

SUMIDA CORPORATION (TYO: 6817)

Profitability has improved, strengthening the downside rigidity of earnings

◇ Highlights of results for the second quarter (first half) of FY12/2025: profitability improved markedly

Sumida Corporation (the "Company") announced on July 31, 2025, the results for the second quarter (first half) of the fiscal year ending December 2025. While revenue recorded a slight YoY decline, operating profit, interim profit before income taxes, and interim profit attributable to owners of the parent recovered. The effects of profitability improvements, including the cost structure reform implemented at the end of last year, have become evident.

For the first half, revenue was 71.17 billion yen (down 2.6% YoY), operating profit was 3.36 billion yen (up 44.2% YoY), interim profit before income taxes was 2.17 billion yen (up 196.6% YoY), and interim profit attributable to owners of the parent 1.66 billion yen (up 243.0% YoY). In the second quarter alone, revenue was 35.7 billion yen (down 2.6% YoY) and operating profit was 2.1 billion yen (up 86.9% YoY), indicating that profitability improvements have continued for two quarters.

The key points of these results are the following three.

First, revenue was weak. Automotive Electronics declined to 42.98 billion yen (down 5.4% YoY) due to sluggish sales to European manufacturers; Industrial Electronics softened to 18.07 billion yen (down 0.8% YoY) due to weakness in xEV rapid-charging infrastructure and solar power generation-related business in Europe. Consumer Electronics performed well at 10.11 billion yen (up 7.3% YoY); however, this was helped by compensation received from certain customers for reduced order volumes, and excluding this factor, the segment appears to be stagnant.

Financial Results (Revenue by Market / Region / Green Energy-related Revenue)



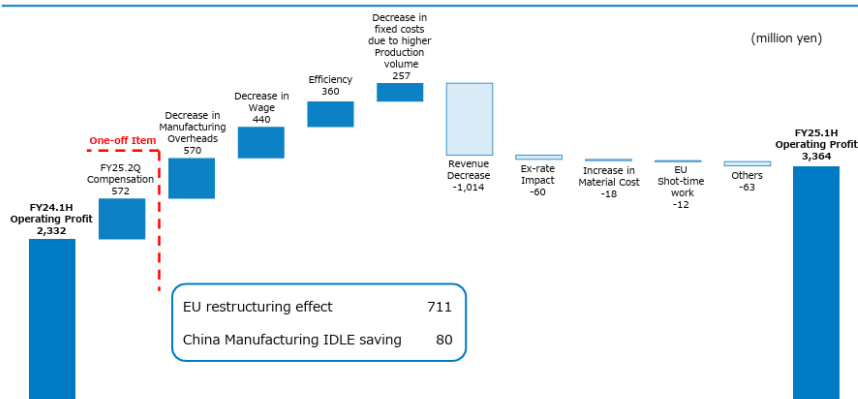
(billion yen)							
By region		FY25.2Q YoY		By market		FY25.2Q YoY	
Asia	14.0	-7.4%		Automotive	20.9	-7.0%	
North America	7.3	+10.3%		Industrial	8.9	+1.0%	
Europe	14.3	-3.6%		CE	5.8	+9.9%	
Total	35.7	-2.6%		Total	35.7	-2.6%	

Green energy-related revenue		FY25.2Q YoY	
xEV - Automotive	4.5	-10.7%	
Industrial - xEV Quick charger, Solar energy, energy storage, etc.	4.6	+8.5%	
Total	9.1	-1.9%	
Green Energy-related Revenue Ratio	25.7%	+0.2pt	

Source: Company material

Second, despite the above, profitability improved. Completion of restructuring in Europe, progress in optimizing manufacturing overhead in China, and the compensation mentioned above enabled higher profit despite lower revenue. As a result, the first half appears to have landed in line with the Company's plan.

Operating Profit Bridge Analysis - FY2024.1st Half vs FY2025.1st Half -



Source: Company material

2Q update report

Electrical equipment

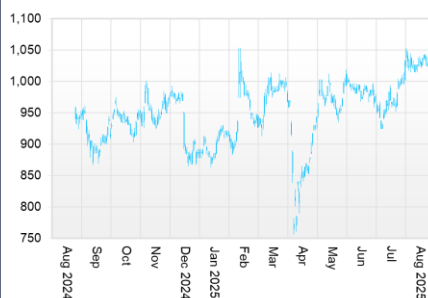
As of August 26, 2025

Share price (8/25)

1,056 Yen

52weeks high/low	¥757/1,064
Avg Vol (3 month)	227.9 ^{thou} shrs
Market Cap	¥34.96 bn
Enterprise Value	¥86.16 bn
PER (12/25 CE)	10.9 X
PBR (12/24 act)	0.61 X
Dividend Yield (12/25 CE)	5.0 %
ROE (12/24)	1.0 %
Operating margin (12/24)	3.1 %
Beta (5Y Monthly)	0.93
Shares Outstanding	33.108 mn shrs
Listed market	TSE Prime section

Share price performance



%	1M%	3M%	12M%
Share price	6.13	10.58	11.04
TSE TOPIX	5.20	13.52	15.67

Points of interest

A global leader in coil products. It provides a wide range of custom products to leading customers worldwide. In recent years, it has grown its results in so-called "green energy-related" fields. That said, the business environment is currently in a lull. Although there are many uncertainties, such as tariff issues, the Company has moved quickly to strengthen its cost structure and is delivering results. Key points to watch are whether "green energy-related" will, while broadening its base, drive the Company's earnings; whether, as a result, the operating profit margin and ROE will increase toward the assumptions of the Mid-Term Business Plan; and whether, in turn, PBR will exceed 1x.

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Third, there are no issues with inventory trends. Amid lower revenue, inventory turnover days were 79 days, eight days fewer YoY.

◆ **Forecast for FY12/2025: unchanged; assumes continued profitability improvement**

The full-year earnings forecast has been left unchanged.

Revenue of 144.0 billion yen (flat YoY), operating profit of 7.0 billion yen (up 55.1% YoY), profit before income taxes of 4.08 billion yen (up 214.9% YoY), and profit attributable to owners of the parent of 3.20 billion yen (up 441.5% YoY). There are also no changes to basic earnings per share of 96.83 yen and an annual dividend per share of 53 yen.

◆ **Stock price trends and points to watch going forward**

The Company's stock price edged higher following the announcement of results for the first quarter of FY12/2025, and at present, the 1,000-yen level has taken hold. Viewed over the long term, it is supported by a gentle upward trendline since 2012. Behind this are factors such as a PBR of around 0.6x and, as confirmed in these results, the successful securing of profitability even amid declining revenue, limiting downside risk. On the other hand, a resistance line has also formed from the 2017 high of 2,400 yen, and the stock price is within a large symmetrical triangle pattern.

Given this positioning of the stock price, points to watch going forward are whether downside risk on the earnings front will diminish further and whether new drivers of revenue will emerge, centered on the green energy-related fields on which the Company is focusing, enabling a return to a trend of higher revenue and profit and a recovery in ROE. If a prospect takes shape for stably achieving ROE over the cost of capital, there is a possibility that PBR will exceed 1x and the stock will break out of the triangle pattern to the upside, which merits attention.

Points to check in the near term are as follows.

- **Success or failure in securing profitability at present:** According to the full-year forecast, increases in both revenue and profit are needed in the second half. However, according to the financial results presentation materials, there are signs of slowing demand at present. In particular, while the Company's direct impact from U.S. tariff policy is slight, its customer base will not be immune, and indirect effects on the Company are conceivable. Accordingly, it will be necessary each quarter to check whether further optimization of manufacturing overhead in China progresses, whether the Company can respond flexibly to customers by leveraging it made in market framework, and whether profit and loss are steadily secured as a result.
- **Continued accumulation of acquired projects:** It is essential that newly acquired projects, as a leading indicator of the Company's medium-term results, continue to accumulate steadily in line with the Mid-Term Business Plan. While xEV-related and solar power generation-related areas are showing increasingly different market trends by region, attention will focus on whether these can be reliably converted into projects and whether project formation will progress for rising demand, across regions, for AI-related storage batteries and the like. As a result, it is hoped that the likelihood of achieving the specific numerical targets set out in the new Mid-Term Business Plan, revenue of 190.0 billion yen and operating profit of 13.5 billion yen, will increase.

Note also that attention is required to fluctuations in exchange rate trends and prices of key raw materials such as copper.

Outlook for the Business Environment



According to the current revenue forecast, a sign of decline in demand is seen in the second half. We will take actions flexibly to secure profits while monitoring the future market trends.

Environment	<p>The business environment is becoming increasingly uncertain due to the Trump tariff policy and the ceasefire negotiations between Russia and Ukraine. There are also concerns about economic downturns in the United States and China. Conversely, in Europe, where the manufacturing sector has been in a prolonged slump, the German government has announced an expansionary fiscal policy to stimulate the economy and enhance defense capabilities through increased investments in infrastructure and defense-related sectors.</p> <p><small>* A 500 billion EUR infrastructure fund will be set up over the next decade to invest in key areas such as transportation, energy grids, and housing</small></p> <p><small>* Defense and security spending will be excluded from the debt brake</small></p>		
Impacts/ risks	<p>At present, the greatest risk factor is Trump tariff policy.</p> <p>A number of possible impacts are conceivable, although we rarely do customs clearance procedures in our transactions.</p>		
	Category	Details	Impact on the Group
	Direct impact	✓ Trades in which the Group directly pays the tariff	Minor
	Indirect impact	✓ If additional costs reflecting the tariff are passed on to consumers: Possibility of a decline in final demand ✓ If they are passed on to companies: Pressure to cut prices in each phase of the supply chain	Potential impact exists.
Response	Other	✓ Impact of exchange rate fluctuations on profitability	Potential impact exists.
	✓ Responding flexibly to customers by leveraging the "Made in Market" system that enables design, manufacturing, and sales to be completed within each region		
	Improving the breakeven point further (such as by optimizing indirect personnel in China and further restricting expenses)		
	✓ Pass-through the increase to customers		
	✓ Development of growth markets		

Source: Company material

Company profile

Since its founding in 1950, it has been a global leader in the design and manufacturing of coil-related components and modules. Leveraging advanced technical design capabilities cultivated through many years of experience, proprietary manufacturing know-how, the ability to expand into a wide range of applications, and a solid global production structure, it operates mainly as a custom-made contract manufacturing business for major customers around the world under a “Made in Market” model. The Company’s business is characterized by a well-balanced, decentralized portfolio both geographically and by market segment.

In recent years, it has grown its results in so-called “green energy-related” fields. That said, the business environment is currently in a lull. Moreover, although there are many uncertainties, such as tariff issues, the Company has moved quickly to strengthen its cost structure and is delivering results.

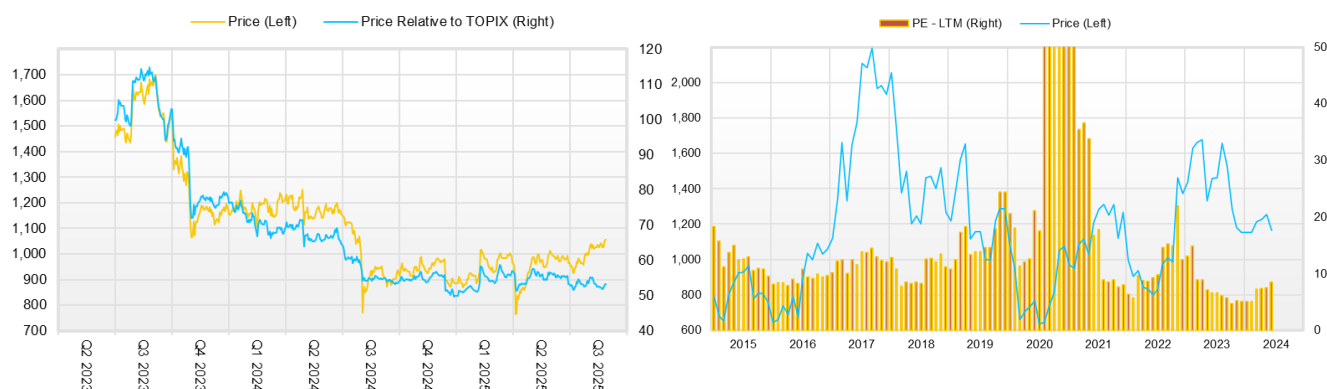
Key points to watch going forward are whether “green energy-related” will, while broadening its base, drive the Company’s earnings; whether, as a result, the operating profit margin and ROE will increase toward the assumptions of the Mid-Term Business Plan; and whether, in turn, PBR will exceed 1x.

Key financial data

Unit: million yen	2020	2021	2022	2023	2024	2025 CE
Sales	84,417	104,920	138,600	147,672	143,978	144,000
EBIT (Operating Income)	2,300	5,669	7,983	8,829	5,633	
Pretax Income	1,470	3,898	6,534	5,856	1,295	
Net Profit Attributable to Owner of Parent	828	2,629	5,099	5,064	590	3,200
Cash & Short-Term Investments	5,237	4,237	2,944	3,107	4,286	
Total assets	98,063	117,725	134,846	142,786	147,766	
Total Debt	44,586	54,763	58,546	57,198	57,975	
Net Debt	39,349	50,526	55,602	54,091	53,689	
Total liabilities	63,503	77,622	85,966	85,471	86,849	
Total Shareholders' Equity	32,990	38,338	46,829	55,056	58,648	
Net Operating Cash Flow	9,107	600	10,566	18,343	14,928	
Capital Expenditure	6,765	6,737	9,174	10,914	9,005	
Net Investing Cash Flow	-6,669	-6,712	-8,174	-10,702	-8,834	
Net Financing Cash Flow	-447	4,751	-4,130	-7,782	-5,268	
Free Cash Flow	3,118	-5,212	2,362	8,539	7,068	
ROA (%)	0.85	2.44	4.04	3.65	0.41	
ROE (%)	2.51	7.37	11.98	9.94	1.04	
EPS (Yen)	30.5	96.7	187.5	167.4	17.9	96.8
BPS (Yen)	1,213.7	1,409.8	1,722.1	1,687.4	1,774.6	
Dividend per Share (Yen)	9.00	28.00	47.00	51.00	53.00	53.00
Shares Outstanding (Million shares)	27.44	27.44	27.44	32.88	33.10	

Source: Omega Investment from company materials

Share price





Financial data (quarterly basis)

Unit: million yen	2024/12			2025/12				2026/12	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
(Income Statement)									
Sales	37,662	37,718	36,739	36,313	36,752	36,470	34,442	35,390	35,780
Year-on-year	15.4%	-2.7%	-2.4%	2.1%	-2.4%	-3.3%	-6.3%	-2.5%	-2.6%
Cost of Goods Sold (COGS)	31,927	31,752	32,584	32,014	32,263	31,656	30,037	31,007	30,524
Gross Income	5,735	5,966	4,155	4,299	4,489	4,814	4,405	4,383	5,256
Gross Income Margin	15.2%	15.8%	11.3%	11.8%	12.2%	13.2%	12.8%	12.4%	14.7%
SG&A Expense	3,142	3,090	3,006	3,218	3,353	3,091	2,713	3,151	3,059
EBIT (Operating Income)	2,593	2,876	1,149	1,081	1,136	1,723	1,692	1,232	2,197
Year-on-year	92.2%	-8.5%	-56.3%	-51.1%	-56.2%	-40.1%	47.3%	14.0%	93.4%
Operating Income Margin	6.9%	7.6%	3.1%	3.0%	3.1%	4.7%	4.9%	3.5%	6.1%
EBITDA	4,828	5,283	3,718	3,707	3,956	4,552	4,439	3,809	5,618
Pretax Income	2,419	1,426	387	464	268	951	-389	802	1,372
Consolidated Net Income	2,050	1,060	757	313	114	710	-703	580	1,053
Minority Interest	7	-23	53	-35	-23	-46	-52	-5	-29
Net Income ATOP	2,043	1,083	702	348	137	756	-652	585	1,082
Year-on-year	230.6%	-47.8%	-66.0%	-71.8%	-93.3%	-30.2%	-192.9%	68.1%	689.8%
Net Income Margin	5.4%	2.9%	1.9%	1.0%	0.4%	2.1%	-1.9%	1.7%	3.0%
(Balance Sheet)									
Cash & Short-Term Investments	9,903	6,439	3,107	6,002	5,156	4,750	4,286	6,087	5,429
Total assets	150,733	149,591	142,786	152,361	159,600	143,335	147,766	144,110	142,062
Total Debt	60,772	57,166	57,198	63,785	65,509	58,303	57,975	58,367	57,039
Net Debt	50,869	50,727	54,091	57,783	60,353	53,553	53,689	52,280	51,610
Total liabilities	88,503	85,870	85,471	92,128	95,474	85,403	86,849	85,709	83,098
Total Shareholders' Equity	59,952	61,426	55,056	57,875	61,653	55,751	58,648	56,205	56,801
(Profitability %)									
ROA	5.11	4.41	3.65	2.89	1.46	1.33	0.41	0.56	1.17
ROE	14.17	11.79	9.94	7.90	3.74	3.32	1.04	1.45	2.99
(Per-share) Unit: JPY									
EPS	71.8	33.2	21.5	10.7	4.2	22.9	-19.7	17.7	32.7
BPS	1,837.4	1,882.6	1,687.4	1,773.8	1,867.5	1,687.0	1,774.6	1,700.6	1,718.1
Dividend per Share	23.00	0.00	28.00	0.00	26.00	0.00	27.00	0.00	26.00
Shares Outstanding (million shares)	32.88	32.88	32.88	32.88	33.04	33.10	33.10	33.10	33.11

Source: Omega Investment from company materials



Financial data (full-year basis)

Unit: million yen	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(Income Statement)										
Sales	86,236	81,052	90,153	97,538	94,283	84,417	104,920	138,600	147,672	143,978
Year-on-year	11.2%	-6.0%	11.2%	8.2%	-3.3%	-10.5%	24.3%	32.1%	6.5%	-2.5%
Cost of Goods Sold	71,628	66,191	75,019	82,192	81,414	73,319	89,563	119,298	126,561	125,970
Gross Income	14,608	14,861	15,134	15,346	12,869	11,098	15,357	19,302	21,111	18,008
Gross Income Margin	16.9%	18.3%	16.8%	15.7%	13.6%	13.1%	14.6%	13.9%	14.3%	12.5%
SG&A Expense	10,371	8,507	8,837	9,694	9,330	8,798	9,688	11,319	12,282	12,375
EBIT (Operating Income)	4,237	6,354	6,297	5,652	3,539	2,300	5,669	7,983	8,829	5,633
Year-on-year	26.7%	50.0%	-0.9%	-10.2%	-37.4%	-35.0%	146.5%	40.8%	10.6%	-36.2%
Operating Income Margin	4.9%	7.8%	7.0%	5.8%	3.8%	2.7%	5.4%	5.8%	6.0%	3.9%
EBITDA	8,443	9,251	9,574	9,660	8,848	8,247	12,337	16,103	18,190	16,655
Pretax Income	2,932	5,469	5,697	4,061	2,184	1,470	3,898	6,534	5,856	1,295
Consolidated Net Income	2,188	3,844	4,628	2,531	1,596	839	2,695	5,168	5,102	434
Minority Interest	156	178	123	110	13	11	66	68	37	-156
Net Income ATOP	2,032	3,666	4,504	2,420	1,582	828	2,629	5,099	5,064	590
Year-on-year	51.0%	80.4%	22.9%	-46.3%	-34.6%	-47.7%	217.5%	94.0%	-0.7%	-88.3%
Net Income Margin	2.4%	4.5%	5.0%	2.5%	1.7%	1.0%	2.5%	3.7%	3.4%	0.4%
(Balance Sheet)										
Cash & Short-Term Investments	3,569	3,546	5,375	4,098	3,286	5,237	4,237	2,944	3,107	4,286
Total assets	67,876	69,007	84,366	94,277	96,561	98,063	117,725	134,846	142,786	147,766
Total Debt	33,879	30,611	35,836	40,206	43,646	44,586	54,763	58,546	57,198	57,975
Net Debt	30,310	27,065	30,461	36,108	40,360	39,349	50,526	55,602	54,091	53,689
Total liabilities	49,207	46,982	54,242	58,835	61,963	63,503	77,622	85,966	85,471	86,849
Total Shareholders' Equity	17,411	20,629	28,570	33,829	33,013	32,990	38,338	46,829	55,056	58,648
(Cash Flow)										
Net Operating Cash Flow	5,515	8,291	3,658	4,672	8,732	9,107	600	10,566	18,343	14,928
Capital Expenditure	4,448	5,024	9,511	9,610	8,302	6,765	6,737	9,174	10,914	9,005
Net Investing Cash Flow	-4,366	-4,961	-9,254	-15,153	-8,133	-6,669	-6,712	-8,174	-10,702	-8,834
Net Financing Cash Flow	-1,054	-3,016	7,389	9,477	-1,261	-447	4,751	-4,130	-7,782	-5,268
Free Cash Flow	1,137	3,941	-5,173	-3,769	1,379	3,118	-5,212	2,362	8,539	7,068
(Profitability)										
ROA (%)	2.95	5.36	5.87	2.71	1.66	0.85	2.44	4.04	3.65	0.41
ROE (%)	11.98	19.27	18.31	7.76	4.74	2.51	7.37	11.98	9.94	1.04
Net Margin (%)	2.36	4.52	5.00	2.48	1.68	0.98	2.51	3.68	3.43	0.41
Asset Turn	1.25	1.18	1.18	1.09	0.99	0.87	0.97	1.10	1.06	0.99
Assets/Equity	4.07	3.60	3.12	2.86	2.86	2.95	3.03	2.97	2.72	2.56
(Per-share) Unit: JPY										
EPS	87.5	157.9	176.4	90.2	58.3	30.5	96.7	187.5	167.4	17.9
BPS	750.1	888.8	1,069.6	1,250.0	1,216.1	1,213.7	1,409.8	1,722.1	1,687.4	1,774.6
Dividend per Share	26.00	34.00	45.00	27.00	24.00	9.00	28.00	47.00	51.00	53.00
Shares Outstanding (million shares)	23.94	23.94	27.44	27.44	27.44	27.44	27.44	27.44	32.88	33.10

Source: Omega Investment from company materials



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