Multidimensional Growth into New Markets Centered on Individual Growth

Joji Isozumi President and CEO

Looking back on the three years since I became President in 2023, the pace of change in our operating environment has accelerated further, with a succession of events that have had a major impact on the global economy and industrial structure, including recovery from the global pandemic, the emergence of geopolitical risks, and the explosive spread of generative AI. In this environment, responding to sudden changes is an important role for management. At the same time, it is also important to create businesses with the potential to make major advances over the medium to long term, and we place importance on a multidimensional perspective to identify what changes will occur in which markets.

CEO MESSAGE

MESSAGE FROM TOP MANAGEMENT

A management vision that draws out employees' potential

In FY2026, orders, net sales, operating profit, and ordinary profit all reached record highs. Net sales were 180.6 billion yen and operating profit was 29.2 billion yen, enabling us to achieve the Mid-term Business Plan target of 180 billion yen in net sales for FY2027 one year ahead of schedule. When we set out to achieve the FY2036 net sales target of 300 billion yen under our long-term vision, FUJI 2035, there were initially some doubts within the company about whether it was achievable. However, through the challenges and efforts of each and every employee, we were able to clear the first hurdle. This made me realize once again the tremendous potential of each person working at Fuji. To draw out that potential to the fullest, I, as the head of management, must first continue to set ambitious visions without placing limits on myself. I believe that is my role as a corporate executive and the guiding principle for continuously enhancing corporate value.

However, no matter how ambitious the vision or goals set by top management may be, simply communicating them one-sidedly will not move the front line. Turning a vision into tangible results requires strong organizational momentum. Through my experience to date, I have come to realize that, whether an initiative takes a top-down or bottom-up approach, projects move extremely efficiently and smoothly toward success when everyone from management to front-line personnel shares a common focus on where we are headed and strong consensus has been built. Simply having top management decide on that direction is not enough to bring out the true capabilities of the front line. When the entire team heads in the same direction and our vectors align, momentum is generated within our organization at a level beyond what we can imagine.

FY2026 Results by Business

(million yen)

	Robotic Solutions	Machine Tools	Other	Total
Net sales	168,737	9,705	2,199	180,642
Operating profit	33,623	-107	85	29,282

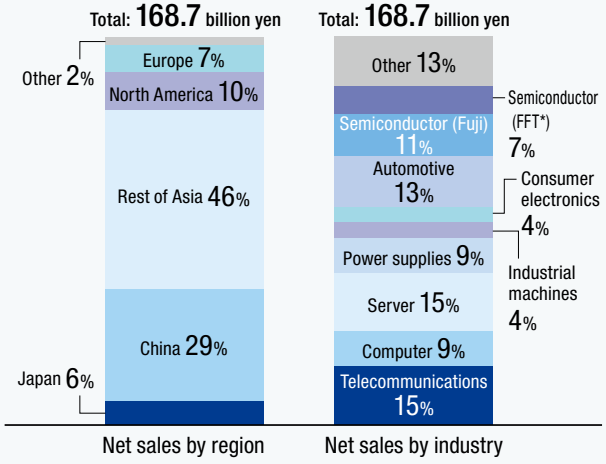
Note: The sum of the operating profit of each business does not add up to the total as corporate expenses are not listed.

A multidimensional strategy that turns every change into a business opportunity

Our growth to date has been supported in part by our technological advantages in the mobile device market, particularly the smartphone market. Until relatively recently, our business structure was straightforward: specific industries, such as the smartphone industry, and specific regions, such as China, accounted for a large proportion of sales. When those markets grew, our business performance expanded as well. However, given the rapid pace of change in technology trends and geopolitical risks, we cannot expect sustainable growth if we remain dependent on specific industries or regions. We therefore set our sights on building a structure that enables us to win regardless of which industries or regions grow. This structure shifts us away from relying on specific markets and towards a multidimensional strategy of pursuing opportunities looking at markets on all fronts. Today, our sales mix is diversified not only across China but also Asia, North America, Europe, and other regions, while our industry mix has evolved into a highly balanced portfolio spanning communications, servers, automotive, and more.

Our former flagship model, the NXT III, has demonstrated strong competitiveness as a product optimized for the smartphone market. However, to move away from dependence on specific markets and build a structure capable of competing in every market, we needed to fundamentally rethink our approach to product development. The result was the NXTR. The NXTR is not simply a successor to the NXT III. In addition to accommodating PCBs of different sizes, from large boards for servers

FY2026 Robotic Solutions Business Net Sales



* FFT: Fasford Technology

MESSAGE FROM TOP MANAGEMENT

to small boards for smartphones, the NXTR adopts a design concept that combines a common platform with a wide range of options so that it can also address semiconductor-related fields with differing functional requirements. As a result, it has evolved into a product that can demonstrate competitiveness in every market. Underlying this is our overwhelming technological strength, which enables us to develop all core technologies, such as motors and vision processing, in-house.

Another factor supporting this strategy has been our thorough commitment to a hands-on, front-line approach. In the past, market trends and customer needs were sometimes conveyed to engineers only after passing through distributors and sales personnel. Today, however, we strongly encourage engineers themselves to proactively visit customers in Japan and overseas. Engineers at the forefront of development visit customer sites to directly observe how machines are used, for what products, and where the challenges lie. Essential insights and discoveries that can only be gained from first-hand information lead to the next business opportunities. This has created a sense of unity in which everyone, from engineers to sales personnel, can discuss solutions to customers' issues from the same perspective.

At present, demand related to data centers is increasing explosively alongside the rapid spread of generative AI. The NXTR, which we have steadily developed under our multidimensional strategy, is now hitting the market's sweet spot and strongly driving our performance. We view this not as a fortuitous tailwind, but as the result of having anticipated coming changes and having prepared to respond no matter which market took off.

SMT pick and place machine NXTR

Providing added value to customers and laying the groundwork for the future

One of our strengths highly valued by investors is our high profitability. Our operating profit ratio reached 16.2% in FY2026, and we forecast it to exceed 20% in FY2027. At the same time, price negotiations with customers in our sales activities are extremely competitive, and high functionality alone is not enough to win customers' acceptance. It is essential that our products deliver returns to customers that exceed their investment. We believe we are able to maintain high profitability because, while continuing relentless cost-reduction efforts, the products and solutions we provide offer unique, one-of-a-kind value.

The semiconductor field is one of the key markets that will drive our future growth, and we continue to invest with a view to the future. In FY2026, taking into account the performance of our group company Fasford Technology Co., Ltd. over the past two years and the volatility of the semiconductor market, among other factors, we recorded an impairment loss of 9.6 billion yen on goodwill and other related assets. However, current market conditions are steadily recovering, and our view that the semiconductor market will grow over the medium to long term remains unchanged.

We are pursuing initiatives in this growth market along two axes. In the die bonder field in which Fasford Technology operates, we are developing hybrid bonders with next-generation semiconductor packaging in mind and, while also making use of open innovation, aiming to start customer evaluations from FY2028 onward. Meanwhile, in the mounter field, we are strengthening our product lineup under our multidimensional strategy so that we can respond to growing semiconductor-related demand, including demand for module components and system-in-package (SiP) components.

MESSAGE FROM TOP MANAGEMENT

Fasford Technology Co., Ltd.

The next innovations born from speed and failure

In the technology industry, companies that fail to continue innovating will be swallowed up by waves of price competition. And the source of that innovation is unquestionably people. We believe the company is energized when people from across the organization are free to take on challenges, demonstrating exceptional passion, creativity, and capabilities. For that reason, we are also making bold changes to our approach to personnel evaluation. When taking on something new, rather than demanding a perfect score from the outset, we place importance on speed and on what was learned through action, including from failures. Rather than becoming overly cautious for fear of failure, we want employees to repeatedly "fail small and fail early" and to learn lessons from those experiences. Truly innovative ideas will not emerge simply by listening to needs that are already visible in the market. Even initiatives that at first glance appear unlikely to produce results may contain promising elements that could lead to the next stage of growth. We value an environment that does not overlook such seeds and patiently nurtures them.

Another factor supporting our fast-paced business operations is in-house digital transformation (DX). We have engineers dedicated to artificial intelligence (AI) in-house and are successively implementing proprietary AI functions ourselves. By developing with our own resources without excessive reliance on external parties, we can continue providing solutions at exceptional speed across the entire organization, from sales and development to service operations.

We also value flexible thinking in our efforts to achieve inorganic growth through collaboration with external partners. By leveraging our sales and service network spanning more than 70 countries and our high market share, in other words, our access to customers, we can create substantial business value when partnering with startups that possess outstanding technologies. In Silicon Valley and elsewhere, rather than searching for specific technology that we want, we take a different approach of assessing how a startup's technology can connect with our business, efficiently and dynamically continuing to sow the seeds of our next growth.

"PRECISION IN ACTION" — Guiding principles supporting the improvement of our business foundations

One of the basic policies of the Mid-term Business Plan is to "Improve business foundations based on ESG," and we are seeing every day how environmental considerations and the establishment of a governance framework directly contribute to a more resilient supply chain and greater business stability. Fortifying our ESG foundation is an essential safeguard for maintaining business sustainability as external conditions grow increasingly volatile. Our management team engages in open, flat discussions and makes decisions quickly. A culture has taken root in which the best answer can be reached as a team by engaging in open dialogue.

A particularly important point is to thoroughly eliminate ambiguity from day-to-day operations. To ensure that every employee shares this value, we established "PRECISION IN ACTION" as a shared commitment across the company. In any line of work, you cannot draw valid lessons if uncertainty remains in the process. Consistently taking precise action eliminates uncertainty. Even an action as small as a final check to confirm that a screw has been tightened reduces losses across the organization. This approach raises the quality of day-to-day work in manufacturing, development, service, and other operations, leading to more efficient value creation. We believe it is precisely the accumulation of these efforts that ultimately supports high capital efficiency and the building of a resilient financial structure.

Becoming a company where each individual can grow to their fullest potential

We aim to create a vibrant organization that continually generates new technologies and unprecedented services from within. Corporate growth and enhanced corporate value are always underpinned by the growth of each individual employee. What I value above all as a leader of the company is the fact that the company remains to be a space where individuals can grow.

Rather than resting on past successes, we will pursue ambitious visions without placing limits on ourselves. With every employee united in embodying "PRECISION IN ACTION," we will further evolve the multidimensional strategy we have cultivated and pioneer untapped markets with our own hands.

In FY2027, the final year of the Mid-term Business Plan, we aim to reach unprecedented heights of 244 billion yen in net sales and 60 billion yen in operating profit. We ask our investors for their continued support and look forward to their expectations for Fuji as we boldly take on the next stage of growth while maintaining high profitability.