COMPANY RESEARCH AND ANALYSIS REPORT

TAKEBISHI CORPORATION

7510

Tokyo Stock Exchange Prime Market

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Contents

Summary

Net sales and all profit items reached record highs in FY3/26. The Company plans to increase revenue and profit in FY3/27

TAKEBISHI CORPORATION <7510> (hereafter, also "the Company") develops its businesses across a wide range of fields, from electric products and electronic components for industrial use to medical and social infrastructure. As a technological trading company founded in 1926, in addition to its mainstay Mitsubishi Electric products, the Company provides total solutions that combine partners' products with the likes of own products and system development. While the Company has a foundation as a trading company affiliated with Mitsubishi Electric Corporation <6503>, the ratio of Mitsubishi Electric products it handles is approximately 30%. Its strength lies in its coordination skills to optimally combine products from diverse manufacturers. The Company marked its 100th anniversary in April 2026.

1. Overview of FY3/26 results

In the Company's results for FY3/26, net sales increased 8.8% year on year (YoY) to ¥109,862mn, operating income rose 19.2% to ¥4,084mn, ordinary income grew 18.4% to ¥4,453mn, and profit attributable to owners of parent increased 11.2% to ¥2,957mn. Both net sales and profit at every level reached record highs, and the initial plan was significantly exceeded. In Semiconductors and Devices, sales of smart meters and in-vehicle-related electronic components in India expanded, and in Japan, security cameras and industrial PCs for AI-related applications contributed. In Social / Information and Communications Business, the Company achieved higher revenue due to the expansion of market coverage for medical equipment and the contribution of the environmental analysis business, while in Industrial Equipment and Systems, revenue decreased due to the prolonged inventory adjustments on the customer side for FA equipment. In terms of profit, although SG&A expenses increased, particularly personnel expenses, the Company absorbed this through the effect of the increase in revenue, and the operating margin improved 0.3 percentage points (pp).

2. FY3/27 forecasts

For its full-year FY3/27 consolidated results, the Company forecasts increases in both revenue and profit, with net sales rising 2.9% YoY to ¥113,000mn, operating income up 5.5% to ¥4,310mn, ordinary income up 3.5% to ¥4,610mn, and profit attributable to owners of parent up 4.8% to ¥3,100mn, aiming to reach record highs for the second consecutive period. In FA and Device Business, in addition to anticipating a recovery in demand for FA equipment and the continuation of AI investment, the Company expects the Indian market to drive growth and demand related to solar power generation to expand in Japan. Meanwhile, in Social / Information and Communications Business, although the Company expects a reactionary decline in medical equipment, which performed strongly in the previous fiscal year, it plans for environmental products to perform steadily. FY3/27 is the final fiscal year of the Medium-term Business Plan, but net sales and ordinary income have not reached their target levels. The main factors behind this are that the recovery of core businesses centered on FA equipment has been slower than expected, in addition to the postponement of large-scale projects initially anticipated and the fact that M&A investments have not been executed, among other factors. Furthermore, the Company factors in uncertainty over the outlook due to the situation in the Middle East and other factors as a risk. Meanwhile, the growth strategy initiatives promoted thus far are themselves making steady progress, and the Company is also looking at the possibility of exceeding targets through growth measures that include M&A.

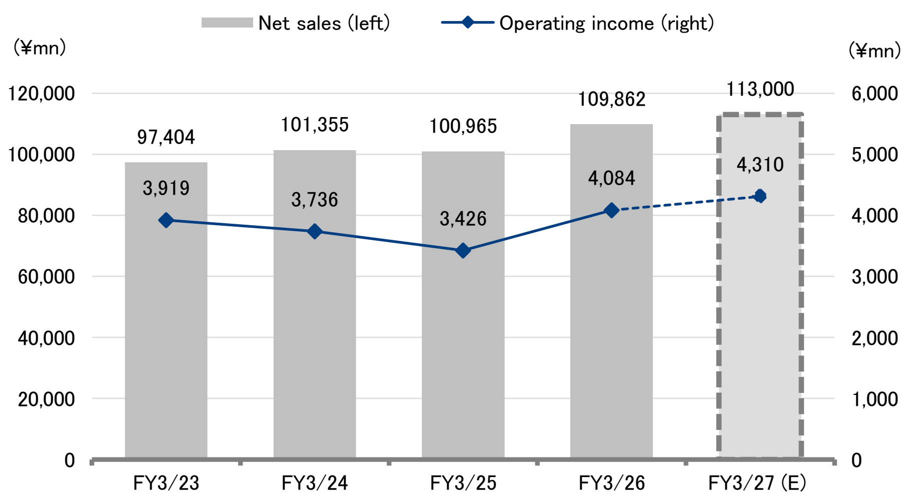
3. Shareholder returns

The Company adopts a basic policy of progressively increasing dividends and places emphasis on stable, continuous returns of profit with a target dividend payout ratio of 40% or higher and a target Dividends on Equity (DOE) of 4% or higher. The annual dividend for FY3/26 was ¥72.0 (dividend payout ratio: 39.0%), and the DOE was 3.1%. For FY3/27, it plans to pay an annual dividend of ¥80.0 (dividend payout ratio: 41.4%), forecasting a dividend increase of ¥8.0, and expects the DOE to be 3.3%. In addition to expecting the dividend payout ratio to achieve the target level, the Company continues to realize its policy of progressively increasing dividends. It also implements a shareholder benefits program, gifting QUO Cards according to the number of shares held. While maintaining a balance between profit growth and financial soundness, the Company makes clear its stance of continuing stable shareholder returns under its policy of progressively increasing dividends.

Key Points

- Net sales and all profit items reached record highs in FY3/26. AI-related and India businesses driving results
- Inventory adjustments for FA equipment run their course in FY3/27, with the Company expecting increases in both revenue and profit
- Plan for FY3/27, the final fiscal year of the Medium-term Business Plan, revised downward, but the Company is looking at the possibility of exceeding targets through growth investments

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

A technological trading company affiliated with Mitsubishi Electric Corporation. 100th anniversary in April 2026

1. Company profile

A technological trading company established in 1926, the Company develops its businesses across a wide range of fields, from industrial areas to medical and social infrastructure areas. The Company has "Creating a bright future by connecting people and technology with confidence" as its corporate philosophy, and through its corporate message "!Link," it values relationships with its business partners, using its technical capabilities to meet diverse needs and consistently deliver new surprises. As it aspires to become the "leading total solution trading company from Kyoto," the Company marked its 100th anniversary in April 2026.

Leveraging its strengths in advanced connection and coordination skills, the Company provides total solutions that combine its own products and system development with its core activity of selling electric products and electronic components for industrial use, cooling and heating equipment for house use, medical equipment, and information and communications equipment by a diverse range of partners, starting with Mitsubishi Electric Corporation. While maintaining a strong relationship as a trading company affiliated with Mitsubishi Electric Corporation, the Company handles Mitsubishi Electric products at a ratio of approximately 30% and contributes to customers' capital investment and business growth through its coordination skills to optimally combine products from multiple manufacturers. Through its network consisting of approximately 1,600 suppliers and approximately 3,500 customers (7 branches, 1 sales office, and 5 group companies in Japan and 5 group companies overseas, spanning 23 locations), the Company has established a stable revenue base.

2. History

The Company was established in Osaka City in 1926 as Kusasa Shougyou Co., Ltd. In the same year, it concluded an authorized dealer agreement with Mitsubishi Corporation <8058> for the sale of Mitsubishi Electric products in the Kyoto area. In 1931, it changed its corporate name to Takebishi Denki Shokai Co., Ltd., then again in 1943 to Takebishi Electric Co., Ltd. In 1944, the Company concluded an exclusive agency agreement (currently an agency agreement) with Mitsubishi Electric Corporation. In 1961, it concluded an exclusive agency agreement with OMRON Corporation <6645>, thereby establishing its current business foundation.

The Company began its overseas expansion with the establishment of its Singapore office in 1995. In 1997, the Company developed "DeviceXPlorer OPC* Server," a communication software program for industrial use developed in house, and expanded the solutions domain in which it operates. After changing its corporate name to the current one in 2006 and being listed on the First Section of the Tokyo Stock Exchange in 2014, the Company made the transition to the Tokyo Stock Exchange Prime Market in 2022.

* A standard framework that connects sensors and robots with host systems to enable data exchange using a common protocol

In September 2024, the Company invested in Urban Eco Consulting Co., Ltd., which handles environmental analysis, through Fujitelecoms Co., Ltd., and in October 2025, Urban Eco Consulting was absorbed by and merged into First Brain Co., Ltd. The Company is also accelerating its overseas expansion, establishing LECHAMP INDIA PRIVATE LIMITED, a local subsidiary in India, in July 2025. Following this, in April 2026, it established TAKEBISHI ASIA PACIFIC HOLDINGS LTD., a regional headquarters for the Asia-Pacific region, in Hong Kong, and also opened a liaison office in Taiwan.

History

Month/Year	Description
April 1926	Established Kusasa Shougyou Co., Ltd.
May 1926	Entered into an agreement with Mitsubishi Corporation to serve as an authorized dealer for Mitsubishi Electric products in the Kyoto area
August 1944	Concluded exclusive agency agreement (currently agency agreement) with Mitsubishi Electric Corporation
November 1961	Concluded exclusive agency agreement with OMRON Corporation
August 1969	Established Takebishi Technos Corporation (currently TS Engineering Co., Ltd.)
April 1992	Established Takebishi Kosan Co., Ltd.
May 1996	Established Takebishi Electric Sales Hong Kong Limited in Hong Kong
September 1996	Listed shares on Second Section of Osaka Securities Exchange (currently Tokyo Stock Exchange) and Kyoto Stock Exchange
January 1999	Invested in Shinwa Kogyo Co., Ltd. (currently TS Engineering Co., Ltd.)
April 1999	Invested in Fujitelecoms Co., Ltd.
February 2006	Established Takebishi Electric Sales Shanghai Limited in Shanghai
October 2006	Changed corporate name to Takebishi Corporation
January 2014	Established TAKEBISHI (THAILAND) CO., LTD. in Bangkok, Thailand
December 2014	Listed shares on First Section of Tokyo Stock Exchange
October 2019	Invested in First Brain Co., Ltd.
April 2020	Invested in Umezawa Musen Denki Co., Ltd.
June 2021	Invested in Le Champ (South East Asia) Pte Ltd
April 2022	Transitioned to Tokyo Stock Exchange Prime Market
September 2024	Invested in Urban Eco Consulting Co., Ltd. through Fujitelecoms Co., Ltd.
October 2025	Urban Eco Consulting Co., Ltd. was absorbed by and merged into First Brain Co., Ltd.
April 2026	Established TAKEBISHI ASIA PACIFIC HOLDINGS LTD. in Hong Kong Established Takebishi Electric Sales Hong Kong Limited, Taiwan Office in Taiwan

Source: Prepared by FISCO from the Company's securities report and news releases

3. Overview of main affiliates

(1) TS Engineering

TS Engineering Co., Ltd., which was established in 1969 as a subsidiary, engages in the design, sales, installation, and maintenance of air-conditioning equipment and clean rooms. In addition to the handling of maintenance management, regular inspections, breakdowns, and so forth by service engineers, TS Engineering also provides technical services and maintenance for onsite emergency power generation equipment. In addition, the subsidiary is capturing demand, including that for energy conservation and CO_2 reduction.

(2) Fujitelecoms

Fujitelecoms Co., Ltd. is a company acquired in 1999 that operates cell phone shops and provides mobile-related products and services for consumers. For corporations, in addition to mobile devices, Fujitelecoms also offers comprehensive promotion services for various shop operations using solutions and independently-developed applications.

(3) First Brain

First Brain is a company acquired through Fujitelecoms in 2019 that provides consulting, design, and construction services for the installation of cell phone base stations. With first-class architects as its members, First Brain handles strength assessment of base stations and applications for confirmation of structures as well as negotiations related to base stations. In the capacity of a construction consultant, the affiliate provides technical services that includes making arrangements for the likes of surveys, geological investigations, and non-destructive inspections as well as conducting investigations, planning, proposals, and so forth. It also operates environmental analysis-related businesses mainly focused on asbestos analysis and inspection.

(4) Umezawa Musen Denki

Umezawa Musen Denki Co., Ltd. is a company acquired in 2020 that operates its businesses mainly in Tokyo, Hokkaido, and Sendai. As a technological trading company, it engages in contract development of printed circuit boards as well as the development of its own original brand of PCB. It has particular strengths in the PCB assembly business and is capable of undertaking everything from circuit and board design to production on a turnkey basis.

(5) TAKEBISHI ASIA PACIFIC HOLDINGS LTD.

A regional headquarters for the Asia-Pacific region established in Hong Kong in April 2026, it oversees Hong Kong, Shanghai, Vietnam, Taiwan, and Thailand. Specifically addressing the needs of Japanese-affiliated customers, it is establishing a structure to promote the strengthening of business and the streamlining of procurement.

(6) Le Champ (South East Asia) Pte Ltd

Le Champ (South East Asia) Pte Ltd is a company headquartered in Singapore that the Company acquired in 2021. It does business in a total of eight countries: Singapore, India, Malaysia, Thailand, the Philippines, Vietnam, Indonesia, and China. This affiliate mainly sells electronic devices and inspection equipment, including connectors, fuses, capacitors, and other components, primarily to electronics manufacturing services (EMS) companies.

Business overview

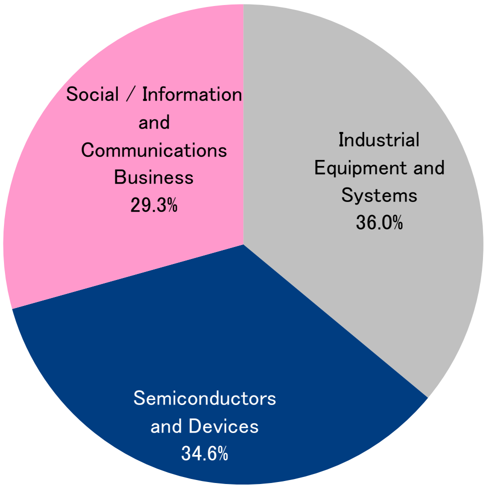
With its “advanced connection and coordination skills” as its key strength, the Company develops its various businesses in a well-balanced manner

1. Business description

The Company has “FA and Device Business” and “Social / Information and Communications Business” segments as its pillars. FA and Device Business consists of Industrial Equipment and Systems and Semiconductors and Devices. Social / Information and Communications Business consists of Social Infrastructure and Information and Communications Equipment. The Company also provides logistics, maintenance, services, and construction ancillary to both businesses, offering an integrated support system for customers from implementation through operation.

In FY3/26, the sales composition ratio was 36.0% for Industrial Equipment and Systems, 34.6% for Semiconductors and Devices, and 29.3% for Social / Information and Communications Business, forming a well-balanced portfolio across the various businesses. By regional sales composition, sales were 79.0% in Japan and 21.0% overseas, with the Company maintaining its foundation in Japan while also expanding overseas sales, particularly in Southeast Asia and India.

Composition ratio of net sales by business (FY3/26)



Source: Prepared by FISCO from the Company's financial results

Main products handled

Source: The Company's results briefing materials

(1) Industrial Equipment and Systems

Industrial Equipment and Systems mainly handles FA equipment as well as the likes of programmable controllers, servomotors, robots, laser processing machinery, and original products. A defining characteristic of this business is that it not only sells individual products, but also offers solutions that contribute to the transformation of entire plants into smart factories. To address the serious labor shortage in Japan, the Company is collaborating with SIers* to promote automation in assembly, transport, inspection, and other processes while also working to capture demand for digital transformation (DX). For FA equipment, inventory adjustments had been prolonged due to the reactionary decline from customers accumulating inventory against the backdrop of supply concerns during supply chain disruptions, but they are expected to run their course in the near term. Meanwhile, machinery and systems are performing steadily, particularly those for semiconductor-related applications.

* Stands for System Integrators, which refers to companies that support everything from the planning and design to the building and operation of IT systems in line with the challenges faced by the customer.

(2) Semiconductors and Devices

Semiconductors and Devices handles the likes of semiconductors, CPU boards, display devices, and ODM* products, selling them to assembly manufacturers and electronic device manufacturers. Demand continues to expand overseas as well, backed by the increasing functionality of electronic devices, and the Company is building sales networks in Southeast Asia and India. In India in particular, sales of electronic components for in-vehicle-related businesses and smart meters are expanding, expanding Le Champ's business foundation.

* Stands for Original Design Manufacturing, a system in which a manufacturer handles everything from product design to manufacturing on a turnkey basis, allowing the ordering company (in this case, the Company) to sell the products under its own brand.

(3) Social / Information and Communications Business

Social / Information and Communications Business consists of Social Infrastructure and Information and Communications Equipment. Social Infrastructure handles cooling and heating equipment for house use, building facilities, heavy electrical equipment, and electronic medical equipment. Its mainstay products, radiation cancer therapy devices from the US-based Varian Medical Systems, Inc., are performing steadily, and the Company is expanding its market coverage, mainly in western Japan, and capturing demand. The Company is also working to expand its products it handles, including medical diagnostic devices manufactured by Siemens AG of Germany and other forms of advanced medical equipment and non-destructive inspection equipment for defense applications. It has earned trust and expanded upon its results in both of these areas, where quality assurance and safety are required. Information and Communications Equipment handles mobile devices that include cell phones and information systems and is also developing new businesses related to environmental analysis (including asbestos inspection). Information & Communications Systems also sells "compass," an original app for retail stores.

2. Features and strengths

The Company's competitiveness is concentrated in three elements: "technical skills," "coordination skills," and "solution skills." These are based on the Company's unique business structure of being equipped with development functions while being a trading company, and serve as the foundation for providing high value-added proposals to address a wide variety of customer challenges.

(1) Technical skills

The Company's greatest key strength is the fact that it is equipped with technical skills while being a trading company. It offers a diverse range of original products, starting with "DeviceXPlorer OPC Server," a communication software program for industrial use that holds the top domestic market share. These products have a cumulative sales record of 62,000 units in 76 countries worldwide thus far. The Company is successfully providing high added value in controllers for industrial application from the aspect of software. The Technical Development Division serves as the core of the Company's total solution development efforts, integrating a wide range of technical areas that include the FA field, in-house software development, and proposals for manufacturing site improvements by the Smart Factory Sales Promotion Department.

(2) Coordination skills

Another key strength of the Company is its coordination skills to collaborate with SIers and IT vendors in order to provide customers with optimal solutions in addition to a diverse range of partner and in-house products. With its long-standing relationship with the Mitsubishi Electric Group as a foundation, by virtue of its involvement in technical support and implementation verification, the Company plays a role that goes beyond that of a simple distributor. Moreover, it has concluded exclusive agency agreements with OMRON and other major manufacturers, and has the flexibility to combine products from a wide range of manufacturers.

In the FA field, the Company collaborates with approximately 70 SIers to provide comprehensive proposals for smart factory conversion that takes entire factories into consideration in addition to the automation of individual processes that include assembly, transport, and inspection. In the Social Infrastructure field, the Company provides one-stop services covering everything from sales to installation work, trial operation, and system integration through collaboration between its own certified personnel trained in house and its affiliate TS Engineering.

(3) Solution skills

The Company's solution skills lie in its ability to carefully understand customers' management challenges and onsite concerns and to design optimal solutions that take into account changes in the social environment and industrial structure. In the smart factory area, amid the increasing severity of challenges that include labor shortages and skills transfer, the Company is contributing to the improvement of productivity and stabilization of quality by providing automation solutions that combine FA equipment, robots, control software, and AI/IoT.

As a technological trading company, it occupies a unique position that enables it to provide practical support, including technical assistance and operational design, for detailed onsite needs that manufacturers are unable to fully address directly. Through this, the Company functions as an entity that is difficult to replace from the perspective of both customers and manufacturers, and has established formidable market position.

These solution skills are supported by long-lasting relationships of trust with customers and highly specialized personnel. The Company enhances creative thinking and communication skills that connect technical personnel and sales personnel by putting a training system in place under which technical personnel are asked to acquire sales knowledge and practical experience and sales personnel are asked to gain a mastery of technical knowledge and onsite understanding. Furthermore, through global human capital development efforts and systems to generate ideas, the Company is fostering a corporate culture that continuously generates new value, and is building a sustainable value creation cycle.

Results trends

Net sales and all profit items reached record highs in FY3/26. AI-related and India businesses driving results

1. Overview of FY3/26 results

In the Company's results for FY3/26, net sales increased 8.8% YoY to ¥109,862mn, operating income rose 19.2% to ¥4,084mn, ordinary income grew 18.4% to ¥4,453mn, and profit attributable to owners of parent increased 11.2% to ¥2,957mn. Both net sales and profit at every level reached record highs, and the initial plan was significantly exceeded.

In terms of sales, in Semiconductors and Devices, in addition to sales growth of smart meters and in-vehicle-related electronic components in India, security cameras and industrial PCs for AI-related applications contributed in Japan. In Social / Information and Communications Business, sales of medical equipment expanded due to the expansion of market coverage, and the environmental analysis business contributed on a full-year basis. Meanwhile, in Industrial Equipment and Systems, revenue decreased as inventory adjustments on the customer side for FA equipment became prolonged.

In terms of profit, although SG&A expenses increased, particularly personnel expenses, the Company absorbed this through the effect of the increase in revenue, and the operating margin rose 0.3pp YoY to 3.7%. A decrease in inventory amortization and valuation loss also contributed to the profit increase, and all profit items at the operating income and below levels saw double-digit growth.

FY3/26 results

(¥mn)

	FY3/25		FY3/26			YoY		vs. forecasts
	Results	vs. net sales	Initial forecasts	Results	vs. net sales	Change amount	% change	
Net sales	100,965	-	102,000	109,862	-	8,897	8.8%	7.7%
Operating income	3,426	3.4%	3,580	4,084	3.7%	658	19.2%	14.1%
Ordinary income	3,761	3.7%	3,780	4,453	4.1%	692	18.4%	17.8%
Profit attributable to owners of parent	2,659	2.6%	2,400	2,957	2.7%	298	11.2%	23.2%

Source: Prepared by FISCO from the Company's financial results

2. Trends by business segment

Results by business segment

(¥mn)

	FY3/25		FY3/26		YoY	
	Results	Composition ratio / profit margin	Results	Composition ratio / profit margin	Change amount	% change
Net sales	100,965	-	109,862	-	8,897	8.8%
FA and Device Business	73,753	73.0%	77,634	70.7%	3,881	5.3%
Industrial Equipment and Systems	40,326	39.9%	39,578	36.0%	-748	-1.9%
Semiconductors and Devices	33,427	33.1%	38,056	34.6%	4,629	13.8%
Social / Information and Communications Business	27,211	27.0%	32,228	29.3%	5,017	18.4%
Operating income	3,426	3.4%	4,084	3.7%	658	19.2%
FA and Device Business	2,518	3.4%	2,769	3.6%	251	10.0%
Industrial Equipment and Systems	1,956	4.9%	1,921	4.9%	-35	-1.8%
Semiconductors and Devices	561	1.7%	848	2.2%	287	51.1%
Social / Information and Communications Business	908	3.3%	1,314	4.1%	406	44.7%

Source: Prepared by FISCO from the Company's financial results, results briefing materials, and materials provided by the Company

(1) Industrial Equipment and Systems

In Industrial Equipment and Systems, net sales decreased 1.9% YoY to ¥39,578mn, operating income declined 1.8% to ¥1,921mn, and the operating margin was 4.9%. While machinery and systems related to the building of smart factories (for semiconductor and LCD applications) performed steadily, in FA equipment, inventory adjustments by major customers were prolonged, and industrial mechatronics projects (electrical discharge and laser processing machines) also experienced sluggish growth. However, high value-added machinery business supported the profit margin, and the extent of the profit decline remained marginal.

(2) Semiconductors and Devices

In Semiconductors and Devices, net sales increased 13.8% YoY to ¥38,056mn, operating income rose 51.1% to ¥848mn, and the operating margin was 2.2% (up 0.5pp). In India, sales of smart meters and in-vehicle-related electronic components expanded significantly. In Japan as well, security cameras, backed by growing awareness of crime prevention, and industrial PCs for AI-related applications contributed. In addition, the recovery in results at Umezawa Musen Denki and the partial completion of goodwill amortization also contributed to the improvement in the profit margin.

(3) Social / Information and Communications Business

In Social / Information and Communications Business, net sales increased 18.4% YoY to ¥32,228mn, operating income rose 44.7% to ¥1,314mn, and the operating margin was 4.1% (up 0.8pp). Net sales in Social Infrastructure were ¥22,942mn (up 22.7%), showing significant growth. In addition to the effect of expanding the market coverage for radiation cancer therapy devices to the Chugoku and Shikoku areas, an increase in non-destructive testing equipment for defense-related applications also contributed. Net sales in Information and Communications Equipment were ¥9,285mn (up 9.1%). In addition to OA equipment replacement demand accompanying the end of Windows 10 support, First Brain's environmental analysis business also performed steadily. This business has a high profit margin, and it contributed to the improvement of the operating margin.

Reduced working capital burden mainly through inventory reduction, improving financial soundness

3. Financial position and management indicators

Looking at the financial position at the end of FY3/26, total assets increased ¥1,197mn from the end of the previous fiscal year to ¥64,889mn. Current assets decreased ¥1,293mn, due to a ¥1,677mn decrease in trade receivables and a ¥706mn decrease in inventories. Meanwhile, non-current assets increased ¥2,490mn, as investment securities increased ¥2,079mn and property, plant and equipment increased ¥545mn. The increase in investment securities was not due to new acquisitions, but to an increase in the market value of shares already held.

Total liabilities decreased ¥2,196mn from the end of the previous fiscal year to ¥20,649mn. Current liabilities decreased ¥2,709mn, mainly due to a ¥2,587mn decrease in accounts payable. Non-current liabilities increased ¥512mn.

Net assets increased ¥3,393mn from the end of the previous fiscal year to ¥44,240mn.

In terms of profitability indicators, return on assets (ROA) was 6.9% (up 1.1pp YoY) and return on equity (ROE) was 7.0% (up 0.3pp), both showing increases. In safety indicators, the equity ratio was 68.1% (up 4.0pp), the current ratio was 266.7% (up 27.8pp), and the D/E ratio was 0.03 times, indicating a further improvement in financial soundness.

Consolidated balance sheet and key management indicators

(¥mn)

	End of FY3/24	End of FY3/25	End of FY3/26	Change amount
Current assets	51,029	50,876	49,583	-1,293
Cash and deposits	8,227	8,960	9,022	62
Trade receivables	29,695	30,702	29,024	-1,677
Inventories	11,579	9,910	9,204	-706
Non-current assets	14,102	12,816	15,306	2,490
Property, plant and equipment	4,234	4,200	4,745	545
Intangible assets	1,589	1,546	1,314	-232
Investments and other assets	8,279	7,068	9,245	2,177
Investment securities	7,156	5,666	7,746	2,079
Total assets	65,132	63,692	64,889	1,197
Current liabilities	24,319	21,300	18,591	-2,709
Accounts payable	18,160	15,376	12,789	-2,587
Short-term borrowings (including current portion of long-term borrowings)	1,731	1,395	1,465	70
Non-current liabilities	1,730	1,545	2,057	512
Long-term borrowings and corporate bonds	-	100	-	-100
Total liabilities	26,050	22,845	20,649	-2,196
Interest-bearing debt	1,731	1,495	1,465	-30
Total net assets	39,081	40,846	44,240	3,393
<Profitability>				
ROA	6.1%	5.8%	6.9%	1.1pp
ROE	6.7%	6.7%	7.0%	0.3pp
Operating margin	3.7%	3.4%	3.7%	0.3pp
<Safety>				
Equity ratio	60.0%	64.1%	68.1%	4.0pp
D/E ratio	0.04 times	0.04 times	0.03 times	-0.01
Current ratio	209.8%	238.9%	266.7%	27.8pp

Source: Prepared by FISCO from the Company's financial results

4. Status of cash flow

Cash flows from operating activities was ¥2,981mn in FY3/26. Profit before income taxes of ¥4,448mn, depreciation of ¥484mn, a decrease in trade receivables of ¥1,676mn, and a decrease in inventories of ¥681mn contributed to the increase in cash, while a decrease in trade payables of ¥2,590mn resulted in a cash outflow. Trade receivables decreased accompanying the recording of sales from long-term projects. In addition, trade payables also decreased as the payment terms for trade payables were shortened accordingly. For inventories, the Company consciously proceeded with reductions, seeking to alleviate the working capital burden. The Company considers the appropriate level of inventories to be approximately one month's worth of monthly sales.

Net cash used in investing activities was ¥1,804mn. The main outflows were ¥700mn for the purchase of securities and ¥671mn for the purchase of property, plant and equipment.

Net cash used in financing activities was ¥1,158mn, mainly due to dividend payments of ¥1,057mn. As a result, cash and cash equivalents increased ¥88mn, with a balance of ¥8,850mn at the end of FY3/26.

Statement of cash flows

(¥mn)

	FY3/24	FY3/25	FY3/26
Cash flows from operating activities	6,083	1,819	2,981
Cash flows from investing activities	-84	-95	-1,804
Cash flows from financing activities	-4,422	-1,310	-1,158
Cash and cash equivalents at end of period	8,055	8,762	8,850

Source: Prepared by FISCO from the Company's financial results

Outlook

In FY3/27, FA equipment for AI, semiconductor, and renewable energy-related applications will expand. Increases in both revenue and profit expected

1. FY3/27 forecasts

For its full-year FY3/27 consolidated results, the Company forecasts increases in both revenue and profit, with net sales rising 2.9% YoY to ¥113,000mn, operating income up 5.5% to ¥4,310mn, ordinary income up 3.5% to ¥4,610mn, and profit attributable to owners of parent up 4.8% to ¥3,100mn, and aims to reach record highs for the second consecutive period. FY3/27 is the final fiscal year of the Medium-term Business Plan, but net sales and ordinary income have not reached their target levels. The main factors behind this are that the recovery of core businesses centered on FA equipment has been slower than expected, in addition to the postponement of large-scale projects initially anticipated and the fact that M&A investments have not been executed, among other factors. Furthermore, the Company factors in uncertainty over the outlook due to the situation in the Middle East and other factors as a risk. Meanwhile, the growth strategy initiatives promoted thus far are themselves making steady progress, and the Company is also looking at the possibility of exceeding targets through growth measures that include M&A.

For net sales, in FA and Device Business, the Company anticipates a recovery in demand for FA equipment heading into the second half. Also, the Company expects AI investments to continue to perform steadily, and anticipates the continuation of capital investment demand centered on semiconductor-related, renewable energy, and food-related applications. In Semiconductors and Devices, in addition to the Indian market continuing to drive growth, the Company expects demand for overseas-made semiconductors for solar power generation-related power conditioners and household storage batteries to expand in Japan as well. Meanwhile, in Social / Information and Communications Business, although the Company assumes a reactionary decline in medical equipment, which performed strongly in the previous fiscal year, it plans for environmental products to perform steadily.

In terms of profit, although SG&A expenses are expected to increase due to upfront investments such as investment in human capital, the renewal of next-generation core systems, commemorative events accompanying the 100th anniversary, and advertising and promotions at station platforms and elsewhere, the Company will absorb this through the effect of the increase in revenue, and expects all profit items at the operating income and below levels to increase.

FY3/27 forecasts

(¥mn)

	FY3/26		FY3/27		YoY	
	Results	vs. net sales	Forecast	vs. net sales	Change amount	% change
Net sales	109,862	-	113,000	-	3,138	2.9%
Operating income	4,084	3.7%	4,310	3.8%	226	5.5%
Ordinary income	4,453	4.1%	4,610	4.1%	157	3.5%
Profit attributable to owners of parent	2,957	2.7%	3,100	2.7%	143	4.8%

Source: Prepared by FISCO from the Company's financial results

2. Trends by business segment

Forecasts by business segment

	FY3/26		FY3/27		YoY	
	Results	Composition ratio / profit margin	Forecast	Composition ratio / profit margin	Change amount	% change
Net sales	109,862	-	113,000	-	3,138	2.9%
FA and Device Business	77,634	70.7%	81,350	72.0%	3,715	4.8%
Industrial Equipment and Systems	39,578	36.0%	42,550	37.7%	2,972	7.5%
Semiconductors and Devices	38,056	34.6%	38,800	34.3%	744	2.0%
Social / Information and Communications Business	32,228	29.3%	31,650	28.0%	-578	-1.8%
Operating income	4,084	3.7%	4,310	3.8%	226	5.5%
FA and Device Business	2,769	3.6%	3,180	3.9%	411	14.8%
Industrial Equipment and Systems	1,921	4.9%	2,080	4.9%	160	8.3%
Semiconductors and Devices	848	2.2%	1,100	2.8%	250	29.4%
Social / Information and Communications Business	1,314	4.1%	1,130	3.6%	-184	-14.0%

Source: Prepared by FISCO from the Company's financial results, results briefing materials, and materials provided by the Company

(1) Industrial Equipment and Systems

For Industrial Equipment and Systems, the Company anticipates net sales of ¥42,550mn, up 7.5% YoY, and operating income of ¥2,080mn, up 8.3%, with the operating margin at 4.9% (on par with the previous fiscal year). In FA equipment, in addition to growth in applications related to AI, semiconductors, and renewable energy, the prolonged inventory adjustments by customers are showing signs of running their course, and the Company anticipates a recovery in demand heading into the second half. In addition, in machinery and systems, an increase in semiconductor-related demand backed by the expansion of AI investment, the capturing of capital investment demand centered on renewable energy and food-related applications, and further growth in laser processing machines for the AI field are expected to contribute to the increase in revenue.

(2) Semiconductors and Devices

For Semiconductors and Devices, the Company expects net sales to increase 2.0% YoY to ¥38,800mn, operating income to rise 29.4% to ¥1,100mn, and the operating margin to be 2.8% (up 0.6pp). The Company plans for the growth of infrastructure, in-vehicle, and AI-related businesses in India to drive the increase in revenue. In Japan, in addition to expansion for semiconductor-related customers, it expects an increase in demand for semiconductors for solar power generation power conditioners and household storage batteries in the energy field. In addition, the completion of goodwill amortization from past M&A will contribute to the improvement in the profit margin, and while sales growth will be marginal, profitability is expected to improve.

(3) Social / Information and Communications Business

For Social / Information and Communications Business, the Company anticipates net sales of ¥31,650mn, down 1.8% YoY, and operating income of ¥1,130mn, down 14.0%, with the operating margin at 3.6% (down 0.5pp). In electronic medical equipment, it assumes a temporary decrease in revenue due to the reactionary decline from the concentration of replacement demand for radiation cancer therapy devices and CT/MRI diagnostic equipment in the previous fiscal year. However, the expansion of market coverage into the Chugoku and Shikoku areas is continuing, and there is no change in the growth trend of the medical business. In Information and Communications Equipment, DX-related areas (cloud and AI utilization) are expected to continue to perform steadily. Also, in cooling and heating equipment for house use, the Company anticipates an increase in demand for high-efficiency air conditioning systems and LED lighting, backed by stricter energy conservation standards and the ban on the manufacture and import/export of fluorescent lamps.

Medium- to long-term growth strategies

Plan for FY3/27, the final fiscal year, revised downward, but the Company is looking at the possibility of exceeding targets through growth investments

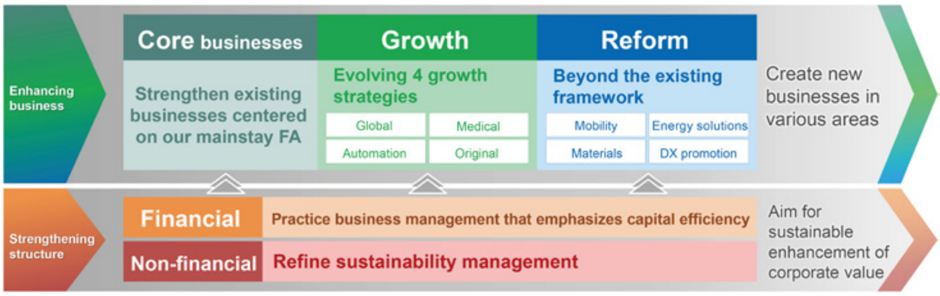
1. Medium-term Business Plan “T-Link1369”

The Company is promoting “T-Link1369,” its four-year Medium-term Business Plan whose final year is FY3/27, which will mark the Company’s 100th anniversary. Under this plan, the Company will engineer the enhancement of its businesses through the dual axes of strengthening its existing businesses and expanding into new areas and the sustainable enhancement of its corporate value through strengthening its structure by practicing business management that emphasizes capital efficiency and refining sustainability management.

As numerical targets, the Company had set forth net sales of ¥130.0bn and ordinary income of ¥6.0bn for FY3/27, but factoring in uncertain elements such as Middle East situation risks conservatively, it has revised its current landing estimates downward to net sales of ¥113.0bn and ordinary income of ¥4.6bn. However, the Company is also looking at the possibility of exceeding these targets through growth measures that include M&A. The breakdown of net sales is ¥58.0bn for core businesses, ¥51.0bn for growth strategy evolution, and ¥4.0bn for business reform.

The Company has three pillars for the enhancement of its business. These are "Strengthen existing businesses centered on mainstay FA" (core businesses), "Evolving 4 growth strategies" in the form of global, medical, automation, and original, and "business transformation beyond existing framework" by promoting the creation of innovation (reform) in the four areas of mobility, materials, energy solutions, and DX promotion. Meanwhile, for the strengthening of its structure, the Company is practicing business management that emphasizes capital efficiency from a financial aspect, and is tackling the sustainable creation of corporate value through refining sustainability management from a non-financial aspect.

Pillars for enhancing businesses and strengthening structure under Medium-term Business Plan "T-Link1369"



Source: The Company's results briefing materials

2. Priority measures

(1) Evolving 4 growth strategies

(a) Global

For global, the Company plans for net sales of ¥26.5bn (up 2.7% YoY) in FY3/27. Emphasis is being placed on the expansion of the device business in growth markets, with a focus on Southeast Asia and India. In the Indian market, smart meters and in-vehicle-related electronic components are driving growth, and it has set a target of ¥10.0bn in net sales for FY3/29. Going forward, in addition to further overseas business expansion under the dual structure of Le Champ and TAKEBISHI ASIA PACIFIC HOLDINGS, it will aim for growth through strategic M&A.

(b) Medical

For medical, the Company plans for net sales of ¥15.5bn (down 7.2% YoY) in FY3/27. It will endeavor to expand business while focusing on advanced medical equipment that includes radiation cancer therapy and diagnostic devices. Through the expansion of its market coverage into the Chugoku and Shikoku areas and the enhancement of its lineup of high-value-added products, it will continue to strengthen its radiology business. Although it expanded significantly in FY3/26, the Company expects a reactionary decline in FY3/27. Along with looking toward further expansion of market coverage, the Company will work to capture demand for angiography systems for neurosurgery and cardiology as well as to promote sales of advanced medical support products, including 3D monitor glasses.

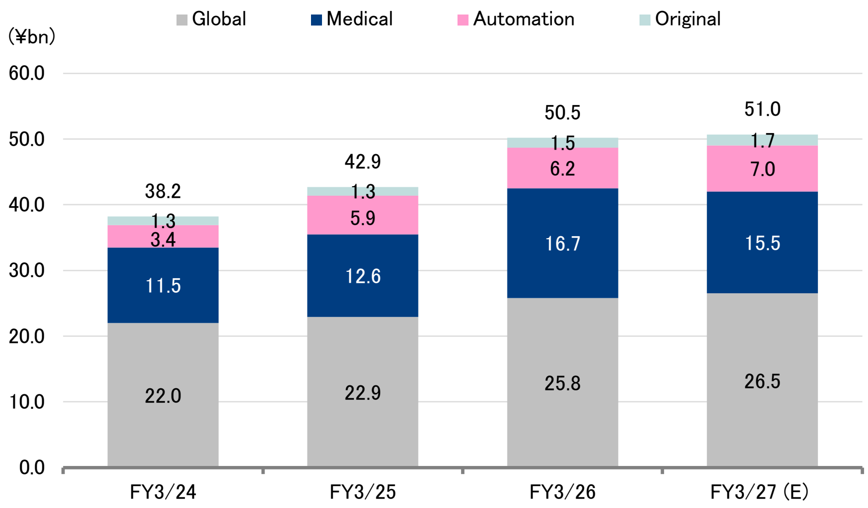
(c) Automation

For automation, it plans for net sales of ¥7.0bn (up 12.9% YoY) in FY3/27, responding to demand for the transition to factory automation against the backdrop of labor shortages. Focusing on proposals for smart factory initiatives, the Company will capture capital investment demand in the semiconductor and renewable energy-related markets, and will support the enabling of customers' smart factory initiatives through collaboration with IT vendors. Also, it will work to offer suggestions on flexible production using linear transport systems and streamline production through automation proposals for the food industry.

(d) Original (in-house developed products and system development)

For original, it plans for net sales of ¥1.7bn (up 13.3% YoY) in FY3/27, and will endeavor to expand sales by enhancing the functionality of its in-house developed software and developing business overseas. For OPC-compatible communication software, which the Company holds the top domestic share in, it will pursue the enhancement of usability largely through the addition of integration functions with generative AI agents. With the establishment of a team designated for product marketing, it will strengthen overseas promotional activities.

"Evolving 4 Growth Strategies" results targets



Source: Prepared by FISCO from the Company's results briefing materials

(2) Business reform transcending existing frameworks

(a) Mobility (Business development for mobility and transport)

For mobility, the Company plans for net sales of ¥1.0bn (an increase of ¥0.1bn YoY) in FY3/27. It will capture broad demand for automated guided vehicles and autonomous mobile robots and respond to needs at manufacturing sites, offices, retail stores, and so forth. The Company will also work to expand sales of new devices for mobility.

(b) Materials (Enhancement of product lineup related to components and materials)

For materials, the Company plans for net sales of ¥0.5bn (an increase of ¥0.3bn YoY) in FY3/27. As it aims to create new businesses by expanding the range of the product lineup it handles in the materials and components areas, the Company will proceed to expand sales of its resin-related product lineup and develop demand for B2C products utilizing magnets.

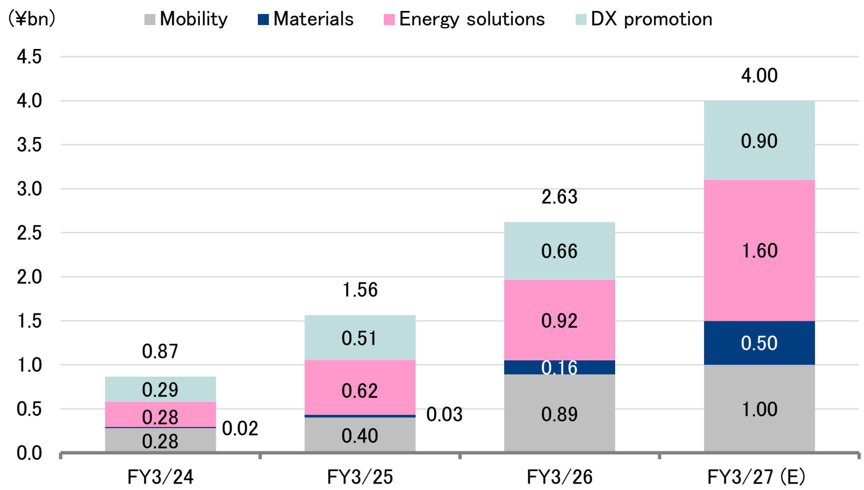
(c) Energy solutions (Creation of environmental business)

For energy solutions, the Company plans for net sales of ¥1.6bn (an increase of ¥0.7bn YoY) in FY3/27. It will advance the development of its decarbonization-related business and bolster its renewable energy generation and storage initiatives and solar power generation-related business. The Company will also work to cultivate new growth areas, including industrial energy storage systems.

(d) DX promotion (Proposals for AI utilization and operational improvements)

For DX promotion, the Company plans for net sales of ¥0.9bn (an increase of ¥0.2bn YoY) in FY3/27. It will pursue the creation of solutions leveraging AI and security technologies, and focus on strengthening its handling of OT security and delivering new value through combinations of hardware and edge AI. Furthermore, it will make strategic investments in the development of next-generation electronic paper and promote the cultivation of new business aimed at the digital signage market.

"Business model reform aiming to become a total solution trading company" results targets



Source: Prepared by FISCO from the Company's results briefing materials

(3) Capturing AI and semiconductor demand

Positioning the AI and semiconductor-related markets as growth areas, the Company is promoting multi-layered solution development across a wide range of areas, from processing machines, machinery and systems, and components to infrastructure equipment for data centers. In the processing machine and panel area, it provides micro-laser processing machines for printed circuit board manufacturing and materials-related manufacturing equipment. In the machinery and systems area, it is strengthening integrated proposals leveraging its technical skills, including automated transport systems, printed circuit board manufacturing inspection equipment, and facility monitoring systems. Also, in the components area, the Company is capturing demand in growth markets ranging from FA equipment and devices for semiconductor manufacturing equipment-related applications to devices for data servers, and is advancing the expansion of its business domain. It plans for net sales of ¥20.0bn in FY3/27, and targets growth to a scale of ¥30.0bn in FY3/31.

(4) M&A

It will establish a new "Business Development Department" within the Corporate Strategy Office, building a structure to consistently manage everything from M&A consideration to post-merger integration (PMI) within a dedicated department. M&A targets encompass a wide range of areas, including trading company-related (FA, semiconductors, and medical), SI-related, and construction-related, not only throughout Japan but also in the Asian region such as Thailand and India.

3. Business management that emphasizes capital efficiency

The Company's policy is to prioritize capital efficiency and endeavor to strengthen its management base through growth investments that lead to the improvement of profitability. It has set forth four key investment fields: business investment, human capital investment, environmental investment, and infrastructure investment, and aims for sustainable corporate management with a view beyond its 100th anniversary.

For business investment, as mentioned above, the Company will promote strategic M&A. For human capital investment, as it aims to realize diversity management, the Company will work to develop global human capital and promote women's advancement. For environmental investment, the Company will endeavor to contribute to a decarbonized society by pushing forward with environmental initiatives that include the introduction of power self-consignment systems, the installation of solar carports, and the expansion of charging infrastructure for EVs. For infrastructure investment, the Company will advance the refinement of its management foundation through operational streamlining, logistics DX, and other initiatives.

4. Refining sustainability management

Positioning the act of contributing to creating a sustainable society as a key management challenge, the Company is advancing the refinement of sustainability management with a focus on the three areas of environmental initiatives, corporate governance, and higher employee engagement. In the field of higher employee engagement in particular, the Company has achieved results that include being certified as a KENKO Investment for Health Outstanding Organization for four consecutive years.

Also, as an initiative aimed at co-creation with the local community, as of 2019, the Company has acquired the naming rights for the Kyoto Nishikyogoku Athletic Stadium, renaming it TAKEBISHI Stadium Kyoto. In addition to holding soccer classes for elementary school students using that stadium, the Company also actively engages in sponsorship activities for local sports, including Kyoto Sanga F.C. of the J.League for soccer, Kyoto Hannaryz of the B.League for basketball, and the Kyoto Marathon. These initiatives not only help the Company earn the trust of the local community, but also contribute to hiring activities and employee engagement, and as such function to create value from a non-financial value aspect.

Shareholder return policy

Plans to increase the dividend by ¥8.0 to ¥80.0, with a payout ratio of 41.4%, for FY3/27

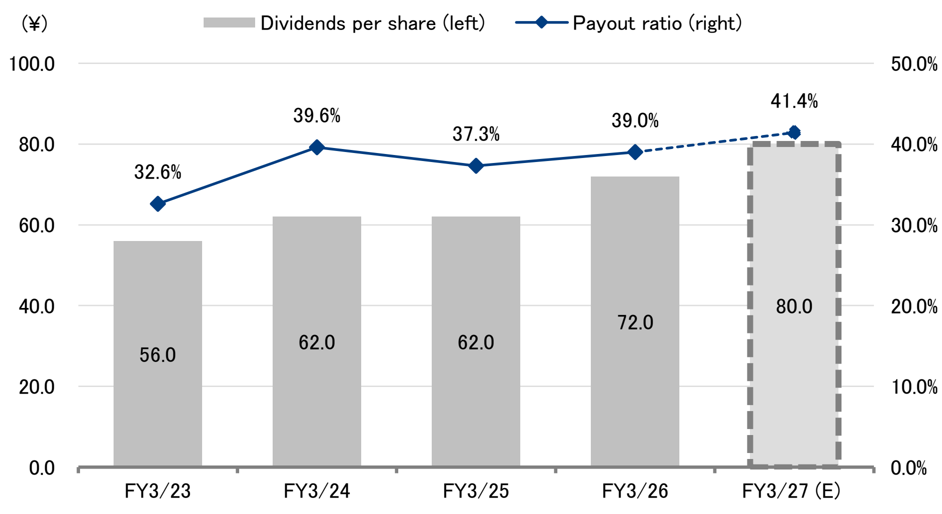
The Company positions the return of profits to shareholders as one of its top management priorities. Its basic policy in this regard is to provide stable and continuous returns through progressively increasing dividends in line with its results and financial position. The Company has set a target payout ratio of 40% or higher, and is also aiming for a DOE of 4% or higher.

The annual dividend for FY3/26 was ¥72.0 (dividend payout ratio: 39.0%), and the DOE was 3.1%. For FY3/27, it plans to pay an annual dividend of ¥80.0 (dividend payout ratio: 41.4%), forecasting a dividend increase of ¥8.0, and expects the DOE to be 3.3%. In addition to expecting the dividend payout ratio to achieve the target level, the Company continues to realize its policy of progressively increasing dividends.

Regarding its shareholder benefits program, the Company gifts QUO Cards to shareholders who hold at least one trading unit (100 shares) as of the end of March and September. The value of these cards is determined according to the number of shares held, and the system is intended to build a stable shareholder base and enhance incentives for medium- to long-term shareholding. Regarding treasury share repurchases, the Company views such repurchases as a matter requiring careful consideration, with a view to improving stock liquidity and PBR.

As a result of the above, while maintaining a balance between profit growth and financial soundness, the Company makes clear its stance of continuing stable shareholder returns under its policy of progressively increasing dividends.

Dividends per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

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