

## Machine Tool Segment

**Q. The plan is to expand the after-sales service business in the future.**

**How much growth do you expect?**

A. The after-sales service business is being promoted as a medium- to long-term strategy, and we are steadily developing its structure.

The progress of the business varies from region to region, with the U.S. being very advanced. Greater China has many challenges at the moment, but we believe it is the most promising market for growth because there are far more EDMs in operation than in other regions.

We appointed Mr. Akutsu, who has grown the after-sales service business in the U.S., as COO (Chief Operating Officer) in November 2022, and will further strengthen our after-sales services.

**Q. How do you see the trends in the Greater China market this fiscal year?**

A. Due to the rapid spread of COVID-19 in the second half of 2022 and other factors, the business environment became severe and both orders and shipments of machinery were severely hampered. We expect demand to recover after the Chinese New Year holiday, but recognize that the outlook is uncertain.

Although demand for semiconductors and EV-related products is expected to be strong, there is a pause in demand for smartphones and electronic components. We are taking a somewhat conservative view of Greater China for the current fiscal year and plan to expand our business in other regions.

## Others

**Q. Isn't one year too much time to review a long-term management plan?  
Is it a lack of resources or information?**

A. We would like to see the formulation of a long-term management plan primarily focused on the next generation of potential leaders, as well as the development of their human resources. The understanding is that it will not take that long if the current business heads take the lead in formulating it, but it will take a certain amount of time to develop this plan from the perspective of strengthening the human resources that will drive future business growth.

**Q. What specific initiatives will be taken to achieve a five-year average ROE of 8% or more?**

A. We want to steadily improve profitability in each of our segments. Therefore, we will seek to increase our market share by strengthening our competitiveness, expand the after-sales business, and enhance our efforts to improve efficiency in terms of production, such as raising factory utilization rates. Regarding our equity capital, since the 2008 financial crisis, we have been working to strengthen our financial position by improving our resilience against major changes in the external environment. We will continue to implement a flexible capital policy with the aim of further improving ROE.