Key questions and answers from the financial results briefing for Q3 FY2025

1. Why has the Q4 FY 2025 forecast for the Japan business been revised downward from the plan announced on November 12, 2025?

- We revised the net sales reflecting the postponement of some deals to the next fiscal year. The delays are attributed to the change in the timing of customer investments, rather than any change in the competitive environment.
- Background to this is the uncertainty surrounding the fiscal policy and related bills. In addition, interest rates have been rising significantly faster than they have in the past, which translates into higher interest payments for customers. These factors combined are making customers more cautious about making investment decisions.
- For the deals expected to be postponed, we are continuing the efforts to work with the customers so we could advance the schedule to close them by the end of this fiscal year. Likewise, for opportunities involving the new printer CL4/6-SXR, for which we are seeing strong traction, we are coordinating with customers to allow deliveries to happen by the fiscal end. If all these efforts come to fruition, we can expect the net sales to increase by up to JPY 1.0 billion.
- Operating income has been revised downward, reflecting the lower sales projection, higher-than-planned personnel expenses attributed to one-off costs associated with the transition to the new personnel system, and advanced timings of some investments in high-priority initiatives, such as those for global branding, for achieving the medium-term management plan.

2. How are orders coming along for the new printer CL4/6-SXR released on January 26, 2026?

- The printer has gotten off to an exceptionally strong start, even compared with past product releases. We expect to sell 300,000 units globally from FY 2025 through FY 2030 as planned.
- This strong performance can be put down to the product design that had incorporated market needs at the development stage, and the presales activities that had successfully generated active sales opportunities early on after the launch. In addition, our recent shift to the product organization structure had enabled us to integrate the whole product-related operation from product planning, development, production, sales promotion through quality control, which helped us reflect customer feedback on the product development in an agile manner.
- We expect to see the full impact of the new product release on our earnings from FY 2026.
- Of the new product, our customers particularly appreciate (1) the predictive maintenance powered by AI, (2) the improved label dispensing performance, which enables the use of thinner labels and makes the printer even more fit for use with robots in automation solutions, and (3) the sustainability features including the components made with recycled plastic and the label waste prevention function which allows the use of the very first label onward upon loading of a label roll.

3. Please elaborate on the one-off cost increase in East Asia.

- In FY24, East Asian sales subsidiaries performed poorly, which lowered the amounts of bonus payments. In the first half of FY 2025, by contrast, these subsidiaries outperformed the plan, supported by the temporary demand surge ahead of the U.S. tariff imposition and the strong direct-sales performance for solutions and maintenance services, which boosted the amounts of bonus payments.
- Due to the unfavorable comparison with the same quarter a year before when expenses were temporarily low, personnel expenses were higher; however, it doesn't represent a structural increase.

4. What is the outlook for Q4, FY 2025, and the full fiscal year 2026 for the overseas primary labels business in Europe (Russia)?

- We will work to stabilize the performance by focusing on high-value products, including those for authentication, and by expanding the product lineup; however, we do not expect a rapid recovery in Q4.
- Though the headwinds from the excise tax increases and the cool summer have fully abated, gross profit dropped due to: declines in unit prices attributed to the normalization of the competitive environment; the depreciation of euro — in which we transact half the business — and the appreciation of ruble squeezing sales; climbing labor costs; and higher depreciation expenses associated with expanded production capacity.
- In addition, the macro environment remains — and is likely to remain beyond FY 2026 — highly uncertain due to the economic slowdown in Russia and the rising personnel costs driven by inflation.
- We will make investment decisions carefully for traditional primary labels in this region, assessing return on investment, while prioritizing investments in high-value products, including smart packaging, to achieve an operating margin of approximately 10 to15 percent.

5. Please provide an update on the current sales pipeline for blood and specimen supply chain management.

- We are seeing steady pipeline growth, driven mainly by Europe, of about 50 to 60 percent in terms of the number of potential deals from December 19, 2025, when we last updated on this topic in the medium-term management plan update briefing.
- Though many of the projects are still in the proof-of-concept stage, some have already contributed to net sales. We expect to see full benefits from these projects from FY 2026 onward.
- We have been allocating human resources in different countries and regions since FY 2025 to develop and drive projects and close the deals; we plan to further allocate resources to this space in FY 2026.
- In terms of the organizational structure, Hiroshi Nagumo — the incumbent outside director with extensive expertise in blood and blood-related fields — has been appointed as an executive officer to serve in that capacity from FY 2026. In addition, we have nominated Katsuyuki Kondo, a doctor with specialized knowledge in the use of auto-ID technologies in the health care market, as a candidate for an outside director. Their assignment will further help strengthen global business development.
- The health care market is profitable compared with other markets, attributed to some market specific characteristics as well as the relatively high-margin PJM RFID products that we offer to this space. We can further increase profits by deploying package solutions we created with partners, as they involve comparatively lower SG&A for the sales growth.
- Once we establish success cases with these solutions, it does not take much time or resources to repeat the successes elsewhere. We find the adoption of RFID solutions faster in counties and regions where use of barcodes has yet to take root as part of standard operations.
- We are seeing growing tailwind for our business in this space, as our showing products and solutions at blood-related associations and conferences helped increase the company’s recognition. We will work to accelerate the adoption, implementing measures we devised for this market.

6. What is behind the upward revision of the overseas base business?

- Our printer factories in Malaysia and Vietnam in the Asia and Oceania region outperformed the plan, driven by brisk printer sales in Japan and high-volume printer projects overseas. Based on the year-to-date performance at the printer factories we revised the plan upward.
- As for the sales subsidiaries, they are working toward achieving the plan, though their performance varies by country and region.

7. How do you assess the progress and effectiveness of your cybersecurity measures?

- In the light of the possible data leakage at our overseas subsidiaries, we established a corporate-wide cross-functional response organization and standard processes in FY 2025.
- From FY 2026, we will expand the coverage in phases to include more sites, products and factories and place an ongoing monitoring of the coverage and improvements on initial responses.
- We evaluate the effectiveness of cybersecurity measures based on the number of incidents and their recurrence, time to initial response, training completion rate and the like.
- The training completion rate, in particular, is close to 100% across the company, and we have confirmed a certain level of improvement in cybersecurity literacy.

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