

Summary of Q&A for FY2025 (the fiscal year ended March 31, 2026) Financial Results Briefing

Date and time: Monday, May 25, 2026, 3:00 p.m. to 3:55 p.m.

Q1 To what extent will the production area of your North American subsidiary expand? And will it expand further in the medium to long term?

A1 Demand is hard to predict in the satellite communications field in North America, so near our Michigan Plant, we have secured leased production space where operations are scheduled to begin in October. As a result, production capacity is expected to increase by 50%.

We are also seeking to increase capacity at our Colorado Plant by recruiting additional personnel.

Q2 You said that demand is hard to predict in the satellite communications field, but demand was strong in FY2025. How do you see the situation in FY2026? What should we expect in the medium to long term? And what is your competitive advantage?

A2 Our main customers are private sector artificial satellite (low earth orbit (LEO) satellite) companies, and we believe there is likely to be growth in this field in the medium to long term. After a temporary moderation in FY2026, we can expect greater demand during FY2027.

Our strengths include our existing track record of supplying equipment, the fact that our equipment matches the need for 100% inspection prior to satellite launches, and our test systems that use liquid nitrogen (LN₂) to rapidly lower temperatures.

Q3 What is the situation regarding competition in the Chinese market? Will it be difficult to improve profitability while also securing market share in China?

A3 Competition is intensifying in the Chinese market due to a deflationary economy. Particularly in the volume zone centered around standard products, price competition is intensifying, and in this zone, our product differentiation and response to cost reductions were delayed. Furthermore, there were changes to testing requirements in the high-end zone of the advanced technologies that are our specialty, and in some respects, our response was weak.

Our view is that we can demonstrate advantages over our competitors in China with our energy-saving products and our response to testing requirements. Including cost reductions, we will once more refine our manufacturing to provide technical support from Japan, improve quality, and respond to customer needs.

- Q4 Have you begun to see the effects of the strategy in the Chinese market?
- A4 Mainly in the semiconductor field, we are beginning to see the effects from the Company's strengths and from our measures.
- Q5 Orders received were strong in FY2025. Compared to your expectations, how did you achieve an upturn despite the negatives in relation to the Chinese market and laboratory testing services? What were the positives?
- A5 In Japan, as expected, our results decreased in the EV and battery field, but the AI semiconductor field remained firm. Overseas, we achieved substantial increases in the satellite communications field in North America. In Southeast Asia and Taiwan, the AI semiconductor field grew. We were also strong in the semiconductor and four-wheel and two-wheel automotive fields in India.
- Q6 You said orders received are expected to decrease year on year in FY2026. What is the reason? Is this due to uncertainty about the outlook, or are there fields that have already peaked out? Also, what is your view of the EV and battery field, as well as the satellite communications field?
- A6 We are viewing the satellite communications field in North America with a sense of prudence. We have hardly any information about customers' attitudes toward investment, and we also believe this field will be subdued in FY2026 because there was significant growth during FY2025. We do not believe there will be significant decreases in the EV and battery field compared to FY2025.
- Q7 In FY2025, orders received and net sales both grew, but profits declined. I think costs will increase, but will you be able to improve profits in FY2026? You declared a high target of 15% operating profit ratio in the medium-term management plan, but that scenario is collapsing. How do you intend to restore this situation?
- A7 Our eventual aim is an operating profit ratio of 15%, but the target for FY2027 has been changed to 12%.
We forecasted growth in laboratory testing services, but achieving this has been unexpectedly difficult. Competition in the Chinese market has also been tough, but we anticipate positive effects from our measures. Planned renovations to the Fukuchiyama Plant were delayed by about six months, but our initiatives to enhance manufacturing efficiency are expected to begin generating results in the second half of 2027. As such, we believe that we can achieve an operating profit ratio of 12%.

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.