

## **FY2024/12 Financial Results**

**Q. What is the main reason why the demand for MT connector increased in Greater China?**

**Does the strong demand for MT connector continue?**

A. Strong demand for MT connector has increased as the demand for AI data center increased not only in the greater China, but also in the other areas. As the demand for AI continues, the demand for MT connector is expected to continue to grow. As we have specialized in precision molding in the industrial machinery segment, we strengthen the structure of organization to cope with growing demand and pursue this opportunity.

**Q. How much does the sales for the national defense industry occupy in your net sales?**

**What are the future prospects?**

A. The sales for the national defense industry remains still quite small, compared to that in Europe and the United States.

We examine to get the demand for electrical discharge machines (EDMs) as the national defense industry will grow in the future.

Additionally, the increase of the demand for metal 3D printers, also, will be expected in the national defense industry, in the future.

**Q. Considering the remarkable growth of the semiconductor industry in China, are the Chinese manufacturers rising in the precision field of electrical discharge machines(EDMs)? What fields do you keep your competitive advantages to them, then?**

A. In the field of EDMs, we have still kept enough technical advantages to local Chinese manufacturers, and do not compete with them directly but mainly Japanese manufacturers. In the Chinese market, as the mold industry has thrived and data centers, semiconductor industry and others are growing, the advancements of the manufacturing has steadily progressed. Consequently, the demand for our company's EDMs, which excel in precision processing, has been increasing.

**Q. What amount of the fixed cost was reduced by structural reforms? Is the effect on the cost reduction in this year almost same as the last year?**

A. About 0.9 billion yen of the fixed cost was reduced by optimizing personnel at overseas factories. Though we continue to reduce the fixed cost in the future, as we allocate capital to growth investments, the effect on the cost reduction is expected to keep almost same level as the current status in the future, too.

**Q. What is the current operation rate of the factory?**

A. About 30% smaller rate than the peak time in 2018

**Q. Though you mentioned construction of a new base at Suzhou Factory in capital investment result, is it contradiction to your past explanation on reduction of Suzhou Factory?**

A. Production function is consolidated to Amoy Factory and Suzhou Factory was relocated and planned to be constructed as New Suzhou base which is planned to establish technical center as the service solution base to support the automation and labor-saving needs of the customers, equipped with show room, and to produce only high end precision machine models.

### **FY2025/12 Full-year Financial Results Projections, Progress of Medium-Term Management Plan**

**Q. Is the sales projections of 2<sup>nd</sup> half is larger than that of 1<sup>st</sup> half of FY2025 same as FY2024?**

A. In FY2024, several big deals in food machinery segment in 2<sup>nd</sup> half led to larger sales result in 2<sup>nd</sup> half than that in 1<sup>st</sup> half. Though fluctuated by demand environment, as certain amount of demand is expected in 1<sup>st</sup> half, only slightly larger sales projection in 2<sup>nd</sup> half is expected in FY2025 without significant gap as in FY2024.

**Q. What are the factors causing to the decline in profitability though the increase of net sales of industrial machinery and food machinery is projected in the medium-term management plan?**

A. The increases in development costs, exhibition expenses and others are estimated to lead to a slight decrease in profitability.

## **Others**

**Q. What is the background behind the change in president?  
Could you explain the role sharing?**

A. We assume that development of new market is most crucial to execute management strategies and structural reforms. Vice President Akutsu, who assumed the role of Vice President of the U.S. sales subsidiary in 2002, turned around the then unprofitable business by strengthening the after-sales business (maintenance services and sales of consumables) and has achieved 14 consecutive years of profit surplus of the U.S. sales subsidiary.

It is mandatory to strengthen the after-sales business globally to establish more stable revenue base.

Regarding the role sharing, Akutsu, as President, will also be responsible for the development and manufacturing of products to match each market needs, globally. Furukawa, as Chairman, will focus on strengthening governance in preparation for transition to a company with audit and supervisory committee in 2025.