

Progress of the FY2026 Medium-Term Management Plan

In May 2024, we announced our three-year Medium-Term Management Plan, “To be enthusiastic, ambitious and sensitive 2026,” which concludes in fiscal 2026. Under the basic policy of “Improvement of corporate value through management emphasizing profit,” we set targets of net sales of ¥1,250.0 billion, operating profit of ¥140.0 billion, and an operating profit ratio of over 11%. We have pursued Improvement of Profitability, Promotion of Growth Strategies, and Strengthening of Management Foundations, and achieved our operating profit ratio target a year ahead of schedule.

Medium-Term Management Plan (Billions of yen)

Net Sales	1,250.0
Operating Profit	140.0
Operating Profit Ratio	11.2%
Profit Attributable to Owners of Parent	90.0
Ratio of profit attributable to owners of parent to net sales	7.2%

Financial Indicators

ROE	12% or more
ROIC	10% or more
Equity Ratio	Approx. 50%
Net Debt-Equity Ratio	Approx. 0.2 times
Dividend Payout Ratio	Approx. 30%

* Exchange rates: U.S.\$ ¥140.00, EURO ¥150.00, RMB ¥19.50

Priority Strategies

Improvement of Profitability

- Business operations emphasizing cost of capital
- Improve productivity through the utilization of digital technology

- ▶ P25, 26 Financial and Capital Strategies
- ▶ P41-44 Manufacturing and Procurement

Promotion of Growth Strategies

Concentrated Investment in Growth Fields

- ▶ P27-36 Overview of Segments

- Business expansion through new product launches
- Expand overseas businesses
- Create new businesses that will contribute to sales growth from fiscal 2027 onward

Strengthening of Management Foundations

- Society** Employee-first Well-being (WB)
 - ▶ P53-57 Human Resources
- Environment** Promote Environmental Vision 2050
 - ▶ P45-52 Environment
- Governance** Thorough compliance Enhance risk management
 - ▶ P59-72 Governance

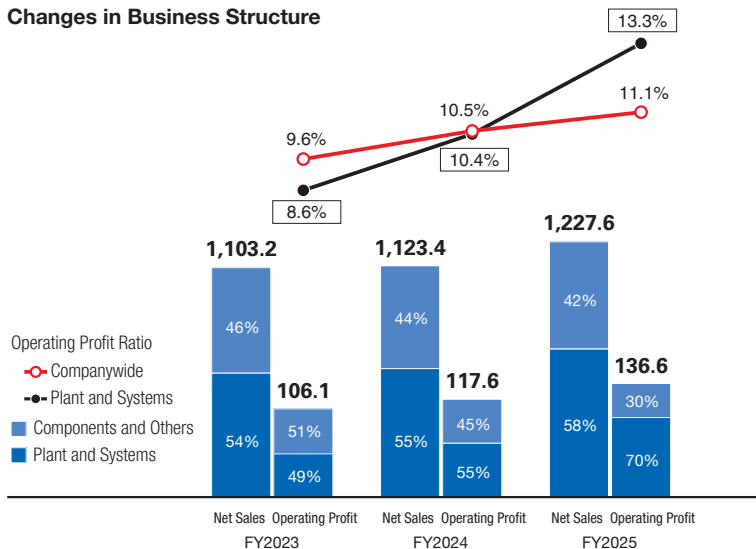
Changes in the Business Environment and Business Structure from FY2024 to FY2025

Our business structure is divided into two categories: Plant and Systems and Components and Others. Plant and Systems includes Energy and Industry (automation systems, social solutions, and IT solutions), while Components and Others includes Industry (Factory Automation Components and ED&C Components), Semiconductors, and Food and Beverage Distribution.

The business environment surrounding the Company has changed significantly since the Medium-Term Management Plan was formulated, and our business structure has also changed. In fiscal 2024, demand related to machine tools remained sluggish, while the xEV market showed regional variations in strength and only moderate growth. In fiscal 2025, prices for raw materials such as silver and copper rose sharply, creating headwinds for components including Industry (Factory Automation Components and ED&C Components) and

Semiconductors. At the same time, the trends toward decarbonization and, in particular, digitalization accelerated beyond our expectations. Against the backdrop of rising energy demand accompanying the rapid proliferation of generative AI and digital technologies, capital investment remained robust in the power, manufacturing, and data center sectors. We responded swiftly to these changes in the environment, expanding plant and systems centered on the Energy segment, including renewable energy and the energy management business (substation systems and storage battery systems), as well as the power supply and facility systems business. As a result, Plant and Systems' share of net sales increased from 54% in fiscal 2023 to 58% in fiscal 2025, while its operating profit ratio improved from 8.6% in fiscal 2023 to 13.3% in fiscal 2025.

Changes in Business Structure



Components and Others

- Industry (Factory Automation Components, ED&C Components)
- Semiconductors
- Food and Beverage Distribution

Plant and Systems

- Energy
- Industry (Automation Systems, Social Solutions, IT Solutions)

* Fiscal 2023, 2024, and 2025 results reflect the figures from the fiscal 2026 business reorganization.

* Composition ratios are based on amounts before the elimination and adjustment of inter-segment transactions, etc.

Segment-specific changes in the business environment and responses

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 and systems business - Integrated operation with equipment construction - Increase production capacity and productivity at Japanese and overseas production sites
	• Delayed recovery for components due to supply-demand imbalances since the spread of COVID-19	
Semiconductors	• Growth in the xEV market more moderate than anticipated	• Strengthen the structure of the components business through integration of manufacturing and sales • Accelerate management (Strengthen marketing, optimize manufacturing and inventory, and create customer value) • Continue investment in R&D and expansion of production capacity for the future (demand-responsive speed control) • Strengthen design wins and cultivate new customers
	• Growing demand for renewable energy and data centers	
Food and Beverage Distribution	• Curbed investment in vending machines in Japan • Stronger-than-expected growth due to special demand from the introduction of new banknotes in Japan (FY2024)	• Develop new products and cultivate new customers • Improve profitability with high-value-added products • Expand the top line by developing new products

▶ For details, see Overview of Segments (P27)

Results for FY2025

Net sales increased by ¥104.2 billion year on year to ¥1,227.6 billion. This was despite the decline of demand for power semiconductors for xEVs in the Semiconductor segment and the fading of special demand due to the introduction of new banknotes in Japan in the Food and Beverage Distribution segment. These negative factors were more than offset by an increase in large-scale orders for power supply equipment for power and industrial applications in the substation systems business and increased demand for data center applications in the power supply and facility systems business in the Energy segment, demand for industrial semiconductors for renewable energy applications in China in the Semiconductor segment, and an increase in large-scale projects in the academic sector in the IT solutions business in the Industry segment.

Management Plan for FY2026

We are targeting net sales of ¥1,275.0 billion, an increase of ¥47.4 billion year on year. This figure accounts for the expected negative impact of lower demand for automotive semiconductors from European and U.S. customers and the absence of the previous fiscal year's large-scale projects in the academic sector in the IT solutions business in the Industry segment, among other factors. However, these impacts are expected to be offset by an increase in nuclear, thermal, and geothermal projects in the power generation business, energy storage system projects in the energy management business, increased demand for industrial substation and power supply equipment in the substation systems business and data center applications in the power supply and facility systems business in the Energy segment, increased demand for drive control systems in the automation systems business in the Industry segment, and an

Operating profit increased by ¥19.0 billion year on year to ¥136.6 billion, due mainly to increased demand in power supply and facility systems, industrial semiconductors, and the academic sector in the IT solutions business in the Industry segment, as well as difference in model mix, cost reductions, and exchange rate effects. These positive factors outweighed negative factors, such as higher fixed costs due to increased personnel expenses associated with higher employee wages and bonuses, increased capital costs, and R&D expenses, as well as higher raw material prices, conditions in automotive semiconductors, and the fading of special demand related to new banknotes in the Food and Beverage Distribution segment.

increase in electrical equipment construction in the equipment construction business.

We plan for operating profit of ¥142.5 billion, an increase of ¥5.9 billion year on year (operating profit ratio 11.2%). This is despite higher fixed costs, including personnel expenses associated with increases in employee wages and bonuses, capital costs associated with growth investments, and R&D expenses, as well as the impact of higher raw material prices. This growth is expected to be driven by higher sales volume resulting from increased demand in power supply and facility systems in the Energy segment, factory automation components in the Industry segment, and industrial semiconductors in the Semiconductors segment, among other areas; difference in model mix effects; differences in profitability between projects; and cost reductions.

Net Overseas Sales

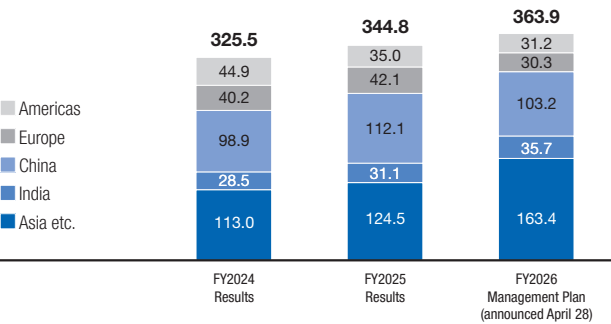
In fiscal 2025, net overseas sales increased in all regions except the Americas due to foreign exchange effects and factors such as increased demand for industrial semiconductors in China, rising ¥19.3 billion year on year to ¥344.8 billion.

In fiscal 2026, despite the impact of lower demand for automotive semiconductors in Europe and the industrial semiconductors in China, we plan for net overseas sales of ¥363.9 billion, up ¥19.1 billion year on year, driven by higher demand for power generation plants in Asia and other regions and an increase in projects in the power supply and facility systems business.

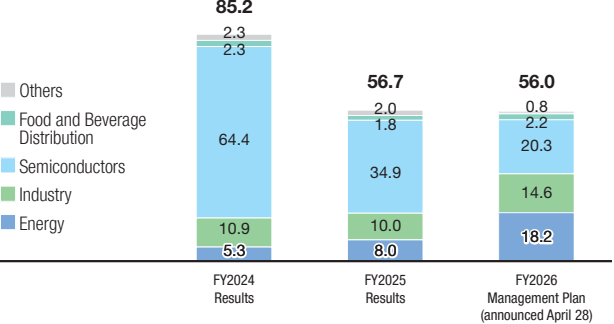
Plant and Equipment Investment and R&D Expenditures

For plant and equipment investment, we will continue investments to expand production capacity in Energy, a growth field, while controlling the speed of investment for

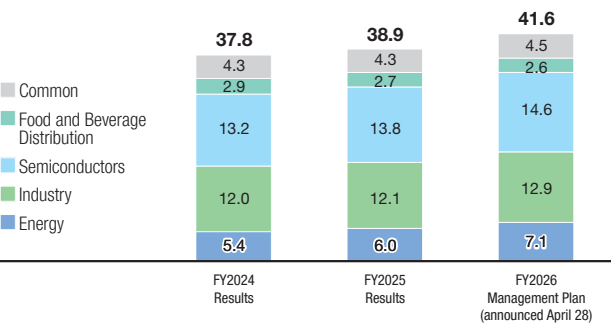
Net Overseas Sales (Billions of yen)



Plant and Equipment Investment (Billions of yen)



R&D Expenditures (Billions of yen)



* 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 (FY2024-2026)

Segment	Main Plant and Equipment Investments	Main R&D Expenditures
Energy	• Reorganization and capacity expansion of production systems for transformers and switchgear (Chiba, Kawasaki) • Increases to substation equipment production capacity in response to demand growth (FSMBE, Kobe, Tsukuba)	• New GX products (storage battery systems, dry-air switchgear, hydrogen fuel cells) • Global products (transformers, molded-case transformers, switchgear and controlgear) • For datacenters (large-capacity UPSs, container power train units)
Industry	• Production facilities for smart meters • Testing equipment for GX products • Production facilities for new products (products for the mobility field, measuring instruments, ED&C components)	• New GX products (ejector cooling units, steam-generation heat pumps) • Global products (medium-voltage inverters, radiation-related equipment) • Mobility products (automotive inverters, electric ship propulsion systems) • Component products (low-voltage inverters, measuring instruments, magnetic switches)
Semiconductors	• SiC manufacturing processes (front-end) - 8-inch SiC production line (R&D) - Expansion of 6-inch SiC device production (Matsumoto, Tsugaru) • Expansion of production capacity for assembly processes (back-end)	• For the automotive field (SiC modules, IGBT modules) • For the industrial field (SiC modules, IGBT modules) • Next-generation SiC-MOSFET • 8th-generation IGBT
Food and Beverage Distribution	• Investment in rationalization and in-house production - Printed circuit board assembly line - Integrated sheet-metal processing line	• Vending machines (high-value-added vending machines, digital transformation application services) • Store distribution products (new refrigerant-using showcases, tea dispensers, automatic change dispensers) • Global products (vending machines and dispensers for India) • Products for new fields (pickup lockers, coffee machines for restaurants)
Others/Common	• Plant and equipment investment related to R&D, etc.	• New GX technologies (hydrogen production, hydrogen/ammonia measurement, CO₂ recovery, DC electricity distribution) • DX-related technologies (security, AI, model-based development) • Next-generation semiconductor technologies (vertical GaN-MOSFETs, packaging)

* FY2024 results are presented after reflecting the business reorganization in FY2026 (for reference purposes calculated using a simplified business reorganization);
FY2025 results are presented after reflecting figures associated with the business reorganization in FY2026.
* Exchange rates: FY2024 results U.S.\$ ¥149.52, EURO ¥162.08, RMB ¥20.59
FY2025 results U.S.\$ ¥159.88, EURO ¥183.41, RMB ¥23.11
FY2026 Management Plan U.S.\$ ¥150.00, EURO ¥175.00, RMB ¥21.90