

**FY2026 First Quarter Financial Results Presentation Held May 15, 2026**

**Summary of Q&A**

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**Questioner 1**

**Q: What impact are developments in the Middle East having on operations? Also, with diversification of natural gas procurement emerging in North America and Asia, is this affecting your business?**

**Fuchida:**

Temporarily, we have been unable to send personnel to customer sites to provide overhauls and maintenance. However, we have not heard of any cases where customers' operations have become unsustainable.

As for diversification of procurement outside the Middle East, customers may be considering this, but at present we are not seeing an increase in inquiries, nor do we expect any major changes to our business or regional balance.

**Q: What was the impact on Energy segment operating profit from the inclusion of hydrogen-related expenses in 1Q?**

**Fuchida:**

We have managed the hydrogen project as a corporate project and have recently consolidated a portion of the project nearing commercialization into the Energy segment. Related costs are estimated at less than JPY1 billion on a quarterly basis. These costs did not cause the Energy segment to fall into a loss.

**Q: Why was the first-half operating profit plan for the Energy segment revised down from ¥6 billion to ¥3 billion?**

**Fuchida:**

Mainly due to the Middle East situation, we have been unable to visit customer sites, causing delays in services and support such as maintenance and parts shipments. We expect this impact to continue from 1Q into 2Q.

**Q: In the Precision Machinery segment, front-loaded orders are noticeable. What changes have occurred in the demand environment compared to three months ago?**

**Fuchida:**

Orders originally planned for the second half have been brought forward into the first half.

**Lee:**

Demand related to AI is strong, with both foundry and memory customers showing robust demand since November–December last year. Overall, the full-year outlook remains on track.

**Q: Please provide an overall evaluation of 1Q orders, revenue, and operating profit by segment, and quantify the impact of Middle East developments.**

**Fuchida:**

In Precision Machinery, orders exceeded expectations, while revenue and operating profit were largely in line with expectations. For Energy, we had anticipated that orders would grow, but revenue and operating profit were affected by the situation in the Middle East. For Building Service & Industrial, operating profit underperformed due to rising raw material costs. Infrastructure performed in line with expectations, while Environmental Solutions slightly exceeded expectations.

For the first quarter, the situation in the Middle East primarily impacted the Energy and Building Service & Industrial segments, particularly the former due to the inability to provide services and support onsite. Other segments were not materially affected.

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**Questioner 2**

**Q: Regarding order trends in Precision Machinery and the full-year outlook: it was mentioned that 1Q equipment orders include some brought-forward demand. What is the specific amount of that? Also, if the components business continues this strong momentum, is there room for the full-year plan to exceed expectations?**

**Fuchida:**

Precision Machinery recorded a little over ¥150 billion in orders in 1Q. Of this, more than ¥30 billion was front-loaded from 2Q, including both equipment and components, with a larger share coming from equipment. These relate to projects originally planned within this fiscal year, and we have not yet seen front-loading from next fiscal year. We believe this reflects customers' intention to secure orders earlier.

**Q: Why are customers front-loading orders?**

**Fuchida:**

Investment is expanding on the back of AI demand, and amid uncertainty, including Middle East developments, customers appear to be accelerating order placement for projects planned within this fiscal year.

**Lee:**

We interpret this not as a shortening of delivery timelines, but rather as an effort by customers to secure inventory. The uncertain environment, including geopolitical risks, is strengthening requests for earlier order placement.

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**Questioner 3**

**Q: What is the demand environment for ethylene compressors in the Energy segment?**

**Fuchida:**

In China, there is some slowdown in petrochemical-related demand, and there are also

cases where investment decisions are being delayed due to the Middle East situation. However, in regions less directly affected, such as North America and other parts of Asia outside China, demand is expected to remain firm.

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#### **Questioner 4**

**Q: Despite weakness in China petrochemicals, why has Energy segment revenue to Asia increased year-on-year?**

**Fuchida:**

The regional revenue figures disclosed are based on the location of the ordering entity rather than where the products are ultimately used, which can make interpretation somewhat difficult. Overall, however, Asia excluding China has remained solid.

**Q: In Southeast Asia, given power shortages and limited fuel reserves, are delays in capital investment affecting your business?**

**Fuchida:**

1Q revenue includes the execution of backlog from prior periods, so we have not yet observed any impact. Given that this is still 1Q, we will continue to monitor the situation closely.

**Q: Will front-loading in Precision Machinery orders continue in 2Q or the second half?**

**Fuchida:**

In 2Q, some orders originally planned for 3Q have already been brought forward. As a result, we have revised our 1H order forecast upward by approximately ¥10 billion. However, it remains uncertain whether orders originally planned for the next fiscal year will shift into the second half of this year, so the full-year forecast remains unchanged.

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#### **Questioner 5**

**Q: On page 22 of the materials, it has 1-2Q's estimated impact of the Middle East situation, but what was the actual impact of the Middle East situation on 1Q results compared to your estimates?**

**Fuchida:**

The impact was limited, as it effectively affected only about one month within 1Q. However, in the Energy segment, delays in providing services and support did occur. Overall, consolidated operating profit came in slightly above the initial plan, with segments other than Energy performing either in line with or above expectations.

**Q: Orders for the Precision Machinery segment were extremely strong in 1Q, but how much have delivery lead times for your CMP equipment currently been extended? If orders received in the 1Q follow the usual lead time (around six months), they would be recorded as revenue within this fiscal year; however, is there a possibility that some of them will instead be recognized in the next fiscal year?**

**Fuchida:**

The increase in orders was driven by customer demand to confirm orders early while maintaining their originally planned delivery schedules. Our manufacturing lead times have not lengthened.

**Lee:**

Orders received in 1Q will generally be shipped within this fiscal year. Our current production system allows us to maintain lead times of approximately six months.

**Q: The full-year revenue plan for Precision Machinery hasn't changed since the beginning of the year, but since orders are being received at an earlier timing than planned, won't it exceed the initial plan?**

**Lee:**

While orders have been brought forward, delivery schedules remain unchanged from the original plan, so we do not expect any impact on revenue.

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**Questioner 6**

**Q: If strong order trends continue beyond 2Q, are there risks related to CMP and component production capacity? Do you have sufficient capacity for both CMP and components?**

**Fuchida:**

We do not recognize any issues with production capacity. Capacity has been expanded through capital investment since last year, and even if demand exceeds current assumptions to some extent, we believe the existing plan can accommodate it.

**Q: Regarding the impact of the situation in the Middle East, in the Energy segment, does the negative impact from delayed service & support in the first half, due to being unable to dispatch personnel, mean that this can be recovered in the second half as personnel dispatch becomes possible? Also, how certain is this?**

**Fuchida:**

Assuming that tensions in the Middle East gradually ease after the end of June, constraints on personnel dispatch and logistics should also ease. Under that scenario, projects that could not be recognized as revenue in 1Q and 2Q may be recorded in the second half.

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## Questioner 7

**Q: Regarding 1Q orders in the Precision Machinery segment, there was an explanation that orders were stronger than expected. Was this strength above expectations, even including any orders brought forward, or were orders stronger than expected, even excluding those brought-forward portions?**

**Fuchida:**

We believe the strength was primarily driven by front-loading.

**Q: Why were full-year operating profit forecasts revised by -¥1 billion for Building Service & Industrial and +¥1 billion for Environmental Solutions?**

**Fuchida:**

In Building Service & Industrial, we expect rising raw material costs because of the situation in the Middle East to have a particularly strong impact in the first half. Since this business is not fully made-to-order, there is a time lag before cost increases can be passed on to selling prices. In addition, we expect some slowdown in overall economic growth and GDP due to the Middle East situation and other factors. In contrast, in Environmental Solutions, 1Q results benefited from a favorable project mix within operations and maintenance, as well as reversals of contingency costs on completed projects, and we expect these positive effects to carry through to the full year.

**Q: Operating profit in the Environmental Solutions business is said to be +¥2.0 billion versus the plan for the first half and +¥1.0 billion yen for the full year; why, then, is the second half expected to come in -¥1.0 billion yen versus plan?**

**Fuchida:**

Rather than a deterioration in the second half, this reflects a shift in profit timing due to project mix, with some profits effectively pulled forward from the second half into the first half.

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## Questioner 8

**Q: What are the demand trends by memory type for CMP equipment?**

**Lee:**

Demand has been particularly strong for AI-related DRAM, especially HBM. NAND, which had been weak for several years, is also showing signs of recovery.

**Q: The current strategy is to try and capture back-end process demand. Is the strong demand for memory and AI being seen in the 1Q results mainly for front-end or back-end processes?**

**Lee:**

Advanced packaging is still at an early stage, and current demand is primarily centered on front-end processes.

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## **Questioner 9**

**Q: The Energy segment is pursuing a strategy to expand and strengthen its bases in the UAE and Saudi Arabia. What impact is the situation in the Middle East having on this?**

**Fuchida:**

It is our understanding that there have been no delays in planned investments or site openings. However, operations are being conducted with careful attention to safety, so there may be some limited impact.

**Q: What impact is the Middle East situation having on orders for oil and gas-related products in the Energy segment?**

**Fuchida:**

At present, we are not seeing any significant impact on product orders. However, given that many projects are long-term in nature, there is a possibility that delays in final investment decisions could arise going forward.

**Q: Is underlying demand in the Energy segment still firm?**

**Fuchida:**

Order intake remains solid at present, although we will continue to monitor developments closely.

**Q: What is the outlook for orders related to ammonia, hydrogen, and CCUS?**

**Fuchida:**

These areas are still in the development stage, so visibility is limited at this point. However, we are beginning to see movement in ammonia-related projects from around 2025.

**End of Q&A**