

■ Key Metrics of the Medium-Term Management Plan

Q. Given the current level of orders, the target of ¥100 billion in sales in four years may appear conservative. Would you characterize this target as conservative or challenging?

A. The target is not a simple extrapolation of the current favorable order environment, but reflects potential market fluctuations and our planned business transformation. On this basis, we consider it reasonably achievable, while recognizing it as a challenging target.

Q. What are the plans for AltForm in FY2029?

A. We position AltForm as a key contributor to growth in the Machine Tool Segment and to strengthening our solution business. While aiming to expand its sales, we will also focus on enhancing customer value across the Group and promoting the creation of synergies.

Q. The operating margin of the Industrial Machinery Segment was 5.3% in FY2025. How do you plan to achieve 10% by FY2029? Will this be driven by price increases or cost reductions?

A. The main driver of margin improvement will be expanding sales in high value-added areas. Rather than competing in highly competitive markets, we will focus on such areas and improve our business mix contributing to our customers through labor-saving initiatives, turnkey solutions, and the expansion of after-sales services. In addition to pricing increase and cost reductions, we aim to transform our business structure itself in order to achieve a 10% operating margin.

Q. Why is the operating margin of the Food Machinery Segment expected to decline in FY2029 compared with FY2025? Also, is an operating margin of 13% the target level?

A. The decline in margin reflects growth investments aimed at future business expansion, including strengthening in the prepared foods, confectionery, and bakery markets, as well as overseas expansion and the enhancement of service capabilities. The Food Machinery Segment has a relatively stable earnings base, and we recognize an operating margin of 13% as an appropriate level that balances profitability and growth while incorporating these investments.

Q. How is the regional sales mix expected to change going forward? How do you position the policy of reducing dependence on China that was outlined in your structural reforms?

A. Our policy is to pursue balanced growth globally rather than relying on any specific region. While the Chinese market is currently strong, growth opportunities are expanding across regions and industries, including Europe and the Americas. We do not set targets for sales composition by region, and will capture expanding business opportunities worldwide, particularly in high-precision and high value-added areas. Reducing dependence on China will not imply withdrawing from or downsizing operations in the Chinese market. Rather, we place emphasis on capturing business opportunities globally without relying excessively on any specific region or industry.

Focused Markets

Q. We understand that your core products targeting MT ferrules have a global competitive advantage. Could you elaborate on recent inquiries and changes in demand, including from overseas customers?

A. For our key products for MT ferrules—such as the wire-cut EDM EXC100L+, the small-hole drilling EDM K3BL, and the injection molding machine LP20EH4—demands are not driven only by the expansion of the MT ferrule market but also by the trend toward increased multi-fiber, which requires greater precision. Our products are well aligned with these needs. From a regional perspective, as data center construction continues globally, demand is being led particularly by Greater China and the United States.

Q. What is the current sales composition of AI and data center-related industries? Also, which industries do you expect to become the next growth drivers?

A. We do not disclose the detailed breakdown by industry; however, AI and data center-related businesses remain a key growth area, and we do not expect demand to decline in the near term. In addition, the semiconductor, energy, and medical industries continue to perform steadily, and we also expect a recovery in the automotive industry. Through growth across multiple markets, we aim to achieve balanced growth.

Q. In the Machine Tool Segment, what is the current level of sales generated from solution offerings that optimize the entire production process as of the end of FY2025? Also, what are the target levels for the current fiscal year and the final year of the mid-term plan, and what is the profitability of this area?

A. We do not disclose specific figures or targets for sales; however, we are expanding our solution offerings to address customer needs such as labor saving and productivity improvement, particularly in areas where standalone machines cannot achieve. The profitability of this area is recognized as being relatively high.

■ FY2026 Full-year Business Outlook

Q. Regarding the business environment for FY2026, we understand that performance in Q1 was strong and that demand in the Machine Tool Segment has remained solid since April. Could you share your assessment of the progress against your full-year plan and your current outlook?

A. While we refrain from disclosing specific figures at the moment, we recognize that the current business environment is generally in line with our initial assumptions. We are steadily advancing our initiatives toward achieving the revenue target of ¥88.5 billion announced at the beginning of the fiscal year.

■ Production Capacity

Q. As part of your structural reforms, you have consolidated and relocated your production facilities. What is your current production capacity, and what is your annual production volume?

A. As part of our structural reforms, we have consolidated and relocated our Suzhou factory to improve production efficiency and profitability. However, we have secured sufficient production capacity to achieve our ¥100 billion revenue target. Going forward, as we shift toward higher value-added models and expand our solution business, we believe that revenue growth will not necessarily be aligned with an increase in machine unit sales. Currently, demand related to AI and data centers remain strong, and we are also strengthening production capacity, particularly in the Industrial Machinery Segment.