

Summary of Q&A for FY2024 (the fiscal year ended March 31, 2025) Financial Results Briefing

Date and time: Monday, May 26, 2025, 3:00 p.m. to 4:10 p.m.

- Q1 Regarding the order environment for FY2025, it was explained that orders in the Equipment business will decline by 3%, and that there will be a slowdown in EV-related demand and an increase in demand for AI semiconductors and other related areas. Is there a difference between standardized and customized products? Also, in FY2024, there was a large amount of orders for EVs in Japan. Will there be any major changes?
- A1 There are needs for development and production applications in the EV battery market. Although investment in battery production applications is expected to decline due to the global slowdown in EVs, investment in development applications is expected to continue. On the other hand, we expect growth in testing demand for AI semiconductors, autonomous driving, and satellite communications.
We do not expect the proportion of customized products to change significantly.
- Q2 Are there more development applications or production applications for EV batteries?
- A2 There are many development applications. Production applications are characterized by large batch orders for multiple units.
- Q3 What percentage of the Equipment business is made up by the markets you want to grow in the future, such as AI semiconductors (servers), autonomous driving, and satellite communications? What are your strengths and weaknesses compared to competitors?
- A3 Net sales in the target market are expected to account for about 25% of the Equipment business (as envisioned for FY2027).
The US subsidiary is responding to the satellite communications field.
We believe we are ahead of competitors in terms of reliability evaluation and development applications for electronic components and electronic equipment related to AI servers.

- Q4 The medium-term management plan emphasizes becoming leaner and improving the profit margin. The plan is to increase profit without significantly increasing net sales. How do you plan to improve the profit margin? Will your company selectively accept orders, increase high-margin products, or raise prices?
- A4 Over the past two to three years, we have been working to increase production capacity in order to respond to a rapid increase in orders. However, inventory has increased compared to around FY2020, and we are now in a state of excess fat, so to speak. Therefore, we are trying to compress inventory and convert this fat into muscle. Although we started the current fiscal year with a high order backlog, we are working to improve internal capabilities and overall manufacturing efficiency.
- We will also increase investment in R&D, develop products for target markets, and sell these products at appropriate prices commensurate with their value through value-added improvements.
- Q5 What is the growth rate of your target markets? If the sales percentage accounted for by products for the target markets increases, will there be changes in the product mix or profitability? When EV battery demand increased, the number of customized products grew, and profitability became an issue.
- A5 We would like to increase our growth rate by at least 10% in each market over the next three years, including this fiscal year.
- In the EV battery market, profitability was an issue because the products were for new markets, but repeat orders have led to improvement. Although we expect similar challenges in acquiring new demand in the current target markets, we will work to improve profitability, including for standardized products.
- Q6 Could you provide a breakdown of the ¥3 billion increase in profit from FY2024 to FY2027?
- A6 The drivers of profit growth will be improvements to the value of existing products through model changes and new products, which will be reflected in prices, and cost reductions from improvements in manufacturing efficiency.
- Q7 Is your view that although the product mix in the AI semiconductor market is not ideal, profitability won't worsen due to the introduction of new products?
- A7 While there will be an increase in customized products among the product mix in the AI semiconductor market, we will secure profit margins and prevent profitability from worsening through measures such as new product introductions.

- Q8 Achieving an unprecedented profit margin will require a change in company and mindset toward sales in light of the profitability and pricing issues. Where does President Arata see the issues and what is being changed? What results or signs of change have you seen?
- A8 Although the priority was placed on securing orders up until now, I feel that awareness has shifted toward the need to generate profit. Also, from a global perspective, overseas sales activities have increased over the past four to five years, and product proposals have become more frequent. However, language barriers have led to slow response times. I believe awareness of the need for both engineering and sales to look globally has been spreading. Even in manufacturing, we must compete with overseas competitors. I've said that we need to let go of the mindset of having the top domestic market share. We will aim to become a globally profitable company.

This material contains a summary of the main questions and answers related to financial results briefing. 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.