

Medium-term Management Plan 2027

May 13, 2025 **Meidensha Corporation**

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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>Orders increased for the four consecutive years Overseas orders expanded, mainly for Power Infrastructure</p> <p>Operating income surpassed ¥20 billion Increased sales of high value-added products such as Vacuum interrupter contributed</p>	<p>Strengthening production capacity and further improvement of productivity Capital investment and operational efficiency improvements aimed at obtaining further orders</p> <p>Improving profitability of growth businesses Business operations in the EV business, etc. also based on market conditions</p> <p>Responding to changing market needs Environmental performance, digital integration, and response to changes in ordering patterns</p>
<p>Basic Policy 2</p> <p>Promoting sustainability management</p>	<p>Accomplished the Second Meiden Environmental Vision Increased the share of renewable energy procurement in Japan and promoted energy conservation and electrification</p> <p>Progress in initiatives to utilize human resources in line with the times Implementation of human resource development system updates, MY Vision initiatives, etc.</p>	<p>Consistency with and further initiatives for the 1.5°C scenario Accelerating the transition from SF₆ and toward renewable energy, and further improving LCA</p> <p>Improving employee engagement 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>Cultivating awareness and a culture for new businesses Implementation of MAST Project, MEIAN Challenge, etc.</p>	<p>Monetization of new business themes 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

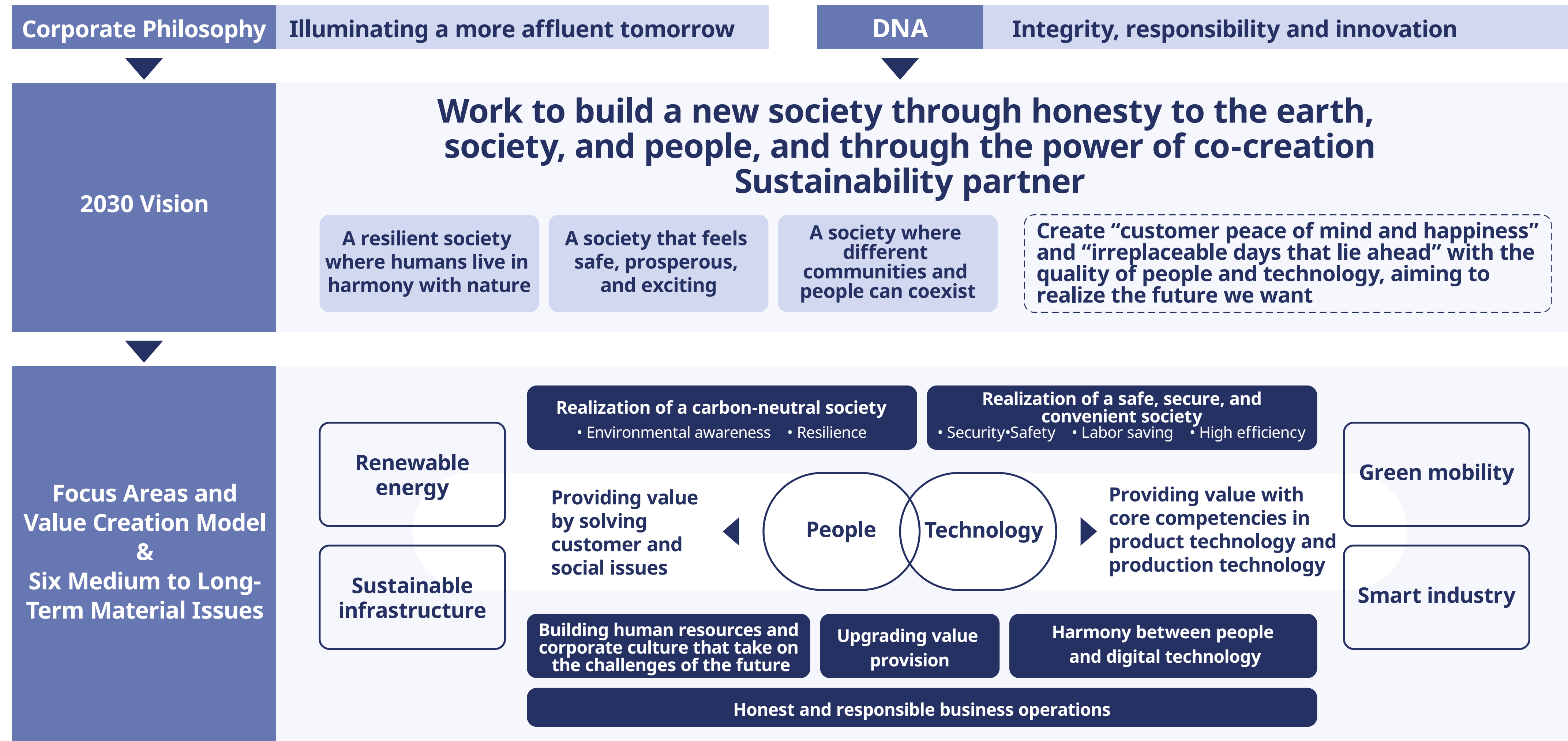
Partially achieved

* 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



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: SF₆ 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

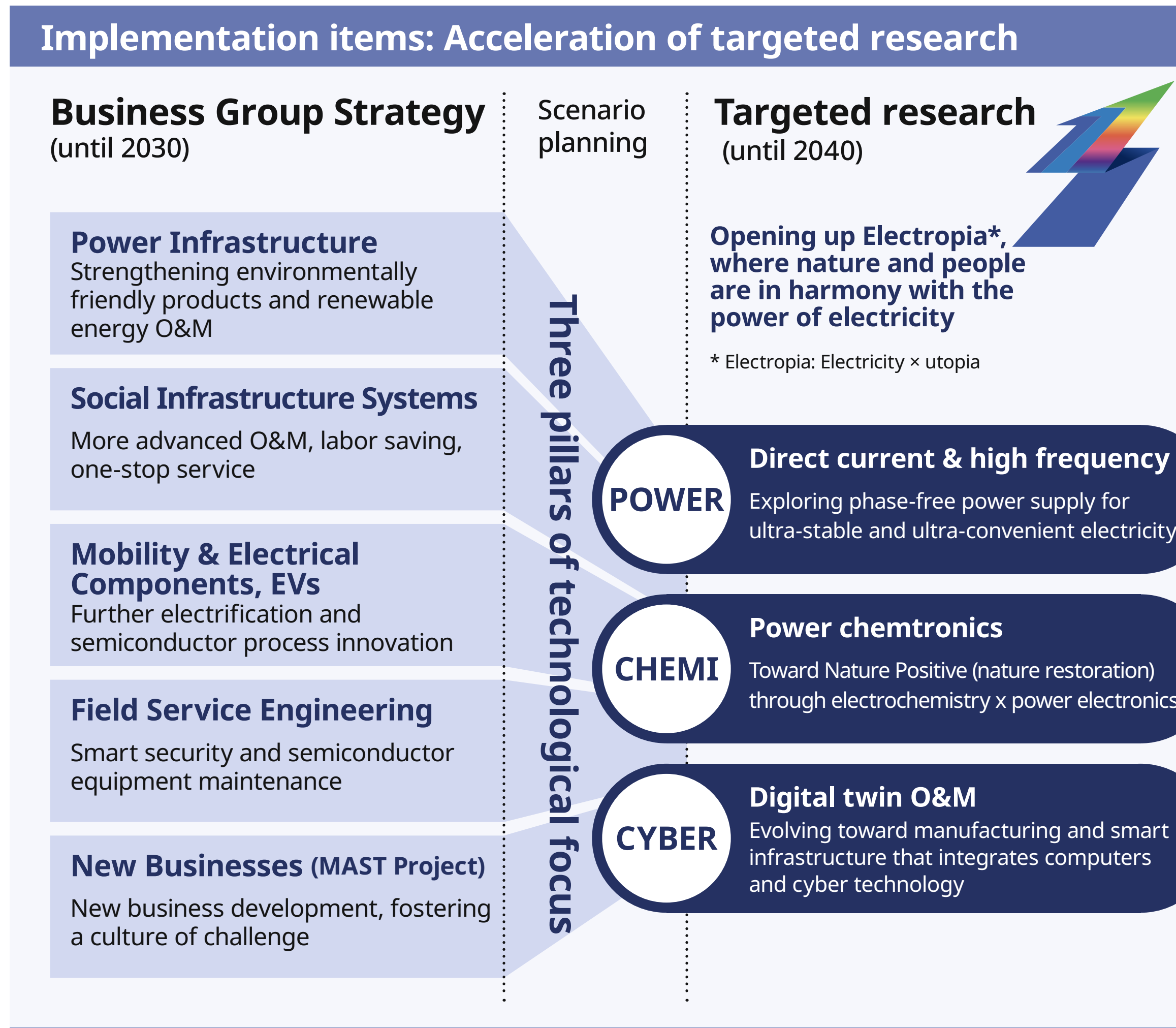
Railways

Participation in Smart Compact City (urban development)

Hydropower

Emergence from equipment sales and evolution to service provider

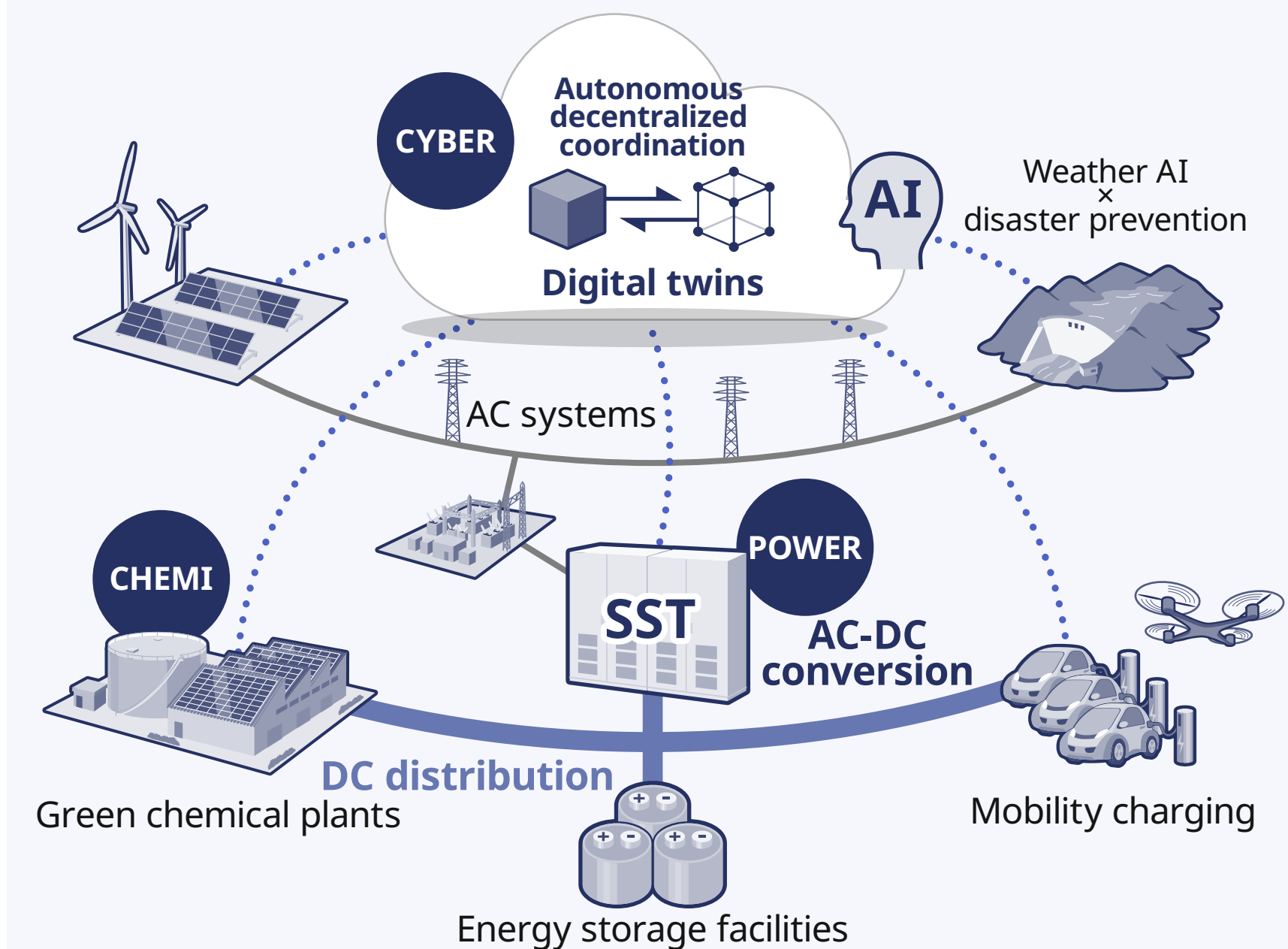
“Targeted research” that envisions the future we want to create and co-creates value while acquiring new core technologies



Examples of targeted research themes:

Autonomous distributed coordination system & digital twin EMS

Scenario	With the spread of renewable energy and energy storage, distributed DC grids and DC equipment are coexisting with AC bulk power systems.
Value proposition	Goods: AC/DC converter SSTs*, high-capacity DC/DC converters Experiences: Labor saving and efficiency improvement through autonomous decentralization and digital twins



* SST (Solid State Transformer): Electronically controlled transformers with built-in power semiconductor circuits and high-frequency transformers

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

Key implementation items

Decarbonization of factory units
(elimination of SF₆, 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 sites100% renewable energy ratio
- All nine overseas production sites 50% renewable energy ratio



Expansion of environmentally friendly products

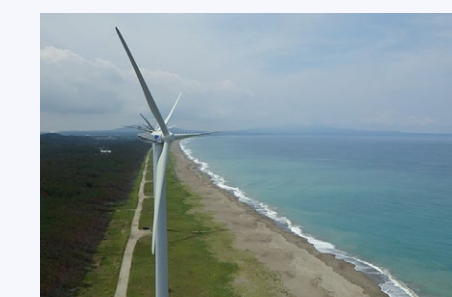
- SF₆ gas-free products (Vacuum interrupter and Vacuum Circuit Breaker)
- Renewable energy (wind power O&M, hydropower systems)
- Motor Drive Solutions products, EV-related products etc.



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

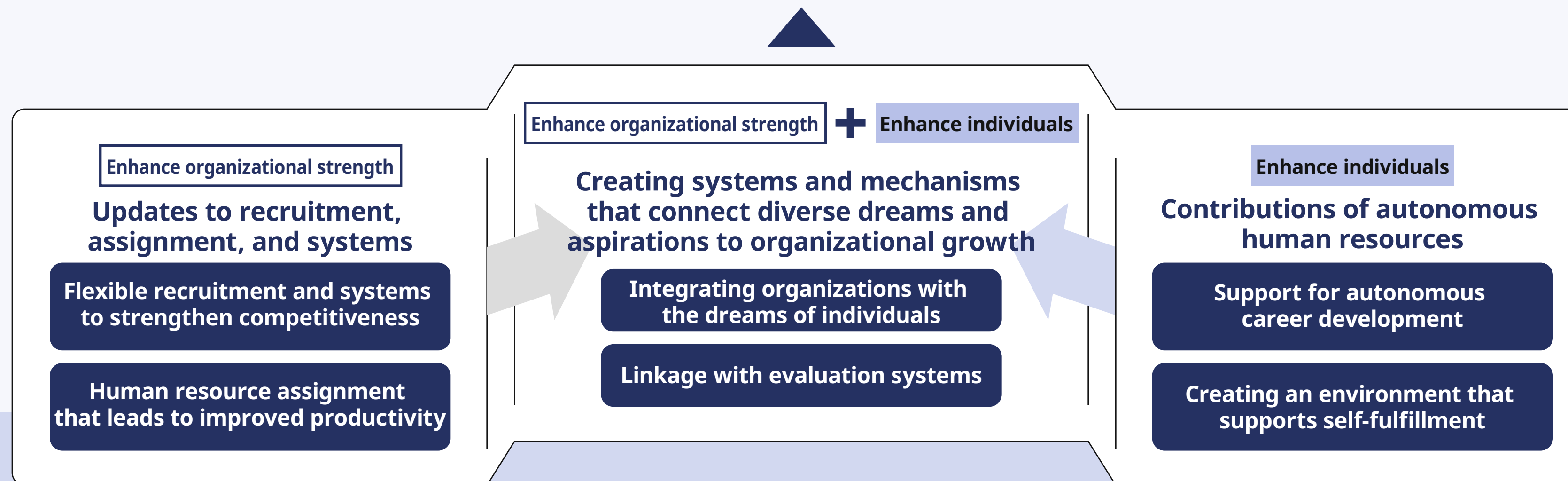
Implementation item 1: Deepening of green strategy

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

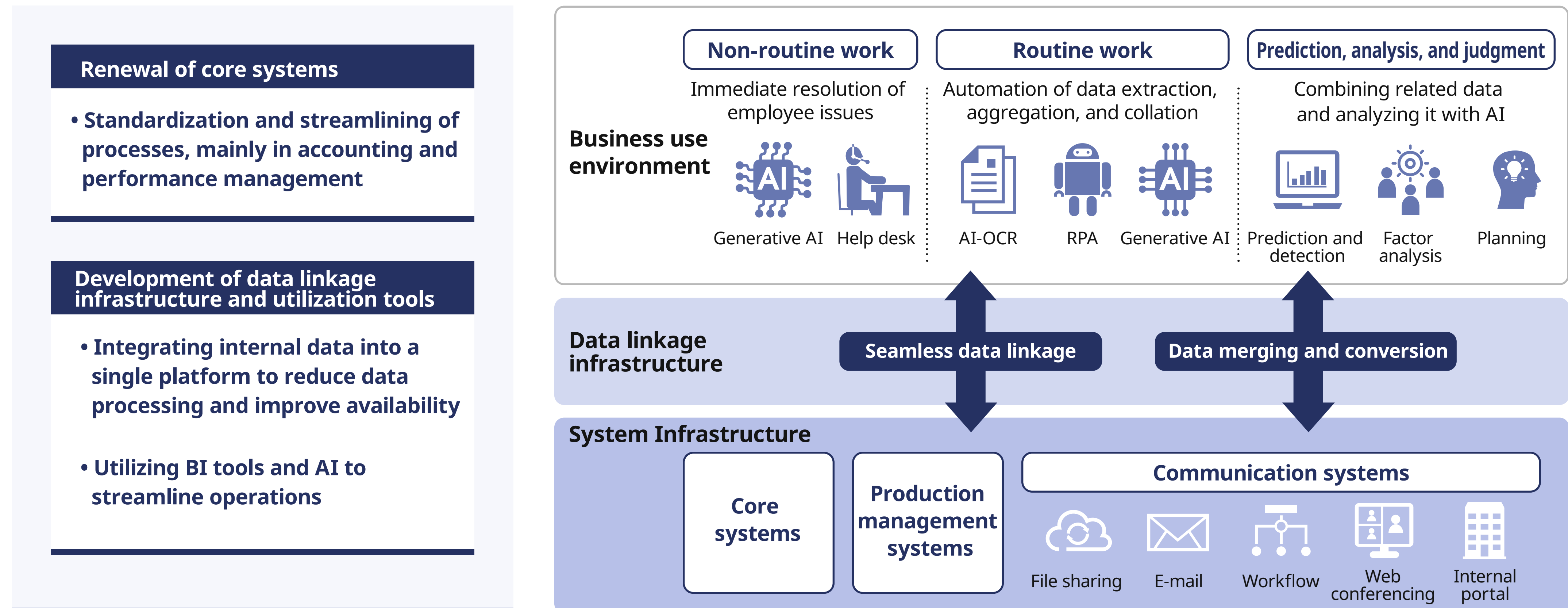
Update each type of capital, which is the root of value creation, and link it to further value creation

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

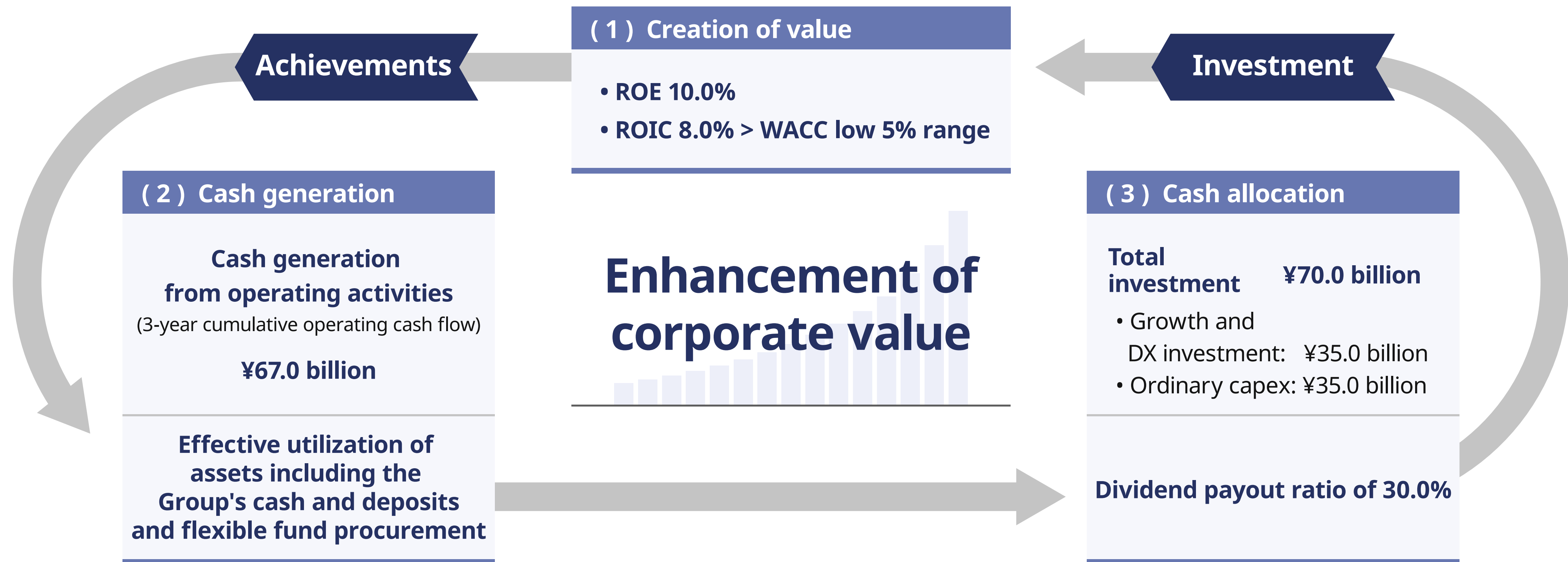
(1) Financial and Non-Financial Indicators

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 (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	1	3 or more (FY2030)	
	Non-Japanese presidents 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.

- 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	¥111.0 billion
Net sales	¥86.4 billion	¥105.6 billion	¥111.0 billion
Operating income	¥7.9 billion	¥8.6 billion	¥10.5 billion

Strengths

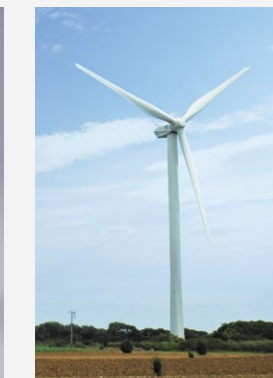
- Environmentally friendly products and optimal cost and supply capabilities, including overseas sites
- System compatibility and power conversion technology, including storage batteries
- O&M expertise related to renewable energy sources (hydropower and wind power)



SF₆ 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 (SF₆)

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 SF₆ 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	¥115.0 billion
Net sales	¥96.3 billion	¥100.8 billion	¥113.0 billion
Operating income	¥3.0 billion	¥2.6 billion	¥3.5 billion

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	¥100.0 billion
Net sales	¥72.0 billion	¥83.3 billion	¥95.0 billion
Operating income	¥1.1 billion	¥1.3 billion	¥3.5 billion

Strengths

Semiconductors

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



Vacuum capacitor



Pulse power supply



Pure Ozone Generator

Motor drives

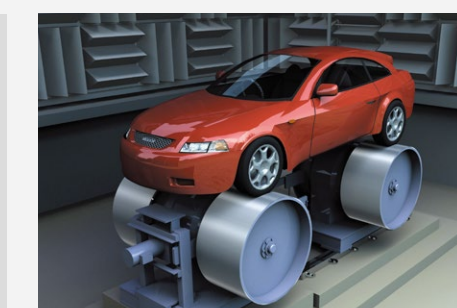
Diverse products utilizing motor drive (motor control) technology



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)	Short-medium term
	• Establishment of overseas R&D sites to realize product development and sales proposals tailored to customer needs	Medium-long 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

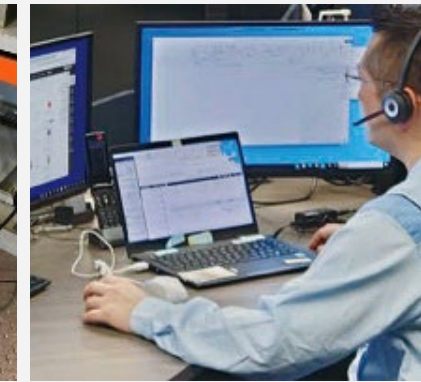
FY2027 Earnings Targets			
	FY2024 Result	FY2025 Forecast	FY2027 Plan
Orders	¥51.4 billion	¥49.5 billion	¥54.0 billion
Net sales	¥49.5 billion	¥47.2 billion	¥50.0billion
Operating income	¥9.9 billion	¥8.8 billion	¥9.0 billion

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.