

Date: February 6, 2024

### **3<sup>rd</sup> Quarter Financial Results**

**Q1:** How were the 3<sup>rd</sup> quarter results compared to the company's plan?

**A1:** They were slightly lower than planned due to a worse-than-expected business environment in China. On the other hand, due to the weaker yen than expected, results including the impact of foreign exchange rates exceeded the plan.

**Q2:** In the Analytical & Measurement Instruments (AMI) segment, how did sales for pharmaceuticals increase in North America?

**A2:** We strengthened the pharmaceutical-focused sales force. Also, our competitive technologies such as supercritical fluid chromatography received high evaluation.

### **Full-year Forecast**

**Q3:** What caused the change in the full-year forecast for each segment?

Compared to the previous guidance announced in November 2023, the AMI and Medical Systems (MED) segments have been revised downward, while the Industrial Machinery (IM) and Aircraft Equipment (AE) segments have been revised upward.

**A3:** For the AMI segment, we took into account deteriorating market conditions in China. For the MED segment, capital investment by Japanese medical institutions was lower than expected. For the IM segment, Turbomolecular pumps (TMP) and industrial furnaces performed better than expected. For the AE segment, the commercial aircraft demand expanded.

### **AMI Business / Business Environment and Outlook in China**

**Q4:** Are there any impacts made by the anti-corruption measures on the AMI segment in China?

**A4:** The MED segment in China has been affected by a decrease in the number of tenders, but there has been little impact on the AMI segment.

**Q5:** What is the current outlook for net sales in China in FY2023?

**A5:** We now expect that net sales in China will decrease in Q4 FY2023 year-on-year. For the full-year, net sales are expected to grow with a reactive increase from last year's lockdowns and partly with the currency tailwinds.

**Q6:** What is the outlook for China in FY2024?

**A6:** We expect that the pharmaceutical and CRO sectors remain challenging. Thereby, we focus on other end-markets, where demand is growing. For example, in the same pharmaceutical, Chinese traditional herbal medicine is still growing. Furthermore, there will be a new edition of

the Chinese Pharmacopoeia in 2025. We will also focus on clinical, green-related, and academia and expand our presence.

### **AMI Business / Business Environment in North America**

**Q7:** What is the current progress in establishing an R&D center and application centers which were addressed in the 3-year Medium-Term Management Plan?

**A7:** Progress is on schedule. In order to meet local customer needs, we need to develop not just hardware but analytical applications, what we call End-to-End solutions. To achieve that, we will also hire people with specialized and professional skills.

### **Outlook for the Next Fiscal Year**

**Q8:** What is the outlook for the next fiscal year?

**A8:** In the AMI, we aim to expand our business by providing End-to-End solutions in the Healthcare and Green domains. While the recovery of China is expected to take some time, we anticipate steady demand from regions outside of China. Regarding the MED, in FY2023, medical institutions in both Japan and North America slowed down their capital investment due to inflation, but we expect them to recover in FY2024. For the IM, we anticipate demand of TMP used in semiconductor manufacturing equipment to recover. We also expect steady performance of TMP used for Green-related (thin-film solar cell manufacturing equipment and others). In the AE, we believe that the increase in air passenger demand will continue.

**Q9:** How do you predict the operating profit margin in FY2024?

**A9:** We will continue to pursue growth investments in research and development, human resources, and others, while also striving to improve profitability through initiatives such as price revision and improving product mix. Our focus will be on balancing these efforts to achieve sustained improvement in profit margins.

**Q10:** From your revised full-year forecast, the IM sales in Q4 FY2023 will hit a record high. Will the momentum continue next year?

**A10:** It is expected to continue because the mainstream TMP for semiconductor manufacturing equipment will be recovering. We also expect TMP for Green-related will perform steadily.