

Summary of Q&A for the Second Quarter of FY2025 Financial Results Briefing

- **Overall**

Q: How did the sales revenue and business segment profit for the Q2 perform compared to internal plans?

A: Company-wide revenue exceeded internal plans by approximately 9 billion yen, but without FX effects, it was nearly in line with the plan. By segment, without FX effects, the P&S and Machinery businesses outperformed, while the IP and P&H businesses underperformed. Business segment profit exceeded by about 5.5 billion yen company-wide, and by about 4 billion yen when excluding FX effects. Most of the upside came from the P&S business, mainly due to steady consumables sales and controlled/deferred fixed costs. The Machinery and Nissei businesses also outperformed, while the IP business underperformed.

Q: How do you estimate the balance of profits between Q3 and Q4 in the second half?

A: We expect Q3 profit to be on par with Q2, while Q4 is expected to decline due mainly to seasonality. Overall, we estimate no significant imbalance between the first and second halves of the year.

Q: What are the details and amounts of "Other Income/Expenses" incorporated in the forecast for FY2025?

A: First, we reflected 2.3 billion yen gain on the sale of fixed assets in Q2, mainly from the sale of real estate. In addition, we incorporated 4.5 billion yen gain from the transfer of the karaoke club business in N&C business, completed on November 1. Both items will raise operating profit.

Q: Any updates on the impact of US tariffs?

A: Previously, we forecasted a negative impact of 5 billion yen on profit even after countermeasures against increased tariffs and decreased sales. The latest outlook, however, expects reduced tariff burdens, and all impacts can be absorbed by countermeasures. Also, the negative impact of 2 billion yen that had been incorporated as company-wide risk in the business segment profit of "Other Businesses" has been now reallocated to each business after a detailed review of the impact on each segment. As a result, the negative 2 billion yen impact for "Other Businesses" was cancelled.

- **M&A**

Q: What is the purpose of acquiring the automotive division from Konrad Busche?

A: We have focused on growth in non-apparel segment within our industrial sewing machine business. The core of the non-apparel segment is sewing applications for automotive interior components such as airbags, car seats, and seatbelts. Konrad Busche possesses expertise in automating processes with peripheral equipment in this field. Through this acquisition, we aim to accelerate growth in the non-apparel segment.

Q: Have you had prior transactions with Konrad Busche?

A: There have been very few previous transactions.

Q: What is the acquisition price and expected impact on future business performance?

A: The acquisition price is just over 1 billion yen. There will be no significant impact this fiscal year, but we expect a sales increase of around 10 million euros next fiscal year, including synergy effects.

- **P&S Business**

Q: Compared to competitors, business performance appears solid. How do you assess internally?

A: We consider our performance to be solid, as our market share is increasing despite the overall printing market trending downward.

Q: What is behind the steady sales, and will this trend continue in the second half?

A: As for laser sales, recovery from supply constraints in the last fiscal year is one factor. The steady growth in inkjet sales can be attributed, in part, to the effects of sales and marketing investments aimed at raising awareness. While there are some weak markets, such as Europe and China, we expect the overall trend to continue through the end of the fiscal year.

Q: Has the actual selling price declined?

A: It is true that promotional expenses have increased compared to last year. We raised prices to mitigate the impact of U.S. tariffs. Subsequently, we are controlling promotional expenses to ensure that promotions do not offset the effects of these price increases or lead to a reduction in actual selling prices.

Q: Have there been changes in the full-year sales growth forecast for hardware units and consumables?

A: Both hardware and consumables sales were solid in the first half, so we have raised the full-year forecast for both.

- **IP Business**

Q: What caused the underperformance versus plan, and what are your recovery measures?

A: The main factor is difficulties in garment printers. The expansion of DTF (Direct to Film) has intensified competition more than expected. We expect this situation to continue in the second half and have significantly lowered the full-year forecast. This year, instead of excessive cost-cutting to adjust profit and loss, we continue investing in development of competitive products and enhance sales structure to ensure solid profits next year.

- **Machinery Business**

Q: What drove strong machine tools orders in Q2 by region and industry? Will orders continue to increase in future quarters?

A: We originally expected a stepwise increase in orders each quarter, but Q2 exceeded expectations, particularly due to strong demand for EV-related automotive projects in China. While such a sharp increase may be difficult to repeat, we expect the upward trend in orders to continue each quarter.

Q: Has the lead time become longer due to the surge in orders?

A: We feel that the demand for shorter delivery times has increased compared to before. Therefore, we will continue to operate in a way that maintains lead times even as order volumes grow.

- **P&H Business**

Q: What caused the downward revision in full-year profit forecasts?

A: In the first half of the year, sales were strong due to steady sales of entry models and the positive impact of last year's launch of our top-end model. However, considering the continued effects of inflation and high interest rates, as well as the recent slowdown in high-end model sales due to U.S. tariffs, we have revised our full-year earnings forecast downward.

- **N&C Business**

Q: What is the expected impact on next fiscal year's performance from the transfer of the karaoke club business?

A: Sales are expected to decrease by 8 to 9 billion yen, but the impact on profit will be minimal.