

SUMIDA CORPORATION (TYO: 6817)

We reconfirmed the strengthening of the earnings structure. There are signs of a recovery in the industrial field. Growth visibility is increasing through AI data center equipment and M&A.

◆ Highlights of 3Q FY12/2025 results: profitability improvements have taken hold

Sumida Corporation (the "Company") announced its third-quarter results for the fiscal year ending December 2025 on October 31, 2025. Although revenue posted a slight YoY decline, operating profit, profit before income taxes, and profit attributable to owners of the parent all recorded substantial YoY increases. The effects of profitability improvements, including cost structure reforms, continue to manifest.

Cumulative revenue came to 108.07billion yen (down 1.3% YoY), operating profit was 5.48 billion yen (up 33.7% YoY), profit before income taxes for the quarter was 3.62 billion yen (up 115.4% YoY), and profit attributable to owners of the parent for the quarter was 2.67 billion yen (up 115.6% YoY). In the third quarter alone, revenue was 36.9 billion yen (up 1.2% YoY) and operating profit was 2.1 billion yen (up 19.8% YoY), resulting in higher revenue and profit.

The key points of these results are as follows.

First, overall earnings trends were broadly in line with expectations, and there were some signs of improvement on the demand side. As in the second quarter, Automotive-related demand remained relatively weak, but Industrial and CE-related demand increased. In the Industry segment, in addition to xEV rapid chargers, batteries for data center applications in North America also acted as drivers. A recovery in the overall industrial equipment market has also begun to come into view. Revenue from green energy-related fields was 9.7 billion yen in the June–September period, marking a halt in the YoY decline.

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

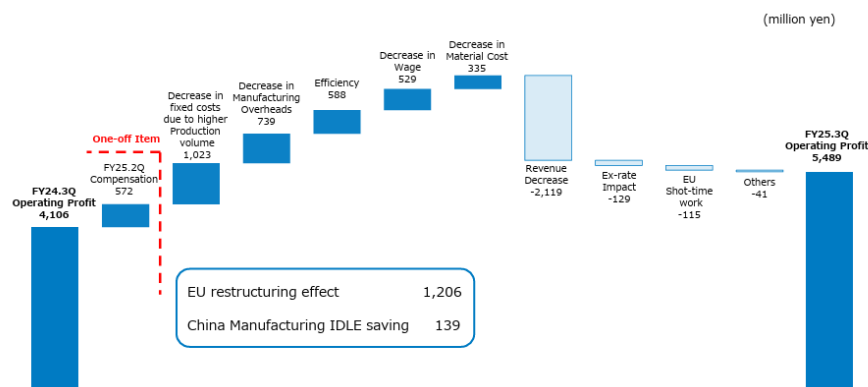


(billion yen)					
By region		By market		Green energy-related revenue	
	FY25.3Q YoY		FY25.3Q YoY		FY25.3Q YoY
Asia	15.4 +4.6%	Automotive	20.9 -7.4%	xEV - Automotive	4.4 -19.0%
North America	7.1 +1.2%	Industrial	10.0 +17.0%	Industrial - xEV Quick charger, Solar energy, energy storage, etc.	5.3 +24.1%
Europe	14.2 -2.3%	CE*	5.8 +12.1%	Total	9.7 -0.0%
Total	36.9 +1.2%	Total	36.9 +1.2%	Green Energy-related Revenue Ratio	26.5% -0.3pt

Source: Company material

Second, cost structure reforms are progressing smoothly. As described below, the negative profit impact from lower revenue is offset by cost improvements. The business restructuring in Europe has been completed as planned, and efforts to optimize manufacturing overhead in China are also proceeding as planned. In addition, the Company has begun implementing additional measures, such as improving the efficiency of inspection operations through the use of AI.

Operating Profit Bridge Analysis - FY2024.1Q~3Q vs FY2025.1Q~3Q -



Source: Company material

3Q update report

Electrical equipment

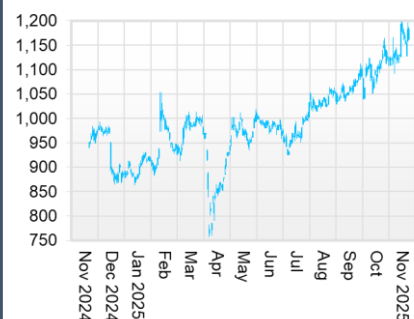
As of November 25, 2025

Share price (11/21)

1,183 Yen

52weeks high/low	¥1,198/757
Avg Vol (3 month)	247.3 ^{thou} shrs
Market Cap	¥39.17 bn
Enterprise Value	¥89.01 bn
PER (12/25 CE)	12.2 X
PBR (9/25 act)	0.66 X
Dividend Yield (12/25 CE)	4.5 %
ROE (12/24)	1.0 %
Operating margin (12/24)	3.1 %
Beta (5Y Monthly)	0.85
Shares Outstanding	33.109 mn shrs
Listed market	TSE Prime section

Share price performance



%	1M%	3M%	12M%
Share price	6.96	15.41	25.45
TSE TOPIX	1.52	6.42	22.22

Points of interest

A global leader in coil products. It supplies a wide range of custom products to leading customers worldwide. In recent years, the Company has grown its earnings in so-called "green energy-related" fields. However, the business environment is currently in a lull. While there are many uncertain factors, such as tariff issues, the Company has moved quickly to strengthen its cost structure and is starting to see results, and new growth pillars, such as AI data centers and M&A, are beginning to fall into place. Going forward, the key points to watch will be whether the "green energy-related" fields, while broadening their base, will drive the Company's earnings, whether, as a result, its operating profit margin and ROE will increase toward the levels assumed in the Mid-Term Business Plan, and, in turn, whether PBR will exceed 1x.

This report (Update report) has been prepared at the request of SUMIDA CORPORATION. For details, please refer to the Disclaimer on the last page.



Third, there are no issues with inventory trends. Inventory turnover days were 79 days, flat YoY.

◇ FY12/2025 earnings forecast: unchanged

The full-year earnings forecast and dividend forecast have been left unchanged. Revenue is projected at 144.0 billion yen (flat YoY), operating profit at 7.0 billion yen (up 55.1% YoY), profit before income taxes at 4.08 billion yen (up 214.9% YoY), and profit attributable to owners of the parent at 3.2 billion yen (up 441.5% YoY). There is also no change in basic earnings per share of 96.83 yen and an annual dividend per share of 53 yen.

The fourth quarter is not typically a period in which the Company generates a large share of its annual profit. In addition, uncertainty remains regarding U.S. tariff policy, and there is potential for a negative impact. However, given that revenue is bottoming out, the yen is weaker than initially assumed, and cost control is being rigorously enforced, it is reasonable to consider that the full-year plan is within reach.

Business Environment Outlook



The business environment will remain highly uncertain. We will continue to improve the breakeven point to secure profit while monitoring future market trends.

Environment	Uncertainty in the business environment remains high due to the Trump tariff policy and ongoing U.S.-China trade frictions. While the U.S. economy remains relatively resilient, China is showing signs of stagnation. In Europe, where the business sentiment in the manufacturing sector has yet to fully recover, the German government has announced a policy to increase investment in infrastructure and defense-related sectors. * 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 * Defense and security spending will be excluded from the debt brake		
Impacts/ risks	At present, the greatest risk factor is Trump tariff policy. A number of possible impacts are conceivable, although we rarely do customs clearance procedures in our transactions.		
	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	Potential impact exists.
		✓ If they are passed on to companies: Pressure to cut prices in each phase of the supply chain	
	Other	✓ Impact of exchange rate fluctuations on profitability	Potential impact exists.
Response	✓ 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

◇ Acquisition of Schmidbauer: accelerating the growth strategy

On August 25, 2025, the Company decided to acquire 80% of the outstanding shares of Germany's Schmidbauer and completed payment of the consideration on October 1, 2025.

Schmidbauer has a stable track record of transactions with major heavy electrical equipment companies in Europe, and specializes in the development, manufacture, and sale of large coils for industrial fields such as wind power generation, solar power, energy storage, railways, testing equipment, marine vessels, and defense.

This transaction is expected to reinforce the Company's growth strategy. In addition to Europe, Schmidbauer's customers sought to establish manufacturing and supply structures in regions such as the U.S. and China, but Schmidbauer was unable to meet these needs. Following this transaction, however, the Company will be able to make effective use of Sumida's manufacturing bases, which should facilitate the acquisition of new projects. Furthermore, cross-selling of the two companies' products and cost synergies are also expected. It should be noted that there is no overlap between the two companies' business domains.

Although the impact on this fiscal year's earnings is said to be minor, we would like to see detailed disclosure of the effects on the balance sheet, as well as on profit and cash flow, at the next earnings briefing.

About Schmidbauer

The company has great growth potential in areas with high barriers to entry, such as drive technology, renewable energy, railway, and defense.



Drive technology



Renewable Energy



Railway



Testing Equipment
(Battery, simulation)



Industrial application



Non-Road Mobile Machinery



Power Electronics



Defense

M&A of Schmidbauer (Background and Synergy)

SUMIDA	Schmidbauer
In addition to improving the break-even point, SUMIDA is working on diversifying its revenue sources. SUMIDA is looking for a partner with no overlap in customers, markets, and products.	Existing customers have been requesting that it build production capacity in outside Europe, including China and the United States. Schmidbauer faced challenges in expanding its manufacturing sites and was seeking a partner with a global manufacturing footprint.

Synergy

1. Manufacture of Schmidbauer products at SUMIDA's global footprint.

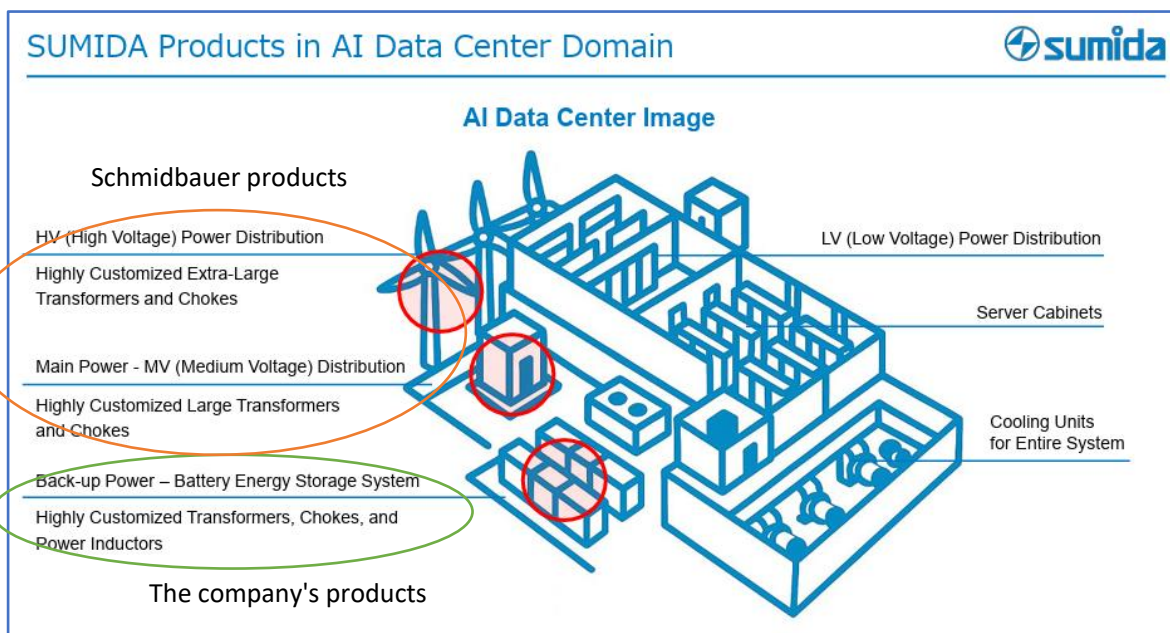
2. Mutually utilizing our technology and sales channels to expand into untapped markets.

Source: Company material



◇ Potential of the Company's products in the data center field

As suggested by these results, the potential for the Company's products in the active data center field is increasing.



Source: Company documents with our notes

The Company has strengths in the lower-left area of the chart, namely sub-power supplies—battery storage and backup power supplies. In contrast, Schmidbauer's strong fields are in the upper-left area, namely high-voltage power distribution and main power supplies. After the acquisition, the Company has positioned itself to reap substantial benefits from future increases in investment in AI data centers.

◇ Stock price trends and points to watch going forward

The Company's stock price has been on a steady upward trend since the announcement of its first-quarter FY12/2025 results, and is currently approaching the 1,200-yen level. From a longer-term perspective, it is also supported by a gentle upward trendline that has been in place since 2012. Behind this are factors such as PBR around 0.67x, steady progress in cost-structure reforms, and sustained efforts in green energy-related fields, which have high medium-term growth potential. On the other hand, a resistance line emanating from the 2017 high of 2,400 yen has also formed, and the stock price is trading within a large symmetrical triangle.

Accordingly, the key point to watch going forward will be whether PBR exceeds 1x and the stock price breaks out of the triangle pattern to the upside. The main points to focus on in the full-year results are as follows.

- **Achievement of the full-year earnings forecast:** whether the Company will achieve the forecasted earnings.
- **FY12/2026 earnings forecast:** the industrial market is growing in FA, industrial equipment, xEV rapid chargers, and AI data center-related areas, and the consumer market is also showing growth in mobile phones and AI-equipped PCs, while the effects of the Schmidbauer acquisition are expected. Cost structure reforms will also continue. As a result, despite uncertainties such as U.S. tariff policy, regional differences in stance toward green energy markets, and exchange rate trends, the key question will be whether the Company can achieve higher revenue and profit.
- **Trends in acquired projects:** the amount of acquired projects is scheduled to be updated in the full-year results. This indicates medium-term upside potential in earnings, the recovery of ROE, and its subsequent stabilization at a high level, and is seen as a potential trigger for the stock price to break out of the triangle pattern to the upside, attracting considerable attention. We hope that the likelihood of achieving the specific numerical targets set out in the new Mid-Term Business Plan—such as revenue of 190.0 billion yen, operating profit of 13.5 billion yen, and EPS of 272 yen—will increase.

In addition, attention must be paid to fluctuations in exchange rates and in the prices of key raw materials, such as copper.

Company profile

Since its founding in 1950, the Company has been a global leader in the design and manufacture of coil-related components and modules. Leveraging strengths such as 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, the Company is developing a custom-made contract manufacturing business for major customers around the world under a “Made in Market” model. A well-balanced, decentralized portfolio characterizes the Company’s business across both geography and market segments.

In recent years, the Company has grown its earnings in “green energy-related” fields. However, the business environment is currently in a lull, and there are many uncertainties, including tariff issues. Nevertheless, the Company has moved quickly to strengthen its cost structure and is steadily delivering results. Moreover, new pillars of growth, such as expanding demand in the AI data center field and the acquisition of Schmidbauer, are beginning to fall into place.

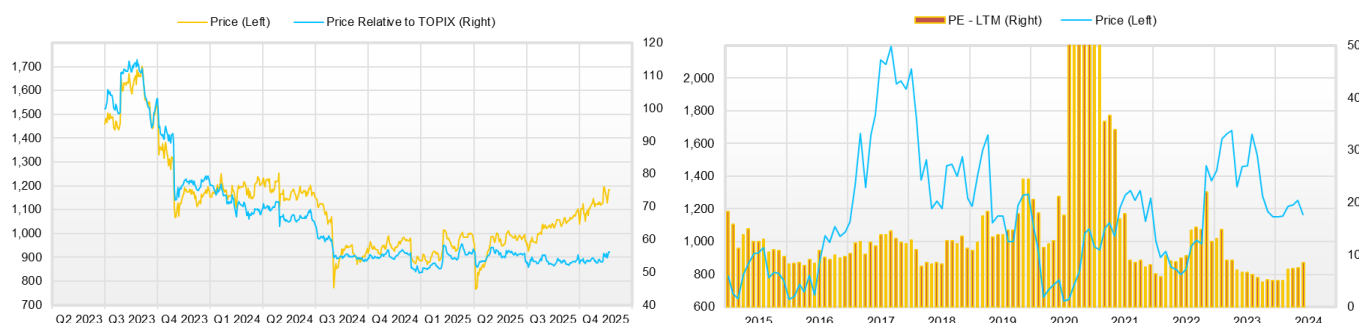
Going forward, the key point to watch will be whether “green energy-related” fields, while broadening their base, will drive the Company’s earnings, whether as a result, its operating profit margin and ROE will increase toward the levels assumed in the Mid-Term Business Plan, and, in turn, whether PBR 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	2023/12		2024/12				2025/12		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(Income Statement)									
Sales	37,718	36,739	36,313	36,752	36,470	34,442	35,390	35,780	36,906
Year-on-year	-2.7%	-2.4%	2.1%	-2.4%	-3.3%	-6.3%	-2.5%	-2.6%	1.2%
Cost of Goods Sold (COGS)	31,752	32,584	32,014	32,263	31,656	30,037	31,007	30,524	31,618
Gross Income	5,966	4,155	4,299	4,489	4,814	4,405	4,383	5,256	5,288
Gross Income Margin	15.8%	11.3%	11.8%	12.2%	13.2%	12.8%	12.4%	14.7%	14.3%
SG&A Expense	3,090	3,006	3,218	3,353	3,091	2,713	3,151	3,059	3,154
EBIT (Operating Income)	2,876	1,149	1,081	1,136	1,723	1,692	1,232	2,197	2,134
Year-on-year	-8.5%	-56.3%	-51.1%	-56.2%	-40.1%	47.3%	14.0%	93.4%	23.9%
Operating Income Margin	7.6%	3.1%	3.0%	3.1%	4.7%	4.9%	3.5%	6.1%	5.8%
EBITDA	5,283	3,718	3,707	3,956	4,552	4,439	3,809	5,618	4,662
Pretax Income	1,426	387	464	268	951	-389	802	1,372	1,455
Consolidated Net Income	1,060	757	313	114	710	-703	580	1,053	965
Minority Interest	-23	53	-35	-23	-46	-52	-5	-29	-45
Net Income ATOP	1,083	702	348	137	756	-652	585	1,082	1,010
Year-on-year	-47.8%	-66.0%	-71.8%	-93.3%	-30.2%	-192.9%	68.1%	689.8%	33.6%
Net Income Margin	2.9%	1.9%	1.0%	0.4%	2.1%	-1.9%	1.7%	3.0%	2.7%
(Balance Sheet)									
Cash & Short-Term Investments	6,439	3,107	6,002	5,156	4,750	4,286	6,087	5,429	12,256
Total assets	149,591	142,786	152,361	159,600	143,335	147,766	144,110	142,062	151,308
Total Debt	57,166	57,198	63,785	65,509	58,303	57,975	58,367	57,039	62,193
Net Debt	50,727	54,091	57,783	60,353	53,553	53,689	52,280	51,610	49,937
Total liabilities	85,870	85,471	92,128	95,474	85,403	86,849	85,709	83,098	90,181
Total Shareholders' Equity	61,426	55,056	57,875	61,653	55,751	58,648	56,205	56,801	58,947
(Profitability %)									
ROA	4.41	3.65	2.89	1.46	1.33	0.41	0.56	1.17	1.38
ROE	11.79	9.94	7.90	3.74	3.32	1.04	1.45	2.99	3.53
(Per-share) Unit: JPY									
EPS	33.2	21.5	10.7	4.2	22.9	-19.7	17.7	32.7	30.6
BPS	1,882.6	1,687.4	1,773.8	1,867.5	1,687.0	1,774.6	1,700.6	1,718.1	1,783.0
Dividend per Share	0.00	28.00	0.00	26.00	0.00	27.00	0.00	26.00	0.00
Shares Outstanding (million shares)	32.88	32.88	32.88	33.04	33.10	33.10	33.10	33.11	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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