

Analyst Financial Results Briefing Q&A Session on May 11, 2026

(Financial Results for Fiscal Year Ended March 2026)

[Regarding the Middle East situation]

Q. Could you tell us about the impact of the situation in the Middle East? Specifically, which products are being affected? Also, please let us know if there have been any changes in the procurement prices of raw materials.

A. Currently, the supply of materials, such as thinners and paints, is tight. At this point, we have secured our procurement needs through June, but the situation from July onward remains uncertain. On the pricing front, we have received notices of price increases from our suppliers. We will continue to gather information in cooperation with our suppliers.

[Regarding the financial results for the fiscal year ended March 2026]

Q. Could you explain the reasons why the financial results for the fiscal year ended March 2026 fell short of the plan?

A. The main reasons were that tariff recoveries were delayed until the fiscal year ending March 2027 and production volume decreased for automotive suspension springs in North America.

[Regarding the DDS (Disk Drive Suspension) Business]

Q. Could you tell us about the latest order environment?

A. Cloud service providers (CSPs), the major investors in data centers, have presented HDD manufacturers with nearly finalized order plans for 2027, and continuous, strong demand is expected for 2028 and beyond. In light of this, HDD manufacturers have also indicated strong production plans, and we are proceeding with the formulation of our capital investment plans based on these plans.

Q. Are there any changes to the level of capital expenditures accompanying the expansion in demand?

A. Strong demand is currently ongoing, and the pace of capital expenditures is accelerating. Volume has also grown by around 10 to 15% year-on-year, and we expect this situation to

continue for the next two to three years. In order to reliably capture this demand, we are simultaneously proceeding with line expansions and line conversions.

Q. Is it difficult to raise prices given the tight situation that is expected to persist until production capacity is expanded?

A. We will move forward by carefully consulting with our customers regarding the costs incurred. In addition, we will work on raising our selling prices by taking advantage of various opportunities.

[Regarding Motor Cores]

Q. Could you explain the reasons why the sales plan for the fiscal year ending March 2027 projects lower revenue than the previous year? Also, please tell us about the sales expansion status in India toward FY2030.

A. There are two reasons for the decline in revenue. The first is the slowdown in demand for electrification itself, and the second is the end of production for existing products. As for new projects, the delays are due to factors such as pushing back the launch of mass production, and we believe it is possible to recover going forward. Regarding sales expansion in India, while there are no finalized projects at this moment, we are receiving many inquiries, so we will continue our activities to ensure they lead to actual orders.

[Regarding the increase in fixed costs]

Q. Could you provide the details and main reasons for the increase in fixed costs for the DDS Business and Automotive Seating Business in the fiscal year ending March 2027 ?

A. For the DDS Business, this is due to an increase in personnel costs resulting from higher volume in Asia, as well as an increase in future investments, including in human capital and DX. For the Automotive Seating Business as well, costs will be incurred due to increased future investments, such as in human capital and DX, as well as R&D expenses and costs for a new office.

[Regarding the vision realized upon achieving the FY2026 Mid-term Plan]

Q. I think these are excellent initiatives, but could you provide a bit more detail?

A. We position DX as a means for business reform, and over the two years since the start of the FY2026 Mid-term Plan, we have advanced frontline-driven initiatives aimed at solving manufacturing issues. As specific examples, in the Automotive Suspension Springs Business, we have built a manufacturing system that can be universally reproduced, and in the DDS Business, we have achieved uniform quality across Japan, China, and Thailand through data utilization. Regarding heavy-duty work, we have reduced task items with a postural weight score of 30 points or more by 70 to 80% over the past two years. We will continue these efforts with the aim of entirely eliminating task items with a postural weight score of 30 points or more during the current fiscal year. We will proceed to reduce workloads and strive to balance productivity with a comfortable workplace.

[Regarding EV strategy]

Q. Various car manufacturers are shifting their EV strategies. Could you explain what kind of impact this has?

A. While demand is currently stagnating, we believe that electrification will steadily progress over the medium to long term, and demand will significantly expand at a certain point. We are currently making preparations so that we can thoroughly meet customer demands when that time comes.

[Regarding the impact of tariffs]

Q. Are there any changes in strategy or allocation due to the impact of tariffs?

A. Rather than the impact of tariffs, this shift was due to operational disruptions at our North American bases, which led to some products being manufactured outside of North America. However, as those disruptions have subsided, we are now proceeding with a return to North American production. In terms of strategy, we consider the fact that the Automotive Suspension Springs Business has production bases globally to be a strength. Therefore, we will steadily push forward with rebuilding our North American production system and continue to support production globally.

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