

Analyst Financial Results Briefing Q&A Session on November 28, 2025  
(Financial Results for the First Half Ended September 30, 2025)

[DDS Business]

Q. Please explain the factors that caused the second quarter results to fall below the first quarter results.

A. Unrealized gains (approximately 0.7 billion yen) recorded in the first quarter were absent in the second quarter. In addition, foreign exchange rates had a negative impact of approximately 1.0 billion yen on net sales and approximately 0.2 billion yen on operating profit.

Q. Please share your outlook for selling prices and market share for the next fiscal year and beyond.

A. Regarding selling prices, we will seek to set appropriate prices for our customers that reflect product performance. Regarding market share, while we do not foresee drastic changes, overall demand is growing, so we will ensure we capture this demand. We also aim to gradually increase our share by advancing upfront development in collaboration with customers.

Q. Selling prices for suspensions decrease when switching from prototypes to mass production. Could you explain the timing and frequency of these price changes?

A. Suspension model changes occur in conjunction with HDD development. The frequency of these model changes is not constant and varies from year to year. However, as HDDs continue to increase in capacity, we anticipate continuous orders for prototypes.

Q. Selling prices declined from the previous fiscal year to the current fiscal year. Do you expect selling prices to decline next fiscal year as well?

A. Since the volume of prototypes this fiscal year is lower than in FY2024, we believe the impact of selling price declines next fiscal year will be smaller than in the current fiscal year. Note that we consider foreign exchange rates to have the most significant impact on selling price fluctuations.

Q. Please explain the background behind the decline in selling prices and the reasons why this decline has been kept less severe than initially planned.

A. We have been able to suppress the decline compared to the initial plan through persistent negotiations with customers.

Q. Do you plan to increase selling prices for existing products in the future?

A. Taking into account product performance, market environment, and other factors, we intend to increase selling prices where necessary after thorough consultation with customers.

Q. What is the outlook for future capital investments?

A. Capacity expansion for FY2026 is included in the investment amount for FY2025 (9.1 billion yen). The increase is partly a rebound from FY2024, when investment was somewhat suppressed. From FY2026 onwards, we project capital investments to return to the average annual level of 5.0 to 6.0 billion yen.

Q. Are capital investments focused on domestic plants?

A. While we have production plants in Japan, Thailand, and China, recent investment has been centered on Thailand. In Thailand, we are ramping up capacity expansion, including line conversion, and we will proceed with line conversion specifically for TSA going forward.

Q. Are suspensions becoming a bottleneck in the HDD supply chain?

A. Regarding current production capacity, although there is not a large margin relative to demand, we are meeting customer demand properly, so the Company does not believe they are becoming a bottleneck.

Q. HDD manufacturers are increasing prices for HDDs. Please explain the impact of this on suspensions.

A. As this concerns price increases by HDD manufacturers, we are unable to determine the impact on suspensions. For our part, when fluctuations in material market conditions and the like occur, we carefully explain the situation to customers and ensure that we recover the increased costs.

[Semiconductor Process Components]

Q. Please explain the reason for the sluggish performance of NAND applications.

A. The main factor is that the recovery in NAND demand has been slower than was expected in our initial outlook. Our initial outlook anticipated that volume would grow in FY2025, so we put a system in place to respond if volume were to increase rapidly. We believe the market for semiconductor process components will expand in the future due to the expansion of data volume, similar to DDS.

[Automotive Suspension Springs]

Q. Please explain how you plan to achieve your operating profit ratio target of 3% as set in the FY2026 Mid-term Plan.

A. The operating profit ratio for automotive suspension springs is improving from the actual result of 0.3% last fiscal year to the forecast of 1.3% for the current fiscal year, as profitability at North American bases is improving. We intend to pursue further improvements, make North American bases profitable next fiscal year, and achieve an operating profit ratio of 3.0%, which is the target of the FY2026 Mid-term Plan.

[Motor Cores]

Q. Please tell us about the status of motor cores in Mexico and India.

A. Regarding Mexico, construction of the plant building has already been completed, and we are conducting sales activities with the goal of starting mass production in FY2027. Regarding India, possession of local manufacturing facilities is a condition for receiving orders while conducting sales activities within India, so we are making upfront investments. We are receiving many inquiries from both Mexico and India, so we aim to win as many orders as possible.

End