



# **ONE RYODEN Growth 2029 | 2034**

## **Medium- to Long-term Management Plan**

# INDEX

<b>Review of the Previous Medium-term Management Plan “ICHIGAN 2024”</b>	<b>Pages 3–6</b>
<b>RYODEN’s Vision</b>	<b>Pages 7–14</b>
<b>Medium- to Long-term Management Plan “ONE RYODEN Growth 2029   2034”</b>	
<b>Financial/Non-financial Targets, Growth Investment and Shareholder Return Policies</b>	<b>Page 16</b>
<b>Management Strategies of ONE RYODEN Growth 2029   2034</b>	<b>Pages 17–18</b>
<b>Six Management Strategies</b>	<b>Pages 19–27</b>
<b>Sustainability Management</b>	<b>Pages 28–29</b>
<b>Growth Investment to Transform the Business Portfolio</b>	<b>Pages 30–33</b>
<b>Segment-specific Strategies</b>	<b>Pages 34–39</b>



# **1 Review of the Previous Medium-term Management Plan “ICHIGAN 2024”**



- **Basic Policy of the Previous Medium-term Management Plan**
- **Progress Assessment of Key Management Targets and Focused Themes**
- **Key Management Targets and Results**

# Review of ICHIGAN 2024: Basic Policy

- The Group’s purpose

.....

Giving shape to “Waku-Waku (Excitement)” by connecting people and technology
- The Group’s vision

.....

Contribute to the achievement of a sustainable society in terms of the environment, safety, and security
- Vision for 2024

.....

Continue to create new value as a business creation company that transcends the bounds of an agency or trading company

Key management targets	Net sales	¥260.0 billion	Net sales in new businesses	¥22.0 billion
	Operating profit	¥10.0 billion	Gross profit margin in new businesses	18%
	Operating profit margin	3.8%	ROE	8.0%
Focused themes	<div><div>1.</div><div>Establish business models for growth businesses and create new, next-generation businesses</div></div> <div><div>2.</div><div>Enhance the productivity in our mainstay core businesses</div></div> <div><div>3.</div><div>Strengthen the foundation for business promotion</div></div>			

# Review of ICHIGAN 2024: Progress Assessment of Key Management Targets and Focused Themes

Key management targets	Not achieved	<p><b>We fell short of the key management targets.</b></p> <ul style="list-style-type: none"> <li>• Profitability improved, particularly in the mainstay core businesses. Meanwhile, the X-Tech and other new businesses, which were expected to grow, saw sluggish increases in profitability. Additionally, the termination of some contracts in the Electronics business adversely affected performance.</li> <li>• We need to enable innovation to create further added value and transform our business portfolio to enhance earning capacity.</li> </ul>
	Partially achieved	<p><b>1. Establish business models for growth businesses and create new, next-generation businesses</b></p> <ul style="list-style-type: none"> <li>• Initiatives implemented in various areas, such as smart agriculture and ICT, have yet to lead to profitability. These results reflect the impact of changes in the business environment, which required us to make strategic adjustments and posed certain challenges in formulating and executing an effective strategy.</li> <li>• We need to commercialize and scale these growth drivers.</li> </ul>
Focused themes	Achieved	<p><b>2. Enhance the productivity in our mainstay core businesses</b></p> <ul style="list-style-type: none"> <li>• Profit margins increased in the Electronics business, driven by automotive-related products, as well as in the FA Systems business, supported by expanded operations in China. External factors, such as currency fluctuations and the global economic recovery after the COVID-19 pandemic, also provided a favorable tailwind.</li> <li>• To further enhance earning capacity, we need to improve our adaptability to market changes for higher productivity and strengthen our ability to deliver solutions, as well as deepening and broadening our existing businesses and exploring new domains.</li> </ul>
	Partially achieved	<p><b>3. Strengthen the foundation for business promotion</b></p> <ul style="list-style-type: none"> <li>• While the transition to a divisional structure and the establishment of the Strategic Technology Center have strengthened the framework for advancing business strategy, progress has been delayed in developing systems to support structural transformation—such as changes in administrative functions, the cultivation of global talent, and the creation of mechanisms to drive the business portfolio strategy.</li> <li>• To prepare for an uncertain and unpredictable era, we need to establish a robust foundation for business promotion, with the flexibility to adapt to change.</li> </ul>

# Review of ICHIGAN 2024: Key Management Targets and Results

		ICHIGAN 2024					ICHIGAN 2024 Targets and Results	
	2019	2020	2021	2022	2023	2024	Targets	Achievement Rate
Net sales (Millions of yen)	230,087	196,841	229,126	260,303	259,008	215,790	260,000	83%
Operating profit (Millions of yen)	4,747	3,415	7,062	9,380	8,326	5,483	10,000	55%
Operating profit margin (%)	2.4	1.7	3.1	3.6	3.2	2.5	3.8	67%
Net sales in new businesses (Millions of yen) (X-Tech) (Mainstay core businesses*1)	9,290 (9,290) (—)	7,605 (7,605) (—)	6,999 (6,999) (—)	5,709 (5,709) (—)	11,138 (6,106) (5,032)	17,876 (8,687) (9,188)	22,000	81%
Gross profit margin in new businesses (%)	17.7	18.4	16.1	14.7	14.0	14.0	18.0	78%
ROE (%)	5.8	3.4	6.9	7.0	6.9	5.3	8.0	66%

\*1: This line is for new businesses for which activities were started in April 2020 or later in the mainstay core businesses.



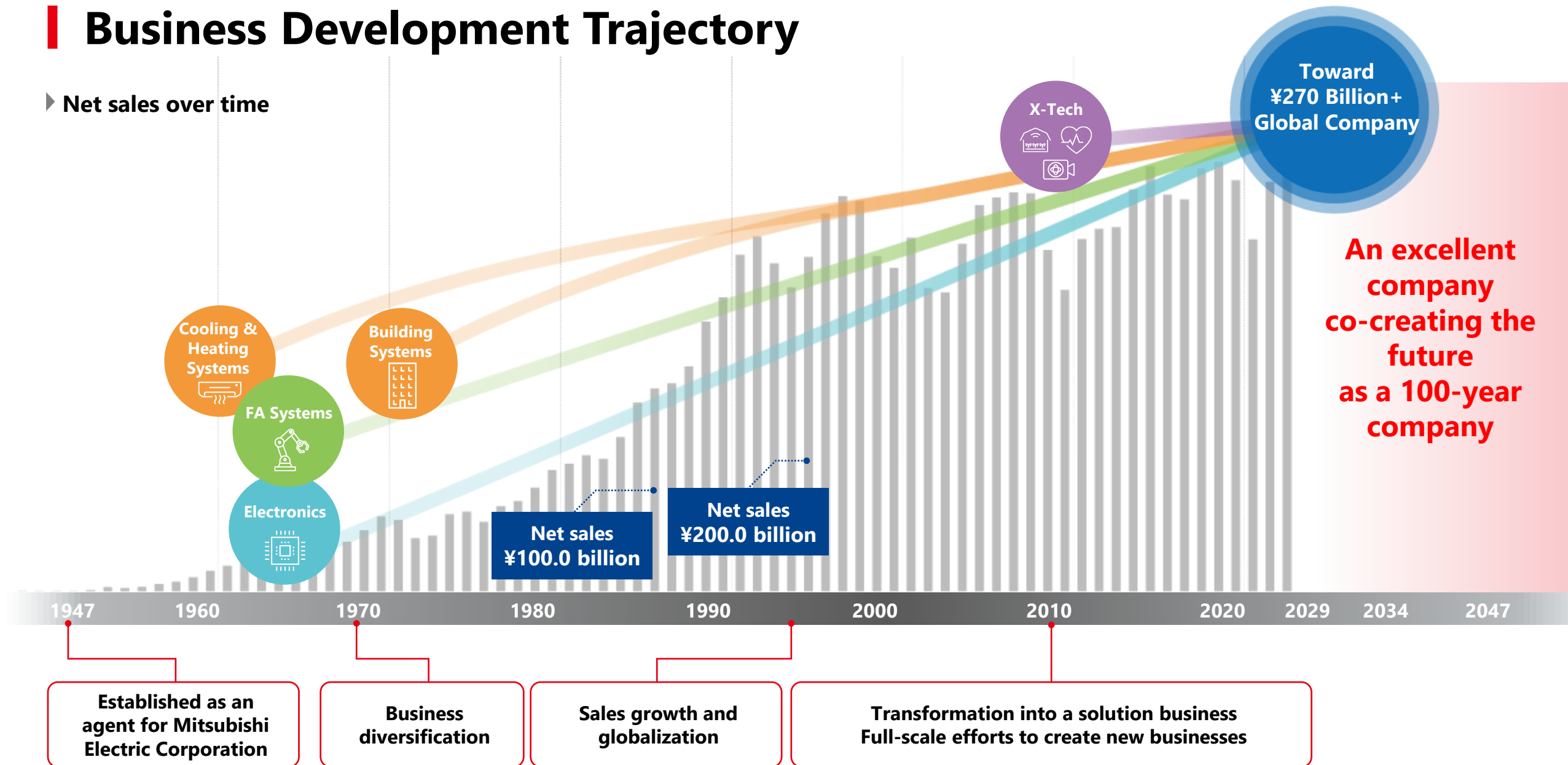
# 2 RYODEN's Vision

- **Business Development Trajectory**
- **Business Composition of RYODEN**
- **Business Environment Recognition and New Vision**
- **Conceptual Diagram of Sustainability Management**
- **RYODEN's Materiality (Material Issues)**
- **RYODEN's Core Competencies to Achieve Its Vision**
- **Positioning of the Medium- to Long-term Management Plan**



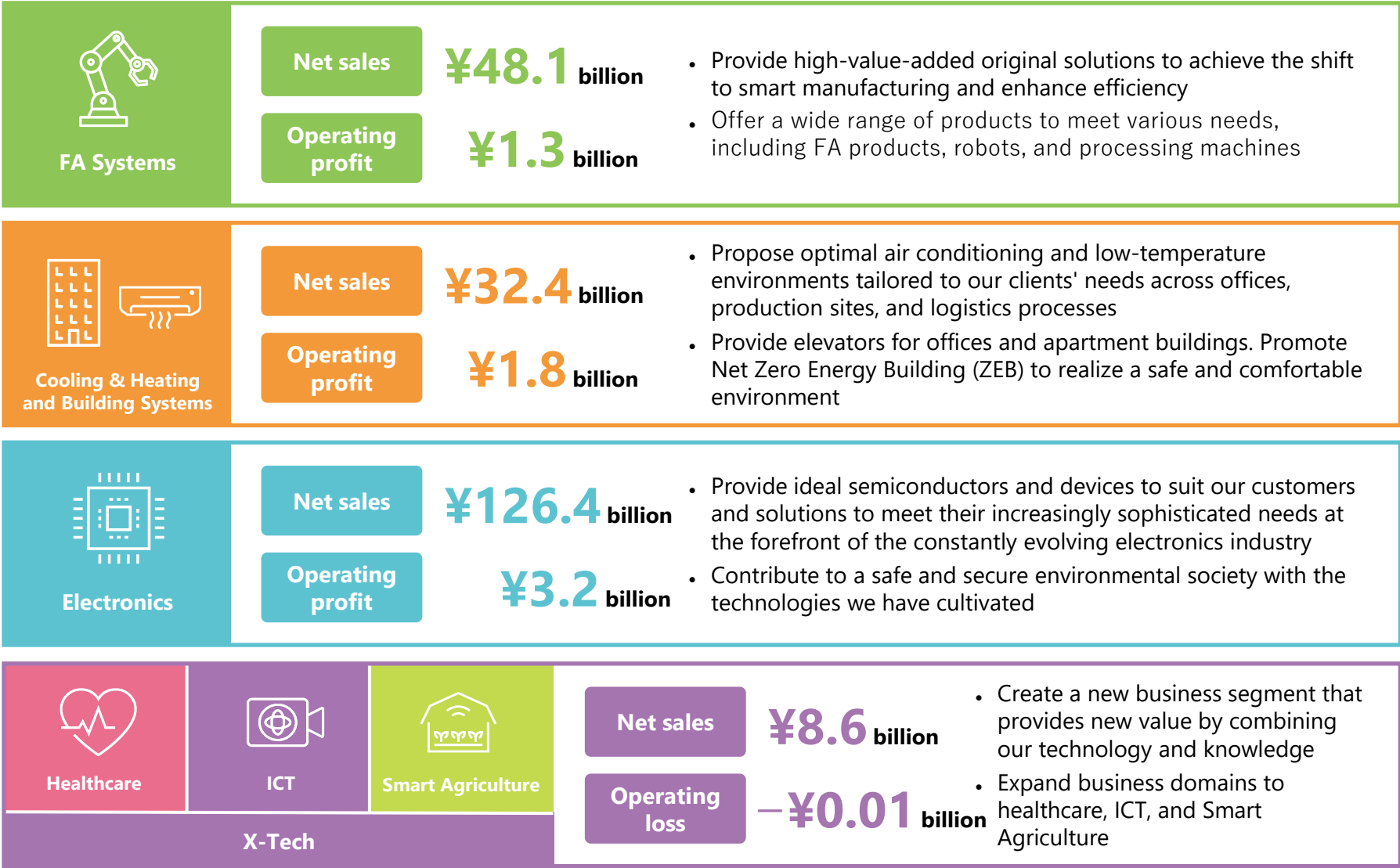
# Business Development Trajectory

► Net sales over time

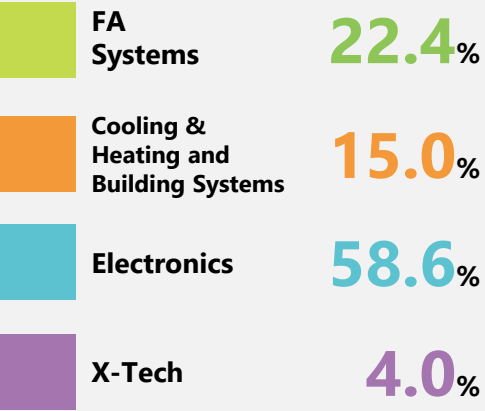
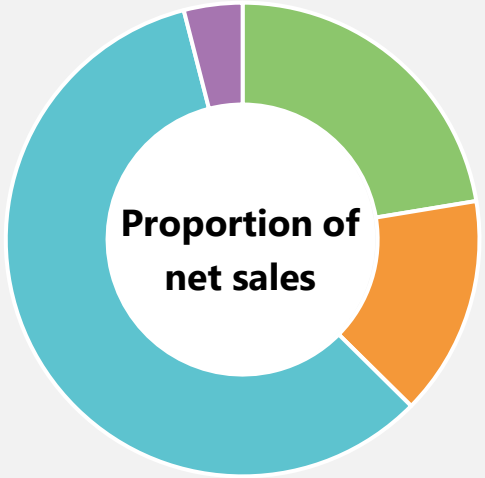




# RYODEN's Business Portfolio



FY2024 (FY ended March 2025)



# | Business Environment Recognition and New Vision

## An Excellent Company Co-Creating the Future

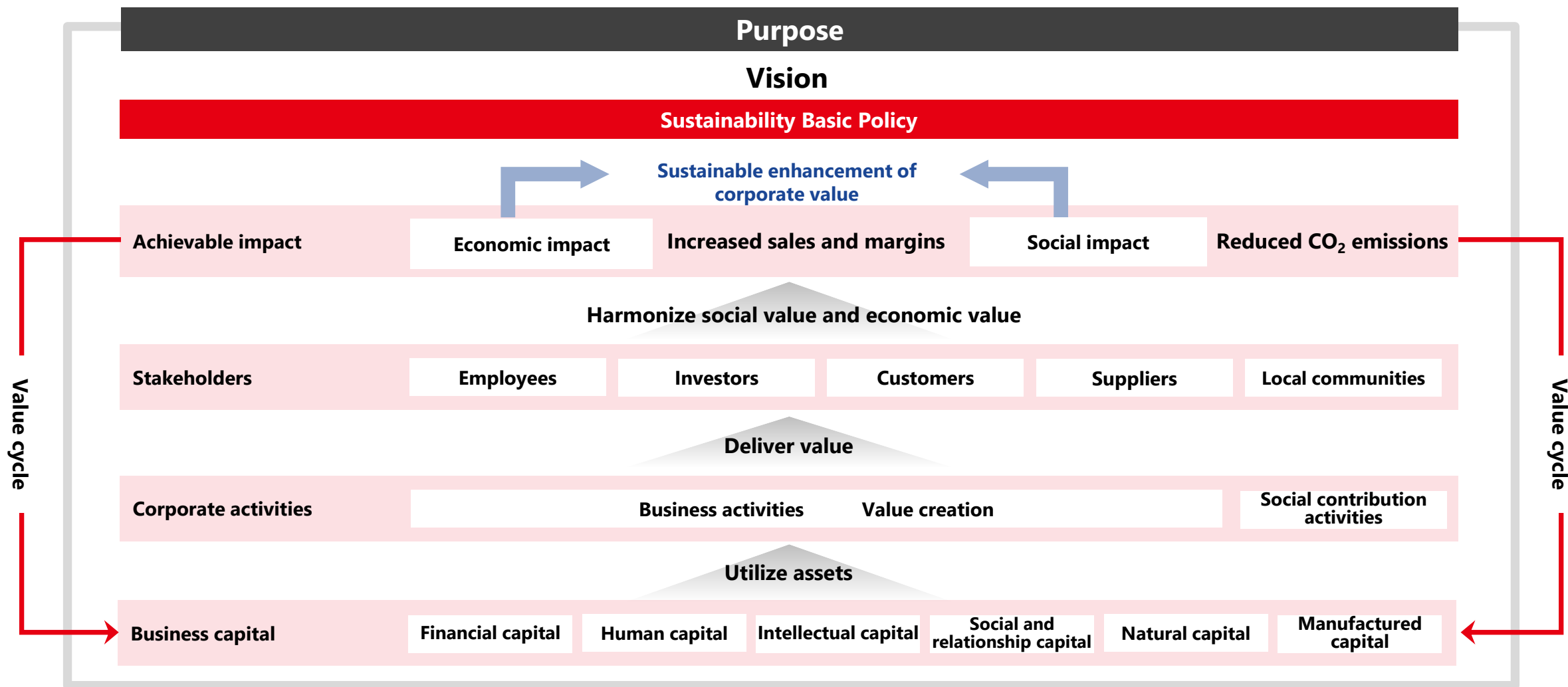
We work with all stakeholders to create value and continue evolving into a globally respected company.

- Shift to sustainability-oriented management
- Increasing significance of efforts toward corporate social responsibility

Business Environment Recognition (Megatrends) for 2047					
Demographic change	Global power balance change	Climate change	Resource/Energy change	Technology change	Values change
<ul style="list-style-type: none"><li>• Aging society</li><li>• Low birth rate</li><li>• Changes in world population</li><li>• Changes in dynamic balance</li></ul>	<ul style="list-style-type: none"><li>• Destabilized world order</li><li>• Emergence of new developing countries</li><li>• Increasingly multipolarized world</li><li>• Economic bloc shifts</li></ul>	<ul style="list-style-type: none"><li>• Tightened environmental regulations</li><li>• Abnormal weather conditions</li><li>• Carbon tax</li><li>• Response to environmental problems</li></ul>	<ul style="list-style-type: none"><li>• Food shortage</li><li>• Global water scarcity</li><li>• Energy security</li><li>• Surging resource prices</li><li>• Alternative or new food materials</li><li>• Recycling technology</li><li>• Disaster preparedness</li></ul>	<ul style="list-style-type: none"><li>• AI evolution</li><li>• Singularity</li><li>• Smart infrastructure</li><li>• Robotics</li><li>• Communication technology advancement</li><li>• Energy generation and storage technology</li><li>• Development of telemedicine technology</li><li>• Expanded digital economy</li><li>• Adoption of digital currency</li><li>• Regenerative medicine</li></ul>	<ul style="list-style-type: none"><li>• Novel values</li><li>• Inclusion</li><li>• Health awareness</li><li>• Diversity</li><li>• Well-being</li><li>• Global talent</li></ul>

# Conceptual Diagram of Sustainability Management

In line with our Basic Sustainability Policy, we aim to enhance corporate value in a sustainable manner by harmonizing social and economic value.



# RYODEN's Materiality (Material Issues)

**Solving social issues through technology and innovation**



**Creating a safe and secure society and way of life**



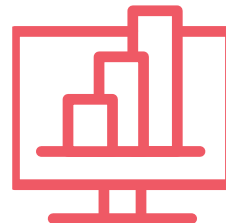
**Living in harmony with the Earth**



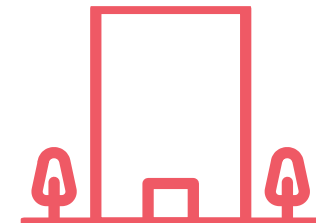
**Growing talent that embodies our purpose and building an environment that supports our growth and success**



**Building a sustainable circular economy through strategic capital optimization**



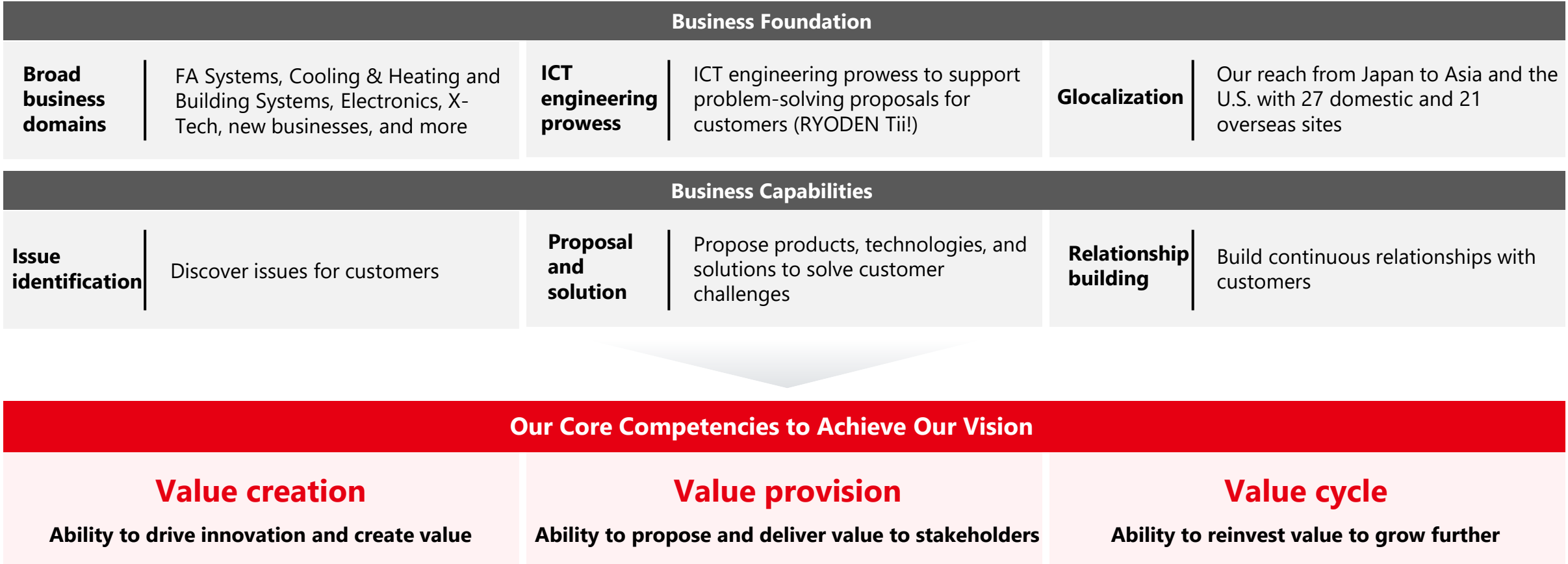
**Advancing corporate governance practices**





# RYODEN's Core Competencies to Achieve Its Vision

As the megatrends show, the capabilities that customers, local communities, and other stakeholders expect us to deliver are changing. Over the years, we have leveraged our business foundation to build strong customer trust and help solve their challenges. Further enhancing these capabilities, we will develop three new competencies to achieve our vision defined in this management plan and to meet expectations from diverse stakeholders.



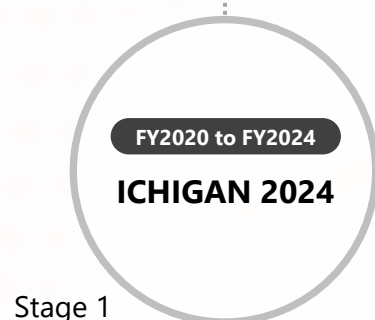
# Positioning of the Medium- to Long-term Management Plan

## ONE RYODEN Growth 2029 | 2034

Having transformed into a business creation company, we will grow.

We will accelerate growth as a business creation company to sustainably enhance corporate value.

Continue to create new value as a **business creation company** that transcends the bounds of an agency or trading company



ONE RYODEN Growth 2029 | 2034

# **3 Medium- to Long-term Management Plan ONE RYODEN Growth 2029 | 2034**

- **Financial/Non-financial Targets, Growth Investment and Shareholder Return Policies**
- **Management Strategies of ONE RYODEN Growth 2029 | 2034**
- **Six Management Strategies**
- **Sustainability Management**
- **Growth Investment to Transform the Business Portfolio**
- **Segment-specific Strategies**



# Financial/Non-financial Targets, Growth Investment and Shareholder Return Policies

## Financial Targets

	FY2024 Results (FY ended March 2025)	FY2029 Targets
Operating profit	<b>¥5.4 billion</b>	<b>¥13.5 billion</b>
Operating profit margin	<b>2.5%</b>	<b>5.0% or more</b>
ROE	<b>5.3%</b>	<b>10.0% or more</b>
Net sales in X-Tech/ new businesses	<b>¥8.6 billion</b>	<b>¥23.5 billion</b>
	FY2029 Targets	
<b>Growth investment</b>	Aim to invest ¥25.0 billion to ¥35.0 billion in five years	
<b>Shareholder returns</b>	Ensure stable and continuous returns with a DOE of 3.5% or a total consolidated payout ratio of 50%	
<b>Capital efficiency improvement</b>	Utilize liabilities maintaining the D/E ratio at 0.3 or less; Sell cross-shareholdings and non-core assets; Develop a framework to optimize investments based on ROIC, etc.	

## Non-financial Targets

GHG Reduction	FY2024 Forecasts*1	FY2029 Targets
Scopes 1 and 2 (compared to 2023)	<b>+17%</b>	<b>-36% or more</b>
Scope 3 (compared to 2023)	<b>-16%</b>	<b>-21% or more</b>
Human Capital Investment	FY2024 Results	FY2029 Targets
Engagement score*2 (deviation)	<b>49.2</b>	<b>52 or more</b>
D&I: Proportion of women in management positions	<b>1%</b>	<b>10% or more</b>
Annual development investment per employee	<b>¥130,000</b>	<b>¥200,000 or more</b>

\*1: The GHG emissions of Scopes 1, 2, and 3 for FY2024 are preliminary figures as of May 2025.

\*2: The engagement score is for work engagement.



# **| Management Strategies of ONE RYODEN Growth 2029 | 2034**

To realize our new medium- to long-term vision, we will implement the following six management strategies and reinforce our three Core Competencies: value creation, value provision, and value cycle.

## **Innovation strategy**

**Create new value by expanding and exploiting businesses and by exploring new business domains across three dimensions: product, market, and business model**

## **Human capital strategy**

**Foster employees who drive co-creation of the future, and build an environment that supports their growth and success**

## **Supply chain strategy**

**Enhance productivity and operational quality by streamlining processes from procurement to distribution and sales**

## **Stakeholder engagement strategy**

**Deepen mutual understanding and collaboration with stakeholders**

## **Financial strategy**

**Drive a virtuous cycle of reinvestment to achieve further growth by making optimal investments in business capital and utilizing it efficiently**

## **Governance strategy**

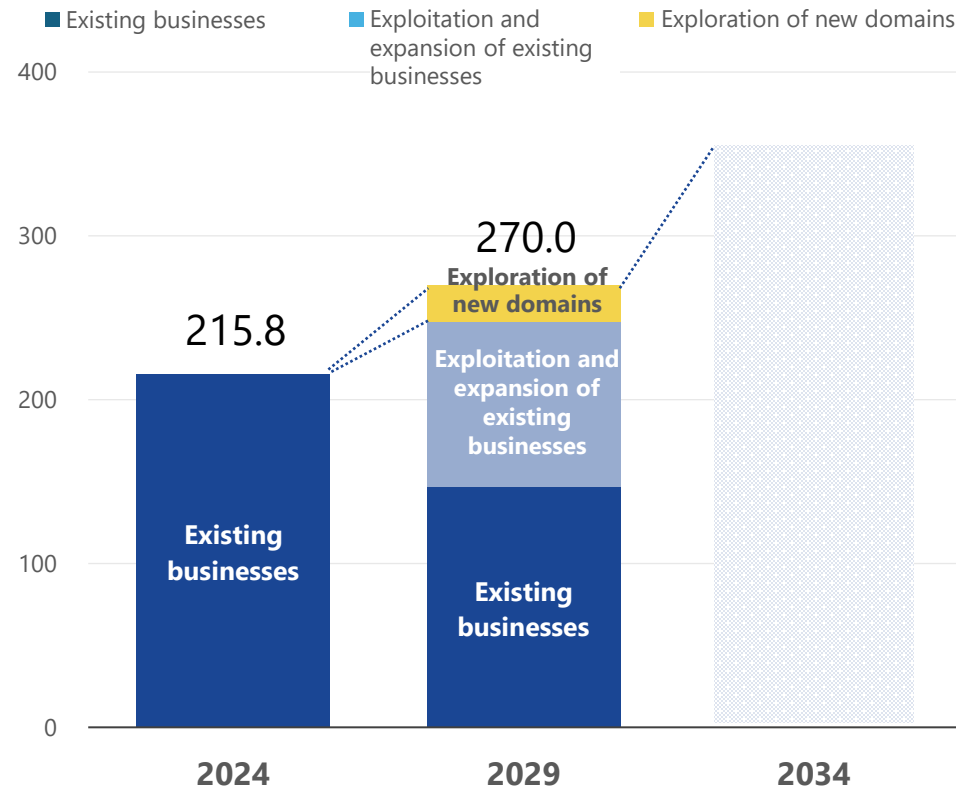
**Advance the enhancement of the corporate governance structure to support agile and decisive decision-making**

# Management Strategy: Expected Growth in Sales and Profit

Target

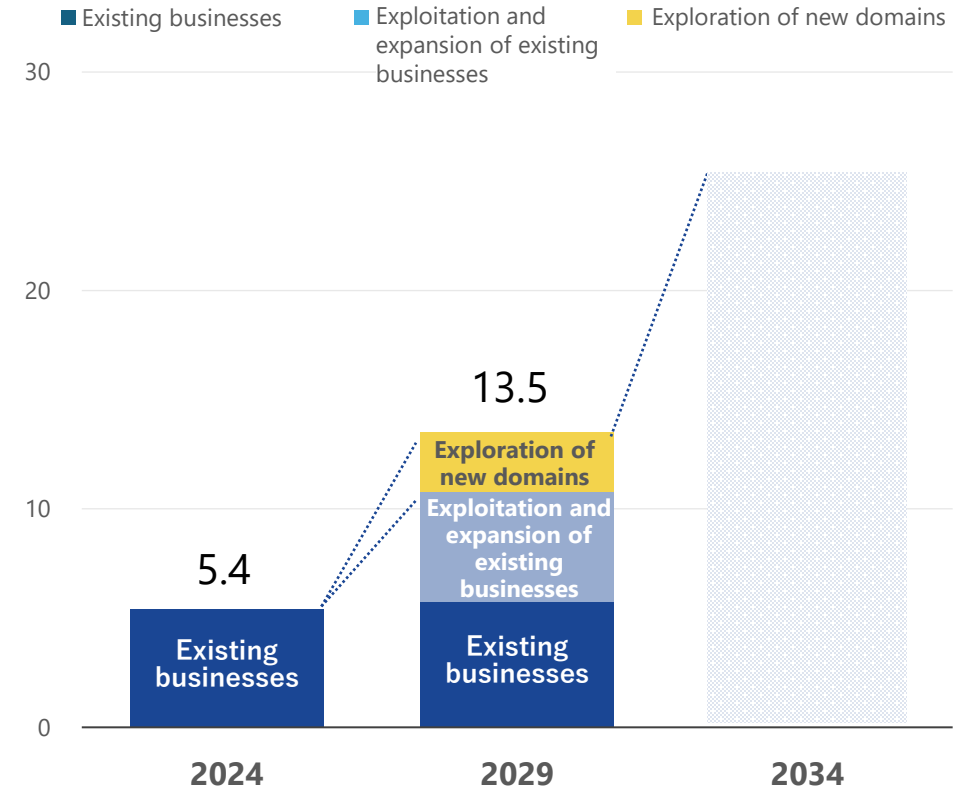
## Net Sales

(Billions of yen)



## Operating Profit

(Billions of yen)



\* The figures are subject to change.

# | Six Management Strategies — Innovation 1

**We will exploit and expand existing businesses and explore new domains through three dimensions of innovation to drive value creation.**

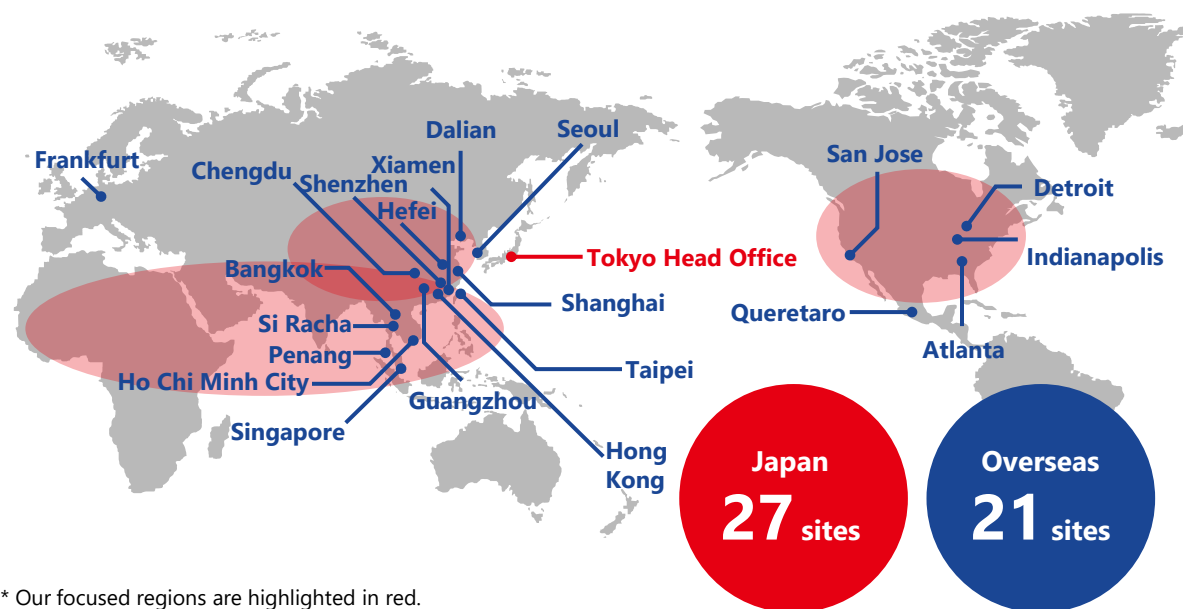
- Bring together expertise from inside and outside the company and drive innovation to make our business unique and effective in addressing social challenges
- Develop high-value-added products and services and provide highly engineering solutions to solve customer and social issues

Expand/exploit existing businesses		Explore new domains
Market innovation	Product innovation	Business model innovation
Leverage the strengths of existing products to expand into new markets or regions	Drive transformation toward new products and unique services to generate high added value	Create added value through business model transformation
<ul style="list-style-type: none"><li>• Market acquisition through strategic investments in Japan and overseas</li><li>• Regions: Global South, North America, and China</li><li>• Markets: Smart-X markets, green markets, sustainability markets, etc.</li></ul>	<ul style="list-style-type: none"><li>• Explore and promote new products with strong synergy with core offering</li><li>• Strengthen the system engineering business.</li><li>• Expand alliances with overseas products and partners in North America, East Asia, Taiwan, and others</li></ul>	<ul style="list-style-type: none"><li>• Discover highly competitive products and expand our reach into new markets or regions where their strength can be fully leveraged</li><li>• Leverage our engineering prowess to develop new products and unique services that can generate high added value</li><li>• Transform our business models to create a high-value-added business in new markets or regions</li></ul>

# | Six Management Strategies — Innovation 2

## Focused regions for global expansion

- In ONE RYODEN Growth 2029–2034, our overseas business policy shifts from a customer-following expansion to a selective approach focused on key strategic areas.
- Leverage the strengths of existing products to expand into new markets or geographic areas
- Refine our area strategy to focus on high-growth regions and markets:
  - The Global South (rapid demographic changes)
  - China (large market size)
  - North America (fast technological innovation)

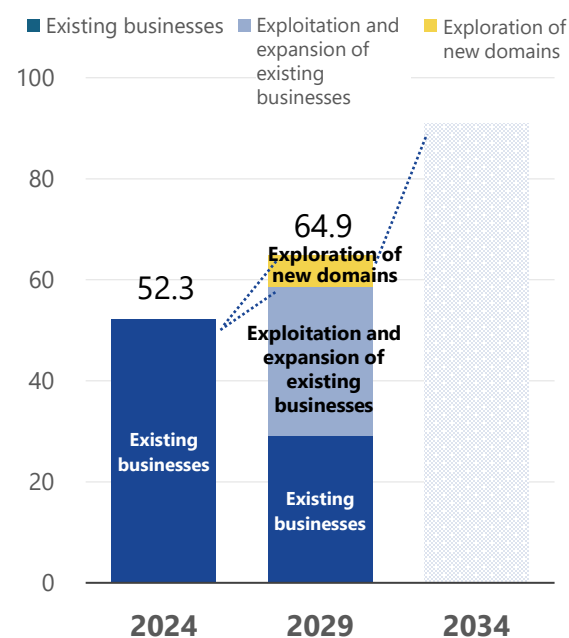


\* Our focused regions are highlighted in red.

## Targets for overseas subsidiaries and associates

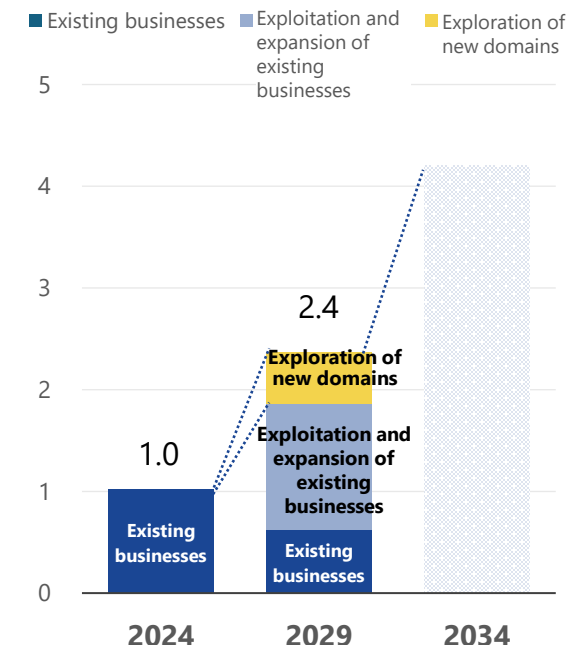
### Net Sales

(Billions of yen)



### Operating Profit

(Billions of yen)

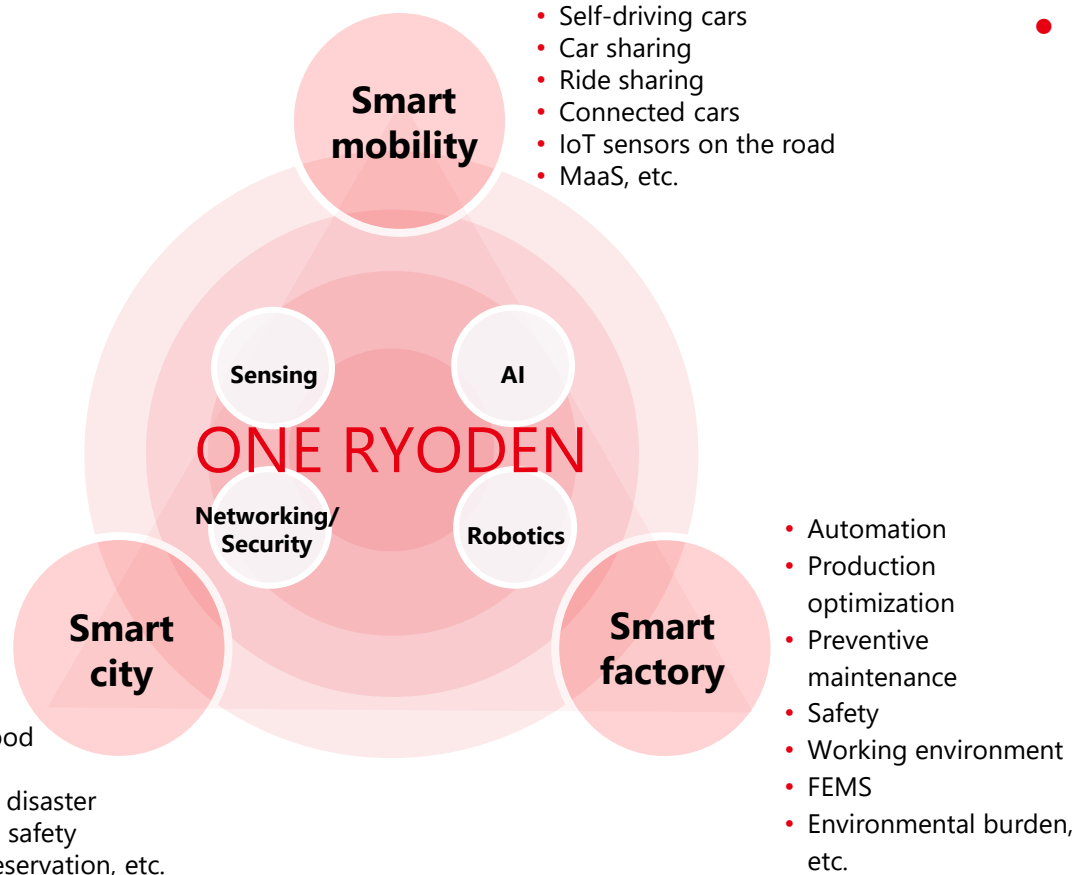




# | Six Management Strategies — Innovation 3

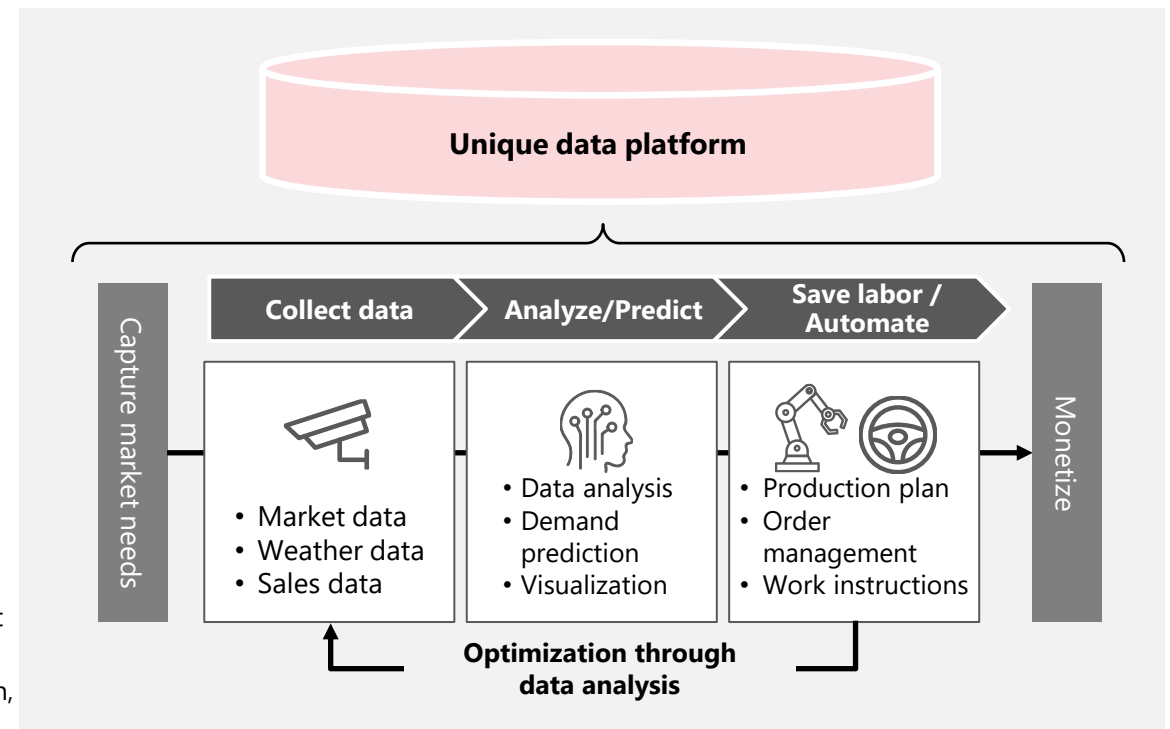
## Focused domain: Smart-X markets

- Accelerate expansion to the smart city, smart mobility, and smart factory areas to tackle social challenges
- Explore new smart-X fields



## Focused business model: Data-driven recurring model

- Aiming to thrive in smart-X markets, we will intensify our efforts in developing products under our original brand, RYODEN Tii!, to strengthen our presence in the markets and build continuous relationships with customers.
- Develop and promote a data-driven recurring model with a unique platform that helps us effectively use data to enable recurring revenue



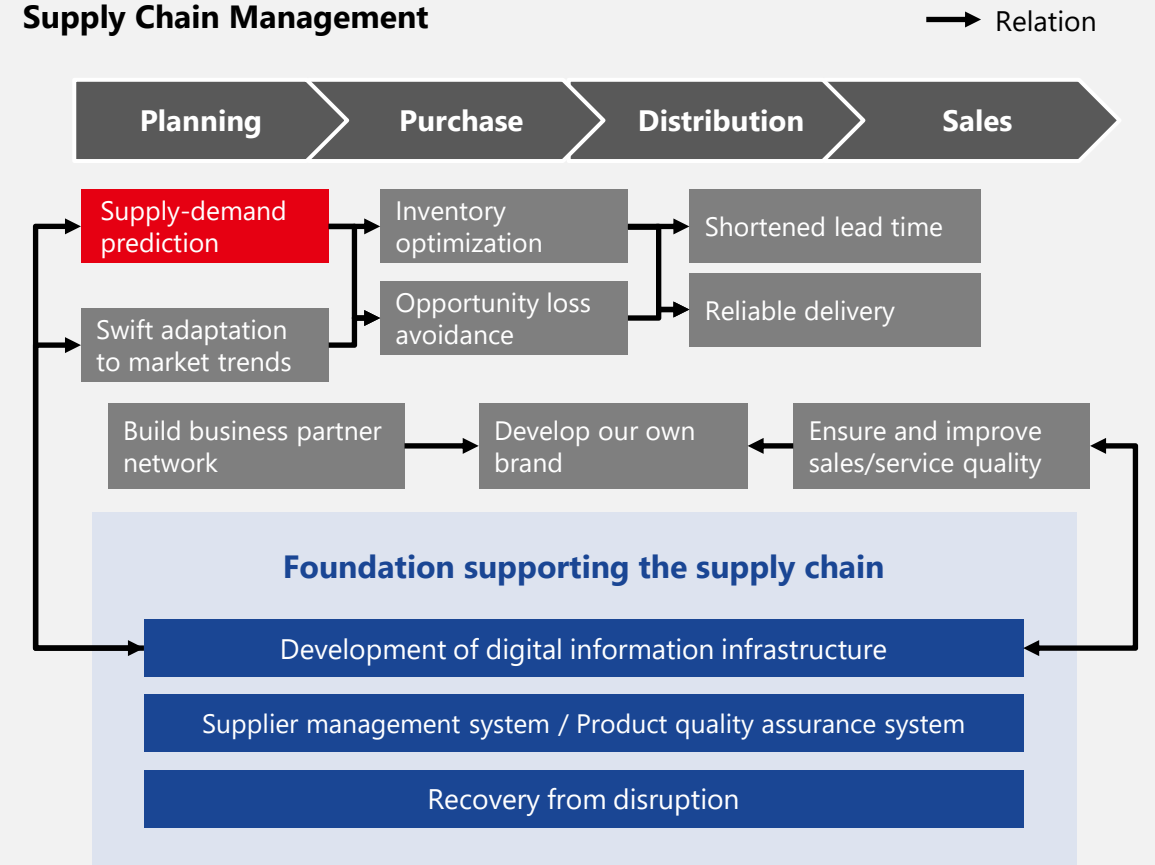
# | Six Management Strategies — Supply Chain

As a trading company, we need to provide a more robust supply chain. To further strengthen our supply chain as a core function of our trading business, we aim to build a sustainable and competitive supply system by optimizing the entire process—from procurement and distribution to sales—both domestically and internationally, while reducing costs, managing risks, and improving quality.

## Strengthen resilience across the supply chain

- **Build a supplier management system and a quality assurance system for our brands**
- **Reform sales/operating processes to improve operational quality and productivity**
  - Environmental adaptation and risk reduction responding to supply and demand changes; value allocation (such as inventory optimization, opportunity loss avoidance, and disaster recovery capabilities)
- **Develop and leverage digital information infrastructure**

### Supply Chain Management

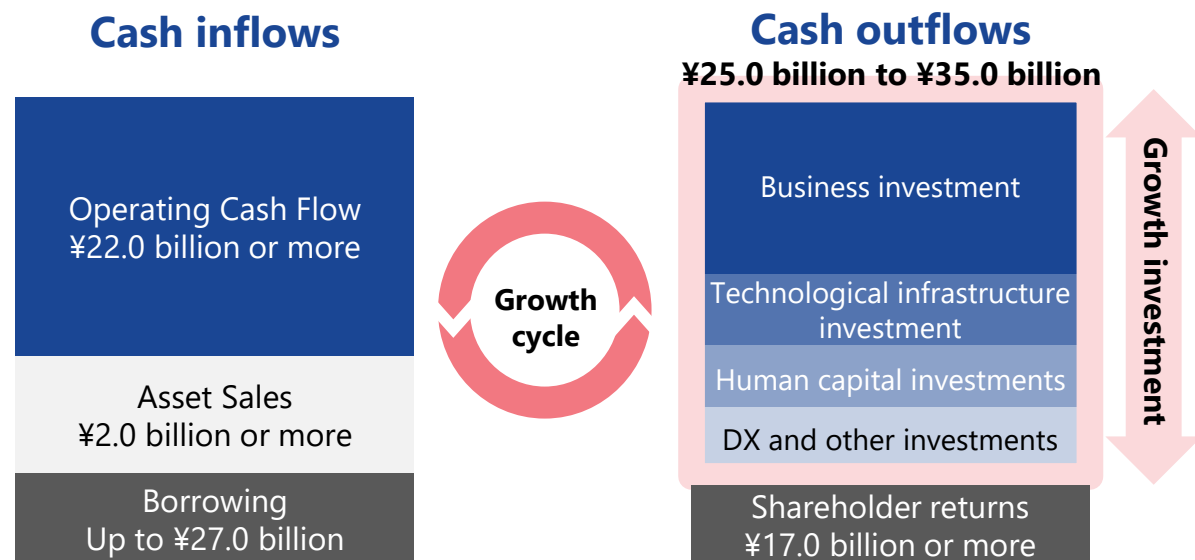


# Six Management Strategies — Financial Strategy 1

We enhance corporate value by optimizing investment and efficiently using management capital, creating a virtuous cycle for future growth

Finance	<b>Drive a virtuous cycle of optimal business capital investment and stable shareholder returns</b>	<ul style="list-style-type: none"> <li>Develop and implement a capital allocation strategy to build a growth cycle</li> </ul>
	<b>Invest in growth areas to enhance earning capacity (Business portfolio strategy)</b> Drive profitability by executing investments in key growth sectors	<ul style="list-style-type: none"> <li>Proactive Investment in new businesses</li> <li>Pursue growth investments in existing businesses while executing strategic reviews for withdrawal and restructuring (Develop a framework to optimize investments based on ROIC, etc.)</li> </ul>
	<b>Evolve risk management framework</b>	<ul style="list-style-type: none"> <li>Strengthen group governance and risk management framework</li> </ul>
	<b>Maintain a strong financial foundation</b>	<ul style="list-style-type: none"> <li>Enhance return on capital by optimizing the capital structure</li> </ul>

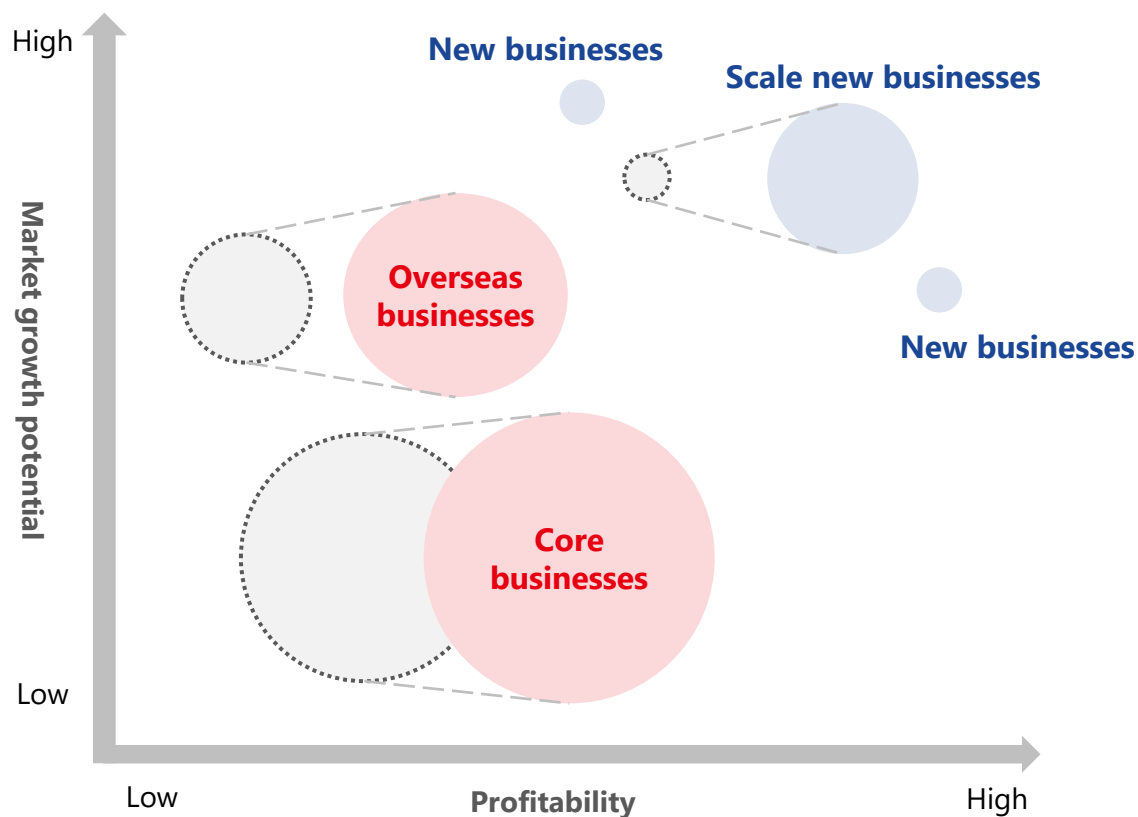
	FY2029 Targets (FY ending March 2030)
<b>Growth investment</b>	Aim to invest ¥25.0 billion to ¥35.0 billion in five years
<b>Shareholder returns</b>	Ensure stable and continuous returns with a DOE of 3.5% or a total consolidated payout ratio of 50%
<b>Capital efficiency improvement</b>	Utilize liabilities maintaining the D/E ratio at 0.3 or less; Sell cross-shareholdings and non-core assets; Develop a framework to optimize investments based on ROIC, etc.



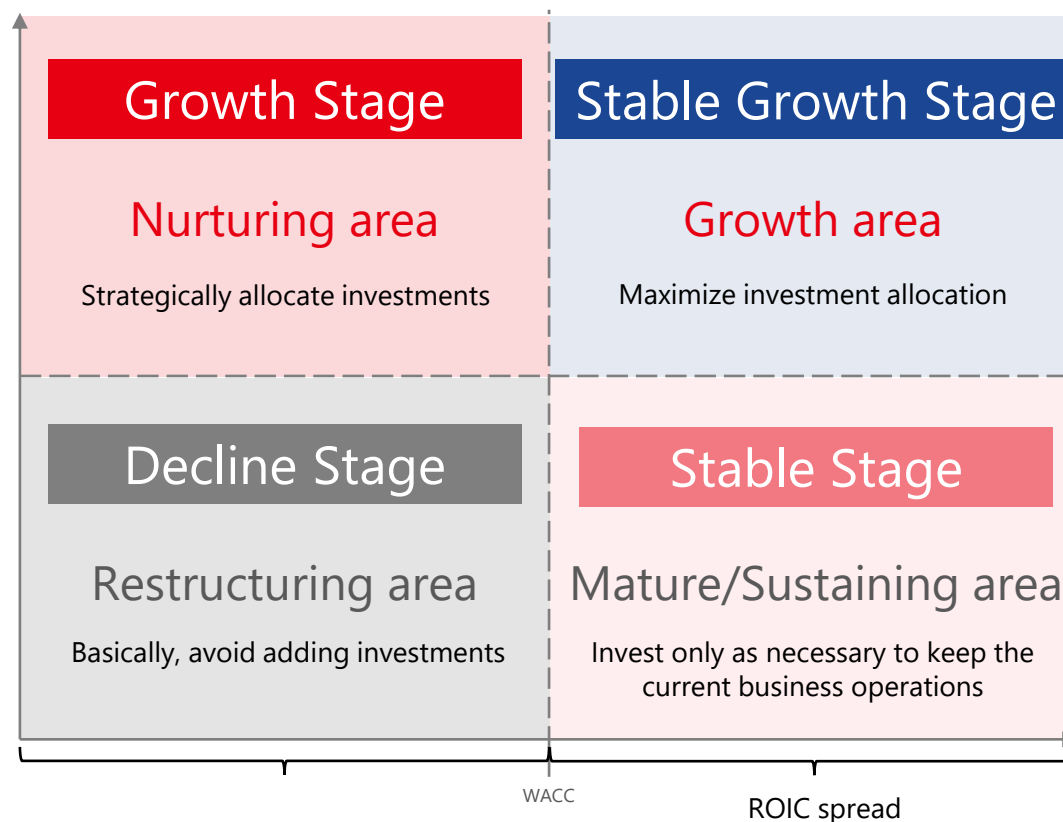
# Six Management Strategies — Financial Strategy 2: Growth Investment Policy

## Investment activities transforming our business portfolio

- Make appropriate growth investments to transform our business portfolio into the one supporting a growth cycle model



## Policy on investment allocation across the business portfolio



Growth stage: ROIC and CAGR

Decline stage: ROIC and restructuring/withdrawal criteria



# Six Management Strategies — Financial Strategy 3: Shareholder Return Policy

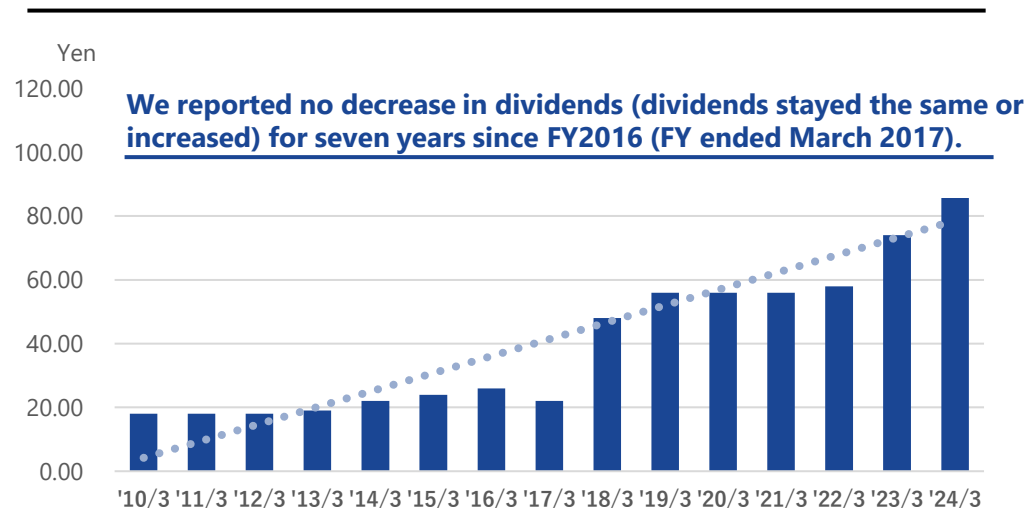
Dividend payout ratio: Targeting 40% to 60% for stable shareholder returns

## New policy on shareholder returns

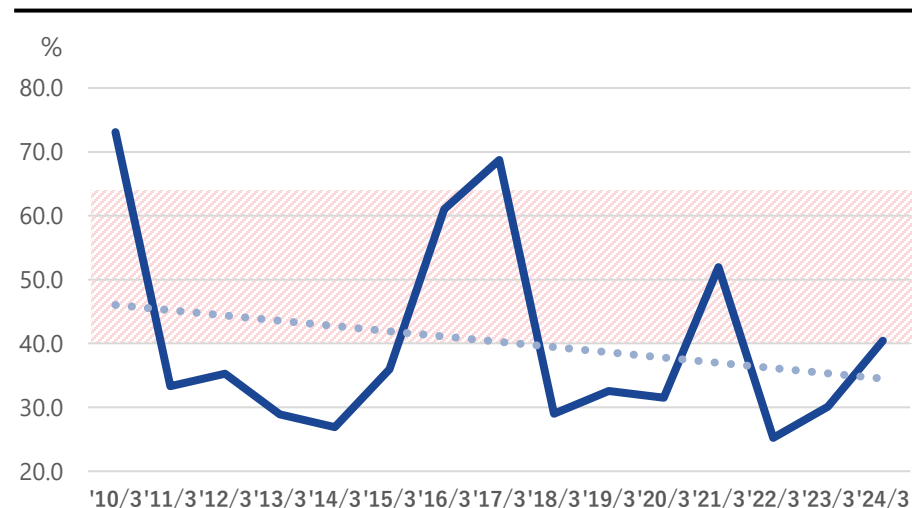
We have established a new policy to ensure mid- to long-term stable shareholder returns, setting a minimum DOE of 3.5% or a total consolidated payout ratio of 50%, aiming to avoid excessive dividend fluctuations caused by short-term profit volatility

Additionally, as part of our efforts to improve PBR and enhance shareholder return measures, we will strategically repurchase shares in a flexible manner, taking into account our cash and deposit levels as well as stock price trends.

Dividends per share



Payout ratio

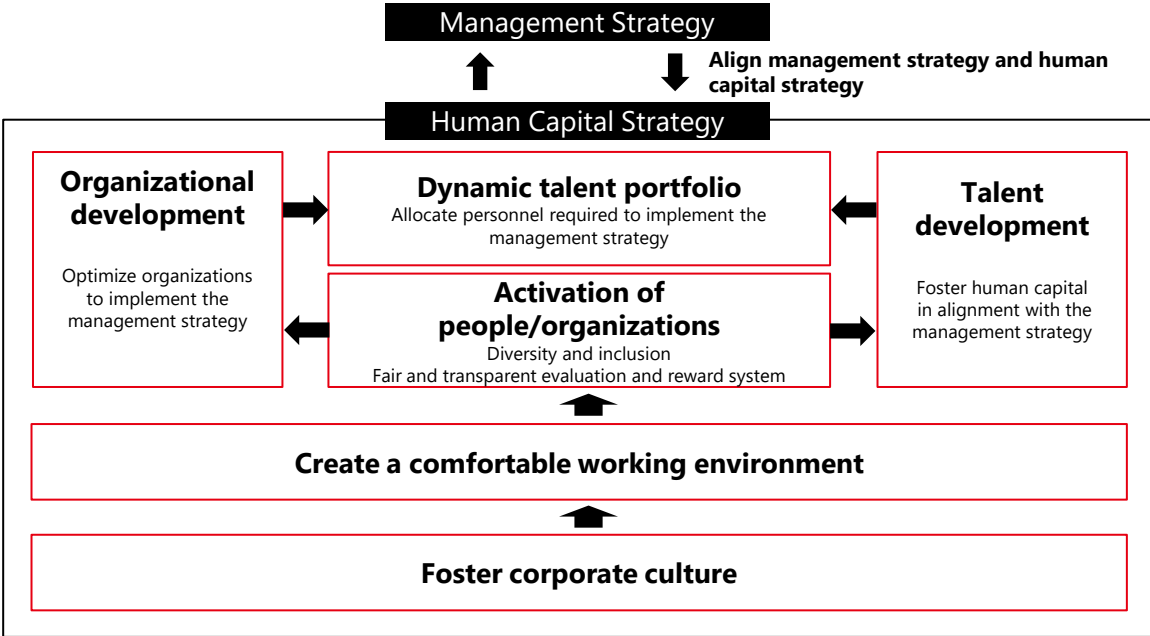


DOE of 3.5% or  
total consolidated payout  
ratio of 50%

Provide stable  
shareholder returns at  
a ratio of 40-60%

# Six Management Strategies — Human Capital

Foster employees who drive co-creation of the future, and build an environment that supports their growth and success		
Human capital	Enhance employee engagement	<ul style="list-style-type: none"> <li>• Foster a corporate culture that embraces enjoying change</li> <li>• Promote diversity and inclusion</li> <li>• Establish a fair and transparent performance evaluation system</li> <li>• Create a comfortable working environment</li> </ul>
	Actively invest in human capital that will drive co-creation of the future	<ul style="list-style-type: none"> <li>• Develop and implement a dynamic talent portfolio plan</li> <li>• Train people and optimize organizations to realize our Purpose, Vision, and Values and implement the management strategy</li> <li>• Help employees shape their career by themselves</li> </ul>



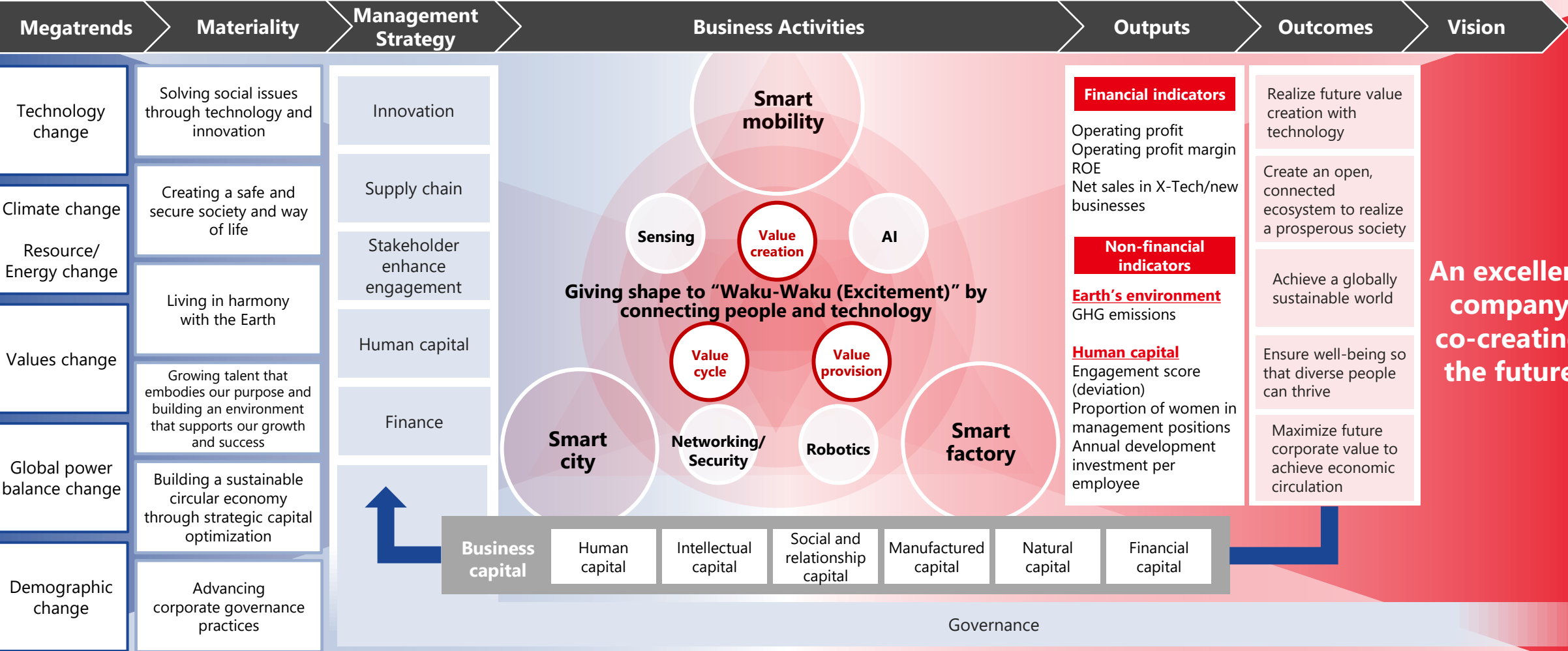
Human Capital Investment	FY2024 Results (FY ended March 2025)	FY2029 Targets
Engagement score (deviation)	49.2	52 or more
D&I: Proportion of women in management positions	1%	10% or more
Annual investment per employee in talent development	¥130,000	¥200,000 or more

# Six Management Strategies — Stakeholder Engagement and Governance





Stakeholder Engagement	Encourage communication with stakeholders to ensure deeper mutual understanding and closer collaboration for co-creating value				
	Enhance the brand	<ul style="list-style-type: none"><li>• Inner branding (Raise awareness of our Purpose, Vision, and Values, business brands, etc.)</li><li>• Outer branding</li></ul>			
	Promote SR and IR activities	<ul style="list-style-type: none"><li>• Promote communication with shareholders and investors</li><li>• Increase the liquidity of shares</li></ul>			
	Enhance social contribution activities				
	Strengthen efforts to reduce environmental impact	<ul style="list-style-type: none"><li>• Reduce GHG emissions</li><li>• Offer environmentally friendly products and services</li><li>• Understand our dependency and impact on natural capital</li></ul>	<div>GHG reduction</div>	<div>Scopes 1 and 2 (compared to 2023)</div>	<div>FY2024 Forecasts (FY ended March 2025)</div> <div>+17%</div>
			<div>Scope 3 (compared to 2023)</div>	<div>-16%</div>	<div>-21% or more</div>
Governance	Promote advanced governance to enhance management transparency and fairness, and to support agile and decisive decision-making				
	Improve governance	<ul style="list-style-type: none"><li>• Improve the effectiveness of the Board of Directors</li><li>• Diversify the composition of the Board of Directors</li></ul>	<ul style="list-style-type: none"><li>• Introduce a reward system linked to the KPIs of the medium-term management plan</li><li>• Create a succession plan</li></ul>		
	Enforce compliance	<ul style="list-style-type: none"><li>• Continue compliance education</li></ul>			
	Evolve risk management framework	<ul style="list-style-type: none"><li>• Strengthen the structure for group governance and risk management</li></ul>			
	Advance governance	<ul style="list-style-type: none"><li>• Adopt data-driven approaches to advance governance</li></ul>			

# RYODEN's Value Creation Model

We use business capital effectively and collaborate with all stakeholders to create value through our corporate activities. By reinvesting the created value back into business capital to build a sustainable growth cycle, we aim to harmonize social value and economic value and sustainably enhance corporate value.



# Sustainability Management: Our Businesses' Relation to Social Issues, Opportunities, and Risks

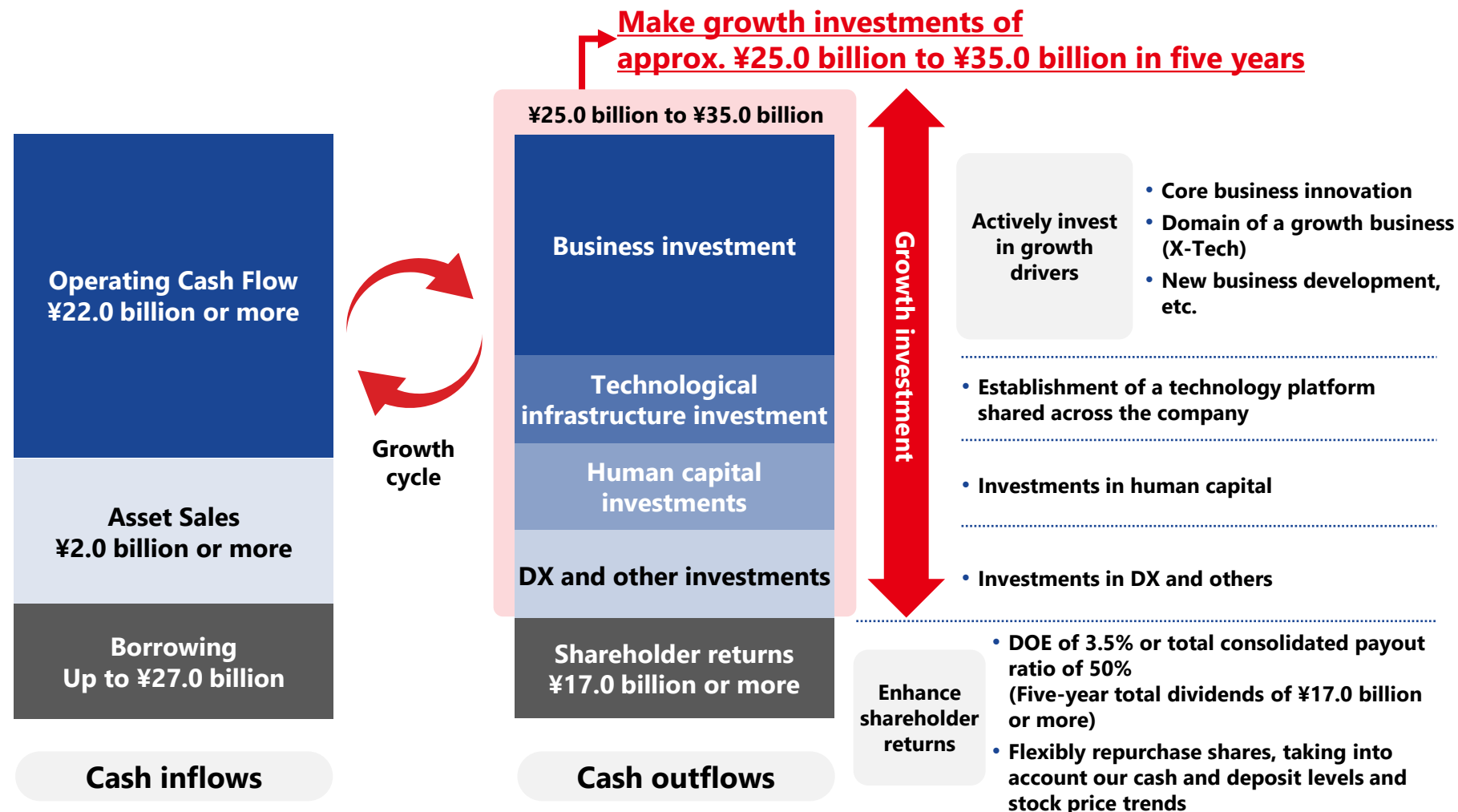
	FA Systems 	Cooling & Heating and Building Systems 	X-Tech 	Electronics 
Relation to social issues	<ul style="list-style-type: none"> <li>Adapt to labor shortage and rising labor costs (productivity improvement and automation)</li> <li>Drive global factory revolution. Address energy saving and labor-saving needs</li> <li>Improve efficiency through high-precision and high-speed technology</li> </ul>	<ul style="list-style-type: none"> <li>Offer energy-saving products to realize a sustainable society</li> <li>Focus on the net-zero market to accelerate towards a decarbonized society</li> <li>Meet the demand for stable energy supply</li> <li>Support safe and comfortable environments</li> </ul>	<ul style="list-style-type: none"> <li>Highly information-oriented society</li> <li>Address food supply issue and create new business</li> <li>Achieve energy saving and smart security</li> <li>Improve industrial efficiency and safety</li> <li>Overcome healthcare challenges and improve the management</li> <li>Solve social and customer issues and support decarbonization</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to environmental conservation on Earth (energy saving, sustainable products)</li> <li>Meet green procurement requirements.</li> <li>Assist in preventing global warming and reducing environmental impact. Support a highly information-oriented society</li> <li>Build a sustainable supply chain</li> </ul>
Opportunity	<ul style="list-style-type: none"> <li>Technical approach to automation and labor reduction</li> <li>Full-scale launch of the ASEAN business platform</li> <li>Increase in and creation of popular products, and increased business meeting opportunities</li> <li>Closer relationship with key suppliers and customers</li> </ul>	<ul style="list-style-type: none"> <li>Net-zero businesses (energy systems, building infrastructure, and building management)</li> <li>Energy markets expanded with environmentally conscious products such as solar power systems and grid-scale batteries</li> <li>Increase in trading volumes of main models</li> <li>More efforts applied to the net-zero business</li> <li>Expansion of system engineering business and the product lineup</li> </ul>	<ul style="list-style-type: none"> <li>Decarbonization business in response to global warming</li> <li>Contribution to energy-saving solutions</li> <li>Increased demand for DX in the medical field</li> <li>Improved automatic safety technology</li> <li>New business creation and expansion driven by ICT technology</li> <li>Emerging business opportunities through AI applications</li> </ul>	<ul style="list-style-type: none"> <li>Improved automatic safety technology</li> <li>Contribution to energy-saving solutions</li> <li>Exploration into new markets (amusement and energy-harvesting IoT)</li> <li>Global market development</li> </ul>
Risk	<ul style="list-style-type: none"> <li>Delay in launching growth businesses (SE, EMS, or processing applications)</li> <li>Unpredictable impacts on the manufacturing sector, for example, due to manufacturing site relocation from Japan to other countries and geopolitical risks</li> <li>Decrease in or loss of top-selling products</li> <li>Decreased business meeting opportunities</li> <li>Customer complaints and dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Delay in transforming the portfolio for the net-zero business</li> <li>Sluggish construction and facility investment caused by soaring material, labor, and other costs</li> <li>Decreased customer satisfaction</li> <li>Customer requirements that are hard to meet, failures in the distribution network, and increased costs</li> </ul>	<ul style="list-style-type: none"> <li>Slow adaptation to market changes or technological advances</li> <li>Delays in investment recovery and business scaling</li> <li>Intensified competition with rival companies</li> <li>Reduced business stability and delay in creating high-value-added business</li> <li>Obsolete or deteriorated information network. Downturn or contraction in our target markets and industries</li> </ul>	<ul style="list-style-type: none"> <li>Intensified competition with rival companies</li> <li>Slow adaptation to technological advances</li> <li>Reduced business stability</li> <li>Delay in creating high-value-added business</li> <li>Loss due to delays in supply chain enhancement</li> </ul>

# Growth Investment to Transform the Business Portfolio

Aligning with the capital allocation policy to realize a growth cycle for medium- to long-term corporate value improvement, we will implement optimal investments in managerial capital, including growth investments.

## Target

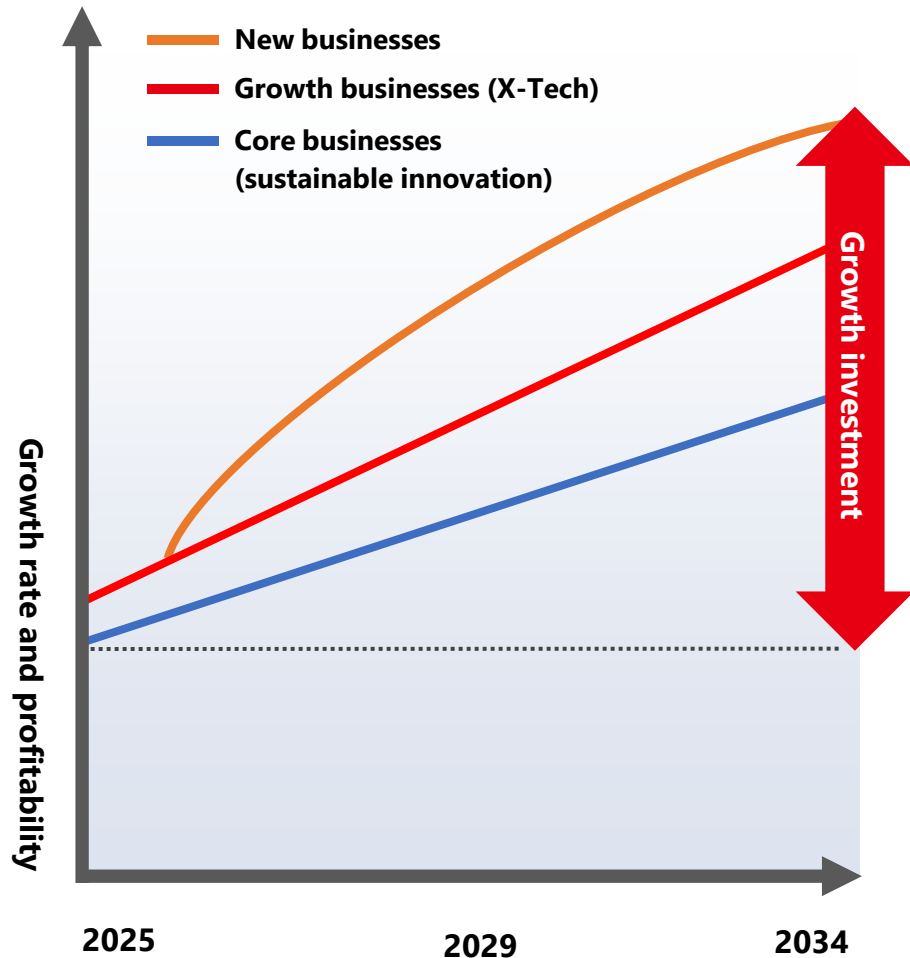
- Implement the growth strategy to create continuous cash flows from operating activities:  
5-year earnings before tax of more than ¥40.0 billion (or earnings after tax of ¥28.0 billion or more)
  - Business expansion will lead to an approx. ¥6.0 billion increase in trade working capital.  
\* This estimate assumes an improved capital efficiency with ROIC and improved CCC by optimizing the business portfolio.
- 
- Sell cross-shareholdings, etc.
  - Sell low cash flow non-core assets
- 
- Basically, ensure liquidity on hand for 1.0 month
  - Utilize debt, such as borrowing and corporate bonds, maintaining the D/E ratio at 0.3 or less





# Growth Investment to Transform the Business Portfolio

The innovation strategy is designed to deepen and broaden existing businesses and explore new domains to drive value creation continuously. We clarify the positioning of each segment and allocate resources flexibly to enable constant transformation of our business portfolio.



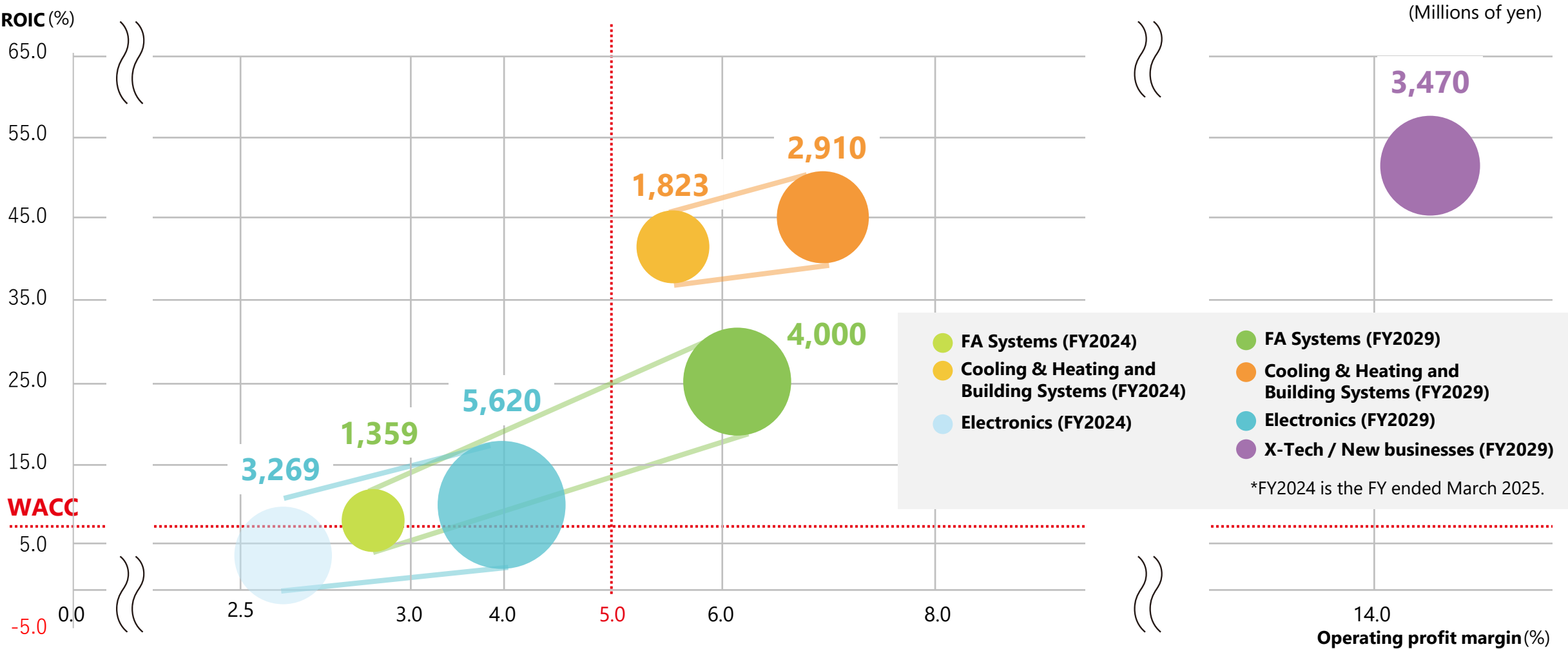
## Focus business resources on **growth drivers**

Expand/Exploit businesses		Explore new domains
Core business innovation Intensively invest for transformation and profitability improvement	Growth businesses (X-Tech) Expand business domains	New businesses Create next-generation core businesses
<ol style="list-style-type: none"><li>1. Strengthen the ability to propose solutions that address customer issues and make a shift to high-value-added business models</li><li>2. Actively promote the sales of environmentally friendly products and seize business opportunities in sustainability-focused markets</li><li>3. Use digital technology to improve sales efficiency and refine operations</li><li>4. Leverage strategic partnerships and M&amp;A to expand our business scale and get technologies and expertise</li><li>5. Reduce risk related to dependency on business partners and strengthen strategic partnerships</li></ol>	<ol style="list-style-type: none"><li>1. With a focus on plant factory technology, secure a leading position in the smart agriculture market and branch out into related fields</li><li>2. By leveraging photosynthesis engineering technologies, promote businesses that contribute to a circular society</li><li>3. Use sensing and network security technologies to create new business models</li><li>4. Propose DX to food and other manufacturing facilities to help improve their working practices, safety, and security</li><li>5. Promote data-driven recurring business models and strengthen the revenue foundation</li></ol>	<ol style="list-style-type: none"><li>1. Enhance data analysis capabilities to offer data-driven solutions that can help manufacturers address their challenges</li><li>2. Pursue and commercialize innovative business models free from conventional frameworks</li><li>3. Strategically invest in securing business development assets (technology, people, data, etc.)</li></ol>

# Growth Investment to Transform the Business Portfolio

## Investment activities transforming our business portfolio

- Make appropriate growth investments to transform our business portfolio that supports a growth cycle model



\* ROIC: Operating profit after tax ÷ {Working capital (Trade receivables + Merchandise inventory - Trade payables + Accounts receivable-other) + Non-current assets}

# Planned Transition of the Business Portfolio Composition

## Operating profit

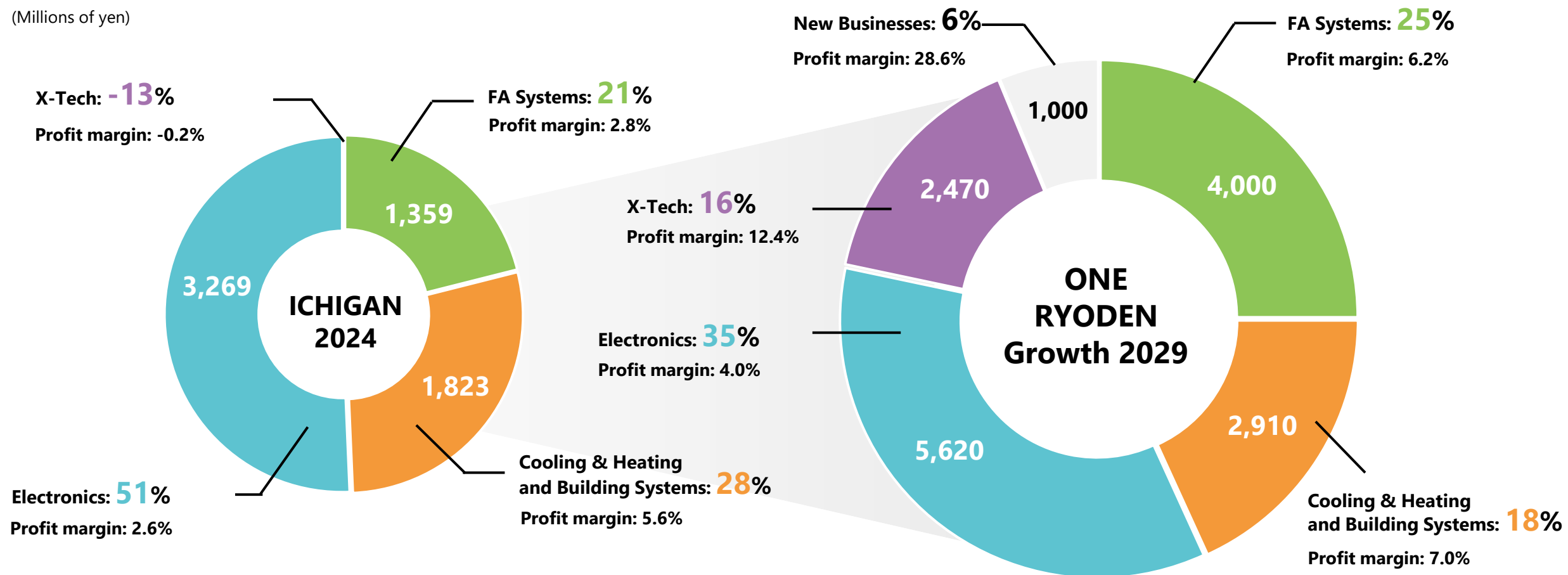
FY2024 result: **¥5.5 billion** (Operating profit margin: 2.5%)  
(FY ended March 2025)

## Operating profit

FY2029 plan: **¥13.5 billion** (Operating profit margin: 5.0%)

\* The percentages on the charts represent the proportion of the business. \* The charts exclude corporate expenses.

(Millions of yen)



# Quantitative Targets by Segment

## Net Sales (Millions of yen)

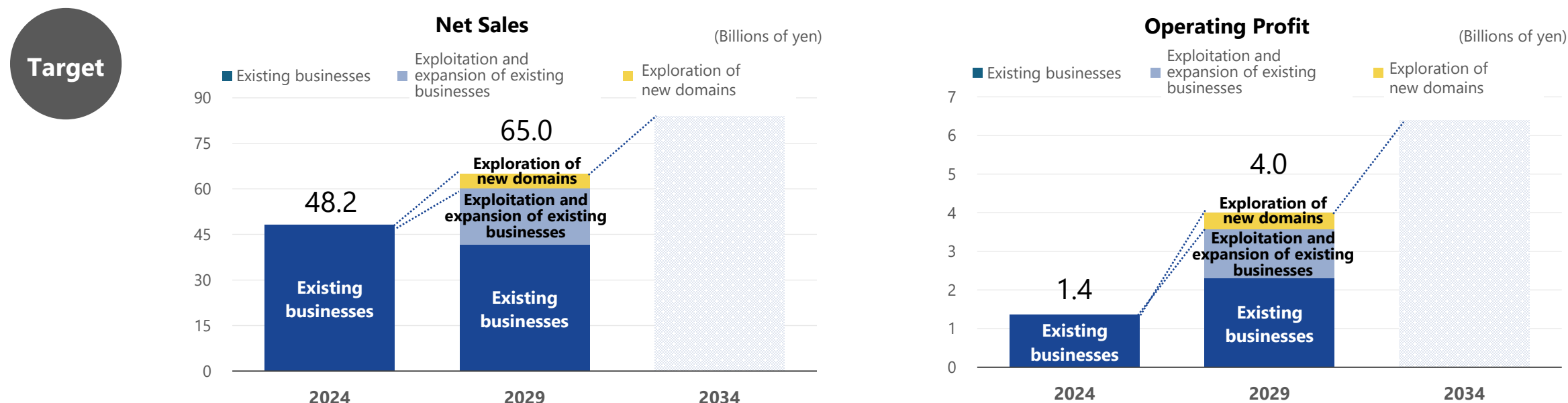
	FY2024 Results (FY ended March 2025)	FY2029 Targets	Change from the Previous Medium-term Management Plan Results
FA Systems	48,190	65,000	+34.9%
Cooling & Heating and Building Systems	32,429	41,500	+28.0%
Electronics	126,536	140,000	+10.6%
X-Tech	8,687	23,500	+170.5%
<b>Total (after inter-segment adjustments)</b>	<b>215,790</b>	<b>270,000</b>	<b>+25.1%</b>

## Operating Profit (Millions of yen)

	FY2024 Results (FY ended March 2025)	FY2029 Targets	Change from the Previous Medium-term Management Plan Results
FA Systems	1,359	4,000	+194.2%
Cooling & Heating and Building Systems	1,823	2,910	+59.5%
Electronics	3,269	5,620	+71.9%
X-Tech	(13)	3,470	—
<b>Total (including corporate expenses)</b>	<b>5,483</b>	<b>13,500</b>	<b>+146.2%</b>

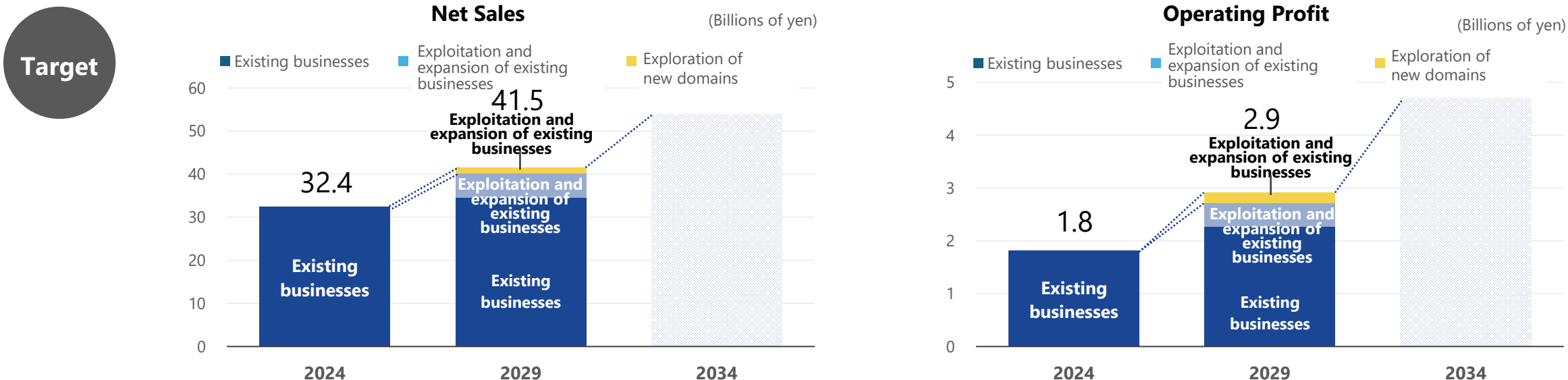
# Segment-specific Strategy—FA Systems

Existing business	<ul style="list-style-type: none"> <li>• Maintain the business scale in Japan and other regions based on the solid position as a Mitsubishi FA agent, and enhance earning capacity by redesigning and optimizing our operational framework and by streamlining the supply chain</li> </ul>
<b>Innovation strategy</b> Exploit and expand existing businesses Explore new domains	<ul style="list-style-type: none"> <li>• Reinforce partner products and improve system engineering capabilities to accelerate the deployment of high-value-added businesses</li> <li>• Make strategic investments for expanding business domains and user bases domestically and overseas.</li> <li>• Develop advanced technology and innovate on business models through effective use of data analysis to provide new value</li> </ul>



# Segment-specific Strategy—Cooling & Heating and Building Systems

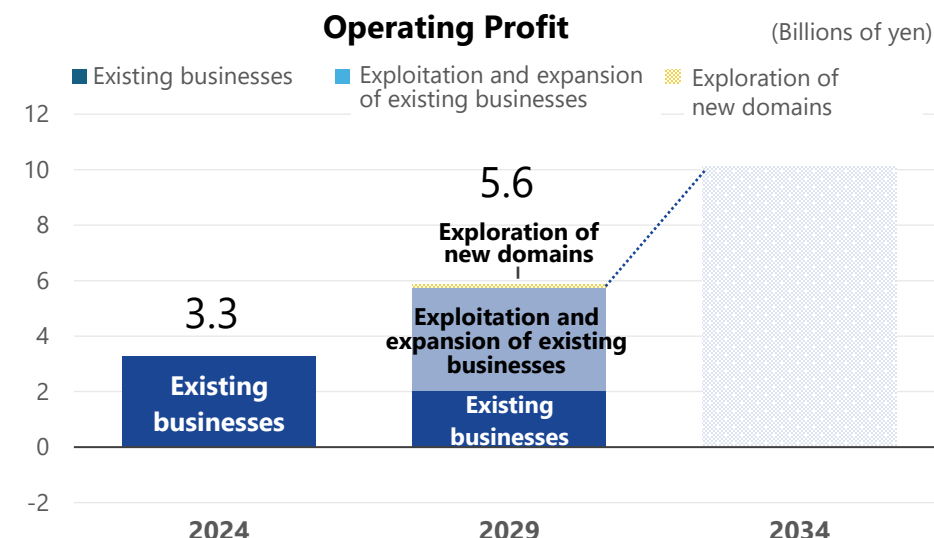
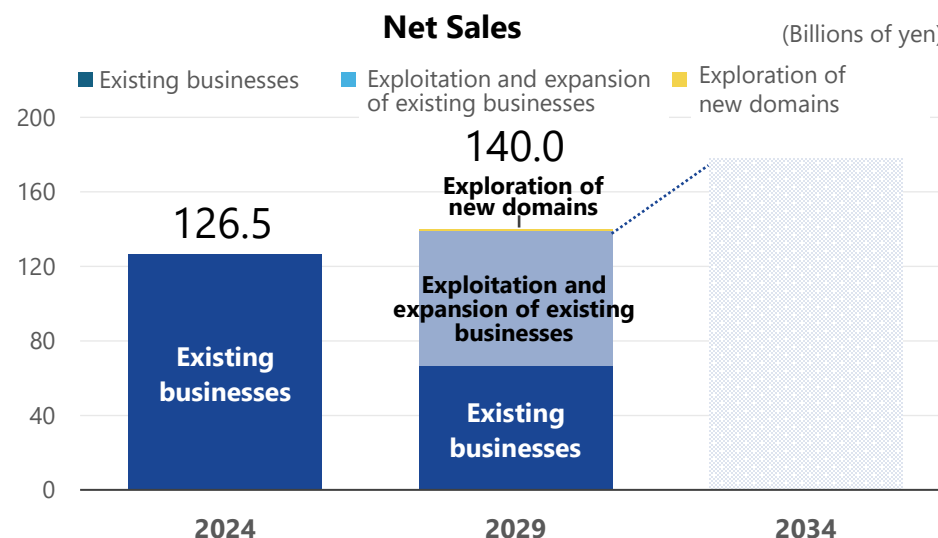
<b>Existing business</b>	<p><b>Cooling &amp; Heating:</b> Strengthen sales capabilities with the shift to smart systems, increase the sales of area air conditioners in Japan and overseas, and expand the industrial cooling &amp; heating business.</p> <p><b>Building Systems:</b> Based on the Mitsubishi Electric elevator business, increase the sales of elevators, conveyors, H-ELV, and others to retain and expand the mainstay core business.</p>
<b>Innovation strategy</b> Exploit and expand existing businesses Explore new domains	<p><b>Cooling &amp; Heating:</b> Take a multi-faceted approach to acquire end-user customers, diversify our product portfolio to help solve issues in the construction market, and promote the sales of recycled refrigerants.</p> <p><b>Building Systems:</b> Develop business in the net-zero market beyond the building sector, enabling us to contribute to the realization of a decarbonized society through our energy business.</p>





# Segment-specific Strategy—Electronics

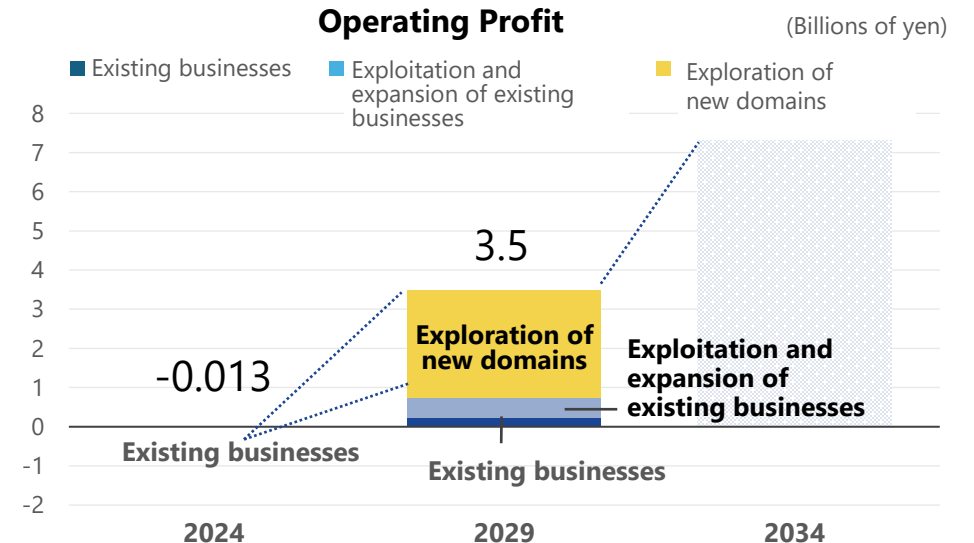
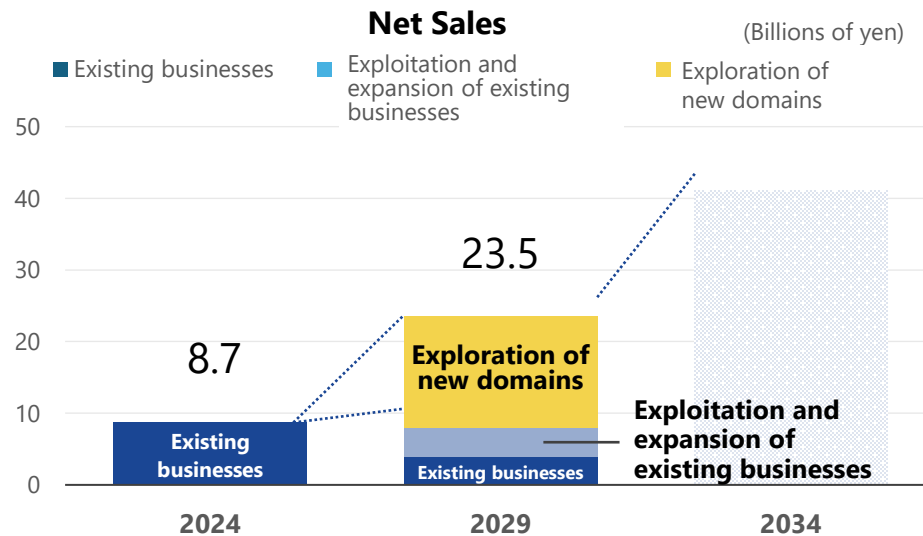
Existing business	<ul style="list-style-type: none"> <li>Utilize the digital information infrastructure and establish a supply chain that supports an agile operating structure to enhance earning capacity</li> <li>Expand the business foundation around in-vehicle mobility products</li> </ul>
<b>Innovation strategy</b> Exploit and expand existing businesses Explore new domains	<ul style="list-style-type: none"> <li>Develop new products capturing customer needs for exploring new markets (such as amusement and energy-harvesting IoT markets)</li> <li>Research markets globally to launch overseas businesses and expand our business domains</li> <li>Discover and offer new high-value-added products, such as for power management and energy saving, to contribute to solving customer and social issues</li> <li>Make the transition to a solution-oriented business model and develop diverse business models such as intellectual property licensing</li> </ul>



# Segment-specific Strategy—X-Tech

X-Tech / New businesses	Business area	Innovation strategy (Exploit and expand existing businesses and explore new business)
Smart agriculture	Plant factory-related businesses (including planning, design, sales), factory-grown vegetable production and sales, and businesses related to photosynthetic organism	<ul style="list-style-type: none"> <li>Monetize the business of plant factory-grown vegetables, and build high-yield business models</li> <li>Secure market initiative with photosynthesis engineering</li> </ul>
Remces	Integrated monitoring and control systems that comprehensively manages factories, buildings, and other facilities to optimize environmental and energy efficiency	<ul style="list-style-type: none"> <li>Accelerate the creation of solutions based on Remces</li> <li>Enhance collaboration with alliance partners to expand business around EMS-related markets and manufacturing/building markets</li> </ul>
ICT	ICT-based businesses such as image recognition, sensing, and security	<ul style="list-style-type: none"> <li>Transform our business models to solution oriented ICT business and accelerate the scaling efforts</li> <li>Improve profitability by establishing a proposal-driven business model through the effective use of image data</li> </ul>
Healthcare	DX support services for medical institutions	<ul style="list-style-type: none"> <li>Address hospital management challenges through proposals of recurring business models and system solutions, combined with vendor-agnostic procurement capabilities and implementation support</li> <li>Enhance our reputation and standing in the industry as a leader in digital transformation</li> </ul>
New business	Promotion of business development through open innovation for creating new business models	<ul style="list-style-type: none"> <li>Enhance our service models to expand the data-driven recurring model</li> <li>Build a problem-solving matchmaking model through business model development</li> <li>Accelerate the development of new businesses in the decarbonization field</li> </ul>

Target



# Contact

## **RYODEN CORPORATION**

**3-15-15, Higashi Ikebukuro, Toshima-ku, Tokyo 170-8448**

**IR Group, General Affairs Department**

**Email: [ryoden\\_ir@mgw.ryoden.co.jp](mailto:ryoden_ir@mgw.ryoden.co.jp)**

**Phone: +81-3-5396-6112**

**Fax: +81-3-5396-6448**

### Notes on handling these materials

Forward-looking statements, including planned performances, contained in this presentation are based on information currently available to us and certain assumptions judged to be reasonable. Actual results may differ substantially from these statements due to various factors. The main factors include the following:

- Sudden changes in economic conditions, consumer trends, and product demand and supply in our key markets, such as Japan and Asia
- Significant fluctuations in the exchange rates of the U.S. dollar and other currencies against the yen
- Considerable changes in market prices in the capital market

