Vision to 2035

Mid-term Business Plan 2026-2028

SUMIDA CORPORATION

[Note on translation]
This is a translation of the original Japanese document and provided for informational purpose only.
If there are any discrepancies between this and the original, the original Japanese document prevails.

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Review of the Mid-term Business Plan 2024-2026

- In Mid-term Business Plan 2024-2026, we positioned green energy-related business as a pillar for growth. We expected revenue and profit to increase significantly.
- The environment began to change rapidly in early 2024, mainly due to the end of EV subsidies in Europe and changes in U.S. environmental policy. To increase production, overhead and investment increased causing the break-even point to rise. However, projects were delayed and demand slowed down, putting downward pressure on profit.
- Prioritizing the improvement of the break-even point and the diversification of revenue sources, we downsized staff in Europe and China and focused our efforts on acquiring Industrial Electronics projects. Further, in October 2025, we acquired Schmidbauer, which complements our business in the Industrial domain.
- Both the business environment and our initiatives have changed greatly from our initial assumptions. We understand that our duty is to again present a growth strategy based on the current business environment, and to implement this strategy.

			MTBP 2024-2026			
		FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast	FY2026 Target
Revenue	B.JPY	147.6	143.9	147.1	156.0	190.0
Green energy-related revenue	B.JPY	36.7	38.9	39.4	42.0	67.0
Operating Profit	B.JPY	8.5	4.5	7.4	7.5	13.5
EPS	JPY	167.46	17.96	109.47	110.40	272.00

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Review of the Mid-term Business Plan 2024-2026 (ESG - Environment)

The ESG targets set out in our Mid-term Business Plan 2024–2026 are expected to be mostly achieved by 2025.

Mid-term Business Plan 2024-2026 Initiatives:

1. Targeting specific markets with innovative products/solutions that help in reducing carbon emission
2. Reduce wastes, and utilizing green energy & recycled materials where possible
3. Working together with our stakeholders to support the 17 UN Sustainable Development Goals

We aim to reduce greenhouse gas emissions (Scope 1 & 2)in FY2030 by 42% from the FY2022 level.

	FY2022	FY2023	FY2024
Scope 1&2 GHG Emissions	69,067 tons	64,486 tons	48,211 tons
Reduction rate	-	6.6%	30.2%
Progress	-	15.7%	71.9%

* We anticipate that calculation of FY2025 results will be completed in or after April.

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Mid- to Long-term Business Environment Recognition

We recognize that, by 2035, trends in the environment, technology, geopolitics, and demographics will affect our business. These trends present both opportunities and risks for our operations.

Recognition of the Business Environment

Global Warming

- Decarbonization applications
- Diversification of energy sources

AI

- Increase in energy consumption

Nationalism

- Economic decoupling
- Deterrent for national security

Demographic Changes

- Labor saving and automation

Opportunities and Risks for Our Business

- "Made in Market" – Demand for local production and supply chain
- Higher efficiency and renewal of solar power, wind power, and power grids
- Electrification of all means of transportation (including automobiles, motorcycles, special-purpose vehicles, and ships)
- Increased investment in data centers, medical, robotics, drones, and defense-related fields
- Intensifying price competition with market expansion, leading to lower profitability

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SUMIDA's Philosophy and Strengths

Leveraging our technological capabilities and global network, we have been supplying coil products that are essential components in a wide range of electronic devices.

Corporate Philosophy
"Connecting Technology to People"

Our vision is to lead in the industry as a timeless company and to provide solutions that help to power and inspire the world with innovations that fulfill the whims of our imagination.

team sumida

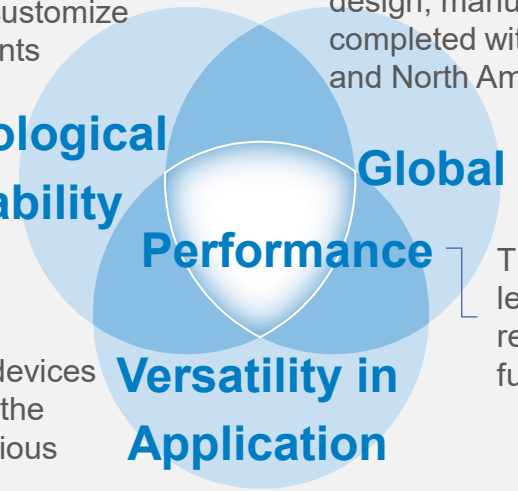
global · speed · focus

SUMIDA's Strengths

We leverage diverse technologies and our global network to custom-produce coils essential for electronic devices. Our track record creates a positive cycle, generating new inquiries and business opportunities.

With our extensive expertise in winding technology at the core, we can customize solutions to meet any requirements

A "Made in Market" system that enables design, manufacturing, and sales to be completed within each region in Asia, Europe, and North America.



The success of our past projects leverages a virtuous cycle, resulting in ongoing inquiries for future projects.

Coils are essential for electronic devices of all kinds. We have moved with the trends of the times to develop various applications.

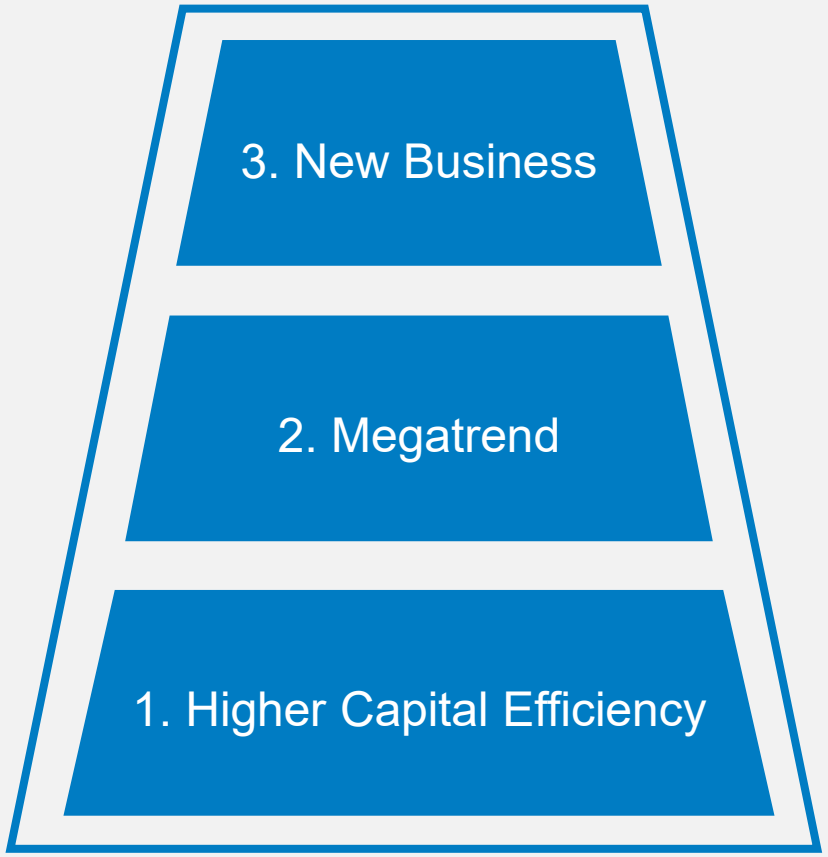
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Vision to 2035

“Top Position in Multiple Niches"

Niche-Top Strategy

Towards achieving our Vision to 2035, “Top Position in Multiple Niches,” we are promoting our Niche-Top Strategy. We aim to strengthen our earnings base, pursue growth driven by megatrends, and secure the No.1 position in multiple niche markets.



- **Commercialize proprietary technologies developed in-house.**
  Create new markets by offering unique, hard-to-imitate value.
- **Acquire projects in application markets aligned with megatrends.**
  In addition to previous green-energy-related areas (xEV and renewable energy),expand into power grids, transportations, data centers, medical, robotics, and more.
- **Enhance cash-generation capability in existing business domains.**
  Pursue faster response to customer needs.

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2035 Outlook for SUMIDA Product Applications

Mega Trend

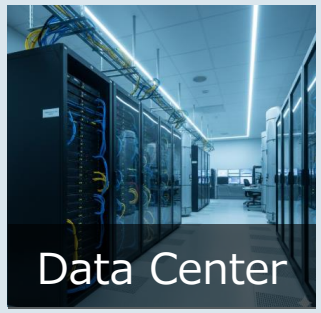














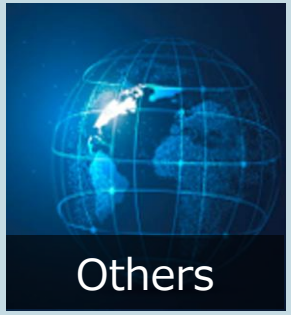


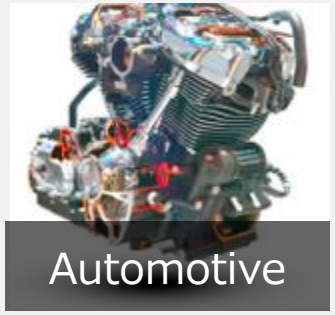
New Business















High Capital Efficiency

* CE: Consumer Electronics

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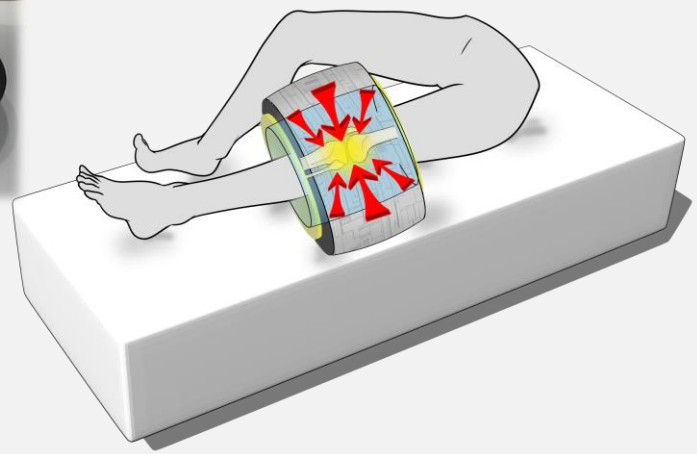
New Business: Application of Vector Potential Coil Technology in Medical Care

Iwate University's Vector Potential Coil technology makes it possible to use an electric field to reach deep into living tissue non-invasively. Our goal is to use this technology to treat knee osteoarthritis. Clinical studies using animals are under way. We will explore the feasibility of conducting human clinical research.

Prototype equipment for treating knee osteoarthritis

- A Vector Potential Coil device that has an electric field that can reach deep into living tissue.





Our strengths

- We hold basic patents in the U.S.
- Patents for a bone-growing device have been obtained in Japan, Europe, and China.
- A paper on the implications of the proliferation of chondrocytes was published by a Nature-affiliated journal.*

* Scientific Reports 13, 16845 (2023) https://www.nature.com/articles/s41598-023-43949-3

Knee osteoarthritis market

- There are 300 million knee osteoarthritis patients around the world and 15 million in Japan.
- The standard treatments covered by insurance are no more than painkillers and compresses. The treatment for advanced symptoms is joint replacement.

=> We aim to reduce aching pain and progression using the Vector Potential Coil technology.

=> We plan to commercialize it jointly with a Japanese medical equipment company with a track record in this area.

=> We will explore the feasibility of conducting human clinical research, after we acquire a POC via clinical trial using animals.

Long-term prospects

- Last year, our joint research partner Tohoku University announced at an academic conference that VP coils increase mitochondrial membrane potential (ΔΨm).

=> We will explore the potential applications for increasing ΔΨm in the treatment of medical issues in the areas of neurodegeneration, immunological disease and cardiovascular disease, where there have been academic indications of therapeutic benefits.

=> We will make it a foundational technology that will use physics to achieve patients' hopes.

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New Business: Application of a Quantum Sensing Technology in Advanced Measurement

- Through collaborative industry-academia research, we are developing a high-sensitivity quantum magnetic sensor with a diamond NV center together with Kyoto University.
- It will have applications as a signal receiver in the field of advanced measurement field, making it possible to reduce the time necessary for measurement by 90%.

R&D achievements

- In 2018, we began participating in a Ministry of Education, Culture, Sports, Science and Technology joint industry-academia research promotion program.
  In 2023, our project was selected for JST A-STEP (full-scale).*

- This brings together our knowledge of magnetic technologies and Kyoto University's quantum magnetic field sensing knowledge.

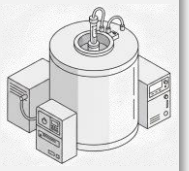
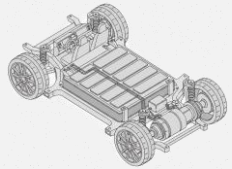
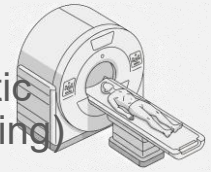


＊ The Japan Science and Technology Agency's Adaptable & Seamless Technology Transfer Program through Target-driven R&D

Our strengths

- World-leading signal detection sensitivity
- Strategic building of a patent portfolio
- Proprietary coil design technologies and expertise in coil manufacturing

Target applications

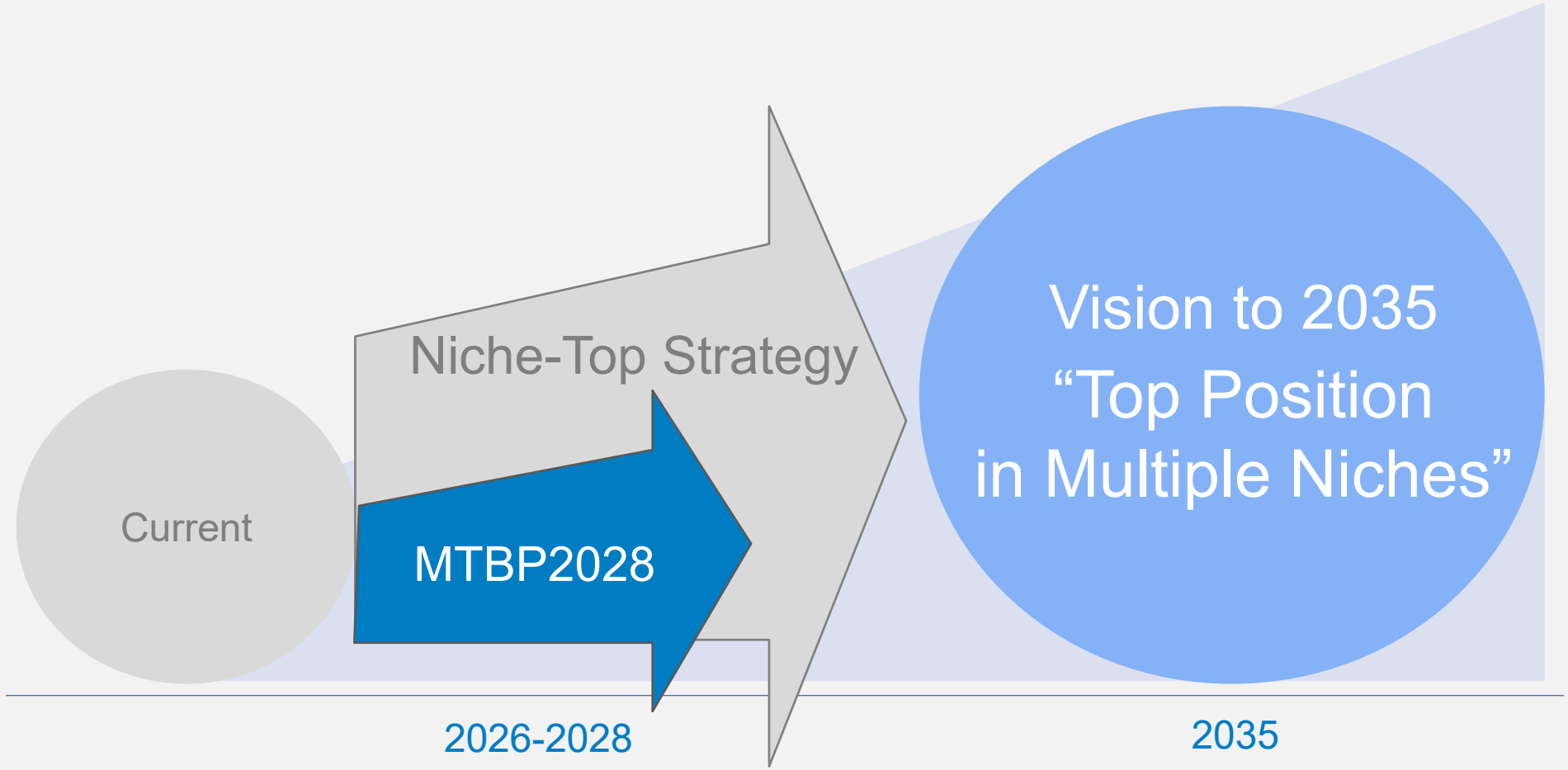
Applications	Effects of introduction
NMR (nuclear magnetic resonance) 	✓ Shortening of the development periods of chemical products, pharmaceuticals, etc. ✓ Reduction of economic and environmental burdens
Secondary battery quality inspections 	✓ Improvement of battery safety ✓ Reduction of battery production cost ✓ Increased use of recycled batteries
MRI (nuclear magnetic resonance imaging) 	✓ Provision of high quality diagnostic images ✓ Reduction of burdens on patients made possible by reducing examination time

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Positioning of the Mid-term Business Plan 2026–2028

In line with the Niche-Top Strategy toward 2035, this Mid-term Business Plan 2026–2028 (hereinafter “MTBP2028”) describes the initiatives and numerical targets to be achieved by 2028.



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Numerical targets in the MTBP2028

Revenue

FY2025
147.1 B.JPY

FY2028
165.0 B.JPY

Operating Profit

FY2025
7.4 B.JPY

FY2028
10.0 B.JPY

EPS

FY2025
109.47 JPY

FY2028
174.00 JPY

ROIC

FY2025
5.4%

FY2028
6.7%

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Niche Top Strategy – 1. High Capital Efficiency –

Strategic Mission

Enhancing cash generation in existing business domains

Process Acceleration

Accelerating sample development through integrated efforts among Sales, R&D, and Engineering.

Speeding up decision-making through delegated authority.

Streamlining decision-making via organizational flattening.

Improving operational efficiency through AI utilization.

Improvement of Break Even Point and “Transfer”

BEP improvement: Enhancing manufacturing efficiency / deploying best practices company-wide.

Eliminating operational waste through organizational slim-down.

Improving work efficiency through AI utilization

“Transfer”: In-house production of equipment and tools, optimized investment threshold.

Sharing market, design, and engineering knowledge company-wide

Expanding the project pipeline

Avoid increasing indirect personnel

Avoid increasing fixed assets

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Niche Top Strategy – 2. Megatrend Centric –

Strategic Mission

Secure projects in application markets that directly align with megatrends.

Focused Strategy on Key Markets

- Green energy–related fields, power grids, mobility solutions, data centers, healthcare, robotics, etc.
- Although growth in the green energy–related area is currently temporarily stagnant, we expect this segment to expand over the medium to long term.

Revenue		FY2025 Actual	FY2028 Target	CAGR
Automotive	B.JPY	85.4	95.0	+3.6%
Industrial	B.JPY	39.3	48.0	+6.9%
CE	B.JPY	22.4	22.0	-0.6%
Total	B.JPY	147.1	165.0	+3.9%
Green Energy-related Revenue	B.JPY	39.4	50.0	+8.3%

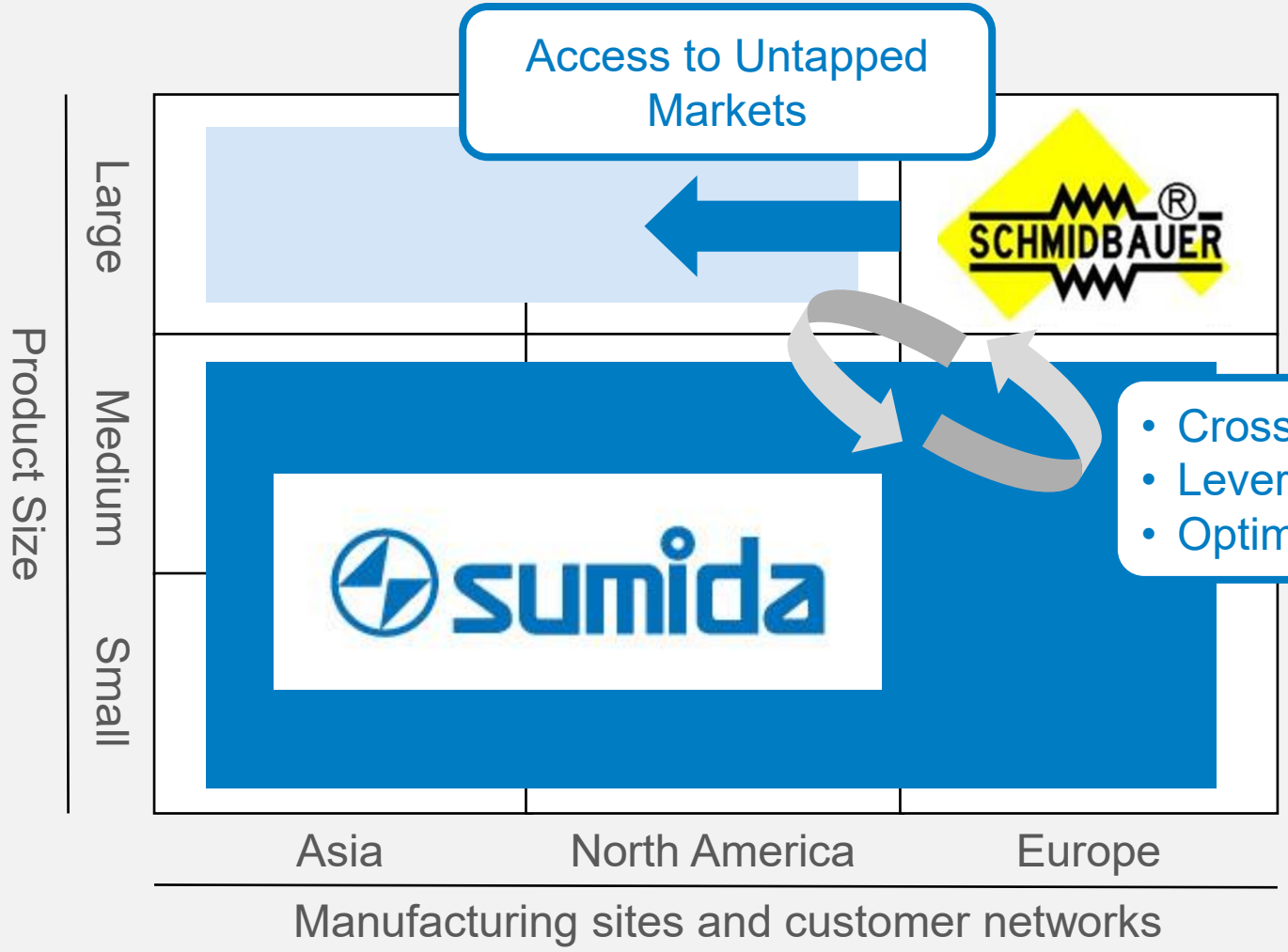
Sales Pipeline*	FY2025 Actual
Industrial	33.0 B.JPY
Green Energy-related	64.0 B.JPY

* Life Time turnover

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Creating Synergies with Schmidbauer

Schmidbauer products will be manufactured and sold in Sumida's production and sales regions in Eastern Europe, Asia, and North America. In addition, we will promote cross-selling of both companies' products, leverage our combined technologies and know-how, and optimize manufacturing locations.









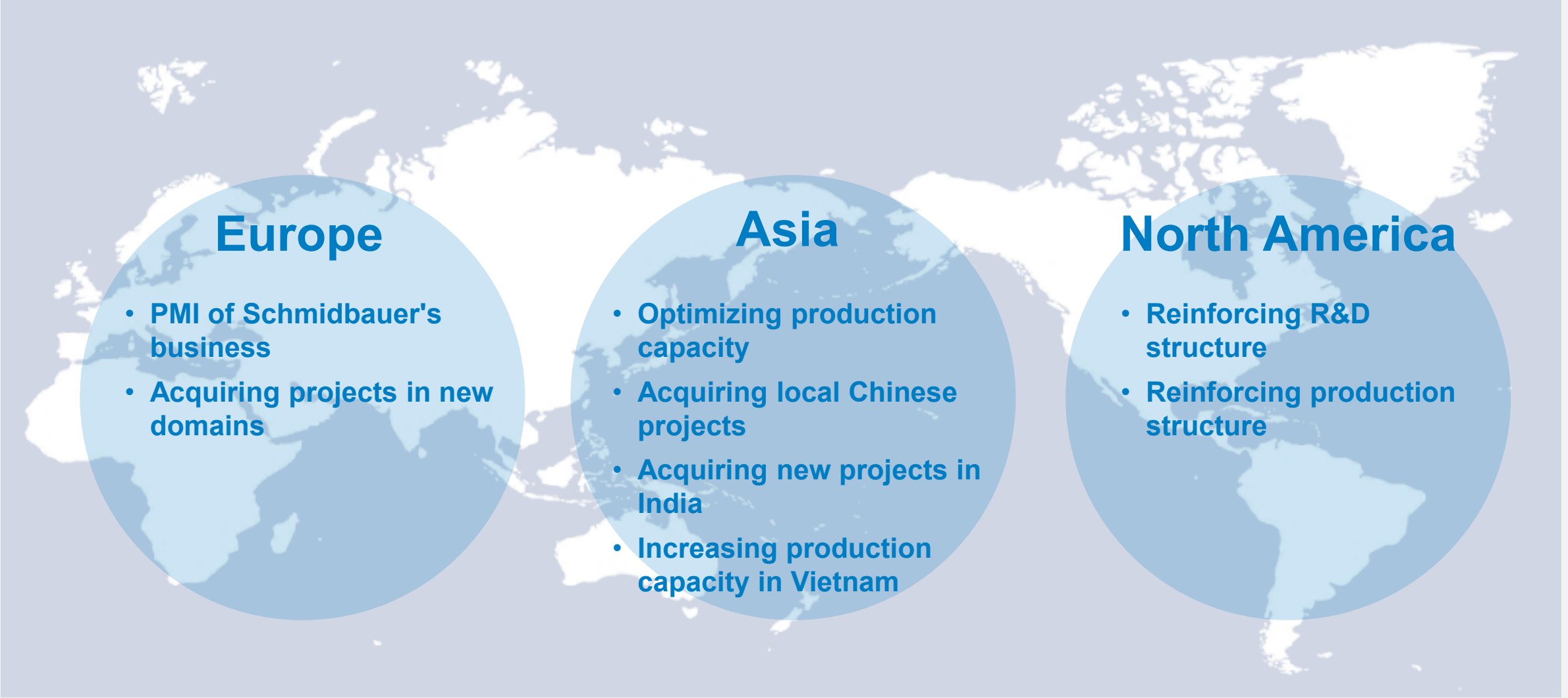
- Cross-selling of both companies' products
- Leveraging technologies and know-how
- Optimization of manufacturing locations



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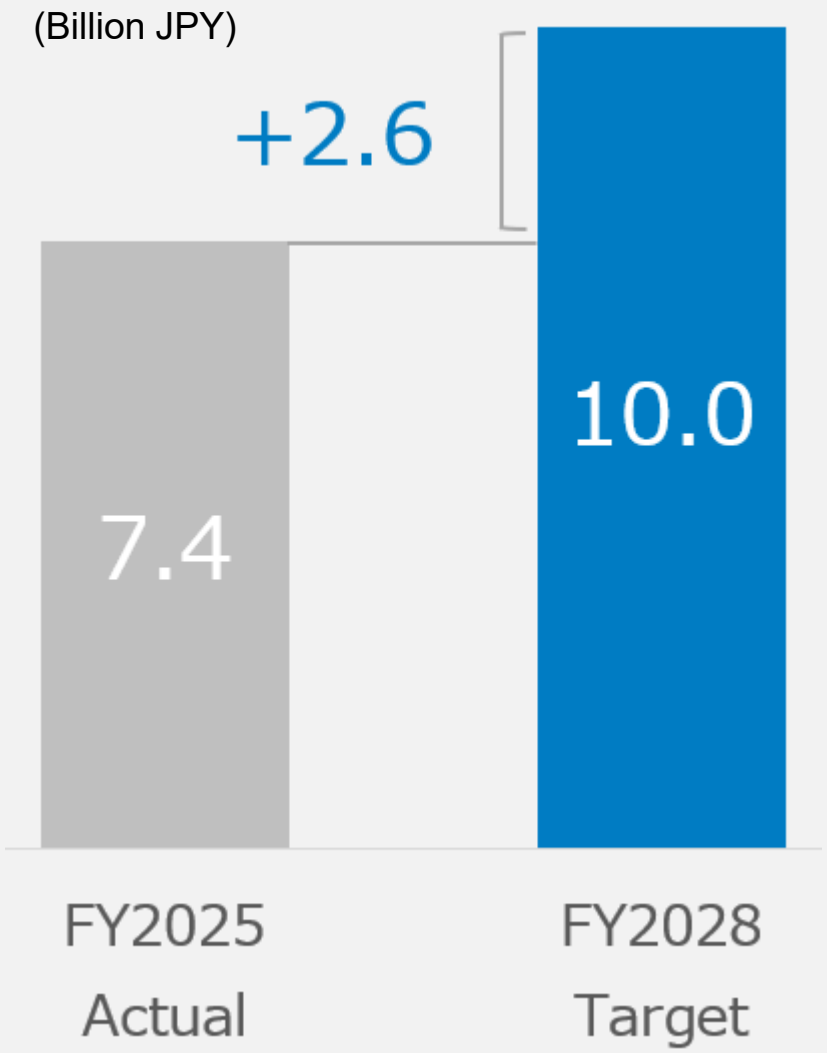
Regional Strategy

To establish a “Made in Market” structure that can swiftly respond to local needs by completing the three functions—sales, development, and manufacturing—within each region



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Operating Profit Bridge Analysis - FY2025 vs FY2028 -



(Billion JPY)

Positive Factors	Efficiency	+2.5
	Material cost reduction	+2.4
	Manufacturing overhead costs reduction	+1.3
	Revenue impact	+1.1
	Schmidbauer acquisition	+0.8
	Others	+0.2
		+8.3
Negative Factors	Salary and wage impact	-2.8
	Copper price impact	-1.7
	(One-off item) Compensation from customers in FY2025	-1.0
	Exchange rate impact	-0.2
		-5.7
Profit Increase		+2.6

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Capital Allocation

Top priority is “Growth Investment,” followed by “Shareholder Returns. "We will work to improve our financial position with a target Net D/E ratio of 0.6×.



Priority is “Growth Investment.” We will enhance capital efficiency in existing businesses to generate funds and allocate them to megatrends and new business opportunities.

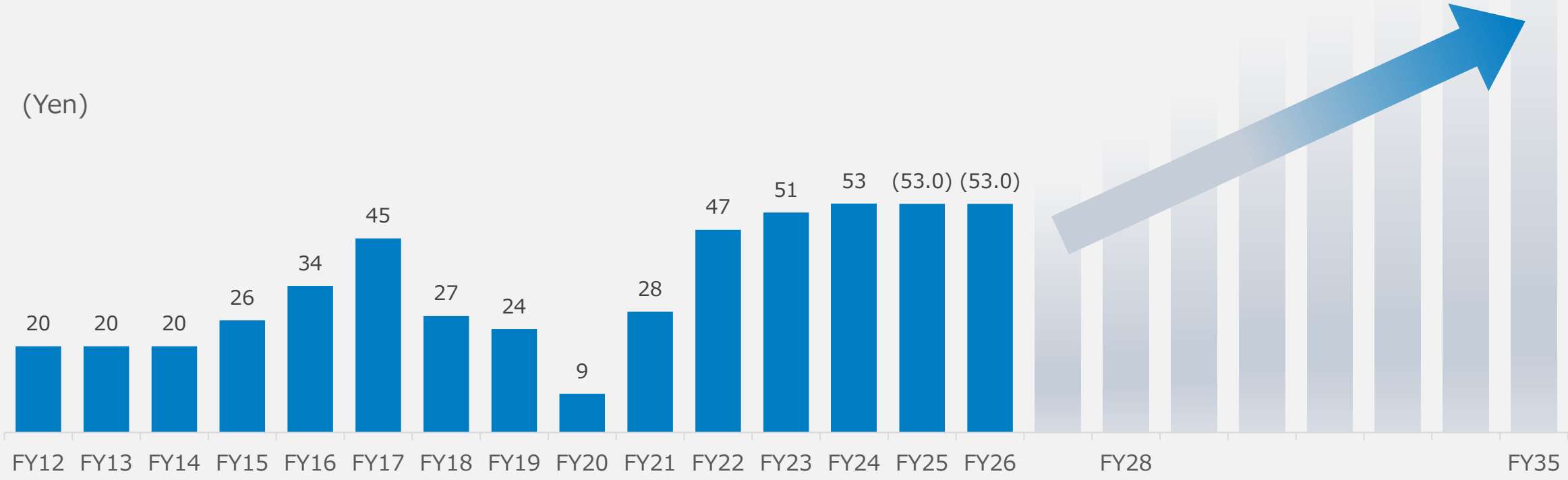
Next comes “Shareholder Returns.” In line with the dividend policy revised in 2025, we will implement stable dividend payments.

Financial improvement targeting a Net D/E ratio of 0.6×. However, temporary increases up to 1.0× are acceptable if favorable opportunities for M&A or growth investments arise.

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Shareholder Returns Policy

The Company's basic policy for the return of profits to shareholders is to deliver dividends in consideration of a consolidated dividend payout ratio (30% or more) with top priority on the profit distribution through dividends. When it is inappropriate to deliver dividends in accordance with the basic policy based on actual consolidated business results, the Company will work to enhance shareholder returns up to the amount of distributable surplus after considering Dividend on Equity (DOE) 3% and other measures.



* The dividend for FY2025 Year-end is scheduled to be submitted for approval to the Board of Directors at a meeting planned on February 20, 2026.
* Figures in parentheses are estimates.

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Aim to Enhance Corporate Value by Completing Key Initiatives by FY2028

Initiatives to Be Completed by FY2028

■ Niche-Top Strategy

1. Higher Capital Efficiency

- Process Acceleration
  ▶ **Not increasing indirect personnel**
- BEP improvement and “transfer”
  ▶ **Not increasing fixed assets**

2. Megatrend

- Focused Strategy on Key Markets
  ▶ **Sales Pipeline New Intake**

3. New Business

- Creating Synergies with Schmidbauer
  ▶ **Profit growth driven by synergies from new project wins**

■ Regional Strategy

Asia

- Acquiring local Chinese projects
- Acquiring new projects in India

North America

- Reinforcing R&D and production structure

Europe

- PMI of Schmidbauer's business
- Acquiring projects in new domains

Enhancement of Corporate Value

Growth

EPS
109.47 ▶ 174.00 JPY

Profitability

OPM
5.1% ▶ 6.1%+

ROIC
5.4% ▶ 6.7%+

Fixed Asset Turnover
2.7 ▶ 3.2x

CCC
96 ▶ 89days

Stability

Net D/E
0.81 ▶ 0.60x

WACC
5.0 ▶ 5.0%–

PBR
0.6 ▶ 1.0x+

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Disclaimer Regarding Forward-Looking Statements

The statements contained in this document include forward-looking statements about the Company. These forward-looking statements are based on information currently available to the Company. Please note that actual results may differ from these forward-looking statements due to unforeseen events, changes in the business environment (including changes in global economic conditions, business structure, competitive conditions, technological trends, public regulations, social and labor environment, etc.) and other factors. We have no obligation to update any forward-looking statements, even if actual results may differ from those in such forward-looking statements. We shall not be liable for any loss or damage arising from or in connection with such forward-looking statements.

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In some cases, the original figures in this material, which are managed in millions of yen, are shown in hundreds of millions of yen, and the total amount, difference, etc. may be inaccurate. If you need detailed figures, please refer to the Financial Statements.

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