

Q&A for FY2025/12 Financial Briefing

Date: February 19, 2026, 10:00–11:30

No	Items	Q	A
1	Overall	Is your forecast for FY2026/12 based on a bull or bear scenario?	The 2026 plan is a plan that requires a certain amount of self-effort, and it is required to complete the action plan to achieve it. On the other hand, upside factors include further improvement in CMP orders and an increase in the MRO ratio in TRS. Although ACB is not in a phase where sales can be expected to increase due to the withdrawal from overseas PD projects, we aim to strengthen MRO mainly in overseas projects and reap early harvests.
23	Medium-term management plan	Are there any updates on the medium-term management plan after hydraulic equipment business split?	The new FY2027 short term business plan has not yet been established. When the originally medium-term business plan was established in 2025, as reference numbers for 2027, hydraulic equipment was included, which estimated sales of ¥50 billion and operating profit of ¥2.5 billion in 2027. TRS is making higher progress within the original plan this year.
	Cash Allocation	There is a ¥15.8 billion FY2027 budget allocated to cash usage (page 27). Are there any specific priorities for its use?	This budget is allocated for FY2027. If there are growth opportunities that meet our return on investment criteria, we will use them for investment including R&D and CAPEX. If no such opportunities arise, shareholder returns will be considered as an alternative.
4	M&A	Will you change your strategy or processes for M&A given that there were several impairment losses in the past including Deep Sea?	We have already enhanced our internal rule and governance for M&A, but this may not be sufficient. We will further strengthen our operational governance.
5	M&A	Is there any risks of impairment losses going forward?	If business performance meets our plans, the risk of impairment losses is not expected to be significant.

6	Shareholder return	Currently, your ROE is low. Will you change your shareholder return policy for Medium-term Management Plan to improve ROE?	Improving ROE is an important concern for management. First, we need to improve profitability to increase ROE. We will execute our shareholder return policy under the current medium-term management plan, but we also consider capital efficiency and balance sheet.
7	PRG	Will you increase production capacity in Hamamatsu plant for PRG?	If demand increases significantly, we will expand our production capacity in Hamamatsu plant.
8	PRG	Why were PRG orders strong in FY2025/Q4?	End demand appears to have been driven mainly by capital investment related to China and Korea's auto manufacturers, and some contribution from North America demand.
9	CMP	Since the order trend for PRG in 2025/Q4 was favorable, but 2026/H1 sales forecast is weak. Do you see any change in the trend in 2026?	We see a temporary dip in orders due to the Chinese New Year; however, other than that, we do not see any significant changes in the overall order trend.
10	CMP	Why are sales of precision reduction gears for non-robot applications below your expectations? How do you plan to manage this business in FY2026? Does price is one of the reasons why you are struggling in SPE related market?	We believe our pricing is competitive. As for 2025, development progressed smoothly and many projects progressed to customer testing, but did not lead to orders. There are signs of improvement in 2026. For general industries, the sales ratio of positioners is high, which may be linked to capital investment trends in the automobile industry. There are also other projects that are developing and waiting for mass production.
11	CMP	Do you think demand related to physical AI will grow this year? Will it contribute for the company going forward?	Our customers are testing our new products now. We expect business contributions to begin from 2027 onward.
12	CMP	What are your advantages in penetrating the smaller-size precision reduction gear market?	Our first advantage is to deliver our one-stop solution with 6-axis in 10 to 20 KG weight capacity industrial robot, which increase the customization capability. Our second advantage is to have our mass production capability with high production technology.

13	TRS	When is OVALO expected to achieve profitability?	We have already decided to terminate automotive parts product, predictive active suspension, this year, which will help improve profitability. We are also working to expand our business in the actuators with wave gear type reduction gear market. While we have received many inquiries from European cobot manufacturers and general industry, we will cultivate business for mass production projects to secure profit.
14	ACB	Will you withdraw from the overseas platform door project?	Yes. We will withdraw from the overseas platform door business that includes installation work. We will keep MRO business and component supply without installation work.