



November 5, 2021

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Notice Regarding Consolidation of Domestic Passenger Vehicle Steel Wheel Production Bases

Topy Industries, Limited ("the Company") announces that at the Board of Directors meeting held on November 5, the Company has resolved to consolidate the passenger vehicle steel wheel production bases.

1. Overview of the consolidation of domestic production bases

The Topy Group manufactures passenger vehicle steel wheels at two sites in Japan: the Toyokawa Factory of the Company (Toyokawa, Aichi Prefecture) and at the Company's consolidated subsidiary Ring Techs Co., Ltd. (head office and factory located at Kurashiki, Okayama Prefecture). The Group plans to consolidate the two production bases into the Toyokawa Factory by June 30, 2022 (Note).

As the production bases are integrated, the Toyokawa Factory will take improvement measures (including a review of the production system, the optimization of production lots, productivity improvement and cost cutting through investment in automation equipment) to strengthen the earnings base.

(Note) Certain types of products are not included in the scope of consolidation.

2. Reasons for the consolidation of domestic production bases

While demand for automobiles is expected to continue expanding around the world, primarily in emerging countries, demand for steel wheels in Japan is continuing to decline chiefly due to an increase in the rate of vehicles using aluminum wheels. As a result, in the passenger vehicle steel wheel market, supply capacity in Japan far exceeds demand.

In this market environment, the Company acquired all shares of Ring Techs in 2018 to strengthen the foundation of the passenger vehicle steel wheel business and made it a subsidiary of the Company. The two companies have since taken steps together to improve profitability and optimize the production system in Japan and overseas, including centralized purchasing, the unification of the sales and design divisions, and the discontinuation of production at Ota Factory (former location: Ota, Gunma Prefecture) in January 2020 (the land was sold in August 2021).

The Group will consolidate production bases and reduce the production scale to one base/two lines from three bases/five lines which was the capacity at the time when Ring Techs became a subsidiary. The Group will optimize the production system to achieve a system that will have a supply capacity that matches domestic demand.

While consolidating production bases, the Group will take improvement measures to enhance technology development capabilities and productivity at the Toyokawa Factory of the Company, the mother factory that will play a central role in the global strategy in the Group's passenger vehicle steel wheel business. The Toyokawa Factory will strengthen its function to support production bases overseas and continue to provide high-quality and competitive products in the market.

The Company will solidify the foundation of the Group's passenger vehicle steel wheel business by implementing these initiatives and seek to achieve sustainable growth and development of the Group.

3. Future prospect

The Company is carefully examining the impact of the consolidation on the consolidated results in the fiscal year ending March 31, 2022. The Company will promptly disclose any information that should be disclosed.

Following the consolidation of passenger vehicle steel wheel production bases, Ring Techs will primarily manufacture and sell wheels for agricultural machinery. The Company will take necessary measures for the surplus staff at Ring Techs that will be generated due to the reduction of the production scale, including transfer to the Company and other Group companies.

(Reference) Consolidated results forecast for fiscal year under review (disclosed on November 5, 2021) and results in previous fiscal year

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Forecast for fiscal year ending March 31, 2022	266,000	1,500	1,000	1,500	64.37
Results in fiscal year ended March 31, 2021	225,121	(2,943)	(575)	578	24.70

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail.

The original disclosure in Japanese was released on November 5, 2021 at 13:30 (GMT+9).

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