

## Q&A of Results Briefing FY2024

(Held on April 30, 2025)

Q1. What is the impact of the tariffs on exports to the US?

A1. Our basic policy is to pass on the tariff cost to customers as a surcharge. Although we temporarily suspended shipments to the US to assess our response regarding the tariffs, shipments have already resumed.

Some customers remain cautious due to the constantly changing situation, but we anticipate that capital investments will proceed steadily particularly among major users who had scheduled them in advance. Therefore, we expect the overall impact on our business performance to be minimal. However, should the tariff rates increase further, we will reconsider our approach as necessary.

Q2. What is the current order environment in China and India?

A2. In China, investment in infrastructure, including construction and agricultural machinery, is on an upward trend. Investment in new energy vehicles also continues to be strong. Additionally, in FY2025, there is expected to be replacement demand for equipment used in electronic component production. In India, inquiries for aircraft and semiconductor manufacturing equipment have been increasing since last year. Furthermore, inquiries for electrical and electronic components, including smartphones, as well as automobiles, are also increasing.

Q3. Are machine tools made by European or Japanese manufacturers used for precision machining, such as in the semiconductor manufacturing equipment sector, in China and India?

A3. While machine tools from manufacturers outside Europe and Japan are also in use, we understand that customers choose European or Japanese machine tools when higher accuracy is required. For example, to improve efficiency or meet the demands of next-generation manufacturing. In cases where current equipment cannot meet certain challenges, we understand our products are selected to address those unmet needs.

Q4. What is the reason behind the increase in the target total payout ratio from an average of 35% - 45% to 60%?

A4. The target total payout ratio has been revised in response to changes in the business environment based on a capital plan that includes an improvement in the cash conversion cycle (CCC), reduction of Cross-Shareholdings, and capital investment, in addition to operating cash flow.

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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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