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To all concerned,

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Q&A for the Financial Results Briefing for the Fiscal Year Ended May 31, 2024 (Excerpts)

On July 12, 2024, we held an online financial results briefing for the fiscal year ended May 31, 2024. This document summarizes and makes public the main points of that Q&A session. Some amendments have been made for clarify.

Q1: Please tell us your net sales forecast by segment in your results forecast for the consolidated fiscal year ending May 2025. Regarding the causes of anticipated profit decrease, is this due to a decrease in net sales or an increase in expenses?

A1: On net sales forecast by segment, we project 3,800 million yen in the Internet of things related works segment, 775 million yen in the environmental energy related works segment, and 1,917 million yen in the promotion business of industry 4.0 segment. As for the factors behind profit decrease, lower net sales in the Internet of things related works is the biggest factor, but the decrease is also attributable to having factored in research and development expenses and other expenses to drive medium- to long-term growth.

Q2: Please tell us the business trend in the fiscal year ending May 2025 with respect to your main domestic customer of the Internet of things related works. Do you anticipate that improvement in profitability associated with introduction of the new model illuminator will contribute to the full-year results? Is the illuminator modification project factored into the results forecast? Also, with respect to Pupil Lens Modules®, you anticipate lower net sales in reaction to strong sales in

the previous fiscal year. What is your current assumption?

A2: We believe that profitability improvement to be achieved with the new model illuminator will make a full-year contribution to the results. With respect to the modification project, this is not factored into the results forecast because, while we are working toward its introduction, no decision has yet been made at this point by the customer on its adoption.
On net sales of Pupil Lens Modules®, our forecast is based on solid numbers obtained through coordination with on-site teams. Still, as it now stands, the basis for some of the numbers is unclear partly because we have not been able to fully grasp customers' capital investment trend, and for this reason, the situation may change.

Q3: Please tell us the business trend in the fiscal year ending May 2025, with respect to your main overseas customer of the Internet of things related works.

A3: With respect to our main overseas customer, inasmuch as the trend in capital investment is unclear, we are carefully assessing the customer situation and have only factored in projects that can be envisaged at this point into the results forecast. That said, in our view, the business environment is gradually improving, including steady progress made in our efforts toward adoption of mass-produced Pupil Lens Modules® model. With respect to illuminators, although in the short run, much will depend on the customer's capital investment trend, we sense from our direct communication with the customer during our visit in early July of 2024 that the customer is positive toward capital investment in the medium to long run.

Q4: Looking at the capital investment trend of your main overseas customer over the past two to three years, I presume it was the timing to process advance orders placed amid delivery delays of testers, which was carried out until the previous fiscal year. If that is the case, I assume that the customer's capital investment will resume from the current fiscal year. Is this so? Given also the recovery of the smartphone market, I feel there is possibility that the results may exceed your forecast at this time. What are your thoughts on this?

A4: We are of the same view. During the past two to three years, orders were placed in advance due to prolonged delivery of electronic components, and the fiscal year ended May 2024 was the timing for putting the delivered equipment into operation. As a result, there was little new capital investment. As the delivered equipment is already in operation, we presume it is highly possible that the customer will shift to new investment. At this stage, however, there are uncertainties including the timing of

such shift, which is why we have presented a cautious forecast.

We do not think that the competitive environment of our main overseas customer has become aggravated. Rather, we feel that the customer is taking a positive stance. For the future, we anticipate that the customer will be placing orders of illuminators associated with new capital investment, and will be introducing our Pupil Lens Modules® on a full scale in order to improve testing accuracy and efficiency. Furthermore, as we are in a good position, being close to the customer, we believe that through dialogue, we will have opportunities to dig deeper into business with the customer. In order to be able to capture the opportunities appropriately, we intend to push forward with organizational transformation, in addition to our regular business activities.

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