H1 FY2026 (FYE3/2027) Financial Results Briefing: Q&A Summary

Date/Time: Tuesday, November 10, 2026, 2:00–3:00 p.m. JST

Full-Year Forecast and Drivers of Changes in Operating Profit

Q. Could you provide a breakdown of the main drivers of the full-year operating profit forecast for FY2026?

A. On the sales side, higher revenue and value-added initiatives are expected to increase operating profit by slightly more than ¥20 billion, including TESCAN. This consists of slightly more than ¥13 billion from revenue growth and slightly more than ¥8 billion from value-added initiatives. These initiatives include not only price adjustments to reflect higher costs, which we have been implementing for some time, but also the impact of pricing optimization being introduced in certain businesses. On the manufacturing side, improved production efficiency is expected to contribute just under ¥4 billion, while higher component costs are expected to have a negative impact of approximately ¥6 billion. Additional expenses associated with growth investments are expected to exceed ¥10 billion. These include a year-on-year increase of approximately ¥1.5 billion in R&D expenses, around ¥3.5 billion in DX and related investments, and approximately ¥7.5 billion in human capital investment.

AI-Driven Drug Discovery and Laboratory Automation

Q. AI-driven drug discovery labs are attracting attention, and Shimadzu has a long track record in laboratory automation. Is it fair to say that the market is still small and that its contribution to our current results remains limited?

A. That is correct. The market is not yet fully established, so its contribution to our current results remains limited. However, our Autonomous Lab, developed in collaboration with Kobe University, is already being used by customers. Some pharmaceutical companies have also introduced robotic systems designed for high-throughput processing. Automation is also advancing in materials-related industries such as chemicals and steel. However, AI adoption in these industries is progressing more slowly than in pharmaceuticals, and we are monitoring developments.

Q. What are Shimadzu’s strengths in laboratory automation, and what is the growth potential going forward?

A. One of our technical strengths is contamination control, which is critical in analytical applications such as liquid chromatography. As demand for automation and faster analysis increases, including in areas such as AI-driven drug discovery, we believe the range of applications where we can contribute will expand. We are strengthening our efforts through collaborations with other companies and activities at our North America R&D Center. We view this as a medium- to long-term growth opportunity rather than a near-term one.

Improving Profitability

Q. How are the initiatives to improve profitability progressing, and what challenges remain?

A. All four initiatives are progressing. However, pricing optimization has only just begun, and its impact on margins in the Analytical & Measuring Instruments business is yet to be realized.

Our pricing initiatives include not only price adjustments to reflect cost increases, which we have been implementing for some time, but also setting prices that reflect the value of our products. Cost reduction is challenging amid increases across a range of costs. Nevertheless, we are pursuing cost savings through factory automation using AI and other technologies, as well as through design improvements. Meanwhile, the improvement in the operating margin of the Medical Systems business is progressing faster than initially expected.

Q. When do you expect customer acceptance of our value-added offerings to contribute not only to margin improvement but also to revenue growth?

A. Revenue is increasing even without a significant change in the number of units sold, indicating that the added value of our products is already beginning to be reflected in sales. Going forward, we aim to increase unit sales and market share by developing new products that address customer needs and further advancing labor-saving solutions through automation and AI.

Industrial Machinery Business: Turbomolecular Pumps

Q. What is the full-year sales forecast and current order situation for turbomolecular pumps?

A. Sales in H1 were ¥27.7 billion, and we plan to generate sales of more than ¥30 billion in H2. We are not disclosing detailed order values, but H1 order intake was nearly double the level in the same period last year and slightly above our sales plan for H2. Sourcing some magnet-related components remains challenging, and we are working with domestic and overseas partners to secure supply. Securing sufficient machining capacity is also important.

Q. What are the main challenges and plans for expanding production capacity?

A. We need to increase capacity for plating, machining, and assembly, while also securing components such as cables, circuit boards, and ICs. In particular, machining the blades that rotate at high speeds is a major challenge. With 2029–2030 in view, we are evaluating and planning investments, including in equipment and potential factory locations. We will provide further details when we are in a position to disclose them.

Analytical & Measuring Instruments Business: New Products and Recurring Revenue

Q. What was the share of sales from new products in H1, and how much did new products and recurring revenue contribute to profit?

A. The share of sales from new products is approaching our 30% target. Products launched last year, including liquid chromatographs, mass spectrometry systems, and gas chromatographs, are beginning to contribute. We do not disclose the individual profit contributions from new products and recurring revenue. However, new products are contributing to profit as their added value is reflected in pricing.

Analytical & Measuring Instruments Business: North American Market

Q. How is our market share trending in the North American pharmaceutical market?

A. Investment in the pharmaceutical industry was subdued when the Trump administration first took

office, but market activity is now beginning to pick up. Our market share in North America remains modest, but we have not seen signs of a decline. We aim to expand our share over the long-term by promoting our supercritical fluid chromatography (SFC) and mass spectrometry systems, as well as through joint research and development with customers at our R&D Center.

Q. What is the growth outlook for the Nexera QX system in the clinical testing market?

A. Last year, we received a large order for the Nexera QX system, which uses a liquid chromatograph with multiple flow paths to process a high volume of samples. This made a significant contribution to our results. We had included a certain number of systems in this fiscal year's plan, but the timing of customer investment has been pushed back, shifting the expected demand to H2 or later. We are working to expand adoption among other clinical testing companies and developing applications for non-clinical markets that leverage the system's high efficiency.

Digital Transformation (DX) Investment

Q. Will the ERP investment announced in today's press release (November 10, 2026) lead to higher DX investment going forward?

A. ERP implementation will increase expenses as part of our growth investments. Once implemented, it will connect Group companies globally and enable us to centrally manage information such as customer locations, products installed, and component replacement schedules. We believe this information infrastructure will also help us use AI more effectively. We expect full global implementation to take approximately five years. Over the medium- to long-term, we expect it to strengthen our management infrastructure.