smartphones
3	Sensing devices Expand sales for automotive and industrial applications (molding machines, etc.)

Net sales



Operating income/operating margin



Overview of the fiscal year ended March 2021

Highlights of the Electronic Devices and Components

Net sales composition

37%

ROIC

10%

Motor business

Expanding profit

Product portfolio

Expanding

Basic strategies for next 10 years

In the Electronic Devices and Components, our basic strategy is to maximize profit by reinvesting cash generated from the sub-core businesses to core businesses and strengthening the platform of our core businesses of motors and sensors. In the sub-core businesses, where technological changes are rapid and profit opportunities are large, the key issues are to implement thorough measures to reduce fixed costs and to properly assess business risks. With the aim of achieving consistent growth over the long term, we will expand our portfolio and develop new areas of business through the INTEGRATION with other Eight Spear products.

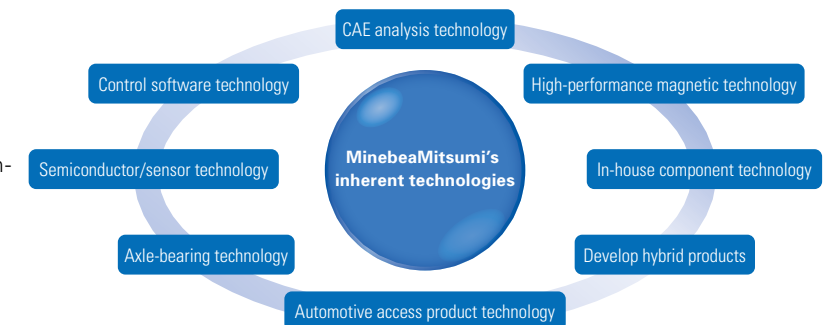
Core competencies

In addition to the Company's DNA, including ultra-precision machining, vertical integration, global development, and mass production, we will fuse core technologies in the electronics field including sensors, optics, and magnetics. We are expanding our products into a broad market including automobiles which require stringent quality characteristics and smartphones which require vertical launches—balancing quality and quantity in a short period. A dynamic location system which responds to customer demands through manufacturing automation & semi-automation and employee education & training, is another source of our competitiveness.

"Becoming the one-of-a-kind through INTEGRATION capabilities" strategy

INTEGRATION in motors is the process of adding value by combining functional parts. Specifically, there is modularization by integrating motors with reduction gears and encoders, and unitization by integrating motors with control devices. By integrating motors, it will be possible to shift the motor business model from a stand-alone model to a proposal-based model with higher added value. For example, by combining high-efficiency, high-precision bearings with highly heat-resistant magnets, we can create in-vehicle motors that can withstand high heat of 150°C. We will accelerate the development of information and communication, robotics, and automotive

products to expand our portfolio and increase added value while leveraging the strengths we have cultivated in office automation equipment and PC peripherals.



Creating solutions to social issues

As part of our efforts to become carbon neutral, we plan to contribute to reducing the environmental impact of our customers by supplying small and precise motors that take advantage of INTEGRATION. For example, power consumption and CO₂ emissions from data centers are becoming a social issue as the ICT society is being realized. In response to these issues, we supply cooling fans that combine the highest quality bearings, motors, and analog semiconductors to reduce the environmental impact in terms of long life, high weather resistance, power saving, and quiet operation.

Going forward, we will continue to fulfill our supply

responsibilities as a component manufacturer, and at the same time, contribute to solving social issues such as reducing the impact on climate change.



Fan motors