



Mid-Term Business Plan 2026-2030

November 10, 2025

Tokyo Cosmos Electric Co., Ltd.

For approximately 70 years, Tokyo Cosmos Electric (“TOCOS”) has cultivated technology as a variable resistor manufacturer and has built deep trust relationships with the customers and business partners in the electronics, communication equipment, automotive, motorcycle, agricultural machinery, and construction machinery manufacturing industries by developing new products such as angle sensors and film heaters.

Following the 68th annual general meeting, we have renewed its Board of Directors and launched a new management structure comprised of professionals with diverse expertise in corporate management, production and sales management, business strategy planning, financial strategy planning, and capital market relations.

As the newly appointed Representative Director selected by our shareholders, I am committed to leveraging our company's strengths to achieve further growth, thereby delivering new value to all stakeholders, including customers, business partners, and employees, and ultimately providing value to our shareholders through the maximization of enterprise value.

We, the new management team, have now announced a new Mid-Term Business Plan 2026-2030. We will strive to unlock the potential for growth at TOCOS to meet the expectations of our shareholders.

Tokyo Cosmos Electric Co.,Ltd.,
CEO, Representative Director

門田 泰人



- ▶ At the 68th Annual General Meeting, the Board was comprehensively renewed, and a new management team was launched with the mandate to maximize both corporate and shareholder value

Directors¹

	Yasuto Monden	Representative Director and President (CEO) Chairman of the Board
	Hayato Wakabayashi	Representative Director and Executive Vice President (COO)
	Hisashi Okouchi	Senior Managing Director
	Ryuji Nishitateno	Executive Managing Director, Chief Transformation Officer
	Xiupeng Li	Non-Executive Chairman, Member of Nomination and Compensation Committee
	Naoki Isetani	Non-Executive Director, Chairman of Nomination and Compensation Committee
	Shengliao Huang	Non-Executive Director
	Makoto Ohki	Non-Executive Director Member of Nomination and Compensation Committee

Executive Officers

Sales	Masao Arai	Executive Officer, Deputy General Manager of Sales Division Chairman of Taiwan TOCOS Electric Co., Ltd. (New) General Manager of Variable Resistor Business Division (Effective in January 2026)
Production	Toru Yoshida	Executive Officer, Production Division President and Representative Director of Nakatsu Cosmos Electric Co., Ltd.
Technology	Kazutomo Miyata	Executive Officer, General Manager of Technology Division (New) General Manager of Automotive Business Division (Effective in January 2026)
	Shinichiro Kori	Executive Officer, Deputy General Manager of Technology Division
Quality Assurance	Eiji Kaneko	Executive Officer, General Manager of Quality Assurance Division
	Jun Kubota	Executive Officer, General Manager of Administration Division
Administration	Katsuya Iwasaki	Executive Officer, Deputy General Manager of Administration Division

1. Excluding Audit and Supervisory Committee Members

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1

Company Overview

Our Mission

Tuning Human-Machine Interface

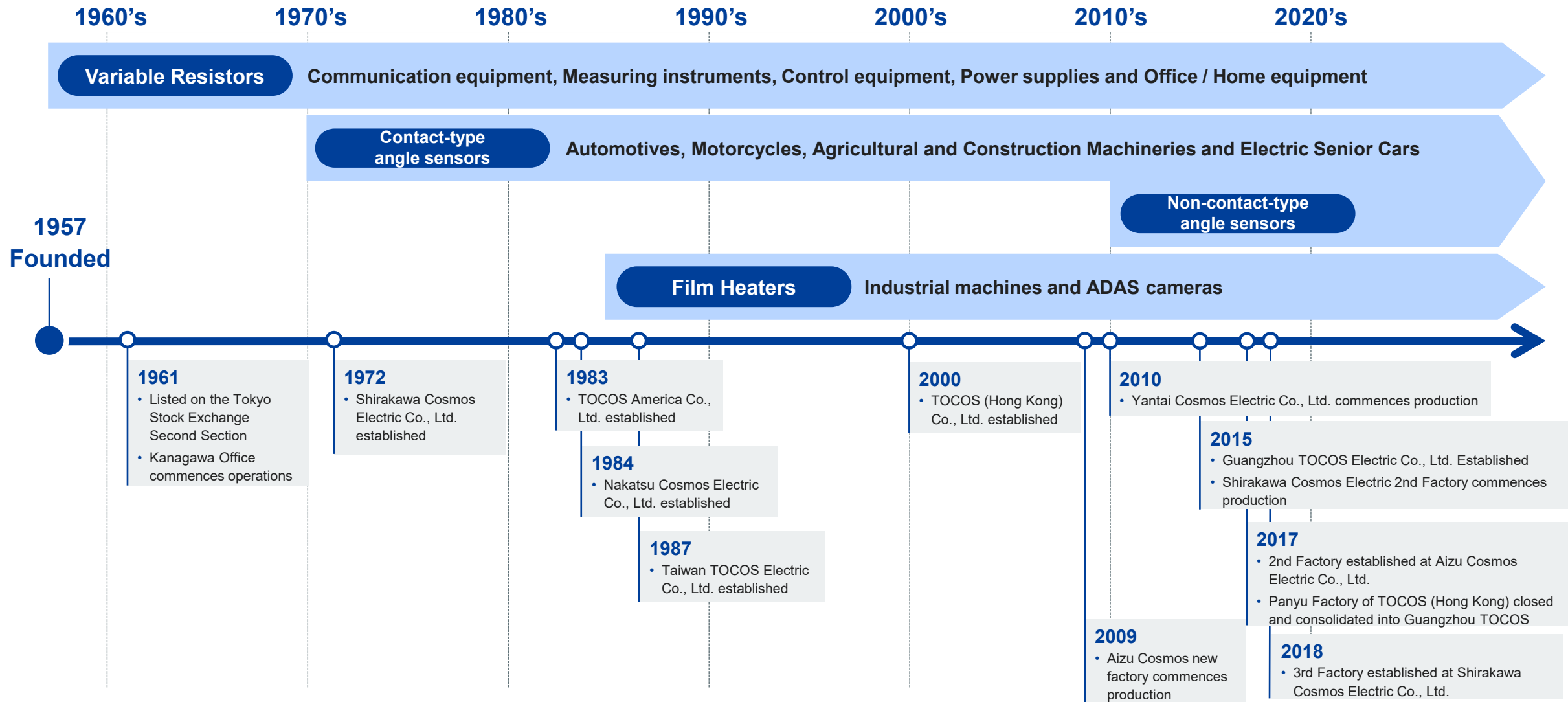
What we have been creating is **“Haptic Experience”**

- The perfect resistance when you turn up the volume
- The perfect feedback when you steer the wheel
- The perfect warmth when drying condensation

What we create is not merely a component.

To enrich people's everyday lives, we will **tune Human-Machine interface**

► Approx. 70 years of experience in manufacturing electronic components



- ▶ TOCOS supplies variable resistors and automotive electrical components to customers in Japan, Asia, Europe, and the US, supporting the foundation of advanced electronics industries

Variable Resistors (Potentiometers)

- Variable resistors are adopted in niche markets including wireless equipment, audio equipment and electric senior cars
- Trimmers are mainly adopted in infrastructure equipment such as power supplies for servers and LED lighting systems

Volumes



Trimmers



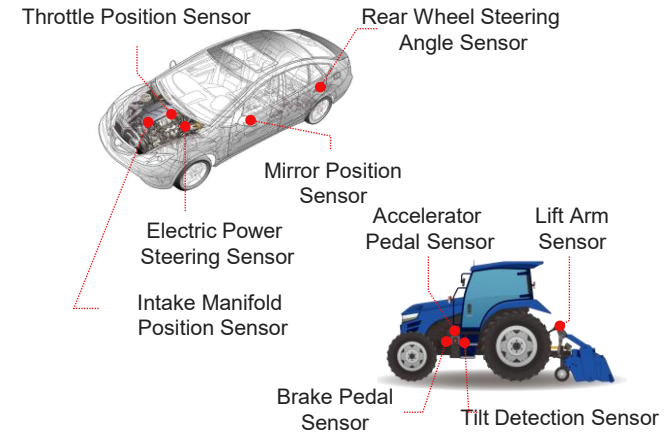
Main Applications

Wireless equipment 	Industrial Machines
Special Vehicles 	Office/ Home Appliances
Amusement 	Healthcare
Infrastructure 	

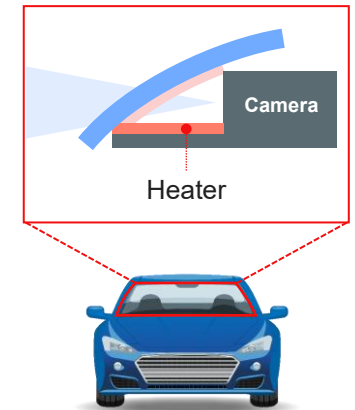
Automotive Electrical Components

- Automotive Electrical Components are installed in the "Stop, Go, Turn" functions of vehicles

Sensors



Heaters



Main Applications

Automotives/ motorcycles 	Special Vehicles
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Variable Resistors

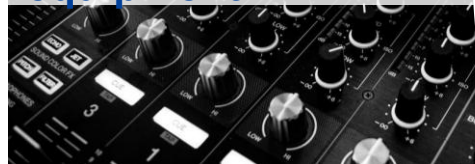
Defense Communication



Industrial Machines



Office / Home equipment



Power Supply



Manufacturing and sales of variable resistors used in various equipment
 This founding business, boasting a top 5 global market share¹

Variable Resistors
 ~40%

Automotive Electrical Components

Automotives / Motorcycles



Agricultural and construction machinery



Electric Senior Cars



Manufacturing and sales of equipment used in both gasoline and electric vehicles
 Recently, TOCOS entered in the agricultural and construction machinery
 Key products hold a top 5 global market share¹

Automotive Electrical Components
 ~60%

FYE2025/03
 Revenue
 JPY10.5bn

Volumes / Trimmers



Film Heaters

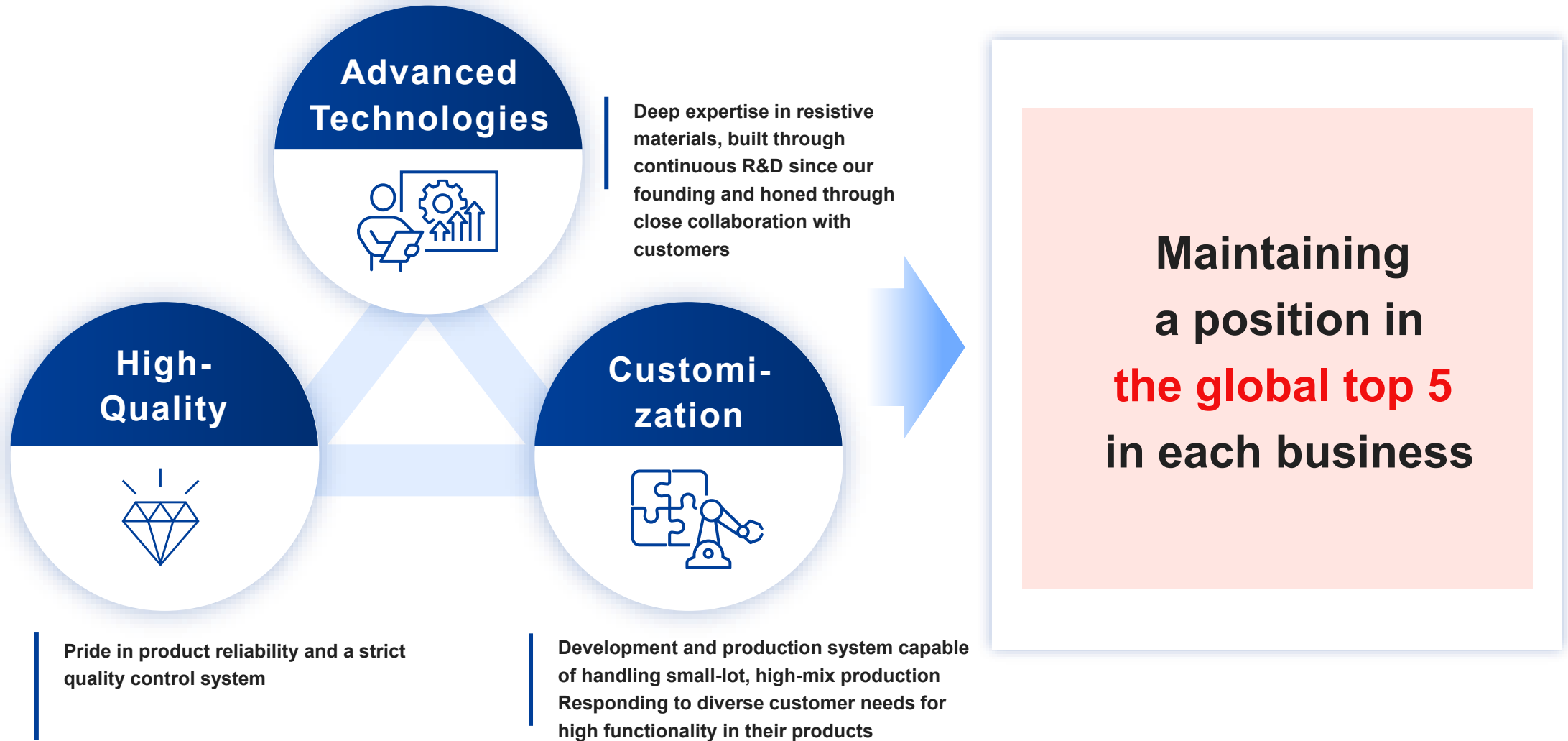


Sensors



1. Based on research by an external research firm

- ▶ TOCOS maintains a top 5 global market share¹ by leveraging its strengths in advanced technology for resistive materials, quality, and the ability to handle small-lot, high-mix production



1. Based on research by an external research firm

2

Review of the Previous Mid-Term Business Plan

Earnings Summary | Outlook and 1st Half Results for the FYE 2026/03

- ▶ We are releasing our full-year outlook for the current fiscal year, which had previously been withheld, following a comprehensive review incorporating the latest external environment
- ▶ A dividend of JPY190 per share is under consideration (an increase of JPY15 year-on-year, equivalent to a DOE¹ of 3.5%; to be formally announced promptly upon final decision)

(JPY in millions)	FYE2025/03 (Actual)	FYE2026/03 (Outlook)	FYE2026/03 1st Half	Progress
Revenue	10,506	9,420	4,854	51.5%
Operating Profits	1,040	480	300	62.5%
Operating Margin	9.9%	5.1%	6.2%	-
Ordinary Income	1,028	430	255	59.3%
Ordinary Income Margin	9.8%	4.6%	5.2%	-
Net Income	709	50	▲27	-
Net Income Margin	6.7%	0.5%	▲0.6%	-
Avg. FX Rate (USD/JPY)	152.65	147.00	146.30	-
Dividends per Share	JPY 175	JPY 190 (Plan)	-	-

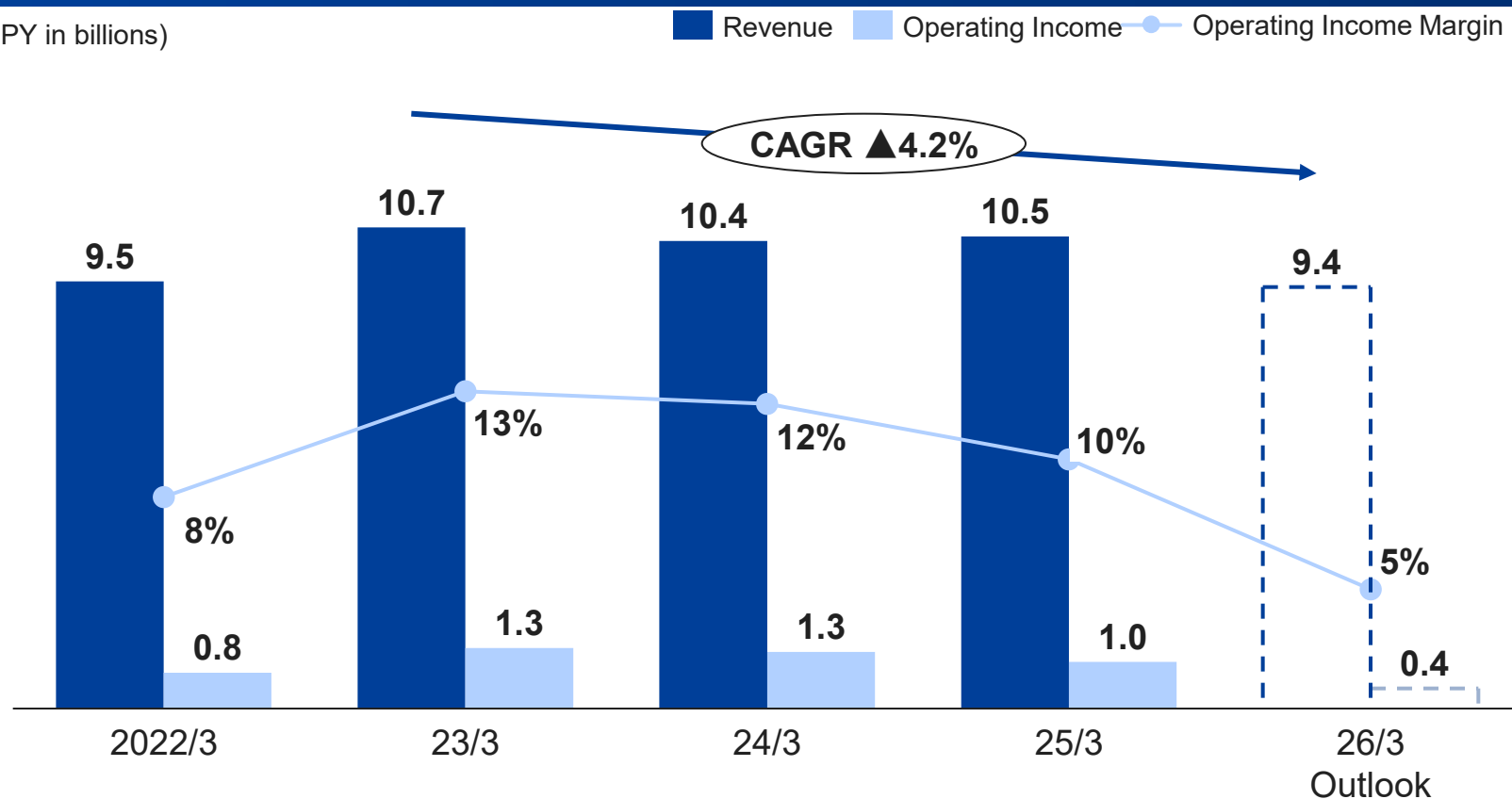
1. DOE: Dividend on Equity

Review of Historical Results and the Previous "Mid-to-Long Term Plan 2029"

- ▶ Over the past decade, TOCOS prioritized margin improvement through price increases, headcount reductions, and investment restraint — with little regard for long-term business sustainability or growth
- ▶ As a consequence, chronic underinvestment in growth and R&D has resulted in a year-on-year decline in both revenue and operating profit in the current fiscal year
- ▶ Furthermore, the FYE March 2030 revenue target presented to Bourns in May 2025 was set below the publicly announced figures
- ▶ The new management's review has also revealed that even the targets presented to Bourns failed to reflect the anticipated demand deterioration in the automotive components business

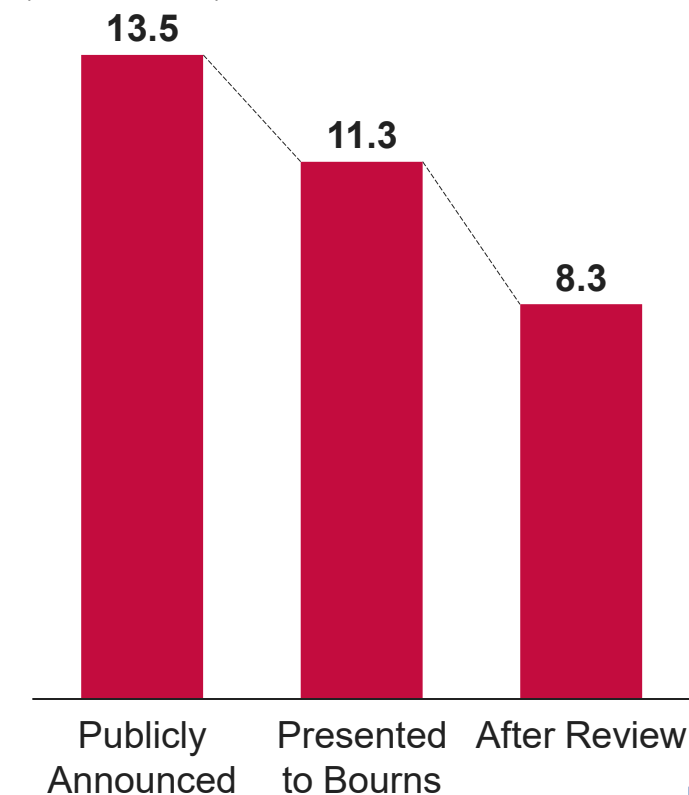
Historical Results and FYE2026/03 Outlook

(JPY in billions)



Previous "Mid-to-Long Term Plan 2029" Target Revenue in FYE2030/3

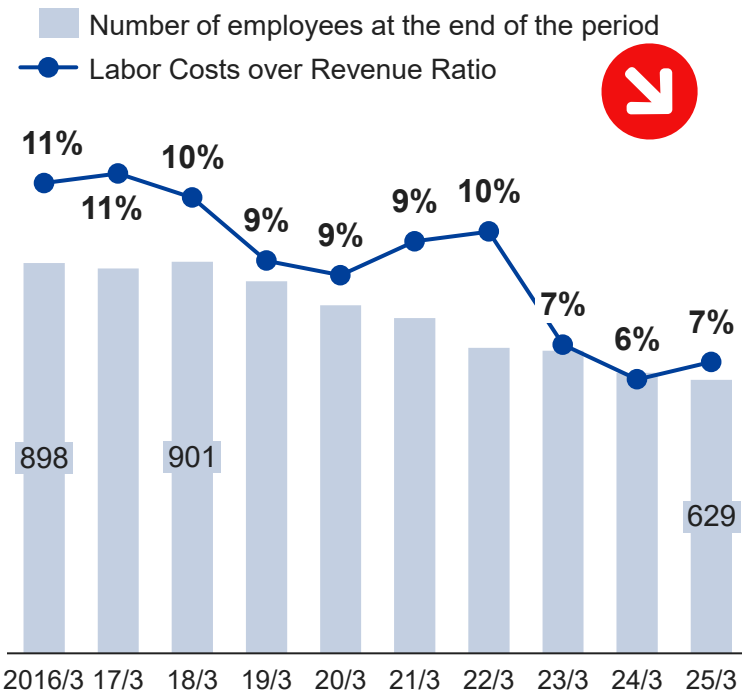
(JPY in billions)



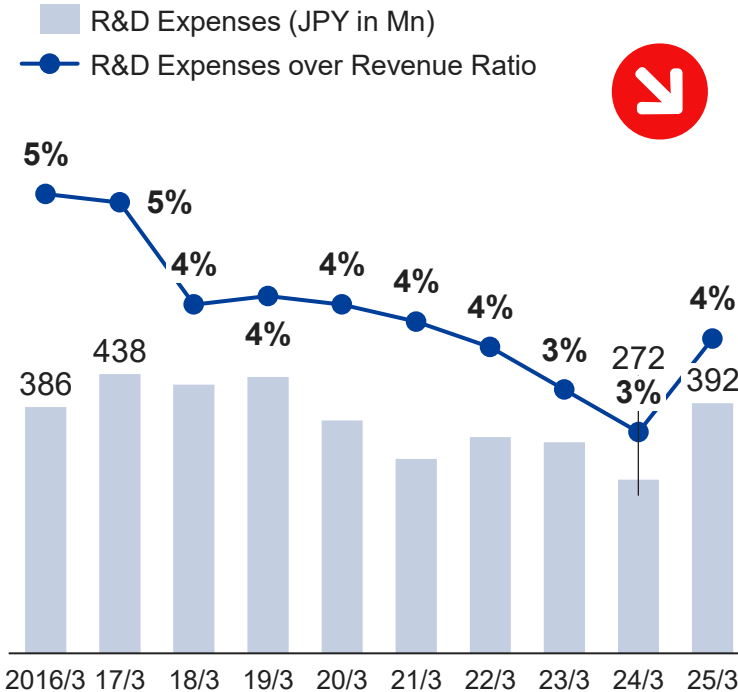
The Company Has Been Trapped in a Contraction Cycle

- ▶ A decade of aggressive restructuring has taken a severe toll on the company's competitive position
- ▶ This included reducing headcount by approximately 30% and cutting capital expenditure — both critical drivers of mid-to-long-term growth

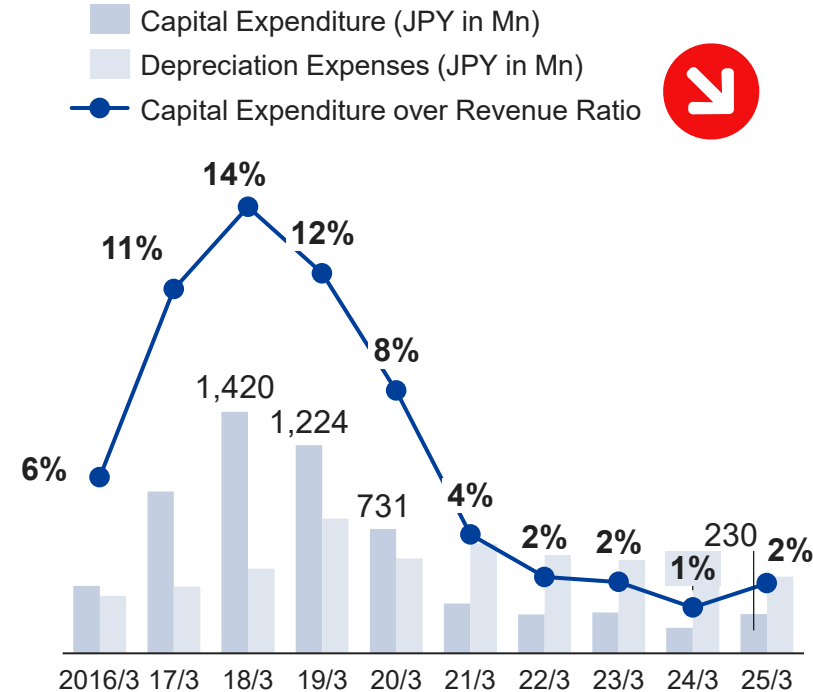
Number of Employees



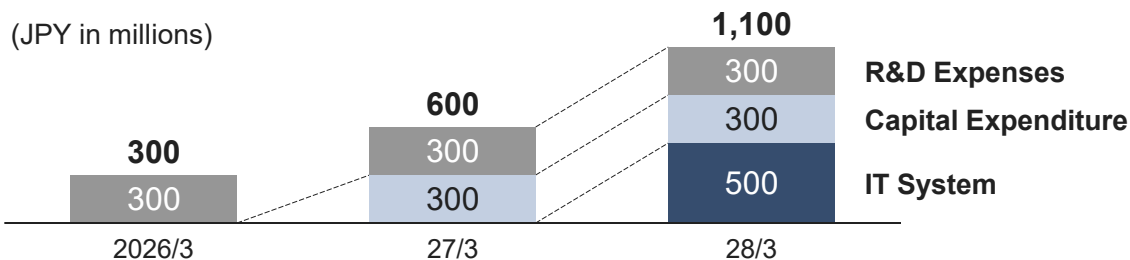
R&D Investments



Capital Expenditure and Depreciation Expenses



Breakdown of Growth Investments in the Previous Mid-Term Business Plan



The growth investments (total JPY 2bn) in the previous Mid-Term Business Plan lacked substance
It turned out that the investment plan was merely a placeholder. There was no link between R&D/Capital Expenditure and Revenues, and no concrete schedule. A large IT system investment that was not originally necessary was included.

- ▶ An excessive contraction mindset has hollowed out the organization, sacrificing its future for near-term profits
- ▶ A shift from short-term profit-seeking to future-focused growth investment is essential — together with a new Mid-Term Business Plan

Vision/Business Strategies



- Absence of a clear management vision
- Short-sighted management that ignored mid-to-long-term business continuity and growth
- Competitiveness declined as a result of excessive restraint on investment in variable resistors
- Management that ignores excess net cash and its share price and does no awareness of maximising shareholder value or enterprise value

Operations



- Low granularity management of product-specific profitability
- Insufficient efforts for cost reduction (Procurement / Production)
- Insufficient investment in automation of production line
- Downsizing of the sales team has created distance from customers and weakened new business development

Organization/ Governance



- Internal oversight capabilities have deteriorated as a result of bylaw amendments that undermined the effectiveness of the Board of Directors
- Functional silos creating insufficient incentives for company-wide profit maximisation
- Stalled generational renewal and no clear policy for recruiting or developing young talent

Capital Strategy



- Management with no regard for cost of capital or share price performance
- Net cash position not deployed strategically
- Inadequate shareholder returns

3

**New Mid-Term
Business Plan
2026-2030**

Shift from Pursuing Short-Term Profits to Growth Investments for the Future

Vision/Business Strategies

- Become the **No.1 variable resistor manufacturer in Asia**
- **Transition to Super Tier2 supplier:** enhance profitability through direct engagement and transactions with OEMs
- **Build a third pillar of business:** M&As and new business developments
- **M&A:** Acquisitions with EBITDA¹ of JPY 1–2 bn, targeting an immediate doubling of profits

Operations

- **Establish a new factory in ASEAN** to expand the production capacity
- **Continuous investment in production automation** to improve productivity
- **Overhaul the ERP²** to provide real-time visibility into profitability and inventory
- **Drive rigorous cost reduction** (Planned production, automation, strategic purchasing)
- **Introduce inflation-optimised inventory** management with automated reorder calculations

Organization/ Governance

- **Strengthen the Board of Directors' functions,** establishing various internal regulations, and setting up committees
- **Introduce Business Division Structure:** Clarifying profit responsibility
- **Hire and develop next-generation leaders**
- **Revamp the personnel evaluation** system and compensation structure (e.g., introducing effective performance-linked compensation)

Capital Strategy

- Formulate **capital allocation policy**
- **Leverage debt financing strategically**
- **Enhance shareholder returns**

1. EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

2. ERP: Enterprise Resource Planning

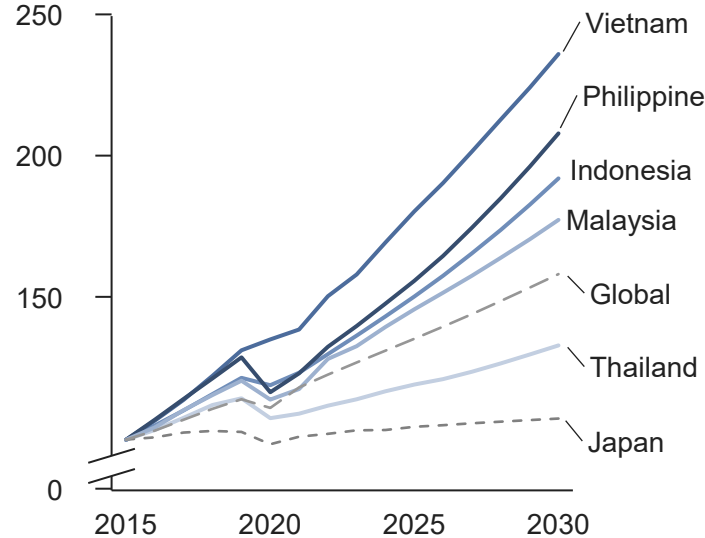
- ▶ Strong growth is anticipated across both our key geographies and end markets
- ▶ In the automotive market, sustained growth in both ICE and xEV¹ vehicles represents a structural tailwind for our Automotive Components business

Key Geographies

Economic Growth in ASEAN

The ASEAN region — home to our primary end markets — is poised for strong and sustained economic growth

GDP Forecast
(2015=100)

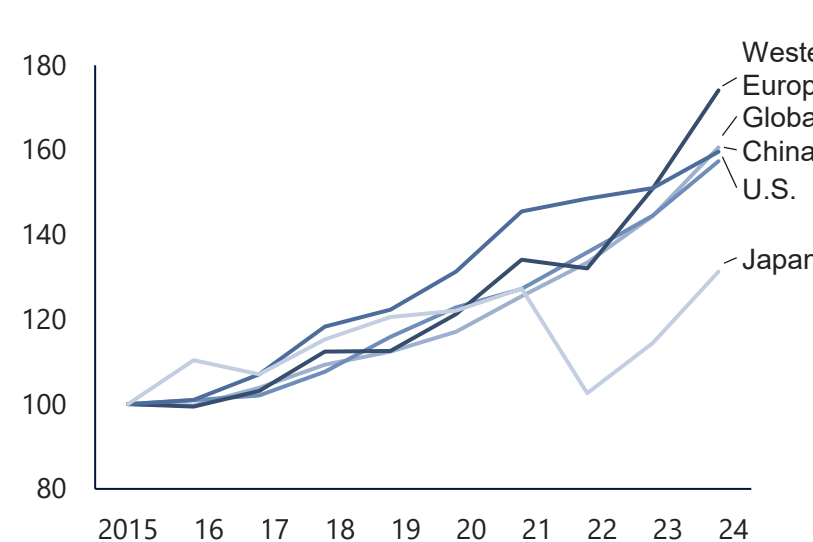


Key End Markets

Variable Resistors

The defense sector is a key end market for our Variable Resistor business, and is well-positioned to benefit from the global uptrend in defense spending

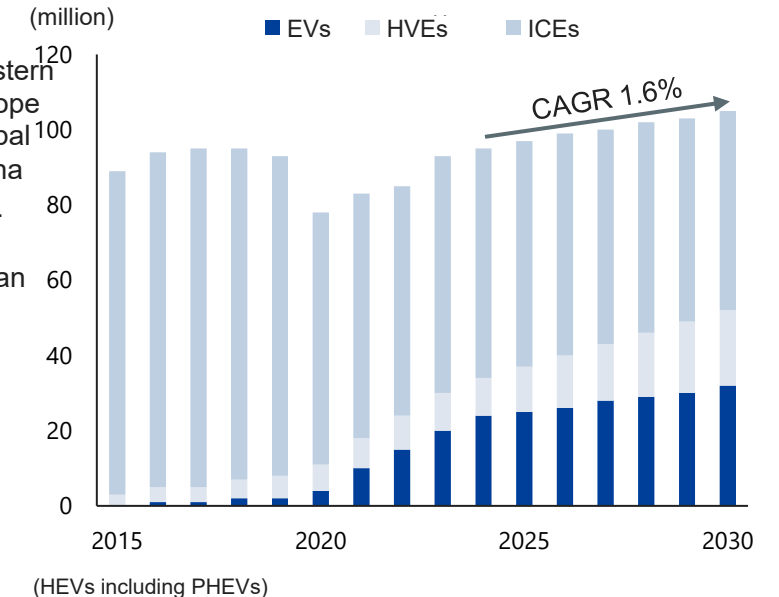
Defense Related Expenses
(2015=100)



Automotive Electric Components

In the automotive market, both ICE and xEV (including HEV/PHEV) are forecast to deliver stable, long-term growth

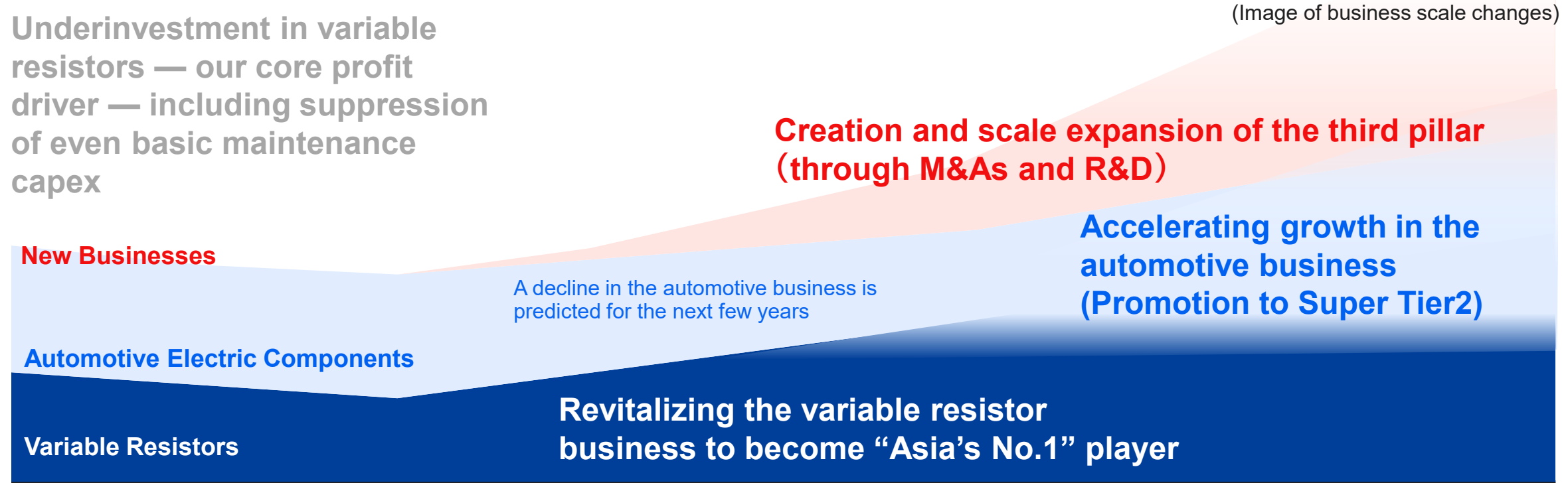
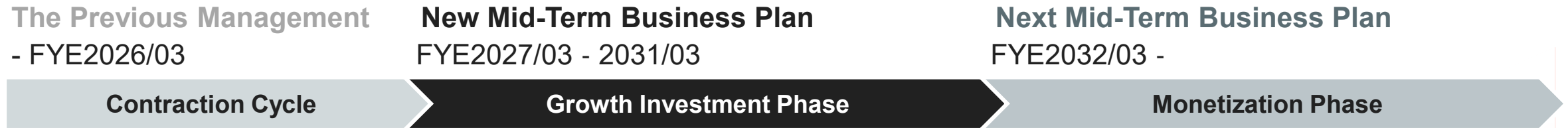
Forecast of automotive sales until 2030¹



Source: SIPRI, IMF, National Tax Agency (Private Salary Statistics Survey), OICA, IEA, S&P Global Mobility and External research based on the various secondary information

1. ICE stands for an internal combustion engine that generates power by burning gasoline or diesel, HEV, etc., including PHEV, uses an internal combustion engine and some electricity as a power source, and EV refers to all electric vehicles that use battery electricity as their entire power source

- ▶ Relentless cost-cutting without strategic direction has left TOCOS in a position where achieving meaningful revenue growth is no longer viable under the current approach
- ▶ We are positioning the new Plan as a **Growth Investment Phase** — one that decisively breaks the contraction cycle and steers the company toward bold reform and transformative investment



2026/3

31/3

Operations | Production System Overhaul, Automation Investment and Capacity Expansion

- ▶ The new factory will deliver a fundamental improvement in both production costs and capacity — our first greenfield facility in over a decade
- ▶ With inflationary pressures expected to persist, we are now committing to full-scale investment in factory automation
- ▶ In parallel with strengthening our high-value-added product portfolio and design capabilities, we are pursuing volume growth in mid-range and commodity products through operational efficiency and automation

New ASEAN Factory

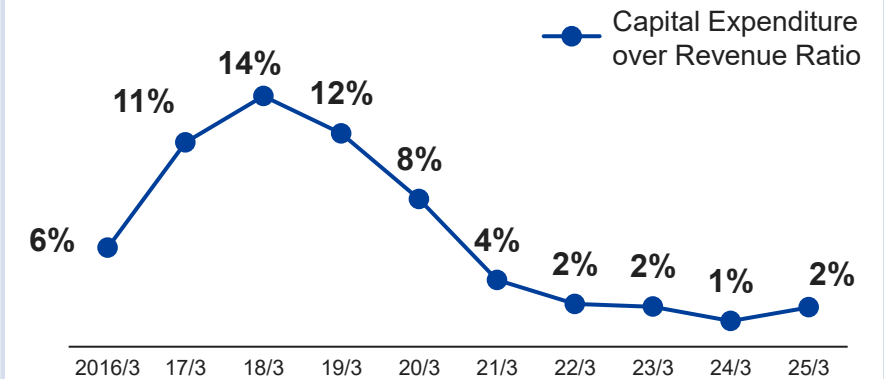
● Production sites ● Sales sites ● Agencies



New ASEAN Factory
 (Targeting operational launch by FYE March 2029)

Automation Investment

Started full-scale automation of factory production lines, which had been postponed



Aiming for significant productivity improvement

- ▶ The ERP system hastily implemented in 2019 has been functionally inadequate, leaving management unable to obtain precise visibility into business and production data
- ▶ The new management team reassessed the previous plan's proposed JPY 500m investment in a new ERP system
 - We have begun to solve the fundamental issues with minimal modifications and operational improvements rather than purchasing a new ERP system. The additional costs are expected to be significantly reduced to several tens of millions of JPY

Benefits of ERP modification

	Current	→	After Modification
Procurement / Inventory Management	Reliance on manual, person-dependent procurement and inventory processes outside the ERP prevents timely updates to component pricing		Automated calculation and maintenance of optimal inventory levels Efficient procurement driven by real-time component price management
Profitability Management	Profitability by customer and product cannot be tracked with sufficient granularity		Full P&L visibility at customer and product level Agile switching of sales and inventory policies based on real-time data
Customer Services	With no integrated system in place, engineering and sales teams are forced to prepare quotes manually — resulting in slow response times and elevated risk of losing orders		Higher win rates through faster response on quotes and delivery lead times

▶ The new management team has identified the key bottlenecks to growth, initiated concrete improvement measures, and established a clear investment plan

	Current Challenges	Key Initiatives			
		Initiatives Overview	Expected Benefit		Investments (JPY in billions)
			Revenue	Profitability	
Technology	<ul style="list-style-type: none"> Limited time available for design due to 4M change management¹ Lack of R&D 	<ul style="list-style-type: none"> Dedicate specialists to 4M change management Expansion of R&D system 	↑	↑	~1.0
Production	<ul style="list-style-type: none"> Insufficient cost reduction efforts Production automation lagging behind Mitigate US-China geopolitical risk exposure 	<ul style="list-style-type: none"> New Factory in ASEAN Automation in variable resistor manufacturing Optimise procurement and inventory management 		↑	~1.0
Sales	<ul style="list-style-type: none"> Insufficient customer proximity limiting new project development 	<ul style="list-style-type: none"> Strengthen new customer acquisition through improved sales management Rationalise pricing 	↑	↑	~0.1
Quality Assurance	<ul style="list-style-type: none"> ISO certified, but IATF certification not yet achieved² 	<ul style="list-style-type: none"> Establishing an IATF certification team to open up European and North American customers 	↑		~0.1
Administration	<ul style="list-style-type: none"> Profitability and inventory not trackable at customer/product granularity 	<ul style="list-style-type: none"> ERP remediation Overhaul of management accounting practices 		↑	~0.1
					2.3+

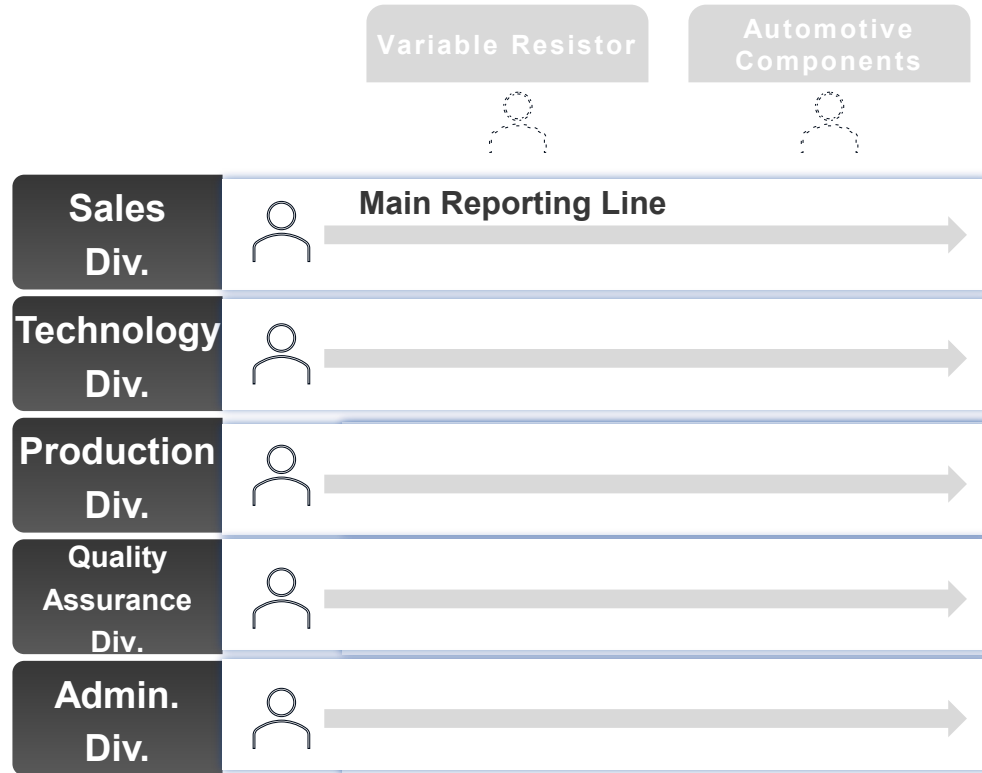
1. 4M change management: A process that systematically assesses the four elements (4M) of man, machine, material, and method in quality control by the OEM customers
 2. IATF: International Automotive Task Force (International standards developed for quality management specific to the automobile industry)

Organization/Governance | Organizational Restructuring and Introduction of a Business Division Model

- ▶ The introduction of a Business Division structure will bring full transparency to segment-level profitability and transform the organization into one where front-line teams take ownership of driving profit growth

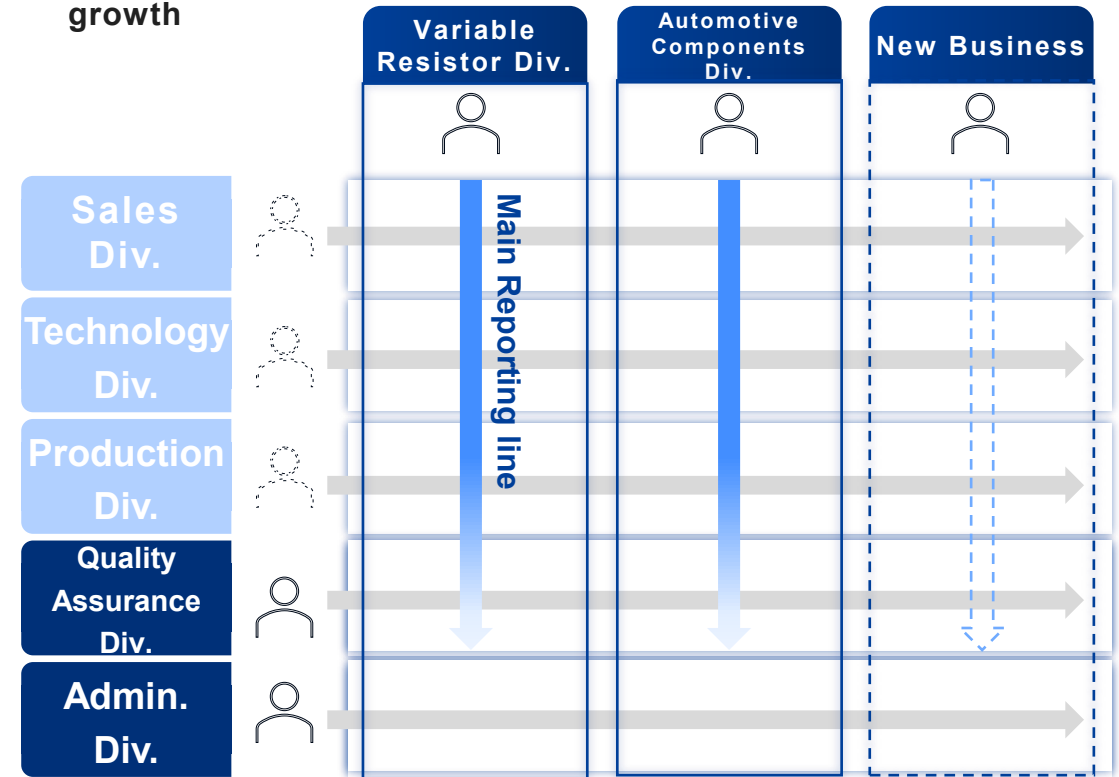
Current

- Siloed functional structure with no dedicated business divisions
- P&L tracked at customer and product level only
- No accountability for P&L below the President level



After 2026/01~

- Establish a Business Division structure (with newly appointed Division Heads)
- Rigorous P&L management at customer and product level
- Clear P&L ownership and company-wide alignment on profit growth



(In the future, to transition to a complete business headquarters system, including factories.)

Capital Strategy | Capital Allocation Framework and Shareholder Return Policy (Plan)

- ▶ Establish a new capital allocation framework to achieve "management with a keen awareness of cost of capital and share price"
- ▶ We pursue an optimal capital allocation that balances judicious use of debt, growth investment, and proactive shareholder returns — while maintaining robust financial soundness

Capital Allocation Policy

- Maintenance and renewal capex requirements are modest, and **our Cash Conversion Ratio¹ was an exceptionally high 83%** in the prior fiscal year
- Having been chronically underinvested, **we will now proactively deploy our financial resources toward growth**
- In consideration of the balance with maintaining sufficient financial soundness
 - **Target Net Debt/EBITDA of approx. 1x in normal conditions**
 - **Up to approx. 3x at the time of M&A execution**
- **Any surplus capital remaining after growth investments will be returned to shareholders**

Net Debt / EBITDA = 1~3x
(Normally approx. 1x, approx. 3x
when M&A is carried out)

Shareholder Return Policy (Plan)

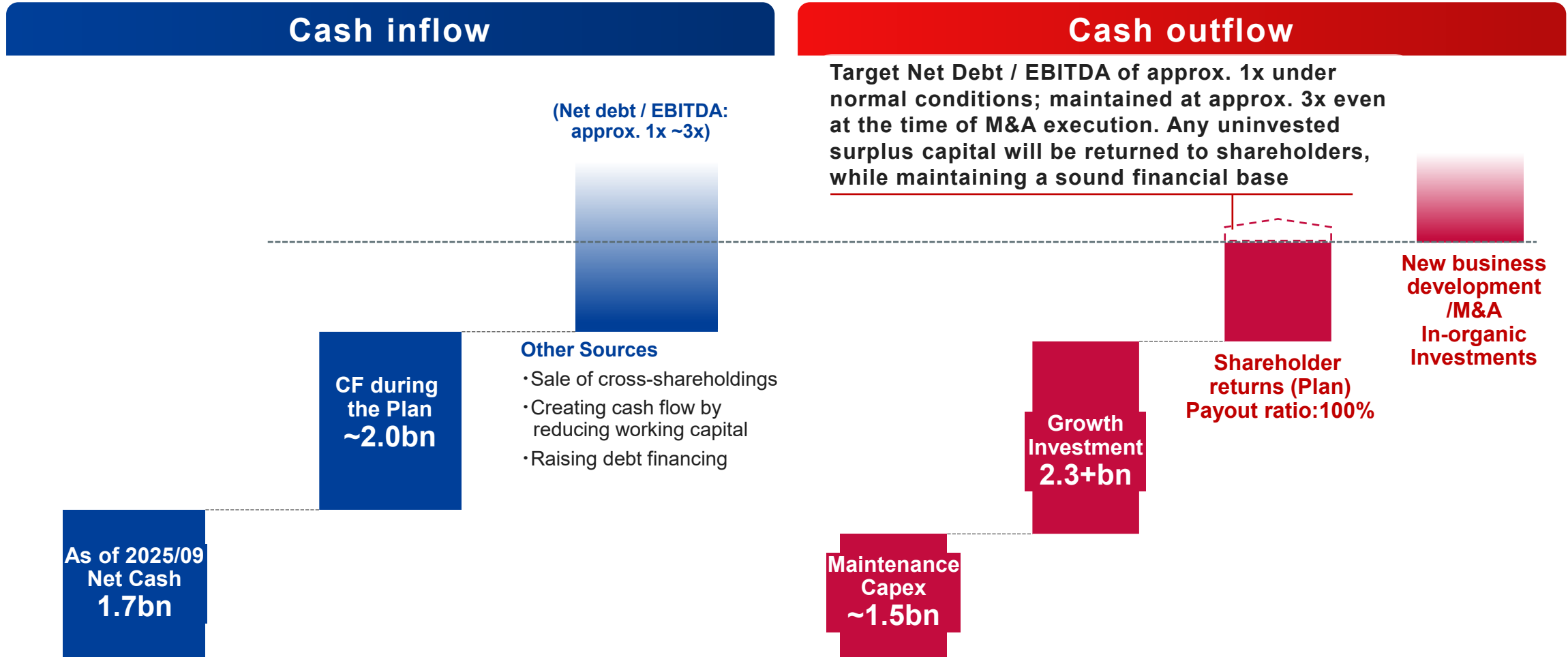
- We are currently in a net cash position, and planned growth investments during the new Mid-Term Business Plan period are not expected to exceed cash generated
- Accordingly, **we are targeting a dividend payout ratio of 100% (with a minimum DOE² floor of 3.5%) as our baseline shareholder return policy**
- ROE target of 10% or above
- We will continuously reassess our capital allocation in light of evolving business conditions, optimize the equity-debt balance, and **execute flexible shareholder returns — including opportunistic share buybacks**

Payout Ratio = 100%
(minimum DOE Ratio = 3.5%) (Plan)

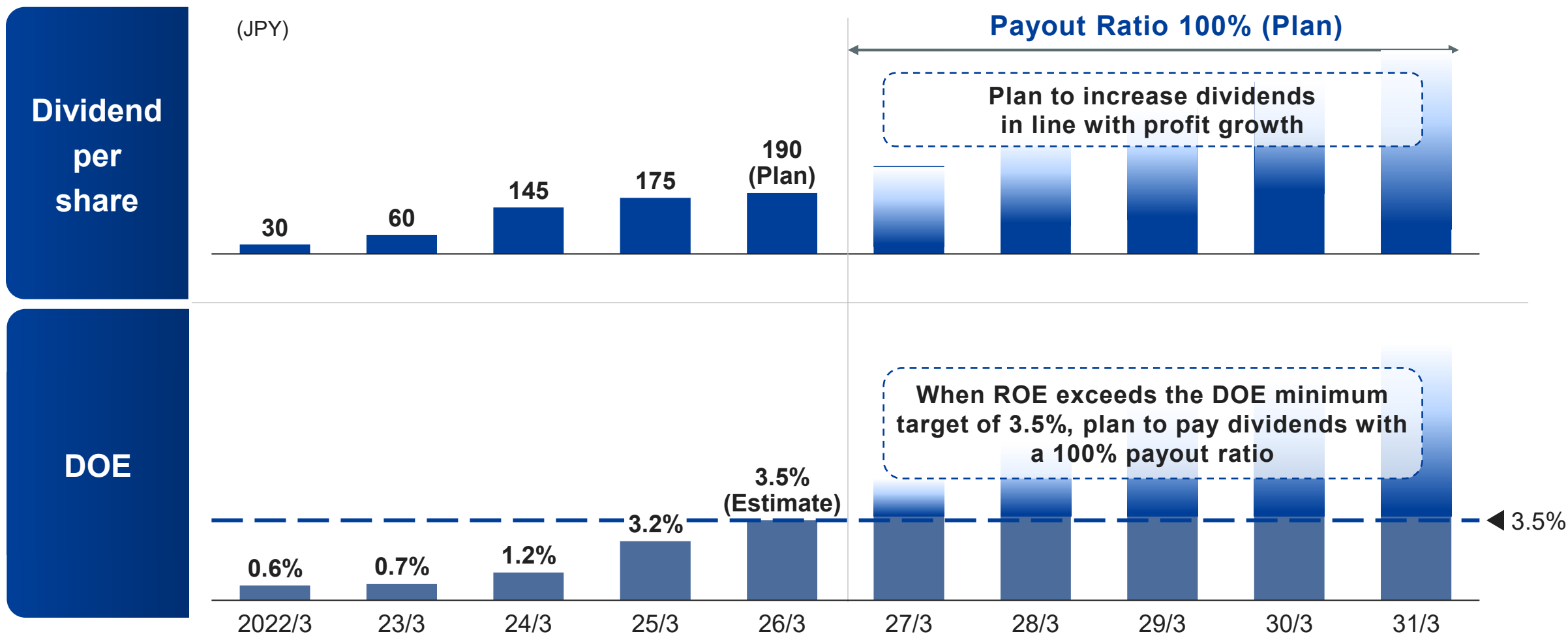
1. Cash Conversion Ratio: (EBITDA – Capital Expenditure)/EBITDA

2. DOE: Dividend on Equity

- ▶ By systematically deploying our net cash, proceeds from asset disposals, debt financing, and cash flows generated during the plan period into growth investments — and returning any surplus to shareholders — we aim to deliver on the expectations of all stakeholders

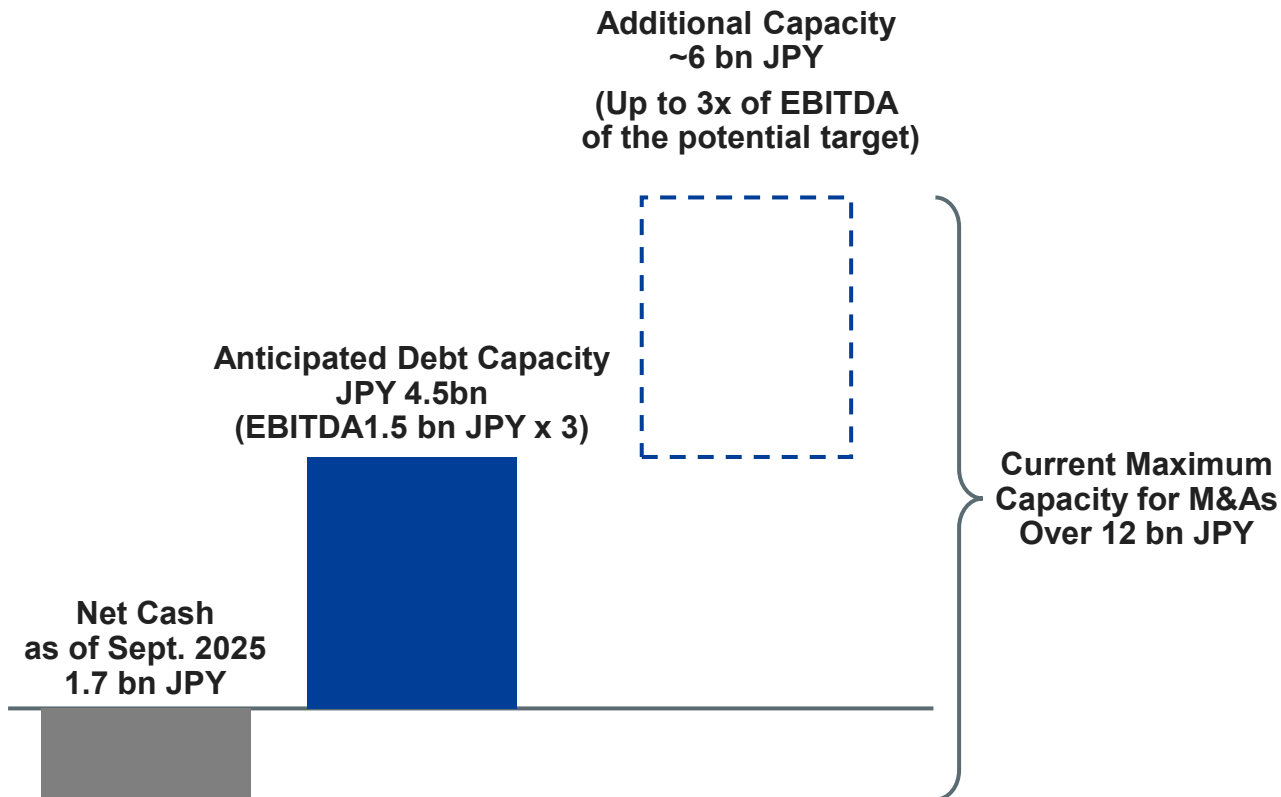


- ▶ In light of our capital allocation framework and current net cash position, we are targeting a dividend payout ratio of 100% throughout the Mid-Term Business Plan period
- ▶ Furthermore, benchmarking against the average DOE of listed companies, in the event that net income temporarily falls below 3.5% of net assets, we intend to maintain dividends at a DOE of no less than 3.5% (Our updated dividend policy will be disclosed promptly upon formal decision.)



- ▶ The new management team brings deep expertise in financial strategy and M&A execution, positioning us to pursue transactions on a disciplined and consistent basis – We will actively pursue M&A opportunities beyond our existing business scope, **targeting acquisitions with EBITDA of at least JPY 1–2 bn**
- ▶ In line with our new capital allocation framework, however, we will not hold surplus cash in reserve for uncertain M&A opportunities; should any transaction not materialize, those funds will be redirected to enhanced shareholder returns

Investment Capacity for M&As



- With an acquisition capacity in excess of JPY 12bn, **we are targeting the acquisition of businesses with EBITDA of JPY 1–2 bn during the new plan period — execution of which would immediately double our profits**
- Our Cash Conversion Ratio has historically been approximately 80% — exceptionally high — and is expected to remain elevated given our investment plans. This gives us the capacity to **acquire one business with EBITDA of JPY 0.5–1bn per year**
- Taking into account the incremental EBITDA generated by newly acquired businesses, **we have the financial capacity to execute M&A transactions of several billion yen annually** — while fully sustaining the continuity and growth of our existing businesses

Key Figures of the New Mid-Term Business Plan (excl. M&As)

- ▶ We are positioning the new Mid-Term Business Plan as a Growth Investment Phase, targeting revenue of JPY 12.5bn and operating profit of JPY 1.5bn (excluding M&A)
- ▶ In addition, through M&A and R&D investment, we aim to establish a third business pillar and double profits during the plan period
- ▶ Underpinned by our new capital allocation framework, we are targeting a dividend payout ratio of 100% (with a minimum DOE floor of 3.5%), ROE of 10% or above, and Net Debt/EBITDA of approx. 1x under normal conditions — maintained at approx. 3x even at the time of M&A execution, ensuring robust financial soundness throughout

(JPY in Billions)	FYE2025/03 (Actual)	FYE2026/03 (Outlook)	FYE2031/03 (End of the new Plan)	FYE2036/03 (End of Next Plan)
Revenue	10.5	9.4	12.5	~15.0
Operating Income	1.04	0.48	1.5	2.5-3.0
Operating Income Margin	9.9%	5.1%	12%	16-20%
Net Debt / EBITDA	minus 1.2x	-	approx. 1-3x	-
ROE	9.4%	-	over 10%	-
Shareholder Return Policy (Plan)		-	Payout Ratio 100% (minimum DOE 3.5%)	-

- ▶ We will enhance corporate value by proactively adapting to a changing business environment and addressing societal challenges through our core business
- ▶ Building on our 2024 sustainability policy, we will further advance our ESG initiatives and deepen our commitment to sustainability management.



Initiatives against climate change



- Various measures aimed at achieving net-zero greenhouse gas emissions by 2050
- Reduction of power consumption and effective use of groundwater at production sites
- Consolidation of product and parts transportation (reducing shipping and procurement logistics, including air freight) to reduce CO₂ emissions

Examples of specific measures:

- Strengthen supplier DD
- Promotion of visualization of power consumption
- Advancing SDG initiatives through regional partnerships



Initiatives for human capital diversity



- Acquire and promote diverse talent, including actively recruiting external talent
- Support growth by establishing and promoting human resource development and training systems
- Create a safe and secure work environment by considering and promoting diverse work styles and health management

Examples of specific measures:

- Implementation of HR software
- Regularly conduct employee surveys
- Specific training systems and work style diversification measures

TOCOS

TOKYO COSMOS ELECTRIC Co.,Ltd.

I Disclaimer

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