COMPANY RESEARCH AND ANALYSIS REPORT

# Tsubakimoto Kogyo Co., Ltd.

## 8052

Tokyo Stock Exchange Prime Market

23-Jul.-2026


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# Contents

# Summary

## FY3/26 results hit record highs. Increased sales and profits also expected in FY3/27

Tsubakimoto Kogyo Co., Ltd. <8052> (hereafter, also "the Company") is a general trading company dealing in machinery and technology that mainly handles drive parts, machine components, and transportation equipment, and provides one-stop support from factory design and construction to after-sales service. The Company also sells industrial materials such as non-woven fabrics. Operating three businesses—power transmission, facility and equipment, and industrial materials—its strength is an "engineering meets solutions" approach whereby, rather than merely procuring manufacturers' products for sale, it selects and combines the optimal products to address customers' challenges. The Company is characterized by consultative business that is backed by technological capabilities cultivated over many years, a strong business foundation with leading manufacturers, and a solid, debt-free financial base. It will celebrate the 110th anniversary of its founding in October 2026.

**1. Overview of FY3/26 results**

In FY3/26, consolidated results showed that net sales increased 5.4% year on year (YoY) to ¥131,032mn, operating profit increased 8.2% to ¥6,513mn, ordinary profit increased 8.9% to ¥7,094mn, and profit attributable to owners of parent increased 7.1% to ¥5,023mn, resulting in higher sales and profits, with net sales and all profit items hitting record highs for the fifth consecutive fiscal year. In the facility and equipment business, strength in large-scale projects for the Chinese market and demand from the automotive and logistics industries drove results. On the financial front, an increase in net assets lifted the equity ratio to 49.9%, further reinforcing the Company's solid financial base.

**2. FY3/27 forecasts**

In the FY3/27 consolidated results, the Company expects net sales to increase 0.7% YoY to ¥132,000mn, operating profit to increase 2.9% to ¥6,700mn, ordinary profit to increase 2.9% to ¥7,300mn, and profit attributable to owners of parent to increase 5.5% to ¥5,300mn, continuing the increases in both sales and profits. Although a reactionary decline following large-scale projects for the Chinese market in the previous fiscal year is expected, with the support of a substantial order backlog and by obtaining new orders in growth areas such as those related to semiconductors and secondary batteries, the Company plans to achieve new record highs in net sales and all profit items. By selectively accepting high-margin projects, the Company's policy is to maintain an operating profit margin of 5.1%, at or above the 5% level set out in its Medium-Term Management Plan.

**3. Growth strategy**

The Company has formulated a new Medium-Term Management Plan, "ATOM2028," covering the three years from FY3/27 to FY3/29. In FY3/29, the final fiscal year of the plan, the Company's goal is to achieve net sales of ¥150.0bn, operating profit of ¥7.5bn, return on equity (ROE) of 12% or more, and an operating profit margin of 5% or more. In business areas such as automotive, semiconductors, logistics, food, and the environment, the Company aims to achieve further sales growth by securing stable growth in "leading domains" that are its current revenue base, and by prioritizing the allocation of management resources to "growth areas" that capture mega trends. The Company regards next-generation mobility, secondary battery manufacturing equipment, semiconductor back-end processes, automation and labor-saving, and green transformation (GX) as growth areas. The Company also intends to continue deepening its "engineering meets solutions" approach, expand process areas through alliances with manufacturers and systems integrators (SIers), and increase added value.

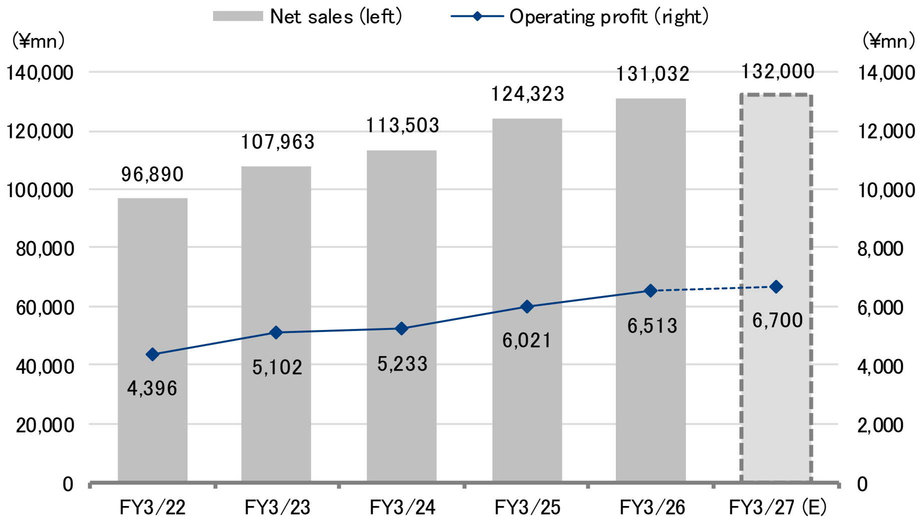
4. Shareholder returns

Regarding shareholder returns, the Company's basic policy is a progressive dividend based on a 35% dividend payout ratio or a 4% dividend on shareholders' equity (DOE), whichever is higher. The Company has set the annual dividend for FY3/26 at ¥90.0 (dividend payout ratio of 32.9%), which is an increase of ¥10.0 YoY and includes a ¥10.0 commemorative dividend marking the Company's 110th anniversary. It forecasts an annual dividend of ¥90.0 (dividend payout ratio of 31.2%) for FY3/27. The Company plans to newly introduce a DOE standard and to implement flexible purchase of treasury shares.

## Key Points

- Strengths include consultative sales backed by technical capabilities and a one-stop system that handles everything from factory design to after-sales service
- In FY3/26, driven by the facility and equipment business, sales and profits increased, and net sales and all profit items set record highs
- Increased sales and profits also expected in FY3/27, with growth in semiconductor-related and other growth areas
- Under the new Medium-Term Management Plan, the Company targets net sales of ¥150.0bn and operating profit of ¥7.5bn in FY3/29

Results trends




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

# Company profile

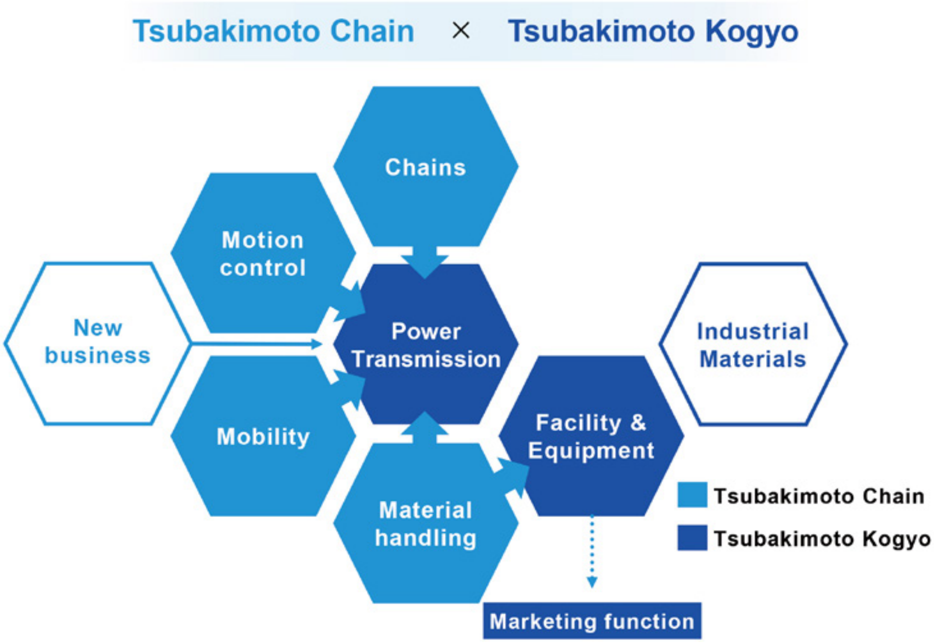
## A general trading company dealing in machinery and technology that will celebrate the 110th anniversary of its founding in October 2026

### 1. Company profile

The Company is a general trading company dealing in machinery and technology that handles the sale of products for automation, labor-saving, and environmental responsiveness—for example, drive parts, machine components, and transportation equipment—and of related services, as well as dealing in the sale of industrial materials such as non-woven fabrics. Its corporate motto is “to contribute to society through our business activities.” Under this motto, the Company operates three businesses—power transmission, facility and equipment, and industrial materials—with its vision, “as a general trading company dealing in machinery and technology, we aim to create new industrial value.”

Notably, Tsubakimoto Chain <6371> is an important business partner. The founders of the two companies were brothers, and these two companies have maintained a cooperative relationship for 100 years. Tsubakimoto Chain Co. manufactures power transmission products such as chains, motion control products, and mobility products, as well as material handling equipment, while the Company is responsible for marketing functions as a technology trading company. In addition to handling products with world-leading market shares, including industrial steel chains, the companies have built a robust alliance and conduct product development that leverages both of their fields of expertise.

Alliance between the Company and Tsubakimoto Chain




Note: Dark blue indicates the Company and light blue indicates Tsubakimoto Chain
Source: The Company’s results briefing materials

The Company covers the whole of Japan through 33 domestic bases. It operates 10 overseas bases, primarily in East and Southeast Asia.

### 2. History

The Company began in October 1916 when Tsubakimoto Shoten was established in Osaka City. It commenced sales of various chains and chain transmission equipment in January 1919, and was incorporated in January 1938. In January 1941, it began selling products from Tsubakimoto Chain Manufacturing Co., Ltd. (now Tsubakimoto Chain Co.), and in July 1943 changed its trade name to Tsubakimoto Kogyo Co., Ltd. Subsequently, in June 1955, the Company began selling reduction drives, hydraulic equipment, and various industrial machinery as a sales agent for Mitsubishi Heavy Industries, Ltd. <7011>. In April 1969, it began handling industrial robots manufactured by Kawasaki Heavy Industries, Ltd. <7012>, thereby expanding its product lineup. The Company was listed on the Second Section of the Osaka Securities Exchange in October 1962, on the Second Section of the Tokyo Stock Exchange in October 1963, and on the First Section of both exchanges in August 1971. The Company also expanded overseas, establishing bases in Singapore in May 1992, Thailand in January 1996, and China in October 2005. In April 2022, the Company moved from the Tokyo Stock Exchange First Section to the Tokyo Stock Exchange Prime Market.

History

| Year and month | Details |
|---|---|
| October 1916 | Brothers Sanshichiro Tsubakimoto and Setsuzo Tsubakimoto founded Tsubakimoto Shoten in Osaka City |
| January 1919 | Began sales of various chains, chain transmission equipment, etc. |
| January 1938 | Incorporated with share capital of ¥200,000 and changed trade name to Tsubakimoto Shoten Co., Ltd. |
| January 1941 | Began sales of products manufactured by Tsubakimoto Chain Manufacturing Co., Ltd. (now Tsubakimoto Chain Co.) |
| July 1943 | Changed trade name to Tsubakimoto Kogyo Co., Ltd. |
| June 1955 | Became a sales agent for Mitsubishi Heavy Industries, Ltd. and began selling reduction drives, hydraulic equipment, various industrial machinery, etc. |
| October 1962 | Listed on the Second Section of the Osaka Securities Exchange |
| October 1963 | Listed on the Second Section of the Tokyo Stock Exchange |
| April 1969 | Began sales of industrial robots manufactured by Kawasaki Heavy Industries, Ltd. |
| August 1971 | Listed on the First Section of the Osaka Securities Exchange and the Tokyo Stock Exchange |
| April 1979 | Commenced sales of products from Asahi Chemical Co., Ltd. (now Asahi Kasei Corporation), including spun bond and other products |
| May 1992 | Established TSUBACO SINGAPORE PTE. LTD. in Singapore |
| January 1996 | Established TSUBACO KTE CO., LTD. in Thailand as a joint venture with local capital |
| October 2005 | Established SHANGHAI TSUBACO CO., LTD. in China |
| April 2022 | Moved from the Tokyo Stock Exchange First Section to the Tokyo Stock Exchange Prime Market |

Source: Prepared by FISCO from the Company's annual securities report

### 3. Market environment

In the industrial machinery and equipment market in which the Company operates, there is increasing demand for labor-saving and automation equipment that leverages AI and robotics, amid labor shortages caused by the declining birthrate and aging population. In addition, investments in renewable energy and hydrogen infrastructure in response to decarbonization policies, along with growth investments in EVs and next-generation mobility, semiconductors, and logistics automation, remain brisk, and demand for equipment and infrastructure continues to increase. On the other hand, there may be pressure on profitability from geopolitical risks such as trade friction between the US and China, the situation in the Middle East, and tensions in Japan-China relations, along with soaring raw materials and fuel prices and changes in the financial environment accompanying rising interest rates.

In addition, an industry-wide structural issue is the difficulty in securing qualified engineers responsible for construction management (supervising engineers, etc.). Against this backdrop, the Company's policy is to strengthen its proposals in growth areas such as labor-saving, automation, and environmental measures in order to capture demand.

# Business overview

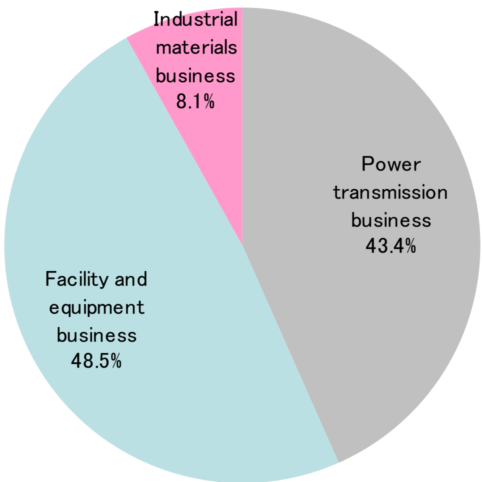
## The Company operates three businesses: power transmission, facility and equipment, and industrial materials

### 1. Business description

The Company operates three businesses: power transmission, facility and equipment, and industrial materials. Across all these businesses, rather than simply purchasing manufacturers' products for resale, the Company selects and combines the most appropriate products in response to customers' challenges and adds technical proposals to its offerings. In FY3/26, the composition of net sales by business was the facility and equipment business at 48.5%, the power transmission business at 43.4%, and the industrial materials business at 8.1%.

Meanwhile, the Company's reportable segments are organized by region—Eastern Japan Headquarters, Western Japan Headquarters, Central Japan Headquarters, and Strategic Business Development Center (Overseas)—based on a sales structure that is closely tied to local markets. The Company assigns each sales representative to between 20 and 25 companies, and operates a system that works closely with client companies to understand and address their needs and issues, regardless of the business area. When a project arises, the Company responds by coordinating with technology offices and other departments, and regularly shares information among regions to disseminate best practices. Note that the ratio of overseas net sales, primarily in Asia, is 13.2%.

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




Source: Prepared by FISCO from the Company's financial results and annual securities report

### (1) Power transmission business

The power transmission business sells drive parts such as reduction drives, conveyor chains and other parts for transport, control devices, sensors, electronic devices, and power transmission devices. The Company's basic sales approach is a design-in sales model, in which sales representatives enter customers' design and engineering departments—for example, those of machinery manufacturers—and guide and suggest the selection of optimal parts. By being involved from the upstream stages of design, the Company builds a transaction structure that makes switching to other companies unlikely. Lead times from receiving an order to sales recognition are short at about 40 days, and the gross profit margin was about 11.5% in FY3/26.

### (2) Facility and equipment business

The facility and equipment business handles factory automation (FA) systems, industrial robots, automation equipment, AS/RS warehouses, clean energy-related equipment, machine tools, etc. It is an engineering business that provides overall services at production plants, handling everything from receiving raw materials and supplying materials to line setup and shipment, and offers comprehensive support in everything from installation to after-sales service. Technology adds value, so the gross profit margin was 12.5%, thereby exceeding that of the power transmission business. Lead times from receiving an order to sales recognition are long at about 176 days (about 6 months), and the order backlog at the beginning of the fiscal year supports sales for that fiscal year.

### (3) Industrial materials business

The industrial materials business sells various non-woven fabrics and processed products made from them, synthetic resin molding machines, and functional materials. The Company operates a high-value-added, development-oriented business that processes raw materials into products that are tailored to customer needs, handling items such as non-woven fabrics, resin-processed products, and general consumer goods. The gross profit margin in FY3/26 was 14.2%, the highest among the three businesses, and lead times from receiving an order to sales recognition are short at about 31 days.

**Products handled in industrial materials business**


Source: The Company's website

## Strengths are consultative sales by sales personnel with strong technical expertise, and a one-stop system

### 2. Features and strengths

#### (1) Consultative business through "engineering meets solutions"

The Company's greatest strength lies in its ability to propose "engineering meets solutions" offerings underpinned by technological capabilities developed over many years. Manufacturing equipment requires the selection of thousands of parts, but the Company proposes optimal component configurations from the upstream stages, acting in place of customers' engineering and design departments. For needs that are difficult to address with standard products, the Company provides solution-oriented proposals by combining products from multiple manufacturers and applying customization as needed. Such consultations are underpinned by sales personnel with strong technical expertise, and a one-stop system that optimizes everything from the entrance to the exit of factories and warehouses in an integrated manner.

In particular, a key source of competitiveness is a proposal approach called "design-to-margin." To meet customer requests for better quality at lower prices, the Company leverages its extensive technical expertise to thoroughly review specifications and achieve cost reductions while maintaining performance. In addition, the Company has many qualified personnel, including holders of the certified supervising engineer qualification needed for securing construction projects as a prime contractor, and has built a system to comprehensively handle everything from proposals to design, construction, and after-sales service.

#### (2) Strong business foundation and procurement capabilities with leading manufacturers

The second strength includes the business foundation of over 6,500 companies and strong procurement capabilities. Among these companies, Tsubakimoto Chain is an important business partner, accounting for approximately 30% of total purchases. The Company has a track record of nearly 70 years of collaborations involving automotive engine timing chain systems, and is currently advancing the joint development of EV-related components. The Company has established a manufacturer-direct position, procuring directly from major manufacturers without going through trading companies, and this is the source of its price competitiveness and ability to harness information. The Company has built trusting relationships with many manufacturers, including Mitsubishi Heavy Industries, Ltd., Kawasaki Heavy Industries, Ltd., Asahi Kasei Corporation <3407>, and Nissan Motor Co., Ltd. <7201>, through cross-shareholdings. Although technology trading companies have competitors, their areas of specialty differ, and thus there are limited situations in which the Company competes directly with its rivals, and it has established a unique position.

#### (3) Solid financial base and capital efficiency supporting debt-free management

The third strength includes a solid financial base and high capital efficiency underpinned by debt-free management. The Company has operated on a practically debt-free basis for many years, and meets its working capital needs with funds on hand. This is underpinned by thorough payment collection by sales representatives, and a business model in which inventory is held by suppliers rather than the Company. This can be described as a style that stems from the ability to deliver added value to customers. As a result, the cash conversion cycle (CCC), which indicates the period until cash is collected, is short at around 20 days.

# Results trends

## In FY3/26, the facility and equipment business drove increases in sales and profits, with net sales and all profit items reaching record highs

### 1. Overview of FY3/26 results

In the FY3/26 consolidated results, net sales increased 5.4% YoY to ¥131,032mn, operating profit increased 8.2% to ¥6,513mn, ordinary profit increased 8.9% to ¥7,094mn, and profit attributable to owners of parent increased 7.1% to ¥5,023mn, resulting in higher sales and profits. Net sales and all profit items posted record highs for the fifth consecutive fiscal year, while recorded sales were achieved thanks to the ability to convert an ample order backlog into net sales largely on schedule. Particularly in the facility and equipment business, large-scale projects for the Chinese market and demand from the automotive and logistics industries remained strong, which drove increased sales throughout the Company. On the profit front, selling, general and administrative (SG&A) expenses—particularly personnel expenses—increased, but this was offset by the effect of increased sales, thereby securing increased profits.

FY3/26 results

(¥mn)

| | FY3/25 | | FY3/26 | | YoY | |
|---|---|---|---|---|---|---|
| | Results | % of sales | Results | % of sales | Change | Change (%) |
| Net sales | 124,323 | - | 131,032 | - | 6,709 | 5.4% |
| Cost of sales | 105,216 | 84.6% | 110,842 | 84.6% | 5,626 | 5.3% |
| Gross profit | 19,107 | 15.4% | 20,190 | 15.4% | 1,083 | 5.7% |
| SG&A expenses | 13,086 | 10.5% | 13,677 | 10.4% | 591 | 4.5% |
| Operating profit | 6,021 | 4.8% | 6,513 | 5.0% | 492 | 8.2% |
| Ordinary profit | 6,513 | 5.2% | 7,094 | 5.4% | 581 | 8.9% |
| Profit attributable to owners of parent | 4,691 | 3.8% | 5,023 | 3.8% | 332 | 7.1% |

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

## The power transmission business posted lower sales due to adjustments in automotive- and semiconductor-related demand, and the facility and equipment business posted double-digit increases in sales and profits

### 2. Results trends by business

#### (1) Power transmission business

In the power transmission business, net sales decreased 0.9% YoY to ¥56,825mn, while operating profit increased 2.2% to ¥4,381mn. Although demand from general industries remained firm, demand for parts related to automotive and semiconductor manufacturing equipment declined, resulting in lower sales. Meanwhile, profitability improved and the Company secured an increase in operating profit.

### (2) Facility and equipment business

In the facility and equipment business, net sales increased 11.9% YoY to ¥63,599mn, and operating profit increased 11.2% to ¥3,407mn. In addition to growth in sales to the automotive industry and in logistics-related sales, the Company recorded sales on large orders for polarizer production equipment for the Chinese market, resulting in substantial increases in sales and profits.

### (3) Industrial materials business

In the industrial materials business, net sales increased 5.0% YoY to ¥10,607mn and operating profit increased 19.8% to ¥600mn. A recovery in demand for general consumer goods contributed to these results, and led to higher sales and profits.

**FY3/26 results by business**

(¥mn)

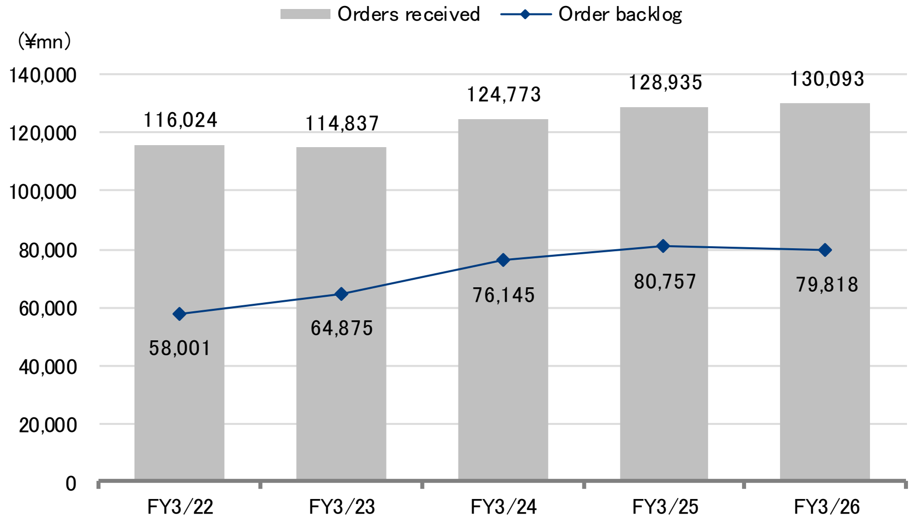
| | FY3/25 | | FY3/26 | | YoY | |
|---|---|---|---|---|---|---|
| | Results | Composition and profit margin | Results | Composition and profit margin | Change | Change (%) |
| Net sales | 124,323 | - | 131,032 | - | 6,709 | 5.4% |
| Power transmission business | 57,368 | 46.1% | 56,825 | 43.4% | -543 | -0.9% |
| Facility and equipment business | 56,854 | 45.7% | 63,599 | 48.5% | 6,745 | 11.9% |
| Industrial materials business | 10,101 | 8.1% | 10,607 | 8.1% | 506 | 5.0% |
| Operating profit | 6,021 | 4.8% | 6,513 | 5.0% | 492 | 8.2% |
| Power transmission business | 4,285 | 7.5% | 4,381 | 7.7% | 96 | 2.2% |
| Facility and equipment business | 3,065 | 5.4% | 3,407 | 5.4% | 342 | 11.2% |
| Industrial materials business | 501 | 5.0% | 600 | 5.7% | 99 | 19.8% |
| Adjustments | -1,830 | - | -1,878 | - | - | - |

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

## 3. Status of orders

Orders received in FY3/26 increased 0.9% YoY to ¥130,093mn, while order backlog decreased 1.2% to ¥79,818mn, with orders received reaching a record high. Meanwhile, although the order backlog decreased following the completion of large orders for the Chinese market, solid demand for labor-saving equipment and other items minimized the decline from a record-high level at the end of the previous fiscal year, and order backlog remains at a high level. As lead times in the facility and equipment business extend to about six months, order backlog functions as a leading indicator supporting net sales in the following fiscal year. By industry, automotive-related orders plateaued, while semiconductor-related orders were on a recovery trend toward the fiscal year-end.

Trends in orders received and order backlog




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

## Equity ratio rose to 49.9%, further improving financial soundness

### 4. Financial position and management indicators

Looking at the Company's financial position at the end of FY3/26, total assets were ¥100,064mn, down ¥608mn from the previous fiscal year-end. In current assets, cash and deposits decreased ¥4,853mn, while trade receivables increased ¥1,115mn. In non-current assets, investments and other assets increased ¥3,557mn. Among other factors, this was due to a rise in the market value of shareholdings.

Total liabilities decreased ¥6,792mn from the end of the previous fiscal year to ¥49,863mn. The main cause was a ¥6,110mn decrease in accounts payable due to payment for large projects for the Chinese market.

Net assets increased ¥6,184mn to ¥50,201mn. This was due to an accumulation of retained earnings and an increase in net unrealized gains on investment securities.

In profitability indicators, return on assets (ROA) was 7.1% (up 0.4 percentage points (pp) YoY), ROE was 10.7% (down 0.5pp), and the operating profit margin was 5.0% (up 0.2pp).

In terms of soundness indicators, the equity ratio was 49.9% (up 6.5pp) and the current ratio was 174.5% (up 18.6pp), making for a further improvement in financial soundness. Liquidity on hand is sufficient and there are no particular problems. Additionally, the Company has obtained a Long-term Issuer Rating of A- (Stable) from the Japan Credit Rating Agency, Ltd. (JCR).

Consolidated balance sheet and key management indicators

(¥mn)

| | End of FY3/22 | End of FY3/23 | End of FY3/24 | End of FY3/25 | End of FY3/26 | Change |
|---|---|---|---|---|---|---|
| Current assets | 64,317 | 71,049 | 76,279 | 81,082 | 77,117 | -3,965 |
| Cash and deposits | 17,604 | 22,927 | 26,855 | 28,953 | 24,100 | -4,853 |
| Trade receivables | 41,344 | 40,946 | 43,119 | 45,164 | 46,279 | 1,115 |
| Inventories | 3,275 | 4,143 | 3,620 | 3,488 | 3,270 | -218 |
| Non-current assets | 12,456 | 13,424 | 18,477 | 19,590 | 22,947 | 3,357 |
| Property, plant and equipment | 1,913 | 2,055 | 2,284 | 2,454 | 2,199 | -255 |
| Intangible non-current assets | 106 | 357 | 421 | 429 | 484 | 55 |
| Investments and other assets | 10,436 | 11,011 | 15,771 | 16,706 | 20,263 | 3,557 |
| Total assets | 76,773 | 84,474 | 94,756 | 100,672 | 100,064 | -608 |
| Current liabilities | 43,435 | 47,730 | 50,080 | 52,016 | 44,197 | -7,818 |
| Accounts payable | 36,748 | 41,579 | 42,642 | 41,807 | 35,697 | -6,110 |
| Non-current liabilities | 2,575 | 2,704 | 4,298 | 4,639 | 5,665 | 1,026 |
| Total liabilities | 46,010 | 50,434 | 54,379 | 56,655 | 49,863 | -6,792 |
| Total net assets | 30,762 | 34,039 | 40,377 | 44,017 | 50,201 | 6,184 |
| < Profitability > | | | | | | |
| ROA | 6.7% | 6.7% | 6.2% | 6.7% | 7.1% | 0.4pp |
| ROE | 10.8% | 11.4% | 10.8% | 11.2% | 10.7% | -0.5pp |
| Operating profit margin | 4.5% | 4.7% | 4.6% | 4.8% | 5.0% | 0.2pp |
| < Soundness > | | | | | | |
| Equity ratio | 39.8% | 40.0% | 42.4% | 43.4% | 49.9% | 6.5pp |
| Current ratio | 148.1% | 148.9% | 152.3% | 155.9% | 174.5% | 18.6pp |

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

## Funds on hand declined due to operating cash outflows, but remain plentiful

### 5. Statement of cash flows

In FY3/26, cash flows from operating activities amounted to outflows of ¥3,553mn. While the Company recorded profit before income taxes of ¥7,448mn, the main factors in expenditure were a ¥1,104mn increase in trade receivables, and a ¥6,148mn decrease in trade payables. Cash flows from investing activities amounted to inflows of ¥250mn. Cash flows from financing activities amounted to outflows of ¥1,629mn, with the main outflow of ¥1,582mn in dividends paid. As a result, cash and cash equivalents at the end of the fiscal year decreased ¥4,853mn from the end of the previous fiscal year to ¥24,100mn.

Statement of cash flows

(¥mn)

| | FY3/22 | FY3/23 | FY3/24 | FY3/25 | FY3/26 |
|---|---|---|---|---|---|
| Cash flows from operating activities | 6,570 | 6,716 | 5,015 | 3,592 | -3,553 |
| Profit before income taxes | 4,748 | 5,434 | 5,761 | 6,884 | 7,448 |
| Depreciation | 174 | 170 | 242 | 310 | 344 |
| Decrease (increase) in trade receivables | -5,021 | 420 | -2,138 | -1,993 | -1,104 |
| Decrease (increase) in inventories | -361 | -883 | 539 | 134 | 268 |
| Increase (decrease) in trade payables | 6,446 | 4,807 | 1,028 | -910 | -6,148 |
| Cash flows from investing activities | -152 | -461 | -69 | 461 | 250 |
| Cash flows from financing activities | -808 | -971 | -1,077 | -2,051 | -1,629 |
| Purchase of treasury shares | -1 | -0 | -145 | -845 | -1 |
| Dividends paid | -758 | -948 | -1,013 | -1,175 | -1,582 |
| Increase (decrease) in cash and cash equivalents | 5,668 | 5,323 | 3,927 | 2,097 | -4,853 |
| Cash and cash equivalents at end of fiscal year | 17,604 | 22,927 | 26,855 | 28,953 | 24,100 |

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

# Outlook

## Increased sales and profits also expected in FY3/27, with growth in the power transmission and industrial materials businesses

### 1. FY3/27 forecasts

In the FY3/27 consolidated results, the Company forecasts net sales up 0.7% YoY to ¥132,000mn, operating profit up 2.9% to ¥6,700mn, ordinary profit up 2.9% to ¥7,300mn, and profit attributable to owners of parent up 5.5% to ¥5,300mn, indicating an increase in both sales and profits. Net sales are expected to increase overall, despite an anticipated reactionary decline in the facility and equipment business following large-scale projects for the Chinese market in the previous fiscal year, as sales of semiconductor-related components in the power transmission business increase and demand for general consumer goods in the industrial materials business recovers. On the profit front, while factoring in increases in personnel expenses, hiring expenses, and various other costs, the plan is to secure profit growth by being committed to selectively accepting high-margin projects. In particular, revenue from overseas transactions is expected to grow and to be the main driver of operating profit growth.

Although the Company has adopted conservative results forecasts in light of uncertainties such as the situation in the Middle East, orders in April and May were running above the plan.

**FY3/27 forecasts**

(¥mn)

| | FY3/26 | | FY3/27 | | YoY | |
|---|---|---|---|---|---|---|
| | Results | Composition | Forecast | Composition | Change | Change (%) |
| Net sales | 131,032 | - | 132,000 | - | 968 | 0.7% |
| Power transmission business | 56,825 | 43.4% | 58,000 | 43.9% | 1,175 | 2.1% |
| Facility and equipment business | 63,599 | 48.5% | 62,000 | 47.0% | -1,599 | -2.5% |
| Industrial materials business | 10,607 | 8.1% | 12,000 | 9.1% | 1,393 | 13.1% |
| Operating profit | 6,513 | 5.0% | 6,700 | 5.1% | 187 | 2.9% |
| Ordinary profit | 7,094 | 5.4% | 7,300 | 5.5% | 206 | 2.9% |
| Profit attributable to owners of parent | 5,023 | 3.8% | 5,300 | 4.0% | 277 | 5.5% |

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

## The facility and equipment business posts a reactionary decline, but the power transmission business returns to sales growth and the industrial materials business achieves double-digit growth

### 2. Outlook by business

#### (1) Power transmission business

Net sales in the power transmission business are expected to be ¥58,000mn, up 2.1% YoY. In addition to an expected recovery in semiconductor-related demand, steady demand for maintenance parts for automotive manufacturers (for example, chains and reduction drives) is also expected to underpin sales, resulting in a return to sales growth. The Company aims to achieve stable growth in its mainstay business by capitalizing on a recovery phase in the semiconductor market.

**(2) Facility and equipment business**

Net sales in the facility and equipment business are expected to decrease 2.5% YoY to ¥62,000mn. Revenue is forecast to decline as the outlook incorporates a reactionary decline following large-scale projects for the Chinese market recorded in the previous fiscal year. That said, in addition to strengthening initiatives in growth areas such as secondary battery manufacturing equipment, e-commerce (EC) fulfillment automation, and food tech-related, the ample order backlog at the start of the fiscal year—which reflects the business's characteristically long lead times—is expected to support sales this fiscal year.

**(3) Industrial materials business**

Net sales in the industrial materials business are planned to increase 13.1% YoY to ¥12,000mn. In addition to a recovery in demand for general consumer goods, the Company aims to expand sales of high value-added products by promoting a development strategy that involves processing raw materials to meet customer needs. The policy is to strengthen proposal capabilities tailored to the use cases of each customer, and for this to drive double-digit growth.

# Medium- to long-term growth strategy

## Under the new Medium-Term Management Plan, the Company aims to achieve net sales of ¥150.0bn and operating profit of ¥7.5bn in FY3/29

### 1. Medium-term management plan

**(1) Basic policy and overview**

The Company announced a New Medium-Term Management Plan, "ATOM2028," for the three fiscal years from FY3/27 to FY3/29. The Company has adopted the slogan, "Advanced Technology for Optimum Machinery (provide customers with optimal machinery using state-of-the-art technology)."

The Company envisages a medium- to long-term growth scenario in three stages. Building on the previous Medium-Term Management Plan (FY3/24 to FY3/26), which prioritized improving ROE and increasing the dividend payout ratio and worked to strengthen the management foundation, the Company will promote "building a robust revenue base and upgrading our financial strategy" under the new Medium-Term Management Plan starting in FY3/27. From FY3/30 onward, the Company aims to realize "increase in corporate value and co-creation with stakeholders." The Company has set out its ultimate vision, "as a general trading company dealing in machinery and technology, we aim to create new industrial value."

The three basic strategies of the new Medium-Term Management Plan are "value enhancement in business areas," "optimize capital structure and enhance shareholder returns," and "advance in ESG management." At the core is the further pursuit of "engineering meets solutions," for which the Company will expand its revenue base, prioritize allocation to growth areas, improve capital efficiency, and strengthen investment in human capital.

**(2) Quantitative targets**

Under the new Medium-Term Management Plan, targets for FY3/29, the final fiscal year of the plan, are net sales of ¥150.0bn, operating profit of ¥7.5bn, ordinary profit of ¥8.0bn, ROE of at least 12%, and an operating profit margin of at least 5%. The Company plans to strengthen its revenue base in both quantity and quality, with a particular emphasis on achieving an operating profit margin of 5% or higher. To this end, the Company is committed to selectively accepting high-margin projects and, through alliances with manufacturers and SIers, will internalize processes previously entrusted to external parties in order to enhance added value. In addition, the Company aims to maintain CCC, which indicates the period until cash is collected, of about 20 days and to ensure high capital efficiency.

## 2. Growth strategy

The pursuit of “engineering meets solutions” is the key phrase of the Company’s growth strategy, the source of its competitive advantage, and the key to achieving its goals. This business model enables technically competent “problem-solving personnel” to leverage the Company’s “one-stop system,” which optimally coordinates the entire lifecycle, and its robust “business foundation” with leading manufacturers to identify and clarify customers’ latent needs and provide solutions. By combining these three elements, the Company aims to deliver problem-solving value beyond mere trading company functions, and to pursue sustainable growth as an indispensable presence in industry and society.

Specifically, the policy is to pursue further expansion in sales by prioritizing the allocation of management resources to growth areas that capture mega trends, while securing stable growth in leading domains that are the current revenue base.

In the automotive field, the Company regards areas adjacent to existing mobility production lines, such as those for internal combustion engines, assembly, and painting, as leading domains. Meanwhile, the Company is strengthening automotive components for BEVs and HEVs and manufacturing equipment for secondary batteries, where demand continues to increase, as growth areas. In particular, the secondary battery field is expected to make a significant contribution to net sales given the large size of its market.

In the semiconductor field, the Company secures stable earnings by focusing on areas adjacent to manufacturing equipment for front-end processes—for example, cleaning and deposition—as a leading domain, while positioning areas related to advanced and back-end processing—which require high precision and high utilization rates—as growth areas.

In the logistics field, with material handling infrastructure for factories (transport and storage) as a leading domain, and against a backdrop of demand to address labor shortages, the Company will expand the scope of EC fulfillment automation by utilizing AI robots and autonomous transport robots.

In the food sector, it positions reliable production equipment such as freezing and packaging lines as a leading domain, and develops the food tech sector, which supports process automation in the restaurant and ready-to-eat meal industries, as a growth area.

In the environmental field, while making demand for upgrades at biomass and recycling facilities a leading domain, it will foster decarbonization and resource recycling solutions, including those related to perovskite solar cells and hydrogen energy, as growth areas, with the aim of capturing new markets.

Expansion Driven by Leading Domains and Growth Areas

| Main fields | Leading domains<br>Expansion of revenue base | | Growth areas<br>Growth reflecting changes in megatrends |
|---|---|---|---|
| Automotive | Around existing mobility production lines<br>(internal combustion and assembly, painting, inspections) | + | Next-generation mobility facilities/related parts<br>(BEV/HEV and batteries) |
| Semiconductors | Peripheral fields to manufacturing equipment<br>(stable operation of front-end processes such as cleaning/deposition) | + | Peripheral fields to advanced and back-end processes<br>(high-precision and high-uptime production ramp-up) |
| Logistics | Material handling infrastructure for factories and 3PL<br>(stable operation of on-site transportation and storage) | + | EC fulfillment automation<br>(labor-saving operations) |
| Food | Food production line infrastructure<br>(stable freezing, packaging, etc.) | + | Labor-saving in food tech<br>(automated processing in the food service and ready-to-eat meal industries) |

Source: Prepared by FISCO from the Company's Medium-Term Management Plan

### (3) Financial and capital strategy

The Company's policy is to accelerate the advancement of its financial strategy and investment in human capital with the aim of strengthening its management foundation. From a financial perspective, the Company will advance the planned reduction of cross-shareholdings toward achieving ROE of at least 12%, and optimally allocate the cash that is generated to growth investments and shareholder returns. The Company is also considering inorganic investments such as M&A and business partnerships, while targeting manufacturers, domestic trading companies, and overseas technology companies with know-how in software and semiconductor components—areas that are difficult for the Company to acquire independently—in order to expand its customer base and strengthen its business areas.

To deepen ESG management, the Company aims to improve its newly established indicator of "creativity for added value" by 5% compared with FY3/26, and has set a target of expanding net sales of decarbonization-contributing products to twice the FY3/24 level by FY3/31.

Against a backdrop of solid recent orders, management is highly confident of achieving the Company's growth strategy, which focuses on the "engineering meets solutions" approach.

# Shareholder return policy

## Newly introducing DOE of 4% in addition to progressive dividends. Also plans an annual dividend of ¥90.0 for FY3/27

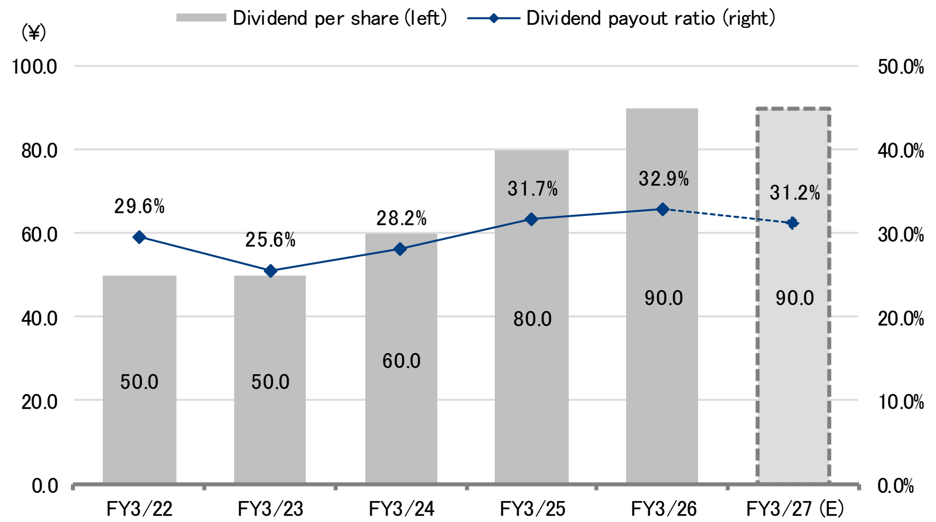
The Company pays dividends as part of its shareholder return policy. The basic policy is to pay progressive dividends based on whichever is higher: a payout ratio of 35% or a DOE of 4%. Under the new Medium-Term Management Plan, the Company introduced a new DOE standard from the perspective of achieving stable dividends that are less susceptible to profit fluctuations and market conditions.

The Company paid an annual dividend of ¥80.0 in FY3/25 (payout ratio of 31.7%) and an annual dividend of ¥90.0 in FY3/26 (payout ratio of 32.9%). The latter included a ¥10.0 commemorative dividend marking the 110th anniversary of its founding, and represents a ¥10.0 increase from the previous fiscal year. For FY3/27, the Company forecasts an annual dividend of ¥90.0 (payout ratio of 31.2%).

The Company's policy is to implement flexible purchase of treasury shares, with consideration for its financial position, share price, and share liquidity, and it implemented buybacks totaling ¥843mn in November 2024. In addition, the Company will continue its shareholder benefits program, under which shareholders receive an original QUO card (or a donation) twice a year according to the number of shares held and the length of continuous ownership.

The Company's policy is to work on enhancing capital efficiency and corporate value by achieving ROE of at least 12% and strengthening shareholder returns. In addition, in April 2026, the Company reorganized its Public Relations Department into the IR Promotion and Public Relations Department, and integrated this into its Strategic Management Center while enhancing English-language disclosure, revamping its IR website, and strengthening dialogue with investors.

Dividend per share and dividend payout ratio




Note: On April 1, 2024, the Company conducted a 3-for-1 share split of its common shares, and figures for FY3/24 and earlier have been retroactively adjusted.
Source: Prepared by FISCO from the Company's financial results and results briefing materials

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