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To whom it may be concerned,

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Q&A for the Financial Results Briefing for the 1H of the Fiscal Year Ending May 31st 2025 (Excerpts)

On January 10th 2025, we held an online financial results briefing for the 1H of the fiscal year ending May 31st 2025. This document summarizes and makes public the main points of the Q&A session. Some amendments have been made for clarity.

Q1: Regarding the revision to the FY 5/2025 forecast, there were revisions at the end of the 1Q, but could you explain why the increase in OP was greater than the increase in sales at the end of the 1H?

A1: The main reason was the better-than-expected product mix in the IoT-Related Business and the Promotion of Industry 4.0 Business. Additionally, in the Promotion of Industry 4.0 Business, the sales of new products in the precision vibration isolation system and gear testing system areas also contributed to increasing profitability.

Q2: You mentioned there were strong precision vibration isolation system sales in the 1H. Was the demand mainly from display manufacturers?

A2: Yes, in the 1H, the demand was mainly from display manufacturers and research facilities.

Q3: The outlook for the 2H looks promising, could you provide some insight into the order trends for the IoT-Related Business in the 2H and the business outlook for the FY 5/26 based on these trends? Additionally, in the new businesses, are there any products expected to contribute to the FY 5/26 performance or developments that would significantly increase costs?

A3: Although there is a level of uncertainty for FY 5/25, we expect capex demand to remain strong and anticipate substantial capex in FY 5/26 and beyond. Due to the nature of the business, order volume tends to be affected by the capex volume of our customers. While we aim to offset these fluctuations with new businesses in the future, currently they have not reached a level that surpasses illuminator and Pupil Lens Module® order volume. Therefore, in the short term, we recognize that initiatives such as regaining market share in Pupil Lens Modules®, will contribute to the improvement of order volumes in the IoT-Related Business.

Regarding development costs in the new businesses, although we expect a gradual increase with the establishment of the VG (Value Generation) Strategy Office, we do not anticipate significant capex in the short term. In the medium to long term, there is a possibility of large-scale investments, including M&A, once the potential of new businesses become more evident.

Q4: Can you provide some details for the major capex anticipated for FY 5/26 and beyond?

A4: We anticipate an increase in capex demand for both illuminators and Pupil Lens Modules®. For illuminators, as the trend toward larger image sensors continues, the yield per wafer will decline and necessitate the production of more wafers. Therefore, we expect an increase in capex demand from our customers. Additionally, the growing range of image sensor applications are also expected to drive demand.

Regarding Pupil Lens Modules®, we project that the introduction of mass production for our major overseas customer and the decline in customer yield due to general technological advancements in devices will lead to an increase in demand (due to Pupil Lens Module® contribute to yield improvement.)

In addition, when image sensor manufacturers sell sensors to customers, there are cases where some customers will not make a purchase unless inspection result data using Pupil Lens Modules® is

provided. Therefore, Pupil Lens Modules® can also impact the sales of illuminators. We recognize that continuing efforts to improve performance and quality in line with technological trends of devices are crucial for expanding sales of both illuminators and Pupil Lens Modules®.

Q5: Regarding the new model of illuminators for the main domestic customer, is there demand for replacing existing models that have already been delivered, or is the demand only for new installations?

A5: Presently, the majority of demand is for new installations, but we anticipate that there will be a demand for replacing existing models in the future. In the past, overseas customers have replaced existing models after introducing new models.

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