

Q3 FY2025 (FYE3/2026) Financial Results Briefing Q&A Summary

Date: February 5, 2026

Q3 Results

Q1: Excluding foreign exchange effects, how did Q3 net sales and operating income perform versus your internal plan?

A1: Excluding FX, net sales were about 2.0 billion yen above plan. By segment, MED (Medical Systems), AE (Aircraft Equipment), and IM (Industrial Machinery) all exceeded plan, while AMI (Analytical & Measuring Instruments) fell short. Regionally within AMI, Europe significantly outperformed, North America, China, and Asia were roughly in line with plan, and Japan fell short because our expectations there had been set relatively high. Operating income was also about 2.0 billion yen above plan, excluding FX. In AMI, lower sales combined with M&A expenses and other factors meant operating income came in below plan. In contrast, MED, AE, and IM all exceeded their operating income targets.

Q2: What is the reason that FX was a negative factor for operating income, despite the yen's continued depreciation?

A2: This was due to negative foreign exchange effects related to unrealized profit on inventories.

Revision to FY2025 Guidance vs. November Announcement

Q3: You revised full-year net sales up by 10.0 billion yen due to changes in FX assumptions. What is the corresponding impact on operating income?

A3: The positive impact is approximately 3.0 billion yen.

Q4: Regarding the decision to keep the operating income guidance unchanged, what is the scale of M&A expenses and growth investments incorporated into the forecast?

A4: We are planning around 1.8 billion yen in M&A expenses, of which we booked 0.7–0.9 billion yen in Q3. In addition, we assume an increase of 0.5 billion yen in R&D expenses.

Q5: For AMI, even excluding M&A expenses, the increase in profit appears somewhat modest. What is behind this?

A5: While we expect higher profits from increased sales, we are also planning for higher M&A expenses and an increase in R&D spending, which limits the upside.

AMI / Business Environment Outlook

Q6: What is the background to lowering the growth outlook for North America this fiscal year?

A6: In Q3, AMI orders in North America grew by about +0–3% year on year excluding FX. We expect this to weigh on Q4 net sales.

Q7: Could you share your outlook for Q4 and next fiscal year in North America, particularly for the pharmaceutical and academia markets?

A7: In Q4, we expect clinical testing demand to continue driving growth in mass spectrometry systems. For pharmaceuticals, we anticipate a gradual recovery in the market environment and aim to capture capital investment demand from pharma companies, which we expect to expand over the medium to long term. Academia, however, remains a challenging market.

Q8: Do you see further upside for Nexera QX with large clinical testing customers next fiscal year as well?

A8: We expect growth not only in Q4 but also in the next fiscal year and beyond. In the U.S. market, there are several clinical testing companies using LC and MS, so by rolling out the system to additional customers, we believe there is ample room for further growth.

Q9: Regarding China, what is your outlook for Q4 and next fiscal year? Is it correct to assume that the market is recovering?

A9: In Q3, AMI orders in China were up about +4–6% year on year. Our largest market there, pharmaceuticals, is trending positively, but we do not see the overall market as having fully recovered. Rather, we would like you to understand that we are successfully capturing demand in those areas where we are deliberately focusing our activities.

Q10: Given the current tensions in Japan–China relations, there are reports that some public entities are refraining from purchasing Japanese products. Are you seeing any such impact on your business?

A10: At this point, we have not identified any concrete cases where customers are deliberately refraining from purchasing our products.

Q11: In India, despite somewhat weak Q3 sales, you have maintained your full-year growth outlook. Why?

A11: In the Indian market, our analytical & measuring instruments are sold mainly through distributors, so short-term market movements do not always directly translate into our reported results. We would like investors to look at India over a somewhat longer time frame than just a single quarter. Based on information from our local subsidiary, we understand that the underlying market itself remains very active.

AE

Q12: How sustainable is the AE segment growth going forward?

A12: Demand for commercial aircraft continues to grow. On the defense side, supported by the government's defense capability enhancement policy, we expect demand to remain at a high level without major change in the short term. Over the medium to long term, we also see potential upside from additional new programs.

Tescan Acquisition

Q13: In semiconductor failure analysis, which appears to be a current growth driver, the former FEI Company (now part of Thermo Fisher Scientific) is regarded as a main competitor. Do you have confidence that you can win share against FEI?

A13: We recognize FEI as a very powerful competitor in this field. It may be difficult to outperform them in the short term. However, by leveraging regional strengths and combining Tescan's capabilities with our own technologies, we intend to capture needs that FEI is not fully addressing and ultimately compete effectively and grow our share.

Q14: How is Tescan performing relative to its current plan?

A14: Our understanding is that Tescan is progressing broadly in line with its plan for this fiscal year.

New Products

Q15: For the new ion chromatograph, my understanding is that the former Dionex Corporation, now Thermo Fisher, has an overwhelming share. Why do you believe you can gain share in this market?

A15: Unlike the previous configuration based on combining modular LC units, the new product is a very compact, all-in-one system that incorporates all necessary modules. In addition, we provide highly user-friendly software with simple operation tailored to customer workflows. While Thermo's ion chromatographs are the de facto standard in many markets worldwide, we also understand that some customers are dissatisfied with aspects such as consumable lifetimes and service arrangements. By addressing these concerns with our product and support, we believe we have a solid opportunity to grow our presence.

New Medium-Term Management Plan

Q16: Why did you choose June 4 as the announcement date for the new mid-term management plan?

A16: We selected June 4 so that the announcement would come after the release of our FY2025 full-year results, while also avoiding the period when many companies are clustered in announcing their earnings.

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