

FY2025 Fourth Quarter Earnings Conference held February 13, 2026

Summary of Q&A

Questioner 1:

CMP orders: What drove the sharp increase from ¥33.1 billion in Q3 to ¥68.5 billion in Q4? Which customers and regions contributed? And why is the new fiscal year's CMP orders forecast set at +49%?

Nambu:

The increase from Q3 to Q4 reflects the timing of projects that had been expected throughout the year but were ultimately confirmed in Q4. Orders were concentrated in Asia. Logic-related orders were strong across the year, and memory-related orders increased particularly in the second half, resulting in a significant accumulation in Q4.

For the FY2026–27 CMP orders forecast, investments in logic, driven by generative AI, have been very strong since last year, and memory investment has also accelerated since late last year. This trend became especially clear around late November. With both logic and memory investments expanding, we are planning for substantial growth.

Questioner 1:

What were China's order and revenue proportions last year, and what is assumed for the new fiscal year?

Nambu:

China's share declined slightly compared with the previous year and is now just under 30% of total orders. We expect a similar level going into next year.

Questioner 1:

Are these comments referring to the entire Precision Machinery segment?

Nambu:

Yes, that is correct.

Questioner 2:

Precision Machinery operating profit outlook: Revenue growth is high, but operating profit growth appears modest. What assumptions underlie the ¥73.5 billion operating profit forecast?

Nambu:

The relationship between revenue growth and operating profit growth varies depending on customer mix. Product gross margins are improving, and we expect both operating profit and the operating profit ratio to rise year over year. However, we are continuing growth investments, including hiring to support future expansion, which limits the degree of operating profit growth. Even so, we do plan for an improvement in the operating profit ratio compared with this year.

Questioner 2:

Precision Machinery FY2026 outlook: With the WFE market expected to grow more than 10%, what enables EBARA to grow revenue even faster?

Nambu:

We have been focused on expanding market share since the previous medium-term management plan. From FY2025 to FY2026, both logic and memory investments are increasing, and wafer miniaturization is progressing. This increases the number of CMP steps. The share of metal-layer CMP—where we are particularly strong—is also rising. Based on both market growth and share gains, we expect to outperform the average WFE growth rate.

Questioner 2:

Orders appear weighted toward the second half. Are discussions already underway for FY2027? Any early indications from customers?

Nambu:

FY2027 is not fully visible yet, especially the second half, but visibility for FY2026 and the first half of FY2027 has improved significantly. The tone from customers suggests FY2027 could also be strong. By around Q2 of FY2026, we expect to have clearer visibility.

Hosoda:

Regarding semiconductor orders, many companies refrain from disclosing detailed order information. We are presenting our best-effort view and will update it as needed.

Questioner 2:

Building Service & Industrial: Q4 operating profit fell short of plan. Yet the new fiscal year assumes higher revenue and a higher operating profit ratio. With no major market expansion expected, how realistic is this outlook?

Nagata:

The shortfall in Q4 was due to delays in certain overseas projects. For the new fiscal year, while the overall market environment is similar to last year, demand from data centers remains strong, and we expect growth there. We are also strengthening domestic service & support through initiatives such as Maintenance Cloud, which will contribute to revenue. Based on these factors, we expect both revenue and operating profit to increase.

Questioner 3:

Energy segment: The new fiscal year assumes lower operating profit due to maintenance demand normalizing. Are customers actually reducing maintenance? Given supply-chain constraints, is demand for extending plant life still strong?

Miyaki:

We expect orders for service & support to decline from last year's unusually high levels. Over the past 3–4 years, maintenance demand surged as COVID-related delays were resolved. Geopolitical and macro uncertainties, such as the Russia-Ukraine conflict and the U.S. administration change, also led customers to stock spare parts to avoid supply-chain disruptions. This created exceptionally strong demand.

We expect conditions to normalize this year but not collapse. As the U.S. administration enters its second year, tariff-related uncertainties have eased somewhat. In a more stable environment, purchasing behavior should return to normal. For existing equipment upgrades, we still expect steady demand, particularly for efficiency improvements linked to decarbonization rather than simple life extension.

Questioner 3:

Environmental Solutions: The new fiscal year forecasts a ¥4.5 billion decline in operating profit. A 40% decline is unusual in the waste-to-energy sector. What is the biggest factor: contingency reversals, depreciation from the chemical-recycling pilot plant, or something else?

Yamada:

From 2015 to 2025, Environmental Solutions generated an average operating profit of about ¥6.7 billion. Last year's ¥13.0 billion was exceptional. We operate roughly 80 waste-processing facilities, and many aging plants required concentrated maintenance last year. In addition, EPC orders received in 2021 were front-loaded with high-margin projects, and their revenue peaked in 2025. Strong project management meant we did not need to use contingencies.

These factors overlapped, producing unusually high profit last year. The ¥4.5 billion decline does not imply a collapse in marginal profit. The main factors are increased depreciation from the chemical-recycling pilot plant launched last year, higher running costs as we begin processing various waste plastics for multiple customers, and higher fixed costs as we invest to shift the business from traditional waste treatment to a circular-economy model.

Questioner 4:

Energy segment: How much of the operating profit decline is due to incorporating the hydrogen business? And what are the revenue/profit expectations for products vs. service & support excluding hydrogen?

Miyaki:

The ¥4.9 billion decline in operating profit is largely due to transferring part of the hydrogen business into the Energy segment. We will refrain from detailing the exact breakdown, but most of the negative impact comes from hydrogen.

Both products and service & support are expected to see lower revenue compared with last year. For products, uncertainty under the new U.S. administration delayed many large LNG and petrochemical projects, reducing revenue. Service & support is expected to decline slightly.

Questioner 4:

Earlier, you said geopolitical risk boosts service & support orders. Does that mean products move in the opposite direction?

Miyaki:

Yes. When supply-chain risk rises, customers increase spare-parts inventory, which boosts service & support. But products, especially large LNG and petrochemical projects, depend

heavily on final investment decisions, which are sensitive to macro and geopolitical conditions. In unstable environments, product orders decline. Thus, products and service & support tend to move in opposite directions under high uncertainty.

Questioner 5:

Precision Machinery: With orders expected to rise 49% next year, is current production capacity sufficient? Will additional factories be needed if growth continues into FY2027?

Nambu:

With the completion of the K3 plant last year, we believe our current capacity can support demand through 2030. However, the sharp upward revisions in forecasts since late November are significant. We will monitor the trend closely and, if additional investment is needed during the mid-term plan period, we will make appropriate decisions.

Questioner 5:

How much production will K3 handle in FY2026? It contributed only modestly in FY2025.

Nambu:

K3 will be fully operational in FY2026. While we will not disclose utilization rates, we expect to meet FY2026 demand comfortably. Our capacity plan through 2030 provides sufficient headroom.

Questioner 5:

Memory-related CMP demand: Q4 saw a sharp rise in memory's share of revenue. For FY2026, is demand coming mainly from conventional DRAM in China or from HBM-related DRAM packaging?

Nambu:

The expected increase in memory orders is coming from regions outside China.

End of Q&A