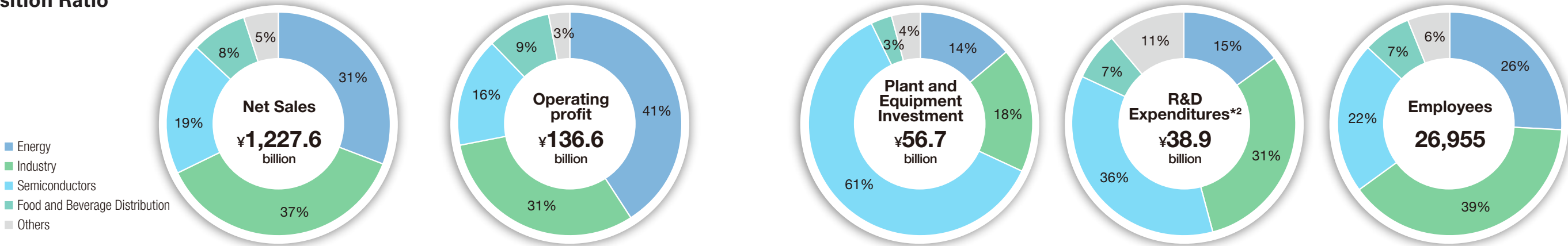


Overview of Segments

Basic Information

Composition Ratio*1



Information by Segment

	Energy	Industry	Semiconductors	Food and Beverage Distribution
	Creation of clean energy Stable supply of energy	Energy savings Automation		
Main business activities and ratio of net sales*1	We provide power infrastructure tailored to customer needs in a comprehensive package, including “power generation facilities” such as solar and geothermal power generation; “power distribution equipment” for safely delivering electricity; “storage battery systems” for storing electricity; “uninterruptible power systems (UPS)” for preventing power outages; and “energy management systems” that coordinate these facilities to optimize power operation and control. Equipment construction Electrical equipment construction, Air conditioning equipment construction 21% 21% 25% 33% Power supply and facility systems Uninterruptible power systems, Switchgear and controlgear Power generation Thermal power generation facilities, Geothermal power generation facilities, Hydropower generation facilities, Fuel cells, Nuclear power-related equipment ¥396.4 billion	We provide drive equipment such as “motors,” which power everything from factory equipment to trains, and “inverters,” which reduce power consumption through optimal motor control; “measuring instruments” that accurately capture operating conditions; “controllers” that enable safe and efficient automated operation; and systems that combine these products to ensure stable operation of factories and plants. We also provide solutions that utilize information and communications technologies to improve and optimize customers’ operations. IT solutions ICT-related equipment and software 26% 28% 17% 8% 21% ED&C components Power distribution and control equipment FA components Inverters, Motors, Servo systems, Compact power supplies, Measuring instruments, Sensors, Smart meters, Controllers, Human-machine interface Automation systems Drive control systems, Measuring and control systems, Factory automation systems, Industrial heating Social solutions Drive systems and door systems for railcars, Systems for ships and harbors, Radiation equipment and systems ¥465.0 billion	We provide “power semiconductors” that are built into equipment and efficiently control electricity to enable smaller size and lower power consumption in both the “industrial field,” which encompasses industrial equipment such as inverters, robots, and machine tools; power generation facilities such as solar and wind power; and consumer products such as air conditioners, and the “automotive field,” where we are targeting electrified vehicles such as battery electric vehicles (BEVs) and hybrid vehicles (HEVs/PHEVs). Industry IGBT modules, SiC modules, Discrete devices, Photoconductors 50% 50% Automotive IGBT modules, SiC modules, Discrete devices ¥237.4 billion	We provide “vending machines” that support society through everyday convenience and disaster relief; “DX application services” that help improve vending machine operational efficiency; “freezer and refrigerated showcases” that contribute to the safe and secure distribution of food products in stores; “automatic change dispensers” that help reduce workloads; “counter fixtures” that meet diverse consumer needs; and “store integrated controllers” that optimize power use throughout entire stores. Vending machines Beverage vending machines, Vending machines for food and other goods 59% 41% Store distribution Store facilities and equipment, Automatic change dispensers ¥108.0 billion
Major customers	Power companies, Material manufacturers (steel, chemical, etc.), Data center operators, Semiconductor manufacturers, Public agencies and Local governments	Air conditioning and water-treatment equipment manufacturers (or air conditioning and water-treatment service providers), Industrial machinery manufacturers, Power companies, Material manufacturers (steel, chemical, etc.), Railway companies, Shipbuilding companies, Public agencies and Local governments	Industrial equipment manufacturers (e.g., inverters and machine tools), Home appliance and air conditioning equipment manufacturers (e.g., air conditioners), Renewable energy equipment manufacturers, Railcar manufacturers, Automobile manufacturers, Automotive electronics manufacturers	Beverage manufacturers, Convenience stores, Restaurant chains, Supermarkets, POS manufacturers
Strengths	- Extensive delivery track record and engineering expertise in delivering clean energy solutions and ensuring both stable supply and optimization of energy - Package proposals from a wide range of products and systems to maintenance services and equipment construction, contributing to stable power supply and power optimization - Energy-saving expertise developed at Fuji Electric’s factories	- Early development of power electronics that use in-house power semiconductors - Extensive product lineup tailored to customer applications - Engineering capabilities built up over a substantial delivery track record - Expertise in energy-saving, automation, and electrification solutions based on electric and thermal energy technologies	- Industry-leading low-loss chips - Packaging technologies that achieve high heat dissipation and high reliability - Power semiconductors that contribute to increasing the efficiency, compactness, and reliability of power electronics	- Top market share of beverage vending machines in Japan and China (our estimate) - Extensive lineup of store fixtures and equipment - Energy-saving technologies centered on airflow control and freezing and heating, structural durability, mechatronics technology

*1 Based on fiscal 2025 results. Composition ratios are calculated based on the amounts before elimination and adjustment of inter-segment transactions.

*2 Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.



Energy

By targeting both the expanding energy market and GX/DX demand, we will pursue sustainable growth through our end-to-end system solution capabilities, from “energy generation” to “reliable and efficient operation.”

Masashi Kawano
Director, Senior Managing Executive Officer
Corporate General Manager, Energy Business Group

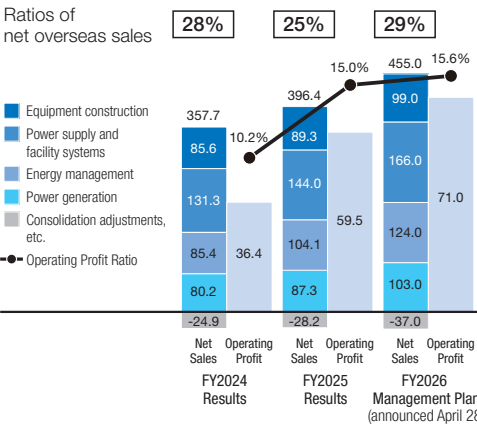
Market Trends and Business Opportunities

Against the backdrop of accelerating decarbonization initiatives and rising power demand driven by digitalization, demand is expected to continue to expand across all business fields.

Subsegment	Market Trends and Business Opportunities
Power generation	Investment in decarbonization-related power generation facilities is expanding. Demand continues in countries that are developing geothermal power, particularly Pacific Rim countries. Scrap and build (S&B) demand continues for aging hydro power generation facilities, including pumped-storage hydropower.
Energy management	Power grid stabilization needs are growing as use of renewable energy expands. Demand for grid storage battery systems is also increasing as the electricity transactions market becomes more active. Demand for replacement of substation equipment installed during Japan's high-growth era continues. Demand is growing for decarbonization of existing production processes through electrification and fuel conversion.
Power supply and facility systems	As digitalization and AI utilization advance, plant and equipment investment demand for IDCs*, particularly from hyperscalers, remains strong. As semiconductor demand grows, investment to increase production capacity at semiconductor factories and to diversify production bases is progressing rapidly both in Japan and overseas.
Equipment construction	As sales in the above subsegments expand, demand for associated electrical and air conditioning construction is also increasing.

Overview of Results

Business Performance Trends (Billions of yen)



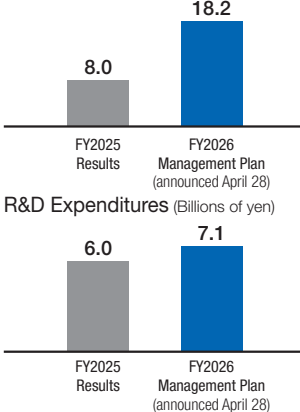
* FY2024 results: Presented reflecting the FY2026 business reorganization (reference values calculated through a simple conversion of past figures to reflect the business reorganization)
* FY2025 results: Presented reflecting the FY2026 business reorganization

In fiscal 2025, net sales increased by ¥38.7 billion year on year to ¥396.4 billion, mainly due to increased demand in the energy management business and the power supply and facility systems business. Operating profit increased by ¥23.1 billion year on year to ¥59.5 billion as a result of higher net sales and the rebound from increased costs for thermal and geothermal projects in the power generation business during the previous fiscal year.

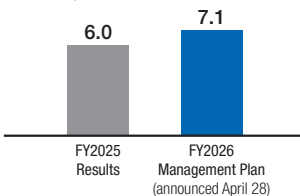
In fiscal 2026, net sales are expected to increase in all subsegments as a result of growing demand for grid storage battery systems and industrial substation and power supply equipment in the energy management business, as well as increased demand from data centers in the power supply and

Plant and Equipment Investment and R&D Expenditures

Plant and Equipment Investment (Billions of yen)



R&D Expenditures (Billions of yen)



Key Plant and Equipment Investment Plans	Energy management - Augmentation of substation equipment production capacity at Chiba Factory, Kawasaki Factory Power supply and facility systems - Construction of new buildings at Kobe Factory and Tsukuba Factory - Construction of new factory in Malaysia
Key R&D Plans	Power Generation - Supercritical geothermal power technologies, and hydrogen fuel cells Energy Management - Decarbonization and eco-friendly products (Electricity storage PCSs*, dry air switchgear, power supplies for hydrogen production equipment, and power supplies for new electric arc reactors) Power Supply and Facility Systems - Expansion of UPS* and molded transformer series, production of container powertrain units

facility systems business. Net sales are expected to increase by ¥58.6 billion year on year to ¥455.0 billion. Profit is expected to increase in all subsegments in line with higher sales. Operating profit is expected to increase by ¥11.5 billion year on year to ¥71.0 billion.

FY2025 Achievements	- Improved profitability in core businesses (power generation, energy management (substation systems), and equipment construction) - Business growth greatly surpassing previous fiscal year in growth fields (storage battery systems, IDC equipment)
FY2026 Challenges	- Increasing production capacity in line with demand and augmenting manufacturing capabilities - Timely development of competitive products

* IDC: Internet data center; PCS: Power conditioning system; UPS: Uninterruptible power supply system

Priority Measures

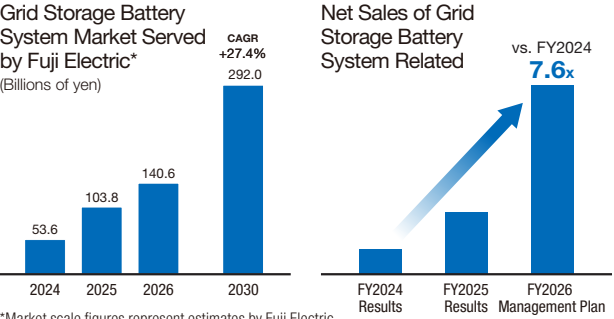
Power generation:
Expanding Decarbonization Renewable Energy Businesses and After-Sales Businesses

To address the need to decarbonize electric power, we have leveraged our engineering capabilities, which we honed through our long track record of deliveries, to secure geothermal power projects, hydro power replacement projects, and large-scale projects under the long-term decarbonization power source auctions. The order backlog in the power generation business at the start of fiscal 2026 has grown significantly to 1.4 times the fiscal 2024 level.

Going forward, in addition to steadily executing these projects we have already secured, we will expand our decarbonization and renewable energy businesses by strengthening our response to growing global demand for geothermal power generation facilities and advancing development and supply efforts, including demonstrations of next-generation hydrogen fuel cells.

In the after-sales business, with the aim of increasing orders, we will strengthen proposals for scrap and build (S&B) projects for hydro power generation facilities, including pumped-storage hydropower, as well as expanded diagnostic technologies and repair services.

Energy management:
Expansion in Grid Storage Battery-Related Markets, Launch of Competitive GX-Related Products, and Increased Production Capacity for Substation Systems



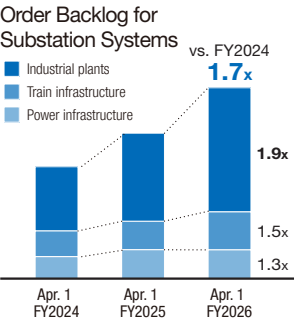
*Market scale figures represent estimates by Fuji Electric

As deployment of renewable energy expands, the market for grid storage battery systems, which enable effective use of generated electricity, continues to grow rapidly.

Building on three strengths—high-speed control technologies for storage batteries and PCSs, collaboration with partner companies, and one-stop solutions covering everything from equipment through construction—we will further enhance competitiveness through new products, including systems that use AI to optimize electricity transactions, and aggressively capture growth opportunities in the market.

The order backlog for substation systems at the start of fiscal 2026 has grown significantly to 1.7 times the fiscal 2024 level.

We are successfully capturing robust investment demand across a wide range of areas, including planned increases in investment by power companies following the introduction of the revenue cap system, electrification of factories in the industrial field, and plant and equipment

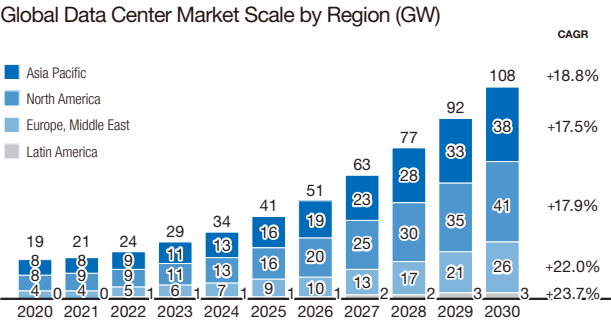


investment associated with the reshoring of the semiconductor industry to Japan.

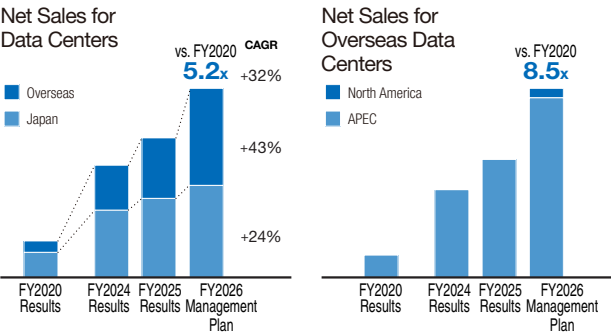
Going forward, we will increase production capacity to meet this strong demand while bringing GX-related products such as dry air switchgear to market in a timely manner, thereby driving business expansion.

Power supply and facility systems:
Business Expansion in the IDC and Semiconductor Fields in Japan and Overseas

Plant and equipment investment in IDCs is growing rapidly worldwide, driven by the spread of generative AI and cloud services.



Source: Global Data Centre Colocation & Interconnection Report 2025, Structure Research Ltd., 2025



Leveraging not only our one-stop capabilities spanning substation equipment through to power supply equipment, but also our ability to make high-value-added proposals such as skid systems that shorten construction periods, the power supply and facility systems business has significantly expanded sales, mainly for IDCs.

Going forward, to further expand business at a pace exceeding market growth, we will strengthen competitiveness through new products, including proposals for cooling solutions (such as ejector cooling units that help improve IDC energy efficiency) and the development of new UPS products (one of our core offerings). At the same time, we will reinforce our manufacturing systems in Japan and overseas to address rapidly growing demand, particularly demand overseas. By expanding production facilities for UPSs and other products in Japan and constructing and launching a new factory for IDC controlgear in Malaysia, we will increase our global product supply capacity.





Industry

We will expand our business in growth fields (IDCs and semiconductors) and the GX field. We will further strengthen profitability and achieve an operating profit ratio of 10% or higher in every subsegment.

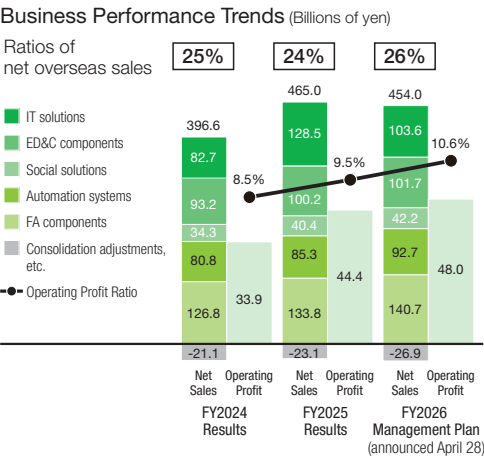
Hiroshi Tetsutani
Director and Managing Executive Officer
Corporate General Manager, Industry Business Group

Market Trends and Business Opportunities

In Japan, demand for the semiconductor production equipment and machine tools is increasing, and GX investment is rising. Overseas, market conditions in China remain sluggish due to weak domestic demand, while data center investment in the United States and semiconductor investment in Asia are active. Capturing this robust growth in Japan and overseas represents a business opportunity for the Company.

	Subsegment	Market Trends and Business Opportunities
Components	FA components	In Japan, semiconductor production equipment is driving growth. Overseas, data-center-related demand in the United States remains strong, and Asia and India are also growing, while China remains weak due to sluggish domestic demand and declining exports; overall, the overseas market is expected to be flat for the year.
	ED&C components	In Japan, semiconductor production equipment and other applications will drive growth. Overseas, the recovery in the semiconductor-related markets in the United States, South Korea, and elsewhere will offset the downturn in China, resulting in slight growth.
Plant and Systems	Automation systems	Japan's steel, nonferrous metals, and chemical markets will grow on GX investment, such as energy-saving measures, as well as equipment replacement. In the overseas harbor crane market, investment is active in India, while weak domestic demand persists in China, and Chinese manufacturers are focusing on winning projects outside China.
	Social solutions	In Japan, railway upgrade and DX as well as nuclear-power-related demand are active. Overseas, metro replacement in the United States and new rail line construction in Asia will continue.
	IT solutions	DX investment in the private and public sectors remains strong. In the academic sector, demand will shift to operation and maintenance following the completion of the NEXT GIGA development.

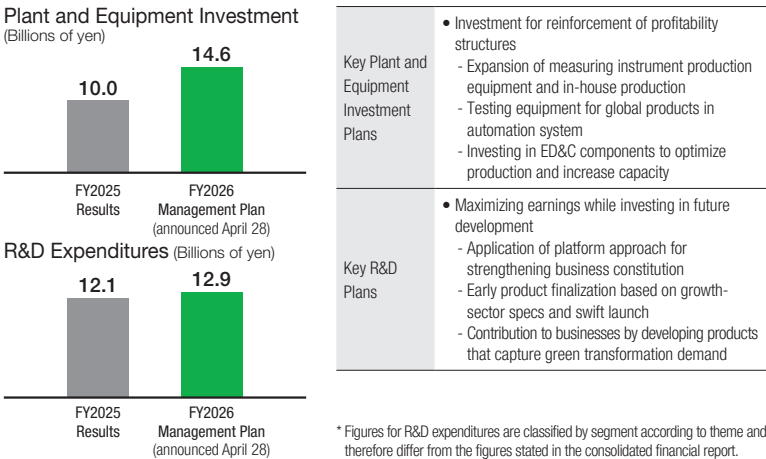
Overview of Results



In fiscal 2025, net sales increased by ¥68.4 billion year on year to ¥465.0 billion, driven by higher sales in all subsegments and steady execution of large-scale NEXT GIGA projects in Japan's academic sector. Operating profit increased by ¥10.5 billion year on year to ¥44.4 billion as profit increased in all subsegments. The components business achieved higher profit by strengthening its earnings structure, including consolidating and discontinuing unprofitable models. In addition, the smart meter business in India secured a large order, establishing a foundation for business expansion in fiscal 2026.

In fiscal 2026, we plan for net sales of ¥454.0 billion, down ¥11.0 billion year on year. This decrease reflects the scaling down of large NEXT GIGA projects in the academic sector within IT

Plant and Equipment Investment and R&D Expenditures



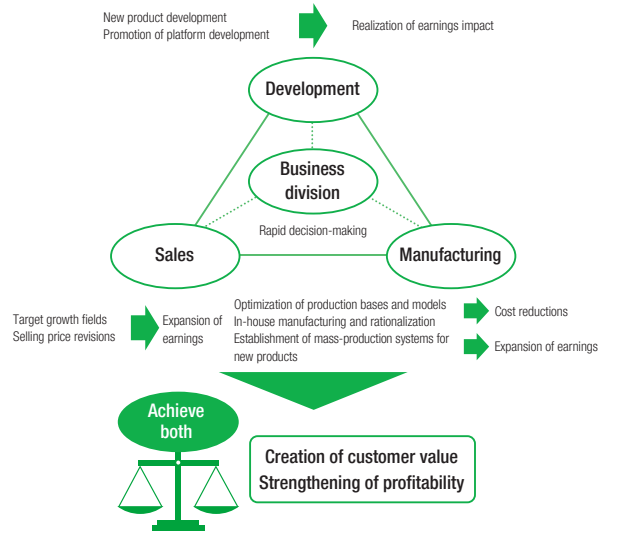
solutions; all other subsegments are planned to increase sales. We plan for operating profit of ¥48.0 billion, up ¥3.6 billion year on year, by steadily executing priority measures, including operational reforms.

FY2025 Achievements	- Achieved higher sales and profit in all subsegments - Strengthening of constitution of FA and ED&C components businesses - Establishment of foundations for expanding operations in India - Ensured execution of large-scale academic sector of IT solutions
FY2026 Challenges	- Allocation of resources to growth fields such as data centers and semiconductors - Expansion of green transformation (GX) and overseas business with new products - Further strengthening of profitability through operational reforms

Priority Measures

General Measures
Operational Reforms to Create Customer Value and Strengthen Profitability

In both components and plant and systems businesses, the sales, development, and manufacturing functions will continue to work as one to make rapid, profit-driven decisions. On the sales side, we will pursue growth fields and implement appropriate selling price revisions. On the manufacturing side, we will consolidate models at the lowest-cost production bases and expand in-house manufacturing to reduce costs, while establishing mass-production systems for new products. On the development side, we will expand the range of models that share common platforms, improving the efficiency of R&D investment and maximizing the earnings impact by launching to market earlier. Through these initiatives, we will both create customer value and further strengthen our earnings structure.



New Product Rollout and Market Development in the Growth Fields of IDCs and Semiconductors

In the data center (IDC) field, we will sequentially launch new products in response to the shift toward liquid cooling for AI servers. We will begin the full-scale roll out of the world's first ejector cooling units, which achieves energy savings of up to 85%, as well as a new ultrasonic flowmeter, while developing harmonic-mitigation inverters. We aim to expand sales to cooling equipment manufacturers through "comprehensive equipment proposals" and integrated electrical, thermal, and DX solutions.

In the semiconductor field, we will expand our lineup of measuring instruments and power supply equipment that is optimized for production equipment and ancillary facilities. We will also roll out new magnetic switches that contribute to energy and space savings, while advancing design wins with major Japanese equipment manufacturers and vendor registration with overseas semiconductor production equipment manufacturers in order to expand sales.

Products for the IDC Field

Automation systems	FA components	
Heat products	Low-voltage Inverters	Measuring instruments
250 kW ejector cooling units (for cooling equipment)	Low-voltage harmonic-mitigation inverters (for cooling equipment)	New ultrasonic flowmeter (for cooling equipment)
 Launched in June 2026	 Scheduled to launch in FY2028 H1	 Launched in June 2026

Products for the Semiconductor Field

FA components		ED&C components
Measuring instruments	Power supply equipment	Power distribution and control equipment
New ultrasonic flowmeter (for semiconductor production equipment)	Mini-UPS For semiconductor production equipment	New magnetic switch
 Scheduled to launch in FY2028 H1		
Ultrasonic flowmeter (for ancillary equipment)	Watt-hour meter For air conditioning equipment	Earth leakage circuit breaker
 Ultrasonic flowmeter (for pure water production equipment)		

Business-Specific Measures
Automation systems: Business expansion through global and GX products

In the automation systems business, we will actively launch global and GX products. Specifically, our next-generation high-voltage inverter features enhanced high-reliability functions, compliance with a wider range of standards, and a more compact enclosure than conventional models, thus contributing to stable operation, energy savings, and space savings for equipment such as compressors and conveyors. For induction heating systems that advance electrification, we will combine our in-house power semiconductors with induction heating and simulation technologies. This will promote heat-source conversion in heat-treatment processes for steel, nonferrous metals, chemicals, and other industries, helping to reduce CO₂ emissions, improve energy efficiency, and enhance maintainability.

Automation systems	
High-voltage inverters	Induction heating systems
Next-generation high-voltage inverters	Billet heater ERW pipe welder
	

Mobility: Contributing to decarbonization with new automotive power electronics products

As Japan tightens its CAFE (fuel economy) regulations, automakers are moving forward with the development of electrified vehicles. By bringing together our in-house power semiconductor (IGBT) technology, which has a proven track record in automotive applications, and our motor control technology to create synergies, we have developed a compact, low-cost automotive inverter that achieves a "low profile, light weight, and high power density." We plan to install this inverter in compact hybrid and electric vehicles. Through automotive inverters, we will contribute both to reducing society's CO₂ emissions and to decarbonization.



Semiconductors

We will strive for medium- to long-term business expansion by securing design wins and developing new customers while establishing production systems aligned with demand.

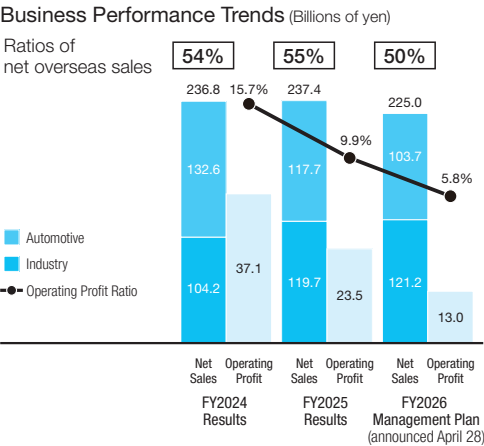
Toru Hosen
Director and Senior Managing Executive Officer
Corporate General Manager, Semiconductors Business Group

Market Trends and Business Opportunities

Power semiconductors, which contribute to energy savings through high conversion efficiency and power control, are experiencing increased global demand against the backdrop of environmental measures for decarbonization and rising investment in automation within the manufacturing industry.

Subsegment	Market Trends and Business Opportunities
Industry	In the motor drive field, which includes inverters and servos, demand for semiconductor production equipment and industrial robots is expected to increase in step with growing demand for AI semiconductors, while demand for automation and efficiency improvements for NC machine tools is expected to continue. In the renewable energy field, demand for wind power generation and storage battery systems is expected to remain strong.
Automotive	Demand for both battery electric vehicles (BEVs) and hybrid vehicles (HEVs/PHEVs) is expected to continue to increase.

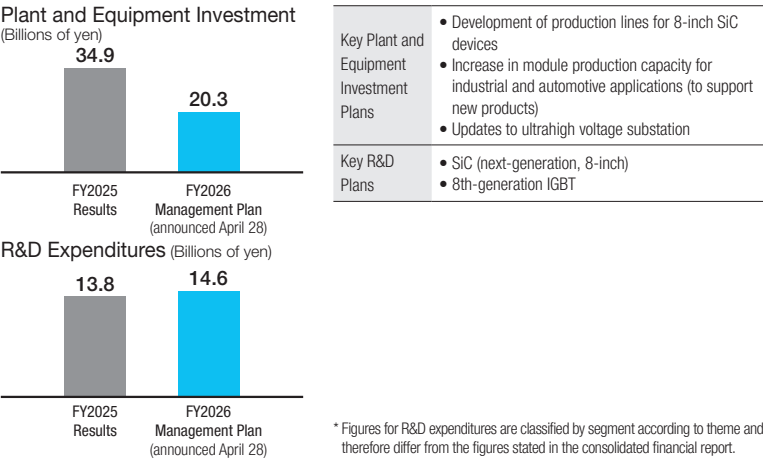
Overview of Results



In fiscal 2025, despite downward pressure on sales from lower demand for Si products for electrified vehicles and the impact of the selling price revisions in the previous fiscal year, net sales increased by ¥0.6 billion year on year to ¥237.4 billion, mainly due to increased demand centered on renewable energy in China, higher demand for SiC products for electrified vehicles, and favorable foreign exchange impacts. Operating profit decreased by ¥13.6 billion year on year to ¥23.5 billion. Although sales in the industrial field increased, earnings were affected by higher raw material prices, price competition centered on the Chinese industrial market, lower sales in the automotive field, and the impact of the selling price revisions in the previous fiscal year.

In fiscal 2026, although demand is expected to increase for data centers and semiconductor production equipment in the industrial field and for SiC products for electrified vehicles, we plan for net sales of ¥225.0 billion, down ¥12.4 billion year on

Plant and Equipment Investment and R&D Expenditures



year, mainly due to lower demand from European and U.S. customers in the automotive field and unfavorable foreign exchange impacts. We plan for operating profit of ¥13.0 billion, down ¥10.5 billion year on year, due to higher raw material prices and lower sales in the automotive field.

FY2025 Achievements	- Expansion of sales through investment to increase SiC front-end production capacity (vs. previous fiscal year: 2.5x SiC production capacity; approximately 2x SiC net sales) - Start of mass production and sample shipments of new products (Mass production: large-capacity IGBT modules for renewable energy, SiC chips for electrified vehicles, compact RC-IGBT modules) (Samples: 8th-generation IGBT modules)
FY2026 Challenges	- Growth of sales and acceleration of new initiatives for promoting Fuji Electric's specifications - Development of competitive new products - Enhancement of manufacturing

Priority Measures

Strengthen Efforts to Secure New Design Wins and Develop New Customers to Expand Sales

The Company has industry-leading low-loss chips that contribute to higher efficiency, smaller size, and higher reliability in power electronics products such as inverters, as well as packaging technologies that achieve high heat dissipation and high reliability. Through customer support utilizing our global production bases and sales and design centers, we hold a leading position in the IGBT module market, having the third highest share globally.

Leveraging these strengths in our power semiconductor business, we will steadily secure new design wins and develop new customers, primarily in the motor drive and renewable energy fields and for electrified vehicles, where medium- to long-term market growth is expected.

In the industrial field, we aim to grow sales faster than the market by expanding sales of new products. In the automotive field, we will drive sales growth from fiscal 2028 onward through new customer development and securing design wins.

New Product Development and Mass Production to Strengthen Competitiveness

We will continue to develop new products to address advanced technical needs such as equipment downsizing, lower system costs, and higher efficiency.

In the industrial field, we will mass-produce 8th-generation IGBT modules that reduce power loss by at least 15% compared to the 7th generation and increase rated current within the same package. We will also develop a new medium-capacity module differentiated by our proprietary packaging technology and that is optimized for the intermediate range between medium- and large-capacity applications, providing products ideally suited to customer equipment for renewable energy, data centers, and other markets that are expected to grow over the medium to long term.

New Products for the Industrial Field

New Medium-Capacity Module	
Strengths, Features	Compact package (footprint 49% smaller than large-capacity modules) Lower inductance accommodates mounting of SiC chips
Applications (Examples)	Renewable energy, data centers, etc.

In the automotive field, we will mass-produce high-power SiC modules that achieve a smaller size and a lower profile through our proprietary three-dimensional wiring technology while significantly reducing inductance* inside the module. We will also begin sample shipments of next-generation low-profile-package SiC modules that enable a broad product lineup of ratings within a single package. These new products will help customers reduce the size and cost of their equipment.

* Inductance: A higher value here increases switching loss and noise

New Products for xEVs (SiC Module)

High-Power Module	
Strengths, Features	Compact, short package (Volume: -49% vs. conventional product) Low inductance (Inductance: -80% vs. conventional product)
Adopting Vehicle Types (Examples)	Large vehicles, sports vehicles

Next-Generation Low-Profile Module	
 (Example of combined application)	
Strengths, Features	A wide range of ratings available in a single package Support for diverse inverter circuit configurations
Adopting Vehicle Types (Examples)	Compact vehicles, mid-size vehicles, large vehicles

Building an Optimal Production System to Meet Demand

In the chip manufacturing process (front-end), we will increase SiC production capacity in line with demand, prepare for mass production of 8th-generation IGBTs, and scale back small-diameter production lines. For SiC, following the Tsugaru Factory, we will begin 6-inch production at the Matsumoto Factory while moving forward with preparations for mass production of 8-inch devices. For Si, we will systematically scale back and close small-diameter lines of 6 inches or less and shift production to 8-inch lines, thereby improving productivity, promoting rationalization, and strengthening profitability.

In the assembly process (back-end), we will launch mass production of new products and expand production capacity to meet rising demand. At our bases in Japan, we will start production of 8th-generation IGBT modules for the industrial field and new SiC modules for the automotive field, and we will increase production capacity for large-capacity industrial modules and compact IGBT modules for electrified vehicles. At overseas bases in China, Malaysia, and elsewhere, we will increase production capacity for 7th-generation IGBT modules, for which global demand remains strong, by 20% to 30% year on year, thereby establishing a structure that can reliably meet increased demand in the industrial field.



Food and Beverage Distribution

We aim to generate stable earnings while expanding operations in new and growth fields.

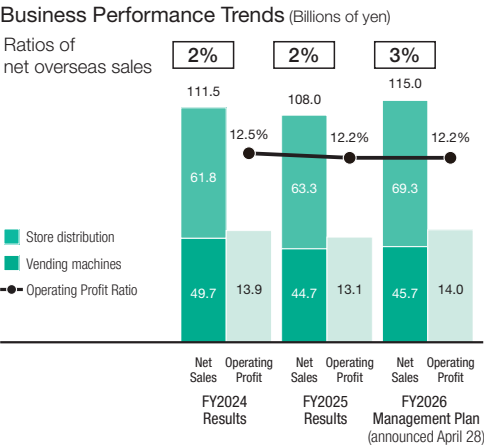
Keiichi Asano
Managing Executive Officer
Corporate General Manager, Food and Beverage Distribution Business Group

Market Trends and Business Opportunities

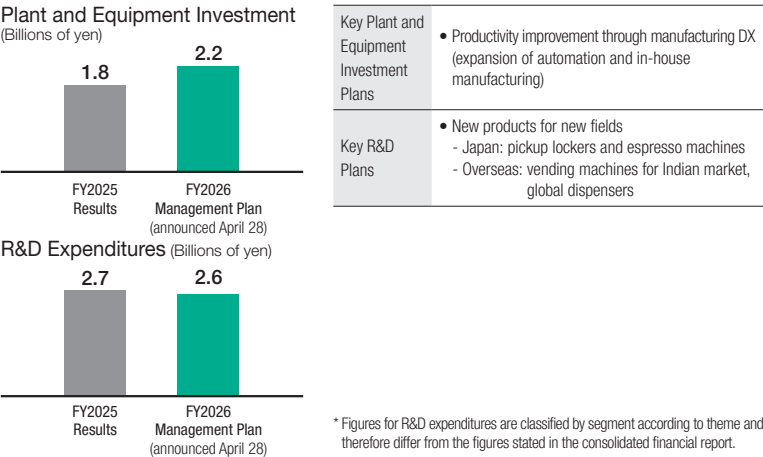
In the food and beverage distribution market, while Japan’s vending machine market is shrinking, demand in the convenience store market is increasing for energy savings and environmental measures. In new fields such as food, pharmaceuticals, and restaurants, new demand is emerging alongside growing needs for automation and labor savings.

Subsegment	Market Trends and Business Opportunities
Vending machines	In Japan, while beverage manufacturers are reducing equipment investment compared to the previous year, needs are growing for more efficient vending machine operations amid labor shortages and for refrigerated storage in new fields such as food and pharmaceuticals. Overseas, coffee demand is expected to increase, mainly in China and Southeast Asia, reflecting changes in consumer preferences.
Store distribution	In the convenience store field, demand is expected to increase year on year as needs diversify for products sold over the counter, in addition to environmental measures for showcases. In new fields such as restaurant chains, demand for self-service coffee machines and other products is expected to increase as labor shortages drive growing needs to reduce headcount and save labor.

Overview of Results



Plant and Equipment Investment and R&D Expenditures



In fiscal 2025, increased demand for store facilities and equipment offset the falling off in replacement demand for automatic change dispensers associated with the previous fiscal year’s issuance of new banknotes in Japan, but lower demand for vending machines in Japan resulted in net sales of ¥108.0 billion, down ¥3.5 billion year on year, and operating profit of ¥13.1 billion, down ¥0.8 billion year on year, for an operating profit ratio of 12.2%.

In fiscal 2026, driven by the effects of our increased share in Japan’s vending machine market, an increase in counter-fixture projects in the store distribution business, and measures to

expand sales of new products for new fields, we plan for net sales of ¥115.0 billion, up ¥7.0 billion year on year; operating profit of ¥14.0 billion, up ¥0.9 billion year on year; and an operating profit ratio of 12.2%.

FY2025 Achievements	- Launching of new products such as tea dispensers for convenience stores and vertical-standing automatic change dispensers - Start of the rollout of beverage vending machines for India
FY2026 Challenges	- Top-line growth across Food and Beverage Distribution through accelerated entry into new fields - Expansion of the overseas business

Priority Measures

Improving Profitability by Expanding Our Lineup of High-Value-Added Products

In the vending machine business in Japan, building on our dominant market share of just under 80%, we will deepen partnerships with beverage manufacturers and expand our lineup of high-value-added products, including plastic bottle-specific vending machines and cup vending machines. We will also equip machines with two-way communication devices to provide dynamic pricing functions that flexibly adjust prices according to demand trends, support for QR-code payments, and services that improve vending machine operational efficiency, including sales and inventory management. Through these measures, we aim to maximize the value we provide to solve beverage manufacturers’ challenges.

In the store distribution business, centered on major convenience store chains in Japan, we will strengthen total solution proposals that address store-wide challenges. We will introduce high-value-added products that improve store operating efficiency, including showcases that are compatible with new fluorocarbon-free refrigerants and showcases with doors to meet environmental and energy-saving needs; counter fixtures (tea dispensers, café latte machines, and ambient display cases) that respond to diversifying consumer preferences; and vertical-standing automatic change dispensers that save both labor and space.

In manufacturing, we will pursue total cost reductions by expanding automation and in-house manufacturing of vending machine component module assembly; by reducing design costs through standardization for next-generation vending machine models and platform development for showcases; and by reviewing the use of steel and copper in response to rising material prices. Through these efforts, we will further strengthen profitability.

*QR Code is a registered trademark of DENSO WAVE INCORPORATED in Japan and in other countries.

Developing New Fields in Japan and Expanding Sales of New Products by Region Overseas

To strengthen our operating foundation, we will develop new fields in Japan, which are a growth area, and expand our global business. In new fields in Japan, we will horizontally deploy the heating/cooling and durability technologies that we have cultivated in the vending machine business to create markets for refrigerated pickup lockers for pre-ordered products in the food and distribution industries, as well as pharmaceutical pickup lockers in anticipation of revisions to the Pharmaceuticals and Medical Devices Act. For restaurant chains, in addition to conventional drip coffee machines, we will develop and launch Japan’s first domestically produced espresso machine and aim to expand our share in a market dominated by overseas manufacturers. We will also expand our business fields by deploying automation solutions that address customers’ entire supply chains, such as automated picking robots for beverage manufacturers’ warehouses.

In our global business, we will roll out beverage vending machines for major beverage manufacturers in India, a priority market, through collaboration with a general trading company. In existing markets, we will introduce global coffee machines to rapidly growing coffee markets, particularly China and Thailand, as well as ice cream vending machines in China, launching new products in a timely manner for each region to expand sales.

Product Strategies Leading up to 2030

