

Date: August 7, 2024

1st Quarter Results

Q1: How did the company's performance compare to the plan?

A1: Sales exceeded the plan. Operating income was below plan due to the impact of the Chinese market and the effect on factory revenue due to production cuts.

Q2: Please tell us about the SG&A expenses that increased or decreased from the plan.

A2: Although digital transformation-related expenses increased, overall, we were below the plan due to expense control.

Q3: In China, the Analytical & Measuring Instruments (AMI) and Medical Systems (MED) faced some market deterioration, but Industrial Machinery (IM) performed well. Can you explain why?

A3: The pharmaceutical and contract analysis markets in AMI were tough. In MED, anti-corruption measures by the government caused delays in contract procedures. On the other hand, the Turbo Molecular Pumps (TMP) in IM increased for semiconductor manufacturing equipment, and maintenance services of TMP also expanded. Additionally, the increase in industrial furnaces for automotive ceramic manufacturing also contributed to the strong performance of IM.

Full-year Forecast

Q4: What is your full-year outlook for AMI?

A4: In Q1, production cuts affected factory revenue. Currently, orders are increasing, so we expect production to turn increase from Q2 onwards, improving plant revenue. By converting new orders and pending installations into sales, we believe it is possible to achieve our initial forecast. Therefore, we are reiterating the initial forecast.

Q5: How will the appreciation of the Japanese yen affect your performance?

A5: The assumed exchange rates for the FY2024 forecast are ¥145/USD and ¥155/Euro. If the current exchange rates persist, there will be little impact, but if the yen continues to appreciate, it will pose a business risk.

Q6: Please tell us about the order backlog for AMI.

A6: The order backlog has increased from the end of the previous fiscal year, March 31st, 2024. Although orders from China were affected by market deterioration, orders expanded in Japan, North America, and India, and increased year-on-year on a consolidated basis.

AMI Business / Business Environment and Outlook by Region

Q7: What are the factors behind the recovery in North American demand?

A7: The pharmaceutical sector is on a recovery trend. Additionally, the comprehensive strength of products for a specific customer, including performance, quality, and after-sales service, was re-evaluated and increased. Moving forward, we aim to expand our performance by strengthening the sales structure, establishing a dedicated team called 'pharma development team' in North

America, enhancing services, and providing products that meet customer needs centered on our North American R&D center.

Q8: What is the impact of the Chinese government's support measures?

A8: As of the end of June, about 1,600 projects have materialized, with around 80% of them in academia. Demand from academia is broad, ranging from our AMI key products like liquid chromatographs and mass spectrometers to testing machines, surface analysis instruments, on-line water quality analyzers, and more. We aim to leverage our strengths as a comprehensive analytical & measuring instrument manufacturer with a rich product lineup to capture this demand.

Q9: What is the outlook for the healthcare market in China?

A9: The pharmaceutical market is still sluggish. Recovery will take time, as contract manufacturing from the United States to China has decreased. However, future growth is expected, particularly centered on traditional Chinese herbal medicine. In the clinical market, we aim to expand sales of both mass spectrometers and consumables through collaborations with seven OEM partners.

Q10: What is your full-year sales target for China in AMI, excluding exchange rates?

A10: We expect a mid-single-digit percentage decline year-on-year for this fiscal year, and this has not changed from the initial forecast.

Aircraft Equipment Business

Q11: Performance of Aircraft Equipment has been strong, and the business environment is favorable. As demand expands, are there any plans to increase staff?

A11: We do not expect a significant increase in staff. We are promoting efficiency in the business by focusing and concentrating, utilizing digital transformation. On the production side, we aim to multi-skill our employees and reallocate existing resources optimally. Additionally, we plan to update equipment using part of the government budget, strengthening production capacity to respond to expanding demand.

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