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Technology – Consumer Electronics / Industrial Electronics / Precisions

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Valuation

		Rating	Price	Price	Market cap	P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		Div. yield (%)		FCF yield (%)	
			03-Sep-26	Target	03-Sep-26	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
			(JPY)	(JPY)	(bn JPY)												
6501	Hitachi	OW	5,352	6,500	24,083	25.3	20.5	3.5	3.4	15.4	13.1	14.0	16.3	1.0	1.1	2.2	1.7
6503	Mitsubishi Elec.	OW	5,310	7,100	10,867	19.2	17.3	2.3	2.1	11.2	10.2	12.1	12.4	1.1	1.2	2.1	1.4
6701	NEC	OW	4,729	5,800	6,272	21.7	17.8	2.7	2.4	14.8	11.6	12.5	13.6	0.8	0.9	-2.6	6.6
6702	Fujitsu	OW	3,795	4,700	6,583	20.7	17.1	3.1	2.9	15.1	12.5	15.2	17.4	1.4	1.6	4.9	4.8
6724	Seiko Epson	UW	3,220	1,900	1,032	18.8	19.8	1.2	1.2	6.3	6.1	6.5	6.0	2.3	2.3	4.5	5.4
6752	Panasonic HD	N	4,197	4,600	9,799	21.3	18.4	1.8	1.6	9.8	8.6	8.6	9.2	1.3	1.4	4.3	3.1
6753	Sharp	UW	642	720	417	14.4	12.6	1.8	1.5	8.2	7.4	13.1	13.0	0.0	0.0	9.3	4.7
6758	Sony Group	OW	3,895	5,800	23,010	17.7	16.4	2.8	2.5	8.4	7.9	15.6	15.3	0.9	1.2	-0.1	2.7
6952	Casio	N	2,338	1,300	526	30.5	27.8	2.3	2.3	12.2	11.1	7.7	8.2	1.9	1.9	3.2	4.5
7751	Canon	N	4,660	4,400	4,094	11.9	11.7	1.1	1.1	7.3	7.1	9.3	9.2	3.4	3.4	7.0	6.5
7752	Ricoh	N	1,699	1,450	967	14.6	13.8	0.9	0.8	8.9	8.1	6.1	6.2	2.5	2.6	6.5	7.3
7762	Citizen Watch	N	2,603	1,850	635	24.6	23.9	2.3	2.2	13.2	12.8	9.3	9.1	1.8	1.8	3.1	3.8
7951	Yamaha	N	1,327	1,100	584	17.1	--	1.3	1.2	9.5	8.8	6.1	6.2	2.0	2.0	4.3	4.3
8050	Seiko Group	NC	10,350	--	846	28.7	22.4	4.2	3.7	--	--	18.5	19.5	1.2	1.4	2.0	3.9
	Average					20.5	18.4	2.2	2.1	10.8	9.6	11.0	11.5	1.6	1.6	3.6	4.3

Source: Bloomberg Finance L.P. consensus, J.P. Morgan estimates.
Note 1: Bloomberg Finance L.P. consensus estimates for Seiko Group, J.P. Morgan estimates for all others.
Note 2: NC stands for Not Covered.

Performance

		Rating	Price	Market cap	Trading volume	Trading value	Actual performance				Relative performance vs Topix				β
			03-Sep-'26	03-Sep-'26	30days moving avg.	30days moving avg.	1M	3M	6M	1Y	1M	3M	6M	1Y	Topix
			(JPY)	(mn JPY)	(k shares)	(mn JPY)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	6M
6501	Hitachi	OW	5,541	24,933	11,690	19,371	-0.7	3.6	13.1	40.2	-3.9	0.0	0.4	5.4	0.88
6503	Mitsubishi Elec.	OW	5,521	11,298	6,040	10,006	-6.3	-11.1	-3.2	50.7	-9.3	-14.2	-14.1	13.4	1.43
6701	NEC	OW	5,005	6,638	7,184	10,642	4.9	14.2	15.0	8.8	1.5	10.2	2.1	-18.1	0.68
6702	Fujitsu	OW	3,947	6,847	7,784	7,986	13.2	11.6	12.9	9.9	9.5	7.7	0.2	-17.3	0.64
6724	Seiko Epson	UW	3,317	1,063	1,731	1,184	9.3	7.8	65.4	67.3	5.8	4.0	46.8	25.8	1.13
6752	Panasonic HD	N	4,459	10,410	8,846	11,235	-1.0	10.3	76.0	178.3	-4.2	6.5	56.2	109.4	1.29
6753	Sharp	UW	673	437	3,597	583	4.4	-4.0	12.0	-25.8	1.0	-7.4	-0.6	-44.2	0.72
6758	Sony Group	OW	4,046	23,902	17,278	18,461	9.8	9.8	14.7	-2.0	6.3	6.0	1.8	-26.3	0.69
6952	Casio Computer	N	2,520	567	2,011	1,314	3.9	26.0	61.7	85.7	0.5	21.7	43.5	39.7	0.86
7751	Canon	N	4,750	4,173	3,948	4,654	4.9	4.8	3.0	7.0	1.5	1.1	-8.6	-19.5	0.66
7752	Ricoh	N	1,746	994	2,745	1,095	11.5	11.5	25.3	25.6	7.9	7.6	11.2	-5.5	0.79
7762	Citizen Watch	N	2,843	694	1,864	1,209	10.3	15.3	53.7	149.2	6.8	11.3	36.4	87.5	1.14
7951	Yamaha	N	1,353	595	2,487	747	6.5	18.3	19.1	34.2	3.1	14.2	5.8	1.0	0.77
8050	Seiko Group	NC	10,350	846	503	1,381	15.4	46.7	64.3	211.7	11.7	41.6	45.8	134.5	1.29
	Performance weighted average						3.5	6.4	20.0	42.6	0.2	2.7	6.5	7.3	
	Performance simple average						6.1	11.8	30.9	60.0	2.7	7.9	16.2	20.4	
	TOPIX		4,102		2,772,190		3.3	3.6	12.7	32.9					

Source: Bloomberg Finance L.P. and J.P. Morgan.
NC means Not Covered; ratings reflect J.P. Morgan estimates.

Earnings forecast summary

Hitachi (6501)

	Sales (JPYm)	YoY (%)	Adj. OP (JPYm)	YoY (%)	PBT (JPYm)	YoY (%)	NP (JPYm)	YoY (%)	EPS (JPY)	P/E (x)
3/24 A	9,728,716	-10.6%	755,816	1.0%	825,801	0.7%	589,896	-9.1%	126.9	42.2
3/25 A	9,783,370	0.6%	971,606	28.6%	962,733	16.6%	615,724	4.4%	134.5	39.8
3/26 A	10,586,781	8.2%	1,199,275	23.4%	1,273,109	32.2%	802,368	30.3%	178.3	30.0
3/27 CoE	11,700,001	10.5%	1,315,000	9.6%	1,335,000	4.9%	900,000	12.2%	201.1	26.6
3/27 J.P. Morgan E	11,790,000	11.4%	1,450,000	20.9%	1,382,000	8.6%	928,000	15.7%	211.2	25.3
3/27 Bloomberg consensus	11,762,747	11.1%	1,454,925	21.3%	1,406,087	10.4%	949,508	18.3%	213.2	25.1
3/28 J.P. Morgan E	12,969,000	10.0%	1,700,000	17.2%	1,650,000	19.4%	1,120,000	20.7%	260.4	20.5
3/28 Bloomberg consensus	12,716,362	8.1%	1,676,283	15.2%	1,637,044	16.4%	1,114,557	17.4%	253.3	21.1
3/29 J.P. Morgan E	13,974,000	7.7%	1,930,000	13.5%	1,880,000	13.9%	1,284,000	14.6%	305.3	17.5
3/29 Bloomberg consensus	13,667,027	7.5%	1,910,451	14.0%	1,869,244	14.2%	1,272,803	14.2%	292.9	18.3

Mitsubishi Electric (6503)

	Sales (JPYm)	YoY (%)	OP (JPYm)	YoY (%)	PBT (JPYm)	YoY (%)	NP (JPYm)	YoY (%)	EPS (JPY)	P/E (x)
3/24 A	5,257,914	5.1%	328,525	25.2%	365,853	25.2%	284,949	33.2%	135.7	39.1
3/25 A	5,521,711	5.0%	391,850	19.3%	437,265	19.5%	324,084	13.7%	156.2	34.0
3/26 A	5,894,747	6.8%	433,095	10.5%	526,077	20.3%	407,758	25.8%	199.3	26.6
3/27 CoE	6,270,000	6.4%	--	--	670,000	27.4%	495,000	21.4%	241.9	22.0
3/27 J.P. Morgan E	6,458,000	9.6%	678,000	56.5%	748,000	42.2%	558,000	36.8%	276.3	19.2
3/27 Bloomberg consensus	6,370,789	8.1%	666,663	53.9%	713,655	35.7%	521,219	27.8%	255.6	20.8
3/28 J.P. Morgan E	6,676,000	3.4%	750,000	10.6%	815,000	9.0%	613,000	9.9%	307.6	17.3
3/28 Bloomberg consensus	6,565,662	3.1%	730,161	9.5%	781,788	9.5%	574,487	10.2%	285.1	18.6
3/29 J.P. Morgan E	6,922,000	3.7%	815,000	8.7%	880,000	8.0%	663,000	8.2%	337.2	15.7
3/29 Bloomberg consensus	6,917,632	5.4%	804,620	10.2%	876,599	12.1%	637,929	11.0%	323.3	16.4

Panasonic HD (6752)

	Sales (JPYm)	YoY (%)	Adj. OP (JPYm)	YoY (%)	OP (JPYm)	YoY (%)	NP (JPYm)	YoY (%)	EPS (JPY)	P/E (x)
3/24 A	8,496,420	1.4%	389,999	24.2%	360,962	25.1%	443,994	67.2%	190.2	22.1
3/25 A	8,458,185	-0.5%	467,223	19.8%	426,490	18.2%	366,205	-17.5%	156.9	26.8
3/26 A	8,048,722	-4.8%	447,443	-4.2%	236,407	-44.6%	189,540	-48.2%	81.2	51.7
3/27 CoE	7,800,000	-3.1%	600,000	34.1%	590,000	149.6%	450,000	137.4%	192.7	21.8
3/27 J.P. Morgan E	7,676,000	-4.6%	650,000	45.3%	600,000	153.8%	461,000	143.2%	197.5	21.3
3/27 Bloomberg consensus	7,929,647	-1.5%	--	--	620,616	162.5%	483,141	154.9%	207.1	20.3
3/28 J.P. Morgan E	8,369,000	9.0%	735,000	13.1%	695,000	15.8%	532,000	15.4%	227.9	18.4
3/28 Bloomberg consensus	8,447,620	6.5%	--	--	756,379	21.9%	589,033	21.9%	254.1	16.5
3/29 J.P. Morgan E	8,414,000	0.5%	770,000	4.8%	730,000	5.0%	557,000	4.7%	238.6	17.6
3/29 Bloomberg consensus	8,940,505	5.8%	--	--	882,914	16.7%	685,528	16.4%	298.4	14.1

Source: Bloomberg Finance L.P., J.P. Morgan estimates.
Note: Share prices are as of September 3.

Earnings forecast summary (Continued)

Sony Group (6758)

	Sales (JPYm)	YoY (%)	OP (JPYm)	YoY (%)	PBT (JPYm)	YoY (%)	NP (JPYm)	YoY (%)	EPS (JPY)	P/E (x)
3/24 A	13,020,768	18.6%	1,208,831	-7.2%	1,268,662	-0.5%	970,573	-3.5%	157.7	24.7
3/25 A	12,034,917	-7.6%	1,276,635	5.6%	1,343,198	5.9%	1,141,600	17.6%	188.7	20.6
3/25 A Revised	12,043,903	--	1,276,643	--	1,343,200	--	1,067,400	--	--	--
3/26 A	12,479,620	3.6%	1,447,507	13.4%	1,422,374	5.9%	-326,865	--	-55.3	-70.4
3/27 CoE	12,500,000	0.2%	1,720,000	18.8%	1,710,000	20.2%	1,210,000	--	--	--
3/27 J.P. Morgan E	12,804,000	2.6%	1,800,000	24.4%	1,800,000	26.5%	1,315,000	--	220.0	17.7
3/27 Bloomberg consensus	12,868,941	3.1%	1,744,326	20.5%	1,748,513	22.9%	1,271,067	--	215.9	18.0
3/28 J.P. Morgan E	12,664,000	-1.1%	1,895,000	5.3%	1,895,000	5.3%	1,386,000	5.4%	237.1	16.4
3/28 Bloomberg consensus	12,870,481	0.0%	1,829,307	4.9%	1,839,485	5.2%	1,356,054	6.7%	230.1	16.9
3/29 J.P. Morgan E	13,379,000	5.6%	1,985,000	4.7%	1,985,000	4.7%	1,454,000	4.9%	254.5	15.3
3/29 Bloomberg consensus	13,766,999	7.0%	1,936,407	5.9%	1,926,208	4.7%	1,416,463	4.5%	245.0	15.9

NEC (6701)

	Sales (¥ mn)	YoY (%)	Non-GAAP OP (JPYm)	YoY (%)	PBT (JPYm)	YoY (%)	NP (JPYm)	YoY (%)	EPS (JPY)	P/E (x)
3/24 A	3,477,262	5.0%	227,600	0.0%	185,011	10.3%	149,521	30.6%	112.3	42.1
3/25 A	3,423,431	-1.5%	311,300	36.8%	239,771	29.6%	175,183	17.2%	131.5	36.0
3/26 A	3,582,733	4.7%	397,234	27.6%	398,175	66.1%	270,228	54.3%	203.0	23.3
3/27 CoE	3,540,000	-1.2%	430,000	8.2%	--	--	--	--	--	--
3/27 J.P. Morgan E	3,852,000	7.5%	480,000	20.8%	424,700	6.7%	289,700	7.2%	218.4	21.7
3/27 Bloomberg consensus	3,814,934	6.5%	438,267	10.3%	443,017	11.3%	308,970	14.3%	228.8	20.7
3/28 J.P. Morgan E	3,862,000	0.3%	550,000	14.6%	513,000	20.8%	352,000	21.5%	265.4	17.8
3/28 Bloomberg consensus	4,009,240	5.1%	506,053	15.5%	510,024	15.1%	354,482	14.7%	263.9	17.9
3/29 J.P. Morgan E	4,011,000	3.9%	600,000	9.1%	563,000	9.7%	386,000	9.7%	291.0	16.2
3/29 Bloomberg consensus	4,241,057	5.8%	571,601	13.0%	573,256	12.4%	398,851	12.5%	297.7	15.9

Fujitsu (6702)

	Sales (¥ mn)	YoY (%)	Adj. OP (¥ mn)	YoY (%)	PBT (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	P/E (x)
3/24 A	3,476,985	-6.4%	283,660	-11.6%	165,610	-55.5%	254,478	18.3%	135.6	28.0
3/25 A	3,550,116	2.1%	307,265	8.3%	273,445	65.1%	219,807	-13.6%	120.9	31.4
3/26 A	3,502,971	-1.3%	390,589	27.1%	409,034	49.6%	449,408	104.5%	254.8	14.9
3/27 CoE	3,510,000	0.2%	425,000	8.8%	--	--	310,000	-31.0%	182.4	20.8
3/27 J.P. Morgan E	3,510,000	0.2%	420,000	7.5%	430,000	5.1%	312,000	-30.6%	183.0	20.7
3/27 Bloomberg consensus	3,539,448	1.0%	--	--	424,846	3.9%	310,492	-30.9%	180.9	21.0
3/28 J.P. Morgan E	3,581,000	2.0%	490,000	16.7%	510,000	18.6%	372,000	19.2%	222.5	17.1
3/28 Bloomberg consensus	3,675,606	3.8%	--	--	488,323	14.9%	352,438	13.5%	208.2	18.2
3/29 J.P. Morgan E	3,722,000	3.9%	570,000	16.3%	590,000	15.7%	432,000	16.1%	263.5	14.4
3/29 Bloomberg consensus	3,828,115	4.1%	--	--	549,009	12.4%	399,653	13.4%	239.9	15.8

Source: Bloomberg Finance L.P., J.P. Morgan estimates.
Note: Share prices are as of September 3.

Quarterly earnings forecasts

(mn JPY)		2025/3					2026/3					2027/3				2027/3	2028/3	2029/3	2027/3
		1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
		Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
6501	Sales	2,211,423	2,334,559	2,465,240	2,772,148	9,783,370	2,251,600	2,529,081	2,714,391	3,084,984	10,586,781	2,473,000	2,743,000	2,864,000	3,181,000	11,261,000	11,753,000	12,587,000	11,100,000
Hitachi	Adj. OP	197,624	207,115	250,168	316,699	971,606	211,016	297,027	317,672	373,560	1,199,275	250,000	314,000	372,000	429,000	1,365,000	1,580,000	1,770,000	1,315,000
	YoY%	51%	6%	25%	38%	29%	7%	43%	27%	18%	23%	18%	6%	17%	15%	14%	16%	12%	10%
6503	Sales	1,286,484	1,357,113	1,356,754	1,521,360	5,521,711	1,312,896	1,419,608	1,423,506	1,738,737	5,894,747	1,393,000	1,550,000	1,526,000	1,838,000	6,307,000	6,533,000	6,767,000	6,200,000
Mitsubishi Elec	Adjusted OP						93,851	110,705	138,275	158,378	501,209	115,000	144,000	160,000	206,000	625,000	690,000	770,000	590,000
	YoY%						n.a.	n.a.	n.a.	n.a.	n.a.	23%	30%	16%	30%	25%	10%	12%	18%
6701	Sales	690,296	796,380	835,133	1,101,622	3,423,431	715,658	854,121	852,538	1,160,416	3,582,733	730,000	897,000	908,000	1,214,000	3,749,000	3,883,000	4,021,000	3,560,000
NEC	Non GAAP OP	16,300	48,600	97,457	149,000	311,300	40,015	87,578	82,124	187,400	397,234	39,000	101,000	111,000	209,000	460,000	525,000	580,000	420,000
	YoY%	n.a.	n.a.	n.a.	n.a.	n.a.	145%	80%	-16%	26%	28%	-3%	15%	35%	12%	16%	14%	10%	6%
6702	Sales	759,200	792,800	855,800	1,142,100	3,550,116	749,859	816,683	884,642	1,051,787	3,502,971	750,000	808,000	869,000	1,047,000	3,597,000	3,554,000	3,641,000	3,510,000
Fujitsu	Adj. OP	16,500	49,500	71,000	170,100	307,265	35,119	86,208	107,836	161,426	390,589	45,000	81,000	115,000	184,000	425,000	485,000	560,000	425,000
	YoY%	5400%	20%	10%	7%	16%	113%	74%	52%	-5%	27%	28%	-6%	7%	14%	9%	14%	15%	9%
6724	Sales	336,614	337,584	349,621	339,125	1,362,944	320,879	346,473	376,473	369,426	1,413,251					1,360,000	1,351,000		1,450,000
Seiko Epson	Core OP	23,499	27,542	22,922	15,626	89,589	19,755	17,676	26,366	19,992	83,789					78,000	75,000		90,000
	YoY%	51%	212%	-23%	50%	38%	-16%	-36%	15%	28%	-6%					-7%	-4%		7%
6752	Sales	2,121,689	2,129,621	2,152,587	2,054,288	8,458,185	1,896,691	1,923,785	2,063,304	2,164,942	8,046,722	1,826,000	1,863,000	1,967,000	2,020,000	7,676,000	8,369,000	8,414,000	7,600,000
Panasonic HD	Adj. OP	84,347	122,150	150,249	110,477	467,223	91,479	90,371	159,117	106,476	447,443	146,000	155,000	182,000	167,000	650,000	735,000	770,000	600,000
	YoY%	-9%	23%	19%	54%	20%	8%	-26%	6%	-4%	-4%	60%	72%	14%	57%	45%	13%	5%	34%
6753	Sales	531,964	564,450	561,546	502,186	2,160,146	472,490	477,853	467,356	475,112	1,892,811					1,744,000	1,766,000		1,770,000
Sharp	OP	-5,810	6,289	19,918	6,941	27,338	15,302	13,653	12,040	7,570	40,995					45,000	50,000		49,000
	YoY%	n.a.	426%	777%	n.a.	n.a.	n.a.	117%	-40%	9%	50%					10%	11%		20%
6758	Sales	2,565,361	2,971,224	3,693,394	2,804,938	12,034,917	2,621,615	3,107,907	3,713,681	3,036,417	12,479,620	2,689,200	3,214,300	3,794,000	3,182,300	12,819,000	12,588,000	13,431,000	12,300,000
Sony Group	OP	249,121	389,341	422,969	215,204	1,276,635	339,955	428,974	515,041	163,537	1,447,507	350,000	516,000	486,000	315,000	1,667,000	1,800,000	1,940,000	1,600,000
	YoY%	25%	57%	10%	6%	23%	36%	10%	22%	-24%	13%	3%	20%	-6%	93%	15%	8%	8%	11%
6952	Sales	65,217	71,730	58,826	65,984	261,757	62,191	70,460	75,354	68,262	276,267					273,500	278,700		295,000
Casio Computer	OP	4,529	5,812	888	3,007	14,236	3,730	5,758	8,669	4,914	23,071					24,000	26,500		26,000
	YoY%	5%	51%	-76%	26%	0%	-18%	-1%	876%	63%	62%					4%	10%		13%
7752	Sales	574,379	628,209	632,816	692,472	2,527,876	580,798	641,653	659,859	726,004	2,608,314					2,604,000	2,632,000		2,700,000
Ricoh	OP	6,332	477	27,747	29,273	63,829	12,642	22,806	34,575	20,690	90,713					90,000	97,000		95,000
	YoY%	-38%	-95%	58%	18%	3%	100%	4681%	25%	-29%	42%					-1%	8%		5%
7762	Sales	75,888	80,628	85,193	75,176	316,885	75,282	83,968	97,855	89,703	348,808					352,600	358,100		362,000
Citizen Watch	OP	4,684	7,644	6,708	1,556	20,592	4,699	8,287	10,900	6,364	30,250					31,500	32,500		34,500
	YoY%	-15%	-5%	-32%	-6%	-18%	0%	8%	n.a.	309%	47%					4%	3%		14%
7951	Sales	112,146	115,988	122,556	111,390	462,080	103,888	112,476	124,650	124,316	465,330					471,700	480,800		490,000
Yamaha	Core OP	9,242	11,188	11,503	4,788	36,721	4,697	8,100	12,338	6,774	31,879					36,500	39,000		38,000
	YoY%	42%	27%	-8%	-18%	9%	-49%	-28%	7%	41%	-13%					14%	7%		19%

(mn JPY)		2024/12					2025/12					2026/12				2026/12	2027/12	2027/12	2026/12
		1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
		Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
7751	Sales	988,519	1,167,786	1,079,806	1,273,710	4,509,821	1,058,396	1,140,171	1,104,324	1,321,836	4,624,727	1,093,653	1,175,000	1,157,000	1,345,000	4,771,000	4,910,000	4,996,000	4,765,000
Canon	OP	80,083	118,391	98,164	-16,884	279,754	96,517	117,791	88,047	153,035	455,390	71,370	105,000	108,000	161,000	445,000	470,000	470,000	456,000
	YoY%	-5%	28%	19%	n.a.	-25%	21%	-1%	-10%	n.a.	63%	-26%	-11%	23%	5%	-2%	6%	0%	0%

Source: Company reports, J.P. Morgan estimates.
Note: J.P. Morgan estimates for Ricoh, Sharp, Casio, Yamaha and Seiko Epson were updated after the Jul-Sep 2025 earnings print; Citizen Watch was updated after the Oct-Dec 2025 earnings print;

AI value chain

	Power	Network	Computing	Foundation model	Generative AI / Agentic AI	Physical AI
	Power (Grid)	Network equipment	**CPU / GPU**	**Foundation model**	**General-purpose**	Robotics
	Hitachi, Siemens Energy, GE Vernova	Cisco, Arista, Celestica, NVIDIA, Broadcom	NVIDIA, AMD, Intel, Broadcom, Google, Meta, **Fujitsu**	OpenAI, Google, Meta, Anthropic, Microsoft, Amazon, xAI, DeepSeek, **Fujitsu**, **NEC**	OpenAI, Google DeepMind, Meta, xAI, Mistral AI	Tesla, Boston Dynamics, Figure AI, Agility Robotics
	Power (UPS)	**Network (Opto devices)**	Memory		**Enterprise & Office**	**FA & Industrial**
	Schneider Elec, Eaton, Vertiv, ABB, **Mitsubishi Elec**	Broadcom, Lumentum, **Mitsubishi Elec**, Coherent, InnoLight, Eoptolink	SK Hynix, Samsung, Micron, KIOXIA		Microsoft, Amazon, Anthropic, Salesforce, ServiceNow, Adobe, **Fujitsu**, **NEC**, **Blue Yonder**, **GlobalLogic**	Fanuc, ABB, Rockwell, Yaskawa, **Mitsubishi Elec**
	Power (BBU)		Server			**Infrastructure & Energy**
	Panasonic Energy, Delta Electronics, AES	Network (Fibers, Cables)	Hon Hai, Quanta, Wiwynn			**Hitachi**, Siemens, Johnson Controls
	Data Center Cooling	Corning, Prysmian, Fujikura, Sumitomo Elec	**CCL**		Domain-Specific	Mobility & Logistics
	Vertiv, Schneider Elec, Trane, Carrier, Johnson Controls, Daikin, **Mitsubishi Elec**	**Network (Submarine Cable)**	Elite Material, Doosan, **Panasonic HD**, Nittobo, TGI, Mitsui Kinzoku, Resonac		Suno (Music), Sora (Video), Runway (Video), Harvey (Legal), Cursor (Coding), Altruist (Wealth management), DeepL (Translation), ElevenLabs (Voice)	Tesla, Aurora Innovation, Amazon Robotics, Shied AI
Hitachi	**Power Grid**				**Lumada, GlobalLogic**	**HMAX (Lumada)**
Mitsubishi Elec	**UPS, Data Center Cooling**	**EML (Opto)**				Serendie
Fujitsu			CPU, Quantum	Takane	**Uvance, Fujitsu Kozuchi**	Uvance
NEC		**Submarine Cable**		cotomi	**BluStellar, cotomi**	BluStellar
Panasonic HD	**BBU**		**MEGTRON (CCL)**		**Blue Yonder**	
Sony Group					Content Creation, Platform	

Source: Company data, J.P. Morgan.
Note: The green highlight indicates that the darker the color, the greater the competitive advantage within the industry.

AI: Computing

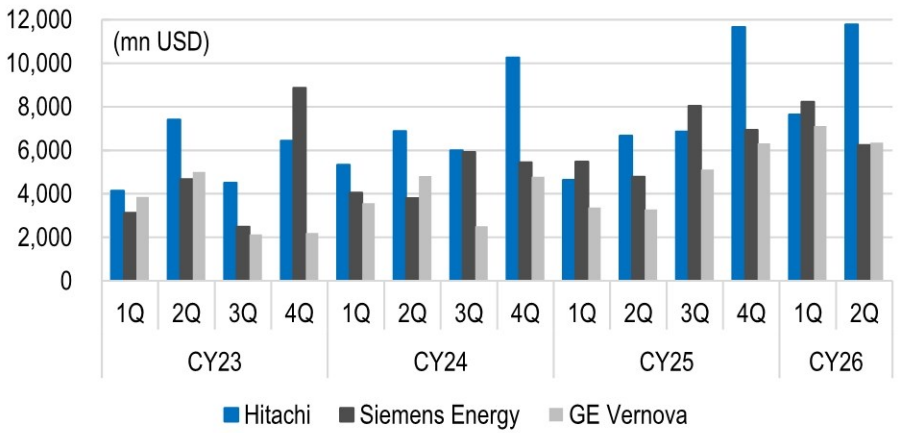
Nvidia's product roadmap and power consumption

	DGX A100	DGX H100/H200	H20	DGX B200/B300	GB200 NVL72	GB300 NVL72	VR200 Power shelf	VR200 Power rack	VR Ultra
Architecture	**Ampere**	**Hopper**	**Hopper**	**Blackwell**	**Blackwell**	**Blackwell**	**Vera Rubin**	**Vera Rubin**	**Vera Rubin**
Real server Power consumption excl. redundancy (kw)	7	10	5	14	120	140	210	210	900
PSU form factor	**In-server PSU**	**In-server PSU**	**In-server PSU**	**In-server PSU**	**Power shelf**	**Power shelf**	**Power shelf**	**Power rack**	**800V HVDC power rack**
Design power capacity per rack	13	20	9	20	198	288	444	330	1500
Power spec	4*3.3kw	6*3.3kw	6*1.5kw	6*3.3kw	6*33kw	4*72kw	4*111kw	10*33kw	10*150kw
Redundancy spec	N+1 (3+1)	N+2 (4+2)	N+1 (5+1)	N+1 (5+1)	N+2 (4+2)	N+2 (4+2)	N+2 (4+2)	N+2 (4+2)	N+2 (4+2)
PSU specification (kw)	3.3	3.3	1.5	3.3	5.5	12	18.5	5.5	25
PSU ASP (US$)	350	350	150	350	700	1,500	2,300	700	3125
Number of PSUs per rack	**4**	**6**	**4**	**6**	**36**	**24**	**36**	**60**	**60**
Number of power shelves	NA	NA	NA	NA	6	4	4	10	10
Number of PSUs per power shelf	NA	NA	NA	NA	6	6	6	6	6
Total power content (US$k)	**6**	**8**	**4**	**8**	**37**	**53**	**81**	**147**	**561**
PSU content per rack	6	8	4	8	25	36	55	42	188
Number of server per racks	4	4	4	4	18	18	18	18	18
Other components within power shelf	**NA**	**NA**	**NA**	**NA**	**12**	**17**	**26**	**105**	**373**
Dollar/watt - PSU	0.11	0.11	0.1	0.11	0.13	0.12	0.12	0.13	0.13
Dollar/watt - Power shelf/rack	0.11	0.11	0.1	0.11	0.19	0.18	0.18	0.44	0.37

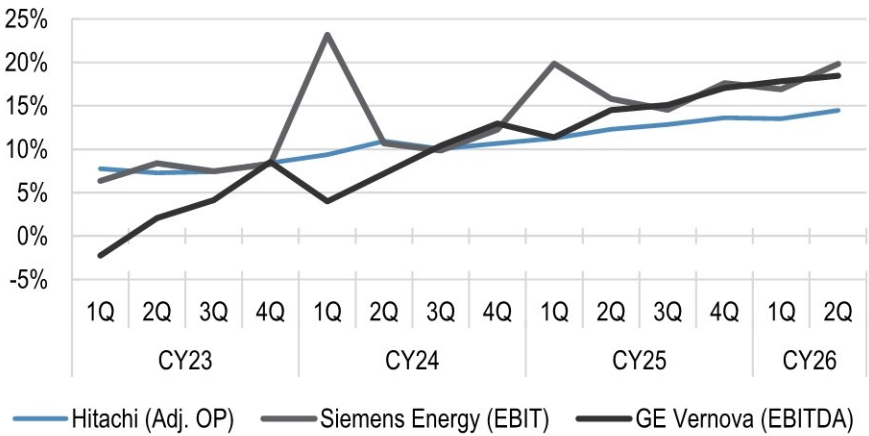
Source: J.P.Morgan (Refer to "Power and Liquid Cooling Model Update: Assessing PSU, Liquid Cooling, and Electric Grid Impacts" November 4, 2025, authored by Albert Hung and others.)
Note: Nvidia covered by Harlan Sur

AI: Power Grid

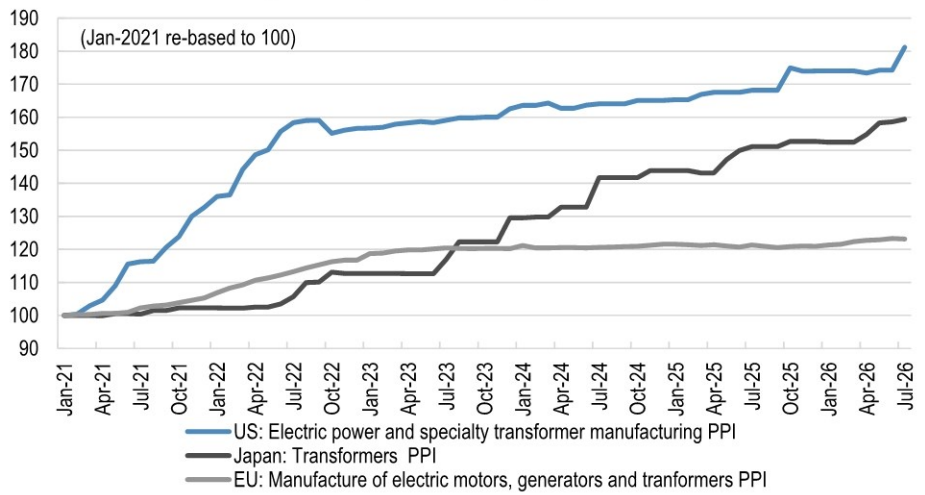
Orders in segments related to power grid division



Margin of segments related to power grid division



Regional power equipment PPIs



Capacity expansion by Hitachi Energy

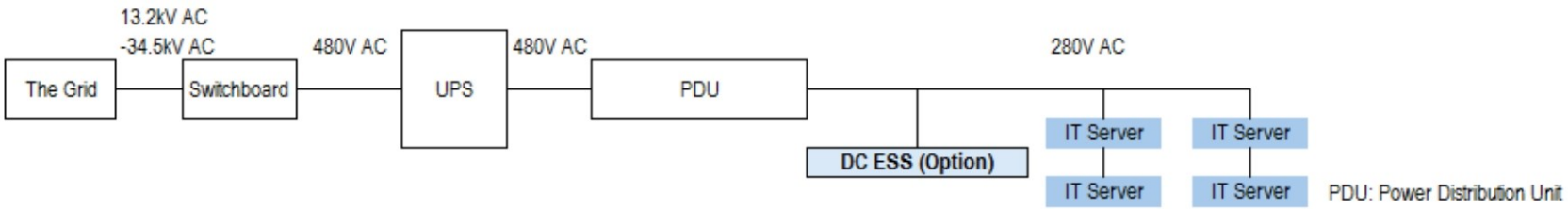
Investment plans from 2024 to 2027		
Announcement	Amount	Investment target
4/24/2024	Over 1.5 bn USD	Global transformer production capacity
6/7/2024	4.5 bn USD	T&D equipment production capacity / R&D / Partnership
11/3/2025	Over 250 mn USD	Transformer parts production capacity
Total	Over 6.25 bn USD	

Capacity expansion plan from 2024 to 2030	
Dry capacitors	4.0x
Valves	2.5x
Switchgear	2.0x
Semiconductors	2.0x
Power transformers	2.0x
HVDC transformers	2.5x

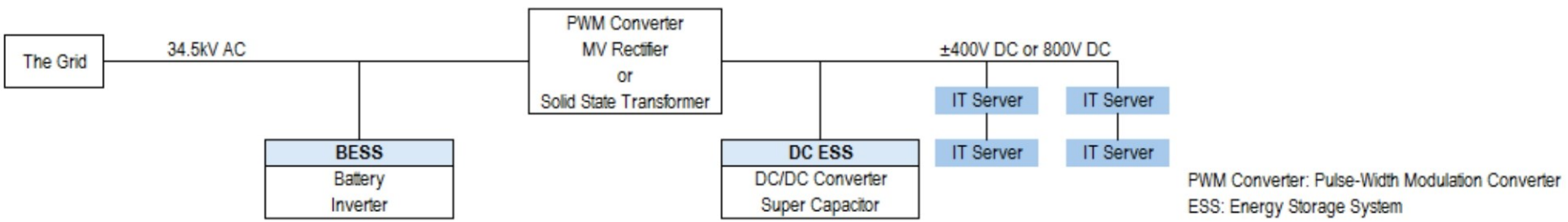
Source: Company reports, St. Louis Fed (bottom left), eurostat, J.P. Morgan.
Note 1: The investment plan shown in the chart on the bottom right includes investment in human resources.
Note 2: Hitachi Energy's production capacity expansion plan for 2030 is shown as 2024 capacity indexed as one.

AI: DC800V

Conventional: UPS-based Configuration



2027-: DC 800V Architecture for Next-Generation AI Data Center



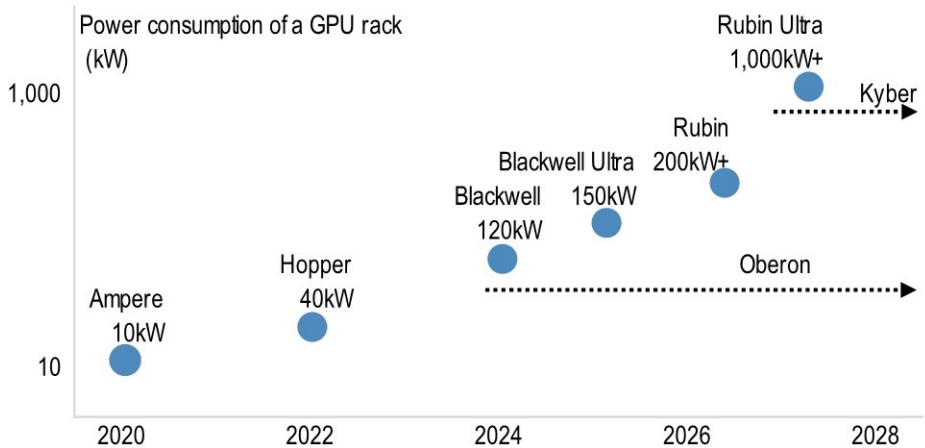
Cooling technology

Product	Function	
Chiller	Chilled-water production unit	
CRAH (Computer Room Air Handler)	A large fan unit that cools the room using chilled water from the chiller + Heat exchanger	
CDU (Coolant Distribution Unit)	Controls the temperature and pressure of the liquid circulated to cold plates	
Liquid cooling technology		Cooling capacity per rack
Rear door heat exchanger	Replace the rear door with a heat exchanger (coil) through which chilled water flows	20kW-50kW
Direct-to-Chip Cooling	Cold-plate method: A high-thermal-conductivity metal plate is placed in contact with the chip, and liquid is circulated through the plate to draw away	50kW-250kW
Immersion Cooling	The server is cooled by immersing it in a special non-conductive liquid.	100kW-200kW
・Single-Phase Cooling	・A method in which the liquid circulates as-is and carries the heat away. An oil-based coolant is used.	100kW-140kW
・Two-Phase Cooling	・A cooling method that uses latent heat of vaporization. The liquid boils and turns into gas as it absorbs heat. Because it uses low-boiling-point liquids such as fluorinated fluids, a system is required to capture and recover the evaporated gas.	100kW-200kW+

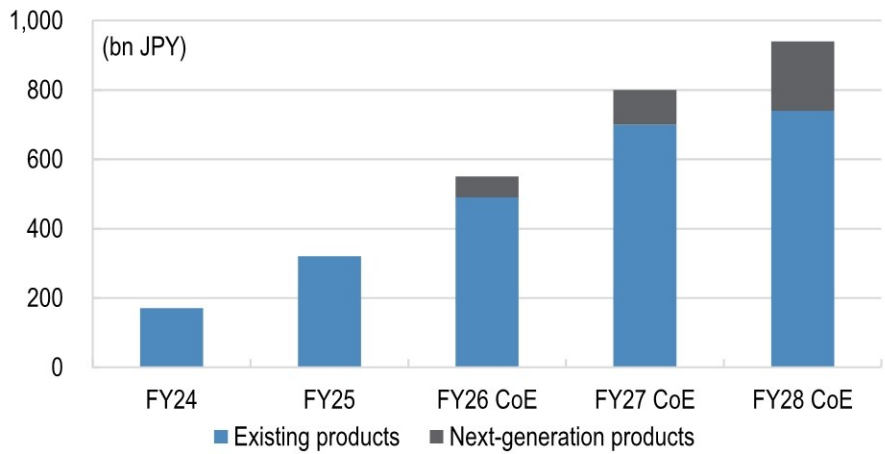
Source: Mitsubishi Electric company report, Media, J.P. Morgan.

AI: Backup power supply (BBU)

NVIDIA's AI Server Roadmap



Panasonic plans for HD DC energy storage systems for DCs



In-rack BBU supply chain

End customer	In-rack BBU	
	Pack	Cell
Amazon	Dynapack	Samsung SDI
	Flexpower	Murata
	AES	Samsung SDI
	Panasonic	Panasonic
Google	Panasonic	Panasonic
	Flexpower	Murata
	AES	Samsung SDI
Microsoft	AES	Murata
	Dynapack	N/A
Meta	Dynapack	Murata
	Panasonic	Panasonic

Power-rack BBU supply chain

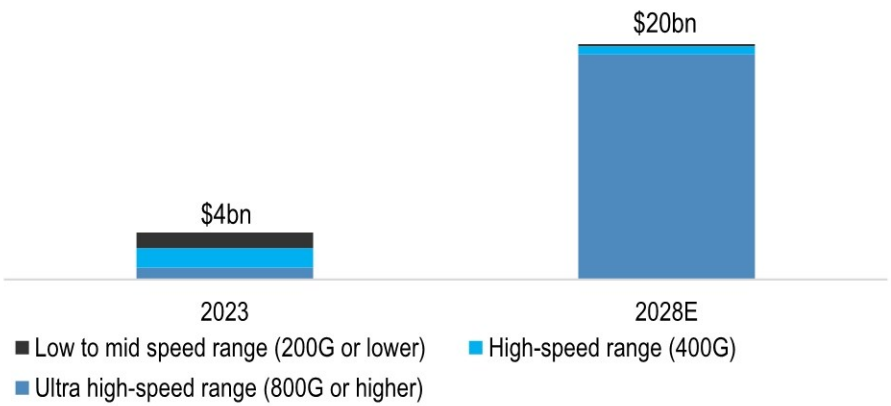
End customer	Power-rack BBU			
	Power rack	BBU	Pack	Cell
Amazon	LiteOn	LiteOn	Dynapack	Samsung SDI
	LiteOn	Panasonic	Panasonic	Panasonic
	Delta	Delta	AES	Samsung SDI
	Delta	Delta	Dynapack	Samsung SDI
	Flextronics	Flextronics	Flextronics	Murata
	Flextronics	Panasonic	Panasonic	Panasonic
Google	Delta	Panasonic	Panasonic	Panasonic
	Delta	Delta	AES	Ampace
	Flextronics	Flextronics	Flextronics	Ammpace
	Flextronics	Flextronics	Flextronics	Murata

Source: Company data, Nikkei XTech, J.P. Morgan.
Note 1: In the top left figure, existing products mainly indicate in-rack BBUs, and next-generation products mainly indicate CBUs and power-rack BBUs. Note 2: The two figures on the right are based on Battery Backup Unit Supply matrix update (22 Aug 2025, top) and Battery Backup Unit HVDC power rack / BBU supply matrix update v3 (26 Mar 2026, bottom) authored by William Yang & others.

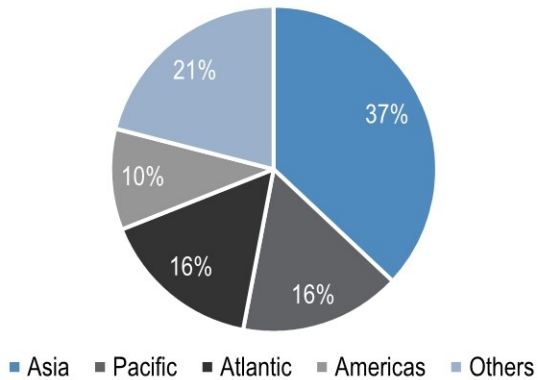
AI: Network

- **Optical semiconductors:** Mitsubishi Electric holds the top global market share in EML for data centers. Expansion in the 400G and higher speeds domain is driving market growth.
- **Submarine cables:** From 2025, the market is poised to reach ¥500 billion per year, per the company. According to NEC, it holds a 25% share, and together with SubCom and Alcatel, the three companies account for about 90% of the market.

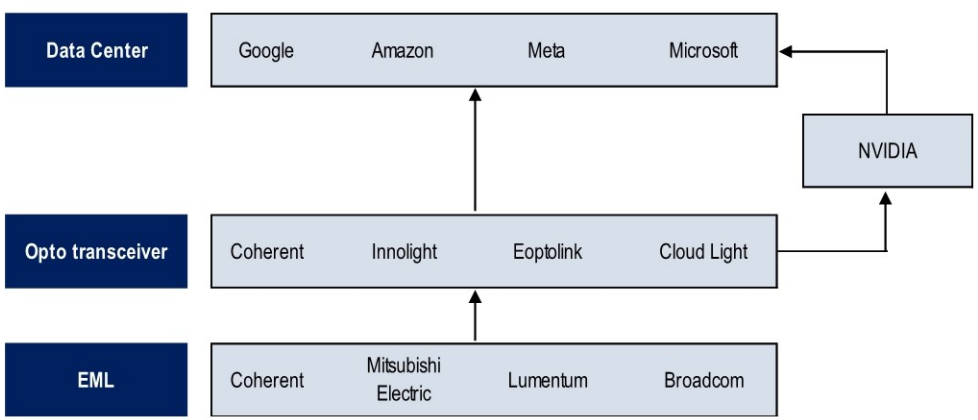
Optical network market for data centers



Regional Breakdown of submarine cable market (FY25-32E)



Opto device supply chain



NEC: Major submarine cable contracts

Yr	PJ Name	Clients	Region	Distance (km)
2020	ADC	Softbank, etc	Asia	9,400
	MIST	OLL	Asia	8,100
2021	PC2	Belau Submarine Cable	Asia	110
	-	NTT Communications, KDDI, etc	Japan domestic	770
2022	-	Okinawa Cellular Telephone Company	Japan domestic	720
	JUNO	Seren Juno	Japan domestic	10,000
2023	East Micronesia	FSM ns, etc	Asia, Australia	2,250
2024				
2025	AUG East	Singtel, AWS, etc	Asia	8,900
	Candle	Meta, Softbank, etc	Asia	8,000

Source: Mitsubishi Electric and NEC company reports, J.P. Morgan.
Note 1: Optical semiconductors market outlook is based on estimates by Mitsubishi Electric. Note 2: Submarine cable market outlook and market breakdown are based on estimates by NEC.

AI: Services provided by the three major domestic SIers

	NEC	Fujitsu	Hitachi
Service platform	**BluStellar**	**Uvance**	**Lumada**
Sales outlook (FY3/26, JPY bn)	624	700	4,100
Yoy	15%	45%	36%
Sales share			
vs. Company-wide sales	18%	20%	39%
vs. IT service business	25%	30%	60%
Margin	Adj. OP margin	GPM	Adj. EBITA margin
	13.2%	Horizontal: 25%+	16.0%
		Vertical: 45%+	
Premium	±0	+6%pts (Vertical)	+4%pts
Main targets	Government, Telecom, Manufacturing	Defense, Retail, Manufacturing	Electric power, Railway, Manufacturing
AI value chain			
Unique AI foundation model	**cotomi**	**Takane**	**-**
Computing	-	2nm CPU "FUJITSU-MONAKA" Quantum Computing	Hitachi iQ (NVIDIA GPU+ Hitachi High-Spead Storage)
Main services	NEC Generative AI Services Agentic AI	Fujitsu Kozuchi AI-Driven Software Development	HMAX
Main collaborators	**Siemens**: Automated generation of action plans by AI based on a combination of NEC's Digital Twin service "NEC Robot Task Planning" and Siemens solutions **IFS**: Building the IFS Cloud platform for the Japanese market, "IFS Cloud Kaname" deployment in the Japanese market, and joint development of industrial AI services (manufacturing, aerospace, energy, transportation, infrastructure, etc.)	**NVIDIA**: Developing an AI computing platform that integrates FUJITSU-MONAKA and NVIDIA GPU, Promotion of an AI agent platform for specialized areas (healthcare, manufacturing, robotics) **Yaskawa Electric**: Integrating robotics technology and promoting societal implementation of physical AI jointly with NVIDIA and Fujitsu **Palantir**: Fujitsu provision of Palantir AI Platform and integration into "Fujitsu Uvance"	**NVIDIA**: Development and utilization of a digital twin environment using NVIDIA Omniverse, Integration of Lumada solutions with NVIDIA AI Enterprise, etc. (e.g.) HMAX solution **Microsoft**: Azure Open AI, Copilot, GitHub, etc. embedded in Lumada (e.g.) Equipment management solution **Google Cloud**: Development of solutions using Gemini (e.g.) Improvement of railway operation efficiency, Work reforms for front-line workers

Source: Company data, J.P. Morgan.
Note: "Premium" refers to the margin gap between each company's overall IT services business and its service platform business.

AI: Creation of new markets

1. Cybersecurity

- April 2026: Claude Mythos Preview postponement of public release
- Active Cyber Defense (ACD) Act passed to strengthen cyber threat response capabilities: The law, which will take effect from October 1, 2026, will initially apply to 257 private-sector companies across critical infrastructure sectors (including financial, ns, energy, and transportation) and be gradually expanded thereafter.

2. Sovereign AI

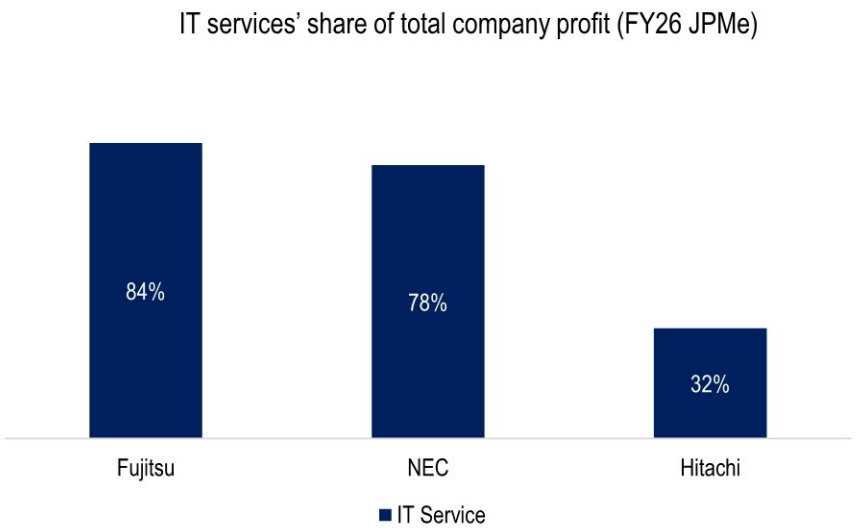
- The government will provide ¥1 trillion in subsidies to Noetra, a Japanese AI consortium whose core backers are SoftBank, Honda, NEC, and the Sony Group.
  Hitachi, Fujitsu, Mitsubishi Electric, and Sharp as well as financial, logistics, and information and communications companies will also invest in Noerta.
- CLOUD Act (US) ⇔ Data sovereignty
- Sovereign AI market: Target market of ¥8 trillion by 2035 (Fujitsu's estimate)

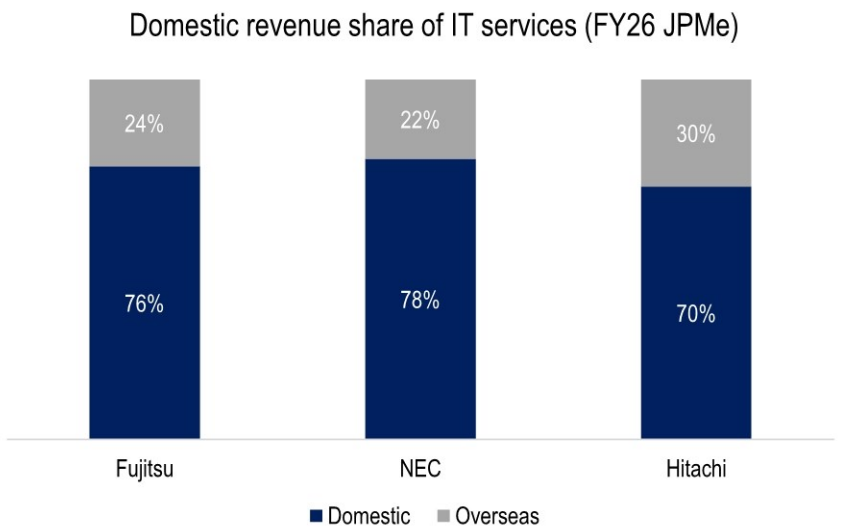
3. Physical AI, Defense x AI

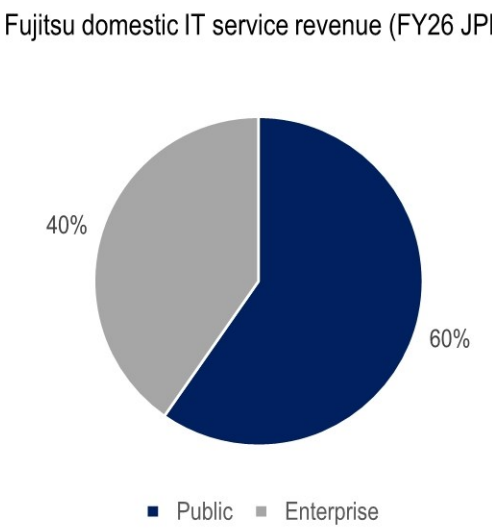
- Physical AI: Hitachi (social infrastructure x AI), Mitsubishi Electric (factory x AI), Fujitsu (promote partnerships)
- Defense x AI: Use with drones, network & cyber defense, satellite and space domains

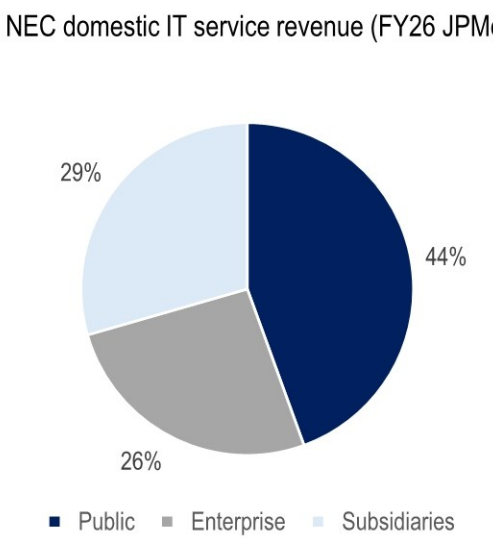
Source: J.P. Morgan.

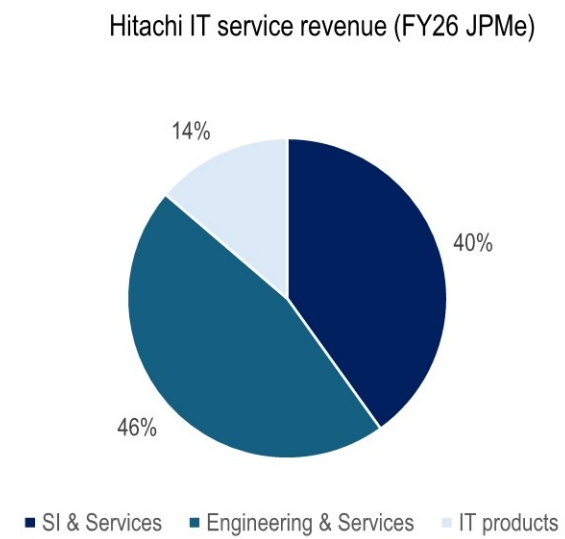
AI: IT service segment breakdown











Source: Company data, J.P. Morgan.
Note: "Public" includes government agencies, local governments, financial institutions, and healthcare.

AI: Services for entertainment and content creation

		Functions	Features	Monthly rate	Partnerships / Adoption
Music	Suno	Fully automated generation	Text-to-music generation	Free to start Commercial use with paid plans	WMG
	Udio (Uncharted Labs)	Fully automated generation	Complex, high-fidelity music generation	Free to start Paid plans start at $10	UMG, WMG
	Stable Audio (Stability AI)	Fully automated generation	Text-to-music generation	Free to start Paid plans start at $11.99	UMG, WMG
	KLAY Vision	Remix of pre-existing music	Trained only on licensed music	--	UMG, WMG, SME
	Splice	Sampling	Sound library search and management	$12.99~	UMG
	LANDR (MixGenius)	Mastering Mixing	Automation of mastering process	$8.25~	WMG
	iZotope	Mastering Mixing	Mixing and noise reduction assistance	From a few thousand to several hundred thousand JPY	
	SoundLabs AI	Voice changer Voice model	Real-time voice-to-voice / instrument conversion	$79.99~	UMG
Movie	Sora (Open AI)	Video generation with audio	Accurate simulation of the laws of physics	ChatGPT Plus $20 and above	Microsoft -Bing Video Creator
	Veo (Google)	Video generation with audio	High-precision lip-sync YouTube integration	Google AI Pro $18.99 and above	Canva
	Runway	Video generation & editing	Feature-rich for creators Flexible camerawork & field of view	Free to start Paid plans start at $12	NVIDIA, Adobe
	Kling AI (Kuaishou)	Video generation with audio	High-speed generation	Free to start Paid plans start at $6.99	
Game	Genie 2 (Google)	World model	Generation of playable 3D with high physics fidelity	Token-based pricing (pay-as-you-go billing)	
	GameGen-X (Tencent)	World model	Generation of open-world environment	Custom quote	
	Unity Muse (Unity)	Development support	Tailored for mobile and indie games	$30~	
	Meta Human & Unreal AI (Epic Games)	Development support	Targeted at high-end PC and consoles	5% of sales	

Source: Company data, J.P. Morgan.

AI x Music

- In 2026, investment firm Primary Wave acquired independent music publisher Kobalt Music.

Major catalog acquisition

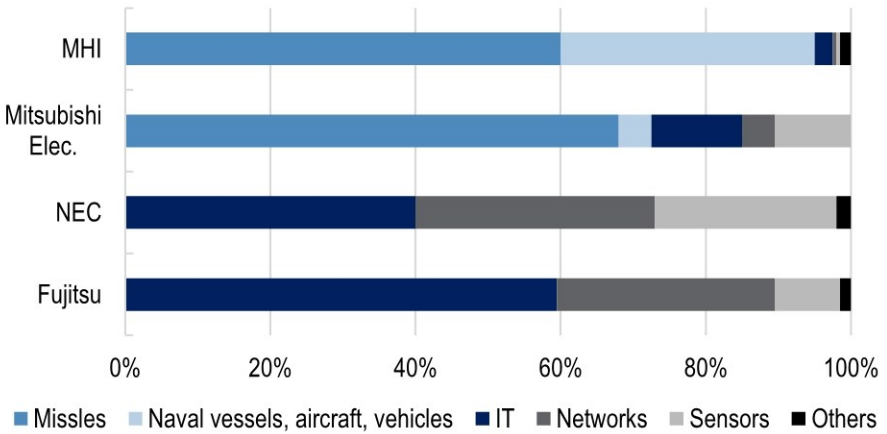
Estimated date	Buyer	Artist/Songwriter		Deal value (US$mn)
Dec-21	**Sony**	**Bruce Springsteen**	**Masters / song writing**	**550**
Dec-21	Universal	Bob Dylan	Song writing catalogue	300-400
Dec-21	BMG/KKR	ZZ Top	Publishing catalogue	50
Dec-21	Primary Wave (Publisher)	Stevie Nicks	Publishing catalogue	100
Dec-21	**Sony**	**Bob Dylan**	**Recorded music catalogue**	**200 (at least)**
Jan-22	Warner Chappell Music	David Bowie	Song writing catalogue	250
Feb-22	Universal	Sting	Song writing catalogue	300
Sep-23	Litmus Music	Katy Perry	Publishing/ masters catalogue	225
Dec-23	Influence Media	Enrique Iglesias	NIL partnership (name, image & likeness)	100-999
Feb-24	**Sony**	**Michael Jackson**	**Publishing/ masters catalogue**	**600 (at least)**
Feb-24	Iconic Artists Group	Rod Stewart	Songwriter's catalogue	100
Apr-24	Pophouse Entertainment Group	Kiss	Publishing/ masters catalogue	300
May-24	**Sony**	**Kevin Parker (Tame Impala)**	**Entire music catalogue incl. future songs**	**Undisclosed**
Jun-24	**Sony**	**Queen**	**Recorded music/ publishing catalogue**	**1,000**
Jul-24	Warner Chappell Music	Tom Petty Estate	Entire music catalogue	1,200
Sep-24	Primary Wave (Publisher)	Ric Ocasek Estate (The Cars)	Entire music catalogue	1,270
Oct-24	**Sony**	**Pink Floyd**	**Recorded music**	**400**
Feb-25	HarborView Equity Partners	T-Pain	Publishing catalog, select master rights	Undisclosed
Mar-25	Create Music Group	DeadMau5	Publishing catalog	55
Feb-26	Primary Wave	Britney Spears	Recorded music/ publishing catalogue	200
Mar-26	Primary Wave	Kovalt Music	A corporate acquisition	1,500
May-26	**Sony + GIC**	**45k songs owned by Recoginition Music group including Red Hot Chilli Peppers, Beyonce, Bruno Mars, Bon Jovi, Rihanna, Mariah Carey etc**	**Publishing catalog**	**4,000**
May-26	WMG+ Bain Capital	The Red Hot Chili Peppers	Masters catalogue	300

Source: Company data, J.P. Morgan.

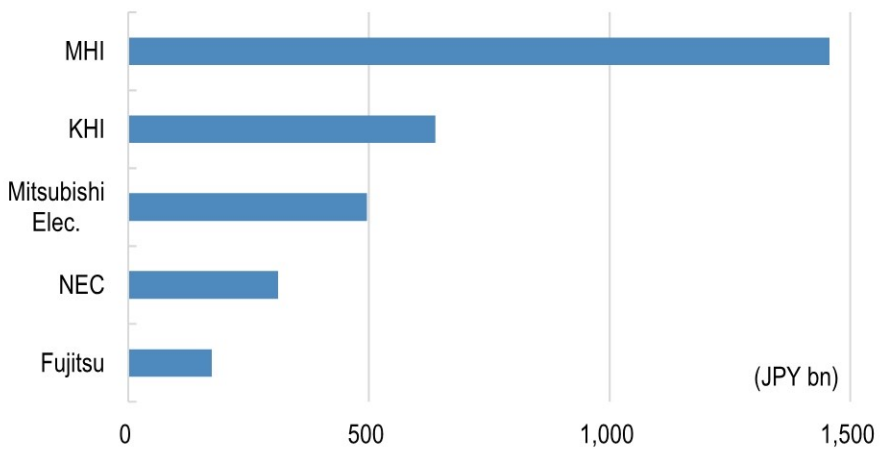
Defense

・In 1H 2026, the Takaichi administration is planning to lift the restriction on defense equipment exports, which are currently limited to “five non-lethal categories: rescue, transport, warning, surveillance, and minesweeping”.

Business portfolio of major defense names (FY24)



FY24 Central procurement by Japan Ministry of Defense



Mitsubishi Electric: Initiatives for Expanding Defense Biz

Yr	Dev Area / Equipment	Partner / Customer	Overview
(1) Transfer of finished equipment to Southeast Asian countries			
2020	Surveillance radar	Philippine Dept of National Defense	Delivery Contract
2023	Fixed surveillance radar	Philippine Dept of National Defense, Air Force	Delivery in Oct 2023
2024	Mobile surveillance radar	Philippine Dept of National Defense, Air Force	Delivery in Mar 2024
(2) International joint development with Europe, Australia, and India			
2023	Next-gen fighter avionics	Leonardo, Elettoronica (UK, Italy)	Collab Contract
2023	Effects Domain	MBDA UK, MBDA Italia (UK, Italy)	Collab Contract
2023	Laser	Australia Department of Defence	Joint Dev Contract
2024	Radar modules, etc.	India Ministry of Defence, MEMCO	MOU
2025	Next-gen fighter avionics	Leonardo, Elettoronica (UK, Italy)	Consortium
(3) Participation in the US global supply chain			
2024	F-15 fighter radar	RTX Corporation (Raytheon), US Air Force	Repair Contract
2024	Radar components	RTX Corporation (Raytheon), US Navy	Supply Contract
2024	Elec warfare systems	Northrop Grumman Corporation (US)	MOU
2024	AIM-120 (air to air missile)	Japan ATLA, US Government	Service Order
2026	Communications Satellites	Lockheed Martin (US)	MOU

Source: Company data, Japan Ministry of Defense – Acquisition, Technology & Logistics Agency, J.P. Morgan.
Note: ATLA stands for Acquisition, Technology & Logistics Agency under Japan Ministry of Defense

iPhone Spec Estimates

Launch time	2H25				1H26	2H26E			1H27E			2H27E		
Model	**iPhone 17**	**iPhone 17 Air**	**iPhone 17 Pro**	**iPhone 17 Pro Max**	**17e**	**iPhone 18 Pro**	**iPhone 18 Pro Max**	**Foldable iPhone**	**18e**	**iPhone 18**	**iPhone 18 Air**	**iPhone 20 Pro**	**iPhone 20 Pro Max**	**Foldable iPhone**
Front camera	*Face ID + Selfie cam*				*Face ID + Selfie cam*	*Face ID + Selfie cam*		*Dual cam*	*Face ID + Selfie cam*			*Face ID + Selfie cam*		*Dual cam*
Face ID (Rx)	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**		**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	**Face ID (Rx+Tx)**	
- Resolution	HD	HD	HD	HD	HD	HD	HD	**N/A**	HD	HD	HD	HD	HD	**N/A**
- Elements	Plastic & Metalens	Plastic & Metalens	Plastic & Metalens	Plastic & Metalens	Plastic lens	Plastic & Metalens	Plastic & Metalens		Plastic lens	Metalens	Plastic & Metalens	Metalens	Metalens	
Selfie	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**	**Selfie**
- Resolution	**18MPx**	**18MPx**	**18MPx**	**18MPx**	**12MPx**	**24MPx**	**24MPx**	**24MPx**	**12MPx**	**24MPx**	**24MPx**	**24MPx**	**24MPx**	**24MPx**
- Elements	6P	6P	6P	6P	6P	6P	6P	6P	6P	6P	6P	6P	6P	6P
Second Selfie								**Underdisplay**						**Underdisplay**
- Resolution								**24MPx**						**24MPx**
- Elements								6P						6P
Rear camera	*Dual cam*	*Single cam*	*Triple cam + ToF*	*Triple cam + ToF*	*Single cam*	*Triple cam + ToF*	*Triple cam + ToF*	*Dual cam*	*Single cam*	*Single cam*	*Single cam*	*Triple cam + ToF*	*Triple cam + ToF*	*Dual cam*
Wide	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**	**Wide**
- Resolution	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx	48MPx, 7P unchanged, but a much larger lens size		48MPx
- Elements	7P	7P	7P	7P	6P	7P (Variable aperture)	7P (Variable aperture)	7P	6P	7P	7P			7P
- OIS	Sensor shift	Sensor shift	Sensor shift	Sensor shift	No sensor shift	Sensor shift	Sensor shift	No sensor shift	No sensor shift	Sensor shift	Sensor shift	Sensor shift	Sensor shift	No sensor shift
Telephoto	**N/A**	**N/A**	**Folded**	**Folded**	**N/A**	**Folded**	**Folded**	**N/A**	**N/A**	**N/A**	**N/A**	**Folded**	**Folded**	**N/A**
- Resolution			**48MPx**	**48MPx**		**48MPx**	**48MPx**					**48MPx**	**48MPx**	
- Elements			1G3P + 1 prism	1G3P + 1 prism		1G3P + 1 prism	1G3P + 1 prism					1G3P + 1 prism	1G3P + 1 prism	
Ultra wide	**Ultra wide**	**N/A**	**Ultra wide**	**Ultra wide**	**N/A**	**Ultra wide**	**Ultra wide**	**Ultra wide**	**N/A**	**Ultra wide**	**N/A**	**Ultra wide**	**Ultra wide**	**Ultra wide**
- Resolution	**48MPx**		**48MPx**	**48MPx**		**48MPx**	**48MPx**	**48MPx**		**12MPx**		48MPx, 6P unchanged, but larger aperture		**48MPx**
- Elements	6P		6P	6P		6P	6P	6P		6P				6P
ToF	**N/A**	**N/A**	**ToF**	**ToF**	**N/A**	**ToF**	**ToF**	**N/A**	**N/A**	**N/A**	**N/A**	**ToF**	**ToF**	**N/A**
- Resolution			2MPx	2MPx		2MPx	2MPx					2MPx	2MPx	
- Elements			2P*2	2P*2		2P*2	2P*2					2P*2	2P*2	

Source: Company data, J.P. Morgan estimates (Refer to Apple Supply Chain: Raising 1H26 iPhone EMS build plan and introduce 2H26 estimates (21 April 2026) authored by William Yang and others).
Note 1: Our Taiwan technology team's forecasts as of April 2026
Note 2: Red-colored text refers to a spec change.

AI server shipment forecasts

k units	2022	2023	2024	2025E	2026E	2027E	2028E	25-28 CAGR
Total datacenter AI chip volumes	**2,153**	**3,632**	**7,815**	**10,220**	**12,920**	**16,987**	**16,987**	*18%*
YoY growth		*69%*	*115%*	*31%*	*26%*	*31%*	*0%*	
High end datacenter GPU volumes	**800**	**1,931**	**4,950**	**6,050**	**6,950**	**8,928**	**7,315**	*7%*
YoY growth		*141%*	*156%*	*22%*	*15%*	*28%*	*-18%*	
ASIC chip volume	1,353	1,701	2,865	4,170	5,970	8,060	9,671	*32%*
YoY growth		*26%*	*68%*	*46%*	*43%*	*35%*	*20%*	
Chip per server								
Chip per ASIC server	5	5	7	7	9	10	10	
GPU per server								
GB structure			4	4	4	4	4	
HGX structure	8	8	8	8	8	8	8	
Total AI server volumes	**401**	**577**	**1,066**	**1,811**	**2,196**	**2,583**	**2,326**	*9%*
YoY growth		*44%*	*85%*	*70%*	*21%*	*18%*	*-10%*	
High end GPU AI server shipment	100	241	635	1,206	1,527	1,735	1,359	*4%*
YoY growth		*141%*	*163%*	*90%*	*27%*	*14%*	*-22%*	
AI ASIC server shipment	301	336	432	605	669	848	967	*17%*
YoY growth		*12%*	*28%*	*40%*	*11%*	*27%*	*14%*	
Global server shipment (mn units)	13.8	11.4	12.1	11.9	12.5	12.8	13.3	*4%*
Total AI server % mix	2.9%	5.1%	8.8%	15.2%	17.6%	20.2%	17.5%	
High end GPU AI server % mix	0.7%	2.1%	5.3%	10.1%	12.2%	13.5%	10.2%	
ASIC chip per servers	2.2%	3.0%	3.6%	5.1%	5.4%	6.6%	7.3%	

Source: Company reports, Gartner®, J.P. Morgan estimates (Refer to Asian Tech: Datacenter Power, Liquid Cooling, and ODM rack build (13 November 2025) authored by Albert Hung and others).
Note: Our Taiwan technology team's forecasts as of November 2025.

Sony Group (6758): SOTP (FY3/28E)

(JPYm unless stated)	EBITDA	OP	D&A	EV/EBITDA (x)	EV	EV per share (JPY)
Game & Network Services	968,566	700,000	268,566	18.0	17,434,188	2,983
Music	543,711	460,000	83,711	10.0	5,437,110	930
Pictures	210,627	160,000	50,627	13.3	2,804,286	480
Motion pictures, TV Productions	*98,700*	*75,000*	*23,700*	*8.0*	*789,600*	*135*
Media Networks	*111,927*	*85,000*	*26,927*	*18.0*	*2,014,686*	*345*
Entertainment, Technology & Services	273,000	170,000	103,000	8.0	2,184,000	374
Imaging & Sensing Solutions	749,000	480,000	269,000	11.0	8,239,000	1,410
Subtotal	2,744,904	1,970,000	774,904	13.2	36,098,584	6,176
All Other / Corporate	-88,900	-75,000	-13,900	13.2	-1,169,135	-200
Corporate value					34,929,449	5,976
Net cash					2,140,127	366
Market value ex Financial / major equity method investment					37,069,575	6,342

Major equity method investment	Share price (LC)	Owned shares (mn)	Owned value	
M3 (2413 JP)	1,632	230.46	375,992	64
Sony FG (8729 JP)	154.4	1,172.22	180,991	31
Total Market Value			37,626,558	6,438
Number of outstanding shares (K)			5,844,819	
Theoretical value (JPY)			6,438	
Discount			-10%	
Theoretical Price (JPY)			**5,800**	

Source: Bloomberg Finance L.P., J.P. Morgan estimates.
Note 1: Depreciation and amortization above excludes amortization for film costs, broadcasting rights and internally developed game content and master recordings included in content assets.
Note 2: M3 and Sony Financial Group's share prices are as of 12th August.

Sony Group (6758): Investment thesis, valuation, and risks

Sony Group (Overweight; Price Target: ¥5,800)

Investment Thesis

In the entertainment space, we have a positive view of Sony Group's preeminent global platforms or IP in games, movies, music, and animation. Over the medium term, we expect the company to expand its game and animation platforms and generate synergies with entertainment IP.

Valuation

Our end-2027 price target of ¥5,800 is based on an SOTP model referencing EV/EBITDA multiples of comparable companies: G&NS at 18x, Music at 10x, Pictures/Film at 13x, ET&S at 8x, and I&SS at 11x. We then apply a 10% conglomerate discount to arrive at our price target. (The SOTP model is on the previous slide.)

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Faster-than-expected penetration for PlayStation 5
- Sharper-than-expected increase in image sensor profitability
- Hit first-party content in games and movies

Downside Scenario to Target Price/Rating

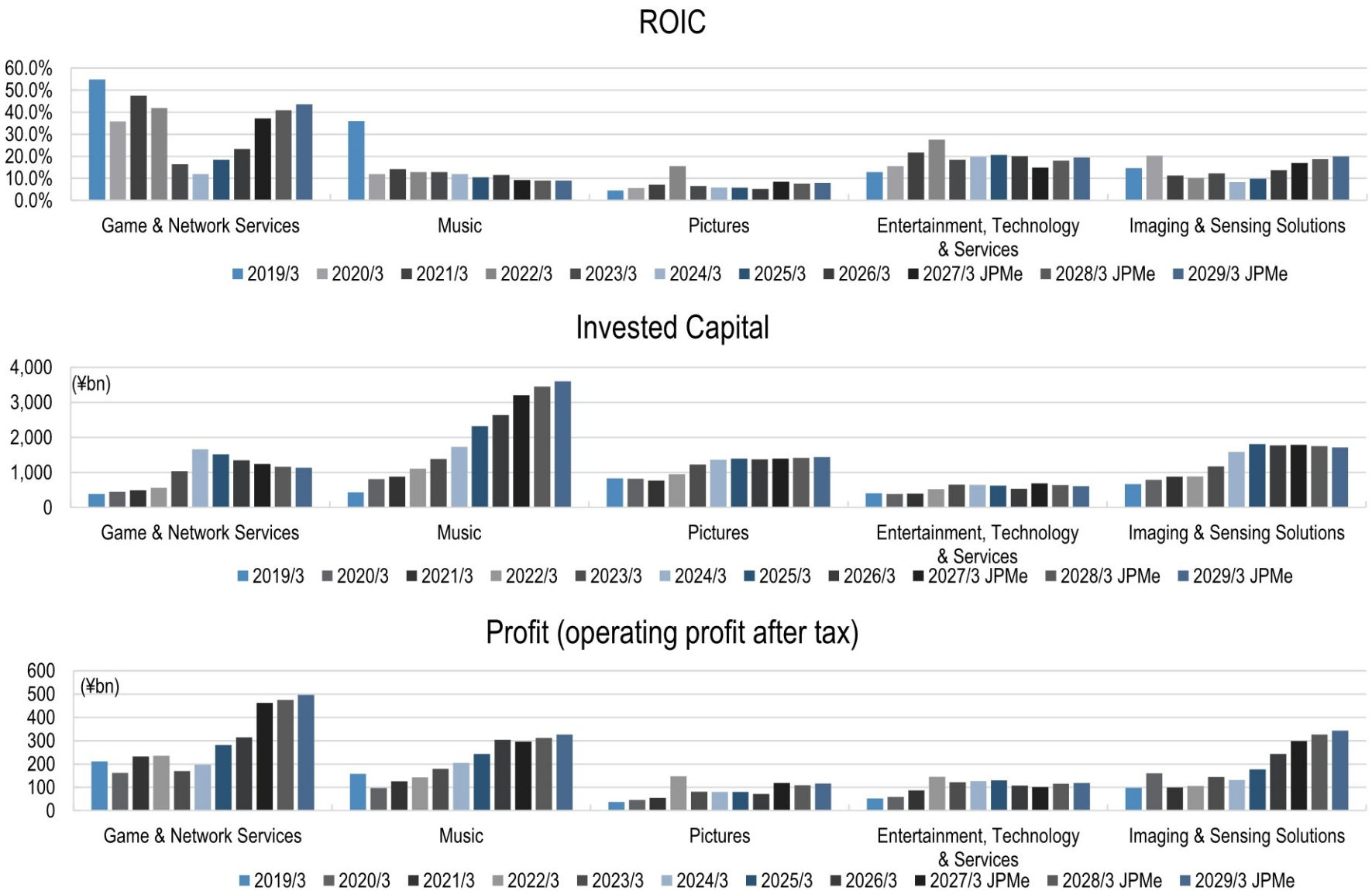
- Disruptive pricing by rivals in semiconductors and games
- Reversal of multicamera smartphone trend
- Deterioration in semiconductor profitability accompanying sudden yen appreciation

Sony Group (6758): Earnings forecasts (PL)

(mn JPY)	2026/3					2027/3					2028/3	2029/3	2027/3
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
	Act	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
Sales (incl. internal sales)	2,621,615	3,107,907	3,713,681	3,036,417	12,479,620	2,837,771	3,240,650	3,664,950	3,061,350	12,804,000	12,664,000	13,379,000	12,500,000
Game & Network Services	936,533	1,113,171	1,613,587	1,022,360	4,685,651	937,123	1,084,750	1,513,750	1,022,250	4,558,000	4,718,000	5,097,000	4,540,000
Music	465,341	542,361	542,446	569,962	2,120,110	562,019	539,000	554,000	561,000	2,216,000	2,298,000	2,407,000	2,190,000
Pictures	327,104	346,033	353,268	472,885	1,499,290	315,063	504,000	414,000	453,000	1,686,000	1,637,000	1,764,000	1,660,000
Entertainment, Technology & Services	534,258	575,737	658,096	492,441	2,260,532	543,850	559,900	646,200	566,100	2,316,000	1,880,000	1,886,000	2,250,000
Imaging & Sensing Solutions	408,190	614,642	604,319	524,382	2,151,533	512,738	636,000	593,000	504,000	2,246,000	2,349,000	2,443,000	2,110,000
All Other	19,330	23,643	25,428	20,671	89,072	22,112	25,000	27,000	21,000	95,000	95,000	95,000	-250,000
Corporate & Elimination	-69,141	-107,680	-83,463	-66,284	-326,568	-55,134	-108,000	-83,000	-66,000	-313,000	-313,000	-313,000	--
Operating profit	339,955	428,974	515,041	163,537	1,447,507	476,499	536,000	464,000	323,000	1,800,000	1,895,000	1,985,000	1,720,000
Game & Network Services	147,957	120,354	140,843	54,104	463,258	202,014	175,000	153,000	150,000	680,000	700,000	730,000	660,000
Music	92,807	115,377	106,411	132,391	446,986	105,882	111,000	110,000	108,000	435,000	460,000	480,000	420,000
Pictures	18,665	13,850	30,859	41,498	104,872	24,809	60,000	38,000	52,000	175,000	160,000	170,000	150,000
Entertainment, Technology & Services	43,143	60,960	59,422	-4,941	158,584	42,601	63,000	50,000	-6,000	150,000	170,000	175,000	150,000
Imaging & Sensing Solutions	54,251	138,267	131,969	32,831	357,318	122,203	147,000	122,000	49,000	440,000	480,000	505,000	420,000
All Other / Corporate	-16,868	-19,834	45,537	-92,346	-83,511	-21,010	-20,000	-9,000	-30,000	-80,000	-75,000	-75,000	-80,000
Income (loss) before income taxes	356,601	441,761	500,209	123,803	1,422,374	350,007	--	--	--	1,800,000	1,895,000	1,985,000	1,710,000
Net income (loss)	236,909	361,968	-1,008,612	82,870	-326,865	342,161	--	--	--	1,315,000	1,386,000	1,454,000	1,210,000
Depreciation and amortization	169,172	172,169	179,399	184,350	705,090	177,800	--	--	--	734,800	742,500	751,500	700,000
Addition to long lived asset	156,927	152,102	288,904	207,013	804,946	172,300	--	--	--	765,000	780,000	780,000	760,000
R&D costs	167,898	197,397	198,079	198,653	762,027	177,200	--	--	--	710,000	713,000	718,000	710,000
FX rate (JPY)													Q2-Q4
USD	144.6	147.4	154.0	156.7	150.7	159.3	155.0	155.0	155.0	156.1	155.0	155.0	153.0
EUR	163.6	172.2	179.2	183.6	174.7	185.3	180.0	180.0	180.0	181.3	180.0	180.0	175.0
Core products sales volume (k units)													
PlayStation 5/6	2,500	4,000	7,900	1,500	16,000	1,600	1,800	4,500	1,100	9,000	8,000	12,000	--
TVs													
Digital camera													
Smartphone													

Source: Company reports, J.P. Morgan estimates.
Note 1: “Depreciation and amortization and “Addition to long lived asset” do not include film costs and broadcasting rights.
Note 2: 2025/3 Revised, company guidance and J.P. Morgan estimates are based on continuing operations, which exclude financial services.
Note 3: J.P. Morgan estimates are all as of August 2026.

Sony Group (6758): ROIC outlook



Source: Company reports, J.P. Morgan estimates.
Note: J.P. Morgan estimates are all as of August 2026.

Sony Group (6758) G&NS: Earnings forecasts

	1Q Act	2Q Act	3Q Act	4Q Act	2026/3 FY Act	1Q Act	2Q JPMe	3Q JPMe	4Q JPMe	2027/3 FY JPMe	2028/3 FY JPMe	2029/3 FY JPMe
G&NS PL (JPY million)												
Revenue	936,533	1,113,171	1,613,587	1,022,360	4,685,651	937,123	1,084,750	1,513,750	1,022,250	4,558,000	4,718,000	5,097,000
Hardware	153,279	230,943	450,405	109,798	944,425	138,300	162,750	351,750	86,250	739,050	609,750	890,250
Game Software	540,189	629,344	835,477	636,013	2,641,023	526,600	660,000	833,000	680,000	2,699,600	2,810,000	2,863,000
Network Services	172,648	182,681	199,276	208,521	763,126	208,600	205,000	206,000	207,000	826,600	968,000	989,000
Others	70,418	70,202	128,429	68,027	337,076	63,600	57,000	123,000	49,000	292,600	330,000	355,000
Gross profit	327,000	370,354	384,843	389,104	1,471,000	414,000	393,000	404,000	389,000	1,600,000	1,662,000	1,688,000
Hardware	-2,000	9,000	-69,000	9,000	-53,000	73,000	0	-63,000	5,000	15,000	-50,000	-60,000
Game Software	176,000	198,000	270,000	194,000	838,000	164,000	218,000	268,000	207,000	857,000	865,000	876,000
Network Services	126,000	137,000	143,000	151,000	557,000	152,000	150,000	150,000	151,000	603,000	707,000	722,000
Others	27,000	26,354	40,843	35,104	129,000	25,000	25,000	49,000	26,000	125,000	140,000	150,000
Gross profit margin	35%	33%	24%	38%	31%	44%	36%	27%	38%	35%	35%	33%
Hardware	-1%	4%	-15%	8%	-6%	53%	0%	-18%	6%	2%	-8%	-7%
Game Software	33%	31%	32%	31%	32%	31%	33%	32%	30%	32%	31%	31%
Network Services	73%	75%	72%	72%	73%	73%	73%	73%	73%	73%	73%	73%
Others	38%	38%	32%	52%	38%	39%	44%	40%	53%	43%	42%	42%
SG&A	179,043	250,000	244,000	335,000	1,008,000	211,986	218,000	251,000	239,000	919,986	962,000	958,000
% of revenue	19%	22%	15%	33%	22%	23%	20%	17%	23%	20%	20%	19%
YoY	-9%	34%	-3%	44%	16%	18%	-13%	3%	-29%	-9%	5%	0%
Operating profit	147,957	120,354	140,843	54,104	463,258	202,014	175,000	153,000	150,000	680,000	700,000	730,000
Operating profit margin	15.8%	10.8%	8.7%	5.3%	9.9%	21.6%	16.1%	10.1%	14.7%	14.9%	14.8%	14.3%
YoY	127%	-13%	19%	-42%	12%	37%	45%	9%	177%	47%	3%	4%

Source: Company reports, J.P. Morgan estimates.
Note: J.P. Morgan estimates are all as of August 2026.

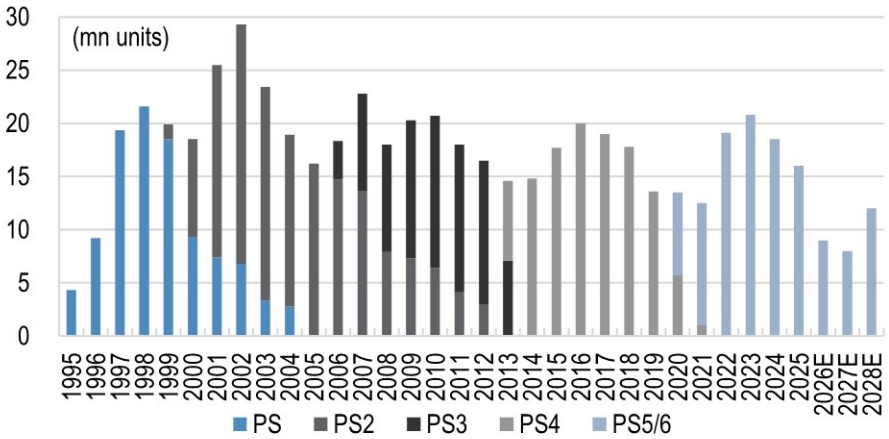
Sony Group (6758) G&NS: Software income analysis

	1Q Act	2Q Act	3Q Act	4Q Act	2026/3 FY Act	1Q Act	2Q JPMe	3Q JPMe	4Q JPMe	2027/3 FY JPMe	2028/3 FY JPMe	2029/3 FY JPMe
Game Software: Sales/Profit breakdown (JPY million)												
Revenue	540,189	629,344	835,477	636,013	2,641,023	526,600	660,000	833,000	680,000	2,699,600	2,810,000	2,863,000
1st party	27,000	32,000	67,000	23,000	146,000	22,000	44,000	58,000	39,000	163,000	150,000	154,000
Physical	6,000	11,000	20,000	4,000	39,000	5,000	14,000	16,000	7,000	42,000	39,000	40,000
Digital download	21,000	21,000	47,000	19,000	107,000	17,000	30,000	42,000	32,000	121,000	111,000	114,000
3rd party	197,000	279,000	328,000	266,000	1,058,000	188,000	291,000	358,000	274,000	1,111,000	1,128,000	1,141,000
Physical	18,000	32,000	31,000	22,000	88,000	13,000	31,000	32,000	14,000	90,000	90,000	91,000
Digital download	179,000	247,000	297,000	244,000	970,000	175,000	260,000	326,000	260,000	1,021,000	1,038,000	1,050,000
Add-on/Non-game content	290,859	292,524	415,807	322,221	1,336,411	295,800	302,000	398,000	349,000	1,344,800	1,464,000	1,510,000
Others	25,330	25,820	24,670	24,792	100,612	20,800	23,000	19,000	18,000	80,800	68,000	58,000
Gross profit	176,000	198,000	270,000	194,000	838,000	164,000	218,000	268,000	207,000	857,000	865,000	876,000
1st party	25,700	24,100	60,300	20,700	130,800	19,800	39,600	52,200	35,100	146,700	135,000	138,600
Physical	5,700	8,300	18,000	3,600	35,600	4,500	12,600	14,400	6,300	37,800	35,100	36,000
Digital download	20,000	15,800	42,300	17,100	95,200	15,300	27,000	37,800	28,800	108,900	99,900	102,600
3rd party	59,200	86,560	96,200	75,900	317,860	56,150	90,300	107,000	75,000	328,450	330,100	333,900
Physical	18,000	29,760	27,900	19,800	95,460	12,350	27,900	28,800	12,600	81,650	81,000	81,900
Digital download	41,200	56,800	68,300	56,100	222,400	43,800	62,400	78,200	62,400	246,800	249,100	252,000
Add-on/Non-game content	73,200	69,000	96,200	80,300	318,700	73,300	72,500	95,500	83,800	325,100	351,400	362,400
Others	18,000	18,000	17,000	17,000	70,000	15,000	16,000	13,000	13,000	57,000	45,000	41,000
Game software unit (million)												
Game software sales unit	65.9	80.3	97.2	74.6	317.9	66.1	82.5	102.5	88.8	339.9	333.8	329.5
1st party	6.9	6.3	13.2	5.8	32.2	6.0	8.5	11.7	9.7	36.0	32.4	32.4
Physical	1.2	1.8	3.2	0.9	6.9	1.1	2.4	2.8	1.5	7.7	7.1	7.1
Digital download	5.7	4.5	10.0	4.9	25.3	4.9	6.1	8.9	8.3	28.3	25.3	25.3
3rd party	59.0	74.0	84.0	74.6	291.6	60.1	74.0	90.7	79.1	303.9	301.4	297.1
Physical	10.0	20.7	20.2	11.2	62.1	10.8	20.7	21.8	11.9	65.2	66.3	65.4
Digital download	49.0	53.3	63.8	63.4	229.5	49.3	53.3	68.9	67.2	238.7	235.1	231.7
KPI (million)												
PS5 shipments	2.5	4.0	7.9	1.5	16.0	1.6	1.8	4.5	1.1	9.0	8.0	12.0
Number of PS Plus subscribers	45.9	45.8	47.7	47.0	47.0	46.1	46.3	47.7	47.0	47.0	48.4	49.1
YoY	4%	3%	2%	0%	0%	0%	1%	0%	0%	0%	3%	1%

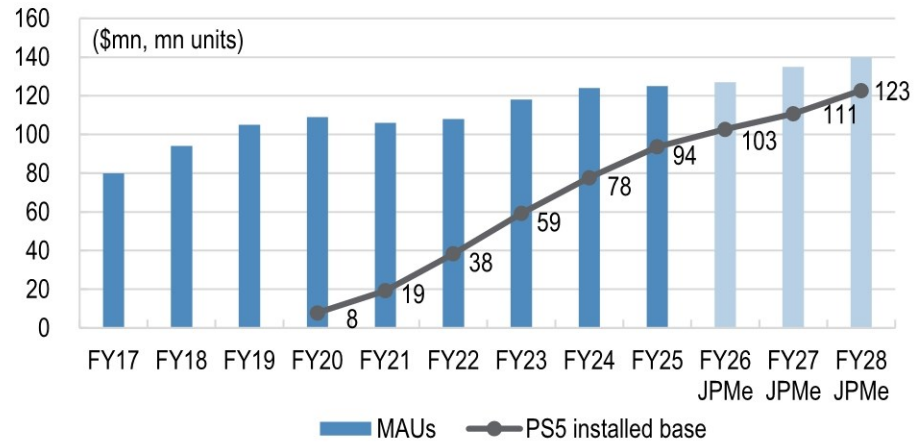
Source: Company reports, J.P. Morgan estimates.
Note: J.P. Morgan estimates are all as of August 2026.

Sony Group (6758) G&NS: Hardware

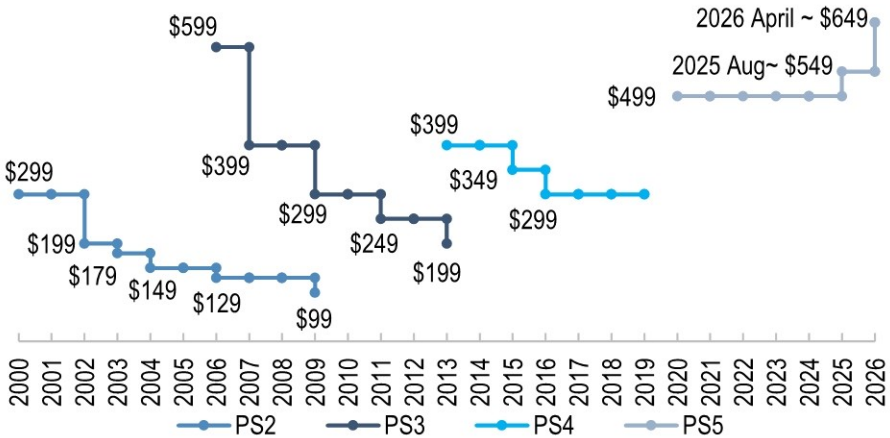
Shipment trend of PlayStation hardware



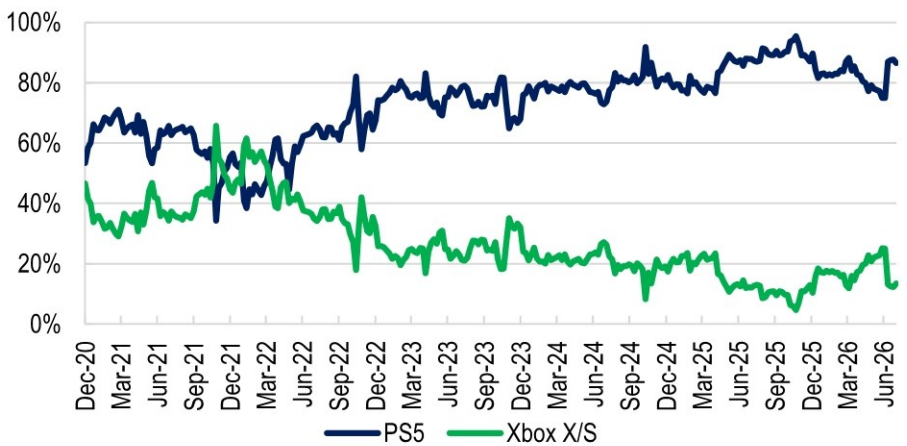
MAUs and PS5 installed basis



Price trend of PlayStation



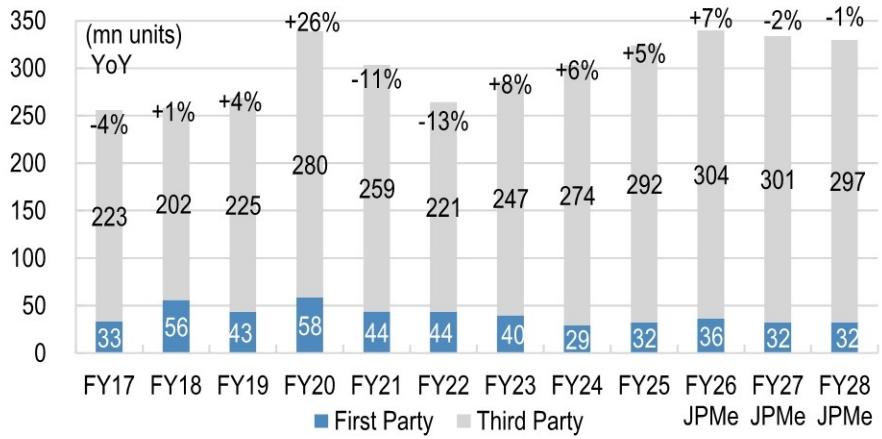
PS5 and Xbox X/S share



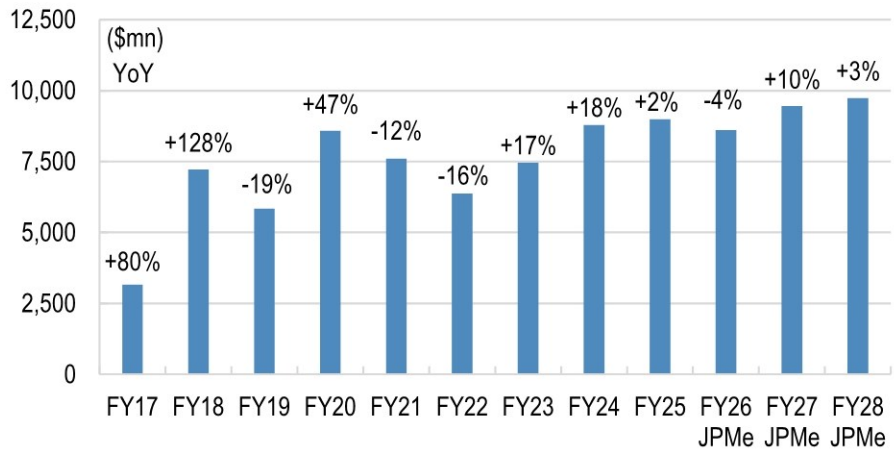
Source: Company reports, VGChartz, J.P. Morgan estimates.
Note: J.P. Morgan estimates are all as of August 2026.

Sony Group (6758) G&NS: Software

Unit sales trend of PlayStation software



Sales trend of Add-on sales (USD basis)



PlayStation Studios

	設立時期	買収時期	所在地	主力タイトル
	Founded	Acquired	Location	Major titles
Team asobi	2021	--	Tokyo / Japan	ASTRO BOT
Bend Studio	1993	2000	Oregon / US	
Firesprite	2012	2021	Liverpool / UK	
Housemarque	1995	2021	Helsinki / Finland	Returnal
Guerrilla	2000	2005	Amsterdam / The Netherlands	Horizon
Haven Entertainment Studios	2021	2022	Montreal / Canada	
Insomniac Games	1994	2019	California / US	Marvel's Spider-Man
Media Molecule	2006	2010	Guildford / UK	Dream Universe
Naughty Dog	1984	2001	California / US	Uncharted,The Last of Us
Nixxes	1999	2021	Utrecht / The Netherlands	
Polyphony Digital	1998	--	Tokyo / Japan	Grand Turismo
San Diego Studio	2001	--	California / US	MLB The Show
Santa Monica Studio	1999	--	California / US	God of War
Sucker Punch	1997	2011	Washington / US	Ghost of Tsushima
Valkyrie Entertainment	2002	2021	Seattle / US	
Team LFG	2025			

Source: Company reports, J.P. Morgan. Note: J.P. Morgan estimates are all as of June 2026.

SIE Management & Studio Reform

- **September 2023: Jim Ryan, President and CEO of SIE, announced his resignation effective at the end of March 2024**
  Mr. Totoki, Group COO/CFO, assumed the position of Chairman of SIE
- **February 2024: SIE announced an 8% reduction in global headcount**
  The closure of London Studios and staff reductions at other PlayStation studios
- **April 2024: Mr. Totoki was appointed as interim CEO of SIE**
- **June 2024: A new management structure for SIE was announced**
  SIE Platform Business Group CEO: Hideaki Nishino
  SIE Studio Business Group CEO: Hermen Hulst
- **August 2024: A reduction of 220 employees at Bungie was announced, equivalent to 17% of the studio's staff**
- **October 2024: The closure of two studios, Firewalk Studios and Neon Koi, was announced**
- **January 2025: It was announced that Mr. Nishino will assume the position of President and CEO of SIE starting in April**
  Hermen Hulst will continue to serve as CEO of the Studio Business Group

Sony Group (6758) G&NS: Major PS titles

		Sony 1st Party		3rd Party (ex. Call of Duty, EA Sports)
		PlayStation platform	PC platform	PlayStation platform
FY2019	1Q	"Days Gone"		
	3Q	"Death Stranding"		
FY2020	1Q	"The Last of Us Part II"		
	2Q	"Ghost of Tsushima"	"Horizon Zero Dawn"	
	3Q	"Marvel's Spider-Man Miles Morales"		"Assassin's Creed Valhalla" (UBISOFT)
FY2021	1Q	"ReturnalI"	"Days Gone"	
	3Q			"Battlefield 2042" (EA)
	4Q	"Horizon Forbidden West" "Grand Turismo 7"	"God of War"	"Elden Ring" (FromSoftware)
FY2022	2Q		"Marvel's Spider-Man Remastered"	
	3Q	"God of War RAGNAROK"	"Uncharted: Legacy of Thieves Collection" "Marvel's Spider-Man Miles Morales"	
	4Q		"Returnal" "The Last of Us Part I"	"Hogwarts Legacy" (Warner Bros) "Resident Evil 4" (CAPCOM)
FY2023	1Q			"Final Fantasy XVI" (Square Enix)
	2Q		"Ratchet & Clank: Rift Apart"	
	3Q	"Marvel's Spider-Man 2"		"Assassin's Creed Mirage" (UBISOFT)
	4Q	"Helldivers 2"	"Horizon Forbidden West Complete Edition"	
FY2024	1Q		"Ghost of Tsushima Director's Cut"	
	2Q	"Concord" (Firewalk Studios) "ASTRO BOT"	"God of War RAGNAROK"	"Black Myth: Wukong" (Game Science) [Revival] "EA Sports College Football 25" (EA)
	4Q		"Marvel's Spider-Man 2"	"Monster Hunter Wilds" (CAPCOM) "Assassin's Creed Shadows" (UBISOFT)
FY2025	1Q	"Death Stranding 2: On the beach"	"The Last of Us Part II Remastered" "Days gone Remastered"	"ELDEN RING NIGHTREIGN" (FromSoftware)
	2Q			"BORDERLANDS 4" (2K Games/ Gearbox Software)
	3Q	"Ghost of Yotei"		"Battlefield 2025" (EA) "Arc Raiders" (Embark Studios)
	4Q	"Marathon" (Bungie)	"Death Stranding 2: On the beach"	
FY2026-	1Q	30 Apr 2026 "SAROS"		27 May 2026 "007 First Light" (IO Interactive)
	2Q	7 Aug "MARVEL Tōkon: Fighting Souls" **15 Sep "Marvel's Wolverine"**		29 July "Halo: Campaign Evolved" (Xbox Game Studios)
	3Q			**19 Nov 2026 "Grand Theft Auto VI" (Rockstar Games)** Autumn "Forza Horizon 6" (Xbox Game Studios)
	4Q	**16 Feb "God of War Laufey"**		13 Feb 2027 "Tomb Raider: Legacy of Atlantis"
TBD		2027 "Until Dawn 2" **"Intergalactic: The Heretic Prophet"**		

Source: Company website, J.P. Morgan.
Note: Red text indicates live service games (studio name shown in brackets).

Sony Group (6758) G&NS: Network

➢ Price Revisions

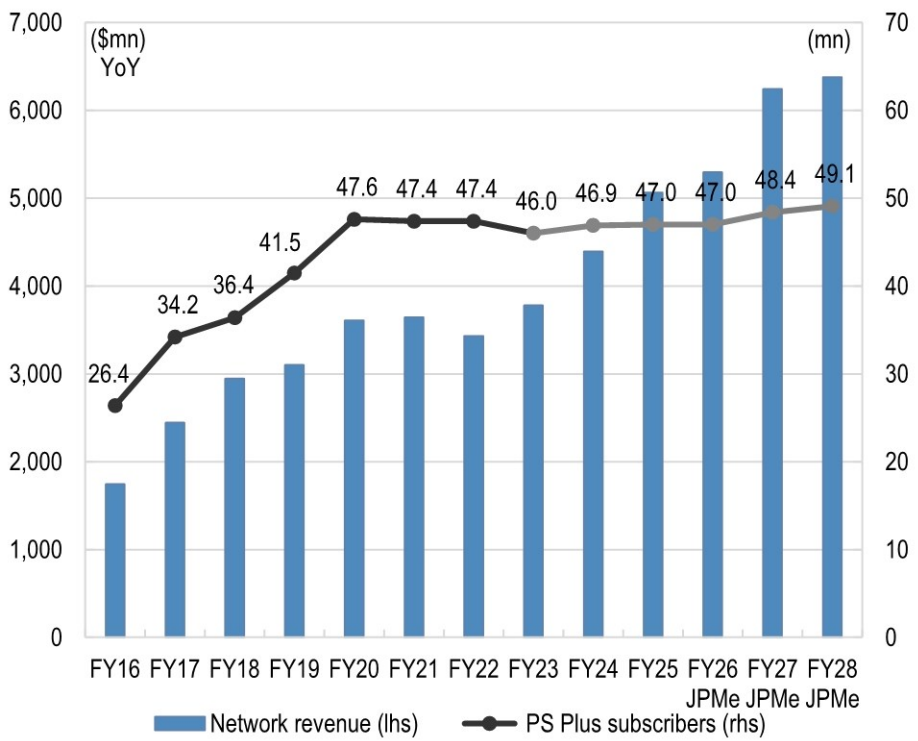
September 2023 (12-month plan price revision)

Essential $59.99⇒$79.99 (+$20)、Extra $99.99⇒ $134.99 (+$35)、Premium $119.99⇒ $159.99 (+$40)

May 2026：Price revisions for 1-month and 3-month plans for new users only (no change for existing members)

1-month Essential $9.99⇒$10.99 (+$1)、Extra $14.99⇒ $16.99 (+$2)、Premium $17.99⇒ $19.99 (+$2)
3-month Essential $24.99⇒$27.99 (+$3)、Extra $39.99⇒ $43.99 (+$4)、Premium $49.99⇒ $54.99 (+$5)

Network revenue and PS Plus subscribers



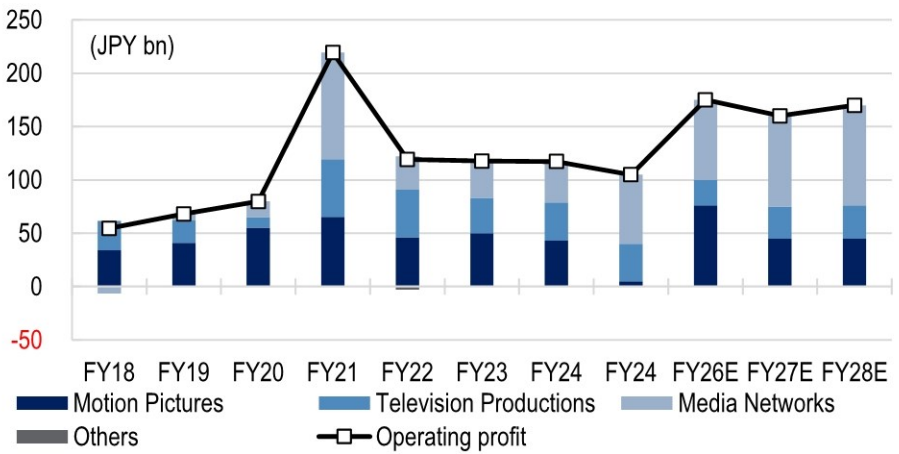
PlayStation Plus Subscription Plan

	PS Plus		
	Essential	Extra	Premium
Monthly fees (US$)	10.99 / M 27.99 / Q 79.99 / Y	15.99 / M 41.99 / Q 134.99 / Y	18.99 / M 51.99 / Q 159.99 / Y
Online Multiplayer	☑	☑	☑
Share Play	☑	☑	☑
Monthly Games	☑	☑	☑
Exclusive Discounts	☑	☑	☑
Cloud Storage	☑	☑	☑
Game Catalogue		☑	☑
Ubisoft+ Classics		☑	☑
Classics Catalogue			☑
Game trials			☑
Cloud Streaming			☑

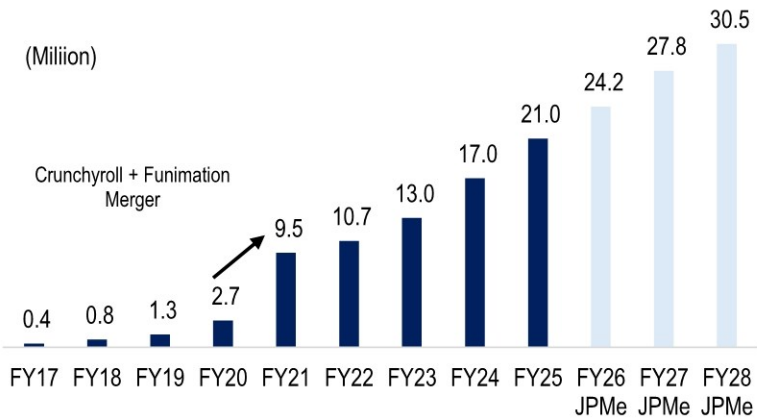
Source: Company reports, J.P. Morgan estimates.
Note: J.P. Morgan estimates are all as of August 2026.

Sony Group (6758) Pictures: Crunchyroll

Picture segment OP breakdown



Crunchyroll Subscribers



Crunchyroll Overview

Crunchyroll

- President: Rahul Purini
- Streaming platform founded in 2006, specializing in Japanese anime
- Acquired by Sony Group from AT&T in August 2021 and merged with its subsidiary Funimation
- Over 15 million members across more than 200 countries and regions worldwide
- **Available for viewing via Amazon Prime and YouTube**

Anime market

- **TAM ex. China and Japan: 800m+**
- Number of anime viewers in U.S.

  Ages 18-54: 56m (One-third of the population in the age group)

  Ages 18-24 (Gen Z): 19mn (44% of the population the age group)

Crunchyroll Subscription Plan

Price hike by $2 in each tier from Feb 2026 onward

	Fan	Mega Fan	Ultimate Fan
Fees	$9.99/m	$13.99/m	$17.99/m
Stream at a time	1 device	4 devices	6 devices
Full anime catalog	☑	☑	☑
Offline viewing	1 device	☑	☑
Game vault		☑	☑

Source: Company reports, Dentsu, J.P. Morgan. Note: J.P. Morgan estimates are all as of June 2026.

Sony Group (6758) Pictures: Box Office and Pipeline of Major Works

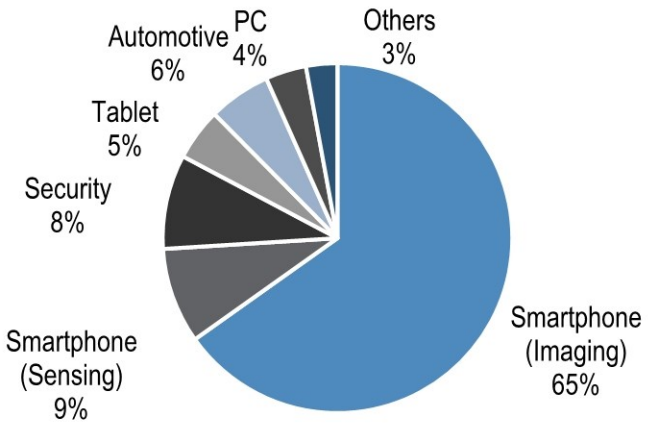
	Marvel	Sequel	PS IP	Title	Label	Release date	Box office ($mn) US	International	Total
FY3/19									
	✓			Venom	Columbia Pictures	10-May-2018	$214	$643	$856
		✓		Hotel Transylvania 3: Summer Vacation	Columbia Pictures / Sony Pictures Animation	13-Jul-2018	$168	$361	$529
	✓	✓		Spider-Man™: Into the Spider-Verse	Columbia Pictures / Sony Pictures Animation	14-Dec-2018	$190	$185	$376
FY3/20									
	✓	✓		Spider-Man™: Far From Home	Columbia Pictures	2-Jul-2019	$391	$741	$1,132
				Once Upon a Time…in Hollywood	Columbia Pictures	26-Jul-2019	$143	$235	$378
		✓		Jumanji: The Next Level	Columbia Pictures	13-Dec-2019	$317	$480	$797
		✓		Bad Boys for Life	Columbia Pictures	17-Jan-2020	$204	$215	$419
FY3/21									
FY3/22									
	✓	✓		Venom: Let There Be Carnage	Columbia Pictures	1-Oct-2021	$214	$289	$502
	✓	✓		Spider-Man™: No Way Home	Columbia Pictures	17-Dec-2021	$787	$1,080	$1,867
			✓	Uncharted	Columbia Pictures	18-Feb-2022	$148	$253	$401
FY3/23									
	✓			Marvel Morbius	Columbia Pictures	1-Apr-2022	$74	$94	$167
				Bullet Train	Columbia Pictures	5-Aug-2022	$103	$136	$239
FY3/24									
	✓	✓		Spider-Man™: Across the Spider-Verse	Columbia Pictures / Sony Pictures Animation	2-Jun-2023	$332	$259	$591
			✓	Grand Turismo	Columbia Pictures	25-Aug-2023	$44	$77	$122
		✓		The Equalizer 3	Columbia Pictures	1-Sep-2023	$92	$99	$191
				Napoleon	Columbia Pictures	22-Nov-2023	$62	$160	$221
				Anyone But You	Columbia Pictures	22-Dec-2023	$88	$131	$220
	✓			Madame Web	Columbia Pictures	14-Feb-2024	$44	$56	$100
		✓		Ghostbusters: Frozen Empire	Columbia Pictures	22-Mar-2024	$113	$88	$200
FY3/25									
				The Garfield Movie	Columbia Pictures	24-May-2024	$90.0	$125.0	$215.0
		✓		Bad Boys: Ride of Die	Columbia Pictures	14-Jun-2024	$126.0	$168.0	$294.0
				It Ends with Us	Columbia Pictures	9-Aug-2024	$148.0	$194.0	$342.0
	✓	✓		Venom: The Last Dance	Columbia Pictures	25-Oct-2024	$140.0	$339.1	$478.9
	✓			Kraven the Hunter	Columbia Pictures	13-Dec-2024	$25.0	$37.0	$62.0
		✓		Paddington in Peru	Columbia Pictures	14-Feb-2025	$45.7	$124.1	$169.8
FY3/26									
		✓		Karate Kid	Columbia Pictures	30-May-2025	$52.5	$62.0	$114.5
		✓		28 years later	Columbia Pictures	20-Jun-2025	$70.4	$80.0	$150.4
		✓		Demon Slayer: Kimetsu no Yaiba Infinity Castle	Columbia Pictures / Crunchyroll	12-Sep-2025	$134.3	$530.0	$664.3
				Chainsaw Main - The Movie; Reze Arc	Columbia Pictures / Crunchyroll	24-Oct-2025	$43.4	$119.2	$162.6
FY3/27									
	✓	✓		*Spider-Man: Brand New Day*	*Columbia Pictures*	*31-Jul-2026*			
				Resident Evil	*Columbia Pictures*	*18-Sep-2026*			
				Social Reckoning	*Columbia Pictures*	*9-Oct-2026*			
		✓		*Jumanji 3*	*Columbia Pictures*	*11-Dec-2026*			
Beyond FY3/28									
				The Legend of Zelda	*Columbia Pictures*	*7-May-2027*			
	✓	✓		*Spider-Man: Beyond the Spider-Verse*	*Columbia Pictures / Sony Pictures Animation*	*18-Jun-2027*			
				Untitled Sony Pictures Animation	*Columbia Pictures / Sony Pictures Animation*	*8-Oct-2027*			
			✓	*Helldivers*	*Columbia Pictures*	*10-Nov-2027*			
				The Beatles- A Four-Film Cinematic Event	*Columbia Pictures*	*April 2028*			

Source: Company website, Box Office Mojo, J.P. Morgan.

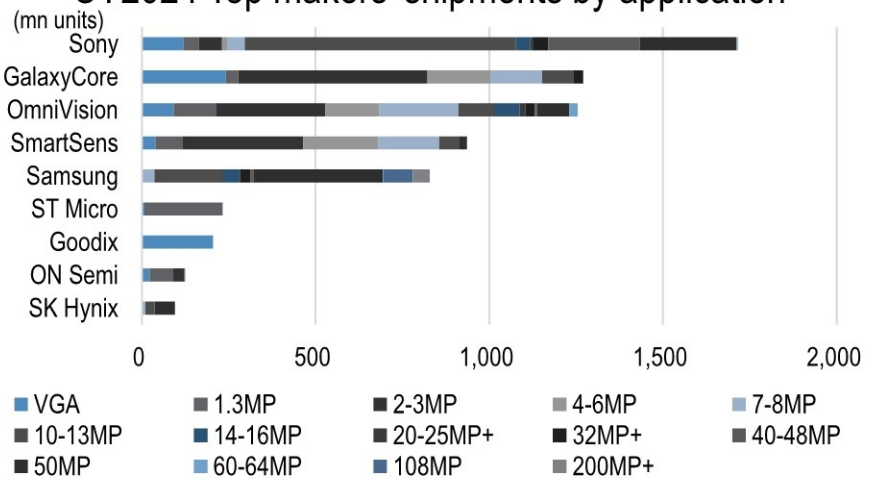


Image sensor market

CY2024 CIS market volume by application



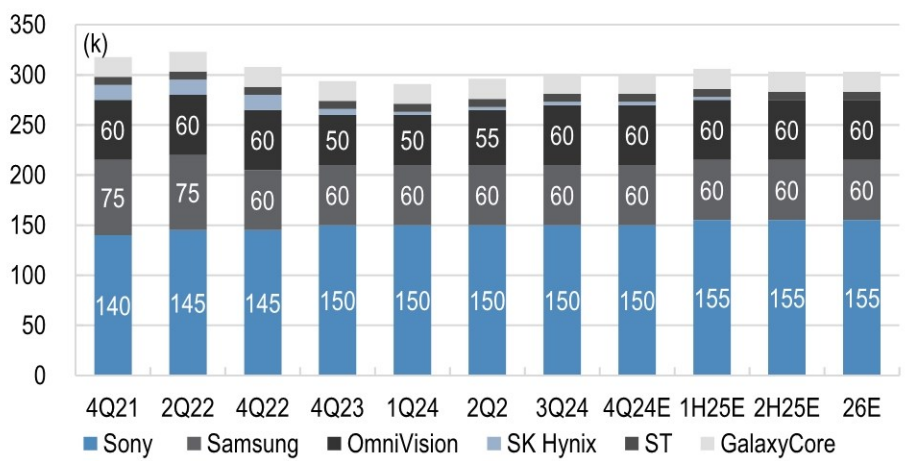
CY2024 Top makers' shipments by application



Market share in volume and revenue

	2023	2024	2025E	2023	2024	2025E	2023	2024	2025E
		ASP			Unit			Revenue	
	$	$	$		Market share			Market share	
Sony	6.2	6.3	6.8	25%	25%	25%	53%	52%	54%
OmniVision	1.8	2.2	2.6	20%	18%	17%	12%	14%	13%
Samsung	3.1	3.7	4.0	13%	12%	10%	14%	15%	13%
SmartSens	0.8	0.9	1.0	9%	14%	17%	2%	4%	6%
GalaxyCore	0.5	0.6	0.7	15%	19%	19%	3%	3%	4%
ON Semi	7.3	6.9	6.9	2%	2%	1%	5%	4%	3%
ST Micro	2.7	2.7	2.7	4%	3%	4%	3%	3%	3%
SK hynix	1.2	1.8	2.3	5%	1%	0%	2%	1%	0%
Others	1.9	2.0	2.0	7%	6%	6%	5%	4%	4%
Total	2.9	3.0	3.2	100%	100%	100%	100%	100%	100%

CIS Wafer Capacity per month (12 inch)



Source: TSR estimates (December 2025 report), J.P. Morgan.

Hitachi (6501): SOTP (FY3/28E)

	EBITDA	EBIT	D&A	EV/EBITDA	EV	Per share
	(mn JPY)	(mn JPY)	(mn JPY)	(x)	(mn JPY)	(JPY)
Digital Systems & Services	645,000	505,000	140,000	9.3	5,966,250	1,387
Energy	852,000	682,000	170,000	16.5	14,058,000	3,269
Mobility	195,000	130,000	65,000	5.0	975,000	227
Connective Industries	498,000	412,000	86,000	10.5	5,229,000	1,216
Total	2,190,000	1,729,000	461,000	12.0	26,228,250	6,099
All Other / Corporate	-28,400	-69,000	40,600	12.0	-340,129	-79
Corporate value					25,888,121	6,020
Net debt					347,364	81
Market value ex. major subsidiary / equity method investment					25,540,757	5,939
Number of outstanding shares (K)					4,300,410	
Hitachi Theoretical value (JPY)					5,939	
Premium					10%	
Target price (JPY)					**6,500**	

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Hitachi (6501): Investment thesis, valuation, and risks

Hitachi (Overweight; Price Target: ¥6,500)

Investment Thesis

Hitachi's Lumada digital solution platform is contributing not only to expanding its business to a broad range of industries, supported by the digital transformation of overall society and industry, but also to converting its business model to one that is based mainly on services. Hitachi also has a large number of growth opportunities related to the environment (power transmission, railway systems, industry). We look for continued share buybacks along with asset sales.

Valuation

Our December 2027 price target of ¥6,500 is set 10% above the theoretical price derived from a SOTP valuation based on our FY2027 forecasts. Target multiples in our SOTP model are based on EV/EBITDA multiples of comparable companies. We apply this premium due to (1) Hitachi's business model that can leverage its strengths as a conglomerate, (2) high visibility for profit growth, and (3) management's commitment to improving capital efficiency. (The SOTP model is on the previous slide.)

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Greater-than-expected expansion in demand and margin in the power transmission and distribution business
- Industry segment growth due to increase in domestic capex
- Increase in valuation premium due to higher-than-expected profitability driven by the expansion of Lumada

Downside Scenario to Target Price/Rating

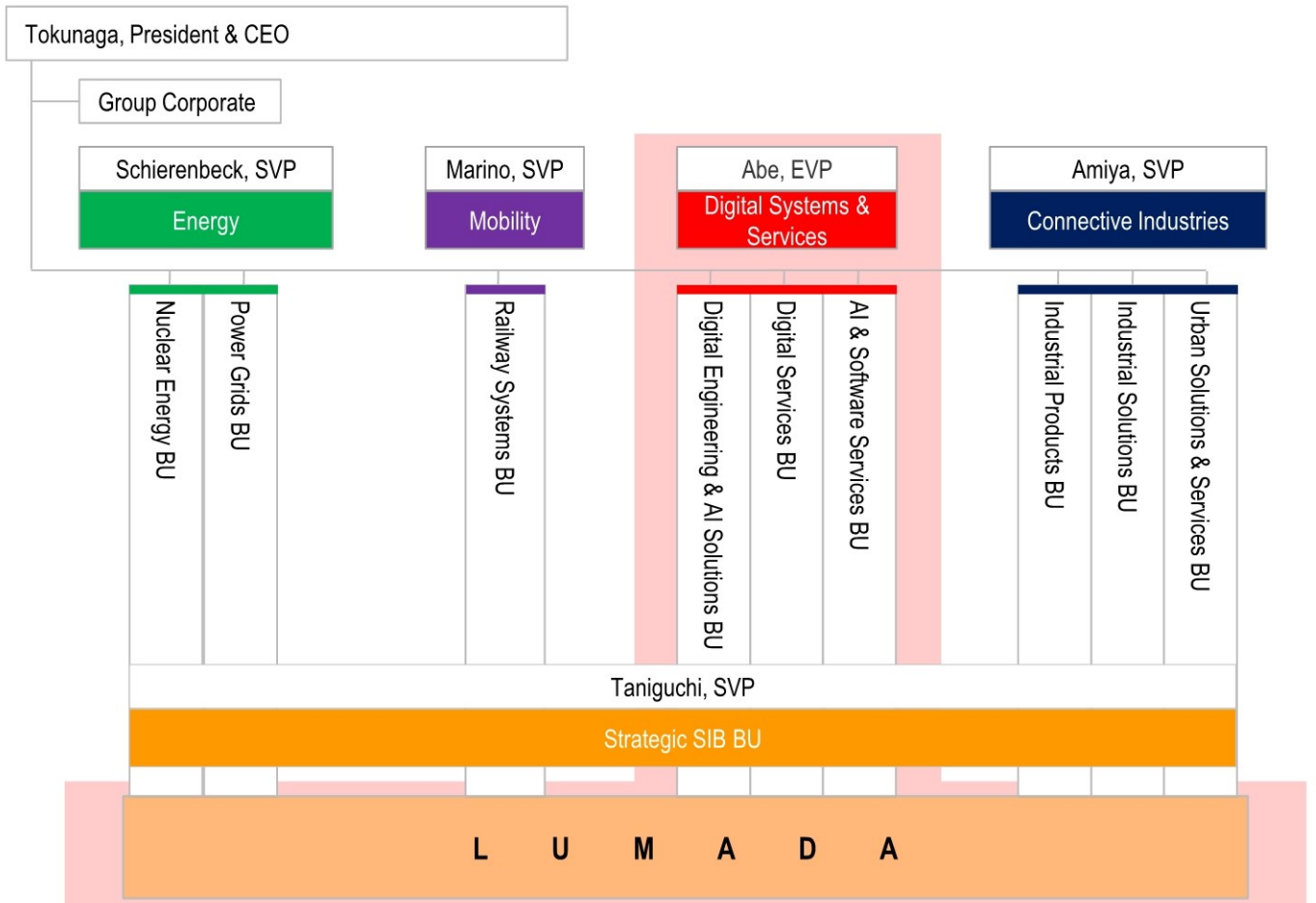
- Negative impact of AI on IT services market
- Unprofitable major projects in the energy and railway areas
- Conglomerate discount due to insufficient margin improvement at Lumada

Hitachi (6501): Earnings forecasts

(mn JPY)	2026/3					2027/3					2028/3	2029/3	2027/3
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
	Act	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
Sales	2,258,325	2,529,081	2,714,391	3,084,984	10,586,781	2,709,586	2,803,000	2,962,000	3,327,000	11,790,000	12,969,000	13,974,000	11,700,000
Digital Systems & Services	646,700	743,000	742,700	935,700	3,068,300	719,000	768,000	767,000	985,000	3,239,000	3,848,000	3,984,000	3,220,000
Energy	667,500	750,800	872,300	929,200	3,219,900	911,900	947,000	1,046,000	1,084,000	3,978,000	4,585,000	5,235,000	4,060,000
Mobility	285,400	300,200	349,100	386,600	1,321,500	344,400	345,000	364,000	397,000	1,450,000	1,514,000	1,590,000	1,450,000
Connective Industries	671,500	758,500	770,700	885,100	3,086,000	761,000	813,000	855,000	931,000	3,360,000	3,272,000	3,415,000	3,250,000
Others	120,400	131,300	125,800	153,400	531,000	123,400	120,000	120,000	120,000	483,000	500,000	500,000	500,000
Corporate, elimination	-133,400	-154,800	-146,500	-205,300	-640,100	-150,300	-190,000	-190,000	-190,000	-720,000	-750,000	-750,000	-780,000
Adjusted OP	211,016	297,027	317,672	373,560	1,199,275	294,287	334,000	386,000	435,000	1,450,000	1,700,000	1,930,000	1,408,000
Digital Systems & Services	66,800	113,400	108,300	168,400	457,100	79,300	105,000	123,000	178,000	485,000	520,000	550,000	488,000
Energy	66,600	82,100	105,300	112,400	366,600	116,000	126,000	145,000	148,000	535,000	682,000	828,000	530,000
Mobility	14,700	11,600	23,500	28,100	78,100	23,600	27,000	29,000	30,000	110,000	145,000	170,000	106,000
Connective Industries	60,100	88,600	93,900	84,700	327,500	80,200	94,000	107,000	113,000	395,000	415,000	445,000	369,000
Others	3,800	8,700	5,100	5,100	22,900	4,500	2,000	2,000	2,500	11,000	11,000	11,000	11,000
Corporate, elimination	-1,200	-7,600	-18,600	-25,500	-53,100	-9,500	-20,000	-20,000	-36,500	-86,000	-73,000	-74,000	-96,000
EBIT	273,738	408,154	345,613	246,544	1,274,049	294,116	326,000	375,000	396,100	1,392,000	1,660,000	1,890,000	1,350,000
Digital Systems & Services	62,200	106,200	98,600	75,400	342,600	74,000	101,000	119,000	177,300	471,000	505,000	535,000	474,000
Energy	91,000	92,500	110,200	93,100	386,900	113,400	126,000	145,000	136,600	521,000	682,000	828,000	516,000
Mobility	9,100	13,200	21,900	18,800	63,200	23,800	24,000	25,000	23,800	97,000	130,000	155,000	93,000
Connective Industries	115,700	194,400	86,100	79,300	475,700	87,900	94,000	107,000	102,300	392,000	412,000	442,000	366,000
Others	1,000	9,300	9,200	1,800	21,400	7,200	4,000	4,000	5,800	21,000	21,000	21,000	21,000
Corporate, elimination	-5,400	-7,700	19,200	-22,000	-15,900	-12,300	-23,000	-25,000	-49,700	-110,000	-90,000	-91,000	-120,000
Adj. EBITA (Adj. OP + acquisition-related amortiz	237,500	324,200	346,200	403,400	1,311,400	323,500	364,300	415,500	473,300	1,576,600	1,774,500	1,997,500	1,520,000
Digital Systems & Services	71,400	118,100	113,300	174,100	477,100	85,500	111,000	129,000	183,800	509,000	544,000	574,000	508,000
Energy	78,400	94,200	117,900	125,300	416,000	129,000	138,500	157,500	160,500	585,500	721,000	867,000	576,000
Mobility	21,700	26,600	31,100	36,100	108,100	30,400	33,800	36,000	37,000	137,000	156,000	173,000	136,000
Connective Industries	63,200	91,700	97,200	88,000	340,300	83,400	98,000	111,000	117,000	410,100	431,000	461,000	385,000
Others	3,800	8,700	5,100	5,100	22,900	4,500	3,000	2,000	3,000	12,500	12,500	12,500	11,000
Corporate, elimination	-1,200	-7,600	-18,600	-25,500	-53,100	-9,500	-20,000	-20,000	-28,000	-77,500	-90,000	-90,000	-96,000
Profit before tax (continuing operations)	272,043	221,515	532,639	246,912	1,273,109	295,109	--	--	--	1,382,000	1,650,000	1,880,000	1,335,000
Net income	192,204	280,658	165,698	163,808	802,368	189,450	--	--	--	928,000	1,120,000	1,284,000	900,000
Capex (Finished basis)	90,100	98,600	100,000	185,000	473,900	124,900	--	--	--	581,900	623,600	648,600	578,000
D&A (Tangible fixed assets)	58,000	61,200	64,900	66,900	251,100	65,200	--	--	--	268,000	280,400	292,400	262,000
R&D	60,500	64,700	74,000	90,900	290,300	53,400	--	--	--	221,700	221,200	221,200	210,000
Key financial indicators													
Adjusted OPM	9.3%	11.7%	11.7%	12.1%	11.3%					12.3%	13.1%	13.8%	12.0%
ROE					12.9%					14.0%	14.0%	14.0%	
Capital adequacy ratio					43.7%					43.6%	44.1%	45.2%	
Net Debt / Equity ratio					-0.0					-0.0	0.0	0.1	
Net Debt / EBITDA ratio					-0.7					-0.1	0.7	1.1	
Dividend payout ratio					28.0%					26.5%	23.0%	21.0%	
Net debt					-314,443					-46,239	347,364	543,025	
Cash and cash equivalents					1,323,480					1,055,276	661,673	466,012	
Interest-bearing debt					1,009,037					1,009,037	1,009,037	1,009,037	
Shareholders' equity					6,568,369					6,708,415	7,026,855	7,491,152	
Total assets					15,041,246					15,403,480	15,930,944	16,569,617	
CF from operating activities					1,668,061					1,141,649	1,181,558	1,422,642	
CF from investing activities					-341,553					-621,900	-773,600	-798,600	
CF from financial activities					-971,037					-787,954	-801,561	-819,703	
FCF					1,326,508					519,749	407,958	624,042	

Source: Company reports, J.P. Morgan estimates. Note: J.P. Morgan estimates are all as of August 2026.

Hitachi (6501): Business portfolio



Source: Company reports, J.P. Morgan.
Note 1: Business Structure as of April 1, 2026. Note 2: SIB stands for Social Innovation Business.

Hitachi (6501): Medium-term plan

(JPY bn)	FY3/26 CoE	As of June 2025 FY3/28 MTP	Updated in Jun 2026 FY3/28 MTP	Updated in Oct 2025 FY3/31 L-T target	Updated in Jun 2026 FY3/31 L-T target
Segment breakdown					
	(YoY)	**(CAGR)**			
Revenue growth	**7.0%**	**7-9%**			
Digital Systems & Services	4.0%	7-9%			
Energy	21.0%	11-13%	15-17%		
(o/w Hitachi Energy)			19%	13-15%	15%
Mobility	11.0%	7-9%	11%		11% +
Connective Industries	-1.0%	6-8%			
Adj. EBITA margin	**12.0%**	**13-15%**			
Digital Systems & Services	14.8%	16% +			
Energy	12.6%	12% +	14% +		
(o/w Hitachi Energy)			13-15%	16-20%	16-20%
Mobility	8.2%	11% +	11% +		13-14%
Connective Industries	10.9%	13% +			
ROIC	**11.8%**	**12-13%**			
Digital Systems & Services	10.3%	11-13%			
Energy	15.1%	14%	20% +		
(o/w Hitachi Energy)				25-30%	25-30%
Mobility	7.5%	14%	14%		
Connective Industries	10.8%	11-13%			
Lumada sales ratio	**39%**	**50%**			
Digital Systems & Services	60%	65%			
Energy	24%	30%	30%		
Mobility	32%	40%	40%		
Connective Industries	41%	45%			

Source: Company reports, J.P. Morgan estimates.
Note: Medium-term plan ROIC target for Mobility excludes PPA and integration costs. With these costs included, the ROIC target for Mobility is 12%.

Hitachi (6501): Lumada

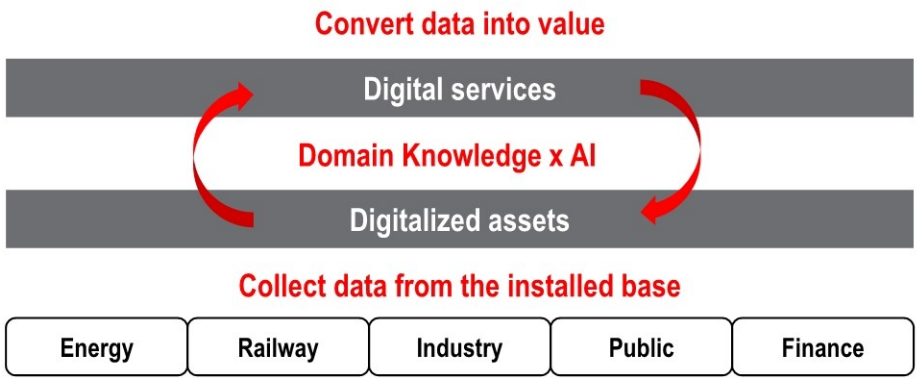
Business category

Manufacturing
Electricity, gas, heat, water supply
Financial, insurance
Transportation
Information communications

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Objectives & Challenges

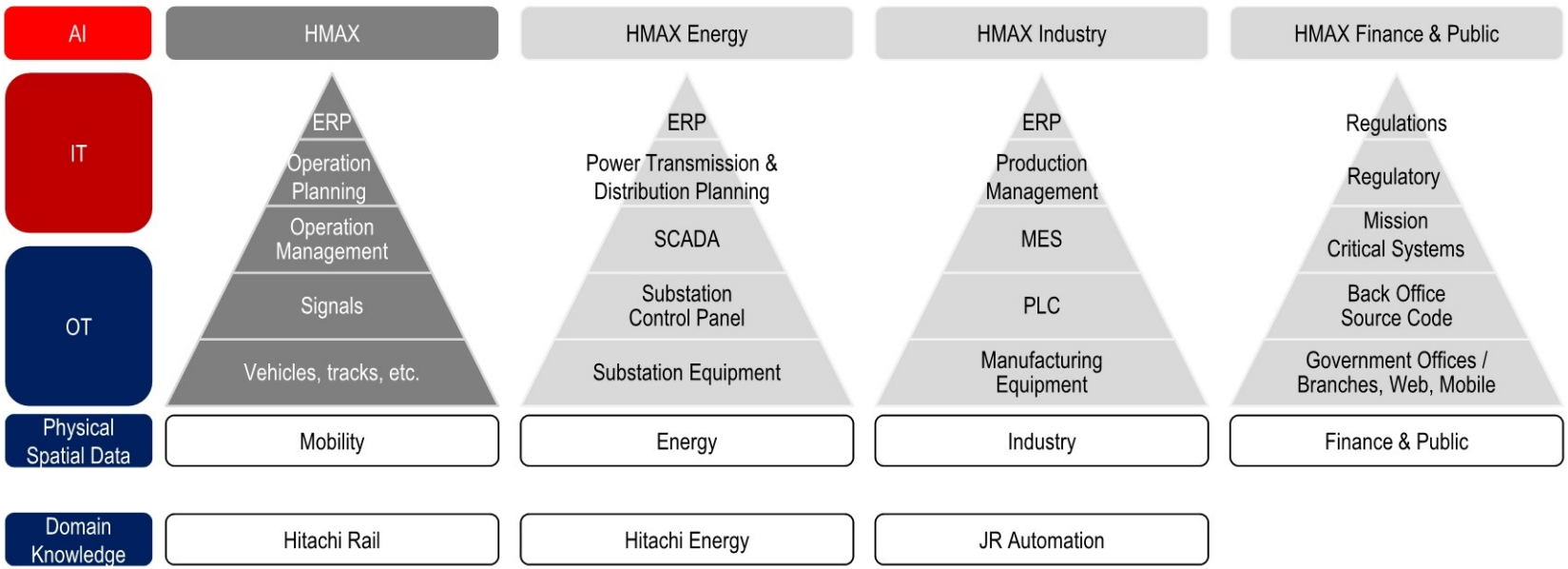
Increase productivity
Support manufacturing sites
Predictive Maintenance
Production planning/Inventory management
Equipment management
Vehicle and delivery management
CRM, BI, data integration analysis



Source: Company reports, J.P. Morgan.

Hitachi (6501): HMAX

HMAX concept chart



Components of HMAX

Data	Data collected from digitalized assets. Forms a data platform to maximize the power of HMAX by incorporating vast amounts of data collected through sensors and control and operation systems from assets, such as power transmission and distribution networks, railways, and manufacturing facilities
Domain knowledge	Creates an AI-compatible model tailored to specific applications by applying Hitachi's deep insights into systems and equipment that perform physical actions, knowledge accumulated through the operation and maintenance of these, and logic for decision making, to data
AI	Utilizes a wide range of AI technologies, from data recognition to insight creation and autonomous execution ・ **Perception AI**: Analyzes acoustic and vibration sensor data to detect and report abnormalities in railway infrastructure ・ **Generative AI**: Used to accelerate generation of energy optimization algorithms for power transmission & distribution networks ・ **Agentic AI**: Autonomously plans and executes optimal maintenance schedule ・ **Physical AI**: Real-time control of power transmission and distribution networks and smart building systems

Source: Company reports, J.P. Morgan.

Hitachi (6501): GlobalLogic service examples by industry

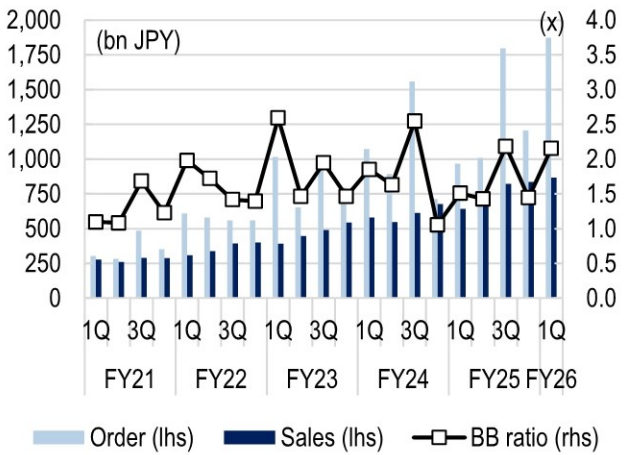
Global footprint of GlobalLogic
- Number of employee: 20,000 (Hitachi Vantara, Hitachi's main overseas base, 11,000)
- ation Hubs (Designing Studios): 8 sites
- Delivery bases (Engineering Center): 30 sites
- Number of Existing Customer: More than 400 companies
- FY20 Revenue $928m, Adj. EBITDA margin 23.9%

	Automotive	Communications	Consumer & Retail	Healthcare
Services	Digital Cockpit Electronic Control Units Virtual Maintenance Training Connectivity and Telematics ADAS Design & Styling	OSS/BSS Machine Learning for Telecom 5G, IoT and Security at the Edge NFV/SDN and cloud Orchestration Wireless Test & Measurement	Loyalty and Personalization In-Store automation Omni-Channel	Patient journey & systems of engagement End-to-end design, development, testing Product optimization & localization Data collection, management, analytics mHealth & connected care Software as a Medical Device (SaMD) Formal verification & quality oversight (QMS)
Customers	Volvo Continental	Sprint, DIRECTV, Roku, Adobe, ERICSSON	Zappos	Cochlear, BIOCLINICA
	Manufacturing	**Media**	**Technology**	**Banking, financial services and insurance**
Services	Embedded, Digital Twin, Blockchain, AI/ML Warehouse Automation & Predictive Maintenance Enterprise Asset management Smart Energy & Utilities Solutions Remote Diagnostics & Field Service Solutions Supply Chain Management	Global scale & expansion Migration to the cloud UI/UX design DevOps & test automation Solution security & digital rights management (DRM)	Digital Platform Enablement Data Analytics Architecture Scale Engineering Teams Data Monetization Intelligent interfaces Product Management	DX, technical advisory & prototyping / MVP development Legacy modernization & migration Omni-channel customer experience design Business analytics / data analysis AI / ML / AR / cloud platforms Cloud/ SOA/ API microservices advisory Secured infrastructure & transformation
Customers	Panasonic	The Economist	Texas Instruments, harmonic, ORACLE, SAMSUNG, innovative interfaces, HP	

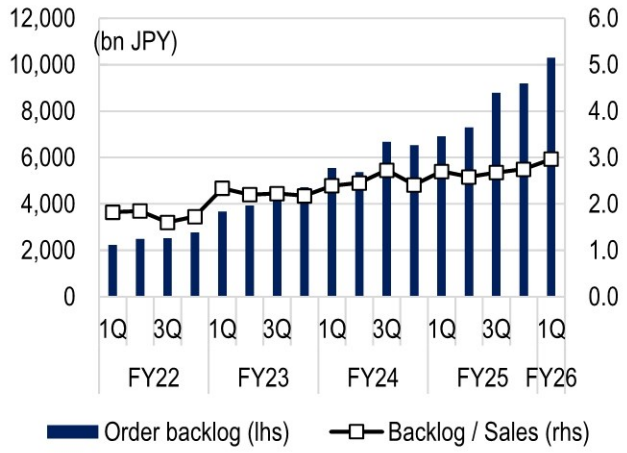
Source: Compiled by J.P. Morgan based on GlobalLogic's website (as of FY2020).
Note: OSS: Operation Support System, BSS: Business Support System, NFV: Network Function Virtualization, SDN: Software-Defined Networking, SoE: System of Engagement, QMS: Quality Management System, MVP: Minimum Viable Product, SOA: Service Oriented Architecture, API: Application Programming Interface

Hitachi (6501): Energy and Mobility order trend

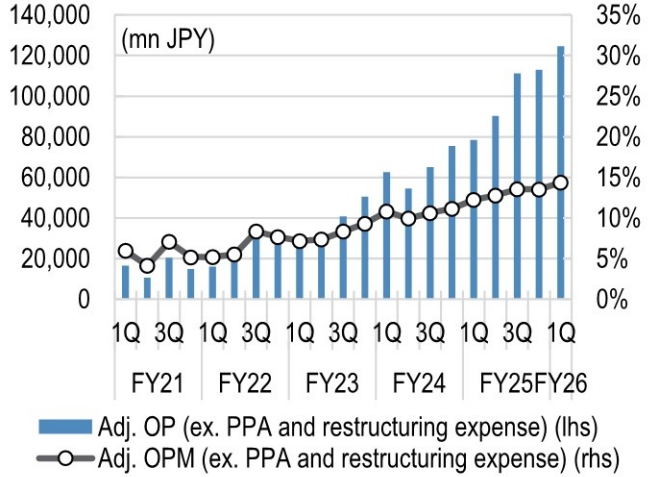
Power Grid BU's order and sales trend



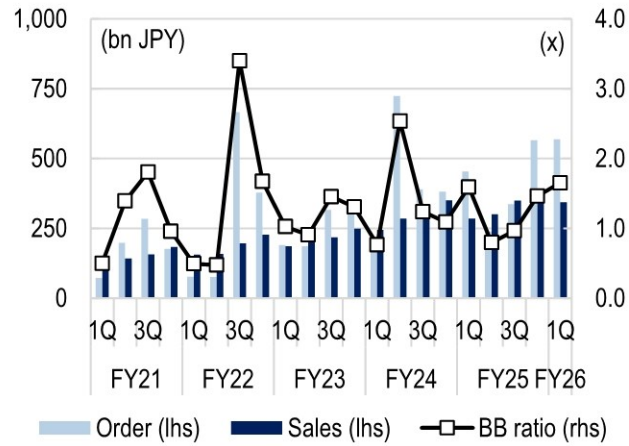
Backlog of Power Grid BU's orders



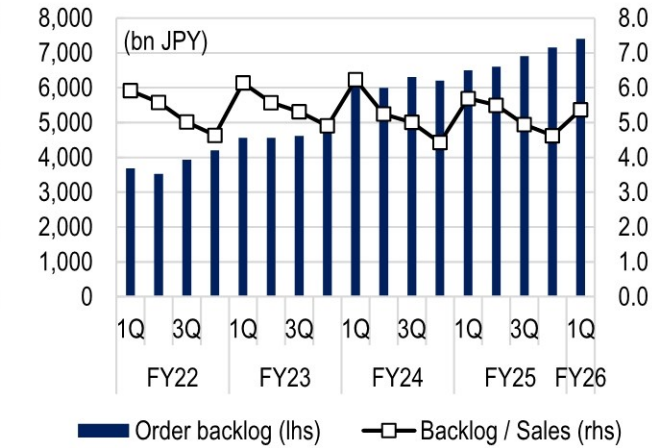
Power Grid BU's adjusted operating profit trend



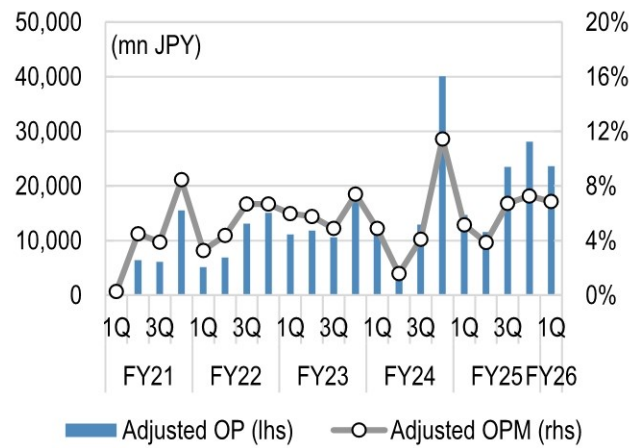
Railway BU's order and sales trend



Backlog of Railway BU's orders

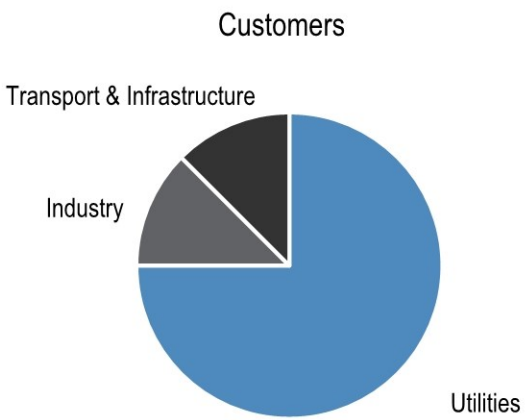


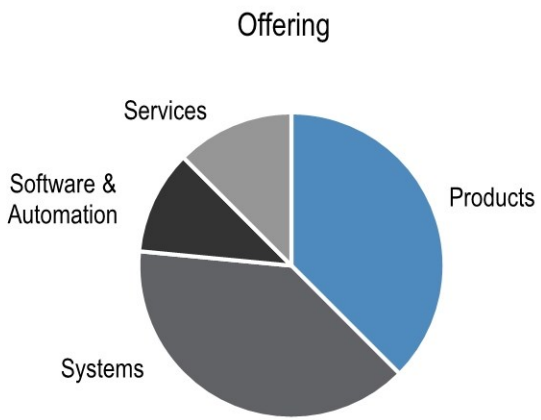
Railway BU's adjusted operating profit trend

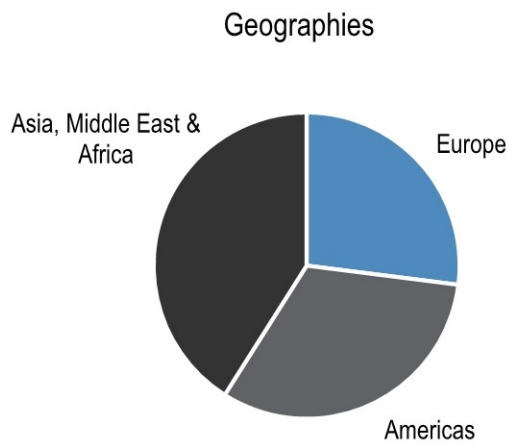


Source: Company reports, J.P. Morgan.

Hitachi (6501): Competitiveness in power grid business







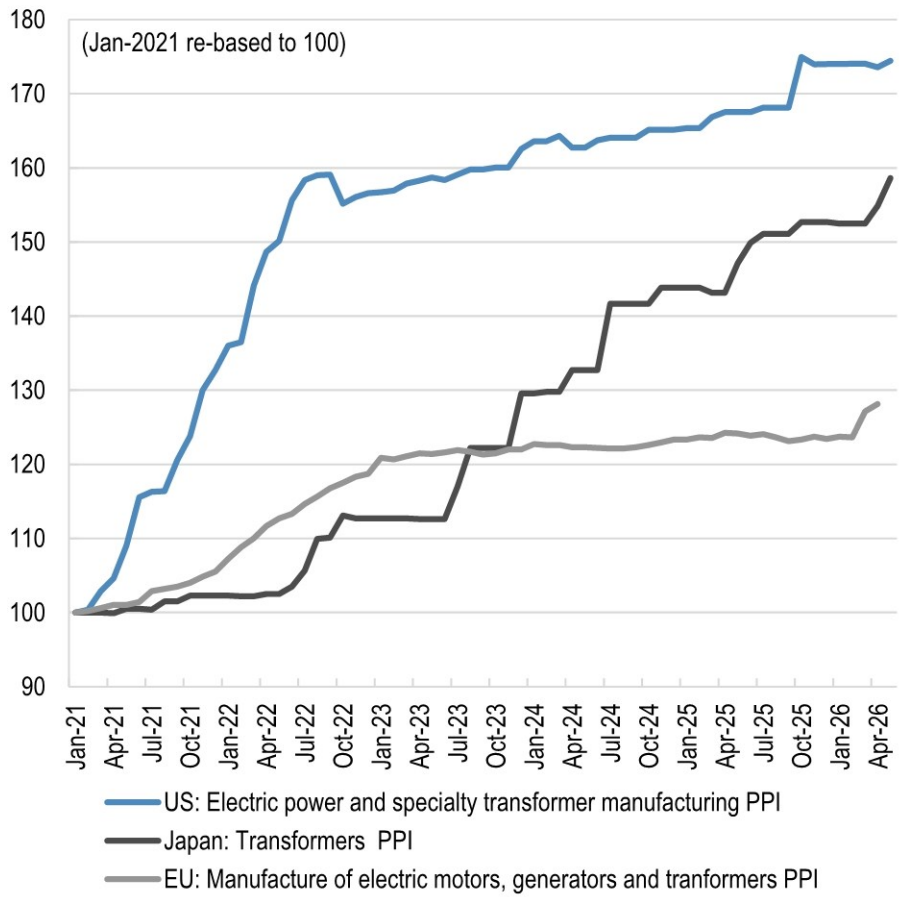
MKT share	#1	#1	#1	#1
% of FY23 Sales	Grid automation (11%)	Grid integration (25%)	High voltage (21%)	Transformers (43%)
	■ Automation products, systems and services ■ SCADA systems ■ Enterprise software ■ Communication networks	■ HVDC power transmission systems ■ FACTS & electricity quality systems and services ■ Power semiconductors	■ High-voltage switch gear and components (GIS, AIS) Max. AC 1,200 kV Max. DC 1,100 kV ■ GCB ■ Maintenance services	■ Electric power transformers Max. AC 1,200 kV Max. DC 1,100 kV ■ Power distribution transformers ■ Maintenance services

Grid Automation	・Supplies products and services to 50% of top 250 electric power companies in the world ・Software solutions manage roughly ¥4 trillion worth of mission-critical infrastructure
Grid Integration	・Industry leader in FACT and electricity quality ・Industry leader in delivering 200GW and higher HVDC systems
High-voltage products	・Company products used in one of every four high-voltage switchgears installed around the world ・Provides services 24 hours a day, 365 days a year at over 100 locations around the world
Transformers	・Transformers, components and services for all types of electric power and power distribution needs ・Around 60 plants and 30 service centers around the world

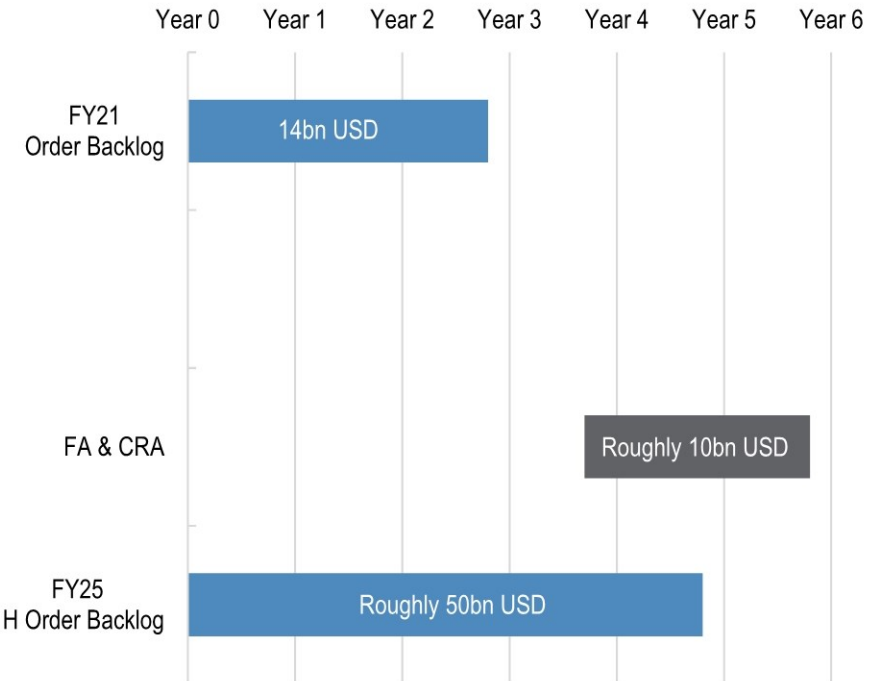
Source: Company reports, J.P. Morgan.
Note 1: Pie charts are based on FY2022 orders. Note 2: Market share of grid integration is based on Hitachi Energy's share in power conversion technologies.

Hitachi (6501): Power grid business

Electrical equipment PPI in each region



Hitachi Energy: OBL growth & Longer lead time



Source: Company Reports, Bank of Japan, St. Louis Fed, Eurostat, J.P. Morgan.
Note: FA and CRA stand for frame agreement and capacity reservation agreement, respectively.

Mitsubishi Electric (6503): SOTP (FY3/28E)

	EBITDA			EV/EBITDA	EV	
		OP	D&A			Per share
	(mn JPY)	(mn JPY)	(mn JPY)	(x)	(mn JPY)	(JPY)
Infrastructure	270,000	230,000	40,000	16.5	4,455,000	2,235
Industry and Mobility	295,000	225,000	70,000	12.4	3,664,000	1,839
FA Systems	199,000	150,000	49,000	16.0	3,184,000	1,598
Automotive Equipment	96,000	75,000	21,000	5.0	480,000	241
Life	300,000	225,000	75,000	12.6	3,790,000	1,902
Building Systems	110,000	80,000	30,000	12.0	1,320,000	662
AC Systems & Home Products	190,000	145,000	45,000	13.0	2,470,000	1,239
Digital Innovation	20,000	12,000	8,000	12.0	240,000	120
Semiconductor Devices	125,000	75,000	50,000	13.8	1,730,500	868
Total	1,010,000	767,000	243,000	13.7	13,879,500	6,965
All Other / Corporate	-8,000	-17,000	9,000	13.7	-109,937	-55
Corporate value					13,769,563	6,909
Net debt					-655,761	-329
Market value					14,425,324	7,238

	Equity-method investment income	P/E	Market Value	
Equity-method subsidaries	50,000	25	1,250,000	627
Number of outstanding shares (K)			1,992,864	
Theoretical value (JPY)			7,866	
Discount			-10%	
Target Price (JPY)			**7,100**	

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Mitsubishi Electric (6503): Investment thesis, valuation, and risks

Mitsubishi Electric (Overweight; Price Target: ¥7,100)

Investment Thesis

In the short term, we expect increased demand for factory automation systems and optical semiconductors driven by growing data center investments, and in the medium term, we anticipate expanding demand for power supplies/equipment and IT cooling systems accompanying the shift to DC800V power supplies for data centers, as well as for sensors, radars, missiles, information processing, and satellite communications technologies related to new defense areas (drones, AI, electronic warfare, and satellite and space domain utilization). Capital allocation aimed at restructuring the business portfolio and increasing ROE also remains a focus.

Valuation

Our end-December 2027 price target of ¥7,100 values the shares at a 10% conglomerate discount to the theoretical share price we derive using an SOTP model based on our FY2027 forecasts. Target multiples in our SOTP model are based on EV/EBITDA multiples of comparable companies. (The SOTP model is on the previous slide.)

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Further improvement in the factory automation and semiconductor device cycles
- Stronger-than-expected demand and profitability in the air conditioning business
- Order growth in infrastructure, defense, and data center-related businesses

Downside Scenario to Target Price/Rating

- Decline in factory automation system and semiconductor device demand owing to a slowdown in macro demand
- Delays in pass-throughs of sharp material cost increases
- Reductions of defense budgets and data center investment plans

Mitsubishi Electric (6503): Earnings forecasts

(mn JPY)	2026/3					2027/3					2028/3	2029/3	2027/3
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
	Act	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
Sales	1,312,896	1,330,701	1,423,506	1,738,737	5,894,747	1,497,109	1,569,000	1,541,000	1,850,000	6,458,000	6,676,000	6,922,000	6,270,000
Infrastructure	265,895	316,443	352,699	528,363	1,463,400	298,575	376,000	409,000	622,000	1,706,000	1,866,000	2,005,000	1,650,000
Public Utility Systems	*106,600*	*114,000*	*122,000*	*226,000*	*568,600*	*103,800*	*126,000*	*136,000*	*247,000*	*613,000*	*637,000*	*663,000*	*600,000*
Energy Systems	*97,200*	*107,600*	*123,000*	*145,500*	*473,300*	*109,800*	*116,000*	*132,000*	*156,000*	*513,800*	*550,000*	*589,000*	*490,000*
Defense & Space Systems	*62,000*	*94,600*	*107,500*	*157,300*	*421,400*	*84,800*	*134,000*	*141,000*	*219,000*	*579,000*	*679,000*	*753,000*	*560,000*
Industry and Mobility	383,614	417,279	415,672	457,306	1,673,871	450,940	446,000	445,000	437,000	1,779,000	1,767,000	1,743,000	1,720,000
FA Systems	*180,000*	*198,000*	*201,100*	*219,100*	*798,200*	*234,200*	*238,000*	*241,000*	*241,000*	*954,000*	*983,000*	*998,000*	*900,000*
Automotive Equipment	*203,500*	*219,200*	*214,500*	*208,400*	*845,600*	*216,700*	*208,000*	*204,000*	*196,000*	*825,000*	*784,000*	*745,000*	*820,000*
Life	567,896	575,863	551,565	622,933	2,318,257	637,218	616,000	569,000	651,000	2,473,000	2,509,000	2,605,000	2,460,000
Digital Innovation	31,576	40,320	35,065	51,060	158,021	34,152	46,000	40,000	59,000	179,000	184,000	190,000	180,000
Semiconductor Devices	68,493	72,161	67,863	78,631	287,148	78,896	80,000	78,000	81,000	319,000	348,000	377,000	300,000
Others	175,612	205,484	202,727	239,738	823,561	194,037	210,000	205,000	240,000	849,000	849,000	849,000	792,000
Eliminations and corporate	-180,190	-207,942	-202,085	-239,294	-829,511	-196,709	-205,000	-205,000	-240,000	-847,000	-847,000	-847,000	-832,000
Adjusted OP	93,851	--	--	--	501,200	144,318	149,000	179,000	206,000	678,000	750,000	815,000	620,000
Infrastructure	19,014	--	--	--	156,500	22,448	30,000	49,000	94,000	195,000	230,000	255,000	171,000
Public Utility Systems	*12,600*	--	--	--	*68,900*	*4,000*	*7,600*	*15,000*	*44,500*	*71,100*	*83,000*	*90,000*	*66,000*
Energy Systems	*5,900*	--	--	--	*45,400*	*9,700*	*10,400*	*14,500*	*20,300*	*54,900*	*62,000*	*71,000*	*49,000*
Defense & Space Systems	*400*	--	--	--	*42,100*	*8,600*	*12,100*	*19,000*	*29,600*	*69,300*	*85,000*	*94,000*	*56,000*
Industry and Mobility	24,976	--	--	--	125,200	57,135	51,000	60,000	47,000	215,000	225,000	230,000	196,000
FA Systems	*16,200*	--	--	--	*75,200*	*37,400*	*35,000*	*41,000*	*27,000*	*140,000*	*150,000*	*155,000*	*120,000*
Automotive Equipment	*8,600*	--	--	--	*49,900*	*19,600*	*16,000*	*19,000*	*20,000*	*75,000*	*75,000*	*75,000*	*76,000*
Life	46,000	--	--	--	168,300	60,809	54,000	53,000	47,000	215,000	225,000	245,000	217,000
Digital Innovation	1,244	--	--	--	12,100	861	2,000	2,000	5,000	10,000	12,000	15,000	10,000
Semiconductor Devices	8,941	--	--	--	46,300	16,225	15,000	15,000	14,000	60,000	75,000	85,000	43,000
Others	5,253	--	--	--	37,800	4,867	7,000	10,000	15,000	37,000	37,000	37,000	37,000
Eliminations and corporate	-11,577	--	--	--	-45,100	-18,027	-10,000	-10,000	-16,000	-54,000	-54,000	-52,000	-54,000
Adjusted OPM	7.1%	--	--	--	8.5%	9.6%	9.5%	11.6%	11.1%	10.5%	11.2%	11.8%	9.9%
Infrastructure	7.2%	--	--	--	10.7%	7.5%	8.0%	12.0%	15.1%	11.4%	12.3%	12.7%	10.4%
Industry and Mobility	6.5%	--	--	--	7.5%	12.7%	11.4%	13.5%	10.8%	12.1%	12.7%	13.2%	11.4%
FA Systems	*9.0%*	--	--	--	*9.4%*	*16.0%*	*14.7%*	*17.0%*	*11.2%*	*14.7%*	*15.3%*	*15.5%*	*13.3%*
Automotive Equipment	*4.2%*	--	--	--	*5.9%*	*9.0%*	*7.7%*	*9.3%*	*10.2%*	*9.1%*	*9.6%*	*10.1%*	*9.3%*
Life	8.1%	--	--	--	7.3%	9.5%	8.8%	9.3%	7.2%	8.7%	9.0%	9.4%	8.8%
Digital Innovation	3.9%	--	--	--	7.7%	2.5%	4.3%	5.0%	8.5%	5.6%	6.5%	7.9%	5.6%
Semiconductor Devices	13.1%	--	--	--	16.1%	20.6%	18.8%	19.2%	17.3%	18.8%	21.6%	22.5%	14.3%
Others	3.0%	--	--	--	4.6%	2.5%	3.3%	4.9%	6.3%	4.4%	4.4%	4.4%	4.7%
OP	111,972	112,394	70,391	138,338	433,095	139,501	149,000	179,000	220,900	688,000	750,000	815,000	
Infrastructure	18,091	20,804	40,386	75,450	154,731	--	--	--	--	--	--	--	
Industry and Mobility	25,905	29,417	38,835	36,914	131,071	--	--	--	--	--	--	--	
FA Systems	*17,100*	*16,900*	*25,600*	*17,000*	*76,600*	--	--	--	--	--	--	--	
Automotive Equipment	*8,700*	*12,500*	*13,200*	*20,000*	*54,400*	--	--	--	--	--	--	--	
Life	46,568	46,356	43,110	34,538	170,572	--	--	--	--	--	--	--	
Digital Innovation	1,265	2,437	3,591	4,664	11,957	--	--	--	--	--	--	--	
Semiconductor Devices	9,608	15,162	10,350	12,420	47,540	--	--	--	--	--	--	--	
Others	19,962	8,903	12,775	11,533	53,173	--	--	--	--	--	--	--	
Eliminations and corporate	-9,427	-10,685	-78,656	-37,181	-135,949	--	--	--	--	--	--	--	
Profit before tax	124,076	129,899	125,404	146,698	526,077	157,077	--	--	--	748,000	815,000	880,000	
Net income	90,926	98,471	108,868	109,493	407,758	109,817	--	--	--	558,000	613,000	663,000	

Source: Company reports, J.P. Morgan estimates. Note: J.P. Morgan estimates are all as of August 2026.

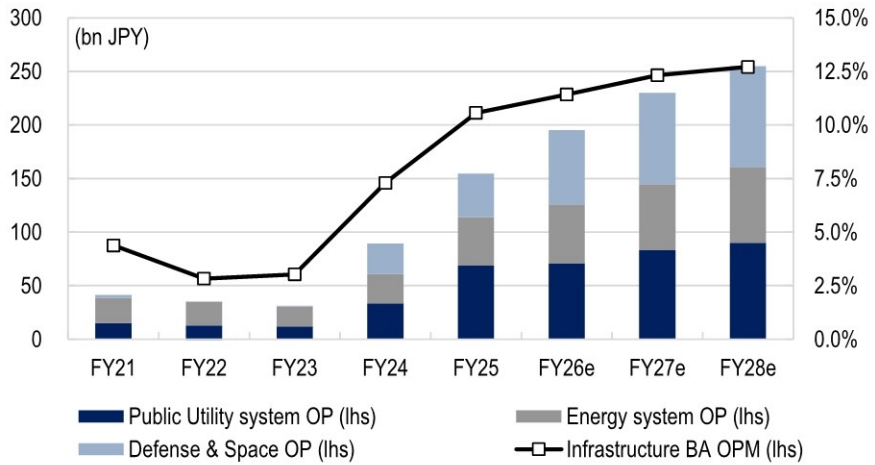
Mitsubishi Electric (6503): Medium-term plan

(JPY billion)	FY25 Actual	FY26 CoE	FY30 MTP	FY25-FY30 Difference	FY25-FY30 CAGR
Sales	**5,895**	**6,200**	**-**	**-**	**-**
Infrastructure	**1,463**	**1,640**	**2,100**	**+637**	**7%**
Public Utility Systems	569	600	700	+131	4%
Energy Systems	473	480	600	+127	5%
Defense & Space Systems	421	560	800	+379	14%
Industry & Mobility	**1,674**	**1,685**	**-**	**-**	**-**
Factory Automation Systems	798	865	900	+102	2%
Automotive Equipment	876	820	-	-	-
Life	**2,318**	**2,430**	**2,800**	**+482**	**4%**
Building Systems	708	760	800	+92	2%
Air Conditioning Systems & Home Products	1,610	1,670	2,000	+390	4%
Business Platform	**287**	**180**	**400**	**+113**	**7%**
Semiconductor & Device	**824**	**300**	**400**	**-424**	**-13%**
Others & Eliminations	(671)	(35)	-	-	-
Adjusted Operating Profit	**501**	**590**	**-**	**-**	**-**
Infrastructure	**157**	**170**	**273**	**+117**	**12%**
Public Utility Systems	69	66	98	+29	7%
Energy Systems	45	48	72	+27	10%
Defense & Space Systems	42	56	96	+54	18%
Industry & Mobility	**125**	**174**	**-**	**-**	**-**
Factory Automation Systems	75	102	144	+69	14%
Automotive Equipment	50	72	-	-	-
Life	**168**	**210**	**336**	**+168**	**15%**
Building Systems	66	77	96	+30	8%
Air Conditioning Systems & Home Products	103	133	240	+137	19%
Business Platform	**12**	**10**	**68**	**+56**	**41%**
Semiconductor & Device	**46**	**43**	**80**	**+34**	**12%**
Others & Eliminations	(7)	(17)	-	-	-
Adjusted Operating Profit Margin	**8.5%**	**9.5%**	**12%+**	**-**	
Infrastructure	10.7%	10.4%	13%	+2.3%	
Public Utility Systems	12.1%	11.0%	14%	+1.9%	
Energy Systems	9.6%	10.0%	12%	+2.4%	
Defense & Space Systems	10.0%	10.0%	12%	+2.0%	
Industry & Mobility	7.5%	10.3%	-	-	
Factory Automation Systems	9.4%	11.8%	16%	+6.6%	
Automotive Equipment	5.7%	8.8%	-	-	
Life	7.3%	8.6%	12%	+4.7%	
Building Systems	9.3%	10.1%	12%	+2.7%	
Air Conditioning Systems & Home Products	6.4%	8.0%	12%	+5.6%	
Business Platform	4.2%	5.6%	17%	+12.8%	
Semiconductor & Device	5.6%	14.3%	20%	+14.4%	
Others & Eliminations	-	-	-	-	
FX					
USD	**151**	**150**	**140**		
EUR	**176**	**175**	**160**		

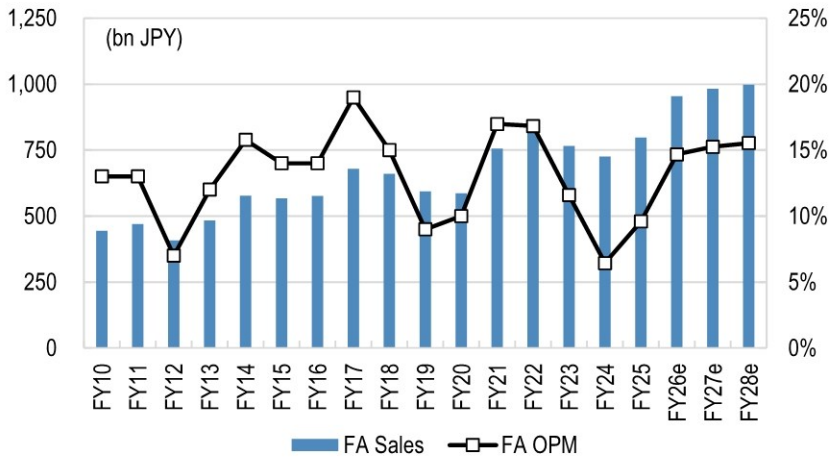
Source: Company reports, J.P. Morgan estimates.

Mitsubishi Electric (6503): Key businesses

Infrastructure Business Area operating profit



FA system operating margin trend



Semiconductor & Device segment sales mix

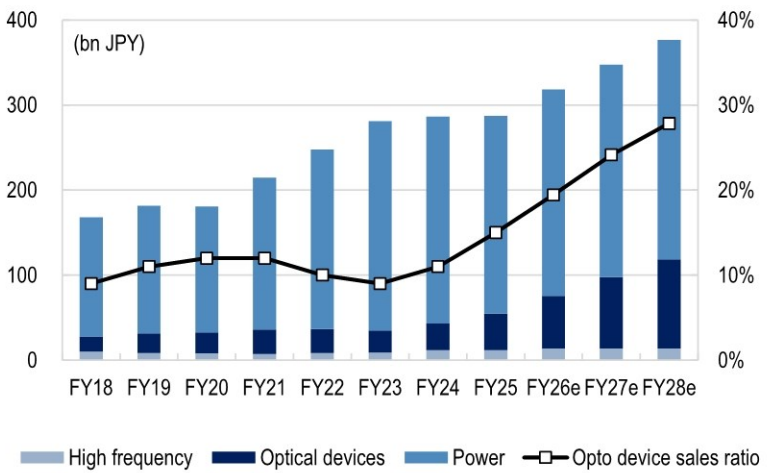
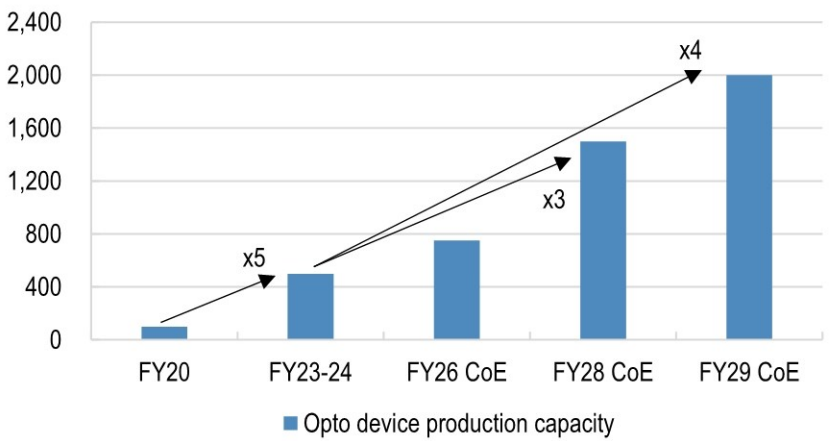


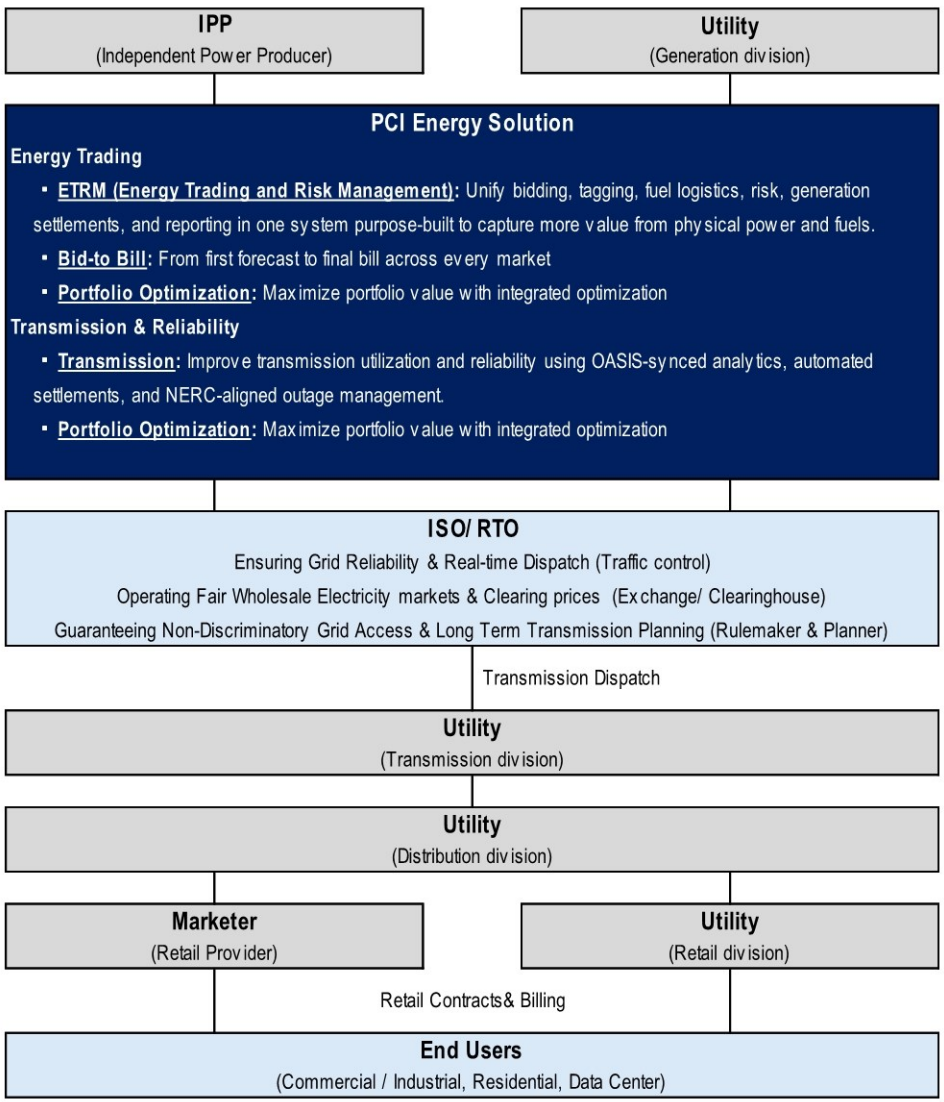
Illustration of opto device production capacity expansion



Source: Company reports, Company comments, J.P. Morgan estimates.
Note1: J.P. Morgan estimates are as of Aug 2026. Note 2: The bottom right figure is based on FY2020 production capacity indexed to 100.

Mitsubishi Electric (6503): PCI Energy Solution

The U.S. Electricity Transmission system



Source: Company reports, Company comments, J.P. Morgan.

PCI Energy Solution

Acquisition price: US $ 1.4bn

Financial metrics: US $ 82m (ARR growth rate: 21.2%)
NRR (Net Revenue Retention): 113%, GRR (Gross Revenue Retention): 98%

Financial targets: FY2030 standalone revenue of JPY 25.0bn; synergy impact of JPY 55.0bn

~60% of US power generation uses the PCI platform

Mitsubishi Electric holds ~70% share in Japan with its power utility supply-demand management and market trading software **"BLEnDer,"** and will also provide PCI solutions through **"BLEnDer."**

Aim to deliver an integrated energy solution by combining **Mitsubishi Electric's energy control** with **PCI's solutions** for **FA (factory automation), buildings, and data center operators**.

ISO: Independent System Operator
An independent operator that runs the power grid and the wholesale electricity market at the state level.

- CAISO (California Independent System Operator)
- NYISO (New York Independent System Operator)
- ERCOT (Electric Reliability Council of Texas)

RTO: Regional Transmission Organization
A regional transmission operator that runs the transmission network and the wholesale electricity market across a broader multi-state footprint.

- PJM (PJM Interconnection)
- MISO (Midcontinent Independent System Operator)
- SPP (Southwest Power Pool)
- ISO-NE (ISO New England)

OASIS: Open Access Same-time Information System
A transmission information disclosure system that publishes available transmission capacity, reservations, and related information.

NERC: North American Electric Reliability Corporation
The reliability standards and oversight body that sets and enforces rules for the reliability of the North American bulk power system.

Panasonic HD (6752): SOTP model (FY3/28E)

■ SOTP based on J.P. Morgan estimates

(mn JPY unless stated otherwise)	EBITDA	OP	D&A	EV/EBITDA (x)	EV	Per share (JPY)
Connect	191,600	112,000	79,600	8.9	1,695,800	726
Electric Works	133,000	95,000	38,000	10.0	1,330,000	570
HVAC & CC	99,000	55,000	44,000	8.0	792,000	339
Energy	333,000	229,000	104,000	15.8	5,267,600	2,256
Industry	205,000	135,000	70,000	16.0	3,280,000	1,405
Smart Life	104,000	60,000	44,000	7.0	728,000	312
Subtotal	1,065,600	686,000	379,600	12.3	13,093,400	5,608
All Other / Corporate	89,000	9,000	80,000	12.3	1,093,574	468
Total					14,186,974	6,077
Net debt					139,825	60
Equity value					14,047,149	6,017
Number of shares outstanding (K)					2,334,703	
Theoretical value (JPY)					6,017	
Discount					20%	
Discounted theoretical value (JPY)					4,810	

■ SOTP without IRA subsidies

(mn JPY unless stated otherwise)	EBITDA	OP	D&A	EV/EBITDA (x)	EV	Per share (JPY)
Connect	191,600	112,000	79,600	8.9	1,695,800	726
Electric Works	133,000	95,000	38,000	10.0	1,330,000	570
HVAC & CC	99,000	55,000	44,000	8.0	792,000	339
Energy	215,000	111,000	104,000	19.0	4,087,600	1,751
Industry	205,000	135,000	70,000	16.0	3,280,000	1,405
Smart Life	104,000	60,000	44,000	7.0	728,000	312
Subtotal	947,600	568,000	379,600	12.6	11,913,400	5,103
All Other / Corporate	89,000	9,000	80,000	12.3	1,093,574	468
Total					13,006,974	5,571
Net debt					139,825	60
Equity value					12,867,149	5,511
Number of shares outstanding (K)					2,334,703	
Theoretical value (JPY)					5,511	
Discount					20%	
Discounted theoretical value (JPY)					4,410	

Source: Bloomberg Finance L.P., J.P. Morgan estimates.
Note 1: EV/EBITDA of Connect is calculated by applying 13x for Blue Yonder and 9x for non-Blue Yonder businesses.
Note 2: EV/EBITDA of Energy is calculated by applying 18x for Industrial/Consumer batteries, which include BBUs, and 10x for automotive batteries.

Panasonic HD (6752): Investment thesis, valuation, and risks

Panasonic Holdings (Neutral; Price Target: ¥4,600)

Investment Thesis

We focus on profitability improvement across the company through structural reforms and portfolio management, growth in data center-related businesses such as BBUs and substrate materials, securing a medium- to long-term competitive advantage in automotive batteries, the possibility of realizing the potential value of Blue Yonder, and measures to improve competitiveness in existing businesses.

Valuation

Our December 2026 price target is ¥4,600. Based on our FY2027 estimates, we use our SoTP model that refers to the average multiples of industry peers (Bloomberg consensus basis) and apply a conglomerate discount of 20% for a theoretical price of ¥4,810. Our ¥4,600 price target is the midpoint between that ¥4,810 and ¥4,410, a SoTP-based theoretical value premised on no IRA subsidies. (The SOTP model is on the previous slide.)

Risks to Rating and Price Target

Upside Scenario to Target Price/Rating

- Greater-than-expected sales growth in AI data center-related businesses such as BBUs
- Increase in profitability of automotive batteries
- Improved profitability of Blue Yonder

Downside Scenario to Target Price/Rating

- Decline in market share and profitability in AI data center-related businesses
- Decline in profitability of automotive batteries
- Delays to the recovery in Blue Yonder’s profitability

Panasonic HD (6752): Earnings forecasts

(mn JPY)	2026/3					2027/3					2028/3	2029/3	2027/3
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
Sales	1,896,691	1,923,785	2,063,304	2,164,942	8,048,722	1,826,000	1,863,000	1,967,000	2,020,000	7,676,000	8,369,000	8,414,000	7,600,000
Connect	303,500	326,500	351,200	399,100	1,380,300	270,000	284,000	305,000	354,000	1,317,000	1,344,000	1,125,000	1,350,000
Electric Works	252,000	279,000	306,100	323,500	1,160,600	252,000	279,000	306,000	324,000	1,161,000	1,178,000	1,196,000	1,155,000
HVAC & CC	353,000	311,100	305,500	342,800	1,312,400	378,000	327,000	321,000	350,000	1,376,000	1,397,000	1,418,000	1,360,000
Energy	219,300	227,600	262,800	274,500	984,200	302,000	326,000	370,000	351,000	1,349,000	1,627,000	1,811,000	1,372,000
Industry	283,500	290,000	293,300	300,500	1,167,300	265,000	269,000	260,000	250,000	1,259,000	1,317,000	1,384,000	1,130,000
Smart Life	318,800	337,800	365,700	351,900	1,374,200	309,000	328,000	355,000	341,000	1,333,000	1,306,000	1,280,000	1,335,000
Other	338,900	335,700	361,400	378,600	1,414,600	250,000	250,000	250,000	250,000	1,000,000	1,000,000	1,000,000	-102,000
Elimination and adjustments	-172,300	-183,900	-182,700	-206,000	-744,900	-200,000	-200,000	-200,000	-200,000	-800,000	-800,000	-800,000	0
Adjusted OP	91,479	90,371	159,117	106,476	447,443	146,000	155,000	182,000	167,000	650,000	735,000	770,000	600,000
Connect	6,200	19,500	30,400	38,400	94,500	16,000	21,000	26,000	35,000	98,000	114,000	118,000	95,000
Electric Works	11,500	21,000	32,600	23,600	84,000	13,000	22,000	34,000	23,000	92,000	100,000	102,000	92,000
HVAC & CC	15,700	4,000	1,300	12,100	33,100	20,000	8,000	9,000	18,000	55,000	60,000	65,000	60,000
Energy	31,800	1,100	41,700	-2,500	72,100	43,000	50,000	47,000	40,000	180,000	231,000	245,000	173,000
Industry	18,700	27,000	27,800	24,000	97,500	32,000	34,000	36,000	28,000	130,000	140,000	155,000	110,000
Smart Life	8,800	8,500	9,700	0	27,000	16,000	18,000	19,000	17,000	70,000	65,000	60,000	75,000
Other	13,300	11,100	21,300	16,100	61,800	13,000	10,000	18,000	14,000	55,000	55,000	55,000	-5,000
Elimination and adjustments	-14,500	-1,800	-5,700	-5,300	-27,300	-7,000	-8,000	-7,000	-8,000	-30,000	-30,000	-30,000	0
OP	86,903	78,093	-7,217	78,628	236,407	145,000	149,000	168,000	138,000	600,000	695,000	730,000	550,000
Connect	5,800	23,100	28,900	42,300	100,100	15,000	20,000	25,000	34,000	94,000	112,000	116,000	91,000
Electric Works	11,200	16,000	19,600	10,900	57,700	13,000	22,000	29,000	18,000	82,000	95,000	97,000	82,000
HVAC & CC	15,700	3,600	-6,000	9,800	23,100	20,000	8,000	9,000	17,000	54,000	55,000	60,000	59,000
Energy	31,900	1,200	40,500	-3,800	69,800	43,000	50,000	46,000	39,000	178,000	229,000	243,000	171,000
Industry	19,400	26,900	-17,900	12,100	40,500	32,000	34,000	36,000	18,000	120,000	135,000	150,000	100,000
Smart Life	7,900	7,500	-29,600	-23,100	-37,300	16,000	18,000	17,000	12,000	63,000	60,000	55,000	68,000
Other	13,900	9,000	16,900	11,100	50,900	13,000	5,000	13,000	8,000	39,000	39,000	39,000	-21,000
Elimination and adjustments	-18,900	-9,200	-59,600	19,300	-68,400	-7,000	-8,000	-7,000	-8,000	-30,000	-30,000	-30,000	0
Profit before tax	90,977	86,883	-635	85,884	263,109					600,000	695,000	730,000	550,000
Net income	71,463	70,941	-17,107	64,243	189,540					461,000	532,000	557,000	420,000
Depreciation (Amortization excluded)	54,200	55,900	58,700	60,300	229,100	61,500	68,000	71,500	73,000	274,000	298,000	308,000	280,000
Capex (that has been used)	144,800	162,700	152,500	169,100	629,100	90,000	119,000	119,000	151,000	479,000	490,000	480,000	480,000
R&D	101,300	106,900	110,500	107,700	426,400	100,000	100,000	110,000	110,000	420,000	420,000	420,000	420,000
Forex													
USDJPY	145	147	154	157	151	155	155	155	155	155	155	155	140
EURJPY	164	172	179	184	175	180	180	180	180	180	180	180	160
Key financial indicators													
Adjusted OPM	4.8%	4.7%	7.7%	4.9%	5.6%	8.0%	8.3%	9.3%	8.3%	8.5%	8.8%	9.2%	7.9%
ROE					3.8%					8.6%	9.2%	9.0%	
Equity ratio					51.2%					53.2%	54.6%	56.3%	
Net Debt / Equity ratio					0.1					0.1	0.0	-0.0	
Net Debt / EBITDA ratio					0.9					0.7	0.3	-0.4	
Dividend payout ratio					49.2%					27.3%	26.3%	27.2%	
Net debt					578,204					289,386	139,825	-183,670	
Cash and cash equivalents					770,179					1,058,997	1,208,558	1,532,053	
Interest-bearing debt					1,348,383					1,348,383	1,348,383	1,348,383	
Shareholders' equity					5,211,272					5,562,636	5,961,672	6,378,711	
Total assets					10,172,412					10,457,722	10,925,374	11,329,144	
FCF					16,855					417,410	301,478	482,412	

Panasonic HD (6752): Energy segment forecasts

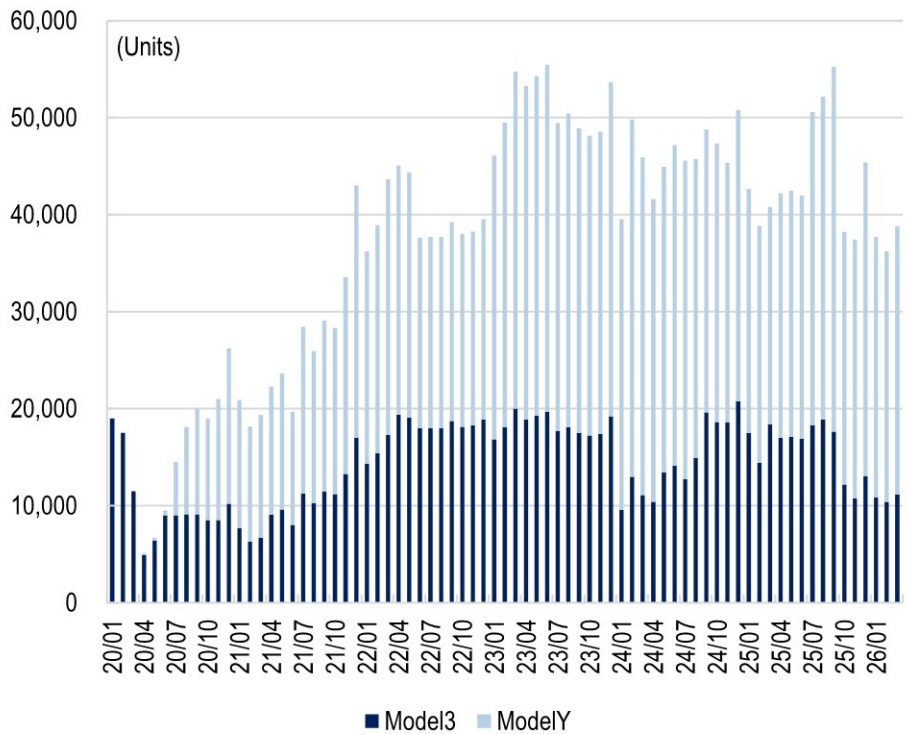
(mn JPY)	FY3/23	FY3/24	FY3/25	FY3/26	FY3/27 JPMe	FY3/28 JPMe	FY3/29 JPMe
Revenue	**971,800**	**915,900**	**873,244**	**984,200**	**1,349,000**	**1,627,000**	**1,811,000**
Automotive	654,000	605,000	481,200	434,100	523,000	543,000	554,000
Industrial, Consumer, Others	311,000	307,100	392,200	544,200	822,000	1,081,000	1,254,000
Adj. OP	**39,600**	**94,600**	**122,700**	**72,100**	**180,000**	**231,000**	**245,000**
Automotive	10,700	-18,700	-28,900	-111,000	-90,000	-98,000	-104,000
Industrial, Consumer, Others	28,500	26,100	56,800	83,700	156,000	211,000	234,000
IRA	-	86,800	94,000	99,100	118,000	118,000	115,000
Adj. OP margin	4.1%	10.3%	14.1%	7.3%	13.3%	14.2%	13.5%
Adj. OP margin ex IRA	4.1%	0.9%	3.3%	-2.7%	4.6%	6.9%	7.2%
Automotive	1.6%	-3.1%	-6.0%	-25.6%	-17.2%	-18.0%	-18.8%
Industrial, Consumer, Others	9.2%	8.5%	14.5%	15.4%	19.0%	19.5%	18.7%
Capex	**90,600**	**292,100**	**501,100**	**431,600**	**240,000**	**250,000**	**250,000**
Recurring	50,000	70,000	100,000	100,000	120,000	130,000	130,000
Wakayama	40,000	30,000	20,000	20,000			
US Kansas + Nevada		192,100	381,100	311,600	120,000	120,000	120,000
Depreciation (Fixed assets)	**20,200**	**23,700**	**29,700**	**42,000**	**80,000**	**90,000**	**100,000**
Capacity (GWh)	50.0	48.5	59.0	68.0	68.0	68.0	68.0
Suminoe	11.5	10.0	10.0	10.0	10.0	10.0	10.0
Nevada	38.5	38.5	40.0	40.0	40.0	40.0	40.0
Wakayama			6.0	6.0	6.0	6.0	6.0
Kansas			3.0	12.0	12.0	12.0	12.0
Output (GWh)	**44.0**	**42.7**	**42.1**	**42.7**	**48.0**	**51.0**	**52.0**
Suminoe	10.0	5.5	4.0	4.0	6.0	6.0	7.0
Nevada/ Kansas	34.0	37.2	38.1	38.7	42.0	42.0	42.0
Wakayama			-	-	-	3.0	3.0
IRA							
Subsidy per kWh ($/KWh)	-	35.0	35.0	35.0	35.0	35.0	35.0
US Capacity (GWh)	38.5	38.5	43.0	52.0	52.0	52.0	52.0
Output in US Capacity (GWh)	34.0	37.2	38.1	38.7	42.0	42.0	42.0
Battery Cell Subsidy ($bn)	**-**	**-**	**1,334**	**1,356**	**1,500**	**1,500**	**1,500**
Battery Cell Subsidy (mn JPY)		**-**	**-**	**203,000**	**233,000**	**233,000**	
Electrode active material ($bn)			**43**	**28**	**25**	**25**	
Electrode active material (mn JPY)		**-**	**6,600**	**4,200**	**3,875**	**3,875**	
Subsidy (mn JPY)	**-**	**188,200**	**215,000**	**213,400**	**237,000**	**237,000**	**230,000**
Contribution to OP of Panasonic HD (mn JPY)		**86,800**	**94,000**	**99,100**	**118,000**	**118,000**	**115,000**
Effective use with customers (mn JPY)		**101,400**	**121,000**	**114,300**	**119,000**	**119,000**	**115,000**

Source: Company reports, J.P. Morgan estimates. Note: J.P. Morgan estimates are all as of July 2026.

Panasonic HD (6752): Automotive Battery

- Production capacity of the Nevada plant is around 40GWh, and the new Kansas plant is expected to increase its capacity to around 32GWh in the future.
- Assuming that battery capacity per vehicle is 75kWh, 40GWh implies roughly 530,000 vehicles per year, roughly 45,000 vehicles per month of demand.

Model 3/Y sales in the US



Tesla's annual production capacity as of April 2026

Region	Product	Capacity	Status
Automotive			
California	**Model 3/Y**	**>550,000**	**Production**
Shanghai	**Model 3/Y**	**>950,000**	**Production**
Berlin	Model Y	>375,000	Production
Texas	Model Y	>250,000	Production
	Cybertruck	>125,000	Production
	Cybercab	-	Pilot Production
Nevada	Tesla Semi	-	Pilot Production
TBD	Roadster	-	Design development
Energy Generation and Storage			
California	**Megapack**	**40GWh**	**Production**
Nevada	**Powerwall**	**>6 GWh**	**Production**
Shanghai	**Megapack**	**20GWh**	**Production**
Texas	**Megapack**	**-**	**Construction**
Roboitics			
California	**Optimus**	**>100k H100e**	**Production**
Texas	**Optimus**	**>130k H100e**	**Early Ramp**
AI Training Compute			
Texas	**Cortex 1**	**-**	**Production**
Texas	**Cortex 2**	**-**	**Production**
Battery Manufacturing			
Nevada	**LFP**	**7GWh**	**Production**
Texas	**4680**	**40GWh**	**Production**
Texas	**Cathode Material**	**10GWh**	**Production**
Texas	**Litium Refining**	**30GWh**	**Production**

Source: Created by J.P. Morgan based on company reports and Autodata

Panasonic HD (6752): Earnings forecasts of Blue Yonder

	2026/3					2027/3					2028/3	2028/3	2027/3
	1Q Act	2Q Act	3Q Act	4Q Act	FY Act	1Q JPMe	2Q JPMe	3Q JPMe	4Q JPMe	FY JPMe	FY JPMe	FY JPMe	FY CoE
Blue Yonder (standalone basis, USD nn)													
Sales	**343**	**361**	**374**	**367**	**1,447**	**364**	**372**	**385**	**378**	**1,499**	**1,544**	**1,590**	**1,551**
YoY	4%	2%	5%	6%	4%	6%	3%	3%	3%	4%	3%	3%	7%
Adjusted OP	**-23**	**12**	**-1**	**16**	**4**	**12**	**7**	**5**	**4**	**28**	**98**	**111**	**30**
Adj. OPM	-7%	3%	0%	4%	0%	3%	2%	1%	1%	2%	6%	7%	0%
Amortization	**-29**	**-33**	**-24**	**-22**	**-108**	**-21**	**-21**	**-21**	**-21**	**-84**	**-85**	**-85**	**-84**
Adj. EBITDA (excl. investments and costs below)	**51**	**82**	**73**	**67**	**273**	**69**	**71**	**73**	**72**	**285**	**278**	**286**	**287**
Adj. EBITDA margin	15%	23%	20%	18%	19%	19%	19%	19%	19%	19%	18%	18%	19%
EBITDA	**6**	**45**	**23**	**38**	**112**	**33**	**28**	**26**	**25**	**112**	**183**	**196**	**114**
EBITDA margin	2%	12%	6%	10%	8%	9%	7%	7%	7%	7%	12%	12%	7%
Strategic investments	-40	-34	-40	-21	-135	-25	-27	-30	-30	-112	-60	-60	-112
Compensation (incentives/retention)	-5	-5	-8	-5	-23	-5	-10	-10	-10	-35	-20	-20	-35
Restructuring expenses, non-recurring gain/loss	1	1	-2	-3	-3	-6	-6	-7	-7	-26	-15	-10	-26
Blue Yonder (consolidated basis, mn JPY)													
Sales	**49,800**	**53,300**	**57,600**	**57,700**	**218,400**	**56,000**	**58,000**	**60,000**	**59,000**	**233,000**	**239,000**	**247,000**	-
YoY	-3%	1%	7%	9%	4%	12%	9%	4%	2%	7%	3%	3%	-
Adjusted operating profit	**-10,900**	**-6,000**	**-8,400**	**-5,800**	**-31,100**	**-6,000**	**-7,000**	**-7,000**	**-7,000**	**-27,000**	**-17,000**	**-15,000**	**-26,700**
Adjusted OP (standalone basis)	-3,300	1,800	-200	2,500	5,300	1,900	1,000	800	600	4,300	15,200	17,200	0
Amortization related to acquisition, etc	-7,500	-7,800	-8,200	-8,300	-31,900	-7,800	-7,800	-7,800	-7,800	-31,200	-32,600	-32,600	-30,900

Source: Company reports, J.P. Morgan estimates.
Note: J.P. Morgan estimates are all as of July 2026.

NEC (6701): Earnings forecasts

(mn JPY)	2026/3					2027/3					2028/3	2029/3	2027/3
	1Q Act	2Q Act	3Q Act	4Q Act	FY Act	1Q Act	2Q JPMe	3Q JPMe	4Q JPMe	FY JPMe	FY JPMe	FY JPMe	FY CoE
Sales	**715,658**	**854,121**	**852,538**	**1,160,416**	**3,582,733**	**819,774**	**937,500**	**918,800**	**1,175,900**	**3,852,000**	**3,862,000**	**4,011,000**	**3,540,000**
IT Services	**567,100**	**647,800**	**658,000**	**863,100**	**2,736,100**	**621,500**	**717,500**	**714,800**	**859,900**	**2,914,000**	**3,027,000**	**3,146,000**	**2,625,000**
Domestic	468,400	544,200	545,600	742,800	2,301,000	477,200	559,000	549,000	687,000	2,272,000	2,365,000	2,462,000	2,175,000
International	98,700	103,600	112,400	120,400	435,100	144,300	158,500	165,800	172,900	642,000	662,000	684,000	450,000
Social Infrastructure	**120,400**	**176,000**	**160,600**	**251,300**	**708,400**	**165,300**	**190,000**	**174,000**	**271,000**	**800,000**	**830,000**	**860,000**	**780,000**
Aerospace / National Security	74,100	123,000	109,300	172,100	478,400	110,800	135,000	120,000	189,000	555,000	580,000	600,000	545,000
Submarine Systems	15,100	15,600	17,700	22,800	71,200	23,000	23,000	25,000	34,000	105,000	110,000	120,000	100,000
Network Infrastructure	31,200	37,400	33,600	56,400	158,700	31,400	32,000	29,000	48,000	140,000	140,000	140,000	135,000
Others	**28,200**	**30,300**	**33,800**	**46,000**	**138,300**	**33,000**	**30,000**	**30,000**	**45,000**	**138,000**	**5,000**	**5,000**	**135,000**
Non GAAP OP	**40,015**	**87,578**	**82,124**	**187,400**	**397,234**	**74,700**	**107,900**	**104,900**	**191,300**	**480,000**	**550,000**	**600,000**	**430,000**
IT Services	**40,800**	**82,400**	**82,100**	**153,900**	**359,300**	**57,800**	**95,900**	**96,400**	**157,700**	**408,000**	**458,000**	**502,000**	**381,000**
Domestic	32,000	71,300	68,500	144,800	316,600	45,300	78,000	77,000	138,000	338,000	380,000	420,000	329,000
International	8,900	11,200	13,600	9,200	42,800	12,500	17,900	19,400	19,700	70,000	78,000	82,000	52,000
Social Infrastructure	**3,000**	**10,700**	**3,000**	**36,600**	**53,400**	**16,100**	**22,000**	**23,000**	**47,000**	**109,000**	**120,000**	**128,000**	**99,000**
Aerospace / National Security	4,500	19,100	16,800	34,400	74,900	13,700	20,000	18,000	38,000	90,000	95,000	100,000	81,000
Submarine Systems	-1,500	-8,300	-1,700	-7,000	-18,500	2,800	0	1,000	1,000	5,000	11,000	14,000	4,000
Network Infrastructure	0	-100	-12,100	9,300	-2,900	-400	2,000	4,000	8,000	14,000	14,000	14,000	14,000
Others	**400**	**100**	**800**	**3,400**	**4,600**	**3,400**	**0**	**0**	**1,600**	**5,000**	**5,000**	**5,000**	**4,000**
Adjustments	**-4,200**	**-5,700**	**-3,600**	**-6,700**	**-20,200**	**-2,500**	**-10,000**	**-14,500**	**-15,000**	**-42,000**	**-33,000**	**-35,000**	**-54,000**
Non GAAP OP margin	**5.6%**	**10.3%**	**9.6%**	**16.1%**	**11.1%**	**9.1%**	**11.5%**	**11.4%**	**16.3%**	**12.5%**	**14.2%**	**15.0%**	**12.1%**
IT Services	**7.2%**	**12.7%**	**12.5%**	**17.8%**	**13.1%**	**9.3%**	**13.4%**	**13.5%**	**18.3%**	**14.0%**	**15.1%**	**16.0%**	**14.5%**
Domestic	6.8%	13.1%	12.6%	19.5%	13.8%	9.5%	14.0%	14.0%	20.1%	14.9%	16.1%	17.1%	15.1%
International	9.0%	10.8%	12.1%	7.6%	9.8%	8.7%	11.3%	11.7%	11.4%	10.9%	11.8%	12.0%	11.6%
Social Infrastructure	**2.5%**	**6.1%**	**1.9%**	**14.6%**	**7.5%**	**9.7%**	**11.6%**	**13.2%**	**17.3%**	**13.6%**	**14.5%**	**14.9%**	**12.7%**
Aerospace / National Security	6.1%	15.5%	15.4%	20.0%	15.7%	12.4%	14.8%	15.0%	20.1%	16.2%	16.4%	16.7%	14.9%
Submarine Systems	-9.9%	-53.2%	-9.6%	-30.7%	-26.0%	12.2%	0.0%	4.0%	2.9%	4.8%	10.0%	11.7%	4.0%
Network Infrastructure	0.0%	-0.3%	-36.0%	16.5%	-1.8%	-1.3%	6.3%	13.8%	16.7%	10.0%	10.0%	10.0%	10.4%
Others	**1.4%**	**0.3%**	**2.4%**	**7.4%**	**3.3%**	**10.3%**	**0.0%**	**0.0%**	**3.6%**	**3.6%**	**100.0%**	**100.0%**	**3.0%**
Adjustments	**-10.5%**	**-6.5%**	**-4.4%**	**-3.6%**	**-5.1%**	**-3.3%**	**-9.3%**	**-13.8%**	**-7.8%**	**-8.8%**	**-6.0%**	**-5.8%**	**-12.6%**
Adj. OP	41,715	89,878	74,424	180,800	386,827	72,100				466,000	550,000	600,000	-
OP	35,415	83,178	67,369	174,752	359,913	58,800				426,700	515,000	565,000	-
Non GAAP Net profit	22,300	56,300	64,400	136,800	279,773	60,900				319,300	369,400	403,400	290,000
Net profit	19,310	53,520	69,448	127,950	270,228	49,698				289,700	352,000	386,000	-

Source: Company reports, J.P. Morgan estimates. Note: J.P. Morgan estimates are all as of August 2026.

NEC (6701): Overseas IT services (DGDF), Social infrastructure

	IT services (Overseas)		
(JPY mn)	SWS-UK	KMD	Avaloq
Headquarters	United Kingdom	Denmark	Switzerland
Acquisition	Jan 2018	Feb 2019	Dec 2022
Acquisition amount	71,300	136,000	236,000
Business overview	IT services for the public sector	IT services for government and financial institutions	IT services for wealth management
FY2025 EoP			
Goodwill	81,688	130,641	168,745
FY2025			
Sales	62,000	84,000	132,000
Adj. operating profit	8,700	8,400	24,300
Adj. OPM	14%	10%	18%

	Telecom	--
(JPY mn)	Netcracker Technology	CSG Systems International
Headquarters	Massachusetts, US	Colorado, US
Acquisition	Oct 2008	In 2026
Acquisition amount	32,000	441,700
Business overview	BSS OSS	BSS Customer Experience (CX) Payments
FY2024 EoP		
Goodwill	--	--
FY2024		
Sales	100,000	183,141
Adj. operating profit	--	32,965
Adj. OPM	10-15%	18%
Regional sales breakdown		
Americas	20%	85-90%
EMEA	45-50%	5-10%
Asia	30-35%	0-5%
Client sales breakdown		
Telecom carriers	90%	70%
Others	10%	30%

Source: Company reports, J.P. Morgan.
Note 1: KMD's adjusted operating profit excludes one-off (unprofitable projects); including one-off items, adjusted operating profit is a loss of 2.9 billion yen.
Note 2: BSS (Business Support System): A system that supports customer-related operations such as customer management, service applications, billing, and charging.
Note 3: OSS (Operation Support System): A system that supports network operations such as equipment management, monitoring, and fault detection.

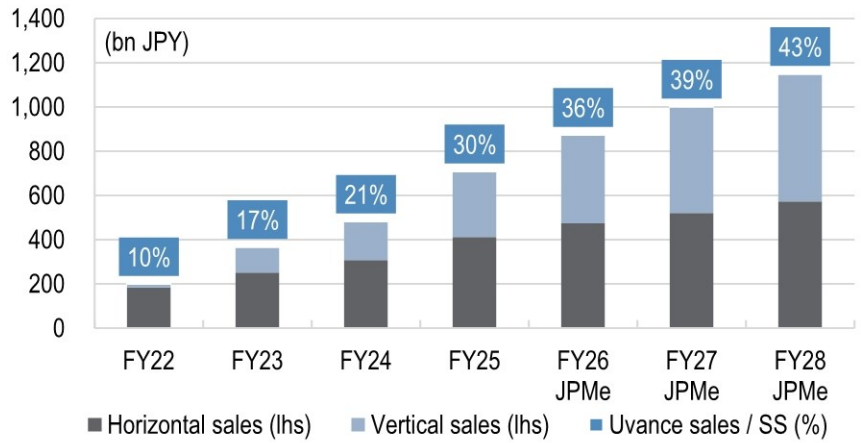
Fujitsu (6702): Earnings forecasts

(mn JPY)	2025/3	2026/3					2027/3					2028/3	2029/3	2027/3
	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY	FY	FY
	Act	Act	Act	Act	Act	Act	Act	JPMe	JPMe	JPMe	JPMe	JPMe	JPMe	CoE
Sales	3,550,116	749,859	816,683	884,642	1,051,787	3,502,971	779,377	816,900	878,300	1,035,600	3,510,000	3,581,000	3,722,000	3,510,000
Service Solutions	2,245,996	514,617	551,889	591,221	689,205	2,346,932	548,971	580,900	615,300	718,600	2,464,000	2,544,000	2,680,000	2,470,000
Hardware Solutions	1,119,938	202,115	222,698	248,124	336,920	1,009,857	211,204	217,000	238,000	295,000	961,000	937,000	937,000	960,000
Ubiquitous Solutions	251,746	47,987	65,202	64,733	51,883	229,805	34,495	44,000	45,000	47,000	170,000	170,000	175,000	160,000
Elimination	-67,564	-14,860	-23,106	-19,436	-26,221	-83,623	-15,293	-25,000	-20,000	-25,000	-85,000	-70,000	-70,000	-80,000
Adjusted OP	307,265	35,119	86,208	107,836	161,426	390,589	54,911	75,000	111,000	180,000	420,000	490,000	570,000	425,000
Service Solutions	289,967	47,842	71,780	96,478	145,364	361,464	62,801	87,000	116,000	169,000	435,000	490,000	562,000	430,000
Hardware Solutions	61,300	1,337	11,188	24,559	29,928	67,012	-3,743	7,000	18,000	34,000	55,000	70,000	75,000	62,000
Ubiquitous Solutions	31,372	8,241	13,503	9,737	7,344	38,825	4,466	6,000	7,000	8,000	25,000	25,000	28,000	28,000
Elimination	-75,374	-22,301	-10,263	-22,938	-21,210	-76,712	-8,613	-25,000	-30,000	-31,000	-95,000	-95,000	-95,000	-95,000
Adjustment	-42,176	-1,633	-14,349	-2,180	-24,098	-42,260	-2,377	0	0	-7,700	-10,000	0	0	-10,000
OP	265,089	33,486	71,859	105,656	137,328	348,329	52,534	75,000	111,000	172,300	410,000	490,000	570,000	415,000
Net income	232,126	174,507	91,147	82,450	106,532	454,636					322,000	382,000	442,000	-
Attributable to owners of the parent	219,807	171,761	90,241	81,691	105,715	449,408					312,000	372,000	432,000	-
Non-controlling interests	12,319	2,746	906	759	817	5,228					10,000	10,000	10,000	-
Net income attributable to owners of the parent	219,807	171,761	90,241	81,691	105,715	449,408					312,000	372,000	432,000	310,000
Adjustments	-21,164	141,982	32,100	-1,809	-21,159	151,132					-10,000	0	0	-10,000
Adj. net income attributable to owners of the parent	240,971	29,779	58,100	83,500	126,876	298,276					322,000	372,000	432,000	320,000
Key financial indicators														
Adjusted OPM	8.7%	4.7%	10.6%	12.2%	15.3%	11.2%	7.0%	9.2%	12.6%	17.4%	12.0%	13.7%	15.3%	12.1%
ROE	12.6%					23.9%					15.2%	17.4%	18.8%	
Equity ratio	49.8%					59.6%					60.6%	62.0%	63.7%	
Net Debt / Equity ratio	0.0					-0.2					-0.2	-0.2	-0.2	
Net Debt / EBITDA ratio	0.1					-2.2					-3.0	-3.5	-4.3	
Dividend payout ratio	22.6%					19.3%					30.1%	27.0%	24.7%	
Net debt	11,013					-317,272					-385,195	-448,570	-552,997	
Cash and cash equivalents	236,079					450,366					518,289	581,664	686,091	
Interest-bearing debt	247,092					133,094					133,094	133,094	133,094	
Shareholders' equity	1,740,965					2,024,915					2,083,576	2,204,263	2,386,906	
Total assets	3,497,808					3,399,745					3,436,813	3,556,020	3,748,691	
CF from operating activities	303,882					338,130					511,262	504,688	543,784	
CF from investing activities	-89,176					144,491					-190,000	-190,000	-190,000	
CF from financial activities	-240,454					-379,748					-253,339	-251,313	-249,357	
FCF	214,706					482,621					321,262	314,688	353,784	

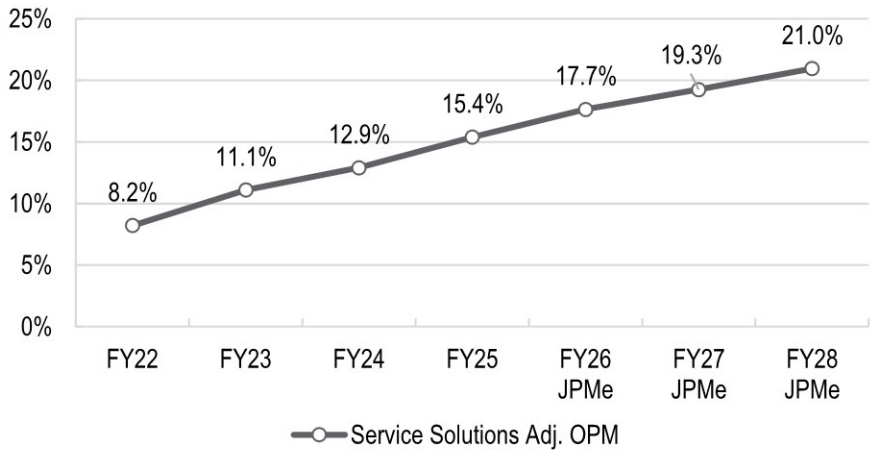
Source: Company reports, J.P. Morgan estimates. Note 1: J.P. Morgan estimates are all as of Aug 2026.

Fujitsu (6702): Fujitsu Uvance

Uvance sales & Uvance to service solutions sales ratio



Service solutions adj. OPM trend



Fujitsu Uvance

7 Key Focus Area	Offering examples
Horizontal	
Digital Shifts	Remote/ Hybrid Work Solution
Hybrid IT	Hybrid Cloud Infrastructure
Business Applications:	**3S (SAP, Salesforce, ServiceNow)**
Vertical	
Sustainable manufacturing	Digital Supply Chain, Digital Engineering Chain
Consumer Experience	Omni-Channel Services, Personalized Marketing Services
Healthy Living	Digital Care Platforms, Healthy Living Platform
Trusted Society	Connected Front-line Worker, Sustainable City

Fujitsu Modernization

■ Application asset

COBOL, PL/I, etc. > java, .Net, etc.

■ Middleware Assets

End of support middleware products > Modernized middleware

■ Infrastructure Assets

Mainframe Unix Sever/ Office Computer > Cloud & latest on-premise infrastructure

Source: Company reports, J.P. Morgan estimates

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