

Financial Results for the Fiscal Year 2025

EXEDY Corporation
Securities Code: 7278

Amounts are rounded to the nearest billion yen.
Figures are presented based on IFRS.

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2. Forecast for FY2026
3. Progress of the Mid- to Long-Term Strategy
   1) Overview
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   4) IR&SR Strategy

Summary

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➢ Results for FY2025

- ✓ Despite profit-decreasing factors such as lower orders for AT products and higher personnel-related costs, the Company recorded lower sales but higher profits year on year, supported by the withdrawal from an unprofitable U.S. subsidiary, increased sales in China and other Asian regions, and the pass-through of higher costs into selling prices. ROE improved to 7.3% (+0.9pt year on year).

➢ Forecast for FY2026

- ✓ Despite a decline in AT product order volumes, the Company expects to achieve net sales of JPY 305.0 billion, operating profit of JPY 24.5 billion, net profit of JPY 14.0 billion, and ROE of 7.5%, driven by price pass-through to customers and the monetization of non-operating assets in Thailand. (Net sales, operating profit, and net profit have all been revised upward from the initial forecast.)
- ✓ To improve capital efficiency, the Company has decided to increase dividends (JPY 300 → JPY 350 per share per year) and conduct share buybacks (JPY 8.0 billion through open-market purchases).
- ✓ The impact of the situation in the Middle East is not reflected in this forecast.

➢ Progress of the Mid- to Long-Term Strategy

- ✓ **Overview:** Steady progress toward the FY2030 ROE target of 10%, through the execution of business strategies and financial strategies.
- ✓ **Business Strategy:**
  - Core businesses: Achieving appropriate pricing through the pass-through of cost increases
  - Aftermarket business: Expanding product lineup
  - New businesses: Developing six electrification businesses and creating additional growth areas
- ✓ **ESG Strategy:** Majority independent outside directors on the Board achieved, with approximately 30% female representation. To further enhance management transparency, the Company plans to transition to a Company with a Nomination Committees, etc.
- ✓ **IR & SR Strategy:** The Company has proactively promoted SR meetings and small meetings with the Representative Director serving as the speaker, resulting in a doubling of the number of engaged shareholders and investors year on year. While working to deepen understanding of the Company's strategy through these dialogues, insights that contribute to enhancing corporate value are being actively incorporated into management.

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Consolidated Financial Summary

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- ✓ **Sales :** Net sales declined only slightly year on year, as lower order volumes for AT products in the Americas and Japan were largely offset by higher sales of motorcycle and AT products in Asia, as well as AT products in China.
- ✓ **Operating Profit :** Operating profit increased year on year, despite negative factors such as a decline in AT product orders and higher personnel-related costs, supported by the withdrawal from an unprofitable U.S. subsidiary, increased sales in China and other Asian regions, and the pass-through of higher costs into selling prices.
- ✓ **Net Profit :** Net profit increased, driven by higher operating profit and investment income. As a result, ROE improved to 7.3% (+0.9pt year on year).

Unit: JPY Billion	FY 2024 Results	FY 2025 Results	Increase /Decrease	Rate of Change	Announced on January 28 **Forecast for FY2025**	vs Forecast
Revenue	**309.6**	**303.9**	▲ 5.6	▲ 1.8%	**300.0**	**101.3%**
Operating Profit	**21.8**	**22.2**	+ 0.4	+ 1.7%	**22.0**	**101.0%**
Ratio to Revenue	7.1%	7.3%	+ 0.3pt	–	7.3%	–
Net Profit	**12.7**	**13.7**	+ 0.9	+ 7.3%	**13.5**	**101.3%**
Ratio to Revenue	4.1%	4.5%	+ 0.4pt	–	4.5%	–
ROE	**6.4%**	**7.3%**	+ 0.9pt	–	**7.2%**	–
FX Rate (USD-JPY) (average)	152.5	151.0	▲ 1.5	▲ 1.0%	151.0	–

Profit Increase / Decrease Factors FY2025 Results vs. FY2024 Results

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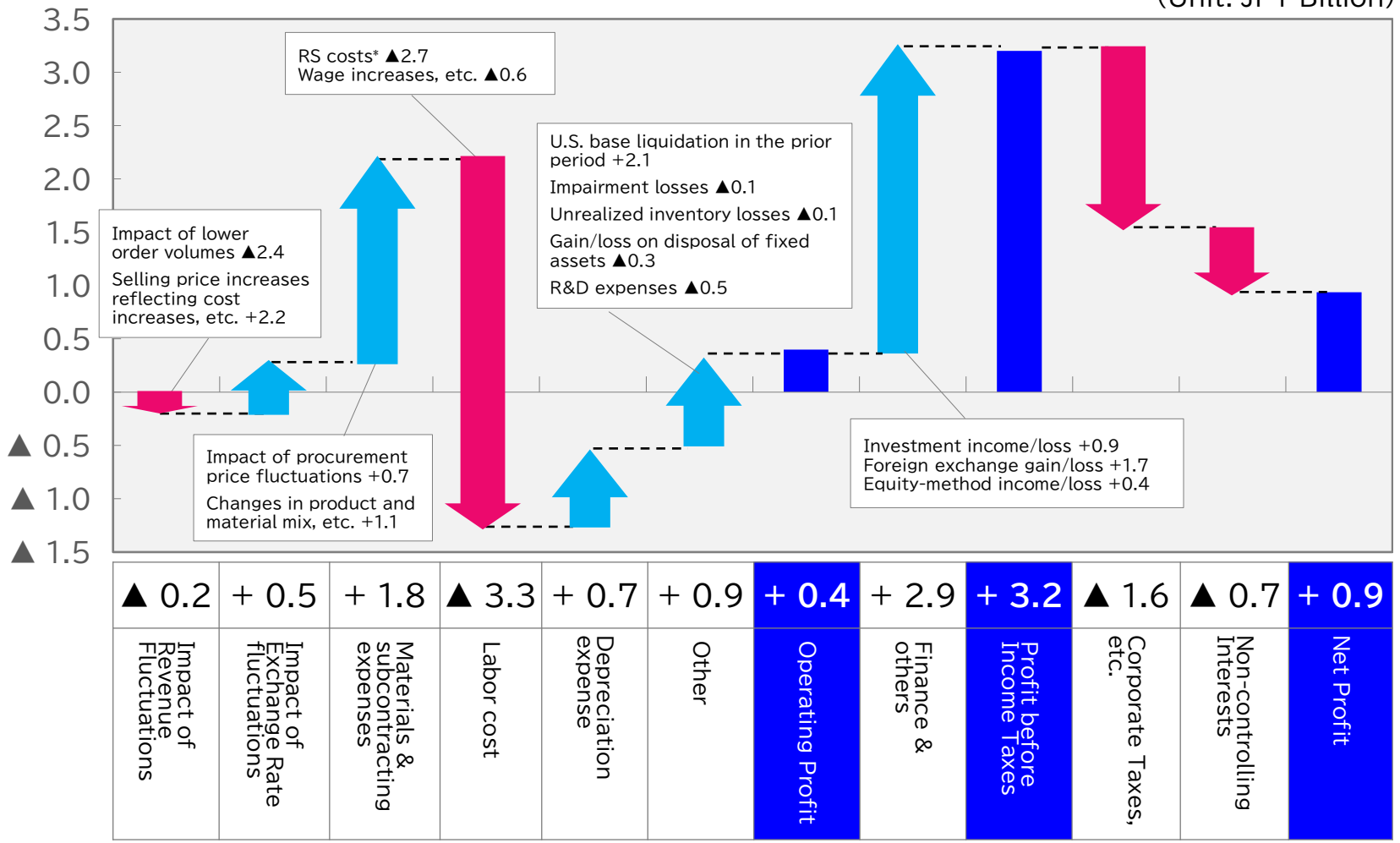
(Unit: JPY Billion)



▲ 0.2	+ 0.5	+ 1.8	▲ 3.3	+ 0.7	+ 0.9	+ 0.4	+ 2.9	+ 3.2	▲ 1.6	▲ 0.7	+ 0.9
Impact of Revenue Fluctuations	Impact of Exchange Rate fluctuations	Materials & subcontracting expenses	Labor cost	Depreciation expense	Other	Operating Profit	Finance & others	Profit before Income Taxes	Corporate Taxes, etc.	Non-controlling Interests	Net Profit

*RS cost: Labor cost related to the Restricted Stock Incentive for Employee Shareholding Association implemented in FY2024

Business/Location Segment Matrix - Revenue

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Unit: JPY Billion	Location	MT	AT	TS	2W	Other	Total
FY 2024 Results	Japan	18.5	89.3	11.9	0.1	3.9	123.6
	Americas	7.5	47.5	1.7	0.0	0.0	56.7
	China	5.0	39.7	0.3	0.0	0.0	45.0
	Asia/Oceania	36.9	16.9	0.0	17.9	0.2	72.0
	Others	5.9	6.4	0.0	0.0	0.1	12.3
	Total	73.8	199.7	13.9	18.0	4.1	309.6
FY 2025 Results	Japan	19.6	84.8	11.3	0.2	5.5	121.3
	Americas	7.6	38.1	1.3	0.0	0.0	46.9
	China	4.5	39.4	0.2	0.0	0.0	44.2
	Asia/Oceania	37.8	19.8	0.0	21.4	0.2	79.3
	Others	5.9	6.2	0.0	0.0	0.0	12.2
	Total	75.5	188.3	12.8	21.6	5.8	303.9
Difference	Japan	+ 1.2	▲ 4.5	▲ 0.6	+ 0.1	+ 1.6	▲ 2.2
	Americas	+ 0.0	▲ 9.4	▲ 0.4	0	▲ 0.0	▲ 9.8
	China	▲ 0.5	▲ 0.3	▲ 0.0	+ 0.0	+ 0.0	▲ 0.8
	Asia/Oceania	+ 0.9	+ 2.9	+ 0.0	+ 3.5	+ 0.0	+ 7.3
	Others	+ 0.0	▲ 0.1	0	0	▲ 0.0	▲ 0.1
	Total	+ 1.7	▲ 11.4	▲ 1.1	+ 3.6	+ 1.6	▲ 5.6
For reference Differences excluding exchange rate translation effects*	Japan	+ 1.2	▲ 4.5	▲ 0.6	+ 0.1	+ 1.6	▲ 2.2
	Americas	+ 0.1	▲ 9.0	▲ 0.4	0	▲ 0.0	▲ 9.4
	China	▲ 0.5	▲ 0.6	▲ 0.0	+ 0.0	+ 0.0	▲ 1.1
	Asia/Oceania	+ 1.0	+ 1.8	+ 0.0	+ 4.2	+ 0.0	+ 7.0
	Others	▲ 0.2	▲ 0.5	0	0	▲ 0.0	▲ 0.7
	Total	+ 1.6	▲ 12.8	▲ 1.1	+ 4.3	+ 1.6	▲ 6.4

*Impact of exchange rate differences from the translation of overseas subsidiaries' foreign currency financial statements into yen.

Business/Location Segment Matrix - Operating Profit

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Unit: JPY Billion	Location	MT	AT	TS	2W	Other	Company-wide expenses	Total*1
FY 2024 Results	Japan	5.64	8.10	0.06	1.59	▲ 0.19	▲ 1.34	**10.43**
	Americas	0.60	▲ 2.07	0.06	0.05	0.00	0.01	**▲ 1.45**
	China	▲ 0.13	4.42	0.03	0.03	0.00	0.00	**4.61**
	Asia/Oceania	4.54	1.50	1.39	0.00	1.41	▲ 0.02	**7.44**
	Others	0.30	0.25	0.13	0.00	0.00	0.13	**0.78**
	Consolidation adjustment	▲ 0.18	0.24	▲ 0.00	0.00	▲ 0.00	0.00	**0.04**
	Total	10.77	12.44	1.67	1.67	1.21	▲ 1.21	21.85
FY 2025 Results	Japan	5.84	7.59	▲ 3.25	1.45	▲ 0.04	▲ 4.66	**6.24**
	Americas	0.46	0.13	0.04	0.02	0.00	0.02	**0.53**
	China	0.07	5.20	0.06	0.06	▲ 0.00	0.01	**5.65**
	Asia/Oceania	4.72	2.72	1.72	0.00	1.84	▲ 0.12	**9.26**
	Others	0.38	0.07	0.09	0.00	0.00	0.09	**0.66**
	Consolidation adjustment	0.05	▲ 0.03	0.03	▲ 0.00	0.03	▲ 0.01	**▲ 0.11**
	Total	11.52	15.68	▲ 1.31	1.53	1.84	▲ 4.68	22.23
Difference	Japan	+ 0.21	▲ 0.51	▲ 3.31	▲ 0.14	+ 0.16	▲ 3.32	**▲ 4.19**
	Americas	▲ 0.14	+ 2.20	▲ 0.02	▲ 0.03	0.0	+ 0.01	**+ 1.98**
	China	+ 0.20	+ 0.78	+ 0.03	+ 0.02	▲ 0.00	+ 0.01	**+ 1.04**
	Asia/Oceania	+ 0.18	+ 1.22	+ 0.33	▲ 0.00	+ 0.43	▲ 0.10	**+ 1.82**
	Others	+ 0.09	▲ 0.18	▲ 0.04	0.0	0.0	▲ 0.04	**▲ 0.12**
	Consolidation adjustment	+ 0.23	▲ 0.26	+ 0.03	▲ 0.00	+ 0.04	▲ 0.01	**▲ 0.15**
	Total	+ 0.76	+ 3.25	▲ 2.99	▲ 0.15	+ 0.62	▲ 3.47	+ 0.38
For reference Differences excluding exchange rate translation effects*2	Japan	+ 0.21	▲ 0.51	▲ 3.31	▲ 0.14	+ 0.16	▲ 3.32	**▲ 4.19**
	Americas	▲ 0.14	+ 2.20	▲ 0.02	▲ 0.03	0.0	+ 0.01	**+ 1.99**
	China	+ 0.20	+ 0.73	+ 0.03	+ 0.02	▲ 0.00	+ 0.01	**+ 0.99**
	Asia/Oceania	+ 0.08	+ 1.08	+ 0.37	▲ 0.00	+ 0.48	▲ 0.10	**+ 1.62**
	Others	+ 0.07	▲ 0.18	▲ 0.05	0.0	0.0	▲ 0.05	**▲ 0.15**
	Consolidation adjustment	+ 0.23	▲ 0.26	+ 0.03	▲ 0.00	+ 0.04	▲ 0.01	**▲ 0.15**
	Total	+ 0.64	+ 3.06	▲ 2.94	▲ 0.15	+ 0.67	▲ 3.47	+ 0.11

*1:The total figures include other revenue and expenses.
*2: Impact of exchange rate differences from the translation of overseas subsidiaries' foreign currency financial statements into yen.

Impact of U.S. Tariff Policies on Financial Performance

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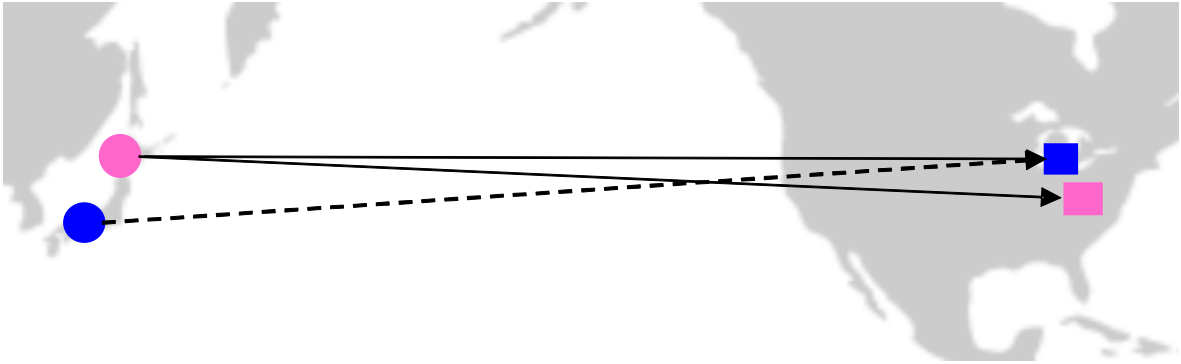
Impact on Intercompany Import Transactions at Our U.S. Operations

(Unit: thousand USD)

Our U.S. group companies	Additional tariff payments	Amount passed on to customers	Net burden on the Group
EXEDY Globalparts Corporation	2,787	727	2,060
DYNAX America Corporation	3,317	1,531	1,786
Total	6,104	2,258	3,846



- ✓ The additional tariff burden borne by the Group amounts to approximately JPY 0.6 billion, assuming an exchange rate of JPY 151.0 per USD.
- ✓ As refund applications to the U.S. authorities are currently in process, this matter has not been reflected in the earnings forecast for FY2026.

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Impact of the Middle East Situation on Performance

Impact in the Event of a One-Month Suspension of Marine Transportation to the Middle East

(Unit: JPY billion)

		Impact on Revenue
EXEDY	Direct impact*	▲ 0.572
	Indirect impact	▲ 0.070
Overseas subsidiaries	Direct impact*	▲ 0.005
Total		▲ 0.647



- ✓ In the event of a one-month suspension of marine transportation to the Middle East, the impact on consolidated revenue for the Group is estimated at ▲JPY 0.7 billion.
- ✓ As the impact of potential order volume declines arising from this situation cannot be appropriately estimated at this time, it has not been reflected in the forecast for FY2026.

*Direct impact: Based on sales to external customers

2. Forecast for FY2026
Consolidated Financial Summary

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- ✓ **Sales :** Despite a decline in order volumes for AT products, net sales are expected to increase by 0.4% compared with FY2025, supported by the ramp-up of new businesses and price pass-through to customers.
- ✓ **Operating Profit :** Despite lower orders for AT products, operating profit is expected to increase by 10.2% compared with FY2025, driven by price pass-through to customers and the monetization of non-operating assets in Thailand.
- ✓ **Net Profit :** Net profit is expected to increase by 2.3% in line with higher operating profit. Net sales, operating profit, and net profit have all been revised upward. ROE is expected to improve to 7.5% (+0.2pt compared with FY2025).

Unit: JPY Billion	FY 2025 Results (Second Year of the Mid-term Plan)	FY 2026 Forecast (Final Year of the Mid-term Plan)	Increase /Decrease	Rate of change	Reference: Announced on October 29, 2025 Target for FY 2026
Revenue	**303.9**	**305.0**	+ 1.1	+ 0.4%	**285.0**
Operating Profit	**22.2**	**24.5**	+ 2.3	+ 10.2%	**22.0**
Ratio to Revenue	7.3%	8.0%	+ 0.7pt	–	7.7%
Net Profit	**13.7**	**14.0**	+ 0.3	+ 2.3%	**13.8**
Ratio to Revenue	4.5%	4.6%	+ 0.1pt	–	4.8%
ROE	**7.3%**	**7.5%**	+ 0.2pt	–	**7.5%**
FX Rate (USD-JPY) (average)	151.0	155.0	+ 4.0	+ 2.7%	–

Profit Increase / Decrease Factors
FY2026 Forecast vs. FY2025 Results

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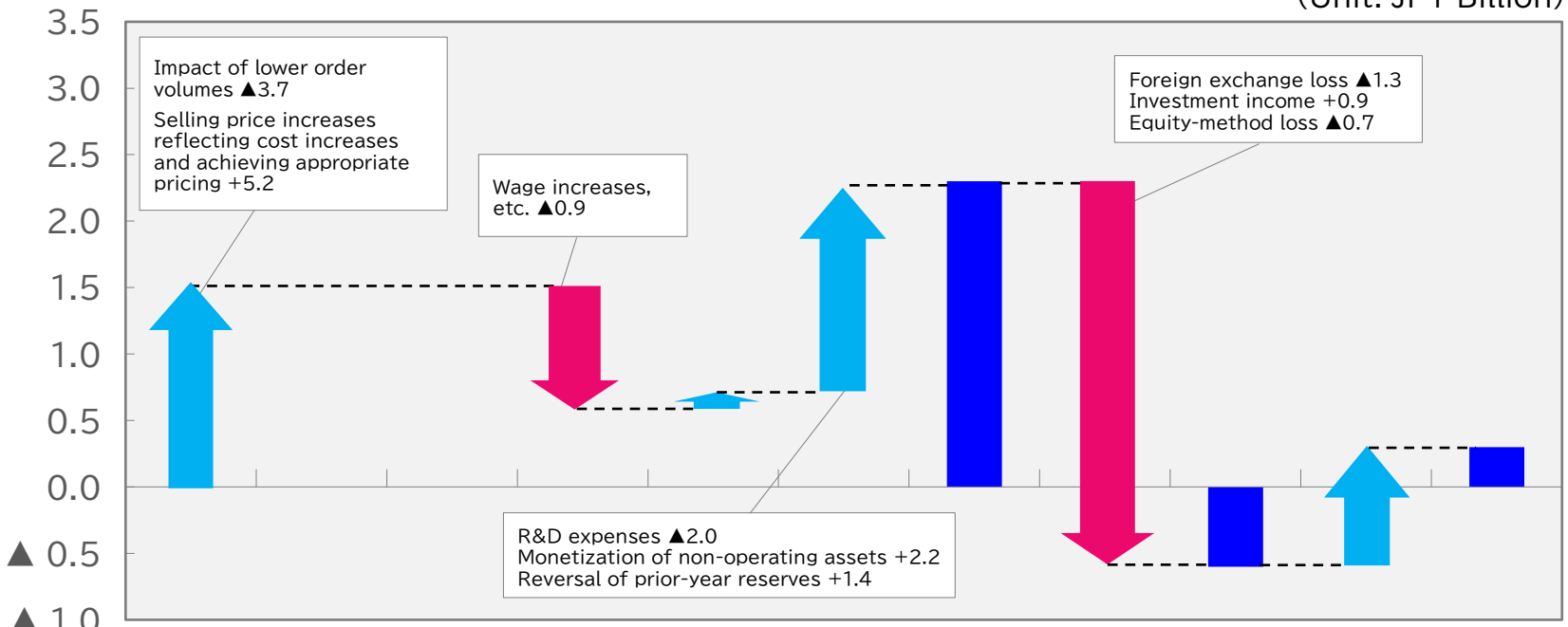
(Unit: JPY Billion)



+ 1.5	0.0	0.0	▲ 0.9	+ 0.2	+ 1.5	+ 2.3	▲ 2.9	▲ 0.6	+ 0.9	+ 0.3
Impact of Revenue Fluctuations	Impact of Exchange Rate fluctuations	Materials & subcontracting expenses	Labor cost	Depreciation expense	Other	Operating Profit	Finance & others	Profit before Income Taxes	Non-controlling Interests, Corporate Taxes, etc.	Net Profit

2. Forecast for FY2026
Business/Location Segment Matrix - Revenue

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Unit: JPY Billion	Location	MT	AT	TS	2W	Other	Total
FY 2025 Results	Japan	19.6	84.8	11.3	0.2	5.5	121.3
	Americas	7.6	38.1	1.3	0.0	0.0	46.9
	China	4.5	39.4	0.2	0.0	0.0	44.2
	Asia/Oceania	37.8	19.8	0.0	21.4	0.2	79.3
	Others	5.9	6.2	0.0	0.0	0.0	12.2
	Total	75.5	188.3	12.8	21.6	5.8	303.9
FY 2026 Forecast	Japan	20.3	85.4	11.3	0.1	10.2	127.3
	Americas	7.8	39.3	0.9	0.0	0.8	48.9
	China	4.7	28.1	0.2	0.0	0.0	33.2
	Asia/Oceania	39.0	18.4	0.0	22.6	1.6	81.6
	Others	6.2	6.3	0.0	0.0	1.5	14.0
	Total	78.1	177.6	12.5	22.7	14.1	305.0
Difference	Japan	+ 0.7	+ 0.6	+ 0.0	▲ 0.1	+ 4.7	+ 6.0
	Americas	+ 0.2	+ 1.3	▲ 0.4	0.0	+ 0.8	+ 2.0
	China	+ 0.2	▲ 11.3	+ 0.0	+ 0.0	+ 0.0	▲ 11.1
	Asia/Oceania	+ 1.2	▲ 1.4	+ 0.0	+ 1.2	+ 1.4	+ 2.3
	Others	+ 0.3	+ 0.0	0.0	0.0	+ 1.5	+ 1.8
	Total	+ 2.6	▲ 10.8	▲ 0.3	+ 1.1	+ 8.4	+ 1.0
For reference Differences excluding exchange rate translation effects*	Japan	+ 0.7	+ 0.6	+ 0.0	▲ 0.1	+ 4.7	+ 6.0
	Americas	+ 0.1	+ 0.3	▲ 0.4	0.0	+ 0.8	+ 0.7
	China	+ 0.2	▲ 11.3	+ 0.0	+ 0.0	+ 0.0	▲ 11.1
	Asia/Oceania	+ 1.2	▲ 1.4	+ 0.0	+ 1.2	+ 1.4	+ 2.3
	Others	+ 0.3	+ 0.0	0.0	0.0	+ 1.5	+ 1.8
	Total	+ 2.5	▲ 12.2	▲ 0.3	+ 1.8	+ 8.4	+ 0.2

*Impact of exchange rate differences from the translation of overseas subsidiaries' foreign currency financial statements into yen.

2. Forecast for FY2026

Business/Location Segment Matrix - Operating Profit

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Unit: JPY Billion	Location	MT	AT	TS	2W	Other	Company-wide expenses	Total*1
FY 2025 Results	Japan	5.84	7.59	1.45	▲ 0.04	▲ 4.66	▲ 3.78	6.24
	Americas	0.46	0.13	0.02	0.00	0.02	0.00	0.53
	China	0.07	5.20	0.06	▲ 0.00	0.01	0.00	5.65
	Asia/Oceania	4.72	2.72	0.00	1.84	▲ 0.12	0.00	9.26
	Others	0.38	0.07	0.00	0.00	0.09	0.00	0.66
	Consolidation adjustment	0.05	▲ 0.03	▲ 0.00	0.03	▲ 0.01	▲ 0.16	▲ 0.11
	Total	11.52	15.68	1.53	1.84	▲ 4.68	▲ 3.94	22.23
FY 2026 Forecast	Japan	6.22	8.46	1.48	▲ 0.27	▲ 2.80	▲ 5.31	7.80
	Americas	0.65	1.08	0.05	0.00	0.13	0.06	1.96
	China	0.16	2.89	0.08	0.00	0.00	0.91	4.05
	Asia/Oceania	4.88	2.28	0.00	1.85	▲ 0.17	2.15	10.99
	Others	0.32	0.07	0.00	0.00	▲ 0.76	0.11	▲ 0.27
	Consolidation adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	12.23	14.79	1.61	1.58	▲ 3.60	▲ 2.08	24.53
Difference	Japan	+ 0.38	+ 0.87	+ 0.03	▲ 0.23	+ 1.86	▲ 1.52	**+ 1.55**
	Americas	+ 0.19	+ 0.95	+ 0.03	0.0	+ 0.11	+ 0.06	**+ 1.44**
	China	+ 0.09	▲ 2.31	+ 0.03	+ 0.00	▲ 0.00	+ 0.91	**▲ 1.60**
	Asia/Oceania	+ 0.17	▲ 0.44	+ 0.00	+ 0.00	▲ 0.05	+ 2.15	**+ 1.74**
	Others	▲ 0.07	▲ 0.00	0.0	0.0	▲ 0.85	+ 0.11	**▲ 0.93**
	Consolidation adjustment	▲ 0.05	+ 0.03	+ 0.00	▲ 0.03	+ 0.01	+ 0.16	**+ 0.11**
	Total	**+ 0.71**	**▲ 0.90**	**+ 0.09**	**▲ 0.26**	**+ 1.08**	**+ 1.86**	**+ 2.30**
For reference Differences excluding exchange rate translation effects*2	Japan	+ 0.38	+ 0.87	+ 0.03	▲ 0.23	+ 1.86	▲ 1.52	**+ 1.55**
	Americas	+ 0.19	+ 0.93	+ 0.00	▲ 0.00	+ 0.11	+ 0.06	**+ 1.39**
	China	+ 0.09	▲ 2.31	+ 0.03	+ 0.00	▲ 0.00	+ 0.91	**▲ 1.60**
	Asia/Oceania	+ 0.17	▲ 0.44	+ 0.00	+ 0.00	▲ 0.05	+ 2.15	**+ 1.74**
	Others	▲ 0.07	▲ 0.00	0.0	0.0	▲ 0.85	+ 0.11	**▲ 0.93**
	Consolidation adjustment	▲ 0.05	+ 0.03	+ 0.00	▲ 0.03	+ 0.01	+ 0.16	**+ 0.11**
	Total	**+ 0.71**	**▲ 0.91**	**+ 0.07**	**▲ 0.29**	**+ 1.08**	**+ 1.86**	**+ 2.26**

*1:The total figures include other revenue and expenses.
*2: Impact of exchange rate differences from the translation of overseas subsidiaries' foreign currency financial statements into yen.

2. Forecast for FY2026
Business Segment Performance Trends

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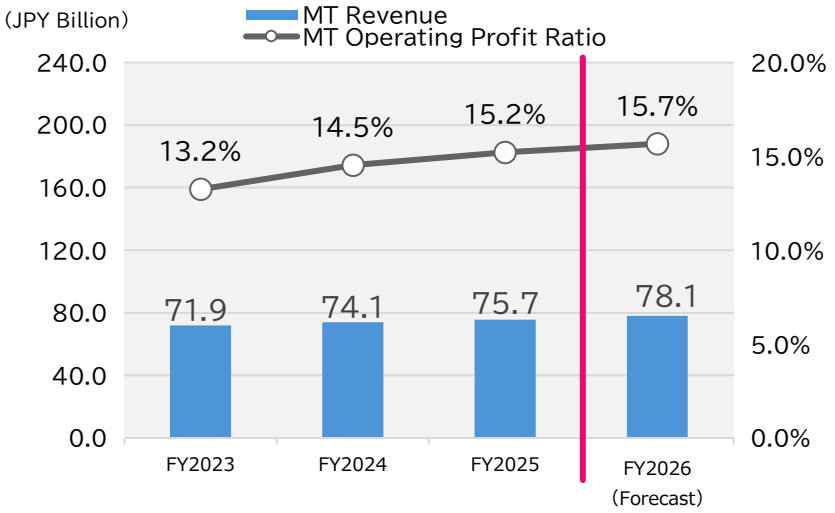
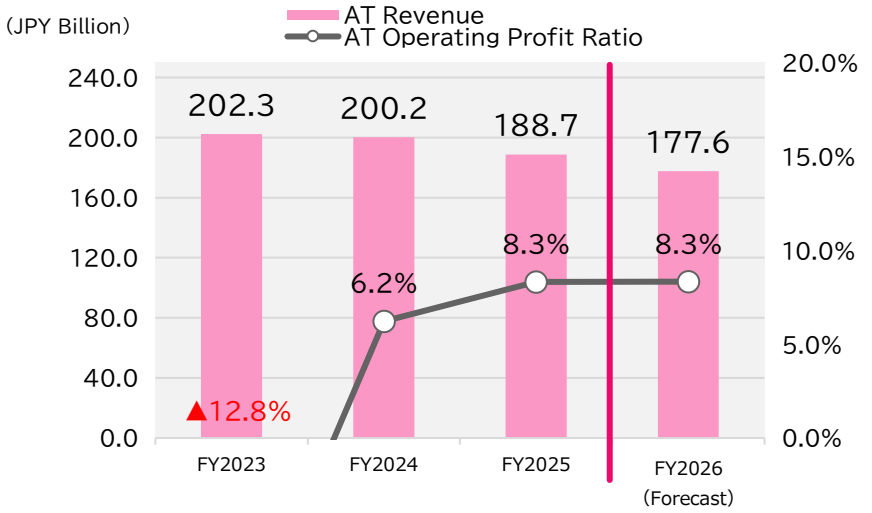
MT



AT



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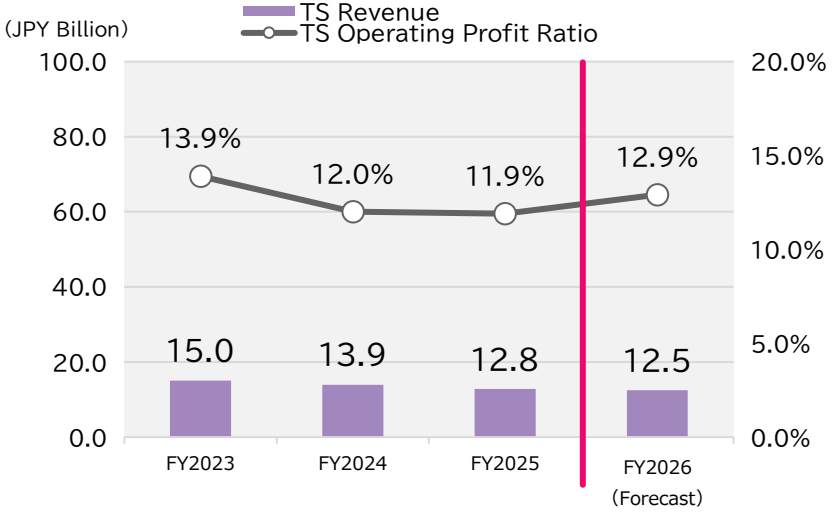

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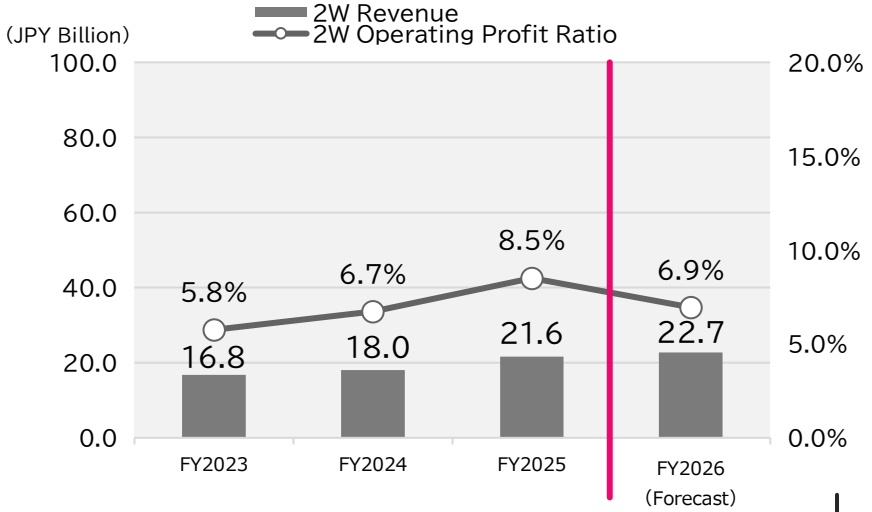

Capital Allocation

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Capital Allocation for FY2024-FY2026

Cash Flow (3-years cumulative)

IN

- update Operating CF: JPY 96 billion
- Reduction of Working Capital, etc. : JPY 7 billion
- update Sale of cross-shareholdings: JPY 1.7 billion
- Utilization of Financial Leverage: JPY 30 billion

OUT

- update Renewal Investment: JPY 22 billion
- Growth Investment: JPY 30 billion
- update Shareholder Returns
  - Dividends: JPY 30 billion
  - Acquisition of Treasury Stock: JPY 53 billion

Renewal Investment(JPY billion):
FY2024 actual: 4.1 / FY2025 actual: 7.8 / FY2026 forecast: 9.7

Growth Investment (JPY billion):
- Strategically & Flexibly Invest Funds to create new businesses
- Establish a dedicated M&A department in April 2025 to achieve the profit targets of the Mid-Term Management Plan

FY2024: 4.9
(Drone 2.5, Small electric mobility 1.4, Kawamata Seiki 0.3, etc.)
FY2025: 11.9
(In-wheel motor 6.3, VC 4.1, etc.)
FY2026 (forecast): 13.2
(In-wheel motor, drone, VC, etc.)

Shareholder Returns:
- 100% total return policy to maintain optimal capital structure

① Shareholder Dividends update
Maintain stable dividends with a minimum DOE of 5%
Increase annual dividend per share to JPY 350 in FY2026

② Acquisition of Treasury Stock
Implement share buybacks flexibly to improve corporate value and capital efficiency
FY2024: JPY 45.0 billion
FY2026: JPY 8.0 billion update

- ✓ Cash-IN is expected to increase by JPY 9.0 billion due to an upswing in operating cash flow and the sale of all strategic shareholdings (completed in FY2025).
- ✓ Capital will be prioritized for growth investments; however, taking into account the deal pipeline and available investment capacity, shareholder returns will be enhanced through increased dividends and share buybacks.

Shareholder Returns

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Shareholder returns aimed at enhancing corporate value & capital efficiency

					REVOLUTION 2026 (3 years)		
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Per Share Dividend	JPY 60 Mid-year: JPY 30 Year-end: JPY 30	JPY 90 Mid-year: JPY 40 Year-end: JPY 50	JPY 90 Mid-year: JPY 45 Year-end: JPY 45	JPY 120 Mid-year: JPY 60 Year-end: JPY 60	JPY 250 Mid-year: JPY 100 Year-end: JPY 150	JPY 300 Mid-year: JPY 150 Year-end: JPY 150	update Annual JPY 350 Or more
Total Return Ratio	56%	34%	92%	▲56%	425%	100% total return ratio in 2 years	
DOE*	1.4%	1.9%	1.9%	2.6%	5.2%	5.9%	DOE 5% as a lower limit
Treasury Stock Acquisition	-	-	-	-	JPY 45.0 billion	-	update JPY 8.0 billion

【FY2025 & FY2026】
To maintain an optimal capital structure (target equity ratio of 60%), we will adopt a 100% total return policy on a cumulative basis over two years.
- ✓ In FY2026, to improve capital efficiency, we have decided to increase dividends (from JPY 300 to JPY 350 per share) and conduct share buybacks (open-market purchases totaling JPY 8.0 billion).

【After the conclusion of the current Mid-Term Management Plan】
As with the current Mid-Term Management Plan, any excess capital above an appropriate equity level will be returned to shareholders, primarily through dividends.
- ✓ We will continue to provide stable dividends with a minimum DOE of 5%, while also implementing share buybacks flexibly.

* DOE calculated as DPS ÷ Average BPS at beginning and end of the period × 100

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Contents

1. Results for FY2025
2. Forecast for FY2026
3. Progress of the Mid- to Long-Term Strategy
   1) Overview
   2) Business Strategy
   3) ESG Strategy
   4) IR&SR Strategy

3. Progress of the Mid- to Long-Term Strategy
Overview / Positioning of the Current Medium-Term Management Plan in the Mid- to Long-Term Strategy

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Performance

(JPY billion)

	FY2023	Medium-Term Management Plan "REVOLUTION2026"						
		FY2024		FY2025		FY2026	FY2027	FY2030
	Results	Target*1	Results	Target*2	Results	Target*3	Target*4	Target*4
Revenue	308.3	300.0	**309.6**	285.0	**303.9**	305.0	282.0	330.0
Operating Profit	▲ 15.4	16.0	**21.8**	19.0	**22.2**	24.5	23.5	30.0
Net Profit	▲ 10.0	10.0	**12.7**	12.0	**13.7**	14.0	14.8	18.6
ROE	**▲4.5%**	4.5%	**6.4%**	6.6%	**7.3%**	**7.5%**	**8.0%**	**10.0%**
Equity*5	218.5	-	**180.5**	-	**192.7**	←Decrease of JPY 25.8 billion vs. FY2023 (Improved to 7.7%)		
Equity Ratio*5	67.9%	-	**59.4%**	-	**60.2%**			

*1 Disclosed on April 26, 2024, *2 Disclosed on April 25, 2025, *3 Disclosed on April 27, 2026, *4 Disclosed on October 29, 2025,
*5 Figures as of period-end

Key Initiatives

				FY2023	FY2024	FY2025	FY2026
Business Strategy	Core Biz	OEM	Production Restructuring (AT)	Impairment Loss of JPY 31.9 billion	Liquidation of U.S. subsidiary / Workforce reduction at two sites in China	Under Continuous Review	
			Price Increases		Passing on Cost Increases to Selling Prices		Achieving appropriate pricing
		After market	Product Line Expansion		See details on p. 23		
	New Biz	Develop-ment	Electrification Products	See details on p. 26			
		Creation	Leveraging M&A		Secured Growth Investment Capacity of JPY 30 billion	Dedicated M&A Department	Active Promotion
Financial Strategy	Balance Sheet Policy				Establishment of an Optimal Capital Structure (Equity ratio: 60%, Equity: JPY 180 billion)		
	Share-holder Returns	Total return ratio of 100% / DOE of 5%	Dividends		JPY 120→250	JPY 250→300	JPY 300→350
			Share Repurchases		JPY 45 billion	–	JPY 8 billion

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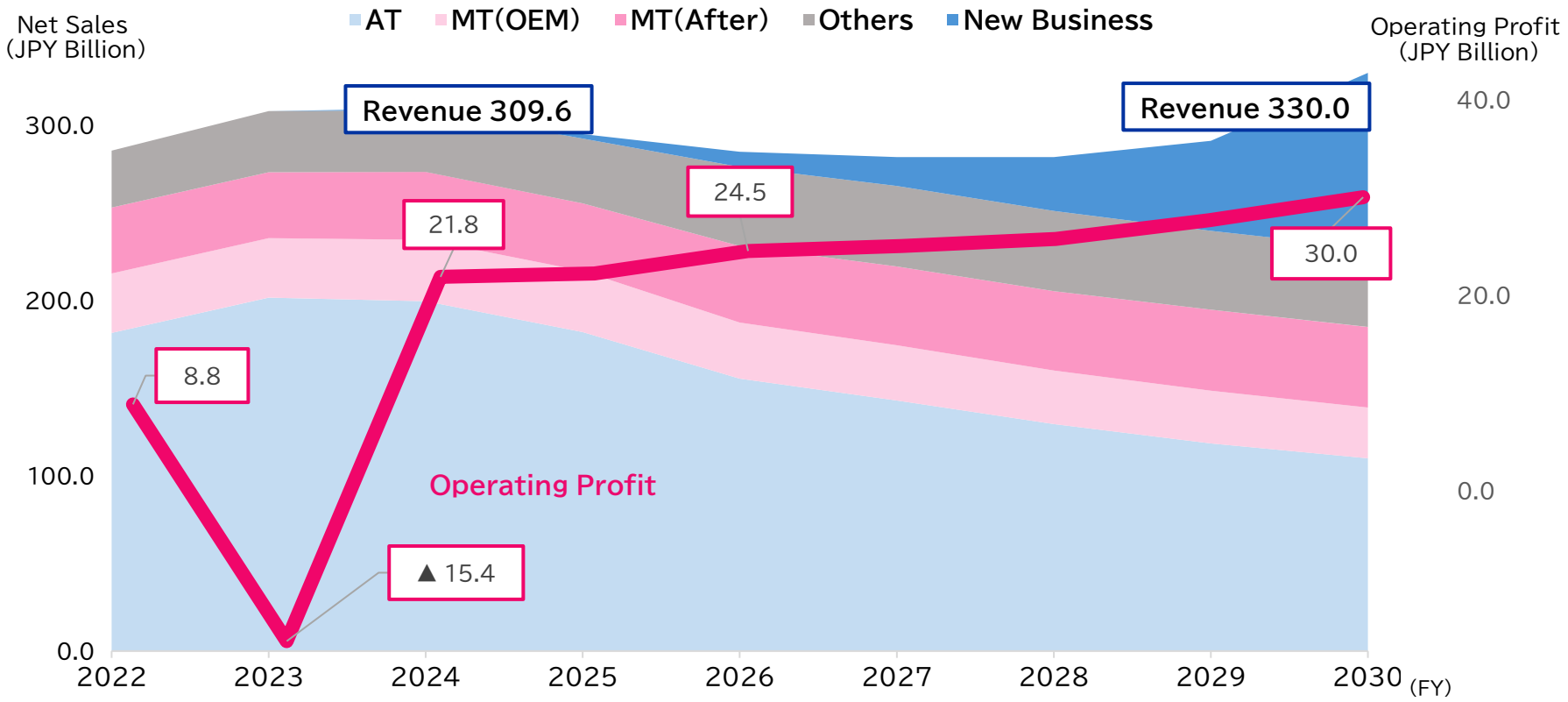
- ✓ In the automotive industry, which is undergoing a major transformation, the reduction of internal combustion engine vehicles inevitably leads to a contraction of the OEM (AT) business.
- ✓ Aim to shift from an AT business bias to a balanced business portfolio of three businesses (AT, MT, and new businesses) by promoting Mid- to Long-term Strategy

Transform the Business Portfolio by 2030 to improve "Earning Power".



*Illustrative only

3. Progress of the Mid- to Long-Term Strategy
Business Strategy / Core Businesses: Medium-Term Management Plan “REVOLUTION 2026”

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- ✓ OEM business (AT & MT) is improving profitability through price pass-through reflecting cost increases, as well as the implementation of appropriate pricing.
- ✓ The aftermarket business is expanding profit by broadening its product lineup, leveraging its proprietary global sales network.

		Revenue(JPY Billion) / Sales composition ratio			Operating Profit(JPY Billion) / Ratio to Revenue		
		FY 2024 Results	FY 2025 Results	FY2026 Target	FY 2024 Results	FY 2025 Results	FY2026 Target
Core Businesses	AT (OEM& After)	199.7	188.3	177.6	12.4	15.7	14.8
		65%	62%	60%	6%	8%	8%
	MT (OEM)	33.8	33.8	35.6	1.7	1.1	1.8
		11%	11%	12%	5%	3%	5%
	MT (After)	40.0	41.7	42.4	9.1	10.4	10.4
		13%	14%	14%	23%	25%	24%
	Others (TS, 2W, etc.)	35.2	37.9	40.1	3.3	3.5	3.5
		11%	13%	14%	9%	9%	9%
		308.7	301.7	295.7	26.5	30.7	30.5
		100%	100%	100%	9%	10%	10%

*The OEM / aftermarket breakdown figures for the MT segment in FY2024 are reference values, compiled prior to system implementation.

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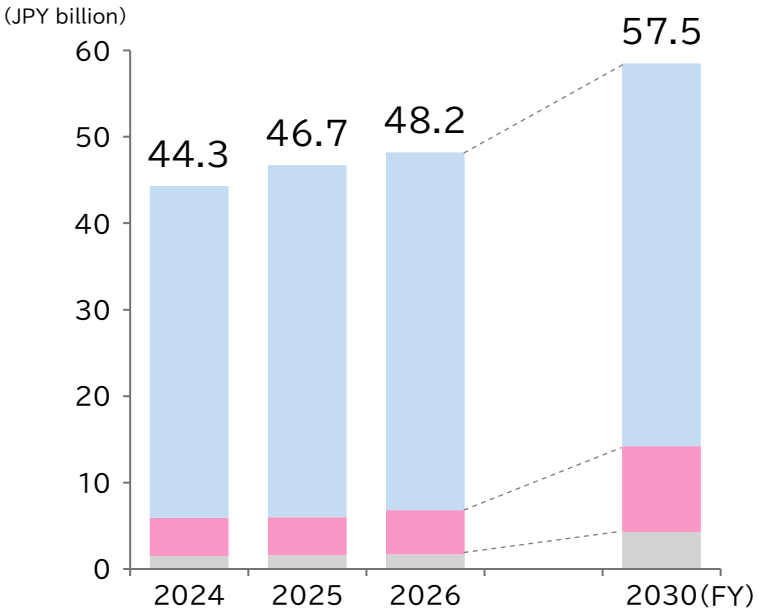
FY2030 Targets & Strategy

Aftermarket Product Sales
JPY 57.5 billion

- Expansion of MT repair parts lineup & price competitiveness by cost reduction
- Expansion of AT repair parts business (deployment of Oceania model within the group)
- Strengthening of business in Other repair parts such as brakes & suspensions

Sales Plan by Segment* and Initiatives during the Medium-Term Management Plan



	Key Initiatives	FY2025 Results
MT	Expanding the line-up of clutch-related products for Korean, Chinese and European large vehicles	Started handling 54 non-Japanese vehicle models at three locations
AT	I. Expanding the line-up of friction material related products II. Expansion of sales bases for transmission-related products (Alltranz Business Expansion)	I. Developed 12 models and commenced sales II. Malaysia site commenced handling
Others	I. Launch of suspension- and brake-related products II. Expansion of sales bases for two-wheeler products	I. Established a JV with a suspension manufacturer (>P24) II. Two ASEAN sites started consideration

✓ To leverage the global sales network developed aftermarket of MT, we will promote the expansion of the lineup of existing products & the introduction of new products.

*Figures are on a consolidated basis.

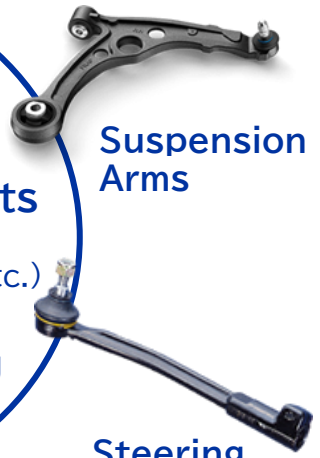
Joint Venture with FRAP S.p.A. (Italy) to Expand Product Lineup (March 2026)

EXEDY

- Global sales network
(Covering 200 countries through 48 locations)
- Brand strength
(OEM-quality products, quick delivery capability, human resources)

SINCE 1932 FRAP Fierce Reliable Automotive Parts

- High-quality products made in Italy
(Suspension components, etc.)
- Proven track record of supplying European OEMs



Suspension Arms

Steering ball joints

EXEDY FRAP

Global sales leveraging EXEDY's sales network
FY2030 sales target
EXEDY Group basis: JPY 2.9 billion
Standalone basis: JPY 1.7 billion

SINCE 1932 FRAP Fierce Reliable Automotive Parts

https://www.frap.it/en/

FRAP S.p.A.
Headquarters: Turin, Italy **Established:** 1932
Business: Manufacturing of suspension and steering components
Customers: European OEMs and Tier 1 suppliers

事業戦略/新事業：全体像

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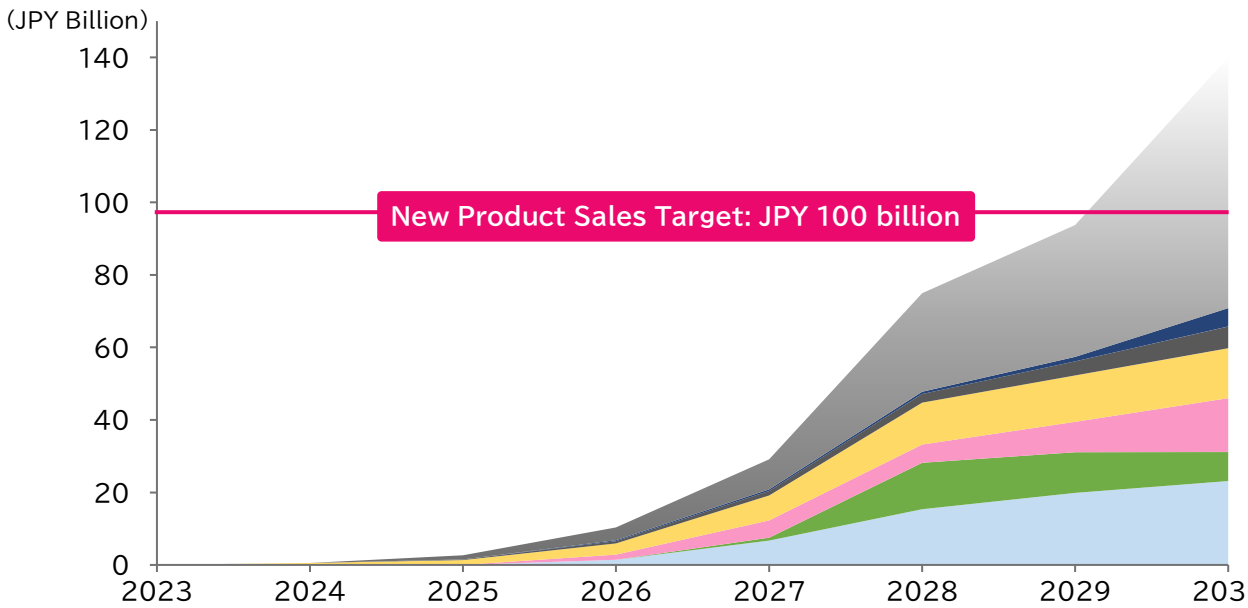
創造しよう、みんなの喜び、私たちの未来

New Business Target & Measures for FY 2030

New product sales
JPY 100 billion

- Accelerate Electrification Strategies by acquiring insufficient resources from outside through collaboration etc. (EXEDY's strengths x External knowledge)
- Prioritize allocation of management resources to Projects for early realization
- Creating more further New Businesses

Revenue Plan for New Businesses Under Development



FY2030 outlook:
Over JPY 140.0 billion

Others: Over JPY 70.0 billion

- **Electrification products:** Industrial motors (Kawamata Seiki, Saitetta, etc.)
- **Materials technology products:** Industrial friction materials and new material products
- **M&A:** AI-enabled products, remanufactured products, environmental-related businesses

- General-Purpose Electric Drive Unit
- Smart Robot
- Drone
- In-Wheel Motor
- Commercial e-Mobility
- Small e-Mobility

JPY 70.8 billion
(See details on p. 26)

✓ The FY2030 outlook for the following six projects is JPY 70.8 billion. Including other projects (totaling over JPY 70.0 billion), initiatives are underway to accelerate early commercialization.
① Small electric mobility ② Commercial e-Mobility ③ In-wheel motor ④ Drone
⑤ Smart robot ⑥ General-purpose electric drive units

Business Strategy / New Businesses: Key Electrification Businesses

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		Mobility Area			Drone	Plant Solutions Area	
		Small e-Mobility	Commercial e-Mobility	In-Wheel Motor (NEW)		Smart Robot	General-Purpose Electric Drive Unit
Products							
Sales Plan	FY2025	JPY 0.004 billion	–	–	JPY 1.25 billion	JPY 0.07 billion	JPY 0.03 billion
	FY2026	JPY 1.42 billion	–	JPY 1.38 billion	JPY 2.32 billion	JPY 0.52 billion	JPY 0.27 billion
	FY2030	JPY 23.1 billion	JPY 8.0 billion	JPY 14.9 billion	JPY 13.8 billion	JPY 6.0 billion	JPY 5.1 billion
Target Markets		India: 2-wheel & 3-wheel market	Japan: Logistics and distribution industry, truck business market Truck business	Europe / ASEAN / Japan: Premium BEV market	North America: Agricultural drone market Japan: Survey and service drone market	Japan / North America: Logistics, Indoor Delivery, and Customer Service Markets	Japan / Overseas: Factory and warehouse transportation
Strengths		✓ Strong driving force at start-up ✓ Smooth shifting performance	✓ Reduced CO_2 emissions ✓ Extended driving range ✓ Utilization of existing vehicles	✓ Energy Efficiency ✓ Vehicle dynamics performance ✓ Cabin Space & Packaging	✓ Assured automotive-grade quality ✓ Made in Japan (Geopolitical risk mitigation)	✓ AI-enabled ✓ Easy installation and operation	✓ Safe and easy operation
Topics		✓ Mass production of electric three-wheel drive units began in September 2025	✓ Target Customers & FY2030 Plan Revised (>p. 27)	✓ Acquired Protean as a subsidiary in March 2026 (>p. 28)	✓ Mass production for North American models shifted to September 2026 (>p. 29)	✓ Major Customers • Logistics subsidiaries • Major retailers • Ritsumeikan Univ. ✓ Appointed as "PR Ambassador for the Osaka Prefectural Police	✓ Major Customers • Okudaya Giken Co., Ltd.

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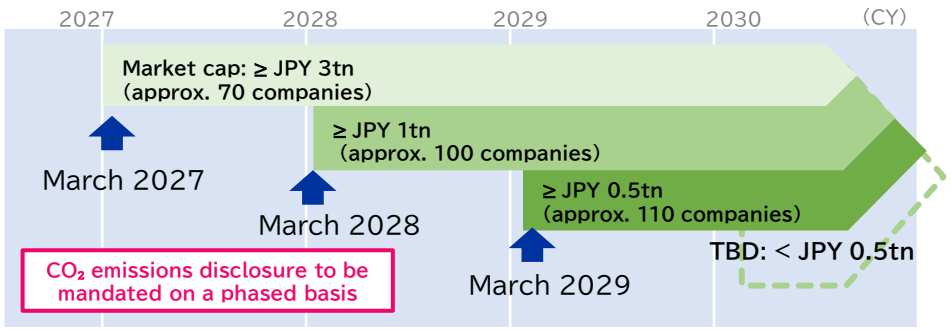
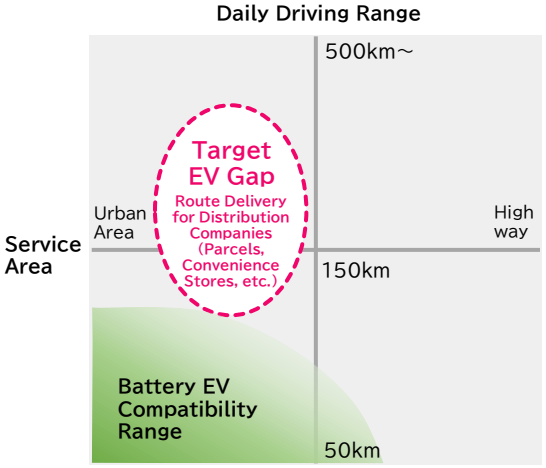
In response to the SSBJ Standards*1, we have shifted our target to logistics and distribution operators with strong CO_2-reduction needs.

Sales Plan	FY2030 JPY 8.0 billion	Planned start of mass production: FY2028
Products	Commercial Series Hybrid Electric System (SHEV*3)	
Target Customers	Logistics and distribution operators (e.g., trucking companies, delivery service providers)	
Customer Needs	Mandatory application of the SSBJ Standards has made CO_2 emissions reduction an urgent management issue.	

Scope of Application of the SSBJ Standards (Timing and Applicable Companies*2)



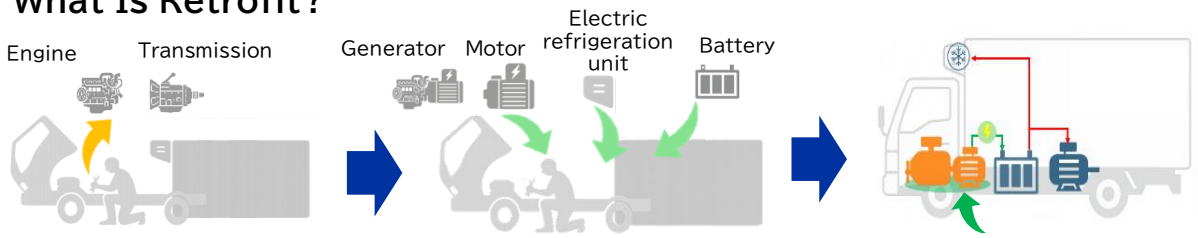
Market Opportunity



Market opportunities lie in areas not fully covered by BEVs.

Product Advantages

- Rapid Market Delivery of "Self-Generating EVs" through SHEV Retrofit
  - ✓ Diesel-powered driving with on-board power generation to secure long driving range
  - ✓ Electrification reduces fuel consumption and CO_2 emissions
  - ✓ Leveraging existing vehicles to minimize initial investment
- What Is Retrofit?



Removal of engine and related components

Installation of motors and related systems (retrofit)

Conversion to an EV capable of on-board power generation using diesel fuel

*1 SSBJ Standards: Sustainability disclosure standards developed by the FSA.
*2: Based on FSA Working Group materials (9th meeting, Oct. 30, 2025); differences calculated by the Company.
*3 SHEV (Series Hybrid Electric Vehicle): A system in which the engine is used exclusively for power generation, and the electricity generated by the engine is used to drive the vehicle.

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In March 2026, we acquired Protean Electric Ltd. (UK), an in-wheel motor developer, manufacturer, and distributor.

Sales Plan	FY2026 JPY 1.38 billion / FY2030 JPY 14.9 billion
Products	In-Wheel Motor
Target Customers	[Europe / ASEAN / Japan] OEMs
Strategy	Integrating Protean's electrical and control-development expertise with our drivetrain technologies, quality, customer base, and global footprint

About Protean Electric Ltd.

Established: November 2008
Employees (consolidated): 98 UK / Head Office: 57
China / Tianjin Plant: 32 Shanghai Office: 9

- A leading company in in-wheel motor technology
- Develops inverter-integrated drive units
- Holds more than 300 patents worldwide (group basis)
- Proven adoption in high-performance EVs, EV conversions, and concept vehicles, with mass-production experience

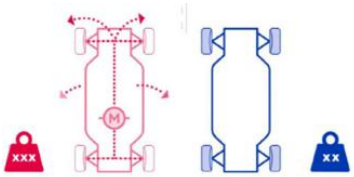


Adopted by a European OEM

First mass-produced vehicle equipped with Protean's in-wheel motors by a major European passenger car manufacturer
Adopted for
Renault 5 Turbo 3E

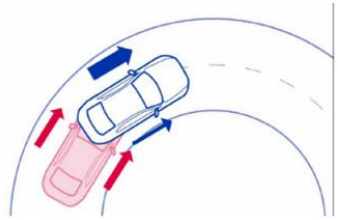
Product Advantages

(1) Energy Efficiency



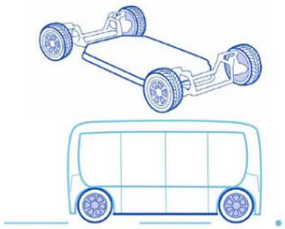
Direct-drive architecture without gears or shafts reduces power-transmission loss and improves efficiency

(2) Vehicle Dynamics



Independent control of all four wheels delivers high driving stability, controllability, and safety

(3) Cabin Space & Packaging



Drive units integrated within the wheels expand cabin space and enhance vehicle-design flexibility

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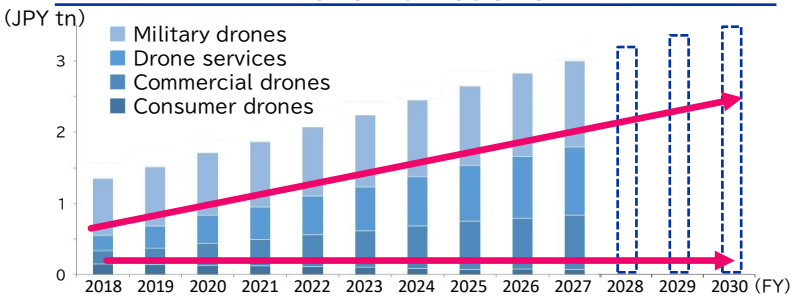
By combining our investees' expertise with our technology, manufacturing, and global sales network, we will internalize the entire value chain.

Sales Plan	FY2026 JPY 2.32 billion / FY2030 JPY 13.8 billion
Target Market	Industrial Equipment Manufacturing and Services (Agriculture, Firefighting, Logistics, Surveying, etc.)
Regions	Japan, North America, ASEAN, Europe
Growth Potential	Growing demand worldwide Increasing needs for Made-in-Japan drones driven by geopolitical risk considerations

Drone market size*



Drone Value Chain

	Marketing & Planning	Design & Prototyping	Component Production	Assembly & Manu-facturing	Sales	After Service	Related Services
North America / Agri-cultural Use	EXEDY Globalparts Corporation	baibars	EXEDY Globalparts Corporation				
South America / Agri-cultural Use	baibars				EXEDY Latin America, S.A.		
Africa / Agri-cultural Use	baibars				EXEDY Clutch Europe Ltd.		
Turkey / Agri-cultural Use	baibars						
Japan / Agri-cultural Use					WorldLink &Company		
Japan / Fire-fighting Use	EXEDY 株式会社エクセディ + AileLinX				WorldLink &Company		
Japan / Logistics Use	EAMS						
Japan / Surveying Use							FUWA DRONE

North American Market

- Development of agricultural drones based on Baibars products
- Mass production start planned for September 2026 (for U.S. market)
  FY2030 sales target: JPY 8.9 billion



Domestic Market (Japan)

- April 2025: Acquired Fuwa Drones as a subsidiary, expanding surveying service operations
- December 2025: Acquired AileLinX's airframe control technologies and human resources, strengthening Japan-made drone development


Logistics-oriented drones


Firefighting drones

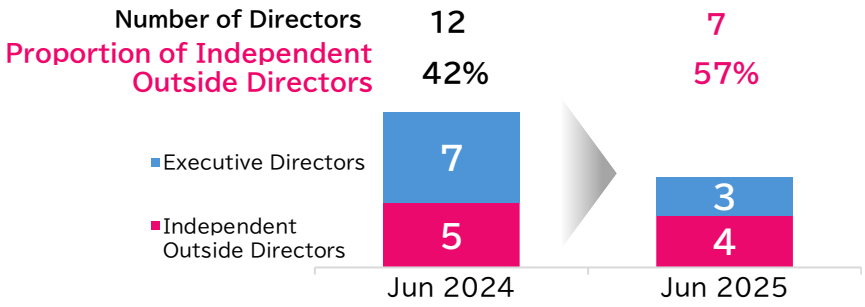

Surveying services

*Our Company's Estimation

Initiatives to Enhance Transparency and Independence of Management

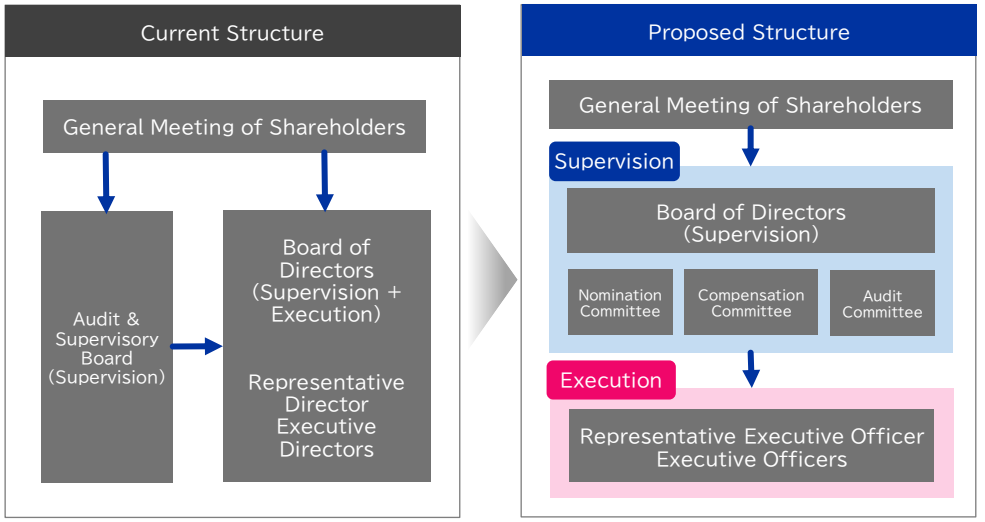
FY2025
Shifted to a majority-independent Board (57%)

- ✓ Independent and objective supervision to enhance the effectiveness of oversight
- ✓ A board structure including two female directors (approx. 30% of the seven-member board)



FY2026
Transition to a Company with a Nomination Committees, etc.*

- ✓ Clear separation of execution and supervision, with the Board focusing on oversight
- ✓ Enhanced transparency of Nomination, Compensation, and Audit Committees (each chaired by an Independent Director)
- ✓ Faster and more agile decision-making through delegation of authority



➢ To enhance the effectiveness of corporate governance, break away from passive business-operation structures, and achieve a management system capable of faster decision-making by defining our own business themes and future vision.

* Subject to approval at the Annual General Meeting scheduled for June 2026

SR & IR Strategy: Status of Dialogue with Shareholders and Investors

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SR & IR Framework

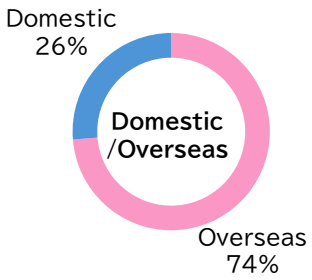
Officer in charge: **Representative Director & Senior Executive Managing Officer**
Department in charge: **ESG･IR Promotion Department**

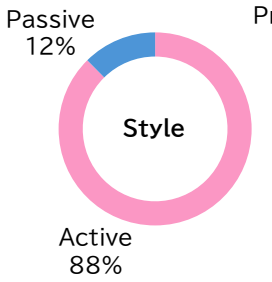
Main Correspondents	Financial Results Briefing	SR MTG	IR Small Meetings	IR 1on1 MTG
Representative Director & President	●			
Representative Director & Senior Executive Managing Officer	●	●	●	●
Senior Group Manager of Sustainability Group & General Manager of ESG/IR Promotion Department				●

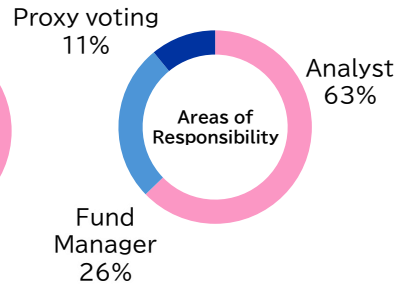
Overview of dialogue with shareholders & investors in FY 2025

	FY2024	FY2025
Companies engaged in dialogue *Total number of companies	**71**	**137**
1 on 1 IRMTG	8	16
SR MTG	46	52
IR Small MTG	15	69
Institutional Investors Collective Engagement Forum	2	—

(Number of counterparties **doubled** year-on-year)







- Actively promoted SR meetings and small meetings led by the Representative Director (the total number of dialogue counterparties approximately doubled year on year).
  - ✓ While working to deepen shareholders' and investors' understanding of our strategy, we are incorporating feedback that contributes to enhancing corporate value into management decision-making.
- Please refer to the Appendix for details of the main discussion topics.



Appendix

Reference:
EXEDY Group Business Overview

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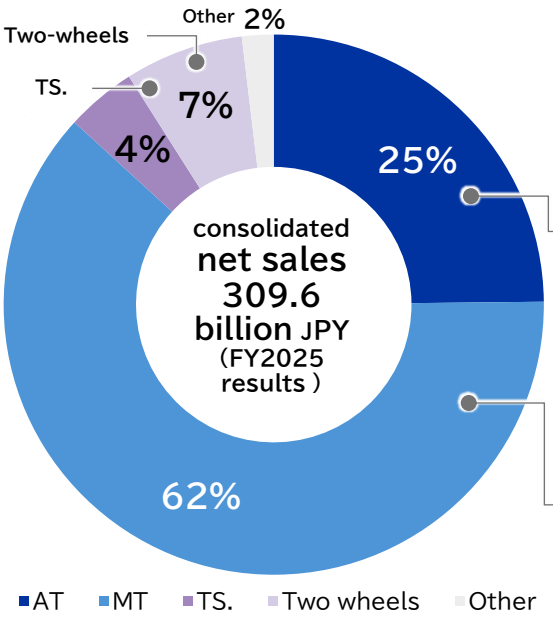
- ✓ 58 companies in 26 countries, and the world's leading share of clutches/torque converters for OEMs (according to our own estimates).
- ✓ In the aftermarket business, we achieve high profitability through a unique sales network and strong brand power.
- ✓ In addition to the core businesses mentioned above, we are focusing on developing new products, such as those for electrification, as part of our new business initiatives.

Core Business



MT: World Share of Clutches for OEMs 22.1%



Clutch Cover
Clutch Disc

Holds production and sales bases worldwide and has a broad customer base across both OEM customers and aftermarket customers. The Company serves 59 OEM customers (including 19 Japanese companies), achieving a top-class global market share. The aftermarket business serves approximately 5,500 customers and delivers high profitability.

AT: World Share of Torque Converters for OEMs 23.7%

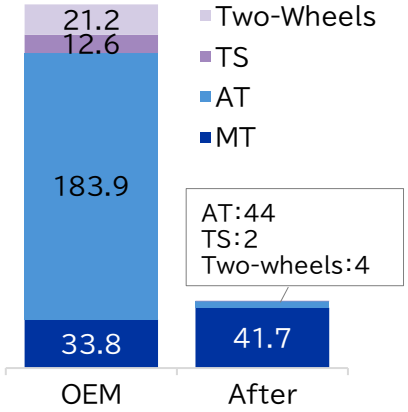


Torque Converter

With strong expertise in fluid analysis and control technologies and a globally deployed manufacturing and sales footprint, the Company's products are adopted by all domestic automobile manufacturers as well as major overseas automobile manufacturers. As a result, the Company holds a top-class global market share in torque converters.

OEM/After-sales business Product Configuration

(JPY billion)



New Business

We are progressing with new product development to "make the movement of people & goods comfortable" by leveraging core technologies in friction, vibration, and fluid dynamics that we have cultivated through the development of drive system components so far, adapting to decarbonization & lifestyle changes.



Two-wheel/Three-wheel BEV drive unit



Drone



Commercial Series Hybrid Electric System



General Purpose Electric Drive Unit



Smart robot

Reference:
Mid- to Long-term Strategy for FY2030

Drive our future.
Let's create fulfillment for all, and our future.

✓ Based on the mid-to-long-term strategy formulated in April 2024, we will improve the earning power of our core business while concentrating management resources on creating new businesses to transform our business portfolio.

Business Portfolio Transformation

- Improve earning power in core businesses and focus human resources and capital on new business creation

Securing & improving profitability of Core Biz

- Aftermarket:
  Expansion of product lines and development of the spare parts market in emerging countries
- OEM:
  Pursuit of efficient management through optimization of the production system, and strengthening profitability by achieving appropriate pricing

Creation & Development of New Businesses

- Accelerate the Electrification Strategy by acquiring lacking resources through collaboration, etc.
- Prioritize management resources for Projects & achieve early realization
- Create additional new businesses through the proactive use of M&A and other initiatives

Business Strategy KPIs (FY 2030 Targets)

ROE 8%→10%	Operating Profit JPY 30 billion <Operating Profit Margin 9%>
Net Sales JPY 330 billion	New product sales ratio 30%

Reference:
Overall Picture of Improve Corporate Value Initiatives

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- ✓ We are promoting initiatives to increase corporate value through the execution of our business, financial, ESG, and IR strategies. In October 2025, we disclosed an increase in our ROE target for FY2030 (from 8% to 10%), and we are strengthening our earning power.
- ✓ In Oct 2025, the SR strategy was developed. Reduce asymmetric information and incorporate shareholder opinions (which contribute to improve corporate value) into management through increased dialogue with shareholders, leading to a reduction in the cost of shareholders' equity.

IR Strategy
- Increase awareness of the Company and its Mid- to Long-term Strategy through enhanced disclosure
- Active approach to institutional investors & analysts

Increase in corporate value

ROE Improvement (Profit growth rate including)

Reduce Cost of Equity

Business Strategy
ROE target FY2027: 8%, FY2030: 10%
- Securing & improving profitability of current biz
- Creating & developing new biz

Financial Strategy
- Pursuit of optimal capital structure: Shareholder returns, WACC reduction
- Optimizing working capital: Shortening inventory turnover period, etc.

SR Strategy
- Reduce information asymmetry through dialogue with shareholders
- Implementing shareholder opinions into management that contribute to improve corporate value

ESG Strategy
- Corporate Governance REVOLUTION
- Enhancement of social and market volatility resilience, reduction of risk premiums

[Relationship among PBR, ROE and cost of shareholder capital]

$$PBR = ROE \times PER$$

$$= ROE \times \frac{1}{\text{Cost of Equity - Earnings Growth Rate}}$$

Improving ROE & PER is necessary to increase corporate value (≒ PBR). Aim to raise PER by reducing Cost of Equity

(data) item	Question	Answer
Regarding the achievement of appropriate pricing	It is understood that improving the profitability of our core businesses is key to achieving the ROE target. Could you please elaborate on "achieving appropriate pricing," which is an important strategy for this purpose?	Regarding pricing, we have two key concepts: passing on cost increases and achieving appropriate pricing. Passing on cost increases means transferring increases in steel material costs, labor costs, supplier personnel expenses, and other cost rises to customers. A few years ago, we sometimes absorbed part of these increases internally. However, the cost increases in recent years have reached a level that can no longer be absorbed through internal efforts alone. As a result, we clearly communicate our policy of passing on all cost increases to customers and engage in discussions with them accordingly. In addition, achieving appropriate pricing is based on the idea of securing a certain level of profit in order to ensure the stable supply of torque converters. Traditionally, the automotive industry assumed that production volumes would continue to increase each year, and annual price reductions were considered standard practice. However, even within our AT-related business, which currently accounts for 65% of our sales, the torque converter business is expected to decline in volume going forward. Under these circumstances, appropriate pricing is essential to continue providing high-quality products in a stable manner. We believe this is not only an issue for our Company, but also an extremely important strategy for ensuring the sustainability of the entire supply chain. We recognized in advance that this approach might be perceived as unconventional in the automotive industry. Therefore, we carefully explained its significance to our sales teams, who are at the forefront of negotiations. Currently, sales representatives who have undergone a mindset transformation are engaging in discussions with customers in order to fulfill our long-term supply responsibilities.

(data) item	Question	Answer
Market share of core businesses	In the process of achieving appropriate pricing, are you considering further increasing your global market share, for example by taking over other companies' businesses?	No, we are not aiming to increase our share in the OEM business. Torque converters are designed to correspond one-to-one with current manufacturing lines. Moreover, because the investment required is substantial—ranging from 2 to 3 billion JPY—and the payback period is long, it is difficult to produce products from our company's Line A on a competitor's Line B. Taking on projects that other companies are handling would require us to make significant capital investments as well. We aim not to pursue volume, but rather to achieve fair pricing within our existing market share and improve our profit margins.

(data) item	Question	Answer
Aftermarket Business Strategy	What is your future growth strategy for the "aftermarket business," another key strategy for improving profitability? Are there different strategies for MT and AT?	The market for repair parts is completely different for MT and AT. MT clutches are consumable items that are subject to wear, and there is a demand for periodic replacement, especially in commercial vehicles. Since they are often ultimately exchanged at garages in town, it is easy for us to control prices by building our own sales network. On the other hand, AT transmissions are very complex in structure and cannot be easily repaired at a factory in town. This made it difficult for us to control the price as much as MT. Therefore, we acquired Alltranz, a highly profitable company in the Oceania region, to expand our repair business, which had been focused on MT, into the AT segment. We are preparing to expand this company's business expertise to the ASEAN market and other markets where AT is increasingly being used. In addition, in the future, we would like to expand our sales network to include aftermarket products that we do not currently manufacture, such as power steering and brakes, in order to increase customer convenience and expand our overall business base. ➢ **March 2026: Established a joint venture with FRAP S.p.A. (Italy), a suspension and steering components manufacturer** **(For details, see p. 24)**

(data) item	Question	Answer
Investment decisions and exit criteria for new businesses	You mentioned that new businesses are necessary to exceed 8% ROE. What are your thoughts on investment decisions and withdrawal criteria?	When creating and nurturing new businesses, we use the "stage gate method" to determine whether or not a business can move to the next stage, which consists of business idea creation, initial research, business plan formulation, product development, verification and preparation for market launch, and market launch. The decision maker for Gate 1 is the Executive General Manager of the drafting department, and the decision maker for Gate 2 and beyond is the Representative Director and President. The overall decision is based on 22 items, including value provided, commercialization plan, EXIT plan, and field test results. Furthermore, from the product development stage onward, we have adopted a project-based system, and evaluate projects based on business scale (sales of 5 billion JPY or more) and return on invested capital (ROIC over 10%). In addition, with the aim of early commercialization, leaders of project-based initiatives are granted authority over budget execution and personnel affairs. Additionally, the "Project Board of Directors," which is held every other month for each project, has attendance by the Representative Director and President, as well as the Executive General Manager of the Corporate Strategy Promotion Headquarters, Strategic Business Headquarters, and Development Headquarters. If it is determined that there is a significant divergence from the original plan's milestones, the rule is to suspend or withdraw from that project. Regarding the new business, we are proceeding as mentioned above, but there are still many challenges. To address these, we established the Strategic Business Headquarters in the organizational restructuring implemented in Apr 2025, and we are working on improving the current stage-gate method as well as strengthening the management and supervision of the business performance of our investment destinations.

Reference:
Key Topics from Dialogue with Shareholders and Investors

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(data) item	Question	Answer
Human Capital Enhancement	I have the impression that your company has changed a lot in the past 2 .3 years. Have there been any changes in the attitudes of your executives and employees? Also, please describe your human capital initiatives.	I think both board members and employees are slowly changing; when I spoke about the Long-term Vision at a management meeting around 2019, I honestly got very little response. However, we did not give up and continued to say, "This is what we must do," and actually implemented such measures as dissolving the capital relationship with AISIN CORPORATION, aggressive capital policies, and thorough price shifting. In addition, to motivate employees to achieve the mid-term plan, we introduced the "Restricted Stock Incentive for Employee Shareholding Association," which seems to have raised employees' awareness of the stock price, and several questions about the stock price were raised at the Town Hall MTG, a place where management and employees have direct dialogues. This has led to an increase in employee awareness of the stock price. I feel that more and more employees are seeing the measures the company takes and the impact they have on the stock price, and are realizing that the company is really changing. On the other hand, the optimal allocation of human capital in conjunction with business strategies and the development and hiring of skilled human resources are major issues. Although a major reorganization took place in Apr 2025, the essential REVOLUTION is still in progress. The urgent task is to restructure the business operations to balance efficiency and value creation in order to improve the profitability of the core businesses, and to build a human resource portfolio to determine how many people with skills in which areas are needed to create new businesses. We would like to break away from the traditional promotion model and work in a way that recognizes and utilizes the talents of the job function and the individual. We will also use the advice of experts to deepen our analysis and increase the effectiveness of initiatives that contribute to improving employee engagement so that they can maximize their potential. Furthermore, since the development of management personnel is also an essential issue from a medium- to long-term perspective, we have recently strengthened the Nominating Committee structure. First, redefine the roles required of management and select candidates for the next management level, ensuring objectivity and transparency. and will be monitored qualitatively. The Board of Directors then deliberates and determines eligibility through direct interviews with the candidates. Mr. Hayashi, an outside director, will chair the committee, which we believe will further enhance its impartiality and strengthen corporate governance. ➢ **FY2026: Planned transition to a Company with Three Committees** **(For details, see p. 30)**

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