Q1 FY2026 (FYE3/2027) Financial Results Briefing: Q&A Summary

Date/Time: Thursday, August 6, 2026, 16:00–17:00 JST

Disclosure of Performance Indicators

Q. Why has the Company begun presenting operating profit as “OP before amortization of goodwill and other intangible assets”?

A. This is intended to provide a more appropriate measure of profitability that reflects the underlying performance of each business segment. We plan to adopt IFRS in 2028, and from this quarter we have begun presenting OP before amortization of goodwill and other intangible assets to ensure continuity with the management indicators used in our Medium-Term Management Plan.

Strengthening Earning Power

Q. What is the breakdown of the ¥9.0 billion impact from value-added pricing incorporated into the full-year forecast?

A. While we refrain from providing a detailed breakdown, we expect the impact to come largely from the Analytical & Measuring Instruments (AMI) business.

Analytical & Measuring Instruments Business (AMI) / Recurring Revenue Ratio

Q. What drove the increase in the recurring revenue ratio?

A. The recurring revenue ratio in the AMI business was 45% in Q1. A major contributor was Europe, where sales of consumables such as columns, parts, and reagents increased alongside sales of liquid chromatographs and mass spectrometers. The ratio also tends to be relatively high in Q1 because the overall level of sales is comparatively low.

AMI / Revision to Earnings Forecast

Q. What is the impact of Tescan on the latest revision to the AMI operating profit forecast, and how is the existing AMI business performing?

A. We revised up the AMI forecast for OP before amortization of goodwill and other intangible assets by ¥0.4 billion from the initial forecast. This comprises a positive contribution of ¥2.8 billion from the inclusion of Tescan’s earnings, partially offset by ¥1.1 billion in M&A-related expenses, resulting in a net positive impact of ¥1.7 billion related to Tescan. Accordingly, on an existing-business basis, the forecast has been revised down by ¥1.3 billion.

Q. What factors drove the downward revision on an existing-business basis? Also, how do you assess the impact of the situation in the Middle East?

A. The revision reflects Q1 results as well as the situation in the Middle East and demand trends in individual regions, including North America, China, and India. Regarding the Middle East, while some of the impact on sales has eased, we have incorporated higher costs, including increased transportation costs and material prices. The deterioration in the existing business reflects continued weakness in China as well as some impact in India.

AMI / Business Environment Outlook

Q. AMI growth in Q1 appears somewhat subdued, particularly in North America and China. What is your outlook for the remainder of the year?

A. In Q1, the business was affected by the situation in the Middle East, particularly in India and other Asian markets. In North America, the contribution from Nexera QX temporarily moderated following its significant growth in the previous fiscal year. However, customer inquiries remain solid, and we are also beginning to see a modest recovery in demand from academia and government.

In China, both private- and public-sector demand remained challenging. At the same time, we are beginning to see orders and sales from individual projects in areas such as CxO and biopharmaceuticals. We also expect demand related to compliance with China RoHS regulations and intend to steadily capture these opportunities over the remainder of the fiscal year.

Q. What assumptions underpin the full-year growth outlook by region?

A. In China, activity related to large-scale equipment renewal programs was below our expectations in Q1. However, we do not believe these projects have disappeared and expect to capture them from Q2 onward. We also expect demand related to China RoHS compliance to provide a tailwind.

In Japan, we expect supplementary government budgets for academia and government to be executed from Q3 onward. In North America, we assume a recovery in Nexera QX demand for the clinical market. In Europe, we expect the generally strong Q1 momentum to continue, with additional demand from the pharmaceutical and food markets. In India, the situation in the Middle East and weakness of the rupee have made some customers cautious about capital investment, but we expect demand to recover once conditions improve.

The 7–9% growth outlook does not assume uniform growth across all regions; we expect the pace of growth to vary by region.

AMI / Acquisition of Tescan

Q. What assumptions underlie Tescan's earnings forecast for the current fiscal year, and what amortization period do you expect for goodwill and other intangible assets?

A. The ¥16.5 billion in sales and ¥2.8 billion in OP before amortization of goodwill and other intangible assets incorporated into our forecast are broadly equivalent to half of Tescan's full-year plan. We expect Tescan's earnings to be somewhat weighted toward the second half of the year, and therefore see some upside potential to our current forecast.

The amortization periods for goodwill and other intangible assets have not yet been finalized, as the PPA process is currently underway. However, taking into account Tescan's technology base and customer base, as well as expected synergies with Shimadzu, we expect the periods to be relatively long. At present, we are estimating customer-related and technology-related assets based on the generally applied range of approximately 10 to 20 years.

Q. Does the forecast also incorporate Tescan's existing depreciation and goodwill? Is there a possibility of additional one-off costs going forward?

A. Amortization of goodwill and other intangible assets will be finalized following completion of the PPA process. Our current estimates incorporate Tescan's existing depreciation and goodwill, and were calculated after conducting a preliminary PPA in advance. We therefore believe the amounts currently incorporated into the forecast have a high degree of reliability.

Medical Systems Business

Q. What specifically are the low-margin products whose offerings have been scaled back in the Medical Systems business? Will this initiative continue?

A. We are progressively rationalizing products with low profitability, including products sourced from other companies as well as certain Shimadzu products other than X-Ray diagnostic systems.

This initiative was not completed in Q1. We will continue to move forward with it while also taking into account the support structure required going forward.

Industrial Machinery Business

Q. What drove the significant upward revision to the Industrial Machinery earnings forecast, and how confident are you in the revised forecast?

A. At the beginning of the fiscal year, we took a cautious view of the potential impact of the situation in the Middle East on turbomolecular pumps for semiconductor production equipment. However, by the end of Q1, we had seen almost no such impact. In addition, demand from the semiconductor production equipment market remains robust. Based on these factors, we revised up the operating profit forecast by ¥6.0 billion.

At this point, we believe there is a reasonable degree of confidence in the revised forecast.