

April 26, 2024
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 Representative Director and President

FY2023 earnings overview

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FX rates (vs Yen)	FY22 Actual	FY23 Actual
USD	135.1 yen	144.4 yen
EUR	141.3 yen	156.8 yen
RMB	19.7 yen	20.1 yen

Market changes in FY23 and our interpretation

- We had expected market conditions to improve from mid-year, but the impact of **the downturn in China**, our most important market, was significant
 - The end of Chinese market high growth
 - The rise of the middle-range zone, where quality is less important than price
 - Impact on capital investment and factory operations in other countries
- Measures are already in place to address the situation, but **not enough to cover the enormous impact**
 - Advancement of the Digital MODEL
 - Evolution the region-specific Business MODEL
 - Business foundation enhancement through the core system renewal among others
- FY24 will be a challenging year as **we prepare for the next leap forward** while **confronting these market conditions as best we can**
 - We will strive for honest business and prepare with offensive measures
 - Our hard work resulted in **increased sales and profit in 4Q FY23, YoY**
 - We halted one major move (the South China plant) to allow us assess the timing of the Chinese market recovery

FY2023 earnings overview

Revenues decreased YoY due to lower global demand in capital investment, particularly in China

Profitability declined due to lower sales volumes and increased expenses related to the continued assertive measures, etc.

Million yen

Category	FY22	FY23			
	Actual	7/28 Announced FC	Actual	Percentage change	
				YoY	vs. Announced FC
Net sales	373,151	377,000	367,649	-1.5%	-2.5%
Operating income	46,615	42,800	38,365	-17.7%	-10.4%
Margin	12.5%	11.4%	10.4%	-2.1pt	-0.9pt
Ordinary income	47,838	43,600	41,265	-13.7%	-5.4%
Net income	34,282	30,500	28,152	-17.9%	-7.7%

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Sales and operating income by business segment

FA: The enormous impact of stagnant China could not be offset by the growth in meviy, resulting in lower sales and profits

Die components: Increased sales maintained in Asia and Europe, despite weak sales in other regions. Revenues and profits increased (on Yen basis) through positive exchange rate effects

VONA: Positive exchange rate effects and a recovery trend in 4Q could not offset the decline in demand, resulting in lower sales and profits

Million yen

Category	Net sales			Operating income				
	FY22 Actual	FY23 Actual	YoY change Yen basis (*)	FY22 Actual		FY23 Actual		YoY change Yen basis (*)
				Margin	Margin	Margin	Margin	
Total	373,151	367,649	-1.5% (-4.4%)	46,615	12.5%	38,365	10.4%	-17.7% (-25.3%)
FA business	121,932	118,219	-3.0% (-5.9%)	21,384	17.5%	15,097	12.8%	-29.4% (-37.1%)
Die components business	79,125	79,932	+1.0% (-3.4%)	8,723	11.0%	9,139	11.4%	+4.8% (-2.7%)
VONA business	172,093	169,497	-1.5% (-3.7%)	16,506	9.6%	14,128	8.3%	-14.4% (-21.8%)

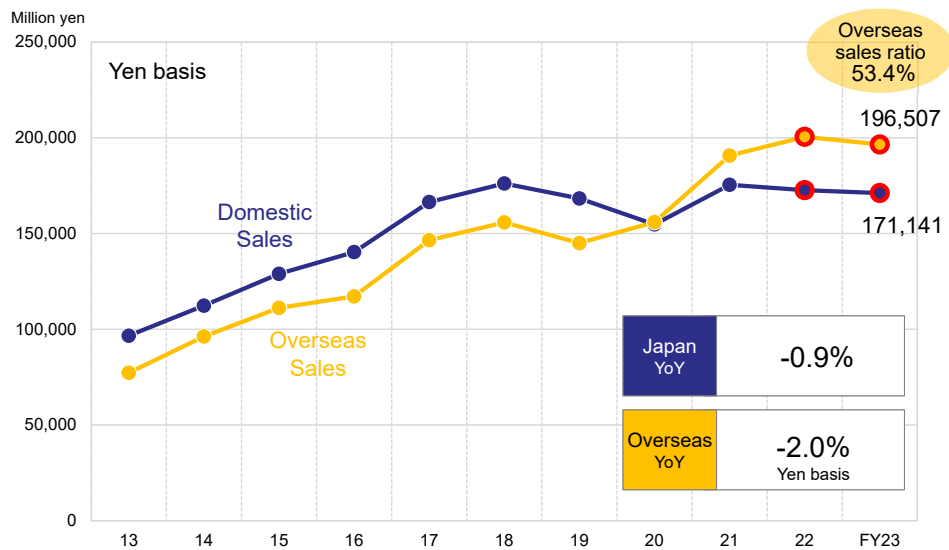
*Local currency basis

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FY2023 Japan & overseas sales

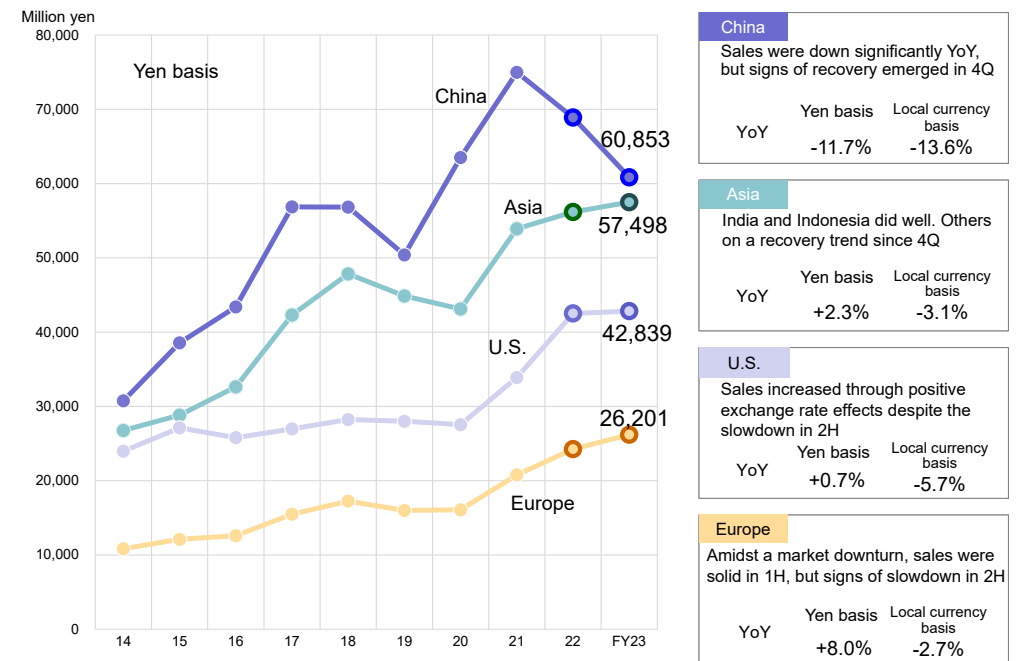
Japan: Nearly leveled with the previous year. Automotive-related demand recovered moderately from 2H of the fiscal year

Overseas: Other than China, revenues increased through exchange rate effects. China and Asia gradually recovering since the 4Q



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FY2023 sales by region

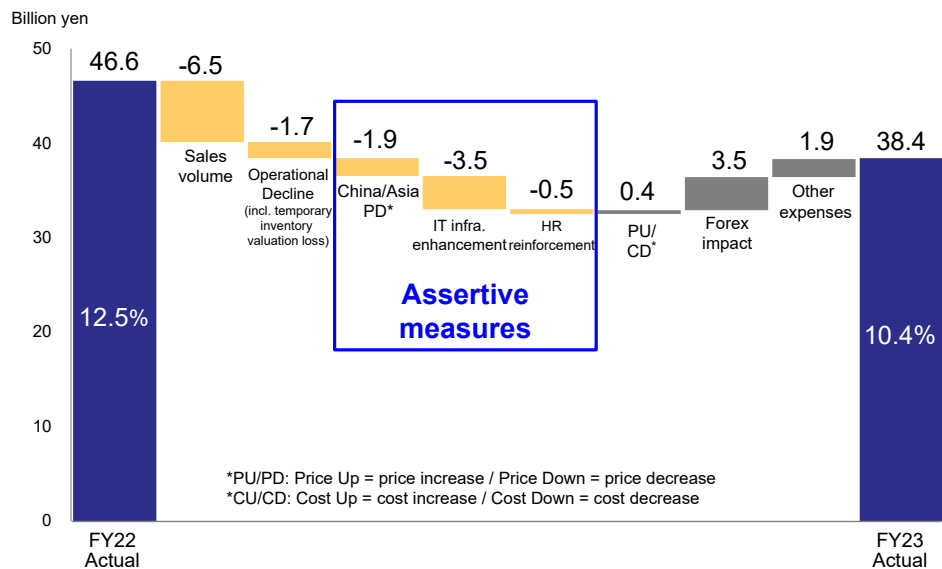


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FY2023 operating income analysis (YoY)

Despite the tough environment with a decreasing demand, assertive measures for growth were implemented almost as planned

PU/CD (Price Increase/Cost Decrease), exchange rate effects, and cost containment measures were not sufficient to mitigate the profit decrease due to lower volumes and capacity utilization



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FY24 market outlook and consolidated earnings forecast

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FY24 market outlook and our initiatives

- Our expectation of **solid mid- to long term demand** in automation industry remains unchanged
 - Demand for automation is growing globally as a solution to social problems
 - Automation will be introduced in full swing, not just in factory automation but in all industries
- Although **uncertainty remains** in the short term, a **recovery trend** is expected from the middle of the fiscal year
 - Uncertain business environment will continue, including geopolitical risks and exchange rate effects
 - Only moderate recovery expected in 1H of the year based on current demand trends
 - The 2H of the year is expected to see a full-fledged demand recovery in capital investment from automotive, semiconductor-related and other sectors
- A **year of competition ahead**: we will ensure to seize the growing demand during the market recovery period. We will
 - Implement the strategic measures prepared by FY23 sequentially
 - Revise the regional portfolio to reflect market realities
 - Accelerate growth through **"the Digital MODEL evolution"** x **"region-specific growth strategy"**

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FY2024 full-year forecast

We are targeting record sales as our unique measures take effect and as market conditions enter a full-fledged recovery in the 2H of the fiscal year

By continuously strengthening our IT infrastructure and organization, we aim to increase profits through volume growth and the PU/CD effect

*PU/CD: Price Up = price increase / Cost Down = cost decrease

Million yen

Category	FY23	FY24		
	Actual	Plan	YoY change	
			Yen basis	Local currency basis
Net sales	367,649	393,000	+6.9%	+7.1%
Operating income	38,365	46,000	+19.9%	+20.5%
Margin	10.4%	11.7%	+1.3pt	+1.3pt
Ordinary income	41,265	47,400	+14.9%	-
Net income	28,152	34,400	+22.2%	-

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FY2024 sales forecast by business segment

FA: High growth is expected as a result of our unique measures and a recovery in capital investment demand in various sectors

Die components/VONA: As the market recovers, we aim to increase revenues through product/service improvements

Million yen

Category	FY23	FY24		
	Actual	Plan	YoY change	
			Yen basis	Local currency basis
Total	367,649	393,000	+6.9%	+7.1%
FA business	118,219	135,650	+14.7%	+14.9%
Die components business	79,932	82,228	+2.9%	+2.9%
VONA business	169,497	175,122	+3.3%	+3.5%

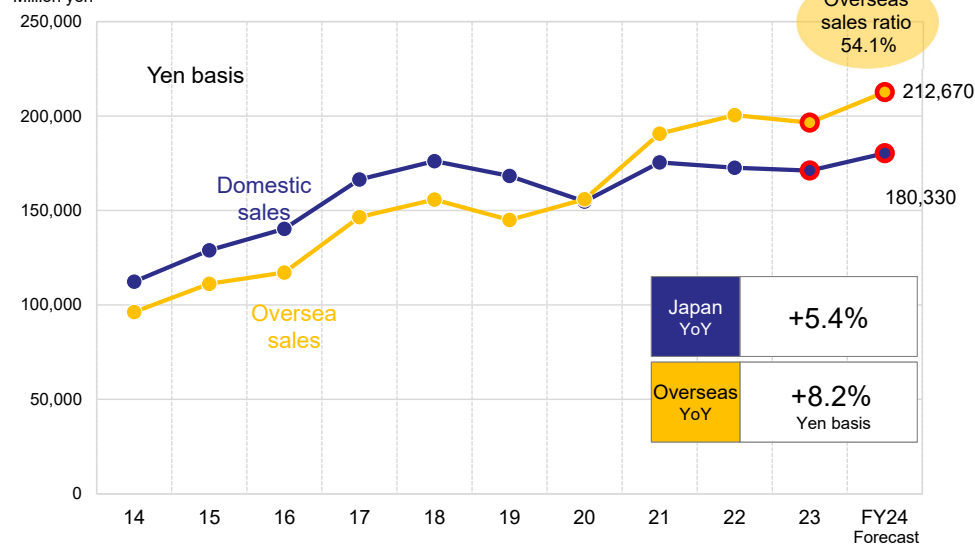
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FY2024 Japan & overseas sales forecast

Japan: Demand will recover mainly in automotive and semiconductor-related sectors, leading to high growth over the second half of the year

Overseas: We will strive for further growth, particularly in US, Asia and Europe. China, however, is expected to remain almost flat

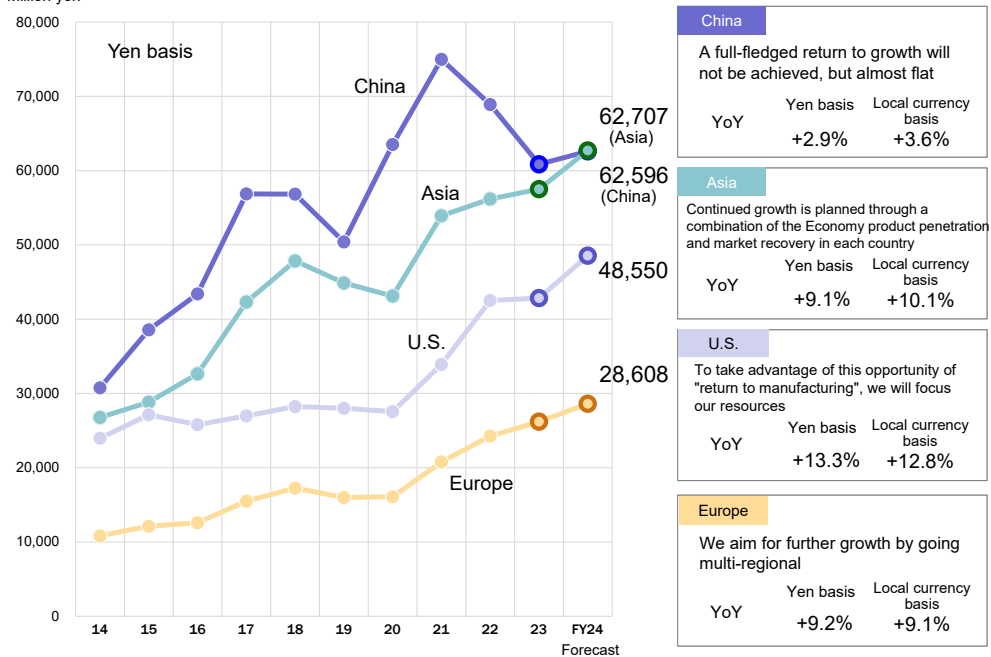
Million yen



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FY2024 sales forecast by region

Million yen



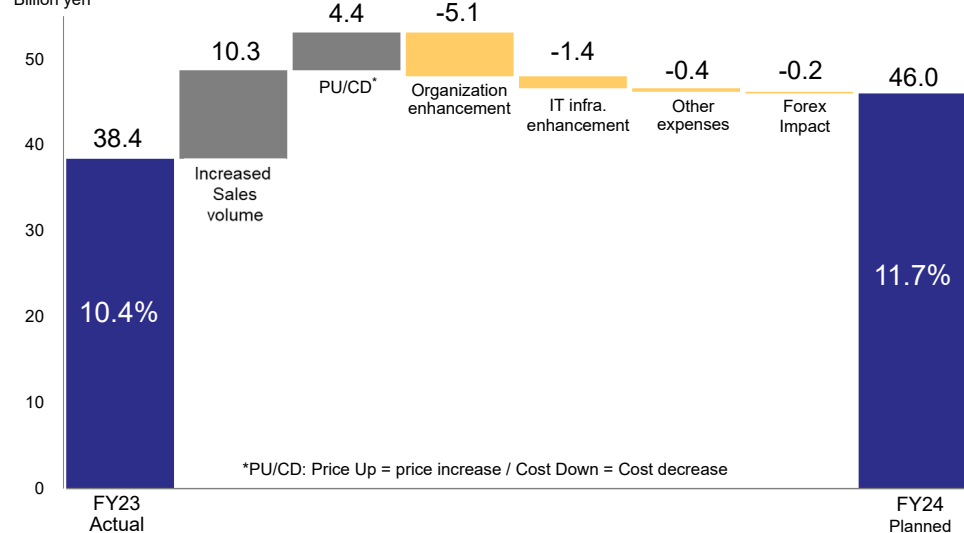
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FY2024 operating income analysis (YoY)

We plan to increase profits through growth in sales volume as market conditions recover, also through improved profitability and the PU/CD effects

Profitability will improve by 1.3pt through continuous renewal of our core system and organization enhancement (the number of employees & personnel expenses)

Billion yen

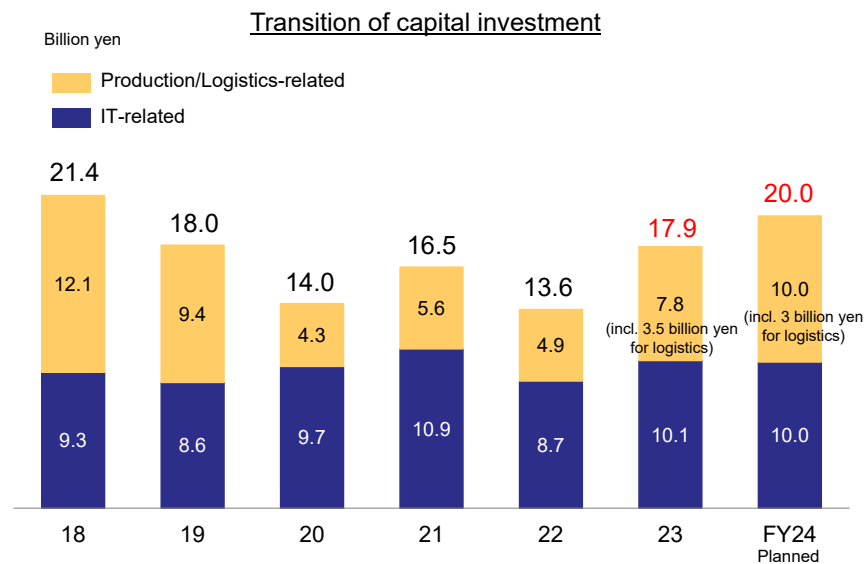


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Capital Investment performance

FY23: The new core system has already been implemented in Japan, our largest base. We expected growth would accelerate

FY24: We will continue to strengthen the IT and other business foundations, and refine our global, reliable and quick delivery capabilities



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Capital policy

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Capital policy

- We will prioritize investments in growth from a medium- to long-term perspective to achieve the Growth Chain-reaction management, while balancing this with enhanced shareholder returns, more clearly than ever before

- By targeting a return on capital above the cost of capital, we aim to widen the equity spread

<Cash Allocation>

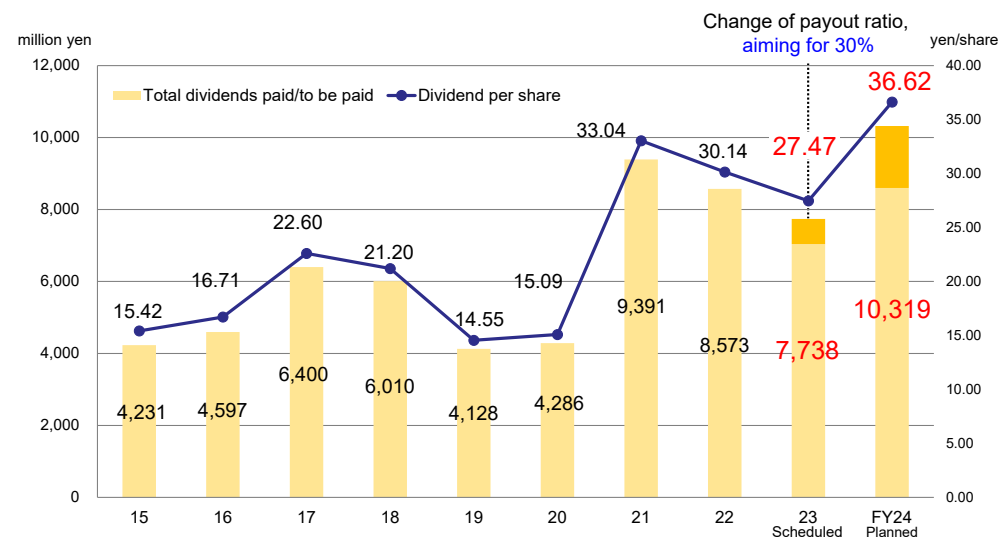
- Cash on hand ensures the necessary funds (of 6 months of operating funds: approximately 100 billion yen) to fulfill our supplier responsibilities to customers in BCP responses, etc., including geopolitical risks and economic crisis
- Future cash flows are reinvested in organic/inorganic growth
- The remaining amount is allocated to the “flexible reserve” for investments in growth and shareholder returns. For this time, priority will be given to increasing the dividend payout ratio (30%) and purchasing 20 billion yen worth of treasury shares

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Shareholder returns

For FY23, annual dividend of 27.47 yen will be paid (payout ratio of 27.5%)
1H: 12.60 yen (-5.20 yen YoY), 2H: 14.87 yen (+2.53 yen YoY)

For FY24, annual dividend of 36.62 yen is expected (payout ratio of 30%)



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