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

Date and time: Wednesday, May 13, 2026, 13:00–14:00 JST

The Acquisition of Tescan

Q1: It seems that the closing of the Tescan acquisition is later than initially expected. Is there any issue with the closing? Also, how will this affect incorporation into the new Medium-Term Management Plan?

A1: The delay is mainly due to the prolonged review by the French government, and there are no particular issues on the ground. Since Tescan is regarded as a company doing business with defense and nuclear power industries, we understand that a very careful review is being conducted. We do not expect any major problems to arise in the end. Although the exact timing is still unclear at this point, even if the closing takes place after June, we plan to present our new Medium-Term Management Plan as a three-year policy and explain our thinking, including the case where Tescan is incorporated into the plan.

FY2026 Forecast

Q2: How confident are you in your estimate that the situation in the Middle East will have an impact of 10 billion yen on net sales and 4 billion yen on operating income? Also, over what period are you assuming the situation will subside?

A2: These figures are estimates based on information confirmed with our sales and business divisions. We are already seeing domestic customers begin to refrain from capital investment, and we have factored in a certain level of impact. These estimates are based on the assumption that the situation will be resolved over roughly the three months from April to June.

Q3: What would be the impact if the situation in the Middle East continues beyond April–June?

A3: If the situation is prolonged, both sales and operating income could be further affected. On the other hand, there are markets where capital investment remains active, such as healthcare, batteries, wind power, and solar power. We will work to mitigate the impact by expanding our business in these areas. First, we would like to carefully assess the situation in the first quarter.

Q4: Does the increase in component costs include the rise in memory prices?

A4: Of the 4.5 billion yen impact from higher component costs, part is related to the situation in the Middle East. In addition, we expect price increases, including in Japan, and the plan also incorporates the rise in memory prices.

Company-wide Profitability

Q5: Given your growth investments, including DX investments, is it difficult to expect an improvement in operating profit margin over the next three years?

A5: We recognize the decline in operating profit margin as a major issue. During COVID-19, due to component shortages and restrictions on going to the workplace, we were forced to prioritize maintaining supply of existing products over developing new products, and new product launches were delayed. New products are now being introduced, and in addition to continuous

R&D investment, we will continue to promote DX investments, including the use of AI. At the same time, we intend to improve our operating profit margin at the company-wide level by strengthening our sales capabilities, enhancing value-added offerings, and reviewing our pricing strategies.

Analytical & Measuring Instruments Business / Operating Profit Margin

Q6: What are the reasons behind the decline in operating profit margin for the analytical & measuring instruments business in the previous fiscal year, and why do you expect an improvement this fiscal year? What is the main driver of improvement this year?

A6: The decline in the previous fiscal year mainly reflects increased investments in M&A, R&D, and human resources. In the current fiscal year, we expect to improve our gross profit margin by increasing the proportion of new product sales and by reviewing pricing strategies. We view an operating profit margin of 16% as a milestone rather than a goal, and we aim to reach even higher levels.

Q7: How much did M&A-related expenses amount to?

A7: Most of the 1.7 billion yen decrease in consolidated operating income on slide 5 was attributable to M&A expenses related to the analytical & measuring instruments business.

Q8: How do you assess the feasibility of your pricing strategy?

A8: For new products, we are reflecting on the higher value added—compared with conventional products—in our prices, and the resulting improvement in gross profit margin in the analytical & measuring instruments business is beginning to appear. In addition to increasing the ratio of new product sales, we will also review pricing strategies for conventional products and recurring revenue products in more detail, by region and product, considering price trends, product mix, and how we communicate value to customers in each country, in order to improve profitability. While we do not intend to introduce dynamic pricing directly linked to supply and demand, we believe there is still room for further price optimization.

Q9: What is your outlook for the ratio of new product sales?

A9: We plan to increase the ratio this fiscal year. In the medium to long term, we aim for new products to account for 30% or more of product sales.

Industrial Machinery Business

Q10: What was the performance of the Industrial Machinery business, particularly turbomolecular pumps, in the fourth quarter, and what is your outlook for the current fiscal year?

A10: In the fourth quarter, turbomolecular pump sales increased, while industrial furnace sales declined significantly; however, overall sales in the Industrial Machinery business rose 4% year on year. In the current fiscal year, we expect turbomolecular pumps for semiconductor manufacturing equipment to remain strong, but anticipate a challenging environment for glass winders, industrial furnaces, and vacuum and control-related equipment. As a result, we are forecasting a slight decline in sales for the business as a whole. As for turbomolecular pumps, although we expect the overall market to grow at a high rate, we are projecting single-digit sales growth for our business and are not assuming double-digit growth.

Capital Efficiency

Q11: How do you view the fact that ROE fell below the target set in the Medium-Term Management Plan, and what is your outlook going forward?

A11: We recognize the decline in ROE as an issue and are discussing it at the Board of Directors. First and foremost, it is important to strengthen our profit-generating capability. In addition to improving operating profit margins, we will enhance capital efficiency—including ROIC—by improving operational efficiency across the company. We are also considering the appropriate level and structure of equity.

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