FY2024 Overview and FY2025 Management Plan

In fiscal 2024, although demand related to machine tools remained sluggish and the market for electrified vehicles (xEVs) showed regional variations in strength, we captured demand associated with decarbonization and digitalization. As a result, net sales, operating profit, and profit attributable to owners of parent all reached record highs, and we achieved an operating profit ratio of over 10%. In fiscal 2025, while performance will vary among businesses, we aim for year-on-year increases in both sales and profit and will continue to intensively invest in growth fields.

Overview of Results for Fiscal 2024

Net sales increased by ¥20.2 billion year on year to ¥1,123.4 billion. This was despite decreases in the Industry segment, including continued inventory adjustments for low-voltage inverters in the automation business, a delayed recovery in demand from machine set manufacturers in the ED&C components business, and the impact of a large-scale project in the previous fiscal year for the equipment construction business as well as in the Semiconductors segment, including sluggish performance in the overseas automotive field. These decreases were offset by increases in the Energy segment from large-scale projects for substation equipment in the energy management business and higher demand from datacenters in the power supply and facility systems business; growth in the Semiconductors segment from demand in the Japanese automotive field and for renewable energy overseas; and special demand for automatic change dispensers in the store distribution business in the Food and Beverage Distribution segment due to the introduction of new banknotes in Japan.

Overseas sales decreased by ¥6.9 billion year on year to ¥325.5 billion. While there was growth from factors such as changes in sales channels for semiconductors in the Americas and increased demand for small-capacity power supplies in India, this was offset by the impact of large-scale projects in the previous fiscal year in areas such as substation equipment and the power supply and facility systems business in Asia and other regions.

Operating profit increased by ¥11.6 billion year on year to ¥117.6 billion. This was achieved despite increased personnel expenses due to improved employee compensation, higher capital costs associated with expanding semiconductor production capacity, increased R&D expenditures, and the impact of soaring raw material prices. Growth was driven by improved profitability from higher sales in plant system projects; the positive effect of higher sales prices from the launch of high-value-added products, particularly components; promotion of cost reduction; and differences in profitability between projects. All segments posted year-on-year profit increases, and the companywide operating profit ratio exceeded 10%.

Profit attributable to owners of parent increased by ¥16.9 billion year on year to ¥92.2 billion, mainly due to the recording of extraordinary income from the partial sale of investment securities.

Overview of Results (Billions of yen)

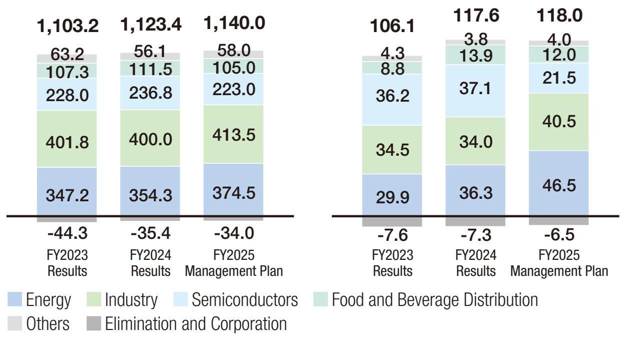
	FY2023 Results	FY2024 Results	FY2025 Management Plan
Net Sales	1,103.2	1,123.4	1,140.0
Operating Profit	106.1	117.6	118.0
Operating Profit Ratio	9.6%	10.5%	10.4%
Profit Attributable to Owners of Parent	75.4	92.2	81.0
Ratio of profit attributable to owners of parent to net sales	6.8%	8.2%	7.1%

Financial Indicators

	FY2023 Results	FY2024 Results	FY2025 Management Plan
ROE	13.5%	14.3%	11.4%
ROIC	11.5%	12.9%	10.7%
Equity Ratio	47.4%	52.7%	55.1%
Net Debt-Equity Ratio	0.2 times	0.1 times	0.1 times

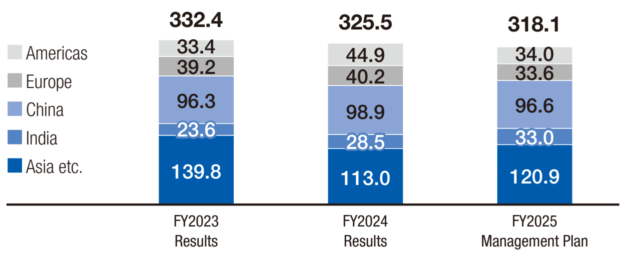
* Exchange rates
Fiscal 2023 results: US$ ¥151.41, EURO ¥163.24, RMB ¥20.83
Fiscal 2024 results: US$ ¥149.52, EURO ¥162.08, RMB ¥20.59
FY2025 Management Plan: US$ ¥140.00, EURO ¥154.00, RMB ¥19.80

Net Sales by Segment (Billions of yen) / Operating Profit by Segment (Billions of yen)



* The fiscal 2024 results for the Energy and Industry segments are presented after reflecting the business reorganization of fiscal 2025; however, the fiscal 2023 results are produced through a simple conversion of past figures to reflect the business reorganization undertaken in FY2025 and thus should be used for reference purposes only.

Net Overseas Sales (Billions of yen)



Changes Since the Formulation of the Medium-Term Management Plan and Our Response

While business opportunities are expanding for energy demand, GX investment, and digitalization needs, regional differences have emerged in the growth of the xEV market. In response to these changes, we will take the following actions in each segment, aiming to achieve the FY2026 Medium-Term Management Plan.

Segment	Changes from the FY2026 Medium-Term Management Plan	Response
Energy / Industry	• Expansion of energy demand due to new construction and expansion of AI datacenters and semiconductor factories	• Strengthen the plant systems business - Expand the comprehensive business through integrated operation with equipment construction - Increase production capacity and improve productivity
	• Delayed recovery for components due to supply-demand imbalances since the spread of COVID-19	• Strengthen the structure of the components business through integration of manufacturing and sales • Accelerate management - Strengthen marketing - Optimize manufacturing and inventory - Create customer value
Semiconductors	• Growth in the xEV market more moderate than anticipated	• Continue to invest in increasing production capacity while controlling speed based on demand • Strengthen design wins for new products and cultivate new customers
	• Continued strong demand for renewable energy	• Cultivate new customers by providing large-capacity devices
Food and Beverage Distribution	• Curbed investment in vending machines in Japan • Growth due to special demand from the introduction of new banknotes in Japan (FY2024)	• Improve profitability with high-value-added products • Expand the top line by developing new products

For details, see Overview of Segments, P29-36.

FY2025 Management Plan

Strengthen Inter-Business Collaboration and Create Synergies with Segment Changes

From April 2025, we will strengthen the plant systems business by transferring the equipment construction business to the Energy segment. We will also transfer the ED&C components business to the Industry segment in order to strengthen our proposal and sales capabilities through synergies with the FA components business.

Before the Change (FY2024)

Segment	Subsegment
Energy	Power generation
	Energy management
	Power supply and facility systems
	ED&C components
Industry	Automation systems
	Social solutions
	Digital transformation solutions
	Equipment construction

After the Change (FY2025)

Segment	Subsegment
Energy	Power generation
	Energy management
	Power supply and facility systems
	Equipment construction
Industry	FA components
	Automation systems
	Social solutions
	IT solutions
	ED&C components

FY2025 Management Plan

We are targeting net sales of ¥1,140.0 billion, an increase of ¥16.6 billion year on year. This figure accounts for expected decreases in the Semiconductors segment due to delayed recovery in demand from the automotive field and decreases in the Food and Beverage Distribution segment due to curbed investment from customers in Japan for the vending machine business and a reactionary decline in the store distribution business following the previous year's special demand related to new banknotes, as well as foreign exchange impacts. However, these decreases are expected to be offset by increases in the Energy segment from decarbonization-related projects such as storage battery systems and increased demand for substation equipment in the energy management business, as well as strong demand from datacenters in the power supply and facility systems business. We also anticipate growth from increased demand in the Industry segment's FA components and ED&C components businesses, which are expected to recover in the second half of the year, and from an increase in NEXT GIGA projects in the academic sector for the IT solutions business.

We plan for overseas sales of ¥318.1 billion, a decrease of ¥7.4 billion year on year. While we anticipate an increase in projects for substation equipment in Asia and other regions, and an impact from the start of mass production of smart meters in India, these will be offset by decreased demand for semiconductors, primarily in China, Europe, and the Americas, as well as foreign exchange impacts.

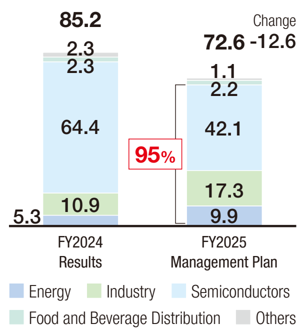
We plan for operating profit of ¥118.0 billion, an increase of ¥0.4 billion year on year. This is despite the expected continuation of increased fixed costs from the previous year, including personnel expenses from improved employee compensation, capital costs associated with capital investment in growth fields, and R&D expenditures, as well as the impact of high raw material prices and foreign exchange fluctuations. This growth is expected to be driven by increased volumes in the energy management business and power supply and facility systems business within the Energy segment, and for the industrial field within the Semiconductors segment, along with differences in profitability between projects and promotion of cost reduction.

We plan for profit attributable to owners of parent of ¥81.0 billion (ratio of profit attributable to owners of parent to net sales of 7.1%), a decrease of ¥11.2 billion year on year, mainly due to the reactionary decline from the recording of extraordinary income from the partial sale of investment securities in the previous fiscal year.

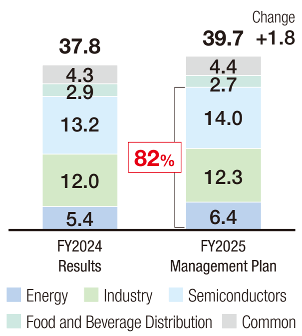
Plant and Equipment Investment and R&D Expenditures

We will continue to intensively invest in the growth fields of energy, industry, and semiconductors. We will control the speed of plant and equipment investment for semiconductors according to demand. We will proceed with R&D for the future without slowing our pace.

Plant and Equipment Investment (Billions of yen)



R&D Expenditures (Billions of yen)



* Fiscal 2024 results reflect the figures from the fiscal 2025 business reorganization.
* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.

Main Details of Plant and Equipment Investments and R&D Expenditures

Segment	Main Plant and Equipment Investments	Main R&D Expenditures
Energy	• Reorganization and capacity expansion of production systems for transformers and switchgear (Chiba Factory, Kawasaki Factory) • Capacity expansion for switchgear and controlgear (Kobe Factory)	• GX products (storage battery systems, energy management systems, etc.) • Global products (transformers, molded-case transformers, etc.) • Long lifespan uninterruptible power systems (UPS), expansion of the next-generation UPS series
Industry	• Production facilities for products for the mobility field • Production facilities for smart meters • Testing facilities for heat products • Assembly automation for ED&C component products	• GX-related products (ejector cooling systems, steam-generation heat pumps, etc.) • Radiation-related equipment for overseas markets • Mobility products
Semiconductors	• SiC manufacturing processes (front-end) - Expansion of 6-inch production capacity (Tsugaru Factory) - Construction of an 8-inch pilot line (Matsumoto Factory) • Expansion of production capacity for assembly processes (back-end)	• 3rd-generation SiC-MOSFET • 8th-generation IGBT • Strengthening of SiC 8-inch technology development
Food and Beverage Distribution	• Investment to improve productivity (rationalization , automation, in-house manufacturing) • Environmental investment to reduce CO_2 at manufacturing bases	• High-value-added vending machines, eco-friendly showcases • DX application services, products for new fields