

Analyst Financial Results Briefing Q&A Session on May 28, 2025
(Financial Results for Fiscal Year Ended March 2025)

Q. What impact do you expect from U.S. tariff policies?

A. The total annual transaction value of products, components, and materials exported to North America is around 30–40 billion yen. Therefore, we estimate a potential maximum tariff impact of approximately 10 billion yen.

We will proceed in close consultation with our customers to minimize any negative impact on our performance.

Q. Can you provide an update on profitability improvements at your automotive suspension springs business sites in North America?

A. Initially, from a BCP standpoint, we were shifting production from North America to other countries. However, with productivity now improving in North America, we plan to move some production back.

We aim to establish a path to improving profitability during FY2025 and achieve profitability in FY2026.

Q. Regarding your FY2025 forecast, how have you factored in the effects of SUBARU's production line suspension and competitor withdrawal from the HDD suspension market?

A. We have included the volume decrease resulting from SUBARU's production line suspension in our earnings forecast. While it will have some impact, we plan to offset this as much as possible through efficiency improvements. As for HDD suspensions, we have accounted for the impact of a competitor's market exit and expect some volume increase. We also anticipate stable demand from data centers.

Q. What impact would the closure of Nissan's Oppama Plant have?

A. Even if the Oppama Plant closes, we believe the business itself would not disappear, as it would involve relocating vehicle production to a different facility. We will work closely with the customer to ensure we retain the business.

Q. On Slide 23 of the briefing materials, the FY2025 forecast for the DDS business shows a 4.4 billion yen decline in sales price improvements & discount compared to FY2024. Why is that?

A. When HDD suspensions transition to new products, the unit price of older products tends to decline. This fiscal year, we have a high concentration of transitions to new products, which significantly affects sales price improvements & discount.

Additionally, product prices are often reduced as volumes ramp up after mass production begins, and these reductions are recorded as discounts, which also contributes to the decline.

- Q. ROIC for the automotive suspension springs and precision springs & components businesses is lower than the company-wide ROIC (8.3%). What measures are being taken to improve this?
- A. For automotive suspension springs, product competitiveness is key, so we must continue investing in anticipation of future demand growth. In the EV market, which we expect to expand, our products must meet EV-specific requirements. Specifically, this includes supporting heavier vehicle weights while remaining compact. This is a market where we can leverage our strengths, and we plan to secure orders accordingly. For motor cores, we are making upfront investments to expand the business and will continue working to enhance production capacity.
- Q. The CAGR targets for motor cores and integrated metal substrates have been revised downward. What's the outlook for orders?
- A. Growth in the EV market is slowing, but our products are used in a broad range of electrified vehicles, including hybrids and plug-in hybrids. We intend to capture this demand. We still expect to achieve the original CAGR targets for motor cores and integrated metal substrates by FY2031.
- Q. You achieved your share buyback target ahead of the mid-term plan schedule. What is your stance on unwinding cross-shareholdings?
- A. We aim to keep policy-holding shares at or below 20% of net assets. For shares held by cross-shareholding partners, we will respond appropriately based on the specific circumstances.
- Q. If cash flow exceeds expectations, how do you plan to use the surplus?
- A. We plan to use any excess cash for forward-looking investments in human resources, digital transformation, carbon neutrality, R&D, and business development. We also want to invest in new business themes that can follow our three current growth drivers (motor cores, integrated metal substrates, and semiconductor process components)
- In addition, we will continue returning value to shareholders by maintaining a dividend payout ratio of 30% or more.

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