

Summary of Q&A at the Third Quarter of FY2023 Financial Results Briefing

- **Overall**

Q) It is reported that the business segment profit for the third quarter exceeded internal projections, yet the annual forecast remains unchanged. Could you explain the background? Are there special expenses anticipated for the fourth quarter?

A) Although there could be slight variances in each business segment, we do not expect major fluctuations for the company as a whole, which is why we have maintained our annual forecast. Regarding the fourth quarter, we typically incur higher SG&A expenses, in addition, there are some costs carried over from the third quarter. Therefore, we have incorporated a higher level of expenses in our forecast.

- **Printing & Solutions (P&S) Business**

Q) Could you explain the current status of market and internal inventory?

A) Market inventory, including that of competitors, is being optimized for both laser and inkjet products. Similarly, our internal inventory has been effectively managed through production adjustments in response to demand, and both factory and sales inventory levels are being optimized. We expect a further decrease towards the end of the fiscal year.

Q) What are the reasons behind the steady sales of laser consumables in the third quarter, and what is your outlook for the overall consumables going forward?

A) The introduction of new laser products in the third quarter has led to an increase in sales of their consumables. Additionally, the usage period of the hardware has been extended, and the number of units in operation in the market (MIF) has not declined as much as expected, which has contributed to consumable sales. We expect this trend will continue for the next fiscal year. Current estimates for next fiscal year's consumables are underway, but we expect them to be the same level as this fiscal year.

Q) Looking at the sales of the hardware in the third quarter, it seems the decline in sales revenue is bigger than the decline in unit sales. Is there increased price competition for both laser and inkjet products?

A) Indeed, there has been an increase in sales promotions, including those by competitors, which has intensified price competition.

- **Machinery Business**

Q) What is the background for the recovery of machine tool orders in the third quarter,

and how was it compared to expectations?

- A) The recovery of demand related to electric vehicles (EV) in China underpinned this increase. Our company's orders hit bottom in April and have been gradually increasing since then. While the recovery trend is in line with our expectations, the speed of recovery is much slower than anticipated.

Q) What is the outlook for orders of machine tools going forward?

- A) While the recovery trend is expected to continue, we need to carefully assess the timing of a full-scale recovery. Although a slowdown in the speed of recovery is expected in the fourth quarter due to the Chinese New Year, we will make every effort to secure as many orders as possible.

● **Domino Business**

Q) While demand for capital investment is unlikely to recover, future-oriented investment will continue. What is the profit outlook for the next fiscal year?

- A) Although the sales of hardware are affected by capital investment demand, consumables are supported by the need for printing on essential goods such as food, beverages, and pharmaceuticals. If consumable sales remain firm, they will contribute to revenue and profit. However, in the next few years, expenses related to the updating of backbone business systems and depreciation of fixed assets could put pressure on profits.