

## Q&A of Results Briefing FY2023

(Held on April 30, 2024)

Q1. In your order plan for FY2024, Chinese order is expected to show a slight decrease from the previous year. How do you view the Chinese market?

A1. Large-lot business negotiations have gradually begun after the Chinese New Year, and we expect the overall slowdown in the Chinese market to diminish.

In parts machining, the orders for new energy vehicles including hybrid vehicles continue, but orders for Die and Mold in China are taking time to recover, especially for the orders from small and medium-sized customers.

Q2. In the U.S. and Europe, orders recovered from 3Q to 4Q of FY2023. Will this upward trend continue in 1H of FY2024?

A2. Although we have seen a moderate recovery trend, we are cautious about our outlook due to risks inherent in each industry and the continuing instability, such as concerns about economic slowdown in many countries and high interest rates in the U.S..

Q3. Gross profit margin ratio improved in FY2023 compared to FY2022, what is the reason behind this improvement?

A3. In addition to the weak yen, gross profit margin ratio has improved as a result of steady efforts such as an increase in the sales ratio of large and 5-axis machines, price increase and cost reductions through VA (value analysis)/VE (value engineering).

Q4. As the sales ratio of large machines increases, parts inventory is also expected to increase. How will you improve the inventory turnover ratio?

A4. We believe that it is the mission for manufacturers to reduce inventories through strengthening cooperation with suppliers to shorten lead times for procured parts, ensuring efficient assembly operations by combining multiple parts into units and so on. We have continued to promote this approach even for large machines as well.

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*Forward-looking statements in this material, including results forecasts, are based on information available at the time of disclosure and contain potential risks and uncertainties. Therefore, the actual results may differ from the estimates written in this material because of various factors. Significant factors that could impact actual results include, but are not limited to, economic conditions and social developments surrounding the Company, as well as changes in relative competitiveness due to trends in demand for the products and services provided by the Company.*

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