Supplementary Information for the First Quarter Financial Results for FY2025

DAIHEN Corporation

August 5, 2025

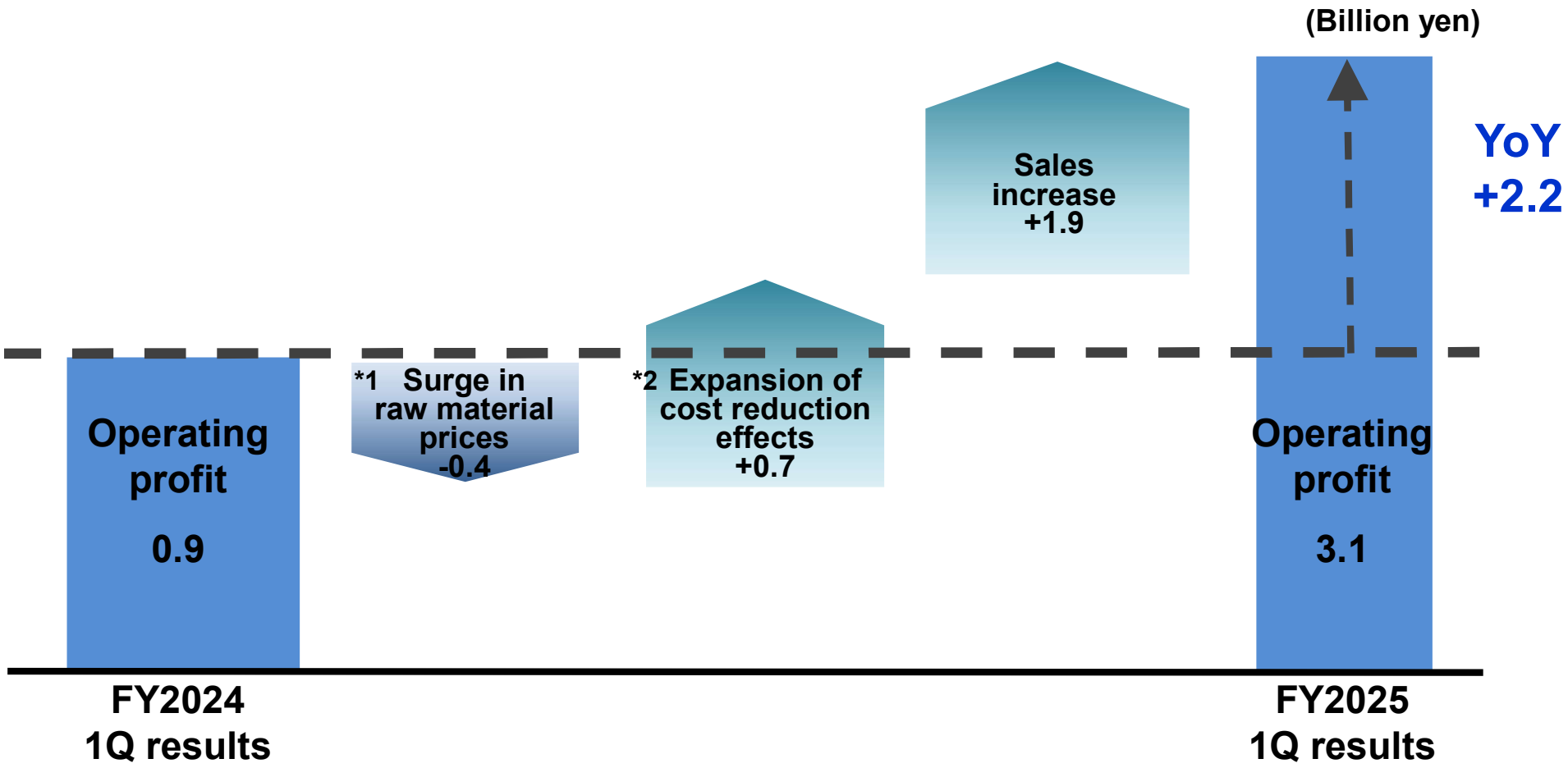
Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

FY2025 1Q Results

(Billion yen)

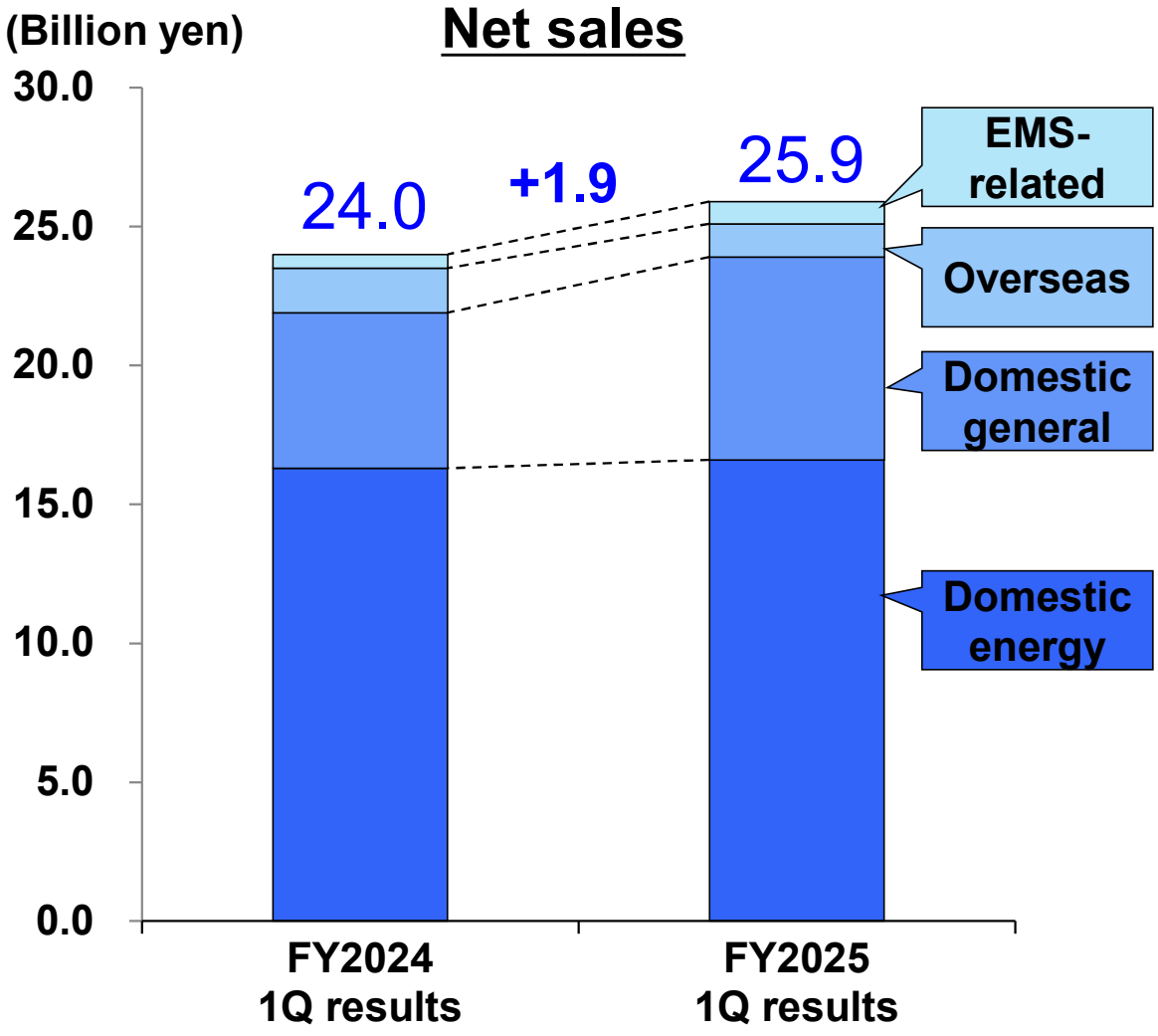
		FY2024 1Q results (1)		FY2025 1Q results (2)		YoY (2) - (1)	YoY Change
Net sales			**43.3**		**49.0**	**+5.7**	**+13.3%**
1	Energy Management		*24.0*		*25.9*	*+1.9*	*+7.8%*
2	Factory Automation		*5.5*		*6.5*	*+1.0*	*+18.1%*
3	Material Processing		*13.7*		*16.5*	*+2.8*	*+21.0%*
Operating profit		2.1%	**0.9**	6.4%	**3.1**	**2.2**	**+250.8%**
Ordinary profit		3.4%	**1.4**	7.7%	**3.7**	**2.3**	**+152.7%**
Profit attributable to owners of parent		1.5%	**0.6**	4.0%	**1.9**	**+1.3**	**+202.4%**

FY2025 1Q Factors for Changes in Operating Profit (YoY)

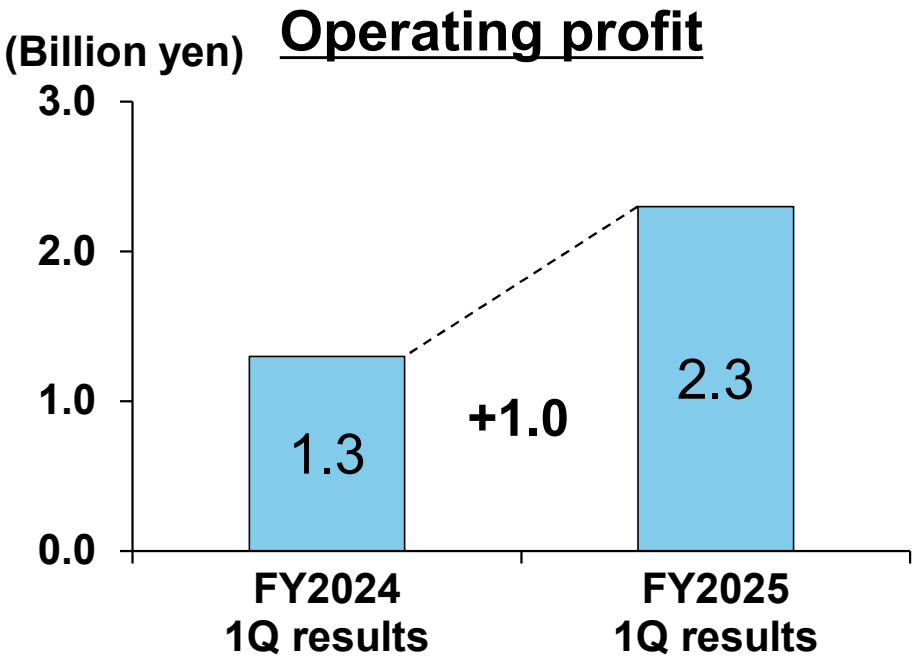


*1 Surge in raw material prices: copper and other materials
*2 Cost reduction effects: material cost savings +0.4, increased productivity +0.1, efficiency improvement in indirect operations +0.2

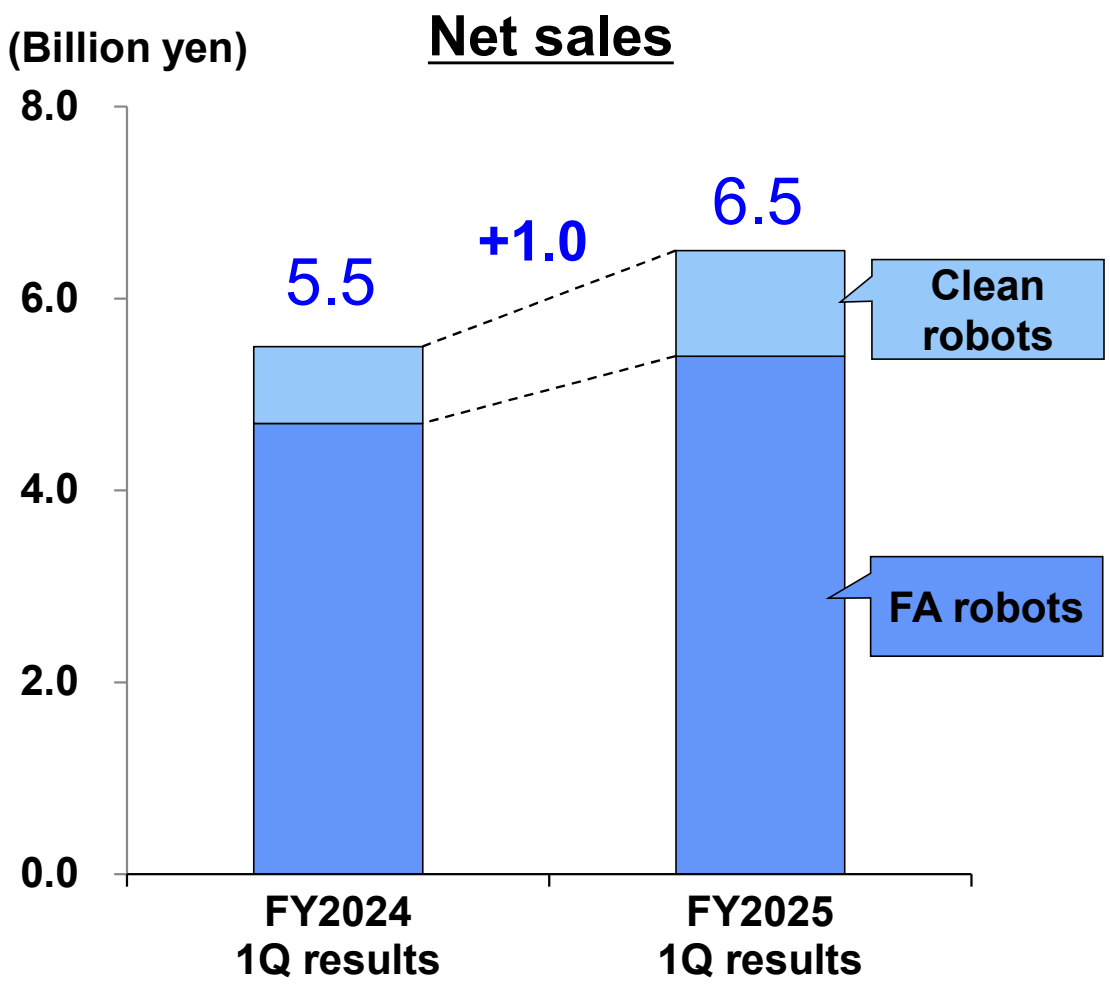
Energy Management Segment: Net Sales and Operating Profit



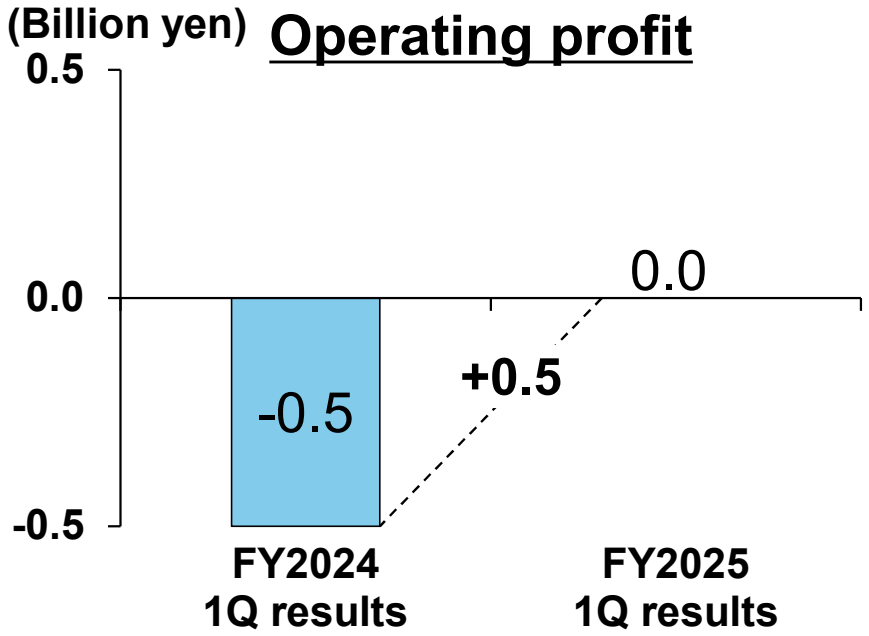
- Sales and profit increased due to increased investments in renewable energy and renewal of power receiving and distribution systems.



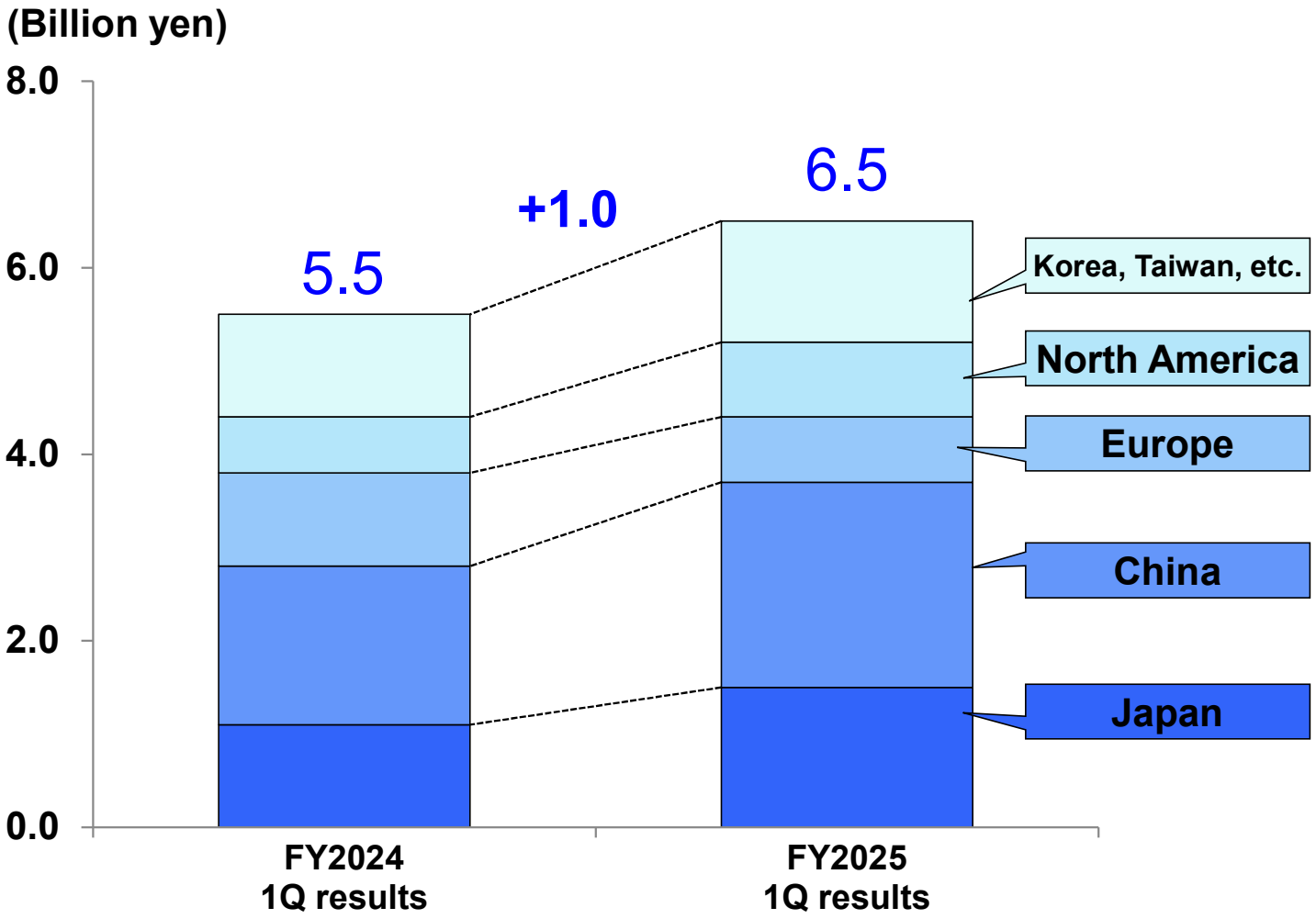
Factory Automation Segment: Net Sales and Operating Profit



- Sales and profit increased, reflecting the results of efforts to develop new customers both in Japan and overseas.
- Profit improved, driven by higher net sales and the effects of cost reduction measures.

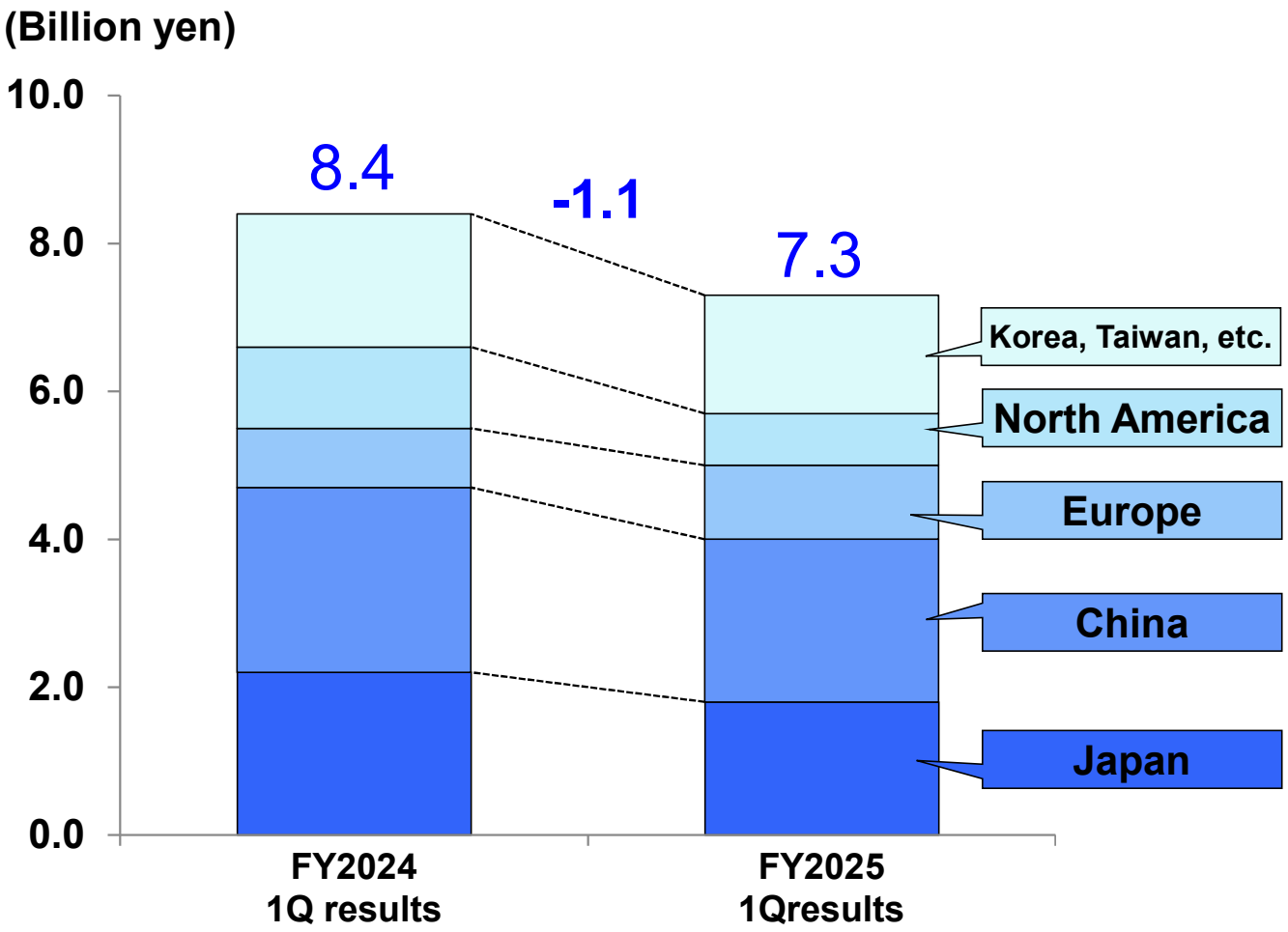


Factory Automation: Net Sales by Region



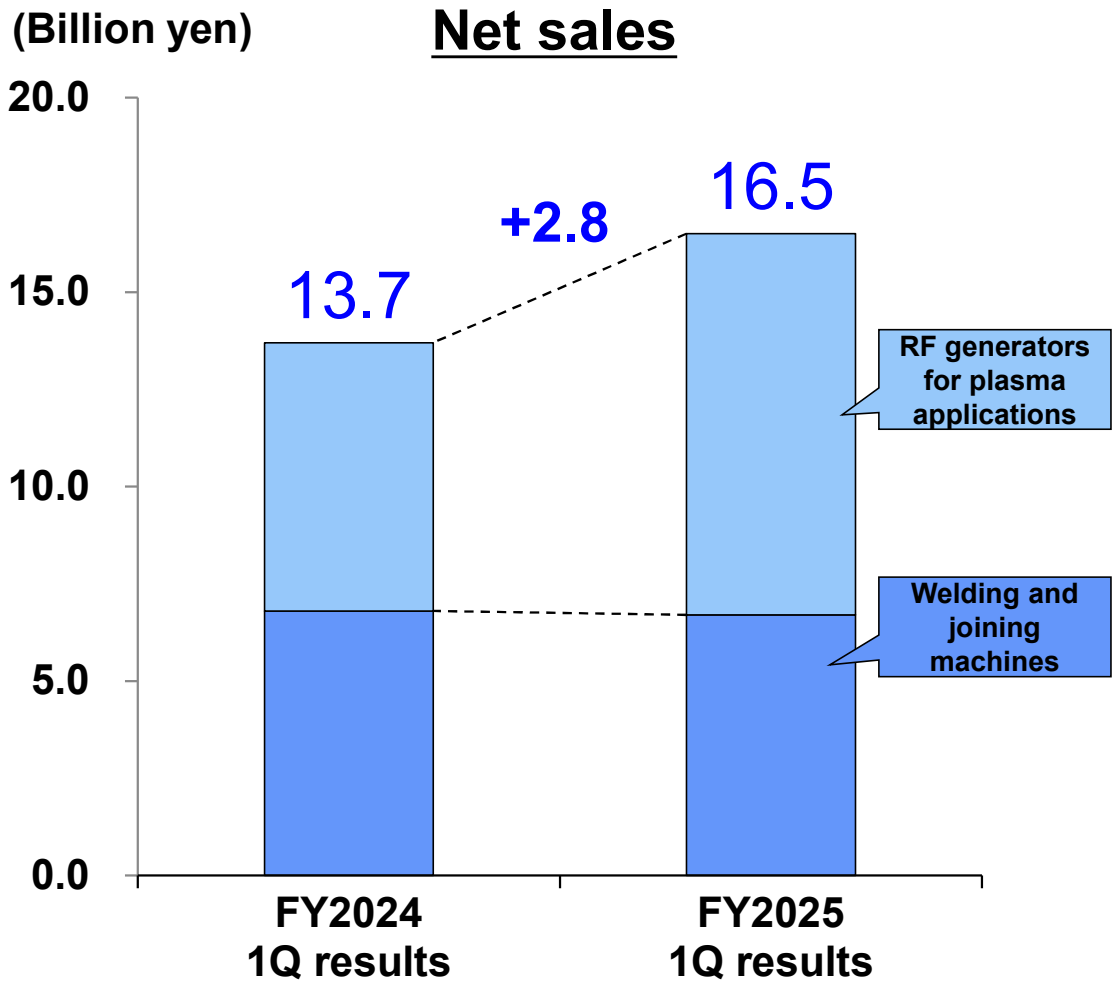
- While investments remained suppressed in Europe, sales in other regions increased.

Factory Automation: Orders Received by Region

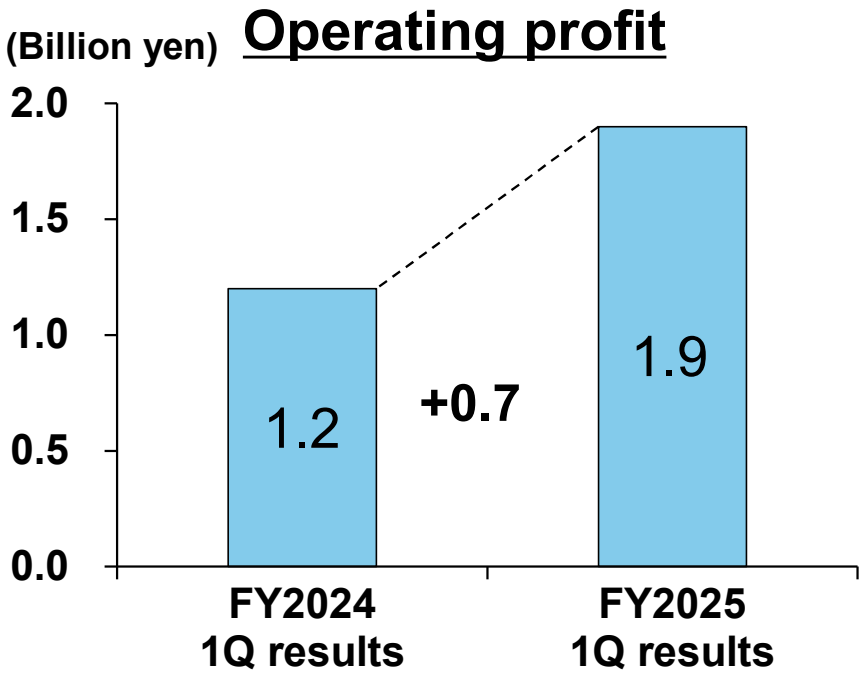


- Despite a temporary decrease in 1Q due to the timing of investments in semiconductor manufacturing equipment, orders are expected to recover to the same level as the previous corresponding period by the end of the first half, partially due to increased investments in production automation.

Material Processing Segment: Net Sales and Operating Profit



- Demand for RF generators for plasma applications remained strong due to continued investment in advanced semiconductors for generative AI.
- Sales of welding and joining machines slightly decreased due to appreciation of the yen.
- Profit increased, driven by higher net sales and the effects of cost reduction measures.



Progress on the FY2026 Medium-Term Plan Initiatives

Medium-Term Plan for FY2026

Our vision

A company that actively contributes to solving social challenges

Basic policies

Expand the scope of development that contributes to solving social challenges

- **Realize decarbonized society**
- **Eliminate labor shortages**
- **Promote digitalization**

Growth Strategies

Our vision

A company that actively contributes to solving social challenges in priority areas by integrating our proprietary technologies, such as power conversion technology, high-precision and high-speed control technology, and high-frequency technology with a variety of cutting-edge technologies

Basic policies

1. Expand the scope of development that contributes to solving social challenges
2. Innovate distributor sales and expand sales in new areas
3. Pursue automation and build an optimal production system
4. Enhance human capital based on a long-term human resource development plan

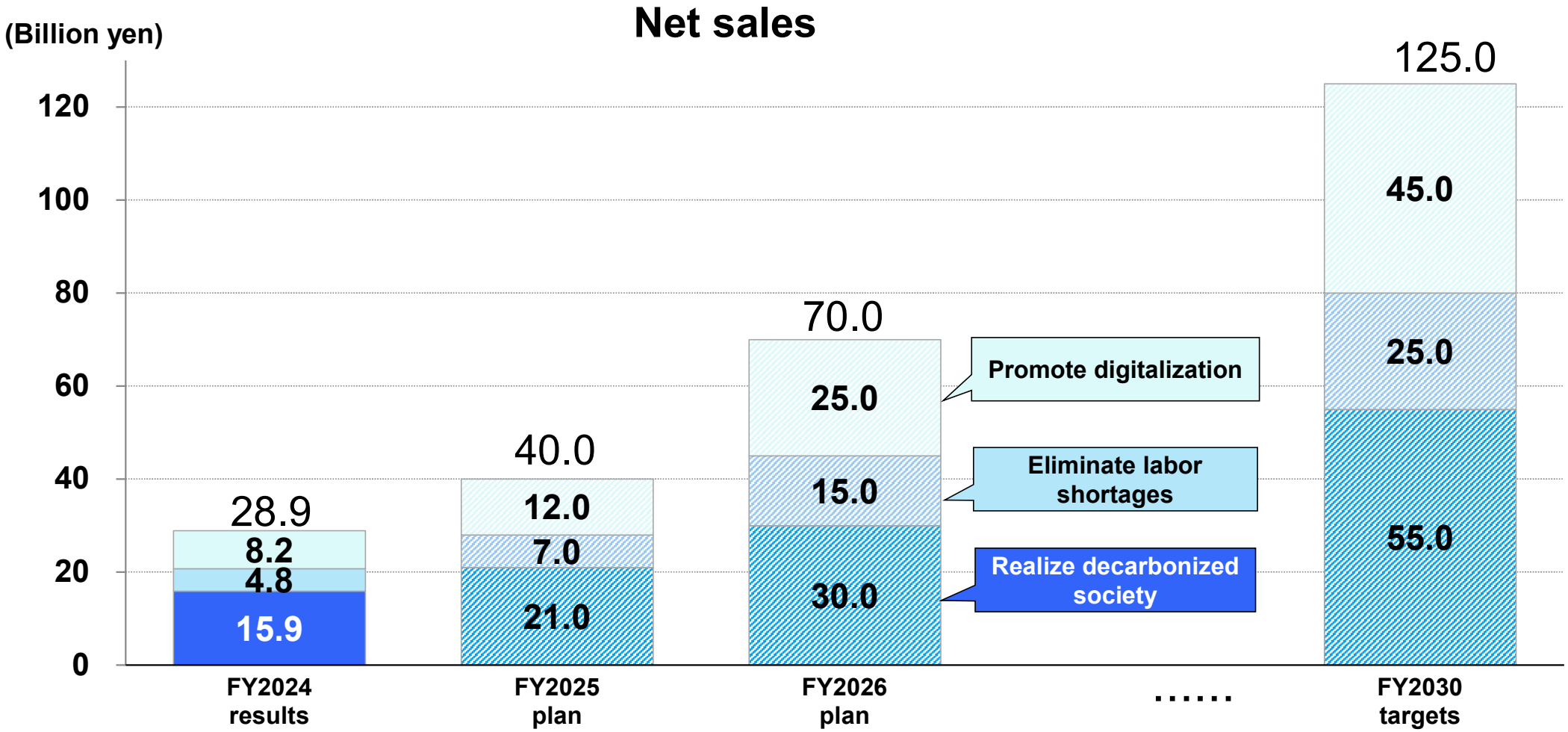
Financial targets

	(FY2024 results)	FY2026 plan	FY2030 plan
Net sales	(226.3 billion yen)	250.0 billion yen or more	300.0 billion yen or more
Ratio of operating profit to net sales	(7.1%)	10% or more	12% or more
ROE	(8.8%)	12% or more	12% or more
Development funds ratio	(4.0%)	6% or more	6% or more
Payout ratio	(33.4%)	30% or more	30% or more

Non-financial targets

CO_2 emissions (Scope 1 + 2): 46% reduction from FY2013 by FY2027
CO_2 emissions (Scope 3): 25% reduction from FY2020 by FY2030

1 Expand the Scope of Development that Contributes to Solving social challenges

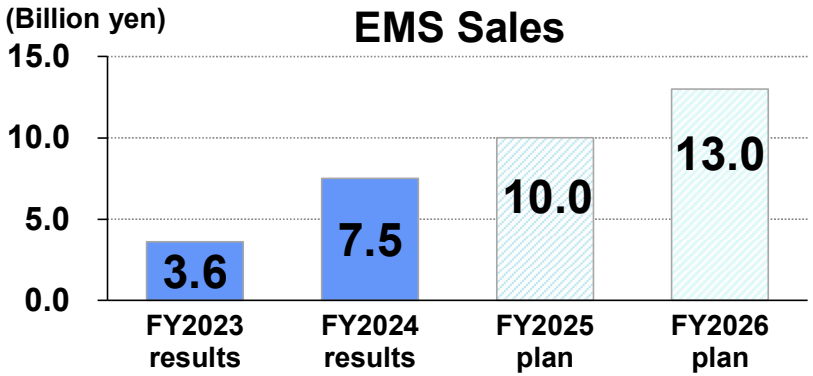


Expand the Scope of Development that Contributes to Solving social challenges

Realize decarbonated society

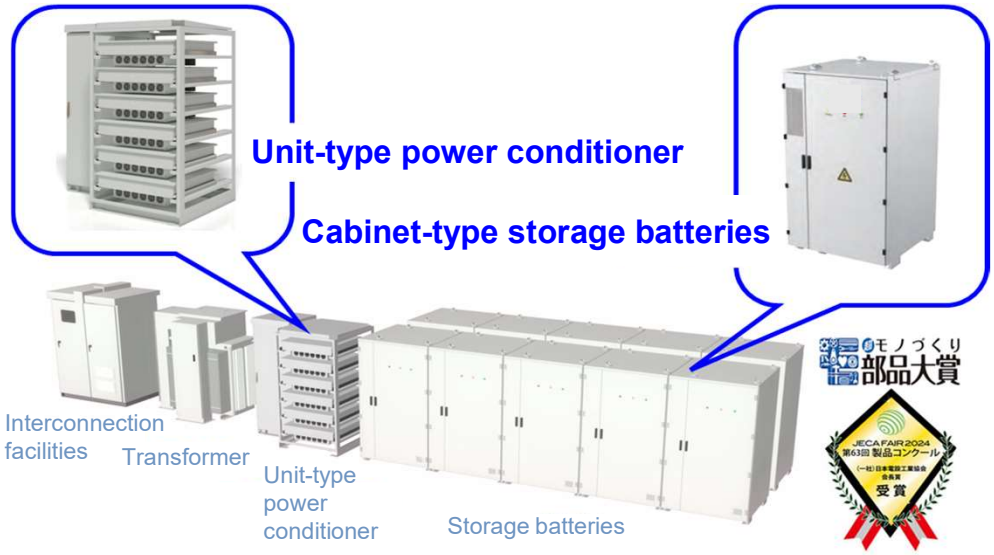
[Market Environment]

- Rising demand for storage battery installations, driven by supply-demand balancing needs and output curtailment issues at solar power plants.

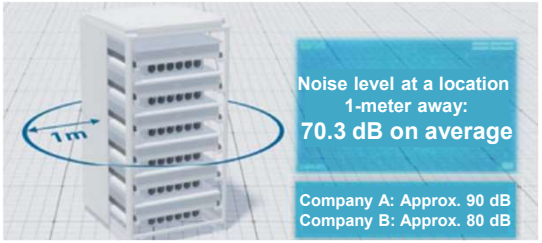


[New Product Release]

"Storage battery package" for solar power generation system **(July 2025)**



(1) Top-level low noise emissions in Japan *Researched by DAIHEN
⇒ Can be installed in urban locations



(2) Space-saving
⇒ Can be transported and installed in remote locations with narrow access roads, such as mountainous areas

(3) Can be co-located with existing solar power plants
⇒ Synergy Link is capable of controlling third-party solar power conditioners as well

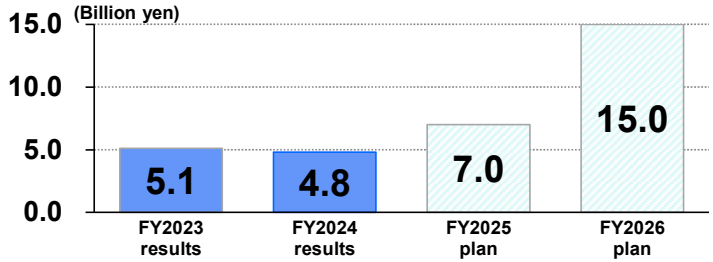
Expand the Scope of Development that Contributes to Solving social challenges

Eliminate labor shortages

[Market Environment]

- Despite uncertainties stemming from U.S. tariff policies, demand for production automation remains resilient due to labor shortages and rising wages. The industrial robotics market is expected to continue expanding over the medium to long term.

Net sales: Eliminate labor shortages



[New Product Release]

Autonomous mobile robots (April 2025)

- Launch of fully redesigned 500 kg payload model
- Achieve industry-leading precision and compact size (within its class), expanding potential application scenarios
- Capable of various transport modes including lift-up and towing

AiTran500

Collaborative robots (May 2025)

- Multi-purpose applications such as handling
- Industry-leading long reach (within its class)
- Improved operability of direct teaching function
- Equipped with high-speed mode

FD-VC8

Tablet TP (May 2025)

- Intuitive operability like a smartphone achieved by utilizing AR technology
- Interface configurable without a manual

Tablet TP

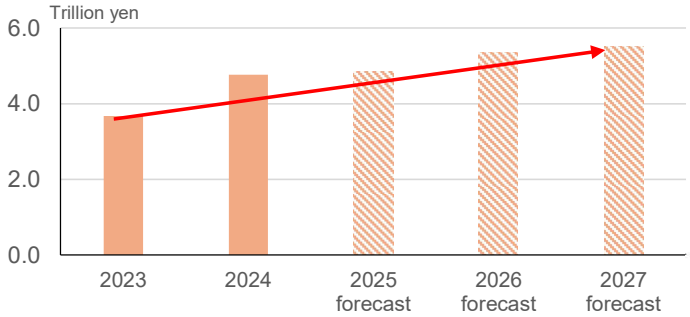
Expand the Scope of Development that Contributes to Solving social challenges

Promote digitalization

[Market Environment]

RF generator systems

- In FY2025, investments related to generative AI are expected to remain strong. Further growth is anticipated in 2026, driven by the introduction of new technologies for advanced logic and memory, as well as plans for new semiconductor plant construction.



Source: Prepared based on the data provided by Semiconductor Equipment Association of Japan (SEAJ)

[New Product Release]

Robots for atmospheric environment **(June 2025)**

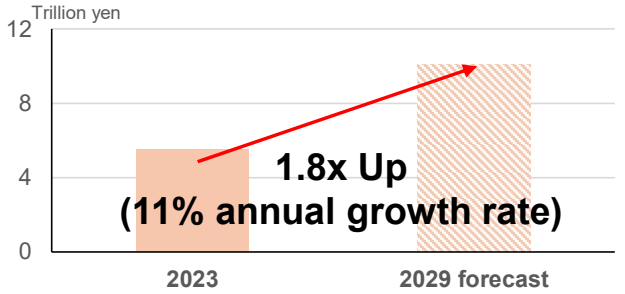
- Realizes low-vibration, low-profile, and long-stroke, enabling the expansion of our product lineup to support a wide range of transportation areas
- Industry-leading high payload (20 kg)

⇒ Adopted by a leading manufacturer in Japan as a standard model

SPR-AD020BPN

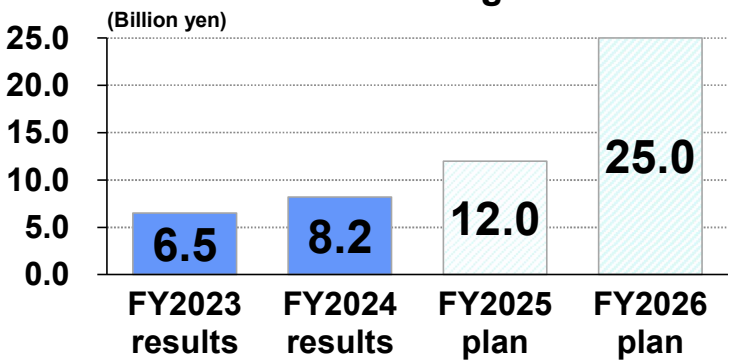
Clean transfer robots

- The advanced packaging market—including technologies such as FOPLP*, which enable semiconductor miniaturization and cost reduction— is projected to grow at an annual rate of 11% from 2023 to 2029, reaching approximately 10 trillion yen by 2029.



Source: Prepared based on the data provided by Yole Intelligence; exchange rate: 145 JPY/USD

Net sales: Promote digitalization



*FOPLP (Fan-Out Panel Level Package): A technology that is one of the advanced packaging techniques, achieving miniaturization and high integration by forming wiring layers that connect semiconductor chips and printed circuit boards on a square-shaped substrate.

Increased Demand for Power Receiving and Distribution Systems (Energy Management)

[Demand Trends]

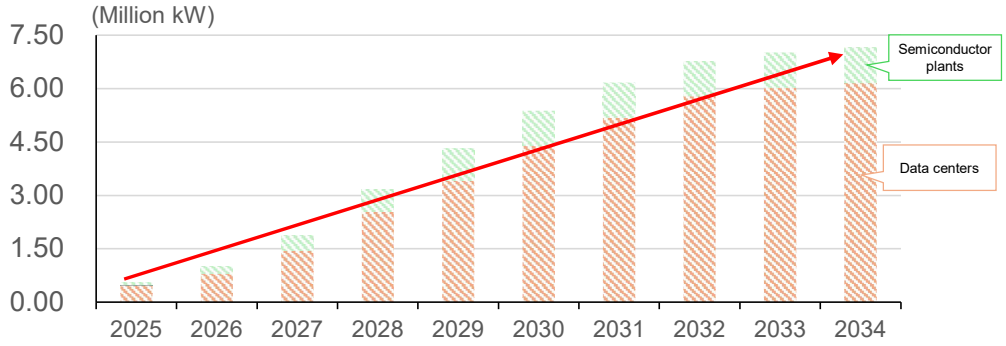
- Demand remains firm for investments in renewable energy and renewal of power receiving and distribution systems.
- Demand related to data centers is also expanding, and inquiries and orders of high-capacity mold transformers are steadily increasing. These trends are expected to continue.

[Production Integration of Industrial Oil-Immersed Power Transformers (SHIHEN TECHNICAL)]

- The production of industrial oil-immersed transformers currently manufactured at DAIHEN Electric Machine Corporation (Osaka), a group subsidiary, will be integrated into SHIHEN TECHNICAL Corporation (Kagawa) to enhance production capacity and cost competitiveness.
  - * Production capacity to increase 1.7 times the current level (capable of producing approximately 3,000 units per year)

    (Construction commenced in May 2025)
  - * The new plant scheduled for completion in October 2026
- The former plant site of DAIHEN Electric Machine Corporation will be considered for effective utilization, including expanding production capacity for mold transformers for data centers, for which demand is increasing.
- Aim to also increase production capacity for large transformers by approximately 1.3 times in stages starting with orders to be delivered in 2029 (received in the current fiscal year).

Increase in maximum power demand due to new and expanded data centers and semiconductor plants



(Source) Prepared by DAIHEN based on OCCTO: Electricity Demand Forecast for Nationwide and Each Regional Service Area (2025)

Image of the New Plant of Industrial Oil-Immersed Power Transformers

Factory Automation Segment's Initiative

Participating in a joint project to promote the introduction of robots in areas where they are yet to be utilized (FY2025–FY2027)

- Participating in "Development of co-creation platform to improve SI* efficiency and create diverse robot systems," a public offering project by New Energy and Industrial Technology Development Organization (NEDO), with six other robotics/IT-related companies.

- Building a co-creation platform for robot systems that does not rely on certain manufacturers, to promote the introduction of robots in areas where it is hampered by high costs and technical difficulties (long tail markets).

<Full text of the news release>
https://www.daihen.co.jp/newinfo_2025/news_250805.html (Japanese only)

*SI: System integrators

Financial Results Forecast

(Billion yen)

	FY2024 1Q results	FY2025 1Q results	YoY	FY2025 2Q forecast	YoY	FY2025 Full year forecast	YoY
Net sales	**43.3**	**49.0**	**13.3%**	**100.0**	**4.1%**	**230.0**	**1.6%**
1 Energy Management	*24.0*	*25.9*	*+7.8%*	*50.0*	*-0.2%*	*119.0*	*-1.5%*
2 Factory Automation	*5.5*	*6.5*	*+18.1%*	*16.0*	*+13.1%*	*34.0*	*+3.7%*
3 Material Processing	*13.7*	*16.5*	*+21.0%*	*34.0*	*+7.1%*	*77.0*	*+6.0%*
Operating profit	2.1% **0.9**	6.4% **3.1**	**250.8%**	5.0% **5.0**	**-1.3%**	7.4% **17.0**	**5.1%**
Ordinary profit	3.4% **1.4**	7.7% **3.7**	**152.7%**	5.0% **5.0**	**-13.3%**	7.6% **17.5**	**1.9%**
Profit attributable to owners of parent	1.5% **0.6**	4.0% **1.9**	**202.4%**	3.5% **3.5**	**-17.0%**	5.7% **13.0**	**8.7%**

Investment in Development, Capital Investment, and Depreciation

(Billion yen)

	FY2025					
	1Q results	YoY	2Q forecast	YoY	Full year forecast	YoY
Investment in development	1.7	+6.3%	4.0	+21.2%	8.0	+14.3%
Capital investment	3.0	+0.0%	7.5	+127.3%	14.0	+45.8%
Depreciation	1.5	+0.0%	4.0	+29.0%	8.0	+25.0%

Note on Forward-Looking Statements

- **These materials contain forward-looking statements, including the outlook and expectations of the Company (including its consolidated subsidiaries).**
  These statements are grounded in judgements and assumptions based on the information currently available to the Company. Actual financial results in the future may differ significantly due to uncertainties inherent in the judgements and assumptions, as well as changes in business operations or external and internal conditions.
- **There are numerous factors that involve the above-mentioned uncertainties and potential changes, including the following:**
  - **Changes in economic conditions, demand, and market environment in key markets**
  - **Political developments and various trade or regulatory policies in key markets**
  - **Fluctuations in foreign exchange markets**
  - **Fluctuations in raw material prices**
  - **Business development by competitors such as product/service strategies, pricing policies, and M&A activities**
  - **Strategic changes by partners related to our business alliances**