

May 16, 2025

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(TSE: 319A)
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Financial Results FY2025 Q1 Q&A

In conjunction with our financial results announcement, we have prepared this Q&A format disclosure to address common investor inquiries. Please note that there may be slight discrepancies due to timing differences; however, the most recent responses reflect our latest company policies.

■ What are the characteristics of Suntec Industry, and why was it acquired?

⇒ Suntec Industry possesses advanced technologies in the field of metal surface treatment. We decided to proceed with the acquisition based on its stable profitability and the nature of the business, which is expected to maintain consistent demand in the future.

■ What was the acquisition price of Suntec Industry's shares?

⇒ Due to confidentiality agreements between the parties, the acquisition price is not disclosed.

■ Will the forecast be revised upward due to the new acquisitions?

⇒ At this time, no decision has been made to revise the forecast upward. If revisions become necessary, we will disclose them promptly.

■ Could you reiterate the full-year forecast and whether it is achievable?

⇒ FY2025/12's forecast includes Net Sales of ¥11.6 billion, Adjusted EBITDA of ¥2.4 billion, and Adjusted Profit of ¥1.2 billion.

⇒ Adjusted EBITDA is calculated as EBITDA (operating profit + depreciation + goodwill amortization) with acquisition-related one-off expenses added back.

⇒ Adjusted Profit is derived by excluding the effects of goodwill amortization, gain from negative goodwill, goodwill impairment losses, and acquisition-related expenses from profit attributable to the parent company.

⇒ We believe these full-year targets are achievable.

■ Why was the Adjusted EBITDA figure for FY2026 disclosed (¥2.9 billion)?

⇒ To illustrate the expected full-year contribution from the two newly acquired companies.

■ Why did Adjusted EBITDA decline year-on-year in Q1 FY2025?

⇒ At Aero craft Japan, high-margin orders initially expected to be received in Q1 were delayed. The order is still expected to be received within this fiscal year, and our forecasts remains unchanged.

■ When is the delayed order at Aero craft Japan expected to recover?

⇒ Orders are expected to begin from Q2, with the order anticipated to be received within the fiscal year.

■ How are the other group companies besides Aero craft Japan performing?

⇒ While there is some variation by company, overall performance remains steady compared to the previous fiscal year. We believe that diversification of our customer base contributes to risk mitigation. Also, we do not currently anticipate a significant impact from U.S. tariffs. However, if there are any changes, we will promptly share the information.

■ Is there any seasonality in sales or profit?

⇒ There is no notable seasonality.

■ Has the increase in group companies resulted in any synergies?

⇒ We do not pursue M&A purely for synergies; however, as the number of group companies grows, we have been able to share best practices more effectively. Examples include client and supplier referrals, HR information sharing, joint new graduate training, and the internal "CEO Academy" for current and future executive candidates.

Additionally, various collaborations have emerged, such as contracting cutting and sheet metal work within the group, technical exchanges, equipment trading, and sharing of unused space.

■ Has listing on the stock exchange brought any benefits to business operations?

⇒ Since our listing, the number of acquisition opportunities get introduced has increased.

■ Do you have any shareholder return policies, such as dividends or share buybacks?

⇒ At present, we have no plans for shareholder returns. While we maintain sufficient cash reserves, we anticipate increased opportunities for acquisitions that may require equity contributions. In order not to miss such opportunities, we are conserving cash to pursue attractive acquisitions at appropriate times.

※ Please refer to the link below for previously disclosed Q&A.

• April 14, 2025 "Notice Regarding IR-Related Q&A (April 2025) "

<https://azcms.ir-service.net/DATA/319A/ir/140120250414514884.pdf>

• February 17, 2025 "Financial Results FY2024 Q&A"

<https://azcms.ir-service.net/DATA/319A/ir/140120250217577193.pdf>