

Key Q&A for FY2023 (the fiscal year ended March 31, 2024) Financial Results

- Q. Why did orders received, net sales, and operating profit for FY2023 exceed the revised forecasts announced in October?
- A. We were able to exceed the revised forecasts for orders received thanks to stronger-than-expected domestic investment in EVs and batteries; for net sales, due to increased production volume from securing parts and strengthening production response; and for operating profit, due to higher net sales and an improved cost of sales ratio.
- Q. Why did the operating profit margin increase from 8.3% in FY2022 to 10.6% in FY2023?
- A. The increase was mainly due to higher sales of environmental test chambers in the Equipment Business and the effect of price hikes for products and services.
- Q. Product lead times had been getting longer due to procurement difficulties, but what is the situation currently?
- A. Product lead times have normalized for highly versatile standardized products. Highly customized products have mostly normalized despite unstable procurement for some products.
- Q. Why has the FY2024 forecast for orders received been set at ¥63.0 billion, the same level as in FY2023?
- A. We believe that investment in EVs and batteries will remain strong, especially in Japan, and that orders received will remain at a high level. However, due to our concerns about economic slowdown in China and North America, we have set our forecast at the same level as FY2023.
- Q. In the FY2024 forecasts, why is the operating profit margin only 0.2 percentage points higher than that of FY2023?
- A. This is because order backlogs are increasing for highly customized products and we have set a strict cost of sales ratio based on the expected product mix.
- Q. In the upward revision of the medium-term management plan, why has the net sales target for FY2025 been set at ¥65.0 billion, the same as the FY2024 plan?
- A. Net sales of ¥65.0 billion is an unprecedentedly high level and we believe that we will maintain a high level in the future, especially in the EV and battery fields. At the same time, we recognize the improvement of profitability as a challenge due to increasing costs, including prices for parts, and we intend to focus on improving profitability by enhancing internal capabilities.

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.