

Q&A for FY2026/12 Q1 Results Briefing

Date : April 30, 2026 (Thursday) 16:30-17:30

No	Items	Q	A
1	Overall	How do you assess the impact of risks arising from the situation in the Middle East?	We do not believe there is any direct impact on sales at this stage. However, we are concerned about potential increases in procurement costs. While no direct impacts such as supply shortages or production stoppages have occurred so far, the duration of the situation remains uncertain, making it difficult to quantify the potential impact at this time.
2	Overall	In response to price increase requests from suppliers following the situation in the Middle East, which specific components or raw materials are seeing price increases?	While we do not have a complete picture of all specific price increases, we are mainly facing indirect cost increase requests centered on paint thinners and oils/lubricant. These increases relate more to auxiliary materials rather than core components. Our basic policy is to appropriately pass on these cost increases through pricing.
3	Overall	Could you explain your policy regarding future cash allocation?	At present, we are in a slightly cash-rich position. However, when viewed over the three-year period of the medium-term management plan (From FY2025 to FY2027), we do not expect any significant change in our cash position. Our priority is to steadily execute the R&D and capital investments outlined in the medium-term plan and to achieve future growth through these investments.

4	Overall	What were the factors behind the high operating profit margins in CMP and ACB in Q1?	<p>For CMP, profitability improved in Q1 due to increased utilization ratio in Japan, which generated higher utilization gains, as well as progress in price pass-through and delays in the incurrence of certain expenses.</p> <p>For ACB, while there is some seasonality between Q1 and Q4, we were able to improve profit margins by reducing fixed costs and expenses, addressing profitability challenges in overseas operations.</p>
5	CMP	Regarding orders for precision reduction gears, orders appear to have remained strong in Q1 FY2026. Is there any prospect that orders will accelerate further going forward?	We expect the strong order environment to continue. However, there remains some uncertainty regarding the timing and certainty of the recovery in capital investment for automotive-related equipment in North America, which we had been expecting in the FY2026/H2.
6	CMP	For precision reduction gears, were there any signs in Q1 FY2026 of front-loaded orders driven by customer procurement concerns following the deterioration of the situation in the Middle East?	Our understanding is that in Q1, we worked through orders received toward the end of last year. We do not believe that recent orders include any front-loaded demand driven by such procurement concerns.
7	TRS	Orders in the TRS segment grew strongly in Q1. What were the main contributing factors?	The primary driver of strong order growth was the aircraft equipment business. While there were some impacts from bulk orders for commercial aviation customers, even after taking these into account, both sales and orders in the aircraft equipment business have been growing at a solid pace.