Financial Results Briefing Q&A Session for Analysts and Media on November 12, 2026
（For the Second Quarter of the Fiscal Year Ending March 31, 2027）

[Regarding the second quarter financial results]

Q. Could you tell us about the one-time income in the second quarter?

A. In the Automotive Seating Business, we recorded approximately 1.9 billion yen in income from development costs. This was the result of a change in how customers pay us for development costs.

[Regarding the DDS (Disk Drive Suspension) Business]

Q. What is the operating profit ratio for the current fiscal year for the entire DDS Business, excluding prototyping?

A. For the fiscal year ending March 2027, we expect an operating profit ratio of approximately 23.5%, excluding prototyping. With the added boost from foreign exchange, we have achieved an operating profit ratio of at least 20%, which we will continue to maintain at that level.

Q. In the first-half results, price concessions had a negative impact of 1.0 billion yen. For the full year, however, price concessions are projected to have zero impact. Does this mean you expect selling prices to increase further?

A. In the first half, prices declined year-on-year. However, we improved selling prices through September, and we expect the effects to emerge in the second half and offset the first-half decline for the full year. We are currently negotiating prices by closely consulting with our customers.

Q. Please explain why the operating profit ratio in the second-half plan is lower than in the first-half results.

A. In the first half, we received a large number of orders for prototypes, which have relatively high profit ratios. Another factor is the exchange rate. The yen traded at around 160 to the U.S. dollar in the first half, but we have assumed a rate of 150 yen for the second half.

Q. What is your current capacity utilization rate?

A. Our capacity utilization rate currently remains high at approximately 90%. We are expanding our production capacity to meet further growth in demand.

Q. You explained that the number of suspensions per HDD will increase to 22. What is the timeline for reaching 22 suspensions, and what opportunities will a higher disk count bring?

A. We believe this will be achieved within the next three to five years. We see the increase in the number of disks as an opportunity to expand market share. We will focus on developing new products together with our customers.

[Regarding capital expenditures]

Q. You expect capital expenditures of approximately 60.0 billion yen for the fiscal year ending March 2027. What level of investment do you expect for the next fiscal year and beyond?

A. At this point, we have not yet decided on a specific investment amount. We will continue to invest in our growth businesses.

[Regarding shareholder returns]

Q. For the fiscal year ending March 2027, the dividend payout ratio is forecast to be 34%, up from the initial forecast of 31%. Have you changed your shareholder return policy?

A. We consider shareholder returns to be extremely important.

[Regarding the China business]

Q. You announced that you will liquidate your Suspension Spring plant in China. What is your policy on your China business going forward?

A. Having concluded that the Automotive Suspension Springs Business has no prospect of remaining viable in the Chinese market going forward, we decided to exit that business in China as part of our efforts to focus our resources. We will continue to operate the Precision Springs Business there.

[Regarding the business impact of the change in administration in the U.S.]

Q. How will the U.S. midterm elections affect your business?

A. We do not anticipate any significant changes at this time.

[Regarding the automotive businesses]

Q. What roles do the Automotive Suspension Springs Business and the Automotive Seating Business play, and how do you position them within your overall portfolio? Also, how do you plan to improve their profitability going forward?

A. We expect relatively stable demand in the automotive businesses. We aim to expand our growth businesses based on the foundation of the automotive businesses. In addition, the QCDD* and trust we have built up in the automotive businesses have become valuable assets. We will continue working toward an operating profit ratio of 5% in these businesses.

* QCDD: Quality, Cost, Delivery, Development