

Q&A of Results Briefing FY2024 2Q
(Held on October 31, 2024)

Q1. Despite a recovery in domestic orders in 2Q, why is the revised 2H domestic order plan below the actual results of 1H?

A1. Domestic orders have been recovering since July, particularly in the previously sluggish parts machining sector, and we expect this recovery to continue in 2H. However, the order plan considers the effect of large-volume orders in 2Q.

Q2. While orders in the US decreased from 1Q to 2Q, is a recovery expected in 2H?

A2. Although orders in the US had been strong since last year supported by aerospace demand and active investment in logistics, such as new warehouses, orders in 2Q decreased from 1Q, due to a decrease in orders for automotive caused by uncertainty over the transition to new energy vehicles. In 2H, we expect orders to recover due to firm orders in aerospace and medical-related industries, as well as signs of recovery in automotive.

Q3. As demand recovers among small and medium-sized enterprises as well as in the US and Europe, might the proportion of sales from medium and small sized machines increase, leading to a decrease in the marginal profit ratio? Is there potential to drive sales of larger machines and 5-axis machines to improve the marginal profit ratio?

A3. With the launch and sales activities of new models aimed at increasing efficiency and saving manpower, sales of large machines and 5-axis machines have been increasing since 2021. Similarly, by strengthening sales of 3 and 4-axis medium and small-sized machines produced at our factories in Singapore, China, and India, we aim to boost factory utilization rates and improve operating income ratio.

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.
