Summary of Q&A for the second quarter of FY2026 Financial Results Briefing

● Overall

Q) What was the achievement level of sales revenue and business segment profit in the second quarter of FY2026 compared to internal plans?

A) Sales revenue exceeded internal plans by approximately 12.0 billion yen on a consolidated basis. Excluding positive FX effects, sales revenue exceeded plans by slightly more than 6.0 billion yen. Most of this increase of about 6.0 billion yen came from the P&S Business, with the P&H Business also exceeding plans. The other businesses were in line with plans.

Business segment profit also exceeded internal plans by approximately 12.0 billion yen for the company as a whole. Excluding FX effects, business segment profit was about 10.0 billion yen above plan. All business segments exceeded plans, with the P&S Business accounting for a large part of the increase. In the P&S Business, sales in the U.S. and Europe were stronger than expected, and the shift of expenses to the second half also contributed.

Q) Despite the increase in profit in the first half, why is the upward revision to the full-year forecast limited?

A) In the first half, we controlled expenses in light of factors such as the situation in the Middle East, and a considerable amount of expenses has been shifted to the second half. In addition, to improve profitability next fiscal year, we have incorporated expenses in the second half, such as an increase in promotional expenses in the P&S Business and additional investments. Furthermore, we also took into account risks such as a stronger yen against the assumed exchange rates.

● P&S Business

Q) How do you view actual demand in the printing market and the sustainability of your competitiveness in the second half?

A) Market conditions in Europe and China remain weak. In North America, Asia, and Japan as well, the overall market continues to shrink. However, we have maintained stable sales revenue and market share for our products. We do not expect the competitive environment to change significantly, and we expect to maintain our current level of competitiveness in the second half.

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Q) What is the scale of the strengthened promotions in the second half, and which regions and product categories will be targeted?

A) We will increase promotional expenses in the second half, and we expect promotional expenses for the full year to increase compared with the previous year. By region, we will strengthen promotions mainly in Europe, where market conditions are weak. However, because we controlled expenses in Europe in the first half, we expect full-year expenses in Europe to be about the same as the previous year. By product, we will focus on inkjet products, which are highly sensitive to promotions, and color laser products, which are expected to contribute to profit through consumables.

● IP Business

Q) What is the contribution of MUTOH to the sales revenue and profit of Printing & Automation?

A) Most of the increase in sales revenue of Printing & Automation is attributable to the consolidation of MUTOH as a subsidiary. Because we will operate MUTOH and the existing Printing & Automation business as one, we do not intend to disclose a detailed breakdown. However, in the second quarter, both MUTOH and the existing Printing & Automation business were profitable in the second quarter.

Q) Why does the plan show a significant decrease in the IP Business's profit in the second half compared with the first half?

A) In the first half, profit was strong, supported by sales exceeding expectations, mainly at Domino, as well as the shift of expenses to the second half and the refund of additional U.S. tariffs. In the second half, in addition to the expenses carried over from the first half, we will proactively make investments to secure the level of earnings needed for next fiscal year, which is also a factor behind the low level of the profit outlook.

● Machinery Business

Q) What is the status of machine tool orders in the second quarter, and what is the outlook for the second half?

A) Orders in the second quarter continued the strong momentum of the first quarter and exceeded expectations. Orders remained firm as of the end of October, driven by the fact that the AI-related market is not merely experiencing a temporary surge in demand but is growing over the medium to long term. We expect strong orders to continue in the second half.

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Q) How do you view machine tool orders by industry?

A) AI, semiconductor, and data center-related orders are strong globally. For data centers, capital investment in related infrastructure, such as water-cooling pumps, air conditioning equipment, and construction machinery, is expanding. In the automotive industry, China is strong, including EV-related demand, while Japan and Europe are somewhat lacking in momentum. In China and the U.S., humanoid robots are expanding as a new market, and medical-related orders are also stable globally.

Q) What kinds of parts processing are in demand for humanoid robots?

A) There is demand for processing lightweight cover parts such as arms and legs, as well as small parts such as reducers and gears for the joints. The sizes of these parts are well suited to our small machine tools, and inquiries are increasing, mainly in China.

Q) What is the status of production constraints and lead times for machine tools?

A) The problems in procuring parts and materials in the supply chain that we were concerned about as of the first quarter have been largely resolved through the measures we implemented. However, in the third quarter, delays in procuring certain parts and materials may prevent us from fully keeping up with increased production. We plan to recover in the fourth quarter, and we are securing parts and materials and increasing production to clear the order backlog early. Lead times have become longer than before, but we are working to normalize them by increasing production.

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