

# Medium-term Management Plan 2027

May 13, 2025 **Meidensha Corporation**

1 Review of Medium-term Management Plan 2024 ..... 03-04

2 Outline of Medium-term Management Plan 2027 ..... 05-12

3 Numerical Targets ..... 13-14

4 Business Group Strategy ..... 15-18

While business performance expanded against a backdrop of strong orders, and measures to respond to a changing world progressed steadily, it is necessary to accelerate efforts to increase production capacity and initiatives for the future

|  | Main achievements  | Main issues   |
|--|--|---|
| <p>Basic Policy 1</p> <p>Realization of high-quality growth</p>    | <p><b>Orders increased for the four consecutive years</b><br/>Overseas orders expanded, mainly for Power Infrastructure</p> <p><b>Operating income surpassed ¥20 billion</b><br/>Increased sales of high value-added products such as Vacuum interrupter contributed</p>   | <p><b>Strengthening production capacity and further improvement of productivity</b><br/>Capital investment and operational efficiency improvements aimed at obtaining further orders</p> <p><b>Improving profitability of growth businesses</b><br/>Business operations in the EV business, etc. also based on market conditions</p> <p><b>Responding to changing market needs</b><br/>Environmental performance, digital integration, and response to changes in ordering patterns</p> |
| <p>Basic Policy 2</p> <p>Promoting sustainability management</p>   | <p><b>Accomplished the Second Meiden Environmental Vision</b><br/>Increased the share of renewable energy procurement in Japan and promoted energy conservation and electrification</p> <p><b>Progress in initiatives to utilize human resources in line with the times</b><br/>Implementation of human resource development system updates, MY Vision initiatives, etc.</p> | <p><b>Consistency with and further initiatives for the 1.5°C scenario</b><br/>Accelerating the transition from SF<sub>6</sub> and toward renewable energy, and further improving LCA</p> <p><b>Improving employee engagement</b><br/>Improving the workplace environment and evaluation/compensation systems in a busy work environment</p>   |
| <p>Basic Policy 3</p> <p>Promotion of management ambidexterity</p> | <p><b>Cultivating awareness and a culture for new businesses</b><br/>Implementation of MAST Project, MEIAN Challenge, etc.</p>   | <p><b>Monetization of new business themes</b><br/>Semiconductor processes, remote motor monitoring, etc.</p>  |

Financial indicators: Achieved, with record high net sales and operating income in FY2024  
Non-financial indicators: Although various measures were implemented, some targets for the final fiscal year were not achieved

## Profitability

(FY2024 target)

Net sales ¥300 billion

Operating income ¥18 billion

(FY2024 Result)

Net sales ¥301.1 billion

Operating income ¥21.5 billion

**Achieved**

## Efficiency

(FY2024 target)

ROE 10.0%

ROIC 8.0%

(FY2024 Result)

ROE 13.9%

ROIC 8.2%

**Achieved**

## Non-financial indicators (environment)

(FY2024 target vs. FY2019)

Scope 1+2 6% reduction

Scope 3 Category 11 6% reduction

FY2024 Result

Scope 1+2 18% reduction

Scope 3 Category 11 16% reduction

**Achieved**

## Financial soundness

(FY2024 target)

Net D/E ratio 0.25–0.30

(FY2024 Result)

Net D/E ratio

0.10

**Achieved**

## Shareholder returns

Stable at 30% level

(Results)

(Reference) Total dividends over four years: ¥13.6 billion

FY2021 33.4%

FY2022 31.6%

FY2023 30.4%

FY2024 30.2%

**Achieved**

## Non-financial indicators (human capital)

(FY2024 target)

eNPS\* 10% improvement compared to FY2021

Female executives (proper) : 1

Non-Japanese presidents of local subsidiaries : 3

(FY2024 Result)

eNPS 2% deterioration

Female executives (proper) 1

Non-Japanese presidents of local subsidiaries 2

**Partially achieved**

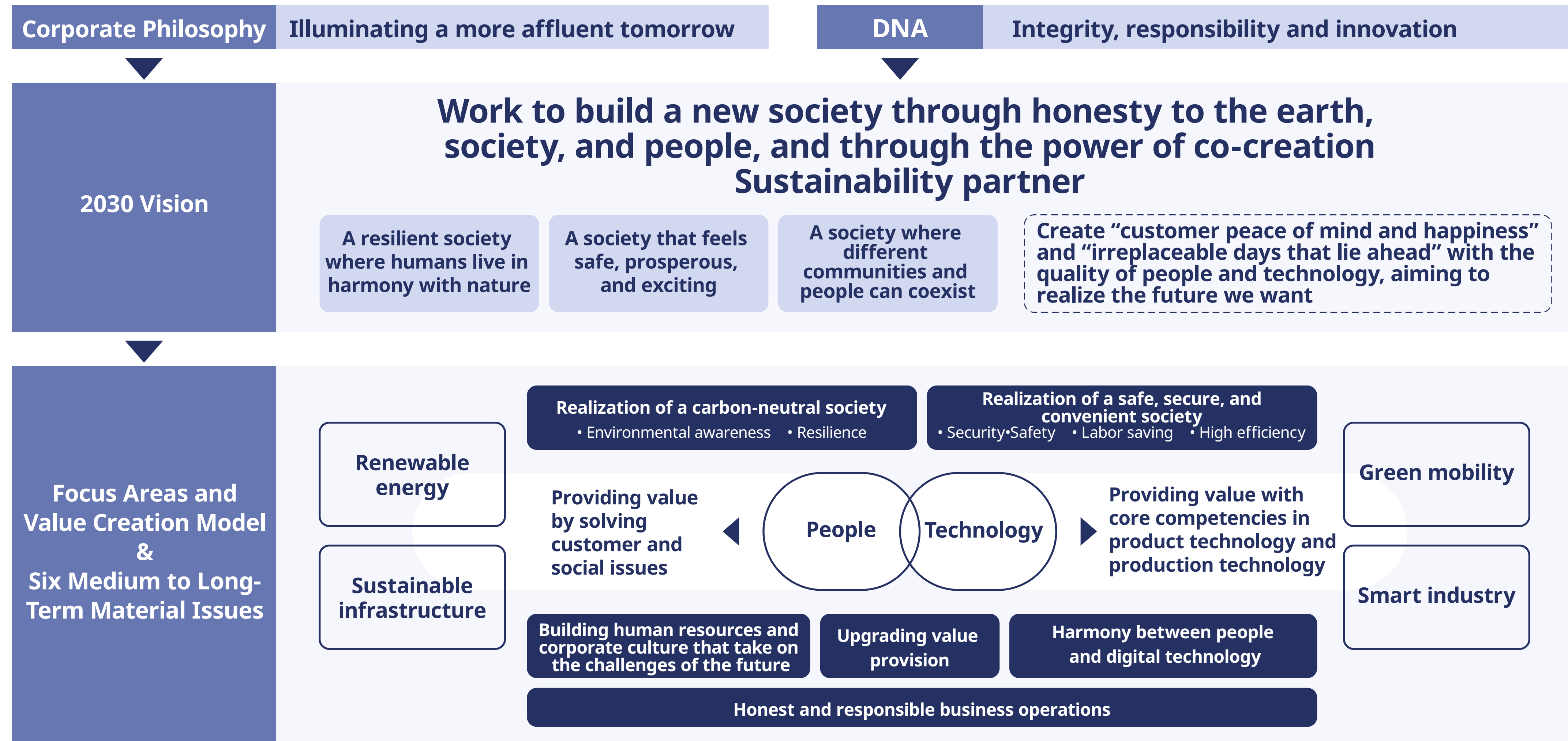
\* eNPS: Employee Net Promoter Score. NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. The eNPS is stated as a percentage. Furthermore, eNPS applies to Meidensha and Meiden Engineering.



# 2 Outline of Medium-term Management Plan 2027

## (1) Value Creation Process for Achievement of Vision

Continue to create new value through technology and human resources for the development of a sustainable and prosperous society



# 2 Outline of Medium-term Management Plan 2027

## (2) Strategies for Realizing Value Creation

Three years of “steady growth meeting needs + changes and challenges for the future” toward achieving our vision





- Continuous strengthening of domestic and overseas production capacity
- Competitive products and systems, highly productive manufacturing

### Implementation item 1

#### Expansion and enhancement of production capacity in the areas of Electric Power and Electronics Products

##### Japan: Expansion of equipment in Power T & D, Electronics Products, etc.

- Vacuum interrupter enhancement
- Expansion of equipment for Railways
- Expansion of transformer factory (Operation from FY2028)



Capital investment **¥13 billion** or more

##### Overseas: Rebuilding locations

- Singapore: Factory relocation
- US : Expansion of Vacuum Circuit Breaker production
- India : Expansion of transformer production
- Germany : Expansion of surge arrester production



Capital investment **¥13 billion** or more

### Implementation item 2

#### Updates to products and systems that utilize featured technologies

##### Strengthening environmentally friendly products

- Increasing volume of Vacuum interrupter and Vacuum Circuit Breaker
- Further miniaturization and increased efficiency of EV-related products
- Construction machinery electrification components



##### Strengthening advanced and labor-saving technologies

- Development of pulse power supplies for semiconductor manufacturing equipment
- Smart security
- Renewable energy load forecasting



### Implementation item 3

#### Accelerate DX (data infrastructure development and utilization) to improve productivity and reduce lead times

##### DX and production process improvement tailored to manufacturing methods

###### Systems and equipment

- Establish a production information infrastructure for "order receipt to shipment," automate production management, and streamline design
- Link design and test data, and automate some tests

###### Mass production

- Predictive maintenance/improvement of operating rates by understanding equipment conditions
- Introduction of automated equipment/mixed production

Production capacity :  
**25% increase**

Lead time :  
**50% reduction**

- Proactive development of new areas of demand and overseas markets
- Data-driven value creation, expansion of service business beyond equipment system sales

### Implementation item 1

#### Development of new overseas markets in power T & D, Railways, and semiconductor-related fields

##### Overseas infrastructure

- Acceleration of European environmental regulations (2026: SF<sub>6</sub> regulations)
- Increase in large-scale railway projects in Southeast Asia and South Asia

**Expansion of market share through environmentally featured products and reliability**

**Consideration of local production and collaboration in the future**

##### Semiconductor-related

- New market opportunities associated with miniaturization and multilayering
- Intensifying development competition among semiconductor equipment manufacturers

**Expansion of sales of semiconductor-related products (Vacuum Capacitor, etc.) in North America**

**Establishment of research and development centers close to users**

### Implementation item 2

#### Diversification of value delivery methods in line with changes in the market environment

##### Accelerating data utilization business

- Data utilization business pursuing customer experience value
- Aggregate information on existing equipment in the cloud and utilize/develop it for O&M support and offering businesses



##### Expansion of business areas

###### Water Infrastructure

Become a water infrastructure comprehensive engineering company (building of a one-stop system (equipment installation, operation and maintenance management, and servicing))

###### Mobility T&S

Establishment of EV testing service provider status

###### Railways

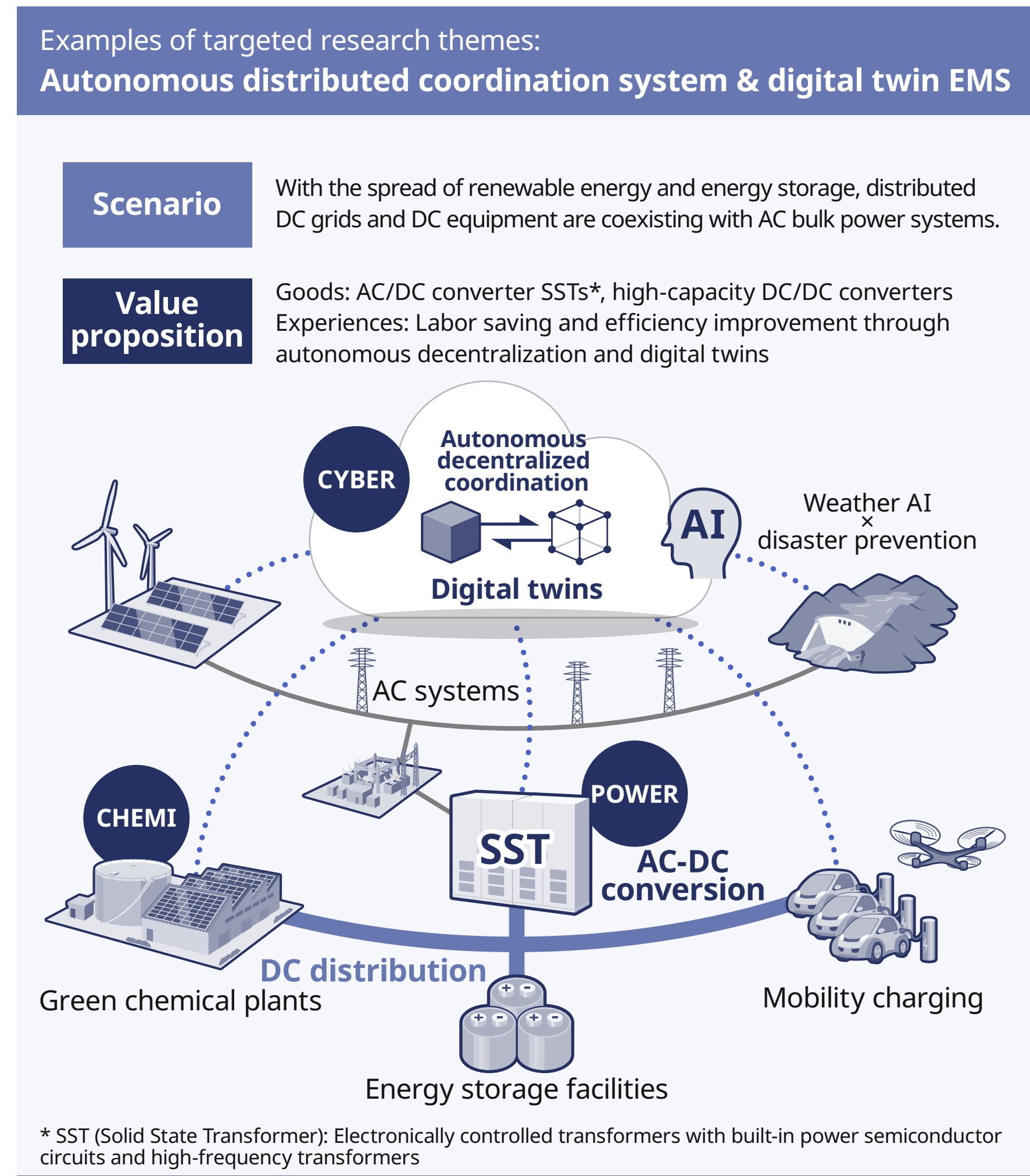
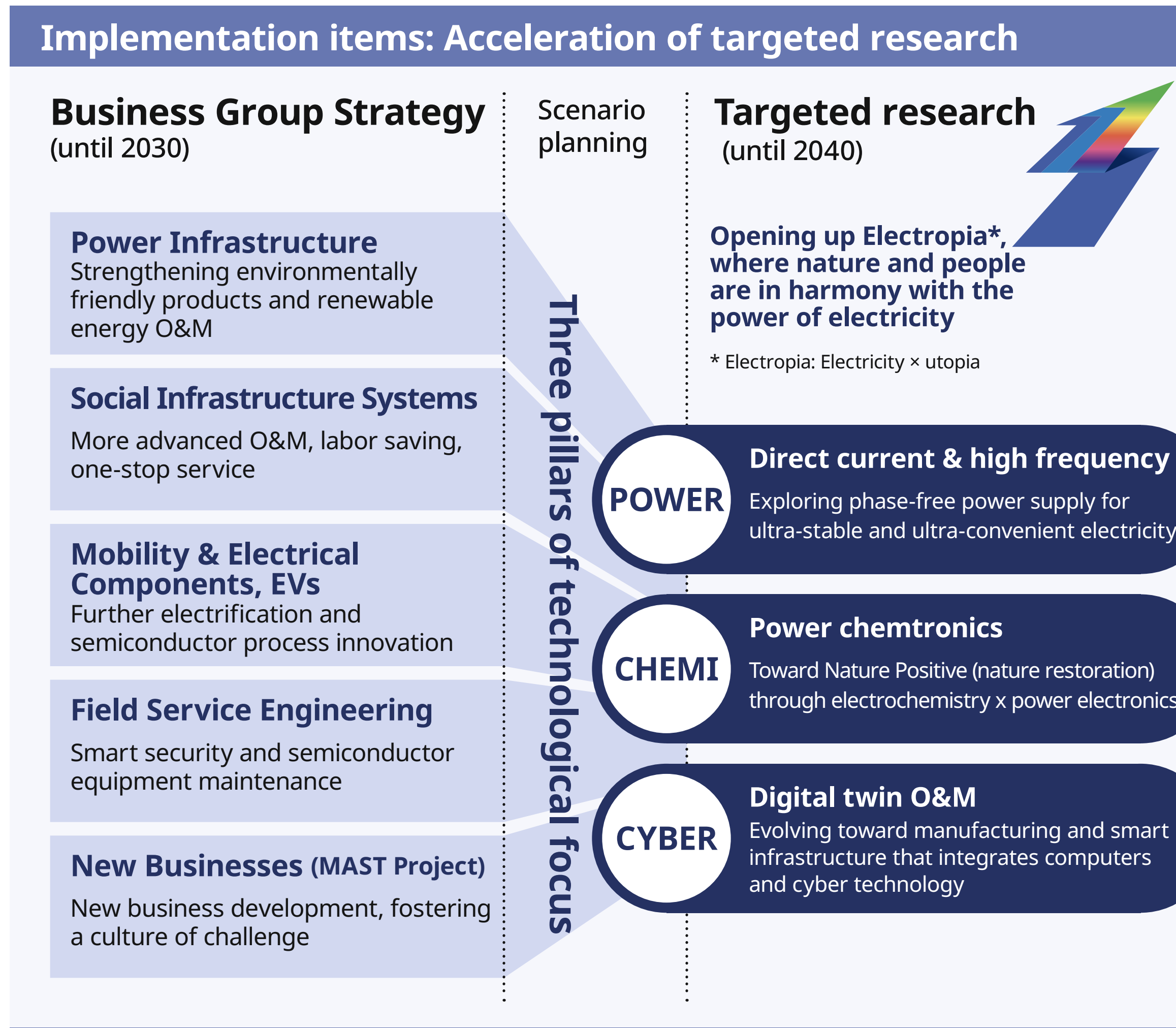
Participation in Smart Compact City (urban development)

###### Hydropower

Emergence from equipment sales and evolution to service provider



“Targeted research” that envisions the future we want to create and co-creates value while acquiring new core technologies



Update each type of capital, which is the root of value creation, and link it to further value creation

Implementation item 1: Deepening of green strategy

Implementation item 2: Strengthening of human capital

Implementation item 3: Acceleration of internal DX

### Announcing the Third Meiden Environmental Vision in line with the 1.5°C scenario

| FY2030 targets<br>(vs. FY2019) | Third Meiden Environmental Vision |
|--------------------------------|-----------------------------------|
| Scope1+2                       | <b>50% reduction</b>              |
| Scope3<br>(All categories)     | <b>30% reduction</b>              |
| <hr/>                          |                                   |
| 2040 Scope 2                   | <b>Achieve zero</b>               |
| 2050 Scope 1+2                 | <b>Achieve carbon neutrality</b>  |

#### Key implementation items

Decarbonization of factory units  
(elimination of SF<sub>6</sub>, promotion of energy conservation)

Company-wide initiative to increase renewable energy usage

Proactive supplier engagement and promotion of LCA activities  
aimed at reducing Scope 3 emissions

#### Towards improving the Scope 2 renewable energy ratio

(FY20274 target)

- Four main domestic production sites .....100% renewable energy ratio
- All nine overseas production sites ..... 50% renewable energy ratio



#### Expansion of environmentally friendly products

- SF<sub>6</sub> gas-free products (Vacuum interrupter and Vacuum Circuit Breaker)
- Renewable energy (wind power O&M, hydropower systems)
- Motor Drive Solutions products, EV-related products etc.



#### Replacement of company-owned wind power generation facilities

- M WINDS HACHIRYU (18 units, total capacity 28,000 kW)

After updating, consider utilizing it for the company's own power supply from FY2029 onwards





Update each type of capital, which is the root of value creation, and link it to further value creation

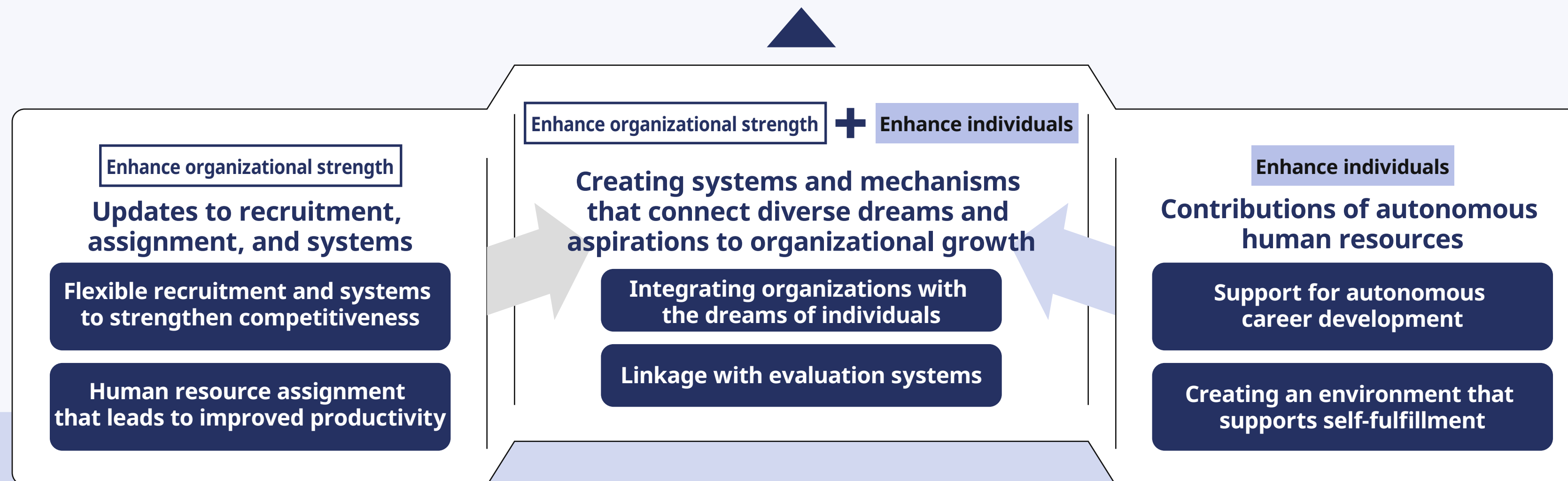
Implementation item 1: Deepening of green strategy

**Implementation item 2: Strengthening of human capital**

Implementation item 3: Acceleration of internal DX

### Resolving human resource issues in business strategy and shifting to a more contemporary approach to human resource utilization

Creating an environment for mutual growth through an organization that attracts individuals and a diverse workforce whose dreams and aspirations overlap



Strengthening foundations and fostering corporate culture

A foundation and culture that allows diverse human resources to take pride and enthusiasm in their work and feel secure working

Improvement of working environment

Fostering an open culture through enhanced dialogue

Promotion of health and productivity management

Integration of DEI



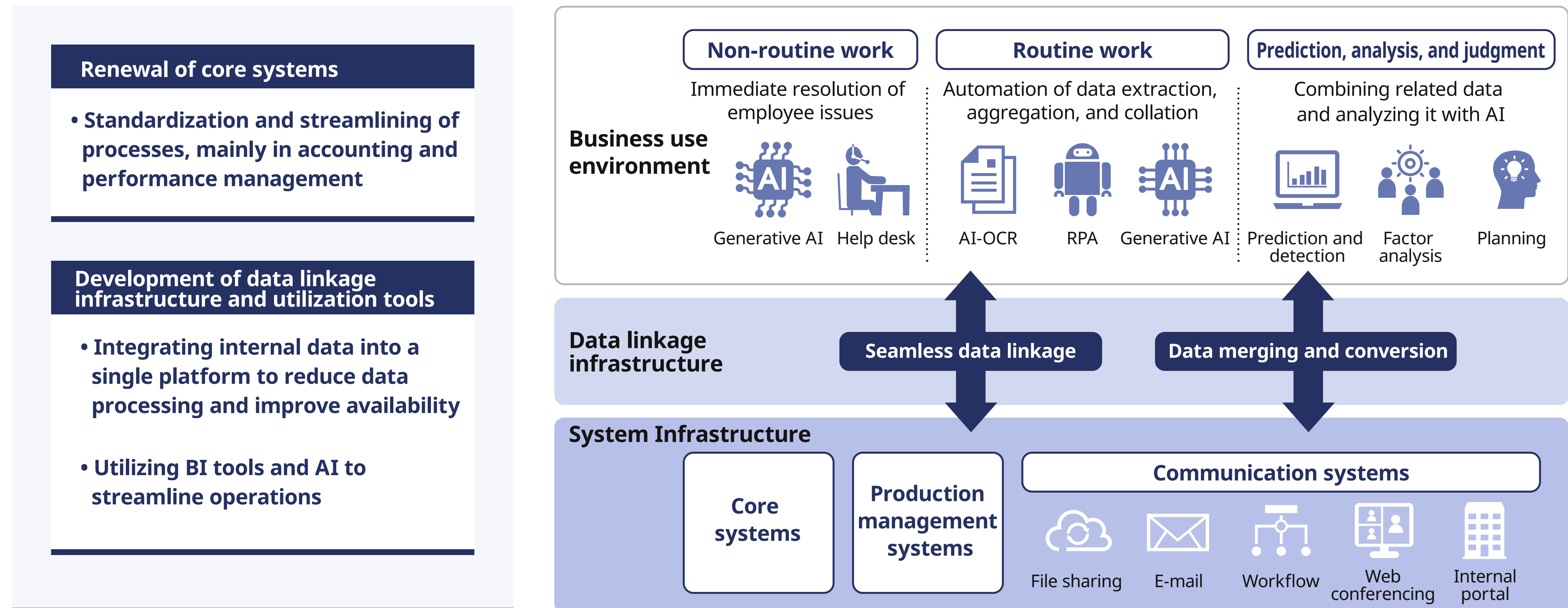
Update each type of capital, which is the root of value creation, and link it to further value creation

Implementation item 1: Deepening of green strategy

Implementation item 2: Strengthening of human capital

**Implementation item 3: Acceleration of internal DX**

**Organically linking management and operational information to promote more effective and efficient management**



# 3 Numerical Targets

## (1) Financial and Non-Financial Indicators

| Financial     |  | FY2024 (Result)     | FY2025 (Forecast)  | FY2027 (Plan)  |
|---------------|--|---------------------|--|----------------|
|               | Orders   | ¥383.5 billion      | ¥340.0 billion   | ¥380.0 billion |
|               | Net sales  | ¥301.1 billion      | ¥335.0 billion   | ¥370.0 billion |
|               | Operating income                                 | ¥21.5 billion       | ¥20.0 billion  | ¥25.0 billion  |
|               | ROE  | 13.9%               | —  | 10.0%          |
|               | ROIC   | 8.2%                | —  | 8.0%           |
|               | Net D/E ratio                                    | 0.10                | —  | 0.20 to 0.30   |
|               | Capex  | ¥12.0 billion       | Accumulated 3-year total: ¥70.0 billion<br>(of which growth investments and DX investments: ¥35.0 billion) |                |
|               | R&D expenses                                     | ¥11.2 billion       | Accumulated 3-year total: ¥43.0 billion  |                |
| Non-Financial | Scope1+2   | (18%)               | (30%)  | (40%)          |
|               | Scope3   | (16%) (Category 11) | -20% (All categories)  |                |
|               | eNPS*  | (69.0%)             | (65.0%)  |                |
|               | Female executives(proper)                        | 1                   | 3 or more (FY2030)   |                |
|               | Non-Japanese presidents<br>of local subsidiaries | 2                   | 5 or more (FY2030)   |                |

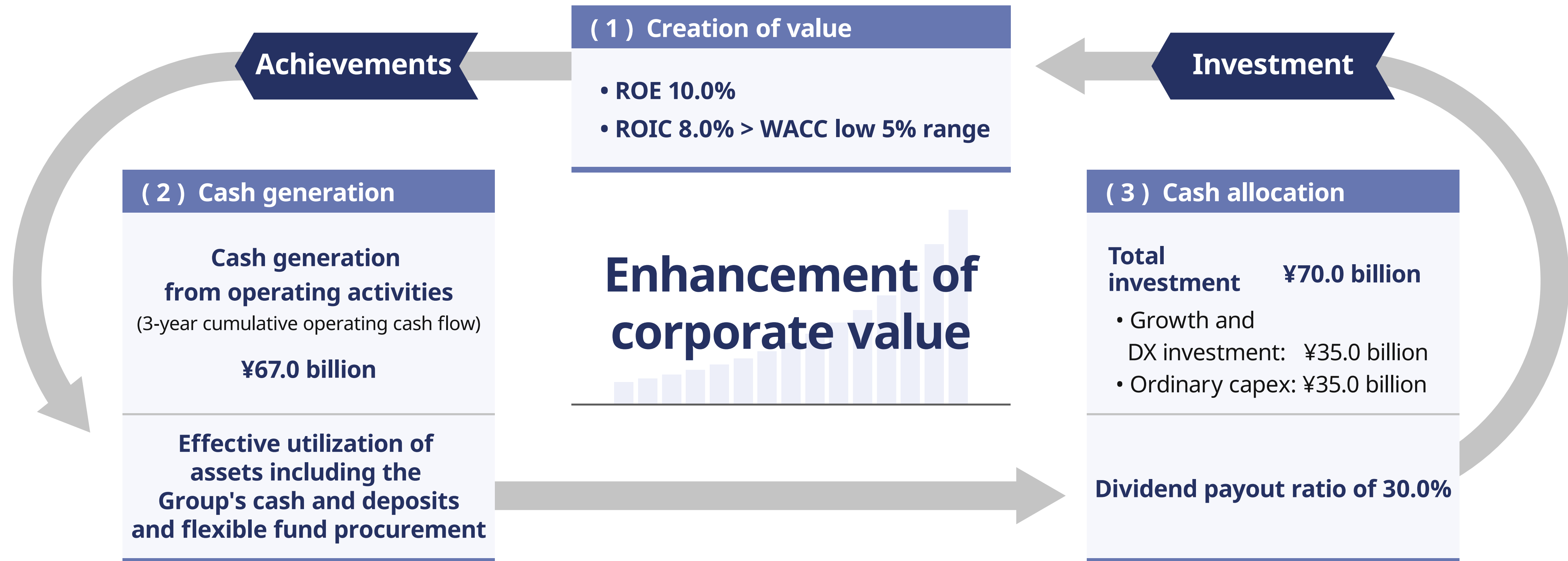
\*1. Planned exchange rate: ¥140/USD 2. ROIC = Operating income after tax / (Interest-bearing debt + shareholders' equity) 3. Scope 1, 2 and 3: Compared to FY2019 results

4. eNPS: Employee Net Promoter Score. NPS® is a registered trademark of Bain & Company, Inc., Fred Reichheld, and Satmetrix Systems, Inc. The eNPS is stated as a percentage. Furthermore, eNPS applies to Meidensha and domestic affiliates excluding EAML Engineering CO.,LTD. and MEIDEN UNIVERSAL SERVICE LTD.

# 3 Numerical Targets

## (2) Management Conscious of Cost of Capital and Stock Price

- Aim for a net debt-to-equity ratio of 0.2 to 0.3 and strengthen capital for large-scale investments
- Focus on investing in businesses with high growth potential. Evaluate projects based on profitability and growth potential, and promote efficient investment
- Reduce assets unrelated to business operations to improve capital efficiency



**Create value and reinvest the cash generated to create further value**



Contributing to the realization of a world without power outages, carbon neutrality, and unmanned operation of power facilities

| FY2027 Earnings Targets |                |                |                       |
|-------------------------|----------------|----------------|-----------------------|
|                         | FY2024 Result  | FY2025Forecast | FY2027 Plan           |
| Orders                  | ¥125.8 billion | ¥104.3 billion | <b>¥111.0 billion</b> |
| Net sales               | ¥86.4 billion  | ¥105.6 billion | <b>¥111.0 billion</b> |
| Operating income        | ¥7.9 billion   | ¥8.6 billion   | <b>¥10.5 billion</b>  |

### Strengths

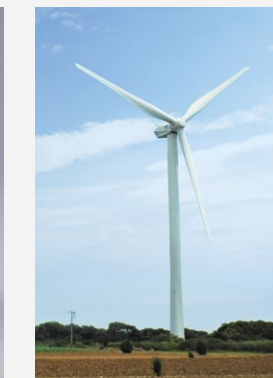
- Environmentally friendly products and optimal cost and supply capabilities, including overseas sites
- System compatibility and power conversion technology, including storage batteries
- O&M expertise related to renewable energy sources (hydropower and wind power)



SF<sub>6</sub> gas-free Vacuum Circuit Breaker



Vacuum interrupter



Wind/hydropower generation O&M



Photovoltaic PCS

### Business scenarios

- Investment in domestic and overseas Power Infrastructure will continue against the backdrop of expansion of renewable energy facilities, digitization, and measures to address aging infrastructure
- Increase in demand for products and solutions that provide environmental value in response to stricter regulations aimed at decarbonization (SF<sub>6</sub>)

### Major strategies

- Expansion of production capacity in anticipation of growing demand for electrical equipment (transformers, switchgear, surge arresters, etc.) in Japan and overseas **Short-medium term**
- Expansion of sales of SF<sub>6</sub> gas-free products (Vacuum interrupter and Vacuum Circuit Breaker) in North America and Europe **Short-medium term**
- Expansion of business areas in wind and hydropower generation (O&M business, power sales business) **Medium-long term**
- Strengthening development and commercialization of environmentally friendly products (high voltage compatibility) **Short-medium term**

Creating the future of social infrastructure with technological and product capabilities, contributing to a sustainable society

| FY2027 Earnings Targets |                |                 |                       |
|-------------------------|----------------|-----------------|-----------------------|
|                         | FY2024 Result  | FY2025 Forecast | FY2027 Plan           |
| Orders                  | ¥125.3 billion | ¥112.8 billion  | <b>¥115.0 billion</b> |
| Net sales               | ¥96.3 billion  | ¥100.8 billion  | <b>¥113.0 billion</b> |
| Operating income        | ¥3.0 billion   | ¥2.6 billion    | <b>¥3.5 billion</b>   |

### Strengths

- Product development and product/system proposals tailored to customer needs
- System and plant integration capabilities and extensive experience in largescale projects
- Engineering capabilities covering the entire life cycle, including upkeep management, maintenance and servicing, and equipment upgrades



Power supply equipment for railways



Cloud-enabled catenary inspection system (Overhead catenary system inspection system)



Power storage system for sewage treatment



Uninterruptible power supply (UPS)

### Business scenarios

- Strong increase in domestic demand for infrastructure upgrades (due to aging and labor reduction)
- Expansion of public-private partnerships in operation of infrastructure facilities
- Progress in railway network development in Southeast and South Asia

### Major strategies

- Utilizing digital technology for maintenance services with an eye ..... **Short-medium term**
- Continuous orders and steady execution of overseas infrastructure projects ..... **Short-medium term**
- Power supply equipment at bases, etc. .... **Short-medium term**
- Development of new products, expansion of applications and establishment of business models ..... **Medium-long term**
  - Railways: Development of monitoring devices and expansion of applications
  - Water Infrastructure: Establishment of a comprehensive engineering system that handles everything including equipment, construction, operation and maintenance management, and servicing



Continuing to refine featured technologies, contributing to the realization of a carbon neutral, digital society

| FY2027 Earnings Targets |               |                 |                       |
|-------------------------|---------------|-----------------|-----------------------|
|                         | FY2024 Result | FY2025 Forecast | FY2027 Plan           |
| Orders                  | ¥86.7 billion | ¥77.3 billion   | <b>¥100.0 billion</b> |
| Net sales               | ¥72.0 billion | ¥83.3 billion   | <b>¥95.0 billion</b>  |
| Operating income        | ¥1.1 billion  | ¥1.3 billion    | <b>¥3.5 billion</b>   |

### Strengths

#### Semiconductors

Products utilizing vacuum, high voltage/high frequency pulse, and pure ozone technologies



Vacuum capacitor



Pulse power supply



Pure Ozone Generator

#### Motor drives

Diverse products utilizing motor drive (motor control) technology



MEIDEN e-Axle (integrated unit of a motor, inverter, and gear)



Electric construction machinery components



Automotive dynamometers

### Business scenarios

- Increased demand for electrified products due to decarbonization and labor shortages
- Increased semiconductor and equipment-related demand due to the acceleration of digitalization
- EV shift slowing but expected to progress steadily

### Major strategies

#### Electronics/ NPI\*

- Enhancement of development, production, and sales capabilities for featured products (Vacuum Capacitor, pulse power supplies, and Pure Ozone Generator)
- Establishment of overseas R&D sites to realize product development and sales proposals tailored to customer needs

**Short-medium term**

#### Motor Drive Solutions

- Strengthening cost competitiveness through standardization and mass production, and application to new fields (ships, construction machinery, etc.)

**Short-medium term**

#### EV

- Development of derivative models specialized in miniaturization and high efficiency based on standard models, and improvement of QCD through enhancement of production technology

**Short-medium term**

#### Mobility T&S

- Development and sales of testing equipment for EVs (including collaboration with development partners)

**Short-medium term**

\*NPI : MEIDEN NANOPROCESS INNOVATIONS, INC.



Contributing to the realization of smart infrastructure through facility management utilizing digital technology and partner collaboration

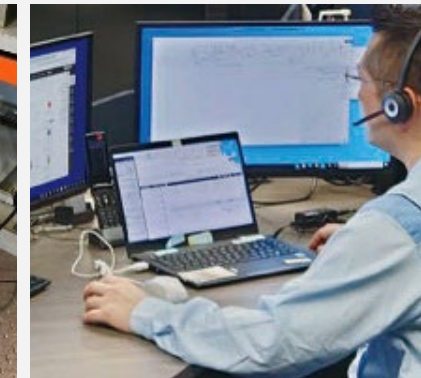
| FY2027 Earnings Targets |               |                 |                      |
|-------------------------|---------------|-----------------|----------------------|
|                         | FY2024 Result | FY2025 Forecast | FY2027 Plan          |
| Orders                  | ¥51.4 billion | ¥49.5 billion   | <b>¥54.0 billion</b> |
| Net sales               | ¥49.5 billion | ¥47.2 billion   | <b>¥50.0billion</b>  |
| Operating income        | ¥9.9 billion  | ¥8.8 billion    | <b>¥9.0 billion</b>  |

### Strengths

- Life cycle engineering from product delivery to maintenance services
- Extensive maintenance stock and maintenance service data
- Proposal capabilities, technological capabilities, and maintenance service systems that solve customer issues



Maintenance services, upkeep, and operational management



"Manabi-ya" technical training center



Semiconductor equipment maintenance

### Business scenarios

- Steady increase of demand for equipment maintenance (including semiconductor equipment)
- Acceleration of customer retention across the entire maintenance service industry
- Shortage of technical service personnel to meet demand in both Meidensha and other companies

### Major strategies

- Capturing existing demand and implementing smart maintenance utilizing digital technology ..... **Short term**
- Capturing further demand through collaboration within the Group and with other companies, ..... **Short-medium term**
- Expansion of semiconductor equipment maintenance business through collaboration ..... **Short-medium term**
- Strengthening recruitment and development of human resources, who are the source of value, ..... **Short-medium term**

# MEIDEN

Quality connecting the next

## Disclaimer

The financial results and forecasts included in these materials are based on information available to management at the time of publication, and contain latent risks and uncertainties. As a result, actual results may differ materially from the figures and forecast included herein.