

Key Q&A for FY2022 (the fiscal year ended March 31, 2023) Financial Results

Q: Which markets or areas led the way toward achieving record-high orders received?

A: The electronics and automobile markets led the way against the backdrop of digitalization and decarbonization in society, with particular increases of orders received related to EVs and automated driving. In terms of area, the increases were mainly seen in Japan, North America, and Europe. Orders received were strong in China as well.

Q: Why did operating profit exceed the revisions of financial forecasts that were announced in October 2022? What the effect of product price hikes?

A: That is because net sales exceeded the forecast since we succeeded at securing parts by improving procurement difficulties and increasing inventory, among other things, and because we were able to cut down SG&A expenses more than we had anticipated. Moreover, due to the accumulation of order backlogs, the effect of product price hikes was negligible.

Q: With regard to the FY2023 forecasts, why will orders received decrease YoY?

A: In FY2022, advance orders received caused by the prolonging of product delivery schedules generated approximately ¥2.0 billion. In addition, the impact from exchange rate fluctuation was approximately ¥3.2 billion. Although these impacts will be absent in FY2023, there is no sign that demand will peak out, and it is our view that demand will be maintained at a high level, primarily in cutting-edge technology fields (IoT, electrification of automobiles, and automated driving).

Q: With an abundant order backlog of approximately ¥27.0 billion, isn't the operating profit forecast for FY2023 rather conservative?

A: Procurement conditions are improving, but remain unstable, and it is our view that it will take time for procurement and manufacturing to normalize. We also forecast increases in component prices and electricity costs.

Q: What efforts are you making to improve profitability?

A: Component prices are continuing to surge, and it appears that we will be unable to make up for this through the product price hikes implemented in FY2022. We are considering further price hikes in FY2023, which will lead to profitability improvements. Additionally, the Service Business will face impacts such as personnel increases aimed at sales increases and surging electricity costs in Laboratory Testing Services, but we intend to take action quickly such as making revisions to service prices.

This material contains a summary of the main questions and answers related to financial results. Future plans and forecasts, etc. included in this material have been planned and predicted by the Company based on information available at the time. Actual results, etc. may differ depending on various conditions and elements in the future.